



● Inquiries regarding this report:

Sustainability Promotion Department, Corporate Policy Division, Nankai Electric Railway Co., Ltd.

2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka 556-8503, Japan

E-mail: [nankai\\_ir@nankai.co.jp](mailto:nankai_ir@nankai.co.jp)

URL: <https://www.nankai.co.jp/en/company.html>



The Nankai Electric Railway Group has created an eco slogan and logo to use as it actively implements further environmental activities. The train car and driver depicted as a green leaf symbolize coexistence between the natural environment and local communities, thereby expressing our intent to keep moving forward with our customers.



# Integrated Report

Nankai Group Integrated Report 2022

**Corporate philosophy**

# Nankai will explore the future with wisdom and vitality.

**Contributions to society**

As an integrated lifestyle company that creates the future, we will respond to the trust society bestows upon us and contribute to its development.

**Customers first**

We will pursue comfortable living and enriched culture, providing the best services to customers.

**Taking on challenges for the future**

With strong vitality and creativity, we will take on the challenges in line with the needs of the new times.

**Lively places for people to work together**

We will create cheerful and lively places for people to work together, capitalizing on each person's wisdom and character.

**Group management policies**

**Thoroughly ensure safety and security**

We will ensure safety and security in all our businesses, including railway services.

**Environmentally driven**

We see the "preservation of the global environment" as our mission and place the environment at the heart of our businesses.

**Ensuring compliance meticulously**

We will conduct fair and healthy corporate activities, complying with the law while recognizing our social responsibilities.

**Putting the customer's perspective first**

As a community-based company, we will put our customers first and ensure that activities cater to their requirements.

**Sustainability Policy**

We will create collaboratively and cooperate with various stakeholders, including community residents, local governments and businesses, particularly in the areas along our railway lines. We will also seek both the increase of value as a sustainable company and the realization of a sustainable society by putting our Corporate Philosophy into practice.

**Brand slogan**

## ‘なんかいね’があふれてる

At the Nankai Group, we will connect and spread the joy of relaxation and excitement.

To this end, we will pursue safety, convenience, comfort, and good communication, bringing new value and boosting customer satisfaction.

We will aim to be loved and selected as the Nankai Group, and we will strive to create areas along our railway lines in which people, communities, and lifestyles are optimistic for a better future, and to create areas that are sustainable and realize a bright future.

\*We express these thoughts with 'なんかいね'があふれてる ('Nankaiine' ga afureteru).

**Editorial policy**

The Nankai Group seeks to realize both "the increase of value as a sustainable company" and "the realization of a sustainable society" by putting our corporate philosophy into practice. We have compiled and edited details on our approach, strategies, and specific initiatives in this report to send out the message to all our stakeholders regarding the ongoing growth and the roadmap toward value creation at the Nankai Group.

This is our second publication since the Integrated Report was established. This edition focuses on our New Medium-term Management Plan called "Kyoso 140 Plan" that we established in March 2022, and our major sustainability themes (materiality) that we established in April 2021. In addition, this publication features several improvements based on our dialog with stakeholders, such as detailed disclosure on strategies in each business and other information that was previously lacking, a special feature on "Greater Namba" concept as a representative example of value creation at the Nankai Group, and a new feature with roundtable discussion between Outside Directors about our efforts to reinforce governance.

**Applicable term:**

FY2021 (April 1, 2021 to March 31, 2022)

Some information, however, is from outside this period.

**Organizations covered:**

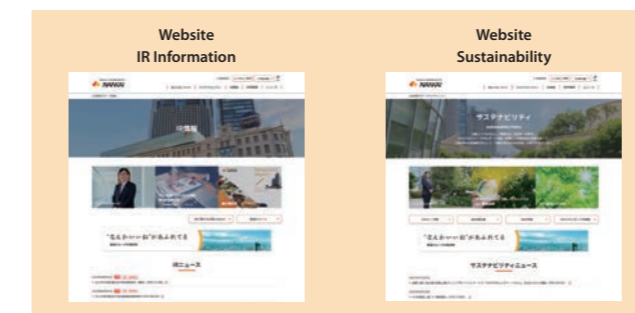
Nankai Electric Railway Co., Ltd. and consolidated subsidiaries

**Guidelines referenced:**

- "The International Integrated Reporting Framework" by the Value Reporting Foundation (VRF)
- "Guidance for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry
- "The Final Report by the Task Force on Climate-related Financial Disclosures (TCFD)"
- "The GRI Sustainability Reporting Standards" by the Global Reporting Initiative
- "The Environmental Reporting Guidelines, 2018 Edition" by the Ministry of the Environment

**System for information disclosure**

Financial information	Non-financial information
<b>Integrated Report</b>	
<ul style="list-style-type: none"> <li>• Financial Results</li> <li>• Materials for Financial Results Briefings</li> <li>• Monthly Data</li> </ul>	<ul style="list-style-type: none"> <li>• ESG data</li> <li>• Corporate Governance Report</li> <li>• Safety Report</li> </ul>
<ul style="list-style-type: none"> <li>• Securities Report</li> <li>• Fact Book</li> </ul>	



**Notes on future forecasts**

The performance predictions and other details in this report related to the future indicate the judgment of Nankai Electric Railway based on information that is obtainable at the time of writing, and so these details may contain risk or uncertainty. Please note that the actual business performance may differ from forecasts due to many different factors.

**Contents**

**About the Nankai Group**

At a Glance ..... 3  
 Financial and Non-financial Highlights..... 5

**President Message**

President Message..... 7

**The Nankai Group's Value Creation and Growth Strategy**

Our Path of Growth ..... 13  
 Our Strengths and the Value We Provide ..... 15  
 Our Value Creation Process ..... 17  
 Special Feature: The "Greater Namba" Concept ..... 19  
 Major Sustainability Themes (Materiality) ..... 23  
 Management Plan  
 History of the Medium-term Management Plan ..... 25  
 Overview of the "Kyoso 140 Plan" ..... 27  
 Business strategies and specific measures for the "Kyoso 140 Plan" ..... 29  
 Medium- to long-term financial strategies as discussed by the Chief Financial Officer ..... 33  
 Medium- to long-term human resource strategies as discussed by the Chief Human Resource Officer ..... 35  
 Strategies by Segment  
 Current state of segments ..... 37  
 Transportation Business ..... 38  
 Real Estate Business ..... 41  
 Distribution Business ..... 42  
 Leisure and Services Business ..... 45  
 Construction Business ..... 46

**Initiatives for Major Sustainability Themes (Materiality)**

Further Seek Safety, Security, and Satisfaction ..... 47  
 Thriving and Friendly Community Development ..... 51  
 Create a Future Full of Dreams ..... 53  
 Achieve an Enriched Life ..... 55  
 Develop a Workplace and Staff in a Way That Enables Each Person to Put Their Abilities to Use ..... 56  
 Contribute to Preserving the Global Environment ..... 61  
 Bolster a Corporate Foundation That Is Sincere and Fair ..... 71  
 Outside Director roundtable ..... 81  
 Outside Director messages ..... 85  
 List of Executives ..... 87

**Data Section**

Main Business Indices ..... 91  
 ESG Data ..... 93  
 Group Companies and Organization Chart ..... 97  
 Stock Information ..... 98

# At a Glance

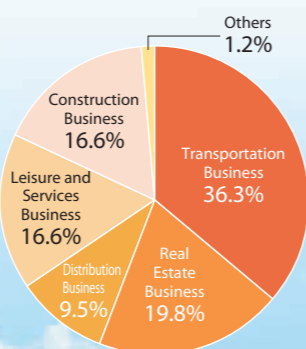
Based in Namba, Osaka, we chiefly serve the southern Osaka and Wakayama area with a diverse selection of businesses to support people's lives, ranging from railways to shopping centers and even housing development.



## Corporate profile (as of March 31, 2022)

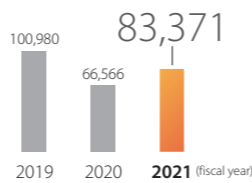
Company name Nankai Electric Railway Co., Ltd.  
 Founded December 27, 1885  
 Registered Head Office 2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka 556-8503, Japan  
 URL <https://www.nankai.co.jp/en/company.html>  
 Share capital 72,983 million yen  
 Number of shareholders 53,370  
 Number of employees 2,601 (non-consolidated); 8,887 (consolidated)

Operating revenue (FY2021)  
201,793 million yen (consolidated)

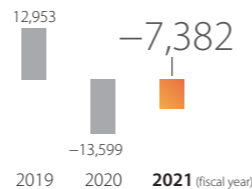


Railway Business  
Tramway Business  
Bus Business  
Ocean Freight Business  
Cargo Transportation Business  
Vehicle Maintenance Business

Operating revenue (millions of yen)



Operating income (millions of yen)



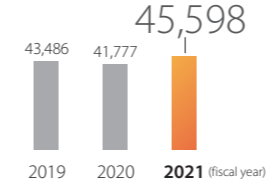
Nankai by the numbers

- Operating kilometers on railroads (Nankai/Semboku) 169.1 km
- Number of passengers transported per year (Nankai/Semboku) 221,687 thousand
- Number of train cars (Nankai/Semboku) 808
- Number of stations (Nankai/Semboku) 105

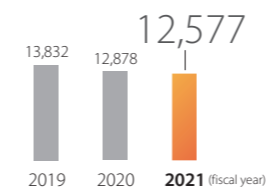


Real Estate Leasing Business  
Real Estate Sales Business

Operating revenue (millions of yen)



Operating income (millions of yen)



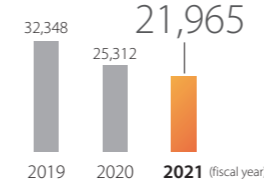
Nankai by the numbers

- Size of major rented office areas in the Namba area Approx. 100,000 m<sup>2</sup>
- Size of rented logistics facilities Approx. 430,000 m<sup>2</sup>
- Number of built-for-sale condominiums 173

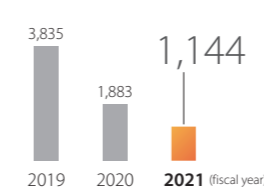


Management of Shopping Centers  
Station Premises Business  
Others

Operating revenue (millions of yen)



Operating income (millions of yen)



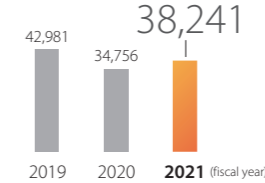
Nankai by the numbers

- Namba City Sales 22.6 billion yen  
Number of customers going through cashiers 7.83 million
- Namba Parks Sales 17.0 billion yen  
Number of customers going through cashiers 4.29 million

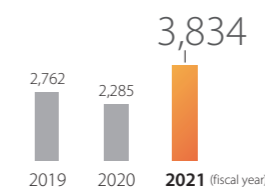


Travel Agency Business  
Hotels and Traditional Japanese Inns  
Boat Racing Facility Leasing Business  
Building Management and Maintenance Business  
Funerary Business  
Others

Operating revenue (millions of yen)



Operating income (millions of yen)



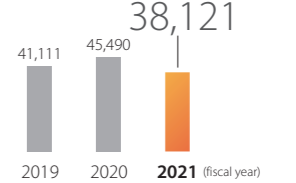
Nankai by the numbers

- Number of customers going to Boat Race Suminoe 1.05 million
- Number of golf facilities 2
- Number of funeral halls 16

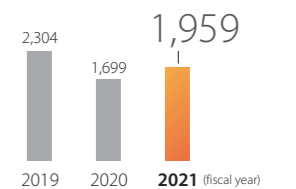


Construction Business

Operating revenue (millions of yen)



Operating income (millions of yen)

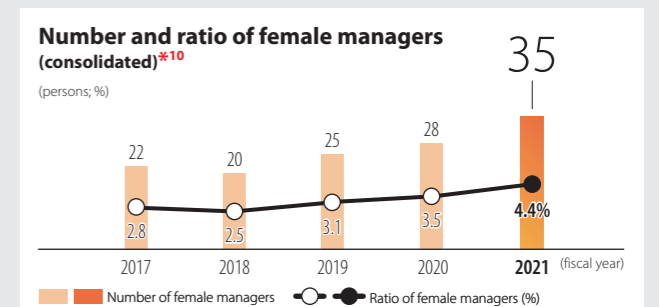
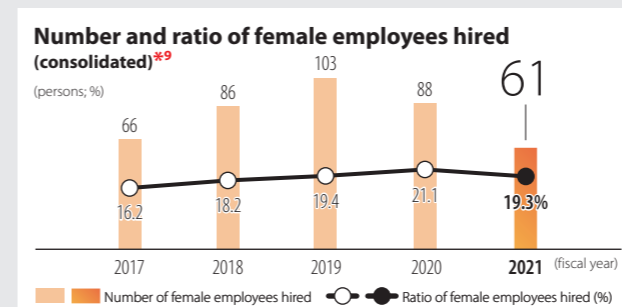
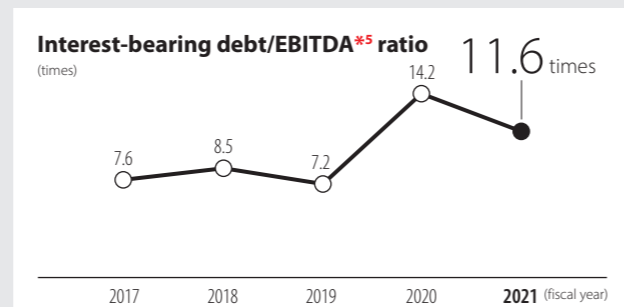
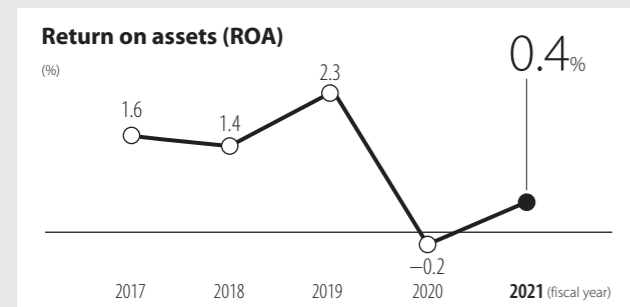
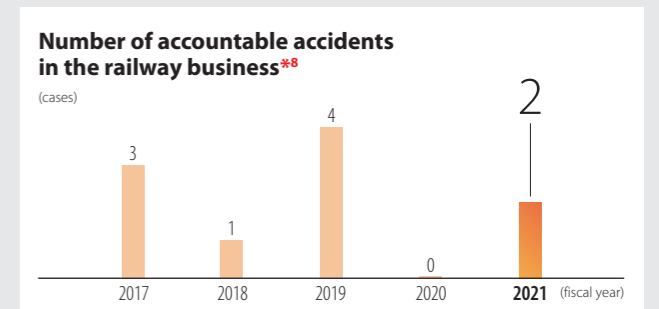
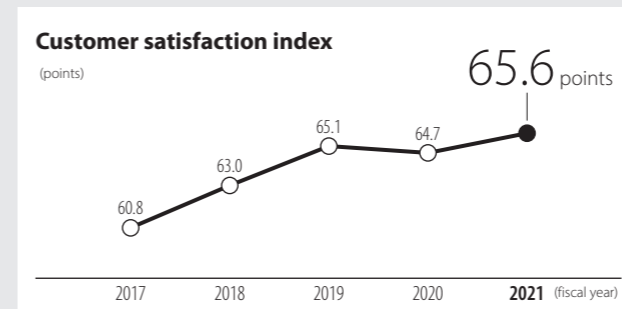
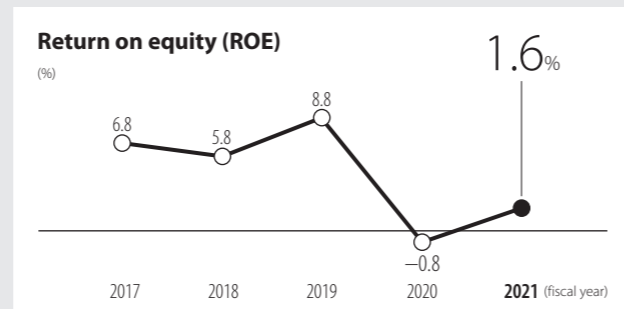
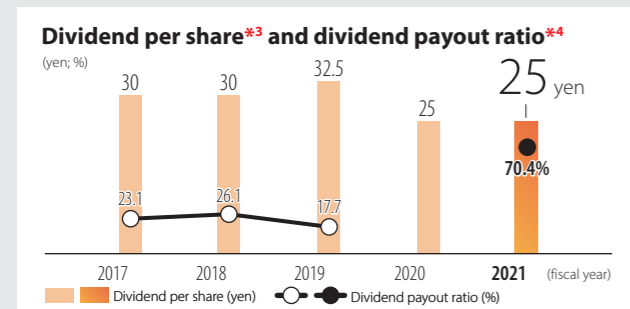
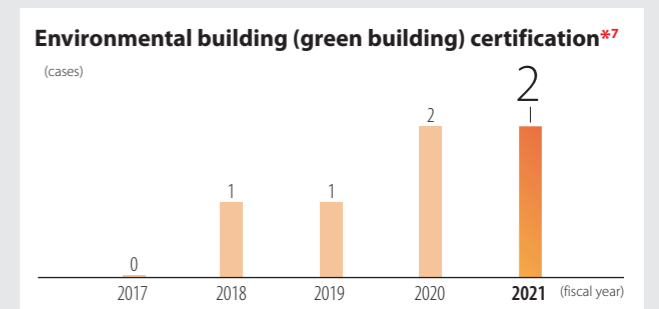
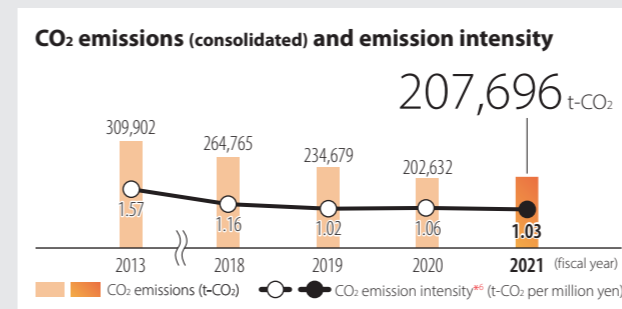
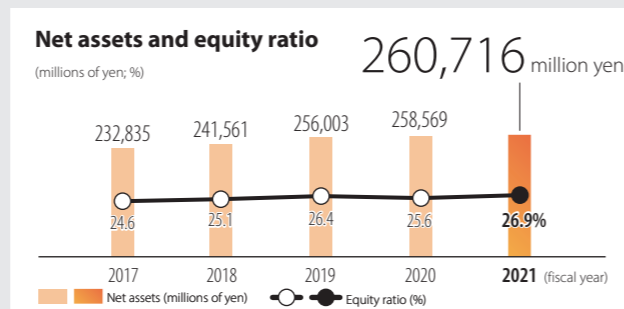
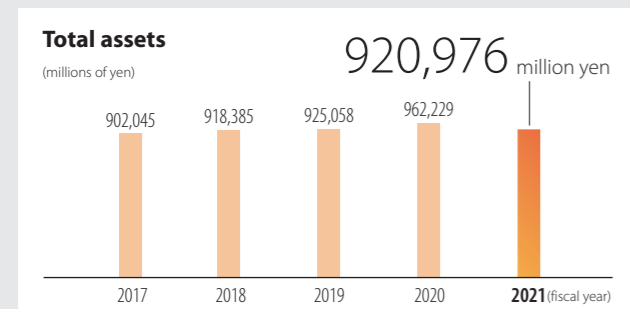
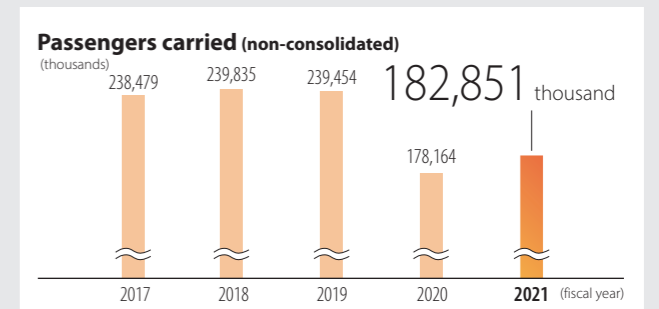
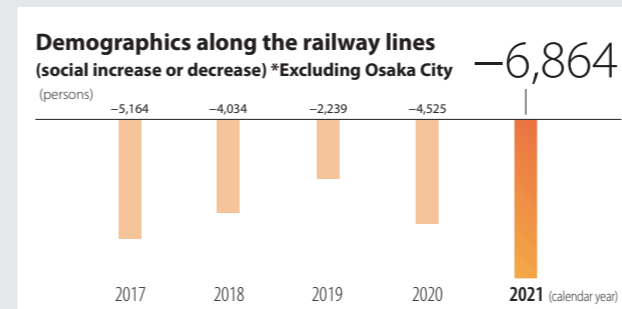
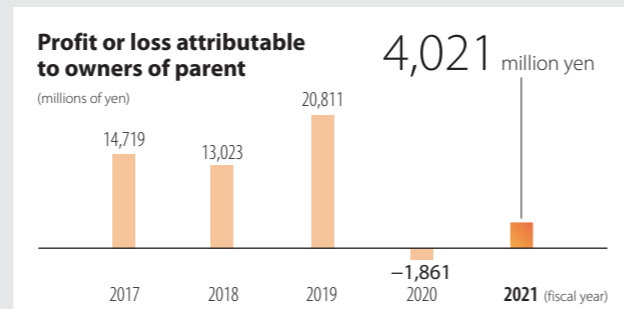
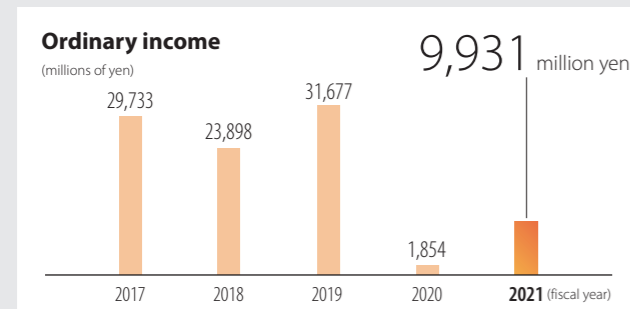
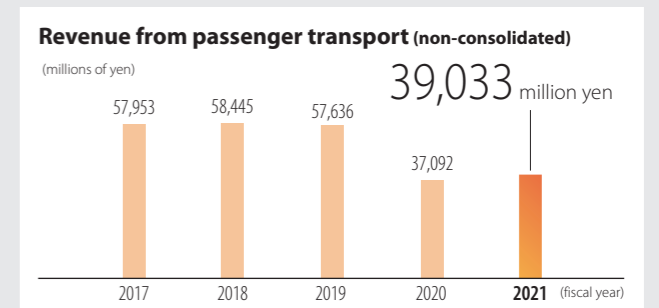
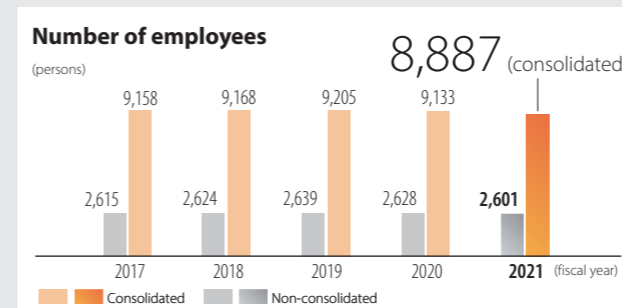
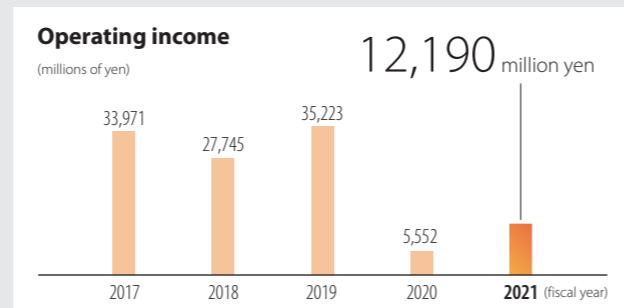
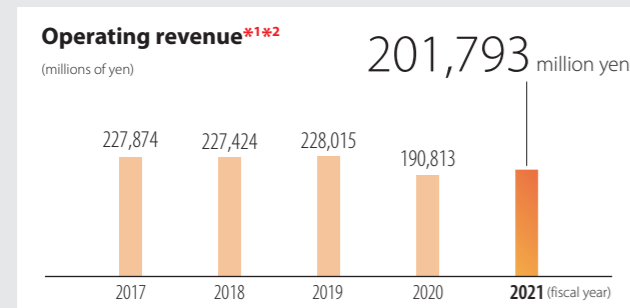


Nankai by the numbers

- Monetary amount of orders received for construction works (Nankai Tatsumura Construction Group) 34.8 billion yen
- Monetary amount of orders received for civil engineering works (Nankai Tatsumura Construction Group) 6.7 billion yen

\*Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the Transportation, Real Estate, Distribution, and Leisure and Services segments.  
 SEMBOKU RAPID RAILWAY CO., LTD. is included in duplicate in the Transportation and Real Estate segments.  
 \*The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.

# Financial and Non-financial Highlights



\*1 Operating revenue does not include consumption tax, etc.  
 \*2 The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.  
 \*3 The information displayed here has been adjusted to conform with the reverse stock split implemented on October 1, 2017.  
 \*4 There was a net loss in FY2020, so the dividend payout ratio is not shown here.  
 \*5 EBITDA: Operating income + Dividend income + Depreciation and amortization

\*6 CO<sub>2</sub> emission intensity (CO<sub>2</sub> emissions divided by operating revenue)  
 \*7 Certifications from DBJ Green Building  
 \*8 Incidents in the railway business, transportation failures (limited to delays or suspensions in service for at least three hours), and other incidents for which we are responsible.  
 \*9 Refers to the number of full-time employees (total of new-graduate hires, mid-career hires, and part-time employees hired as full-time employees).  
 \*10 Management positions refer to supervisory and managerial positions that are not subject to working hour restrictions, etc.



President and Representative Director

**Teruhiko Achikita**

## **We seek to achieve the increase of value as a sustainable company and the realization of a sustainable society by carrying out our “Kyoso 140 Plan” in pursuit of our “Corporate Image in 2050.”**

The Nankai Group engages in Nankai’s collaborative creation (“Kyoso”) and cooperates with various stakeholders, particularly in the areas along our railway lines. We also seek both the increase of value as a sustainable company and the realization of a sustainable society by putting into practice our corporate philosophy: “Nankai will explore the future with wisdom and vitality.” We established the “Nankai Group Management Vision 2027” in February 2018 as a roadmap to achieving this. Our “ideal corporate image in 10 years” is stated as “developing the most popular areas along railway lines and becoming the most preferred corporate group by delivering satisfaction and delight to customers.” We are bringing together the knowledge and capabilities of the whole group and implementing initiatives to achieve this. We have also defined four key points in our group management policies: “thoroughly ensure safety and security,” “environmentally driven,” “ensuring compliance meticulously,” and “putting the customer’s perspective first.” Even if the external environment changes, these will endure as continual themes that we must pursue at the Group.

Considering that the Group is responsible for railways, buses, and other forms of public transportation, our largest mission within our group management policies is to “thoroughly ensure safety and security.” However, in May 2022, we caused an accident that obstructed railroads when we were moving trains inside a garage. This incident did not cause any injuries, and it did not affect the timetable for operations. Nevertheless, we feel sincere remorse about severely inconveniencing all related parties. I would like to take this opportunity to reaffirm our pledge to carry out thorough measures to prevent the recurrence of such incidents, and to provide safe, smooth services to our customers.

The COVID-19 pandemic has continued for more than two years, bringing drastic changes to the environment around our company. We seek to swiftly implement measures and to work flexibly to reform our business models to accommodate these changes, while redoubling our efforts to boost the Nankai Group’s corporate value over the medium to long term.

### **A look back on FY2021**

**We are back in the black, and we will transform ourselves with a strong awareness of future challenges.**

Our Transportation Business—particularly our railways and buses—took a heavy blow with the COVID-19 pandemic, but the scale of losses went down in FY2021. We are beginning to recover with an operating revenue of 201.793 billion yen, an operating income of 12.190 billion yen, and an ordinary profit of 9.931 billion yen. The profit attributable to owners of parent is also back in the black again at 4.021 billion yen. However, we are seeing a drastic shift in what we consider to be normal, with changes in people’s values, rapidly accelerating digitalization, a shrinking and ageing population, and an increasing momentum worldwide towards reducing CO<sub>2</sub> emissions. I recognize that daring to take on challenges in line with these changes is key for the Group’s survival, and I am earnestly taking this fact to heart.

In FY2022, the Nankai Group will take a new step to achieve long-term growth. We will build a robust foundation, build strategies with a long-term perspective, and carry out all measures thoroughly.

**Direction for future growth**

**We have described our “Corporate Image in 2050” as a step beyond the “Nankai Group Management Vision 2027,” and we have started the “Kyoso 140 Plan” to realize this.**

In March 2022, the Nankai Group announced its New Medium-term Management Plan, the “Kyoso 140 Plan.” The “Kyoso 140 Plan” is a three-year plan starting from FY2022. During this period, we will engage in “restructuring” and “building the foundation for growth” in the post-COVID era. By FY2024, the final year of the “Kyoso 140 Plan,” we aim to achieve an operating income (including dividend income) of 28 billion yen and a net interest-bearing debt to EBITDA ratio of 7.5 times or less. Our target for operating income in FY2024 is about 2.2 times higher than FY2021. We have also set reference indexes to reach a capital investment amount of 160 billion yen over the three-year period up to FY2024, and to cut our FY2024 CO<sub>2</sub> emissions by 32% compared to FY2013. With a firm emphasis on maintaining financial soundness as a prerequisite, we will engage in an investment plan of 160 billion yen, which is a 34.0% increase over the 119.4 billion yen capital investment in the previous Medium-term Management Plan (FY2018–FY2020). We will strategically allocate 86.2 billion yen to growth, marking 53.9% of our total planned amount.

The “Kyoso 140 Plan” clarifies Nankai’s target approach for sustainable management. We declared our goal in this regard as “Nankai’s Corporate Image in 2050,” which we announced at the same time as the “Kyoso 140 Plan.” When drafting the New Medium-term Management Plan, we thought long and hard about how we want our Group to be in the future, beyond the “Nankai Group Management Vision 2027.” We engaged in thorough discussions and described what we aim to realize by 2050.

**Nankai’s Corporate Image in 2050**



\*DiverCity  
 “DiverCity” is a term created by combining “Diversity” and “Diverse City (city filled with diversity)” that we seek to realize.

**Our “Corporate Image in 2050” incorporates many different viewpoints raised through discussions.**

Allow me to describe how we came to define our “Corporate Image in 2050” and the reasoning for it. One change that we may encounter going forward is a drop in demand for transportation owing to a decrease in population in the areas along our railway lines, the development of IT, and the spread of teleworking and e-commerce. To mitigate the risks associated with these factors, we must continue our efforts to enhance the appeal of the areas along our railway lines and to increase the number of people using our railways and other means of transportation. At the same time, we must consider potentially reforming our cost structure, as well as how to engage in business over the medium to long term in case these risks become a reality.

With this in mind, we held discussions with a broad selection of participants, ranging from young employees to officers, to think about our “Corporate Image in 2050.” I encouraged officers to spend a particularly significant amount of time in discussions, with multiple deep-diving meetings among the Board of Directors. This is because the officers who engage in management in the present day have an important role and responsibility to think thoroughly about where we want to be in the far future.

We started by understanding our current situation, and then we considered how the world would be in 2050 from both positive and negative perspectives. Next, we thought about the question “What kind of company should we be in 2050?” based on three viewpoints: our customers’ values, society’s values, and Nankai’s values. This process revealed many different aspects to consider. For example, with regard to customers, we want to achieve customer satisfaction and we particularly seek to ensure safety, security, and trust. With regard to society, we wish to contribute to the SDGs. With respect to Nankai, we want to stay close to the local communities in the areas along our railway lines, and we want to live in harmony with foreign nationals and tourists from overseas. We held discussions based on these aspects, and clarified that we will create a third business to serve as a pillar for us, apart from our railway and real estate businesses. We also reaffirmed that we will continue to hold strong roots in the areas along our railway lines while looking to achieve globalization and diversity.

