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.

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**Company Name**
Nankai Electric Railway Co., Ltd.

**Established**
December 1885

**Head Office**
2-1-41 Shiokita, Higashi, Osaka, 556-8503, JAPAN

**Website**
http://www.nankai.co.jp/

**Paid-in Capital**
¥63,739,030,000

**Operating Profit**
¥88.7 billion

**No. of Shareholders**
55,190

**No. of Employees**
2,975 (Including 336 staff on loan)

**Managed track**
154.8km

**Rolling Stock**
706

**Status of the Corporate Group**
(As of March 31, 2013)

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>Railways, rail track management, buses, ocean freight, cargo transportation, train maintenance businesses</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Real estate leasing, real estate sales</td>
</tr>
<tr>
<td>Distribution Business</td>
<td>Shopping Center management, ticketed operations inside the Station Concourse</td>
</tr>
<tr>
<td>Leisure and Services</td>
<td>Amusement Park management, travel agency, travel service, corporate Japanese inn, printing, advertising agency</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction</td>
</tr>
<tr>
<td>Other</td>
<td>Accounting and Data Processing Agency Services</td>
</tr>
</tbody>
</table>

---

**Financial Status**
(Consolidated Results for fiscal 2012)
(From April 1, 2012 to March 31, 2013)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Operating Profit</th>
<th>Ordinary Profit</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Business</td>
<td>¥26,094 (14.1%)</td>
<td>¥143 (0.1%)</td>
<td>¥24,174 (13.1%)</td>
</tr>
<tr>
<td>Leisure Services Business</td>
<td>¥23,840 (13.9%)</td>
<td>¥11,466 (13.1%)</td>
<td>¥12,004 (9.3%)</td>
</tr>
<tr>
<td>Distribution Business</td>
<td>¥25,589 (13.6%)</td>
<td>¥9,916 (7.5%)</td>
<td>¥9,908 (7.8%)</td>
</tr>
<tr>
<td>Transportation Business</td>
<td>¥84,769 (46.0%)</td>
<td>¥18,006 (15.3%)</td>
<td>¥16,164 (12.8%)</td>
</tr>
<tr>
<td>Real Estate</td>
<td>¥3,054 (1.7%)</td>
<td>¥3,054 (1.7%)</td>
<td>¥3,054 (2.5%)</td>
</tr>
<tr>
<td>Total</td>
<td>¥184,412 (100%)</td>
<td>¥52,452 (28.4%)</td>
<td>¥50,067 (26.9%)</td>
</tr>
</tbody>
</table>

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**Transition of operating profit**
(¥ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>¥200,000</td>
<td>¥185,048</td>
<td>¥185,164</td>
<td>¥181,893</td>
<td>¥184,412</td>
</tr>
</tbody>
</table>

---

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>¥10,593</td>
<td>¥12,025</td>
<td>¥11,466</td>
<td>¥11,067</td>
<td>¥15,474</td>
</tr>
<tr>
<td>Net</td>
<td>¥7,374</td>
<td>¥5,286</td>
<td>¥5,858</td>
<td>¥5,858</td>
<td>¥12,918</td>
</tr>
</tbody>
</table>

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**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.

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**Referenced Guidelines**
New possibilities for business-academia collaborations
— Measures to revitalize communities on the Nankai line

With Japan’s population currently on a decreasing trend, one of the social missions of a railway company is to find ways to revitalize the communities that live next to our rail network. As part of these measures, the Nankai Electric Railway has teamed up with a University that is situated near the Nankai line network and together we are searching for new ways to approach urban planning.

With regard to how business-academia collaborations will be formed going forwards, Shintō Watari, the President of the Nankai Electric Railway, sat down to discuss this issue with Taketoshi Okuno, the Chairman and President of Osaka Prefecture University, a public university corporation.

Looking to revitalize communities along the Nankai line through business-academia collaborations

Watari — In 2011 Nankai Electric Railway and Osaka Prefecture University entered into an Agreement to Collaborate on Regional Revitalization and we became involved in projects to revitalize Osaka’s ‘Minami’ district and the south Osaka area, including the regions and communities down there. I feel there are great possibilities for how the academic and business collaboration between our railway company and your university can develop going forward.

President Okuno — Looking at the issue of business-academia collaboration from the university’s perspective, the background on our side is that with the changing times we have found that the role that the university plays is undergoing significant change. With that in mind, we cannot overlook the significant changes that have occurred with regard to the media and the influence that the media has on our society. In the past, if you mentioned media, the image that came to mind was the printed work as invented by Gutenberg and his printing press. However, with the advent of the Internet, things have changed dramatically. Accordingly, what society requires from its universities has also changed.

When the number of people going up to university to study was extremely limited, university students and graduates were really the intellectual elite, and society asked that these people specialize in researching a specific field. On the other hand, today when over 50% of people began to attain entry to university; simply having these students choose a specific field to research did not sufficiently serve the needs of society. An example of this issue would be the poor measures implemented to deal with the nuclear incident in Fukushima.

Nowadays, academia and universities can no longer represent some kind of ivory tower, instead we need to carry out the research that society requires, as well as fostering the human resources that our society needs. It is essential that society be replenished in this way. As a result, one of the missions of the Osaka Prefecture University is that our educational research be allowed to positively impact and contribute to our local communities, as we aim to become the ‘Number One University for Contributing to Our Local Community’. One part of our efforts to make this happen is our business-academia collaboration with the Nankai Electric Railway Company.

Watari — For us too, with all the understanding and support that we get from our local communities, there is no question that we would look to continue our business activities. Similar to your experience as a university, one of our most significant issues is how we at Nankai can best respond to the needs of society. Our collaboration with Osaka Prefecture University is something of a testing ground for us in terms of giving us a different perspective as to how we can best respond to the new needs of society.

President Okuno — In the past, if you were to think of media, the image that came to mind was the printed work as invented by Gutenberg and his printing press. Things have occurred with regard to the media and the influence that the media has on our society. In the past, if you mentioned media, the image that came to mind was the printed work as invented by Gutenberg and his printing press. However, with the advent of the Internet, things have changed dramatically. Accordingly, what society requires from its universities has also changed.

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President Okuno — — It is very important for us to understand the concept of the 130 medium-term business plan. For example, if we were to ask some students these days, one really feels the speed with which students today exchange information, which is referred to as the “Internet Generation”. As phenomena such as Twitter and Facebook show, people have the power to share information about an event with a huge number of people in the blink of an eye. For example, it seems that any photos taken with a student and me are up on the web in an instant <laughs>. In terms of what we can contribute to society, the university should find a way to harness the energy of our students. In other words, I feel that the university could open up all sorts of possibilities for a changing social business.

President Okuno — — The needs and requirements of town planning change with the times. To date, these needs have mostly related to urban facilities, etc. Going forward I believe that we need to place emphasis on supporting communities, or how people interact with each other. I think this is why I hope the Nankai Electric Railway will also realize the importance of

Creating exciting in the Namba Area

President Okuno — — In April 2013, our university opened a new campus location, called i-site Namba, in the Namba Namba No. 1 Building, located in Namba Ward, Osaka City. This location was chosen as a place to develop intellectual activity in the “Minami” district of the city, starting with Namba. In the future, we will look to consider measures to enhance the attractiveness of Namba together with the Nankai Electric Railway.

