

Corporate Social Responsibility Report 2012



With expertise and dynamism, forging the way to the future

The Nankai Electric Railway shall act together with our regional society to actively protect and reduce the burden on the environment through the provision of a public transportation service that is kind to the environment. Through our daily business activities, we are contributing to the creation of a comfortable and attractive lifestyle for the people in our region.



Corporate Outline

Company Name	Nankai Electric Railway Co., Ltd.
Established	December 1885
Head Office	2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka, 556-8503, JAPAN
Website	http://www.nankai.co.jp/
Paid-in Capital	¥63,739,030,000
Operating Profit	¥90.7 billion
No. of Shareholders	56,072
No. of Employees	3,075 (Including 341 staff on loan)
Managed track	154.8km
Rolling Stock	710

(As of March 31, 2012)

Status of the Corporate Group

(No. of Consolidated Employees 8,288) As of March 31, 2012

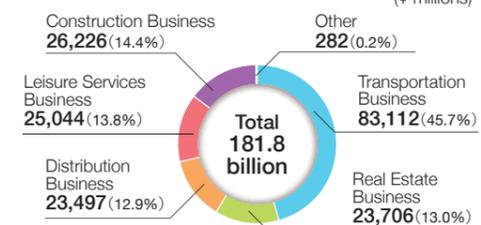
Business	(No. of Companies)	Description
Transportation	29	Railways, rail track management, buses, ocean freight, cargo transportation, train maintenance businesses
Real Estate	4	Real estate leasing, real estate sales
Distribution Business	7	Shopping Center management, sales of commodities
Leisure and Services	23	Amusement Park management, travel agency, hotels and <i>ryokan</i> Japanese inns, Leasing of facilities for motorboat racing, building management and maintenance businesses, printing, advertising agency
Construction	5	Construction
Other	4	Accounting and Data Processing Agency Services

* The Nankai Electric Railway Co. Ltd. is counted on more than one occasion in the company totals shown above.

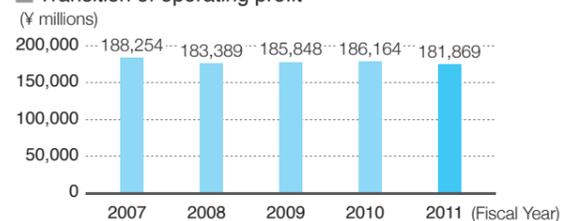
* Subsidiary companies and affiliates are also included in the totals shown above.

Financial Status (Consolidated Results for fiscal 2011) (From April 1, 2011 to March 31, 2012)

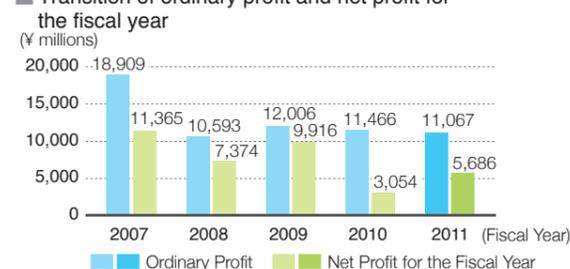
Composition ratio of operating profit by segment (¥ millions)



Transition of operating profit (¥ millions)



Transition of ordinary profit and net profit for the fiscal year (¥ millions)



Editorial Policy

This CSR report has been published as a tool to facilitate communication with our stakeholders. This document introduces our policies and the state of our activities with regard to CSR, including our relationship with society, with content centered on our Safety Information Report as well as our efforts for environmental preservation, etc.

Applicable Term

The applicable term of this report refers to fiscal 2011 (running from April 1st 2011 to March 31st 2012), but some sections of this report also covers matters outside of this stated time span.

Scope of the Report

This report covers issues related to the Nankai Electric Railway Co., Ltd., however some CSR activities of companies that make up the corporate group are also mentioned in this report.

Referenced Guidelines

This report references the 'Environmental Accounting Guidelines Ed. 2005' as published by the Ministry of the Environment and conforms with the 'Environmental Accounting Guidelines for Private Railway Businesses Ed. 2008' as published by the ASSOCIATION OF JAPANESE PRIVATE RAILWAYS. GRI Sustainability Reporting Guidelines Edition #3 (G3) ISO26000 (Japanese Standards Association)

Contents

Interview	
Building a Sustainable Society and the Role of the Railway	2
Special Report	
What is the Best Way to Support Areas Affected by Disaster?	6
Nankai Electric Railway Group and CSR	10
Safety Information Report	12
Corporate Governance	16
Fair Business Practices	17
Measures to Deliver Customer Satisfaction	18
Community Participation and Development	19
Human Rights and Labor Customs and Practice	20
The Environment	22

Building a Sustainable Society and the Role of the Railway

Enriching the field of public services, such as railways, is an essential element of a sustainable society, which can also be defined by improvements in energy efficiency as well as by the implementation of policies to tackle global warming. The following discussion, focusing on energy issues and the status of the rail network in Germany, one of the most environmentally advanced countries in the world, compared with the status here in Japan, was held by Dr. Alexander Olbrich, Consul General, Consulate General of the Federal Republic of Germany Osaka-Kobe and Shinji Watari, President and COO of Nankai Electric Railway Co., Ltd.

Examining How We React to a Disaster

Watari — Dr. Olbrich, you took up your post as Consul General in July 2009. How did you react to the Great East Japan Earthquake that struck last year?

Dr. Olbrich — I happened to be on vacation in Iceland when the earthquake struck on March 11, 2011. I was informed of the earthquake and subsequent tsunami via the television images and I was flabbergasted at the extent

of the damage and destruction wreaked by the tsunami. I cancelled all of my plans and made an immediate return to Japan.

Watari — I also watched the footage from the affected areas on television and I recall thinking “is this real?” and of being in shock as I saw those images. In the evening I remember feeling worried when I heard that the nuclear plant in Fukushima had lost power. A tsunami is a one-time only phenomenon, but a nuclear crisis at a power station can go on to become a serious issue for a long period of time.



Shinji Watari
President and COO,
Nankai Electric Railway Co., Ltd.



Dr. Alexander Olbrich
Consul General
Consulate General of the Federal Republic of Germany Osaka-Kobe

Dr. Olbrich — Over in Germany, relief and aid efforts were soon launched, centered around German corporations with deep, long-standing ties to Japan as well as the German-Japanese Association. Donations for aid relief, including those from citizens, totaled €60 million (approx. ¥6 billion) and this money was sent to the affected area.

With regard to the response of the Japanese government and TEPCO following the crisis at the nuclear plant, I personally cannot state that I am affirmative of their response, but I was left with a lasting impression of the calmness displayed by those people in the affected areas when faced with such a tragedy. In other countries this situation may have led to widespread panic.

Watari — I also have my doubts as to whether or not the Japanese government and TEPCO chose the best approach to deal with this crisis, but on the other hand it did make me consider what we can do as people who were not directly affected by this tragedy. You mentioned the efforts of the German people to send aid to Japan — at the Nankai Electric Railway Group we also contributed a total of ¥50 million as well as collecting donations from our corporate officers and employees. Nankai also collaborated with Kawachinagano City in providing a bus service to transport volunteers to move furniture from damaged homes and run soup kitchens in the affected areas (on May 13/14/15, 2011).

Dr. Olbrich — Not only did Kansai-based companies such as Nankai work together to help the affected areas with donations and volunteer bus services, etc., I was also very impressed with the speed in which these donations and services were provided to those in need.

Watari — In September 2011 Severe Tropical Storm Talas delivered a significant, localized downpour that led to some listing of the piers of the Kinokawa Kyoryo Iron Bridge (between the Hashimoto and Kii-Shimizu stations on the Koya Line). One of our drivers noticed the listing piers and suspended train operations due to safety. We managed to avoid a human tragedy, however repairs to the bridge took one month. Kumano Kotsu, a company that is part of the Nankai Group, also stopped running route buses. The drive-in area for the Doro-Kyo Gorge Sightseeing Jet Boat was also completely washed away. This was also a staging post for one of our group businesses, so in order for recovery to be completed and for citizens' lives to return to normal as quickly as possible, some of our employees volunteered to work on the recovery effort, such as removing mud and effluent from flooded warehouses, etc.

Dr. Olbrich — In Germany our great rivers, such as the Rhine, the Oder and the Elbe also experience flooding and this causes damage in the cities, towns and villages that are situated on the banks of these rivers. In these cases, if bridges or roads suffer damage and require repairs, or if people are injured and require medical care and assistance, these services are provided by the national or local governments, whilst citizen's groups are involved in the form of the local fire brigade, etc.

In Germany, organizations where citizens and government work together are well-established, so one does not hear so much about corporations in Germany where the employees volunteer to go and assist in these instances, such as you mentioned earlier.

Watari — In Japan we also have organizations that respond to crisis situations such as neighborhood community associations and fire brigades, etc. that are comprised of members of the local community and these organizations were active in the affected areas, but in cities it is expected that these functions are part and parcel of being a corporation located in an urban area.

Environmental Awareness and Energy Issues in Germany

Watari — The incident at the Fukushima nuclear power plant has led to a review of electrical power generation using nuclear power. As a result, during the summer of 2012 the whole of Japan concentrated its efforts on conserving electricity.

Nowhere was this more apparent than in Kansai, where the electrical power conservation requirements were particularly severe. The Nankai Electric Railway implemented stricter power-saving measures than for the previous year. A broad range of measures to conserve electrical power were put in place, such as selectively turning off some of the lighting in our offices, station concourses, walkways and on our train cars. Air conditioners were set to maintain higher temperatures and some of our train services that usually ran on 8 cars were reduced to 6 cars, with some of our usual 6 car services reduced to 4 cars. Some of our ticket machines and fare adjustment machines were switched off for the summer months.

Dr. Olbrich — This seems like the steps that a train company can take and I applaud you for your approach. But there must be a concern on your side that you will cut services to the bone in an effort to conserve electrical power to a point where this leads to a degradation in the services offered to your passengers. For example if you turn off escalators at your stations, does this not cause inconvenience to passengers with disabilities, the elderly, small children or pregnant ladies? If saving electricity means that you lose passengers who feel that the railway is no longer a convenient way to travel it becomes meaningless in itself. Please let me know your thoughts.

Watari — You have hit the nail on the head. We cannot ever cause our passengers any inconvenience whatsoever, and as you just mentioned we always have to keep passenger awareness at the forefront of our minds. Let's say for example that we have a timetable that states that we provide 5 train services during a particular hour. This means we have to make sure that we run those services. By only running 4 trains in that hour we remove opportunities for our passengers to use our services — that is the only way of looking at this.





Dr. Olbrich — When we talk about conserving electricity, one of things that strikes me is the number of vending machines that I can see at any station. Can anything be done on this point? I am also aware that urban streets are home to many of these machines. I cannot think of another country that has so many vending machines! I imagine that this would be one way to make a significant saving in electricity consumption (laughs).

Watari — I have a very favorable impression of Germany as an environmentally advanced country. Germany has taken the lead in deciding on a phased elimination of nuclear power plants, as well as taking an active stance on implementing renewable energy measures. How are the German people reacting to issues related to the environment and energy?

Dr. Olbrich — The German people have a deep-seated love of nature. In other words, we believe that we should do nothing to harm the environment. This is the fundamental starting point for any efforts we make to tackle environmental or energy issues. For example, there is a shared awareness of issues such as a desire to move away from nuclear power generation, to seek an alternative to fossil fuels before these resources are exhausted, to prevent any further emissions of CO₂ and halt climate change on a global scale.

The first nuclear power plant in Germany started operations in the early 1960s, but at the time many citizens were opposed to it. This groundswell of opposition formed the background to the formation of Die Grünen* (The Greens) and subsequently the movement to protect the environment gained pace domestically. In one sense, one can say that Die Grünen changed German society.