Through this process, we arrived at the following corporate image: With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating “DiverCity”\* in Kansai.

\*DiverCity  
 See the sidebar on page 9.

**The thought process and key points of the “Kyoso 140 Plan”**  
**We will continue to focus our efforts towards comprehensive mobility and community development as a company that stays close to communities in the areas along our railway lines.**

We created the “Kyoso 140 Plan” through backcasting based on our “Corporate Image in 2050.” This plan comprises of three business strategies, as well as human resource strategies and financial strategies that support these business strategies.

The first business strategy in this plan is “sustainable management of the public transportation business.” We have a mission as a public transportation operator to provide safe and secure transportation services in order to sustainably maintain the trust we have built from running our public transportation business ever since the 19th century.

The second business strategy is “developing the most popular areas along railway lines and deepen and expand our real estate business.” In particular, we seek to accelerate efforts to realize the “Greater Namba” concept, because Namba is our largest location for business. For this plan, we will allocate some 30% of our 71.2 billion yen budget for investments to expand profits over three years. We plan to open the Naniwasuji Line in 2031 and thereby fulfil our long-held desire to use our own railway lines to directly link the Namba area with Shin-Osaka (which is on the national core route) and central Osaka. We expect this to significantly revitalize communities along our railway lines, though there is also a risk that people who previously visited Namba will instead choose to travel pass it and visit other areas instead. With this opportunity and risk in mind, we seek to enhance the unique appeal of “Namba” that sets it apart from other areas, thereby drawing people there from Japan and abroad. Our ultimate aim is to transform Namba into a location that is famous across Asia.

These efforts in community development cannot be achieved by a single company on its own. We have included the term “kyoso” (Nankai’s collaborative creation) in the name of the previous Medium-term Management Plan as well as the New Medium-term Management Plan. This term reflects our belief on the importance of listening to the opinions of different stakeholders and working together as we move towards the same goal.

**We will carry out strategic investments to create a new business as a key element for transformation.**

The third business strategy is “future exploration” to launch a new business that will serve as a third pillar after our public transportation business and real estate business. This is the most distinctive part of the “Kyoso 140 Plan,” so much so that we have allocated 15 billion yen—just under 10% of our total investments—for it.

A leading example of our efforts for “future exploration” is in e-sports. The field of e-sports is still in the nascent stage and is not well known yet, but it is actually extremely rich with diversity and does not discriminate



based on nationality, age, gender, physical strength, or disabilities. It features globally universal content that lets people get together regardless of differences in language and culture. As such, we believe it will suit the unique culture of Namba as a city for international tourism. We will drive the research on preventing addiction alongside the Kobe University Graduate School of Medicine, carry out other activities to establish this field in a healthy way, and open an e-sport experience showroom in Namba. Through these and other efforts, we have begun to realize our concept for making Namba a key location for e-sports.

When launching a new business, we hold thorough assessments to determine its feasibility based on the potential synergistic effects with the existing businesses in which we excel, the interplay between the investment risk and expected returns, and the significance of each project in terms of the future of the local community. Once we decide to carry out a project, we invest resources and carry out monitoring continuously while pursuing initiatives to shape each project into a business.

**We will nurture innovative human resources.**

Our employees and people are the Group's most important management resource for transforming itself and its business structure. To express this point clearly both inside and outside of the company, we have placed a special focus on human resources within our new "Kyoso 140 Plan." The landscape surrounding our company is continually changing and the outlook for the future is unclear. As such, it is more important than ever to have the "strength to think" when making decisions, as well as the "strength to execute measures" and the "strength to take action" in order to carry out management strategies, as well as business and functional strategies, and achieve "self-transformation." It is no easy feat to continually nurture human resources who can leverage these strengths to support the Group at every level of the organization. Nevertheless, we place constant focus on acquiring a diverse range of human resources and training them in a systematic and ongoing manner.

Railways and other forms of public transportation serve as essential infrastructure in society, so they must fulfill many requirements, such as stability, punctuality, and economic efficiency, all while staying true to the major prerequisite of safety and security. If we want to continually be a "reliable and dependable part" of our customer's everyday lives, we must thoroughly engage in many different tasks every day over an extended period of time. To this end, I believe it is vital to build an environment in which employees at the front line can fulfil their duties with pride as they engage in these difficult tasks, as well as to ensure close communication with each and every individual.

We are currently expanding our efforts in mid-career hires as part of our human resources strategies. The Nankai Group previously focused on hiring new graduates, but we now seek to gain new opinions and new opportunities for value creation by working together with people who have experience in many different tasks outside of our company. Working earnestly, steadily, and thoroughly is part of Nankai's DNA, and this helps foster a sense of security and trust among our customers. On the other hand, this characteristic can also result

in a detrimental "stability-seeking" culture that may have a strong aversion to changing any familiar values or procedures. This type of culture can serve as a weakness in terms of responding to change. As such we seek to nurture more people who will not be afraid of change, and who will be ready to take on challenges. I am determined to shape the company going forward so that taking on new challenges without fear of failure will be considered a part of Nankai's DNA. I wish to preserve our pride and professionalism in being responsible for a crucial part of social infrastructure alongside our strong dedication to safety and security, while also incorporating new ideas in the company at an even faster rate than before. We seek to provide new value to the lifestyles of our customers and the people in the areas along our railway lines. To this end, we seek to build a structure for continually developing new businesses, foster a culture that values new challenges, and pursue many different initiatives, including revisions to the way we treat employees.

**ESG initiatives for boosting corporate value**

**We are accelerating our ESG initiatives based on our Sustainability Policy established in 2021.**

We recognize that our environmental, social, and governance (ESG) initiatives involve solving social issues through our businesses, thereby continually boosting our corporate value. In April 2021, the Nankai Group established its "Sustainability Policy," identified seven major sustainability themes (materiality), and defined 29 categories of challenges in which to carry out initiatives. We also established the "Sustainability Promotion Committee" in FY2021, and this organization will play a central role to drive cross-departmental efforts in all group companies to carry out sustainability measures based on our Sustainability Policy and major themes.

Allow me to describe the new initiatives we are pursuing in each of the three aspects of ESG. With respect to the environment, we have worked to clearly define measures for cutting CO<sub>2</sub> emissions. We also expressed our support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)\* in September 2021, and we began disclosing information in accordance with these recommendations in June 2022. With respect to society, we see our most important challenge in management to be the creation of an environment in which all employees can maintain good health and fully utilize their own diverse, individual abilities. As such, in June 2022, we established our Declaration on Health and created the Health Management Promotion Committee. We also established the Nankai Group Human Rights Policy in August 2022 to further promote business activities while honoring human rights.

We are continually bolstering our activities for governance as well. To allow the Board of Directors to function more effectively as a monitoring board for business execution, Nankai shifted from being a company with a board of company auditors to being a company with an Audit & Supervisory Committee in FY2021. In addition, we established a Risk Management Committee in April 2022 to carry out comprehensive, centralized risk management for the whole group, and thereby avoid or mitigate risks that could severely affect the management of the Group. We have also established a groupwide basic policy to prevent corruption in April 2022, as well as a policy on material procurement in August 2022. In this way, we are working to accelerate our ESG initiatives.

**\*Task Force on Climate-related Financial Disclosures (TCFD)**  
Established in 2015 by the Financial Stability Board, an international organization, it advises companies on how to evaluate their own business risks and opportunities caused by climate change, to understand the financial impact, and to disclose relevant information.

**Message to all stakeholders**

**We will focus on building relationships of trust with all stakeholders more than ever, and we will continually contribute to the creation of an enriched society in the future.**

Going forward, our Group will continue to focus on the relationship of trust with all our stakeholders. We will work in our core business of providing safe, secure, and pleasant transportation with railway stations as hubs while also engaging in many other services, such as developing houses, offices, and commercial buildings, boosting tourism and local industries, and supporting entrepreneurs. By combining services, we will work to "develop communities that are resistant to natural disasters and are kind to the global environment and people of all ages." We will enhance the value of the areas along our railway lines as well as Kansai as places to "live in, work in, and visit." We will leverage this value as the driving force for our company's growth, and we will strive to achieve both the increase of value as a sustainable company and the realization of a sustainable society. I humbly request all stakeholders for your continued support, and I invite you to look forward to the Nankai Group's endeavors going forward.



President and Representative Director

遠北 光彦



The original Namba Station

**1884**  
Established in 1884 as the first railway company to be entirely funded by private capital in Japan. Opened our first line in 1885, spanning 7.6 km between Namba and Yamatogawa.



**1936**  
Deployed Japan's first ever air-conditioned train car.



**1978**  
Opened "Namba City."



**1994**  
Opened the Airport Line, and started our "Rapid" service.



**2014**  
Acquired all stock of Osaka Prefectural Urban Development and made it into a group company (the company name was later changed to SEMBOKU RAPID RAILWAY).



**2020**  
Opened "Kino Wakayama."

## Our Path of Growth

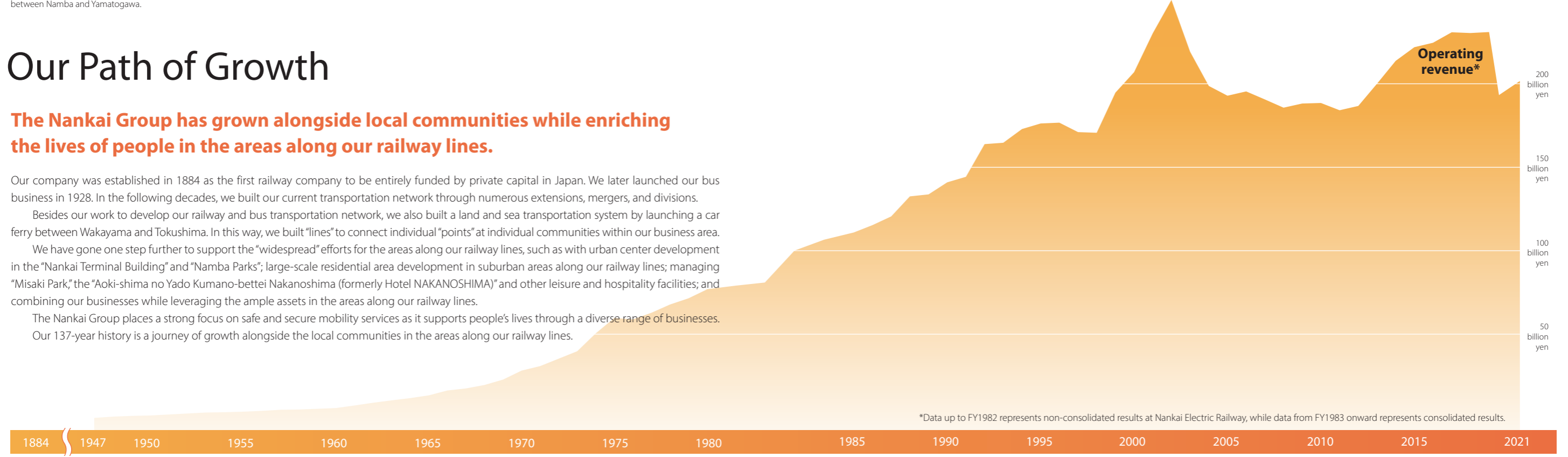
**The Nankai Group has grown alongside local communities while enriching the lives of people in the areas along our railway lines.**

Our company was established in 1884 as the first railway company to be entirely funded by private capital in Japan. We later launched our bus business in 1928. In the following decades, we built our current transportation network through numerous extensions, mergers, and divisions.

Besides our work to develop our railway and bus transportation network, we also built a land and sea transportation system by launching a car ferry between Wakayama and Tokushima. In this way, we built "lines" to connect individual "points" at individual communities within our business area.

We have gone one step further to support the "widespread" efforts for the areas along our railway lines, such as with urban center development in the "Nankai Terminal Building" and "Namba Parks"; large-scale residential area development in suburban areas along our railway lines; managing "Misaki Park," the "Aoki-shima no Yado Kumano-bettei Nakanoshima (formerly Hotel NAKANOSHIMA)" and other leisure and hospitality facilities; and combining our businesses while leveraging the ample assets in the areas along our railway lines.

The Nankai Group places a strong focus on safe and secure mobility services as it supports people's lives through a diverse range of businesses. Our 137-year history is a journey of growth alongside the local communities in the areas along our railway lines.



The year 1947 marks the birth of today's Nankai Electric Railway after it split from Kintetsu Railway. In the period of rapid economic growth following World War II, we worked to diversify our businesses under the slogan "Grow Nankai." We developed transportation systems on land and on sea with railways, buses, car ferries, and other vehicles. In addition, we opened Misaki Park (we withdrew from the business in March 2020), completed the former Nankai Kaikan Building, and built golf courses.

We established our first ever long-term management concept and plan, with the aim of engaging in railway facility development, including major renovation work at Namba Station and continuous flyover roadway construction. In addition, we pursued housing development projects in the areas along our railway lines, and we carried out large-scale projects such as opening "Namba City." The economy hit a downturn after Japan's economic bubble burst, but despite these conditions, we launched our Airport Line for accessing Kansai International Airport, and we leveraged this business as a stepping stone towards realizing solid achievements as an integrated lifestyle company.

We define the Medium-term Management Plans that generally last for three years each, and we have made strides in bolstering our business foundations. With an increasingly ageing population, a decrease in the labor forces along our railway lines, and unstable electric power supply after the Great East Japan Earthquake, we faced difficult conditions in terms of management. However, we saw success and realized an upward trend in our performance in the 2010s through multifaceted efforts with the opening of "Namba Parks," capturing demand for tourism from overseas, and bringing Osaka Prefectural Urban Development (now SEMBOKU RAPID RAILWAY) into the Nankai Group.

In the "Nankai Group Management Vision 2027," we clarified where we want to be in the long term, with a goal of achieving sustainable growth. In March 2022, we established our "Corporate Image in 2050" as a step beyond this vision and started a New Medium-term Management Plan named "Kyoso 140 Plan" to realize this. We have executed strategies in three-year periods for "restructuring" and "building the foundation for growth" in the post-COVID era. We will continue to take on new challenges with the aim of "developing the most popular areas along railway lines and becoming the most preferred corporate group by delivering satisfaction and delight to customers."

**1928**  
Launched the bus business.



A cargo vehicle marking the origins of our business

**1957**  
Completed the former Nankai Kaikan Building.



**1980**  
Started selling properties from the large-scale residential area of "Nankai Hashimoto Rinkan Den'en-toshi" (photo taken around 2001).



**2003**  
Opened "Namba Parks."



**2018**  
Opened "Namba SkyO."



**2020**  
Promoted functionality enhancement in logistics facilities.





# Our Strengths and the Value We Provide

Leveraging three strengths to make the area appealing for people to live in, work in, and visit

**Strength 1**

**The resources along our railway lines with latent potential**

**Home to both "advanced, international cities," and "historical heritage sites"**

With the international and advanced city of "Namba" as our base, we serve many other areas along our railway lines featuring a number of historical heritage sites. For example, the World Heritage and sacred site Koyasan, Sakai's World Heritage Mozu Kofun Group, and Sakai City itself, which prospered through historic international trade. We also serve Kishiwada City, which is famous for its Danjiri Festival; Izumisano City, which was a bustling port town; and Wakayama City, which used to be a castle town ruled by the Kishu Tokugawa family. These areas also feature lush nature.

Ever since Kansai International Airport opened, the region has become the gateway to the world. We plan to open the Naniwasuji Line in 2031, allowing for better airport access and connections with areas along other Nankai railway lines and with Shin-Osaka and Umeda situated on national core routes. In this way, the new line will bring greater convenience to Kansai's railway network and boost the value of the areas along our railway lines.



**Strength 2**

**The ability to create urban attractions**

**Developing communities in line with historical trends and changes in people's values**

The Nankai Group is working to promote community development and revitalization in the areas along our railway lines through commercial and office buildings, residential development, running leisure facilities, and other activities focused around the major stations on our railway lines.

For example, to develop the "Namba" area, we invited department stores and opened Namba City, Namba Parks, NAMBA SkyO, and other buildings to provide many different urban functions in one place. Meanwhile, we have focused our efforts in residential development over the years in the suburban areas along our railway lines, such as by building "new towns" during the 1960s and 1970s. Through these initiatives, we have developed communities that are appealing for people to live or visit.

In recent years, we have propelled multiple community revitalization projects in Wakayama, Koyasan, and other locations.



**Strength 3**

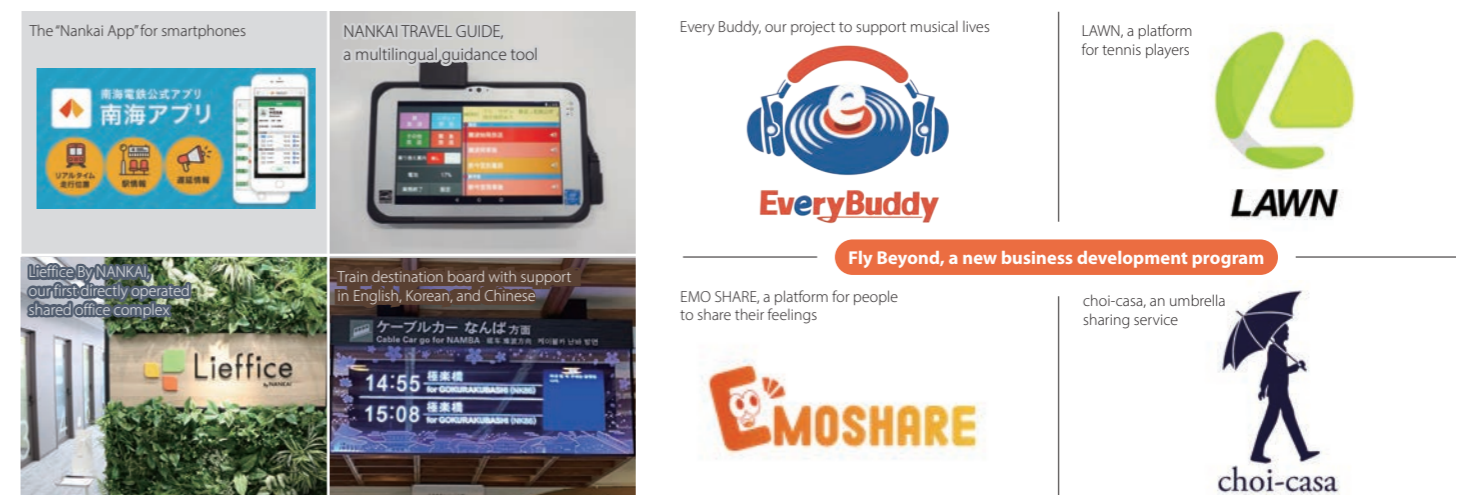
**The ability to create new services**

**Services to make life convenient, and hospitality for visitors to our communities**

The Nankai Group has provided many different services to accommodate the needs of our customers and the residents in the areas along our railway lines, based on our concept of providing "services that make life convenient."

For example, our "Nankai App" lets users check operational status of trains and restroom availability. It also has a function that assists passengers with giving up their train seats to others. In our recent efforts, we have opened a comfortable, safe, and secure shared office complex that can be used in many different ways.

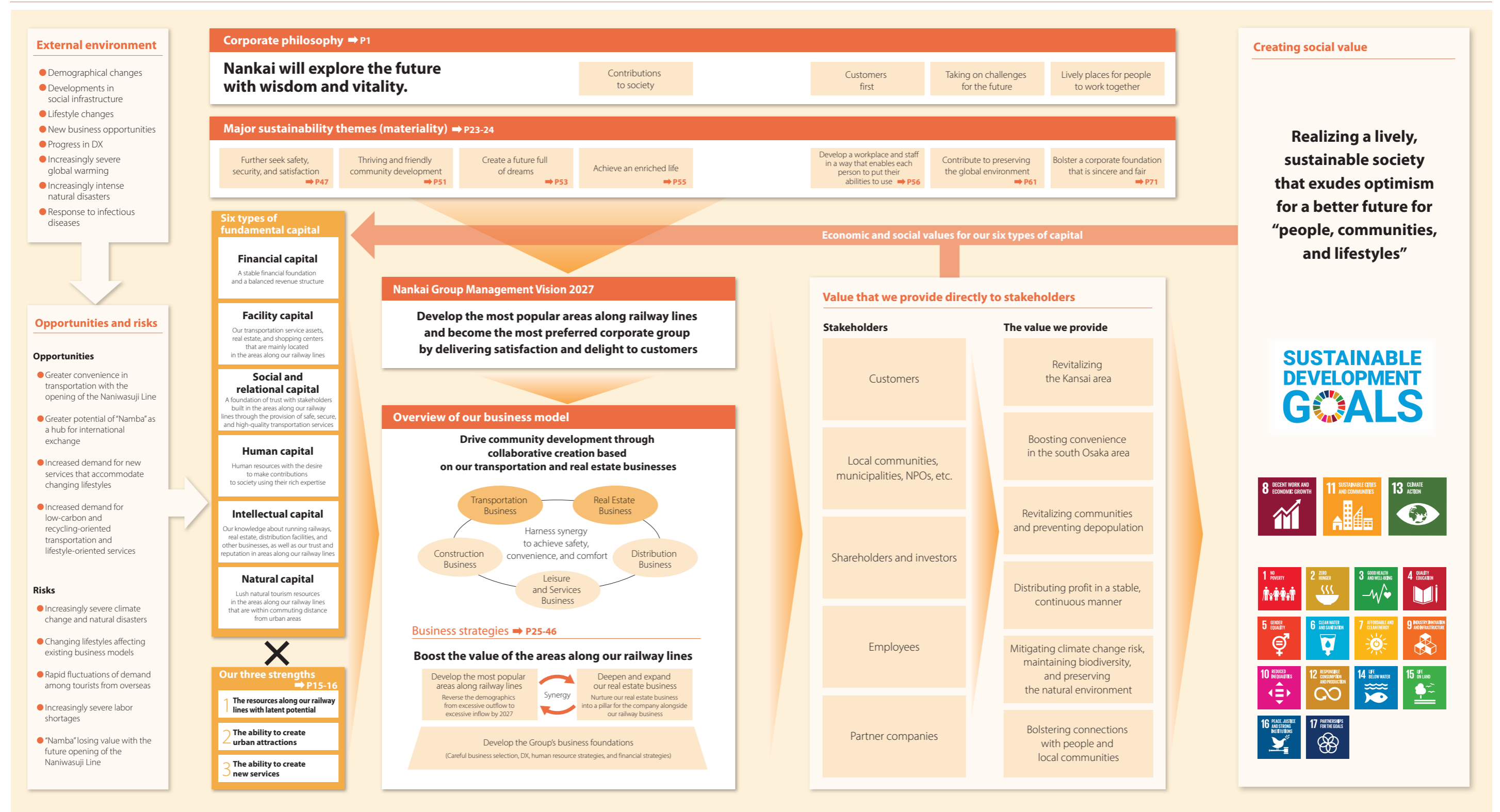
We are also pursuing initiatives to bring satisfaction to customers visiting from abroad. We were the first company in Kansai to implement English, Korean, and Chinese texts in our station name information boards in 2007, and since then, we have worked to give easily identifiable number codes to stations and incorporate multiple languages in our train announcements.



# Our Value Creation Process

**We are growing alongside local communities while leveraging our businesses to enhance the communities' value as places to "live in, work in, and visit."**

We are accelerating efforts for value creation by enacting our New Medium-term Management Plan, the "Kyoso 140 Plan," while considering our Corporate Image in 2050: With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity"\* in Kansai (⇒P32).



\*DiverCity: "DiverCity" is a term created by combining "Diversity" and "Diverse City (city filled with diversity)" that we seek to realize.

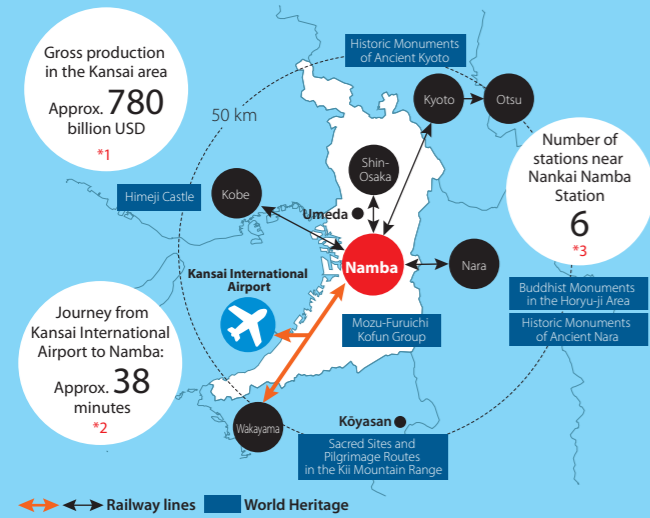
# Special Feature The "Greater Namba" Concept

## Revitalizing "Namba," the Nankai Group's largest business site

Namba is directly linked to Kansai International Airport and serves as the world's gateway to Kansai. It is one of Japan's largest terminal cities, with some 900,000 passengers every day. Ever since its founding in 1885, the Nankai Group has positioned Namba as its largest base for business. The company has grown together with the area while aiming to be at the forefront of current trends in community development efforts. In the present day, Nankai has established the "Greater Namba" concept for revitalizing an even broader area, and the company is pursuing efforts together with a wide range of stakeholders to transform community and make them more attractive.

### The characteristics of "Namba"

Namba is close to Kansai International Airport—approximately 38 minutes with the Express train Rapiit—and has excellent access to other areas in Kansai. It has ample tourism resources such as for dining, shopping centers, and the Dotonbori district as the center of entertainment culture. It boasts strong popularity as a location for spreading Osaka's unique culture, and it is visited by many people from both Japan and overseas. In recent years, it has also attracted attention for its offices and houses owing to its convenience and comfort.



<sup>\*1</sup> Source: FY2018 data from the Osaka City website. Kansai includes six prefectures: Kyoto, Osaka, Shiga, Hyogo, Nara, and Wakayama.  
<sup>\*2</sup> When using Nankai's Express train Rapiit (based on data collected by Nankai)  
<sup>\*3</sup> This number includes stations on Kintetsu Railway lines, Hanshin Electric Railway lines, Osaka Metro lines, and JR lines.

### "Greater Namba" is a leading force for vitality in Osaka

Ever since the Namba Shinchi district was developed in the 18th century, Namba has served as part of the "Minami" area—one of the largest sites for entertainment in Asia—and it has continued to serve as a bustling hub for entertainment and night culture.

Namba also plays a role as the southern gateway to Osaka. Nankai Electric Railway's predecessor, Hankai Railway, laid its railway tracks in 1885. From that point onward, it has built a large network that connects Namba with Sakai, Senshu, Wakayama, Koyasan, Kansai International Airport, and many more locations. With the Osaka Metro and other railway companies reaching out to Kobe and Nara, as well as intercity bus services going to and from locations all over Japan, Namba is a central location in west Japan for transportation. The area has transformed into an international tourist site in recent years, and many hotels have flocked to open business here.

Many people have their eyes on the development trend in Namba going forward. We can expect EXPO 2025 to boost Osaka's appeal as a truly international city that can attract intelligence from around the world and encourage diverse interactions and new investments. The "Greater Namba" region is a part of Osaka that consists of the current area of Namba as well as its surroundings, and it will gain more attention as a gateway to Osaka from Kansai International Airport.

Progress is underway to develop a new plaza in front of Namba Station. There are also plans for two other initiatives: firstly, to flesh out the details for the "Naniwasuji Line" project as a new core route to directly link Kansai International Airport and central Osaka, and secondly, to open "Nankai Shin-Namba Station (tentative name)." I hope that Nankai Electric Railway will build a platform for business and social interactions in "Greater Namba," in which many different stakeholders can compete and engage in collaborative creation to build value.



**Shinya Hashizume**  
Special Adviser, Osaka Prefecture/  
Osaka City Professor,  
Organization for Research Promotion,  
Osaka Metropolitan University, Director,  
Research Institute for Tourism Industry,  
Osaka Prefecture University Chairman,  
Community Development Conference  
for Enhancing the Urban Status  
of the Namba Area  
Through Public-private Collaboration

### Nankai has continually led efforts for community development in "Namba"

Our predecessor, Hankai Railway, built a station in Namba and laid train tracks in 1885, at a time when the whole of Japan was experiencing modernization. The Namba area previously had many green onion fields, but after the railway terminal station was built there, different urban functions gathered in the region around the station, and the entire area transformed into a city where many people got together.

#### 1932 The fourth iteration of Namba Station (the Nankai Building)

This is the fourth station building, and it was built in the same period as when the main street of Midousuji was constructed. Takashimaya Osaka also started business in this building in 1932.



#### 1978 Namba City

This location opened as a large-scale shopping center with many luxury stores, which was rare at the time. The tall rocket that pierces through the open ceiling in the basement floor is often used as a meet-up point.



#### 2003 Namba Parks

This facility has a strong presence as one of Japan's largest rooftop parks, and it brought a sharp change to the atmosphere in the Namba area. The location did not have many offices before, but demand has grown for office space ever since the Namba Parks Office building opened.



### Nankai and the "Greater Namba" vision

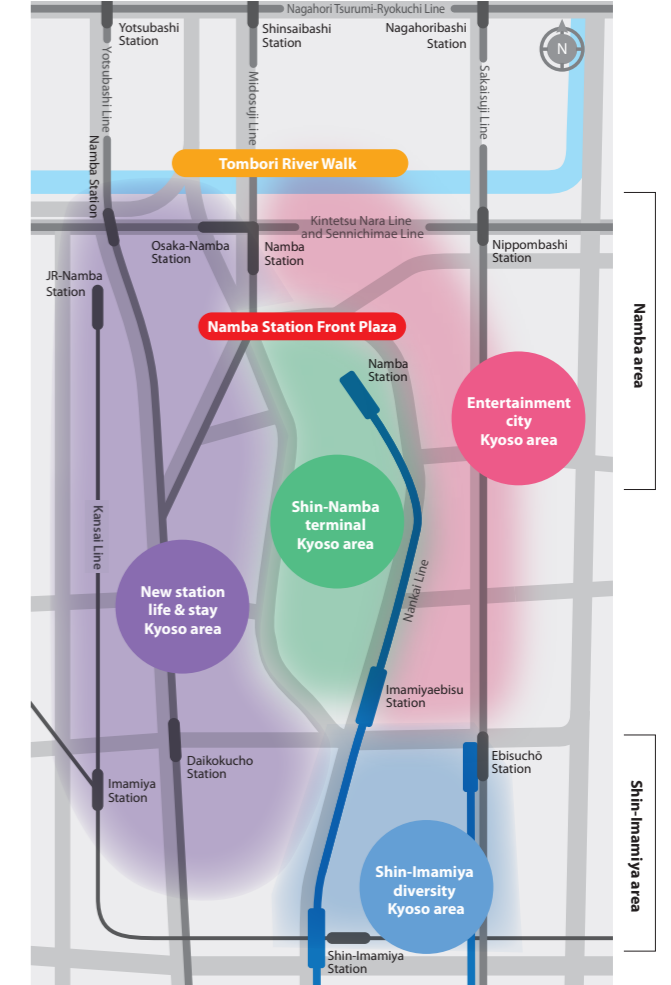
The economies of local communities were stimulated by the effects of tourism from abroad but they have fallen stagnant with the COVID-19 pandemic. However, we expect the area to receive more visitors with EXPO 2025 Osaka, "the launch of an integrated resort (IR)" in 2029, the "opening of the Naniwasuji Line" in 2031, and other projects.

The "Greater Namba" concept aims to leverage this prime opportunity of major economic activities in Kansai to achieve growth in local communities. Working with the north-south route between Namba and Shin-Imamiya/Shinsekai as our foundation, we will create a lively location for people to shop around in, and we will transform the area to make it even more exciting.

