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Corporate Governance Report

Last Update: June 27, 2019
Keio Corporation
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The corporate governance of Keio Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

I. 1. Basic Views

(Basic Views on Corporate Governance)

Aiming to secure a position as the "Top Brand in Trust," as set forth in the "Keio Group Philosophy," the Group is advancing the "creation of the preferred lifestyle, location and rail line" based on the "Keio Group Code of Conduct." With our railway business in particular, we have formulated our "Basic Policy on Safety" and a "Code of Conduct for Employees in Regard to Safety" in order to become a trusted and much-loved railway, and all employees are working as one, striving to build a culture of safety.

As a railway business operator, the Company ensures safety and business continuity as it makes prompt and decisive decision making that ensures transparency and fairness pursuant to the "Keio Group Philosophy." Through these efforts, in order to secure the trust of our shareholders and all other people with whom we have connections, and to achieve sustainable growth of the Group and greater mid- to long-term corporate value, the Company will strive to promote the enhancement and strengthening of its corporate governance based on the following basic policy.

(Basic Policy on Corporate Governance)

1. Ensuring the rights and equal treatment of shareholders

- To fully secure rights and fairness for various shareholders, the Company discloses necessary information in a timely and appropriate manner, and together with this, creates an environment which enables shareholders to properly execute such rights.

2. Appropriate cooperation with stakeholders other than shareholders

- The Company is fully aware that sustainable corporate growth and creation of corporate value are supported by all those who are involved with the Company. While striving to appropriately work together in sincerity with stakeholders, we endeavor to foster a corporate culture and atmosphere where sound business activity ethics are respected.

3. Ensuring appropriate information disclosure and transparency

- In line with its "Disclosure Policy," the Company not only strives to make information disclosure in a timely and appropriate manner in compliance with laws and regulations, but to take the initiative in providing information beyond that required by laws and regulations, and improving the utility of such information.

4. Responsibilities of the Board of Directors

- The Company's Board of Directors shapes the direction of the Group's management strategy, and conducts highly effective management supervision within the defined scope of delegation to the senior management.
- Directors of the Company are constantly aware of their fiduciary responsibilities and accountability to shareholders, and conduct decision making pursuant to appropriate procedures that adhere to the "Management Judgment Principles" defined by the Company.
- As advisory bodies to the Board of Directors, the Company establishes its Governance Committee and Nomination and Compensation Committee so as to improve Group governance and ensure management transparency.

5. Dialogue with shareholders

- The Company regularly engages in constructive dialogue with shareholders, listening to them and paying due attention to their interests and concerns. In addition to this, the senior management clearly explains management policy to shareholders in an easy-to-understand manner, and strives to gain a balanced understanding with regard to the standpoints of all those with whom it has connections, including shareholders.

6. Formulation, amendment and abolition of this Basic Policy

- Formulation, amendment and abolition of the Basic Policy is conducted through resolution of the Board of Directors.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all of the Corporate Governance Code principles.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-3] Basic strategy for capital policy

In its currently disclosed 3-Year Medium-Term Management Plan, the Company has established reference indicators, namely, as of the end of fiscal 2020, ROE of 7.6% and a D/E ratio of 1.0 times. In addition, to realize higher ROE, the Company has placed emphasis on raising ROA by improving the asset efficiency and bolstering profitability, and has set ROA of 5.0% at the end of fiscal 2020 as one of its management indicators.

Given the highly public nature of the railway business, which the Company positions as a core business, the Company considers it vital to secure business continuity in its capital policy. For that reason, in preparation for continuing business operations by swiftly restoring services in the event of a disaster, etc., and to fulfill our responsibilities on our own resources, we post general reserve in its capital.

[Principle 1-4] Cross-shareholdings

The Company engages in business of a highly public nature, primarily the railway business, and considers it important to grow based on a mid- to long-term perspective. For that reason, it holds the shares of other companies when it has been determined that such holding will contribute to the Group's business continuity and enhancement of its corporate value.

In light of transaction status and risks, the shares that are held are comprehensively examined. If, as a result of such examination, the Company determines that the holding of such shares is neither worthwhile nor economically rational, it will consider the sale of these shares, and will work to reduce the number of shares held.

In the exercise of voting rights, from the perspective of raising corporate value over the mid- to long-term, and after verifying on an individual basis that there will be no significant damage to shareholder value, we will make an overall decision to approve or disapprove.

[Principle 1-7] Related party transactions

With regard to Directors' competing transactions, and transactions involving conflicts of interest, the Company, pursuant to laws and regulations, approves upon confirming the details of the transaction at the Board of Directors' meeting, and reports following the transaction.

In addition, with regard to transactions, etc. made between the Company or its consolidated subsidiaries and officers, or those with close relationships to such officers, the Company performs regular confirmation of the existence of such transactions.

[Principle 2-6] Roles of corporate pension funds as asset owners

The Company has established the Pension Committee with regard to the operation and management of the pension assets of corporate pension funds. The Company has formulated a basic policy that defines the principles and basic portfolio pertaining to pension asset management, and by utilizing a pension consultant, evaluates the asset managers from both an objective perspective as well as in quantitative and qualitative terms, and regularly conducts monitoring. In addition, the Company also ensures that conflicts of interest that

may arise between a corporate pension beneficiary and the Company are properly managed.

[Principle 3-1] Full disclosure

The Company strives to provide information proactively, and discloses information as follows.

(1) Corporate Philosophy, Management Plan

Please refer to the information disclosed on the Company's website.

- Corporate Philosophy, Keio Group Code of Conduct
  https://www.keio.co.jp/company/corporate/summary/corporate_manual/pdf/2015/2015_p001_p002.pdf

- Management Plan
  https://www.keio.co.jp/company/stockholder/businessplan/index.html

(2) Basic views and basic policy on corporate governance

Please refer to "I.1. Basic Views" in this report.

(3) Policies and procedures in determining the remuneration of senior management and Directors

Taking into consideration the position of each officer, the content of duties and other factors, the Company has determined an appropriate remuneration level according to responsibilities, and established a scheme where a part of remuneration reflects the status of progress toward business results.

Remuneration is deliberated at the Nomination and Compensation Committee and recommendations are submitted to the Board of Directors so as to ensure management transparency.

The date of resolution by the General Meeting of Shareholders on the remuneration for officers of the Company was June 29, 2010. According to the resolution, it was determined that the amount of remuneration for Directors shall be "up to 510 million yen per annum (including up to 20 million yen for Outside Directors)" and the amount of remuneration for Audit & Supervisory Board Members shall be "up to 110 million yen per annum."

(4) Policies and procedures in the appointment/dismissal of senior management and the nomination of candidates for Director and Audit & Supervisory Board Member

Nomination to the post of Director and Audit & Supervisory Board Member is premised on candidates possessing qualities and insights suitable to that of an officer. For a Director position, an individual shall have a wealth of experience and capability that will enable contribution to increased corporate value, and for the position of Audit & Supervisory Board Member, the candidate shall have the ability to appropriately audit and supervise business executors. In addition, from the perspective of strengthening governance, the Company appoints Outside Directors who possess experience and insights as corporate managers, and Outside Audit & Supervisory Board Members who have specialized knowledge with regard to finance, accounting, and legal affairs. Executive appointments are also deliberated at the Nomination and Compensation Committee and recommendations are submitted to the Board of Directors. In addition, if it is objectively deemed reasonable that an officer should be dismissed due to serious violation of laws and regulations, and the Articles of Incorporation, etc., the Nomination and Compensation Committee will deliberate, and then submit recommendations to the Board of Directors.

