

## [TRANSLATION]

### Corporate Governance Report

Last Updated: April 1, 2024

East Japan Railway Company  
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Securities Code: 9020  
<https://www.jreast.co.jp/>

The corporate governance of East Japan Railway Company (the “Company”) is described below.

#### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Facts and Other Basic Information**

##### **1. Basic views**

The Company aims to achieve sustainable growth of its business and growth in corporate value over the medium to long term by making transparent, fair and prompt decisions to address its challenges, such as gaining greater trust from customers based on ultimate safety levels and realizing affluent lives for everyone and also by making efforts to achieve appropriate collaborations with its stakeholders, including shareholders, customers, local communities, business partners, creditors and individuals working in the Company and its group companies (the “Group”).

The Company, by resolution of the Board of Directors, establishes “East Japan Railway Company Corporate Governance Guidelines”, which present its basic views on and specific measures for corporate governance (attached hereto), and publishes them on the Company’s website (<https://www.jreast.co.jp/e/aboutus/>).

#### **Reasons for non-compliance with the principles of the Corporate Governance Code**

The Company has implemented all principles of the Corporate Governance Code announced on June 11, 2021.

#### **Disclosure based on the principles of the Corporate Governance Code**

- **Principle 1.4 Policy on cross-shareholdings and specific standards with respect to the voting rights as to cross-shareholdings**

The Company will hold shares in selected companies that will contribute to its corporate value, in order to maintain and strengthen stable business relationships and close cooperative relationships with such companies over the medium- to long-term. The Company will exercise its rights as a shareholder of a company by examining the details of proposals for each general meeting of shareholders of such company and requesting any explanation therefor, as necessary, in consideration of whether the proposal contributes to the medium- to long-term corporate value of such company and whether the proposal is in accordance with the objectives for such shareholding. When a selected company proposes to dispose of Company shares, the Company shall not take

action to inhibit such disposal, including by suggesting that such disposition would reduce business with the Company.

The Company will examine the medium- to long-term economic rationale and outlook of its shareholdings in each of the selected companies in light of their operating results (operating revenues and operating income) and capital cost (comparison with internal rate of return) with its direction to continually reduce the overall sense of scale of its shareholdings in selected companies. Based on such examination and objectives for such shareholdings, the Company will consider whether it is necessary to dispose of its shareholding in any company upon discussion with such company where it is determined that the rationale for such shareholding may have ceased to exist. Each of the Company's shareholdings in the selected companies as of March 31, 2023 was examined at the meeting of the Board of Directors held on June 14, 2023, and only the shares confirmed to have a rationale will continue to be held.

(Article 5 of Corporate Governance Guidelines)

- **Principle 1.7 Related party transactions**

The Company will obtain prior consent from the Board of Directors when engaging in transactions with any of its directors, corporate auditors or major shareholders (defined as persons holding 10% or greater of total voting rights) in order not to harm the interests of the Company or the common interests of its shareholders. The Board of Directors will confirm after the fact the details of the relevant transactions.

Before providing the consent described above, the Board of Directors will investigate the specific details of the relevant transaction and take appropriate actions such as obtaining confirmation from a department handling legal affairs, as necessary.

(Article 6 of Corporate Governance Guidelines)

- **Supplementary Principle 2.4.1 Promotion of diversity in the company**

- (1) Initiatives for human capital management

- We establish a human resources strategy to realize management strategy from the aspect of human capital. We will accelerate human capital management by structuring and implementing human resources strategy from three perspectives: “improvement of human resource capabilities of the entire Group”, “concentrated allocation of human resources to priority and growth fields” and “a system that addresses and responds to motivation and results”.

[https://www.jreast.co.jp/human\\_capital\\_management/](https://www.jreast.co.jp/human_capital_management/) (in Japanese)

- (2) Indicators and targets (All figures shown below are on a non-consolidated basis.)

- i) Female employees

The following new targets for “Move Up 2027” have been established (to be met by March 31, 2028);

Measurable targets (as of March 31, 2028)

- Percentage of women in managerial positions: 10%

Progress (as of April 2023)

- Number of women in managerial positions: 270 (7.0% of managerial positions)

Also, the following targets have been established based on the General Employers Action Plan (FY2019 to FY2023);

Measurable targets (as of March 31, 2024)

- 30% or more of new graduates joining the Company will be women

- 10% or more of female managers

\* Although they are described as “women in managerial positions” in the General Employers Action Plan, they are described as “managers” in this report because managers in charge of managing the operational sites, etc. are included.

- Improve facilities for female employees at their workplaces and create an environment where female employees can thrive at all workplaces

Status of promotion to middle managerial positions (as of April 2023)

- Number of women among new graduates who joined the Company: 120 (31.1% of all new graduates)
- Number of female managers: 813 (8.6% of all managers)
- Appointed and invited 1 executive director, 2 outside directors, 1 senior executive officer and 1 executive officer.
- Number of female employees: 8,562 (18.6% of all employees)

ii) Recruitment of experienced personnel

Following targets have been established, to be met by March 31, 2024:

Measurable targets (as of March 31, 2024)

- 20% or more of managers will be occupied by experienced personnel.
- Approximately 20% of all hires budgeted for each fiscal year will be experienced personnel.

Status of promotion to middle managerial positions (as of April 2023)

- Number of managers: 2,160 (18.1% of all managers)
- Number of experienced personnel hired: 8,093 (17.6% of all employees)
- Number of experienced personnel hired: 142 (23.6% of all hires)

iii) Foreign national employees

Along with the promotion of overseas railway businesses, the Company has recruited international students since FY2013, and the length of service of foreign national employees has been increasing.

The Company aims to strengthen measures for growing and promoting foreign national employees, while continuing to engage in recruiting and retention efforts. The following targets have been established.

Measurable targets

- Appoint foreign national employees to managers.

Status of promotion to middle managerial positions (as of April 2023)

- Number of foreign national managers: 0
- Number of foreign national employees: 94 from 17 countries and regions

iv) Employees with disabilities

The following new targets for “Move Up 2027” have been established (to be met by March 31, 2028);

Measurable targets (as of March 31, 2028)

- Target percentage of employees with disabilities: 2.70%

Progress (as of June 2023)

- Percentage of employees with disabilities: 2.69%

- v) Balancing work and childcare  
The following new targets for “Move Up 2027” have been established (to be met by March 31, 2028);

Measurable targets (as of March 31, 2028)

- Percentage of eligible male employees to take childcare leave: 85%

Progress (as of April 2023)

- Percentage of eligible male employees took childcare leave: 43.7%

- vi) Numerical target for personnel allocation  
The following new targets for “Move Up 2027” have been established (to be met by March 31, 2028);

Measurable targets (cumulative target by the fiscal year ending March 31, 2028)

- Allocate 2,000 or more personnel to priority / growth fields

• **Principle 2.6 Roles of corporate pension funds as asset owners**

The Company does not have a corporate pension funds system.

• **Principle 3.1 Full Disclosure**

- i) Formulation of medium-term management vision

In order to establish the direction of its Group management that responds to ongoing changes in the business environment, the Company will set forth the medium-term management vision by resolution of the Board of Directors.

When making a public announcement of the medium-term management vision, the Company will, upon accurately assessing its capital cost, clearly explain to stakeholders its numerical business targets and plans to achieve those targets, including its medium-term business portfolio and policy for allocating management resources such as on capital investments to realize such goals. The medium-term management vision will be disclosed on the Company’s website.

In the event that the targets set forth in the medium-term management vision are not achieved, the Board of Directors will analyze the reasons therefor and will address such reasons in the subsequent management vision.

(Article 11 of Corporate Governance Guidelines)

- ii) Basic views on corporate governance

Please refer to I.1. of this Report (Basic views).

- iii) Policies and procedures in determining the remuneration of directors

Please refer to II.1. of this Report (Organizational composition and operation – Director remuneration).

- iv) Policies and procedures in the appointment of directors and corporate auditors

Please refer to II.2. of this Report (Matters on functions of business execution, audit and oversight, nomination and remuneration decisions (overview of current corporate governance system)).

- v) Explanation with respect to the appointments or dismissals of directors and corporate auditors

When preparing a proposal for the appointment or dismissal of a director or a corporate auditor, the Company will include in the reference materials for general meeting of shareholders

reasons for the appointment or dismissal of each candidate, including his or her professional biography and current positions and responsibilities.

(Article 18 of Corporate Governance Guidelines)

- **Supplementary Principle 3.1.3 Disclosure of initiatives on sustainability**

The Company will include in the medium-term management vision the basic policies on initiatives concerning sustainability issues and will consider specific initiatives at the Sustainability Strategy Committee.

Please refer to III.3. of this Report (Measures to ensure due respect to stakeholders) about the disclosure of the current status of initiatives.

- **Supplementary Principle 4.1.1 Scope of delegation to representative director**

The Board of Directors will resolve matters as provided in applicable laws and regulations or the articles of incorporation, matters essential to business, such as management policies and business vision as well as other matters deemed necessary by the Board of Directors. Decisions on the execution of other important duties will, as a general rule, be delegated to the representative director and president.

(Article 21 of Corporate Governance Guidelines)

- **Principle 4.9 Independence standards and qualification for independent directors**

Please refer to II.1. of this Report (Organizational composition and operation – Independent directors and corporate auditors – Other matters relating to independent directors and corporate auditors).

- **Supplementary Principle 4.10.1 Independent committees**

Please refer to II.1. of this Report (Organizational composition and operation – Directors – Supplementary explanation).

- **Supplementary Principle 4.11.1 Views on composition of the Board of Directors**

Please refer to II.2. of this Report (Matters on functions of business execution, audit and oversight, nomination and remuneration decisions (overview of current corporate governance system)).

- **Supplementary Principle 4.11.2 Important concurrent positions at other entities held by directors and corporate auditors**

The important concurrent positions at other entities held by directors and corporate auditors will be disclosed in the business reports and the reference materials for general meeting of shareholders.

(Article 26 of Corporate Governance Guidelines)

- **Supplementary Principle 4.11.3 Maintenance of effectiveness of the Board of Directors**

Each year, the Board of Directors will analyze and evaluate the effectiveness of the Board of Directors as follows, and a summary of the results will be disclosed in this report.

- (1) evaluate the effectiveness of the Board of Directors with respect to its roles and responsibilities including transparent, fair and prompt decision-making; and
- (2) each director will conduct a self-evaluation with respect to the effectiveness of the Board of Directors; a hearing with independent outside directors (i.e., outside directors who meet the independence standards for outside directors and outside corporate auditors set forth in Article 24) will be held upon analyzing the results of self-evaluation; and the operation, etc. of the Board of Directors will be reviewed, as necessary.

At the meeting of the Board of Directors held on May 15, 2023, analysis and evaluation of the effectiveness of the Board of Directors were conducted. The summary of the results is as follows.

- (1) As a result of the self-evaluation, it was confirmed that appropriate discussions on necessary items had been held, sufficient reports that help to oversee the execution of duties were made, and a compliance system had been maintained at the Board of Directors. The Company's Board of Directors analyzed that it had fully performed its role and responsibilities, and was deemed effective.
- (2) Based on the interviews with independent outside directors, the Company will continue to carry out the training of directors through site visits by independent outside directors and lectures by outside experts with the aim of further improving the effectiveness of the Board of Directors, and also will speed up management decision-making and enhance the monitoring function by transitioning to a company with an Audit and Supervisory Committee, to accelerate discussion to clarify the vision and direction of each business.  
(Article 27 of Corporate Governance Guidelines)

- **Supplementary Principle 4.14.2 Training policy for directors**

In order for directors to understand their roles and responsibilities and to properly carry out their roles, the Company will provide opportunities to attend regular study sessions and internal and external seminars, in addition to compiling for their review relevant materials such as applicable laws and regulations and the articles of incorporation.

The Company will provide opportunities to outside directors to review the operational sites of the Company in order to deepen their understanding of the Company's business.