Watari — Germany has also taken the lead in the separation of waste for recycling. It is a feature of your country that when an energy policy is agreed upon, it is carried out without any wavering or watering down. Here in Japan I feel as if we cannot get a solid consensus on how we wish to tackle this issue. With regard to the issue of nuclear power plants, there seems to me to be little in the way of debate about the time-oriented steps required to move towards securing the safety of these facilities and/or full decommissioning.

Dr. Olbrich — I do not have a grasp of the situation in Japan, but in Germany I cannot say that we reached a consensus without much resistance and debate. To get to this point we had to listen to a great number of diverse arguments. However, in the end three items were agreed upon as policy.

The first is for Germany to be free of nuclear power plants by 2022. The second is to increase the proportion of our electrical power generated by renewable resources such as solar or wind power from the current level of 20% to 35% by 2020. The third point, which rather flew under the radar and was not picked up by the press and reported as such, was to increase energy efficiency through the construction of housing with excellent insulation, in order to improve efficiencies with regard to heating and cooling the home.

Watari — You have raised an important point regarding energy efficiency. We have to be exceedingly effective in the way we use energy. At Nankai we don't simply purchase electricity from the power company, we are also moving forward with the way that we implement energy saving measures, such as solar energy generation, employing LED lighting systems, and making improvements to our highly energy-efficient cars. I believe that a railway company can be sustainable if it works on important issues such as improving energy efficiency.

* Die Grünen (The Greens): This German environmental political party came into being in March 1983. From its founding, the party called for the restructuring industrialized society from an ecological standpoint, the creation of a welfare society, the promotion of an anti-nuclear agenda as well as natural energy sources. In 1993 Die Grünen merged with Bündnis 90 (Alliance 90) to become Bündnis 90/Die Grünen.

Towards a Sustainable Society: The Role of the Railway

Watari — Railways, compared with cars or airplanes, give out less in the way of CO₂ emissions per passenger unit. It is one of the more environmentally friendly modes of transport and because of this railways have a significant role to play in the creation of a sustainable society. In order for as many people as possible to make use of the railway the services on offer have to be appealing — namely it is essential that fares are reasonable, that services run on time and that passengers are delivered to their destinations in a precise and convenient manner. A prime example of this would be the way the independent private rail networks running in Kansai have come together to collaborate and sell discounted multi-line tickets that cover areas where services are provided by another company. Furthermore, as proved with the successful implementation of a next-generation streetcar service in Toyama City, known as the LRT (Light Rail Transit) system, there is a responsibility to build and develop transportation systems that will serve the needs of society going forwards. What steps are being taken in Germany to encourage people to swap car use for the railway?

Dr. Olbrich — In Germany we regard taxi services as part of the public transportation system, so I cannot make a direct comparison with the situation here in Japan. However, with regard to your point of providing services

that are appealing, in Munich, the city center and surrounding areas are divided into two zones and passengers can purchase a ticket valid for one day, one week or one month and ride on public transport all they want during that period. This has proved to be a convenient and well-received system for commuters, the elderly and young children, as well as tourists. Furthermore, many states in Germany have introduced a system whereby one ticket will grant the holder the right to use the metro, bus and urban rail services. In many cities, public transport is given right of way in the rules of the road, so these initiatives are working to encourage people to move away from using their private cars and to make more use of public transport systems such as the railway. Here is an example from another country — in Switzerland most people possess rail passes that entitle the bearer to a 50% discount.

Watari — I hear that LRT is being enthusiastically implemented across Germany. My understanding is that this is a public enterprise, would that be correct?

Dr. Olbrich — There are a number of different approaches. In some areas, the municipalities themselves are running LRT projects, and in other areas it is a private corporation that is providing these services. There are also cases where public funding is allocated to support these projects.

Watari — I see. Even though we are talking about encouraging a shift away from private car use to rail, I do not see the car as the competitor to the railway. For example, one might use a car to travel to the parking lot at the station and then use the train to travel onwards, something we refer to as "Park and Ride" and this functional approach shares many of the goals that we are trying to achieve.

Another example and another part of what we are trying to achieve in terms of building a sustainable society is what we refer to as inbound business. This initiative was born from acknowledgement of the declining population in Japan. Encouraging greater numbers of overseas visitors to come to Japan would act as a shot in the arm to industry and society in general. Accordingly, in April 2009 the General Information Center Namba, a public-private collaborative information center — the first of its kind in Osaka City — was opened on the ground floor of Namba Station, which has a direct connection to Kansai International Airport. Furthermore, we have implemented an alpha-numeric system in addition to station names in order to make it easier for visitors from overseas to navigate their way around our rail network.

Dr. Olbrich — Visitors to Japan tend to rely on pamphlets and maps that are easy to understand. I see that at the moment there are pamphlets for overseas visitors in English, French, Chinese and Korean and I am sure that if a German language version is created, you will make a lot of German visitors very happy (laughs).

Afforestation: The Wishes of the German People; Action Taken by Corporations

Watari — As part of our efforts to make even a small contribution to the reduction of CO₂, Nankai Electric

Railway owns 515ha of land on the slopes of Gomadanzan, situated on the border of Wakayama Prefecture and Nara Prefecture. For over 30 years this land has been used to grow cedar and Japanese cypress trees. In May 2011, the CEO and Chairman Makoto Yamanaka, myself and 50 of our employees took part in the Nankai no Mori Afforestation Promotion Activity. The Company is also working towards acquiring its J-VER** certification.

Dr. Olbrich — It is most admirable that you and your company are involved in this afforestation program. Some corporations in Germany are involved in afforestation projects, but I have never heard of a railway company doing this. I hope you manage to continue implementing this program in the years to come.

On April 25 each year, Germans celebrate "Tree Day" and on this day across the country 100,000 trees are planted. For the German people, the forest is a romantic location, a place where people can spend their leisure time. That illustrates the importance that the German people place on the forest and how much they want to protect these spaces. In years past, the Schwarzwald (Black Forest) suffered from exposure to acid rain, which resulted in the death of many trees, but I am happy to say that the forest has made a full recovery and has been restored as the pride of Germany.

Watari — I feel that there are many aspects where Japan can learn from Germany in terms of how to build a sustainable society through promoting the use of public transport, as well as the environment, energy issues, attitudes towards the preservation of nature, etc. I intend to use what we discussed here in our business activities going forwards. Thank you very much for your time today.

**J-VER, short for Japan Verified Emission Reduction, is the name given to the Japanese domestic carbon offset mechanism whereby CO₂ emissions that cannot be directly reduced can be offset through credits earned by tree planting and green energy initiatives, etc.

(July 19, 2012; Consulate General of the Federal Republic of Germany Osaka-Kobe)



What is the Best Way to Support Areas Affected by Disaster?

2011 will be remembered as a year of natural disasters, such as the Great East Japan Earthquake (in March that year), which caused massive damage due to the earthquake itself and subsequent tsunami, and the concentrated rainfall that Severe Typhoon Talas (September) delivered to the southern districts of the Kii mountain range. As a corporation, this year also presented us with several opportunities to reaffirm how we can best respond to these disasters, as well as how we can contribute to the recovery effort and support reconstruction.

The following is a summary of how the Nankai Group responded to the Great East Japan Earthquake and the devastation caused by rainfall delivered by Severe Typhoon Talas.

Response to the Great East Japan Earthquake

From Immediately after the Earthquake to May

At 2:46pm March 11, 2011 a huge earthquake occurred with its hypocenter located off the Sanriku coast. Kurihara City in Miyagi Prefecture measured a seismic intensity of 7 and the magnitude, which indicates the scale of the earthquake, was put at 9.0. This was one of the largest earthquakes the world has ever seen.

The General Affairs Division at the Head Office of the Nankai Electric Railway was central to the Company's efforts to confirm the safety of its employees. Fortunately all of our employees were accounted for and had avoided injury.

Between May 13-15 2011, the Company, in collaboration with Kawachinagano City, operated a volunteer bus service to the city of Iwanuma, located on the Pacific Coast in the southern part of Miyagi Prefecture. Once at Iwanuma, our volunteers followed the directions given by the Disaster Volunteer Center and helped with tasks such as clearing mud from flooded homes, removing damaged furniture and tatami mats, and running a soup kitchen.

Support Activities

In order to support people affected by this disaster, as well as to be of some use in the recovery effort in the affected areas, the Nankai Group made donations totaling ¥50 million to the Japanese Red Cross and other organizations. Moreover, the corporate directors of the Nankai Group and management staff at the Nankai

Electric Railway made separate, individual donations for aid relief totaling ¥2.76 million.

Furthermore, public support for the donation boxes that were located in each Nankai Group facility (our main stations, Namba CITY, Namba Parks, Misaki Park, etc.) was considerable, raising a further ¥8,580,784 in aid relief donations that was distributed to the Japanese Red Cross and other organizations.

Impact of the Disaster

The companies in the Nankai Group based in Eastern Japan and in areas where power is supplied by TEPCO experienced a temporary obstacle in their business operations in the shape of rolling blackouts, etc. Furthermore, there was a dip in demand following the earthquake in industries such as transportation, travel and tourism, logistics, etc. and this had an impact on profits.

Internal Procedures at Nankai after the Earthquake

In the event to prepare for a large earthquake occurring immediately below the urban area, on September 27, 2011 Nankai held an All-Company Disaster and Recovery Training Day, based on a scenario of a large earthquake with a seismic intensity of 7. Participants practiced procedures such as first response firefighting, reporting and evacuation procedures, etc. Also on October 24, 2011 the Railway Business Division established a set of response guidelines in the event of a tsunami warning (large tsunami, regular tsunami) with the aim of securing the safety of passengers and train operations.

Response to Severe Typhoon Talas

Damage to the Nankai Railway Koya Line between Hashimoto and Kii-Shimizu Stations

On September 3, 2011 Severe Typhoon Talas made landfall over Kochi Prefecture, proceeding to deliver a significant amount of rainfall across a wide area from Western Japan to Northern Japan. In particular, the Kii Peninsula recorded over 1000mm of total rainfall and each district suffered severe flood damage. This would prove to be the largest natural disaster to strike Japan since the earthquake in March.

The downpour triggered a rapid rise in the level of the Kinokawa River and this led to some slippage of the bridge girders of the Kinokawa Kyoryo Iron Bridge on the upstream side, which in turn caused some warping of the tracks on the line. Putting safety first, train services between Hashimoto and Kii-Shimizu Stations were suspended for approx. one month from September 5. As soon as a report was received by the Railway Business Division, the Company implemented Plan #3* and began to run replacement bus services between Hashimoto and Kii-Shimizu.

An investigation of the bridge girders revealed that an area on the riverbed some 5m wide and 2m to 3m deep surrounding the bridge piers had been hollowed out and emergency restoration work was undertaken in order to prevent any further listing. Severe Typhoon Talas was closely followed by Typhoon Roke, which meant that the water levels on the rivers did not have a chance to recede and this made it difficult to carry out restoration work. Despite these challenges, these unprecedented restorations, which involved cladding the bridge columns in steel sheets and then pouring in concrete that can set in water, were completed on October 3. Train services resumed with the first train service the following day.

*Plan #3

Plan #3 is one of the plans established by the Railway Business Division at Nankai that are to be implemented as per the definitions in the Warnings and Process Guidelines for Extreme Situations in line with 5 different classifications of emergency. Plan #3 is implemented when due to an extreme situation the main line is considered to be inoperable for 3 hours or more and when this suspension of services is going to have a significant impact.

The Status and Response of the Nankai Railway Group

■ Kumano Kotsu— flooded facilities; suspension of all bus routes

The concentrated, intense rainfall occurred over a wide area and this resulted in severe flooding, with many facilities such as the Shiko Boarding Station (The Shiko Boat Operations Office) for the Doro-Kyo Gorge Sightseeing Jet Boat, Drive-in Shiko and the Shitaki Repair Facility at the Shiko office all swept away by water that had risen higher than rooftops in many cases.

