Corporate Governance Report

Last Update: July 6, 2021

Keisei Electric Railway Co., Ltd.

Toshiya Kobayashi, President and Representative Director

Securities Code: 9009

https://www.keisei.co.jp/

The corporate governance of Keisei Electric Railway Co., Ltd. (the "Company") is described below.

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

1. Basic Views

In our business operations, the Company puts safety and security first under the Keisei Group Philosophy. We believe that we need to improve our corporate governance to earn the trust of all stakeholders, achieve sustainable growth, and maximize the enterprise value of the Group. Specifically, to increase the health and transparency of management, we are working to improve our systems for speedier and more efficient decision-making, stricter supervision, more effective internal control, and the proper and timely disclosure of information.

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

The Company implements all principles of Japan's Corporate Governance Code.

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

[Principle 1.4 Cross-shareholdings]

We may engage in cross-shareholding when it is deemed that cross-shareholdings will help build, maintain, or strengthen transactional relationships or partnerships with the cross-shareholding company, and that relationship will contribute to increasing the medium- to long-term value of the Company and our Group. Every year at the Board of Directors meeting, we report on the status of transactional relationships and partnerships to conduct quantitative and qualitative evaluations of income benefits and risks related to stock retention, and assess medium and long-term economic viability in order to validate retention. Based on this validation, we immediately dispose or reduce stocks for which we cannot validate retention.

When exercising voting rights, we examine voting decisions from the perspective of increasing the medium and long-term value of the Company and our Group, and vote against any motions that oppose our reason stock retention.

[Principle 1.7 Related Party Transactions]

In accordance with the Companies Act and the Financial Instruments and Exchange Act, our Board of Directors conducts annual checks to confirm the existence and details of any our Company's transactional relationships with Company executives and their family members (up to second degree of kinship) and our Group as well as our Company's transactional relationships with any companies in which Company executives and their family members (up to second degree of kinship) substantially obtain a majority share of voting rights. Furthermore, if an executive will conduct competitive transactions or transactions in

opposition to the Company's interests, the executive must receive prior approval from the Board of Directors and report to the Board of Directors on the results of said transaction.

[Principle 2-6 - Fulfilling Functions as Corporate Pension Asset Owner]

The Company does not utilize a fund type or defined benefit pension or welfare pension fund.

[Principle 3.1 Full Disclosure]

(1) Company Vision (Corporate Philosophy, etc.), Corporate Strategy, Corporate Plan
The Keisei Group philosophy and long-term management plan are published on our website.
(Website: https://www.keisei.co.jp/keisei/ir/english)

(2) Basic Views and Basic Policy on Corporate Governance
See Section I-1, Basic Views in this report.

(3) Policy and Procedures for the Board of Directors to Determine Compensation of Executive Management and Directors
The Company submitted a proposal on policies for determining matters related to individual compensation for directors for a review of adequacy by the Nomination/Compensation Committee. Based on the results of that review, the Company Board of Directors passed a resolution adopting said policies at the Board of Directors' meeting convened on February 26, 2021.
The Company's main operation is the transportation business, a business deeply tied to the public. We are keenly aware that responding to the expectations of shareholders, customers, employees, and local society means ensuring healthy business management and stable and continuous profit returns. As such, compensation to Company directors is comprised of two portions: compensation determined based on factors such as position, operating environment, and operating performance, and compensation outlined for the acquisition of company shares, which we position at compensation linked to medium- to long-term performance. We believe this structure increases incentives for directors to contribute to increasing the Company's medium- to long-term corporate value. Furthermore, payments are issued monthly and we do not issue bonuses or retirement benefits.
The Board of Directors defers decisions on the specific details of compensation amounts for individual directors to the Company president. The reason for consigning this authority to the Company president is that the Company president is in the position of having a comprehensive understanding of overall Company performance. As such, it is the determination of the Company that they Company president is the most appropriate party to make decisions on the details of compensation for individual directors. To ensure that authority is exercised appropriately, the Nomination/Compensation Committee, which reports directly to the Board of Directors and is comprised mainly of independent outside directors, evaluates the adequacy of proposals put forth by the Company president and reports the results of their deliberations to the Board of Directors, which then votes on whether or not to consign decision-making to the Company president. Company requires that the Company president make decisions on individual compensation based on the report issued by the Nomination/Compensation Committee.
Furthermore, when deciding on the details of individual compensation for directors, as the Nomination/Compensation Committee evaluates the adequacy of proposals, in principle, the Board of Directors respects the results of the Nomination/Compensation Committee and judges those results as being in line with policies on decision-making.

(4) Regarding Policy and Procedure for Appointing and Removing Executive Management and Nominating Candidates for the Positions

Based on our Company scope and operations, to ensure efficient deliberations, we believe up to 20 directors and up to five auditors is the appropriate member composition for our Board of Directors. When the Board of Directors will appoint director/auditor candidates and nominate executive management, the Company president shall create a proposal that prioritizes balance (knowledge, experience, skills, year, etc.) and diversity with a focus on candidates who share Keisei Group philosophy and values such as safety and security first, legal and regulatory compliance, and who have the advanced experience, competence, and knowledge to contribute towards maximizing our Group value. The same standards are applied when making decisions on the removal of executive management.

The appointment of director candidates, the nomination or removal of the representative director and executive directors, and decisions on the responsibilities of managing directors shall be based on a motion submitted by the Company president. The Nomination/Compensation Committee, which is comprised of independent external directors who report to the Board of Directors, evaluates the adequacy of the president's proposal, after which deliberations are held by the Board of Directors and a decision is made.

In a case where the removal of a director is deemed truly necessary, the Nomination/Compensation Committee will evaluate the adequacy of that decision and, after deliberation by the Board of Directors, present a motion for removal at the General Meeting of Shareholders.

For the nomination of Audit & Supervisory Board Members, the Company president will select candidates with knowledge related to finance and accounting. Nominations shall require approval from the Audit & Supervisory Board, which is comprised of five members, of which four members are independent outside Audit & Supervisory Board Members, and then voted on by the Board of Directors.

(5) Explanations by the Board of Directors for Individual Appointments or Removal and Nominations when Appointing or Removing Executive Management and Nominating Candidates for the Positions of Director and Audit & Supervisory Board Member based on (4) above

The career histories and reasons for selection for each director and Audit & Supervisory Board candidate as well as the reasons for removal for any directors to be removed shall be indicated in the "Notice of the Ordinary General Meeting of Shareholders".

[Supplementary Principle 4.1.1]

The Company Board of Directors votes on matters that by law require a vote of the Board of Directors and matters defined in the Board of Directors Bylaws. The Board of Directors Bylaws also stipulate that when the Board of Directors only votes on the basic matters or critical matters of a motion, the president may determine detailed matters, or the president may designate an executive director to decide on business operations within the scope delegated in accordance a resolution by the Board of Directors. Furthermore, we separately outline Work Authority Regulations in which we clarify authority and responsibilities in relation to business operations with the aim of ensuring the efficient management of operating activities.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

Referencing the judgment standards outlined by the Tokyo Stock Exchange related to independence of independent directors, the Company outlines the following as standards for judging the independence of outside executives (outside directors and outside Audit & Supervisory Board Members).

(Criteria related to the independence of outside directors)

In principle, persons not applicable to any of the following conditions are considered independent outside directors.

