

## Corporate Social Responsibility Report 2015 - 2016



- If you have any questions or comments about this report, please contact:

**Promoting Environmental Policy Department  
Nankai Electric Railway Co., Ltd.  
(Secretariat of the Environmental Measures  
Promotion Committee)**

2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka  
556-8503, JAPAN  
Tel : 06-6631-6300  
Fax : 06-6632-6257  
URL : <http://www.nankai.co.jp/>



# Corporate profile



Since 1885

When our business first started, rather than "Namba Eki", this was called, "Namba Teishajo (Station)" in Japanese. The people of Osaka called it, "Namba Sutensho."

Company information by segment is current as of July 1, 2016.

## Transportation Business



**34 companies**  
Railways, tramways, buses, ocean freight, cargo transportation, train maintenance

## Real Estate Business



**5 companies**  
Real estate leasing, real estate sales

## Construction Business



**6 companies**  
Construction

### Corporate Philosophy

**With wisdom and dynamism, forging the way to the future**

#### Contributing to the Community

Justifying public trust as an all-round lifestyle provider, and building a better society

#### Putting the Customer First

Providing excellent services for the customer, bringing living comfort and cultural enrichment

#### Future Challenges

Meeting the needs of coming generations with bold energy and creativity

#### A Dynamic Workplace

Creating a workplace brimming with vitality, harnessing the expertise and personal strengths of every employee



## Distribution Business



**11 companies**  
Shopping Center management, Business operations inside the Station Concourse

## Leisure Services Business



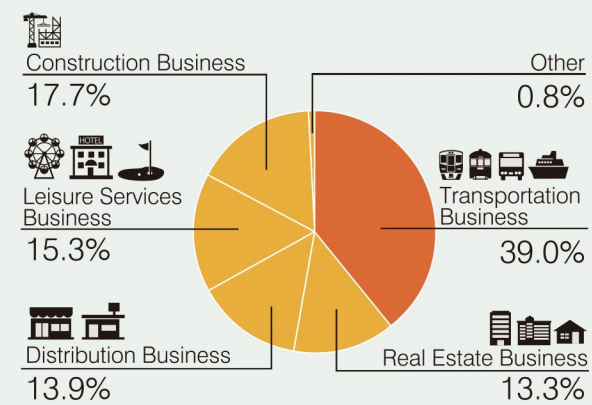
**22 companies**  
Amusement Park management, travel agency, hotels and ryokan Japanese inns, Leasing of facilities for motorboat racing, building management and maintenance businesses, printing, advertising agency



### Corporate Outline (As of March 31, 2016)

Company Name	Nankai Electric Railway Co., Ltd.
Established	December 27, 1885
Head Office	2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8503, JAPAN
Website	http://www.nankai.co.jp/
Paid-in Capital	¥72,983,654,121
Operating Revenue	¥94.4 billion (head corporation) ¥219.065 billion (consolidated)
No. of Shareholders	50,988
No. of Employees	2,567 (head corporation) 8,808 (all group companies)
Managed track	154.8 km
Rolling Stock	688

### Composition ratio of operating revenue by segment



Note: The composition ratio is the ratio of operating revenues including transactions between segments.

### Editorial Policy

In addition to CSR information, business conditions and financial information have been included.

**Applicable Term:** Fiscal 2015 (April 1, 2015 to March 31, 2016). Some information is from Fiscal 2014 (April 1, 2014 to March 31, 2015).

**Scope of Report:** This report covers issues related to the Nankai Electric Railway Co., Ltd. However, some CSR activities of group companies are also covered in this report.

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## To our stakeholders



### To our stakeholders

#### We have established a new Medium Term Business Plan.

Our corporate group started the SHINTEN133 Plan, a new Medium Term Business Plan, in fiscal 2015. We also welcomed Semboku Rapid Railway Co., Ltd. and the Izumigaoka Station Shopping Facility to our group. We have taken this as an opportunity to make efforts to revitalize the entire Semboku area. The first fiscal year operating revenues increased 3.8% compared to the previous fiscal year to ¥219.065 billion. Operating income also increased 23.22% to ¥27.110 billion. As a result of including losses from the Nankai Sakai Higashi Building and other factors, net profit for the same fiscal period to ¥12.612 billion.

In our Railway Business, transportation related to the Kansai International Airport has been improving due to the increased number of inbound customers, resulting in the highest income ever for our Airport Line.

#### While emphasizing safety, peace of mind and the environment, we are advancing boldly with our new Medium Term Business Plan.

In fiscal 2015, we invested ¥7.8 billion on, for example, enhancing facilities in terms of safety and renewal. On the environmental front, we put 20 newly-manufactured energy-conserving 8300 series cars into service on the Nankai Line. In addition, the Parks Garden on the roof of Namba Parks received an Architectural Institute of Japan prize.

In the SHINTEN 133 Plan, the three fundamental policies are "strengthen Semboku-related business," "expand Kansai International Airport and inbound tourism business" and "increase the drawing power of the Namba area." First, for Semboku-related business, we revised train schedules for purposes that include improving speed, and we prepared the groundwork to expand logistics activities. Moreover, with the rapid increase in inbound travelers, we have achieved favorable results, particularly from our Airport Line. However, although we have also prepared infrastructure for foreign visitors as planned, we must further focus our efforts on handling the demand. At the New Nankai Kaikan Building (working name), we have decided to modify our rebuilding plans. This change is progressing smoothly with real construction and leasing activities underway.

I humbly request continued support and guidance from you, our stakeholders.

June 2016

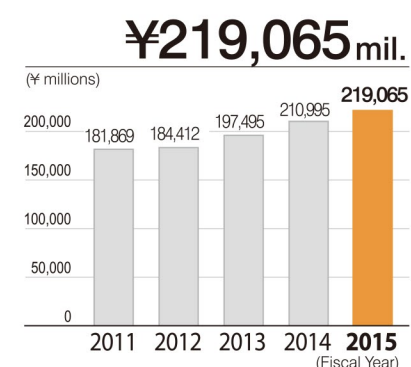
President and CEO  
**Teruhiko Achikita**

## Financial highlights

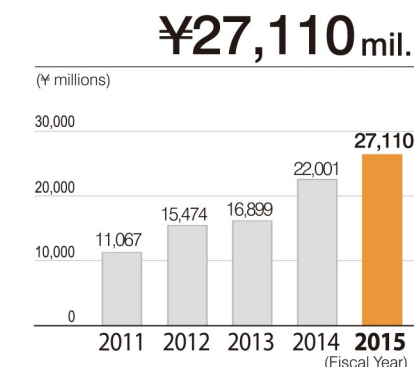
(Consolidated)	(Fiscal Year)	2011	2012	2013	2014	2015
Operating revenue (millions of yen)		181,869	184,412	197,495	210,995	<b>219,065</b>
Ordinary income (millions of yen)		11,067	15,474	16,899	22,001	<b>27,110</b>
Profit attributable to owners of parent (millions of yen)		5,686	7,518	9,615	17,467	<b>12,612</b>
Comprehensive income (millions of yen)		9,776	10,207	10,644	25,190	<b>7,394</b>
Net assets (millions of yen)		135,602	143,176	152,039	199,991	<b>203,939</b>
Total assets (millions of yen)		789,591	781,589	781,671	909,547	<b>894,621</b>
Net assets per share (yen)		254.67	268.60	285.16	337.32	<b>343.47</b>
Net income per share (yen)		10.88	14.38	18.40	32.58	<b>22.25</b>
Capital to asset ratio (%)		16.9	18.0	19.1	21.0	<b>21.8</b>
Return on equity (%)		4.4	5.5	6.6	10.3	<b>6.5</b>
Total shareholders equity/total assets income (multiple)		32.4	27.3	21.7	15.2	<b>27.5</b>
Net cash provided by operating activities (millions of yen)		37,764	37,332	27,459	43,013	<b>43,212</b>
Net cash provided by investing activities (millions of yen)		△20,228	△15,719	△17,675	△90,315	△ <b>29,030</b>
Net cash provided by financing activities (millions of yen)		△16,162	△13,592	△19,779	51,503	△ <b>17,047</b>
The Ratio of Interest-Bearing Debt to EBITDA* (times)		11.85	11.08	10.38	9.60	<b>8.37</b>