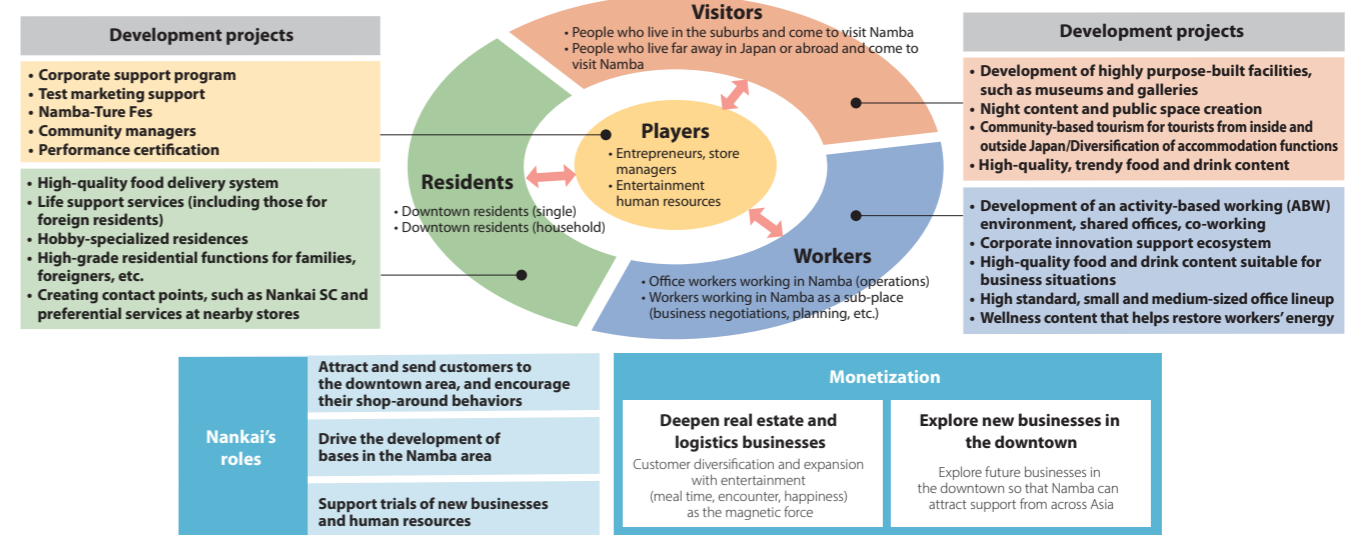
We will work with a variety of stakeholders in the local community to create a "powerful downtown area" with entertainment at its core. By enhancing the "appeal of working, living, and staying near" the area, we aim to create a virtuous cycle that also boosts the value of the Nankai brand as well.

Priority areas	Roll out soft strategies in each area to create a future revenue base for deploying hard strategies
<b>New station life &amp; stay Kyoso area</b>	This area has the potential for large-scale development to the west and south of the new station on the Naniwasuji Line. We aim to develop Namba into a new urban center with new urban functions, including offices, urban housing, halls, exhibition sites, and other purpose-built facilities.
<b>Shin-Namba terminal Kyoso area</b>	We have developed this collaborative creation area for around a century. We aim to make this district a fusion of urban commercial business and next-generation functions for attracting visitors that suits the future "Shin" Namba terminal, while also engaging in a scrap-and-build approach.
<b>Entertainment city Kyoso area</b>	This is the core area of "Entertainment City Namba." We seek to make Namba Station Front Plaza a central location for tourism in Osaka that can serve as a hub for people and information, and that can offer an enriched space for entertainment by preserving the local tradition and culture while also combining them with popular culture.
<b>Shin-Imamiya diversity Kyoso area</b>	This area is in an excellent location, and it connects Namba with Tennoji. We seek to make this the second gateway to Greater Namba as a hub to live in, work in, and visit. We will achieve this by mixing a wide range of elements that transcend nationality and age, and by transforming the community into a location that constantly spreads new culture and information.

### Entertainment City 2050 Namba (tentative name): Greater Namba vision strategy map



### How the "Greater Namba" vision relates to Nankai



Create a "powerful downtown area" centered on **entertainment** along with community development, and make the "attractions of working, living, and staying near the town" into the Nankai brand

**Special Feature** The "Greater Namba" Concept

**Our projects**

"Greater Namba" is a concept for community development that draws from the philosophy of "community-based collaborative creation," in which stakeholders in the local area engage in collaborative creation and cooperation to develop key locations in the Namba area where a diverse range of people can gather regardless of age or nationality.

This section showcases some of our most iconic projects for creating "Greater Namba," an area focused around the Namba Station Front Plaza and stretches out from Namba to Shin-Imamiya.



Illustrative sketch of the plaza in the future



Picture of our social test (held in 2021)

**Project 2** Joining the "Nambanaka 2-chome Development Project" to realize change

We are participating in the "Nambanaka 2-chome Development Project," in which approximately 9,000 m<sup>2</sup> of land to the south of Namba Parks is divided into three sections labeled A through C, and multiple companies engage in the redevelopment of the land.

Nankai established the "Namba Special Purpose Company" as a three-party effort with Sojitz Corporation and the Development Bank of Japan. We are constructing a building in section B to the south with a total of 14 stories above ground, and a total floor space of approximately 20,000 m<sup>2</sup> for offices and stores. We will connect the building to the pedestrian deck linking Nankai Namba Station and Namba Parks, and we will allocate an area on the second floor for stores so as to encourage people to shop around and boost the distinctive features of Namba and its surroundings in the south.



**Project 1** Changing the area in front of Namba Station into a "comfortable plaza"

Namba is a major hub for transportation, with direct links to Kansai International Airport as well as the Kita and Midousuji areas in Osaka. The space in front of Namba Station serves as the "face" of the area, and we want to renovate it into a comfortable plaza that can attract international visitors and suitably serve as the "gateway to Osaka's hospitality."

To this end, we will convert the car-centric roads around the station into pedestrian-only zones, thereby creating a space for people to meet up or rest in. We will also shape the area as a shopping hub in the Minami district, Osaka, and Kansai as a whole by establishing information centers that work with local communities to distribute sightseeing information. Through these and other efforts, we will build a globally renowned flourishing area in Minami as a new symbolic space.

**Project 3** Updating Shin-Imamiya Station and the surrounding community

The renovation work at Shin-Imamiya Station was completed in March 2022, with newly installed ticket gates to the east and west, a combined open counter and station office, and other features to boost convenience and improve the design in the station.

We are pursuing development plans for shared corporate dormitories as well as student dormitories for Japanese language schools in the surrounding area. A tourist site called "OMO7 Osaka by Hoshino Resorts" was also opened on the east side of the station. This has created more activities and has resulted in a gradual change to the atmosphere in this community.

Going forward, we will continue to focus on the "expansion of Namba to the south," which is our basic policy for Greater Namba, and we will work to revitalize Shin-Imamiya while positioning it as "the second gateway" to Greater Namba.



The renovated Shin-Imamiya Station



"OMO7 Osaka by Hoshino Resorts"

**Community Development Conference for Enhancing the Urban Status of the Namba Area Through Public-private Collaboration**

**Establishing a community development vision for enhancing the urban status of the Namba area**

The "Community Development Conference for Enhancing the Urban Status of the Namba Area Through Public-private Collaboration" is comprised of a wide range of people related to community development. Nankai works alongside the Osaka Chamber of Commerce and Industry as the secretariat for this conference. In April 2022, the conference defined its "community development vision to upgrade the urban status of the Namba area with the powers of entertainment and staying."

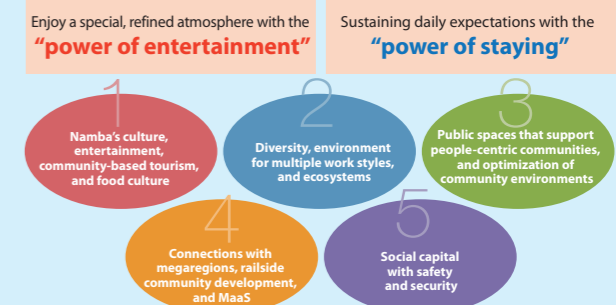
The appeal of Namba is in its "power of entertainment," with many spots for experiencing Osaka's distinct food, culture, and arts, as well as places where people can expect something special to happen. To further boost Namba's urban status going forward, it is crucial to have the "power of staying" that sustains lifestyles, work, and other aspects of daily expectations. To enhance both of these powers, we will make multiple proposals, such as holding festivals during EXPO 2025, and to create key locations around the new station on the Naniwasuji Line.



Conceptual diagram of the Namba area growing into an international tourist destination in the future

This sketch has been created to illustrate the vision, and was not produced through an agreement with related organizations and land rights holders.

**Two powers that form the pillars of our vision**



**Stakeholder message**

To revitalize the communities in Osaka, it is crucial for the core locations to work hard together and promote them. Greater Namba is a tourism hub that serves as a landmark in Osaka. It has significant appeal in its unrivaled multi-layered cuisine, cultural arts, and dense commercial districts. To further refine this appeal and spread the message about it, we held multiple discussions with local municipalities, companies, and organizations before defining our vision. In the "Ture Fes"<sup>\*1</sup> initiatives to be held across the community at the same time as EXPO 2025 Osaka, we seek to spread a powerful message about the appeal of Osaka through integrated efforts with each core location in the area. The Osaka Chamber of Commerce and Industry uses the term "Greater Minami"<sup>\*2</sup> to refer to the southern region of Osaka, and it seeks to revitalize the whole region as a unified urban economic zone. I have strong expectations for Nankai Electric Railway's efforts to boost its communication capabilities regarding Greater Namba, and for collaborative efforts to spread across the whole Greater Minami region.



**Hiroko Tamakawa**  
Regional Development Division Manager/Expo Collaboration Promotion Office Manager  
Osaka Chamber of Commerce and Industry

\*1 Ture Fes: This name was coined from the desire to create a distinct "culture" in Namba, engage in "ventures" and take on new challenges, and create a "future" for an exciting and "adventurous" community in Namba.  
\*2 Greater Minami: This refers to the region that connects Namba, Shin-Imamiya, Abeno, Tennoji, and Uehommachi, and it also includes Senshu and Minamikawachi in the south of Osaka Prefecture.

# Major Sustainability Themes (Materiality)

To present our commitment to the realization of a sustainable society to our internal and external stakeholders more clearly, the Nankai Group has formulated the Sustainability Policy, and as key long-term measures to be worked on under the Policy, on April 30, 2021, we announced seven major sustainability themes (materiality) that incorporate an SDGs perspective.

We have also established the Sustainability Promotion Committee as an organization to drive sustainability measures across the Group, and the Sustainability Promotion Department as its administrative

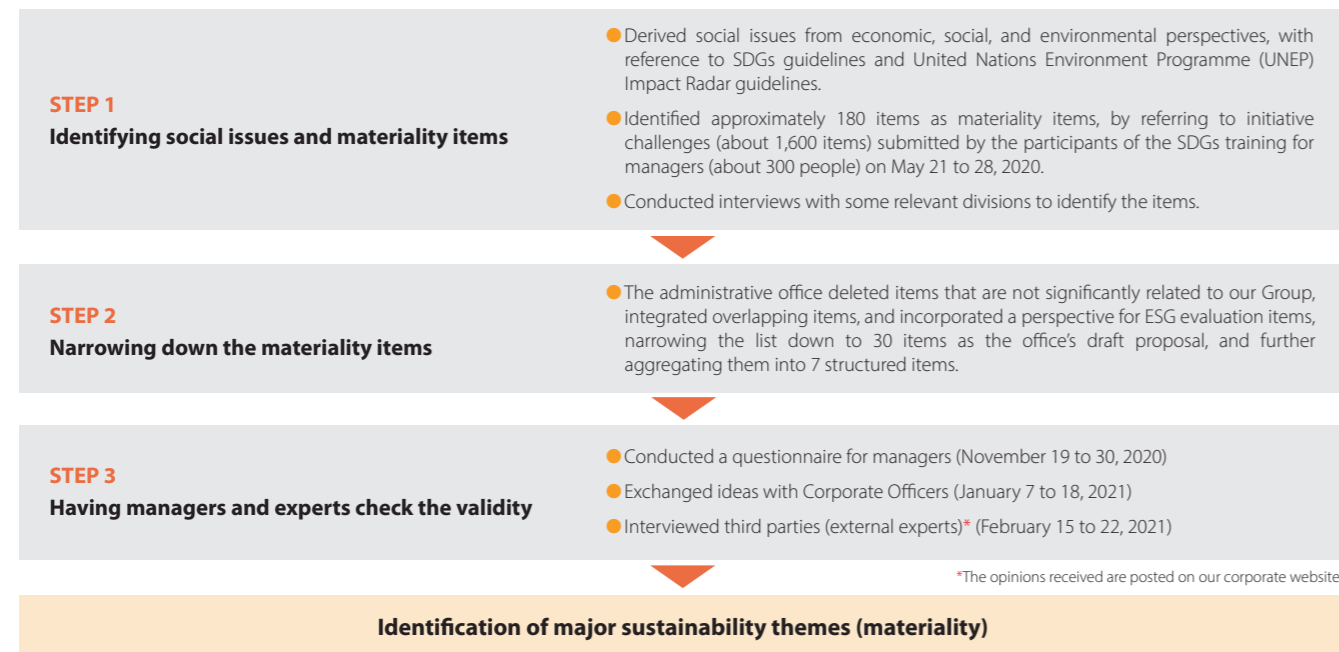
department. Since FY2021, the Committee has played the central role in setting sustainability targets, monitoring progress, and evaluating outcomes (PDCA cycle), in collaboration with business divisions.

The Sustainability Promotion Committee also confirms the progress and countermeasures for materiality targets, and discusses the evaluations and opinions of our stakeholders, including shareholders and investors, to apply this information in business management.

## Sustainability Policy

We will create collaboratively and cooperate with various stakeholders, including community residents, local governments and businesses, particularly in the areas along our railway lines. We will also seek both the increase of value as a sustainable company and the realization of a sustainable society by putting our Corporate Philosophy into practice.

## The identification process for major sustainability themes (materiality)



## System to promote the Sustainability Policy



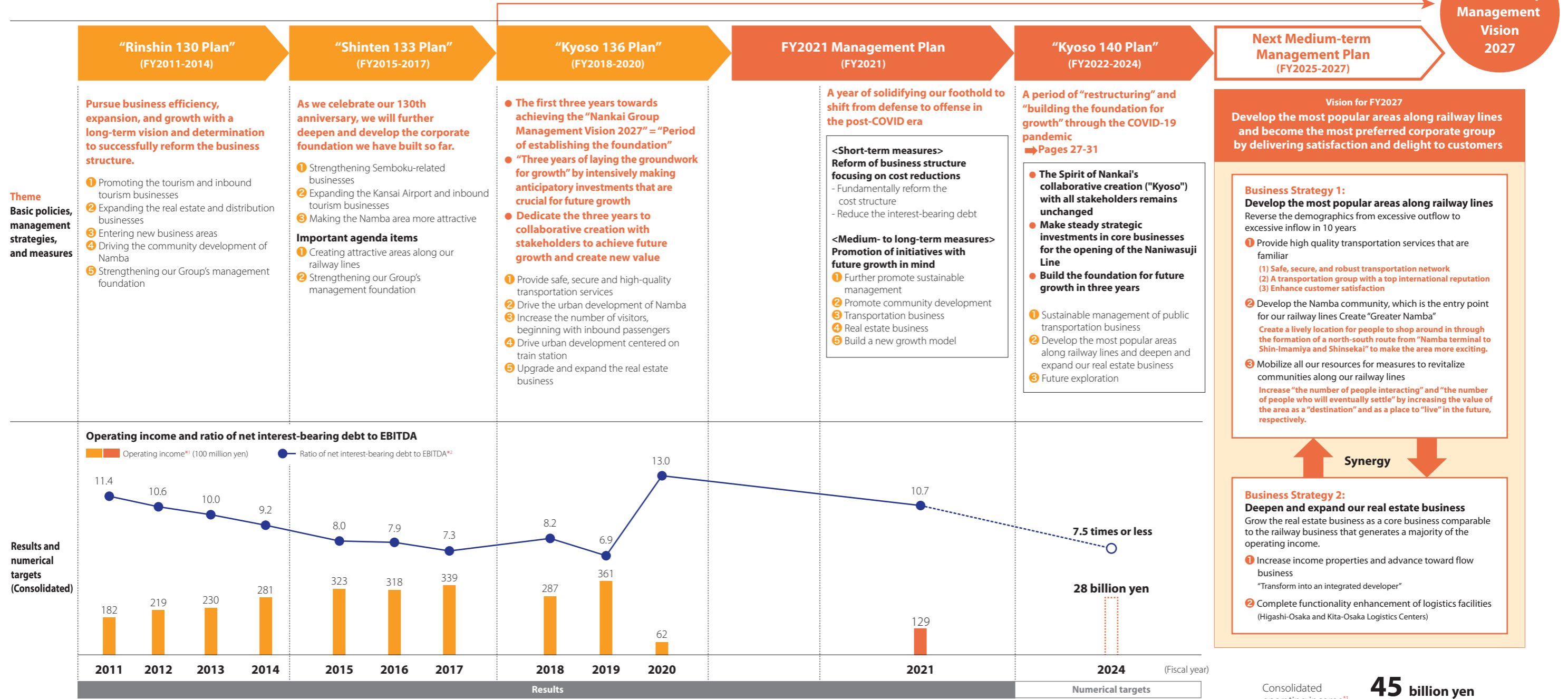
\*Senior Corporate Officers and higher ranks among our Corporate Officers

## Major Sustainability Themes (Materiality)

ESG	Materiality	Initiative guidelines	Initiative challenges	Relevant SDGs
S Society	<b>Further seek safety, security, and satisfaction</b> →P47	Based on the belief that safety and security are the backbone of our Group's businesses, we will strive to improve customer satisfaction through measures to address stakeholder expectations, including planned investment in safety and conducting safety education and BCP training. Going forward, we will also strategically proceed with our response to natural disasters, which are expected to become even more severe.	Ensuring safety in our railway business and other businesses <b>KPI Zero accountable accidents in the railway business</b> Preparation for natural disasters, including risks arising from climate change Providing safe and comfortable facilities and services Improving customer satisfaction by putting the customer's perspective first <b>KPI To have the customer satisfaction index continuously exceed the results of the previous year</b>	6 11 13
	<b>Thriving and friendly community development</b> <b>KPI Reversing the demographics from excessive outflow to excessive inflow (FY2027)</b> →P51	We will develop areas that maximize Namba's potential and build a foundation to bring back the population that has become concentrated in cities to the areas along our railway lines by capitalizing on local resources such as the nature and the countless tourism resources and historical assets in each area, and communicating with diverse stakeholders.	Revitalizing the Namba area Revitalizing local communities with railway stations as hubs Preserving and utilizing tourism resources Collaboration with stakeholders to enhance the value of areas along our railway lines	8 11 12 17
	<b>Create a future full of dreams</b> →P53	We will aim for further growth of the areas along our railway lines, using the opening of Naniwasuji Line, tourism to Japan, EXPO 2025 and integrated resort (IR) as footholds. With a view to the work-style reforms through the advance of digitalization, we will progress community development that is not based on commuting to city centers, merge the digital with the real, and drive the formation of smart cities that will offer not just methods for people's travel, but services for various scenes in daily living.	Forming a new north-to-south line with the opening of the Naniwasuji Line Creating new products and services with digital technology Building smart cities <b>KPI Advancing plans to revitalize Semboku New Town, and the Izumigaoka Station-Front Vitalization Project</b> Providing of products and services that will expand the number of people interacting (tourism to Japan, EXPO 2025, IR)	8 9 11 17
	<b>Achieve an enriched life</b> →P55	We will provide services such as for learning, working, playing, raising a family, and living a retired life, in every scene of daily life, to bring about enriched living that will give a sense of safety to all generations.	Providing lifestyles and services that address the changes to work styles and lifestyles due to COVID-19 Providing services for diverse generations Enhancing the functions of logistics sites that underpin social infrastructures	3 4 9 11 17
	<b>Develop a workplace and staff in a way that enables each person to put their abilities to use</b> →P56	We will promote the career advancement of diverse human resources by developing environments where people can work anywhere and anytime to improve employee satisfaction and make work more rewarding. We will also develop a culture where employees take on challenges in unknown areas and nurture human resources who can respond to rapid changes in the environment.	Diversity and inclusion (promoting women's career advancement) <b>KPI Increase the ratio of female managers to approximately 10% (by FY2030)</b> <b>KPI Increase the ratio of women among newly hired employees to approximately 30% (by 2030)</b> Developing work environments, including through health management Developing personnel who can respond to rapid changes in the environment Respect for human rights and prevention of harassment	3 4 5 10
	<b>Contribute to preserving the global environment</b> →P61	Recognizing the risk of climate change as our Group's greatest risk, we will encourage the incorporation of energy-saving vehicles (trains and buses) and the use of renewable energy to promote a modal shift, and expand the certificate acquisition and development of green buildings. We will also strive to maintain biodiversity by developing the forests that we own in areas along our railway lines and our business areas.	Reducing CO <sub>2</sub> emissions in response to climate change, promoting use of renewable energy, and so forth <b>KPI Reducing our Group's CO<sub>2</sub> emissions by over 46% compared to FY2013 (FY2030)</b> Bringing about a circular society Preserving biodiversity Deepening our environmental management Expanding environmental buildings (green buildings) <b>KPI Obtaining environmental certifications for newly developed properties</b>	6 7 9 11 12 13 15 17
G Governance	<b>Bolster a corporate foundation that is sincere and fair</b> →P71	In order to respond flexibly to a rapidly changing society, we will strive for speedy decision-making, appropriate management of finances, and a stronger supervisory function. We will also strive for two-way communication with our stakeholders, including shareholders and investors, to ensure timely, appropriate, and fair disclosure of information and to enhance management transparency.	Corporate governance Risk management Fulfilling communication with stakeholders (such as shareholders, investors, and the media) Responsible procurement policies that respect society and the environment Ensuring sound and transparent finance	5 10 16 17

# History of the Medium-term Management Plan

## Roadmap to achieving the Nankai Group Management Vision 2027



\*1 Includes the dividend income for FY2018 and following fiscal years  
 \*2 Operating income (Includes the dividend income for FY2018 and following fiscal years) + Depreciation and amortization

### Review of the “FY2021 Management Plan”

Under the “FY2021 Management Plan,” which is a single-year management plan that positions FY2021 as “a year of solidifying our foothold to shift from defense to offense in the post-COVID era,” we have been working on both short-term and medium- to long-term measures.

For the business structure reform aimed at improving the annual balance of payments by 5 billion yen, we took a variety of measures,

including reducing personnel expenses and insourcing previously outsourced functions, thereby constantly reducing the cost, which amounted to a reduction of 2.7 billion yen for FY2021. Although it will take a certain period of time to see the effects for some of the agenda items, we will continue to promote the business structure reform during the period of the “Kyoso 140 Plan,” the New Medium-term Management Plan.

### Achieving the Nankai Group Management Vision 2027—A decade of enhancing the attractiveness of areas along our railway lines in preparation for the opening of the Naniwasuji Line

- With neighborhoods along our railway lines as main business areas, apply all the abilities of our group to focus on increasing value along these lines
- By using Namba and inbound tourism as business chances, accelerate increasing value along our railway lines
- By proactively using alliances, raise the speed of business development

Nankai Group Management Vision 2027

Consolidated operating income\*1 **45 billion yen**  
 Ratio of consolidated interest-bearing debt to EBITDA\*2 **Approx. 6 times**

We are making steady progress for medium- to long-term measures for future growth without significantly falling behind schedule, even though we are slightly behind due to the prolonged pandemic. We will accelerate our efforts during the period of the “Kyoso 140 Plan,” while ensuring financial soundness as a prerequisite.

# Overview of the "Kyoso 140 Plan"

## Three years of "restructuring" and "building the foundation for growth" through the COVID-19 pandemic

Our Group has formulated the "Kyoso 140 Plan," the New Medium-term Management Plan that positions the three years from FY2022 to FY2024 as a period for "restructuring" and "building the foundation for growth" through the COVID-19 pandemic. In order to respond flexibly and quickly to changes in the world, we believe that it will become even more important to have the spirit of collaborative creation ("Kyoso"), i.e., "creating new value together with stakeholders." Therefore, we included the word "kyoso" in the latest Medium-term Management Plan, just as we did in the previous Medium-term Management Plan, "Kyoso 136 Plan."

In order to promote sustainable management and achieve the "Nankai Group Management Vision 2027," we will make strategic investments in our core business projects, including the Naniwasuji Line project and community development projects for areas along our railway lines, while investing in initiatives to nurture seeds of new businesses for the future.

## Outline of business strategies

<p><b>1 Sustainable management of public transportation business</b> → Page 29</p>		<ul style="list-style-type: none"> <li>1 Systematic promotion of safety measures and disaster countermeasures</li> <li>2 Utilization of digital technologies: Establishment of new technologies and frameworks and enhancement of preventive maintenance</li> <li>3 Enhancement of profitability and improvement of brand services</li> <li>4 New services—Evolving into a comprehensive mobility business</li> </ul>
<p><b>2 Develop the most popular areas along railway lines and deepen and expand our real estate business</b> → Page 30</p>		<ul style="list-style-type: none"> <li>1 Community development through Kyoso (collaborative creation)</li> <li>2 Acceleration of the Greater Namba concept—transforming Namba into a location that is famous across Asia</li> <li>3 Sustainable development of Semboku New Town</li> <li>4 Functionality enhancement of logistics facilities</li> <li>5 Establishment of private REIT</li> </ul>
<p><b>3 Future exploration</b> → Page 31</p>		<ul style="list-style-type: none"> <li>1 Acceleration of initiatives for new businesses</li> <li>2 Coexistence with foreigners</li> <li>3 Enhancement of tourism-related businesses</li> <li>4 Provision of new services in the new normal era</li> <li>5 DX strategy: Establishing digital customer contact points and creating new value</li> </ul>

## Relation with the business strategies for the "Nankai Group Management Vision 2027"

**Business Strategy 1:**  
Develop the most popular areas along railway lines

- 1 Provide high quality transportation services that are familiar
- 2 Develop the Namba community, which is the entry point for our railway lines
- 3 Mobilize all our resources for measures to revitalize communities along our railway lines

**Business Strategy 2:**  
Deepen and expand our real estate business

- 1 Increase income properties and advance toward flow business
- 2 Complete functionality enhancement of logistics facilities

The strategic outline of our Group's 10-year vision "Nankai Group Management Vision 2027" ("develop the most popular areas along railway line" and "deepen and expand our real estate business") remains unchanged.

In order to accelerate the realization of this vision, we have placed the highest priority on "community development in Namba and areas along our railway lines," as well as "investment in initiatives to deepen and expand our real estate business." We have also identified measures that are linked to these strategies and incorporated them into specific business strategies for the "Kyoso 140 Plan."

## Outline of human resource strategies

Important themes	Medium-term goal
<p><b>Improve productivity</b> Promote workstyle transformation that contributes to productivity improvement</p>	<p>Improve employees' productivity through workstyle transformation</p> <p>Achieve sustainable growth of each business</p>
<p><b>Secure and develop human resources</b> Secure and develop human resources who can play core roles in business</p>	<p>Build a system to systematically acquire and develop human resources who can play core roles in business</p> <p>Secure necessary human resources in terms of both quality and quantity based on the main strategies of each business</p>
<p><b>Provide places for diverse activities</b> Accelerate the promotion of diversity and inclusion</p>	<p>Provide the most comfortable working environment in the industry for human resources who are engaged in childcare and nursing care, and senior human resources</p> <p>Build a highly motivated organizational culture in which diverse human resources can choose diverse work styles</p>

## Management strategies

**Business strategies**

<p><b>Ensuring the implementation of business strategies</b></p> <p><b>Human resource strategies</b></p> <ul style="list-style-type: none"> <li>● Improve the productivity of the organization to create more added value</li> <li>● Diversify the career plans and human resources to build a new "human resources portfolio"</li> </ul>	<p><b>Supporting the execution of business strategies</b></p> <p><b>Financial strategies</b></p> <ul style="list-style-type: none"> <li>● Maintain financial soundness</li> <li>● Ensure the funding needed for business strategies</li> <li>● Clearly prioritize and execute capital investments to capture every opportunity</li> </ul>
---	---

## Outline of financial strategies

Basic policies	Metrics
<ul style="list-style-type: none"> <li>● Make necessary investments in a timely manner while maintaining financial soundness as a prerequisite.</li> <li>● Appropriately allocate cash to investments in safety, renewal, growth (including future exploration) and sustainability, as well as shareholder and employee returns from a medium- to long-term perspective.</li> </ul>	<p>Numerical targets for FY2024 (consolidated basis)</p> <ul style="list-style-type: none"> <li>● Operating income*1 <b>28 billion yen</b></li> <li>● Ratio of net interest-bearing debt to EBITDA*2 <b>7.5 times or less</b></li> </ul> <p>Total capital investment over the three years:</p> <p><b>160 billion yen</b></p> <p><b>1</b> Sustainable management of public transportation business <b>52 billion yen</b></p> <p><b>2</b> Develop the most popular areas along railway lines and deepen and expand our real estate business <b>93 billion yen</b></p> <p><b>3</b> Future exploration <b>15 billion yen</b></p> <p><b>Breakdown of sustainable investment*3</b></p> <ul style="list-style-type: none"> <li>● Investment in disaster countermeasures <b>5 billion yen</b></li> <li>● Investment in DX promotion <b>9 billion yen</b></li> <li>● Investment in CO<sub>2</sub> reduction <b>19 billion yen</b></li> <li>● Investment in brand enhancement <b>16 billion yen</b></li> <li>● Investment in diversity enhancement <b>4 billion yen</b></li> </ul> <p>Total: <b>46 billion yen</b> (Some items are duplicated.)</p>

## The two pillars supporting business strategies

\*1 Operating income + Dividend income  
\*2 Operating income + Dividend income + Depreciation and amortization  
\*3 Major investments in materiality for sustainable management

# Business strategies and specific measures for the "Kyoso 140 Plan"

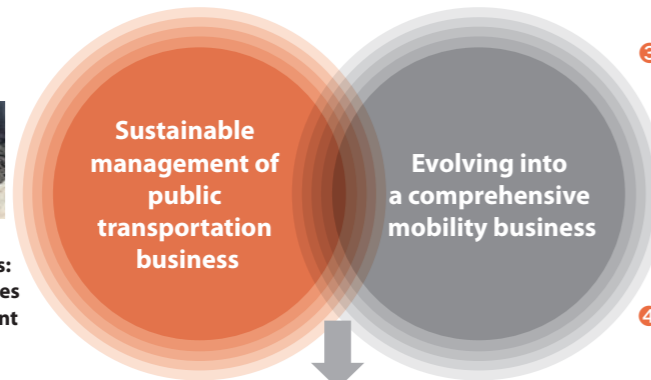
## 1 Sustainable management of public transportation business

**Evolving into a comprehensive mobility business based on improved safety and security and better service quality**

**1 Systematic promotion of safety measures and disaster countermeasures**



**2 Utilization of digital technologies: Establishment of new technologies and frameworks and enhancement of preventive maintenance**



Consider a fare revision in order to steadily promote responses to behavioral changes in the with-COVID-19 era and further safety and security initiatives.

**3 Enhancement of profitability and improvement of brand services**

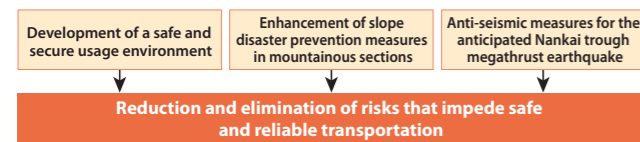


**4 New service—last mile**



**1 Systematic promotion of safety measures and disaster countermeasures**

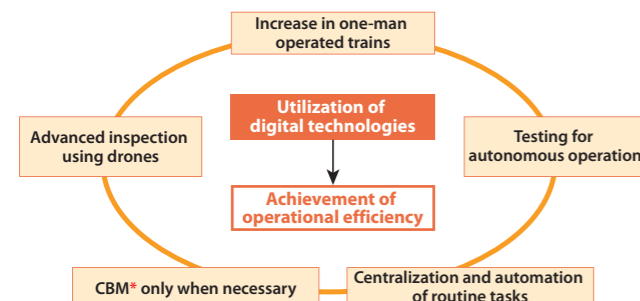
Safety and security are the backbone of our Group's businesses. We will systematically implement countermeasures to cope with increasingly severe natural disasters, and work to sustainably create "safety, security, and trust," which are the core of our brand. We will systematically make capital investment in seismic reinforcement of railway facilities, and slope disaster prevention measures for mountainous sections, as well as install security cameras in train cars.



