



KEIHAN GROUP CORPORATE REPORT 2020

English

Be the beautiful Keihan areas and the global Keihan group



Keihan Railway: Between Kuzuhara Sta. and Hashimoto Sta.

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Editorial policy

The Keihan Group places emphasis on communication with its stakeholders in advancing its business activities. This report has been issued as a comprehensive communication tool that introduces the group's history, current businesses, and its initiatives aimed at further improvement of its corporate value, allowing its readers to deepen their understanding of the Keihan Group, which is striving to achieve sustainable growth with society.

* In this report, FY2020 refers to the fiscal year ended March 31, 2020. This rule applies to all other years with the FY notation.
<https://www.keihan-holdings.co.jp/corporate/csr/>

- Coverage Keihan Holdings Co., Ltd. and its group companies
- Period Fiscal 2020 (April 1, 2019 to March 31, 2020)
* Contains some information not included in the above period.
- Month of issue August 2020
* The previous issue was released in August 2019, and the next issue is scheduled to be released in autumn 2021 (issued annually)



Keihan Holdings' website "Kokoromachi Tsukuro"

Under the page title "Kokoromachi Tsukuro" (indicating "Let's create heartwarming communities and the things people anticipate"), which is the slogan of the Keihan Group, the website introduces our wide-ranging activities, as well as various scenes and people's expressions in the areas along the Keihan Railway lines, with photos and reports. Through such information, we intend to express the value that the Keihan Group has pledged to offer to customers, such as "safety and security," "warmth," and "thoughtfulness."

<https://www.keihan-holdings.co.jp/brand/>





Top Message /

The entire group addresses environmental changes, including the COVID-19 crisis, with the aim of becoming a sustainable corporate entity under the concept of BIOSTYLE.

Ishimaru
Masahiro
石丸昌宏
Representative Director & President, COO
Keihan Holdings Co., Ltd.



— Interview at GOOD NATURE STATION in July 2020 —

Message 1 /

GOOD NATURE STATION as the symbol of the Keihan Group

In December 2019, GOOD NATURE STATION was opened in Shijo-Kawaramachi. This facility embodies the concept to “Create relatable contents = BIOSTYLE,” which is one of the main strategies specified in the medium-term management plan “Bravely Pursuing Creation” formulated in fiscal 2016. Based on the idea of “a lifestyle to enjoy selecting healthy and good things while staying true to yourself,” we aim to offer products, services, and businesses that can also contribute to a sustainable society.

The unique point of GOOD NATURE STATION is that all of its facilities—the hotel, shops, restaurants, and salons—are designed under the same concept. To realize this, we insisted on direct management. Thus, we launched brands of cosmetics, sweets, and other food items and even started the SPA business. We have just reached the starting line. To develop BIOSTYLE

as the Keihan Group’s new brand, we established a specialized unit in the company and determined five principles: “Good for Health/Minds/Locals/Society/the Earth.” Since these principles are compatible with the SDGs, we determined BIOSTYLE as the “Keihan-version SDGs” and promote it as a group-wide effort. Because “Locals” is included in the five principles, we hope to coexist and co-prosper with the locals through various projects which involve local producers, governments, and shopping areas, among other parties.

Furthermore, to make it a sustainable initiative, it is important that we focus on the improvement of the Keihan Brand, as well as profitability. To provide social benefits and run a profitable business simultaneously, we hope to feature BIOSTYLE and GOOD NATURE as new brands of the Keihan Group.

Message 2 /

Promote ESG (environment, society, governance)-focused management to cope with natural disasters and COVID-19

To cope with climate change, our group established the technical committee on compliance and crisis/risk management within the Keihan Group CSR Committee, through which we have formulated the Business Continuity Plan (BCP) and manuals to prepare for emergencies. Since practice is the most important thing, we conduct cross-functional drills every year, involving railway sections, commercial facilities, and hotels.

In recent years, the Kinki region has experienced the 2018 Osaka Earthquake and large typhoons. During the Typhoon Jebi in September 2018, we implemented for the first time a planned suspension of the railway service. We were able to do it smoothly while sharing information with commercial facilities and hotels in the group, local governments, and mass media; I felt that it was the result of our drills. During the COVID-19 crisis, we implemented our response plan to natural disasters. However, we had not expected a situation like this; we need to improve the BCP to properly handle pandemic of infectious diseases.

With regard to climate change, we have set specific target values to reduce the emission of the greenhouse effect gas, which causes global warming. Through the “Railway electricity consumption reduction project” undertaken by Keihan Electric Railway Co., Ltd., we have achieved outcomes as a result of



our steady efforts: the railway electricity consumption in fiscal 2020 was decreased by approximately 15% compared with fiscal 2004, when the project was launched. Keifuku Electric Railroad Co., Ltd. is engaged in parcel transportation using streetcars as a joint project with Yamato Transport Co., Ltd. With regard to houses, we have built energy-saving condominiums, and Zero Corporation Co., Ltd. is striving to promote Net Zero Energy Houses to help reduce energy consumption in general households.

We included “Promotion of management in consideration of ESG” in the Long-term Strategic Concept in fiscal 2019 and have continued efforts based thereon. In fiscal 2022, to become what the Keihan Group aims to be, we will issue an integrated report containing both financial and nonfinancial information. This will help us organize our ideas on the value we will continue to present and share information widely. Through these efforts, we will improve our corporate value even further.

Message 3 /

Improve BIOSTYLE to become a corporate entity that continues progress in the society coexisting with COVID-19

Everyone will remember 2020 as the year of COVID-19 pandemic. Under such circumstances, I am considering how our suggested concept, the BIOSTYLE, can contribute to a society coexisting with COVID-19.

“Safety and security” has always been the priority value pursued by the Keihan Group. Henceforth, we must also focus on safety from the perspective of sanitation. By improving the concepts of “safety and security” as the Keihan Group’s identity and “BIOSTYLE” in accordance with the times, and reflecting them in what we offer, we hope to develop reliable products, services, and businesses that can be used by our customers without worry.

The Keihan Group has been engaged in multifaceted businesses, such as transportation, real estate, retail distribution, and leisure & service, including the hotel business. In the past 10 years, each sector has been working independently to make a profit for the whole group. However, the COVID-19 crisis caused devastation of the inbound



Interviewer /

Megumu Murakami

Senior Manager, Center for the Strategy of Emergence, The Japan Research Institute, Limited

Graduated from the Faculty of Law, Kyoto University. After serving the Industrial Bank of Japan (currently Mizuho Bank), she joined the Japan Research Institute, Limited (Osaka Head Office) in 2003. Her area of expertise is corporate survey for ESG investment, SDG promotion, and the theory of children's participation. Her single-authored works include “The world with declining birthrates” (Nikkei Publishing, 2019), and her multiauthored works include “Introduction to the SDGs” (Nikkei Publishing, 2019) and “SDGs textbook for businesspersons” (Nikkei Business Publications, 2018). [Book titles are translated from Japanese]

History of the Keihan Group

Founder's spirit passed down



Eiichi Shibusawa
(Photo owned by Shibusawa Memorial Museum)

1906

Keihan Electric Railway Co., Ltd. was established

1910

Keihan Electric Railway was opened to traffic (between Tenmabashi Sta. in Osaka and Gojo Sta. in Kyoto)



The first Chrysanthemum Figure Exhibition was held in Korien



1926

Full-fledged entry into bus business



Start of business and proactive management

To overcome the lack of transportation capacity between Osaka and Kyoto and contribute to regional development, we began railway operation between Tenmabashi in Osaka and Gojo in Kyoto. We strived to improve convenience and safety by introducing express trains and the automatic color-light three-position signal system. The Chrysanthemum Figure Exhibition was also started as part of our efforts to attract more passengers. In order to develop the areas along our railway lines, we attracted schools and the Naritasan-Fudoson Temple. We also made proactive efforts to diversify our business and expand our commercial areas through entry into the bus business and other projects.

* Figures in or before fiscal 1977 indicate non-consolidated operating revenues of Keihan Electric Railway Co., Ltd.

Keihan Electric Railway Co., Ltd., the predecessor of Keihan Holdings, was established on November 19, 1906 by Eiichi Shibusawa as leader of the organizing committee. Shibusawa is known as the founder of Japan's first bank, The First National Bank, and has been dubbed as the Father of Japanese Capitalism. Construction of a railroad that connects the 1,000-year-old capital of Japan, Kyoto, and the commercial center, Osaka, was a promising project from the perspective of profitability. At the same time, the project was based on a high ideal of contributing to the development of local communities.

The management philosophy of Shibusawa is summarized in the doctrine of "the harmony between morality and economy," which means that the main duty in business is not simply pursuing personal gain, but also dedicating efforts to other people's happiness in consideration of public gain. In the course of its history, the Keihan Group has passed down the founder's spirit as the whole group's asset, and has achieved development along with society. The spirit is currently stipulated in the Management Principles and shared within the group. While the social and economic environments are expected to change drastically in the future, we are determined to continue presenting value to society on the basis of the spirit of the founder, Shibusawa, and Management Principles, and achieve sustainable development along with society.

1968

The first-period lot sales of Kuzuhara Rose Town was started



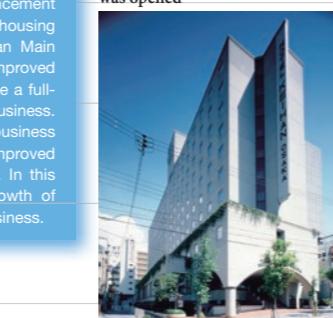
1985

Keihan Department Store Moriguchi was opened



1979

Hotel Keihan Osaka (now Tenmabashi) was opened



Diversification of business that supported Japan's post-war economic growth

With the rapidly increasing transportation and housing needs in the areas along our railway lines, we devoted ourselves to the enhancement of railway transportation capacity and housing development. By extending the Keihan Main Line to Yodoyabashi, we successfully improved access to central Osaka. We also made a full-fledged entry into the building rental business. In addition, we began operation of business hotels and department stores, and improved leisure facilities, such as cruise ships. In this way, we supported the economic growth of Japan through diversification of our business.

over generations

Toward the next 100 years

Under the previous medium-term management plan "Bravely Pursuing Creation," we adopted the holding company system to become a corporate group that can continue growth even in the severe business climate to be brought about by population decline, etc. In addition to the reinforcement of our four core businesses, we also worked on the enhancement of the value of the areas along our railway lines (which is the point of origin where the company was started), exploitation of opportunities in the rapidly growing inbound market, and creation of contents to enhance customers' "value of living." In May 2018, we formulated the "Keihan Group's Long-term Strategic Concept," consisting of a new management vision toward 2050 and mid- and long-term management strategies focused on its realization. We are always challenging ourselves so that we can achieve further growth even in the midst of drastic changes in society, as a corporate group needed by society.

2008

Nakanoshima Line (between Tenmabashi Sta. and Nakanoshima Sta.) was opened to traffic



Business reconstruction followed by new growth

To respond to the drastic changes in the business climate, such as the economic slump caused by the bubble burst in Japan, we worked on business reconstruction by, for example, changing the real estate business model through the Keihan Group "Re-Born 21" Plan. We also formulated the management vision "Our Challenge to Keihan as First Choice" with a view to becoming a "large and successful company." We continued our proactive approaches, such as the launch of the Nakanoshima Line, which contributed to the revitalization of the Kansai economy, and the opening of Kuzuhara Mall, which enhanced the value of the areas along our railway lines. Furthermore, we have expanded our business also in the areas away from our railway lines, such as hotel operation in the Tokyo metropolitan area.

2017

"Premium Car" (special car with reserved seats) was introduced



2018

Hirakata Station was upgraded



2019

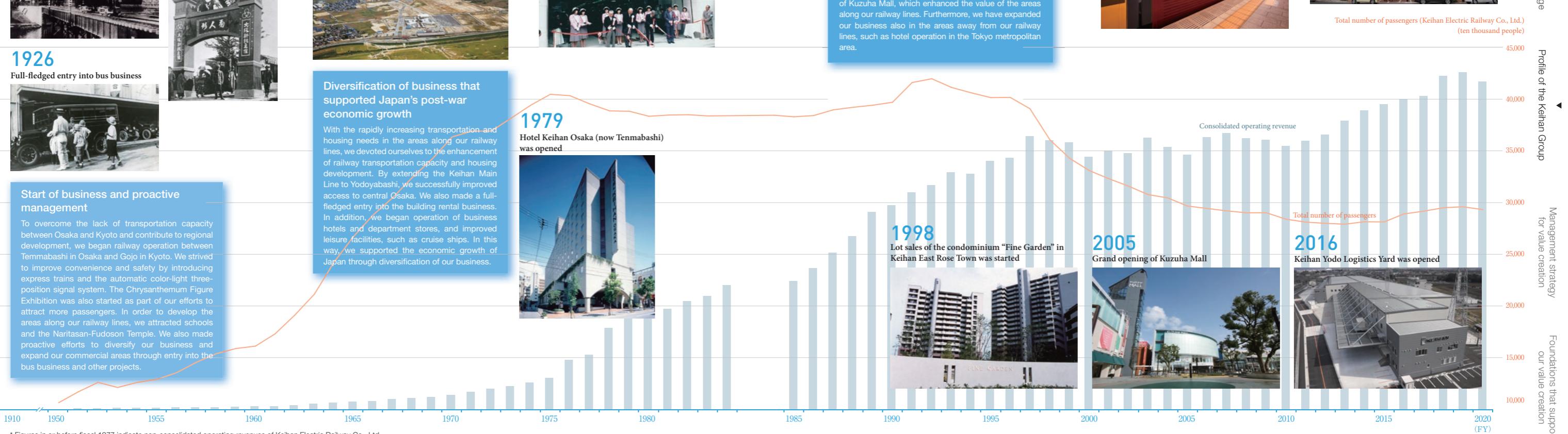
THE THOUSAND KYOTO was opened



GOOD NATURE STATION was opened



Total number of passengers (Keihan Electric Railway Co., Ltd.) (ten thousand people)



Top message

Profile of the Keihan Group

Management strategy

Foundations that support our value creation

Management Principles System of the Keihan Group

Aiming to be a brilliant corporate group with continued prosperity in the 21st century, the Keihan Group established the Management Principles in July 1998 to clearly convey its social mission and responsibility to its stakeholders in and outside of the group.

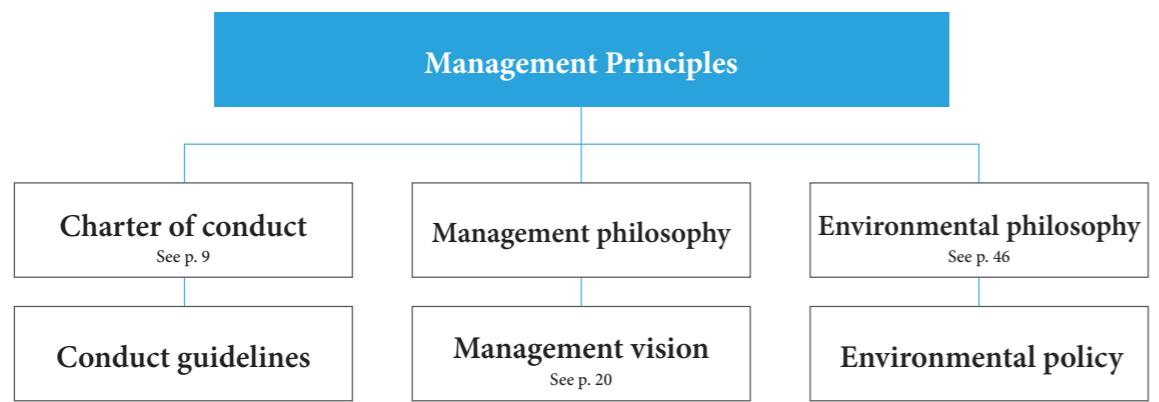
With the Management Principles as the superordinate concept, we also established a "charter of conduct" as a basic course of action to realize the Management Principles through our daily behavior, a "management philosophy" as premise values for managerial decision-making, and an "environmental philosophy" that describes the attitude required in becoming an eco-friendly company.

Furthermore, we have determined "conduct guidelines," a "management vision" and an "environmental policy" to embody the concept of the "charter of conduct," "management philosophy" and "environmental philosophy," respectively.

Management Principles

The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust.

Diagram of the Management Principles System



Management philosophy

1. We will take good care of local communities, customers, shareholders and employees.
2. We will comply with laws, regulations and social norms, and fulfill our corporate social responsibility.
3. We will make efforts to conduct eco-friendly corporate management, and give due consideration to environmental conservation and resource protection.
4. We will always take new approaches and reinvent ourselves.
5. Under the customer-first policy, we will develop a life-stage network based on the railway business, and create a comfortable living environment.

Environmental philosophy

Based on the recognition that global environmental conservation is one of the key common issues shared by all humankind, the Keihan Group will contribute to the sustainable development of society by making efforts to conduct eco-friendly corporate management and give due consideration to environmental conservation and resource protection.

Charter of conduct

As a corporate group engaged in the highly public business of railway service as well as diverse businesses that are closely associated with local communities, the Keihan Group has established the charter of conduct as follows so that it will be able to fulfill its corporate social responsibility by faithfully responding to the expectations of people surrounding the group and to earn the trust of local communities.

All corporate officers and employees of the Keihan Group will recognize that the achievement of this charter of conduct is the role given to them, and take the lead in its achievement.

1. We will comply with laws, regulations and social norms, and take responsible actions while maintaining a high ethical standard.
2. We will offer high-quality services,^{(*)1} on a timely basis, that are deserving of customers' trust and satisfaction, while giving primary consideration to the safety of customers.
3. We will pursue fair business practices.^{(*)2} At the same time, we will maintain a sound and normal relationship^{(*)3} with governmental and administrative bodies.
4. We will communicate widely with society, and disclose information necessary for all stakeholders on a timely basis and in an appropriate manner.
5. We will respect the human rights of all people.
6. We will work toward the creation of a safe and pleasant working environment free of all forms of harassment.
7. We will actively make efforts toward environmental conservation.
8. We will strictly manage personal information and other important information in an appropriate manner.
9. We will contribute to local communities through our business activities.
10. We will assume a firm attitude against, and work toward the elimination of, antisocial forces that threaten public order and safety.
11. We will expeditiously advance our business activities in a sound manner,^{(*)4} and pursue long-term and stable enhancement of our corporate value.

(*)1 Including providing appropriate descriptions and explanations of our services and products.

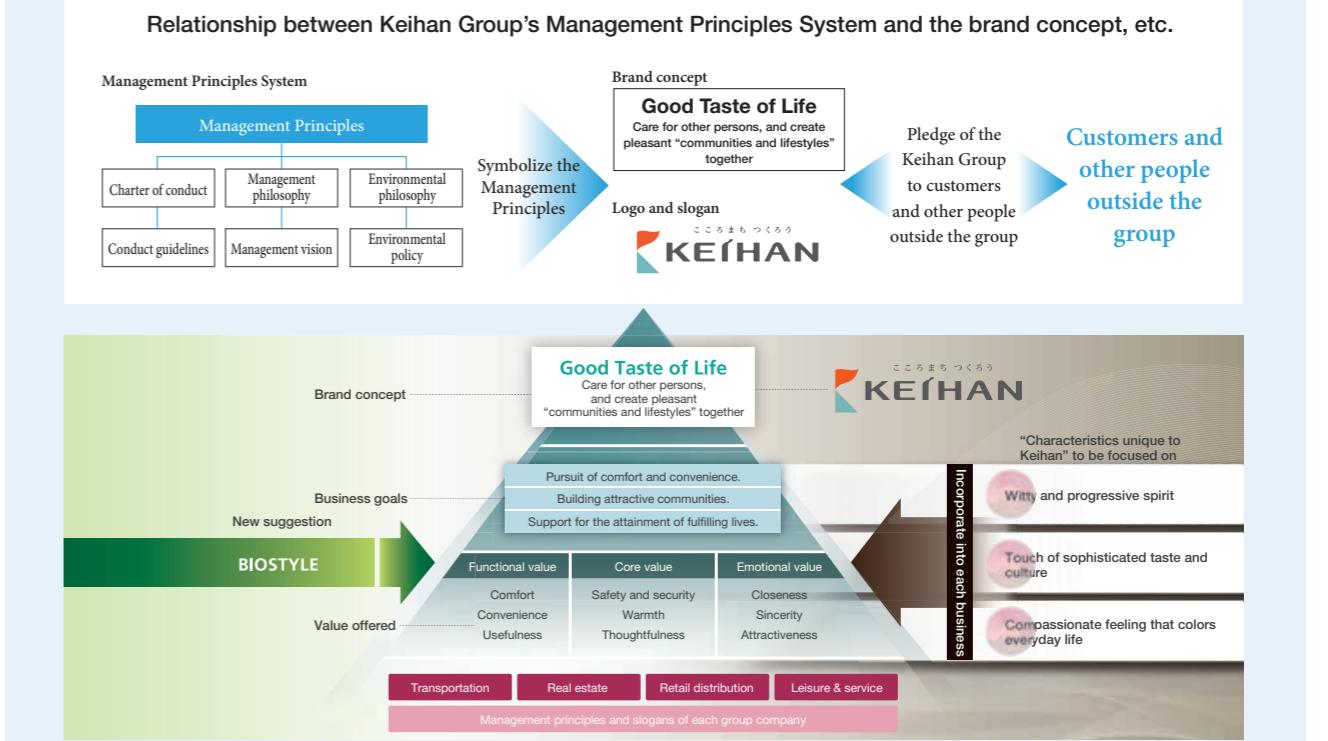
(*)2 Bid-rigging, involvement in cartels, taking advantage of one's position for self-interest, offering of gifts or entertainment that is considered inappropriate under normal social conventions, unreasonable demand as a purchaser, intellectual property infringement, and insider trading are prohibited. We should follow proper accounting procedures and make efforts to protect patents, trademarks and other intellectual property.