\*EBITDA (earnings before interest, taxes, depreciation and amortization) = Operating Income + Depreciation and Amortization

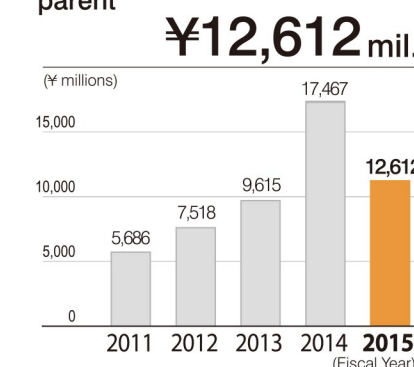
#### Operating revenue



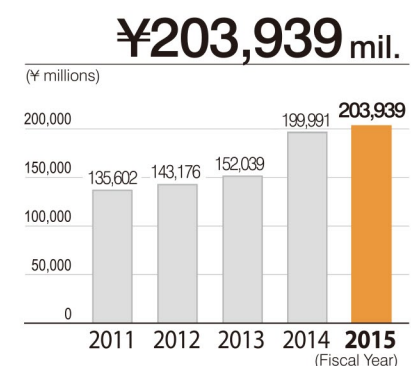
#### Ordinary income



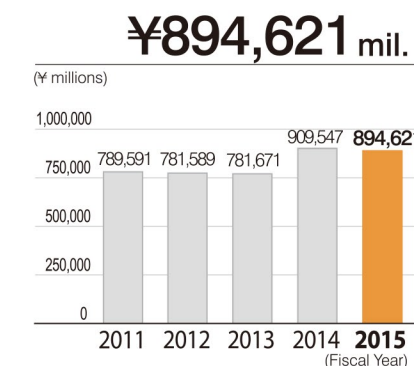
#### Profit attributable to owners of parent



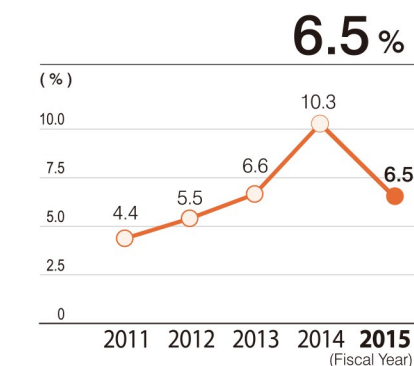
#### Net assets



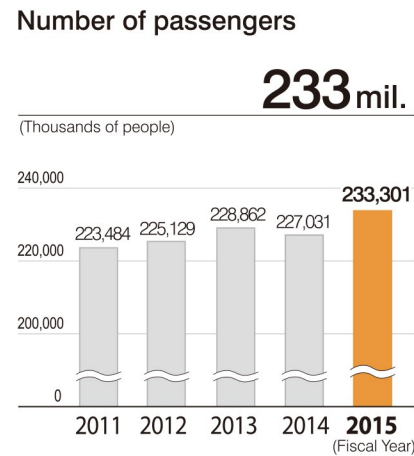
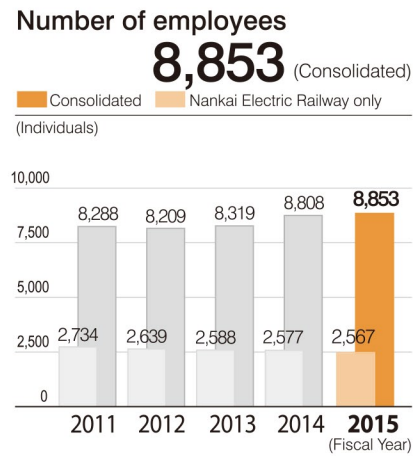
#### Total assets



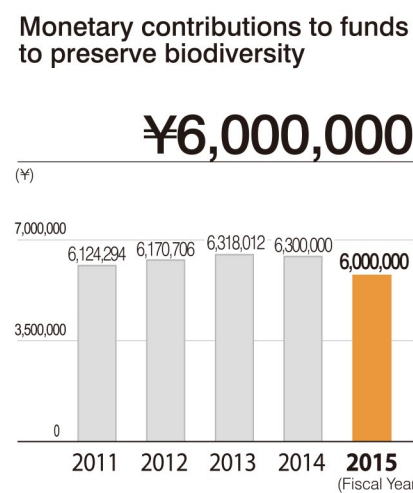
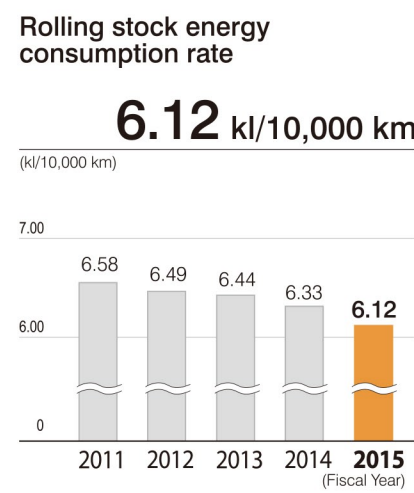
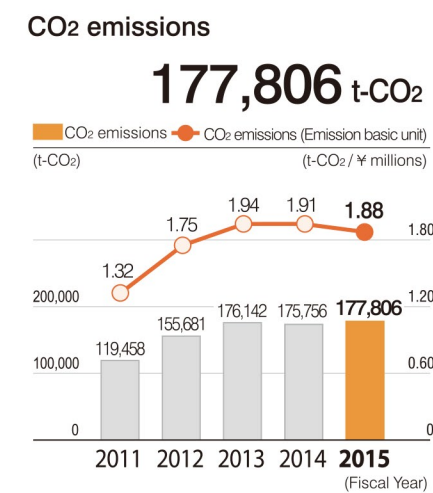
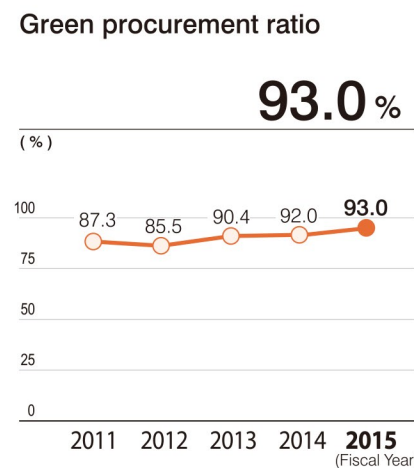
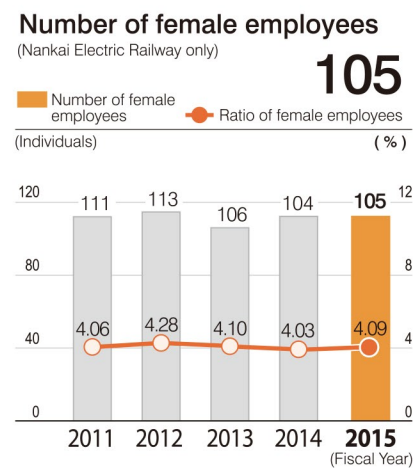
#### Return on equity



# Non-financial highlights



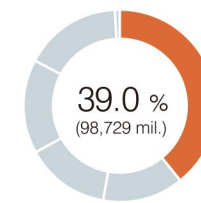
On the Airport Line, the inbound effect continued and the number of passengers increased.



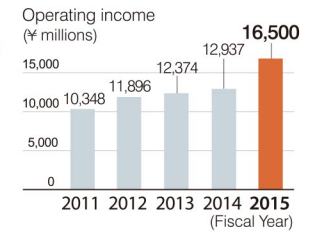
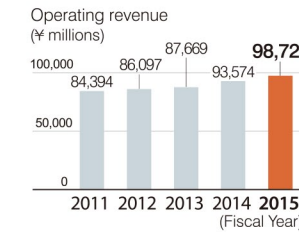
# Business conditions by sector

\*The operating revenue values for each segment include transactions between segments.