(1) Persons applicable to any of the following a through f during the past three fiscal years
   a. A party that is a major transaction partner (annual transaction amount equivalent to 2% or more of the Company consolidated operating income, or 2% or more of that company's consolidated operating income), or an executive (executive director, executive officer, owner, or employee) of said company.
   b. A party that is a major lender (a financial institution or other large-scale bondholder upon which the Company is dependent for capital procurement during that fiscal year to an extent that is irreplaceable) of the Company, or an executive of said company.
   c. A party that receives compensation from the Company beyond executive compensation that exceeds the value of 10 million yen per year in cash or other assets as a consultant, accountant or legal professional.
   d. If the party receiving the income outlined in c. above is an organization, then a party associated with organizations for which payments from the Company to that organization during any given fiscal year exceed 10% of that organization's total annual revenues.
   e. Company major shareholders (a shareholder retaining stock equivalent to 10% or more of voting rights) or their executive
   f. A party or receiving contributions from the Company exceeding 10 million yen during a given fiscal year, or their executive

(2) The Spouse or Relative within the Second Degree of Kinship to the Persons outlined below.
   a. Persons outlined in (1) above
   b. A person who is currently or in the past three years has been an executive of the Company or a Company subsidiary
   c. A person who is currently or in the past three years has been a non-executive director of a Company subsidiary

[Supplementary Principle 4.11.1]

Refer to Principle 3.1 (4).

[Supplementary Principle 4.11.2]

Information on important concurrent positions of directors and Audit & Supervisory Board members is published annually in the "Notice of the Ordinary General Meeting of Shareholders" reference documents and the marketable securities report.

[Supplementary Principle 4.11.3]

(1) Method of Evaluation

The Company explained the gist of the Board of Directors efficacy evaluation to all directors and Audit & Supervisory Board members and then distributed questionnaires related to each assessment item. Based on those responses, a six-person evaluation committee comprised of the chair of the Board of Directors (chairperson), the president, the director in charge of general affairs, and three independent

outside directors (two outside directors, one full-time Audit & Supervisory Board member), analyzed and evaluated the overall effectiveness of the board of directors.

(2) Assessment Items and Evaluation Results for Each Item

The assessment items applied in the analysis and evaluation, and the result of each assessment item are shown below.

a. Scope of Board of Directors: Appropriate number of members for the company scope and operations format

b. Structure of the Board of Directors: Structure is appropriate for the current status of the Company in terms of the necessary balance of skills, knowledge, and experience, the status of diversity, and in terms of consistency with current strategy.

c. Operating status of Board of Directors' meetings: Meeting frequency and time allocation is appropriate and agenda details, materials, and explanations are appropriate. Meeting procession is appropriate and appropriate deliberations are made concerning decision-making.

d. Relationships with shareholders and other stakeholders: Board of Directors' meetings appropriate incorporate the perspective of major shareholders and other stakeholders.

e. Environment supporting risk-taking: The Board of Directors functions to promote appropriate risk-taking by executive directors primarily in the transportation business and based on the characteristics of Company operations.

f. Monitoring of the Board of Directors: The Board of Directors mutually and appropriately monitors the representative director, executive directors, and other directors.

(3) Summary of Results of Board of Directors Efficacy Evaluation

Through an analysis and evaluation of each assessment item, we confirmed that the Company Board of Directors is sufficiently effective. Furthermore, in response to issues identified during the previous fiscal year, we provided preliminary explanations to both outside directors and outside Audit & Supervisory Board Members to increase opportunities for information sharing and to promote more active deliberations. We also increased the number of outside directors by one, resulting in outside directors representing one-third of the Board of Directors. We will reference the perspective gained through this efficacy evaluation as we continue working to improve the functionality of the Board of Directors.

[Supplementary Principle 4.14.2]

Newly appointed directors other than outside directors are provided documentation outlining the Company code of conduct for directors. Also, the Company president conducts seminars to increase awareness. Furthermore, the Company bears the expense required to dispatch directors for outside training in order to provide opportunities to acquire the necessary knowledge and information related to the roles and responsibilities of a director. Once per year, we invite outside experts to conduct seminars on management topics.

Newly appointed outside directors and outside Audit & Supervisory Board Members are provided with information related to Company operations and history, business strategy, and core policy. Also, outside directors and outside Audit & Supervisory Board Members are provided with opportunities for on-site tours to ensure an appropriate understanding of Company and Group company operations.

[Principle 5.1 Policy on Constructive Dialogue with Shareholders]

The Company has established a structure whereby the Management Supervision Department has been designated as the department in charge of IR and the executive in charge of the Management Supervision Department oversees IR activities. Communication with shareholders and investors is handled mainly by the Management Supervision Department, which coordinates with the Accounting Department, General Affairs and Personnel Department, etc., to ensure appropriate IR responses.
For institutional investors, we hold earnings conferences twice a year in principle where the Company president directly explains business plans and earnings, among other information. Additionally, the director in charge of the Management Supervision Department and the director in charge of Accounting Department create individual opportunities to communicate with institutional investors. For individual investors, we hold conferences led by a securities firm to provide an overview of operations, business plans, and earnings depending on a situation.
Earnings statements and other IR materials are quickly published to our website to promote further understanding of our Group.
Opinions and information gathered through IR activities are continuously reported to the Company president and relevant directors, and are applied as valued advice for our business activities.
During our IR communication, we reinforce information management in accordance with insider trading prevention regulations in order to prevent valuable undisclosed information (insider information) from leaking outside the Company.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders] - Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	21,947,200	12.85
Custody Bank of Japan, Ltd. (Trust account)	10,556,600	6.18
Nippon Life Insurance Company	6,008,500	3.52
Oriental Land Co., Ltd.	5,850,000	3.42
Mizuho Bank, Ltd.	5,165,000	3.02
MUFG Bank, Ltd.	4,500,179	2.63
Custody Bank of Japan, Ltd. (Trust account 5)	2,297,900	1.35
GOLDMAN SACHS & CO. REG	2,250,558	1.32
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank employee pension trust account)	2,234,000	1.31
STATE STREET BANK WEST CLIENT – TREATY 505234	2,169,587	1.27

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

Supplementary Explanation - Updated

We received a report from Mizuho Bank, Ltd. and its joint shareholders via the Report on Large-Volume Shareholders (revised report) submitted to the Kanto Local Finance Bureau on June 22, 2020 indicating the following number of shares held as of June 15, 2020. However, we were unable to confirm the actual number of shares held as of March 31, 2021, and thus prepared the status of major shareholders above on the basis of the shareholder registry.
Furthermore, the details of the Report on Large-Volume Shareholders (revised report) are as follows.

Name: Asset Management One Co., Ltd.
Address: 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
No. of shares held: 6,949,000 shares
Shareholder ratio: 4.03%

Name: Mizuho Bank, Ltd.
Address: 1-5-5 Marunouchi, Chiyoda-ku, Tokyo
No. of shares held: 5,165,000 shares
Shareholder ratio: 3.00%

Name: Mizuho Securities Co., Ltd.
Address: 1-5-1 Otemachi, Chiyoda-ku, Tokyo
No. of shares held: 779,000 shares
Shareholder ratio: 0.45%

Name: Asset Management One International Ltd.
Address: Mizuho House, 30 Old Bailey, London, EC4M 7AU, UK
No. of shares held: 437,000 shares
Shareholder ratio: 0.25%

We received a report from Nomura Securities Co., Ltd. and its joint shareholders via the Report on Large-Volume Shareholders (revised report) submitted to the Kanto Local Finance Bureau on July 6, 2020 indicating the following number of shares held as of June 30, 2020. However, we were unable to confirm the actual number of shares held as of March 31, 2021, and thus prepared the status of major shareholders above on the basis of the shareholder registry.
Furthermore, the details of the Report on Large-Volume Shareholders (revised report) are as follows.