The Board of Directors will verify that the matters covered by the preceding paragraphs are being addressed by requesting reports and other information from the responsible director.

(Article 28 of Corporate Governance Guidelines)

- **Principle 5.1 Policy for constructive dialogue with shareholders**

The Company will respond in good faith to requests for dialogue from shareholders.

The Company will decide who will engage the shareholder in a dialogue based on its request and interest, with the basic policy that a director or an executive officer will attend the meeting.

The Corporate Planning Department, Corporate Strategies Headquarters and the Corporate & Legal Strategies Department will be the departments responsible for dialogue with shareholders, which will be overseen by the Director General of the Corporate Strategies Headquarters.

The departments responsible for dialogue with shareholders will exchange opinions as appropriate among themselves and share the details of the dialogue with other relevant departments such as the Finance & Investment Planning Department, Corporate Strategies Headquarters.

The Company will hold financial results presentations, disclose the details thereof on the Company's website and undertake initiatives in overseas investor relations.

Opinions learned through dialogue with shareholders will be reported at the Board of Directors.

The Company has established rules for management of timely disclosure information and insider trading prevention. Further, the Company will appropriately manage insider information by implementing a disclosure policy that, among other things, provides a period prior to the public announcement of financial results during which insiders are not allowed to interact with shareholders.

The status of dialogue with shareholders is disclosed on the Company's website (IR Information).

<https://www.jreast.co.jp/e/investor/>  
(Article 9 of Corporate Governance Guidelines)

• **Principle 5.2 Measures to realize management that is conscious of capital costs and stock prices [English disclosure]**

Measures to realize management that is conscious of capital costs and stock prices are disclosed on the Company's website (IR information).

<https://www.jreast.co.jp/e/investor/>

**2. Capital structure**

Foreign shareholding ratio	30% or more
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**Status of major shareholders**

Name	Number of shares owned (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (as Trustee)	49,878,900	13.21
Custody Bank of Japan, Ltd. (as Trustee)	14,831,900	3.93
The JR East Employees Shareholding Association	13,245,563	3.51
Mizuho Bank, Ltd.	13,000,000	3.44
MUFG Bank, Ltd.	8,138,000	2.16
Nippon Life Insurance Company	8,015,560	2.12
Sumitomo Mitsui Banking Corporation	6,845,000	1.81
STATE STREET BANK WEST CLIENT - TREATY 505234	6,795,044	1.80
Mitsubishi UFJ Trust and Banking Corporation	5,000,000	1.32
JP MORGAN CHASE BANK 385781	4,905,295	1.30

Controlling shareholder (except for parent company)	N/A
Parent company	None

**Supplementary explanations**

- The shareholders listed under "Status of major shareholders" are based on the Company's shareholders register as of September 30, 2023.
- The report of change in substantial holding filed by BlackRock Japan Co., Ltd. and its joint shareholders dated December 5, 2023 states that they held the below shares as of November 30, 2023. However, since the Company cannot confirm the number of shares actually held by

such entities as of September 30, 2023, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding are as follows:

Name	Number of shares owned (percentage)
BlackRock Japan Co., Ltd.	6,595,400 shares (1.75%)
Aperio Group, LLC	496,274 shares (0.13%)
BlackRock Investment Management (Australia) Limited	601,476 shares (0.16%)
BlackRock (Netherlands) B.V.	572,542 shares (0.15%)
BlackRock Fund Managers Limited	848,148 shares (0.22%)
BlackRock Asset Management Ireland Limited	2,494,957 shares (0.66%)
BlackRock Fund Advisors	6,555,500 shares (1.73%)
BlackRock Institutional Trust Company, N.A.	4,624,753 shares (1.23%)
BlackRock Investment Management (UK) Limited	425,938 shares (0.11%)

- The report of change in substantial holding filed by Mizuho Bank, Ltd. and its joint shareholder dated July 7, 2021 states that they held the below shares as of June 30, 2021. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2023, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding are as follows:

Name	Number of shares owned (percentage)
Mizuho Bank, Ltd.	13,000,000 shares (3.44%)
Asset Management One Co., Ltd.	10,352,400 shares (2.74%)

- The report of change in substantial holding filed by Mitsubishi UFJ Financial Group, Inc. dated June 20, 2022 states that the entities named below held the below shares as of June 13, 2022. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2023, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding are as follows:

Name	Number of shares owned (percentage)
MUFG Bank, Ltd.	8,138,000 shares (2.15%)
Mitsubishi UFJ Trust and Banking Corporation	17,507,200 shares (4.63%)
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	2,472,400 shares (0.65%)

- The report of change in substantial holding filed by Sumitomo Mitsui Trust Bank, Limited dated October 20, 2022 states that the entities named below held the below shares as of October 14, 2022. However, since the Company cannot confirm the number of shares actually held by such entities as of September 30, 2023, they are not included in “Status of major shareholders” above. Details of the said report of change in substantial holding are as follows:

Name	Number of shares owned (percentage)
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Sumitomo Mitsui Trust Asset Management Co., Ltd.	12,062,535 shares (3.19%)
Nikko Asset Management Co., Ltd.	5,360,100 shares (1.42%)

### 3. Corporate facts

Listed stock exchange and market section	Tokyo Stock Exchange, Prime Market
Fiscal year-end	March
Type of business	Land transportation
Number of employees (consolidated) as of the end of the previous fiscal year	More than 1,000
Operating revenues (consolidated) for the previous fiscal year	More than ¥1 trillion
Number of consolidated subsidiaries as of the end of the previous fiscal year	From 50 to less than 100

### 4. Policy on measures to protect minority shareholders in transactions with controlling shareholder

N/A

### 5. Other special circumstances which may have material impact on corporate governance

There are no special circumstances, such as the presence of a parent or a listed subsidiary, that may have a material impact on corporate governance.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational composition and operation

Organizational form	Company with an Audit and Supervisory Committee
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### Directors

Maximum number of directors stipulated in Articles of Incorporation	20
Term of office stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Company Chairman (except when he or she serves also as the President)
Number of directors	14
Appointment of outside directors	Appointed
Number of outside directors	7
Number of independent directors designated from among outside directors	7

Outside directors' relationship with the Company (1)

Name	Background	Relationship with the Company										
		a	b	c	d	e	f	g	h	i	j	k
Motoshige Itoh	Academic								△		△	
Reiko Amano	From another company								△			
Hiroko Kawamoto	From another company								△			
Toshio Iwamoto	From another company								△			
Takashi Kinoshita	Other								△			
Kimitaka Mori	Certified public accountant								△			
Hiroshi Koike	Other											

\* The symbols mean the following with respect to each "Relationship with the Company" category:

\* "○" means the director presently has or recently had the relationship described in the category;

"△" means the director had in the past the relationship described in the category

\* "●" means a close relative of the director presently has or recently had the relationship described in the category;

"▲" means a close relative of the director had in the past the relationship described in the category

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent of the Company

c. Executive of another entity whose ultimate parent is the same as that of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company other than remuneration as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d, e, or f) (applicable only to the director)

i. Executive of another company where the Company and such company appoint each other's outside directors or corporate auditors (applicable only to the director)

j. Executive of a company or organization that receives donations from the Company (applicable only to the director)

k. Others

Outside directors' relationship with the Company (2)

Name: Motoshige Itoh

Designation as independent director: Yes

Supplementary explanation of the relationship:

Mr. Motoshige Itoh has worked at the University of Tokyo (National University Corporation, the University of Tokyo) to which the Company makes donation and

with which the Company has a transactional relationship, but for the last three (3) fiscal years the amount of donation and other payments to such corporation has been no more than 2% of the annual total income of such corporation and the payment from such corporation to the Company has been no more than 2% of the annual consolidated net sales of the Company. Also, he works at Gakushuin University (The Gakushuin School Corporation) with which the Company has a transactional relationship, but for the last three (3) fiscal years the payment from such corporation to the Company has been no more than 2% of the annual consolidated net sales of the Company. The Company believes that the above donation and transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Mr. Motoshige Itoh has experience as professor at the University of Tokyo and Gakushuin University, and Dean of the Graduate School of Economics and Faculty of Economics of 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. As he meets the "Independence Standards for Outside Directors and Outside Corporate Auditors" of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated him as independent director.

Name: Reiko Amano

Designation as independent director: Yes

Supplementary explanation of the relationship:

Ms. Reiko Amano has worked at Kajima Corporation with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. She was a deliberator of the National Research Institute for Earth Science and Disaster Resilience, which is a business partner of the Company. However, payments from the Company to the said corporation were less than 2% of the said corporation's total annual revenue for the last three (3) fiscal years. She also worked at National Institute for Environmental Studies with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years. In addition, she worked at Japan Atomic Energy Agency with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Ms. Reiko Amano held important offices at Kajima Corporation, National Research Institute for Earth Science and Disaster Resilience, National Institute for Environmental Studies and Japan Atomic Energy Agency. 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.

As she meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated her as independent director.

Name: Hiroko Kawamoto

Designation as independent director: Yes

Supplementary explanation of the relationship:

Ms. Hiroko Kawamoto has worked at ALL NIPPON AIRWAYS CO., LTD. with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. She worked at ANA Strategic Research Institute Co., Ltd. with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Ms. Hiroko Kawamoto held important offices at ALL NIPPON AIRWAYS CO., LTD. and ANA Strategic Research Institute Co., Ltd. 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. As she meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated her as independent director.

Name: Toshio Iwamoto

Designation as independent director: Yes

Supplementary explanation of the relationship:

Mr. Toshio Iwamoto has been working at NTT DATA Corporation with which the Company has a transactional relationship, but for the last three (3) fiscal years the volume of business has been no more than 2% of the annual consolidated net sales of both companies. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

Mr. Toshio Iwamoto held important offices including Representative Director, President and Chief Executive Officer at NTT DATA Corporation. 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. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated him as independent director.

Name: Takashi Kinoshita

Audit and Supervisory Committee member: Yes

Designation as independent director: Yes

Supplementary explanation of the relationship:

Mr. Takashi Kinoshita worked at the National Police Agency, and the Company has a transactional relationship with police-related agencies, but for the last three (3) fiscal years the amount of payment by such agencies to the Company has been less than 2% of the annual consolidated net sales of the Company. The Company believes that the above transactions have no effect on the judgment of shareholders and investors based on their volume and nature.

Reasons for appointment:

As he has held important positions at the National Police Agency and has sound judgment and insight required for auditing business execution and has worked to strengthen governance such as auditing overall business execution as an outside Audit & Supervisory Board member of the Company, we have judged that he is suitable as a director who is an Audit and Supervisory Committee member. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated him as independent director.

Name: Kimitaka Mori

Audit and Supervisory Committee member: Yes

Designation as independent director: Yes

Supplementary explanation of the relationship:

Mr. Kimitaka Mori has worked at KPMG AZSA LLC, the Accounting Auditor of the Company, but for the last three (3) fiscal years the amount of remuneration paid by the Company to KPMG AZSA LLC for audit certificate services and non-audit services has been no more than 2% of the annual consolidated net sales of KPMG AZSA LLC. In light of the volume and nature of above transactions, the Company believes that they have no effect on the judgments of shareholders and investors. The total amount of remuneration paid by the Company to KPMG AZSA LLC for audit services and non-audit services for the fiscal year ended March 31, 2023 was ¥262 million.

Reasons for appointment:

As he has been engaged in corporate audits as a certified public accountant for many years, has sound judgment and insight required for auditing business execution from a professional perspective on corporate finance and accounting and has worked to strengthen governance such as auditing overall business execution as an outside Audit & Supervisory Board member of the Company, we have judged that he is suitable as a

director who is an Audit and Supervisory Committee member. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated him as independent director.

Name: Hiroshi Koike

Audit and Supervisory Committee member: Yes

Designation as independent director: Yes

Supplementary explanation of the relationship:

Mr. Hiroshi Koike has worked at courts with which the Company has no relationship that needs to be disclosed for the last three (3) fiscal years.