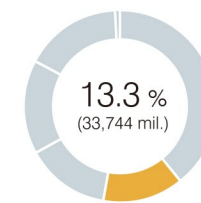
## Transportation Business



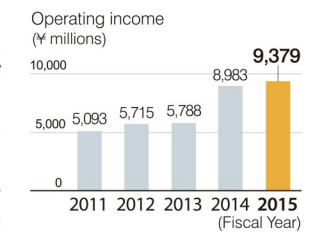
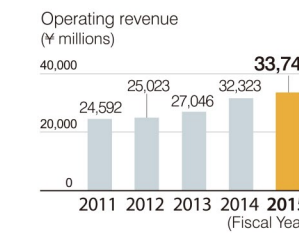
With the number of inbound travelers increasing, the number of transportation passengers has also increased 2.8% compared to the previous fiscal year to 233 million people. Furthermore, as a result of advancing various measures for travelers from both Japan and abroad, our transportation business had ¥5.155 billion (5.5%) in increased operating revenues for a total of ¥98.729 billion, and ¥3.563 billion (27.5%) in increased operating income for a total of ¥16.5 billion compared to the previous fiscal year.



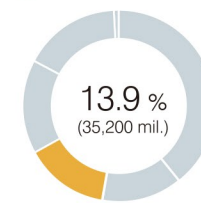
## Real Estate Business



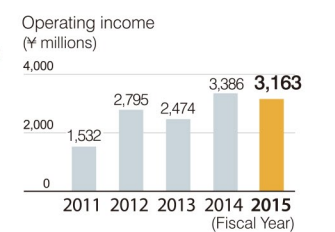
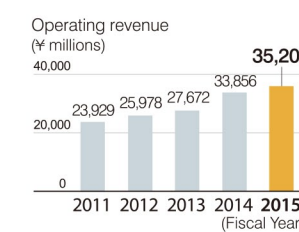
For our real estate business, which includes the sales of residential land, detached houses and condominium units, operating revenues increased ¥1.421 billion (4.4%) for a total of ¥33.744 billion and operating income increased ¥446 million (4.4%) for a total of ¥9.379 billion compared to the previous fiscal year.



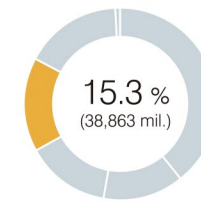
## Distribution Business



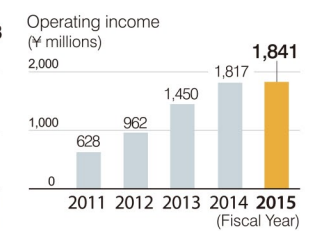
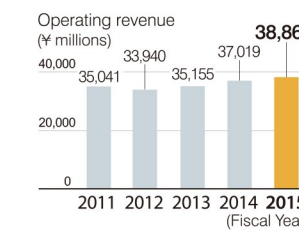
Through efforts to promote sales at Namba Parks, we sought to enhance products and services to meet the needs of inbound travelers. Operating revenues increased ¥1.344 billion (4.0%) for a total of ¥35.2 billion, but operating income decreased ¥223 million (6.7%) for a total of ¥3.163 billion compared to the previous fiscal year.



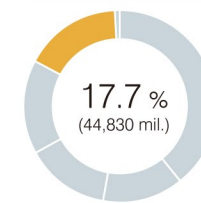
## Leisure Services Business



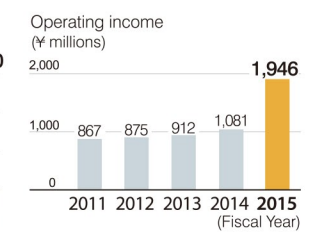
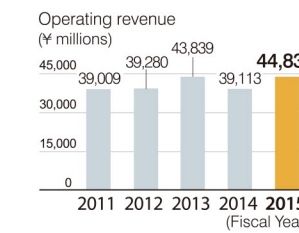
In our amusement park business, we sought to attract customers, particularly family groups, to Misaki Park, which we invigorated with experiential events. As a result, operating revenues increased ¥1.844 billion (5.0%) for a total of ¥38.863 billion and operating income increased ¥24 million (1.3%) for a total of ¥1.841 billion compared to the previous fiscal year.



## Construction Business



As a result of efforts made to receive orders in, for example, the civilian nonresidential sector, including medical and welfare facilities, and public works in the capital region, operating revenues increased ¥5.717 billion yen (14.6%) for a total of ¥44.83 billion yen compared to the previous fiscal year. Operating income increased ¥864 million (80%) for a total of ¥1.946 billion yen compared to the previous fiscal year.



## Other

In other businesses, fiscal 2015 operating revenues decreased 5.8% to ¥1.825 billion and operating income decreased 32.3% to ¥123 million compared to the previous fiscal year.

# Medium Term Business Plan

In fiscal 2015, which marks the 130th year since our founding, we have started the SHINTEN 133 Plan, which is our new Medium Term Business Plan. In three years through fiscal 2017, we will reform the business structures that we have developed thus far in terms of both quantity and quality to further strengthen them. We will also continue to establish solid business foundations.

## “SHINTEN 133 Plan” — Medium Term Management Plan

Taking the 130th anniversary of our foundation as an opportunity, we will further enhance and develop the business foundations that we have built over the years.

### Numerical targets

Final year (fiscal 2017) numerical targets

Consolidated operating income  
**30 billion yen**

The Ratio of Interest-Bearing Debt to EBITDA\*

**8 or higher**

\* EBITDA (earnings before interest, taxes, depreciation and amortization) = Operating Income + Depreciation and Amortization

### Fundamental policy 1: Strengthen Semboku-related business

We welcomed Semboku Rapid Railway Co., Ltd. and the Izumigaoka Station Shopping Facility to our group, and we have taken this as an opportunity to make serious efforts to revitalize the entire Semboku area. Moreover, starting with our Railway Business, we will realize synergy with our entire group at an early stage while expanding business opportunities and improving profits. Furthermore, we will expand the logistics business within our group with the newly-acquired distribution center business at its core.

### Fundamental policy 2: Expand Kansai International Airport and inbound tourism business

In preparation for the 2020 Tokyo Olympics, our corporate group will work steadily to meet increasing inbound demand. First, we will quickly complete fundamental infrastructure, including providing multilingual support and facilities that are barrier-free in both physical and non-physical aspects. In the future, we will not limit ourselves just to airport access. Instead, we will accelerate the expansion of other profit opportunities. For this purpose, through cooperation with local governments and other outside organizations, we will seek to increase the appeal of the entire Kansai region and make information available about it, taking the initiative in enabling Osaka to achieve the status of an inbound gate city. We will also promote visiting the business areas of our corporate group. In addition, in response to changes in the environment of the Kansai International Airport, we will seek to maintain and expand the revenue base related to the airport for our group.

### Fundamental policy 3: Increase the drawing power of the Namba area business

In order to make the New Nankai Kaikan Building (working name), which is the focus of revitalization of the Nankai Terminal Building, a facility that contributes to meeting customer needs and increasing the potential of the Namba area, we are advancing the following rebuilding plans as key projects. We are also seeking to increase the value and improve our lineup in real estate, distribution and other businesses. We will distinguish the Namba area from other areas by sustaining and increasing its sense of newness.

### Key focus 1: Create attractions in railway line areas

Commemorating the 130th year of our founding, we will advance promotions that seek to improve the brand image of the Nankai area and the Nankai Group. In addition, we will create attractions in areas along our railway lines by making features that encourage many customers to explore areas along the lines and by expanding services related to daily life, for example.

### Key focus 2: Strengthen group business foundations

Invest money and human resources in future growth fields, including inbound tourism and distribution businesses. While cultivating these as future core business areas, undertake measures to eliminate unprofitable businesses with consideration of current business conditions and future business environment changes. We will consider cash flow, in particular, implement thorough investment and income and expenditure plans, and improve interest-bearing liabilities balance/EBITDA ratios. Moreover, we will actively cultivate and utilize the core personnel who drive the growth of the Group and the diverse personnel who will be responsible for creating new value.