Name: Nomura Asset Management Co., Ltd.
Address: 1-12-1 Nihonbashi, Chuo-ku, Tokyo
No. of shares held: 9,945,000 shares
Shareholder ratio: 5.77%

Name: Nomura International plc
Address: 1 Angel Lane, London EC4R 3AB, United Kingdom
No. of shares held: 395,000 shares
Shareholder ratio: 0.23%

We received a report from Nomura Securities Co., Ltd. and its joint shareholders via the Report on Large-Volume Shareholders (revised report) submitted to the Kanto Local Finance Bureau on July 20, 2020 indicating the following number of shares held as of July 15, 2020. However, we were unable to confirm the actual number of shares held as of March 31, 2021, and thus prepared the status of major shareholders above on the basis of the shareholder registry.
Furthermore, the details of the Report on Large-Volume Shareholders (revised report) are as follows.

Name: Nomura Asset Management Co., Ltd.
Address: 2-2-1 Toyosu, Koto-ku, Tokyo
No. of shares held: 9,966,000 shares
Shareholder ratio: 5.78%

Name: Nomura International plc
Address: 1 Angel Lane, London EC4R 3AB, United Kingdom
No. of shares held: 509,000 shares
Shareholder ratio: 0.30%

We received a report from Mizuho Bank, Ltd. and its joint shareholders via the Report on Large-Volume Shareholders (revised report) submitted to the Kanto Local Finance Bureau on September 7, 2020 indicating the following number of shares held as of August 31, 2020. However, we were unable to confirm the actual number of shares held as of March 31, 2021, and thus prepared the status of major shareholders above on the basis of the shareholder registry.
Furthermore, the details of the Report on Large-Volume Shareholders (revised report) are as follows.

Name: Asset Management One Co., Ltd.
Address: 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
No. of shares held: 6,290,000 shares
Shareholder ratio: 3.65%

Name: Mizuho Bank, Ltd.
Address: 1-5-5 Marunouchi, Chiyoda-ku, Tokyo
No. of shares held: 5,165,000 shares
Shareholder ratio: 3.00%

Name: Asset Management One International Ltd.
Address: Mizuho House, 30 Old Bailey, London, EC4M 7AU, UK
No. of shares held: 265,000 shares
Shareholder ratio: 0.15%

We received a report from BlackRock Japan Co., Ltd. and its joint shareholders via the Report on Large-Volume Shareholders (revised report) submitted to the Kanto Local Finance Bureau on February 19, 2021 indicating the following number of shares held as of February 15, 2021. However, we were unable to confirm the actual number of shares held as of March 31, 2021, and thus prepared the status of major shareholders above on the basis of the shareholder registry.
Furthermore, the details of the Report on Large-Volume Shareholders (revised report) are as follows.

Name: BlackRock Japan Co., Ltd.
Address: 1-8-3 Marunouchi, Chiyoda-ku, Tokyo
No. of shares held: 2,444,000 shares
Shareholder ratio: 1.42%

Name: BlackRock Fund Advisors
Address: 400 Howard Street, San Francisco, California, USA
No. of shares held: 2,148,000 shares
Shareholder ratio: 1.25%

Name: BlackRock Institutional Trust Company, N.A.
Address: 400 Howard Street, San Francisco, California, USA
No. of shares held: 2,012,000 shares
Shareholder ratio: 1.17%

Name: BlackRock (Netherlands) B.V.
Address: Amstelplein 1, HA1096 Amsterdam, Netherlands

No. of shares held: 673,000 shares
Shareholder ratio: 0.39%

Name: BlackRock Asset Management Ireland Limited
Address: 2 Ballsbridge Park 1st FL, Ballsbridge, Dublin, Ireland
No. of shares held: 561,000 shares
Shareholder ratio: 0.33%

Name: BlackRock Investment Management (UK) Limited
Address: 12 Throgmorton Avenue, London, UK
No. of shares held: 362,000 shares
Shareholder ratio: 0.21%

Name: BlackRock Fund Managers Limited
Address: 12 Throgmorton Avenue, London, UK
No. of shares held: 332,000 shares
Shareholder ratio: 0.19%

Name: BlackRock Luxemburg S.A.
Address: 35A Avenue JF Kennedy, L-1855 Luxembourg
No. of shares held: 185,000 shares
Shareholder ratio: 0.11%

Name: BlackRock Investment Management, LLC
Address: 1 University Square Dr., Princeton, NJ
No. of shares held: 172,000 shares
Shareholder ratio: 0.10%

3. Corporate Profile

Stock Market and Market Section Listed on	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Ground transport business
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 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders When the Company Engages in 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. 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 an Audit & Supervisory Board

[Board of 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- Updated	President
Number of Directors	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b.	c	d	e	f.	g	h.	i	j.	k
Yasunobu Furukawa	CPA											
Shotaro Tochigi	Lawyer											
Yukihiro Ito	From another company								△			
Misao Kikuchi	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 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 besides compensation as a director/Audit & Supervisory Board Member
g. Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier of the Company (which does not correspond to d, e, or f) (refers only to the director)

i. Executive of a company which has the same individual(s) as the Company appointed as outside directors/Audit & Supervisory Board Members (refers only to the director)
j. Executive of a company or organization that has received a donation from the Company (refers only to the director)
k. Others

Outside Directors' Relationship with the Company (2) - Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasunobu Furukawa	○	(Career summary) Sep. 1980 Registered as a certified public accountant Aug. 2010 Senior Managing Director of Ernst & Young ShinNihon LLC Aug. 2012 Senior Advisor of Ernst & Young ShinNihon LLC Jun. 2014 Director of the Company (to the present) Jun. 2015 Outside Director of NSK Ltd. Jun. 2020 Outside Audit & Supervisory Board Member of Ricoh Company, Ltd. (to the present)	Yasunobu Furukawa is a Senior Advisor of Ernst & Young ShinNihon LLC. Our selection of him reflects a focus on ensuring objectivity and neutrality in relation to management. Mr. Furukawa comes from Ernst & Young ShinNihon LLC but we are paying no significant monetary amounts or other assets other than director's compensation to Mr. Furukawa or organizations to which he belongs. As such, there are no special interests between the Company and Mr. Furukawa, and we have determined that he presents no risk of a conflict of interests with general shareholders and have designated him as an independent director.

Shotaro Tochigi	○	(Career summary) Apr. 1973 Appointed as a public prosecutor Jul. 2007 Superintending Prosecutor of the Fukuoka High Public Prosecutors Office Apr. 2009 President of the Japan International Training Cooperation Organization (JITCO) Apr. 2009 Registered as an attorney-at-law (member of the Daiichi Tokyo Bar Association) Established Tochigi Law Office Attorney-at-law at Tochigi Law Office (to the present) Jun. 2018 Director of the Company (to the present) Jun. 2020 Member of the Board of Directors (Outside Director) (Audit & Supervisory Committee Member) of Mizuho Bank, Ltd. (to the present)	Shotaro Tochigi worked as the Superintending Prosecutor of the Fukuoka High Public Prosecutors Office, among other positions. Currently, he works as an attorney at Tochigi Law Office. Our selection of him reflects a focus on his vast experience and broad knowledge of the legal world. We are paying no significant monetary amounts or other assets other than director's compensation to Mr. Tochigi or the organization to which he belongs. As such, there are no special interests between the Company and Mr. Furukawa, and we have determined that he presents no risk of a conflict of interests with general shareholders and have designated him as an independent director.