Reasons for appointment:

As he has accumulated abundant experience and achievements through his engagement in administration in the legal community, has sound judgment and insight required for auditing business execution and has worked to strengthen governance such as auditing overall business execution as an outside Audit & Supervisory Board member of the Company, we have judged that he is suitable as a director who is an Audit and Supervisory Committee member. As he meets the “Independence Standards for Outside Directors and Outside Corporate Auditors” of the Company and presents no conflict of interest risk with ordinary shareholders, the Company has designated him as independent director.

### **Audit and Supervisory Committee**

#### **Composition of the committee and attributes of the chairperson**

	All committee members	Full-time members	Internal directors	Outside directors	Chairperson
Audit and Supervisory Committee	4	2	1	3	Outside director

Whether or not there are directors and employees who should assist the duties of the Audit and Supervisory Committee	Yes
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#### **Matters related to independence of the relevant directors and employees from executive directors**

Dedicated staff are assigned to the Audit and Supervisory Committee office to assist the duties of the Audit and Supervisory Committee in the performance of their duties. This is a system designed to increase the efficiency of audits, etc. and enable the duties of the Audit and Supervisory Committee to be executed smoothly.

The staff of the Audit and Supervisory Committee Office of the Company, with regard to instructions from the Audit and Supervisory Committee, are not subject to orders from Directors (excluding directors who are Audit and Supervisory Committee members) or other employees.

**Cooperation among the Audit and Supervisory Committee, the accounting auditor and the department handling internal audits**

With respect to cooperation among the Audit and Supervisory Committee, the department handling internal audits and the accounting auditor, regular informational meetings between the Audit and Supervisory Committee and the department handling internal audits are held approximately once a month. The Audit and Supervisory Committee receives reports on quarterly review results, annual audit results, etc., and is provided with information related to audits from the accounting auditor to enable efficient and effective audit activities of both parties through information sharing. Also, the Audit and Supervisory Committee, the department handling internal audits and the accounting auditor meet regularly to exchange opinions.

**Optional committee**

Voluntary establishment of committee(s) equivalent to Nominating Committee or Remuneration Committee	Established
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**Committees established voluntarily, their composition, and background of chairperson**

	Committee equivalent to Nominating Committee	Committee equivalent to Remuneration Committee
Name of committee	Personnel Deliberation Committee	Remuneration Deliberation Committee
All committee members	6	6
Full-time members	0	0
Internal directors	2	2
Outside directors	4	4
Outside experts	0	0
Others	0	0
Chairperson	Outside director	Outside director

**Supplementary explanations**

To ensure the objectivity and transparency of the decision-making procedures, the Board of Directors will first consult with the personnel deliberation committee consisting of independent outside directors (excluding directors who are Audit and Supervisory Committee members) and other directors (excluding directors who are Audit and Supervisory Committee members) in advance regarding any resolution with respect to a proposal for appointment or dismissal of directors (excluding directors who are Audit and Supervisory Committee members), resolution with respect to the appointment or dismissal of the president and representative director or decision on a succession plan for the president and representative director or any other director (excluding directors who are Audit and Supervisory Committee members), and the personnel deliberation committee will provide a recommendation on the consulted matter from a perspective independent from the Board of Directors. During the fiscal year ended March 31, 2023, meetings of the personnel deliberation committee were held once, attended by all members.

To ensure the transparency and fairness of the decision-making procedures, the Board of Directors will first consult with the remuneration deliberation committee consisting of independent outside directors (excluding directors who are Audit and Supervisory Committee members) and other directors (excluding directors who are Audit and Supervisory Committee members) in advance

regarding any resolution with respect to a proposal for remuneration of directors (excluding directors who are Audit and Supervisory Committee members), and the remuneration deliberation committee will provide a recommendation on the consulted matter from a perspective independent from the Board of Directors. During the fiscal year ended March 31, 2023, meetings of the remuneration deliberation committee were held twice, attended by all members.

Roles and authorities of each committee are described in the Corporate Governance Guidelines of the Company.

(Article 17 and Article 20 of Corporate Governance Guidelines)

### **Independent directors**

Number of independent directors	7
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### **Other matters relating to independent directors**

The Company designates all outside directors who meet the independence standards as independent directors.

Such standards are as described below.

#### **Independence Standards for Outside Directors**

1. Outside directors of the Company shall be deemed to be independent if they do not fall under any of the following categories:

(1) a major business partner (a vendor) of the Company or a consolidated subsidiary thereof (Note 1), or an executive of a corporation that is such partner (Note 2);

(2) a major business partner (a customer) of the Company or a consolidated subsidiary thereof (Note 3), or an executive of a corporation that is such partner;

(3) a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who has received money or other property benefits other than compensation for directors in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof; or a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who belongs to a corporation or other entity whose property benefits received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual income for any of the immediately preceding three (3) fiscal years of such corporation or other entity;

(4) a major shareholder of the Company (Note 4), or an executive of a corporation that is such shareholder;

(5) a certified public accountant or a member, partner, or employee of an auditing firm which was an outside accounting auditor of the Company for the most recent three (3) fiscal years, and was actually in charge of audit work of the Company (except administrative or ancillary staff);

(6) a major lender to the Company or a consolidated subsidiary thereof (Note 5), or an executive of a corporation that is such lender;



(7) a recipient of donations in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof; or an executive of a corporation whose donations received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual sales or annual total income for any of the immediately preceding three (3) fiscal years of such corporation;

(8) the spouse or relative by blood or marriage within the second degree of the executive (including directors who are not executives if a director, who is an outside Audit and Supervisory Committee member, is designated as an independent outside director) of the Company or a subsidiary thereof (to the extent such person is deemed to be an important party for the most recent three (3) fiscal years (Note 6));

(9) the spouse or relative by blood or marriage within the second degree of a party falling under items (1) to (7) (to the extent such person is deemed to be an important party); or

(10) in addition to the preceding items, a person who is unable to perform duties as an outside director with independence due to a conflict of interest with the Company or other special circumstance.

2. If an outside director who is deemed to be independent based on the foregoing standards subsequently falls within any of the items of 1 above, such director shall immediately notify the Company.

Notes:

- (1) A major business partner (a vendor) of the Company or a consolidated subsidiary thereof means a recipient of payment from the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of such party.
- (2) An executive means an executive director or other director executing the business of the corporation, executive officer, or employee of the corporation (the same applies in the following items).
- (3) A major business partner (a customer) of the Company or a consolidated subsidiary thereof means a payer to the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (4) A major shareholder of the Company means a shareholder who has held, either directly or indirectly, 10% or more of the total number of voting rights during any of the immediately preceding three (3) fiscal years of the Company.
- (5) A major lender to the Company or a consolidated subsidiary thereof means a financial institution that has provided a loan to the Company or a consolidated subsidiary thereof in excess of 2% of the consolidated total assets during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (6) An important party means a person in a position at least equivalent to that of an important employee (Same for No. 9).

## Incentives

Implementation of measures to provide incentives to directors	Performance-linked remuneration
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### Supplementary explanation

For the policy on determination of the ratio of performance-linked remuneration and other remuneration, indicators for performance-linked remuneration, reasons for their adoption and results, please refer to II. 1. of this Report (Organizational composition and operation - Director remuneration).

Recipients of stock options	
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### Supplementary explanation

N/A

## Director remuneration

Disclosure of each director's remuneration	No disclosure
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### Supplementary explanation

#### 1. Total amount of remuneration of directors and corporate auditors

Total amount of remuneration of directors and corporate auditors of the Company for the fiscal year ended March 31, 2023 was as follows:

Directors (excluding outside directors): 9	Total amount: ¥464 million (basic remuneration: ¥351 million)
Corporate auditors (excluding outside corporate auditors): 1	Total amount: ¥12 million (basic remuneration: ¥12 million)
Outside directors and corporate auditors: 9	Total amount: ¥144 million (basic remuneration: ¥144 million)
Total directors and corporate auditors: 19	Total amount: ¥620 million (basic remuneration: ¥507 million)

(Notes)

1. The maximum amount of remuneration to Directors was established to be ¥900 million per year (including ¥100 million to outside directors) pursuant to a resolution adopted at the 36th Ordinary General Meeting of Shareholders held on June 22, 2023. As of the conclusion of this General Meeting of Shareholders, the number of Directors is 11 (including 4 outside directors).

2. The maximum amount of remuneration to directors, who are Audit and Supervisory Committee members, was established to be ¥140 million per year or less pursuant to a resolution adopted at the 36th Ordinary General Meeting of Shareholders held on June 22, 2023. As of the conclusion of this General Meeting of Shareholders, the number of directors

who are Audit and Supervisory Committee members is 4 (including 3 outside directors who are Audit and Supervisory Committee members).

3. The amount of basic remuneration includes the amount paid to one Director and one corporate auditor, who retired at the conclusion of the 35th Ordinary General Meeting of Shareholders held on June 22, 2022.

4. In light of the impact of COVID-19 on the business results, the Company's Directors (excluding outside directors) voluntarily returned 10% or 20% of their basic remuneration from April 2022 to July 2022. Also, remuneration to Full-time Corporate Auditors was reduced by 10% from the basic amount as determined by the Board of Corporate Auditors. The amount of basic remuneration in the above table includes the amount voluntarily returned and reduced.

2. Policy for determining the remuneration for each director

i) Method of determining the policy regarding details of remuneration for each director (excluding a director who is an Audit and Supervisory Committee member)

The policy for determining details of remuneration for each director was resolved at a meeting of the Board of Directors held on June 22, 2023.

ii) Overview of policy

A. Basic policy

The Company pays basic remuneration to directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors) based on their positions as compensation for the execution of daily business operations within the limits of remuneration resolved at the General Meeting of Shareholders. The Company also pays performance-based remuneration based on business results, dividends to shareholders, the level of contribution of such directors toward achieving the business results for the fiscal year and the Medium-Term Management Vision, and commitment to ESG. The Company does not pay performance-based remuneration to outside directors (excluding directors who are Audit and Supervisory Committee members) in light of their responsibilities, but provides basic remuneration as compensation for the execution of duties within the limits of remuneration resolved at the General Meeting of Shareholders.

(Corporate Governance Guidelines Article 20)

B. Matters concerning the determination of details of remuneration for each director (excluding a director who is an Audit and Supervisory Committee member)

Decisions on the amount of remuneration (basic remuneration and performance-based remuneration) for each director (excluding a director who is an Audit and Supervisory Committee member) are made by resolution of the Board of Directors, subject to the President and CEO's discretion. To ensure the transparency and fairness of decision-making, the President and CEO delegated by the Board of Directors will first consult with the remuneration deliberation committee consisting of independent outside directors (excluding directors who are Audit and Supervisory Committee members) and other directors (excluding directors who are Audit and Supervisory Committee members) in advance regarding any resolution with respect to a proposal for amount of remuneration of directors (excluding directors who are Audit and Supervisory Committee members) based on the recommendation from the remuneration deliberation committee.

### C. Policy on determination of basic remuneration

The basic remuneration for the Company's directors (excluding directors who are Audit and Supervisory Committee members) is a fixed monthly remuneration and determined by taking into account the duties of directors according to their positions and the business characteristics of the Company.

### D. Policy on determination of performance-linked remuneration

For performance-linked remuneration, in addition to evaluating the results of performance of each director (excluding directors who are Audit and Supervisory Committee members, and outside directors) during the fiscal year, the Company evaluates operating results and shareholder returns, given that a strong business characteristic of its divisions is that they collaborate with one another. Also, given that our business characteristic is that we require a long period from the planning stage to the achievement of results, the Company evaluates the level of contribution toward achieving the Group Management Vision, commitment to ESG in light of the importance of fulfilling our social responsibilities expected of us as a company and other indicators in a comprehensive manner and reflects these results in the calculation of remuneration. In the evaluation, the President and CEO confirms the results and contribution, commitment to ESG, etc. of the relevant directors (excluding directors who are Audit and Supervisory Committee members, and outside directors) by conducting interviews to set targets aimed at achieving the annual plan and the Group Management Vision and follow-up interviews to track progress.