## Specific efforts

### Fundamental policy 1: Strengthen Semboku-related business

- Improve the convenience and comfort of transportation services
- Increase the attractiveness and customer appeal of the core area (area around Izumigaoka Station)
- Promote increasing the numbers of residents and visitors in the Semboku area
- Expand the distribution business revenue base
- Enhance efficiency and competitiveness

Semboku Rapid Railway



### Fundamental policy 2: Expand Kansai International Airport and inbound tourism business

- Strengthen information transmission and sales foundations, and enhance comfortable use environments
- Promote visiting the Minami Namba area and expand revenue opportunities
- Expand Kansai International Airport access
- Expand services at Kansai International Airport



Nankai Tourist Support Center (Kansai International Airport Station)

### Fundamental policy 3: Increase the drawing power of the Namba area

- Advance the Nankai Kaikan Building rebuilding project
- Enhance the value and improve the lineup of facilities and contents
- Promote community-building activities through area cooperation

Rendering of completed New Nankai Kaikan Building (working name)

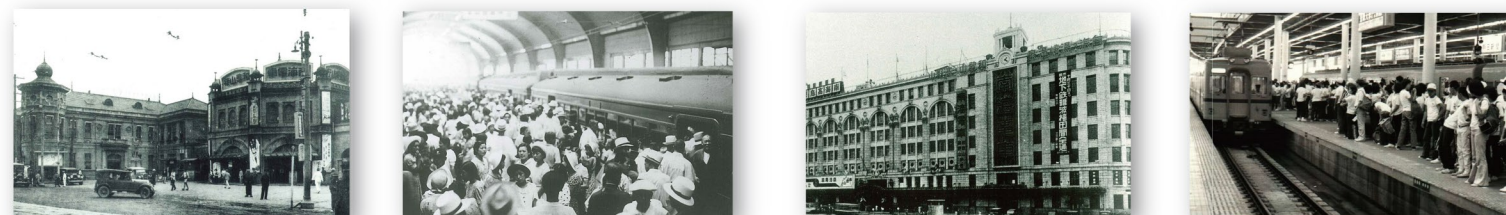
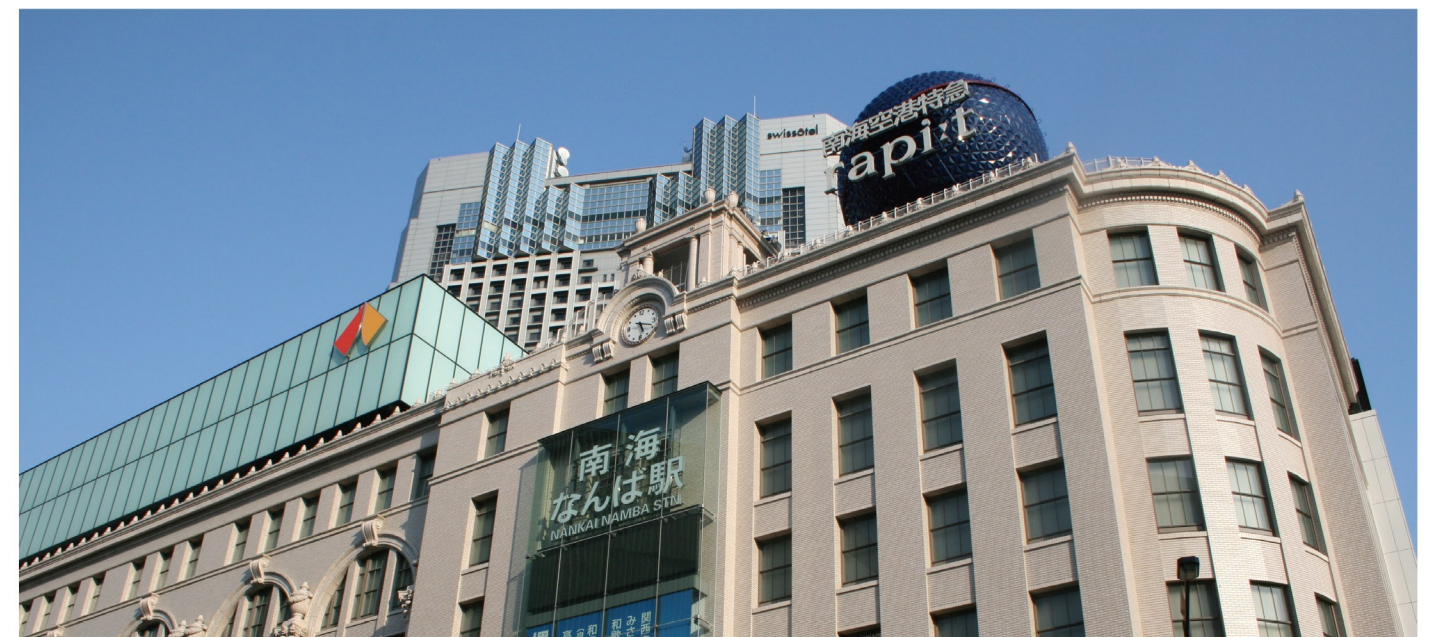


### Key focus 1: Create attractions in railway line areas

- Advance promotion of the new brand image
- Centralize and unify information transmission along rail lines
- Cultivate contents and devise excursion ticket plans
- Advance plans to expand lifestyle services
- Realize development plans for areas around each station and the strengthening of station functions

### Key focus 2: Strengthen group business foundations

- Allocate business resources to key areas
- Focus on growing fields
- Implement measures to eliminate unprofitable businesses
- Establish execution systems
- Implement thorough cash flow management



# Corporate Governance

The Company strives to implement strict adherence to laws and regulations first of all, while seeking to practice very transparent management and fair and rational decision-making, as well as strengthen the supervisory functions that oversee these processes.



General Meeting of Shareholders (June 24, 2016)

## Corporate Governance

### Execution of Duties

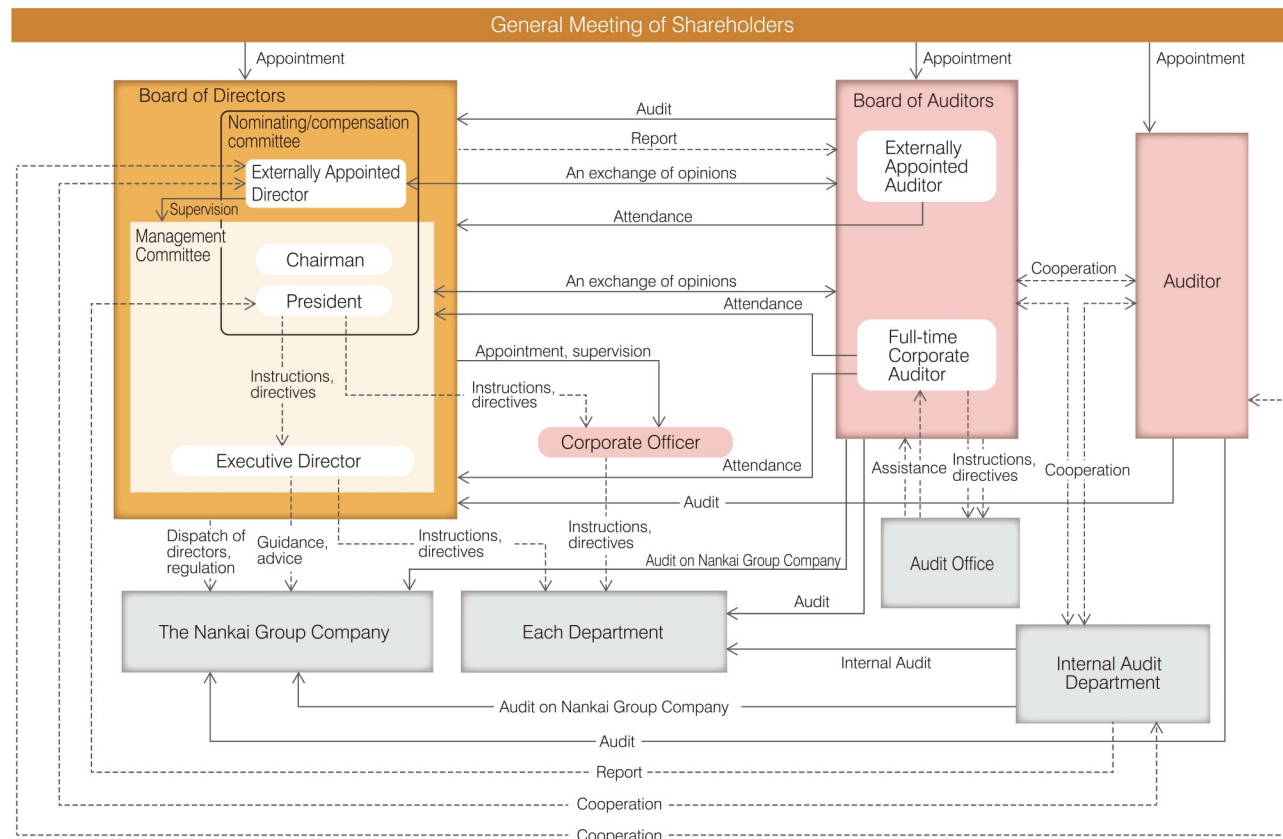
We are striving to establish reasonable and efficient business execution systems.

