



GOVERNANCE

Board of Directors and Corporate Auditors

As of June 21, 2019



Tetsuro Tomita

Chairman
Number of Company shares owned: 9,200 shares



Masaki Ogata

Vice Chairman, Technology and Overseas Related Affairs
Number of Company shares owned: 9,200 shares



Yuji Fukasawa*1

President and CEO
Number of Company shares owned: 6,000 shares



Masahiko Nakai*1

Executive Vice President
Assistant to President; Director General of International Affairs Headquarters; In charge of Shinagawa and Large-Scale Developments
Number of Company shares owned: 4,100 shares



Fumihisa Nishino*1

Executive Vice President
Assistant to President
Number of Company shares owned: 3,800 shares



Tadao Maekawa*1

Executive Vice President
Assistant to President; Director General of Railway Operations Headquarters
Number of Company shares owned: 5,100 shares



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Executive Directors



Tomomichi Ota

Director General of Technology Innovation Headquarters; In charge of Transport Safety Department, Railway Operations Headquarters
Number of Company shares owned: 2,100 shares



Kenichiro Arai

Director General of Life-style Business Development Headquarters; In charge of Customer Service Quality Reformation Department, Railway Operations Headquarters; In charge of Shinagawa Development
Number of Company shares owned: 2,900 shares



Ryoji Akaishi

General Manager of Corporate & Legal Strategies Department; In charge of Inquiry & Audit Department; In charge of Public Relations Department; In charge of Finance Department
Number of Company shares owned: 700 shares



Yoichi Kise

Director General of Corporate Planning Headquarters; In charge of Work & Welfare Strategies Department; In charge of Regional Revitalization
Number of Company shares owned: 1,700 shares

Directors



Tomokazu Hamaguchi*2

Number of Company shares owned: 1,400 shares



Motoshige Itoh*2

Number of Company shares owned: 0 shares



Reiko Amano*2

Number of Company shares owned: 0 shares

Full-Time Corporate Auditors



Keiji Takiguchi*3



Takashi Kinoshita*3



Seishi Kanetsuki*3



Kimitaka Mori*3

(Certified Public Accountant)



Nobuyuki Hashiguchi

*1 Representative director
*2 Outside director
*3 Outside corporate auditor

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JR East's Basic

Corporate Governance Philosophy

Corporate Governance Guidelines (Article 2)

The Company aims to meet the expectations of its stakeholders, including shareholders, customers, and local communities, by making transparent, fair, and prompt decisions in addressing its management challenges, such as earning the further trust of customers through the pursuit of ultimate safety levels and enriching the day-to-day lives of "all people." JR East thereby works toward its goals of achieving sustainable growth in its businesses and improvements in corporate value over the medium-to-long term.

Further, to explain the Company's basic approach to corporate governance and provide specific examples of initiatives, a resolution of the Board of Directors established the East Japan Railway Company Corporate Governance Guidelines, which can be viewed on the Company's website(<https://www.jreast.co.jp/e/data/index.html>).

Current Status of Corporate Governance System

Format	Company with auditors	
Reasons for adoption of format	Due to the need for decision-making based on medium-to-long-term perspectives and a variety of knowledge and experience in relation to such matters as ensuring the safety of railway operations, which account for the majority of revenues	
Meeting bodies and roles	<u>Board of Directors</u>	<u>Executive Committee</u>
	Decides and oversees major business activities	Deliberates on resolutions to be submitted to the Board of Directors and major management issues
	<u>Board of Corporate Auditors</u>	<u>Group Strategy Formulation Committee</u>
	Audits the activities of the Board of Directors, Company operations, and assets	Deliberates on major issues affecting the entire Group
	<u>Remuneration Deliberation Committee</u>	
	Advises the president on matters regarding director remuneration	

Outside Directors and Outside Corporate Auditors

Corporate Governance Guidelines (Article 17)



The Company has three outside directors and four outside corporate auditors.

In addition to overseeing the business from an independent perspective, outside directors will be appointed with the goal of taking advantage of their significant knowledge and experience in the Company's business. The Company will appoint such directors from a variety of areas in the interest of management diversity.

In order for corporate auditors to audit the execution of duties by directors from a perspective independent from that of the Board of Directors, the Company will nominate corporate auditors that have significant knowledge and experience in a variety of areas, such as finance, accounting, and law, and include one or more persons that have expert knowledge in finance and accounting. Of the Company's five corporate auditors, four are outside corporate auditors.