(*)3 It is not allowed to offer an illegal contribution or donation related to political activities.

(*)4 Information regarding business activities should be accurately recorded and stored, following relevant rules.

To enhance the value of the "Keihan Brand"

To establish the "Keihan Brand," the Keihan Group set a brand concept, logo and slogan. They have been used since April 2008.



Businesses of the Keihan Group

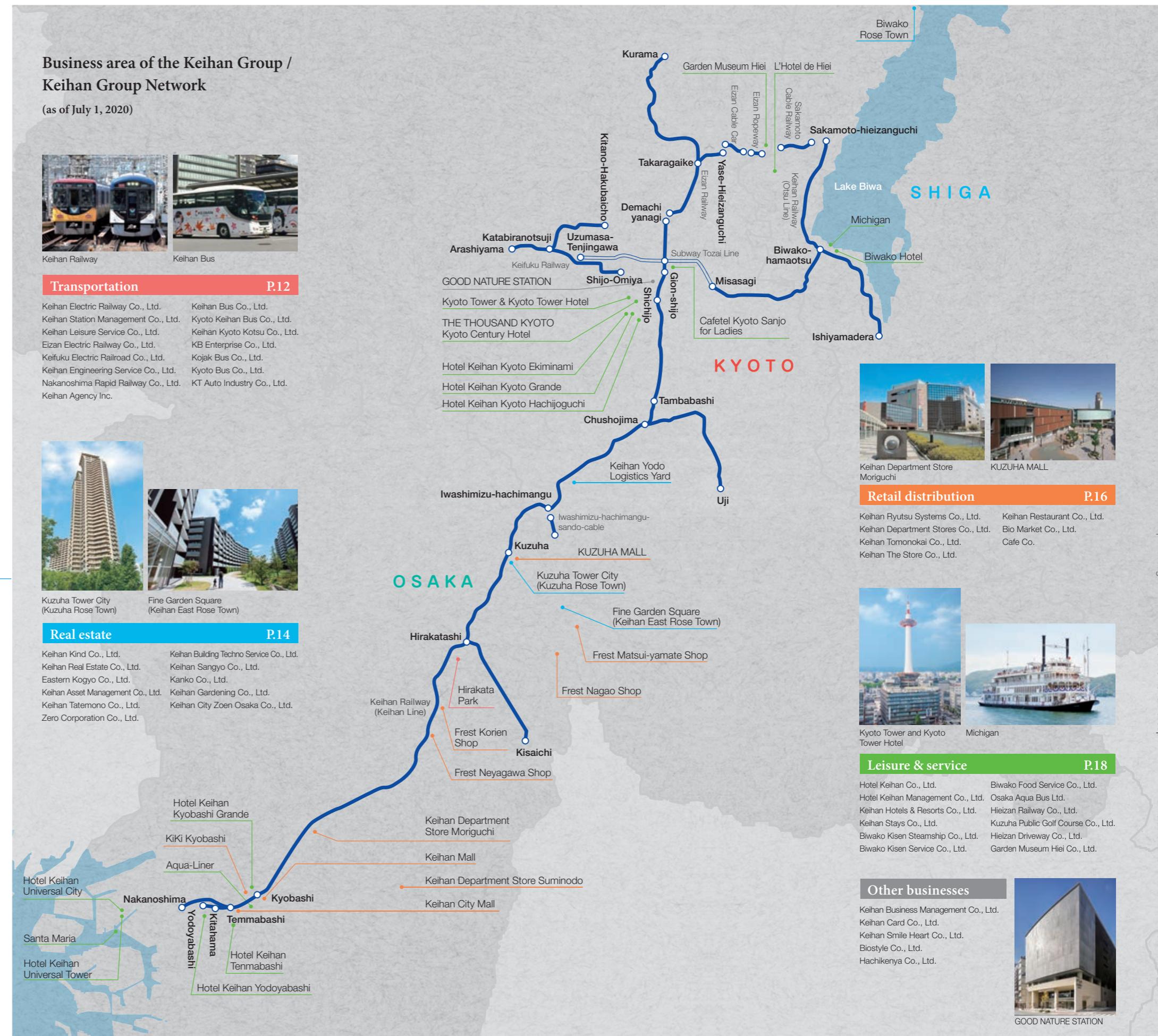
The Keihan Group is made up of approximately 50 group companies that are engaged in a wide variety of businesses, categorized into transportation, real estate, retail distribution, and leisure & service.

Although the social and economic environments are undergoing changes, the Keihan Group will always prioritize the universal value of "safety and security" that forms the foundation of the group's existence. While maintaining this attitude, we will continue challenging ourselves so that we can provide new value to society, tackle social issues, and achieve sustainable development with society through our diverse businesses that are closely associated with everyday lives.



Overview of the Keihan Group (as of March 31, 2020)

Number of consolidated companies:	42 (including Keihan Holdings and equity-method affiliates)
Number of employees (consolidated):	7,083 persons
Operating revenue (consolidated):	317.1 billion yen
Major business:	<p>Transportation ... Railway, bus, and amusement park operation</p> <p>Real estate ... Real estate sales and rental</p> <p>Retail distribution ... Operation of department stores, other stores, and shopping malls</p> <p>Leisure & service ... Hotel operation, leisure business</p> <p>Others ... Credit card business</p>





Businesses of the Keihan Group

Transportation

Connect region to region, and people with people, with a safe, secure, convenient and comfortable network



Railway

Keihan Railway offers intercity transportation connecting Osaka, Kyoto and Shiga, and is used by commuters as well as tourists visiting Osaka, Kyoto and Lake Biwa. We also operate the Eizan Railway covering the northern part of Kyoto City, and the Keifuku Railway, known as "Randen" and extending to the Arashiyama area in Kyoto. To ensure safe and secure operation, we focus on the improvement of safety facilities and thorough daily maintenance. In addition, we keep ourselves prepared for emergencies through various forms of drills. Our efforts to enhance convenience and comfort of customers include renovation of train cars and stations, and implementation of customer satisfaction training programs aimed at improving our guidance and customer handling skills. In this way, we are taking various approaches to improve both tangible and intangible elements of our services.



Premium Car (Keihan Electric Railway)

Bus

Keihan Bus offers fixed route bus service in the areas of Osaka, Kyoto, and Shiga, as well as regular tourism bus service in Kyoto, expressway bus service, and airport limousine bus service. Kyoto Bus operates fixed route bus and chartered bus services around tourist spots, such as Ohara, Arashiyama, and Sagano. Kojak Bus operates fixed route bus and chartered bus services around Otsu and Moriyama. These buses offer local transportation to passengers along our railway lines. To improve the convenience of our fixed route bus service, we have introduced "Keihan Group Bus Navi" (see p. 38) and smart cards. Our tourism bus services mainly cover Kyoto City.

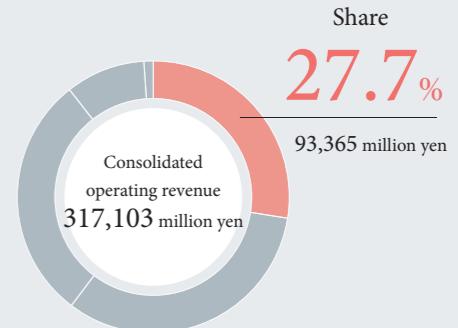


Kyoto Bus

Overview of fiscal 2020 results

Regarding the railway business, Keihan Railway Co., Ltd. redesigned the vehicles of the Keihan Cable Line, changed its nickname to "Iwashimizu-hachimangu-sando-cable," and renamed "Yawatashi Station" on the Keihan Main Line to "Iwashimizu-hachimangu Station." Eizan Electric Railway Co., Ltd. renovated Kibuneguchi Station on the Kurama Line to improve its safety and convenience, whereas Keifuku Electric Railroad Co., Ltd. renovated Kitano-Hakubaicho Station on the Kitano Line to reinforce its transportation network. Thus, we made efforts to further improve our services and attract more passengers.

Operating revenue
93,365 million yen (0.6% decrease year-over-year)
Operating income
10,862 million yen (3.2% decrease year-over-year)



In the three prefectures of Osaka, Kyoto and Shiga in the Kansai region, we have been striving to extend the safe, secure, convenient and comfortable transportation network through our railway business that supports intercity, regional and tourism transportation, and our bus business mainly focused on regional transportation. We have also been making efforts to enhance our services so that we can improve the satisfaction of commuters as well as tourists from both within Japan and around the globe.

Hirakata Park

Called by the nickname "Hira-Par," Hirakata Park is an amusement park with a long history that marked its 100th anniversary in 2012. It is popular as an amusement park that three generations in the same family can enjoy together, featuring over 40 rides, large halls hosting various events, and character shows for children. With the swimming pool "The Boon," the snow and skating park "Winter Carnival," a rose garden boasting approximately 4,000 stocks of 600 variations, Halloween events in autumn and illumination in winter, we are trying to make the park an even more attractive place where guests can enjoy themselves each season, throughout the year.



Hirakata Park

BIOSTYLE PROJECT

Introduction of energy-saving train cars "13000 series" and hybrid electric vehicles

Currently, Keihan Electric Railway Co., Ltd. is replacing the 2200 series and 2600 series train cars on the Keihan Line with the energy-saving 13000 series train cars. Considering the environment, electricity consumption during traveling was reduced to approximately 65% compared with conventional cars (2600 series now being replaced), and LED lighting has been introduced as interior lights and headlights from the second train sets onward.

The bus companies in the Keihan Group are proactively introducing low-emission vehicles, such as those equipped with automatic idle reduction systems and hybrid electric vehicles, and striving to improve fuel efficiency and reduce fuel usage by promoting eco-driving.



13000 series
(Keihan Electric Railway)



Hybrid electric vehicle



Businesses of the Keihan Group

Real estate

Create highly comfortable,
convenient and attractive communities



Real estate development

We have been engaged in comprehensive community building by connecting transportation, commercial facilities and community facilities at Kuzuha Rose Town, Biwako Rose Town, Keihan East Rose Town, Keihan Higashi Okurayama, and Keihanna Park City, to name a few.



Keihan East Rose Town

Real estate sales

We are involved in the sales of condominiums and houses, real estate brokerage, and the renovation business mainly in the Kansai region. Our condominium projects include the private brand "Fine" series and large-scale sales projects jointly conducted with other companies. We also sell condominiums in the Tokyo metropolitan area and around Sapporo. While focusing on the enhancement of added value in the areas along the Keihan Railway lines, we are also promoting multifaceted business operation.



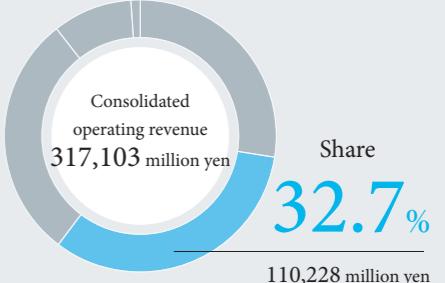
Fine City Musashino Fujimi

Overview of fiscal 2020 results

Regarding real estate sales, we proactively promoted the sales of condominiums, such as "The Kyoto Residence Goshohigashi," "Fine Extra City," and "Fine City Sapporo The North Gate," as well as land lots and houses in "Keihan East Rose Town" and "Rose Place Katano Ekimae." For real estate rental, "Toranomon Hills Business Tower" was completed under category 1 urban redevelopment project in the Toranomon 1-chome area in which we participated to further enhance and reinforce our business.

Operating revenue
110,228 million yen
(7.1% decrease year-over-year)

Operating income
16,906 million yen
(3.2% decrease year-over-year)



We develop large-scale new towns, condominiums and houses. We are also actively engaged in the rental of commercial facilities and office buildings as well as the landscape gardening business. Thus, we are involved in community building based on the idea of overall development of the living environment.

Real estate rental

We operate and manage buildings with office premises for lease, such as "OMM" and the "Keihan Yodoyabashi Building" in the Kansai region and the "Keihan Otemachi Building" in the Tokyo metropolitan area. In addition, we rent out the logistics facility "Yodo Logistics Yard" and commercial buildings mainly along the Keihan Railway lines. We are also engaged in the value enhancement of our own assets through rebuilding and redevelopment, and seek revenue increases through asset replacement based on an asset portfolio. Utilizing the method of open-end private REIT as well, we pursue the maximization of corporate value across the entire group.



OMM

BIOSTYLE PROJECT

Promotion of ZEHs (Zero Energy Corporation Co., Ltd.)

We have been striving to promote ZEHs* to help reduce energy consumption in general households. In addition, we have been using domestic lumber for all the houses we construct since 2012. By using domestic lumber, we make an ecological contribution to the maintenance of the sustainable cycle of planting and logging in Japanese forests and preventing devastation of mountains.

* ZEH: Net Zero Energy House, referring to a house whose yearly primary energy consumption and generation are almost the same, with enhanced insulation efficiency, energy-saving function, and energy generation by solar power, etc.



Hanarikyu Saga Nison'in



Businesses of the Keihan Group

Retail distribution

Create happy and fulfilling lives through shops and services loved by customers



Department stores

Under the brand message “Department store with beautiful appearance and mind,” we operate four department stores in the areas along the Keihan Railway lines at Moriguchi, KUZUHA MALL, Hirakata and Mall Kyobashi, and one outside such areas at Suminodo in front of Suminodo Station on the JR Gakkentoshi Line. Through renovation and launching of directly managed multi-brand shops, we are working on the enhancement of the attractions of each store.



Keihan Department Store Moriguchi

Shopping centers

We have developed the suburban shopping center “Kuzuha Mall,” and urban shopping centers “Keihan Mall” and “Keihan City Mall.” Outside the areas along the Keihan Railway lines, we operate “Resora Obu Shopping Terrace,” “Blumer HAT Kobe,” and “Passaggio Nishiarai” as commissioned projects. In addition, we provide management consultation for “Onoda Sunpark” in Sanyo-Onoda City, Yamaguchi Prefecture. Focusing on property management, we offer suggestions related to the creation of added value in the retail distribution business, even for buildings owned by other companies.



KUZUHA MALL

Overview of fiscal 2020 results

The facilities that opened in the previous fiscal year, MUJI Keihan Hirakata and Hirakata Moyorichi, made a full-year contribution. Moreover, with regard to the operation of shopping malls, we were engaged in the commissioned property management of Passaggio Nishiarai, which is a commercial facility in Adachi-ku, Tokyo. We also rented part of the floors of Racto Yamashina Shopping Center at the former Daimaru Yamashina Store site and invited MUJI to open MUJI Kyoto Yamashina. Thus, we have strived to enhance our earning capacity.

Operating revenue
98,186 million yen
(0.5% decrease year-over-year)

Operating income
3,258 million yen
(11.5% increase year-over-year)



We operate various forms of commercial facilities, including department stores, shopping malls and supermarkets. We are striving to offer attractive services at each store so that we can suggest more comfortable, convenient, happy and fulfilled lives to our customers. Furthermore, utilizing the know-how we have gained there, we are proactively expanding business away from the areas along the Keihan Railway lines.

Stores

The diverse commercial facilities we run include the supermarket “Frest” and the convenience store “Anthree” in or around railway stations. Under partnerships with Uniqlo Co., Ltd. and Ryohin Keikaku Co., Ltd., we operate Uniqlo and MUJIcom shops in the stations and other places. In addition, we have developed and operated unique shops such as “SWEETS BOX,” where sweets from different popular shops are offered weekly, and “Fushimi-inari Senbon-inari,” a specialty store of *inarizushi* (sushi pocket; rice stuffed into pouches of deep-fried tofu).



Frest Matsuyamate Shop

BIOSTYLE PROJECT

Sales of organic vegetables and processed foods (Bio Market Co., Ltd.)

The “Bio Marche Home Delivery” service offers roughly 500 items, including 100% organic JAS vegetables and processed organic foods, to approximately 8,600 members throughout Japan. We also operate wholesale business, as well as directly managed and online shops. To familiarize consumers with organic foods, various events are held as a platform for communication between producers and consumers. In the future, we will play an active role in the creation of “BIOSTYLE,” a new lifestyle that the Keihan Group suggests.





Businesses of the Keihan Group

Leisure & service

Offer relaxing moments to all of our guests with friendly and cordial services

Hotels

The group owns and operates 21 hotels with approximately 4,600 rooms in the areas along the Keihan Railway lines in Osaka, Kyoto, and Shiga, as well as in other areas, such as Tokyo and Sapporo. Among all, we feature seven hotels of different grades with approximately 1,480 rooms around Kyoto Station. We are ready to meet the various needs of guests from Japan and abroad, who use our hotels as business or sightseeing bases or for wedding receptions. Each hotel actively implements renovation of its guest rooms and restaurants. Contests for staff members from each hotel competing with their hospitality or cooking techniques are also organized. We are making efforts to improve our tangible and intangible service elements.



THE THOUSAND KYOTO

Cruise boats

On Lake Biwa in Shiga Prefecture, we offer lake cruise services with "Michigan," "Bianca" and other boats, providing customers with an opportunity to enjoy the beautiful scenery and feel how grand Lake Biwa is. In Osaka City, we operate the "Aqua-Liner" as the symbol of Aqua Metropolis Osaka, the elegant cruise ship "Himawari," and the "Santa Maria" sightseeing sailing ship cruising around Osaka Bay. We also offer a regular service of the tour boat "Yodogawa Romantic Cruise," connecting Hachiken-yahama Pier in Temmabashi and Hirakata Pier. Through this project, we are working to boost waterway transportation on the Yodogawa River and enhance local attractions.



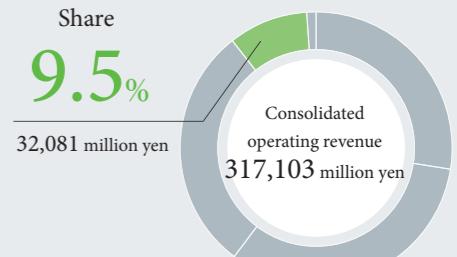
Michigan

Overview of fiscal 2020 results

Regarding the hotel business, the hotels launched in the previous fiscal year, namely, THE THOUSAND KYOTO, Hotel Keihan Kyoto Hachijoguchi, Hotel Keihan Tsukiji Ginza Grande, and Hotel Keihan Tokyo Yotsuya, made a full-year contribution. While under the severe business environment wherein we need to undergo fierce competition with rival companies, we made efforts to improve our earning capacity and competitiveness by conducting proactive promotion activities.

Operating revenue
32,081 million yen
(4.8% increase year-over-year)

Operating income
1,336 million yen
(26.5% decrease year-over-year)



We are engaged in the hotel business in the areas along the Keihan Railway lines as well as in other areas, and operate many facilities that are considered as the symbol of their area, such as "Kyoto Tower" as the landmark of Kyoto, and the "Michigan" and "Bianca" cruise boats operating on Lake Biwa. We offer friendly and cordial services.