The Board of Directors of the Company consists of 13 directors (3 of whom are externally appointed) and 5 auditors (3 of whom are externally appointed). As a rule, the Board meets once a month to decide on important business issues and to supervise the performance and duties of the executives.

Based on the fundamental management policies established by the Board of Directors, a Management Committee comprised of managing directors, meets once a week to discuss important management issues. They seek to optimize overall control and business decisions related to work execution.

Furthermore, with the aim of reinforcing the supervisory function of the Board of Directors and establishing a maneuverable system of business operations, the Company has implemented a system of corporate officers. Six corporate officers are currently appointed and are working with the executive directors to optimize and increase efficiency in our business by, for example, sharing information related to important business issues and the performance of the Company.

Corporate Governance System Diagram (as of June 24, 2016)



## Directors

As of July 1, 2016



**Makoto Yamanaka**  
Chairman



**Teruhiko Achikita**  
President and CEO / SHINTEN133 Planning & Management Division / Audit Section



**Tetsuro Kanamori**  
Senior Managing Director Railway Business Division General Manager



**Toshiyuki Takagi**  
Managing Director SHINTEN133 Planning & Management Division / Corporate Planning & Management Division / Project Promotion & Town Development Division General Manager



**Katsuya Kanehara**  
Managing Director Store Management Division General Manager



**Keiichi Iwai**  
Managing Director General Accounting Division General Manager



**Tsutomu Inoue**  
Director Real Estate Division General Manager



**Shigeru Sakata**  
Director Railway Business Division Deputy General Manager / Business Promotion Division General Manager



**Naoto Ashibe**  
Director Subsidiary Affairs Division General Manager



**Koyo Uraji**  
Director General Affairs Division General Manager / Branch Manager in Tokyo / Branch Manager in Wakayama

**Mitsuaki Naito**  
Director

**Ichiro Masukura**  
Director

**Hitoshi Murakami**  
Director

## Auditor

As of July 1, 2016



**Takaichi Fujita**  
Senior Corporate Auditor (Full-time)



**Masafumi Katsuyama**  
Senior Corporate Auditor (Full-time)

**Masayuki Oku**  
Auditor

**Kozo Arai**  
Auditor

**Koji Aiba**  
Auditor

## Corporate Officer

As of July 1, 2016

**Masaaki Masumoto**  
Nankai Bus Co., Ltd. President

**Michiaki Sotohama**  
Hankai Tramway Co., Ltd. President

**Makoto Nakabayashi**  
Railway Business Department Chief Manager

**Osamu Mochizuki**  
Tourism Department Chief Manager

**Toshiaki Fukuchi**  
Nankai Ferry Co., Ltd. President

**Nobuhiko Tauchi**  
Accounting & Finance Department Chief Manager

# Safety Information Report

In accordance with Section 4, Article 19 of the Railway Business Act, Nankai publically releases its Safety Report, which details the measures taken to ensure transportation safety during the previous fiscal year, as well as other efforts to ensure safety (excerpt).



Training for a hypothetical large-scale earthquake

## A message from the Comprehensive Safety Administration Manager

Thank you very much for using our company.

As a rule, with safety as our highest priority, we strive every single day to fulfill the most important mission of our company, which is to provide transportation that is safe and assures peace of mind.

Back-up systems have been installed in our cars and facilities in the event of human error on a railroad. Even then, however, people charged with working with these systems can make mistakes and overlook warnings from them, and this can lead to accidents. For this reason, we have created a workplace environment where a safety mindset to "never allow an accident" is very deeply rooted in our corporate culture. We believe that strict adherence to fundamental work procedures is essential.

Moreover, in regard to unforeseen natural disasters, we are advancing preparations for earthquake resistance, for example. At the same time, we are preparing to respond in the event of a disaster and making other efforts in order to minimize harm.

With this in mind, based on our Safety Management System, which is in accordance with our Safety Management Regulations, the Company has effectively implemented a Plan Do Check Act (PDCA) cycle, and we are continuously improving our safety efforts. At the same time, we are implementing training and education programs to increase employee awareness about safety. As a result of these efforts, we are striving to create and establish an enduring safety culture with the aim of being a railway company that is trusted by our customers.



Tetsuro Kanamori

Comprehensive Safety Administration Manager, Senior Managing Director, General Manager of Railway Business Division

## Safety Policy

1. Safety is the Company's overriding priority; by working together we shall prevent accidents
2. As a company and in our work tasks we will strictly comply with all laws and regulations related to transport safety
3. The Company will enforce rigid checks and undertake the safest methods at work
4. In the event of an accident or a disaster, saving human lives takes priority over everything and the Company shall implement appropriate safety measures without delay
5. The Safety Management System shall be implemented in an appropriate manner and the Company will constantly look to improve the system

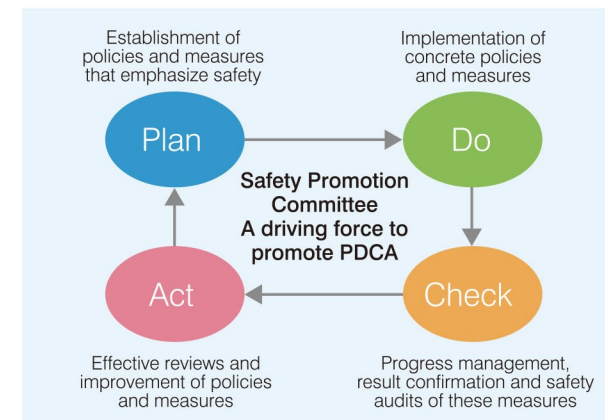
Revised June 26th 2009

## Our Methods of Safety Management

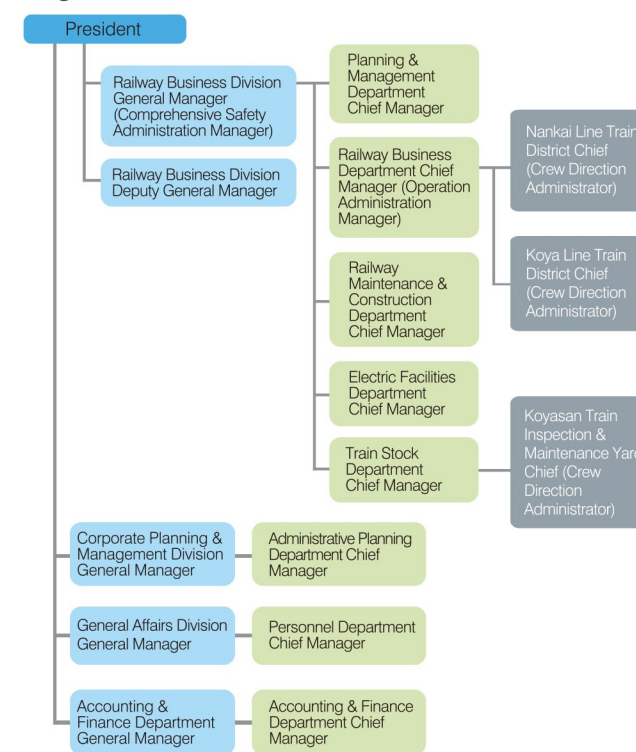
We conduct meetings regularly every month to share information in order to increase safety.