Yukihiro Ito	○	(Career summary) Nov. 1978 Joined The Sanwa Bank, Limited Jan. 2006 Executive Officer at MUFJ Bank, Ltd. Jun. 2006 Managing Director at MU Frontier Servicer Co., Ltd. Jun. 2009 Outside Audit & Supervisory Board Member at Nippon Steel Nisshin Co., Ltd. Oct. 2012 Outside Audit & Supervisory Board Member at Nisshin Steel Holdings Co., Ltd. Jun. 2019 Director of the Company (to the present) Furthermore, the relationship between the Company and MUFJ Bank includes capital loans and other transactions.	Yukihiro Ito is a former Executive Officer at MUFJ Bank, Ltd. He has been nominated for his objectivity and neutrality related to management. Mr. Ito formerly worked at MUFJ Bank, with which the Company conducts capital loan transactions but we deem that loans from the bank have no impact on our decision-making. There are no special interests between the Company and Mr. Ito, and there is no concern of a conflict of interests with shareholders. As such, we nominate Mr. Ito to serve as an independent director.
Misao Kikuchi	○	(Career summary) Nov. 1976 Audit & Supervisory Board Member at Nanyu Trading Co., Ltd. Jun. 2016 Chairman, Director at Powdertech Co., Ltd. (to the present) Sep. 2016 President, Director at Nanyu Trading Co., Ltd. (to the present) Oct. 2016 Chairman, Director at Keiyo Gas Co., Ltd. (to the present) Mar. 2020 Director at K & O Energy Group Inc. (to the present) Jun. 2020 Director of the Company (to the present)	Misao Kikuchi is Chairman and Director at Keiyo Gas Co., Ltd. Our selection of her reflects a focus on ensuring objectivity and neutrality in relation to management. Mrs. Kikuchi is Chairman and Director at Keiyo Gas Co., Ltd., a party with which we have a transactional relationship, but the transaction amounts between the Company and this party during the current fiscal year are minor, representing less than 1% of the net sales of either company. Furthermore, the Company conducts transactions similar to the business conducted by this party (land and building sales and rental) but the party's main business is the supply of gas, heat, and electricity. Therefore, we are not in a competitive relationship with this party. As such, there are no special interests between the Company and Mrs. Kikuchi, and we have determined that she presents no risk of a conflict of interests with general shareholders and have designated her as an independent officer.

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

Committee's Name, Composition, and Designated Status of Chairperson

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

Supplementary Explanation

The Company has established a Nomination/Compensation Committee as an advisory body to the Board of Directors for the purpose of strengthening the independence, objectivity, and accountability of Board of Director functions related to the director nominations and compensation. This Committee is partially comprised of Company directors, including two outside directors. The Committee evaluates and reports on the adequacy of proposals related to director nominations and compensation.

[Audit & Supervisory Board]

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

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments- Updated

Audit & Supervisory Board Members work mutually to ensure close collaboration. As necessary, this includes requesting reports related to audits conducted by the accounting auditor, observing audits conducted by the accounting auditor, and exchanging opinions at periodic meetings (held 4 times/year). Audit & Supervisory Board Members also work closely with Internal Audit Departments to ensure the effective implementation of audits conducted during evaluations of company operations and financial status, and other audit work.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	4
Number of Independent Audit & Supervisory Board Members	4

Outside Audit & Supervisory Board Member's Relationship with the Company (1) - Updated

Name	Attribute	Relationship with the Company*												
		a	b.	c	d.	e	f.	g	h.	i	j.	k	l	m
Masashi Hirose	From another company										△			
Takeshi Kobayashi	From another company							△						
Kenji Yoshida	From another company										○	○		
Tsuneaki Teshima	From another company										△			

* Categories for "Relationship with the Company"

* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
"△" when the Audit & Supervisory Board Member fell under the category in the past

* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. Executive of the Company or its subsidiaries
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 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 major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier of the Company (which does not correspond to f, g, or h) (refers only to the Audit & Supervisory Board Member)
k. Executive of a company which has the same individual(s) as the Company appointed as outside directors/Audit & Supervisory Board Members (refers only to the Audit & Supervisory Board Member)
l. Executive of a company or organization that has received a donation from the Company (refers only to the Audit & Supervisory Board Member)
m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2) - Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Masashi Hirose	○	(Career summary) Apr. 1981 Joined Mitsui Trust Bank, Ltd. Apr. 2012 Managing Executive Officer at Sumitomo Mitsui Trust Bank, Limited Apr. 2013 Audit and Supervisory Board Member at Sumitomo Mitsui Trust Bank, Limited Jun. 2016 President and Director of Japan Stockholders Data Service Company, Limited Jun. 2020 Full-time Audit and Supervisory Board Member of the Company (to the present) Furthermore, we have capital loan and other transactions with Sumitomo Mitsui Trust Bank.	Masashi Hirose is a former Audit and Supervisory Board member at Sumitomo Mitsui Trust Bank, Limited. Our selection of him reflects a focus on ensuring objectivity and neutrality in relation to management. Mr. Hirose comes from Sumitomo Mitsui Trust Bank, with who we have a capital lending relationship but we view loans from Sumitomo Mitsui Trust Bank as having no impact on our decision-making process. As such, there are no special interests between the Company and Mr. Hirose, and we have determined that he presents no risk of a conflict of interests with general shareholders and have designated him as an independent officer.

Takeshi Kobayashi	○	(Career summary) Apr. 1979 Joined Japan Development Bank Jun. 2010 Managing Executive Officer at Development Bank of Japan Inc. Jun. 2011 Audit & Supervisory Board Member at Development Bank of Japan Inc. Jun. 2014 Director and Managing Executive Officer at Japan Nuclear Fuel Limited Jun. 2016 Managing Executive Officer at Japan Nuclear Fuel Limited Jun. 2018 Advisor to Development Bank of Japan Inc. Facility Control Institute Jun. 2018 Audit & Supervisory Board Member of Mitsubishi Paper Mills Limited (to the present) Jun. 2018 Audit & Supervisory Board Member of Takagi Seiko Corporation (to the present) Jun. 2019 Director and Chairman at DBJ Capital Co., Ltd. (to the present) Jun. 2019 Audit & Supervisory Board member of the Company (to the present) There is a transactional relationship, including capital lending between the Company and Japan Post Investment Bank.	Mr. Kobayashi is a former advisor to Development Bank of Japan Inc. Facility Control Institute. He is nominated for his objectivity and neutrality related to management. Mr. Kobayashi is a former employee of Development Bank of Japan Inc. but he retired in June 2014. We deem there to be no special interests between the Company and Mr. Kobayashi, and that there is no concern of a conflict of interests with shareholders. As such, we nominate Mr. Ito so serve as an independent director.

Kenji Yoshida	○	(Career summary) Apr. 1984 Joined Oriental Land Co., Ltd. Apr. 2015 Officer at Oriental Land Co., Ltd. Apr. 2019 Executive Officer at Oriental Land Co., Ltd. Jun. 2021 Representative Director & COO at Oriental Land Co., Ltd. (to the present) June 2021 Audit & Supervisory Board Member of the Company (to the present)	Kenji Yoshida is the Representative Director & COO of Oriental Land Co., Ltd. We have selected him for his objective and neutral stance on business management. Mr. Yoshida is the Representative Director & COO of Oriental Land, with whom we have a transactional relationship, but amounts for transactions between our Company and Oriental Land are minor, representing less than 1% of net sales for both companies. Furthermore, our Company conducts certain transactions in the same business sector as Oriental Land (land and building transactions and leasing), but Oriental Land is mainly involved in the management and operation of theme parks, thus does not represent a competitive relationship with our Company. Our consultant, Mr. Tsutomu Hanada, serves as an External Executive Director for Oriental Land and our consultant Mr. Norio Saigusa serves as an External Corporate Auditor for Oriental Land but their selection to said posts merely represents selection based on their experience as business managers. As such, we have nominated Mr. Yoshida as an Independent Director as there exists no special interests between our Company and Mr. Yoshida, and it is our judgment that there is no concern of a conflict of interests with general shareholders.