Performance-based remuneration is paid at a certain time each year as cash remuneration. The Company does not pay non-monetary remuneration.

### E. Policy on determination of the remuneration ratio (basic remuneration and performance-linked remuneration) for respective directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors)

The ratio of basic remuneration and performance-linked remuneration for directors (excluding directors who are Audit and Supervisory Committee members, and outside directors) is approximately 3:2, excluding addition and subtraction according to the performance of each director (excluding directors who are Audit and Supervisory Committee members, and outside directors) so that the performance-linked remuneration accounts for a certain percentage of the total remuneration. Performance-linked remuneration will be increased or decreased within a range between a 40% increase and a 40% decrease from the basic amount for each position, depending on the performance of each director (excluding directors who are Audit and Supervisory Committee members, and outside directors). In addition, the Company may make further deductions in light of various factors related to the Company's operation, including business results for the fiscal year and the forecast of business results for the next fiscal year.

iii) Reasons for the Board of Directors to determine that details of remuneration for each director for the fiscal year are in accordance with the policy

The Remuneration Deliberation Committee provides a report after confirming that the details of the increased or decreased remuneration for each director (excluding directors who are Audit and Supervisory Committee members, and outside directors) according to their performance are consistent with the policy. The Board of Directors generally respects such a report, and is of the view that details of remuneration for each director (excluding directors who are Audit and Supervisory Committee members, and outside directors) are in accordance with the policy.

iv) Indicators for performance-based remuneration, reasons for their adoption, and results

The Company pays basic remuneration and performance-linked remuneration to directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors), and pays only basic remuneration to outside directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members without paying performance-linked remuneration in light of their responsibilities.

For performance-linked remuneration, in addition to evaluating the results of performance of each director (excluding directors who are Audit and Supervisory Committee members, and outside directors) during the fiscal year, the Company evaluates operating results of the current fiscal year including consolidated operating revenue and operating income and shareholder returns, given that a strong business characteristic of its divisions is that they collaborate with one another. Also, given that our business characteristic is that we require a long period from the planning stage to the achievement of results, the Company evaluates the level of contribution toward achieving the Group Management Vision “Move Up 2027”, commitment to ESG in light of the importance of fulfilling our social responsibilities expected of us as a company and other indicators in a comprehensive manner and reflects these results in the calculation of remuneration. In evaluating the performance, the President and CEO confirms the results and contribution, commitment to ESG, etc. of the relevant directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors) by conducting interviews to set targets aimed at achieving the annual plan and the Group Management Vision “Move Up 2027” and follow-up interviews to track progress.

The Company does not pay nonmonetary remuneration.

v) Ratio of basic remuneration and performance-linked remuneration, etc.

The ratio of basic remuneration and performance-linked remuneration for directors (excluding directors who are Audit and Supervisory Committee members, and outside directors) was approximately 4:1 excluding addition and subtraction according to the performance of each director so that the performance-linked remuneration accounts for a certain percentage of the total remuneration, but it is set at 3:2 this time in order to further increase incentives for medium- to long-term corporate value enhancement and sustainable growth by achieving the Group’s management vision so that the percentage of the performance-linked remuneration in the total remuneration is increased. Performance-linked remuneration will be increased or decreased within a range between a 40% increase and a 40% decrease from the basic amount for each position, depending on the performance of each director (excluding directors who are Audit and Supervisory Committee members, and outside directors) although it used to be increased or decreased within a range between a 30% increase and a 40% decrease. In addition, the Company may make further deductions in light of various factors related to the Company’s operation, including business results for the fiscal year and the forecast of business results for the next fiscal year. Performance-based remuneration is paid at a certain time each year as cash remuneration. However, for the performance-based remuneration for the fiscal year ended March 31, 2023, the Company made addition and subtraction by comprehensively making evaluation considering each director’s contribution to achieving Group Vision “Move Up 2027” by taking the result of the failure to achieve the performance target seriously although it was profitable in the fiscal year ended March 31, 2023 with respect to the company performance evaluation.

vi) Matters related to delegation related to determination of remuneration of individual directors (excluding directors who are Audit and Supervisory Committee members)

In evaluating the performance of directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors), the President and CEO confirms their results and contribution and commitment to ESG by conducting interviews to set targets aimed at

achieving the annual plan and the Group Management Vision “Move Up 2027” and tracing interviews. Accordingly, the determination of remuneration for each director (excluding directors who are Audit and Supervisory Committee members) has been resolved by the Board of Directors, subject to the discretion of the President and CEO. During the fiscal year ended March 31, 2023, it was resolved at the meeting of the Board of Directors held on June 22, 2022 to delegate the determination of the amount of remuneration for each director to the President and CEO. To ensure the transparency and fairness of the decision-making procedures, the President and CEO delegated by the Board of Directors will first consult with the remuneration deliberation committee consisting of independent outside directors (excluding directors who are Audit and Supervisory Committee members) and other directors (excluding directors who are Audit and Supervisory Committee members) in advance regarding any resolution with respect to a proposal for amount of remuneration of directors (excluding directors who are Audit and Supervisory Committee members) based on the recommendation from the remuneration deliberation committee.

Policy on determining remuneration amounts and calculation methods	Established
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**Disclosure of policy on determining remuneration amounts and calculation methods**

The Company pays basic remuneration to directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors) based on their positions as compensation for the execution of daily business operations within the limits of remuneration resolved at the General Meeting of Shareholders. The Company also pays performance-based remuneration based on business results, dividends to shareholders, and the level of contribution of such directors toward achieving the business results for the fiscal year and the Medium-Term Management Vision. Also, outside directors (excluding directors who are Audit and Supervisory Committee members) are paid basic remuneration as compensation for the performance of their duties, but are not paid performance-linked remuneration.

(Article 20 of Corporate Governance Guidelines)

**Support system for outside directors**

With respect to outside directors, the Company designates assistants to them, and facilitates their activities by providing early notice of the Board of Directors meeting schedule and streamlining the system for relevant departments to respond to inquiries from outside directors, in addition to other measures.

**Status of persons who have retired as president and representative director, etc.**

**Advisers or consultants who have formerly served as president and representative director, etc.**

Name	Title/position	Responsibilities	Working conditions	Date of retirement from president, etc.	Term
Mutsutake Otsuka	Part-time consultant	External activities such as public organization	Part-time Uncompensated	March 31, 2012	From June 1, 2020

		Advice requested by the Company			
Satoshi Seino	Part-time consultant	External activities such as public organization Advice requested by the Company	Part-time Uncompensated	March 31, 2018	From June 1, 2020
Tetsuro Tomita	Advisor	External activities such as public organization Advice requested by the Company	Part-time Compensated	March 31, 2024	From April 1, 2024

Total number of advisers or consultants who have formerly served as president and representative director, etc.	3
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**Other matters**

N/A

**2. Matters on functions of business execution, audit and oversight, nomination and remuneration decisions (overview of current corporate governance system)**

The Board of Directors of the Company consisting of 14 directors including seven outside directors as April 1, 2024 meets once a month in principle to discuss legal matters, basic management policies and strategies for the entire group and important matters for group management. During the fiscal year ended March 31, 2024, meetings of the Board of Directors were held 16 times, and the attendance rate of directors was 97.6%. The Board of Directors delegates authority to make decisions on important business execution to the executive directors excluding particularly important matters, receives reports on delegated matters and supervises business operations.

In addition, the Corporate Planning Committee is composed of inside directors and senior executive officers as specified by the Board of Directors, and holds its meetings once a week as a general rule to discuss matters to be resolved at the meeting of the Board of Directors and other important matters essential to corporate planning. Furthermore, Group Strategy Planning Committee, with inside directors, senior executive officers and related department directors as committee members, has been established for the development of the Group as a whole, and holds its meetings as deemed necessary to discuss important matters for the Group such as formulating and promoting the Group's business strategies.

As for audits of the Company, audits by the Audit and Supervisory Committee, internal audits and accounting audits are performed.

As for the audits by the Audit and Supervisory Committee, in accordance with the policies established by the Audit and Supervisory Committee, the Audit and Supervisory Committee members attend meetings of the Board of Directors and other important meetings, receive reports from the directors and the department handling internal audits on the performance of their duties, review documents relating to important decisions, investigate the status of business and assets, receive report from the accounting auditor on the performance on their duties, and discuss major accounting issues with the accounting auditor. The Audit and Supervisory Committee members also communicate and exchange information with directors and corporate auditors of Group companies, and receive business report from Group companies as necessary.

The Audit and Supervisory Committee members hold informal meetings regularly with the Company's representative directors and outside directors (excluding directors who are Audit and Supervisory Committee members).

The Audit and Supervisory Committee holds its meeting once a month as a general rule to discuss, among other things, audit policies and procedures, allocation of duties and planning, appropriateness of resolutions of the Board of Directors regarding the systems to ensure the appropriateness of business operations and status of operation, appropriateness of the accounting auditor's audit procedures and results. At the Audit and Supervisory Committee, each Audit and Supervisory Committee member evaluates the audit activities so that they have a common understanding of issues.

As for internal audits, dedicated staff are assigned to the Audit Department of the head office and the Audit Division of each headquarters and each branch office, which evaluate and make proposals on the business execution and risk control as well as management of measures to realize the Group Management Vision "Move Up 2027" from the viewpoint of effectiveness, efficiency, legitimacy and validity, and audit the head office, general management department, headquarters, branch offices and operational sites. We provide advice and recommendation for points that need to be improved as necessary, and also request reports on the status of improvement thereafter.

Each group company is audited by its own internal audit staff as well as the Company on a regular basis.

The results of the audits conducted by the department handling internal audits of the Company are reported to the President and CEO approximately once a quarter, and to the Board of Directors and the Audit and Supervisory Committee approximately once every six months.

As for the accounting audit, KPMG AZSA LLC is engaged as the accounting auditor and performs audit during and at the end of each fiscal year (accounting services provided since 1987). Names of the certified public accountants who performed the audit during the fiscal year ended March 31, 2023 and composition of assistants for the audit are as described below.

- Names of the certified public accountants who performed the audit: Designated Limited Liability Partner and Engagement Partner: Kazuhiko Azami, Hideki Yoshida, Naoki Saito
- Composition of assistants for the audit: 20 certified public accountants, 16 persons who passed the certified public accountants examination, 19 other persons

The Company will appoint candidates for directors taking into account diversity in career, age, gender and other characteristics.



Candidates for directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors) are appointed among persons who are familiar with each of its business sectors and have a range of knowledge and experience such as in safety maintenance and cross-border matters.

In addition to overseeing the business from an independent perspective, candidates for outside directors (excluding directors who are Audit and Supervisory Committee members) will be appointed with the goal of taking advantage of their significant knowledge and experience in the Company's business from a variety of areas.

With respect to candidates for directors, who are Audit and Supervisory Committee members, in order to properly audit the execution of duties by directors among others, the Company will nominate one (1) or more persons who have sufficient expert knowledge in financing and accounting among persons who have significant knowledge and experience in a variety of areas such as finance, accounting and law.

The Company will appoint candidates for independent outside directors in the interest of business diversity, and the number of independent outside directors will be in principle more than one-third of the total number of directors.

Composition of the Board of Directors and major skills held by each director are published on the Company's website

<https://www.jreast.co.jp/e/aboutus/officer/skillmatrix.pdf>

With respect to a proposal for the appointment or dismissal of a director (excluding a director who is an Audit and Supervisory Committee member), directors will submit to the Board of Directors for deliberation the proposal to be submitted to the general meeting of shareholders, which will be resolved by the Board of Directors upon evaluating the Company's performance and other factors. With respect to a proposal for appointment of a director who is an Audit and Supervisory Committee member, directors will, after obtaining the consent of the Audit and Supervisory Committee, submit to the Board of Directors for deliberation the proposal to be submitted to the general meeting of shareholders, which will be resolved by the Board of Directors.