In order to prioritize safety and ensure that essential information is shared, the Safety Promotion Committee – with the company President as committee chair – meets once every 6 months and the Safety Promotion Implementation Committee, chaired by the General Safety Officer, meets once a month.

These committees decide issues of safety policy, implement concrete measures, manage the progress of these measures through internal safety audits and review the implementation status of these measures. By doing so, a PDCA cycle has been established to increase safety, with appropriate review protocols as well as constant improvements to ongoing safety policy.



## Organizational structure as of June 2016



■ Safety Promotion Committee members

## Committee organization



## For customer safety

### Monetary Investment in Safety

We invest in improving and renewing facilities every year in order to achieve even higher levels of safety.

In order to implement the necessary safety measures as planned without delay, we invested about ¥6.8 billion in the improvement and renewal of facilities during fiscal 2014. We invested a further ¥7.8 billion in facilities during fiscal 2015 in order to advance planning and implementation of safety facilities for train operation, train cars and platforms.

### Safety Investment

Amount invested (millions of yen)



## Continuous grade separation projects

Since we are a company that serves to make transportation smoother, we seek to provide railways that are comfortable in cooperation with local communities.

With the goals of increasing the operation safety level and resolving traffic jams, we are actively consulting with related local governments and advancing continuous grade separation projects for the Nankai Line (in Sakai, Takaishi and Izumiotsu cities) and the Takashinohama Line (in Takaishi City) as shown below.

Moreover, continuous grade separation projects that are already complete have eliminated 65 railway crossings, including some in Izumiotsu City.



Nankai Line (in Takaishi City) continuous grade separation project construction progress

## Continuous grade separation projects progress status

Line	Track section	Planned railway crossing removals (locations)	Length (km)
Nankai Line	ISHIZUGAWA – HAGOROMO	7	2.7
Nankai Line	HAMADERAKOEN – KITASUKEMATSU	13	3.1
Takashino hama Line	HAGOROMO – KYARABASHI		1.0
Nankai Line	KITASUKEMATSU – TADAOKA	8*	2.4

\*Railway crossings eliminated in Izumiotsu City

## Completed continuous grade separation projects (fiscal 1987–2014)

Line	Track section	Planned railway crossing removals (locations)	Length (km)
Nankai Line	HAGINOUCHAYA – TAMADE	7	2.4
	YAMADE – YAMATOGAWA	13	3.4
	YAMATOGAWA – ISHIZUGAWA	20	5.4
	IZUMIŌMIYA – TAKŌJIZŌ	8	1.7
	IHARANOSATO – HAGURAZAKI	9	2.8

## Fiscal 2015 safety priority measures

For the purpose of assuring the safe transportation of customers, we revise and improve our safety priority measures every fiscal year.

Based on the efforts of the previous fiscal year, we prioritized efforts that should be made in fiscal 2015 and are working on the following eight items in order to resolve issues related to the safe transportation of customers.

### Fiscal 2015 safety priority measures

- Based on the results of analyzing safety awareness surveys, understand and implement safety policies, execute thorough checks and improve communication
- Determine the status of education about rules and manuals as well as the statuses of work procedures in each workplace, and make improvements to them
- Devise methods for collecting information about accidents and near misses and implement efforts toward the sharing of this information inside the head office
- Strengthen safety systems
- Increase emergency response capabilities and strengthen on-site backup systems
- Set plans for replacing old infrastructure and extending operating lifespans
- Advance work to comply with ministerial ordinances and revisions related to technical standards and work to improve earthquake resistance
- Promote safety measures for platforms and railway crossings

## “The Customer’s Voice” – A Database

This database helps solve problems and improve service.

“The Customer’s Voice” is a valuable database of raw, unfiltered feedback received directly from customers. In fiscal 2015, we received a great amount of customer feedback, totaling 2,327 cases.

These opinions can often point to areas of corporate management that require attention and have helped in the improvement of problematic points and service. The following are examples that reflect responses to customer feedback.

### 2015 customer feedback breakdown (number of cases)

By division	FY2014		FY2015	
	FY2014	FY2015	FY2014	FY2015
Railway	1,524	2,071	Requests	529
Misaki Park	83	86	Complaints	640
Companies that make up the Corporate Group	69	89	Inquiries	309
Others	90	81	Praise/gratitude	115
Total	1,766	2,327	Others	173
			Total	1,766

### Main subjects of complaint

	FY2014	FY2015
Treatment	168	185
Timetable	34	77
Air-conditioning	75	137
Accident handling	17	63
Passenger manners	41	56
Facilities	17	48
Inbound issues	0	13
Smoking related	0	7
Systems	4	5
Women-only cars	3	6

### Main subjects of requests

	FY2014	FY2015
Station facilities	93	120
Train car related	71	98
Passenger manners	42	63
Train frequency	24	49
Treatment	23	47
Treatment (conductors)	44	46
Express tickets, etc.	23	31
Trains not on schedule	6	28
Cooling	11	22
Special tickets	11	21



Compliance education

With a high level of compliance consciousness, we are deepening the implementation of our Code of Business Ethics through continuous awareness-raising activities.

## Establishing our Code of Business Ethics

We created a Code of Business Ethics as a means of establishing our corporate ethics and to sustain and promote compliance-based management.

### Code of Business Ethics

1. Safety is the Company’s overriding priority; by working together we shall prevent accidents
2. We shall endeavor to maintain healthy and good relations with customers, business partners, shareholders and other members of society at large
3. As a good corporate citizen, we shall actively engage in philanthropic activities
4. We shall reject all contact with organizations involved in activities in violation of the law or accepted standards of responsible social behavior

Revised September 2011

## Assignment of Compliance Officers

The company as a whole actively advances compliance through awareness-raising activities.

In our company, we are promoting compliance management and have made our Risk Management Department responsible for compliance. In addition, Compliance Officers, who play central roles in promoting compliance awareness, are assigned to each department (and division) in the company. Each fiscal year these officers prepare Compliance Education Plans and conduct activities to promote compliance awareness. Moreover, they participate in meetings held twice a year to exchange opinions about the state of progress and other topics. Group companies are also advancing compliance awareness activities in the same manner as Nankai Electric Railway.

## Internal Reporting System

We have established a Corporate Ethics Hotline that also meets the requirements of the Whistle-Blower Protection Act.

As an alternative to regular work reporting routes, our corporate group has established a hotline that is a resource for all employees when they have questions or concerns,

want a consultation or wish to report something regarding corporate ethics or compliance. Corporate Ethics Hotline System Rules were established to ensure that anyone using it for counseling or reporting would be protected. Moreover, in accordance with the Whistle-Blower Protection Act, our Corporate Ethics Hotline has become a whistleblower hotline since April 2006.

## Awareness raising for human rights protection and harassment prevention

As a company that manages a rail network, which is a public transportation organization, we recognize that we need to tackle all human rights matters head-on, starting with social discrimination issues, and including issues related to ethnicity, gender and disability. For this purpose, the Company has been striving to raise awareness about human rights since 1971. In addition to enriching the content of training courses to further deepen accurate understanding and awareness of human rights issues, we have continuously undertaken awareness-raising efforts. Furthermore, in order to prevent various types of harassment, including sexual harassment and power harassment, we are endeavoring to establish consultation lines and continuously conduct training for awareness raising and prevention.