With regard to i-site Namba, our hopes for this new location rest not with the facilities themselves, but with the desire that i-site Namba becomes a place where people can meet and exchange, thus creating new value. For example, inside the building we have created the Town Library @ Osaka Prefecture University, with the aim of connecting people through books. We have already initiated exchanges with high school students in our neighborhood. Looking to continue our activities together with these local communities as a whole.

Watari — — The same is true for Nankai – we are continuing to be involved in creating excitement for the Namba Area. We have already promoted a re-zoning project for the old Osaka baseball stadium site and we are operating a large-scale shopping mall, Namba Parks. Also, as Namba is traditionally a place where people involved in showbiz gather, Zepp Namba (OSAKA) - a live music venue – has recently opened. i-site Namba has also been invited to act as a base for several collaborations between business and academia.

By creating bases for collaboration like this, our idea is that these projects will extend beyond southern Osaka and that we can continue to stimulate areas into exciting locales that people will want to visit in the future. As the rhythm between downtown districts in Osaka ramps up, the southern part of the city needs to find a way to distinguish itself from the northern part.

President Okuno — — Looking to promote inbound travel, this is a plus for both our railway company and for the communities alongside our rail network. By growing the tourism business we will create opportunities for employment as well as helping stimulate industries related to tourism.

President Okuno — — In order to contribute to the economic revitalization of the Kansai Region, including the communities next to our rail network, we believe that involvement in the tourism business is indispensable. President Okuno — — If that is the case then I think we need to reexamine what tourism means in this day and age. Tourism – the word as it exists in Japanese – comes from the ancient Chinese classic the ‘Ching’, where the implied meaning is to see what the light of the country looks like there. At our new location at i-site Namba we have established a Travel and Tourism Industry Strategic Research Center, where we engage in research into the wider possibilities for “tourism” and what this means for the tourism industry as a whole.

For example, when we have undertaken surveys of non-Japanese asking about their needs with regard to visiting Japan for tourism, issue number one in terms of importance is “food”. issue number two is “shopping” – and this was regardless of the respondents’ home country. From issue three onwards, the answers vary depending on where the respondent came from, but the expectations are with regard to Japan are common to all tourists. If we are looking to develop the tourism business, then I think these are the important issues that we need to consider when getting involved in urban planning.

Watari — — The Rinshin 130 mid-term business plan has as its fundamental policy direction: “The Promotion of Tourism and Inbound Business”. The Japan Tourism Agency, part of the Ministry of Land, Infrastructure, Transport, and Tourism, has set a target of 30 million foreign tourists to visit Japan in 2030. In order to achieve this target, plans have been made to improve the country’s rail systems and ports and airports on the international stage, and there has been a review of the rail systems used to transport passengers to/from KIX and Namba.

With regard to promoting inbound travel, this is a plus for both our railway company and for the communities alongside our rail network. By growing the tourism business we will create opportunities for employment as well as helping stimulate industries related to tourism.

President Okuno — — Looking at the rail network of the Nankai Electric Railway, I can see that there are many sites that will be of interest to foreign visitors. For example, it seems that for visitors from Europe and the United States Koya-san almost has a mystical presence as a sacred site to visit. When people visit Koya-san, they seem to take something of Koya-san away with them, one could say that it stays with them. Looking at the trends in tourism over the past few years, these people are not just on a leisurely jaunt through Japan, it seems that they want to experience something, that their needs encompass more than just “seeing”. When the trend toward participatory tourism intensifies, then we need to recognize that the state of tourism as a business is also changing.

We often say to our students: “You can see Asia from Namba”. Of course, with Namba being connected by rail to KIX, all the countries in Asia are accessible from Namba. Our students need to have a global perspective when standing in Namba, as this is going to be essential when reexamining the tourism business going forward.

One thing I should mention is concern for the environment.

Watari — — As you rightly state, if we cannot find a way to share the environment with the way we live, we will not be viewed kindly by the rest of the world and people will not want to come and visit. In particular, we have to be sensitive to the environmental needs of UNESCO World Heritage sites like Koya-san.

We engage in our business whilst maintaining a concern for the environment. For example, take Namba Parks – we planned and installed a roof garden as part of our aim to develop a facility in harmony with nature. Furthermore, in April 2013, we received carbon offset credit certification from the Ministry of the Environment in accordance with the Offset Credit J VER System for the afforestation project that we have running at Kanzan no Mori at Gionzan. We were the first railway company to receive this certification.

President Okuno — — Universities and companies have no choice but to embrace a broad view of the environment in order to make a sustainable society a reality. It is because of this attitude that we are able to enjoy the beautiful views of nature that we have now. Because we are aiming for a society where tourism and the environment can exist in harmony, we can attract large numbers of people from overseas to come and visit Japan.

Watari — — After talking to you I realized that I have a new set of mission goals that I need to take to heart as someone involved in the railway industry. Thank you so much for your time today.

(Interview took place on August 5, 2013 at i-site Namba, Osaka Prefecture University)
Environmental Activities at Nankai no Mori

The Nankai Group is striving to preserve the natural environment through its forest management project Nankai no Mori at Gomadanzan. Concerning the CO₂ absorbed by the trees that have been planted at Nankai no Mori, on March 12, 2013, the Ministry of the Environment issued certification to the Nankai Group in accordance with the Offset Credits (J-VER) System. This was the first time that this certification has been issued to a railway company.

Attaining certification in accordance with the Offset Credits (J-VER) System

In order to promote measures to counter global warming, the Ministry of the Environment established the J-VER System in 2008. The system awards credits for the amount of carbon offset – meaning the amount of greenhouse gases removed or absorbed by a project using biomass or afforestation within Japan.

The credit certification attained by the Nankai Group was for the work done at the afforestation project at Nankai no Mori on Gomadanzan. At this area of woodland owned by the Nankai Electric Railway. 111.2ha of forest has been maintained through tree-thinning activities, etc. between 2007 and 2013. Thanks to these tree-thinning activities, the remaining trees have been encouraged to grow and as a result they have absorbed more CO₂, which is why the credit certification was awarded. The amount of CO₂ credited on the certification was 1,928t-CO₂.

Meanwhile, now that the project has been registered with the J-VER system, in fiscal 2013 this will be merged with the domestic credit system, which will continue as the J-Credit System going forward.

Use of the Offset Credits

Railways result in emissions of CO₂ that are one-eighth that of the motorcar. The railway places a smaller burden on the environment and is an environmentally friendly mode of transport. In order for people attending or participating in events, etc. to be aware of their CO₂ emissions and to make an active decision to travel by train, a campaign has been developed to Promote the Use of Public Transport. When events are held and CO₂ emissions are generated Nankai can use the credits that it was awarded thanks to its efforts with Nankai no Mori with the result that the actual net CO₂ emission is zero.