In order to achieve this objective, systematically invest a total of **¥52 billion** over three years

**2 Utilization of digital technologies: Establishment of new technologies and frameworks and enhancement of preventive maintenance**

We will transform the revenue structure by utilizing digital technologies to streamline the operation, thereby improving the productivity. For railroad



\*CBM: Condition Based Maintenance

maintenance, we will promote condition-based maintenance (CBM)\*, which utilizes measurement data collected at each facility to detect signs of equipment failure and perform maintenance appropriately, thereby enhancing preventive maintenance and streamlining the operation.

**3 Enhancement of profitability and improvement of brand services**

By thoroughly utilizing digital data, we will enhance our profitability by improving customer convenience and creating new travel needs. In addition, we will improve convenience by increasing the features of the Nankai App and creating digital limited-offer passenger tickets, and improve the quality of services for our customers and enhance our brand by providing high-quality stations and train spaces.

**4 New service—last mile**

In addition to the existing public transportation business, we will provide new services that cover the "last miles" and evolve into a comprehensive mobility business. We will strive to solve social issues in areas along our railway lines, such as declining population, falling birthrate, aging population, and depopulation, and to achieve sustainable growth for our Group at the same time.



Pilot implementation as a regional vitalization model along our railway lines

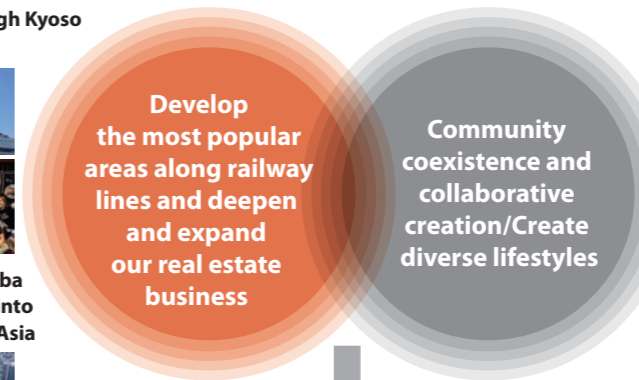
## 2 Develop the most popular areas along railway lines and deepen and expand our real estate business

**We will accelerate the development of Namba and areas along our railway lines for the future by adding new strategic actions**

**1 Community development through Kyoso (collaborative creation)**



**2 Acceleration of the Greater Namba concept—transforming Namba into a location that is famous across Asia**



**5 Establishment of a private REIT to promote and accelerate community development**

**3 Sustainable development of Semboku New Town**



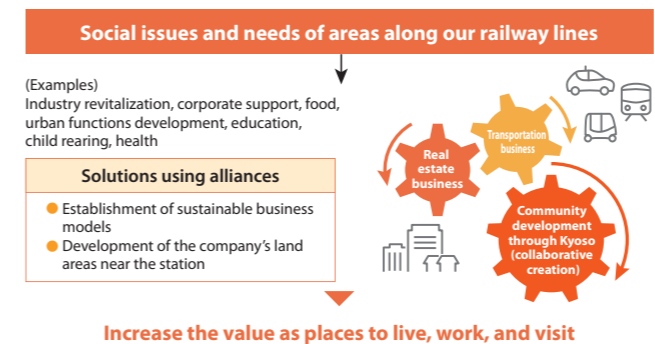
Reference: Sakai City

**4 Functionality enhancement of logistics facilities**



**1 Community development through Kyoso (collaborative creation)**

We aim to revitalize the region by solving various issues facing the areas along our railway lines and region through collaborative creation with stakeholders. In addition, with an eye on the EXPO 2025 Osaka and visitors to the integrated resort (IR), we will deepen our business plans for derivative/related businesses, etc.



**2 Acceleration of the Greater Namba concept—transforming Namba into a location that is famous across Asia**

We will continue our efforts to create "Greater Namba" by developing the areas near Nankai Shin-Namba Station (tentative name) on the Naniwasuji Line, which is scheduled to open in 2031, and Nankai Namba Station, with the aim of making "Namba famous across Asia," thereby increasing the value of the areas and expanding our revenue base. We will develop urban functions that do not rely solely on inbound visitors and tourism, create a diverse town that serves as a hub for socializing between visitors and residents as well as for sharing new culture and information, and continue to develop communities where new services and businesses based in "Namba" are created.

**3 Sustainable development of Semboku New Town**

We will promote the "Izumigaoka Station-Front Vitalization Project" and "Semboku New Town Smart City Strategy" to take advantage of the opportunities created by the relocation of Kindai University Faculty of Medicine and Kindai University Hospital to Izumigaoka and the influx of new residents due to the reconstruction projects of URs and other rental houses. We will develop a sustainable and attractive town as a pilot model for the new town regeneration project.

**4 Functionality enhancement of logistics facilities**

The Kita-Osaka/Higashi-Osaka Logistics Centers is a logistics transit point between east and west Japan that also has excellent access to central Osaka, making it a favorable location for efficient transportation. In order to fully utilize this strength, we will promote the initiative to enhance the logistics facilities (from single-story to multi-story) and expand the revenue, thereby further growing the logistics business and stabilizing the business portfolio.

**5 Establishing a private REIT (to promote and accelerate community development)**

By establishing a private REIT and selling our Group's real estate properties to the REIT, we will secure development funds while controlling interest-bearing debt and accelerate the promotion of "community development through collaborative creation" by investing in community development in Namba and other areas along our railway lines. We will formulate an exit strategy to sell owned or developed assets to the private REIT so we can enjoy development profits, collect funds and transfer assets to off-balance sheet items, and at the same time diversify real estate earnings by creating a fee-based business where our Group will earn related fees (PM and BM) for sold properties.



### 3 Future exploration

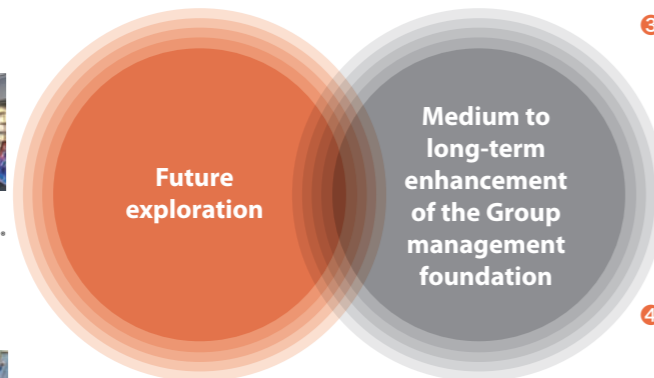
- Accelerate the creation of new core businesses practically to realize the future that Nankai envisions
- Realize the DX strategy and accelerate digitalization to develop a local support portal for areas along our railway lines

#### 1 Acceleration of initiatives for new businesses



Three new business programs for Phase 1

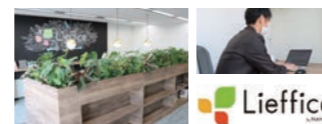
#### 2 Coexistence with foreigners



#### 3 Enhancement of tourism-related businesses



#### 4 Provision of new services in the new normal era



#### 5 DX strategy: Establishing digital customer contact points and creating new value

#### 1 Acceleration of initiatives for new businesses

We will officially enter the e-sports business, mainly through "eStadium Co., Ltd.," a new company established in June 2022, with the aim of building a model for growing together with the community. We will also foster a culture that encourages employees to take on new challenges through our new business development program, where employees can turn their aspirations into businesses.

##### Nankai "eSports" business development model

- Facility management business  
Open company-operated stores, roll out franchise stores, and take charge of government projects
- Tournament and event business  
Independent planning (Kansai e-sports student championship), etc.
- Online services  
Website for e-sports players  
(Facility member management, tournament/event entry, and merchandise sales)



"e-Stadium Namba Powered by NANKAI," our directly operated facility

#### 2 Coexistence with foreigners

We will plan and promote sustainable community development together with foreign nationals by providing both social and physical infrastructure, such as by strengthening the functions of the foreign employment assistance and exchange centers in the Shin-Imamiya area and officially launching "Japal," a job placement service for highly skilled Nepalese IT engineers.

#### 3 Enhancement of tourism-related businesses

With an eye on the recovery of the tourism market, we will strive to create new value and increase the number of people interacting with areas along our railway lines. We will build a sustainable business model related to tourism with the aim of maximizing the effect of the increase in passengers due to the EXPO 2025 Osaka, integrated resort (IR), and 1,250th anniversary of the birth of Kobo-Daishi, etc.

#### 4 Provision of new services in the new normal era

We will continue to explore new possibilities for transportation use by utilizing digital limited-offer passenger tickets, and continue to provide new lifestyle services, including "Pikureru," which enables users to order restaurant meals online and pick them up at train stations, and "Lieffice By NANKAI," a shared office that accommodates a variety of applications, with the aim of improving customer convenience.

#### 5 DX strategy—Establishing digital customer contact points and creating new value

We will promote a DX strategy to swiftly respond to changes in customer needs by collecting and converting the information obtained in all business fields, including railway, real estate, and distribution, into data to provide a wide variety of cross-sector services. We will build a portal site that connects local people with a variety of services to improve the livability for customers living in areas along our railway lines and revitalize local industries.

# Nankai's Corporate Image in 2050

With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity"\* in Kansai

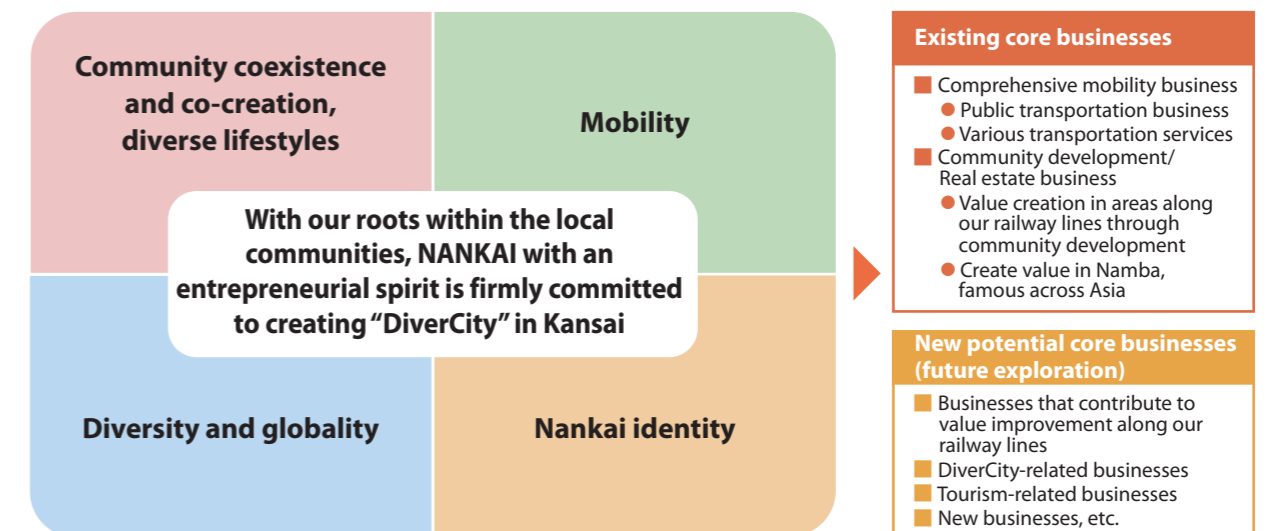
When formulating the "Kyoso 140 Plan," we also set "Nankai's Corporate Image in 2050" as a cornerstone for backcasting-based strategic decision making, while considering what kind of company we want to be in 2050 in light of the values of our customers, society and us, with the aim of achieving sustainable management in the coming years.

In order to realize our Corporate Image in 2050 (i.e., with our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity" in Kansai), our Group will focus its resources on deepening its existing core businesses and

adjacent segments. At the same time, based on the four elements of our corporate image (community coexistence, co-creation, and diverse lifestyles; mobility; diversity and globality; and Nankai identity), we will focus on future exploration to create new businesses and work with residents in the areas along our railway lines to create, develop, and grow a community chosen by a diverse group of people as a place to live in.

\*DiverCity: "DiverCity" is a term created by combining "Diversity" and "Diverse City (city filled with diversity)" that we seek to realize.

#### Nankai Group in 2050: Ideal corporate image



#### Community coexistence and co-creation, diverse lifestyles

##### Together with local communities

Under the banner of being community-based, we will continue to treasure connections with people in communities and areas along our railway lines and work together with these people to create diverse communities where diverse groups of people can live in happiness.

#### Diversity and globality

##### "Think Globally, Act Locally"

With Kansai International Airport as a gateway to the world (Asia), and Namba as a diverse community, we will foster diversity that respects and enhances diverse values and individuality while staying close to Namba, where diverse people from all over the world will continue to gather for the foreseeable future.

#### Mobility

##### Mission as a public transportation operator

We will deepen the history and responsibility of safe and secure operations of the transportation business cultivated in areas along our railway lines to evolve into more diverse mobility business that connects "person and person," "community and community," and "people and communities" towards the future.

#### Nankai identity

##### Strong will to open the way to the future on our own

Throughout the long history since its founding, the Nankai Group has built its culture and identity and created a new roadmap for the future. Keeping our mission and responsibility as a member of society in mind, we will take on new challenges, become a business group that carries through on its commitments, and open up our own future.

# Medium- to long-term financial strategies as discussed by the Chief Financial Officer



**We will steadily invest in growth while improving our financial position.**

Senior Corporate Officer and Corporate Policy Division General Manager  
Takahiro Otsuka

## Summary of the "2021 Management Plan"

Since the spread of COVID-19 that began in 2020, the company's revenues, especially transportation income, have declined significantly, weakening its ability to generate operating cash flows and increasing the balance of interest-bearing debt, thereby raising concerns about the deterioration of its financial position. Furthermore, given the extremely uncertain outlook for the COVID-19 pandemic, we have designated the year of FY2021 as a period of solidifying our foothold to shift from defense to offense in the post-COVID era and have therefore implemented initiatives to reform the company's business structure centered on cost reductions as short-term measures and initiatives aimed at future growth as medium- to long-term measures.

As a result, the company turned around from a loss in the previous fiscal year to a profit; however, regrettably, we were unable to meet the operating income (including dividend income) target, partly due to the prolonged period of declaration of a state of emergency caused by COVID-19.

On the other hand, as a result of our efforts to curb investments and other measures during the pandemic, our net interest-bearing debt was 446 billion yen, which is lower compared to the end of FY2019 before the pandemic and is within the goal that we had set.

## Financial policies in the "Kyoso 140 Plan"

Based on these achievements, the Group has formulated a New Medium-term Management Plan, the "Kyoso 140 Plan" (FY2022-FY2024). We have positioned this as a period for "restructuring" and "building the foundation for growth" in the post-COVID era, and we hope to make it a three-year period for laying the foundation for growth going forward.

To achieve this, while maintaining financial soundness as a prerequisite, we will make investments in line with three business strategies: 52 billion yen in the "sustainable management of the public transportation business"; 93 billion yen in "developing the most popular areas along railway lines and deepen and expand our real estate business"; and 15 billion yen in "future exploration." The actual investment under the previous Medium-term Management Plan, "Kyoso 136 Plan" (FY2018-2020), was only 119.4 billion yen, partly due to the COVID-19 pandemic that occurred in the later half of the period. In contrast, the company plans to increase capital investment by approximately 40 billion yen to 160 billion yen during the "Kyoso 140 Plan" period.

When executing these investments, we will consider and implement diversified financing methods to ensure that we can use the funds necessary to realize our business strategies without missing opportunities.

Based on this, the numerical targets for the final year of the "Kyoso 140 Plan" (FY2024) are 28 billion yen for operating income (including dividend income) and 7.5 times or less for ratio of net interest-bearing debt to EBITDA.\*2

## Investment plan for medium- to long-term growth

Specifically, we will continuously provide "safety and security," which is the Group's number one priority, as part of our "1. sustainable management of the public transportation business." In particular, as safety and disaster countermeasures, we will steadily promote safety measures, including the installation of security cameras in train cars, slope disaster prevention measures for mountainous sections, and natural disaster countermeasures such as seismic reinforcement work for elevated bridges.

Next, we will invest 93 billion yen, the largest amount among the three business strategies, to "2. developing the most popular areas along railway lines and deepen and expand our real estate business." One of the main investments under this is in the "Greater Namba" area in anticipation of the opening the "Naniwasuji Line" in 2031.

During the period of the "Kyoso 136 Plan," we were working on "Namba community development" as one of our priority strategies even as we curbed company-wide investment in the COVID-19 pandemic; and our efforts included opening NAMBA SkyO and acquiring new income-producing properties in the same area. Under the "Kyoso 140 Plan," we have decided to allocate approximately 30 billion yen to accelerate the "Greater Namba" concept and will continue to invest with a view to medium- to long-term growth. In addition, we will work together with municipalities to promote community development through collaborative creation in Semboku New Town and other areas along our railway lines. We also plan to invest approximately 27 billion yen in enhancing the functions of logistics facilities in Kita-Osaka and Higashi-Osaka in order to expand the revenue.

Furthermore, in order to deepen and expand our real estate business, we will consider generating development funds through the use of private REITs from the standpoint of achieving compatibility

with financial discipline.

Finally, we regard the investment in "3. future exploration" as an important seed to plant in order to secure a pillar for future earnings. We will step out from the conventional business framework centered on railways and real estate and boldly take on the challenge of building the third pillar of our businesses.

Of the 160 billion yen of capital investment under the "Kyoso 140 Plan," the Group plans to invest 46 billion yen in sustainable investments, including disaster countermeasures, DX promotion, CO<sub>2</sub> reduction, and brand enhancement. Above all, as one of the KPIs related to sustainable management, we have set a goal to reduce CO<sub>2</sub> emissions by 46% or more in FY2030 compared to FY2013, so we will invest a significant amount (19 billion yen) in this area in particular to accelerate the reduction of CO<sub>2</sub> emissions.

## Shareholder returns

We recognize that shareholder returns is one of the most important management issues. As we are mainly in the railway business, which is a sector with a high public nature, our basic policy is to pay stable dividends by further improving earnings while striving to secure a stable management base and strengthen our financial position over the long term. Although we still struggled with our business performance in FY2021 due to the COVID-19 pandemic, we have decided to pay a dividend of 25 yen per share (year-end dividend) in accordance with this policy. Looking ahead, we will do our utmost to meet the expectations of our shareholders with the aim of achieving an early recovery in business performance.

We believe that having a dialogue with our shareholders and investors is extremely beneficial for improving our corporate value, as well as for helping everyone understand the Group's Management Policy and strategies from a medium- to long-term perspective. We will continue to disclose information in a timely and appropriate manner and strive to improve management through constructive dialogue with stakeholders.

## Numerical targets and results of the FY2021 management plan

	FY2021 targets	FY2021 results
Operating income*1	15 billion yen	12.9 billion yen
Net interest-bearing debt	456 billion yen	446 billion yen

<Reference>

	FY2021 targets	FY2021 results
Ratio of net interest-bearing debt to EBITDA*2	10.3 times	10.7 times

	FY2021 targets	FY2021 results
Total capital investment amounts	32.6 billion yen	21.4 billion yen
Revenue expanding	10.6 billion yen	6.2 billion yen
Safety and renewal	21.9 billion yen	15.2 billion yen

\*1 Including dividend income

\*2 EBITDA: Operating income + Dividend income + Depreciation and amortization

## Numerical targets of the Kyoso 140 Plan

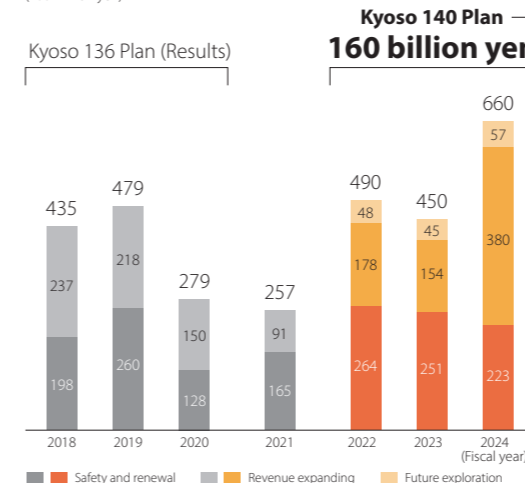
	FY2024 targets
Operating income*1	28 billion yen
Ratio of net interest-bearing debt to EBITDA*2	7.5 times or less

<Reference>

	FY2024 targets
Capital investment amounts (3-year total)	160 billion yen
Reduction of CO <sub>2</sub> emissions (FY2024)	-32% from FY2013 levels

## Capital investment in the Kyoso 140 Plan

(100 million yen)



### 1. Sustainable management of public transportation business

¥52.0 billion:

- To maintain a sustainable transportation network, systematically make safety investments and renewal investments

### 2. Develop the most popular areas along railway lines and deepen and expand our real estate business

¥93.0 billion:

- While securing development funds through a REIT, make concentrated investments in the Namba and Izumigaoka areas and for the functionality enhancement of logistics facilities

### 3. Future exploration

¥15.0 billion:

- Allocate budget for building a third core business, following railway and real estate businesses, from a medium- to longterm perspective

### Sustainable investments\* out of the total capital investments

- Investment in disaster countermeasures: ¥5.0 billion**  
Preparation for worsening disasters and prevention countermeasures
- Investment in DX promotion: ¥9.0 billion**  
Creation of new values and workstyles by making full use of data and digital technologies
- Investment in CO<sub>2</sub> reduction: ¥19.0 billion**  
Utilization of opportunities for global warming mitigation and the shift to a carbon-free society
- Investment in brand enhancement: ¥16.0 billion**  
Enhancement of product, service, corporate, and regional brands
- Investment in diversity enhancement: ¥4.0 billion**  
Enhancement of the working environment for diverse employees
- Total: ¥46.0 billion (some items are duplicated.)**

\*Major investments to realize materiality items identified for sustainable management

# Medium- to long-term human resource strategies as discussed by the Chief Human Resource Officer



**We will promote a multifaceted human resource strategy for medium- to long-term business transformation.**

Senior Managing Corporate Officer  
Naoto Ashibe

### Basic approach to human resource strategy

We position that human resources as the most important assets for our Group. The company has been able to continue its business for nearly 140 years thanks to its employees who serve customers and provide safe, secure, and pleasant transportation. This belief will not change in the future.

With the expected decline in the working population, it is necessary to actively utilize digital technology to pursue safety and security, improve operational efficiency, and thereby achieve sustainable management of the public transportation business. To this end, we must strengthen our organizational capabilities by increasing the number of human resources with expertise appropriate for the characteristics of our business and those with diverse knowledge and experience.

In the medium to long term, we will secure and train human resources with expertise related to real estate development and community development in order to improve the attractiveness of the area around Namba Station in anticipation of the opening of the Naniwasuji Line. We will also focus on developing innovative human resources who can contribute to value creation through collaborative creation with others by utilizing digital technology and taking on new business challenges. We believe that these efforts will lead to the creation of an organization that can flexibly respond to drastic changes in the business environment.

### Promoting work style reforms that contribute to increased productivity

In the railway division, we will promote multitasking, where one employee is in charge of multiple positions, such as drivers doubling as conductors, thereby encouraging employees to engage in a wide range of activities that transcend the boundaries of traditional job categories.

In addition, we will work to improve productivity by reviewing our workflow using digital technology and conducting testing of automated operations while considering the future business environment.

The head office division will continue to promote work style reforms, such as flexibility in working places and hours, so that employees can work autonomously. Furthermore, we will automate repetitive and simple tasks as much as possible to create an environment in which employees can focus on tasks that create added value that can only be carried out by humans.

### Securing and developing human resources

The ideal cycle for our Group is to provide a place where individuals can grow through their work, which in turn leads to the revitalization of the areas along our railway lines, as well as social contribution and company growth. The total organizational strength will be maximized if each individual can achieve personal growth and self-fulfillment and work towards the same goal. To this end, we promote the creation of an environment in which human resources with diverse attributes and

values can play an active role, regardless of gender, nationality, or age, including those who have restrictions on their work style such as childcare or nursing care.

In times of rapid change, there is an increasing need to secure the human resources required for management in a timely manner, but the labor market continues to favor job seekers, making it difficult to secure human resources. In particular, the acquisition of highly specialized human resources is an important issue that influences our business strategy. That is why we believe that we must strive to "improve the fields in which we can play an active role" and "enhance the benefits of our work."

In terms of human resource education, we have set "fostering workplaces and human resources that create the future" as our key educational goal. In addition to in-house training, we provide a full menu of training programs, including dispatch to business schools, and we have put in place a qualification support system that provides generous support for self-development, thereby encouraging employees to improve their abilities on their own initiatives.

### Providing a variety of opportunities to play an active role

The Group has grown mainly in the transportation, real estate, and distribution businesses by identifying, assigning, and training employees based on their aptitude. However, in order to achieve further growth through the promotion of DX, the deepening of the real estate business, and the development of new businesses, it is necessary to perform talent management that leverages the individuality and strengths of each employee. While utilizing HR technology, we intend to systematically develop the next generation of management and professionals in each business and field, including group companies.

In addition, although the personnel systems previously used at the head office and in the field operations were different, they were unified in FY2021 to facilitate smoother rotations between the head office and the field operations, thereby creating an environment that encourages career diversification. At the same time, we have introduced goal management systems throughout the organization to motivate employees to achieve their goals, and have linked

individual performance and compensation in detail through a multistep personnel evaluation system. Furthermore, we aim to increase employee motivation and promote growth by providing detailed feedback through two-way communication with supervisors.

In addition, in FY2021, the company conducted an internal recruitment process for the organizations engaged in railway operations and, as a result of the selection process, ultimately placed 10 employees in divisions that aim to create innovations. We will continue to respect individuals' career aspirations and provide them with diverse opportunities for career advancement by allocating human resources beyond the existing framework.

### Promoting health management

We will engage in "health management," which is attracting attention from the perspective of sustainability. For the Group, which operates the public transportation business such as railways and buses, maintaining employee health is one of the most important factors in providing safe and secure transportation services. For example, we focus on countermeasures against lifestyle-related diseases by having industrial physicians and public health nurses offer health guidance, and we also provide enhanced mental health care. Through these efforts, we maintain and promote the physical and mental health of our employees.

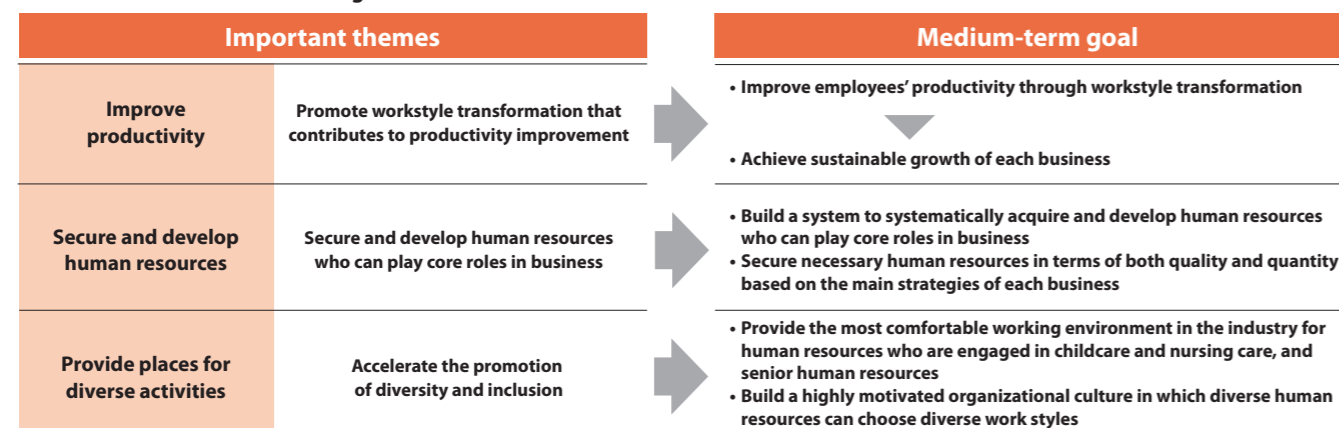
As the junior baby boomers, who make up the majority of our Group's employees, are approaching their 50s, we will actively engage in preventive medicine to avoid illnesses before they occur.

### Building a human resources portfolio and promoting human capital management

As I mentioned at the outset, the Group has been in business for nearly 140 years as Japan's oldest purely privately owned railway company. We must continue to respond to and contribute to the trust of society, thereby realizing Nankai's "Corporate Image in 2050."

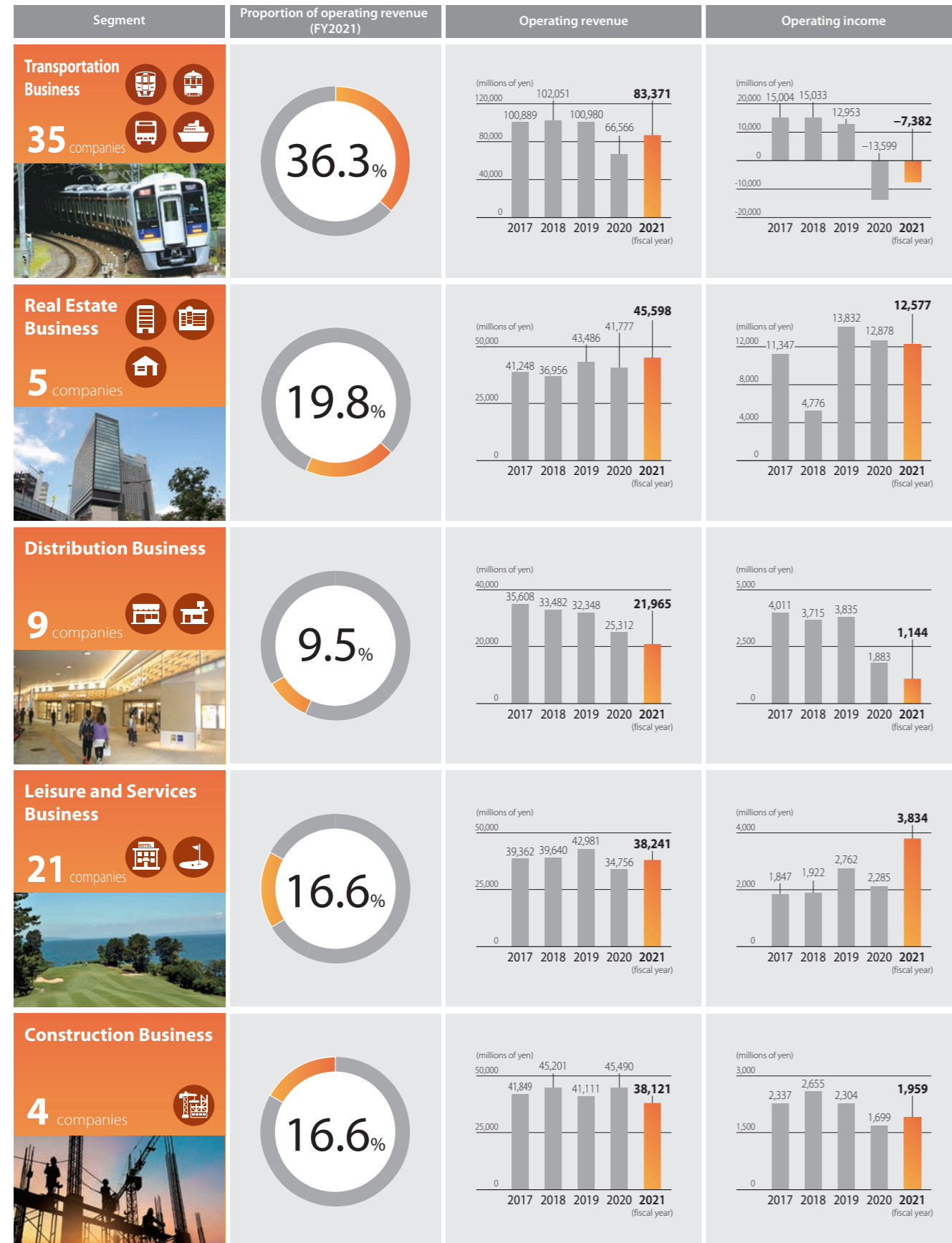
To this end, we intend to build an optimal human resources portfolio that can support business transformation in the future and promote "human capital management," in which diverse human resources work energetically and make the most of their value.