Various leisure facilities along the Keihan Railway lines

In front of Kyoto Station, we operate "Kyoto Tower," which warmly welcomes residents and tourists at the gateway to Kyoto. On Mt. Hiei, we operate the toll road "Hieizan Driveway" extending approx. 8.1 km to the mountaintop, Japan's longest cable car "Sakamoto Cable Railway" (2,025 m), and "Garden Museum Hiei." Biwako Kisen Steamship Co., Ltd. and Keihan Gardening Co., Ltd. are designated administrators of "Yanagasaki Lakeside Park" that houses "Biwako Otsukan English Garden," a famous tourist spot in Otsu City. These services, featuring attractive tourism resources in the areas along the Keihan Railway lines, are popular among tourists from Japan and abroad.



Garden Museum Hiei

BIOSTYLE PROJECT

Initiatives for coexistence with nature around Lake Biwa (Biwako Kisen Steamship Co., Ltd.)

By declaring "Coexistence with Lake Biwa" as our Environmental Policy, we proactively work on environmental conservation activities at our business base, Lake Biwa. We conduct hands-on environmental learning activities on Lake Biwa using the tour boat "megumi" which is equipped with functions for this purpose. We also operate the boat "Uminoko" for accommodation training as a commissioned business. Through these, we are engaged in the environmental conservation activities around Lake Biwa from the perspective of hands-on learning. We are also putting emphasis on the cruises that provide experiences with the nature and food culture of Lake Biwa and have hosted a "Funazushi cooking cruise" since 2009 (see p. 48).



Management strategy for value creation —The Keihan Group's long-term strategic concept—

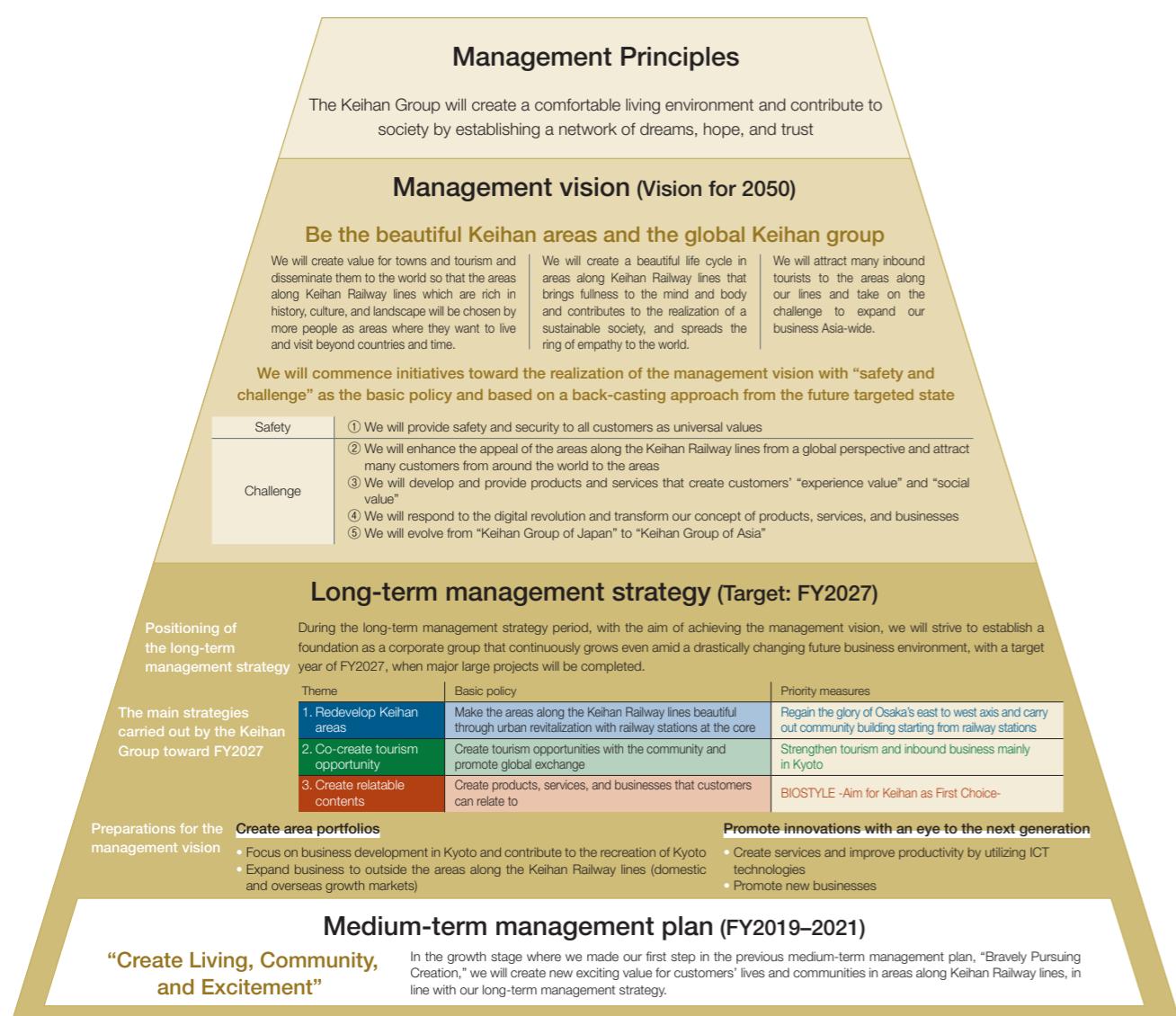
In May 2018, the Keihan Group announced the Group's long-term strategic concept, which comprises a new management vision for 2050 and the medium- and long-term strategies to achieve it. We established the strategic concept as a guideline for our future efforts to achieve further growth and remain a company that is needed by society, even amid expected dramatic changes in the social and economic environments.

Background of establishing the long-term strategic concept and its overall structure

In 2006, the Keihan Group established its management vision "Our Challenge to Keihan as First Choice," with an eye toward FY2021. As a result of aggressively pursuing business expansion in line with the vision, we have achieved our initial target of JPY 20 billion in consolidated net income and established a solid management foundation that can generate that level of income on a continuous basis.

However, we expect to see various changes in the long term that will significantly affect people's lifestyles and values as well as the Keihan Group's management. Such changes include saturation of the domestic market due to population decline, devastating impact of technology revolutions such as IoT and AI, intensifying international interurban competition due to urbanization of Asia and other areas, increasing importance of responding to climate change and natural disaster risks, and various business plans in the Kansai region such as the opening of an IR (integrated resort) in Yumesima and development of railway networks including the Naniwasuji Line.

In these circumstances, for our Group to transform itself into a corporate entity that will continue challenging itself to "create value" and "expand globally" by driving "quality innovation" in the Group's businesses and capturing opportunities one step ahead of changes, we established a new management vision in May 2018. Moreover, we determined to vigorously implement a long-term management strategy developed to achieve the management vision and a medium-term management plan developed as a specific three-year action plan based on the long-term management strategy.



The main strategies carried out by the Keihan Group toward FY2027

Main strategy 1 ► Redevelop Keihan areas

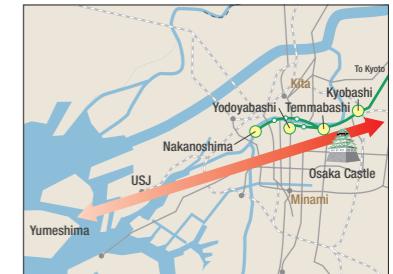


Promote community building centered around railway stations, taking advantage of the area's history, culture, and industries, to revitalize appealing and beautiful areas along the Keihan Railway lines and increase residents and visitors to the areas along the lines by connecting the areas with a traffic network



Regain the glory of Osaka's east to west axis

- Osaka's east to west axis, which runs from Kyobashi, the gateway to Kyoto and close to Osaka Castle, via Nakanoshima, which aims to become the center of regenerative medicine, to the bay area where an IR is planned, is a historical and important urban axis for Osaka's next generation.
- We will aim to complete the development of Yodoyabashi and Kyobashi during the period of the long-term management strategy and develop Nakanoshima concurrently.
- Subsequently, we will contribute to the creation of new urban appeal of Osaka by aiming to redevelop Temmabashi, the founding place of the Keihan Group, and extend the Nakanoshima Line.

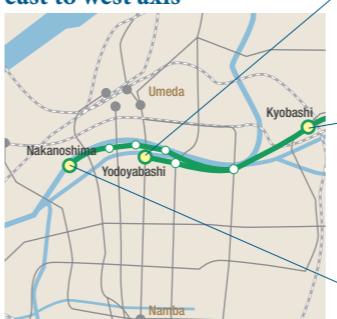


Carry out community building starting from railway stations

- Concentrate urban functions near stations and carry out continuous community building in cooperation with local companies and communities, taking advantage of the characteristics of the areas such as the history and culture, in an attempt to diversify the appeal of the areas along the Keihan Railway lines.
- Promote community building that can only be done by a railway group by using railway stations not simply as a place for getting on and off trains but a place integrated with the community where people gather and communicate.
- Expand the initiatives, starting from Hirakata Station.

Main initiatives of the medium-term management plan

Regain the glory of Osaka's east to west axis



Yodoyabashi

- One of the largest office districts in Osaka, and a hub between the north to south axis, Midosuji, and the east to west axis.
- Planning development that leverages the Company's assets such as the Keihan Midosuji Building.

Kyobashi

- The largest terminal of the Keihan lines. With the revitalization plan of the station building as a trigger, we will aim to create a community capable for serving as the Higashi gateway to Osaka's east to west axis by improving the circulation of people in the community, including surrounding areas such as Osaka Business Park and Osaka Castle.

Nakanoshima

- Development plan of the 4-chome district, including the concept of the center of regenerative medicine and the Agora concept.
- Directly linked to Kansai International Airport in the future due to the Naniwasuji Line plan
- Based on the above concepts, promote the revitalization of the area, including the utilization of the company's land.



Community building starting from railway stations

- In 2018, Hirakata Station was upgraded to be more suitable as the face of Hirakata, a core city, by integrating a commercial zone with the station.

We will promote the redevelopment of the company's land linked to the station, in accordance to the formulation of the urban plan in October 2019 and the establishment of the redevelopment association in March 2020.

- We will mainly revitalize the areas along Osaka's east to west axis, starting with railway stations and expanding to surrounding areas, according to the regional characteristics, and aim to achieve synergy effects with community building of urban centers.



Main strategy 2 ▶ Co-create tourism opportunity



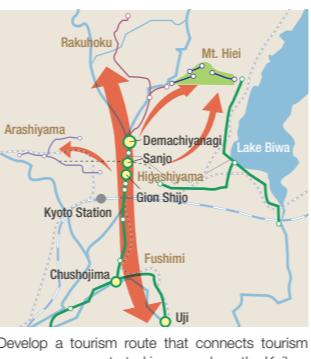
In the growing tourism market, use the Keihan Group's comprehensive strengths and create tourism opportunities together with the communities.

Provide and disseminate attractive tourism experiences mainly in Kyoto in an effort to increase visitors from other areas of Japan and from abroad.



Develop the three major tourism areas of Kyoto—Area in front of Kyoto Station, Shijo-Kawaramachi, and Sanjo

- Opened THE THOUSAND KYOTO, a hotel developed as part of the project to make the area in front of Kyoto Station into a global base. Open a flagship commercial complex featuring BIOSTYLE in Shijo-Kawaramachi, the largest commercial area in Kyoto.
- Concentrate tourism, commerce, and transportation functions in front of Sanjo Station, and develop the area as the base for tourism in Higashiyama.



Establish the golden route for tourism of Kyoto

- Connect Kyoto's major tourism points of Rakuhoku, Higashiyama, and Fushimi/Uji, and create a golden route for tourism
- In addition to developing Sanjo as a base of the Higashiyama area, the center of the route, redevelop Demachiyamagi, the gateway to Rakuhoku, and Chushojima, which is adjacent to the former Fushimi port.



Jointly create tourism opportunities along the Flow of Water

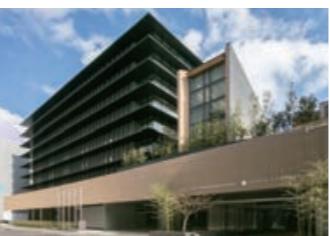
- The Keihan Railway line retains the history and culture of the Yodo River boat transportation, which connected Kyoto (Kei) and Osaka (Han) and extended nationwide. In recent history, the "Flow of Water" prospered with the opening of the Lake Biwa Canal that linked Kyoto and Lake Biwa.
- We will create tourism opportunities within the region using the rich living and culture of the areas along the Keihan Railway lines fostered by the history of the Flow of Water, which originates from Mt. Hiei and Lake Biwa and runs through Kyoto and Yodogawa, before arriving in the Osaka Bay area.

Main initiatives of the medium-term management plan

Strengthen tourism and inbound business mainly in Kyoto

Around Kyoto Station

- The Keihan Group's flagship hotel, THE THOUSAND KYOTO, was opened in January 2019.
- We will open two other new hotels near the station to address global accommodation needs by providing approx. 1,500 rooms in the area.



Shijo-Kawaramachi

- We will open GOOD NATURE STATION, a commercial complex featuring BIOSTYLE, in 2019 and promote a new lifestyle from Kyoto.

Area in front of Sanjo Station

- At the former site of KYOUEN in front of the station, we will develop a complex that will become the base for tourism of Higashiyama and from where we will disseminate the culture of Japan and Kyoto. We will also consider introducing entertainment functions, in addition to concentrating tourism and commerce functions.
- We will aim to contribute to stress-free tourism of Kyoto by seeking to disperse tourists that concentrate in Kyoto Station.

Expand tourism routes that heighten the appeal of tourism in Kyoto

- In areas along Rakuhoku, Higashiyama, and Fushimi/Uji, we will create tourism routes using rich tourism resources, in cooperation with the communities.
- In the Arashiyama area, we will create even more attractions centered around Keifuku Arashiyama Station.



Mt. Hiei, Lake Biwa: "a Corridor of Mountain, Water and Shine"

- We will strengthen efforts to improve the ability of circulation to tourism route "a Corridor of Mountain, Water and Shine", which starts from Kyoto/Yase and leads to Lake Biwa via Mt. Hiei, Otsu and Sakamoto.



Main strategy 3 ▶ Create relatable contents



Aim to become a Keihan Group that creates products, services, and businesses that improve the value of living of customers and contribute to solving social issues such as the environment, thereby allowing the Group to be empathized with and chosen by customers



Develop products and services that enable us to share values with customers

- The maturing and saturating domestic market requires products and services that enable customers and companies to share values (empathize).
- The Keihan Group aims to improve the "life quality" of customers as well as sharing values with customers with products, services, and businesses that contributes to solving social issues of achieving a sustainable society.
- BIOSTYLE is a lifestyle aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society. As the main initiative, we will establish BIOSTYLE as the Keihan Group's new brand.

Main initiatives in the medium-term management plan

BIOSTYLE – Aiming for Keihan as First Choice –

- A new commercial complex, GOOD NATURE STATION, was opened in Shijo-Kawaramachi, Kyoto in December 2019 as a flagship facility proposing BIOSTYLE in food, beauty, and accommodation.
- We will expand into manufacturing retail that develops original products such as cosmetics in order to propose new value mainly in organic products.
- Expand business originating from Shijo-Kawaramachi (small-scale stores and e-commerce)



Initiatives by the entire Group BIOSTYLE PROJECT

- Incorporate BIOSTYLE in the products and services of each business of the Keihan Group and aim to offer products and services that customers can relate to.



Preparations for the management vision

Create area portfolios

Strengthen business development in Kyoto

- Without focusing only on the tourism business, the four core businesses will place emphasis on business development and contribute to the revitalization of Kyoto as a local company. Seek to expand business opportunities of the Keihan Group.
- In addition to inbound tourism, promote businesses targeting inbound residents such as researchers and students, and utilize overseas personnel in order to carry out the overseas strategy effectively.

Expand business to outside the areas along the Keihan Railway lines and to overseas growth markets

- While carrying out the main strategies as the top priority, utilize know-how gained in areas along Keihan Railway lines and expand business to other parts of Japan such as the Tokyo metropolitan area as well as abroad, expanding the business areas of the Keihan Group.
- Overseas, which is a growth market, develop mainly the real estate and retail distribution businesses. Inject the Group's managerial resources while determining the direction.

[Overseas asset size]

FY2018 Approx. JPY3.0 bn

FY2027 target Approx. JPY 50.0 bn

Promote innovations with an eye to the next generation

Create services and improve productivity by utilizing ICT technologies

- Examine and forecast the future impact of ICT technology innovations (robotics, self-driving, sharing services, etc.) on the Keihan Group and promote innovation of existing businesses. Improve safety and efficiency and develop new services by actively utilizing the innovations at each business.

- Respond to changes in workstyle and lifestyle brought about by environmental changes such as ICT technology innovations, and aim to develop into a Keihan Group that is chosen by both customers and workers as a company with high productivity and creativity.

Promote new businesses

- Carry out alliances toward strengthening and expansion of business, and cooperate with other companies in ICT technologies and fields such as sharing services to create new businesses.
- Cultivate a public service market through active participation in the public-private partnership (PPP) business.

Medium-term management plan “Create Living, Community, and Excitement” (FY2019–2021) Strategy for each business

Transportation

Create demand by attracting inbound demand and providing new experience value



FY2021
inbound revenue

JPY 2.0
bn*

* Keihan Electric Railway's passenger revenue

Basic strategy

In preparation for the decrease in the population of the areas along the Keihan Railway lines and the workforce that is expected in the future, improve profitability by creating new demand and enhancing the traffic network as well as strengthen the management base by improving business efficiency, and fulfill the role of further improving the brand value of safety and security, which is the basis of the Keihan Group.

Main initiatives

Improve safety and service

- Promote safety measures such as completing introduction of new ATS in all Keihan Railway lines and commencing installation of platform doors in Kyobashi Station (2020)
- Upgrade Kibuneguchi Station of Eizan Electric Railway in response to the rapid increase in tourists
- Develop usage environment for foreign tourists and upgrade toilets in an effort to improve Customer Satisfaction

Strengthen capturing of inbound demand

- Strengthen sales abroad such as selling tickets to inbound tourists
- Attract visitors to the Group's facilities such as Hirakata Park
- Attract visitors to Yase and Mt. Hiei using Eizan Electric Railway's sightseeing car "Hiei"

Enhance railway services that provide new experience value

- Expand the premium service and consider introducing other new services that lead to the creation of railway demand



Real estate

Expand business in and outside areas along the Keihan Railway lines and abroad as the driver of the Group's growth by developing and utilizing diverse properties



FY2021
asset size

JPY 260
bn*

* Leasing service

Basic strategy

In both short-term turnover and long-term holding businesses, diversify development menus and contents to increase revenue opportunities by utilizing diverse properties. In addition, purchase and develop properties in and outside areas along the Keihan Railway lines and abroad that will be the foundation for development of each business of the Keihan Group, and fulfill the role as the driver of the Group's growth.

Main initiatives

Promote short-term turnover businesses

- While continuing to make selective purchase of land in the condominium business, cooperate with subsidiary Zero Corporation to strengthen the business of detached housing in cities
- Carry out development of not only residences but also hotels and diversify development menus



Reform/Renovation business

Enhance business lineup

- In order to provide housing that suits lifestyles and life stages, expand into a next-generation lease residence business that places emphasis on the value of living
- Strengthen the reform/renovation business using existing stock (including Kyoto's machiya houses) also from a sustainability perspective and contribute to the formation of high-quality social stock

Utilize new technologies and promote new businesses toward the future

In view of changes in the future social environment and business structure, encourage the use of new technologies such as IoT and AI, and promote new businesses such as cultivating the public service market.

Effectively use real estate

- Strengthen profitability by rebuilding existing buildings such as the Fushimi Momoyama Ekimae Building
- Promote effective use of properties owned such as the Keihan East Rose Town, Science City, and the Lake Biwa area
- Promote the development and purchase of real estate, including the above measures, to establish a cyclical business model



Condominium sale business in Bangkok, Thailand

Expand business areas

- In addition to participating in the redevelopment of the Toranomon 1-chome area (completed in January 2020), strengthen real estate development and purchase of buildings outside areas along the Keihan Railway lines
- Aggressively expand into Asia's growth markets (e.g. the office development business in the Philippines and the condominium sale business in Bangkok, Thailand) as part of the overseas strategy

Retail distribution

Aim to propose a lifestyle that customers can relate to as well as a highly efficient operation system



FY2021
operating margin

3.7%

Basic strategy

Amid changes in consumers' values, develop new business formats and improve the value of products, services, and stores in order to propose a lifestyle that customers can relate to. At the same time, expand revenue by providing commercial contents that contribute to the main strategies. Furthermore, improve profit margins by strengthening the structure of existing businesses.