(Article 17 and Article 18 of Corporate Governance Guidelines)

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with directors, who are not executive directors, to limit their liability as provided in Article 423, Paragraph 1 of the Companies Act. The liability limit under each such agreement shall be the amount stipulated by law or regulation.

### **3. Reasons for adoption of current corporate governance system**

The Company has selected a company with an Audit and Supervisory Committee as an organizational design under the Companies Act in order to further increase corporate value by speeding up decision-making and business execution through delegating the decision-making authority for important business execution excluding especially important matters from the Board of Directors to executive directors, as well as improving corporate governance through enhancing supervision by the Board of Directors.

The Board of Directors discusses basic management policies and strategies for the entire Group and important matters for group management, and also receives reports on matters, for which decision-making has been delegated to executive directors, and other matters, and supervises the execution of duties by directors. The Audit and Supervisory Committee audits the execution of duties by directors based on their specialized knowledge and experience.

(Article 16 of Corporate Governance Guidelines)

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to vitalize the general meeting of shareholders and facilitate exercise of voting rights

	Supplementary explanations
Early notice of general meeting of shareholders	We send the notice at least three weeks prior to the date of the general meeting of shareholders, and make an early disclosure of it on the Company's website and the Tokyo Stock Exchange websites approximately one week before sending it.
Scheduling general meeting of shareholders to avoid the most popular day for shareholder meetings	The meeting is held several days before the most popular day.
Allowing electronic exercise of voting rights	Exercise of voting rights via the Internet is available.
Participation in electronic voting platform and other efforts to enhance the voting environment for institutional investors	Exercise of voting rights using a platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc. is available.
Providing convocation notice in English	English translation of the convocation notice is provided on the websites of the Company and Tokyo Stock Exchange approximately four weeks before the date of the general meeting of shareholders.
Other	We distribute informative videos of each agenda item and the exercise of voting rights, etc., and hold a hybrid participation-type virtual general meeting of shareholders.

#### 2. IR activities

	Supplementary explanations	Explanation by the representative
Preparation and publication of disclosure policy	Disclosure policy is published on the IR information page on the Company's website.	
Regular investor briefings for individual investors	We hold multiple Web briefings for individual investors each year.	None
Regular investor briefings for analysts and institutional investors	Regular investor briefings are held immediately after the announcement of	Yes

	financial results for each six-month period and each fiscal year.	
Regular investor briefings for overseas investors	Regular IR briefings are held for investors in the United States and Europe, etc.	Yes
Posting of IR materials on website	The Company's website has an IR-specific page, with financial information and materials distributed at the briefings for the past few years.	
Establishment of department and/or manager in charge of IR	A section in charge of IR within the Corporate Planning Department of the Corporate Strategies Headquarters and the section in charge of stock within the Corporate & Legal Strategies Department handle IR.	

### 3. Measures to ensure due respect to stakeholders

	Supplementary explanations
Provisions to ensure due respect to stakeholders in internal rules, etc.	<p>The Company sets forth due respect to stakeholders in the Mid-term management vision, etc. and have a “Multi-Stakeholder Policy” that outlines our policy on returns to our employees, consideration for our business partners, and other stakeholder-related initiatives.</p> <p>Based on the international norms on human rights, we have drawn up the “JR East Group Policy on Human Rights” in March 2023 to promote initiatives to respect the human rights of all people including customers, people in local communities, business partners and employees. (<a href="https://www.jreast.co.jp/e/human-rights/">https://www.jreast.co.jp/e/human-rights/</a>)</p> <p>Also, as a system to promote activities to respect human rights, we have established the “Human Rights Enlightenment Promotion Committee” chaired by the director or executive officer in charge of human rights and composed of the heads of the departments at the head office to share information on changes in the environment regarding respect for human rights, the status of the activities and issues and discuss countermeasures.</p>
Implementation of environmental activities, CSR activities, etc.	<p>Measures for sustainability issues, including response to the TCFD, which is an international framework for disclosures regarding the financial impact of climate changes, and investment in human capital and intellectual property are provided at the Company's website and “JR East Group INTEGRATED REPORT”.</p> <p>For JR East Group, which has active engagement with its many customers and local communities, we consider issues concerning the environment to be social challenges whose initiatives should be given priority.</p> <p>While carrying out initiatives to address environmental issues as a company from various angles, we actively participate in national and international initiatives and statements concerning</p>

	<p>environmental areas, and while cooperating with other companies, strive to invigorate climate change measures and realize a sustainable society.</p> <p>The Company’s website [Sustainability]  <a href="https://www.jreast.co.jp/company/csr/">https://www.jreast.co.jp/company/csr/</a> (in Japanese)</p> <p>JR East Group INTEGRATED REPORT  <a href="https://www.jreast.co.jp/e/environment/">https://www.jreast.co.jp/e/environment/</a></p> <p>Policy engagement in the environment areas  <a href="https://www.jreast.co.jp/eco/advocacy/">https://www.jreast.co.jp/eco/advocacy/</a> (in Japanese)</p> <p>Initiatives to the TCFD recommendations  <a href="https://www.jreast.co.jp/eco/pdf/taskforce2023.pdf">https://www.jreast.co.jp/eco/pdf/taskforce2023.pdf</a> (in Japanese)</p>
Other	<p>1. Initiatives for human capital management  The source of growth of the Group is “human resources”. In the Group Management Vision “Move Up 2027” drawn up in 2018, we set out “creation of value and services with people as the starting point” and put up “happiness of employees and their families” as the center of our focus points to “provide new value to society”. By drawing out the potential of each employee, we steadily inherit and develop technologies and skills, develop human resources, who boldly take on difficult challenges, and increase the employee engagement and the value of human capital.</p> <p>The Company’s website [Promotion of human capital management]  <a href="https://www.jreast.co.jp/human_capital_management/">https://www.jreast.co.jp/human_capital_management/</a> (in Japanese)</p> <p>2. Investment in intellectual property  In order to promote the Group’s management vision “Move Up 2027” and support the respective businesses of mobility and lifestyle solutions, the Company recognizes the importance of the appropriate management of intellectual property and the execution of intellectual property strategies that are linked to business strategies.  The Group’s basic policy is to appropriately manage our intellectual property which comprises important intangible assets, and to promote intellectual property activities that create value in the form of trust and affluence based on the Group’s philosophy.  Specific measures are provided at the Company’s website and “JR East Group INTEGRATED REPORT”.</p> <p>The Company’s website [Research and Development (R&amp;D)]  <a href="https://www.jreast.co.jp/e/development/">https://www.jreast.co.jp/e/development/</a></p>

	<p>3. Sustainable procurement</p> <p>The Group has established procurement policies, etc. as a code of conduct for procurement. Based on this policy, the entire supply chain carries out procurement activities considering human rights, environment, etc. We also support the “Declaration of Partnership Building” promoted by the government and the business community.</p> <p>Also, we continue to communicate with business partners by conducting sustainable procurement questionnaires and visiting the companies among others.</p> <p>Details of sustainable procurement are disclosed on the Company’s website.</p> <p>The Company’s website [Sustainable procurement]  <a href="https://www.jreast.co.jp/e/order/procurement/">https://www.jreast.co.jp/e/order/procurement/</a></p>
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#### IV. Matters Related to the Internal Control System

##### 1. Basic views on internal control system and its status

A. The Company’s basic views on internal control system and its status are as described below.

The Company views the internal control system as various measures to appropriately and efficiently pursue the Group’s philosophy and realize the Group’s management vision. The Company will ensure compliance and safety, prevent financial losses, ensure soundness of financial conditions, and promote risk management that reflects consideration of expansion into new businesses, and thereby improve the Group’s value.

The Company undertakes a wide range of risk management efforts not merely to reduce risks (\*) of negative elements, such as avoidance of losses, but also to improve the value of the Group including through risk taking among others.

Based on this, we have established the following system to ensure the appropriateness of business operations based on the Companies Act;

\* Risks include not only those relating to operation such as compliance, safety and natural disasters, but also those relating to the domestic and international social and economic environment such as changes in market and trends among competitors, and those relating to management decisions on new businesses.

- (1) Systems to ensure that Directors and employees of the JR East Group perform their duties in accordance with relevant laws and regulations as well as with the Articles of Incorporation
  - To promote rigorous legal compliance and high corporate ethics standards, the Company and its consolidated subsidiaries (hereinafter Group companies) have drafted “Policy on Legal and Regulatory Compliance and Corporate Ethics”, which serves as corporate action guidelines for the JR East Group, and implement corporate actions in line with such guidelines such as distributing an “Action Plan” that explains conduct standards in concrete terms to each corporate officer and employee of the Company and Group companies.

- The Company's Corporate & Legal Strategies Department handle overall control over horizontally integrated compliance matters throughout the Company, and liaise with legal and administration departments of the Group companies to ensure compliance in the JR East Group.
  - Units to provide compliance-related advice and receive whistle-blower reports and other reports related to compliance issues as affecting the JR East Group have been established inside and outside the Company.
  - The Company and Group companies maintain the confidentiality of whistle-blowers and matters reported, and prohibit unfavorable treatment on the basis of any such report.
  - The Company has established an internal audit system to ensure the appropriateness and efficiency of operational execution. In addition, to ensure that all operations throughout the JR East Group are appropriate, the Company participates in the management of Group companies by seconding directors to those companies and by other means. In addition, the Company's Audit Department performs audits of Group companies at regular intervals.
- (2) Preservation and administration systems for information related to Directors' performance of their duties
- The Company appropriately preserves and administers documents related to Directors' performance of their duties in accordance with relevant laws and internal regulations. Directors can view these documents whenever necessary.
- (3) Risk management rules and systems of the JR East Group
- With regard to the risk of a significant adverse influence on corporate operations due to changes in the internal and external management environment, such incidents as external offenses or internal scandals and legal violations in the Company and the Group companies, each unit of the Company manages its own risk and the risk of the Group companies which it supervises. In addition, the Company has established a Crisis Management Headquarters as well as crisis management-related internal regulations, so that in the event of a problem, a preliminary task force may be immediately established with the participation of top management and may gather relevant information and rapidly implement countermeasures. In addition, the Company instructs Group companies to establish similar risk management systems and report incidents as necessary to the Company.
  - The Company has established systems to ensure rapid and appropriate responses in the event of an accident or disaster in railway operations and to improve safety and reliability of transportation.
  - To ensure effectiveness of risk management, the Board of Directors of the Company monitors its status and policies periodically.
- (4) Systems for promoting efficient performance of duties by directors and other employees in the JR East Group and systems for reporting performance of duties from Group companies to the Company
- To promote efficiency in the Company's operations, internal regulations have been established that allocate authority by clearly defining the authority and roles of each unit.
  - To promote the Group management vision, and to attain the vision's objectives, the Company and Group companies have established action programs for each organizational unit and project. Progress in action program implementation is periodically evaluated as a means of promoting the efficient implementation of strategic measures. In addition, Group companies regularly report to the Company material information, including business results and financial conditions.