(5) Individual reasons for the appointment of officers

The information is disclosed in Reference Documents (proposal for election) in the "Notice of the 98th Ordinary General Meeting of Shareholders."
https://www.keio.co.jp/company/stockholder/shareholdersmeeting/index.html

[Supplementary principle 4-1-1] Scope of matters delegated to the senior management

Pursuant to the Standard for Submitting Proposals for Meetings, the Company specifies the scope of matters to be delegated to the Board of Directors and the Board of Special Directors, which is comprised of Special Directors based on the Companies Act, and to the Executive Committee made up of full-time officers. The Company carries out appropriate management decisions that adhere to standards, and all matters resolved at the Board of Special Directors and the Executive Committee are reported to the Board of Directors.

[Principle 4-9] Criteria for determining the independence and qualifications of Independent Outside Directors

With regard to the Company's "Criteria for Determining the Independence of Outside Officers," please see "II. 1. [Independent Directors/Audit & Supervisory Board Members] Matters relating to Independent Directors/Audit & Supervisory Board Members" in this report.

[Supplementary principle 4-11-1] Views on the balance between knowledge, experience and skills of the Board of Directors as a whole, and on diversity and appropriate scale

In order to make appropriate management decisions as a business company, the Company considers it vital that persons well versed in each business field participate in decision making as Directors, and based on this belief, appoints 11 full-time Directors and five part-time Directors who serve concurrently as presidents of major Group companies. Through this structure, we supervise management, check the direction of the entire Group, and strive to strengthen Group management.

In addition to the aforementioned 16 Directors, the Company appoints two Outside Directors, and by having them properly perform monitoring functions through their experience and insights as corporate managers at major financial institutions, we strive to strengthen governance.

From the above, we believe that the Board of Directors is sufficiently fulfilling its function as a management decision making body and that the current condition is of an appropriate scale.

[Supplementary principle 4-11-2] Status of concurrently serving officers

We believe that officers who serve concurrently at other companies are appropriately fulfilling their respective roles and responsibilities at the Board of Directors of the Company and are devoting the required amount of time and effort to the Company.

For information on the status of concurrent service, please refer to the "Notice of the 98th Ordinary General Meeting of Shareholders," which is disclosed on the Company's website.
https://www.keio.co.jp/company/stockholder/shareholdersmeeting/index.html

[Principle 4-11-3] Ensuring effectiveness of the Board of Directors as a whole

We use surveys, etc. of each of the Directors to evaluate the effectiveness of the Board of Directors. The Governance Committee, a voluntary advisory body to the Board of Directors, which is composed of members that include Outside Directors, analyzes, conducts assessments, and reports to the Board of Directors.

As a result of the analysis and assessments for fiscal 2018, which examined the Board of Directors based on the perspectives of Board of Directors' composition, operational status, decision-making processes, and a support structure for part-time officers, the Company recognizes that the effectiveness of the Board of Directors of the Company is ensured.

As to "enhancing the provision of information to Outside Officers," which was the initiative for fiscal 2018, the Company conducted advance briefings on highly important agenda items and performed inspections of facilities under new business categories. Through facilitating the smooth provision and sharing of information, we received advice based on their external perspectives and insights that contributed to management decisions.

For fiscal 2019, we will endeavor to "further enhance the provision of information to Outside Officers" and "devise operations so as to enhance deliberations." Through these measures, we aim to improve the functionality of the Board of Directors as a whole.

As to the Audit & Supervisory Board as well, the effectiveness of the Audit & Supervisory Board is assessed. The audit activities in fiscal 2018 were discussed and assessed by Auditor & Supervisory Board Members, and it has been unanimously confirmed that the effectiveness of the Audit & Supervisory Board of the Company is ensured.

With regard to fiscal 2019, we aim to further enhance the communication with Audit & Supervisory Board Members at Group companies, and intend to further raise the effectiveness of the Audit & Supervisory Board through efforts including bolstering the Group auditing system.

[Supplementary principle 4-14-2] Training policy for Directors and Audit & Supervisory Board Members

In consideration of individual experience, etc., the Company provides Directors and Audit & Supervisory Board Members with the opportunity to obtain necessary training and other learning to carry out their roles and responsibilities. In addition to this, ongoing training is conducted so that they can gain an understanding of economic conditions, revisions to laws and regulations, and the business environment in which the Group operates.

[Principle 5-1] Policy for constructive dialogue with shareholders

The Company has the following organizational structures and initiatives aimed at promoting constructive dialogue with shareholders and investors.

(1) For dialogue with shareholders and investors, the Director in Charge of Finance and Information Disclosure shall have responsibility.

(2) In the conduct of dialogue, the Finance and Accounting Department with person in charge of IR will play a central role in providing assistance.

The Finance and Accounting Department acts as the Disclosure Committee's secretariat, and collects information from the Group Business Management Department that aggregates information from Business Departments, General Administration Departments, and each Group company, in addition to the information obtained from internal meetings.

(3) As to dialogue other than individual meetings, in addition to holding twice-yearly briefings for analysts and institutional investors, we hold company briefings for individual investors, primarily in the Company's business area. In this manner, through promoting understanding, we strive to further enhance IR activities.

(4) While reporting to the senior management in a timely manner the opinions and other comments from shareholders and investors obtained through dialogues, by conveying the contents to respective departments, we strive to properly share these opinions company-wide and reflect them to management.

(5) The Company will properly manage insider information in accordance with the internal regulation, "Regulations on Prevention of Insider Trading."

I. 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,948,400	7.33
Nippon Life Insurance Company	6,141,672	5.03
TAIYO LIFE INSURANCE COMPANY	5,862,032	4.80
Japan Trustee Services Bank, Ltd. (trust account)	5,367,600	4.40
Sumitomo Mitsui Trust Bank, Limited	3,648,200	2.99
The Dai-ichi Life Insurance Company, Limited	3,175,000	2.60
Japan Trustee Services Bank, Ltd. (trust account 5)	2,192,400	1.80
MUFG Bank, Ltd.	2,117,831	1.73
Japan Trustee Services Bank, Ltd. (retirement benefit trust account for Sumitomo Mitsui Trust Bank, Limited)	2,000,000	1.64
Fukoku Mutual Life Insurance Company	1,918,000	1.57

Controlling Shareholder (except for Parent Company)	―
Parent Company	None

Supplementary Explanation

As of March 31, 2019

1. A statement of large-volume holdings was filed by BlackRock Japan Co., Ltd. on February 4, 2016, reporting on its shareholding with six other joint holders, namely, BlackRock Investment Management, LLC, BlackRock Life Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., and BlackRock Investment Management (UK) Limited. However, that company is not listed in the "Status of Major Shareholders" above because the Company was unable to verify the actual number of shares it held as of March 31, 2019.
According to the statement of large-volume holdings, the status of the shareholding as of January 29, 2016 is as follows:

Name of the shareholder: BlackRock Japan Co., Ltd. and six other joint holders
Number of shares held: 32,333 thousand shares
Holding ratio of share certificates, etc.: 5.03%

The Company conducted a share consolidation on October 1, 2017 at a ratio of one (1) share for five (5) shares of the Company's common stock. However, the number of shares held presented above is based on the number of shares prior to the share consolidation.