The 19 employees working at the Shiko Boarding Station and the Shitaki Repair Facility monitored the boats overnight, but as the rain continued to fall the floodwaters eventually breached floor level and our employees had to move to the road that runs alongside the river and from there they moved to the safety of higher ground in the mountains. The following day we confirmed that one bus and two working vehicles were lost to the floodwaters and one light truck was found hanging from an electric light pole next to the road.

On the other hand, in the city of Shingu, just before dawn on September 4 the Kumano River burst its banks and the Head Office of Kumano Kotsu was forced to suspend all bus routes and services from the morning. At the same time, telephone and web-based communications were not available.

On September 5, employees at the Head Office worked to confirm the safety and whereabouts of around 200 workers. The safety of all workers was confirmed, but 1 in 3 had suffered flooding and rain damage to their homes. Those workers that were able to come in to work were engaged in recovery tasks such as removing mud from facilities that had been flooded, etc. as well as delivering emergency provisions such as food and drinking water to the homes of those employees that had suffered damage to their property.

Over one month after the rains, by October 15 most of the bus routes had reopened for bus services. The business offices for the scheduled sightseeing buses, etc. had reopened and by the middle of October our systems were sufficiently recovered so that all of our employees were able to come in to work.



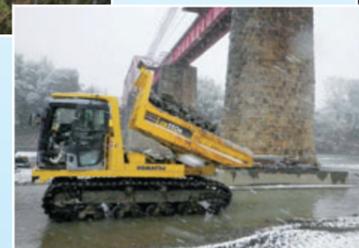
A volunteer bus heading for the Tohoku region



Directing passengers to a replacement bus service



A small Kumako Trading truck hangs suspended in the air



Restoration work on the bridge piers



■ **Hotel Nakanoshima – around 50 guests stranded**
Hotel Nakanoshima is located at the southern end of the Kii peninsula, in Katsuura Bay. The hotel covers the entire island. On September 3 and 4 the heavy rainfall meant that the ferry service from the opposite bank could not run, so the 50 or so guests staying at the hotel were in effect stranded. Telephone services were down for 4 days and the water supply was also unavailable, but fortunately the electricity stayed on and as a result any major inconveniences were avoided.

As this situation had no precedent, the hotel did its best to provide a full service of meals, etc. and also used a special rate for charges stemming from any extra nights so as not to burden guests financially.

■ **Delivering *bento* lunches to people living around Chikatsuyu, a village on the Nakahechi Pilgrimage Trail**
The Chikatsuyu region of Nakahechi-cho, Tanabe City, Wakayama Prefecture is at the mid-point of the Kumano Kodo Pilgrimage Route. On September 3 the typhoon passed close to this area resulting in water and electricity supplies being cut off. On September 4 the roads to the region were washed away, cutting off all communications and making it difficult to secure foodstuffs.

As many of the residents in this area are quite advanced in years, our approach was coordinated with the people that run the Chikatsuyu facility. Despite the lack of running water and electricity we were fortunate to have gas supplies as well as foodstuffs and bottled drinking water that could be used to make 300 *bento* lunches that were prepared and offered at a very reasonable price.

■ **Gobo Nankai Bus— supporting the recovery effort with volunteer bus services**

Constant rainfall in Gobo City, Wakayama Prefecture caused the Hidaka River to burst its banks, which led to widespread damage, including flooding in houses above and below floor level, and roads being washed away. In order to support the relief effort in the affected areas, Gobo Nankai Bus ran a total of 60 volunteer bus services between September 9 and October 16.

■ **Aid relief donations**

In order to help support the communities affected by Severe Typhoon Talas and to assist with the recovery efforts in the affected areas, a total of ¥156 million was donated by Nankai to Wakayama Prefecture, Tanabe City, Nachi Katsuura Town, Shingu City, Kumano Nachi Taisha Shrine, Kumano Hongu Taisha Shrine and Kumano Hayatama Taisha Shrine.

Moreover, executives and managers from each company of the Nankai Electric Railway Group gave individual sums to contribute to aid relief that totaled ¥2.81 million that was donated to Wakayama Prefecture to be used as funding to support relief activities.

■ **Disaster response volunteer activities**

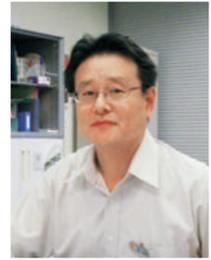
On October 13, 2011 a group of 21 volunteers from the Nankai Electric Railway Group consisting of executives and employees visited the area of Kumanogawa-cho, Shingu City, that was affected when the Kumano River burst its banks. The volunteers were engaged in various tasks such as cleaning the canoe shed at Kumano River B&G Ocean Center, Shingu City, as well as washing and removing the mud from the canoes.

Voice of a Volunteer

Participating in volunteer activities

I was surprised by what I found more than one month after the waters receded. I was amazed at how high the water got and the sight of plants and trees tangled up in the roofs and wires as well as the mud that seemed to coat everything. It was my first experience to volunteer for disaster recovery activities and I managed to get through the tasks that were entrusted to me, even though I wasn't completely sure what I was doing. Each of us cannot do much on our own, but I really felt that as a group we were able to come together and get a lot done.

Hirohito Shingai
Environmental Promotion Division



Electricity-saving measures during summer 2012

This section will detail the electricity-saving measures implemented by the Company during the summer of 2012, responding to the need to conserve electrical power.

A broad range of electricity-saving measures were implemented from July 2 to September 7, 2012 (excluding the Obon Festival of Souls from August 13-15) and included selectively turning off some of the lighting in station buildings, such as concourses, walkways and offices, etc. as well as taking the same approach to the lighting on train cars. LED lighting was introduced to Nankai Namba Station and air conditioners installed in station waiting rooms and offices were set to maintain temperatures 2°C higher than the normal summer setting at 28°C (some train cars were set to 27°C). Additionally, some ticket vending machines, fare adjustment machines and escalators were switched off for this summer period and a number of train services ran with fewer cars than normal.

Changes to the car configuration for train services

Nankai Line	
Airport Express changed from 8 cars to 6:	2 trains
Limited Express Southern changed to a 6 car non-reserved seat limited express:	2 trains
Koya Line	
Express changed from 6 cars to 4:	2 trains
Rapid Express changed from 6 cars to 4:	2 trains
Sub Express changed from 6 cars to 4:	2 trains
Local changed from 6 cars to 4:	4 trains



Juntaro Fukuda, Senior Managing Director of Nankai Electric Railway, handing over an aid relief donation to Yoshinobu Nisaka, Governor of Wakayama Prefecture



Flooding at the boarding area for the Doro-Kyo Gorge Sightseeing Jet Boat

Based on our definitive corporate philosophy, which is suited to the needs of the times and as a comprehensive lifestyle-supporting corporation centered on its railway business, Nankai is aiming to be a company that can contribute widely to society along with social development through broad business activities, giving total support to the lives of people.

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

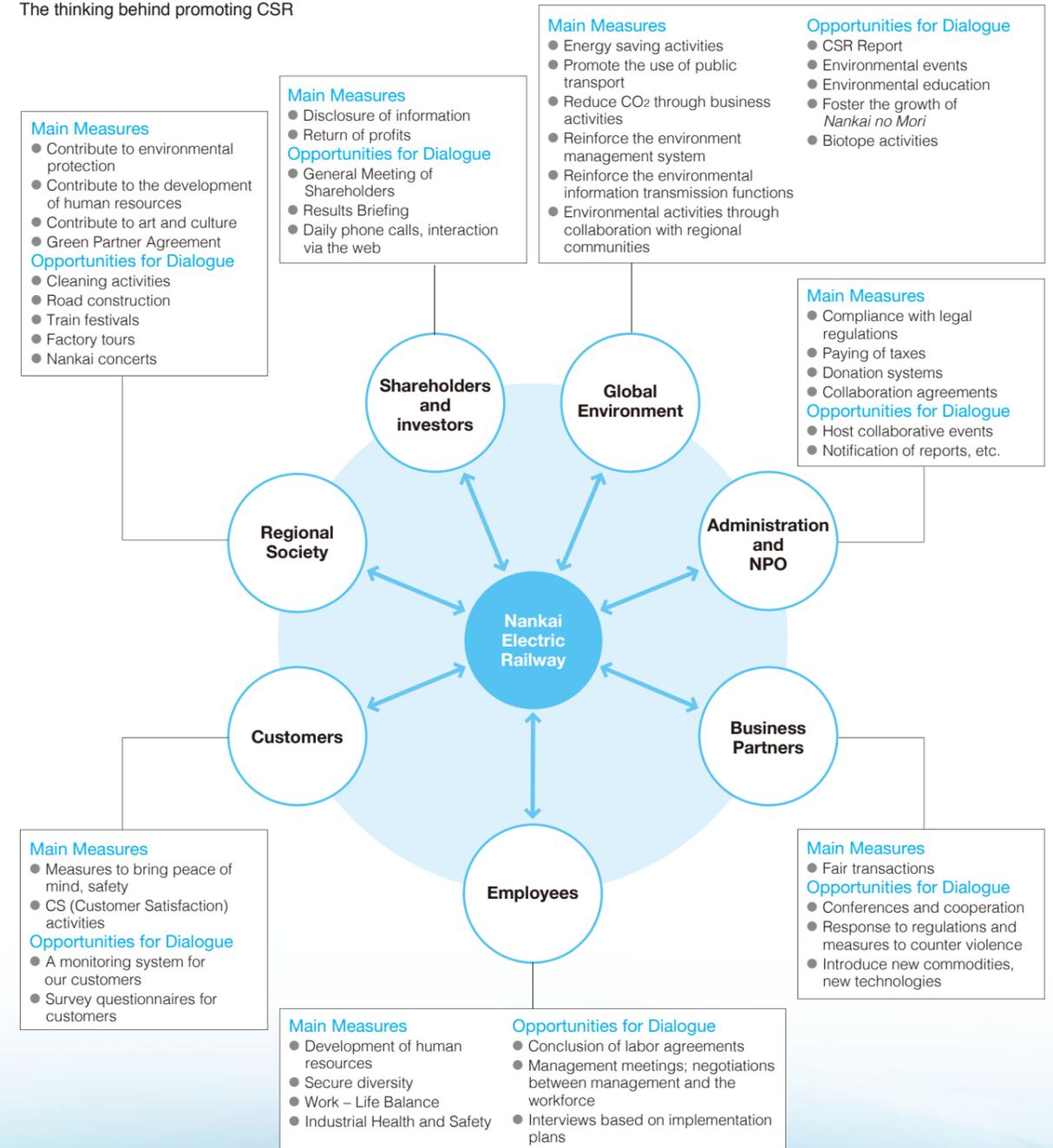
Creating a workplace brimming with vitality, harnessing the expertise and personal strengths of every employee

The thinking behind the Nankai Group approach to CSR

We are thorough in the way we implement our corporate philosophy and in the way we listen to what our stakeholders are saying. We take this relationship very seriously and we

will work to respond to the expectations of our stakeholders. The main measures and the opportunities for dialogue related to each of our stakeholders are detailed below.

The thinking behind promoting CSR



In accordance with Section 4, Article 19 of the Railway Business Act, Nankai hereby releases to the public its Safety Report, detailing the measures taken to ensure transportation safety during the previous fiscal year, as well as measures to ensure ongoing safety.

A Message from the Comprehensive Safety Administration Manager

Thank you for choosing to travel with the Nankai Electric Railway.

The primary rule is safety first, above all things. Our greatest responsibility is to run our transportation business safely and this is reflected in our day-to-day work tasks.