- (5) Items related to employees who assist the Audit and Supervisory Committee in the performance of their duties
- Dedicated staff are assigned to the Audit and Supervisory Committee office to assist the duties of the Audit and Supervisory Committee in the performance of their duties. This is a system designed to increase the efficiency of audits, etc. and enable the duties of the Audit and Supervisory Committee to be executed smoothly.
- (6) Independence from Directors (excluding Directors who are Audit and Supervisory Committee members) of employees who assist the Audit and Supervisory Committee in the performance of their duties and effectiveness of instructions to such employees
- The staff of the Audit and Supervisory Committee Office of the Company, with regard to instructions from the Audit and Supervisory Committee, are not subject to orders from Directors (excluding directors who are Audit and Supervisory Committee members) or other employees.
- (7) Systems in the JR East Group for reports to the Audit and Supervisory Committee of the Company
- The Company has established standards for matters to be resolved at the Board of Directors meeting based on the Regulations of the Board of Directors and appropriately submits such matters for resolution. The contents of important items other than those to be resolved by the Board of Directors may also be confirmed by the Audit and Supervisory Committee at meetings of the Board of Directors and meetings of the Corporate Planning Committee to be attended by Directors, who are Audit and Supervisory Committee members, by hearing from Directors (excluding Directors who are Audit and Supervisory Committee members) and employees and by reviewing documents concerning performance of duties by Directors.
  - The Company's Audit and Supervisory Committee holds informational meetings regularly with corporate auditors of Group companies to share information concerning audits.
  - The Company reports regularly to the Company's Audit and Supervisory Committee on whistle-blower reports and other matters related to compliance issues of the JR East Group, as well as results of Group company audits conducted by the Company's Audit Department.
  - The Company prohibits unfavorable treatment of any person who reports to the Auditor and Supervisory Committee based on any such report.
- (8) Policies on payment of expenses arising from performance of duties of Directors who are Audit and Supervisory Committee members
- When the Company's Director, who is an Audit and Supervisory Committee member, requests advanced payment of expenses arising from performance of his/her duties based on Article 399-2, Paragraph 4 of the Companies Act, the Company shall pay such expense unless the Company establishes that such expense or liability is unnecessary for such performance of duties by such a Director who is an Audit and Supervisory Committee member.
- (9) Other systems for promoting the effective performance of the Audit and Supervisory Committee's audits
- The Audit and Supervisory Committee of the Company holds meetings regularly with the President and CEO and the accounting auditor to exchange information and opinions.
- B. The Company's basic views on internal control system over financial reporting are as described below.

- (1) The Company organizes and operates the system necessary to ensure the adequacy of documents on financial calculation and other information
- (2) The Company evaluates every fiscal year the status of the organization and operation of the above system using criteria concerning internal controls over financial reporting that are generally accepted as fair and appropriate.

## 2. Basic views on eliminating anti-social forces and its status

The Company's basic views on eliminating anti-social forces and its status are as described below.

- (1) Paragraph 7 of "Policy on Legal and Regulatory Compliance and Corporate Ethics" (established in June 2005, amended in April 2013), which serve as corporate action guidelines for the JR East Group, provides that "Isolation from anti-social forces: officers and employees will decisively confront with anti-social forces and organizations that threat the order and safety of civil society".
- (2) "Compliance Action Plan Handbook" (published in June 2005, revised in April 2009, April 2013, July 2017 and April 2022) distributed to officers and employees of the JR East Group provides for specific actions against anti-social forces and organizations.
- (3) Agreements entered into with third parties include a provision for eliminating anti-social forces, and the Company has established a system to enable prompt action such as immediate cancellation of the agreement when the counterparty is identified as an anti-social force.
- (4) The Company has designated a person in the Corporate & Legal Strategies Department to be in charge of handling unwarranted demands.
- (5) The Company briefs employees on desirable actions against anti-social forces and organizations through its educational programs.

## V. Other

### 1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation

N/A

### 2. Other matters concerning corporate governance system

From the viewpoint of insider trading prevention, the Company has established "Rules for Management of Timely Disclosure Information and Insider Trading Prevention (Administrative Regulations)" providing for information control and timely and appropriate disclosure of material facts under the Financial Instruments and Exchange Act ("material facts"), which have a significant influence on investors' investment decisions, as described below.



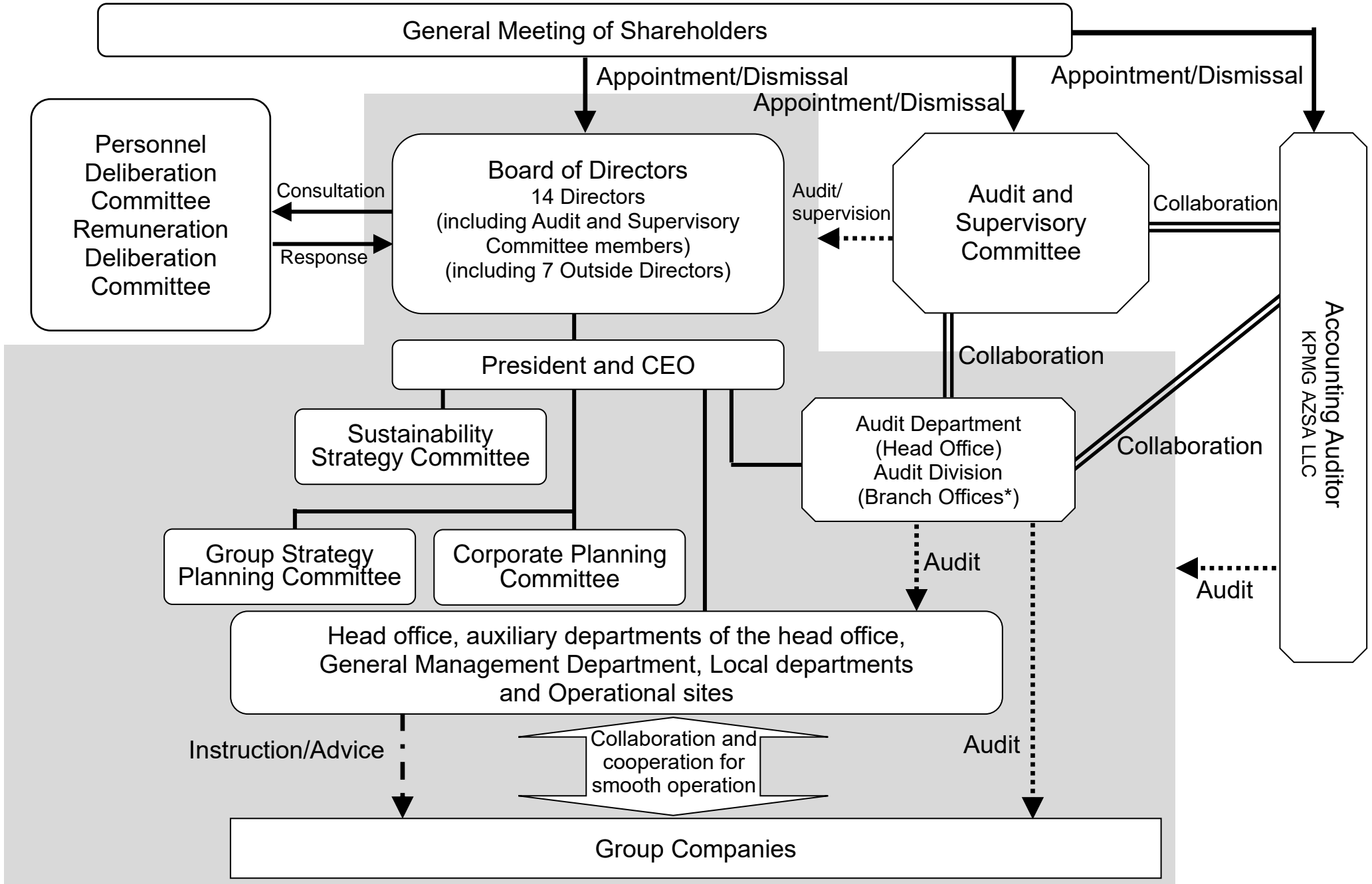
- Employees, etc. who have come to know material facts shall immediately inform, through the manager of the relevant department, the manager in charge of handling information (Department Director of the Corporate Planning Department). Material facts concerning subsidiaries shall also be informed, through the manager of relevant department, to the manager in charge of handling information. When there is a question as to whether a fact may be a material fact, the manager in charge of handling information shall be consulted.
- The manager in charge of handling information shall control information on material facts as necessary. Purchase, sale and other trading of stocks and other securities by officers and employees who have come to know any material fact are restricted.
- Material facts shall be disclosed in a timely manner. The timing and method of disclosure shall be determined by the President and CEO delegated by the Board of Directors.

Additionally, matters subject to timely disclosure (excluding material facts) stipulated in the securities listing regulations of stock exchanges shall be appropriately handled according to the said rules. In that case, the manager in charge of handling information shall determine the timing and method of such disclosure and report such decision to the President and CEO.

\* Additionally, timely disclosure items stipulated in the securities listing regulations of stock exchanges (which may not initially be deemed to be material facts) are handled in the same manner as material facts.

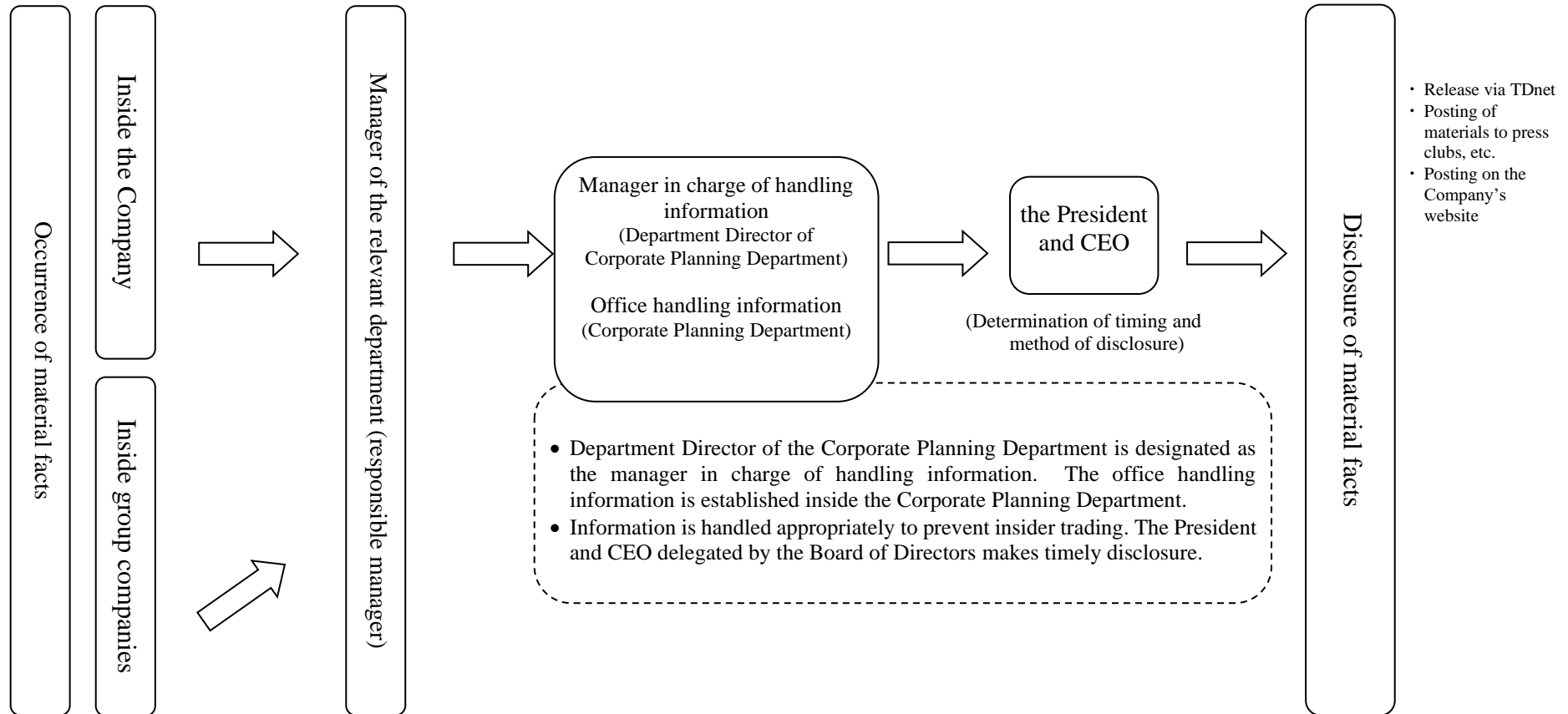
【Reference 1】 Summary of Corporate Governance System

\* “Branch Offices” include the Tokyo Metropolitan Area Headquarters and the Tohoku Area Headquarters.