### Outline of human resource strategies



# Strategies by Segment

## Current state of segments



\*The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.  
 \*Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the Transportation, Real Estate, Distribution, and Leisure and Services segments. SEMBOKU RAPID RAILWAY CO., LTD. is included in duplicate in the Transportation and Real Estate segments.  
 \*The "proportion of operating revenue" above includes the five segments above as well as the 1.2% percentage of "Other Business (7 companies)."

## Transportation Business

### Business

**Railway business** • Nankai Electric Railway runs two major lines: the Nankai Line connecting Namba with Senshu and Wakayama, and the Koya Line to World Heritage site Mt. Koya. It also runs other lines such as the airport line serving as an important way to access the Kansai International Airport, offering safe and pleasant transportation services. The line from SEMBOKU RAPID RAILWAY, which joined our group in 2014, also runs through Semboku New Town from Nakamoto Station, which it shares with Nankai Electric Railway.

**Tramway business** • Hankai Tramway runs two lines: Hankai Line and Uemachi Line, serving local communities as their choice of transportation.

**Bus business** • Bus companies such as Nankai Bus, Wakayama Bus, Nankai Rinkan Bus, Kumano Gobo Nankai Bus, and Tokushima Bus are running locally entrenched lines. Kansai Airport Transportation Enterprise and other companies are running limousine bus services connecting the Kansai International Airport with major cities.

**Ocean freight business** • Nankai Ferry operates ferries connecting Wakayama Port and Tokushima Port, bringing traveler-friendly marine access between Kinki and Shikoku.

### Characteristics

- Transportation between cities and the New Town
- Transportation at airports
- Transportation for tourism
- Initiatives for going cashless ahead of others (such as Visa touch payment)

### Opportunities

- Development of digital technologies
- Future opening of Naniwasuji Line (connecting the areas along our railway lines and national core route)
- Rising demand for tourism
- Return of inbound tourists

### Threats

- Acceleration of declining and aging society
- Prolonged COVID-19 pandemic
- Changing lifestyles (decreased demand for travel)
- Natural disasters becoming more severe, and the risk of the Nankai Trough Earthquake

### FY2021 results

For the railway business, in sales, we reviewed our transportation system for the new lifestyles that have emerged as a result of COVID-19, such as running the last Nankai Line and Koya Line trains earlier than usual.

Meanwhile, to create new demand and vitalize the areas along our railway lines, we ran trains featuring popular characters that we collaborated with and ran stamp rallies. We also started running trains produced by a famous artist from Wakayama, as the fourth installment of the sightseeing train "Medetai Train," which is running as part of the "Kada Sakana Line Project." For facilities and train cars, we proceeded with the step-by-step renewal of station restrooms in order to improve passenger services. The renovation for Shin-Imamiya Station was also finished as well as Twelve new 8300-series trains also introduced to the Koya Line. We have also introduced Visa touch payment system and digital ticket testing for ticket gates, as well as AI-based, contactless display for passenger guidance systems to enhance passenger convenience and digitalize passenger services.

In May 2021, part of the continuous flyover roadway construction on the Nankai Takashinohama Line was completed in Takaishi City, shifting the incoming Nankai Line to an elevated level to improve operational security.

In the bus business, we aimed for effective use of the buses that were suspended due to COVID-19, such as using them to send people to and back from vaccination venues and providing large buses with renovated interiors to convert them into vaccination clinics for municipalities, etc. For Nankai Rinkan Bus, we have also tested the Visa touch payment system and digital tickets, while assuming the transit scenarios of railway passengers. For Tokushima Bus and Nankai Bus, we have also introduced fuel cell buses that run on hydrogen to reduce environmental stress.

For the ocean freight business, we held a second-year anniversary event for "Ferry I" and a half-price campaign for early morning and late night trains to boost passenger numbers. In March 2022, we also conducted the first marine Visa touch payment testing in Japan.

Although we were still affected by COVID-19 in FY2021, with these measures, we saw more passengers in the railway business and bus business than the previous year. Since we also applied the Accounting Standard for Revenue Recognition, the operating revenue of our transportation business reached 83.371 billion yen (66.566 billion yen in the previous year), and we recorded operating loss of 7.382 billion yen (13.599 billion yen in the previous year).

**FY2022 forecast**

We believe that we need to regard the changes in the environment from COVID-19 as the norm and further develop safety, security, and trust. We also need to improve our service quality and brand image, recover and enhance profit, and develop new technologies to make these possible.

Given such situations, we will develop our existing railway business and bus business based on the "sustainable management of the public transportation business," which is a business strategy from

the Medium-term Management Plan "Kyoso 140 Plan," developing the businesses as a "comprehensive mobility business" in the medium term.

In FY2022, we expect the revenue and operating income to increase from the gradual recovery of transportation demand in the railway business and bus business, resulting in operating revenue of 95.8 billion yen and operating loss of 300 million yen, because power costs and personnel expenses will also increase.

**TOPIC**

**Started Visa touch payment system testing**

Together with Sumitomo Mitsui Card Company, QUADRAC, and Visa Worldwide Japan, we started testing ticket gate entries with the Visa touch payment system and QR codes\* in April 2021. The idea is to "enhance user-friendliness for railway passengers," to "respond to new post-COVID lifestyles through contactless payment," and to measure the effects of "digitalizing limited-offer passenger tickets," because the COVID-19 pandemic has significantly changed people's lifestyles and views.

The Visa touch payment system is based on international-standard security authentication technologies. It is the first time in Japan that Visa touch payment is tested for ticket gate entries. Users with Visa touch payment cards will be able to do everything with just one card, from traveling to shopping.

Users can also buy limited-offer passenger tickets on the Nankai App and other commerce sites and hold the QR codes\* displayed on their smartphones over ticket gate machines to go through gates.

The testing was first conducted at 32 gates at 16 Nankai Railway stations. It has since been introduced to more stations, as well as to Nankai Rinkan Bus (the lines within the Koyasan area), Nankai Ferry, and SEMBOKU RAPID RAILWAY, and will continue until December 11, 2022.

\*QR code is a registered trademark of Denso Wave.



**Introduced fuel cell buses that run on hydrogen**

For the bus business, we have introduced fuel cell bus for the first time in the Chugoku and Shikoku area for Tokushima Bus, and in Osaka for Nankai Bus. The bus is clean and does not emit CO<sub>2</sub> or environmental stressors because it runs on hydrogen.

Going forward, we will "contribute to preserving the global environment," reducing environmental stress, and aiming for the realization of a sustainable society.



Bus launched by Nankai Bus



Bus launched by Tokushima Bus

**Elevated 3.1 km of the incoming Nankai Line rails for the continuous flyover roadway construction in Takaishi City**

For the continuous flyover roadway construction in Takaishi City that we have been working on since 1997, approximately 3.1 km of the incoming Nankai Line rails were fully elevated in May 2021 and are now in operation, following the elevation of the outgoing line in 2016. This eliminates crossings at 13 locations and is expected to facilitate transportation.

After that, we started the construction to elevate Takashinohama Line. The work is expected to finish in 2024.



**Message from the Railway Business Division General Manager**



**We are running a growth strategy for the sustainable management of our public transportation business.**

Managing Corporate Officer and Railway Business Division General Manager  
Satoshi Kajitani

**A look back on FY2021**

Following the previous fiscal year, FY2021 saw significant impact from the spread of COVID-19. To continue to provide services steadily, we focused our efforts on our business structure reform, mainly for saving costs. We also had to reduce capital investment compared to the period before COVID-19, but we prioritized safety and security measures, which are the heart of transportation. More specifically, we carried out constructions that would directly mean improved safety, such as implementing seismic reinforcement to elevated bridge columns, implementing scouring-prevention measures for river bridges, implementing abnormality detection devices, and updating aged equipment.

We also took measures to improve services, such as introducing new trains to the Koya Line and renovating the Shin-Imamiya Station. Furthermore, as a way to bounce back after COVID-19 is contained, we steadily moved the use and research of digital technology forward, such as introducing a Visa touch payment system and digital tickets, conducting AI-based tourist guidance tests, and researching automated train operation.

**Ensuring safety and security**

For the public transportation business, safety and security are the most important subjects. However, in May 2022, we caused an accident that obstructed railroads when we were moving trains inside a garage. We apologize to our customers and associates for having caused such inconveniences. We will thoroughly isolate the cause of this accident and take measures to prevent recurrence, with the head office and the field operations working together to recover customers' trust. To ensure that safety measures and disaster prevention measures are implemented systematically for our railway business, we prioritized the measures with greater impact on railway operations and measures that would prevent damage to third parties, based on the results of various legal inspections conducted by our field divisions. In particular, we are implementing seismic reinforcement measures for elevated bridge columns and for key facilities in preparation for the Nankai Trough Earthquake, which is said to have "about a 90%" chance of occurrence within the next 40 years. Even though the future is hard to predict with COVID-19, we are planning to invest in safety in this Medium-term Management Plan as much as in the last Medium-term Management Plan.

We also project that a certain loss of revenue will continue in the railway business even after COVID-19, as the new lifestyles spread and digitalization progresses. Despite these circumstances, even if we see sudden and unexpected changes in the environment, we need to restructure our business for safe and steady transportation. We will get ready for the expected workforce shortage ahead, including using machines for work that can be performed by machines, and renew our

daily operations and maintenance work with digital technology. We will also continue performing a structural review to save personnel expenses and other expenses.

**Enhancing profit**

Recovery of the railway business is essential if we want to promote the sustainable management of our public transportation business. With the belief that our brand strength needs to be enhanced for increased profit, we are working on "building trains passengers want to use."

For the Kada Sakana Line, we have been running "Medetai Train," a sightseeing train with the theme of sea bream, one of the best-known fish in the areas along the railway line. Last year, we started running "Kashira," the fourth installment of the train. Meanwhile, the sightseeing train "Tenku" running on Koya Line has been in operation for about 13 years since its debut in 2009. Its base vehicles are getting old after running for over 50 years. Other train companies have started introducing many sightseeing trains in recent years, with wide-ranging and fun services. We believe there are significant customer needs for such attractive trains. Therefore, by bringing in new appeal based on our past experience, we are considering introducing new sightseeing trains that will be even more appealing to passengers. Right now, we are evaluating the area of operation and service details, with the aim of launching in FY2025.

**Message to our shareholders and investors**

While we are beginning to see the signs of COVID-19 coming to an end and the world gradually returning back to normal, natural disasters are clearly "getting severe," both in size and frequencies, and becoming a serious issue for us because we run lines along the coast and in the mountains. Therefore, we will take appropriate measures to correctly evaluate the impact of potential natural disasters, so that we can minimize damage as much as possible even if disasters happen.

We will also work on preventing accidents from human error by actively utilizing digital technology. Going forward, we will continue to provide safe, secure, and sustainable railway services.

## Real Estate Business



### Business

We operate a real estate leasing business for commercial and office buildings, rental apartments, and parking lots, mainly in the areas along our railway lines and key stations. We also run wide-ranging real estate sales businesses including residential land sales and condominium sales, which contribute to enhancing the value of the areas along our railway lines and enriching customers' lifestyles.

### Opportunities

- Increased demand for new services in response to changing lifestyles
- Enhancing the value of the areas along our railway lines with the Naniwasuji Line project
- Development triggered by EXPO 2025 Osaka and integrated resort (IR)
- Increased demand for high-performance and large-scale logistics facilities

### Characteristics

- Strong business base centered around "Namba"
- Semboku area with a developing smart city project
- Logistics facilities in desirable locations
- Community-based real estate development

### Threats

- Changing lifestyles (popularity of teleworking)
- Population decreasing in the areas along our railway lines
- Fall in the value of Namba
- Aging facilities

### FY2021 results

For the real estate leasing business, we started construction for the new Wing E of Osaka Prefectural Food Products Distribution Center in the plot adjacent to Kita Osaka Truck Terminal, as part of the plan for more advanced use of the terminal. We also strived to enhance profitable properties and opened shared offices in response to the new lifestyles that have emerged from COVID-19.

For station-centered community development, we promoted "Nambanaka 2-chome Development Project" in the Namba area to encourage people to shop around and bolster urban functions in the areas south of Namba Parks, and opened an e-sport experience showroom in NAMBA SkyO. We also conducted a social test to expand the pedestrian space as part of the "Namba Station Area Redevelopment Project" that is jointly conducted with the government of Osaka City. In the "Ebisu-cho Land Development Project," we did the construction for shared-style corporate dormitories. In the Semboku area, we started the "Izumigaoka Station-Front Vitalization Project" and worked together with public and private sectors to vitalize the area.

For the real estate sales business, we started selling properties in the newly developed "Mikanodai Grande Class" district, and developed land and detached homes in areas such as Nankai Kumatori and Tsubasa-ga-Oka.

In FY2021, more business properties were sold in the real estate sales business, so we recorded operating revenue of 45.598 billion yen (41.777 billion yen in the previous year) from the real estate business. However, due to factors such as a revenue drop for existing properties in the real estate leasing business, the operating income was 12.577 billion yen (12.878 billion yen in the previous year).

### FY2022 forecast

For the next three years, we will continue to develop "Naniwasuji Line" Nankai Shin Namba Station (tentative name) area and "Greater Namba," based on the business strategy of "developing the most

popular areas along railway lines and deepen and expand our real estate business," as stated in our Medium-term Management Plan "Kyoso 140 Plan." We will also work together with municipalities to promote community development through collaborative creation in Semboku New Town and the areas along our railway line. We will also accelerate the functionality enhancement of logistics facilities in North and East Osaka.

In FY2022, we are expecting a 1.5 billion-yen loss from decreased condo sales and a 1.6 billion-yen drop of operating revenue with the expenses saved in the previous year going up, and we have forecasted operating revenue of 44 billion yen and operating income of 10.9 billion yen.

## TOPIC

### Starting directly operated shared offices "Liefice By NANKAI"

The new lifestyles are diversifying work styles, so we have opened high-security and comfortable shared offices directly run by us, offering "safety and security." It offers fully individualized and lockable booths perfect for online meetings, etc. The office can be used with a metered plan or an unlimited personal plan on a monthly fee, to meet diverse purposes, including teleworking, studying, and taking breaks between work.



Opened in Nankai Sakai Station building in November 2021, and in Izumigaoka HIROBA Shops & Restaurants in December 2021

## Distribution Business



### Business

We run trendy shopping centers (SC), convenience stores, restaurants, shops, and other outlets mainly in the areas along our railway lines to vitalize the communities. Using our marketing know-how from stores in station concourses, we are also launching the station premises business to areas outside of the areas along our railway lines.

### Opportunities

- Increased demand for new services in response to changing lifestyles
- Increased drive to develop the Semboku area
- Development triggered by EXPO 2025 Osaka and integrated resort (IR)
- Namba Station Area Redevelopment Project (Namba Hiroba Remodeling Plan)

### Characteristics

- Strong business base centered around "Namba"
- SC "Namba Parks" with huge gardens
- The trust and brand of the areas along our railway lines
- SCs "Namba City," "Shop Nankai," and "N.KLASS" directly accessible from the station

### Threats

- Changing lifestyles (spread of e-commerce)
- Rapid fluctuations of demand from tourists from overseas
- Change of SC demands
- "Namba" losing value with the future opening of Naniwasuji Line

### FY2021 results

As for the management of shopping centers, some of the stores had to run for shorter hours as requested by the government and municipalities due to the COVID-19 pandemic. However, we tried to create an environment where customers can feel at ease when visiting, with full measures implemented to prevent the spread of the infection. Furthermore, in response to the changing lifestyles, we have tested services where consumers can order food and drinks on the "Nankai App" and receive them at the restaurant or station they specify.

For the station premises business, we have launched a delivery service at some of the "ANTHREE" convenience stores, and installed delivery lockers for consumers to receive packages at stations.

In FY2021, with the introduction of the Accounting Standard for Revenue Recognition, the income from consignment buying recorded as net total, and the prolonged effects of COVID-19, our operating revenue from the distribution business was 21.965 billion yen (25.312 billion yen in the previous year) and operating income was 1.144 billion yen (1.883 billion yen in the previous year).

### FY2022 forecast

For the distribution business, we project that conventional business models will no longer be able to address diversifying customer needs and requests, as a result of COVID-19, aging facilities, and the changing work styles and lifestyles themselves.

Going forward, we will capture the changes in social structures during and after COVID-19 ahead of time, and develop new business models for shopping centers.

For the management of shopping centers in FY2022, we expect the revenue to increase by 1.6 billion yen, partly due to the rebound from the closed period of shopping centers in the previous year. However, we expect the operating income to almost plateau this year, because the depreciation cost and various taxes for the closed period

that were recorded as extraordinary losses in the previous year increased, estimating the operating revenue to be 23.6 billion yen and operating income to be 1.2 billion yen.

## TOPIC

### "Namba Parks" 15th grand opening anniversary renewal

Having welcomed countless customers since its grand opening on April 19, 2007, "Namba Parks" has celebrated its 15th anniversary and started renovation. The concept is "Exciting Day Trips." It will be reborn as an even more comfortable and appealing shopping center.

First step: Opening 19 stores in spring 2022, including shops and restaurants

Second step: Opening one of the largest outdoor shops in the Minami area in summer 2022

Third step: Opening a large lifestyle store in fall 2022

Fourth step: Renewing the special store area in spring 2023



## Message from the Community Development and Creation Division General Manager



## We will drive community development through collaborative creation with various stakeholders to enhance the value of the areas along our railway lines as places to “live in, work in, and visit.”

Senior Managing Corporate Officer and Community Development and Creation Division General Manager  
Toshiyuki Takagi

### A look back on FY2021

We have fully started initiatives for community development through collaborative creation. Community development through collaborative creation follows the concept of engaging in collaborative creation and cooperating with various stakeholders (such as local residents, municipalities, and companies inside and outside the areas along our railway lines) to meet local needs and address local issues in order to “improve the value of the areas along our railway lines” and aim for “the realization of a sustainable society” and “the increase of value as a sustainable company” in the medium to long-term at the same time.

In FY2021, we had repeated dialogues with associates to identify local issues, organize the direction to take to solve those issues, and devise specific plans. At the same time, we included the idea of community development through collaborative creation in the ongoing initiatives to improve “base stations,” including the key areas of “Namba” and “Semboku New Town.” We also started new value creation initiatives for areas along our railway lines by boosting tourism.

### Developing sustainable business models and society

We are developing communities by setting the following four key themes.

1. Community development through collaborative creation and development of sustainable business models
2. Community development to create “Greater Namba”
3. Sustainable community development for Semboku New Town
4. Development of sustainable tourism-related business models and increase of the number of people interacting

In addition to these, we will also organize other base stations, developing communities in terms of both social and physical infrastructure. However, it is essential to guarantee “sustainability” to improve the effectiveness of these initiatives, enhance the communities’ value as places to “live in, work in, and visit,” and make the initiatives last.

More specifically, for initiatives on local issues, we will develop schemes involving all associates. If they can be turned into businesses, we will do so with partners. For tourism, we will develop a scheme for all involved to develop win-win relationships. Through these initiatives, we will develop sustainable business models and aim for the realization of a sustainable society.

### Developing the most popular areas along railway lines and deepen and expand our real estate business

Specific initiatives to improve the appeal of businesses along our railway lines for the first theme will include bringing innovation from successors, employing the right people, supporting open factories, ensuring urban functions, supporting childcare and education, and implementing mobility services through shared and on-demand services for the last mile. We will move these initiatives forward, creating together with our

partners, identifying local issues, establishing processes to resolve them, and enhancing measures and the scale of the initiatives.

For the second theme, we set the direction of community development in the Namba area as “raising the urban status of the Namba area with the ‘power of entertainment’ where people can enjoy special expectations, and the ‘power of staying’ where people can enjoy daily expectations.” We will make efforts to create a community that offers various urban features in terms of both social and physical infrastructure, a diverse place where people of all generations and nationalities can interact with one another, and a place that creates new services and businesses. More specifically, by the end of 2023, we will complete the “Nambanaka 2-chome Development Project” consisting of hotels and offices, facilitating people’s movement in areas south of Namba Parks and bolstering urban functions. We will also reorganize the Namba Hiroba and Nansan Street area to make it pedestrian-friendly and develop the roadside areas and the areas around new Naniwasuji Line stations, turning them into places of innovation.

The third theme is community development for Semboku New Town, a project involving the industry, government, and academia to create a core town in the areas along our railway lines. The facilities in front of Izumigaoka Station will be renovated as a multi-purpose space for commerce, services, offices, medical treatment, and childcare, while a shift to a smart city will be undertaken for the whole New Town by using new technologies to solve community issues, improving the quality of living, etc., in order to create new value, raise the appeal of the area, and achieve sustainable growth.

For the fourth theme, we will look to the recovery of the tourism market after COVID-19, including tourists from overseas. The heart of the strategy for tourists from overseas will be changed from consumption- and purchase-based tourism from before COVID-19, to experience- and interaction-based tourism for culture, art, and dining. For the domestic market, we will try to create value-added content and appeal for the post-COVID era, with the aim of vitalizing local communities and their sustainable growth through the growth of the tourism business and by boosting tourism.

### Message to our shareholders and investors

We will move specific initiatives forward with medium- and long-term perspectives, to contribute to the sustainable growth of the areas along our railway lines, which is the very purpose of our existence, while aiming for “the realization of a sustainable society” and “the increase of value as a sustainable company.” In the key areas of Namba and Semboku in which these initiatives will be taken, we will work together with various partners in our real estate business and other new peripheral businesses to expand business, accelerate community development, and develop the most popular areas along railway lines.

## Message from the Real Estate Division General Manager



## Setting eyes on the new normal age, we will bring the value of physical assets into property values.

Senior Corporate Officer and Real Estate Division General Manager  
Yoshinori Nikaya

### A look back on FY2021

Just like the previous year, FY2021 saw less passengers travelling to city centers and a loss of tourists from abroad due to COVID-19.

The real estate leasing business saw demand for offices dropping due to increased teleworking, and companies aggregating business sites, changing the roles required of offices. In the distribution business, the importance of having physical stores is being questioned with the spread of e-commerce markets, and stores are required to become something more than just “a place to shop.” We project that people’s views and lifestyle changes will not return to the way they were before COVID-19, even after the situation is contained. To develop the real estate business, it is important to keep responding to the needs of the time speedily and capture the changes in social structures. We will work on establishing sustainable business models, while taking new measures as well.

### Providing quality office environments

For instance, in office buildings, teleworking has become popular, but people have also realized the importance of seeing each other face to face and communicating through physical ways. In consideration of such changes in work styles, we opened a special lounge for workers on the 10th floor of “NAMBAskyO.” Tenant companies are using it as a place to deepen interactions with each other to get new inspirations and ideas. The lounge holds events, such as for worker reskilling and investment schools, and collaborates with restaurants in the shopping centers that we manage, including Namba City, to offer fixed-price lunch services with “health” as a keyword. It also provides services focused entirely on the health and ease of working for the workers of tenant companies, and seeks to become “an office that is worth going to” in the post-COVID era.

Meanwhile, in the areas along our railway lines, we will roll out shared offices “Liefice By NANKAI.” By offering a third place for work that is not an office in city centers nor a home, we will provide full office features with a network covering many areas to support the diversifying work styles in the future, and provide new added value.

### Creating new shopping center business models

Many people have realized the importance of real-life experiences in the post-COVID world, so going forward, shopping centers will need to provide “places that offer activities and interactions that can only be found there and bring value.” For instance, in celebration of its 15th anniversary since its grand opening, Namba Parks has come up with “Exciting Day Trips” as its concept, aiming to renew itself as an even more enjoyable and appealing shopping center. Parks Garden, with its many seasonal flowers, has grown into a proper forest, attracting birds and insects every season for visitors to enjoy. Due to its sustainable effort to preserve and revive the ecosystem, the garden is becoming

known as an “urban oasis.” As well as being a place to enjoy some peace, we will make it a place of intellectual inspirations and excitement and people’s favorite place to enjoy moments out of the everyday norm. We will plan measures to attract repeated visits not just by shoppers, but by workers and tourists from abroad.

### Deepen and expand our real estate business

For our logistics business, we will rebuild our logistics facilities, including truck terminals, and also make them multi-story buildings to improve and ensure steady profit. For business continuity planning (BCP), we will also actively employ earthquake-proof structures to ensure that the place is fully prepared. We will also work on reducing environmental stress to differentiate ourselves from others.

To accelerate such efforts, we will steadily establish private REIT. We will further enhance the value of the areas along our railway lines through community development and develop partnerships with investors by investing the fund we obtained from sales into the next growth, preparing a sustainable growth base, and combining our community-development know-how with our expertise of turning real-estate into securities.

### Message to our shareholders and investors

Through these measures, we will establish our status as an integrated developer, raise the appeal of communities in terms of both social and physical infrastructure with a long-term viewpoint, and further enhance the communities’ value as places to “live in, work in, and visit.”

## Leisure and Services Business



### Business

We operate businesses that enrich customers' lives, including the travel agency business, hotels and traditional Japanese inns, boat racing facility leasing business, and building management and maintenance business, inside and outside the areas along our railway lines to vitalize each business and improve their ability to attract customers.

### Opportunities

- Increased demand for new services in response to changing lifestyles
- Improving productivity and saving energy by promoting digitalization
- Reassessing the value of suburbs
- Rising demand for tourism

### Characteristics

- Providing a wide range of services in and around the areas along our railway lines
- The trust and brand of the areas along our railway lines
- Exercising inter-group synergy

### Threats

- Climate change causing natural disasters to become more severe
- Rapid fluctuations of demand from tourists from overseas
- Changing lifestyles (changing customer needs)

### FY2021 results

For the travel agency business, which saw severely decreased demand for travel as a result of COVID-19, we focused on consignments of group and workplace vaccinations from municipalities. In the boat racing facility leasing business, online voting continued to do well, securing increased revenue. For the hotels and traditional Japanese inns, the business environment remained tough due to COVID-19. To explore new sources of income, we focused our efforts into marketing diverse accommodation plans to address guest needs at the "Aoki-shima no Yado Kumano-bettei Nakanoshima," such as a plan to rent out the entire island and a plan for new glamping facilities. For the building management and maintenance business, we expanded our service range and improved their quality. At the same time, we worked on getting consigned management and construction work for new properties, such as facility complexes, hotels, and public facilities. For the funerary business, we opened "Tear Habikino" in April 2021, the second Tear-brand family funeral hall in Kansai.

With these efforts, in FY2021, we recorded more construction work revenue from the building management and maintenance business, so we recorded operating revenue of 38.241 billion yen (34.756 billion yen in the previous year) from the Leisure and Services Business and operating income of 3.834 billion yen (2.285 billion yen in the previous year).

### FY2022 forecast

In these uncertain times, we believe we need to proactively challenge ourselves by breaking into new business domains as the third pillar of business next to railway and real estate.

With the belief that service-based community development will be an important factor for attracting customers and for differentiation in the Namba area based on culture and entertainment, we will fully start e-sport businesses that will significantly contribute to "living in harmony with local communities" and achieving a "diverse society."

For FY2022, we are expecting the revenue from the travel agency business to increase by 3.4 billion yen as domestic travels are increasing. However, with the increase of personnel expenses for the building management and maintenance business and of costs related to new businesses, we expect the operating income to drop by 1.4 billion yen, resulting in operating revenue of 41.7 billion yen and operating income of 2.4 billion yen.

## TOPIC

### Opening of e-sport experience showroom "e-stadium Namba Powered by NANKAI"

It was opened in July 2021 to develop an e-sport cultural and economy zone with Namba at the center. The main facility offers regular access to high-spec gaming PCs, offering not just gaming environments, but fully equipped facilities for streaming. We offer it as a training space to educational institutions, and plan manufacturer events and community events, among others.



## Construction Business



### Business

Four group companies such as Nankai Tatsumura Construction are engaged in construction business. We run general construction businesses for civil engineering, buildings, electrical work, and all other works involved in construction, based on our extensive experience and know-how amassed through various constructions, including for railways, shopping center, public facilities, hotels, and condominiums.

### Opportunities

- Development triggered by large projects in the Kansai area
- Rising movements toward safety, disaster prevention, and decarbonization
- Demand to update aged infrastructures

### Characteristics

- Technological capabilities for railway-related constructions
- Exercising inter-group synergy
- Brand strength mainly in the Kansai area

### Threats

- Soaring raw material cost and labor cost
- Workforce shortage
- Problems in preserving techniques and securing successors
- Not well-known in Tokyo and its peripheral areas

### FY2021 results

We focused on getting orders for home constructions, as well as for private non-residential constructions (such as medical institutions and schools) and public constructions.

In FY2021, the operating revenue of the construction business was 38.121 billion yen (45.49 billion yen in the previous year) because the amount of completed construction contracts dropped. However, with factors such as better profit rate, the operating income reached 1.959 billion yen (1.699 billion yen in the previous year).

### FY2022 forecast

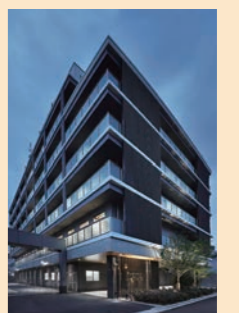
Even though the economy is expected to recover as socioeconomic activities return to normal and as the effects of various policies begin to show and overseas economies recover, we will still need to be very careful about the risk of the economy falling on a downward trend due to soaring raw material cost and restraints in supplies. In the construction industry, the environment is set to become tougher as public investment is expected to remain sluggish, resulting in harder competition to win projects, even though construction plans by private sectors are showing some signs of recovery.

Despite such circumstances, following the previous year, we will focus on winning projects for home constructions, as well as for private non-residential constructions (such as medical institutions and schools) and public constructions. In FY2022, the construction business expects to see the revenue increase by 9.6 billion yen as the amount of completed construction contracts increase, and operating income by 100 million yen. We expect to achieve operating revenue of 47.8 billion yen and operating income of 2.1 billion yen.

## TOPIC

### Support center constructed in Nishinari, Osaka

In June 2022, social welfare corporation Osaka Jikyokan opened and began operating "support center JIKYO," which was constructed by Nankai Tatsumura Construction. It is a support center with a capacity of 180 people with physical and mental disabilities, and people with difficulties living a daily life due to certain issues.



### Conducted maintenance work for Nankai Line Kinokawa River Bridge

Nankai Line Kinokawa River Bridge is a super large bridge, about 630 meters long, consisting of two lanes going in opposite directions. The incoming lane was opened in 1903 and the outgoing lane in 1922, each consisting of a 3-span truss bridge and a 19-span garter bridge. Nankai Tatsumura Construction spent four years fully repainting the bridge as part of bridge maintenance work. The work was carried out when the river was dry (from October to June), mostly at night after the last train run.





# Materiality 1 Further Seek Safety, Security, and Satisfaction

Based on the belief that safety and security are the backbone of our Group's businesses, we will strive to improve customer satisfaction through measures to address stakeholder expectations, including planned investment in safety and conducting safety education and BCP training. Going forward, we will also strategically proceed with our response to natural disasters, which are expected to become even more severe.

## Ensuring safety in our railway business and other businesses

### Safety management in the railway business

#### Establishment of a safety policy, along with a system for business activities that has safety as its highest priority

On October 1, 2006, we established a "Safety Policy"<sup>\*1</sup> and are striving to develop a system for business activities based on the principle of having safety as the top priority. Furthermore, we also make efforts for the comprehensive use of railway facilities, railroad cars, and employees to ensure transportation safety.