Human error can lead to an accident, even if vehicles and safety equipment have been sufficiently prepared, due to the fact that human beings operate the equipment on the railway.

On the other hand, Nankai is aware of the importance of preparation in order to minimize casualties due to disasters caused by natural phenomena, and the Company is moving forward with its preparations for natural disasters, such as earthquake-proofing, etc. in addition to making preparations for procedures to follow in such an event. Consequently, the Company has bolstered its educational programs for our employees so that they retain a higher awareness of safety issues as well as training all staff to be able to respond in the event of a natural disaster. Also, through the implementation of regular internal safety audits, the Company is working to bolster its safety management systems.

Nankai will continue to have zero accidents on its railways as its target going forwards, and by creating a permanent safety culture, the Company is aiming for a railway that is trusted by its customers.



Shigeru Kuchino

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

Our Methods of Safety Management

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.

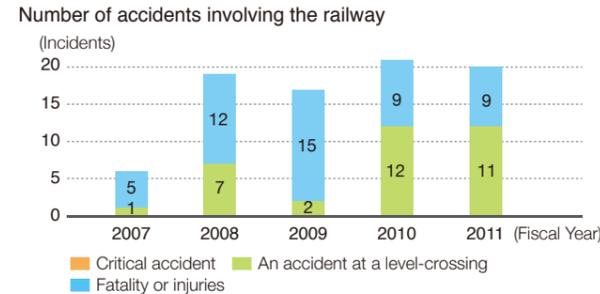
These committees decide issues of safety policy, implement concrete measures, manage the progress of these measures through internal safety audits and review the implementation status of these measures. By doing so, a PDCA cycle has been established to increase safety, with appropriate review protocols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



State of Accidents, etc.

Status of Accidents Related to Operation of the Railway

There were a total of 20 accidents during fiscal 2011, 11 accidents involving level-crossings and 9 accidents that led to injury or death. The table below shows the transition of the number of accidents involving the railway over the past 5 years.



About the classification of accidents

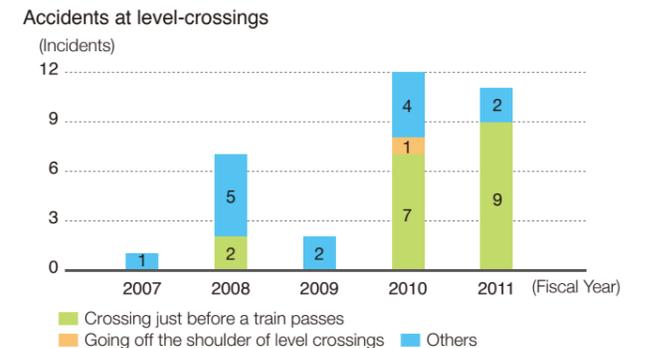
Classification	Content
Critical accident	This refers to an accident involving a train collision (a train collides with another train or vehicle, or an accident that results from contact between two trains or vehicles), a derailment or a fire on a train.
An accident at a level-crossing	A train or a vehicle collides with or comes into contact with a person or a vehicle on the level-crossing, resulting in an accident
Fatality or injuries	Any incident where the operation of the train or vehicle results in injury or death (excluding accidents related to the incidents mentioned above)

Critical accidents

There have been no critical accidents in the past 5 years.

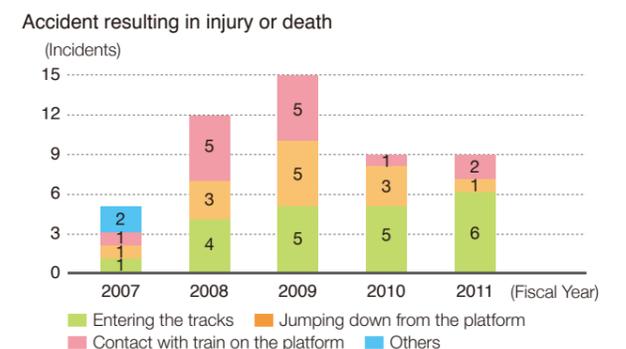
Accidents at level-crossings

In the past 5 years there have been 33 accidents at level-crossings. Eighteen of these incidents were due to people or vehicles trying to cross just before the train passed through.



Accident resulting in injury or death

In the past 5 years there have been 50 accidents that resulted in injury or death. The main cause of these accidents were people entering the tracks, people on the station platform jumping in front of trains or people coming into contact with a passing train while standing on the platform.



Our Safety Policy and Management System

Our Safety Policy

'Contributing to the Community' and 'Putting the Customer First' is our Corporate Philosophy. We regard transport safety as a top priority in order to justify public trust and provide excellent services for the customer. In addition, we have established our Safety Policy and are striving to maintain a system for our business activities where safety first is something we are constantly aware of, whilst at the same time ensuring safe transportation through comprehensive measures covering our railway facilities, rolling stock and employees.

On June 26th 2009 the Company revised its safety policy as detailed below. This concise document makes it easier for this ethos to permeate through to every employee.

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 Safety Management System

In accordance with the revisions to the Railway Business Law in March 2006, the Company established safety management regulations in October of the same year and these regulations have led to changes in the structure of the safety committees. The new organizational structure has a Safety Promotion Committee chaired by the company President as well as a Safety Promotion Implementation Committee chaired by the Comprehensive Safety Administration Manager. In order to permeate safety awareness and to build a culture of safety within the organization, the members that make up the Safety Promotion Committee come from a variety of departments and responsibilities, namely administrative planning, personnel, accounting & finance, which is a way of ensuring two-way communication between these departments and the Railway Business Division.

In terms of the organization of the safety management system itself, responsibilities are clearly defined as follows: the person holding the greatest responsibility for the Company is the President, followed by the General Manager of the Railway Business Division who acts as general manager for all safety issues related to transportation as the General Safety Officer. The Chief Manager of the Transportation Division is directly responsible for the operation and management of the rolling stock, as well as the guidance and management of the train drivers and conductors. This structure makes the role and responsibility of each manager very clear.

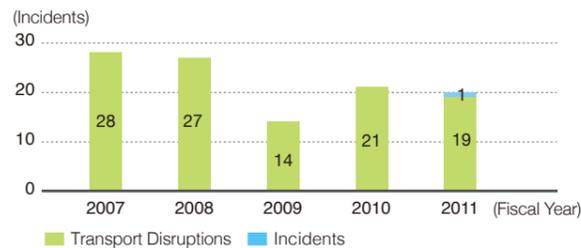


Safety Promotion Committee

Transport Disruptions, Incidents

During fiscal 2011 there were 19 transport disruptions. Please refer to the following data for a breakdown of these different types of disruption as well as a year-on-year transition. There was one incident reported during fiscal 2011.

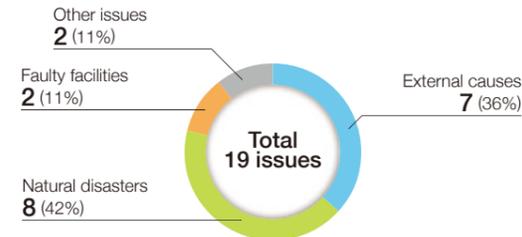
Number of Transportation Disruptions, Incidents



※ A 'transport disruption' refers to a situation that causes an impediment to transportation running on the railway, not including an accident involving the rolling stock.

※ An 'incident' refers to a situation that could have resulted in an accident involving the rolling stock, but ultimately did not lead to an accident.

Breakdown of Transportation Disruptions in fiscal 2011



Important Safety Policies and Safety Measures

Measures to Improve Safety Levels

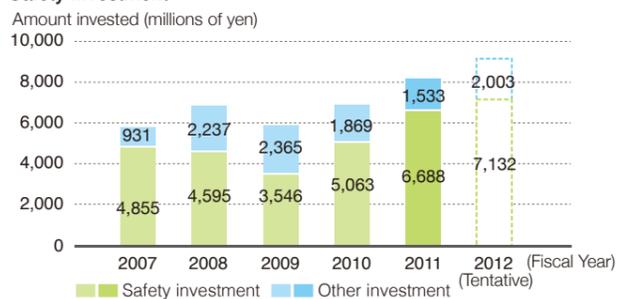
In order to promote various measures including steps to improve safety levels of transportation services centering on operational safety facilities corresponding to ordinances issued by the Ministry of Land, Transport, Infrastructure and Tourism that partially revised prior ordinances stipulating technical standards for railways, as well as measures to prevent door-related accidents and to ensure safety on the platform, the Company is planning and implementing the following items:

- Installation of new-type ATS
- Installation of new equipment to record traffic data
- Maintenance of the Deadman's device
- Raising station platforms
- An update of the Nankai Line Train Operation Management System
- Installation of dot-pattern blocks with the passenger safety limit line on the platform

Monetary Investment in Safety

In order to implement the necessary safety measures in line with a planned schedule without delay, approx. ¥6.7 billion was invested in improvements to and renewal of facilities during fiscal 2011 (actual figures). We plan to invest a further ¥7.1 billion in facilities during fiscal 2012.

Safety Investment



Reinforcing elevated bridges and stations to improve earthquake resistance

With regard to the Company's earthquake measures, since the Hanshin Awaji Great Earthquake the Company has instituted a policy of planned reinforcement of elevated bridge columns to improve earthquake resistance as well as implementing measures to prevent bridges from collapsing.

In fiscal 2011, 87 bridge columns underwent reinforcement to improve earthquake resistance. During fiscal 2012, around 150 bridge columns are scheduled to undergo reinforcement and we will continue with this reinforcement work going forward. Moreover, our work to reinforce main stations is continuing, with work on one section of Namba Station completed during fiscal 2011. During fiscal 2012 the work at Namba Station will continue, as well as the scheduled start of new work projects at Shinimamiya and Wakayamashi stations. We plan to continue to move forwards with this work to improve earthquake resistance through close coordination with all of the relevant departments.

For Reference

Between Namba and Imamiyaebisu	15 viaduct piers
In the Suminoe station yard	14 viaduct piers
Between Minato and Ishizugawa	28 viaduct piers
Between Izumisano and Hagurazaki	30 viaduct piers
Total:	87 viaduct piers

Engaging in Education, Training and Other Activities

Implementation of Safety Training

In order for a railway business to operate safely on a daily basis, many employees carry out their responsibilities in various fields both day and night. We engage in our work so that the knowledge and experience of each individual employee can be used in a safer manner.

The Company believes that a robust education and training program is key to ensuring that safety techniques and practices are improved and passed on to the next generation of employees. With this in mind, each department plans and implements technical and skill-based training and guidance programs for all new, mid-level and experienced senior employees.

Education for Station Employees and Staff Working on Trains

The Nankai Electric Railway has its own specialized training center, the Train Operation Training Center, where our staff, namely new employees assigned to station duty through to our conductors, drivers and deputy stationmasters all undergo staff training. Using CAI (Computer Assisted Instruction), a replica train carriage and a train operation simulator, the center runs a variety of educational programs, practical classes and training drills and this is where all our employees learn about safety, specifically working to raise and improve their awareness, consciousness and technical skills related to safety.

With regard to the training of staff assigned to work on the trains themselves, not only are these employees dispatched to training programs at the Train Operation Training Center, they also participate in regular training programs and specialized training that they will undertake at their workplace locations to further increase their awareness of safety issues. This is our way to respond to the trust placed in us by our passengers.



A training session Using a train driving simulator

Introducing a Safety and Peace of Mind Meister System

A Safety and Peace of Mind Meister is issued with a special armband and works to improve safety levels by analyzing prior accidents and incidents where he had direct experience and to offer advice to younger managers as well as delivering lectures in order to foster and train workers in various types of jobs.