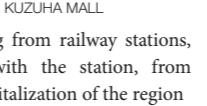
Main initiatives

Open and upgrade new facilities in areas along the Keihan Railway lines



KUZUHA MALL

Strengthen commerce within stations and underneath railway tracks



KYOTO TOWER SANDO

Promotion of tourism commerce

- Increase Kyoto's contents after KYOTO TOWER SANDO and Fushimi Inari Senbon Inari to strengthen tourism commerce

Strengthen the “food” business

- From foodstuff sales to restaurants, position a wide range of “food” as an important business and strengthen the home-meal replacement business as well as introducing a central kitchen across the Group to provide safe and high-quality food. Aim to achieve efficient operation at the same time.
- Strengthen delivery business of organic vegetables. Improve the brand to increase members and sales.



Moriguchi Store "Nanairofleur"

Restructure the department store business

- Develop proposal-type stores such as by expanding independently structured sales floors for apparel and sundries
- While utilizing previous know-how, create a new lifestyle-proposal department store format in cooperation with other companies

Top message

FY2021
no. of hotel rooms

5,200*

* Hotel business

Leisure & Service

Play a central role in joint creation of tourism opportunities, and achieve further growth by accelerating hotel openings



Basic strategy

Capture the growth of the tourism market and expand revenue of the hotel business. Furthermore, fulfill the central role of sales/marketing of tourism products, which are handled cross-sectionally in the Keihan Group, to attract customers to areas along the Keihan Railway lines and enhance tourism contents.

Main initiatives

Increase openings of HOTEL KEIHAN



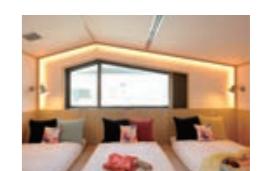
Hotel Keihan Kyoto Ekiminiami

Strengthen the sales/marketing system

- Strengthen sales and marketing functions in the Tokyo metropolitan area and East Japan in order to establish an optimal sales system for promoting “joint creation of tourism opportunities” across the entire Keihan Group, such as in the hotel and leisure & service businesses
- Keihan Group Sales Promotion Center: Opened the East Japan Office (April 2018)

Diversify the accommodation business segment

- We opened a new hotel format, CAFETEL KYOTO SANJO for Ladies in July 2018. In addition to increasing the opening of the same format, we will expand into small-scale smart hotels.



Revitalize the Yase, Mt. Hiei, and Lake Biwa areas

- Embark on developing the traffic system and reviewing the business in Mt. Hiei. While strengthening cooperation with Enryakuji Temple and other surrounding facilities, we will make efforts to develop the appeal of the overall area including Lake Biwa.
- In Yase-Hieizanguchi, create attractions as a base that links the Mt. Hiei/Lake Biwa area and Kyoto

Promotion of public-private partnership (PPP) business

- Through PPP business, expand the Group's business domains as well as making efforts to revitalize regions using public space and creating new businesses
- From October 2018: Participated as a member of the designated managers of EXPO '70 Commemorative Park in Osaka.

Keihan Bus' participation in self-driving proof tests

- In Kansai Science City, Keihan Bus participated in proof tests that enabled driving test of self-driving on a public road. The safety of the driving system will be improved, with the aim of enabling practical use by local buses in the future.

Management strategy
for value creation

Foundations that support our value creation

Quantitative targets

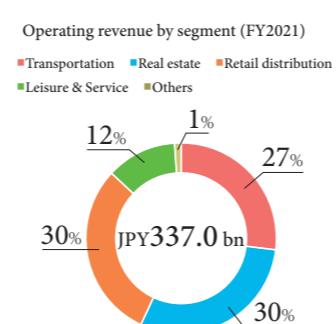
Improve profitability and aim to achieve EBITDA in FY2027, a year in the process of growth, of JPY72.0 bn or more, a 40% increase from FY2018

Management indicators	FY2018 Results	FY2021 Plan
EBITDA (Operating income + depreciation)	JPY50.5 bn	JPY57.0 bn
Net interest-bearing debt / EBITDA multiple	5.9x	6x level
ROE	10.8%	8% or more
Operating income	JPY31.4 bn	JPY33.5 bn

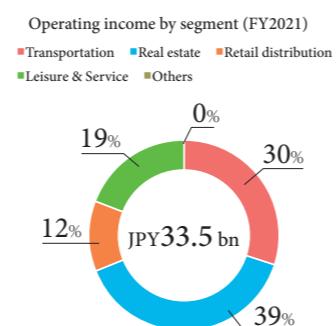
FY2027 Target level
JPY72.0 bn or more
6x level
8% or more
JPY43.0 bn or more

Medium-term management plan Income plan, segment information

	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Plan
Operating income	322.2	326.1	317.1	337.0
Transportation	92.2	93.9	93.3	95.0
Real estate	113.1	118.6	110.2	108.0
Retail distribution	100.7	98.7	98.1	108.0
Leisure & Service	31.2	30.6	32.0	44.0
Other business	1.8	1.8	2.9	2.0
Adjustments	-16.9	-17.5	-19.6	-20.0



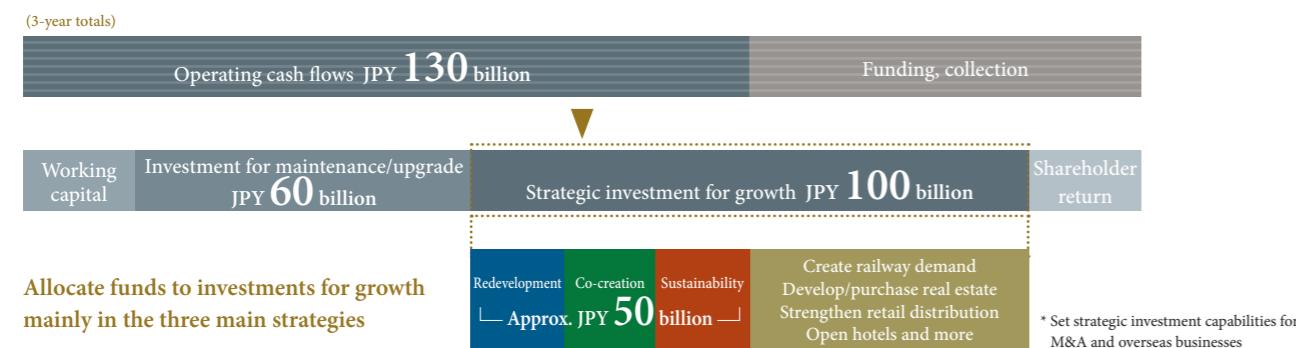
	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Plan
Operating income	31.4	33.7	31.1	33.5
Transportation	9.1	11.2	10.8	10.0
Real estate	15.3	17.4	16.9	13.0
Retail distribution	2.8	2.9	3.2	4.0
Leisure & Service	4.8	1.8	1.3	6.5
Other business	0	-0	-0.9	0
Adjustments	-0.7	0.3	-0.3	-0



	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Plan
Profit attributable to owners of parent	22.7	21.4	20.1	23.0

Medium-term management plan – Idea for fund usage

To achieve robust future growth, we will carry out growth investments aggressively in line with the long-term management strategy, while maintaining sound financial standing. Regarding shareholder return, we will continue stable dividend payments based on performance while prioritizing investments for growth, and carry out flexible share buybacks from a capital efficiency perspective.



Contribution to the achievement of SDGs

Based on its management principles, the Keihan Group will contribute toward achieving SDGs and aim for continuous growth in harmony with society by creating products, services, and businesses that help solve social issues mainly through BIOSTYLE (see p. 23) and strengthening business activities in consideration of ESG (environment, society, governance) (see p. 31).



Promote management in consideration of ESG

- Contribute to preventing global warming
- Provide value trusted by customers such as "safety and security"
- Contribute to continuous development of the community
- Develop an environment and organization culture where employees can exercise their strengths with peace of mind
- Initiatives in workstyle reforms
- Promote diversity (women's active participation, etc.)
- Strengthen personnel development
- Promote health management
- Ensure thorough compliance



Contribution to the achievement of the SDGs through the promotion of the BIOSTYLE PROJECT

The Keihan Group considers BIOSTYLE as the "Keihan-version SDG strategy" and implements a stream of new projects for the creation of a better future ahead of any other company, thereby aiming to establish and reinforce "BIOSTYLE" as the Keihan Brand attracting attention from around the world. In April 2020, guidelines were established to encourage the group companies to independently and proactively work on the activities. To contribute to the achievement of the SDGs targeted by 2030, and to realize our management vision targeted by 2050, we will take various actions as the "BIOSTYLE PROJECT."

Activity guidelines	Focused SDG items
1 GOOD for Health Businesses and initiatives promoting people's healthy lifestyles and contributing to the realization of a lively society. (Examples: health promotion, pesticide-free and bio-organic, and reduction of additives)	3 GOOD HEALTH AND WELL-BEING, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
2 GOOD for Minds Realizing a stress-free society where people can live peacefully and comfortably and offering services that bring happiness and satisfaction to users. Becoming a company whose employees enjoy job satisfaction. (Examples: comfortable services, reduction of a sense of guilt related to environmental burden, and work-style reform)	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES
3 GOOD for Locals Businesses and initiatives contributing to regional revitalization, industrial development, and environmental conservation in local areas, mainly along the Keihan Railway lines. (Examples: contribution to local communities, support for enthusiastic producers, and local production for local consumption)	6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
4 GOOD for Society Businesses and initiatives contributing to the realization of a society where every member can live happily and of more beautiful lifestyles. (Examples: fair-trade, diversity, and barrier-free)	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
5 GOOD for the Earth Businesses and initiatives contributing to global environmental conservation, such as countermeasures against global warming and plastic waste issue. (Examples: initiatives toward a recycling-oriented society, clean energy, CO ₂ emission issue, and biodiversity)	6 CLEAN WATER AND SANITATION, 7 CLIMATE ACTION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
6 GOOD for KEIHAN Brand Pioneering businesses and initiatives contributing to the improvement of Keihan Brand's value by inspiring sympathy and excitement among people.	3 GOOD HEALTH AND WELL-BEING, 7 CLIMATE ACTION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS
7 GOOD for KEIHAN Business Feasible businesses and initiatives that can be implemented on a continuous basis.	3 GOOD HEALTH AND WELL-BEING, 7 CLIMATE ACTION, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS

Top message

Profile of the Keihan Group

Management strategy
for value creation

Foundations that support
our value creation

Progress of the medium-term management plan “Create Living, Community, and Excitement” (Results)

Redevelop Keihan areas / Regain the glory of Osaka's east to west axis

Nakanoshima

In December 2019, Keihan Holdings Co., Ltd., Nippon Life Insurance Company, and Kanden Realty & Development Co., Ltd. jointly made a basic agreement with Osaka City and other related parties as a result of the proposal bidding solicited by Osaka City regarding the development and operation of the International Hub for Medical Innovation in Nakanoshima 4-chome area. Thus, we have officially decided to take part in the project as a developer. The three companies will construct facilities that promote “circulation of knowledge” and attract personnel and cutting-edge information related to medical innovation by fiscal 2024 to accelerate industrialization and globalization of the medical innovation.



Yodoyabashi

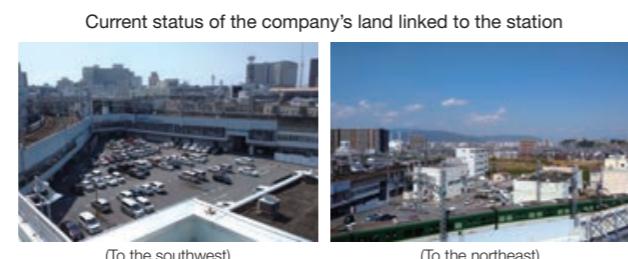
In July 2019, an urban plan related to the “eastern Yodoyabashi Station area urban reconstruction project,” which had been developed jointly by Keihan Holdings Co., Ltd. and Nippon Tochi-Tatemono Co., Ltd., was discussed and approved at Osaka City Planning Council as a plan for a special zone for urban redevelopment prescribed in the Act on Special Measures concerning Urban Reconstruction. Under the plan, Keihan Midosuji Building and Nittochi Yodoyabashi Building will be reconstructed jointly by the two companies after integrating the premises. The building will feature high-standard offices, commercial facilities on lower floors (including underground floors connected to Yodoyabashi Station), and communication facilities designed to support the incubation of new businesses. By encouraging the interaction of various parties and sharing cultural and other information, we will contribute to the accumulation of business functions in the Yodoyabashi area.



Redevelop Keihan areas / Community building starting from railway stations

Redevelopment of the area around Hirakata Station

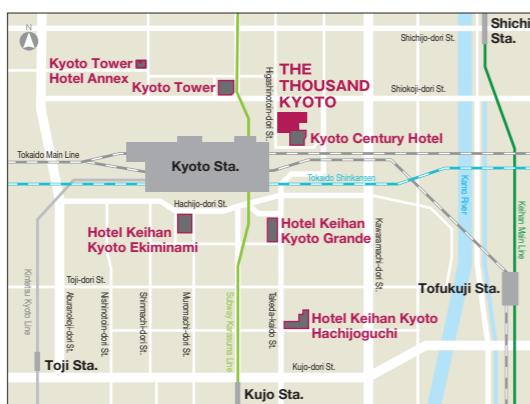
Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd., and Keihan Dentetsu Real Estate Co., Ltd. participate in category 1 urban redevelopment project in the area around Hirakata Station as members of the redevelopment association established under the approval of the Governor of Osaka Prefecture in March 2020, thus promoting the redevelopment of the area. Keihan Holdings provides cooperation and support for the urban redevelopment project as a business cooperator, and also participates in the project jointly with Keihan Electric Railway as a member of the association to study business plans in the commercial and office areas that will be connected to the station. Keihan Dentetsu Real Estate participates in the project as an association member that does not have land/building ownership but is scheduled to obtain reserve floor areas to study business plans in the residential area. After receiving approval for the right conversion plan, we aim to complete buildings on the land owned by the Keihan Group in fiscal 2024.



Co-create tourism opportunity / Strengthen tourism and inbound business mainly in Kyoto

Proactive hotel launches around Kyoto Station

In January 2019, Keihan Hotels & Resorts Co., Ltd. opened THE THOUSAND KYOTO in front of Kyoto Station as the Keihan Group’s flagship hotel. Hotel Keihan Co., Ltd. opened Hotel Keihan Kyoto Hachijoguchi in December 2018 and Hotel Keihan Kyoto Ekiminami in July 2020. By this, we can provide approximately 1,500 guest rooms in seven hotels of diverse grades around Kyoto Station. Thus, we will continue our efforts to establish a global base around Kyoto Station.



THE THOUSAND KYOTO
Opened in January 2019 (222 rooms in total)



Kyoto Hachijoguchi
Opened on December 1, 2018 (234 rooms in total)

Kyoto Ekiminami
Opened in July 2020 (200 rooms in total)

Create relatable contents / BIOSTYLE –Aiming for Keihan as First Choice-

BIOSTYLE PROJECT

GOOD NATURE STATION was opened in December 2019

In December 2019, a flagship facility “GOOD NATURE STATION” opened in Shijo-Kawaramachi, Kyoto. This facility embodies the concept of BIOSTYLE, which is a new lifestyle suggested by the Keihan Group and aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society.

Its concept is as follows: “Enjoy and taste only what you can trust in. The place where ‘good-natured’ things and experiences gather to energize people and the earth.” The facility suggests “good natured” lifestyle through the sales of organic foods and cosmetics made only from natural materials, as well as eating experience and accommodation.

We are making necessary preparations for the facility to obtain LEED certification (a global certification for green buildings) and the WELL certification (WELL Building Standard™ certification) related to wellness. Through the implementation of various initiatives in consideration of ESG, we will contribute to the achievement of the SDGs and maintain sustainable growth in harmony with society.



4-9F GOOD NATURE HOTEL KYOTO

- Enjoy the place with your five senses, touching and surrounded by GOOD NATURE.

The 141 large guest rooms with their interior featuring natural wood provide guests with a relaxing stay. The café, restaurant, and bar “Hyssop” on the fourth floor serves various menu items with botanical and herbal elements, thus allowing guests to feel the healing power of plants.



Courtyard Hyssop (café, restaurant, and bar) Superior twin room

3F GOOD NATURE STUDIO

- A “total rejuvenation spot” charging you with physical and mental energy.

Under the theme of rejuvenation (meaning “restoration of youthful vigor”), we will comprehensively support your body and mind at the shops selling the original cosmetic brand NEMOHAMO and goods featuring master craftsmanship, as well as at a beauty salon and a café.



NEMOHAMO Beauty salon “Sleeping Beauty” RAU CAFÉ

2F GOOD NATURE GASTRONOMY

- Have a special eating experience and feel the four seasons with your five senses through selected ingredients at the “premium gastronomy floor,” the dream place for the world.

The floor has three restaurants, represented by spirited chefs actively working on the global stage with their technique and power of expression unique to Japanese. They offer highly creative dishes based on new concepts, regardless of their specialized fields.



CAINOYA VELOSIER TAKAYAMA

1F GOOD NATURE MARKET

- Enjoy and taste only what you can trust in. The “market and restaurant” filled with the joy of eating.

Food items from the original food brand “SIZEN TO OZEN,” as well as organic vegetables/foods and local specialty foods from Kyoto and other areas, are sold on this floor, along with takeaway items made of such foods. The floor also has a restaurant and a patisserie, which provide you with a new style of enjoying foods.



MARKET+KITCHEN TASTING BAR RAU (patisserie and chocolaterie)

NEMOHAMO/Original cosmetic brand

The low-temperature vacuum extraction method is applied to essentialize plants as they are, and the fresh enzymes, vitamins, and minerals of quality plants are utilized as ingredients of the products. The products only contain natural materials; no water or petroleum-derived materials are used. You will be able to feel the power of nature coming from the plants as they are.



NEMOHAMO

SIZEN TO OZEN/Original food brand

The brand features health-conscious food items featuring chemical-free vegetables and MSG-free ingredients. Items that vegans and persons with food allergies can eat without worry are also available; we strive to serve diverse food needs.



For details about the progress of the medium-term management plan “Create Living, Community, and Excitement,” please refer to the Financial Results materials on the website below:
<https://www.keihan-holdings.co.jp/eng/pdf/2020FinancialResults.pdf>



CSR of the Keihan Group

For over 100 years, the Keihan Group has pursued sustainable development along with society through its business activities. The spirit that has supported this history is stipulated in the Management Principles. In the midst of drastic changes in society, we believe that our efforts toward sincere practice and realization of the Management Principles, as well as our response to new societal expectations, such as ESG (environment, society and governance) and SDGs (sustainable development goals), form the Keihan Group's CSR management.



Keihan Group's ideas on CSR

Since the establishment of Keihan Holdings' predecessor, Keihan Electric Railway Co., Ltd., in 1906, the Keihan Group has achieved development while contributing to society through its diverse business activities that are closely associated with local communities.

The Management Principles were established in 1998 to stipulate the spirit that forms the foundation of the Keihan Group, which has developed its business over a long period of time based on the doctrine of "the harmony between morality and economy." The doctrine was suggested by Eiichi Shibusawa, leader of the company's organizing committee. We believe that our efforts toward sincere practice and realization of the Management Principles, that is, providing new value to society, tackling social issues, and pursuing sustainable development with society through our diverse businesses, form

the Keihan Group's CSR management.

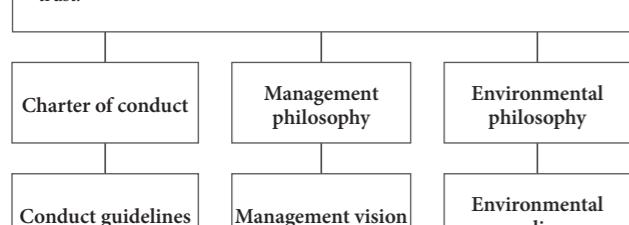
In the Long-term Strategic Concept released in May 2018, it is specified that we will follow the Management Principles in contributing to the achievement of SDGs and pursuing sustainable development in harmony with society by creating BIOSTYLE-based products, services and businesses that will contribute to the solution of social issues and by focusing on business activities in consideration of ESG (see p. 27).