**【Reference 2】** System for disclosure of matters which has a significant influence on investors' investment decisions

- Procedure of disclosure of material facts in accordance with the “Rules for Management of Timely Disclosure Information and Insider Trading Prevention (Administrative Regulations)”



\* Additionally, timely disclosure items stipulated in the securities listing regulations of stock exchanges (which may not initially be deemed to be material facts) are handled appropriately in accordance with these rules.

[Translation]

**East Japan Railway Company**  
**Corporate Governance Guidelines**

*Established on November 25, 2015*  
*Amended on November 21, 2018*  
*Amended on November 17, 2021*  
*Amended on June 22, 2022*  
*Amended on October 1, 2022*  
*Amended on June 22, 2023*  
*Amended on April 1, 2024*

**Section 1**  
**General Provisions**

**Article 1**      **Objectives**

1.1      The Company sets forth in these Guidelines, pursuant to a resolution of the Board of Directors, its basic thoughts and specific initiatives on corporate governance.

1.2      Any revisions to or abolition of these Guidelines will be effected pursuant to a resolution of the Board of Directors.

**Article 2**      **Basic Thoughts on Corporate Governance**

The Company aims to achieve sustainable growth of its business and growth in corporate value over the medium to long term by making transparent, fair and prompt decisions to address its challenges, such as gaining greater trust from customers based on ultimate safety levels and realizing affluent lives for everyone and also by making efforts to achieve appropriate collaborations with its stakeholders, including shareholders, customers, local communities, business partners, creditors and individuals working in the Group. [2]  
[3.1(ii)]

**Section 2**  
**Securing the Rights and Equal Treatment of Shareholders**

**Article 3**      **General Principles**

3.1      Based on the premise that the general meeting of shareholders is the organization that makes decisions on its basic matters, the Company will endeavor to establish a suitable environment to invigorate question-and-answer sessions at the general meeting of shareholders and to facilitate the shareholders' exercise of their rights, by undertaking the following basic measures. [1.2]

(1)      Convocation notices of the general meeting of shareholders will be dispatched approximately three (3) weeks prior to the date on which the meeting is to be held. Further, Japanese and English versions of the convocation notice will be posted on the websites of the Company and the Tokyo Stock Exchange prior to its dispatch. [1.2.2] [1.2.4]

(2) The general meeting of shareholders will be held on a day that is not a day on which many other companies hold their general meetings of shareholders. [1.2.3]

(3) The Company will facilitate the shareholders' exercise of their rights by introducing, among other measures, the option to exercise shareholder rights online and the Electronic Voting Platform for institutional investors. [1.2.4]

3.2 The Company will treat all shareholders fairly in a manner consistent with the rights associated with and number of shares they hold. [1]

#### **Article 4 Basic Capital Policy**

4.1 In addition to preserving a capital ratio necessary to maintain its business foundation and to achieve continuous growth, the Company will adopt a basic capital policy that enables stable shareholder returns through stable dividend payout and flexible share repurchases consistent with trends in its business results. [1.3]

4.2 The shares repurchased in accordance with the preceding paragraph will generally be cancelled.

#### **Article 5 Shareholdings in Selected Companies**

5.1 The Company will hold shares in selected companies that will contribute to its corporate value, in order to maintain and strengthen stable business relationships and close cooperative relationships with such companies over the medium to long term. [1.4]

5.2 The Company, in accordance with its direction to continually reduce the overall sense of scale of its shareholdings in selected companies, will examine the medium- to long-term economic rationale and outlook of its shareholdings in each of the selected companies on an annual basis at the Board of Directors in light of their operating results and capital cost, and disclose the objectives therefor and other matters in the annual securities report in accordance with applicable laws and regulations. Based on such examination and objectives for such shareholdings, the Company will consider whether it is necessary to dispose of its shareholding in any company upon discussion with such company where it is determined that the rationale for such shareholding may have ceased to exist. [1.4]

5.3 The Company will exercise its rights as a shareholder of a company by examining the details of proposals for each general meeting of shareholders of such company and requesting any explanation therefor, as necessary, in consideration of whether the proposal contributes to the medium- to long-term corporate value of such company and whether the proposal is in accordance with the objectives for such shareholding. [1.4]

5.4 When a selected company proposes to dispose of Company shares, the Company shall not take action to inhibit such disposal, including by suggesting that such disposition would reduce business with the Company. [1.4.1]

5.5 The Company shall not engage in business with a selected company that could harm the interest of the Company or the common interests of its shareholders. [1.4.2]

## **Article 6 Related-Party Transactions**

6.1 The Company will obtain prior consent from the Board of Directors when engaging in transactions with any of its directors or major shareholders (defined as persons holding 10% or greater of total voting rights) in order not to harm the interests of the Company or the common interests of its shareholders. The Board of Directors will confirm after the fact the details of the relevant transactions. [1.7]

6.2 Before providing the consent described in the preceding paragraph, the Board of Directors will investigate the specific details of the relevant transaction and take appropriate actions such as obtaining confirmation from a department handling legal affairs, as necessary. [1.7]

## **Article 7 Analysis of Dissenting Votes**

With respect to any proposal submitted by the Company which was approved by the general meeting of shareholders but for which a considerable number of dissenting votes were cast, the Company will analyze the reason for the dissenting votes at the Board of Directors and consider whether shareholder dialogue is needed and other measures should be implemented. [1.1.1]

## **Article 8 Policy on Disclosure**

8.1 The Company will formulate a disclosure policy that sets forth the basic principles and policies for disclosure and will disclose the policy on its website. [5]

8.2 The Company will be proactive in its English language disclosures to enhance disclosure for overseas investors. [3.1.2]

## **Article 9 Policy for Constructive Dialogue with Shareholders**

9.1 The Company will respond in good faith to requests for dialogue from shareholders. [5.1]

9.2 The Company will decide who will engage the shareholder in a dialogue based on its request and interest, with the basic policy that a director or an executive officer will attend the meeting. [5.1.1]

9.3 The Corporate Planning Department, Corporate Strategies Headquarters and the Corporate & Legal Strategies Department will be the departments responsible for dialogue with shareholders, which will be overseen by the Director General of the Corporate Strategies Headquarters. [5.1.2(i)]

9.4 The departments responsible for dialogue with shareholders will exchange opinions as appropriate among themselves and share the details of the dialogue with other relevant departments such as the Finance & Investment Planning Department, Corporate Strategies Headquarters. [5.1.2(ii)]

9.5 The Company will hold financial results presentations, disclose the details thereof on the Company's website and undertake initiatives in overseas investor relations. [5.1.2(iii)]

9.6 Opinions learned through dialogue with shareholders will be reported at the Board of Directors. [5.1.2(iv)]

9.7 The Company sets forth provisions regarding management of timely disclosure information and insider trading prevention. Further, the Company will appropriately manage insider information by implementing a disclosure policy that, among other things, provides a period prior to the public announcement of financial results during which insiders are not allowed to interact with shareholders. [5.1.2(v)]

### **Section 3** **Formulation of Management Philosophy, etc. for Corporate Value Creation** **Over the Medium to Long Term**

#### **Article 10 Formulation of Group Philosophy, etc.**

The Company will set forth its group philosophy and basic principles, as a code of conduct for all employees, by resolution of the Board of Directors. [2.1] [2.2]

#### **Article 11 Formulation of Medium-Term Management Vision**

11.1 In order to establish the direction of its group management that responds to ongoing changes in the business environment, the Company will set forth the medium-term management vision by resolution of the Board of Directors. [4.1]

11.2 When making a public announcement of the medium-term management vision, the Company will, upon accurately assessing its capital cost, clearly explain to stakeholders its numerical business targets and plans to achieve those targets, including its medium-term business portfolio and policy for allocating management resources such as on capital investments to realize such goals. The medium-term management vision will be disclosed on the Company's website. [3.1(i)] [5.2] [5.2.1]

11.3 In the event that the targets set forth in the medium-term management vision are not achieved, the Board of Directors will analyze the reasons therefor and will address such reasons in the subsequent management vision. [4.1.2]

#### **Article 12 Implementation of ESG Management**

12.1 The Company will work to resolve social issues through its business activities and contribute to the development of local communities to gain greater trust from local community members and customers and thereby achieve sustainable growth of the Group. [2.3]

12.2 The Company will include in the medium-term management vision the basic policies on initiatives concerning sustainability issues, will consider specific initiatives at the Sustainability Strategy Committee, and will appropriately disclose the current status of initiatives concerning sustainability issues on the Company's website. [3.1.3] [4.2.2]

12.3 The Board of Directors will confirm annually the overall progress of the Company's initiatives concerning sustainability issues. [2.3.1]

**Article 13 Formulation of Policy on Legal and Regulatory Compliance and Corporate Ethics**

13.1 The Company will, by resolution of the Board of Directors, formulate the “Policy on Legal and Regulatory Compliance and Corporate Ethics” to ensure that it conducts its business in a compliant manner, while among other actions appropriately cooperating with stakeholders and carrying out its social responsibilities, and will disclose such policy on the Company’s website. [2.2]

13.2 The Board of Directors will confirm the status of any initiatives based on the policy described in the preceding paragraph twice a year. [2.2.1]

**Article 14 Creation of Compliance Hotlines**

14.1 The Company will establish both within and outside the Company the “JR East Compliance Hotlines” as a point of contact for employees and other individuals working in the Group so that they can seek advice and report when they become aware of any “act that violates, or may violate, legal and regulatory compliance or corporate ethics” within the Group. [2.5.1]

14.2 The Board of Directors will confirm the status of the point of contact described in the preceding paragraph twice a year. [2.5]

**Article 15 Promotion of Corporate Diversity**

Based on the premise that the Company’s strength comes from the diversity of viewpoints and values that are reflected in the characteristics (such as career, age and gender), knowledge and skills of the individuals who work for the Group, the Company will proactively undertake a variety of policies to promote diversity, through such measures as expanding fields where such individuals can flourish, with the goal of creating a corporate group in which a large variety of people can exercise their abilities to the greatest extent. [2.4]

**Section 4**  
**Corporate Governance Structure**

**Article 16 Company Organization**

16.1 The Company has selected a company with an Audit and Supervisory Committee as an organizational design under the Companies Act in order to further increase corporate value by speeding up decision-making and business execution through delegating the decision-making authority for important business execution excluding especially important matters from the Board of Directors to executive directors, as well as improving corporate governance through enhancing supervision by the Board of Directors. [4.10]

16.2 The Board of Directors discusses basic management policies and strategies for the entire Group and important matters for group management, and also receives reports on matters, for which decision-making has been delegated to executive directors, and other matters, and supervises the execution of duties by directors. The Audit and Supervisory Committee audits the execution of duties by directors based on their specialized knowledge and experience. [4][4.4]



16.3 To achieve speedy and steady execution of the Company's business, the Corporate Planning Committee will, as a general rule, be held weekly as specified by the Board of Directors, and executive officers will be appointed. [4.10]

**Article 17 Policies and Procedures in the Appointment or Dismissal of Candidates for Directors and Appointment or Dismissal of President and Representative Director (1 of 3)**

17.1 The Company will appoint candidates for directors taking into account diversity in career, age, gender and other characteristics. [4.11.1]

17.2 Candidates for directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors) are appointed among persons who are familiar with each of its business sectors and have a range of knowledge and experience such as in safety maintenance and cross-border matters. [4.11.1]

17.3 In addition to overseeing the business from an independent perspective, candidates for outside directors (excluding directors who are Audit and Supervisory Committee members) will be appointed with the goal of taking advantage of their significant knowledge and experience in the Company's business from a variety of areas. [4.7][4.8]

17.4 With respect to candidates for directors, who are Audit and Supervisory Committee members, in order to properly audit the execution of duties by directors among others, the Company will nominate one (1) or more persons who have sufficient expert knowledge in financing and accounting among persons who have significant knowledge and experience in a variety of areas such as finance, accounting and law. [4.11]

17.5 The Company will appoint candidates for independent outside directors (i.e., outside directors who meet the independence standards for outside directors set forth in Article 24) in the interest of business diversity, and the number of independent outside directors will be in principle more than one-third of the total number of directors.