Currently 6 retired employees, each with experience at the foreman level of their chosen career path, have been rehired by the Company to serve as a Safety and Peace of Mind Meister. Each Safety and Peace of Mind Meister wears a special armband and works to improve safety levels by analyzing prior accidents and incidents where he had direct experience and to offer advice to younger managers as well as deliver lectures in order to foster and train workers in various types of jobs. Moreover, Meisters also strive to build up the Nankai fan base as well as promoting manners through interacting with the public by visiting stations and riding the trains, in addition to visits and lectures at schools located near the Nankai Railway network.

Integrated Training on Restoration from Accidents

In order to avoid as much damage as possible following a major natural disaster, companies involved in the railway business are working in collaboration with external organizations such as local governments, etc. to ensure a coordinated, integrated response in our towns and rail networks. Nankai is collaborating with external partners and implementing a training program that is based on a natural disaster of this type.

In order to raise awareness and hone skills related to disaster prevention, on September 27, 2011 Nankai held an All-Company Disaster and Recovery Training Day, based on a scenario of a large earthquake with a seismic intensity of 7. Participants practiced procedures such as first response firefighting, reporting and evacuation procedures, etc. at various sites such as the Head Office, the Nankai Nipponbashi Building and various facilities located on the rail network.

Also the Railway Business Division held a simulation exercise at the Hagurazaki car depot, based on a scenario whereby an earthquake has led to a light truck being struck by a train at the No. 8 level crossing at Izumisano, causing a derailment. The earthquake has also resulted in large tsunami warnings being issued for Osaka Prefecture and Wakayama Prefecture. Participants practiced using water-based fire extinguishers as well as rehearsing announcements to be made should a large tsunami warning be issued, so that they could be better prepared in the event of the real thing.



Train derailment and recovery training

Rescue training

Nankai is a company with a board of auditors, and the Company recognizes that strengthening the function of corporate governance is an important management issue and based on this, the Company shall strive towards increased transparency in its management, fair and rational decision-making, not to mention the strict adherence to laws and regulations, and strengthening the supervisory functions that oversee these processes.

Corporate Governance

■ Execution of Duties

The Board of Directors of the Company consists of 13 directors (3 of whom are externally appointed directors) and 5 auditors (3 of whom are externally appointed auditors) and 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. Due to the appointment of external directors, it is hoped that the efficiency and transparency of the management process at Board level will be improved.

Based on the fundamental management policies established by the Board of Directors, a Management Committee, members of which are full-time directors of the Company, meets once a week to discuss important management issues, provide regulatory control over management decisions as a whole and ensure that business operations are carried out in an appropriate manner.

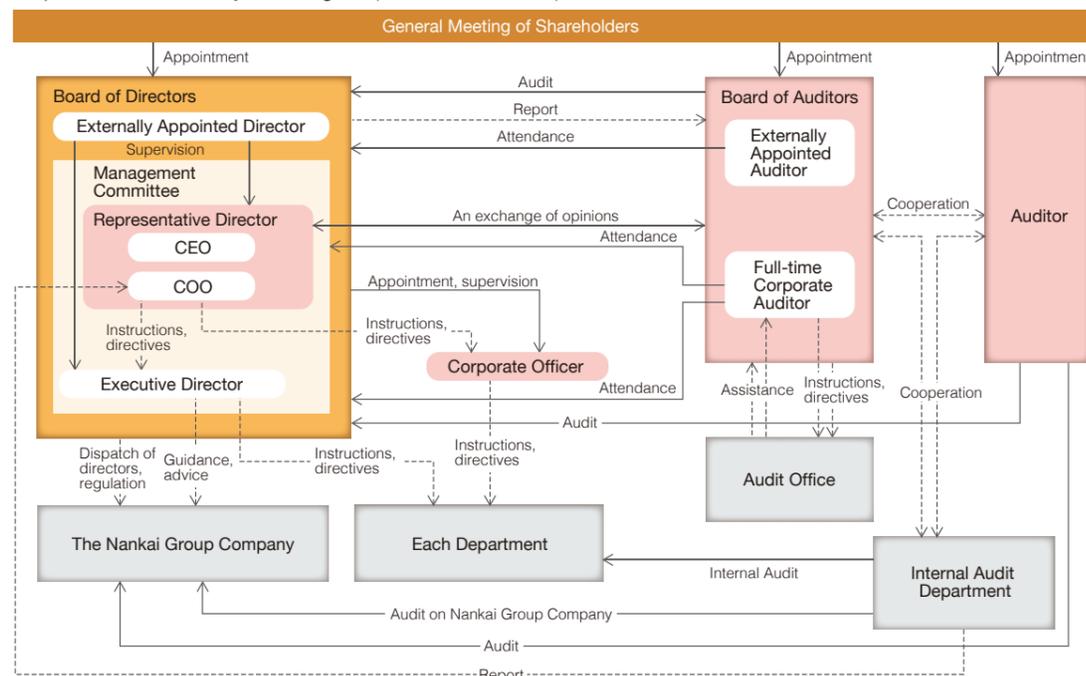
Furthermore, with the aim of reinforcing the supervisory function of the Board of Directors and establishing a mobile system of business operations, the Company has implemented a system of corporate officers and currently 6 corporate officers have been appointed to this position. Executive directors and corporate officers will work to optimize and increase efficiency in our business by sharing information related to important business issues and the performance of the Company, etc.

■ Auditing and Oversight Functions

The 5 auditors that make up the Board of Auditors shall meet, as a rule, once a month and carry out an audit of the business operations of the Company. The Board of Auditors meets regularly with the CEO and COO to exchange opinions and a system has been put in place so that the senior corporate auditors may arrange, whenever required, separate meetings with certain directors and employees to exchange opinions related to specific issues. Furthermore, the full-time corporate auditors attend Management Committee meetings and other important meetings in order to listen to reports on the business status of important management issues related to the business operations of the Company and the corporate group, its business performance and financial status and important documents such as proposal forms that have been approved as well as internal audit reports, etc. are referred to the corporate auditors for their review. The full-time corporate auditors, through their position and specialization in the company's business, report on the information they collect related to these matters as well as offering additional explanation on said matters to the external auditors. The external auditors provide guidance and opinions based on their expertise and experience outside of the Company. Thus by complementing each others' functions in accordance with their shared roles, the effectiveness of the audit is being enhanced.

In this way we are working to strengthen the functions of the corporate auditors and an audit office has been established as a full-time organization to assign clerical tasks related to the Board of Auditors and for audit inspections.

Corporate Governance System Diagram (as of June 24, 2012)



In order to further promote compliance management, the Company and the companies that make up the corporate group are continuously looking to increase compliance awareness and thorough in its adherence to the law and the implementation of the full scope of our Code of Business Ethics.

Compliance Promotion

The Compliance Officer plays a central role in promoting awareness of compliance and one Compliance Officer is assigned to each department (and office) within the company. Each year these managers put together a Compliance Education Plan for each department (and office) and activities to promote awareness of compliance are implemented in line with this plan. Additionally, Compliance Officer Meetings are held twice a year so that Compliance Officers can meet and exchange opinions about activities to promote awareness of compliance

issues and the status of compliance in their respective departments or offices.

Furthermore, the Nankai Group has appointed a Compliance Officer to each company in the group, and in addition to ensuring that information can be exchanged on a regular basis through smaller conferences for each industry or sector, or at general conferences that include all parties, the Nankai Group is also working to promote compliance education activities in the same manner as the Nankai Electric Railway.

Establishing a Compliance Manual

As a guideline for the spirit of corporate ethics and standards to take hold, we established a Compliance Manual, which provides a breakdown of the business and conduct levels expected of individual employees and directors of the Company and companies that make up the corporate group. This manual shall be used as part of our efforts to encourage the principles of compliance

management to permeate throughout the organization as well as to isolate any anti-social forces.



Allowing Compliance to Permeate Throughout the Organization

In addition to implementing a stratified training program, the Company and the companies that make up the corporate group also organized a collective training program. Also by ensuring the constant implementation of measures to promote increased awareness of compliance, all directors and employees are cultivating an increased awareness of compliance. Furthermore, each October is designated as Corporate Ethics Month and features posters promoting awareness of compliance, efforts to reinforce measures and at the same time a full check on our corporate activities.

■ Compliance Forum Discussion (CFD)

In October of each year a training session is held for all regular employees with group discussions based on case study examples.



Training in progress

■ Compliance Seminar

In 2012 our Compliance Seminar featured a lecture delivered by a journalist specializing in the economy. The seminar, targeted at management-level employees from both the Company and the companies that make up the corporate group, focused on the theme of "How companies are protecting themselves through whole scale enforcement of anti-violence regulations – and how criminal organizations are changing".



Training in progress

■ Promoting Compliance Awareness in the In-house Company Magazine

Articles promoting awareness about compliance appear in the in-house company magazine; this is also a method of disseminating relevant information.



My Diary of Compliance Study by Nankai-Jin

In order to pursue customer safety and trust, the Company is active in disclosing and sharing corporate information as well as recognizing the importance of dialogue with all our stakeholders. This feedback is then reflected in our business activities.

“The Customer’s Voice” – A Database

“The Customer’s Voice” is a valuable database of raw, unfiltered feedback delivered directly from the customer. In 2011 we received 1,648 cases of customer feedback, an extremely large number (in 2010 we received 1,386). Please refer to the table on the right for a breakdown. Some instances of feedback were received by telephone and through direct interaction with customers, but most were sent through by email. The content mostly focused on the railway and some of the opinions offered were sent in anonymously, but most people did state a name and a contact phone number or email address. With regard to responding to this feedback, the relevant department would draft a reply and this would be emailed through to the customer via the General Affairs Division. Moreover, depending on the nature and content of the feedback, the relevant department may choose to reply by telephone or by post. Even when the feedback provided by the client appeared to focus on something that could be considered as trivial, these opinions can often point to areas of corporate management that require attention. There are many instances where the Company has acted on feedback from a customer or where a complaint has led to improvements in service.

By division			By type of feedback		
	FY2010	FY2011		FY2010	FY2011
Railway	1,166	1,423	Requests	476	508
Misaki Park	68	103	Complaints	390	494
Companies that make up the Corporate Group	36	36	Inquiries	300	338
Others	116	86	Praise/gratitude	129	177
Total	1,386	1,648	Others	91	131
			Total	1,386	1,648

By method of contact		
	FY2010	FY2011
Email	1,291	1,482
Others	95	166
Total	1,386	1,648

Breakdown and ranking of customer feedback in 2011
The previous year’s feedback numbers are shown in parenthesis

	Number of instances of feedback
1 Treatment of/dealing with customers	420 (334)
2 Timetable	189 (120)
3 Tickets	169 (133)
4 Station facilities	154 (113)
5 Train car facilities	112 (70)
6 Air conditioning on trains	105 (66)
7 Passenger manners	84 (69)
8 IC and Compass Cards	78 (63)
9 Routes and cabling	43 (43)
10 Women-only cars	30 (83)

Promoting the Acquisition of a Qualification as a Class II Service Assistant

The Company has implemented services to assist elderly or disabled customers at our stations and on our trains, so that these customers are able to make use of our services with safety and peace of mind. Since 2005, the Company has worked on improving both physical infrastructure as well as encouraging employees to acquire a qualification as a Class II Service Assistant with improved ‘soft’ skills (caring attitude, skills to assist customers).

In order to acquire this qualification, applicants have to take the two-month correspondence course and then apply their service and assistance awareness in practical conditions. After this, applicants are made to navigate stations and trains wearing an eye mask to simulate loss of vision due to a cataract, or wearing earplugs to simulate a hearing condition. The aim is to experience sight or hearing loss in a similar manner to an elderly or disabled

customer. Moreover, assistance skills are further honed through role-playing sessions led by a specialized teacher.