2. A statement of large-volume holdings (a change report) was filed by Mitsubishi UFJ Financial Group, Inc. on April 16, 2018, reporting on shareholding by three joint holders, namely, MUFG Bank, Ltd. and Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Kokusai Asset Management Co., Ltd. However, that company is not listed in the "Status of Major Shareholders" above because the Company was unable to verify the actual number of shares it held as of March 31, 2019.
According to the statement of large-volume holdings (a change report), the status of the shareholding as of April 9, 2018 is as follows:

Name of the shareholder: MUFG Bank, Ltd. and two other joint holders
Number of shares held: 6,694 thousand shares
Holding ratio of share certificates, etc.: 5.21%

3. A statement of large-volume holdings (a change report) was filed by Sumitomo Mitsui Trust Bank, Limited on December 21, 2018, reporting on its shareholding with two other joint holders, namely, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. However, that company is not listed in the "Status of Major Shareholders" above because the Company was unable to verify the actual number of shares it held as of March 31, 2019.
According to the statement of large-volume holdings (a change report), the status of the shareholding as of

December 14, 2018 is as follows: Name of the shareholder: Sumitomo Mitsui Trust Bank, Limited and two other joint holders Number of shares held: 11,127 thousand shares Holding ratio of share certificates, etc.: 8.66%

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Land Transportation
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. 1. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of	1 year

Incorporation	
Chairperson of the Board	Company Chairperson
Number of Directors	18
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Atsushi Takahashi	From another company								△			
Takeshi Furuichi	From another company								○			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company 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 listed 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 besides compensation as a director/audit & supervisory board member
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/audit & supervisory board member are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Atsushi Takahashi	○	- Honorary Advisor of Sumitomo Mitsui Trust Bank, Limited - Outside Director of The Bank of Iwate, Ltd.	Atsushi Takahashi has abundant experience and knowledge as a management executive, and plays an appropriate role in enhancing corporate governance of the Company by providing useful opinion from the

			external point of view. Therefore, the Company appoints him as Outside Director. Atsushi Takahashi served as Director of Sumitomo Trust and Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Limited) until March 2011. That company is in a business relationship with the Company involving borrowing funds, etc., but all of which are based on the same terms and conditions as those for ordinary transactions. As Atsushi Takahashi satisfies the Criteria for Determining the Independence of Outside Officers stipulated by the Company and the independence criteria set forth by the Tokyo Stock Exchange, the Company registered him with the Exchange as an Independent Officer with no risk for conflict of interest with general shareholders.
Takeshi Furuichi	○	- Representative Director and Vice Chairman of Nippon Life Insurance Company - Outside Director of Aioi Nissay Dowa Insurance Co., Ltd.	Takeshi Furuichi has abundant experience and knowledge as a management executive, and plays an appropriate role in enhancing corporate governance of the Company by providing useful opinion from the external point of view. Therefore, the Company appoints him as Outside Director. Nippon Life Insurance Company is in a business relationship with the Company involving borrowing funds, etc., but all of which are based on the same terms and conditions as those for ordinary transactions. As Takeshi Furuichi satisfies the

			Criteria for Determining the Independence of Outside Officers stipulated by the Company and the independence criteria set forth by the Tokyo Stock Exchange, the Company registered him with the Exchange as an Independent Officer with no risk for conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Voluntary Committees and Supplementary Explanation

As a voluntary advisory body to the Board of Directors, the Company has established a Governance Committee in addition to the Nomination and Compensation Committee above.
For an overview of the Nomination and Compensation Committee and the Governance Committee, please see "II. 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" in this document.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	5

Number of Audit & Supervisory Board Member	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

So that audits by Audit & Supervisory Board Member and Accounting Auditor, and internal audits are carried out efficiently and effectively, the Three-Pillar Audit Liaison Committee is held regularly to exchange and share information with regard to respective audit plans and audit results, thereby strengthening collaboration.

In addition, audit plan explanations are presented by Accounting Auditors at the Audit & Supervisory Board meetings, and Audit & Supervisory Board Members receive timely reports, during the fiscal period, on the status of audit progress from Accounting Auditors. In addition, the Audit & Supervisory Board receives explanations on overviews of audit results based on the Financial Instruments and Exchange Act. In this manner, we strive to collaborate with Accounting Auditors.

Moreover, audit plans and audit results from the Internal Audit Department, the internal audit division, are reported to the Audit & Supervisory Board. In addition, Audit & Supervisory Board Members are receiving reports on individual audit plans and audit results, as well as reports from the sections in charge of internal control with regard to internal control associated with financial reporting and risk management activities, etc., thereby working to achieve collaboration.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	3
Number of Independent Audit & Supervisory Board Member	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Takekawa	From another company										△			
Keiko Kitamura	Academic													
Masashi Kaneko	Lawyer													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company

d. Audit & supervisory board member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
k. Executive of a company, between which and the Company outside directors/audit & supervisory board member are mutually appointed (the audit & supervisory board member himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroshi Takekawa	○	- Full-time Audit & Supervisory Board Member of the Company (Resigned from the position as Executive Officer of Mitsubishi UFJ Financial Group, Inc. and of MUFG Bank, Ltd. at the time of appointment as Audit & Supervisory Board Member of the Company in 2018)	Hiroshi Takekawa has experience working at financial institutions, has abundant knowledge in finance and accounting, and a wealth of experience and high level knowledge from serving as an executive officer of a financial institution. The Company appoints him as Outside Audit & Supervisory Board Member as it has determined that he plays an appropriate role in enhancing corporate governance of the Company by appropriately fulfilling the audit function from a neutral and fair perspective. MUFG Bank, Ltd. is in a business relationship with the Company involving borrowing funds, etc., but all of which are based on the same terms and conditions as those for ordinary transactions. As Hiroshi Takekawa satisfies the Criteria for Determining the Independence of Outside Officers

			stipulated by the Company and the independence criteria set forth by the Tokyo Stock Exchange, the Company registered him with the Exchange as an Independent Officer with no risk for conflict of interest with general shareholders.
Keiko Kitamura	○	- Honorary Professor, Chuo University - Outside Director of Meiji Yasuda Life Insurance Company - Outside Audit & Supervisory Board Member of Hino Motors, Ltd.	Keiko Kitamura has abundant knowledge in finance and accounting from her experience as a university professor specializing in accounting over many years. The Company appoints her as Outside Audit & Supervisory Board Member as it has determined that she plays an appropriate role in enhancing corporate governance of the Company by appropriately fulfilling the audit function from a neutral and fair perspective. As Keiko Kitamura satisfies the Criteria for Determining the Independence of Outside Officers stipulated by the Company and the independence criteria set forth by the Tokyo Stock Exchange, the Company registered her with the Exchange as an Independent Officer with no risk for conflict of interest with general shareholders.
Masashi Kaneko	○	―	Masashi Kaneko is an attorney at law and has abundant experience and knowledge as a legal specialist. The Company appoints him as Outside Audit & Supervisory Board Member as it has determined that he plays an appropriate role in enhancing corporate governance of the Company by appropriately fulfilling the audit function from the

			perspective of legal compliance. As Masashi Kaneko satisfies the Criteria for Determining the Independence of Outside Officers stipulated by the Company and the independence criteria set forth by the Tokyo Stock Exchange, the Company registered him with the Exchange as an Independent Officer with no risk for conflict of interest with general shareholders.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Member	5

Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company registers all the Outside Officers who are deemed to be independent pursuant to the following criteria as Independent Officers with the Tokyo Stock Exchange.