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Outside Directors and Outside Corporate Auditors

Outside Directors	Reasons for Election
Tomokazu Hamaguchi* ¹	Mr. Tomokazu Hamaguchi has experience as President and Representative Director of NTT DATA Corporation among other experience. He is suitable as an outside director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management.
Motoshige Itoh* ²	Mr. Motoshige Itoh has served as a professor at the University of Tokyo (National University Corporation, the University of Tokyo) and Gakushuin University (The Gakushuin School Corporation) and as dean of the Graduate School of Economics at the University of Tokyo. He is suitable as an outside director based on his sound judgment and insight necessary for company management and his ability to supervise and advise on the Company's management.
Reiko Amano	Ms. Reiko Amano held important offices at Kajima Corporation and the National Research Institute for Earth Science and Disaster Resilience. She is suitable as an outside director based on her sound judgment and insight necessary for company management and her ability to supervise and advise on the Company's management.
Outside Corporate Auditors	Reasons for Election
Keiji Takiguchi	Mr. Keiji Takiguchi held important offices at the Ministry of Land, Infrastructure, Transport and Tourism and served as an ambassador extraordinary and plenipotentiary. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations.
Takashi Kinoshita	Mr. Takashi Kinoshita held important offices at the National Police Agency. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations.
Seishi Kanetsuki	Mr. Seishi Kanetsuki has abundant experience and an extensive track record in the legal profession. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations.
Kimitaka Mori* ³	Mr. Kimitaka Mori has been engaged in corporate auditing as a certified public accountant for many years. He is suitable for supervising the implementation of operations by the Company's directors based on his sound judgment and insight necessary for supervising the implementation of operations from a specialized perspective in relation to corporate finances and accounting.

*1. Mr. Tomokazu Hamaguchi, Director, is also an outside director of KURARAY CO., LTD., and a director of FPT CORPORATION. There is no relationship that is required to be disclosed between either of these companies and the Company.

*2. Mr. Motoshige Itoh, Director, is also an outside director of The Shizuoka Bank, Ltd., and Sumitomo Chemical Company, Limited, and an outside corporate auditor of Hagoromo Foods Corporation. There is no relationship that is required to be disclosed between any of these companies and the Company.

*3. Mr. Kimitaka Mori, Auditor, is a certified public accountant and has considerable knowledge of finance and accounting. Mr. Mori is also an outside director of Japan Exchange Group, Inc., and an outside corporate auditor of MITSUI & CO., LTD. There is no relationship that is required to be disclosed between either of these companies and the Company. Mr. Mori is also an outside director of Sumitomo Life Insurance Company, from which the Company borrows funds.



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Attendance at Meetings of the Board of Directors and the Board of Corporate Auditors

Outside Directors

Name	Attendance at Meetings of the Board
Tomokazu Hamaguchi	Attended all 16 meetings
Motoshige Itoh	Attended 15 of 16 meetings
Reiko Amano	Attended all 16 meetings

Outside Corporate Auditors

Name	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Board of Corporate Auditors
Shigeo Hoshino*	Attended 15 of 16 meetings	Attended 13 of 14 meetings
Hajime Higashikawa*	Attended all 16 meetings	Attended all 14 meetings
Seishi Kanetsuki	Attended all 16 meetings	Attended all 14 meetings
Kimitaka Mori	Attended all 16 meetings	Attended all 14 meetings

* Outside corporate auditors Mr. Shigeo Hoshino and Mr. Hajime Higashikawa retired on June 21, 2019.

Compensation of Directors and Corporate Auditors

Position	Total Amount of Remuneration (Millions of Yen)	Total Amount of Remuneration by Type (Millions of Yen)		Number of Recipients
		Basic Remuneration	Bonuses	
Directors (not including outside directors)	676	504	172	15
Corporate auditors (not including outside corporate auditors)	12	12	—	1
Outside directors and outside corporate auditors	123	123	—	7
Total	812	639	172	23

The amount of remuneration, etc., includes the amount paid to three directors and one corporate auditor that resigned as of the conclusion of the 30th Ordinary General Meeting of Shareholders, held on June 22, 2018, and one director that resigned on March 31, 2019.

Evaluation of the Effectiveness of the Board of Directors

Corporate Governance Guidelines (Article 25)

An analysis and evaluation of the effectiveness of the Board of Directors was conducted at a meeting of the Board of Directors convened in April 2019. The results were as follows.

Self-evaluations confirmed that the Board of Directors conducts appropriate discussions on agenda items, makes reports sufficient for use in supervising the execution of business duties, and has put in place compliance and other systems. Analysis of the results indicates that the Board of Directors is sufficiently fulfilling its role and duties and is effective.

In light of the opinions of independent outside directors and with a view to increasing the effectiveness of the Board of Directors further, the Company decided to expand and improve training for directors through such measures as conducting site inspections for independent outside directors and to implement measures to reduce risk by strengthening the risk management capabilities of the Company and by entrenching its risk management systems.