Implementing the certification at the 60th Nankai Concert

(Held on Sunday July 14 at the Takaishi Citizens Culture Hall) Concert with Zero CO₂ Emissions

Nankai and Osaka Prefecture Green Partner Agreement Event

Applying the certification at “Activities for Co-Existence Forest”
(Activities at the Co-Existence Forest at a coastal location in Sakai City, Ward 7-3)

The CO₂ emissions caused by the transportation of participants and materials were offset by the credits with the result that the actual net CO₂ emission is zero.

Opening a special webpage for the environmental activities at Nankai no Mori

In order to make all of the information related to the environmental activities happening at Nankai no Mori more accessible, the Company has created a special page that details the Environmental Activities at Nankai no Mori and it is linked to the Official Nankai Electric Railway Website. Special website address: http://www.nankai.co.jp/company/csr/nankainomori.html

A Voice from the Forestry Industry

As one of the people who have worked for many years helping foster expertise in the people who manage Nankai no Mori, I was overjoyed to hear that they had attained J-VER certification. Going forward, we are redoubling our efforts on the ground to deal with new responsibilities such as the opening of a new pathway through the forest as well as finding ways to connect the forest to the future. In September 2011, a typhoon struck the forest and some damage still remains to this day, and I reminded myself to take the lessons of nature to heart.

Nobuhiro Mine

Mine Forest Industries

*Carbon Offset here refers to efforts to reduce the amount of greenhouse gases such as CO₂, etc. whose emissions are deemed unavoidable due to day-to-day activities or economic activities, and for greenhouse gas emissions that cannot be avoided, it can be offset by investment in activities to reduce a similar amount of greenhouse gas emissions. The amount of offset credits is calculated by subtracting the emissions that would have been emitted. (taken from the Ministry of the Environment website)
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 (Drawn up April 1, 1993)**

*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

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**The Nankai Group and 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.

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**The thinking behind promoting CSR**

**Main Measures**
- Energy saving activities
- Promote the use of public transport
- Reduce CO2 through business activities
- Reinforce the environment management system
- Reinforce the environmental information transmission functions
- Environmental activities through collaboration with regional communities

**Opportunities for Dialogue**
- CSR Report
- Environmental events
- Host collaborative events
- Notification of reports, etc.

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**Main Measures**
- Disclosure of information
- Return of profit
- General Meeting of Shareholders
- Results briefing
- Daily phone calls, interaction via the web

**Opportunities for Dialogue**
- Conclusion of labor agreements
- Management meetings; negotiations between management and the workforce
- Interviews based on implementation plans

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**Main Measures**
- Development of human resources
- Secure diversity
- Work – Life Balance
- Industrial Health and Safety

**Opportunities for Dialogue**
- Conference and cooperation
- Response to regulations and measures to counter violence
- Introduce new commodities, new technologies
Thank you for your kind support of the Nankai Electric Railway.

As a rule, the Company has safety as its highest priority; its key mission is to provide safe transportation services that give the passenger peace of mind, this is what we strive for every single day.

Moreover, with regard to unforeseen natural disasters, we are moving forward with our preparations for earthquake resistant structures, etc. while at the same time making sure we are ready to respond and react in the event of an earthquake or disaster, in order to minimize the damage from an event or incident like this.

With this in mind, based on our Safety Management System and in accordance with our Safety Management Regulations, the Company has implemented an effective Plan Do Check Act (PDCA) cycle, as we look to continuously improve our safety measures whilst implementing training and education programs to increase employee awareness about safety. As a result of our efforts, we are planning to create and establish a robust safety culture in the Company, with the aim of becoming a rail network trusted by our customers.

### Implementing the replacement of the cable on the Koyasan cable car

In November 2012, the cable for the Koyasan cable car was replaced for the first time in 6 years. The cable is huge, with a diameter of 50mm, approx. 1km in length and weighs around 11t. The new cable was rolled out from a drum situated at Gokurakubashi Station, which was then attached to a cable car and transported to a mid-way point. Then, the new cable was attached to the old cable and the hoist was turned to pull down the old cable. Around 50 workers were engaged in the process to replace the cable, working in conditions such as a 30 degree slope in places as well as through the night. The procedure was completed without problems by the following morning. The new cable consequently pulled the first cable car of the day.

The cable used by the Koyasan cable car measures 50mm in diameter, and at the very core of the cable is a fiber rope. Around the fiber core, 33 wires made from 4 different materials are wound into a rope and 6 of these ropes are wound together to form the cable. When the two cable cars coupled together are full to capacity they weigh around 35t, but the cable is rated to withstand a load of around 150t. The Company regularly replaces the cable and strives to maintain the safety of cable car operations by ensuring the load-bearing strength of the cable.

The work to make Koyasan Station and Gokurakubashi Station barrier-free has been completed, and now both stations are much easier to access and use for elderly passengers as well as passengers in wheelchairs. In order for the cable car to serve as a suitable, safe mode of transport to UNESCO World Heritage Site Koyasan, passengers can now board with peace of mind because at the Koyasan Inspection Center, occupational safety methods such as pointing and calling with verbal communication are implemented as fundamental practices for the operation, management and maintenance of the cable car.

Saying forward, we intend to put everything into putting the customer first in order to gain the customers' trust, to acknowledge that our mission is to provide transportation services that are both safe and give peace of mind to our passengers, and to strive to meet these aims every single day.

The cable replaced is connected to a cable car and pulled up. The new cable is connected to the old cable and connecting the new cable to the cable car. Pulling up the new cable and cutting away the old cable. Adjusting the length of the new cable and connecting the new cable for the cable car completes the process.

### Our Safety Policy and Management System

#### Our 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 those 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.

With regard to the organizational structure, the Company President bears the ultimate responsibility, whereas the Comprehensive Safety Administration Manager, who is the Managing Director of the Railway Business Division, has the responsibility of overseeing the safety of transport. Finally, the Chief Manager of the Transportation Division carries the direct responsibility for train and operational safety, as well as providing guidance to our drivers and conductors. This structure makes the roles and responsibilities of each manager very clear.

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Kenji Fujita
Person in charge of Cable car Operation Center in Koyasan, Train Stock Department

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

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Safety Promotion Committee

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The Nankai Electric Railway CSR Report 2013
The Nankai Electric Railway CSR Report 2013

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 records 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 15 accidents during fiscal 2012: 9 accidents involving level-crossings and 6 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>10</td>
</tr>
<tr>
<td>2009</td>
<td>7</td>
</tr>
<tr>
<td>2010</td>
<td>15</td>
</tr>
<tr>
<td>2011</td>
<td>11</td>
</tr>
<tr>
<td>2012</td>
<td>9</td>
</tr>
</tbody>
</table>

About the classification of accidents

<table>
<thead>
<tr>
<th>Classification</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical accident</td>
<td>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.</td>
</tr>
<tr>
<td>An accident at a level-crossing</td>
<td>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</td>
</tr>
<tr>
<td>Fatality or injury</td>
<td>Any incident where the operation of the train or vehicle results in injury or death (excluding those related to the incidents mentioned above)</td>
</tr>
</tbody>
</table>

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 41 accidents at level-crossings. Twenty-five of these incidents were due to people or vehicles trying to cross just before the train passed through.