#### Safety Policy

1. We will work together to prevent accidents, with safety as our top priority.
2. We comply with all laws and regulations related to transportation safety and perform our duties in a strict and dedicated manner.
3. All necessary confirmations will be performed and the handling method that is considered to be the safest will be conducted within the course of our work.
4. In the event of an accident or disaster, we will accomplish with saving lives as the top priority, and swiftly take safe and appropriate measures.
5. We will operate our safety management system appropriately and make efforts for constant improvement.

#### Establishment of a safety management system led by the President

We strive to "promote the mentality of safety first" and "cultivate a culture of safety" throughout the company, mainly through the regularly scheduled Safety Promotion Committee (headed by the President) and the monthly Safety Promotion Executive Committee (headed by the Comprehensive Safety Administration Manager). The heads of business management divisions for management strategies, human resources, and accounting also participate in the Safety Promotion Committee.

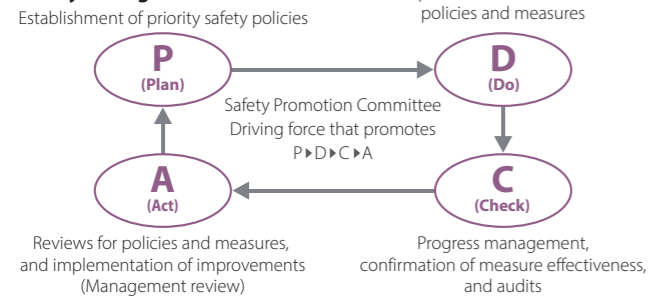
As the chief executive for safety management systems, the President appoints the Railway Business Division General Manager as the Comprehensive Safety Administration Manager, and the Railway Business & Train Stock Department Chief Manager as the Transportation Manager, establishing a safety management system by clarifying the roles to be played by those responsible for each relevant department.

The "Safety Promotion Department" has been established as a department dedicated towards thoroughly ensuring safety and security. The Safety Promotion Department oversees matters related to the appropriate operation and improvement of safety management systems and coordinates with relevant departments to promote organization-wide efforts that are necessary to improve the safety and stability of transport.

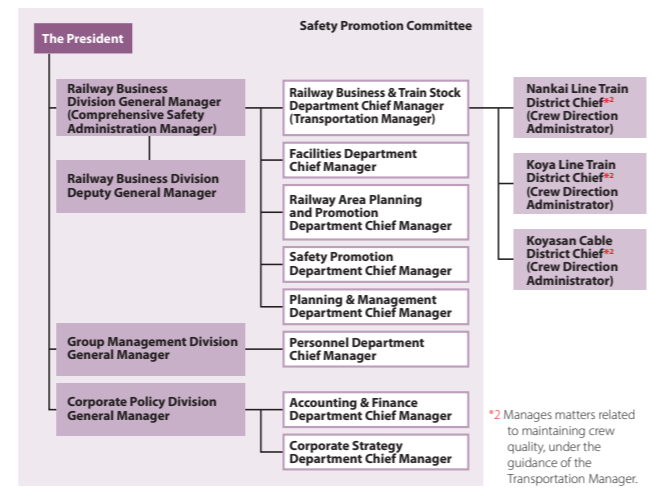
#### Committee organization



#### Safety management methods



#### Structure of the Safety Promotion Committee



#### Priority safety policies for FY2022

- Reduction of the increasing risk of natural disasters and reinforcement of crime prevention measures
- Prevention of serious accidents through facility improvements (including social requirements), and improving safety at station platforms and railroad crossings

- Improving security through renewal of train cars and facilities
- Introduction and promotion of safety equipment systems using digital technologies
- Cultivating human resources and passing down skills to support safety
- Prevention of human error

\*1 Revised on June 26, 2009.

## Status of railway operation accidents, transportation failures, and incidents

**KPI Zero accountable accidents in the railway business**

Results for FY2021: There were no major accidents (collisions, derailments, or fire) in this year. Two incidents occurred that were reported to the Kinki District Transport Bureau. There was no administrative guidance given to our company.

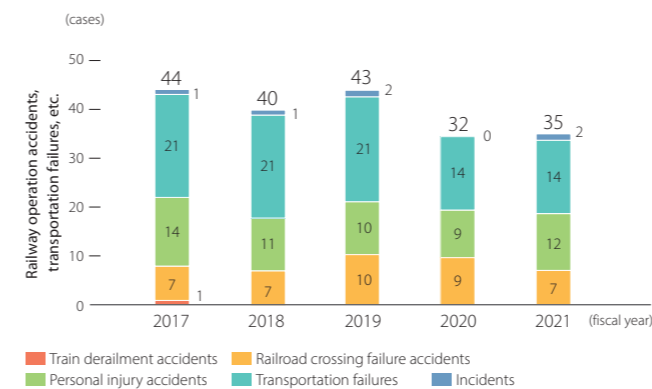
Incidents in FY2021 ■ Passing without interception at the Mikunigaoka railroad crossing ■ Cracked bogies discovered during train car inspection (6200 series)

#### Status of measures taken for past incidents

Regarding the incident of the bogie crack in the Express train Rapiit, which was discovered in August 2019, safer bogies were newly manufactured and all electric motor bogies were replaced within FY2021.

#### Occurrences in the past five years

##### Number of accidents over five years



<Reference> Classification of railroad operation accidents, etc.

Railroad operation accidents	Major accidents	Train collision accidents	Accidents where a train collided with or came into contact with another train or vehicle
		Train derailment accidents	Accidents where a train was derailed
		Train fire accidents	Accidents involving fires on trains
		Railroad crossing failure accidents	Accidents where a train or vehicle collided with or came into contact with a person or vehicle passing a railroad crossing
		Personal injury accidents	Accidents that resulted in the death or injury of a person due to train or vehicle operation (excluding those involving the accidents mentioned above)
		Transportation failures	A situation in which trains are suspended or delayed (for 30 minutes or more) for reasons other than a railroad operation accident
		Incidents	A situation that has not caused an accident yet, but is recognized as having the potential to cause a railroad operation accident

## Preparation for natural disasters, including risks arising from climate change

Climate change has been increasing the risks of natural disasters. Our company has incorporated the "Earthquake Early Warning System," which instructs all train drivers to make an emergency stop in the event of an earthquake, along with the "Disaster Prevention Information System," which collects and monitors weather information (including rainfall, wind speed, and earthquakes) and other information that may affect railway lines, such as river water levels.

Furthermore, we have posted tsunami hazard maps, evacuation site maps, and evacuation routes at train stations located in evacuation zones (tsunami inundation areas) designated by Osaka and Wakayama Prefectures and have installed tsunami evacuation signs to guide customers to a safe area before the arrival of tsunamis, in the event that trains stop between stations.



Seismic reinforcement of elevated bridge columns between Kohama Station and Sumiyoshitaisha Station



Construction to prevent scouring on the P3 bridge pier at the Kinokawa River Bridge on the Koya Line



Tree removal situation

**Natural disaster countermeasures taken in FY2021**

Countermeasure themes	Activities conducted in FY2021	Targets for FY2022
Seismic reinforcement of structures in preparation for the Nankai Trough Earthquake	Seismic reinforcement construction conducted for 130 elevated bridge columns (Progress rate: 88%)	Seismic reinforcement planning for 92 columns
Measures to prevent scouring of river bridges	Completed construction on one bridge	Scheduled to start scouring prevention construction at one bridge and one pier
Systematic removal of hazardous trees	Removed four trees that had been judged to be unsafe during a health assessment by an arborist	44 trees (planned)

FY2021, 12 new train cars for the 8300 series were constructed. The train cars are good for the environment and the people, with energy-efficient equipment, LED light fixtures, and in-train information displays in four languages. Furthermore, to prevent the spread of the COVID-19 virus, all train cars have undergone antiviral and antibacterial processing. We will continue to systematically create new cars and improve train cars.

Furthermore, we have installed a slope at the restaurant “Dining Kumano-no-megumi” to ensure that as many customers as possible are able to visit the restaurant with peace of mind.



Aoki-shima no Yado Kumano-bettei Nakanoshima “Naginoshō”

**Providing universal services at the “Aoki-shima no Yado Kumano-bettei Nakanoshima”**

At the “Aoki-shima no Yado Kumano-bettei Nakanoshima,” which is located in Nachikatsuura Town, Wakayama Prefecture, the new building “Naginoshō” features accessible rooms.

**Safety education**

**Example 1: Comprehensive training for accident recovery**  
 Every year, a “comprehensive training for accident recovery” is conducted in which all departments participate to rescue the injured, evacuate customers, and restore areas that have been damaged, based on a scenario of a large-scale accident or disaster. In FY2021, the training was conducted based on the scenario of “guiding customers from train cars to the nearest train station and restoring damaged facilities for a train that had stopped under the instructions of the Earthquake Early Warning System and had derailed due to the shaking of the earthquake.” Multiple training areas were set, and the information gathering and coordination were checked.

Evacuation guidance using evacuation ladders and train seats

**Example 2: Evacuation drills from train cars**  
 In October 2019, Typhoon No. 19 caused flooding damage to shinkansen cars stored at the Hokuriku Shinkansen rail yard (the Nagano Shinkansen Rolling Stock Center). After examining whether there was a possibility of a similar incident occurring at our company, we determined that the Wakayamashi Station and the Wakayama rail yard may become submerged if river flooding occurs in Kinokawa River downstream areas. A BCP to respond to this was established, and training to evacuate actual train cars was conducted at night. Additionally, crime prevention drills, with the cooperation of authorities such as the police, were conducted to prepare for onboard incidents that result in injuries, along with evacuation guidance drills for cable cars. In this way, drills that correspond to various scenarios were conducted in FY2021 as well.

**Safety investments**

**Continued capital investment for safety measures**  
 We continue to conduct capital investments to systematically implement necessary safety measures without delay. Construction work for seismic reinforcement of elevated bridge columns and station buildings to prepare for large earthquakes that are predicted to occur in the future was conducted, along with measures to improve safety on station platforms and renewal of aging facilities. We will continue to make investments for the systematic promotion of safety measures in FY2022 as well.

**Investments for safety** (millions of yen)

Year	Capital investments related to safety	Other capital investments
2017	11,788	2,572
2018	12,442	2,687
2019	13,775	3,936
2020	8,176	1,298
2021	9,799	2,109

**Major capital investments in FY2021**

- Seismic reinforcement of elevated bridge columns (130 columns)
- Continuous flyover roadway construction project
- New 8300 series train cars (for 12 cars on the Koya Line)
- 9000 series car renewals (four cars)
- Renewal of silicon rectifiers at substations (the Sayama Substation)
- Renewal of switchboards (Fuke)
- Renewal of block instruments

**Improving customer satisfaction by putting the customer’s perspective first**

**KPI To have the customer satisfaction index continuously exceed the results of the previous year**

**Results for FY2021: Results for FY2021: 65.6 points (0.9-point increase from FY2020)**

**Grasping the level of customer satisfaction and reflecting this to improve services**

We recognize customer opinions and requests as important hints for our company management and use them to improve issues and services. Opinions, requests, and compliments from customers received through our website or received directly by employees are accumulated in our “Customer Voices” database. This content is published at our in-house network where employees can view them to improve operations and services. There were 2,326 customer voices received in FY2021.

**Ranking of the FY2021 Customer Voices**

Parentheses describe the number for the previous year.

Rank	Category	Cases
1	Customer services and hospitality	526 (552)
2	Manners of train passengers	225 (249)
3	Train timetables and schedule disruption	142 (130)
4	Railroad train cars	133 (52)
4	Railway tickets	133 (156)
6	In-car air conditioning	128 (159)
7	Station facilities	109 (162)
8	Railroad crossings	24 (40)
9	Webpage	23 (19)
10	Railroad track facilities	6 (12)

**Providing safe and comfortable facilities and services**

**Renovating station restrooms, creating accessible designs, and creating safe and comfortable cabins**

We have been making efforts to renovate station restrooms to provide better aesthetics, reduce odor with reinforced ventilation capacities,

and enhance multi-functional toilets to make stations more comfortable to use. Four stations were renovated in FY2021. Additionally, we are also promoting more accessible stations by installing elevators, along with implementing other initiatives.

Furthermore, we are also making efforts to provide greater safety and comfort by constructing new train cars and upgrading them. In

**Boosting the likability of the Nankai brand**

The Nankai Group has “Nankaiine’ ga afureteru (To exude optimism for a better future)” as its brand slogan, to work on establishing the Nankai brand.

In August 2022, our official webpage was completely revamped to allow strategic information dissemination, with the aim of providing easy-to-understand site navigation and a unified design. Furthermore, we have been making efforts to improve the likability of our brand by widely communicating our sustainable initiatives to resolve various social issues as the “Hito Machi Mirai ‘Nankaii’ ACTION (Optimistic ACTION for the people, communities, and future)” to stakeholders.



Brand slogan “なんかいね’があふれる”



Poster “ひとまち未来 ‘なんかいい’ ACTION”

# Materiality 2 Thriving and Friendly Community Development

We will develop areas that maximize Namba's potential and build a foundation to bring back the population that has become concentrated in cities to the areas along our railway lines by capitalizing on local resources such as the nature and the countless tourism resources and historical assets in each area, and communicating with diverse stakeholders.

**KPI** Reversing the demographics from excessive outflow to excessive inflow (FY2027) **Progress in FY2021: We invested in real estate properties that contribute to urban development and made preparations to welcome overseas visitors to Japan.**

## Revitalizing the Namba area Please refer to the "Special Feature: The 'Greater Namba' Concept" on Pages 19-22.

### Developing Namba community

In 2018, we put forward the "Greater Namba" concept, to create a lively location for people to shop around in through the formation of a north-south route from "Namba terminal to Shin-Imamiya and Shinsekai." Currently, in anticipation of the revival of inbound tourism, the 2025 world exposition, development of an integrated resort (IR) in 2029, and the opening of the Naniwasuji Line in 2031, we are aiming for community development that attracts customers, stays, and residents in the area, and creates new encounters and exchanges.

For "Namba" in FY2021, we promoted "open-space development projects" to create the new symbolic area of a walkable Namba, which include attracting high-end hotels and the "Nambanaka 2-chome Development Project," which has office functions, to enhance the neighboring areas of the Namba terminal. Furthermore, we have also progressed with plans to utilize the plot for the former Nankai Namba Bunka Kaikan Building, along with the acquisition of the site of the former Namba branch of the MUFG Bank, as efforts to renew areas in the Nankai Line vicinity in conjunction with the reorganization of the "Nansan Street" (the nickname for the road and shopping street located at the East side of the Nankai Namba Station).

For "Shin-Imamiya," there is the "Ebisu-cho Land Development Project," which offers shared corporate dormitories and other facilities to attract people of various nationalities and generations. We have also opened the "YOLO BASE," a space to connect Japanese and

non-Japanese people; "Nanigotoya," a place where art and music come together; and "Sankakuchi," a hub to create the area's hospitality and thriving atmosphere. Furthermore, OMO7 Osaka by Hoshino Resorts was also opened in April 2022. With these factors as a powerful tailwind, we will continue to promote Shin-Imamiya as an appealing destination and shopping hub.



Conceptual diagram of the Namba area growing into an international tourist destination in the future

## Revitalizing local communities with railway stations as hubs

### Revitalizing local communities with Wakayamashi Station at its core

We have been promoting community development and the revitalization in the areas along our railway lines through commercial buildings, office buildings, residential development, running leisure facilities, and other activities focused around the major stations on our railway lines.

"Ki:no Wakayama," a complex facility directly connected to the Wakayamashi Station, which is the southernmost terminal of the Nankai Line, celebrated its grand opening in June 2020. The complex includes an office zone, commercial zone, a hotel, and the Wakayama Civic Library, and uses an abundance of Kishu timber for the structure, with the aim of letting customers enjoy high-quality items that are "unique to Wakayama." The commercial zone saw approximately 2.1 million customers in its second year.

Additionally, we are aiming to create a thriving atmosphere with

more tourists at Wakayamashi Station and its vicinity, with the sightseeing train "Medetai Train" running between Wakayamashi Station and Kada Station. Furthermore, a "HYDE Southern" wrapped train is running between Namba Station and Wakayamashi Station (and Wakayamako Station) from December 2019 to May 2022, as a collaboration

with HYDE, an artist who is also the tourism ambassador of his hometown Wakayama City.



Ki:no Wakayama

## Preserving and utilizing tourism resources

### Cooperating with stakeholders for tourism promotion

Based on our belief that the understanding and cooperation of the local region is essential for "promoting tourism," we are working together with municipalities, tourism-related organizations, and other businesses in areas along our railway lines to attract customers to tourist sites, such as Koyasan, which is a World Heritage Site and one of the most sacred areas for Buddhism in Japan.

For instance, there is a growing demand for a new type of travel called "micro-tourism," in which people go sightseeing in regions near them, so we held a "food experience tour in collaboration with local tourism businesses, etc.," in the Izumisano area, along with "special guided shrine tours by priests" at the Sumijyoshi Taisha Shrine.

For overseas visitors, we have been sharing information in a timely manner using the Internet and social media, even during the period of time when there were travel restrictions, to spread information on areas along our railway lines and attract visitors in anticipation of the end of the COVID-19 pandemic.

The Medium-term Management Plan "Kyoso 140 Plan" includes

tourism-related businesses and is likely to become a pillar in our new management. We will continue to preserve and utilize tourism assets in the areas along our railway lines for "new value creation and to boost the number of people interacting through the promotion of tourism," along with the "development of sustainable business models related to tourism."



"Getting to know Koyasan" poster



Izumisano "food" experience tour

## Collaborating with stakeholders to enhance the value of areas along our railway lines

### Supporting innovation and revitalization at businesses along our railway lines

We have been proceeding with #BIZ TAG NANKAI, a collaborative creation project to build the appeal of businesses along our railway lines, aiming to increase the number of attractive workplaces and the number of people who work in areas along our railway lines.

In FY2021, the "Kotatsu Job Hunting Expo" and the "Mystery Industry Research EXPO" were held. These are exchange-type joint information meetings targeting businesses along the railway lines and job-hunting individuals. Additionally, we held the "Assist innovation by companies along our railway lines" workshop for young successors of businesses along the railway lines, helping them to create ideas for new businesses. These initiatives are conducted with the cooperation of various governments, municipalities, chamber of commerce and industry, financial institutions, universities, and other organizations in areas along our railway lines.



Scene from the assist innovation by companies along our railway lines

### Developing communities to support enjoyable child-raising

We launched the "Smiles for Families +1 Project" in FY2021, to promote the enjoyment and feelings of attachment in child-rearing families toward living in areas along our railway lines, and to have those areas be recognized as attractive areas to live in. With the aim of "providing a wide range of opportunities to nurture 'budding curiosity' within children in areas along our railway lines, and co-creating communities in which child-rearing is enjoyable," we cooperated with municipalities

and companies along the Nankai lines in FY2022 and held a total of 29 hands-on events in the summer, called "Exciting Experiences for Parents and Children! Along the Nankai Line! Let's Nurture Children's Curiosity."



"Exciting Experiences for Parents and Children" poster

## Promoting the appeal of the Kada Sakana Line

The route connecting Kinokawa Station to Kada Station has been given the nickname "Kada Sakana Line." Together with organizations such as local tourist associations, we have been conducting activities for the "Kada Sakana Line Project" to promote the attraction of these areas along our railway lines. As part of this initiative, we have been operating the sightseeing train "Medetai Train."

Since starting the operation of the "Medetai Train," we have been seeing definite results in the project. A busy year may see an increase of approximately 35,000 more non-commuter passengers at Kada Station, which had been on a declining trend.



Medetai Train

Materiality  
3

# Create a Future Full of Dreams

We will aim for further growth of the areas along our railway lines, using the opening of Naniwasuji Line, tourism to Japan, EXPO 2025 and integrated resort (IR) as footholds. With a view to the work-style reforms through the advance of digitalization, we will progress community development that is not based on commuting to city centers, merge the digital with the real, and drive the formation of smart cities that will offer not just methods for people's travel, but services for various scenes in daily living.

## Forming a new north-to-south line with the opening of the Naniwasuji Line

### Obtaining the urban planning project approval for the "Naniwasuji Line project" and preparing for construction

For the Naniwasuji Line project currently scheduled for a 2031 opening, project organizer Kansai Rapid Railway Co., Ltd. obtained urban planning project approvals for the railway segment in August 2020 and the road segment in January 2021. The company is steadily getting ready to get the construction started, surveying the premises and buildings to obtain land, taking on compensation work, and signing construction contracts and consignment contracts for technological collaboration. In October 2021, the company started constructions for the zones for Nakanoshima Station (tentative name) and Nishi-Hommachi Station (tentative name), as well as for the Nankai Shin-Namba Intersection Tunnel.

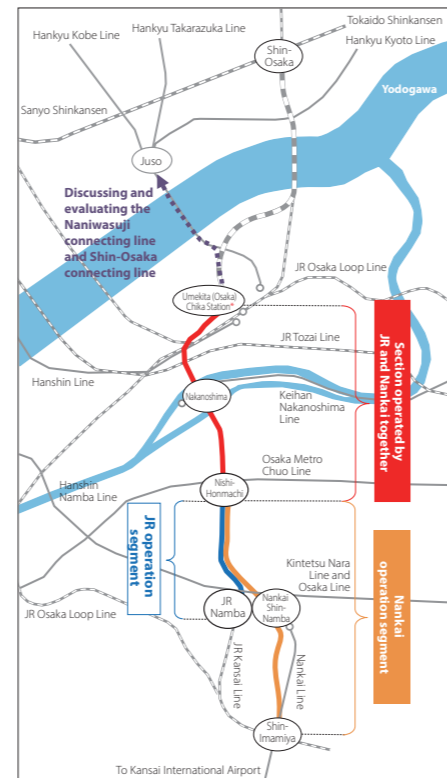
The consigned design for the new elevated bridge we have taken on for the north side of the Shin-Imamiya Station intersection, and the survey of the existing elevated bridge needed to install new railway switches, are also going according to plan. Going forward, we will continue to steadily work on these projects while closely working with the state, local municipalities, and associates.

#### Major benefits expected from the Naniwasuji Line

- National core route of Shin-Osaka and central Osaka will be directly connected to other areas such as south Osaka.
- The Umekita area will become more accessible, and community development in the Nakanoshima area will be boosted.
- There will be better accessibility to the Kansai International Airport.
- It will generate interactions between tourism spots in a wider region.
- There will be better accessibility to the Namba area.

#### Overview of the Naniwasuji Line plan

Segment to work on	<ul style="list-style-type: none"> <li>● Nankai Shin-Imamiya Station to Nishi-Hommachi Station (tentative name) to Umekita (Osaka) Chika Station</li> <li>● JR Namba Station to Nishi-Hommachi Station (tentative name) to Umekita (Osaka) Chika Station</li> </ul>
Stations covered	Nakanoshima Station (tentative name), Nishi-Hommachi Station (tentative name), Nankai Shin-Namba Station (tentative name)
Total project cost	Approximately 330 billion yen (estimate) Of which, approximately 33 billion yen is funded by local municipalities (16.5 billion yen by Osaka Prefecture and 16.5 billion yen by Osaka City) Approximately 33 billion yen funded by private sectors (18.5 billion yen by Nankai Electric Railway and 14.5 billion yen by JR West)
Project organizer	Kansai Rapid Railway Co., Ltd.
Operator and operation segment	Operation segment of Nankai Electric Railway Co., Ltd.: Nankai Shin-Imamiya Station to Umekita (Osaka) Chika Station Operation segment of West Japan Railway Company (JR West): JR Namba Station to Umekita (Osaka) Chika Station
Timing of the opening	Spring 2031



Entire image  
\*\*Umekita (Osaka) Chika Station\* is the name of the new station set to open in 2023, as part of JR West's project for converting the Tokaido Branch Line to an underground line and establishing a new station.

## Creating new products and services with digital technology

### Testing of ticket gate entries with the Visa touch payment system and QR code\*

We believe that a company reform for improved operational efficiency and profit structure through increased use of digital technology is essential to respond to the rapidly changing world.

To do this, in April 2021, we started testing ticket gate entries with the Visa touch payment system and QR code\* in order to "enhance user-friendliness for railway passengers," "respond to new post-COVID lifestyles through contactless payment," and measure the effects of

using "digitalizing limited-offer passenger tickets." In December, we extended the testing to our Group's buses, ferries, and railways, offering "transit discounts" for transits between different operators, which many customers enjoyed.

Outside Japan, the use of touch payment without physical tickets is spreading for trains. We believe that the best service is to offer the same environment for tourists visiting Japan. Through these tests, we will continue to set up the foundation to offer such services.

\*QR code is a registered trademark of Denso Wave.

### Improved convenience with the "Nankai App"

In December 2019, we started launching the "Nankai App," making it more user-friendly each year by adding new features, which include basic information (such as the operational status of trains, real-time locations of trains, station information, and information about delays), and restroom availability. It also has a function that encourages passengers to give up their train seats to others, and a function to distribute coupons that can be used in the areas along our railway lines.

In July 2021, the app introduced the operational status of the Hankai Tramway and the train type. We also ran tests for "Pikureru," a

service for users to order restaurant meals online and pick them up at train stations. In November, we collaborated with four other railway operators to connect official apps for checking train location information. In April 2022, we also started testing "Matan," a service that shows the level of congestion of a place, at seven cafes in Namba City and Namba Parks.

We will continue to expand our services with the aim of "solving customers' daily concerns" and "creating communities that people would want to live in," through collaborative creation with customers."

## Building smart cities

KPI	Advancing plans to revitalize Semboku New Town, and the Izumigaoka Station-Front Vitalization Project	Results March 2022: Launch of the Izumigaoka Station-Front Vitalization Project June 2022: Establishment of the "SENBOKU Smart City Consortium" through a collaborative effort between public and private sectors
-----	---	---

Semboku New Town is one of the largest new towns in Kansai, which once boasted a population of 165,000 in 1992. However, more than 50 years after its establishment, the population has dropped to 118,000 in 2020. By 2030, it is expected to drop further to less than 100,000, so declining and aging population is a serious social issue.

Meanwhile, new moves that could revitalize Semboku New Town and Izumigaoka are beginning to emerge, such as the plan to relocate Kindai University Faculty of Medicine and Kindai University Hospital to the Izumigaoka area (November 2025). People are also becoming more interested in living in nature-rich suburbs as a result of COVID-19. In addition, Sakai City has launched "SENBOKU New Design" with the aim of creating new value for Semboku New Town, and Osaka Prefecture and Sakai City have positioned Semboku New Town as a key smart-city district.

In response to these developments, we are concentrating on the plans to revitalize Semboku New Town and on the Izumigaoka Station-Front Vitalization Project.

● In April 2022, the "SENBOKU New Design Promotion Conference," which consists of Sakai City, Osaka Prefecture, the Urban Renaissance Agency, Osaka Prefecture Housing Corporation, and our company, updated the Semboku New Town Public Rental Housing Revitalization Plan. Raising the vision of "turning the then commuter-town to a town with more enriched lifestyles," the revision included "creating living areas for a decarbonized society that blends well with the surrounding environments and landscapes," and "promoting the development of a smart city," among others.

● In April 2022, we started the reconstruction of Izumigaoka HIROBA Shops & Restaurants for the Izumigaoka Station-Front Vitalization Project. In Izumigaoka Station, which is well-located within 25 minutes from Namba and has nature-rich suburbs with ample greenery, we will create opportunities for young people who will be in charge of the next generation and we will provide "workplaces" and "features to help them raise families," which has been an issue for the local community, as our contribution towards boosting the local population.

● In June 2022, Sakai City, Osaka Gas, NTT West, and our company established the "SENBOKU Smart City Consortium." Based on the visions of "SENBOKU New Design" and "Sakai Smart City Strategy" and the "SENBOKU Smart City Concept," public and private sectors will work together as equal partners to advance the initiatives.

## Providing products and services to increase the number of people interacting (tourism to Japan, EXPO 2025, IR)

We set "increasing domestic demand during COVID-19" and "preparing for the recovery of demand by inbound tourists after COVID-19" as FY2021 strategies for promoting tourism. To increase domestic demand, we collaborated with municipalities and tourism-related stakeholders and external companies to establish the status of Koyasan as a tourism spot and create tourism areas next to Koyasan. For tourism from overseas, we participated in online business negotiations for overseas travel agents and promoted tourism resources and travel products in the areas along our railway lines to bolster recognition for the areas and expand our sales channels.

There are big events coming up in the next few years, including the 1,250th anniversary of the birth of Kobo-Daishi in 2023, the 20th anniversary of the designation of the Sacred Sites and Pilgrimage Routes in the Kii Mountain Range as a World Heritage site in 2024, and EXPO 2025 Osaka. These events and the building of an integrated resort (IR) later are expected to attract more non-Japanese residents and foreign tourists. We are going to work on community development to proactively welcome these people into the areas along our railway lines, and continue creating new values and increase the number of people interacting in the areas along our railway lines.

## Materiality 4 Achieve an Enriched Life

We will provide services such as for learning, working, playing, raising a family, and living a retired life, in every scene of daily life, to bring about enriched living that will give a sense of safety to all generations.

### Providing lifestyles and services that address the changes to work styles and lifestyles due to COVID-19

We opened our first shared office "Liefcfe By NANKAI" on the 7th floor of Nankai Sakai Station Building in November 2021 and in Izumigaoka HIROBA Shops & Restaurants in December 2021 so customers will choose our railway lines and corporate group as we shift to telework and more diverse workstyles due to changes in social situations.

In addition, in January 2022, we partnered with MJE Inc. to each provide shared office services with the aim of increasing the use by business members.

In the Namba area, we opened the "SkyO Lounge," exclusively for people who work at the office, in the lobby on the 10th floor of NAMBA SkyO in December 2021, with the aim of making the area the most popular business district that attracts professionals.

This lounge was built in response to requests from professionals who work in NAMBA SkyO and is available free of charge. By providing a dedicated refreshment space to those who work in this office space, we continue our efforts to increase the satisfaction and value of the facility so this office building will remain superior and attractive in an increasingly competitive office market.



SkyO Lounge

### Providing services for diverse generations

As an integrated lifestyle company, the Nankai Group contributes to solving social issues in our efforts to achieve our future vision of being "good for people of all generations." The Nankai Group is engaged in "e-sports," where everyone can enjoy competitive games regardless of age, gender, nationality, disability, or other differences. As a digital communication tool, e-sports are expected to solve social issues such as by improving touchpoints with young people and preventing frailty. By operating relevant facilities, we implement initiatives for the sound upbringing of young people through educational activities such as hands-on workshops and seminars, and joint research with Kobe University on preventing game addiction.

In 2013, we opened the "Nankai Life Relation paid nursing home Abikomichi" based on the basic concept of safety and security that only a railroad company can realize, with the aim of enabling the

growing number of seniors and their family members to live with peace of mind in their hometowns along our railway lines. In 2020, we opened our second nursing home, "Nankai Life Relation serviced senior residence Kishiwada Yoshii," further expanding our senior service business.



Nankai Life Relation serviced senior residence Kishiwada Yoshii

### Enhancing the functions of distribution sites that underpin social infrastructures

The Nankai Group is working to upgrade the functions of the "Kita-Osaka Logistics Center" to make it a major logistics hub in the Kansai region. To date, we have been promoting the redevelopment of the "Kita Osaka Truck Terminal" operated by Semboku Rapid Railway and the first building was completed in April 2020.

In FY2021, we started reconstruction work on the adjacent "Osaka Prefectural Food Products Distribution Center Building E." With a total floor area of approximately 50,000 m<sup>2</sup>, Building E is a complex logistics facility with a truck terminal on the 1st and 2nd floors and a distribution center on the 3rd and 4th floors, and is directly accessible via a ramp way to the 3rd floor. In consideration of the environment, we will install a 450 kW photovoltaic power generation system to utilize renewable energy.