[Criteria for Determining the Independence of Outside Officers]

Keio Corporation (hereafter, the "Company") deems Outside Directors and Outside Audit & Supervisory Board Members (hereafter, "Outside Officers") to whom none of the following criteria apply to be independent.

(1) A business executor (Note 1) at the Company or an affiliated company (hereafter, the "Group") at present or in the past ten (10) years;
(2) An entity for whom the Group is an important business partner (Note 2) or its business executor;
(3) An important business partner of the Group (Note 3), or its business executor;
(4) A major shareholder (Note 4) of the Group, or its business executor;
(5) A major lender (Note 5) for the Group, or its business executor;
(6) A person who is employed with the audit firm serving as the Group's Accounting Auditor;
(7) A consultant, lawyer, certified public accountant, tax specialist, or other (a person affiliated with the particular group in the event that the entity receiving the assets is a group) who receives or has received a large amount of money or other assets (Note 6) from the Group excluding a director's remuneration;
(8) An organization that has received a large contribution exceeding a certain amount (Note 7) from the Group, or its business executor;

(9) In the event that the Group's full-time Director or full-time Audit & Supervisory Board Member also serves as an Outside Officer of another company, the officer in question serves as a business executor at that company, that company's parent company, or a subsidiary;
(10) A person to whom (2) through (9) above have applied in the past three (3) years; or
(11) The spouse of a person to whom (1) through (10) above apply who has an important position (Note 8) or a relative within two degrees of that person.

Notes:
1. A business executor refers to a director, executive officer, corporate officer, staff executing business, a manager, or other equivalent person and employee of a corporation or other group.
2. An entity or its business executor for whom the Group is an important business partner refers to a person or company that received payments from the Group equivalent to 2% or more of the consolidated sales of that party in the most recent business year.
3. An important business partner of the Group refers to a person or company who pays to the Company an amount equivalent to 2% or more of the Company's consolidated sales in the most recent business year.
4. A major shareholder refers to someone who holds 10% or more of the voting rights in the Company directly or indirectly.
5. A major lender refers to a counterparty that is essential for the Group's financing and on whom the Group depends to the extent that it has no alternatives.
6. A large amount of money or other assets refers to an amount of money or assets exceeding ¥10 million per year, other than compensation for directors, on average over the past three (3) business years (in the event that the person receiving the assets is a corporation, association, or other group, an amount of money or assets exceeding 2% of that group's consolidated sales on average over the past three (3) business years).
7. A large contribution exceeding a certain amount refers to contributions equivalent to ¥10 million per year on average over the past three (3) years or 30% of the average annual total costs of that organization, whichever is higher.
8. An important position refers to Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), and a manager at the rank of General Manager and higher.

[Incentives]

Incentive Policies for Directors	Other

Supplementary Explanation

Taking into consideration the position of each officer, the content of duties and other factors, the Company has determined an appropriate remuneration level according to responsibilities, and established a scheme where a part of remuneration reflects the status of progress toward business results.

Remuneration is determined at the Board of Directors upon deliberation at the Nomination and

Compensation Committee.

Recipients of Stock Options	

Supplementary Explanation
—

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation
1. Total amount of the remuneration for officers (fiscal 2018) Directors (excluding Outside Directors): 435 million yen Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members): 27 million yen Outside Directors and Outside Audit & Supervisory Board Members: 62 million yen For a total of 524 million yen Note: Aside from the above, 83 million yen was paid to seven Directors who are concurrently serving as employees, as salaries in the capacity of employee. 2. Total amount of consolidated remuneration, etc. by officer Description is omitted as no person was awarded a consolidated remuneration of 100 million yen or more in total.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
Please refer to "I. 1. [Disclosure Based on the Principles of the Corporate Governance Code] Principle 3-1 (3)" in this report.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

- In convening the Board of Directors' meeting, proposal documents are distributed in advance to all Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members. In addition, explanations are provided in advance as needed.
- Support including the provision of information to Outside Directors is offered by the Secretariat and the Management Planning Department.
- Support including the provision of information to Outside Audit & Supervisory Board Members is provided by the Audit and Supervisory Board Office.

[Retired presidents/CEOs holding advisory positions (advisor, consultant, etc.)]

Information on retired presidents/CEOs holding advisory positions (advisor, consultant, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Kan Kato	Corporate Advisor	He provides advice at the request of the management team, leveraging his knowledge and career as a former executive.	Part-time, with compensation	June 26, 2015	One-year delegation agreement

Number of retired presidents/CEOs holding advisory positions (advisor, consultant, etc.)	1

Others

- Upon consultation with the Nomination and Compensation Committee (a voluntary advisory body to the Board of Directors), the Company's Corporate Advisors may conclude a delegation contract of a one-year period, based on a resolution of the Board of Directors.
- At the Company, there are cases where a person who retired as Corporate Advisor is appointed to "Honorary Advisor," for which no business or duties are assigned, and no remuneration is paid.
- The aforementioned "Corporate Advisor" and "Honorary Advisor" do not involve in any way with the Company's management decision making.

II. 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Business execution and supervision

(1) The Company's Board of Directors is currently comprised of 18 members including two Outside Directors and five presidents of major Group companies. The Board of Directors meeting is held once a month, in principle, to resolve important management matters as well as matters stipulated by laws and regulations, and supervise business execution.

(2) The matters related to "disposal and transfer of important property" and "large amount of debt" requiring a swift decision-making in a timely manner are resolved by the Board of Special Directors meeting, which is comprised of Special Directors based on the Companies Act.

(3) The Executive Committee made up of full-time Directors deliberates and decides on important management matters based on the policies determined by the Board of Directors.

(4) The Group Management Council made up of full-time Directors and presidents of Group companies, etc. discusses the management issues of the entire Group to strengthen and promote the Group management.

(Status of the major meetings in fiscal 2018)

Board of Directors meetings: 11 times Resolution by the Board of Special Directors meeting: 0

Executive Committee: 29 times Group Management Council: 4 times

2. Audits by Audit & Supervisory Board Members

(1) Audit & Supervisory Board Members audit the execution of duties of Directors by inspecting important approval documents and investigating the status of operation and assets based on the basic policy determined by the Audit & Supervisory Board, pursuant to laws and regulations, Articles of Incorporation, Audit & Supervisory Board Regulation, Audit & Supervisory Board Member Audit Standards and other rules. In addition to this, Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings and express opinions as needed. Furthermore, the Audit & Supervisory Board determines standards for the selection and evaluation of external Accounting Auditor and confirms its independence and expertise, and strengthens cooperation with external Accounting Auditor through having it attend the meetings of the Audit & Supervisory Board.

(2) The Audit & Supervisory Board meets once a month, in principle, to resolve and discuss important matters related to audits, and to share the details of audits conducted.