Accidents in Injury or death

In the past 5 years there have been 51 accidents that resulted in injury or death. The main cause of these accidents were people entering the tracks, people on the platform station jumping in front of trains or people coming into contact with a passing train while standing on the platform.

Transport Disruptions, Incidents

There were a total of 29 transport disruptions during fiscal 2012: 12 more disruptions occurred compared to fiscal 2011 and the increase is attributed to natural disasters triggered by unusual weather, etc. There was also 1 incident in fiscal 2012. The table below shows the transition of the number of disruptions as well as the reasons behind transport disruptions involving the railway over the year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Disruptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>10</td>
</tr>
<tr>
<td>2009</td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td>21</td>
</tr>
<tr>
<td>2011</td>
<td>19</td>
</tr>
<tr>
<td>2012</td>
<td>29</td>
</tr>
</tbody>
</table>

Important Safety Policies and Safety Measures

Important Safety Policies

In accordance with the stipulations of the Company’s safety policies and in order to meet these safety goals and as some form of concrete implementation, the following 6 items were established as part of the Company’s Important Safety Policies in 2011 and the increase is attributed to natural disasters triggered by unusual weather, etc. There was also 1 incident in fiscal 2012. The table below shows the transition of the number of disruptions as well as the reasons behind transport disruptions involving the railway over the year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Disruptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>10</td>
</tr>
<tr>
<td>2009</td>
<td>15</td>
</tr>
<tr>
<td>2010</td>
<td>21</td>
</tr>
<tr>
<td>2011</td>
<td>19</td>
</tr>
<tr>
<td>2012</td>
<td>29</td>
</tr>
</tbody>
</table>

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 partly revised prior ordinances stipulating technical standards for railways, enforced in July 2006, 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 completed on the Nankai Line and the Airport Line in May 2013)
- Installation of new equipment to record traffic data
- Maintenance of the Deadman’s device
- Installing the Disaster Prevention Information System
- Installation of dot pattern blocks with the passenger safety line on the platform

Critical accidents

There have been no critical accidents in the past 5 years.
In order to implement the necessary safety measures in line with a planned schedule without delay, approx. ¥6.5 billion was invested in improvements to and renewal of facilities during fiscal 2012 (actual figures). We plan to invest a further ¥7.1 billion in facilities during fiscal 2013.

Safety Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Safety Investment</th>
<th>Other Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>¥2.237 billion</td>
<td>¥2.592 billion</td>
</tr>
<tr>
<td>2009</td>
<td>¥3.186 billion</td>
<td>¥2.859 billion</td>
</tr>
<tr>
<td>2010</td>
<td>¥3.535 billion</td>
<td>¥2.279 billion</td>
</tr>
<tr>
<td>2011</td>
<td>¥3.350 billion</td>
<td>¥2.697 billion</td>
</tr>
<tr>
<td>2012</td>
<td>¥2.685 billion</td>
<td>¥2.700 billion</td>
</tr>
<tr>
<td>2013</td>
<td>(Forecast)</td>
<td></td>
</tr>
</tbody>
</table>

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 knowledge and skill-based training and guidance programs for all new, mid-level and experienced senior employees.

**Disaster Prevention System**

We have introduced a Disaster Prevention System that gathers, monitors and analyzes information such as meteorological data - amount of precipitation, wind speed, earthquake data, etc., as well as water levels in rivers, etc. – that could be useful in determining threats to the railway network. We are moving forward with improvements to the system, adding features such as the subdivision of rain-gauge distribution to monitor detailed data about rainfall concentrated on a small area as well as helping with decision-making following an urgent seismic warning, such as preventing trains from crossing long bridges, etc. Our aim is to have the system operational during FY2013.

In March 2006, the Ministry of Land, Infrastructure, Transport and Tourism promulgated the revisions to some of the ministerial ordinances defining technological standards for railways, making the implementation of speed limiting devices on certain sections of track obligatory, such as curved sections, points and track terminals, etc. As a result we are moving forward with implementing a new type of ATS with successive controls.

Conventional ATS works by detecting excessive speed at the ATS location, then triggering the emergency brakes on the train. However, the new type of ATS, having detected excessive speed between the ATS unit and a section of track with speed restrictions, applies brakes to reduce the speed of the train until it matches the allowed speed for that section of track, which enables safer train operations.

In addition to the above, the new ATS system is compatible with conventional ATS, so it can be applied to specific sections of track with speed restrictions. On May 31, 2013 the new ATS system was activated on the Nankai Line and the Airport Line, and the new system will be implemented on the Koya Line in fiscal 2016.

**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 knowledge and skill-based training and guidance programs for all new, mid-level and experienced senior employees.

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.

**Establishing a procedure outline following a tsunami warning**

On October 24, 2011 the Railway Business Division issued definitions regarding the rapid and accurate gathering and consolidation of information, warnings, processes and P.R. activities following the issuing of an tsunami warning. The Company has established an outline of the procedures that will implement to ensure the safety of passengers and train operations following the issuing of a tsunami warning. According to these procedures, stations in the areas where an evacuation order is expected to be issued (flood zones) will be posted with tsunami hazard maps and notices that indicate evacuation areas and evacuation routes.
Our measures to achieve customer satisfaction

Our customers demand safety and reliability, and in response not only do we actively seek to disclose information, we take our relationships with our stakeholders very seriously, and any feedback we receive is reflected in the way we run our business.

The ‘Maternity Mark’ — aiming to be a rail network that is kind to expectant mothers

As part of our efforts to make the use of public transportation comfortable and reassuring for our customers, from March 1, 2013 affiliate members of the Kansai Railway Association and JR West Japan – a total of 26 companies – decided to start putting up posters and stickers featuring the ‘Maternity Mark’ in stations and trains near the priority seating areas. We had received feedback from expectant mothers, in particular ladies in the early stages of pregnancy, such as: “People cannot tell that I am pregnant from my appearance, and because they don’t realize they do not offer me a seat.” With the advent of the ‘Maternity Mark’ there has been a heartwarming response to the needs of these expectant mothers. We are aiming to make the “kind environment for expectant mothers,” as promoted by the Ministry of Health, Labor and Welfare, a reality.

What is the ‘Maternity Mark’?

Promoted by the Ministry of Health, Labor and Welfare and part of a national action plan to ensure the health and welfare of mother and child in the 21st century, the Healthy Mother and Child 21 Campaign calls to recognize the importance of realizing kind and comfortable local environments and workplaces for expectant mothers, eliminating passive smoking, as well as securing sufficient priority seating in public transport for expectant mothers. In order to move towards finding solutions for these issues, the Healthy Mother and Child 21 Promotion Commission asked for design submissions for the ‘Maternity Mark’ and the submission that was eventually chosen was the one shown here. Simply by wearing this badge, people on public transport will be made aware of the presence of an expectant mother and act accordingly. Furthermore, as the ‘Maternity Mark’ design has been popularized by posters highlighting this issue in transportation facilities, workplaces, bars and restaurants, and other public institutions, the campaign continues to push to create a kinder environment for expectant mothers.