17.6 The Company establishes a personnel deliberation committee, a majority of whose members shall be independent outside directors (excluding directors who are Audit and Supervisory Committee members), and its chairman will be elected from members who are independent outside directors through mutual election. [3.1(iv)] [4.10] [4.10.1]

17.7 To ensure the objectivity and transparency of the decision-making procedures, the Board of Directors will first consult with the personnel deliberation committee regarding any resolution with respect to a proposal for appointment or dismissal of directors (excluding directors who are Audit and Supervisory Committee members), resolution with respect to the appointment or dismissal of the president and representative director or decision on a succession plan for the president and representative director or any other director, and the committee will provide a recommendation on the consulted matter from a perspective independent from the Board of Directors. [3.1(iv)][4.3.1][4.3.2] [4.3.3]

**Article 18 Policies and Procedures in the Appointment or Dismissal of Candidates for Directors and Appointment or Dismissal of President and Representative Director (2 of 3)**

18.1 With respect to a proposal for the appointment or dismissal of a director (excluding a director who is an Audit and Supervisory Committee member), directors will submit to the Board of Directors for deliberation the proposal to be submitted to the general meeting of shareholders, which will be resolved by the Board of Directors upon evaluating the Company's performance and other factors. With respect to a proposal for appointment of a director who is an Audit and Supervisory Committee member, directors will, after obtaining the consent of the Audit and Supervisory Committee, submit to the Board of Directors for deliberation the proposal to be submitted to the general meeting of shareholders, which will be resolved by the Board of Directors. [3.1 (iv)] [4.3] [4.11.1]

18.2 When preparing a proposal for the appointment or dismissal of a director, the Company will include in the reference materials for general meeting of shareholders reasons for the appointment or dismissal of each candidate, including his or her professional biography and current positions and responsibilities. The Company will also prepare and disclose a skills matrix listing the skills held by each director and areas in which the Company especially expects each director to contribute. To ensure the objectivity and transparency of the decision-making procedures, the Company will first consult with the personnel deliberation committee on the preparation of the skills matrix of directors (excluding directors who are Audit and Supervisory Committee members), and the committee will provide a recommendation on the consulted matter from a perspective independent from the Board of Directors. [3.1(v)] [4.11.1]

**Article 19 Policies and Procedures in the Appointment or Dismissal of Candidates for Directors and Appointment or Dismissal of President and Representative Director (3 of 3)**

The Board of Directors will resolve the appointment of the president and representative director in light of his or her execution capability, soundness in judgment, insight and experience necessary for company management. The Board of Directors will resolve the dismissal of the president and representative director when he or she is deemed not sufficiently executing such role, such as where he or she becomes incapable of carrying out the duties. [4.3.2] [4.3.3]

**Article 20 Policies and Procedures in Determining Remuneration of Directors**

20.1 The Company will pay basic remuneration to directors (excluding directors, who are Audit and Supervisory Committee members, and outside directors) based on their positions as compensation for the execution of daily business operations within the limits of remuneration resolved at the General Meeting of Shareholders. The Company will also pay performance-based remuneration based on business results, dividends to shareholders, and the level of contribution of such directors toward achieving the business results for the fiscal year and the Medium-Term Management Vision. Also, outside directors (excluding directors who are Audit and Supervisory Committee members) will be paid basic remuneration as compensation for the performance of their duties, but will not be paid performance-linked remuneration. [3.1(iii)] [4.2] [4.2.1]

20.2 The Company will establish a remuneration deliberation committee, a majority of whose members shall be independent outside directors (excluding directors who are Audit and Supervisory Committee members), and its chairman will be elected from members who are independent outside directors through mutual election. [3.1(iii)][4.10] [4.10.1]

20.3 To ensure the objectivity and fairness of the decision-making procedures, the board of director will first consult with the remuneration deliberation committee on decisions concerning remuneration, and the committee will provide a recommendation on the consulted matter from a perspective independent from the Board of Directors. [3.1(iii)][4.10] [4.10.1]

20.4 The Company will pay to directors who are Audit and Supervisory Committee members, as consideration for their execution of duties, basic remuneration within the limit on remuneration as determined by resolution of the general meeting of shareholders. Remuneration for directors who are Audit and Supervisory Committee members will be decided upon mutual consultation among directors who are Audit and Supervisory Committee members. No performance-based remuneration will be paid to directors who are Audit and Supervisory Committee members.

#### **Article 21 Scope of Delegation to the President and CEO**

The Board of Directors will resolve matters as provided in applicable laws and regulations or the articles of incorporation, matters essential to business, such as management policies and business vision etc., as well as other matters deemed necessary by the Board of Directors. Decisions on the execution of duties for other important matters will, as a general rule, be delegated to the President and CEO. [4.1.1]

#### **Article 22 Participation in Formulation and Implementation of Succession Plan and Oversight of Promotion of Successors**

22.1 The Company will select and develop its management successors through a succession plan for the president and representative director and other executive positions. Such plan consist of a performance evaluation system for executive directors and senior managers, who are candidates to succeed the president and representative director, by setting goals and monitoring progress, and a goal management system for managers who are candidates for senior management, by setting goals and monitoring progress. [4.1.3]

22.2 The Board of Directors will understand the details of the succession plan set forth in the previous paragraph and the performance of its executive directors and senior managers and oversee the promotion of successors to the president and representative director and other executive positions by receiving reports regarding the succession plan as well as initiatives for achieving the business objectives set forth in the medium-term management vision and annual plan. [4.1.3]

22.3 The Company will provide opportunities for independent outside directors to interact with senior managers to support the monitoring of development of successors. [4.1.3]

#### **Article 23 Oversight of Internal Controls**

23.1 The Board of Directors will establish basic principles on internal controls to realize the medium-term management vision appropriately and efficiently, and organize risk management systems from a viewpoint of improving the value of the Group including

through risk taking. The Board of Directors will also oversee the status of internal controls and risk management systems utilizing a department handling internal audit, from an independent and objective perspective. [4.3.4]

23.2 The internal audit departments will periodically report the status of internal audit to the Board of Directors and the Audit and Supervisory Committee so that the board and the committee can serve their functions. [4.13.3]

#### **Article 24 Independence Standards for Outside Directors**

The independence standards for the outside directors are as set forth in the Schedule hereto. [4.9]

#### **Article 25 Support for Independent Outside Directors**

In order for independent outside directors to effectively fulfill their roles, the Company will provide the following support:

- (1) provide opportunities for independent outside directors to mutually exchange opinions; [4.8.1]
- (2) provide opportunities for independent outside directors to exchange opinions with the representative director and other individuals; [4.8.2]
- (3) provide opportunities for independent outside directors (excluding directors who are Audit and Supervisory Committee members) to exchange opinions with directors who are Audit and Supervisory Committee members; [4.8.2]
- (4) provide opportunities for independent outside directors to exchange opinions with outside accounting auditors; and [3.2.2(iii)]
- (5) provide independent outside directors with sufficient information such as by providing them with explanations of agendas of Board of Directors meetings in advance. [4.13]

#### **Article 26 Important Concurrent Positions at Other Entities Held by Directors**

The important concurrent positions at other entities held by directors will be disclosed in the business reports and the reference materials for general meeting of shareholders. [4.11.2]

#### **Article 27 Maintenance of Effectiveness of the Board of Directors**

Each year the Board of Directors will analyze and evaluate the effectiveness of the Board of Directors as follows, and a summary of the results will be disclosed in its “Corporate Governance Report.” [4.11.3]

- (1) evaluate the effectiveness of the Board of Directors with respect to its roles and responsibilities including transparent, fair and prompt decision-making; and
- (2) each director will conduct a self-evaluation with respect to the effectiveness of the Board of Directors; a hearing with independent outside directors will be held

upon analyzing the results of self-evaluation; and the operation, etc. of the Board of Directors will be reviewed, as necessary.

## **Article 28 Training Policies for Directors**

28.1 In order for directors to understand their roles and responsibilities and to properly carry out their roles, the Company will provide opportunities to attend regular study sessions and internal and external seminars, in addition to compiling for their review relevant materials such as applicable laws and regulations and the articles of incorporation. [4.14.2]

28.2 The Company will provide opportunities to outside directors to review the operational sites of the Company in order to deepen their understanding of the Company's business. [4.14.2]

28.3 The Board of Directors will verify that the matters covered by the preceding paragraphs are being addressed by requesting reports and other information from the responsible director. [4.14]

\* Company's website URL: <http://www.jreast.co.jp/>

\* The number within each [ ] refers to the corresponding provision in the Principles of the Corporate Governance Code.

- End -

## **Schedule (Article 24) Independence Standards for Outside Directors**

1. Outside directors of the Company shall be deemed to be independent if they do not fall under any of the following categories:

(1) a major business partner (a vendor) of the Company or a consolidated subsidiary thereof (Note 1), or an executive of a corporation that is such partner (Note 2);

(2) a major business partner (a customer) of the Company or a consolidated subsidiary thereof (Note 3), or an executive of a corporation that is such partner;

(3) a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who has received money or other property benefits other than compensation for directors in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) year fiscal years of the Company or a consolidated subsidiary thereof; or a consultant, certified public accountant or other accounting expert, or attorney or other legal expert who belongs to a corporation or other entity whose property benefits received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual income for any of the immediately preceding three (3) fiscal years of such corporation or other entity;

(4) a major shareholder of the Company (Note 4), or an executive of a corporation that is such shareholder;

(5) a certified public accountant or a member, partner, or employee of an auditing firm which was an outside accounting auditor of the Company for the most recent three (3) fiscal years, and was actually in charge of audit work of the Company (except administrative or ancillary staff);

(6) a major lender to the Company or a consolidated subsidiary thereof (Note 5), or an executive of a corporation that is such lender;

(7) a recipient of donations in excess of JPY10 million per annum from the Company or a consolidated subsidiary thereof during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof; or an executive of a corporation whose donations received from the Company or a consolidated subsidiary thereof has exceeded 2% of its annual sales or annual total income for any of the immediately preceding three (3) fiscal years of such corporation;

(8) the spouse or relative by blood or marriage within the second degree of the executive (including directors who are not executives if an outside director who is an Audit and Supervisory Committee member is designated as an independent outside director) of the Company or a subsidiary thereof (to the extent such person is deemed to be an important party (Note 6));

(9) the spouse or relative by blood or marriage within the second degree of a party falling under items (1) to (7) (to the extent such person is deemed to be an important party); or

(10) in addition to the preceding items, a person who is unable to perform duties as an outside director with independence due to a conflict of interest with the Company or other special circumstance.

2. If an outside director who is deemed to be independent based on the foregoing standards subsequently falls within any of the items of 1 above, such director shall immediately notify the Company.

Notes:

- (1) A major business partner (a vendor) of the Company or a consolidated subsidiary thereof means a recipient of payment from the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of such party.
- (2) An executive means an executive director or other director executing the business of the corporation, executive officer, or employee of the corporation (the same applies in the following items).
- (3) A major business partner (a customer) of the Company or a consolidated subsidiary thereof means a payer to the Company or a consolidated subsidiary thereof in excess of 2% of the annual consolidated sales during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (4) A major shareholder of the Company means a shareholder who has held, either directly or indirectly, 10% or more of the total number of voting rights during any of the immediately preceding three (3) fiscal years of the Company.
- (5) A major lender to the Company or a consolidated subsidiary thereof means a financial institution that has provided a loan to the Company or a consolidated subsidiary thereof in excess of 2% of the consolidated total assets during any of the immediately preceding three (3) fiscal years of the Company or a consolidated subsidiary thereof.
- (6) An important party means a person in a position at least equivalent to that of an important employee.