Currently, around 160 employees working in station and train services hold this qualification. These qualified service assistants are involved with educating other employees in areas such as caring awareness and skills in each workplace, not to mention in how they actually deal with customers. Newly-appointed assistant stationmasters are encouraged to acquire this qualification as part of our efforts to maintain and improve the environment through which we deliver safety and peace of mind to our customers.



Training to qualify as a Service Assistant

The Nankai Electric Railway Group shall work to invigorate the areas adjacent to its rail network by collaborating with these localities as a member of the regional community. Additionally, Nankai is also actively committed to social contribution activities, as well as supporting the promotion of culture and sports.

Promoting Collaboration with the Local Community through the Minami Town Planning Network

In December 2008, the Minami City Planning Forum and the Minami Revitalization Committee were merged to form the Minami Town Planning Network. This network consists of approx. 120 organizations including government bodies such as Osaka Prefecture, Osaka City, groups such as the Kansai Economic Federation and the Osaka Chamber of Commerce and Industry, etc. as well as corporations and commercial associations connected with Osaka Minami. The Company Chairman and CEO, Makoto Yamanaka, serves as President of the Minami Town Planning Network.

The Network aims to stimulate Osaka through two main pillars – attracting tourists and cultural promotions - by making use of the historical and cultural assets that are located in Minami, a district of Osaka. A ‘Grand Design’ approach calls for events to be held across the area such as the Minami Jazz Project, etc. and the Network also acts as a source of information for these events.

The Osaka Minami Arts Festival and Symposium was held on October 28, 2011 for the eighth time. The theme of the event was: Japan’s Vitality comes from Osaka: Osaka’s Vision and the Role of Minami and the event was marked by lectures and a panel discussion that featured an energetic exchange of opinions.



Concert

The Nankai Densha Matsuri Train Festival

On October 29, 2011 the Chiyoda Works (situated in Kawachinagano City), where trains undergo complete checks, was opened to the public as part of the *Nankai Densha Matsuri* Train Festival, an event held with the aim of letting people get to know the railway. Approx. 14,000 people came to the festival on the day (an increase of 2000 people on the previous year).

That day, regular festival items such as being able to observe the interior of the Limited Express Rapi:t or for children to experience being a conductor, panels showed nostalgic images of old trains and station buildings as well as photos of trackside scenes from yesteryear. The Nakahechi Municipal Tourism Association, Tanabe City, Wakayama Prefecture was on hand to provide publicity and information about the *Kumano Kodo* Pilgrimage Route and local specialties from Chikatsuyu, a village on the *Kumano Kodo* (situated in Chikatsuyu, Nakahechi Town), were also on sale. Also Koya-kun, the image character for the Great Buddhist Memorial Service to mark the 1200th anniversary of the founding of Mt. Koya as a sacred location, was on hand to spread the word about events linked to the anniversary and was also available for commemorative photos.

Furthermore, in order to support the areas that were affected by the Great East Japan Earthquake, the festival was also an opportunity to conduct some PR on behalf of tourism in the Tohoku region, as well as to sell railway

goods with some of the proceeds of Nankai Railway items donated to the Japanese Red Cross.



Observing the track maintenance machinery



Children get to experience being a conductor

Corporations are where people gather together and become an organization. In actuality the people that come into contact with all our stakeholders and who form links with local communities are our individual employees. The Company has made individual roles and responsibilities in the organization as clear as possible, creating an environment where each and every employee can perform to the best of their abilities.

Human Resource Development

Education and Training Systems

In the new mid-term business plan called the Rinshin 130 Plan, the first year of which is fiscal 2011, we will implement many training programs.

In order to foster human resources capable of sincerely facing the current business environment and issues, and actively improve and reform the business to break through crises, in fiscal 2011 the most important and emphasized educational aim was set to develop high-quality human resources, a theme that has continued on from previous fiscal years. Moreover, "Discovering Human Resources Capable of Contributing to Realizing Growth Strategies" was set as a sub-theme and in terms of practical measures this consisted of training sessions on Development of Human Resources as a Resource for Expansion and Growth and Changing Awareness, Measures to Improve Management Skills (including the Companies that make up the Corporate Group) and Approaches to CSR (Corporate Social Responsibility) Penetration, etc.

Also during fiscal 2012, these aims and measures should be promoted as important educational goals, and at the same time we will incorporate the "Promotion of CS (Customer Satisfaction)" as one of our training topics, in

order to permeate awareness of "the customer comes first" throughout the entire company.

Main training programs (measures) implemented during fiscal 2011

- (1) Development of Human Resources as a Resource for Expansion and Growth and Changing Awareness
 - Brush Up on the Current Status of Business Projects; Approaches to Create New Businesses
 - Approaches for Promoting Inbound Business
 - Approaches for Interacting with Other types of Industries
- (2) Measures to Improve Management Skills (including the Companies that make up the Corporate Group)
 - Reinforcing Stratified Education
 - Reinforcing Education in the Companies that make up the Corporate Group
- (3) Approaches to CSR (Corporate Social Responsibility) Penetration
 - Strengthening our Approach to Environmental Issues
 - Thorough Implementation of Compliance and Reinforcing Risk Management Skills
 - Responding to our Customers with Sincerity

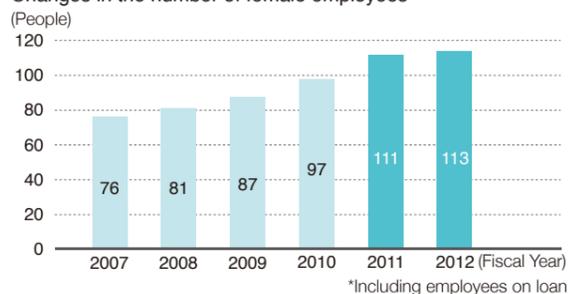
Diversity Management

Female Employment

In accordance with the spirit of the Equal Employment Opportunity Act for Men and Women, the Company decides to employ and assign positions to individuals on their personal merits, not their gender. In terms of our female employees, the Company has recruited 3 women to work in supervisory roles and they are currently serving as Managers as well as 2 women working as Assistant Managers (as of July 2012).

Also in recent years, the Company has made progress in hiring women to work in railway on-site operations. Our railway business, used as it is by an unspecified large

Changes in the number of female employees



number of people, the female perspective and sensitivity is essential in order to improve our levels of service. We will continue to improve our work environment and look to expand the areas where our female employees can contribute.

Employing People with Disabilities

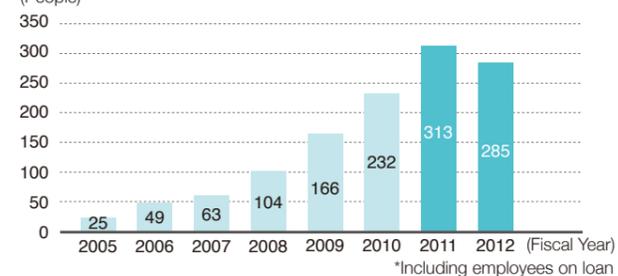
The Nankai Electric Railway is aware of its important social duty to employ people with disabilities and so to promote this employment program the Company established a special subsidiary, the Nankai Heartful Service in February 2005. As of June 2012, 30 people with disabilities are employed as cleaners for various facilities including facilities of the Nankai Electric Railway and to sort mail items, etc. and across the 7 companies that make up the corporate group, including the Nankai Electric Railway and other affiliates with special dispensations, people with disabilities make up 1.97% of the workforce.

In addition to promoting the employment of people with disabilities, Nankai is working to create and maintain a work environment where it is easy for everyone to work, through encouraging communication through morning meetings, information exchange through diaries and through holding recreational events.

Employing the Elderly

Since fiscal 2004, as a response to the step-by-step increase in the age from which the full social welfare old-age pension started to pay out, the Company introduced a system whereby employees who were retiring could be re-hired by the Company. As a rule, whoever expresses a desire to continue work will be re-hired. As of June 2012, there are 285 people, including staff on loan, employed under this system in a variety of fields.

Changes in the number of people over 60 re-employed



Supporting Employees Efforts to Attain a Better Work/Life Balance

In order to support employees in their efforts to balance their working and family lives, the Nankai Electric Railway has enacted Childcare Leave Regulations and Family Care Leave Regulations, etc.

During fiscal 2011, 3 female employees made use of the Childcare Leave system and male employees also made use of the system.

Moreover, in April 2010 the Company tabled its action goal in the spirit of the Act for Measures to Support the Development of the Next Generation, whereby the Company is striving to create a workplace where employees raising young children are able to gain a better balance between work and their family lives.

Creating a Workplace Where It's Easy to Work

Promoting the Use of Paid Leave Days

In order to ensure consistency between maintaining one's health in the workplace and the employee's family life, the Nankai Electric Railway is implementing a number of measures, such as a system of planned annual leave, to promote employees to make use of their annual paid leave allowance.

In fiscal 2011 the take up of annual paid leave was 94% of the granted number of paid leave days, a much higher level than the average rate of 48.1% quoted in the General Survey of Working Conditions published by the Health, Labor and Welfare Ministry.

Moreover, by introducing a system of varying employee working hours to match the work content and to promote efficiency of work and to spread work tasks evenly across the workforce, the Company is striving to make improved work/life balance for employees a reality.

Maintaining Industrial Safety and Health

In order to provide our customers with products and services with safety and peace of mind, which are the base of our entire business, we must first provide our employees with a healthy, safe environment to work in. In accordance with the Labor Standards Law, the Industrial Safety and Health Law and all related legislation, we are promoting the prevent of industrial accidents as well as encouraging employees to maintain and improve their health, in addition to striving to create a comfortable work environment.

Human Rights Education

The important issue for us as citizens is to respect human rights. In particular, for our Company, a public transport organization that manages a rail network, we feel human rights are such an important mission that we need to tackle this matter head-on, starting with social discrimination issues, as well as issues of race, gender and disability, etc. and as such the Company has been hosting a human rights training program since 1971.

Moreover, since April 1985 when the Company established a Human Rights Issue Promotion Committee, we have constantly strived to educate and enlighten employees through the enriched content of its training courses in order for these employees to possess a correct appreciation of human rights issues and to deepen their understanding.

The Nankai Group wants to contribute to the prevention of global warming and the preservation of the global environment by reducing the environmental burden of its business activities.

Reducing CO₂ Emissions to Prevent Global Warming

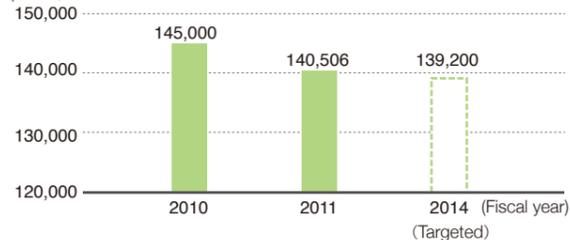
Reducing CO₂ Emissions

The CO₂ emissions of the three companies that are subject to the Energy Conservation Law, namely the Nankai Electric Railway, Nankai Bus and Suminoe Kogyo Limited in fiscal 2010 totaled approx. 145,000t and based on this result, a target was set for fiscal 2014 of a reduction in CO₂ emissions of 4% to less than 139,200t (a reduction of 5,800t). The emissions total for fiscal 2011, the first year of the project, represented a reduction on the previous year of 4,494t, due to the introduction of 20 energy efficient cars as well as electricity-saving measures that were implemented during the summer and winter seasons.

Looking at 35 companies in the corporate group, including the Nankai Electric Railway, their combined CO₂ emissions for fiscal 2010 were approx. 225,000t and this has also been targeted for a 4% reduction by fiscal 2014 (a cut in CO₂ emissions of approx. 9000t). In fiscal 2011 a reduction of 7,832t was realized. These 35 companies make up over 99% of the emissions of the corporate group as a whole.