Tsuneaki Teshima	○	(Career summary) Apr. 1983 Joined Nippon Life Insurance Company Mar. 2017 Director and Senior Managing Executive Officer at Nippon Life Insurance Company Apr. 2018 President of NLI Research Institute (to the present) Jun. 2018 Outside Audit & Supervisory Board Member at Nitta Corporation (to the present) Jun. 2021 Audit & Supervisory Board Member of the Company (to the present) There is a transactional relationship, including capital lending between the Company and Nippon Life Insurance Company.	Tsuneaki Teshima is a former director at Nippon Life Insurance Company. We have selected him for his objective and neutral stance on business management. Mr. Teshima is formerly of Nippon Life Insurance, with which we have executed capital loans, but loans from Nippon Life Insurance has no impact on our decision-making. As such, we have nominated Mr. Teshima as an Independent Director as there exists no special interests between our Company and Mr. Teshima, and it is our judgment that there is no concern of a conflict of interests with general shareholders.

[Independent Officers (Directors/Audit & Supervisory Board Members)]

Number of Independent Officers	8

Matters relating to Independent Directors/ Audit & Supervisory Board Members

We designate as Independent Directors all outside directors who fulfill the qualifications as independent directors.

[Incentives]

Incentive Policies for Directors	Adoption of performance-linked compensation system

Supplementary Explanation

Since July 2005, for full-time directors, we have adopted a system of performance-linked compensation that aims to promote company stock acquisition and retention, by paying a portion of monthly compensation as compensation for the purpose of acquiring Company stock.

Recipients of Stock Options	

Supplementary Explanation

———

[Director Compensation]

Disclosure of Individual Directors' Compensation	Individual compensation not disclosed

Supplementary Explanation - Updated

(1) Director compensation is 285 million yen (FY2020. This does not include remuneration for directors with managerial roles.
(2) Audit and Supervisory Board Member compensation is 73 million yen (FY2020).

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

Compensation to directors is comprised of two portions: compensation determined based on factors such as position, operating environment, and operating performance, and compensation outlined for the acquisition of company shares that is positioned as medium- to long-term performance-linked compensation. Compensation for individual auditors is within a range determined by the General Meeting of Shareholders and decided based on deliberation by the Audit & Supervisory Board.

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

Prior to the convening of Board of Director's meetings, we inform all directors and Audit & Supervisory Board Members, including outside directors and outside Audit & Supervisory Board Members, and distribute materials in advance to share necessary information. Of the four outside Audit & Supervisory Board Members, one is a full-time Audit & Supervisory Board Member. Additionally, we have established a Secretariat to the Audit & Supervisory Board to support the Audit & Supervisory Board which is staffed by designated three dedicated employees who work with three non-fulltime Audit & Supervisory Board Members to provide support.

[Retired Presidents/CEOs Holding Advisory Positions (Consultant, Advisor, etc.)]

Information on retired presidents/CEOs holding advisory positions (consultants, advisors, etc.) - Updated

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Hiroto Senoo	Honorary consultant	———	No work, no compensation	June 27, 2002	———
Hiroshi Otsuka	Honorary consultant	-Activities at other companies or organizations in our area of business	No work, no compensation	June 27, 2008	
Tsutomu Hanada	Consultant	-Responses to inquiries from current management regarding past business decisions, etc.	Part-time, compensation received	June 26, 2015	Maximum 10 years

		-Activities at other companies or organizations in our area of business			
Norio Saigusa	Consultant	-Responses to inquiries from current management regarding past business decisions, etc. -Activities at other companies or organizations in our area of business	Part-time, compensation received	June 29, 2021	Maximum 10 years

Number of Retired Presidents/CEOs Holding Advisory Positions (Consultant, Advisor, etc.)	4

Others

Company internal regulations outline consultant term of office and compensation, and outline that appointments require approval of the Board of Directors.

2. Matters Concerning the Functions of Business Execution, Auditing, Oversight, and Nomination and Compensation Decisions (Overview of Current Corporate Governance System) - Updated

(Business execution)

1. Board of Directors and Directors

   The Board of Directors is comprised of 12 directors, including four outside directors. The Company president serves as Chairperson, and in principle, all directors attend Board of Directors' meetings once per month to ensure efficient decision-making on important matters related to business operations. Full-time directors are assigned executive duties in relevant departments and the scope of their responsibilities is identified. Furthermore, the Company has established a Nomination/Compensation Committee as an advisory body to the Board of Directors for the purpose of strengthening the independence, objectivity, and accountability of Board of Director functions related to the director nominations and compensation.

2. Management Meeting

   Management meetings are comprised of the eight full-time directors. In principle, these meetings are held once per week and requires attendance of all the full-time directors. In accordance with the Board of Directors Bylaws, Management Meeting Regulations, etc., at the meeting directors deliberate and report on the execution of business overseen by the full-time directors. This structure ensures the appropriate execution of business.

3. Group Corporate Management Structure

   As a part of Group corporate governance promotions, in April 2004 we outlined the Group Management Philosophy and Group Action Guideline to ensure Group companies conduct operations based on shared principles and philosophy. We also outlined Group Corporate Planning Regulations to establish a structure for Group corporate planning and Group meetings.

Based on these regulations, we hold various meetings including the Group Presidents' Conference, the Segment-Specific Group Management Meetings, Group Planning and Promotion Meetings, etc., to deliberate and report on planning and performance.
For matters vital to Group companies, we strengthen our Group corporate management structure by requiring that companies obtain approval from or consult with the Company based on the business process category table outlined in the Affiliate Management Regulations.

(Audits and oversight)

1. Compliance & Risk Management Committee

   With the goal of ensuring legal compliance and promoting organizational responses to risks with the potential to have a significant impact on business continuity, we established the Compliance & Risk Management Committee, which in principle meets twice per year and is comprised of full-time directors and chaired by the CEO. Through this committee, we deliberate and report on matters related to internal audit planning and risk response.

   (1) Internal Auditing

   We established the Internal Audit Department (eight people) as the structure for conducting internal audits that are independent of organizations in charge of business execution. Working in accordance with a fiscal year plan outlined through deliberations by the Compliance & Risk Management Committee, the Internal Audit Department cooperates with the Audit & Supervisory Board to conduct planned internal audits of financial reports for both the Company and Group companies, compliance internal audits, internal audits related to business execution, and internal audits related to operational efficiency. Any recommended matters are corrected immediately and the results are reported to the Compliance & Risk Management Committee.

   (2) Contact for Whistle Blowing

   To increase the efficacy of our compliance and risk management structure, we have established internal and external whistleblowing hotlines for reporting illegal activity as well as a structure for ensuring immediate action in response to whistleblowing details.

2. Audits by the Audit & Supervisory Board

   (1) Organization and Personnel for conducting Audit and Supervisory Board Audits

   The Audit and Supervisory Board is comprised of five Audit and Supervisory Board members, of whom four members are Outside Audit and Supervisory Board members (two full-time Audit and Supervisory Board members, three part-time Audit and Supervisory Board members). Audit and Supervisory Board members possess significant knowledge and understanding of finance and accounting.

   (2) Activity Status of Audit and Supervisory Board Members and Meetings

   Major matters evaluated at Audit and Supervisory Board meetings include drafting audit policies and audit plans, creating audit reports, and evaluating matters such as the re-nomination of and compensation for an accounting auditor.
   In accordance with Audit and Supervisory Board member audit standards outlined by the Audit and Supervisory Board, Audit and Supervisory Board members attend Board of Directors' meetings to ascertain and evaluate the status and details of business execution by directors. As necessary, Audit and Supervisory Board members also provide opinions on matters.
   Full-time Audit and Supervisory Board members also attend important meetings including Management meetings and Compliance & Risk Management Committee meetings as well as review

documents concerning important resolutions and conduct on-site assessments of major business offices and consolidated subsidiaries.

3. Audits by the Accounting Auditor

The accounting auditor Deloitte Touche Tohmatsu LLC conducts audits in accordance with Japanese generally accepted accounting standards. The Deloitte Touche Tohmatsu LLC certified public accounts who performed audit work for the FY2019 accounting audit were Katsumi Takizawa and Yuichiro Koga, as well as 29 assists (12 certified public accountants and 17 others).