(3) Meetings of full-time Audit & Supervisory Board Members and Representative Director are held on a regular basis to exchange opinions on audits.

(4) Independent Outside Officers Liaison Committee attended by Outside Audit & Supervisory Board Members and Outside Directors is held at least once a year to exchange information and share their understandings from independent and objective perspectives.

(5) Aside from periodically holding the Group Audit & Supervisory Board meeting attended by full-time Audit & Supervisory Board Members and Audit & Supervisory Board Members of Group companies, a meeting of Audit & Supervisory Board Members of Group companies and the President is held once a year in order to enhance and strengthen the audit for the Group as a whole.

(6) To support the duties of Audit & Supervisory Board Members, the Audit and Supervisory Board Members' Office assigns four dedicated employees, including those with expertise.

(Status of meetings in fiscal 2018)

Audit & Supervisory Board meetings: 15 times

Group Audit & Supervisory Board meetings: 10 times

3. Deliberation on corporate governance

As a voluntary advisory body to the Board of Directors, the Governance Committee, which is composed of members that include Outside Directors, is established to deliberate on the Group corporate strategies and governance system by bringing views of Outside Directors into the discussion. In addition, collaboration among Representative Director, Outside Directors and Outside Audit & Supervisory Board Members is strengthened, thereby achieving sustainable growth of the Group and greater mid- to long-term corporate value.

(Status of meetings in fiscal 2018)

Governance Committee: twice

4. Decision on nomination and remuneration

As a voluntary advisory body to the Board of Directors, the Nomination and Compensation Committee, which is composed of members that include Outside Directors, deliberates on executive appointments and remuneration, and then submits recommendations to the Board of Directors, thereby ensuring management transparency.

(Status of meetings in fiscal 2018)

Nomination and Compensation Committee: twice

5. Internal audits

(1) Internal audits are performed for the purpose of verifying the compliance with laws and regulations and internal regulations, and appropriateness and effectiveness of management. Recommendations are made for management rationalization, business improvement, greater efficiency and sound development of business operations.

(2) To maintain independence and objectivity of internal audit, the Internal Audit Department is an organization under the direct control of the President. As of March 31, 2019, the Internal Audit Department has 33 members, including General Manager of Internal Audit Department.

(3) In accordance with the Internal Audit Ethics Code and the Internal Audit Regulations, thematic audits and special-purpose audits are performed on the Company and its Group companies, in addition to general audits focusing on accounting and overall business operations.

(4) Internal audit plan for each fiscal year is reported to the Audit & Supervisory Board and the Board of Directors upon obtaining approval of the President. An outline of audit result is also reported to the Board of Directors, in addition to the President and Audit & Supervisory Board Members.

(5) Audited parties are requested to submit improvement plans and the status of improvement is confirmed as needed.

(6) Full-time Audit & Supervisory Board Members of the Group companies belong to the Internal Audit Department, in principle. They are enhancing and strengthening the audit system of the Group as a whole through mutual collaboration.

6. Accounting audit and internal control audit

Certified public accountants who performed operation in the fiscal year ended March 2019

Names, years of continuous audit service for the Company, and the audit firm to which they belong

Designated Limited Liability Partner/Engagement Partner Satoshi Yokosawa 3 years KPMG AZSA LLC

Designated Limited Liability Partner/Engagement Partner Mutsumi Kanai 4 years KPMG AZSA LLC

Assistants involved in audit service are comprised of 10 certified public accountants and 15 other staff members.

There are no special interests between the Company and either of the audit firm and the engagement

partners of the said audit firm engaged in the audit of the Company. As such, they are all in an independent and neutral position.

II. 3. Reasons for Adoption of Current Corporate Governance System

As a Company with Audit & Supervisory Board, the Company adopts a system under which the Audit & Supervisory Board audits and supervises the management and business execution by Directors. In addition, to strengthen supervisory functions towards management, the Company appoints Outside Directors. Meanwhile, in order to continue fulfilling the important public mission placed on the Company, it is necessary to appoint Directors who are well versed in corporate businesses, therefore, the majority of the Board of Directors is Directors other than Outside Directors. Furthermore, as advisory bodies to the Board of Directors, the Company has established the Governance Committee and the Nomination and Compensation Committee so as to improve Group governance and ensure management transparency.

In addition to appointing highly independent Outside Audit & Supervisory Board Members and Audit & Supervisory Board Members with considerable knowledge in finance, accounting and legal affairs, the Company secures dedicated employees who assist the duties of Audit & Supervisory Board Members, while establishing a cooperation system between the Audit & Supervisory Board and Accounting Auditor, and between the internal audit department and the sections in charge of internal control. Moreover, to facilitate information exchange and information sharing between Outside Audit & Supervisory Board Members and Outside Directors, the Company established the Independent Outside Officers Liaison Committee. In addition, Outside Audit & Supervisory Board Members elected by the Audit & Supervisory Board serve as members of the Governance Committee.

The Company aims to exert comprehensive capability through diversified business development centered on railway lines. As such, we include presidents of major Group companies as the members of the Board of Directors, and hold the Group Management Council comprised of members including the presidents of Group companies, the Keio Group Presidents Council, and the Group Audit & Supervisory Board meeting, etc., thereby enhancing its Group governance system.

From the above, we believe that the Company's corporate governance system is functioning sufficiently.

III. Implementation of Measures for Shareholders and Other Stakeholders

III. 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The notice of the 98th Ordinary General Meeting of Shareholders to be held on June 27, 2019 was sent three weeks before the day of the meeting (June

	5, 2019). Also, prior to the mailing, we posted early the notice of convocation on the Company's website on May 28.
Allowing Electronic Exercise of Voting Rights	Electronic Exercise of Voting Rights became available from the 88th Ordinary General Meeting of Shareholders (held on June 26, 2009).
Participation in Electronic Voting Platform	Electronic Voting Platform was introduced from the 88th Ordinary General Meeting of Shareholders (held on June 26, 2009).
Providing Convocation Notice in English	The convocation notice became available in English from the 95th Ordinary General Meeting of Shareholders (held on June 29, 2016).
Other	At the General Meetings of Shareholders, we explain the contents of the Business Report to shareholders using visual aid.

III. 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Disclosure Policy was formulated in April 2006, and is posted on the Company's website. [Disclosure Policy] The Company strives to ensure timely and appropriate disclosure of information in order for shareholders and investors to evaluate the Company's corporate value properly. (1) The Company discloses information in accordance with the Financial Instruments and Exchange Act, the Companies Act and timely disclosure rules set forth by the Tokyo Stock Exchange. (2) In addition to the information provided in (1), the Company also proactively discloses information such as major decisions and occurrence of facts that could have a significant influence on the decisions of shareholders and investors. (3) The Company discloses information in an expeditious manner, and strives to ensure that information is delivered to all shareholders and investors in an impartial manner.	