Implementing Monitor Meetings with customers

Since 2004 we have been implementing a questionnaire of our customers to solicit directly their opinions and requests, which is something that we are looked on a daily basis as a railway company. In fiscal 2012 we modified our approach to Monitor Meetings, which were held in June (Signage, the direction that we use in our announcements and in-car announcements), August (Station facilities, timetable and fares, etc.), November (Customer care and services provided by station and train staff) and February 2013 (Unmanned stations, manners, the station and train environment, reaction to late services, etc.) and opinions were gathered during all these meetings (each meeting was attended by approx. 10 to 12 participants). Furthermore, in addition to these Monitor Meetings, the Company engaged an external corporation to undertake a survey of how customers perceived their use of the Company and its services, levels of customer satisfaction, how services can be improved going forwards as well as any concrete proposals for improvements, etc. This survey – the Customer Satisfaction Survey – garnered 2,411 responses.

As a result of the survey, valuable feedback was sent through to all relevant departments, and by sharing the opinions and requests of our customers, the Company has been able to make improvements to day-to-day services. “The Customer’s Voice” – our portal for customer feedback, received 1,553 submissions in 2012 as mentioned above, of which one-third were requests.

“The Customer’s Voice” – A Database

“The Customer’s Voice” is a valuable database of raw, unfiltered feedback delivered directly from the customer. In 2012 we received 1,553 cases of customer feedback, an extremely large number. (in 2010 we received 1,386 and in 2011 we received 1,423) 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.

Breakdown and ranking of customer feedback in 2012

The previous year’s feedback numbers are shown in parenthesis

By division

<table>
<thead>
<tr>
<th>Division</th>
<th>Requests</th>
<th>Inquiries</th>
<th>Complaints</th>
<th>Praise/ gratitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway</td>
<td>1,423</td>
<td>1,259</td>
<td>494</td>
<td>470</td>
</tr>
<tr>
<td>Misaki Park</td>
<td>103</td>
<td>67</td>
<td>43</td>
<td>470</td>
</tr>
<tr>
<td>Companies that make up the Corporate Group</td>
<td>36</td>
<td>41</td>
<td>338</td>
<td>322</td>
</tr>
<tr>
<td>Others</td>
<td>86</td>
<td>186</td>
<td>131</td>
<td>161</td>
</tr>
<tr>
<td>Total</td>
<td>1,648</td>
<td>1,553</td>
<td>1,648</td>
<td>1,553</td>
</tr>
</tbody>
</table>

By method of contact

<table>
<thead>
<tr>
<th>Method of contact</th>
<th>Requests</th>
<th>Inquiries</th>
<th>Complaints</th>
<th>Praise/ gratitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>1,482</td>
<td>1,303</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>185</td>
<td>250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,648</td>
<td>1,553</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

By type of feedback

<table>
<thead>
<tr>
<th>Category</th>
<th>Requests</th>
<th>Inquiries</th>
<th>Complaints</th>
<th>Praise/ gratitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treatment of dealing with customers</td>
<td>460 (420)</td>
<td>300 (189)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timetable</td>
<td>200 (169)</td>
<td>188 (169)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tickets</td>
<td></td>
<td>149 (154)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Station facilities</td>
<td></td>
<td>149 (154)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air conditioning on trains</td>
<td></td>
<td>100 (105)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passenger manners</td>
<td>78</td>
<td>78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rolling stock</td>
<td>77 (112)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IC and Compass Cards</td>
<td>44</td>
<td>(78)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homepage</td>
<td>39</td>
<td>(30)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women-only cars</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,648</td>
<td>1,553</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As a result of the survey, 2,411 responses were gathered, of which 1,648 (68%) were requests.
In order to support employees in their efforts to balance their working and family lives, the Company has enacted Childcare Leave System and Family Care Leave System, and during fiscal 2012, all of the Company’s female employees who gave birth during the fiscal year took Childcare Leave (in fiscal 2012 3 employees (2 female and 1 male) took Childcare Leave).

Moreover, in April 2010 the Company tabled the 2nd 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 using 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 2012 the take up of annual paid leave was 93.5% of the granted days, a much higher level than the general rate of 49.3% quoted in the General Survey of Working Conditions published by the Health, Labor and Welfare Ministry.

Measures to maintain and improve employee health

In recent years, there has been an increasing trend in the number of people diagnosed with lifestyle diseases and metabolic syndrome due to changes in lifestyle, the way we eat and the ongoing progression of our ageing society.

This is combined with more and more employees feeling considerable unease and stress through their lifestyles at work.

In accordance with the “Guidelines for Maintaining and Promoting Employee Health in the Workplace” as set out by the Ministry of Health, Labor and Welfare, the Company is implementing a set of measures to maintain and improve employee health standards, both mental and physical.

Particularly, regarding awareness of the health condition of employees, the Company is making effort to prevent diseases as well as striving to detect them at the earliest stage by implementing control in line with the Company’s internal health standards, health guidance, health education and counseling, centering on staff who have been appointed in charge of industrial health in the workplace.

In particular, from the perspective of preventing and treating mental health issues, we have implemented self-care measures (stress management), mental health promotion measures (seminars for managers and supervisors) as well as expanding counseling by our designated psychiatrists. At the same time, we are introducing the Re-work Trial Program, as a system to help reorientate employees returning to work after recovering from mental illness. The Company is striving to promote these measures systematically and continuously.

Human Resource Development

An HR system that promotes employee development

As part of the Company’s efforts to foster human resources and reform companies throughout the organization that are aimed at realizing the Corporate Principles of the Nankai Group, our personnel system, with two pillars – the target management system and the evaluation system that connects with that – is part of our plan to deliver on the aim of achieving our management goals, by making individual roles and responsibilities in the organization clear, as well as ensuring a virtuous management (PDCA) cycle.

Additionally, part of the plan is for the Company to give its full support to each employee to be challenged to reform and improve him/herself voluntarily (with higher goals) and build a relationship of mutual trust through two-way communication between superiors and subordinates. In this way the Company is encouraging each employee to grow, with the aim of improving levels of service across the entire company.

Education and Training Systems

In order to exist and develop as a company, while carrying out its social mission, it is essential that the Company maintains and develops its program of fostering human resources. The Company’s mid-term business plan, Rinshon 130, within its term, emphasizes an educational aim of developing high-quality human resources (Discovering Human Resources Capable of Contributing to Realizing Growth Strategies). In concrete terms, this means fostering human resources focusing on 3 key issues: creating crisis awareness and promoting the reform of consciousness (including Group companies), the development of human resources as a resource for expansion and growth, as well as approaches to CSR (Corporate Social Responsibility) penetration, etc. In fiscal 2012 the emphasis was on increasing crisis awareness and promoting CS (Customer Satisfaction). The Company delivered on its plan to improve the quality of its employees as well as changing the way employees think through attendance of training programs on improving awareness of CS issues, as well as in actual practice.

During fiscal 2013 the Company will continue with these initiatives, and will lend its full and active support to all educational matters that help foster employee awareness, as well as realizing a workplace where goals can be set, challenged and achieved.