(Other)

We have concluded consulting agreements with law attorneys and tax attorneys, from whom we receive advice as necessary to ensure the legal compliance of our business execution.

3. Reasons for Adoption of Current Corporate Governance System

As a company mainly involved in the transportation business, we select inside directors with expertise in areas relevant to the unique nature of our operations. In addition to assigning full-time directors with general management duties over relevant divisions, we also have adopted a structure of appointing persons with experience serving as a full-time director to the position of representative director of major Group companies.

We also select four outside directors to provide effective opinions from an objective and neutral perspective. which helps to strengthen governance. For the Audit & Supervisory Board Members charged with monitoring business execution by directors, we appoint four outside directors. This includes one full-time Audit & Supervisory Board Member. We also have established a Secretariat to the Audit & Supervisory Board that is independent of the directors to strengthen audit functions. This structure helps ensure our ability to check and validate decision-making from an independent perspective.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Ensure Dynamic General Shareholder Meetings and Smooth Exercise of Voting Rights - Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The convening notice related to the Ordinary General Meeting of Shareholders scheduled for June 29, 2021 is issued one week prior (June 7) to the legally mandated deadline.
Electronic Exercise of Voting Rights Allowed	Since the Ordinary General Meeting of Shareholders held on June 26, 2015, we have enabled the exercising of voting rights via electronic methods.
Participation in an Electronic Voting Platform or Other Means to Increase the Exercise of Voting Rights	Since the Ordinary General Meeting of Shareholders held on June 26, 2005, the Company has participated in the platform for exercising voting rights operated by ICJ, Inc.
Convocation Notice in English Provided	Since the Ordinary General Meeting of Shareholders held on June 26, 2015, we have created meeting notices in English.
Other	On the day prior to issuing the meeting notice for the Ordinary General Meeting of Shareholders, we list the notice on our website in Japanese and English in order to provide shareholders time to evaluate motions.

2. IR Activities

	Supplementary Explanations	Explanation from representative
Regular Investor Briefings for Individual and Institutional Investors	For individual investors, we hold conferences at which the Management Supervision Department Manager provides an overview of operations, business plans, and earnings depending on a situation.	No
Regular Investor Briefings for Analysts and Institutional Investors	Held twice per year (after 2Q earnings and annual earnings announcements) in principle, at which the CEO explains business plans and financial earnings.	Yes
Posting of IR Materials on Website	We publish our earnings summary, TSE timely disclosure documents, analyst and institutional investor conference materials, business reports, shareholder meeting notices and resolution notices, and shareholder perk systems. URL: https://www.keisei.co.jp/keisei/ir/english/	
Establishment of Department and/or Manager in Charge of IR	Management Supervision Department	

3. Measures to Ensure Respect for Stakeholders' Positions

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We outline "Behavior Standards" for fulfilling our corporate social responsibility and ensuring compliance with laws and social norms. We outline regulations concerning relationships with investors, general society, clients, and business partners, and disseminate this information to directors and employees.
Implementation of Environmental Activities, CSR Activities, etc.	(Environmental conservation) The abovementioned "Behavior Standards" stipulate provisions concerning reducing our environmental load and work to limit CO_2 emissions through the use of energy efficient vehicles. Furthermore, we are aiming to reduce environmental load for all of society by promoting the use of public transportation, which is highly energy efficient. Our Group's environmental initiatives are published on our website in our Environmental Report. URL https://www.keisei.co.jp/keisei/ir/csr/environment.html

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and Progress on System Development

Our Board of Directors passed a resolution for the establishment of an internal control system based on the following policies.

"Basic Policy on Internal Control Systems"

1. Structure for Ensuring Business Execution by Directors and Employees is Compliant with Laws and the Articles of Incorporation
   (1) In accordance with our Group Management Philosophy, create a Group Action Guideline and Behavior Standards, which also include provisions on legal compliance, and disseminate those standards to directors and employees.
   (2) Create internal regulations and work authority regulations in compliance with law and our Articles of Incorporation. Disseminate these regulations to directors and employees, and supervise business execution.
   (3) Establish a Compliance & Risk Management Committee chaired by the CEO to oversee compliance initiatives by the Company and Company subsidiaries.
   (4) In accordance with Behavior Standards, have no relations whatsoever with antisocial forces regardless of the circumstances.
   (5) Establish an Internal Audit Department that is independent of organizations in charge of business execution to coordinate with the Audit & Supervisory Board on performing internal audits related to financial reporting, compliance, business execution, and operational efficiency.
   (6) Establish and promote awareness of an internal whistleblowing system designed to protect whistleblowers.
   (7) The organization in charge of internal controls related to financial reports creates, manages, and evaluates its own structure. Furthermore, the Internal Audit Department evaluates the efficacy of the organization and management of this structure to ensure the reliability of financial reporting required in accordance with the Financial Instruments and Exchange Act.

2. Structure for Storing and Managing Information concerning Business Execution by Directors
   (1) Create document handling regulations and apply these regulations to the storage and management of information related to business execution, including Board of Directors' and Management Meeting minutes and approval documents.

3. Regulations and other Structures related to Loss Risk Management
   (1) The Compliance & Risk Management Committee comprehensively evaluates risks that could seriously impact business continuity. The Committee selects risks requiring response and oversees the status of activities conducted by individual risk management structures.
   (2) To ensure the safety of passenger operations, establish safety management regulations that are in compliance with relevant laws and apply to the management of the safety management structure.
   (3) Create disaster prevention regulations to address potential disasters and accidents, and conduct regular disaster drills and education.
   (4) In the event of a major disaster or accident, establish a response headquarters to ensure a rapid response.
   (5) In the event of an incident involving antisocial forces, cooperate with external expert organizations to ensure a comprehensive response, including implementing legal measures.

(6) In the event response is required to risks that could seriously impact business continuity, the Compliance & Risk Management Committee creates an appropriate management structure by designating a department to oversee response.

4. Structure for Ensuring Efficient Business Execution by Directors
   (1) Establish Board of Directors Bylaws, Management Meeting Regulations, etc. in relation to matters to be decided via a resolution by the Board of Directors (in principle, meetings held once per month) and matters to be decided via decisions made at Management Meetings (comprised of full-time directors, in principle meetings held once per week). Conduct decision-making related to business execution in accordance with these regulations.
   (2) Create regulations on employee structures, division of labor, and work authority, and clarify authority and responsibilities for each position.
   (3) Create a management plan and execute business operations in accordance with this plan.

5. Structure for Ensuring Appropriateness of Operations at the Company and the Corporate Group Comprising our Subsidiaries
   (1) Structure for ensuring business execution by the directors and employees of subsidiaries is compliant with laws and the Articles of Incorporation.
      a. Provide subsidiaries with information related to basic approach outlined in Group Management Philosophy and Group Action Guideline, provide guidance related to creation of Behavior Standards, and provide guidance to promote awareness and compliance.
      b. Establish a Group Strategy Department and create affiliate management regulations. Coordinate with relevant departments to manage subsidiaries.
      c. As necessary, subsidiaries create relevant regulations, including accounting regulations and work authority regulations to ensure the appropriateness of financial reporting and business execution.
      d. Subsidiaries establish a Compliance Committee and report to the Company on committee deliberations.
      e. Company directors and employees shall, as necessary, serve as directors or auditors at subsidiaries to monitor the execution of business.
      f. The Internal Audit Department shall conduct internal audits of subsidiaries.
      g. Establish a common whistleblowing hotline for the Company and subsidiaries, and promote awareness.
   (2) Structure for ensuring efficient business execution by directors of subsidiaries
      a. Hold periodic Keisei Group Presidents' Conferences to convey group management policy and share management information.
      b. Subsidiaries outline management plans in accordance with Keisei Group Corporate Planning Regulations and execute business in accordance with these plans.
   (3) Regulations and other structures related to loss risk management at subsidiaries
      a. The Compliance & Risk Management Committee oversees risk management for the Company and subsidiaries.
      b. Through the Group Presidents' Conference, subsidiaries share Compliance & Risk Management Committee risk evaluation results with the Company and establish an appropriate management structure for items requiring response.
   (4) Structure for ensuring reporting to the Company on matters related to business execution by subsidiary directors and employees

a. In the affiliate management regulations, clarify the matters to be reported by the subsidiary to the Company. As necessary, provide guidance based on reports received from the subsidiary.