Even in the midst of drastic changes in society, each of the corporate officers and employees of the Keihan Group will continue his/her efforts to realize the Management Principles by placing emphasis on communication with diverse stakeholders supporting the Group, including customers, local communities, shareholders, investors, and business partners.

► Management Principles System of the Keihan Group

Management Principles

The Keihan Group will create a comfortable living environment and contribute to society by establishing a network of dreams, hope, and trust.



► Activities to instill the Management Principles

We have distributed the "Management Principles Card," describing the Management Principles, management philosophy, charter of conduct, and environmental philosophy, to all corporate officers and employees. We are also striving to instill the Keihan Group's Management Principles, charter of conduct, etc. through such opportunities as new employee training of the Keihan Group.



Management Principles Card

CSR promotion system

In 2005, we established the Keihan Group CSR Committee with our President as Chairperson. The purpose of the committee is to establish internal control and risk management systems that promote fulfillment of the group's social responsibility, and to ensure prompt and continuous verification, evaluation and improvement. At the same time, it also aims at creating a balance between the pursuit of economic benefit and social responsibility through communication with stakeholders, thereby contributing to the enhancement of the Keihan Group's corporate value (see p. 32).

In the committee we established the "Internal Control Committee"

with our Executive Officers serving as chairperson, and three technical committees as subsidiary organizations. The CSR Committee has also newly formulated the Keihan Group CSR Activities Approach Policy, where CSR Focused Themes (challenges the Keihan Group should give high priority to) are identified, and is promoting strategic implementation of group-wide activities.

The activities of the CSR Committee and the three technical committees are regularly reported to the board meeting (each committee's meetings are held twice a year).

Identification of CSR Focused Themes (Keihan Group CSR Activities Approach Policy)

The Keihan Group has always put emphasis on the development of CSR activities. To further improve our corporate value, we have recently identified "CSR Focused Themes" (challenges the Keihan Group should give high priority to), adding ESG perspectives.

► Identification process of the CSR Focused Themes

STEP1 Evaluation of the importance of each challenge and selection of priority challenges

We picked up challenges from the GRI's "Sustainability Reporting Guideline (4th edition)," evaluated them from the two evaluation axes of "Importance for stakeholders" and "Impact that the Keihan Group exerts on the economy, environment and society," and selected the challenges we should give high priority to.

STEP2 Identification of the CSR Focused Themes

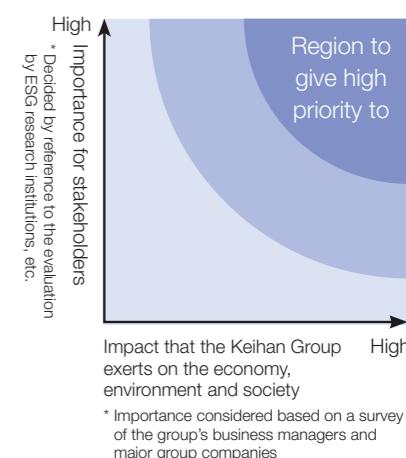
The challenges selected in Step 1 were summarized as CSR Focused Themes, and organized into the "Keihan Group CSR Activities Approach Policy" after discussions at the meeting of the Keihan Group CSR Committee held in March 2017.*

* The policy was discussed again at the meeting of the Keihan Group CSR Committee held in March 2018. The contents were partially revised, and the policy was described as "Promotion of management in consideration of ESG" in the Long-term Strategic Concept released in May 2018 (see p. 27).

► Keihan Group CSR Activities Approach Policy

Based on the idea that the sincere practice of the Management Principles leads to the realization of its corporate social responsibility, the Keihan Group has pursued long-term, sustainable development along with society as a corporate group trusted by society. We also recognize that the promotion of challenge solutions from ESG perspectives is very important in consideration of the establishment of a foundation that will support the group's long-term growth. By putting special emphasis on the response to the ESG challenge "CSR Focused Themes" we have recently identified on the basis of the perspectives of society and the Keihan Group, we are determined to establish the foundation that will support the group's long-term growth, and to contribute to the achievement of the SDGs.

CSR Focused Themes	Focal activity goals for FY 2019–2021
Contribution to global warming prevention (E) ► p. 47	<ul style="list-style-type: none"> - Further promotion of environmental management - Further promotion of the development of products and services that lead to the reduction of energy consumption and greenhouse effect gas (CO₂) emission (including introduction of energy-saving facilities, etc.)
Provision of value to be trusted by customers, such as "safety and security" (S) ► p. 35	<ul style="list-style-type: none"> - Further reinforcement of the foundation that ensures "safety and security" - Further development of the facilities and environment ensuring comfort of all customers
Contribution to sustainable development of local communities (S) ► p. 40	<ul style="list-style-type: none"> - Further promotion of business activities and social contribution activities that contribute to regional revitalization, solution of local challenges and enhancement of communication with local communities
Development of the environment and a corporate culture encouraging employees to exercise their strengths (S) ► p. 43	<ul style="list-style-type: none"> - Initiatives for work-style reform - Promotion of diversity (Promotion of women's empowerment, etc.) - Emphasis on human resources development - Approach toward a healthy company
Ensuring thorough compliance (G) ► p. 33	<ul style="list-style-type: none"> - Further promotion of activities by the technical committee on compliance and crisis/risk management, technical committee on environmental management, and technical committee on information security



Governance

The Keihan Group is striving to promote efficient and appropriate corporate management so that it can, while developing a life-stage network supported by transportation and other businesses on the basis of the Management Principles, take good care of customers, local communities and shareholders, and fulfill its corporate responsibility, such as compliance with laws, regulations and social norms and consideration of environmental conservation and resource protection. By this, we aim to remain a trustworthy corporate group for the many stakeholders supporting us.

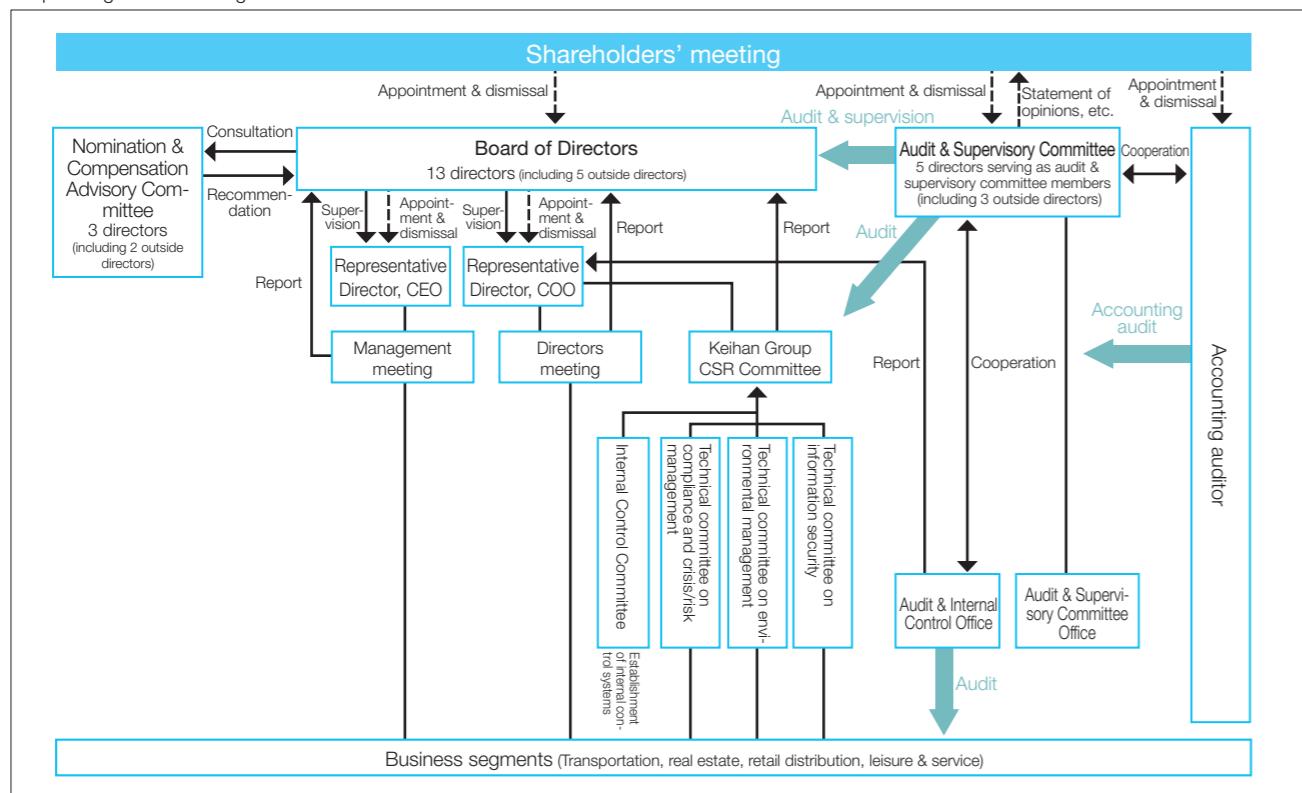


Corporate governance

From the perspective of enhancing corporate governance, we have decided to be a company with an audit and supervisory committee. In addition, by selecting five out of thirteen directors from outside of the company, we aim

at improving the supervising function of the board meeting. At the same time, we are trying to achieve quicker managerial decision-making by entrusting a significant part of important business execution to directors.

Corporate governance diagram



► Appointment of corporate officers

With regard to the nomination and appointment of candidates for Directors who do not serve as Audit & Supervisory Committee Members and of Executive Officers, cases are discussed within the Nomination & Compensation Advisory Committee (of which more than half of the members are Outside Directors), and then recommendations are submitted to the Board of Directors. Based thereon, the Board of Directors discusses the cases and makes decisions. With regard to the nomination of candidates for Directors who serve as Audit & Supervisory Committee Members, the Board of Directors discusses the cases and makes decisions. In this case, it is also required to obtain an agreement of the Audit & Supervisory Committee.

► Compensation of corporate officers

Pursuant to the provisions of internal regulations, the compensation of the Directors who do not serve as Audit & Supervisory Committee Members (not including Outside Directors) consists of basic fee, performance fee (consisting of corporate performance fee determined by the combination of consolidated earnings per share and dividend and personal performance fee determined by the status of ordinary income of the businesses in charge and the status of achievement of personal challenges), and compensation-type stock options. A portion of the compensation is contributed to the Executive Share Ownership Plan which will be used to obtain shares of our company. Outside Directors who do not serve as Audit & Supervisory Committee Members receive a fixed

amount of compensation pursuant to the provisions of internal regulations.

The Board of Directors determines the policies for the determination of the contents of compensation and specific amounts for each Director based on the recommendations of the Nomination & Compensation Advisory Committee, of which more than half of the members are Outside Directors.

Directors who serve as Audit & Supervisory Committee Members receive a fixed amount of compensation pursuant to the provisions of internal regulations that were determined by the Audit & Supervisory Committee. The amount is determined based on the discussions of the Directors who serve as Audit & Supervisory Committee Members.

Ensuring thorough compliance

► Compliance and risk management system

We have established the technical committee on compliance and crisis/risk management within the Keihan Group CSR Committee. At the same time, we selected compliance promotion representatives and personnel in each division of Keihan Holdings Co., Ltd. and at each group company as the group's compliance promotion organizations. By mutually providing compliance risk information between the technical committee and compliance promotion organizations, we aim at preventing the occurrence and recurrence of legal violations. The compliance subcommittee established under the technical committee discusses with outside advisors how to assess and respond to compliance risk.

Internal audits of Keihan Holdings Co., Ltd. and group companies conducted by the Audit & Internal Control Office includes inspection from the perspective of compliance.

In regard to education and training, we offer stratified training, training for compliance promotion representatives and personnel, and other training for employees designed for each group company in consideration of its business characteristics. Through these opportunities, we provide education on the Management Principles, Keihan Group's social responsibility, compliance, harassment, and relevant laws and regulations to enhance awareness of the trainees. We have also issued a compliance manual to improve employees' knowledge on compliance.

Compliance promotion system



► Compliance hotline

We have established a compliance hotline system for corporate officers as well as full-time and other employees working at the Keihan Group. The Audit & Internal Control Office or predetermined outside contact point receives reports related to illegal or wrong conduct related to the Keihan Group's business activities. Then a factual investigation regarding the reported matter will be conducted, and necessary measures will be taken. Personal and other information of informants is appropriately handled with due consideration. Regulations ensure that informants never suffer disadvantageous treatment due to the report.



► Promotion of fair business practices

To eliminate unfair business practices, such as violation of the Antimonopoly Act, breach of trust, and bribery, and to strengthen the internal control system over the entire Keihan Group, we have developed "regulations on the promotion of fair business practices" ruling all of the group companies.

► Prevention of insider trading

We have developed "regulations on the banning of insider trading and on information management related to material facts." They prescribe fundamental items to follow regarding management of information related to material facts of Keihan Holdings, etc., and regarding purchase and sales of shares owned by corporate officers or other transactions.

Development of the risk management system

► Crisis Management Regulations

We have issued the Crisis Management Regulations, which prescribe guidelines for crisis management at the Keihan Group and other necessary matters, to determine how we collect, manage, report and disclose crisis information as well as how we respond to an emergency.

In response to this, each division of Keihan Holdings Co., Ltd. has determined detailed rules regarding the Crisis Management Regulations to develop specific systems to deal with crises. We are also instructing group companies to comply with the Crisis Management Regulations.

To improve crisis management skills, the crisis/risk subcommittee has been established under the technical committee on compliance and crisis/risk management. The subcommittee works on the development of countermeasures against risks that may exert a significant effect on the Keihan Group.

► Initiatives for information security

To maintain and improve information security, the Keihan Group has established the technical committee on information security under the Keihan Group CSR Committee and conducted initiatives for risk reduction. In regard to personal information, each group company has established private information protection regulations to conduct safe operation and management of such information.

To respond to security incidents^{(*)1}, which are becoming more sophisticated and complex in recent years, the Keihan Group SIRT^{(*)2} was established in 2017 as the entire group's emergency response organization, as part of our measures to protect and ensure appropriate and safe management of confidential and personal information owned by the company. The organization has been in action to enhance the functions and systems required in handling the process,

► Formulation of the Business Continuity Plan (BCP)

Keihan Holdings Co., Ltd. and the Keihan Group companies are advancing the formulation of the Business Continuity Plan (BCP) on the assumption of large-scale disaster occurrence, such as the Nankai megathrust earthquake and Uemachi Fault earthquake, as well as the outbreak of infectious diseases, such as the novel coronavirus disease.

With the aim of minimizing damage to business assets and supporting continuity or early recovery of core businesses in case of a large-scale disaster, the plan selects priority functions and important tasks and identifies managerial assets that may impede business continuity or early recovery. Based on strategies, such as substitution, recovery, scale-down, and limitation, the plan suggests responses to an emergency.

Furthermore, to continue the required business activities during the outbreak of infectious diseases, we have identified important tasks and are keeping ourselves prepared to reduce the risk of infection by storing sanitary goods and reducing opportunities for contact.

from the occurrence to settlement of an incident, and to minimize damage in an emergency through incident response drills and other activities.

In addition, we host information security study meetings on a regular basis for IT representatives of each group company to provide education on the circumstances surrounding the recent Internet environment and legal systems related to personal information protection. We have also distributed an "information security handbook" to employees who use PCs in business. Thus, we are committed to the dissemination and improvement of knowledge on security.

(*1) Incidents that threaten the environment for safe computer usage, such as attacks on websites via the Internet or emails, and computer viruses.

(*2) SIRT stands for Security Incident Response Team.

Communication with stakeholders

We believe that, through active communication with diverse stakeholders, including customers, local communities, shareholders, investors and business partners, we need to deepen their understanding of the Keihan Group and reflect various opinions in management.

► Communication with shareholders and investors

Based on the disclosure policy, we have been actively disclosing management-related information and encouraging communication through IR activities in order to deepen the understanding of shareholders and investors regarding our company and our group and to promote correct evaluation.

During fiscal 2020, we hosted two financial result briefings for institutional investors and analysts as well as individual meetings as necessary.



Financial result briefing

► Dialogue with students

In January 2020, a lecture was given at Doshisha University, Faculty of Commerce, on the theme of the "Keihan Group's sustainability management." A representative from our company provided a briefing on the Keihan Group's ideas on CSR and our various activities aimed at creating a new value, followed by group work and opinion exchange sessions. After the lecture, we had the 35 participating students submit a report. We received valuable opinions and suggestions from the students, including the following: "The Corporate Report contains a lot of information, but it is difficult to identify the group's focal points from it. It is necessary to consider a better balance."



Foundations that support
our value creation
Provision of value to be
trusted by
customers,
such as "safety and security"

For the Keihan Group, "safety and security" are universal values to be offered to all customers and are the foundation of existence. Meanwhile, the societal environment surrounding the Group is undergoing drastic changes, such as an aging society, a low fertility rate, diversifying values, the threat of infectious diseases, and fluctuating inbound tourism.

We will exert every effort to further reinforce the foundation that ensures safety and security, and create the facilities and environment that meet the changing needs of society so that every customer will be able to utilize the services of the Keihan Group without anxiety.



Further reinforcement of the foundation that ensures "safety and security"

► Safety management system based on transportation safety management

Our group companies engaged in the railway and cable car businesses, namely Keihan Electric Railway Co., Ltd., Eizan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Nakanoshima Rapid Railway Co., Ltd., and Hieizan Railway Co., Ltd., those engaged in the bus business, namely Keihan Bus Co., Ltd., Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd., Kojak Bus Co., Ltd., and Kyoto Bus Co., Ltd., and those engaged in the tourist boat business, namely Biwako Kisen Steamship Co., Ltd. and Osaka Aqua Bus Ltd., have been working on transportation safety management based on the Railway Business Act and other laws.

To offer safe transportation that ensures the reassurance of each customer, we have established the Safety Management Regulations and appointed safety managers, thus continuing our initiatives related to the establishment and enhancement of safety control systems based on a proactive commitment of top management.

► Initiatives by Keihan Railway for safety

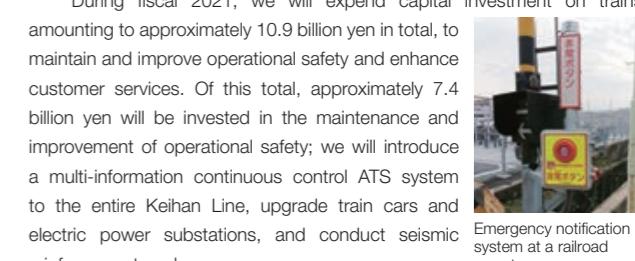
Keihan Electric Railway Co. Ltd. has been conducting various initiatives, both tangible and intangible ones, to encourage customers to utilize our railway services comfortably and without anxiety, as the services support their everyday lives.

Improvement of safety facilities

On the Keihan Line, we have installed attention-seeking signs that warn of danger at the edge of the platform to customers visually and psychologically and prevent falls from the platform and collision with trains, and LED flashing footlights on the platform that catch the attention of customers to areas with a wide gap between the platform and the train. Comb-shaped rubber equipment is also attached at the edge of the platform. In addition, we have introduced safety equipment, such as fall detecting devices and emergency call buttons that, in case of fall accidents, immediately inform train operators of the emergency and prevent train accidents.

In order to improve safety on the platforms even further, we started the construction of platform screen doors on platforms 1 and 2 at Kyobashi Station, planning to complete them within fiscal 2022.

Moreover, in order to further enhance safety at railroad crossings, we have installed an emergency notification system at all railroad crossings on the Keihan Line. This system sends signals to trains should any trouble occur at railroad crossings. In addition, at the Kyomachi crossing (between Fushimi-momoyama Station and Tambabashi Station) and the Tambabashi-dori crossing, we started



Daily initiatives to ensure safety

We conduct various forms of training every year to keep ourselves prepared for accidents, disasters and other emergencies. General drills for recovery from an accident are carried out by Keihan Electric Railway Co., Ltd. as a joint effort with related organizations, such as the Kinki District Transport Bureau, so that we can respond promptly if a severe accident should occur. We also implement general disaster risk reduction drills assuming natural disasters including major earthquakes, drills based on the BCP Basic Plan, and terror attack drills assuming terrorist attacks on railway facilities using explosives and other hazardous materials. Each drill is conducted under different settings (situations and scenes) so that we will be able to act promptly in emergencies.