Osaka Prefectural Food Products Distribution Center Building E (perspective)

## Materiality 5 Develop a Workplace and Staff in a Way That Enables Each Person to Put Their Abilities to Use

We will promote the career advancement of diverse human resources by developing environments where people can work anywhere and anytime to improve employee satisfaction and make work more rewarding.

We will also develop a culture where employees take on challenges in unknown areas and nurture human resources who can respond to rapid changes in the environment.

### Diversity and inclusion (promoting women's career advancement)

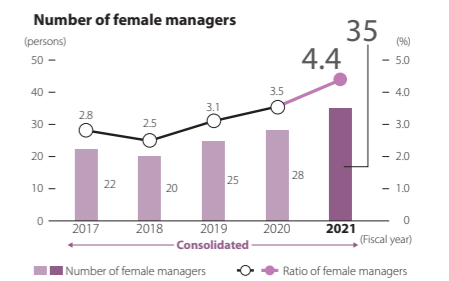
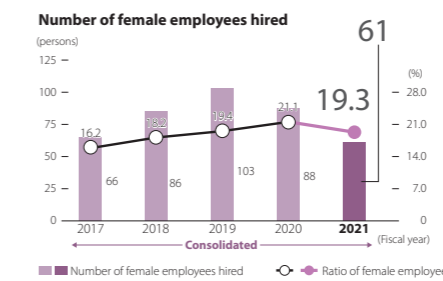
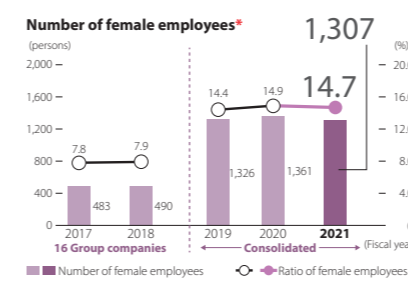
**KPI** Increase the ratio of female managers to approximately 10% (by FY2030) **FY2021 results: 4.4%**

**KPI** Increase the ratio of women among newly hired employees to approximately 30% (by FY2030) **FY2021 results: 19.3%**

### Promoting initiatives to increase opportunities for women to play an active role

In April 2016, we formulated the "Action Plan for Promoting Women's Career Advancement," and the ratio of women among new grads we hire has been maintained at over 40%. In addition, our organizations engaged in railway operations are promoting the assignment of women to various positions, such as conductors, drivers, and assistant station masters, as well as the development of accommodation facilities for women.

We will continue to strengthen our efforts to further increase and systematically develop opportunities for female employees to play an active role throughout the company. Specifically, we will actively implement PR activities for female job seekers during the hiring process to increase the number of female candidates and promote the assignment and promotion of female employees in all areas and roles.



\*16 Group companies for FY2017 and FY2018, consolidated for FY2019-2021

\*16 Group companies: Nankai Electric Railway Co., Ltd., SEMBOKU RAPID RAILWAY CO., LTD., Nankai Bus Co., Ltd., Kansai Airport Transportation Enterprise Co., Ltd., Tokushima Bus Co., Ltd., Nankai Ferry Co., Ltd., Nankai Vehicles Service Engineering Co., Ltd., Nankai Fudosan Co., Ltd., Nankai Shoji Co., Ltd., Nankai FD Service Co., Ltd., Nankai Food System Co., Ltd., Nankai Travel International Co., Inc., Suminoe Enterprise Co., Ltd., Nankai Building Service Co., Ltd., Nankai Tatsumura Construction Co., Ltd., and Nankai Management Service Co., Ltd.

### Voices of female employees



Railway Business Division Facilities Department Signaling and Communication Section Ayumi Nagano

The Signaling and Communication Section handles signal and level crossing safety equipment such as traffic signals and ATS equipment. I am in charge of the construction management for such equipment, including site surveying, budget preparation, construction ordering, construction management, and completion inspections. It is rewarding to be able to take on new challenges at a railway company that is often thought of as conservative, such as considering deploying safer, more secure, and more efficient equipment using AI and sensor technologies. My dream for the future is to utilize my extensive experience and unique traits to create new services that will please our customers.



Seconded to SEMBOKU RAPID RAILWAY CO., LTD. Logistics Business Division Nana Higashio

I was transferred to SEMBOKU RAPID RAILWAY in my first year with the company and am now in my second year. I am engaged in the leasing and management of logistics facilities as well as a large-scale redevelopment project of a truck terminal. The company also gave me opportunities to participate in its revenue increase project team and present proposals for operational improvement. I am keenly aware of the difficulty of creating and managing things, and I still have a lot to learn, but in the future, I would like to create places and spaces that make customers smile.

### Sourcing and empowering resources with diverse values

Our Group believes that it is essential to respect and take advantage of the diversity in the organization in order to respond flexibly to changes in the business environment and achieve sustainable growth. In addition to establishing a personnel system that enables each employee to take advantage of their unique traits and strengths, including not only attributes such as age and gender, but also work history, career aspirations, and life stages, we will also develop an environment that accommodates flexible work styles. In FY2021, the ratio of mid-career hires in management positions was 13.4% and the percentage of foreign nationals hired was 0.08%.

### Creating an environment where the elderly can thrive

Since FY2021, we have been gradually raising the retirement age to 65, and have been working to create an environment where employees over the age of 60 can play an active role.

We continue to implement our reemployment program for

retired employees, and as of March 31, 2022, 11 re-hired employees are playing an active role in a variety of fields. In addition to complying with laws and regulations, we are also working to help enhance the life of seniors by increasing the wage level for the "period when they are not receiving pension" and by holding workshops to help maintain and improve motivation.

### Promoting the employment of people with disabilities as a social responsibility

In FY2021, the employment rate of people with disabilities, including employees of our company and seven group companies certified as special subsidiary companies, was 2.47%.

As of the end of March 2022, Nankai Heartful Service Co., Ltd., a special subsidiary, had 45 employees with disabilities who are engaged in cleaning our company's facilities and other facilities, sorting mails, and performing other tasks. We strive to achieve and maintain a comfortable work environment through communication by exchanging information on a daily basis and holding recreational events.

## Developing work environments, including through health management

### Declaration on Health and systematic promotion of health management

The Nankai Group has been implementing various business activities around public transportation under the corporate philosophy of "contributing to society." In June 2022, we issued the Declaration on Health based on our belief that it is one of our top management priorities to keep our employees healthy and create an environment where each of our diverse employees can maximize their abilities. At the same time, we launched the Health Management Promotion Committee, which promotes company-wide and cross-sectional collaboration for health management initiatives. Going forward, we will set specific goals based on current issues, and track the progress to ensure their promotion.

#### Declaration on Health

Issued in June, 2022

Nankai Electric Railway Co., Ltd. is on a mission to provide customers with "safety and security" and to continue to enrich the life in areas along our railway lines as a company that provides public transportation services as its core business. We believe that in order to fulfill this mission, our employees must be healthy physically and mentally.

We are committed to creating lively places for people to work together so that many customers and individual employees can feel optimistic for the future, or "Nankaiine."

We declare that we will grow together with the community as a sustainable company with a strong will to create the future by helping our employees stay healthy and promote their health.

### Health Management Promotion Committee

The Health Management Promotion Committee, which is chaired by the officer in charge of human resources and consists of representatives from each division, industrial physicians, the Nankai Railway Health Insurance Association, and the Personnel Department, determines specific goals and policies for initiatives. Based on this promotion system, we are working to continuously improve health management by implementing the PDCA cycle, including verifying the effectiveness of measures and updating them as necessary.

### Promoting health management

We implement measures to maintain and promote both physical and mental health as per the guidelines of the Ministry of Health, Labour and Welfare.

In our efforts to identify the health conditions of our employees, we work for the early detection and prevention of diseases through health management, health guidance, health education, and health counseling based on our internal health management standards, led by our on-site occupational health team. Our mental health measures include practicing self-care (stress checks) and line care (training sessions for managers and supervisors), and providing an external hotline and counseling by designated psychiatrists. In addition, we introduced the "Rework Trial Program" to systematically facilitate the return of employees who were on leave due to mental health problems, and helped three employees return to work in FY2021.

Our public health nurse provides internal trainings for our employees about the negative health effects of smoking as needed. The Nankai Railway Health Insurance Association also partially subsidizes treatment expenses for smoking cessation clinics for outpatients.

In addition, our Group companies Nankai Management Service

Co., Ltd., Nankai Fudosan Co., Ltd. and Nankai Grief Support Co., Ltd. have been certified as one of the "2022 Certified Health & Productivity Management Outstanding Organizations (SME category)," which were selected jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

### Ensuring occupational health and safety

The majority of work-related accidents are caused by unsafe behaviors. To prevent this, we conduct safety activities such as senior-proofing the workplace, building a system to predict hazards and prevent near miss accidents, and conducting risk assessments; identify where and what kind of risk factors exist in the workplace; formulate countermeasures; and raise awareness of hazards throughout the workplace. For work-related accidents that are caused by the actions of third parties, we take countermeasures by exchanging information with other companies in the same industry and utilizing the "Manual to Prevent Incidents Caused by Third Parties." In FY2021, there were six work-related accidents.\*1

In 2005, we introduced a risk assessment program to reduce the number of occupational accidents by identifying and quantifying a variety of hazards (risks) in the workplaces, evaluating the magnitude of the risk, and implementing countermeasures (eliminate and reduce risks) before accidents occur. In FY2021, we conducted 123 risk assessments. Although we cannot implement countermeasures for all risks immediately, we recognize the risks and continue to address them until they are at risk level A (acceptable level).

In addition, our company and labor union officers conduct workplace safety patrols during the National Safety Week. We inspect the workplaces and report and discuss measures to prevent occupational accidents.

### Lost time incident rate (Nankai Electric Railway only)\*2

2017	2018	2019	2020	2021
0.53	0.18	0.18	0.73	0.55

### Creating pleasant workplaces

#### Proactively providing support for balancing work and parenting

In accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, we have formulated and implemented the Action Plan for General Employers. As a result of relevant initiatives, we satisfied the criteria as a "parenting support company" as defined by the Ministry of Health, Labour and Welfare, and acquired the "Kurumin Mark" certification in March 2015.

We make sure that employees on childcare leave will be able to smoothly return to work by sending them periodic internal newsletters (digital version launched in June 2021) and holding meetings with their supervisors. The return-to-work rate has remained 100% since 2008.

In addition, in April 2021, we enabled parenting employees to work shorter hours until their children start the fifth grade as part of our efforts to enhance our support for balancing work and family life. By establishing a system to provide consistent support for pregnancy,

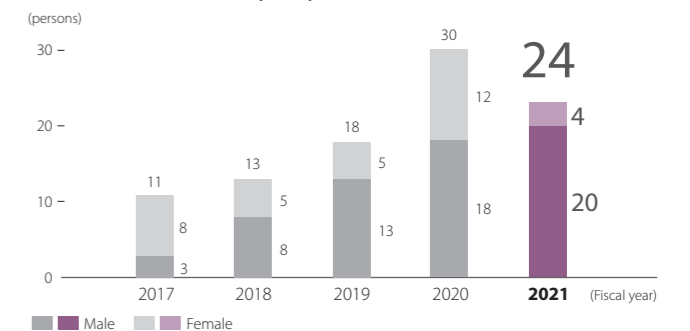
childbirth, acquiring childcare leave, and returning to work, we are striving to create an environment where employees who are engaged in parenting can continue working.

### Promoting the acquisition of annual leave and childcare/nursing care leave

We are working to improve the annual paid leave acquisition rate by introducing a planned annual leave program, encouraging employees to take annual leave in half-day increments, etc. In FY2021, our employees' annual paid leave acquisition rate was 90.1% of the granted days, which is higher than the general acquisition rate (56.6%) according to the "General Survey on Working Conditions" published by the Ministry of Health, Labour and Welfare.

In addition, we provide childcare leave, nursing care leave, vacation benefits, etc. The ratio of employees who took childcare leave among those who gave birth has been 100% for nine consecutive years. In recent years, the number of male employees who take childcare leave has been on the rise, with 20 male employees taking childcare leave in FY2021.

### Number of employees who took childcare leave by gender (Nankai Electric Railway only)



### Annual paid leave acquisition rate (Nankai Electric Railway only)

FY2017	FY2018	FY2019	FY2020	FY2021
91.0%	90.7%	92.6%	90.9%	90.1%

### Average monthly overtime hours (Nankai Electric Railway only)

FY2017	FY2018	FY2019	FY2020	FY2021
31.4 hours	26.7 hours	25.6 hours	25.0 hours	23.7 hours

### Increasing "employee engagement"

In recent years, employee engagement, which indicates how much employees trust and are willing to contribute to the company, has been attracting attention in Japan. We have been implementing the "Initiative to Promote Relaxation and Excitement" as an internal activity aimed at creating a workplace full of "Nankaiine (optimism for a better future)."

As part of this initiative, we have launched the Nankaiine Card to increase employee motivation and promote communication among employees. The card has fostered a culture where employees praise one another, which has in turn improved their quality of work. In FY2021, our employees used approximately 8,800 copies of this card.

\*1 Includes one case of a violent behavior of a third party

\*2 Lost time incident rate = Number of casualties due to occupational accidents (more than one day lost from work) ÷ Total number of working hours x 1,000,000

We have also launched a photo-sharing website for employees under the "Railway Ambassador Program," with the aim of educating employees on areas along our railway lines and fostering their pride in these areas. As of the end of FY2021, more than 300 employees have participated in the program, with approximately 800 photos posted in FY2021. This page is serving as a useful tool to learn about areas along our railway lines in an enjoyable way.



**Developing personnel who can respond to rapid changes in the environment**

**Approach to developing human resources**

In order to grow as a company in this era of rapid change, it is essential to have the competitive ability to execute management and business strategies; in other words, we need human resources and organizations. We will implement human resource development training without being bound by any precedent, in conjunction with a variety of human resource policies such as for recruitment, assignment, and evaluation, with the aim of creating a "human resources portfolio" that corresponds to each strategy.

We are working to train our employees mainly through two measures, i.e., by ensuring that they acquire the knowledge and skills required for their roles and positions through trainings for each employment level to raise the overall level of employee competencies, and by enhancing the competencies of employees who wish or are selected to acquire certifications or who participate in external business school dispatch programs.

The total training hours in FY2021 was 19,276, or 6.6 training hours per person (OFF-JT training sponsored and co-sponsored by the Human Resources Strategy Department only).

**Human resource system that encourages employee growth**

Our personnel system is based on our goal management system and the evaluation system that is linked to it, and is aimed at achieving management targets by encouraging employees to voluntarily set high targets and successfully running a PDCA cycle. We also emphasize building trust through two-way communication between supervisors and their team members.

Through these mechanisms, we encourage the growth of each individual employee and produce results for the company as a whole.

**Education and training system**

We are currently implementing a variety of training and self-development support programs under the themes of "developing a workplace that takes advantage of diversity" and "nurturing innovative human resources," with "fostering workplaces and human resources that create the future" as our key educational goal.

**Major training achievements (FY2021)**

Type of training	Description	Number of participants	Total hours
Training for new employees	Acquire the basic abilities and skills necessary for professionals and the basic knowledge about our Group so they are ready to focus on their responsibilities after they are assigned	71 employees	14,072 hours
Training by employment level (employees who have been newly promoted)	Understand the roles of each job level and acquire the necessary knowledge and skills	70 employees	1,541 hours
Dispatch to external business schools	Develop the mindset and skills necessary for business leaders to lead sustainable growth in a rapidly changing environment	15 employees	360 hours
Training for digital transformation promotion leaders	Train leaders who plan and promote digital transformation in each division	31 employees	1,008 hours

- Self-development support system**
- Qualification support system and incentive program
  - Services for recommending school courses
  - Online school support program
  - External seminar support program
  - Services for recommending books

**Education system chart <Only shows data on OFF-JT training sponsored and co-sponsored by the Human Resources Strategy Department>**

Position and grade		Chief manager	Manager	Leader grade	Staff grade
Compulsory training	Training by employment level	Training for newly promoted employees			Training for new employees
		E-learning education for newly promoted employees			
Purpose-specific training	Theme-specific training	Management vision achievement program*	Corporate transformation forum		Training on developing pleasant workplaces
		Evaluator training	Exercise for digital transformation promotion leaders		
		CS/brand meeting			
		Innovation seminar			
		Theme-specific training e-learning education			
	Selective training	External business school (Executive)		External business school (Management)	
		Training on human rights and harassment prevention training			
	CSR-related training	Seminars for in-house promotion of sustainability, and environmental law and regulation training			
		Information security training			
		Compliance training for new managers	Compliance training by employment level		

\*This program is designed to reform the workplace culture so chief managers can play a central role in responding flexibly to changes and produce results to achieve the management vision.

**Respect for human rights and prevention of harassment**

**Human rights policy**

We believe that respecting human rights is fundamental to our business activities. In August 2022, we established the Nankai Group Human Rights Policy to further promote business activities that respect the human rights of our customers, employees, and a variety of other stakeholders.

**Awareness on human rights and harassment**

Since 1971, we have been engaged in initiatives to raise awareness on human rights while upgrading their contents. Since harassment unreasonably harms the dignity of individuals, thereby leading to the deterioration of the working environment, we provide a hotline and conduct prevention training to prevent different types of harassment, including power harassment and sexual harassment.

**Number of employees who used the hotline**

FY2018	FY2019	FY2020	FY2021
0 person	2 persons	1 person	1 person

**Training on human rights (mainly for employees in management and supervisory positions)\***

	FY2018	FY2019	FY2020	FY2021
Number of participants	140 employees	135 employees	83 employees	71 employees
Training hours	90 minutes	120 minutes	40 minutes	90 minutes

**Harassment prevention training (mainly for employees in management and supervisory positions)\***

	FY2018	FY2019	FY2020	FY2021
Number of participants	137 employees	142 employees	83 employees	129 employees
Training hours	100 minutes	120 minutes	40 minutes	90 minutes

\*In-person training for FY2018 and FY2019, online training for FY2020 and FY2021

**Nankai Group Human Rights Policy**

Issued on August 1, 2022

**1. Basic Concept**

(1) Respect for human rights

We recognize that respect for human rights is fundamental to our business activities. We will conduct our business activities in accordance with international standards, including the UN "Guiding Principles on Business and Human Rights," and while respecting the human rights of our customers, employees, and a variety of other stakeholders.

(2) Prohibiting discrimination

We do not discriminate on the basis of race, nationality, region of origin, religion, thoughts, beliefs, gender, sexual orientation, gender identity, disability, or any other difference.

(3) Prohibiting harassment

We will not engage in any harassment that offends personal dignity, such as sexual harassment, power harassment, or maternity harassment.

(4) Prohibiting unfair labor

We do not engage in any form of forced or child labor.

(5) Respect for workers' rights

We maintain a safe and sanitary work environment and pay appropriate wages that exceed the minimum wage. We also respect the fundamental rights of workers, i.e., the freedom of association and the right to collective bargaining.

(6) Application scope

This policy applies to all executives and employees. We will also encourage all our business partners, including suppliers, to understand and support this policy.

**2. Promoting initiatives**

(1) Conducting human rights due diligence

We are committed to identifying, preventing, and mitigating negative impacts on human rights related to our business activities.

(2) Dialogue with stakeholders

We will strive to engage in dialogue and consultation with relevant stakeholders to address human rights issues.

(3) Correction and remedy

We will work to correct and remedy any direct or indirect negative impacts on human rights through appropriate procedures. We will also exercise our influence and take appropriate actions when suppliers and other business partners are acting in a manner that negatively impacts human rights in violation of this policy.

(4) Education and awareness

We will conduct the necessary training and educational activities to ensure that this policy is integrated in all business activities and executed effectively.

(5) Information disclosure

We will appropriately disclose information on our initiatives to respect human rights and our responses to impacts on human rights.

Materiality  
**6**

# Contribute to preserving the global environment

Recognizing the risk of climate change as our Group's greatest risk, we will encourage the incorporation of energy-saving vehicles (trains and buses) and the use of renewable energy to promote a modal shift, and expand the certificate acquisition and development of green buildings. We will also strive to maintain biodiversity by developing the forests that we own in areas along our railway lines and our business areas.

## Nankai Electric Railway Group Environmental Philosophy (Full text)

The Nankai Electric Railway Group views the "preservation of the global environment" as one of its corporate missions, and always considers the impact of its business activities on the environment and will act to create an environmentally friendly society.

Our "Environmental Policy (full text)" features policies related to the environment and is published on the Nankai Electric Railway official website.  
<https://www.nankai.co.jp/sustainability/materiality/06environment/philosophy/>

## Nankai Environmental Vision 2030

### [Basic Policies]

- The main objective is to contribute towards the sustainable growth of the Nankai Electric Railway Group by raising awareness of the issues related to the global environment and fulfilling our social responsibility to a wide range of stakeholders.
- Therefore, the environmental vision shall be linked to the Medium-term Management Plan, with the recognition that contributing to resolving environmental issues through all of our business activities will lead to enhanced corporate values.
- There are three environmental challenges that have a significant impact on our Group's business activities: climate change, circular society, and biodiversity. These challenges and an "environmental management system," which serves as the foundation for these elements, shall be considered as environmental issues. Measures for each fiscal year are to be formulated through backcasting based on the goals set for 2030.
- We will contribute towards enhancing the environmental values of areas along our railway lines along with enhancing business values, by expanding sources of revenue with environmental businesses and collaborating with local governments.

Environmental issues	Direction for FY2030 (target images)
(1) Suppression of climate change	<b>Reduction of Nankai Electric Railway Group CO<sub>2</sub> emissions by 46% or more</b> Based on the government's greenhouse gas reduction target for FY2030, the Nankai Electric Railway Group will reduce CO <sub>2</sub> emissions by 46% or more compared to FY2013. <small>*Partial revision in April 2021</small>
	<b>Creation of corporate values with environmental businesses</b> By expanding energy manufacturing and sales businesses in areas along our railway lines, we will create new sources of revenue and help municipalities implement environmental measures in these areas, with the aim of enhancing the social values of the Nankai Electric Railway Group and the areas along our railway lines.
(2) Bringing about a circular society	<b>Creation of smart cities in areas along our railway lines</b> As an infrastructure company of the region, we will aim to establish smart cities and environmental model areas that contribute towards enhancing the values of areas along our railway lines and also contribute towards the realization of a circular society while collaborating with business plans and experimental projects led by municipalities.
(3) Preserving biodiversity	<b>Realization of a society co-existing with nature</b> We will be mindfully avoiding or minimizing our impact on biodiversity within all of our business activities, and practice ecosystem maintenance and the sustainable use of natural resources in areas along our railway lines.
(4) Deepening our environmental management	<b>Reinforcement of environmental promotion systems and environmental information disclosure</b> We are operating environmental management systems at the level required by ISO14001 voluntarily.

## Nankai Electric Railway Group Medium-term Environmental Goals (FY2021 to FY2024)

We implemented various initiatives to achieve our medium-term environment goals and were able to generally achieve the targets, although water intake increased due in part to the COVID-19 pandemic in FY2021.

Environmental issues	Medium-term environmental goals and major policies (Targets to be achieved by FY2024)	Results for FY2021 (Achievement targets for FY2021)	Assessment	Achievement targets for FY2022
1. Suppression of climate change	<b>Reduction of Nankai Group CO<sub>2</sub> emissions</b> <b>32% reduction of CO<sub>2</sub> emissions (compared to FY2013)</b> <ul style="list-style-type: none"> <li>● Energy-saving and renewal of vehicles (trains and buses)</li> <li>● Promote energy conservation measures within Nankai-owned real estate and distribution facilities (shift to green buildings, renewal of air-conditioning facilities, etc.)</li> <li>● Effective use of energy in newly acquired properties</li> </ul>	<ul style="list-style-type: none"> <li>● Results of CO<sub>2</sub> emissions for FY2021: 33.0% reduction [28% lower than FY2013]</li> <li>*Emission coefficient 0.362 t-CO<sub>2</sub>/thousand kWh</li> </ul>	◎	● 28% reduction of CO <sub>2</sub> emissions (compared to FY2013)
	<b>Utilizing renewable energy</b> <ul style="list-style-type: none"> <li>● Introducing and utilizing renewable energy in railroads, real estate, and distribution facilities</li> </ul>	<ul style="list-style-type: none"> <li>● Started operation of CO<sub>2</sub>-free electricity for the Cable Line (from June 2021)</li> </ul>	○	● Planning measures to introduce renewable energy in railroads, real estate, and distribution facilities
2. Bringing about a circular society	<b>Preparation for the creation of smart cities in areas along our railway lines</b> <ul style="list-style-type: none"> <li>● Detailing business models for the creation of smart cities in areas along our railway lines</li> </ul>	<ul style="list-style-type: none"> <li>● Promoted the Izumigaoka Station-Front Vitalization Project and the Semboku New Town Smart City Strategy</li> </ul>	○	● Establishing the SENBOKU Smart City Consortium
	<b>Promotion of the effective use of resources and 3R for waste</b> <ul style="list-style-type: none"> <li>● 5% reduction of water intake (when compared to FY2019)</li> <li>● 3% increase of waste recycling rates (when compared to FY2021)</li> <li>● 70% reduction of paper used at the head office (when compared to FY2019)</li> </ul>	<ul style="list-style-type: none"> <li>● 2% increase of water intake [2% lower than FY2019]</li> <li>*There was less water intake due to the decrease of operating revenue during the COVID-19 pandemic.</li> <li>● Monitored waste volume and ratio of recycling (consolidated)</li> <li>● 56% reduction of paper used at the head office [50% lower than FY2019]</li> </ul>	△	<ul style="list-style-type: none"> <li>● 3% reduction of water intake (when compared to FY2019)</li> <li>● 1% increase of waste recycling rates (when compared to FY2021)</li> <li>● 60% reduction of paper used at the head office (when compared to FY2019)</li> </ul>
3. Preserving biodiversity	<b>Preservation of biodiversity in areas along our railway lines</b> <ul style="list-style-type: none"> <li>● Creation of the "Tanagawa Biotope" biological habitat</li> <li>● Fully informing all suppliers of our Green Procurement Guidelines and requesting that they raise the levels of their initiatives</li> <li>● Organization of public events (four times a year)</li> </ul>	<ul style="list-style-type: none"> <li>● Categorization of zones according to the ecosystem of the "Tanagawa Biotope," and implementation of maintenance and management based on its characteristics (conducted five times a year)</li> <li>● Informing all suppliers of our Green Procurement Guidelines and requesting that they raise the levels of their initiatives (conducted for 25 companies)</li> <li>● Organization of public events (conducted three times a year)</li> </ul>	○	<ul style="list-style-type: none"> <li>● Conducting maintenance and management of the "Tanagawa Biotope" (ten times a year)</li> <li>● Establishing the Nankai Group Material Procurement Policy and conducting a survey based on this policy</li> <li>● Organization of public events (four times a year)</li> </ul>
4. Deepening our environmental management	<b>Climate change risk analysis and disclosure</b> <ul style="list-style-type: none"> <li>● Information disclosure in line with TCFD recommendations</li> <li>● CDP rating of A- (climate change)</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation and disclosure of TCFD scenario analysis</li> <li>● CDP rating of B (climate change)</li> </ul>	○	<ul style="list-style-type: none"> <li>● Expansion of the implementation and disclosure of TCFD scenario analysis</li> <li>● CDP rating of B (climate change)</li> </ul>
	<b>Starting the voluntary operation of an environmental management system that is rated to be on the same level as an ISO 14001 certification</b> <ul style="list-style-type: none"> <li>● Voluntary operation of an environmental management system on the same level as an ISO certification</li> </ul>	<ul style="list-style-type: none"> <li>● Formulated a plan for the transition to a proactive environmental management operating system</li> <li>● Transitioned to voluntary operation from April 2022</li> </ul>	○	● Starting the voluntary operation of an environmental management system (for target management, external audits, etc.)
	<b>Reinforcing employee awareness towards environmental conservation and ensuring compliance with environmental laws and regulations</b> <ul style="list-style-type: none"> <li>● 100 ECONist certifications, 35 ECONist advanced certifications, 30 passing the Eco Test, and one consideration for the development and improvement of programs to promote participation in activities</li> <li>● Establishing management systems to comply with environmental laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>● 189 people obtained the ECONist certification [100 people], 43 people obtained the ECONist advanced certification [35 people], and 35 people passed the Eco Test [30 people]. The "ECONist x Railway Ambassadors Collaboration" is still ongoing, and there were four newly certified activities.</li> <li>● Conducted audit on environmental laws and regulations at 40 companies.</li> </ul>	○	<ul style="list-style-type: none"> <li>● 100 ECONist certifications, 35 ECONist advanced certifications, 30 passing the Eco Test, and one consideration for the development and improvement of programs to promote participation in activities</li> <li>● Conducting environmental law and regulation training, and surveys on the status of establishing a management system</li> </ul>
5. Expansion of green buildings	<b>Expanding environmental buildings (green buildings)</b> <ul style="list-style-type: none"> <li>● Obtaining environmental certifications for newly developed properties</li> </ul>	<ul style="list-style-type: none"> <li>● Maintained a 5-star DBJ Green Building certification for NAMBA SkyO [Status quo]</li> </ul>	○	● Obtaining green building certifications for newly developed properties or existing facilities
6. Appropriate information communication	<b>Issuing the Integrated Report</b> <ul style="list-style-type: none"> <li>● Creation of Integrated Reports that are regarded highly by external sources</li> <li>● Enhancement of the "KPI progress" and "ESG disclosure"</li> </ul>	<ul style="list-style-type: none"> <li>● Issued the FY2021 Integrated Report</li> <li>● Formulated and published "Materiality and KPI," "Our Value Creation Process," and "ESG disclosure"</li> </ul>	○	● Issuing the FY2022 Integrated Report A report based on "materiality," with enhanced information on "ESG disclosure"
Others	<b>Conducting various environmental activities</b> <ul style="list-style-type: none"> <li>● Acquisition and utilization of offset credits using the Nankai Forest (acquire 2,500 t of credits)</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted a carbon offset tour organized by Nankai Travel International</li> </ul>	○	● Acquisition and effective use of offset credits

◎: Achieved and exceeded targets ○: Achieved targets △: Did not achieve targets



Reducing CO<sub>2</sub> emissions in response to climate change, promoting the use of renewable energy, and so forth

**KPI** Reducing our Group's CO<sub>2</sub> emissions by over 46% compared to FY2013 (FY2030)

Results for FY2021: 207,696 t (33.0% lower than FY2013)

**Achieving "Carbon Neutrality by 2050"**

Based on the government's greenhouse gas reduction targets for FY2030 (reduction of 26% from FY2013), our Group has set CO<sub>2</sub> emission reduction goals at 46% or more from FY2013 throughout the Nankai Group.

Emissions for FY2021 were 207,696 t, which is a 33.0% reduction when compared to 309,902 t in the base year of FY2013. In addition to saving energy with train car renewals, there was a significant decrease in demand for all Group businesses due to consumers staying home with the outbreak of the COVID-19 virus, causing a drop in the total amount of energy used.

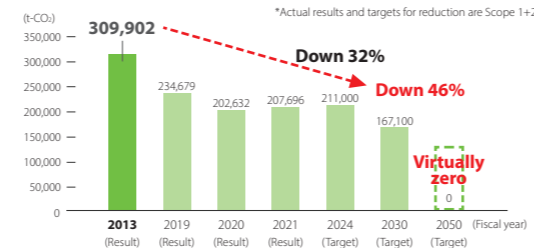
In particular, the energy consumption rate (denominator: distance travelled) used to measure our railroad efficiency decreased by 7.7% in five years, and the energy consumption rate (denominator: total floor space) used to measure the efficiency of our real estate decreased by 11.2% in five years. These are sure signs that our investments in energy-saving equipment definitely have an effect. We will continue to introduce energy-saving vehicles by utilizing various support programs offered by the Ministry of Land, Infrastructure, Transport, and Tourism, and will also incorporate energy-efficient equipment at our real estate and distribution facilities. Furthermore, we will boost awareness of energy conservation for all Group employees to attain the targets for "Nankai Environmental Vision 2030."