6. Matters related to Designating Employees to Assist the Audit & Supervisory Board
   (1) To assist the operations of the Audit & Supervisory Board, establish a Secretariat of the Audit & Supervisory Board and designate the necessary personnel to assist in the operations of the board.

7. Matters related to Ensuring the Independence of Employees Designated to Assist the Audit & Supervisory Board and Ensuring the Efficacy of Orders to Designated Employees
   (1) Employees assigned to the Secretariat of the Audit & Supervisory Board shall be dedicated employees not subject to the direction or supervision of directors.
   (2) The appointment of employees assigned to the Secretariat of the Audit & Supervisory Board shall require the approval of the Audit & Supervisory Board.

8. Structure for Reporting to the Audit & Supervisory Board and Structure for Ensuring Persons who File Reports Are not Subject to Unjust Treatment for Filing Reports
   (1) Structure for directors and employees to report to the Audit & Supervisory Board
      a. Any director or employee discovering a situation that could cause significant harm to the Company must report said facts to the Audit & Supervisory Board.
      b. Any director or employee receiving a request from the Audit & Supervisory Board to file a report on matters must file a report immediately.
   (2) Structure for subsidiary directors or employees, or a party receiving a report from a director or employee, to report to the Audit & Supervisory Board
      a. Any subsidiary director or employee discovering a situation that could cause significant harm to the Company or a subsidiary must report said facts to the Company Audit & Supervisory Board or the Group Strategy Department.
   (3) In accordance with a whistleblower system designed to product whistleblowers, do not engage in the unfair treatment of persons who issue reports to the Audit & Supervisory Board.

9. Procedures concerning the Prepayment or Reimbursement of Expenses Incurred by Audit & Supervisory Board Members during Audits, and Matters concerning Policies related to Processing Expenses or Reimbursements Incurred during the Execution of those Duties

   (1) If an Audit & Supervisory Board Member requests the prepayment, etc., of expenses during audit duties, the Company shall immediately process expenses or reimbursement.

10. Other Structures for Ensuring Efficient Execution of Audits by Audit & Supervisory Board Members
   (1) Audit & Supervisory Board Members shall attend Board of Directors' meetings and other meetings critical to the execution of duties by directors. As necessary, Audit & Supervisory Board Members shall provide opinions and ascertain the decision-making process for crucial matters. Additionally, Audit & Supervisory Board Members shall ascertain the status of business execution by browsing important documents related to business execution.
   (2) Audit & Supervisory Board Members shall meet periodically with the accounting auditor and the Internal Audit Department to share information and exchange opinions.
   (3) As necessary, the CEO shall meet periodically with Audit & Supervisory Board Members to exchange information on critical audit issues.

2. Basic Views on Eliminating Anti-Social Forces and status of creation of relevant policy

1. Basic Views

   Indicated in "Basic Policy on Internal Control Systems 1.(4) and 3.(5).

2. Status of Creation

   In the "Behavior Standards", we outline policies for responding to antisocial forces and indicate these policies in the Employee's Handbook. Also, we publish the "Manual for Responding to Unjust Requests by Antisocial Forces" on the corporate intranet and distribute to Group companies to reinforce awareness. Additionally, include provisions regarding the exclusion of organized crime syndicates in agreements concluded between the Company and third parties.

   Designate the department in charge of response. This department maintains close contact with relevant administrative agencies, external expert organizations, and legal experts to create a structure capable of implementing an organizational response, including information gathering and legal responses.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None

Supplementary Explanation

Basic policy on controlling interests

(1) Basic policy on party controlling decisions related to Company financial and business policy

1. Group fundamental approach to business management

The core of our Group operations involves providing infrastructure deeply embedded in public society, specifically the railway business and other ground transportation services (hereinafter, "core business"). As a corporation, we have a great responsibility to society.

We can fulfill our social responsibilities through our Group business by ensuring user safety and convenience while continuously providing stable transportation services. To achieve this, it is vital that we engage in management with a long-term perspective that anticipates various changes in the business environment by ensuring safety measures, developing routes, expanding facilities, and developing roadside environments.

As we engage in Group activities, giving maximum consideration to the interests of a wide range of stakeholders, including ensuring harmony with local societies and promoting environmental awareness, is key to fulfilling our responsibilities to our customers, shareholders, business partners, and employees, as well as fulfilling our corporate social responsibilities.

One of the results of our commitment to engaging in business development with a long-term perspective and being considerate of a wide range of shareholders has been the development of a diverse range of businesses. While centered on the railway business, other businesses we operate include transportation business that includes bus and taxi operations, a logistics business, a real estate business, a leisure services business, and a construction business. We strive to secure and increase our corporate value by organically linking our core business with these related businesses.

2. Details of basic policy

We believe the party controlling decisions related to company financial and business policy must fully understand the approach outlined in Paragraph 1 above and must strive for the medium- to long-term maximization of corporate value and, subsequently, shareholder common interests.

We believe that the shareholders of a listed company should be determined through free market transactions. Even in the event of large-scale purchase that results in a transfer of corporate ownership, we believe individual shareholders should have the final say in determining whether or not they choose to participate in large-scale purchases.

However, there is the possibility that the large-scale purchase of Company stock or a takeover bid may pose a clear threat to our “corporate value and, subsequently, shareholder common interests,” could “substantially force shareholders to sell their shares,” or “involve a lack of sufficient information sharing or time necessary to make a decision regarding whether or not to accept the purchase offer.” We believe there is a need to ensure our corporate value and shareholder common interests by implementing appropriate measures to protect our shareholders from such large-scale purchase.

(2) Special initiatives to support realization of basic policy

1. Group management philosophy

Based on the above approach, through our daily business activities we aim to contribute to the development of society by achieving healthy business growth while fulfilling our corporate social responsibilities. To this aim, we have outlined the Keisei Group Management Philosophy. This Group philosophy outlines that the Keisei Group strive for the safe and pleasant provision of quality products and services that please our customers while contributing to healthy business growth that contributes to social development. To promote the realization of this philosophy, we also created a Group Action Guidelines that covers five elements: safety, service, growth, corporate ethics, and the environment. Through this Philosophy and Group Action Guidelines, we will work to secure and improve our corporate value.

2. Group management plan

Under the aforementioned Group Management Philosophy, every three years our Group creates a Group Medium-Term Management Plan to clarify our overall Group management philosophy and goals. In this plan, we outline a basic policy of enhancing the structure that enables us to maximize Group synergy while working to maximize the overall corporate value of our Group.

In our E4 Plan, the Medium-Term Management Plan for FY2019 through FY2021, we outline a basic policy of enhancing business management to bolster earnings, providing safe and secure services, and establishing a business promotion structure that corresponds to the demands of society (CSR management). Under this basic policy, we will strive to maximize our Group corporate value by implementing the following basic strategies: 1. Engage with local stakeholders to increase our profile, 2. Manage the group more effectively and strengthen corporate governance, 3. Cultivate inbound tourism market, 4. Expand earnings by strengthening existing businesses, 5. Ensure safety and security and improve the quality of services, and 6. Establish new growth vision.