Diversity Management

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 2013, 32 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 6 companies that make up the corporate group, including the Nankai Electric Railway and other affiliates with special dispensations, people with disabilities make up 2.0% 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, the Company introduced a system whereby employees who were retiring (when they reach the age of 60) could be re-hired by the Company. As a rule, whoever expresses a desire to continue working will be re-hired, and furthermore, the Company is implementing wage level rises that comply with the so-called “gap period between retirement and the start of pension payments. The Company invests in supporting the so-called “senior lifestyles” of these employees by holding seminars on maintaining and increasing motivation, etc. As of June 2013, there are 203 people, including staff on loan, employed under this system in a variety of fields.

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, both at head office and on-site. In terms of our female employees, the Company has recruited 4 women to work in supervisory roles (as of July 2013).

For each business of our Group companies, used as they are by a wide range 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.

Changes in the number of female employees (as of August 1, 2013)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>81</td>
<td>99</td>
</tr>
<tr>
<td>2009</td>
<td>87</td>
<td>107</td>
</tr>
<tr>
<td>2010</td>
<td>111</td>
<td>111</td>
</tr>
<tr>
<td>2011</td>
<td>112</td>
<td>112</td>
</tr>
<tr>
<td>2012</td>
<td>111</td>
<td>111</td>
</tr>
</tbody>
</table>

*Including employees on loan

Measures to prevent accidents at work

Using risk assessment methods, the Company is working on reducing and eliminating latent or potential risks of accidents in the workplace at its business locations, along with working to create a comfortable working environment for its employees through learning from hazard protection and near miss incidents, etc. The Company is striving to raise safety standards with the aim of moving from “zero accidents” to “zero danger”.

Measures to maintain and improve employee health

Nankai is working to create an environment where diverse and talented employees working at the Nankai Group can appreciate each other, displaying their abilities to the full, whilst engaged in contributing to society.
Starting a project that combines supporting the independent lives of people with disabilities, with providing care to people who require these services due to their advanced age

One of the Company’s fundamental policies as stated in The Rinshin 130 mid-term business plan is “Entry into New Business Areas” and in this vein, we are considering entering into businesses targeted at senior citizens. Accordingly, on July 1, 2013, the Nankai Life Relocation Aki-Michi private care facility for elderly residents opened, under the basic concepts of safety and peace of mind, as a facility operated by a railway company. On July 19, residents began moving in to the facility. Established in April 2012, the management company of the faculty, Nankai Life Relocation Co., Ltd., entered into a business alliance with Shikoku Life Care Co., Ltd., who promote a business model in Kochi Prefecture based on supporting the independent lifestyles of people with disabilities or requiring care due to their advanced age. The two companies worked together to develop the current business.

Nankai Life Relocation Aki-Michi operates 24 hours a day, with care professionals on-site as well as nursing care professionals during the daytime hours, with safety and peace of mind at the center of the services provided. Moreover, at the facility a project called Type-A Work Continuation Support is ongoing, whereby people with disabilities are offered employment contracts, receive guidance from professionals and help with cleaning and laundry services at the facility. This project supports the lives of the residents of the facility as well as offering employment opportunities.

**Outline of the private care facility for elderly residents**

1. Name: Nankai Life Relocation Aki-Michi
2. Location: 14-41, Shimagatagawa 3-chome, Tsuruma-ku, Osaka City, Osaka Pref. (Located inside the grounds of the Hankai Tramway Aki-Michi Car Depot, part of the Nankai Group)
3. Type of facility: 60-person private care facility for elderly residents (assisted housing facility with care services)
4. Site area: 1,800.60 m²
5. Total floor area: 3,733.93 m²
6. Number of rooms: 60
7. Characteristic: The business operates on two compatible lines: as a care service provision business also providing disabled persons with support to be self-sufficient

*Disabled persons will be employed under the Type-A Work Continuation Support Project to provide cleaning and laundry services as well as to communicate with the residents of the facility.

Hiking Events

There are breathtaking mountains and hills next to the Nankai rail network, such as Mt. Koya and Mt. Kongo. The Company is holding hiking events to raise awareness about these natural resources and cultural assets, which are generally not so well known, as well as to provide an opportunity to improve one’s health.

In fiscal 2012, the Company held 46 hiking events, with 37,340 people taking part. Various hikes were planned, with locations such as Mt. Kongo and Mt. Iwawaki in Okukawachi, and some of the courses were not so challenging, so first-time hikers could participate and enjoy a hike too. The Company rail network information magazine NATTS also held a day hike on May 18, 2013 called “Okukawachi – Women’s Camping Debut on Mt. Kongo 2.”

Mt. Kongo is one of the most prominent outdoor locations in Japan in terms of the number of climbers, as it can be enjoyed during all four seasons and is home to some very beautiful flora and wild birds. The NATTS event was aimed at supporting women camping for the first time and included a pre-hike seminar (free of charge) held in association with hiking/climbing goods store Kojisando Sanso, as well as a course on the day held by a mountain guide, with the title “A Day Camping Course for Women.” During the day there were many events, such as pizzas that were made in a pizza oven and the participants enjoyed cooking simple dishes.

Moreover, the Company created the “Nankai Refreshing Hiking Map” (with 10 courses) to help hikers find their way on hiking routes located near the Nankai rail network. These maps were distributed at stations and also via the Company’s official website. In 2014 these hiking maps are to be renewed, in order to mark the 10-year anniversary of the designation of the Kiiyama Sacred Sites and Pilgrimage Routes as a UNESCO World Heritage Site and also to mark the 1200th anniversary memorial service for the establishment of Mt. Koya as a Buddhist site in 2015. Three of the ten courses on the hiking map in the Mt. Koya area (located within Wakayama Prefecture) will be renewed. Illustrations will be improved to make them easier to see and the size will be increased to A1 (four times the size of the current map).

The first route to be renewed will run from Jison’in (Kudoyama Town) to the Great Pagoda of Danjogaran (Koya Town), a route known as the Koyasan Choishimichi. This map became available on March 21 in the pamphlet racks of all main stations on the Nankai Rail Network. The second route to be renewed will run from the Tamagawa Gorge to the Kyo/Osaka-do, and the third route will run from the Three Sacred Sites of Mt. Koya to Nyoirin.

Holding the Nankai Concert

The Company has been holding the Nankai Concerts in venues and for communities on its rail network since 1990 as a regular event to promote culture. On July 14, 2013, the 60th concert in the series was held in the Takashiki Citizens’ Auditorium Aipta Hall. All of the CO2 emissions related to the concert were offset by J-VER CO2 credits (please refer to P6 for more details).

Moreover, in 1991, the Company invited the Osaka Philharmonic to play at the site of the former Tengachaya Workshop. This venue is the franchise hall of the Osaka Philharmonic Orchestra and as such it is used by musical ensembles for rehearsals/practice and can also be hired out by local residents wishing to perform or simply practice their musical skills.
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.

Promoting the use of public transport through economical promotional tickets

As a company with direct rail access to Kansai International Airport, we have entered into a collaboration with airlines and other railway companies to sell convenient and economical promotional tickets that promote the use of public transport.

One example of this is our collaboration with Peach Aviation, a Low Cost Carrier (LCC), which has been operating out of Kansai International Airport since 2012. Together we put the Peach Namba Ticket, an economical combined fare/express surcharge ticket that allows passengers to travel directly from Kansai Airport Station to Namba Station on the Limited Express Rapi:t.