General drill for recovery from an accident

Moreover, we organize training programs to pass down the techniques required in conducting thorough maintenance and inspection of safety facilities and related equipment, as well as technical training for train operators to maintain and improve their knowledge and abilities. Through these initiatives, we are making efforts every day to ensure safety.

Safety measures at Hirakata Park

The railway technology sector of Keihan Railway Co., Ltd. checks the safety of Hirakata Park, and implements regular inspection of five amusement rides, including the roller coaster "Red Falcon," at the Neyagawa train depot.



Overhaul of a roller coaster

► Initiatives by group bus companies for safety and security

To prevent traffic accidents, bus companies in the Keihan Group provide various education and training programs: education for new employees, training for operation managers, and other business training programs, including those provided by outside educational institutions. In addition, Keihan Bus Co., Ltd. takes practical approaches that are easy for the drivers to understand, such as the "3 seconds 3 meters rule" (three-second confirmation when starting, three-second inter-vehicle gap while running, and three-meter inter-vehicle gap when stopping). We are also striving to improve the safety of bus vehicles through the gradual introduction of vehicles equipped with the Emergency Driving Stop System (EDSS). Under this system, if a driver fails to continue driving safely due to a sudden change in physical conditions or other reasons, passengers can use the emergency brake button in the passenger area behind the driver's seat to automatically stop the vehicle.



Training for employees (Keihan Bus)

Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd., Kojak Bus Co., Ltd., and Kyoto Bus Co., Ltd. have received a three-star (the best) evaluation, and Keihan Bus Co., Ltd. a two-star evaluation, under the "charter bus operators safety assessment certification system" by the Nihon Bus Association.

► Initiatives for securing safety and reliability of food

The Keihan Group is advancing improvement of the manuals and implementation of the training programs so that we can provide customers with safe and reliable foodstuffs and dishes. We have also introduced the globally recognized sanitary management based on the idea of HACCP. In addition to general sanitary checks that are done conventionally, we promote optimization and visualization of the process control to improve our sanitary management so that the safety and reliability of food for our customers are secured.

The group companies engaged in retail and restaurant businesses conduct

food labeling training, sanitation training, and investigation tours of the shops by quality control managers. Bio Market Co., Ltd. works on quality improvement and stricter inspection in cooperation with producers and manufacturers.

Hotels in the group are developing regulations on food safety and reliability and operation manuals, and promoting information sharing and training across the group. We are also actively utilizing consulting firms for food inspection and quality management, and have implemented a training program on food safety. In this way, we are striving to further improve our cooking and service operations.



Research Farm

Initiatives for promoting organic foods

Since its establishment in 1983, Bio Market Co., Ltd. has been continuing its business activities for approximately 40 years based on the belief that "Spreading organic farming will create a sustainable society conscious of the natural environment, as well as enriched lives of consumers."

With the increase in public interest in the safety and reliability of food, the company has established a cooperative system with producers and manufacturers and implemented various projects, such as producer-consumer exchange events and hands-on farm "Research Farm," thereby promoting the production of tasty and safe organic foods and enhancing the distribution network. In this way, Bio Market implements the BIOSTYLE PROJECT and contributes to the achievement of the SDGs.

Development of the facilities and environment ensuring comfort of all customers

The Keihan Group is working on the improvement of services to become a corporate group selected by customers. We will sincerely accept opinions of our customers and, at the same time, promptly catch the changes in society. Then we will reflect what we have gained in our daily business activities so that we can offer high-quality services that lead to the satisfaction and trust of as many customers as possible.

► To respond to customers' opinions

Customer satisfaction (CS) promotion system led by the Keihan Railway Customer Center

The Keihan Railway Customer Center was established within Keihan Railway Co., Ltd. in 2007. The center handles inquiries about train schedules, transportation connections and related matters, and accepts opinions, requests and encouragement on services by the crews and the environment for users of the trains and stations, so that we can utilize such feedback in our management and business improvement. In response to customers' opinions, we launched the Railway CS Subcommittee in 2008, which works solely for CS achievement, and have continued studies.

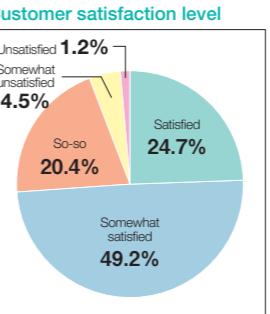
When we receive opinions and requests for Keihan Group companies, we share information and cooperate with each company to respond appropriately.

During fiscal 2020, we received approximately 50,000 inquiries, opinions, and requests.



Keihan Railway Customer Survey

Keihan Electric Railway Co., Ltd. conducts "Keihan Railway Customer Survey" based on the idea that its mission is not limited to ensuring safety and security in railway operation but also includes providing convenient and comfortable services. By understanding undisclosed opinions and requests that do not reach the Keihan Railway Customer Center, we will improve our future services and operation.



delays and other problems, we started to offer phased information before the resumption of train operation and newly introduced a four-language guidance on information displays installed at all stations on the Keihan Line and on the train operation information page of Keihan Railway's website (see p. 38). We are determined to continue to improve our services by, for example, providing information via SNS, to increase customer satisfaction.

[Major requests for improvement]

The environment of station restrooms / passengers' manners in the stations and on the trains / safety measures in the station, especially at platforms

[Outline of the recent survey]

Date and place of distribution:

October 20 (Sun.), 2019

At the venue of "Family Rail Fair" (Neyagawa train depot)

October 20 (Sun.) and 23 (Wed.), 2019

At the stations of Yodoyabashi, Kyobashi, Hirakata, Tambabashi, and Gion-shijo

October 22 (Tue.) to 31 (Thu.), 2019

Website of Keihan Railway (online survey)

Number of responses: 1,276

* 1,080 responses to 3,410 survey sheets distributed (response rate: 31.7%)

* 196 responses to online survey

"Opening to the public" by Zero Home

Zero Corporation Co., Ltd. established the policy of "opening to the public" in 2002. Since then, the company has disclosed the results of customer surveys, complaint records, and leaking roof cases on its website. The construction company voluntarily discloses information in an appropriate way to encourage those who are planning to build/purchase a house to select the company with relief, and to relieve concerns of those who have built/purchased a house.



Keihan Group companies have contact points for customers. Keihan Holdings Co., Ltd. also accepts opinions and requests for Keihan Holdings and the entire Keihan Group on its website, and introduces contact points for each group company.

<https://www.keihan-holdings.co.jp/contact/>



► Initiatives to offer customer-friendly transportation

Development of a comfortable environment for users

Keihan Electric Railway Co., Ltd. is striving to improve the customer handling abilities of its staff through initiatives such as a CS training program provided by outside lecturers for station crews on the Keihan Line. In addition, the "Keihan Info Station" has been established at major stations to offer detailed information and guidance so that every customer can use the stations with comfort.

We have also been advancing the restroom renovation project since fiscal 2017, aiming to enhance convenience and comfort at the stations. Toilet bowls in the stalls have been changed to Western-style ones equipped with electronic bidets. New restrooms are also installed with powder rooms, equipment for children, and easy-to-understand guides for inbound tourists. We are also introducing water-saving sanitary ware and LED lighting from the perspective of environmental conservation. In fiscal 2020, a comprehensive restroom renovation has been completed at six stations, including Kyobashi (Katamachiguchi) and Tambabashi. At the stations of Kozenji and Hirakata-koen, some toilet bowls in the stalls have been changed to Western-style ones.

Eizan Electric Railway Co., Ltd. and Keifuku Electric Railroad Co., Ltd. renovated the restrooms at Kibuneguchi Station and Kitano-Hakubaicho Station, respectively, and offered them for use in March 2020.



Katamachiguchi restrooms at Kyobashi Station
(Keihan Electric Railway)

Enhancement of information service

To enhance information service for passengers in case of train delays and other problems, Keihan Electric Railway Co., Ltd. offers information on the Keihan Railway's website and on information displays for passengers installed at all stations on the Keihan Line. When problems occur, information on the train operation is promptly displayed in a visually understandable manner. Guidance in four languages is also available. During normal times, the displays are used for various purposes, such as providing tourism information along the railway lines and promoting good manners.

Furthermore, to enhance information service for tourists, we are now installing comprehensive information boards for tourists. Information on the boards includes Keihan Railway's route map, access to major tourist spots, and station and bus station maps. By the end of March 2020, installation of the boards had been completed at 20 stations. We are also installing digital signage system for maps around the station. By operating the touch panel screen, users can obtain the necessary information in detail in four languages. By the end of March 2020, installation of this system had been completed at eight stations.

Initiatives to enhance accessibility

Keihan Electric Railway Co., Ltd. is installing spaces for wheelchairs in its train cars, and had completed the installation in 498 train cars by the end of March 2020.

One hundred forty-one train cars of the 13000 series, which have been introduced since 2014, and the 6000 series, which have undergone renovation, have mounted door chimes that inform persons with visual impairment of the opening and closing of the doors with sound. Priority seats for persons with special needs are clearly identified by the display and colors on seat covers, seat backs, curtains and stickers. In fiscal 2019, we completed installing an elevator and an accessible restroom at Kitahama Station. In fiscal 2020, in accordance with the restroom renovation at Kyobashi Station (Katamachiguchi), differences in level on the restroom floor have been eliminated. By the end of March 2020, 61 stations out of 63 stations with a daily average ridership of over 3,000 had been changed into accessible stations.

In fiscal 2020, construction work for the creation of accessible stations was conducted at Eizan Electric Railway's Kibuneguchi Station and Keifuku Electric Railroad's Kitano-Hakubaicho Station. Keifuku Electric Railroad Co., Ltd. has completed the installation of multilingual information displays with variable message signs in all the 21 stations, excluding Yamanouchi Station in the street-running area.

Bus companies in the Keihan Group are actively introducing vehicles easy for elderly people and persons with physical disabilities to ride, such as a non-step bus (with no steps at the entrance/exit), one-step bus (with one step at the entrance/exit) and kneeling bus (bus with a lift that carries wheelchairs). In addition, on the occasion of new-employee training, the bus companies teach employees points to note when wheelchair users and other passengers with special needs ride the bus.



Information display for passengers
(Keihan Electric Railway)



Broadened platform at Kibuneguchi Station (Eizan Electric Railway)



Barrier-free Kitano-Hakubaicho Station (Keifuku Electric Railroad)

► Initiatives to build communities where residents can live long with relief

The Keihan Group strives to build communities where residents can live long with relief by community revitalization and other measures to support everyday life.

Community building that contributes to regional revitalization

Keihan Dentetsu Real Estate Co., Ltd. promotes housing development focused on a lifestyle design that contributes to regional revitalization. The condominiums "Fine City Oji Kamiya River & Forest" and "Fine City Musashino Fujimi" received the Kids Design Award 2018, in recognition of their initiatives to realize a safe and secure childrearing environment. Meanwhile, the condominium located in the Goshohigashi area and commanding a view of the Kyoto Gyoen National Garden, "The Kyoto Residence Goshohigashi," received the Good Design Award 2019 ("G Mark") from the Japan Institute of Design Promotion, in recognition of the exterior design which constitutes a basic element in the local streetscape.

Keifuku Electric Railroad Co., Ltd. promotes the "Randen Sumosum Project" by acquiring or renting vacant houses along the Randen lines, renovating them, and selling or renting them out to households with young children. Due to the trend of the declining birthrate and aging population, more and more houses are being abandoned even in the historic city of Kyoto. We will continue our efforts to revitalize the regions and bring vibrancy to communities through the utilization of vacant houses.



A seasonal event at Fine City Musashino Fujimi



The Kyoto Residence Goshohigashi

Various living-related services

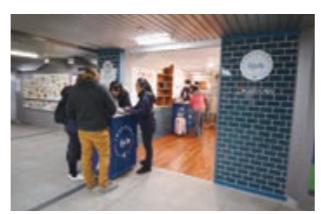
Keihan Dentetsu Real Estate Co., Ltd. provides services of "Keihan My Home Utilization Supporter" to facilitate utilization of owned houses as assets, "Keihan First Reform Plaza" to respond to diverse needs of customers related to home renovation, and "Keihan Owners Club Kokoromachi" as a membership organization for residents of Keihan-brand housing complexes. Zero Corporation Co., Ltd. handles various requests for housing rehabilitation. These two companies are also engaged in intermediary services and the purchase of land lots and houses, and offer a group-wide, one-stop service to deal with all kinds of customer concerns related to houses.

► Initiatives to enhance satisfaction of overseas visitors

The Keihan Group, developing businesses in the world-renowned tourist destination Kyoto, as well as in Osaka and Shiga, is implementing various measures to support comfortable trips of inbound tourists increasing in number.

Opening of a tourist information center

In February 2020, Keihan Electric Railway Co., Ltd. opened "Travelers Hub Kitahama: Keihan Tourist Information Center Kitahama" at Kitahama Station. It provides face-to-face services of offering sightseeing information of Kyoto and other areas along the Keihan Railway lines, introducing guided tours, and temporarily keeping baggage. The center not only supports Japanese tourists but also satisfies the needs of tourists from overseas seeking sightseeing information.



Keihan Tourist Information Center Kitahama

To serve many tourists from overseas and promptly offer them necessary information in a comprehensible manner, Keihan Railway developed a system to provide train operation information in four languages on Keihan Railway's website, on information displays installed at all stations on the Keihan Line, and through automatic multilingual announcement in the trains and stations, not only during normal times but also during emergencies. Bus companies in the Keihan Group are also installing monitors that provide information in four languages in the vehicles. Alipay and WeChatPay, which are mobile payment systems used by Chinese people, are widely accepted on the regular sightseeing bus operated by Keihan Bus.

The Keihan Group has prepared badges for staff members who can offer services in foreign languages, mainly in hotels. Each badge represents the language the wearer can use.



Language badges

Enhancement of free Wi-Fi service

We are working on the expansion of free Wi-Fi service areas, mainly in the companies providing railway, bus, and leisure facility services. In 2019, the HIEIZAN Free Wi-Fi was introduced to the stations of the Eizan Cable Car and the Sakamoto Cable Railway. Keihan Bus introduced Free Wi-Fi on vehicles used for airport limousine and expressway bus services. These are some examples of our efforts toward the enhancement of convenience for customers.



Enhancement of multilingual information services

Station numbers are assigned to all stations of Keihan Railway, Eizan Railway and Keifuku Railway. Bus stop numbering by Keihan Bus is also now underway. Thus, we are promoting the introduction of multilingual information signs for the group's facilities.



Hotel Keihan's QR code check-in system

Contribution to sustainable development of local communities

For the Keihan Group, engaged in the highly public business of railway service as well as diverse businesses that are closely associated with local communities, co-living with local communities is an important mission to achieve sustainable growth. The Keihan Group will continue to build a relationship of trust with local communities and achieve sustainable growth along with local communities through business activities and social contribution activities that will lead to regional revitalization, solution of challenges and enhanced communication with local communities.



Initiatives for regional revitalization, utilizing attractions of each area

► Brand establishment of the Nakanoshima area

To further enhance the attraction of the Nakanoshima area, the Keihan Group is engaged in the promotion of exchange through culture and art, and enhancement of vibrancy, in cooperation with companies in Nakanoshima and nearby areas.

We have organized various programs themed on "art" and "knowledge" in the Art Area B1, which was opened in the concourse of Naniwabashi Station B1F on the occasion of the opening of the Keihan Railway Nakanoshima Line in 2008. We hope to create a "station as a communication space." In recognition of our continuous cultural activities in the area aimed at connecting society, academia, and community, which have been conducted for over 10 years since its opening, we received the Award for Excellence at the Mécénat Awards 2019 hosted by the Association for Corporate Support of the Arts, following the Award Granted by the Commissioner for Cultural Affairs in 2009.

Since 2012, we have hosted the art event "Kite Mite Nakanoshima," aiming to promote people's visits to Nakanoshima for the purpose of art, enhancing their affection for and understanding of the area, and widely sharing its image of "the place for culture and



Art Area B1

art." The artworks created at workshops held in kindergartens and schools along the Keihan Railway lines were displayed at the stations on the Nakanoshima Line, together with artworks of professional artists. Joint events with companies from various fields and local communities also take place.

In August 2019, the seventh "Nakanoshima Summer Festival" was held as a joint project of companies and organizations deeply associated with Nakanoshima (including Keihan Holdings). Approximately 7,700 visitors enjoyed this event, which was designed to inspire new community building among those who work or live in Nakanoshima.



Nakanoshima Summer Festival 2019 Award ceremony, Mécénat Awards 2019

► Initiatives for the promotion of the "Flow of Water"

The Keihan Group has given the name "Flow of Water" to the Yodogawa River System, which runs along the railway lines from Mt. Hiei to the water capital Osaka through Lake Biwa, Kyoto, and Uji. We have worked on the creation of the contents and flow of people under the theme of the Flow of Water.

Particularly, together with Otsu City and Kyoto City, we are redeveloping the valuable industrial heritage built in 1890, Lake Biwa Canal (an artificial canal constructed in the Meiji era to draw water from Lake Biwa to Kyoto) and the surrounding areas as a tourism resource. In 2015, we started the trial operation of tour boats in cooperation with Biwako Kisen Steamship Co., Ltd.



as cruise operator, with the aim of restoring the once-prosperous waterway transportation for tourism. In March 2018, we started a full-scale operation for the first time in 67 years.

In 2020, this project was selected as a Japan Heritage by the Agency for Cultural Affairs, in recognition of the story conveying the culture and tradition through historical appeals and characteristics of the region.



Tour boat on Lake Biwa Canal

► Initiatives for revitalizing the Mt. Hiei and Lake Biwa area

As a member of the Hieizan promotion association organized in 1989 by business operators related to Hieizan Enryaku-ji Temple and Mt. Hiei to promote tourism around the Mt. Hiei area, the Keihan Group has been sharing tourism information (typically "Hieizan Biwako Panoramic Route") and striving to attract more tourists to Mt. Hiei.

We are also involved in the "Dengyo Daishi Saicho 1200-year commemoration committee" established in the celebration of the 1200th anniversary of the death of Dengyo Daishi Saicho, which will be in June 2021. In cooperation with the university collaboration project hosted by the committee, we are operating wrap advertising trains on the Keihan Railway Otsu Line under the theme of "1200 years: A story toward the future" from April 2020 to July 2021.



Wrap advertising train "1200 years: A story toward the future"

► Initiatives for regional revitalization along Keihan Railway Otsu Line

The Keihan Railway Otsu Line, as public transportation rooted in the local communities, puts emphasis on communication with local people through cooperative activities with citizens' groups and local communities.

Various events have been held with the "Keihan Lovers Association in Otsu" throughout the year. Events held in 2019 include an "open depot" only for members, chartered "cherry-blossom viewing train," and a guided tour to Ishiyama-dera Temple and Sakamoto in autumn. These events brought fun to many participants. As a joint project with the "Ishizaka Line 21 Stations PR Group," we established notice boards at each station to promote community building starting from stations. At the "Otsukko Festival" organized by Otsu City and the Otsu City Board of Education, we operated small-sized trains. We hope to encourage people to feel closer to the Otsu Line, and promote their affection for it.



Otsukko Festival

Promotion of communication with local communities

► Thank-you events for customers

The Keihan Group has been continuously hosting various events to show our gratitude to local people and railway users and encourage them to feel closer to the Keihan Group.

In 2019, Keihan Electric Railway Co., Ltd. held the "Family Rail Fair" and "Otsu Line Thanks Fair" at Neyagawa train depot and Otsu Line's Nishikori train



Family Rail Fair

Otsu Line Thanks Fair

Eden Festival



Randen Festa

► Cooperation in and contribution to educational activities

To bring vibrancy to the areas along the Keihan Railway lines and to create future fans, the Keihan Group has been strengthening cooperation with local universities and providing hands-on learning programs and tours for elementary school and junior high school students.