## Compliance education

We are striving to make the spirit of compliance permeate our corporate culture through various trainings and the creation of manuals.

The efforts we are making to deepen the compliance mindset of all group executives include continuously conducting trainings by employment level as well as holding a variety of group trainings.

To deepen the spirit of our Code of Business Ethics in our company, we have, for example, created a Compliance Manual, which is specific down to level of the business and conduct expected of each individual executive in our group companies. Through these efforts we are striving to make the principles of compliance management permeate our organization and to prevent relationships with anti-social forces.



# The Environment

## Environmental Philosophy (complete text)

We, the Nankai Group regard protection of the global environment as one of our missions. We always consider the environmental impact of our business activities, and work to foster a society that treasures the environment.

## Environmental Policies (complete text)

Based on the environmental philosophy of the Nankai Electric Railway Group of Companies, the Nankai Electric Railway shall be sensitive to the effect on the environment of its various business activities, centered on its main business of the railway. The Company recognizes its social responsibility and has decided on the following environmental policy.

- The Company will aim to promote the use of environmentally friendly modes of transport such as the railway and the bus, and at the same time to do its utmost to preserve the environment adjacent to its rail tracks.
- The Company will strive to increase its environmental awareness, and will do its best to form a harmonious relationship with the local community as well as maintain open communication with customers through various methods of information transmission.
- The Company will adhere to all laws, regulations and all other agreements with regard to the environment, as well as working hard to prevent any contamination.
- In order to make its businesses run in an environmentally friendly manner, the Company is making constant improvements to its environmental management system.
- Taking into account the effect on the environment of our business activities, the Company will implement a variety of measures with the aim of addressing the issues raised in the important points that the Company has settled as follows, and these shall be reviewed at regular intervals.
  - Promote business activities that are considerate towards environmental preservation
  - Work cooperatively with the local community: strengthen communication
  - Reduce the burden on the environment through promoting the use of railways and buses

In accordance with these policies, Nankai is taking measures to further strengthen their promotion of environmental management.

Moreover, these policies will be applied by the Nankai Vehicles Service Engineering Company at their Head Office as well as the Chiyoda Works in order for the environmental management system to work effectively.

Revised August 19th 2013

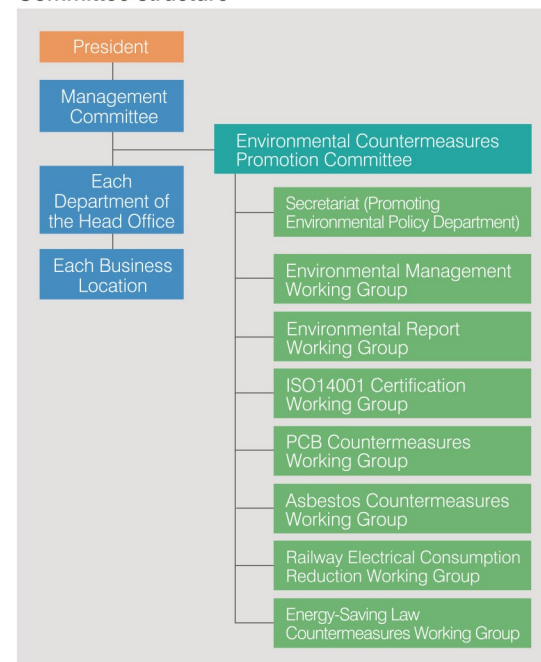
## Environmental management promotion

### Promotion System

We have established an Environmental Countermeasures Promotion Committee with Managing Director Corporate Planning & Management Division General Manager as the chairperson.

In order to promote our efforts for the environment and information disclosure smoothly, the Company has established an Environmental Countermeasure Promotion Committee, with a secretariat located in the Promoting Environmental Policy Department.

### Environmental Countermeasures Promotion Committee structure



## Environmental management system

Two of our business places—our headquarters and the Chiyoda Works—have received ISO 14001 certification.

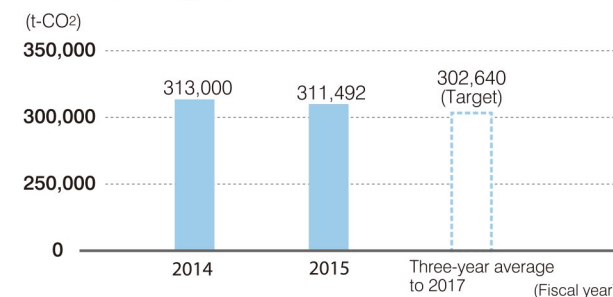
In our company, our headquarters and the Chiyoda Works have received environmental management system certification (ISO 14001). (The Chiyoda Works received this jointly with the Nankai Vehicles Service Engineering Company.) Both business places renewed their certifications in March 2016.

## Reducing CO<sub>2</sub> Emissions as a Group

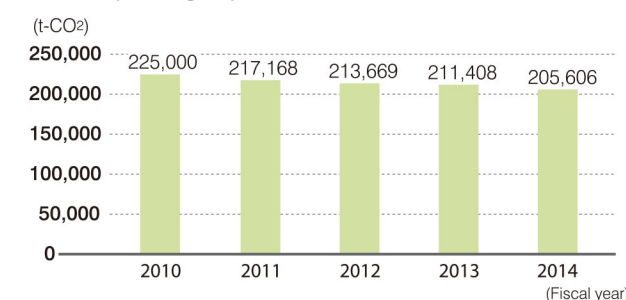
We have established medium-term environmental goals for 45 group companies.

In our previous Medium Term Business Plan (fiscal 2011–2014), we set a target of reducing total CO<sub>2</sub> emissions by 4% compared to the fiscal 2010 level of 225,000 tons total for 35 group companies, including Nankai Electric Railway. Every company has completed reporting for the final year, and a reduction of 19,394 tons (8.6%) to 205,606 tons was achieved. In our new Medium Term Business Plan (fiscal 2015–2017), we have set a target of reducing average CO<sub>2</sub> emissions for fiscal years 2015–2017 by 3% compared to the fiscal 2014 level of 313,000 tons total for 45 group companies, including Nankai Electric Railway. In fiscal 2015, which was the first fiscal year, reduction of 1,508 tons (0.48%) to 311,492 tons was possible.

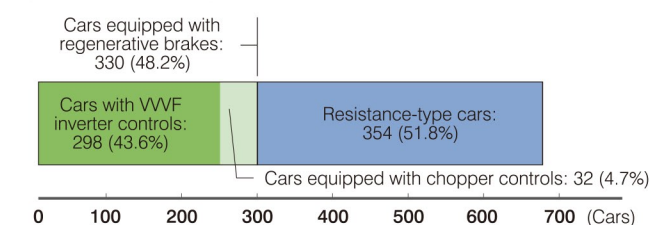
### Change in CO<sub>2</sub> emissions for 45 companies in the corporate group



### Change in CO<sub>2</sub> emissions for 35 companies in the corporate group



### Proportion of cars equipped with regenerative brakes (as of March 31, 2016)



## Promoting an "ECONist" mindset

We have implemented a certification program to encourage employee concern about the environment.

We began the ECONist program in our company on April 1, 2014.

First, we summarized all the environmental activities being implemented throughout all the company departments and called for participation as volunteers. Environmental activities conducted outside the company can also be added by individual request. Employees who participated in environmental activities at least twice in the year are recognized as "ECONists" and receive a certificate of acknowledgment.

In fiscal 2014, 43 ECONists were identified. In fiscal 2015, we included the ECONist program in ISO 14001, and the number of ECONists increased greatly to 100. In the future, we will continue to raise interest in participation in environmental activities through efforts that include calling for participants in them, announcing the names of certified ECONists and distributing other information in-house.