Furthermore, the Peach Kyoto Sightseeing Ticket is our tourism promotion collaboration with Peach, the Keihan Electric Railway Company and the Osaka Municipal Transportation Bureau.

The Company has also collaborated with another LCC, Jetstar Japan on the Jetstar Nankai Ticket, where passengers can economically purchase a combined fare/express surcharge ticket that allows passengers to travel directly from Kansai Airport Station and Namba Station on the Limited Express Rapi:t.

Other promotions include the Kanku Chika Toku Ticket, which is a collaboration with the Osaka Municipal Transportation Bureau, which is a great value ticket for passengers using the transportation network in Osaka to connect with Kansai Airport, as well as numerous other tie-ups with other railway companies and bureaus to help connect Kansai Airport to the major urban areas in the Kansai region.

The railway is and always has been an energy-efficient and eco-friendly mode of transport. Going forward, we will continue to promote these special fare tickets as part of our efforts to encourage a modal shift towards railway use, which will increase our profits and also contribute to reducing the burden on the environment.

Outline of the Survey Results

Biocenvironmental survey
- The three year survey yielded the following results: As a habitat, Namba Parks supports 6 orders, 19 families and 26 species of bird life and 12 orders, 67 families and 152 species of insect life.
- There have been confirmed sightings at Namba Parks of three species of bird life that are on the Osaka Prefecture “Red List”: the eastern crowned warbler, the narcissus flycatcher and the Asian brown flycatcher.
- It was confirmed that the thrush and the pale thrush survive on food and water that are fanned by a cool downdraft breeze of 0.3m/s, etc.
- Many different species of tree, both medium- and large size, have been planted near the rest areas. These areas have proved to be a place to escape from the heat for people most vulnerable to hot temperatures, namely children and the elderly.
- It was also confirmed that the creation of green areas in the Osaka Minami district, an area of Osaka not known for its greenery, has had considerable success in alleviating the heat island effect by creating cool spots that are approx. 1°C cooler that are fanned by a cool downdraft breeze of 0.3m/s, etc.

Survey of CO2 stored as fixed carbon
- All of the 930 medium- to large-sized trees in Parks Garden were surveyed during the two-year period, and this data can be used to confirm the effect of CO2 stored as fixed carbon by man-made green spaces in cities lacking sufficient data.
- As a result of measuring tree growth in fiscal 2010 and fiscal 2011, it was confirmed that approx. 4 of CO2 as fixed carbon are stored annually across the whole Parks Garden.

Thermal environment survey
- Many different species of bees, both medium- and large size, have been planted near the rest areas. These areas have proved to be a

Protecting Biodiversity

Namba Parks awarded the Environment Prize by the Japan Society of Civil Engineers: Selected as the “World’s Most Beautiful Urban Park”

For a period of 3 years, from fiscal 2009 through to fiscal 2011, the Company together with the Obayashi Corporation undertook a survey of the bio-environment, thermal environment and the amount of fixed carbon CO2 at Namba Parks. The results of this survey yielded much valuable data and knowledge that serves to prove the central concept of Namba Parks – that it is a place where much bird and insect life can find a place to live and thrive amongst the rich greenery. Based on these survey results, in June 2013 Namba Parks was awarded the Environment Prize by the Japan Society of Civil Engineers for fiscal 2012.

Furthermore, Namba Parks was featured on the website of the American travel monthly magazine TRAVEL+LEISURE as one of the world’s most beautiful urban parks. Some of the most famous urban parks in the world were noted in the feature article, such as the Golden Gate Park (San Francisco) and Stanley Park (Vancouver) as well as Ueno Park in Japan.

Going forward, the Company plans to maintain Namba Parks, centered on the Osaka Minami area as part of its efforts, as we work towards maintaining a rich ecosystem that allows visitors to Namba Parks time and space to relax and unwind.
Reducing CO2 Emissions to Prevent Global Warming

Reducing CO2 Emissions

The three companies that are subject to the Energy Conservation Law, namely the Nankai Electric Railway, Nankai Bus and Sunmine Kogyo Limited – set themselves a target of reducing CO2 emissions by 4% (approx. 5,800t) over 4 years. In the first two years of this 4-year span, the companies have introduced 32 energy efficient cars as well as electricity-saving measures that were implemented during the summer and winter seasons. As a result, the CO2 emissions for fiscal 2010 show a reduction of 10,413t on the total for fiscal 2010.

Furthermore, looking at 35 companies in the corporate group, including the Nankai Electric Railway, the combined CO2 emissions for fiscal 2010 were approx. 235,000t and this has also been targeted for a 4% reduction (approx. 9000t) by fiscal 2014. In the two years since this target was set, a reduction of 11,153t has been realized. These 35 companies make up over 99% of the emissions of the corporate group as a whole.

Energy Reduction in our Business Activities

Reduce the Amount of Electricity consumed by the Railway

As large amounts of electrical power are required to operate a railway, the most effective way of reducing CO2 emissions and saving electricity 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 242,632 million kWh in fiscal 2012, of which train operation made up 85.0% or 205,643 million kWh. Moreover, the amount of CO2 emissions attributable to electrical power used by the railway was 108,924t-CO2. The electricity consumed by the railway peaked during fiscal 2005 and has been steadily reducing ever since.

Reduce CO2 Emissions

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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 0.450kg/kWh for fiscal 2010. Accordingly, the environmental burden data mentioned above differs from data in P28.

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

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Regenerative Brakes and VVVF Inverter Controls

When the brakes are applied on 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 speed and the acceleration (or deceleration) required. This is called VVVF inverter control. Compared with conventional controls, trains equipped with VVVF require 35% less power to operate.

As of March 31, 2013, of the 702 cars that run on the Nankai railway, 294 (41.9%) are fitted with regenerative brakes and 244 (34.8%) are equipped with VVVF controls. As of March 31, 2013, of the 702 cars that run on the Nankai railway, 294 (41.9%) are fitted with regenerative brakes and 244 (34.8%) are equipped with VVVF controls.

Changes in CO2 emissions for the 3 companies in the corporate group subject to the Energy Conservation Law

<table>
<thead>
<tr>
<th>Year</th>
<th>CO2 Emissions (t-CO2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>145,000</td>
</tr>
<tr>
<td>2011</td>
<td>140,505</td>
</tr>
<tr>
<td>2012</td>
<td>134,567</td>
</tr>
<tr>
<td>2013</td>
<td>138,200</td>
</tr>
</tbody>
</table>

The CO2 emissions for the 3 companies in the corporate group subject to the Energy Conservation Law was 150,000t in 2006, 140,505t in 2007, 134,567t in 2008, and 138,200t in 2009.

Promoting the 3Rs and effective use of water resources

Using waste vegetables as feed for animals at Misaki Park

The Company manages and operates Misaki Park, and on October 20, 2012 the Company launched a collaborative initiative with Fujimoto Foods to use off-cuts (the waste parts of vegetables) generated by Fujimoto Foods in the making of its bento lunch boxes and cut vegetable products as an effective feed for the animals at Misaki Park.

