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Roundtable Discussion with the President and Outside Directors

The Keio Group launched its medium-term management plan, HIRAKU2030, in April 2025 and has been advancing a range of initiatives to enhance governance effectiveness. In this discussion, the Company's President and Representative Director and three Outside Directors share their perspectives on the effectiveness of the Board of Directors and the progress of HIRAKU2030.



(From left to right)

Aki Yamauchi
Director,
Audit and Supervisory
Committee Member

Satoshi Tsumura
Representative Director,
President and
Executive Officer

Hitoshi Tsunekage
Director

Tatsuaki Seki
Director

You assumed the role of Chairperson of the Board in June 2026. What do you see as the role of the Chairperson, and which points do you consider particularly important?

President Tsumura It is important to distinguish between agenda items that require a decision and those that require an exchange of views to identify the best path forward. When discussions extend beyond the merits of a proposal itself to include its background and longer-term implications, the effectiveness of the Board naturally improves. Off-site meetings can also be useful in building that understanding. As Chairperson, I believe my role is to determine the priorities for Board discussion while taking into account the views of the Outside Directors.

Outside Directors have accounted for the majority of the Board since June 2025, and the number of Directors was further revised in 2026. What was the objective of these changes, and what impact have they had?

President Tsumura Previously, Board discussions tended to involve a limited number of participants, and I felt the meetings had become somewhat ceremonial. I believed they needed to evolve into a more substantive forum. Given broader governance trends, I also believed that a review of the Board's composition would be necessary by FY2030. Rather than spending excessive time studying the issue, however, I felt it would be better to explore the optimal structure through actual discussion and experience. As a result, we moved forward with the changes earlier than originally planned. The significant change in Board membership naturally transformed the atmosphere of the meetings. These changes have also had an impact throughout the Company. Discussions among the executive team have become more open and diverse, and I believe a more open corporate culture is beginning to take hold.

In light of these changes, what are your expectations of the Outside Directors?

President Tsumura Our businesses, particularly the Railway business, require a long-term perspective. Many investment projects span approximately a decade, and challenges such as fare systems and railway DX initiatives designed to address labor shortages, including autonomous train operation, also require sustained effort over time. I hope our Outside Directors will provide insights on these issues from a long-term perspective.

There are also areas where we may not be able to fully keep pace with rapid changes in society on our own, as well as areas where our experience is limited. The real-world perspectives and advice of individuals with diverse professional backgrounds provide invaluable input for shaping our strategy.

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Roundtable Discussion with the President and Outside Directors



How do you each view your role as an Outside Director?

Director Tsunekage My experience managing a trust bank, which engages in a particularly broad range of activities within the financial sector, has given me a habit of viewing companies from multiple perspectives. As a result, I always seek to balance the interests of various stakeholders while recognizing that the degree of emphasis may vary depending on the issue. In addition to safety in the Transportation business and internal controls, I pay close attention to risks related to finance, particularly in light of recent interest rate trends, as well as risks associated with the real estate market, one of the Group's key focus areas. At the same time, I am mindful not to become overly risk averse. I hope to contribute both by applying the brakes when necessary and by encouraging appropriate risk-taking.

Director Seki My most important role is to enhance corporate value by providing management oversight from an objective standpoint and offering advice based on external expertise.

While I believe the Company's management and execution functions are being monitored appropriately, it is equally important to look beyond the immediate scope of discussion when considering where the Company should strengthen its capabilities. Global changes and digitalization are advancing at an extraordinary pace, and Japanese companies have at times been slow to look beyond their own industries or respond to changes in the external environment. I believe there is still room for the Company to strengthen its sensitivity to global trends and its approach to emerging themes such as digital transformation (DX) and AI transformation (AX) investments. Risks also continue to evolve, making constant reassessment essential. Part of my role is to draw attention to areas that may be uncomfortable to confront from an internal perspective.

The Company's senior management team has a strong sense of unity, but the President ultimately stands alone in making the final call on key decisions. Supporting those decisions, and at times providing an appropriate counterbalance, is another role that only Outside Directors can fulfill.

Director Yamauchi As an accounting professional, my role is to ensure that figures accurately reflecting the Company's true condition are properly prepared and disclosed to stakeholders.

As the Real Estate business expands, accounting is becoming increasingly complex. Accordingly, I intend to continue engaging in discussions with the audit firm to ensure that disclosures remain appropriate and accurate.

What are your impressions of, and how do you evaluate, Keio Corporation's Board of Directors?

Director Tsunekage The Board engages in sustained exchanges of views. Because discussions are free and open, it is easy not only to have constructive discussions but also to raise concerns from a risk management perspective and ask whether certain issues warrant greater attention. Although we all prepare thoroughly in advance, there are occasions when listening to the views of others changes my original perspective. I believe this is one of Keio's distinctive characteristics.

Director Seki I share that view regarding the openness of discussions. In many companies, outside directors ask questions and the president responds, and that is where the discussion ends. At Keio, however, everyone brings their own views to the table, and the conversation develops from there. I regard this as a significant strength. Having participated in Board discussions, I have come to appreciate even more deeply than before the immense social responsibility associated with the goal of realizing sustainable transportation with excellent service and the best safety in Japan. I have been particularly impressed by the Company's sincere commitment to that goal. Its willingness to invest in initiatives that do not generate immediate returns, such as continuous grade separation projects, autonomous train operation, and AI-based measures to prevent level crossing-related service disruptions, is admirable. What stands out most is its unwavering commitment to fulfilling its public responsibilities. There is also a shared sense of urgency regarding the need to transform the business portfolio. As one example, the Board is steadily discussing how to develop new growth areas through initiatives such as corporate venture capital.