## Energy reduction in the Railway Business

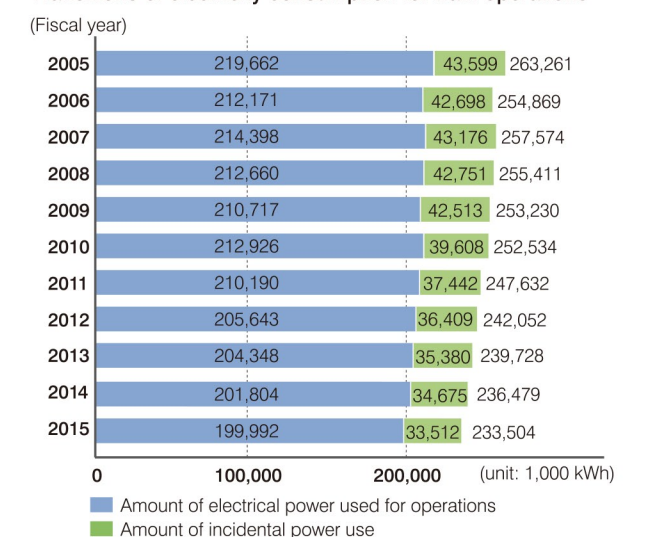
To make railways a transportation system that is even better for the environment, we are striving to reduce power consumption.

### Reducing Electricity Consumed by the Railway

The amount of electricity used by the railway was 233,504,291 kWh in fiscal 2015. Due to the introduction of high-efficiency, energy-conserving cars (with VVVF inverter control), for example, the electricity consumed by the railway has been steadily decreasing since peaking in fiscal 2005.

\* This calculation was made using the emission coefficient for electric power of 0.531kg/kWh (fiscal 2015)

### Transitions of electricity consumption for train operations



## Environmental Activities at Nankai no Mori

We have been supporting long-term global environmental protection since 1975 through the planting of Japanese cedar and Japanese cypress trees.

On Mount Gomadan, which is a 1,372m peak located on the border between Wakayama and Nara prefectures, our company owns a forest that is about 510 ha in size. We have been planting Japanese cedar and Japanese cypress trees there since around 1975.

## 3R measures for waste at our headquarters

By separating, identifying and reducing waste, we are contributing to the realization of a cleaner recycling-based society.

At the Nankai Namba Daiichi Building, which is our head office building, in addition to recyclable paper, glass bottles, cans and PET bottles, we installed new garbage bins for plastic wastes and we have been separating ordinary garbage carefully into 12 categories since fiscal 2015.

## DBJ environmental ranking received

We received the highest rank in an environmental ranking evaluation.

In September 2014, in the environmental ranking evaluation of the DBJ Environmentally Rated Loan Program, which is implemented by the Development Bank of Japan, our business management was evaluated for its consideration of the environment. We received an environmental ranking for "Companies with excellent advanced environmental initiatives."

This is our second time to be ranked. In December 2008, we received a ranking of B, but this time we received a top ranking of A. The reasons we received this particularly high evaluation this time are as follows.

- (1) We significantly reduced environmental impacts from our Railway Business through the adoption of energy-conserving rolling stock, for example.
- (2) We focus efforts on the preservation of biodiversity along our rail lines through, for example, the sale of KOYASAN-World Heritage Tickets that include offset credits from our own forest cultivation project.
- (3) We are aware of important issues for the environmental management of our company, and we are setting ambitious targets for CO<sub>2</sub> emission reduction and other goals.

The companies of our group will continue to work as a team to reduce environmental impacts through efforts that include energy and resource conservation, recycling and waste reduction. We will also make efforts in environmental protection activities along our train lines.



## Topics

### Parks Garden is recognized as an urban oasis

The Organization for Landscape and Urban Green Infrastructure sponsors the Social and Environmental Green Evaluation System (SEGES). In fiscal 2014, the Parks Garden rooftop garden on the Namba Parks commercial facility operated by our company was designated as a recognized SEGES Oasis of the city.

The main points for this evaluation are as follows.

- (1) Emphasis is placed on safety management because numerous people visit the space.
- (2) The management system is thorough with dedicated staff stationed on site.
- (3) Trees are pruned suitably in a manner that maintains their forms, and flowers are appropriately replanted throughout the four seasons.
- (4) The environment is considered with consistent chemical-free management, surveys of insect and bird habitation and investigations of the amounts of CO<sub>2</sub> captured.
- (5) Communication with visitors is promoted through events such as "firefly evenings" and guided tours of Parks Gardens.



Parks Garden

## Environmental Burden Data

In accordance with the revised Energy Conservation Law, in June 2016 the Company submitted its environmental burden data (INPUTS and OUTPUTS) as detailed below - which mainly focused on the amount of energy consumed - to the

Kinki District Transportation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and in July to the KANSAI Bureau of Economy, Trade and Industry (METI-KANSAI).

INPUTS	Railway Business	Head Office and other Facilities	
Energy	Electrical power 234,856,827 kWh (-1,875,872 kWh)	Electrical power 74,703,945 kWh (+1,766,827 kWh)	
	Urban gas 332,230 m <sup>3</sup> (-26,150 m <sup>3</sup> )	Urban gas 5,508,617 m <sup>3</sup> (-95,804 m <sup>3</sup> )	
	Propane gas 11,703 kg (+2,773 kg)	Propane gas 214 kg (-64 kg)	
	Gasoline 24 kℓ (-10 kℓ)	Gasoline 0 kℓ (-15 kℓ)	
Water	Light oil 49 kℓ (-9 kℓ)	Light oil 1 kℓ (0 kℓ)	
	Kerosene 12 kℓ (-4 kℓ)	Kerosene 7 kℓ (-3 kℓ)	
	Heavy oil 0 kℓ (+0 kℓ)	Heavy oil 15 kℓ (-11 kℓ)	
	Total 2,337,295 GJ (-54,081 GJ)	Total 984,950 GJ (+13,983 GJ)	
Paper	Water 203,385 m <sup>3</sup> (-83,747 m <sup>3</sup> )	Water 642,903 m <sup>3</sup> (+93,773 m <sup>3</sup> )	
	Paper 1,852 thousand sheet (of paper) (-1 thousand sheets)	Paper 3,095 thousand sheet (of paper) (+84 thousand sheets)	
OUTPUTS	CO <sub>2</sub> emissions 125,717 t-CO <sub>2</sub> (+1,022 t-CO <sub>2</sub> ) <sup>*1</sup>	CO <sub>2</sub> emissions 52,090 t-CO <sub>2</sub> (+1,029 t-CO <sub>2</sub> ) <sup>*1</sup>	
	Waste	Metallic waste 1,351 t (+312 t)	Metallic waste 34 t (+5 t)
		Waste plastic 74 t (-5 t)	Waste plastic 67 t (-45 t)
		Sludge 63 t (+5 t)	Sludge 62 t (+2 t)
		Waste Alkali 29 t (0 t)	Glass and ceramic waste 6 t (-16 t)
		Glass and ceramic waste 102 t (+98 t)	Waste wood 0 t (-11 t)
		Waste paper 11 t (-2 t)	Waste oil 58 t (0 t)
		Waste wood 134 t (+88 t)	Other industrial waste 53 t (+40 t)
		Waste oil 5 t (-33 t)	Total amount of industrial waste generated 280 t (-25 t)
		Debris 167 t (+22 t)	Total amount of general waste generated 478 t (-6 t)
		Slag 9 t (-63 t)	
	Waste asbestos 0 t (-1 t)		
	Concrete 37 t (+37 t)		
Other industrial waste 720 t (+79 t)			
Total amount of industrial waste generated <sup>*2</sup> 2,702 t (+537 t)			
Total amount of general waste generated 306 t (-353 t)			

Figures in parenthesis ( ) shows comparison with the previous fiscal year.

\*1: These numbers represent the data submitted by the Company to the Kinki Transportation Bureau in accordance with the Energy Conservation Law. The CO<sub>2</sub> emissions totals were based on the amount of electric power consumed and calculated using the emission coefficient as set by Kansai Electric Power Co. of 0.531kg-CO<sub>2</sub>/kWh.

\*2: Waste recycled since fiscal 2014 excluded.