Each day Fujimoto Foods generates around 65kg of vegetable waste, which is delivered to Misaki Park three times a week. There are five different kinds of vegetables suitable for each animal that is delivered by Fujimoto Foods, which is then cut into sizes that are easy for the animals to eat – for example the kangaroos are given sweet potatoes and Chinese cabbage, the tortoises are given cucumbers, etc.

Using the off-cuts of vegetables that cannot be used in commercial products is an effective way to make use of this resource. 65kg per day adds up to approx. 241 a year. This translates into a saving of approx. 2 million yen a year in feed costs.

Measures to recycle vegetable waste

Preparing and cutting the vegetables for commercial food products

Cutting into shapes that are easy for the animals to eat

Reducing the burden on the environment

The Fujimoto Foods Plant

Approx. 65kg a day of off-cuts

Vegetable off-cuts

Misaki Park

Kangaroo eating waste vegetables
### Environmental Burden Data

#### 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 costs.

#### Evaluation of Environmental Performance

In July 2013, the Company submitted its environmental burden data (INPUTS and OUTPUTS) as detailed below, which mainly focused on the amount of energy consumed - to the Kinki District Transportation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and in July to the Kinki METI Bureau of the Ministry of Economy, Trade and Industry.

#### Environmental Burden Data

<table>
<thead>
<tr>
<th>Energy Type</th>
<th>INPUTS</th>
<th>OUTPUTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical power</td>
<td>262,333 (last fiscal year)</td>
<td>341,381 (current fiscal year)</td>
</tr>
<tr>
<td>Business area internal costs</td>
<td>562,113</td>
<td>528,356</td>
</tr>
<tr>
<td>Urban gas</td>
<td>242,352,391 kWh</td>
<td>266,511,486 kWh</td>
</tr>
<tr>
<td>Propane gas</td>
<td>345,166 kWh</td>
<td>319,966 kWh</td>
</tr>
<tr>
<td>Natural gas</td>
<td>5,644,136 kWh</td>
<td>4,843,760 kWh</td>
</tr>
<tr>
<td>Diesel</td>
<td>1,388,718 t</td>
<td>1,368,358 t</td>
</tr>
<tr>
<td>Gasoline</td>
<td>1,667 t</td>
<td>1,667 t</td>
</tr>
<tr>
<td>Kerosene</td>
<td>2,398 t</td>
<td>2,398 t</td>
</tr>
<tr>
<td>Heavy oil</td>
<td>3,147,665 GJ</td>
<td>3,147,665 GJ</td>
</tr>
<tr>
<td>Natural gas (heat)</td>
<td>315 kg</td>
<td>315 kg</td>
</tr>
<tr>
<td>Paper</td>
<td>371,778 m3</td>
<td>371,778 m3</td>
</tr>
<tr>
<td>Sludge</td>
<td>1,079,398 m3</td>
<td>1,079,398 m3</td>
</tr>
<tr>
<td>Waste plastic</td>
<td>3,147,665 t</td>
<td>3,147,665 t</td>
</tr>
<tr>
<td>Waste paper</td>
<td>2,160 thousand sheets</td>
<td>2,160 thousand sheets</td>
</tr>
<tr>
<td>Waste wood</td>
<td>2,675 thousand sheets</td>
<td>2,675 thousand sheets</td>
</tr>
</tbody>
</table>

#### Research and Development Related to Green Purchasing

Research and development related to green purchasing is performed in order to improve the environmental performance of the Company, and the results are applied to environmental education, attendance at environmental seminars, and environmental advertising.

#### Environmental Education, Conservation of Resources, Reduction in Gas Emissions

The efforts made toward environmental education, conservation of resources, and reduction in gas emissions are as follows:

- **Environmental Education**
  - Green purchasing
  - Energy preservation
  - Green purchasing

- **Conservation of Resources**
  - Reduction in gas emissions
  - Conservation of resources

- **Total**
  - Green purchasing
  - Energy preservation
  - Green purchasing

#### Effects of Environmental Preservation Costs

The effects of environmental preservation costs are as follows:

- **CO2 emissions**
  - Reduction in greenhouse gas emissions
  - Total reduction in CO2 emissions

- **Water**
  - Reduction in water consumption
  - Total reduction in water consumption

- **Energy**
  - Reduction in energy consumption
  - Total reduction in energy consumption

#### Breakdown of Environmental Burden Data

<table>
<thead>
<tr>
<th>Input Type</th>
<th>Amount (Unit: ¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>1,600,000,000</td>
</tr>
<tr>
<td>Paper</td>
<td>3,000,000,000</td>
</tr>
<tr>
<td>Sludge</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>Waste plastic</td>
<td>1,500,000,000</td>
</tr>
<tr>
<td>Waste paper</td>
<td>1,000,000,000</td>
</tr>
<tr>
<td>Waste wood</td>
<td>500,000,000</td>
</tr>
</tbody>
</table>

#### Head Office and Other Facilities

- **Energy**
  - Electricity
  - Natural gas

- **Paper**
  - Urban gas
  - Propane gas

- **Sludge**
  - Gasoline
  - Kerosene

- **Water**
  - Diesel
  - Kerosene

- **Total**
  - Gasoline
  - Kerosene

#### Indicators of Environmental Efficiency

- **CO2 emissions**
  - Gas emissions
  - Total CO2 emissions

- **Water**
  - Total water used

- **Energy**
  - Total energy consumed

#### Environmental Improvement Activities

The Company has been continuously improving its environmental performance by promoting various environmental improvement activities, such as energy-saving measures, recycling programs, and waste management initiatives.
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 (5 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.

**Corporate Governance System Diagram (as of June 21, 2013)**

### 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 other’s 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 inspectors.

**Establishment of a Corporate Ethics Hotline (Internal Reporting System)**

The Compliance Officer plays a central role in promoting awareness of compliance and one Compliance Officer is assigned to each department (and Division) within the company. Each year these managers put together a Compliance Education Plan for each department (and Division) 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.

### Implementation of the clause excluding criminal organizations

The Guideline for How Companies Prevent Damage from Anti-Social Forces, which was defined by the government, came into being to encourage corporations to distance themselves further from any relationships with anti-social forces, for instance criminal organizations, etc. Accordingly, since fiscal 2008 each department (office) has added a clause excluding criminal organizations into their agreements with business partners, etc.

### Fair Business Practices

#### Establishing our Code of Business Ethics

In September 2001, as a means of entrenching corporate ethics within the organization, the Company compiled its Code of Business Ethics to uphold and promote compliance-based management.

**Code of Business Ethics**

1. We shall comply with laws and other social norms, and ensure soundness and fairness in our business activities.
2. We shall endeavor to maintain healthy and good relations with customers, business partners, shareholders and other members of society at large.
3. As a good corporate citizen, we shall actively engage in philanthropic activities.
4. We shall reject all contact with organizations involved in activities in violation of the law or accepted standards of responsible social behavior.

#### Compliance Promotion

The Company’s Legal Department manages and oversees compliance issues, and the Company is implementing the following measures in order to promote compliance.

#### Assignment of Compliance Officers

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#### 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.
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.

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)

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