Moreover, comparing the CO₂ emissions in unit requirement for each of the passenger transportation facilities (using the amount of CO₂ emitted when transporting 1 person 1km), the unit requirement for the railway is only one-ninth that of private cars. The Company will expand upon its environmental advantage through PR, and will work towards further reductions in CO₂ emissions by promoting the use of public transport and planning on a modal shift to persuade car owners to use the railway.

Changes in CO₂ emissions for the 3 companies in the corporate group subject to the Energy Conservation Law (t-CO₂)

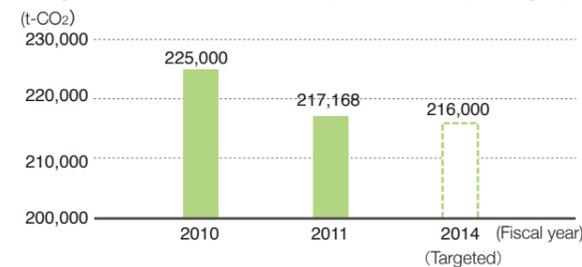


The set up conditions for a 4% reduction are as follows:

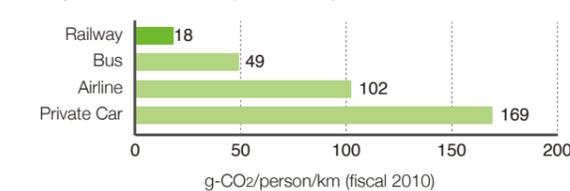
Conditions: The standard values for CO₂ emissions are based on the estimates for fiscal 2010 for both the 3 companies and the 35 companies. In order to make comparisons among fiscal years possible, the emission coefficient* for electrical power consumption is set at 0.294kg/kWh for fiscal 2010. Accordingly, the environmental burden data mentioned above differs from data on P26.

* Emission coefficient: The CO₂ emission amount for the electrical power consumed

Change in CO₂ emissions for 35 companies in the corporate group (t-CO₂)



CO₂ Emission Unit Requirement by Passenger Transportation Facilities (fiscal 2010)



Materials: from the Ministry of Land, Infrastructure, Transport and Tourism homepage (CO₂ emissions amounts by Transportation Section)

Promoting the Use of Public Transport

Strengthening our Collaborations with other Companies

In 2011 the Company entered into a collaboration with the Hankyu Corporation and the Osaka Municipal Bureau of Transportation to offer the *Kyoto Access Kippu Ticket* and the *Kanku Access Kippu Ticket* connecting Kansai Airport with Kyoto - services where passengers would travel via the Sakaisuji subway line. These new services were very well received by passengers. In 2012 a new collaboration with the Hanshin Electric Railway and Kintetsu Corporation resulted in the *Kobe Access Kippu Ticket* and the *Nara Access Kippu Ticket*. This means that passengers can now travel from the three cities of Kyoto, Nara and Kobe to Kansai Airport using the cheaper fares offered by these services. Passengers using either the *Kyoto Access Kippu Ticket* or the *Kanku Access Kippu Ticket* can travel on our Rapi:t Limited Express for ¥300 (a regular seat on the Rapi:t normally costs ¥500).

These special tickets that result from collaborations with other companies, being as they are one sole ticket, psychologically shorten the distance to the destination for the passenger and the Company intends to continue using special tickets such as these as one means of promoting the use of public transport.



Poster promoting the Access Kippu Ticket

Energy Reduction in our Business Activities

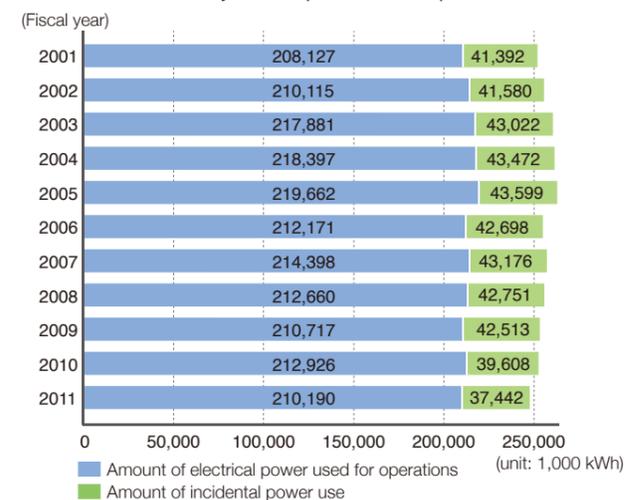
Reduce the Amount of Electricity consumed by the Railway

A railway, compared with other modes of transport, is very energy efficient and is also known for being kind to the environment. However, as large amounts of electrical power are required to operate a railway, and as the process of generating electricity leads to the emission of CO₂, operating a railway indirectly contributes to CO₂ emissions. With nuclear power stations offline and demand for electricity saving measures in the Kansai region particularly pressing, the most effective way of reducing CO₂ emissions is to plan a way to reduce the amount of electrical power used by the railway. We understand that this is an important issue and we are dealing with it as such.

The amount of electricity used by the railway was 247.632 million kWh in fiscal 2011, of which train operation made up 84.9%. Moreover, the amount of CO₂ emissions attributable to electrical power used by the railway was 77,013t-CO₂*. As a result of implementing as many energy saving measures as possible, such as the introduction of energy efficient cars (with VVVF inverter controls, stated below), the electricity consumed by the railway peaked during fiscal 2005 and has been steadily reducing ever since.

* This calculation was made using the emission coefficient for electric power of 0.311kg/kWh

Transitions of electricity consumption for train operations (Fiscal year)



Regenerative Brakes and VVVF Inverter Controls

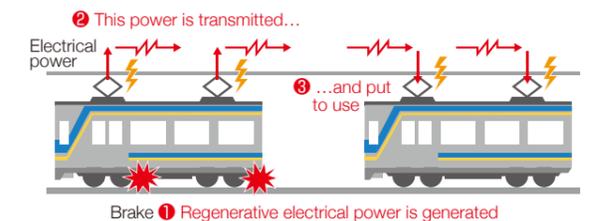
A kind of electrical brake that uses a resistor to change electricity to heat is known as a generating brake. However, because this method changes electrical energy into heat, the energy is lost and cannot be used in an effective manner.

To counter this, when the brakes are applied to a train, a regenerative brake can return electrical power to the power cables. Using this method, energy can be used efficiently to power other trains. These regenerative brakes are being fitted on an increasing number of trains.

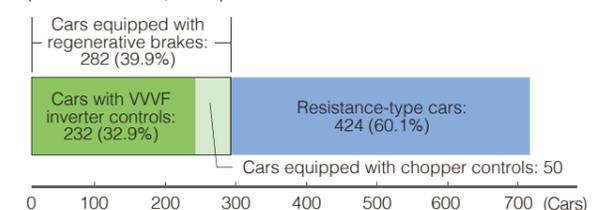
Moreover, train speed is controlled using a speed control method that uses an inverter device that changes the voltage and frequency of signals to control revolutions and motor torque according to the acceleration (or deceleration) required, and this is called VVVF inverter control. With VVVF inverter controls, there is no wasteful electrical power consumption and compared with conventional controls, trains equipped with VVVF require 35% less power to operate.

As of March 31, 2012, of the 706 cars that run on the Nankai railway, 282 (39.9%) are fitted with regenerative brakes and 232 (32.9%) are equipped with VVVF controls.

How the electrical power regenerative brake mechanism works



Proportion of cars equipped with regenerative brakes (as of March 31, 2012)



Protecting Biodiversity

■ Donations Made to 10 Organizations Using Minapita Ecopoints

When passengers use a minapita (Nankai Electric Railway PiTaPa) card for travel on a Saturday, Sunday or national holiday to or from Namba Station or Kansai Airport Station, the Company counts 3 points for each journey (1 point = ¥1) and these points are stored up as ecopoints. The minapita ecopoint system has been in place since October 2008.

The total minapita ecopoints for 2011 resulted in an equivalent of ¥6,126,294 which was shared between the 10 organizations mentioned below, who received donations for environmental activities alongside the Nankai rail network, such as afforestation and ecosystem preservation, etc.



Poster promoting the minapita ecopoint system

■ Afforestation Activities at Gomadanzan

The Company owns 515ha (approx. 130 times the size of the Koshien baseball stadium) of woodland, called Nankai no Mori, on the slopes of Gomadanzan, a mountain with a peak of 1,372m that is situated on the border of Wakayama Prefecture and Nara Prefecture. Since the late 1970's this land has been used to grow Japanese cedar and cypress trees.

On May 21, 2011, a total of 47 Nankai employees, including CEO and Chairman Makoto Yamanaka and COO and President Shinji Watari, took part in the third Nankai no Mori Afforestation Promotion Activity. On the day, we received instruction and guidance from the staff at the Totsukawa Village Forestry Association and the Nara Prefectural Government Nambu Agriculture & Forestry Promotion Center in how to thin the Japanese cedar and cypress trees. Moreover, on May 29, 2012, 16 new employees experienced tree thinning at Gomadanzan as part of their new employee training program.



Training new employees

■ Koya Flower Railway

In order to add to the charm of the railway route to the world heritage site of Mt. Koya, not to mention the destination itself, as well as increasing the enjoyment and anticipation of the traveler to Mt. Koya, the section of track on the Koya Main Line between Hashimoto Station and Koyasan Station has been designated as the Koya Flower Railway, specifically the sections near Kii-Shimizu Station, where seasonal flowers such as rape blossoms, sunflowers, red spider lilies and azaleas bloom next to the tracks. Kudoyama Station features the Kudoyama Sanada flower beds and both Koyashita and Shimo-Kosawa Stations feature flowers arranged in the style of folding screens.

In May 2011, as part of a collaboration with a local volunteer group called the Shimo-Kosawa Furusato-Zukuri Sasayuri no Kai, a new set of rose beds were planted near to Shimo-Kosawa Station, with 200 rose plants featuring 20 different varieties of rose. Rainwater tanks were installed in three locations to provide water for the rose beds.

Moreover, the Ryuoukei Forest Maintenance Project Implementation Committee (comprising of 6 organizations including the Company) has become engaged in reestablishing the forest at Ryuoukei (Kudoyama Town, Ito District, Wakayama Prefecture), which is home to some of the most striking scenery in Wakayama Prefecture, but to date has not been subject to a forestry program. On June 25 and December 3, 2011 the Company collaborated with volunteers in thinning the bamboo groves as part of the Protect Ryuoukei - Let's Create a Bright Forest Project. On March 10, 2012, Japanese maple seedlings were planted and a woodwork class was held.



The rose beds at Shimo-Kosawa



Working to reestablish the forest at Ryuoukei

■ A Survey of the Amount of Fixed CO₂ at Namba Parks

Completed in 2007, Namba Parks was constructed on the 12.7ha site of the former Osaka Ballpark and this compound greenery urban site was completed as part of the Namba District Redevelopment Plan. Before the redevelopment there was no trace of greenery in the area, but Namba Parks is built around preserving a tree-based ecosystem, an ecological landscape that spreads over approx. 11,500m² of roof area (approx. 5,300m² of greenery and approx. 6,200m² of passageways and open spaces). There are approx. 70,000 trees and plants at Namba Parks, consisting of 300 different species (of which approx. 50 are tall trees and 250 are smaller trees and shrubs).

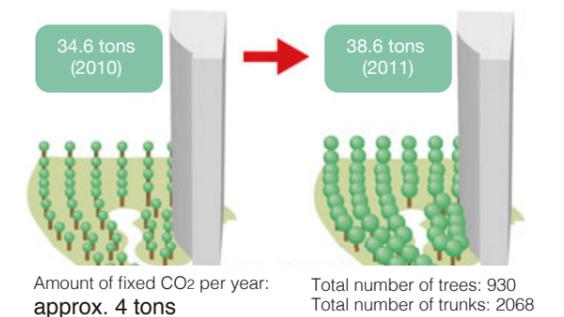
Through photosynthesis, trees absorb CO₂ from the atmosphere to grow. Trees use this CO₂ to create the nutrients they need to survive and so they are capable of storing this CO₂. This is known as carbon fixing and by measuring the amount a tree has grown, it is possible to estimate the amount of CO₂ that has been fixed inside these trees.