	(4) The Company emphasizes accuracy, clarity and continuity in the contents of information subject to disclosure. (5) The Company internally shares feedbacks from shareholders and investors about the disclosed information, and strives to reflect them in the management properly.	
Regular Investor Briefings for Analysts and Institutional Investors	Regular briefings are held twice a year, in principle, with the President or a Director in charge of finance and information disclosure acting as an explainer. At the briefings, we explain about the consolidated financial results and management plan, along with the status of their progress.	Yes
Posting of IR Materials on Website	IR Materials are posted at the following URL: https://www.keio.co.jp/company/ Following types of information are available at the above website: Earnings summary, financial results briefing materials, securities report/quarterly report, monthly business overview, financial highlights, investors guide, IR calendar, materials related to General Meetings of Shareholders, and other news release (including financial information and timely disclosure information other than financial information)	
Establishment of Department and/or Manager in Charge of IR	The Company established Disclosure Committee. The Committee is chaired by a Director in charge of finance and information disclosure, who is responsible for information handling. The Accounting Department is in charge of administrative communication.	
Other	Investor relations periodicals "INVESTOR'S GUIDE KEIO" is published twice a year. In addition, we hold company briefings for individual investors at branch offices of securities companies located in the Company's business areas to promote individual investors' understanding of the Group's financial results and business contents, etc.	

III. 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The "Keio Group Philosophy" and the "Keio Group Code of Conduct" stipulate that we shall be sincere to all stakeholders and mutually respect the position of each stakeholder.
Implementation of Environmental Activities, CSR Activities etc.	The Company operates an environmental management system, issues the "Safety, Social and Environmental Report," and discloses it on its website. As part of our contribution to the local community, we conduct "Keio Clean Campaign" and provide support for "Takao Forest Regeneration" volunteer activities.
Development of Policies on Information Provision to Stakeholders	The "Keio Group Code of Conduct" stipulates that we shall ensure timely and appropriate disclosure. With regard to information disclosure to shareholders and investors, we formulated "Disclosure Policy" and concrete rules have been established in accordance therewith.
Other	As of March 31, 2019, the number of female regular employees of the Company including those who are seconded to the Group companies, is 236. The number of those who are in managerial positions are 16. After experiencing a job rotation in a wide range of fields covering a variety of business domains from the forefront of the railway operation to overseas assignment, talented human resources capable of proactively pursuing their careers are performing well. We have been taking initiatives targeted at female employees and those engaged in childrearing and nursing care, including the enhancement of an employment system that allows them to achieve a balance between childcare and work, establishment of an in-house nursery school, and holding work-life balance support seminars. In addition to these ongoing initiatives, in order to allow all employees to demonstrate their abilities to the maximum extent, on June 29, 2017, we established the Diversity Promotion Section within the Personnel Department and also launched a Working Style Reform Project as a joint initiative with relevant departments in January 2018, implementing various measures with focus on reducing overtime working hours and raising the usage rate of annual paid leave. In addition to the foregoing, the Company implements action plans in accordance with the "Act on Advancement of Measures to Support Raising Next-Generation Children," and promotes measures to support employees in balancing their work and family life. In December 2014, as an employer accredited by the Minister of Health, Labour and Welfare, we acquired the

	next generation certification mark “Kurumin” for the second time. In addition to the aforementioned measures, the Company formulated action plans based on the “Act on the Promotion of Female Participation and Career Advancement in the Workplace,” and is promoting initiatives to increase the number of women in managerial positions. Going forward, based on the belief that fostering a better working environment will lead to the enhancement of individuals’ work and social life, as well as to the invigoration of a company, we will promote work-life balance initiatives and other various measures related to further promotion of women’s advancement.

IV. Matters Related to the Internal Control System

IV. 1. Basic Views on Internal Control System and the Progress of System Development

[Keio Group Basic Policies on Internal Control System]

Keio Corporation (hereinafter, the “Company”) and its Group companies develop and operate internal control systems pursuant to these basic policies, in order to conduct business activities properly and continuously based on the “Keio Group Philosophy,” while conforming to laws and regulation as well as the Articles of Incorporation.

1. System for ensuring that the execution of business by Directors and employees complies with laws and regulations as well as the Articles of Incorporation

(1) To ensure that the execution of business by Group officers and employees complies with laws and regulations as well as the Articles of Incorporation, and is conducted in a sound manner, the Company ensures that the entire Group is thoroughly informed of the “Keio Group Code of Conduct,” which was formulated based on the “Keio Group Philosophy.” Directors make decisions properly pursuant to the “Management Judgment Principles” established by the Company.

(2) At the Company, the Compliance Committee composed of members including external experts takes a central role in the development of the Group-wide compliance system. Important matters are reported to the Board of Directors on a regular basis.

(3) To address and resolve compliance-related issues, the Company operates “Keio Helpline,” a dedicated consultation counter for the entire Group pursuant to the Whistleblower Protection Act.

(4) Through continuously holding a compliance training, etc., the Company raises employees’ awareness of compliance and thereby strengthens the Group-wide compliance system.

(5) The Internal Audit Department which is an internal audit department under the direct control of the

President, performs internal audits of the Company and the Group companies for the purpose of verifying the compliance with laws and regulations as well as internal rules and other standards, and appropriateness and effectiveness of the management.

(6) To ensure reliability of its financial reports, the Company develops and operates an internal control system pursuant to the Financial Instruments and Exchange Act and other laws and regulations. We carry out timely and appropriate information disclosure as required by laws and regulations.

(7) With respect to anti-social forces that pose a threat to the social order and safety, we will strictly confront them in a resolute manner across the organization so as to live up to the trust of stakeholders.

2. System for Storing and Managing Information Relating to the Execution of the Duties of Directors

(1) The Company properly stores and manages the information relating to the execution of the duties of Directors pursuant to laws and regulations and internal regulations.

(2) The information is accessible for Directors and Audit & Supervisory Board Members of the Company as necessary.

3. Rules and System Related to the Management of Risk of Loss

(1) Upon making decisions on important management issues, the Company's Directors sufficiently verify the likelihood of loss.

(2) In accordance with the "Risk Management Policy" established by the Company's Board of Directors, which is intended to identify and manage risks associated with business execution, the Risk Management Committee, made up of Risk Management Committee chair, heads of relevant departments and external experts, carries out activities to reduce and prevent risks for the Company and its Group companies, and develops systems in preparation for the outbreak of crisis.

(3) As a Group engaged in a variety of businesses centered on the railway business with highly public nature, we recognize the safety of customers as an issue of the highest importance in our risk handling measures.

(4) In the event of a major crisis, the Company promptly organizes a Crisis Management Headquarters headed by the President in order to carry out activities aimed at responding to the crisis and quickly bringing it under control.

4. System for Ensuring That the Duties of Directors are Executed Effectively

(1) Pursuant to laws and regulations and internal regulations, the Board of Directors of the Company and its Group companies meet on a regular basis and on an ad-hoc basis as necessary. Important matters related to corporate management are deliberated in advance by meeting bodies made up of full-time Directors, etc. prior to the resolution by the Board of Directors. Matters requiring a swift decision-making in a timely manner are resolved by Special Directors elected by the Board of Directors.

(2) The Board of Directors of the Company and its Group companies set company-wide goals. Executive Directors set department-specific goals, manage budget, and formulate and implement concrete measures toward achieving the company-wide goals. The Company monitors the implementation status of the management plans of each company.

(3) The organizations and division of duties of the Company and its Group companies, as well as each position's responsibilities, authorities and approval criteria associated with the business execution are set forth in the internal regulations, and thereby basic functions of each position and mutual relations are clarified, and expeditious decision-making and business execution are facilitated.