Keihan Holdings Co., Ltd. has been promoting industry-academia cooperation through events, such as "Circle Station in Sanjo," jointly organized with Doshisha University and other universities since fiscal 2011.

Since 1998, Keihan Electric Railway Co., Ltd. has provided hands-on learning programs at its train depot mainly for local junior high school students, and accepted group tours of schools. Keifuku Electric Railroad Co., Ltd. has hosted the "Randen Class" at Sai train depot since 2015, providing lessons about safety maintenance works and passengers' manners on public

transportation to local elementary school students. In addition to these, companies in the Keihan Group offer hands-on learning programs at their workplaces by the request of local governments.



2019 Circle Station in Sanjo

Randen Class

Initiatives for industry-academia collaboration by Eizan Electric Railway Co., Ltd. and Keifuku Electric Railroad Co., Ltd.

In 2019, Eizan Electric Railway Co., Ltd. renovated the "great Tengu" monument in front of Kurama Station and redesigned the platform for trains bound for Demachiyanagi at Kyoto-Seikadai-mae Station as part of the 90th anniversary commemorative project of the Kurama Line. These were designed by the students from Kyoto Seika University.

In March 2020, Keifuku Electric Railroad Co., Ltd. made an agreement on cooperation and collaboration with the Ritsumeikan Trust. Using this opportunity, we will improve the synergy of industry-academia collaboration and contribute to the community revitalization and development of human resources that will be required in the future.



The "great Tengu" monument in front of Kurama Station



Signing ceremony of the agreement on cooperation and collaboration with the Ritsumeikan Trust

► Operation of commercial facilities rooted in the local communities

Keihan Ryutsu Systems Co., Ltd. has established the "Festival Committee," aiming to offer hospitality to, and enjoy together with, the customers of shopping centers managed by the company. Meanwhile, Keihan Department Stores Co., Ltd. launched the "Fun Project" so that customers will feel that department stores are a fun and enjoyable place. We are trying to operate commercial facilities that focus on communication with local customers by hosting various events.

In addition, Keihan Department Stores Co., Ltd., noted for its extensive food handling, is making every effort to offer high-quality and tasty food with safety and reliability. Furthermore, it is engaged in activities themed on dietary education, aiming at passing down food culture and promoting exchange between customers and producers. During fiscal 2020, various food-themed events were organized, including the Kadoma lotus root harvest tour for participants who won a lottery, as well as many other events in cooperation with universities, food manufacturers, and Japan Agricultural Cooperatives.



Santa Claus is coming to home!



Dietary education activity (Harvest of Kadoma lotus roots)

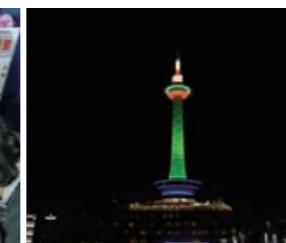
► Cooperation in social contribution and welfare activities

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. have food and beverage stocks to prepare for large-scale disasters and other emergencies. At the time of renewal of the stocks, we do not dispose of foods and beverages that are not expired, but donate them to food banks so that they can be utilized in welfare facilities, children's homes or other facilities in need.

Kyoto Tower, operated by Keihan Hotels & Resorts Co., Ltd., cooperates in various awareness-raising activities by changing the color of its illumination at night (usually white) to the message colors of each campaign. The tower's mascot, Tawawa-chan, visits local children's homes to deliver cakes handmade by pastry chefs at Kyoto Tower Hotel on Setsubun (the last day of winter), Doll's Day and Children's Day. Kyoto Tower also invites children from such facilities to the observatory. We are working on these activities to contribute to society.



Children invited to the observatory (Christmas Party)



Corporation on World No Tobacco Day

We received the Director General's Award from the Geospatial Information Authority of Japan under the Ministry of Land, Infrastructure and Transport

Kanko Co., Ltd. is engaged in the general construction consultation business (survey work, GIS, construction consultation, etc.) and mainly conducts businesses commissioned by the national and local governments, such as investigation related to urban planning and regional revitalization, plan formulation, ground/aerial survey and mapping, support for various ledgers, research and design of civil engineering structures and railway facilities, and traffic investigation and planning. The company is playing a more significant role in disaster risk reduction and survey of the damage status in accordance with the increase in the occurrence of devastating natural disasters. Particularly, the demands for aerial shooting and current situation survey based on laser measuring have been increasing. After the torrential rains in July 2018 mainly caused by Typhoon Papirroon, the company conducted aerial survey of the damage situation in response to an emergency request from the Geospatial Information Authority of Japan. In recognition of the quick response and results obtained on that occasion, the company received the excellent business/excellent engineer award from the Director General of the Geospatial Information Authority of Japan in July 2019.



Geospatial Information Authority of Japan Director General's Award

Foundations that support our value creation

Development of the environment and a corporate culture encouraging employees to exercise their strengths

To establish a foundation to create and provide value for local communities and customers, the Keihan Group is engaged in the development of a good, satisfactory working environment and a corporate culture encouraging employees with various philosophies and lifestyles to exercise their strengths to the fullest.



Promotion of work-style reform

► Work-style reform promotional system

To advance work-style reform, stop prolonged work and improve productivity within the Keihan Group, HR management and IT-related divisions of Keihan Holdings are working together to share information with and provide guidance to group companies, thus promoting consideration of the working methods best suited for each business.

► Specific initiatives for work-style reform

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. conduct activities not only to reduce working hours but also to improve productivity and promote the creation of value. These activities include the introduction of the teleworking system, allowing employees to work outside the company using a mobile PC, and installation of concentration booths at the head office as a working space where employees can concentrate on individual work.

Moreover, through initiatives such as "no overtime day," a flextime system, and prohibition (in principle) of work after 20:00 and holiday work, we are striving to reduce overtime work, promote a self-directed work



Teleworking

style, and secure time for creative thinking and refreshment. We are also encouraging employees to use up their paid holidays. As a result, the rates of annual paid leave used by full-time employees in fiscal 2020 were 62.7% and 93.5% for Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd., respectively, achieving a higher standard than general companies (general rate: 52.4% according to the "General Survey on Working Conditions 2019" by the Ministry of Health, Labour and Welfare).

Rate of annual paid leave used (Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd.)

	FY2017	FY2018	FY2019	FY2020
Keihan Holdings Co., Ltd.	51.0%	54.0%	55.8%	62.7%
Keihan Electric Railway Co., Ltd.	92.6%	92.8%	93.5%	93.5%

► Personnel system

In 2017, Keihan Holdings Co., Ltd. introduced items on "productivity improvement" for goal setting of personnel evaluation. In addition, we have included a certain amount of overtime allowance with the salary of the employees in supervisory positions, like those in managerial positions, to provide discretion in terms of working hours and promote a productivity-focused work style.

Promotion of diversity

►Respecting human rights

The Keihan Group has declared respect for the human rights of all people in the charter of conduct. Every year, in "Constitution Week" in May and "Human Rights Week" in December, we hold movie screening events and seminars related to human rights promotion. We also post articles related to human rights promotion in our group magazine. Thus, we are making efforts to raise awareness of human rights promotion.

►Equal opportunity and fair recruitment

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co. Ltd. operate personnel systems without discrimination on the basis of gender or other conditions in order to establish an energetic corporate culture regarding treatment of employees. Keihan Electric Railway Co., Ltd. appoints human rights promotion officers for fair recruiting, and conducts fair screening with a focus on the applicants' personal characters, regardless of job categories. Therefore, Keihan Electric Railway Co., Ltd. has been designated as a certified company by the Fair Recruitment and Human Rights Promotion Center.

►Initiatives for women's empowerment

We believe it is becoming more important to introduce women's perspectives in management to continue to provide products and services that our customers need and to achieve sustainable growth.

In light of this, as an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, we set the goals to "raise the percentage of women employed for general positions to over 30%" and "raise the percentage of women in leadership positions (such as management) as of the end of fiscal 2021 by over 50% compared to the figure at the end of fiscal 2016." As such, we are proactively recruiting female applicants and allocating female employees to wider workplaces to further advance career support and environmental improvement. The percentage of women employed for general positions in fiscal 2021 was 46.7%, and the percentage of women in leadership positions as of the end of fiscal 2020 was increased by 40% compared to the figure at the end of fiscal 2016. Furthermore, we have been developing relevant systems to create a good and satisfactory working environment for all employees, regardless of gender.

Keihan Holdings Co., Ltd. makes it a rule to appoint those who have knowledge, experience, and ability to effectively implement their roles and responsibilities as Directors, regardless of gender. Moreover, we have provided support programs for management and career enhancement for female employees in leadership positions.

Number and rate of newly employed female employees (Keihan Holdings Co., Ltd.)

	FY2017	FY2018	FY2019	FY2020	FY2021
New employees in general positions	11 persons	15 persons	16 persons	16 persons	15 persons
Female included in the above	3 persons	6 persons	6 persons	6 persons	7 persons
Rate of new female employees	27.3%	40.0%	37.5%	37.5%	46.7%

Number and increase rate of women in leadership positions (Keihan Holdings Co., Ltd.)

	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020
Number of women in leadership positions	10 persons	12 persons	14 persons	14 persons	14 persons
Increase rate compared to the end of FY2016	—	20%	40%	40%	40%

* Leadership position: Assistant Director or above

►Support for balancing work and childcare/nursing care

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. have developed systems to support employees who are engaged in childcare and/or nursing care for family members. In addition to relevant leave and shorter working hours, we offer a system of saving unused annual paid holidays and using them for holidays for childcare and/or nursing care for family members. In September 2018, we introduced a system of working from home for employees engaged in childcare or nursing care, as part of the teleworking system. Thus, we try to reduce the commuting burden and improve the working environment for employees engaged in childcare and/or nursing care.

Through these programs, we have received the "Kurumin Mark" four times, certifying us as a childcare supporting company, from the Ministry of Health, Labour and Welfare.



Number of employees taking childcare and/or nursing care leave (Total of Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd.)

	FY2017	FY2018	FY2019	FY2020
Male	0 persons	2 persons	1 person	2 persons
Female	5 persons	3 persons	3 persons	4 persons

►Raising of the retirement age

We have revised the personnel system to raise the retirement age to 65 years old in stages with a view to responding to the revision of the Act on Stabilization of Employment of Elderly Persons and to enhancing and utilizing employees' skills to the fullest. The system is also applied at Keihan Electric Railway Co., Ltd.

►Handling of harassment

The Keihan Group declares its commitment to the elimination of all forms of harassment in the charter of conduct and, to effectively implement this, has established harassment prevention regulations shared by the entire Keihan Group. Through basic training for new employees of the Keihan Group, and Keihan Business Seminars, we are trying to raise employees' awareness and knowledge. At the same time, by providing training programs for personnel from harassment consultation divisions of each group company, we are reinforcing systems for receiving consultation from employees.

►Promotion of employment of people with disabilities

In response to the social request to provide job opportunities to people with disabilities, we established Keihan Smile Heart Co., Ltd. with the purpose of promoting employment of people with disabilities. The company gained recognition by the Minister of Health, Labour and Welfare as a special subsidiary in May 2017.

Keihan Smile Heart Co., Ltd. has employed seven staff members with disabilities, who are engaged in office support, such as the cleaning of office floors, printing of business cards, document disposition and paper refilling. It also provides practical training to students belonging to the upper-secondary department of schools for special needs education. The employment rate of people with disabilities at Keihan Holdings Co., Ltd., Keihan Electric Railway Co., Ltd., and Keihan Smile Heart Co., Ltd. is 2.8% in total, as of March 2020. We are striving to promote employment of people with disabilities and create a comfortable working environment for them.



Keihan Hotels & Resorts Co., Ltd. was selected as a winner of the 2020 New Diversity Management Selection 100

Keihan Hotels & Resorts Co., Ltd. implements a project to employ persons with disability. By allowing persons with and without disability to work together to promote an inclusive environment, we have been able to mutually improve autonomy and emergent property and obtain successful management performances. In recognition of this, the company was selected as a winner of the 2020 New Diversity Management Selection 100 (a program undertaken by the Ministry of Economy, Trade and Industry) and received the Minister's Prize on March 16, 2020.



Emphasis on human resources development

►Human resources development and educational systems

All new employees of the Keihan Group receive basic training to acquire the knowledge and raise awareness required in working for the Keihan Group. The group training for the group's employees titled "Keihan Business Seminar" is held as necessary so that the employees can acquire and enhance business skills (problem solution, logical thinking, coaching subordinates, etc.) and other knowledge related to financing, accounting, labor management and compliance.

In addition to the abovementioned training, Keihan Holdings Co., Ltd. offers stratified training and training programs by outside lecturers from the perspective of improving employees' management and coaching skills. In addition, we have introduced a mentor system to support career development of younger employees and provide necessary follow-up support. We are also actively working on support for self-development, such as financial aid for obtaining qualifications aimed at improving language and other skills.

"Profit up ↑ Idea box"



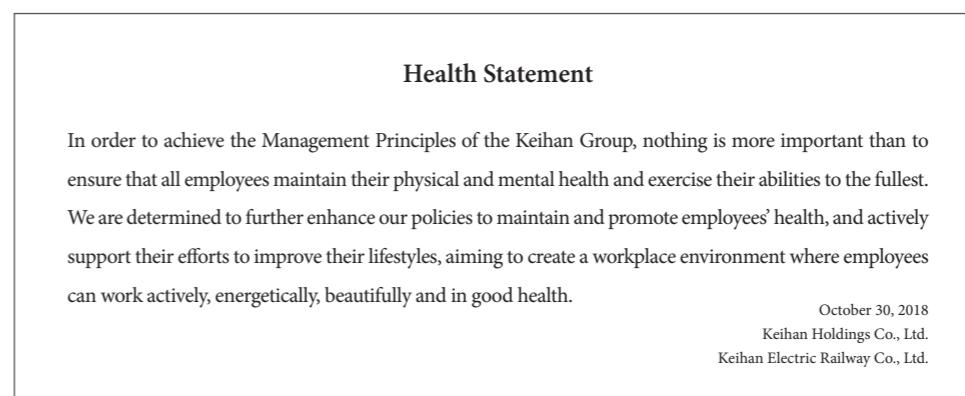
The system was introduced in 2015 to facilitate idea sharing and positive discussions toward the group's development among all Keihan Group employees across the scope of work and positions. It aims at discovering ideas that lead to an increase in the group's profit and fostering a positive and open corporate culture, encouraging everyone to think about the group's development.

This is not just about presenting ideas. Related divisions review the presented ideas and release responses, and employees from other divisions can give comments on them. Thus, the system allows group-wide sharing of ideas.

Approach toward a healthy company

►Establishment of the "Health Statement"

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. established the "Health Statement" on October 30, 2018 to enhance initiatives for health and productivity management and to develop an environment and a corporate culture encouraging employees to exercise their strengths, thereby contributing to the promotion of management in consideration of ESG. In March 2020, Keihan Holdings Co., Ltd. was selected as one of the Certified Health and Productivity Management Organizations for 2020 in the section of large companies by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaihi.



►Health and productivity management promotion system

Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. appoint a corporate officer in charge of personnel affairs to manage the health maintenance and improvement of employees (Chief Health Officer). The "Health Council" consisting of the HR department, in-house clinics, and Keihan Group's health insurance association is established under the CHO to formulate and implement health-related policies.



Environmental activities

The Keihan Group has formulated an environmental philosophy as a concept required in becoming an eco-friendly corporate group, and established the technical committee on environmental management under the Keihan Group CSR Committee. In this way, the group as a whole promotes environmental management. By focusing on global warming prevention, one of the most serious environmental issues, we will contribute to the realization of a society achieving sustainable development with reduced environmental burden.



Environmental management of the Keihan Group

▶ Environmental philosophy

The Keihan Group formulated its environmental philosophy in 2002, and has since promoted environmental improvement and compliance with environmental laws as a group-wide effort.

Environmental philosophy

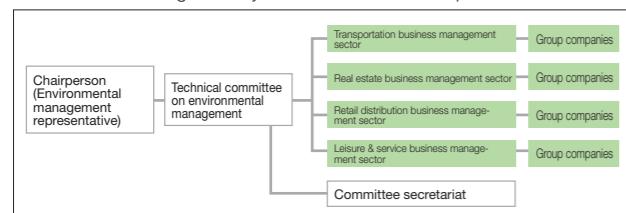
Based on the recognition that global environmental conservation is one of the key common issues shared by all humankind, the Keihan Group will contribute to the sustainable development of society by making efforts to conduct eco-friendly corporate management and give due consideration to environmental conservation and resource protection.

Environmental management of the Keihan Group

▶ Technical committee on environmental management

The technical committee on environmental management, established in 2005, promotes environmental management of the entire Keihan Group. The committee provides follow-up support for the group companies that have established their environmental management systems, shares information of the group companies and evaluates their approaches to promote better results. In addition, to ensure thorough compliance with environmental laws, the committee also publicizes the amendment of laws and, through regular environmental inspections, confirms legal compliance conditions and provides support for improvement. In fiscal 2021, we selected reduction of CO₂ emission, reduction and recycling of waste, and water resource issues, etc. as priority issues and started to work toward the achievement of sustainable management as a group-wide effort.

Environmental management system of the Keihan Group



▶ Promotion of the establishment of environmental management systems

We exert efforts to continuously improve the environmental management systems by promoting the acquisition of environmental management certificates, such as ISO14001 and KES, and by determining the Keihan Group's unique environmental management system (basic type).

▶ Internal inspection on the environment

Inspectors at the Audit & Internal Control Office, who are certified as ISO 14001 provisional auditors, conduct internal inspection on the environment for all group companies. The environmental secretariat shares the results with each company and sector, so that they can be utilized for our environmental activities.

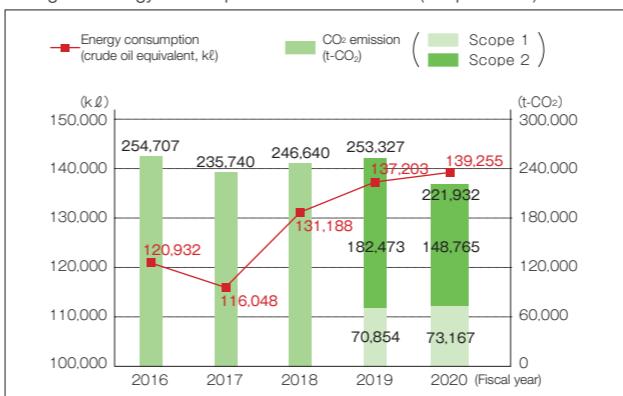
Contribution to global warming prevention

In 2015, the Paris Agreement was adopted at the 21st Conference of the Parties of the UNFCCC (COP21). As seen in this, global warming has been highlighted as a more important environmental issue in recent years. The Keihan Group will contribute to global warming prevention by proactively working on the reduction of electricity consumption for the railway business by Keihan Electric Railway Co., Ltd. and various other activities aimed at energy saving and reduction of CO₂ emission. Furthermore, in light of the Climate Change Adaptation Act enforced in December 2018, we will take appropriate measures to respond to natural disasters that are becoming more intense due to climate change and to reduce the risks of heat strokes, among other risks, for employees.

▶ Greenhouse effect gas emission by the Keihan Group

The Keihan Group used to clarify energy consumption mainly of the group companies designated as Specified Businesses under the Act on Rationalizing Energy Use (Energy Saving Act). In fiscal 2019, the objectives were expanded to include all group companies in order to further promote our activities to reduce environmental burden.

Changes in energy consumption and CO₂ emission (Scopes 1 & 2)



Year-over-year rate of intensity on the entire group's energy consumption
(Goal: 1% decrease)

Fiscal year	2016	2017	2018	2019	2020
Year-over-year	-2.9%	-0.0%	0.3%	-1.1%	-1.0%

* Figures of companies for which year-over-year comparison is available (For fiscal 2018 and before: 9 companies designated as Specified Businesses; for fiscal 2019: 18 companies including those added as objectives in fiscal 2018; for fiscal 2020: all group companies)

● Objectives

In fiscal 2017 and before, 9 companies designated as Specified Businesses under the Energy Saving Act were the objectives.

In fiscal 2018, 9 other companies engaged in the railway, bus, and ship businesses, etc. were added. In fiscal 2019, the objectives were expanded to include all group companies.