For one year from March 2010, the Nankai Electric Railway and the Obayashi Corporation Technical Research Institute worked together to measure growth conditions, such as size and height, of each of over 2000 trees (what is referred to as Check Each Tree). As a result of this year of measurements, the mean trunk radius of 5cm increased by an average of 2.2mm and the mean tree height of 3.67m increased to 3.79m. In the year that this data was collected, the trees in Namba Parks stored an additional approx. 4t of CO₂ as fixed carbon annually. (The cumulative fixed carbon amount CO₂ conversion value increased from 34.6t in 2010 to 38.6t in 2011)

At the same time as the survey into the amount of fixed CO₂, Namba Parks has also been subject to a bioenvironmental survey (as reported on in the Nankai Electric Railway CSR Report 2011) as well as a thermal environment survey (how useful has Namba Parks been in reducing the heat island effect?) and going forward the results of three years worth of environmental survey data will be shared with society to promote Namba Parks. These environmental surveys will continue to be undertaken in the future.



Check Each Tree



List of organizations receiving minapita ecopoint donations

Name of Organization	Description of Activities
Osaka Prefecture Biodiversity Preservation Fund	This organization is involved in protecting the natural environment and wild animals in Osaka Prefecture, specifically protecting, regenerating and creating the habitat and environment that wild animals and plants call home, promoting education related to the natural environment and protecting wild birdlife, etc.
Osaka Prefecture Green Fund	This fund was established to promote the addition of greenery and to help protect the natural environment in Osaka Prefecture. In order to increase greenery in Osaka, measures are being taken such as laying grass turf in schoolyards and in kindergarten playgrounds.
Buna-no-Mori Beech Forest Trust Fund	The Mt. Izumikatsuragi beech wood has been designated as a National Protected Plant and this fund was established to run preservation programs to ensure that this woodland is preserved for the next generation.
Gokurakubashi Forest Maintenance Project (Mt. Koya)	In order to maintain scenery that is suitable for the Mt. Koya UNESCO World Heritage Site, this committee was formed with the aim of maintaining the Gokuraku Forest (an area of National Woodland on Mt. Koya) and the area around Gokurakubashi as well as tending to the area (weeding, etc.) and planting more Japanese maple trees, etc.
Ryuoukei Forest Maintenance Project (Kudoyama Town)	The area around Ryuoukei contains some of the best scenery in Wakayama Prefecture. This Project was implemented to ensure the health of the forest as well as to secure new growth; activities include felling bamboo groves and thinning the Japanese cedar and cypress woodland.
Kawachinagano Afforestation Fund	This Fund is dedicated to protecting woodland in Kawachinagano City, with measures such as thinning man-made environmentally focused woodland.
World Heritage Forest Preservation Fund	This Fund was established following the announcement in 2008 that the Sacred Sites and Pilgrimage Routes in the Kii Mountain Range had been named as a UNESCO World Heritage Site, with the aim of preserving the forest land as cultural scenery as well as working to maintain and preserve the publicly-owned woodland in the vicinity of the UNESCO World Heritage Site.
Japanese Association of Zoos and Aquariums	This Association is involved in fundraising activities to protect wild animals both in Japan and all over the world, as well as carrying out fundamental surveys and research into endangered species such as polar bears and the Japanese ptarmigan, etc. as well as promoting awareness of issues related to protection and propagation of Japanese freshwater fish.
World Wildlife Fund Japan	With its aim of harmony between humans and nature as a way to build for our future, the WWF looks to protect the earth's biodiversity whilst looking for ways to reduce the burden that we place on the natural environment.
Supporters of Tennoji Zoo	This organization focuses on ways to support Tennoji Zoo, through environmental education, species preservation, surveys and research as well as the preservation of the natural environment, etc.

Environmental Burden Data

In accordance with the revised Energy Conservation Law, in June 2011 the Company submitted environmental burden data (INPUTS and OUTPUTS) as detailed below, which mainly focused on the amount of energy consumed, to the Ministry of Land, Infrastructure, Transport and Tourism (Kinki Regional Transportation Bureau) and in July to the Ministry of Economy, Trade

and Industry (Kinki Bureau of Economy, Trade and Industry).

Due to the merger with Nankai Urban Development Co., in 2010 this data showed a large-scale increase in the amount of energy consumed at Head Office and other facilities.

	Railway Business	Head Office and other Facilities ^{*1}
INPUTS		
Energy		
Electrical power	247,940,286kWh (-4,921,483kWh)	87,469,250kWh (+41,459,840kWh)
Urban gas	575,683m ³ (-18,202m ³)	5,574,670m ³ (+2,084,418m ³)
Propane gas	13,613kg (-12,308kg)	225kg (-147kg)
Gasoline	39kℓ (+11kℓ)	
Light oil	67kℓ (+3kℓ)	3,871 ℓ (+3,011 ℓ)
Kerosene	22kℓ (+0kℓ)	8,517 ℓ (-5,401 ℓ)
Heavy oil	0kℓ (+0kℓ)	33,000 ℓ (-47,400 ℓ)
Total	2,501,022GJ (-51,802GJ)	1,102,949GJ (+487,680GJ)
Water	Water 288,039m ³ (-14,573m ³)	Water 606,930m ³ (+520,663m ³)
Paper	Paper 1,713 thousand sheets (of paper) (-170 thousand sheets)	Paper 3,053 thousand sheets (of paper) (+96 thousand sheets)
OUTPUTS		
CO₂ emissions	CO ₂ emissions 78,791t-CO ₂ (+2,723t-CO ₂) ^{*2}	CO ₂ emissions 40,667t-CO ₂ (+18,890t-CO ₂) ^{*2}
Waste		
Metallic waste	1,348t (+91t)	6t (+5t)
Waste plastic	80t (+6t)	0t (-2t)
Sludge	262t (+94t)	0t (+0t)
Waste alkali	0t (-1t)	2t (-2t)
Glass and ceramic waste	16t (+12t)	7t (+7t)
Waste paper	23t (+7t)	1t (+1t)
Waste wood	62t (-132t)	
Rubber waste	0t (+0t)	
Earth displaced by construction ^{*3}	0t (+0t)	
Waste oil	10t (-1,342t)	
Debris	512t (-1,387t)	
Slag	10t (+3t)	
Waste asbestos	4t (+0t)	
Concrete	484t (-1,759t)	
Other industrial waste	5,432t (+4,412t)	
Total amount of industrial waste generated	8,243t (+4t)	16t (+9t)
Total amount of non-industrial waste	638t (-439t)	1,092t (+622t)

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

^{*1}: Due to the merger with Nankai Urban Development Co., Ltd. that took place on October 1, 2010, the additional amount of energy consumed in fiscal 2010 was for the latter half of the year only. However, as for fiscal 2011, the annual amount consumed was added and as a result, the data shows a large-scale increase in the amount of energy consumed.

^{*2}: These numbers represent the data submitted by the Company to the Kinki Transportation Bureau in accordance with the Energy Conservation Law.

The CO₂ 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 0.311kg-CO₂/kWh.

^{*3}: Earth displaced by construction work is not industrial waste, but for the sake of convenience it is counted here as industrial waste.

Environmental Accounting

Environmental accounting is a way to measure the cost of the Company's business activities in terms of environmental preservation and quantify as much as possible the effect of the Company's environmental

preservation activities.

The environmental accounting practices used during fiscal 2011 are as follows.

Environmental Preservation Costs

(Unit: ¥1,000)

Classification	Main content	Amount of money invested		Amount of expenses	
		FY2010	FY2011	FY2010	FY2011
Business area internal costs		1,603,944	1,465,227	257,212	562,113
① Environmental contamination prevention costs	Prevention of atmospheric pollution, water pollution control, noise pollution, vibration pollution	51,390	79,348	100,183	139,694
② Global environmental preservation costs	Prevention of global warming, energy conservation, prevention of the destruction of the ozone layer	1,454,474	1,348,788	4,786	404,661
③ Resource recycling costs	Conservation of resources, reduction in waste products, recycling, processing of waste products	98,079	37,091	152,244	17,758
Upstream and downstream costs	Recycling of used tickets, green purchasing	—	—	336	4,800
Cost of management activities	Environmental education, costs related to ISO14001	—	—	70,025	53,501
Research and development costs	Research and development related to environmental protection	—	—	—	—
Cost of social activities	Tree planting, beautification campaigns, attendance at and support of environmental seminars, environmental advertising	6,949	2,398	15,671	17,633
Cost equivalent to the damage suffered by the environment		—	—	—	—
Total		1,610,893	1,467,625	343,245	638,047

Effects of Environmental Preservation

Classifying the Effects of Environmental Preservation	Types of Indicator	① Previous term (standard time period)	② Current term	(①-②) Difference between the standard terms	
The effect of environmental preservation on the resources invested in our business activities	Gross energy investment amount (GJ)	Electricity (GJ)	3,162,479	3,603,972	- 441,493
		Gas (GJ)	2,984,837	3,344,033	- 359,196
		Fuel (GJ)	169,178	253,474	- 84,296
		Amount of water used (m ³)	388,879	894,969	- 506,090
	Amount of OA-paper used (sheets)	4,841,409	4,765,590	75,819	
The effect of environmental preservation on the environmental burden and waste products generated by our business activities	Gas emissions from the greenhouse effect (t-CO ₂)	Electricity (t-CO ₂)	97,845	119,458	- 21,613
		Others (t-CO ₂)	87,868	104,312	- 16,444
			9,977	15,146	- 5,169
		Industrial and non-industrial waste (t)	9,786	9,989	- 203

Economic effects of environmental preservation countermeasures

(Unit: ¥1,000)

	Effective content	Amount
Profits	Business income from recycling waste and recycling used products (old rails, wheels, scrap iron)	137,256
Reduction in expenditure	Energy conservation = reduction of energy costs	943
	Recycle waste products to reduce waste processing fees	17,452
Totals for economic effects		155,651

Indicators of Environmental Efficiency

CO ₂ emissions for a car per 1km run (kg-CO ₂)	0.80
CO ₂ emissions against operating revenue (t-CO ₂ /million yen)	1.32

- The scope of these sum totals only covers Nankai Electric Railway Co., Ltd.
- Data was collected between April 1, 2011 and March 31, 2012
- References the 'Environmental Accounting Guidelines Ed. 2005' as published by the Ministry of the Environment and conforms with the 'Environmental Accounting Guidelines for Private Railway Businesses Ed. 2008' as published by THE ASSOCIATION OF JAPANESE PRIVATE RAILWAYS

- One of the economic effects of environmental preservation policies is a reduction in energy costs. Only the energy cost reduction items for energy in which the environmental preservation effects were recognized have been included in the expense data
- With regard to the amount of greenhouse gas emissions, our emission coefficient for electricity for this fiscal year is 0.311kg-CO₂/kWh.
- From fiscal 2011 onwards the energy conversion coefficient of electricity has been changed, from 3.6MJ/kWh to 9.97MJ/kWh.

- Only processes where a concrete cost could be assigned to environmental preservation have been included
- No depreciation has been included in the expenses associated with environmental preservation costs



- 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/>



As a symbol of the proactive environmental activities of the Nankai Group going forward, the Group has established an eco-slogan and an eco-logo. Emblematic of our coexistence with our local communities and the natural environment, the green leaf design personifies our drivers and our trains – an illustration of our commitment to running our trains in tandem with our passengers.