3. Approach to profit returns

Our railway and other transportation businesses are deeply tied to the public. As such, our basic policy on profit returns is to issue stable and sustainable profit returns based on a consideration of performance as well as the need to ensure the internal retention necessary for future business development and to stabilize and strengthen our business platform.

4. Initiatives related to corporate governance

We work to enhance corporate governance by developing positive relations with stakeholders as well as working to build, strengthen, and improve internal control functions and structure. Specifically, to promote rapid and effective business implementation, we enhance internal control functions and apply work authority rules and other regulations to promote efficiency as well as ensure compliance, implement risk management, promote management transparency, and conduct fair information disclosure. Moving forward, we will continue working to strengthen our corporate governance.

Our Company adopts a corporate auditor system and has establish a Board of Directors and an Audit & Supervisory Board, and we have designated an accounting auditor. Our Board of Directors is comprised of 12 auditors, including four outside directors. Furthermore, we set the term of appointment for each director as one year to promote enhancements to our executive monitoring structure. Our Audit & Supervisory Board is comprised of five members, four of whom are outside auditors. Audit & Supervisory Board members attend Board of Directors' meetings and other important meetings to audit the status of business execution by directors. Audit & Supervisory Board members also liaise closely with our internal audit department and the accounting auditor to exchange opinions and strengthen coordination in order to increase audit efficacy and efficiency.

(3) Initiatives to prevent the takeover of Company financial and business policy decisions by an inappropriate as outlined in the fundamental policy

The Company implements appropriate measures to ensure the protection of our corporate value and, subsequently, the common interests of our shareholders, from parties attempting to make large-scale purchases of Company stock. This includes requiring the sufficient provision of information necessary for shareholders to make appropriate judgments, disclosing opinions issued by our Board of Directors, and working to ensure shareholders have the time needed to make appropriate evaluations. Implemented measures are within the scope outlined in relevant laws, including the Financial Instruments and Exchange Act and the Companies Act.

(4) Ensuring the initiatives above are aligned with ensuring our corporate value and shareholder common interests, and that initiatives are not designed to protect the position of any Company executives

Initiatives outlined in (2) and (3) to improve corporate value are specific measures designed to continuously maintain and improve our Group corporate value and the common interests of our shareholders. As such, said initiatives must be aligned with basic policies, must not harm the common interests of Company shareholders, and must not be designed to protect the position of any Company executive.

2. Other Matters Concerning to Corporate Governance System

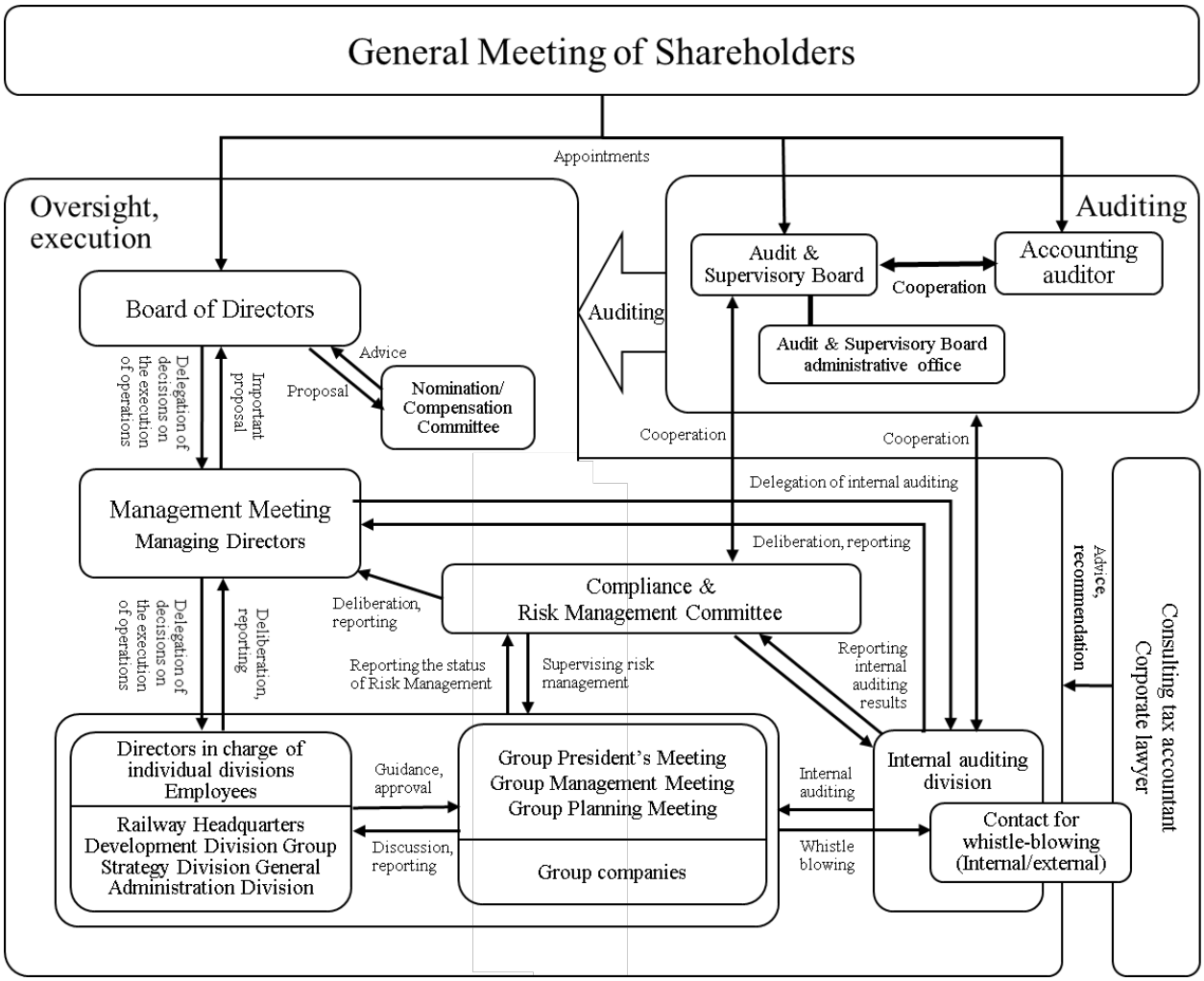
The status of internal structure related to the timely disclosure of Company information is detailed below.

1. Internal Structure related to Timely Disclosure

   The Company outlines "Behavior Standards" to be adhered to by all persons engaged in business activities. Within these Standards, we define the "Timely and appropriate disclosure of business information" to promote awareness regarding the rapid reporting of important information if discovered. For Company subsidiaries, in our Affiliate Management Regulations require the establishment of a rapid reporting system to ensure the timely reporting of important business information.
   For important issues that occur at the Company or a subsidiary, we conduct management through disclosure in accordance with Insider Trading Prevention Regulations, which we created based on the Timely Disclosure Regulations. In principle, matters related to business execution overseen by full-time directors are disclosed following deliberation at Management Meetings (in principle, held once per week) and matters critical to business management are disclosed after deliberation at Board of Directors' meetings (in principle, held once per month). We work to proactively disclose information that we determine is not applicable to timely disclosure standards but still constitutes information useful to shareholders and investors.

2. Audits of Internal Systems related to Timely Disclosure

   The Internal Audit Department conducts periodic internal audits of the management systems related to our general business activities as well as the status of implementation with the goal of validating, evaluating, and improving internal systems from the perspective of compliance with relevant laws and social norms, and in terms of our fulfilling our corporate social responsibilities.
   The results of these internal audits are immediately reported to our Compliance & Risk Management Committee members and reports on the status of audit activities are presented at regular Compliance & Risk Management Committee meetings (held twice per year).



This document is an English translation of the Japanese version. If there is a discrepancy between the Japanese and English versions, the Japanese version shall prevail.