(Specified Businesses)

Keihan Electric Railway Co., Ltd., Keihan Bus Co., Ltd., Keihan Tatemono Co. Ltd., Keihan Ryutsu Systems Co., Ltd., Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Restaurant Co., Ltd., Hotel Keihan Co., Ltd., Keihan Hotels & Resorts Co., Ltd.

(Companies added in fiscal 2018)

Eizan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Kyoto Keihan Bus Co., Ltd., Keihan Kyoto Kotsu Co., Ltd., Kojak Bus Co., Ltd., Kyoto Bus Co., Ltd., Biwako Kisen Steamship Co., Ltd., Osaka Aqua Bus Ltd., Keihan Holdings Co., Ltd.

▶ Railway electricity consumption reduction project by Keihan Railway

Prevention of global warming is one of the most serious environmental issues, and reduction of CO₂ emission is a focal theme. Railway boasts a better energy efficiency compared to other vehicles, yet it requires a great amount of electricity for operation. Since CO₂ is generated in the process of generating electricity, we indirectly emit CO₂ through railway operation.

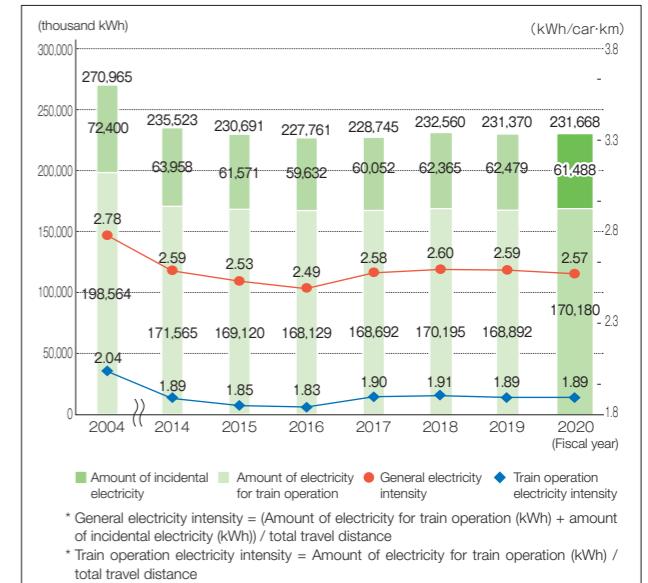
Based on this recognition, Keihan Electric Railway Co., Ltd. started the "Railway electricity consumption reduction project" in 2003, and has promoted energy saving through various initiatives, such as the introduction of energy-saving-type vehicles and LED lighting at railway facilities, while the required electricity increased due to the enhancement of services and railway network aimed at increasing convenience for customers.

As a result, electricity consumption of Keihan Electric Railway Co., Ltd. has been changed as shown in the chart, and the railway electricity consumption in fiscal 2020 recorded an approximately 15% decrease compared to fiscal 2004, when the project was launched. We will continue our efforts to reduce electricity consumption for railway operation, while also pursuing enhanced convenience for customers.

▶ Construction of facilities with environmental and social consideration

"Keihan Yodo Logistics Yard," an inland logistics facility that opened in 2016, was awarded four stars as "real estate with very excellent consideration to the environment and society" in the DBJ Green Building Certification, a system for evaluating real estate with environmental and social consideration. On the roof of the facility are solar photovoltaic panels with a power generation capacity of approximately 1.5 million kWh per year (which can power 400 general households), and on the south side of the building is a green belt. LED lighting is installed in the building, which can be used as a disaster management base

Changes in railway electricity consumption



following a disaster. These points were highly evaluated in the certification process.

The office buildings "Intage Akihabara Building" and "Keihan Dojima Building" operated by Keihan Asset Management Co., Ltd. were also awarded two stars, as their disaster risk reduction measures, rooftop greening, and awareness-raising activities for energy saving were highly appreciated.



Keihan Yodo Logistics Yard

Initiatives by GOOD NATURE STATION

GOOD NATURE STATION, which was opened in December 2019 in Shijo-Kawaramachi, Kyoto, conducts various initiatives considering the global environment and contributing to the achievement of the SDGs. Such initiatives include circular agriculture featuring composers, reduction of food loss through the complete use of materials, and use of eco-friendly materials for containers and package. It is also making preparations to obtain the LEED certification, which indicates that it is a globally certified green building.



Reduction of waste and effective use of resources

▶ Reduction of plastic waste

To reduce plastic waste, which is one of the causes of ocean pollution, Keihan The Store Co., Ltd. has been implementing initiatives, such as the bring-your-own-bag program in some shops of the supermarket chain "Frest," since 2007. In addition, since October 2019, Keihan The Store Co., Ltd. and Keihan Department Stores Co., Ltd. have been jointly producing and selling Keihan's original "Odekake Eco-bag" (reusable shopping bag). Companies engaged in the retail distribution business are working to further contribute to the reduction of plastic waste by halting the free distribution of plastic bags and selling them to customers who need them since July 2020.

Hotel Keihan Co., Ltd. has been replacing plastic straws with paper straws in sequence at directly-operated restaurants and banquet rooms since July 2019. Some restaurants run by Keihan Restaurant Co., Ltd. and a coffee shop in Otsu Port run by Biwako Kisen Steamship Co., Ltd. also started using paper straws.



Odekake Eco-bag

▶ Reduction of water consumption

The Keihan Group consumed 2.35 million cubic meters of water in fiscal 2020. Keihan Electric Railway Co., Ltd. is making efforts to use water efficiently and reduce water consumption at Neyagawa and Yodo train depots when washing train cars by selecting the most appropriate washing method (e.g., front washing and side washing) according to the place and level of dirt and by controlling the washing speed. Other group companies are also working to reduce water consumption. Some stations and facilities use reclaimed water, rainwater, and well water for toilet flushing and other purposes.

Initiatives for biodiversity conservation

▶ Initiatives by Biwako Kisen Steamship

Biwako Kisen Steamship Co., Ltd. operates tour boats on Lake Biwa. By declaring "Coexistence with Lake Biwa" as its Environmental Policy, the company proactively works on environmental conservation activities at its business base, Lake Biwa. Under the "Shiga biodiversity action certification program," launched by Shiga Prefecture in fiscal 2019, Biwako Kisen received a three-star (the best) evaluation for its initiatives on biodiversity promotion, including an environmental learning cruise. Its office in Imazu, which was reconstructed in March 2020, is made of lumber grown in forests in Takashima City, Shiga Prefecture, that have obtained the "forest certification." Such certification is given to forests undergoing environmentally conscious management. By this, the company contributes to the conservation of natural and global environment promoted by Shiga Prefecture and Takashima City and also to regional revitalization.



Shiga
biodiversity
action
certification

▶ Initiatives by Biwako Hotel

Biwako Hotel, which operates on the side of Lake Biwa, has been conducting the "Satoyama no Shokusai" project since 2002 under the concept of "eating is conserving." Through the use of local food ingredients, such as rice grown in *tanada* (terraced rice paddies), it aims to conserve the environment of *satoyama* (secondary nature) as food production areas. Since 2009, it has also worked on the "Wild grasses and flowers project" to reproduce the *satoyama* environment, which serves as a habitat of diverse creatures, in the hotel area. Under the project, approximately 100 species of wild grasses and flowers, mainly domestic ones, have been planted.

In recognition of these continuous initiatives for the environment, the company was awarded the Shiga biodiversity grand prize for fiscal 2016 by Shiga Prefecture and Shiga Committee for Economic Development.



Wild grasses and flowers project

Environmental management of Keihan Electric Railway Co., Ltd.

The Keihan Group is engaged in environmental management as a group-wide initiative. Here, we will focus on the environmental management conducted by Keihan Electric Railway Co., Ltd., which is a company with a larger energy consumption (including the head office of Keihan Holdings Co., Ltd.).

Environmental policy

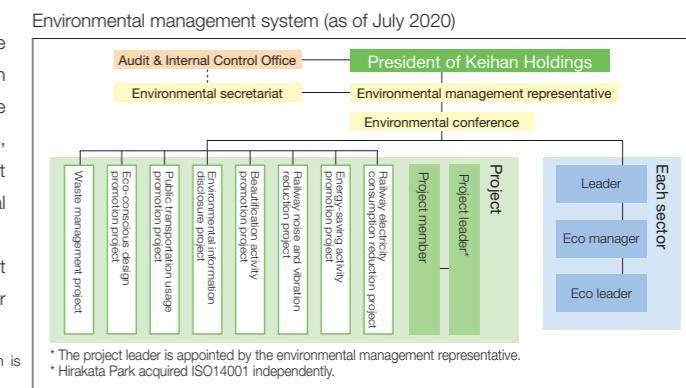
Based on the environmental philosophy of the Keihan Group, we determined the environmental policy in 2003 with the recognition that it is our social responsibility to consider and respond to the impact on the environment caused by railway operation and other various business activities. The focused implementation items in advancing our business activities are as follows: (1) reduction of noise and vibration by railway operation (2) reduction of electricity consumption by railway operation (3) promotion of eco-conscious designs and (4) promotion of the usage of public transportation.

Operation based on ISO14001

The entire company acquired ISO14001 certification in 2004. The environmental management system of Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. (Keihan EMS) has been determined under the environmental management regulations that meet ISO14001 requirements, and entire control is conducted by the environmental management representative under the president of Keihan Holdings and the environmental conference held by each sector's leaders.

In handling cross-sectorial issues, the environmental management representative launches projects as necessary, and promotes initiatives for reducing the environmental burden.

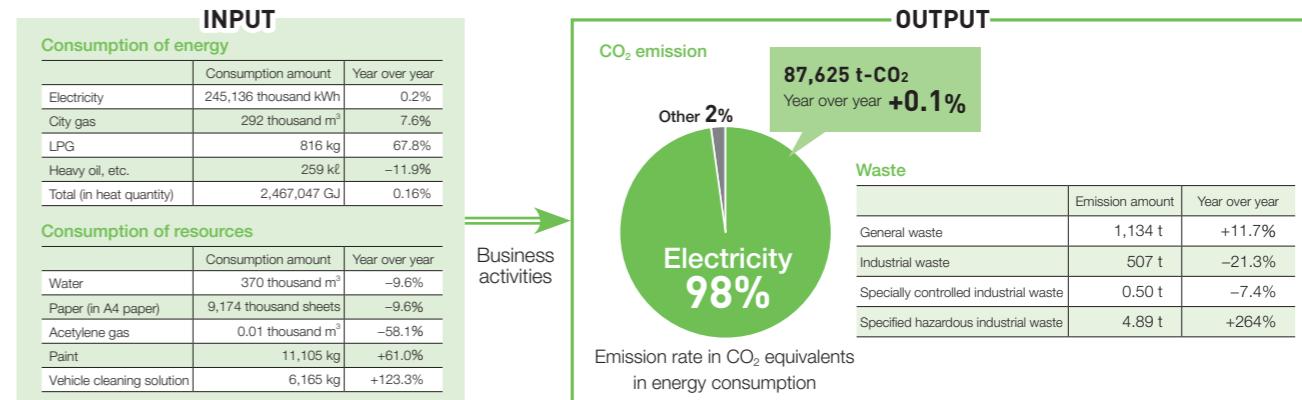
* In accordance with the introduction of the holding company system in 2016, the system is operated jointly by Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd.



Environment-related data (Fiscal 2020)

● Environmental burden caused by business activities (Material balance)

Through our business activities, we consume electricity and other forms of energy and resources, while emitting greenhouse effect gas and waste. We clarify such environmental burden by calculating "Input (amount of energy and resources consumed)" and "Output (emission of CO₂ and waste)" to promote our activities to reduce the environmental burden.



● Environmental accounting

Environmental accounting is a system to clarify the cost for environmental conservation in business activities and effects gained thereby, measure them as quantitatively as possible, and convey them.

Environmental conservation cost

Classification	Major initiatives	Fiscal 2019		Fiscal 2020	
		Investment	Cost	Investment	Cost
(1) Cost within the business areas					
1. Cost for preventing pollution	Introduction of long rails, PC sleepers, etc.	533,478	313,790	418,366	409,341
2. Cost for global environmental conservation	Introduction of CFC substitutes for air conditioning coolant, energy-saving air conditioning, etc.	247,157	35,189	211,814	59,985
3. Cost for material circulation	Waste disposal/processing, PCB waste processing, etc.	200,788	621	169,008	4,209
(2) Upstream and downstream cost	Sustainable procurement	85,533	277,980	37,544	345,147
(3) Cost for management activities	Measuring and gauging, issuance of "Corporate Report 2018," etc.	0	2,512	0	2,595
(4) Cost for social activities	Utilization of business materials for tree planting, development and maintenance of greenery areas outside business premises	0	16,975	0	17,781
		Total	533,478	343,113	418,366
					442,285

Eco-efficiency indices

	Fiscal 2018	Fiscal 2019	Fiscal 2020
Entire company's CO ₂ emission (t-CO ₂) / sales amount (million yen)	1.85	1.83	1.50
Railway's electricity consumption (thousand kWh) / railway revenue (million yen)	4.18	4.14	4.19

Corporate overview and financial highlights of Keihan Holdings

Corporate data (as of March 31, 2020)

Name	Keihan Holdings Co., Ltd.
Incorporation	November 25, 1949
Establishment	November 19, 1906
Capital	51,466,416,776 yen
Number of employees	150 (including those seconded from other companies, and not including those seconded to other companies)
Head office	1-7-31 Otemae, Chuo-ku, Osaka, Japan
Main business segments	Management of the group, etc.

Status of shares (as of March 31, 2020)

Total number of authorized shares	319,177,200
Aggregate number of issued shares	113,182,703
Number of shareholders	41,432

Corporate officers (as of June 19, 2020)

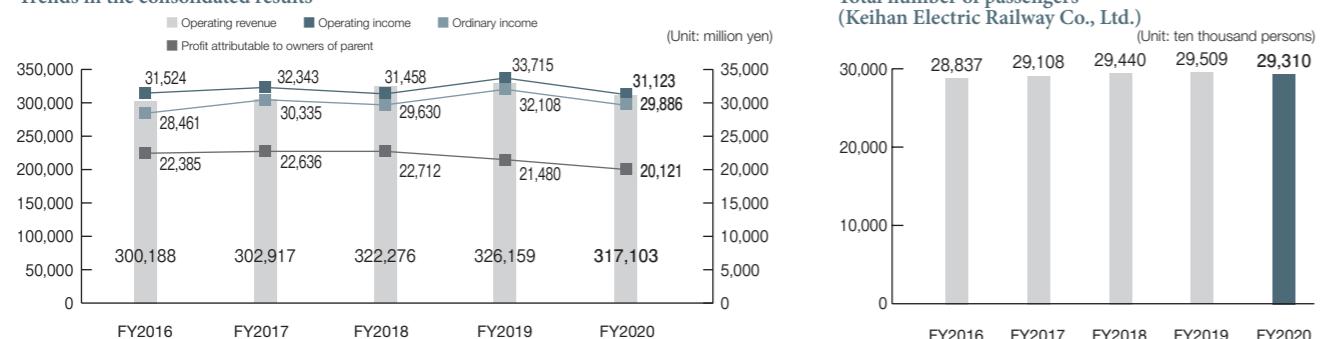
Representative Director & Chairman, CEO, Chairman of the Board	Yoshifumi Kato
Representative Director & President, COO	Masahiro Ishimaru
Director & Senior Executive Officer	Tatsuya Miura
Director & Senior Executive Officer	Toshihiko Inachi
Director & Managing Executive Officer	Michio Nakano
Director & Managing Executive Officer	Masaya Ueno
Director	Kazutoshi Murao
Director	Shinya Hashizume
Director, Full-time Audit & Supervisory Committee Member	Tetsuo Nagahama
Director, Full-time Audit & Supervisory Committee Member	Masakazu Nakatani
Director, Audit & Supervisory Committee Member	Hisashi Umezaki
Director, Audit & Supervisory Committee Member	Nobuyuki Tahara
Director, Audit & Supervisory Committee Member	Koichi Kusao
Executive Officer	Yasushi Matsushita
Executive Officer	Hitoshi Shioyama
Executive Officer	Yoichi Yoshimura
Executive Officer	Yoshihisa Domoto
Executive Officer	Toshiya Kudo
Executive Officer	Norio Otsuka
Executive Officer	Tsukasa Eto

Financial highlights (Consolidated)

	FY2016	FY2017	FY2018	FY2019	FY2020
Operating revenue	300,188	302,917	322,276	326,159	317,103
Operating income	31,524	32,343	31,458	33,715	31,123
Ordinary income	28,461	30,335	29,630	32,108	29,886
Profit attributable to owners of parent	22,385	22,636	22,712	21,480	20,121
Total assets	670,333	679,631	698,786	731,750	732,824
Net assets	191,790	203,455	223,559	238,695	254,058
Cash flows from operating activities	36,334	38,569	44,438	36,473	32,033
Cash flows from investing activities	-27,750	-29,597	-32,603	-48,059	-26,363
Cash flows from financing activities	-5,768	-20,020	-9,858	12,655	-12,138
Earnings per share (yen)	39.95	211.01	211.87	200.40	187.72
Net assets per share (yen)	349.13	1,870.99	2,055.87	2,193.68	2,329.94
Dividend per share (yen)	6.00	30.00	35.00	35.00	35.00
Return on equity (ROE) (%)	11.9	11.6	10.8	9.4	8.3
Return on assets (ROA) (%)	4.7	4.8	4.6	4.7	4.3
Capital adequacy ratio (%)	28.2	29.5	31.5	32.1	34.1
Net interest-bearing debt/EBITDA multiple (Times)	6.1	5.9	5.9	5.9	6.0

* Keihan Holdings Co., Ltd. has conducted a consolidation of common shares at a rate of one share for every five shares with an effective date of October 1, 2017. Earnings per share, net assets per share and dividend per share have been calculated as if this consolidation of shares was conducted at the beginning of the previous fiscal year.

Trends in the consolidated results



For details of financial reporting, please refer to the securities reports.

<https://www.keihan-holdings.co.jp/eng/>

Third-party opinion

After reading the Corporate Report 2020

August 15, 2019
Katsuhiko Kokubu
Professor, Graduate School
of Business Administration
Kobe University



The new brand "BIOSTYLE" as the "Keihan-version SDGs"

As referred to in the Top Message, the concept of "BIOSTYLE," which is now considered as the "Keihan-version SDGs," has been upgraded and specified in five principles of "Good for Health/Minds/Locals/Society/the Earth." Furthermore, the "BIOSTYLE PROJECT Guidelines" were established by adding two more perspectives of "Good for the KEIHAN Brand" and "Good for KEIHAN Business." The Keihan Group states that it will place these guidelines on the foundation of all the group businesses and promote value creation of the Keihan Group. In December 2019, GOOD NATURE STATION, a facility which embodies "BIOSTYLE," was opened in Shijo-Kawaramachi, Kyoto, by which a system to inspire sympathy in society has been created. This is a very innovative and easy-to-understand initiative, and I expect that a new value will be created there.

Adapting to the new normal

Since the start of 2020, the society has undergone drastic changes due to the COVID-19 pandemic. In particular, tourism and transportation businesses suffered a significant impact and have not been able to foresee the future in business operations. Under such circumstances, the capability of the Keihan Group to advance the "management strategy for value creation" is put to the test. Among their main strategies, the concept to "Create relatable contents = BIOstyle" will particularly matter in the COVID-19 crisis. I hope that the Keihan Group will put emphasis on value creation in the new "post-COVID-19" era, including "Contribution to sustainable development of local communities," which the group has focused on. In doing so, it will be necessary to consider stakeholders and the most vulnerable stratum in society.

From CSR report to integrated report

Companies in the new era will be required to focus more on the environment, human rights, employment, and governance. Due to the expansion of the ESG investment, it is almost definite that nonfinancial information of this kind will largely affect the evaluation of a company. The Keihan Group is making efforts to include more information in its Corporate Report each year; however, numerous items are still related only to Keihan Holdings Co., Ltd. and Keihan Electric Railway Co., Ltd. regarding the environmental and employee data. It is important for a holding company to expand the range of disclosure to each group company. In this year's report, the core of the company's business model, such as the BIOstyle PROJECT, has been elucidated. Therefore, I have a high expectation for the integrated report containing both the medium-term management plan starting from fiscal 2022 and the process of value creation. In an integrated report, the range of nonfinancial information to be included must be wider, and the disclosed information must be deeper. The company is required to disclose information with a stronger message.