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Reiko Amano

The JR East Group operates railways and other businesses that are essential to customers in their daily lives. Consequently, the Group has responsibilities to the public. Moreover, the Group is taking measures to address social issues through its businesses with the aim of helping develop local communities. We want to garner even more trust from stakeholders and help realize a sustainable society by ensuring safety remains our first priority in business management and by continuing to create new value and services focused on people in accordance with the JR East Group Management Vision “Move Up” 2027.

Until now, in relation to the preparation of “Move Up” 2027, technology innovation visions, Group safety plans, the “Life-Style Service Business Growth Vision (NEXT10),” and other initiatives, we have referred to examples from other companies and governmental trends as well as stating opinions and holding discussions on the medium-to-long-term issues faced by the Group as a whole.

Specifically, in a disaster prevention initiative for the Group, JR East has renewed the office for disaster countermeasures at its Head Office with a view to utilizing digital technology and sharing information across organizational boundaries. By continuing to use the renewed office as a tool for sharing a range of different information, the JR East Group aims to help realize its own version of Society 5.0.* Further, given the enforcement of the Climate Change Adaptation

Act in December 2018, the Group intends to take appropriate measures in response to such issues as the increased risk of natural disasters and heatstroke accompanying climate change.

In this way, the Group is steadily moving forward with initiatives in each business. However, I feel that lateral viewpoints connecting these businesses are still lacking. Going forward, I believe there is a need to have livelier discussions so that the Group as a whole can communicate with Japan and the rest of world cohesively and in a manner that transcends the boundaries of Group companies and sections.

In helping JR East realize its goal of becoming a leading company that renders daily life safe, reliable, and enriching, I want to reflect the viewpoints of customers and consumers.

* Society 5.0 is Japan’s concept of a technology-based, human-centric society.

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The JR East Group's Basic Approach to Compliance

The JR East Group has established the Policy on Legal and Regulatory Compliance and Corporate Ethics to provide guidelines on corporate conduct. Accordingly, in compliance with the Railway Business Act and other relevant laws and regulations and based on sound corporate ethics, the Group conducts a wide variety of businesses, including railway operations, the life-style service business, and IT & *Suica* operations. In addition, the Group advances compliance initiatives. As well as educating its employees, the Group has established Compliance Hotlines internally and externally.

Policy on Legal and Regulatory Compliance and Corporate Ethics and the Compliance Action Plan

The Policy on Legal and Regulatory Compliance and Corporate Ethics establishes the JR East Group's approach to compliance and corporate ethics based on the Group's philosophy and basic principles. To heighten the policy's effectiveness and explain desirable employee conduct, the Group prepared the Compliance Action Plan and distributed a handbook based on it to all Group employees. In fiscal 2018, the Company revised the handbook to reflect amendments to laws and changes in the social environment and explain desirable conduct more specifically.

Further, given its stepped-up overseas business development, the Group prepared and announced the Basic Policy Aimed at Preventing Bribery in Relation to Non-Japanese Civil Servants.

Advancement of Compliance

To further each employee's understanding of the importance of compliance and the meaning of the Policy on Legal and Regulatory Compliance and Corporate Ethics, the JR East Group conducts an annual compliance education program that targets all Group employees. The Group is encouraging all employees to think for themselves about compliance. To this end, the Group conducts lively discussions and has produced a new educational video that refers to recent corporate scandals and other developments and which is focused on making each employee aware of the importance of the atmosphere of workplaces, inspiring them with a sense of mission and pride with respect to their work, and encouraging them to reconsider compliance.

Further, the Group has prepared the Basic Matter Confirmation Support Sheet, which lists basic matters related to compliance that leaders of each operational

department should check regularly in their management of operations. The Group continuously conducts inspections and checks based on these sheets. To make these measures even more effective, the Group enables the checking of progress in implementing sheets at sites through the intranet. Further, to spread awareness of the importance of following rules, the Group has made available on the intranet the Compliance Incident History Exhibition Hall so that it can be used at workplaces as a source of educational materials about representative cases of actual violations.



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Main Compliance Seminars in Fiscal 2019

Title	Number of Sessions	Participants	Contents and Objectives	Number of Participants
Compliance Training for All Employees	1	JR East and Group company employees	Rigorous compliance awareness	All employees
New Recruit Training	1	JR East new recruits	Rigorous compliance awareness	All new recruits
Basic Legal Training	1	Group company legal affairs and compliance personnel	Acquisition of basic legal and compliance knowledge	53
Legal Expert Training	1	Legal affairs group leaders, etc., of Head Office and branch offices	Acquisition of advanced legal expertise	15
Legal Skills Training	1	Legal affairs personnel of Head Office and branch offices	Acquisition of legal and compliance knowledge related to duties Enhancement of legal reasoning and problem-solving skills, etc.	15
Legal Seminar	3	JR East and Group company executives and employees	Explanation of new and amended laws Compliance awareness training	755
Compliance Seminar	1	JR East and Group company executives and employees	Rigorous awareness of compliance-based business management	160



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