5. System for Ensuring Appropriate Operations of the Corporate Group Consisting of the Company, Its Parent and Its Subsidiaries

(1)With regard to the matters of importance for the management of each Group company, the Group companies discuss with and report to the Company in accordance with the "Group Company Consultation Standard" established with the Company. The Group companies enhance their internal control systems on a continual basis pursuant to the "Keio Group Basic Policies on Internal Control System" set forth by the Company's Board of Directors. The implementation status at each company is monitored by the Company.

(2)We establish within the Company a department responsible for initiatives related to the internal control of Group companies, in order to promote the development of a system under which a discussion, information sharing, and communication of directions and requests are effectively made between the Company and each Group company.

(3)The compliance systems of the Company and its Group companies are developed primarily by the Company on a group-wide basis. When officers and employees of the Company and its Group companies discover an event that may have a significant impact on the corporate value of the entire Group, they are required to report to the Compliance Committee chair of the Company, in addition to a regular reporting line, to discuss countermeasures.

(4)Risks faced by the Company and its Group companies are identified and managed on a group-wide basis primarily by the Company through holding the Risk Management Committee meetings. In the event of a major crisis, the Group companies immediately report to the Company's Risk Management Committee chair, and the Company provides support according to the case.

Also, the Group companies develop their own risk management systems and crisis management systems.

(5)Matters related to the management of the Group as a whole are discussed at the Group Management Council made up of the Company's full-time Directors and presidents of Group companies. In addition, the Keio Group Presidents Council is held on a regular basis to share the Group's management policies and management information.

(6)Full-time Audit & Supervisory Board Members of the Company and Audit & Supervisory Board Members of the Group companies hold the Group Audit & Supervisory Board meeting on a regular basis to enhance and strengthen the audits for the entire Group. In principle, full-time Audit & Supervisory Board Members

of the Group companies belong to the Internal Audit Department, which is an internal audit department. Through mutual collaboration, they work to ensure appropriateness of the operations of the Group as a whole.

6. Matters Related to Employees to Assist Duties of Audit & Supervisory Board at the Request of Audit & Supervisory Board, and Matters related to the Independence of Such Employees

To increase the effectiveness of audits by the Audit & Supervisory Board and to carry out audit operations smoothly, the Company assigns dedicated employees including those with expertise. In performing their duties, these employees abide by directions and orders of the Audit & Supervisory Board Members. For the transfer, personnel evaluation and disciplinary action on these employees, a consent from the full-time Audit & Supervisory Board Members delegated by the Audit & Supervisory Board is required.

7. Systems for Directors and Employees to Report to Audit & Supervisory Board and Other Systems Related to Reporting to Audit & Supervisory Board

At the Company, Directors ensure a system that allows Audit & Supervisory Board Members to attend Board of Directors meetings and other important meetings and state opinions. Moreover, Directors report the following items to the Audit & Supervisory Board.

Similar systems are ensured at each Group company and the following items are reported to Audit & Supervisory Board Members of each Group company.

(1) Important matters related to the decision-making of the Company;
(2) Matters that could cause serious damage to the Company and the Group;
(3) Audit plans and audit results of internal audits;
(4) Misconducts or important matters in violation of laws and regulations and the Articles of Incorporation associated with the execution of duties of Directors and employees;
(5) Important matters related to compliance and risk management;
(6) Important matters among the items that are subject to discussion and reporting set forth in the “Group Company Consultation Standard”; and
(7) Other matters deemed necessary for the execution of duties of Audit & Supervisory Board Members, in addition to the above.

Employees who discover important matters related to (2) and (4) may report such matters directly to Audit & Supervisory Board Members.

Directors and employees will not receive any disadvantages for reasons of having made such report to Audit & Supervisory Board Members.

8. Other Systems to Ensure That Audits by Audit & Supervisory Board are Performed Effectively

Directors of the Company ensures the following system so that effective audits can be performed in accordance with the audits plan prepared by the Audit & Supervisory Board of the Company:

(1) Hearing opinions from executive Directors and important employees as necessary;
(2) Regular meetings with the Representative Director and Accounting Auditors;
(3) Collaboration with the internal audit department;
(4) Collaboration with the sections in charge of internal control;
(5) Investigations on the Group companies;
(6) Appointment of external experts selected independently as advisors, including lawyers and certified public accountants

Any costs arising from (6) will be borne by the Company.

9. Internal Control Committee

To supervise the systems mentioned in above 1. through 8., Internal Control Committee meetings are held, and thereby the development of internal control system will be promoted on a group-wide basis.

<Outline of the Status of Implementation in Fiscal 2018>

(1) Compliance

To enhance employee awareness of the importance of compliance, the Company continued with initiatives for education and awareness-raising for the employees of the Group companies. At the Company, we conducted a compliance survey targeted at all employees to confirm how well compliance is understood and to identify the issues to be addressed.

With regard to a whistleblowing system, we conducted training and ensured that employees are aware of the contact for whistleblowing in order to promote the use of the said system. In addition, regarding the cases identified through whistleblowing, causes and recurrence prevention measures related to those that could take place at other Group companies were shared internally so as to prevent recurrence within the Group.

With regard to the misconduct associated with the group travel service that occurred at certain branches of Keio Travel Agency Co., Ltd., the Company conducted investigations into the fact of the case and identified the cause jointly with external lawyers after the discovery of the incident. We are making a concerted effort to prevent the recurrence and to restore the trust of stakeholders.

(2) Risk Management

To address issues such as labor shortages and long working hours, we promoted a working style reform, while taking necessary steps to conform to the revised Labor Standards Act by changing the limit of

overtime working hours.

As part of the countermeasures against natural disasters, we continued efforts to prepare for heavy rains, strong wind, lightning hazard and earthquakes, etc. In addition, with the introduction of satellite data communication facilities, we established a cooperation system between operation bases in the event of a disaster. Measures against infectious diseases were promoted as well.

As part of efforts against external attacks, personnel from the Railway Business Departments participated in a training session against cyber-attacks hosted by the Cabinet Office, and conducted a counterterrorism drill in coordination with the police and other related organizations.

With regard to measures against railway accidents and incidents, to achieve greater safety, platform screen doors were installed at Keiō New Line Shinjuku station, Shibuya station and Tobitakyū station, and fall prevention fences were put in place at Higashi-fuchū station. In addition, we moved forward with the installation of fall prevention rubbers to narrow the gap between the platform and a train car. Furthermore, we engaged in a series of activities aimed at raising awareness of safety, including holding safety training sessions.

(3) Internal Control for Financial Reporting

We conducted an internal control assessment based on the audit plans that were formulated in light of the materiality of impacts on the reliability of financial reporting.

Financial disclosure materials were disclosed after submission to the Board of Directors, following the confirmation by the Disclosure Committee.

(4) Internal Audits

We conducted internal audits of the Company and the Group companies pursuant to the internal audit basic plan.

In addition, in light of the incident occurred at Keio Travel Agency Co., Ltd., cooperation among the Company's audit department, the Group companies' Audit & Supervisory Board Members and the internal audit department will be further strengthened so as to continue to achieve greater effectiveness of the audit operations.

* For a schematic diagram related to the corporate governance system, please see Attachment 1.