Director Yamauchi The atmosphere at Board meetings has changed significantly compared with the past. In FY2025, changes in Board composition resulted in some initial uncertainty. However, thanks to the consideration shown by the experienced Directors and the many networking opportunities and site visits arranged by the secretariat, a strong sense of teamwork developed over the course of the year.

In academic research, there is a concept known as the top management team (TMT). I believe the Company's management team functions very effectively as a TMT.

President Tsumura I feel that changes in the Board's composition over the past several years have clearly improved its effectiveness. Internal Directors are also expressing their views more actively, and that energy is beginning to spread throughout the organization, including frontline workplaces. I am also grateful for the willingness of the Outside Directors to build mutual understanding. Through repeated discussions, trust has developed, allowing us to exchange views openly and candidly. Discussions are fundamentally different when they are built on mutual understanding.

How do you view the progress of HIRAKU2030?

Director Tsunekage Progress has been steady, and overall performance remains solid. However, many initiatives are long term in nature. It would be beneficial to have an opportunity approximately once every six months to review overall progress. A shared understanding of where we stand would allow for even deeper discussions.



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Director Seki The primary reason progress has been steady is that the Company's direction has been clearly communicated throughout the organization. Because there is a common understanding, the Company has been able to pursue a variety of new initiatives. If I were to identify one challenge, it would be how to further strengthen the organizational capabilities and human resources needed to execute the strategy.

President Tsumura The central theme of this medium-term management plan is transforming the Company's culture, and the review of the Board's composition is one aspect of that effort. I repeatedly tell employees not to fear failure and to embrace challenges. I also emphasize that forecasts and targets are not the same thing. Unrealistic targets serve no purpose, but meaningful growth requires ambitious goals. Previously, we operated on three-year plans. By extending the planning horizon to six years, we wanted to encourage employees to take on challenges whose results may not be visible in the first year but may begin to bear fruit in the third or fourth year.

In practice, signs of change are already emerging. The second round of the My turn See page 37 program attracted 295 submissions, surpassing the 255 received last year. Many participants from the first round reapplied, and it is particularly encouraging to see strong participation from frontline employees. The fact that these employees are developing ideas to improve their areas and the Company itself demonstrates that our culture is beginning to change. If we continue in this direction, I believe we can become an even better company and sustain future growth.

That said, challenges never disappear entirely. As times change, new challenges inevitably emerge. Recognizing and addressing them is precisely why it is important to incorporate diverse external perspectives into the Board through Directors with a wide range of professional experience. As Mr. Seki noted, people naturally tend to avoid confronting uncomfortable issues. The increase in the proportion of Outside Directors helps prevent that tendency. It is essential that we confront issues directly and do not overlook them.



Finally, do you have a message for stakeholders?

Director Tsunekage The areas served by the Company are expected to be among the last in Japan to experience population decline, with any such decline expected to be relatively gradual. The Keio Group has a culture that supports steady growth, a strong business foundation, and talented people with a pioneering spirit. It also benefits from a sound financial position and two major long-term growth drivers in Shinjuku and Hashimoto.

Because excessive focus on short-term profits could undermine the sustainability of the Railway business, the Company's structure does not lend itself to explosive growth. On the other hand, it is a rare company capable of delivering stable and steady growth, and I hope stakeholders will recognize that strength.

Director Seki The Company combines a sincere commitment to ensuring safety and peace of mind with a willingness to take on challenges in pursuit of new value creation. Few companies possess such stable infrastructure while also having the potential to influence lifestyles and culture. Many companies speak of growing new businesses, but there are significant differences in their ability to deliver. Keio is steadily advancing its corporate venture capital initiatives, and I hope stakeholders will place their confidence in the Company's ability to execute its plans.

Director Yamauchi The Company is making investments aimed at long-term growth, and the emphasis on the long term is particularly important. A culture of embracing challenges has also become increasingly embedded across the Group over the past several years. I therefore hope stakeholders will evaluate Keio's value from a long-term perspective rather than a short-term one.

I intentionally say "Keio's value" rather than "the Keio Group's value" because I hope stakeholders will evaluate not only the Company itself but also the broader value of the areas in which it operates, including the communities along its railway lines.

President Tsumura We place greater emphasis on our medium- to long-term growth story than on annual profits or year-on-year earnings



growth. Today, the Railway business faces challenges that directly affect its long-term viability, including changes in travel demand following the COVID-19 pandemic and labor shortages. Addressing these issues is the most important challenge we face as a social infrastructure provider. With major investments in Shinjuku and other areas expected to peak in the 2030s, I believe we must address these challenges now, while we still have the financial capacity to make the necessary investments. Failing to do so would raise serious questions about our long-term sustainability. Despite revenue growth, increases in depreciation, personnel costs, and digital investment mean that profit growth remains limited, and I believe these short-term pressures and future-oriented investments are not yet fully reflected in how the market values the Company. However, as Mr. Tsunekage noted, focusing solely on short-term profits or share price performance would merely postpone the fundamental issues we need to address. If the investments we make over these six years bear fruit and resolve those issues, we will be able to establish a path toward stable and sustainable growth well beyond that period.

Keio's strengths are its jiban (foundation), represented by the areas along its railway lines, one of Japan's most high-potential markets; its kanban (reputation), built on decades of commitment to railway safety; and its kaban (financial strength), reflected in its sound financial foundation. Southwestern Tokyo is one of Japan's most attractive, high-potential markets in terms of population, income levels, and commercial concentration. Through our open innovation initiatives See page 37, we are actively seeking people who can fully leverage these strengths. As a platform, we aim to make strong assets even stronger. I hope stakeholders will also pay close attention to the results of these efforts.

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