Ⅳ. 2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

[Basic Views on Eliminating Anti-Social Forces]

Our basic views on eliminating anti-social forces are described in 1. (7) of the Keio Group Basic Policies on Internal Control System.

＜Major initiatives in fiscal 2018＞

As an initiative against anti-social forces, we ensured thorough implementation of rules for checking to confirm that new business partners are not anti-social forces.

V. Other

V. 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted

Supplementary Explanation

At the 98th Ordinary General Meeting of Shareholders held on June 27, 2019, the Company received approval for the "Basic Policy Regarding Countermeasures to Large-Scale Acquisitions of the Company Shares (Takeover Defense Measures)," which is intended to ensure and increase the Group's corporate value and common interests of its shareholders. Given this, at the Board of Directors meeting held on the same day, we resolved the "Plan for Countermeasures to Large-Scale Acquisitions of the Company Shares (Takeover Defense Measures)" (hereinafter, the "Plan). As part of this countermeasure, we filed a shelf registration for the issuance of stock acquisition rights.

For the Basic Policy Regarding the Takeover Defense Measures and details of the Plan, please see the Company's website (https://www.keio.co.jp/company/).

V. 2. Other Matters Concerning Corporate Governance System

The internal system for ensuring timely disclosure of our corporate information is described below.

The Company has formulated the "Disclosure Policy" to set forth basic views on information disclosure to the shareholders and investors, and has established the Disclosure Committee to achieve the matters stipulated in the said policy.

1. Disclosure Policy

Please see "III. 2. IR Activities" in this report.

2. Internal System

The procedures for collection and disclosure of information mainly conducted by the Disclosure Committee are as follows. We continue to enhance and strengthen internal controls related to preparation and disclosure of financial reporting through ensuring that our employees are fully aware of the laws and regulations and internal rules related to information disclosure.

(1) Collection

The secretariat of the Disclosure Committee collects information through attending internal meetings and receiving reports from business divisions, administrative divisions and the Group Business Management Department. Information on the Group companies is aggregated by the Group Business Management

Department from each Group company.

The information to be collected by the secretariat is stipulated under internal regulations. To enable an appropriate and timely disclosure to shareholders and investors, information shall be managed in a centralized manner.

(2) Disclosure

In principle, the Disclosure Committee determines whether or not information needs to be disclosed, and disclosure will be made after deliberation at the Board of Directors, etc.

In order to achieve more appropriate information disclosure, the contents of financial disclosure materials such as earnings summary and securities reports are confirmed by the Disclosure Committee in advance, prior to the submission to the Board of Directors, etc.

In addition, we disclose information beyond that required by laws and regulations, such as those requiring prompt disclosure in light of the purposes of timely disclosure, supplementary explanation materials for earnings summary and monthly business overview, in a timely and appropriate manner upon consent of the Disclosure Committee and in line with the procedures set forth in the internal regulations.

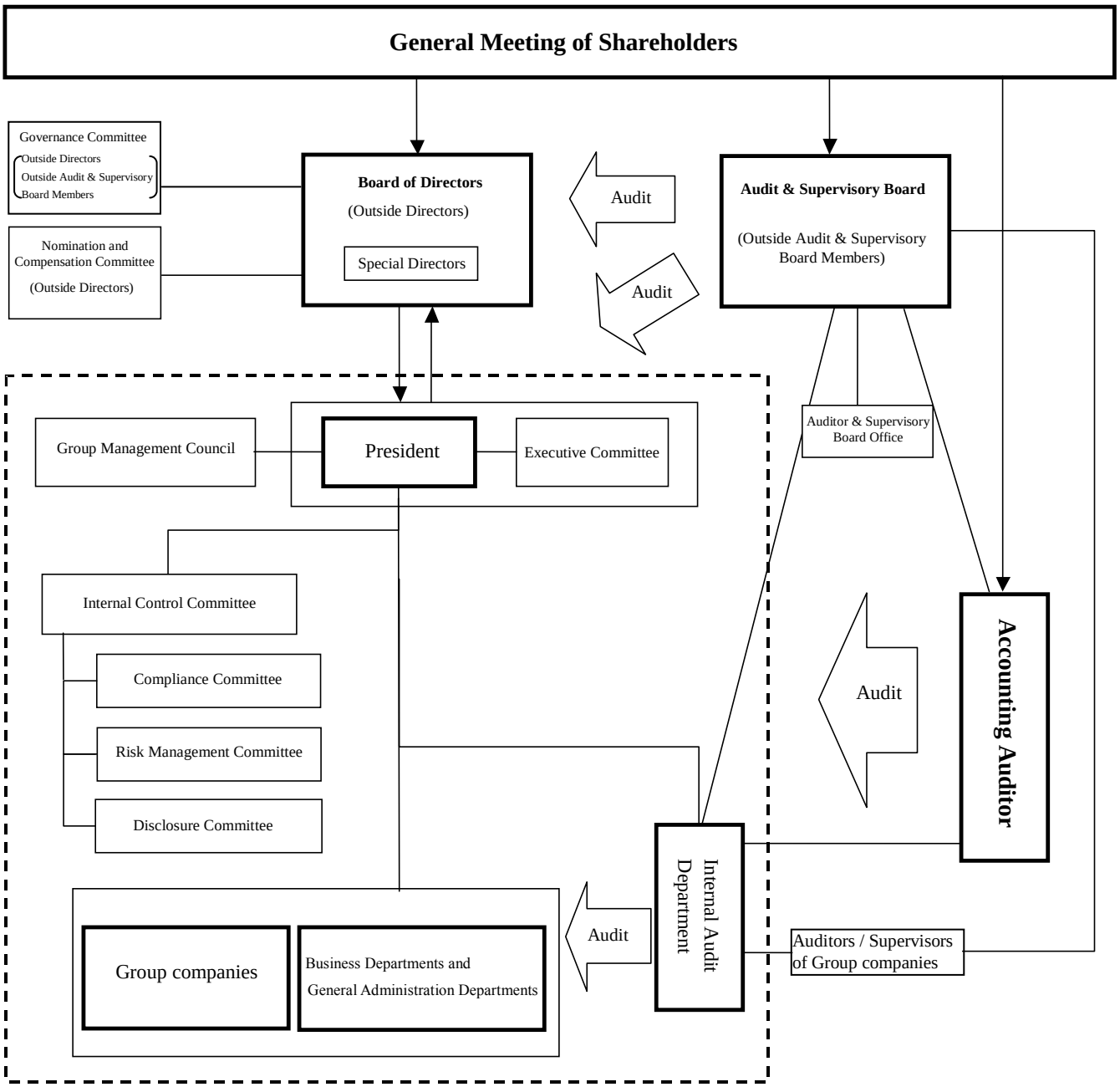
In the event of a disaster, accident or other fact necessitating an urgent disclosure, the Risk Management Committee chaired by a Director in charge of compliance and the Disclosure Committee discuss and promptly disclose the fact according to the judgment of the President and Representative Director.

Disclosure is made through posting at TDnet and EDINET, etc., in accordance with the procedures set forth under laws and regulations. We also strive to disclose information proactively through the Company's website.

※ For a schematic diagram related to the timely disclosure system, please see Attachment 2.

[Attachment 1]

Corporate Governance System (as of June 27, 2019)



[Attachment 2]

Timely Disclosure Outline Chart