Additionally, in accordance with the government's declaration of "Carbon Neutrality by 2050," our Group has set targets to achieve virtually zero CO<sub>2</sub> emissions by 2050. To attain these targets, we will deliberate and implement various measures, including energy conservation measures; the introduction and utilization of renewable energy, energy creation, and alternative energy; and the utilization of carbon offsets.

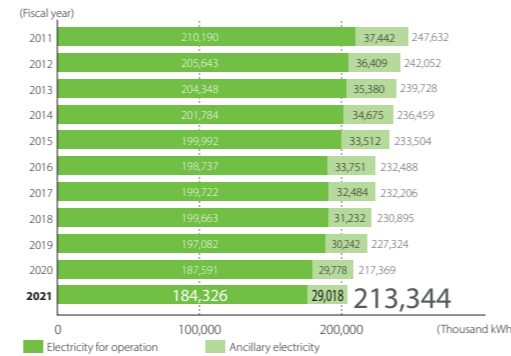
**Energy conservation measures taken in railway facilities and train cars**

The electricity consumption for our railways in FY2021 was 213,344,000 kWh (a decrease of 1.9% compared to FY2020). Of this, the amount used for operation was 184,326,000 kWh, accounting for 86.4% of the total amount, and the remaining ancillary electricity consumption was 29,018,000 kWh. Overall, the electricity consumption for railways decreased by 13.8% in FY2021 when compared to FY2011. Ancillary electricity is energy used for signal equipment, railroad crossings, and station facilities (lighting, air conditioning, elevators, etc.). We have been making efforts to conserve energy, such as saving energy during summer and winter months (partial elevator shutdowns, strict adherence to room temperatures, etc.) and changing station light fixtures to LED.

**CO<sub>2</sub> emission reduction results and targets (consolidated)**



**Changes in electricity used at railways**

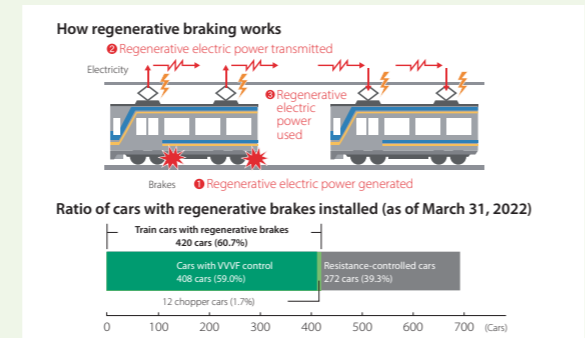


**Regenerative braking and VVVF control**

"VVVF control" is the control of AC motors through voltage and frequency variation in order to determine train acceleration and speed. It does not use electrical resistance like conventional trains, which allows for control that is very energy efficient.

Furthermore, "regenerative braking" is a mechanism that makes the motors act as a power generator when a train brakes. This generated energy is returned to overhead wires to be supplied to other trains running in the vicinity. This conserves the amount of consumed energy because it reuses the electricity that has been generated.

These systems reduce the use of electricity compared to conventional trains, so we are promoting the use of trains equipped with this system.



**Energy conservation measures in real estate and distribution facilities**

From FY2022 to FY2024, we plan to renew existing facilities for properties of the Real Estate Division with energy-saving equipment that will contribute towards reducing CO<sub>2</sub> emissions. Specific plans include replacing heat source equipment that services the entire Nankai Terminal Building with equipment that is more efficient, and we are also deliberating the reduction of life cycle costs by changing our equipment to the appropriate capacity and number of units according to the current load capacity. We are also considering cutting down on the electricity consumed by suppressing transporting power. This will be done by installing inverters that enable operation control according to the workload of pumps supplying cold water to all areas of large-scale facilities. Along with the renewal of these facilities, we also plan to automate equipment control, optimize operations, enable the visualization of these systems, and further cut down on energy consumption by installing heat source controllers and the Building Energy Management System (BEMS).

**Utilizing renewable energy**

As part of our efforts to promote CO<sub>2</sub> emission reduction of the Cable Line (Koyasan cable cars), we have been operating the line on 100% renewable energy by applying the "Renewable Energy ECO Plan" by Kansai Electric Power from June 2021. This initiative reduces CO<sub>2</sub> emissions by approximately 60 t per year. This is the first instance of a cable car in Japan operating on 100% renewable energy.

Regarding the use of solar energy, solar power generation systems have been installed in areas such as platform awnings at Hagoromo Station, Izumiotsu Station and Izumisano Station on the Nankai Line. Approximately 30% of the electricity consumed daily at the Izumiotsu Station is covered by the solar power



Tannowa Solar Power Plant

generated here. The power generated annually by the solar power plant installed at our Group's Suminoe Enterprise's Boat Race Suminoe (Suminoe Ward, Osaka City) is 542,000 kWh, and the power generated annually by the Tannowa Solar Power Plant (Misaki Town, Sennan District, Osaka) is 629,000 kWh.

**Promotion of Park & Ride**

CO<sub>2</sub> emissions by trains are only 1/5 that of private cars.\* We are making efforts to reduce CO<sub>2</sub> emissions by promoting the use of public transport with Park & Ride initiatives.

**Use of offset credits with CO<sub>2</sub> emission reduction**

Since 2013, the 1,928 t of CO<sub>2</sub> absorbed by the Nankai Forest has been created as tradable "credits" with the Ministry of the Environment's "Offset Credit (J-VER) Scheme," and we have used the offset of emissions at various events.

In FY2019, we registered with a new credit acquisition plan (approximately 4,000 t) under the "J-Credit Scheme," and 509 t of credits were certified in January 2021 as part of this plan.

We will continue to acquire certification for the remaining credits up to FY2027, and use these obtained credits effectively to create a low-carbon society.

\*Source: Ministry of Land, Infrastructure, Transport and Tourism website (carbon dioxide emissions within the transportation division)



**We received the highest rank in the "DBJ Environmental Ratings" of Development Bank of Japan.**

Our company was recognized for its environmentally friendly corporate management, and obtained an environmental rating of "especially advanced environmental initiatives" in the "DBJ Environmental Ratings" environmental ranking audit conducted by the Development Bank of Japan. This is the third time we have obtained this environmental rating, since the first time in September 2014, and as before, we received the highest rating of "A."



**Information disclosure by responding to CDP**

The Carbon Disclosure Project (CDP) is a partnership of institutional investors requesting that companies disclose their climate change strategies and details of their greenhouse gas emissions. We respond to CDP questionnaires on climate change and water every year.

Our company's CDP score	2017	2018	2019	2020	2021
Climate change	B	B	B	B	<b>B</b>
Water	A-	A-	B	B	<b>B</b>

# Information disclosure based on TCFD recommendations

The Nankai Group recognizes that measures for climate change are important management issues for business continuity, and makes efforts to monitor the various risks and opportunities that arise from

\*The "Task Force on Climate-related Financial Disclosures (TCFD)" was established in 2015 by the Financial Stability Board (FSB) at the request of G20, to consider how information disclosure and response by financial institutions should be conducted for climate-related issues.

## Governance

We have established the "Sustainability Promotion Committee" as an organization to drive sustainability measures across the Group, including response to climate change based on TCFD recommendations (held four times a year, in principle). The Committee has been playing a central role in having discussions about setting CO<sub>2</sub> emission targets, monitoring results, promoting the evaluation of the level of achievement (PDCA cycle), identifying climate change risks and how to respond, while having been cooperating with business divisions.

From those matters among those discussed by this Committee, important matters are reported to the Board of Directors twice a year.

## Strategies

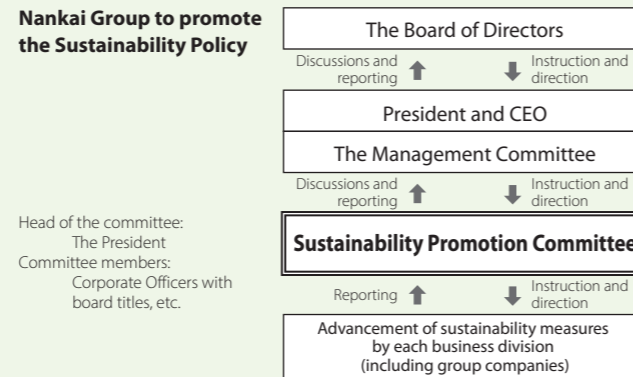
Strategically, we have considered various possibilities such as advancing climate change and change in the economy and society in the future, and identified risks and opportunities emerging from climate change that can impact our individual railway business and real estate/distribution business, the domains we are covering in this report, evaluating their significance.

In view of the level of impact to business, we have evaluated "carbon pricing, carbon emission targets and policies in each country" and "change in power/fuel prices and energy mix" as significant risks and opportunities to consider as we shift toward a decarbonized

climate change based on the "Task Force on Climate-related Financial Disclosures (TCFD),"\* and to integrate them into our business strategies.



### Nankai Group to promote the Sustainability Policy



Head of the committee: The President  
Committee members: Corporate Officers with board titles, etc.

society, and "intensification of abnormal weather" as significant physical risks and opportunities from climate change. (The analysis was performed for the 1.5–2 degrees Celsius scenario and the 4 degree Celsius scenario.)

We have been working on these risks and opportunities within the risk management system of each core businesses.

Going forward, we will aim to the increase of value as a sustainable company and the realization of a sustainable society, by taking appropriate measures for the identified risks and opportunities.

## Details of risks and opportunities arising from climate change and the direction of measures taken

Businesses subject to the evaluation of risk and opportunity priority:

(Non-consolidated) Railway business and real estate and distribution business

\* Those marked (Shared) for risks and opportunities arise in both our railway business and real estate/distribution business  
\* Period when items will happen Short-term: 1 year; medium-term: 2–4 years; long-term: 5–15 years  
\* The directions for the response measures include those whose feasibility is currently being evaluated

### Risks associated with the shift

Risks		Risks for our company	Occurrence	Assessment	Direction for response measures
Risks associated with the transition to a decarbonized society (risks associated with the shift)	Government Policies/ regulations	Carbon pricing, carbon emission targets and policies in each country (Shared) More taxes through the introduction of carbon tax (Shared) Increase in electricity bills from changing to renewable energy to achieve carbon emission targets (Real estate and distribution) Increasing cost of purchasing carbon emission rights for aged properties	Medium to long term	Significant	- Promotion of saving in energy by investing in vehicle and facility updates - Introduction of renewable energy - Utilizing carbon offsetting
	Industrial/ markets	Compliance with ZEB, ZEH, and other regulations (Real estate and distribution) Increasing construction costs and renovation costs to comply with regulations	Medium term	Medium	- Savings in construction and renovation costs by reviewing facility specifications and procurement methods, through utilizing grant systems
	Technologies	Changes in power/fuel prices and energy mix (Railway) Rise in electricity unit price for steady power supply due to the spread of renewable energy (Real estate and distribution) Increasing cost of running facilities due to higher use of renewable energy as a fraction of total power use	Short to medium term	Significant	- Promotion of saving in energy by investing in vehicle and facility updates - Promoting use within the Company of internally generated power
		Spread of low-carbon technology (Railway) Decrease in customer numbers and drop in revenue due to the spread of eco cars	Long term	Medium	- Evolving as a total mobility business, capitalizing on our strength as a railway company capable of mass transport and punctuality
	Reputation	Spread of renewable energy and energy-saving technologies (Shared) Increase of construction costs due to the introduction of energy-saving and renewable energy technologies	Medium term	Medium	- Saving in construction costs through reviewing facility specifications and procurement methods, utilizing public support such as grant systems
		Changes in customer reputation (Shared) Decrease in customers due to our environmental measures being viewed as being passive	Medium term	Medium	- Active promotion of environmental measures, including energy-saving measures, and dissemination of information
		Changes in investor reputation (Shared) Passive environmental measures negatively impacts share price, increase capital procurement costs and result in divestment	Medium term	Medium	- Actively promoting environmental measures, and disclosing information about climate-change measures through integrated reports and our website, based on TCFD recommendations

### Physical risks

Risks		Risks for our company	Occurrence	Assessment	Direction for response measures
Risks associated with physical changes in climate change (physical risks)	Chronic	Change of rainfall and climate patterns (Railway) Increase of transportation costs due to an increase in rain and gales (Real estate and distribution) Decrease of asset values due to deterioration of construction materials from UV rays and storms	Medium term	Medium	- Scheduled implementation of hardware measures for railway facilities - Preventive maintenance through use of digital technologies
		Increase in average temperature (Shared) Decrease in passenger and visitor numbers due to intense heat, increase of costs due to the need to take measures against heat stroke and to declining productivity (Railway) Increase of costs due to the need for air conditioning (Real estate and distribution) Increase of construction costs because of the need to enhance air conditioning capacity and so forth			- Designing and constructing facilities with consideration to intense heat
	Sea level rise (Railway) Damage to facilities and vehicles due to flooding along our coastal lines	Long term	Significant	- Railway facilities made stronger through measures to prevent flooding - Organizing evacuation plans from railway vehicles	
Acute	Intensification of abnormal weather (Shared) Increase of damage to our railway and real estate assets due to factors such as flooding, erosion and bridge scours, increase of non-life insurance payments, decrease of asset values (Shared) Disruption in sales due to supply chain disruption	Short to medium term	Significant	- Enhancement in construction, measures to prevent flooding, measures to prevent landslides on slopes, and cutting down hazardous trees, at railway facilities and real estate/distribution facilities - Taking measures to prevent bridge scours - Alleviating regulation levels by enhancing hardware measures at railway facilities - Enhancing BCP response capability at railway facilities and real estate/distribution facilities, through measures such as securing inventory - Implementation of evacuation from vehicles during severe weather - Organizing disaster response manuals, including diversification of supply chains	

### Opportunities

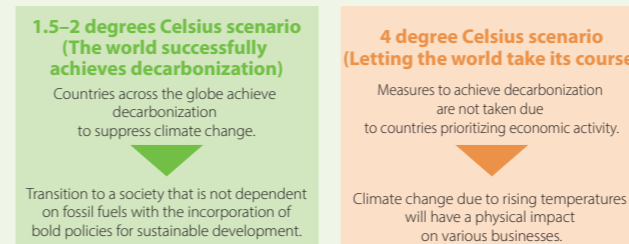
Opportunities		Opportunities for our company	Occurrence	Assessment	Direction for response measures
Opportunities associated with the shift toward a decarbonized society	Government policies/regulations	Carbon pricing, carbon emission targets and policies in each country (Railway) Transportation shifting from delivery by road to railway, due to introduction of carbon tax (Shared) Decrease of operational costs, increase of public grants, and possibility of lower taxes due to energy-saving investments	Medium to long term	Significant	- Promotion of saving in energy by investing in vehicle and facility updates - Promoting use within the Company of internally generated power
	Industrial/ makes	Compliance with ZEB, ZEH, and other regulations (Real estate and distribution) Decrease of operational costs and increase of competitiveness due to enhanced environmental performance	Medium term	Medium	- Introduction of energy-saving facilities for ZEB/ZEH and active use of grant systems
		Changes in power/fuel prices and energy mix (Real estate and distribution) Increase of rent and asset values due to rising needs for new environmentally-friendly buildings	Short to medium term	Significant	- Increasing the portfolio of environmentally certified buildings, active facility updates for better environmental performance
	Technologies	Spread of low-carbon technology (Shared) Decrease of renewable energy prices and costs (Railway) Decrease of environmentally friendly vehicle prices, durability achieved for long-distance traveling	Long term	Medium	- Introduction of renewable energy - Promoting the introduction of high-performance vehicles and facilities through the spread of new technologies and use of new grant systems
		Spread of renewable energy and energy-saving technologies (Shared) Decrease of power costs and operational costs due to new energy-saving technologies	Medium term	Medium	
	Reputation	Changes in customer reputation (Railway) Modal shift in customers switching from using private cars to using railways as they become more environmentally aware (Real estate and distribution) Increase of income by successful differentiation in response to rising customer needs for environmental performance	Medium term	Medium	- Evolving as a total mobility business, encouraging people to switch from using private cars to public transport - Developing environmental high-performance buildings, ZEB/ZEH and so forth
Changes in investor reputation (Shared) More active funding associated with increasing ESG investments		Medium term	Medium	- Securing funding through green investments to actively promote environmental response	
Opportunities related to physical changes	Chronic	Increase in average temperature (Shared) Lower heating costs during winter	Medium term	Medium	- Saving facility investments into heating features by simplifying specifications
	Acute	Intensification of abnormal weather (Real estate and distribution) Increased competitiveness and income by answering people's needs to live in disaster-resilient homes, through measures such as BCP response and for people for whom it is difficult to return home following disasters	Short to medium term	Significant	- Enhancing disaster-response capabilities of real estate and distribution facilities in the Namba area - Organizing disaster-response manuals and disclosing information on BCP responses

### Quantifying business impact projected through these risks and opportunities

We quantitatively calculated our business impact in 2030 regarding our railway business and real estate/distribution business on the basis of objective forecast data disclosed for the scenarios of the temperature rise considered that were evaluated as significant in the evaluation of identified risks and opportunities.

For the scenarios that serve as premises to these assumptions, we have used a 1.5–2 degrees Celsius scenario for the risks and opportunities associated with the shift, for which active response will be taken in society for climate change, and a 1.5–2 degree Celsius and 4 degree Celsius scenario for physical risks, for the calculations.

### Scenario configuration: The range of temperature increase by the end of this century



### Calculation of business impact (five risks and opportunities)

- Decrease of operating profit due to imposition of carbon tax
- Decrease of operating profit due to surging power bills
- Decrease of operating profit from physical damage from torrential rain
- Decrease of operating profits from suspension of operation of railways and temporary closure of facilities due to torrential rain
- Increase of rent for existing buildings through obtaining environmental certification

Two scenarios × Five important risks and opportunities × Our businesses

Prerequisite for calculating business impact estimations

\*1: Yamato River and Kinokawa River areas as assumed areas  
\*2: Namba CITY and Namba Parks as assumed areas

Items	Risks and opportunities	Forecast data used for the calculations	Assumption of the impact in 2030	
			1.5-2 degrees Celsius scenario	4 degree Celsius scenario
Risks associated with the shift	Decrease of operating profit due to imposition of carbon tax	IEA "World Energy Outlook 2021"	130\$/t-CO <sub>2</sub> (2030, developed countries) Calculated using a currency rate of 1\$ = 110 yen	-
	Decrease of operating profit due to surging power bills	IEA "World Energy Outlook 2018"	An approximate 5% rise from the current level	-
Physical risks	Decrease of operating profit from physical damage (floods <sup>1</sup> , landslides and bridge scours) from torrential rain	Meeting to evaluate technologies concerning water management in time of climate change "Water management proposals in time of climate change" A-PLAT "Climate Change Adaptation Information Platform"	The frequency of flooding doubles the current level Frequency of landslides and bridge scours increases by 2%	The frequency of flooding increases four-fold from the current level Frequency of landslides and bridge scours increases by 2%
	Decrease of operating profits from suspension of operation of railways and temporary closure of facilities <sup>2</sup> due to torrential rain	Japan Meteorological Agency "Climate Change in Japan 2020—Reports on Assessment of Observed/Projected Climate Change Relating to the Atmosphere, Land and Oceans" (detailed edition) Ministry of the Environment and Japan Meteorological Agency "Japan's Climate at the End of the 21st Century (2015)"	Days of torrential rain per year increases by 0.6 days from the current level	Days of torrential rain per year increases by 1.2 days from the current level
Opportunities	Increase of rent for existing buildings through obtaining environmental certification	Japan Real Estate Institute "The 44th Real Estate Investor Survey Special Questionnaire II"	An approximate 3% rise from the current level	-

Presumed business impact (financial impact)

Items	Risks and opportunities	Assumption of the impact in 2030	
		1.5-2 degrees Celsius scenario	4 degree Celsius scenario
Risks associated with the shift	Decrease of operating profit due to imposition of carbon tax	-1.1 billion yen / year	-
	Decrease of operating profit due to surging power bills	-200 million yen/year	-
Physical risks	Decrease of operating profit from physical damages (floods, landslides and bridge scours) from torrential rain	-100 million yen/year	-200 million yen/year
	Decrease of operating profit from suspension of operation of railways and temporary closure of facilities due to torrential rain	-100 million yen/year	-200 million yen/year
Opportunities	Increase of rent for existing buildings through obtaining environmental certification	200 million yen/year	-

As these calculations showed, for the projected impact from climate change, we found business impacts such as increased costs and income associated with the risks and opportunities from the shift to a decarbonized society. Also we found that the business impact from physical risks in the 4 degree Celsius scenario was double that of the 1.5-2 degree Celsius scenario.

Either scenario brings limited business impact. However, to minimize the risks and maximize opportunities from climate change in the future, we would like to remain an organization that is resilient against climate change through initiatives for a decarbonized society, such as by advancing CO<sub>2</sub> reduction measures, including updates of our railway vehicles.

Risk management

For risks concerning the Nankai Group's business and so forth, we are ensuring comprehensive, central risk management for the entire group, by measures such as establishing a Risk Management Committee, to avoid and minimize risks that could significantly impact the management of our Group.

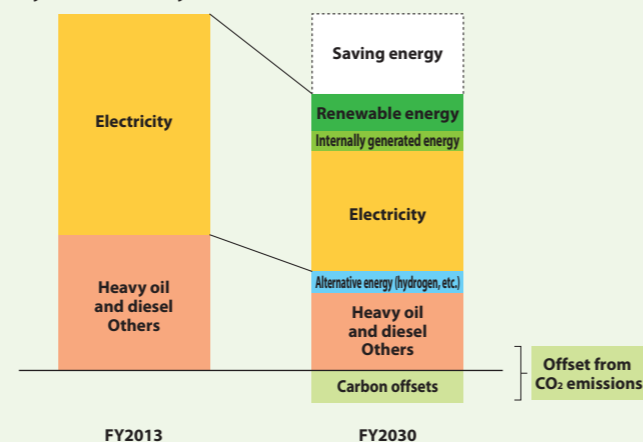
As for climate change risks, with our Sustainability Promotion Committee playing the central role, we have a system to devise policies and strategies to minimize risks and gain opportunities, and oversee monitoring of initiatives. Together with the Risk Management Committee, we will periodically review climate-change risks and opportunities.

Metrics and targets

Our Group has implemented initiatives to decarbonize our business activities to alleviate climate change and be ready for the risks associated with the shift, therefore we have set as targets "46% or more carbon emission reduction by FY2030 from FY2013," and "practically zero carbon emissions in 2050." In the individual railway business division, we are hoping to have turned 84.8% of our vehicles into energy-saving vehicles by FY2030.

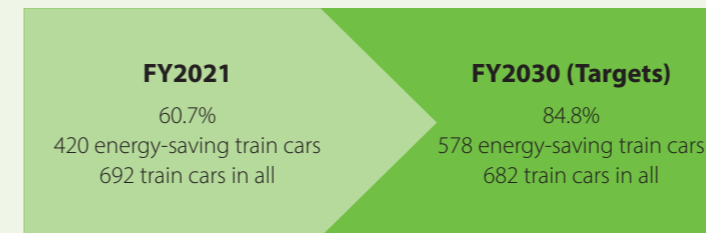
Our Group will contribute to the realization of a sustainable society through our carbon-reduction initiatives such as updating our railway vehicles and use of renewable energy.

The image of the Nankai Group's energy use portfolio toward the goal of saving CO<sub>2</sub> emissions by over 46% by FY2030, from FY2013



Ongoing initiatives to mitigate climate change (measures to reduce CO<sub>2</sub> emissions)

Ratio of energy-saving vehicles adopted (non-consolidated)



New train for replacement The 8300 series

Measures that have already been implemented to adapt to climate change (hard measures)

Measures against flooding at railway facilities

In the railway business, various measures to counter the flood damage caused by torrential rainfall and other factors are being strategically promoted. Watertight doors and tide embankments are being installed for all equipment rooms at railway facilities as measures against flooding damage. For soft measures, disaster response manuals are being developed along with evacuation plans for rolling stock held in the depot, in the event of stormy weather.



Watertight door (left) and a tide embankment (right) (Tamade General Office)

Landslide prevention measures for slopes

In the railway business, various measures are being strategically promoted to prevent slopes within railway properties from collapsing due to torrential rainfall and disrupting train operation.

Reinforcements such as slope frame construction and anchor construction are being promoted within railway properties as measures against landslide. Furthermore, for areas along our railway lines that carry the risk of falling trees, an arborist will conduct tree health assessments for the strategic removal of trees determined to be dangerous, especially in the area between Hashimoto Station and Gokurakubashi Station.



Construction to prevent landslides (within Kamikawa Station)

Safety measures for bridges

Scouring prevention measures (see pages 48 to 49 for details)

In the railway business, we will identify bridges affected with scouring from results of regular inspections, etc., and proceed with scouring prevention measures for river bridges based on those results. In FY2021, construction of one bridge was completed, and designs for three others were created.

Installation of the Bridge Abnormality Detection System

In the railway business, a system that has measuring instruments to detect anomalies on bridges and automatically activate special signals that are immediately sent to notify train crews of anomalies has been installed on the Onosato River bridge and Kinokawa River bridge (on the Nankai Line and Koya Line). We are now making efforts to install the same system on the Yamatogawa River bridge on the Koya Line.



Bridge Abnormality Detection System (Kinokawa River bridge on the Koya Line)

Bringing about a circular society

Promoting the effective use of resources and 3R for waste

Along with compliance with environmental laws and regulations, we also promote recycling activities by monitoring the environmental impact of our business activities, including environmental pollution and waste generation. Furthermore, as water risks continue to increase, reducing water use has also become one of our major policies, and we have been controlling non-consolidated general and industrial waste emissions and our Group's (consolidated) water intake since FY2018.

One example for waste reduction is the installation of trash cans for paper resources, bottles, cans, PET bottles, and plastics at the head office building. General trash is separated into 12 categories that are accurately measured with scales installed at the trash disposal area for management.

In FY2021, the management of waste emission control was expanded from non-consolidated to consolidated, and we also made efforts to monitor the ratio of recycling through activities such as interviews on recycling situations. As a result, in FY2021, general waste and industrial waste combined accounted for approximately 88.3%.

To reduce water intake from groundwater such as well and tap water, we have been using rainwater at the Izumiotsu Station,

groundwater such as well water, and reprocessed industrial and miscellaneous water. At Namba Parks, we have installed water purification facilities in the basement, using wastewater that has been treated and sterilized using microorganisms and active carbon to create clear and colorless water that is used to flush toilets, water plants, etc.

In addition, we have started to disclose our water intake per water source from this fiscal year. Note that the quantity of our water intake for our Group in FY2021 (consolidated) was 1,221,000 m<sup>3</sup>, an increase from the previous year, as the effects of the COVID-19 pandemic subsided and the economy started to slowly recover.

Total emission amount and recycle ratio of general and industrial waste (consolidated)

Items	FY2021
General waste emissions (t)	10,314
Industrial waste emissions (t)*1	66,630
Total emissions (t)	76,944
Recycle ratio (%)**2	88.3
Final amount disposed (t)	9,024

\*1 All industrial waste processed as the main contractor has been included for construction work.  
 \*\*2 Recycling includes thermal recycling.

Preserving biodiversity

Our approach to biodiversity

We revised our environmental policy in 2017, adding items for biodiversity and establishing our "Biodiversity Action Guidelines." We will be mindfully avoiding or minimizing our impact on biodiversity within all of our business activities, and aim to maintain the ecosystem and achieve the sustainable use of natural resources in areas along our railway lines.

The contribution of "Parks Garden" to urban biodiversity

The "Parks Garden" situated on the rooftop of "Namba Parks" (11,500 m<sup>2</sup>) offers approximately 300 species and 70,000 medium to tall trees, which are home to various birds and insect life. It is a unique place within the city of Osaka that contributes to biodiversity. The "Parks Garden" has been featured as an example of "creating new liveliness through greenery" in the Ministry of the Environment's "Case studies of collaboration between developers and local communities: Realizing SDGs through development projects."

Furthermore, "Parks Garden" was ranked No. 1 in the "Otherworldly Green Rooftop Gardens," a feature in the NIKKEI Plus 1 article published on June 4, 2022 in the Nikkei Keizai Shimbun. It was

chosen for the No. 1 spot by 7 out of 12 experts, praised as "Osaka's world-class masterpiece of a rooftop park".

"Nankai Forest"

Our company started planting cedar and cypress trees in 1977 at our approximately 520 hectares of forest (approximately 300 ha of man-made forest and approximately 220 ha of natural forest, etc.) in the Totsukawa Village of Yoshino Town, Nara Prefecture. Since then, we have been strategically planting trees and conducting maintenance (pruning and thinning). Preserving natural forests such as beech forests will not only absorb CO<sub>2</sub>, but also contribute to erosion control, preservation of water sources, and biodiversity. Meanwhile, from a CSR perspective, we have also been conducting tree-thinning activities with executives and employees from 2008. Additionally, forests absorb CO<sub>2</sub> and contribute to future carbon neutrality, so the J-credit system has started to attract attention. Our company is also deliberating ways to use these forests for the three initiatives of global warming prevention, realization of a circular society, and preservation of biodiversity, through activities such as increasing the number of J-credits issued.

Other initiatives

Along with promoting environmental activities in Kyousei no Mori (Sakai City) and biotopes at the Tanagawa District (Misaki Town, Sennan County), our Group employees also conduct volunteer maintenance work at underdeveloped woodlands during the "Sakai Forest Restoration Project" sponsored by Sakai City.



Parks Garden



Tanagawa Biotope

Deepening our environmental management

Reinforcing employee awareness towards environmental conservation and ensuring compliance with environmental laws and regulations

Our company has introduced the ECONist program (a system to promote participation in environmental volunteer activities) since 2014. An ECONist is an employee with high environmental awareness who takes the initiative to actively participate in environmental activities. Employees receive ECONist points when they participate in environmental volunteer activities within and outside of the company, and are certified as ECONists if they earn two or more points per year. In FY2021, 189 individuals were certified as ECONists.

From 2017, to enhance incentives to raise environmental awareness among employees, we launched the "ECONist Advanced" award, which offers recognition and prizes for every three ECONist certifications.

Furthermore, we recommend taking the "Certification Test for Environmental Specialists (Eco Test)" (sponsored by the Tokyo

Chamber of Commerce), to raise employee awareness of environmental activities and to reduce environmental impact. From FY2009, we have been subsidizing examination fees and other expenses for those who successfully pass tests. The number of executives and employees with Eco Test certificates was 391 in FY2021.

In addition to this, the Nankai Group aims to thoroughly comply with environmental laws and regulations by providing SDGs trainings for managers and general employees, along with environmental law and regulation trainings that focus on revisions.

Furthermore, we have established an environmental management system in 2010 at the Chiyoda factory, which conducts train car maintenance, and have been conducting external audits since then.

Our company has been making continuous improvements to enhance our environmental performance, by establishing our Environmental Philosophy and Policy in August 2004, and establishing an environmental management system at the head office in 2012.

Expanding environmental buildings (green buildings)

KPI

Obtaining environmental certifications for newly developed properties

Results up to FY2021: Two

We assume the need for environmental buildings (green buildings) will increase even more with the transition to a decarbonized society. Although there were no new certification obtained in FY2021, from

now on, we will respond to these needs by obtaining certifications for existing properties as well as newly developed properties.

Acquisition of the "DBJ Green Building Certification"

The DBJ Green Building certification was established by the Development Bank of Japan Inc. to support real estate (green buildings) that consider the environment and society, and makes assessments and certifications required by society and the economy.



NAMBA SkyO (5 stars)



Kita Osaka Truck Terminal Building No. 1 (4 stars)



# Materiality 7 Bolster a Corporate Foundation That Is Sincere and Fair

In order to respond flexibly to a rapidly changing society, we will strive for speedy decision-making, appropriate management of finances, and a stronger supervisory function. We will also strive for two-way communication with our stakeholders, including shareholders and investors, to ensure timely, appropriate, and fair disclosure of information and to enhance management transparency.

## Corporate governance

### Basic concepts

Recognizing that strengthening corporate governance functions is an important management issue, we strive to ensure not only to comply with the law but also to have transparent management, make fair and rational decisions, and strengthen their supervisory functions.

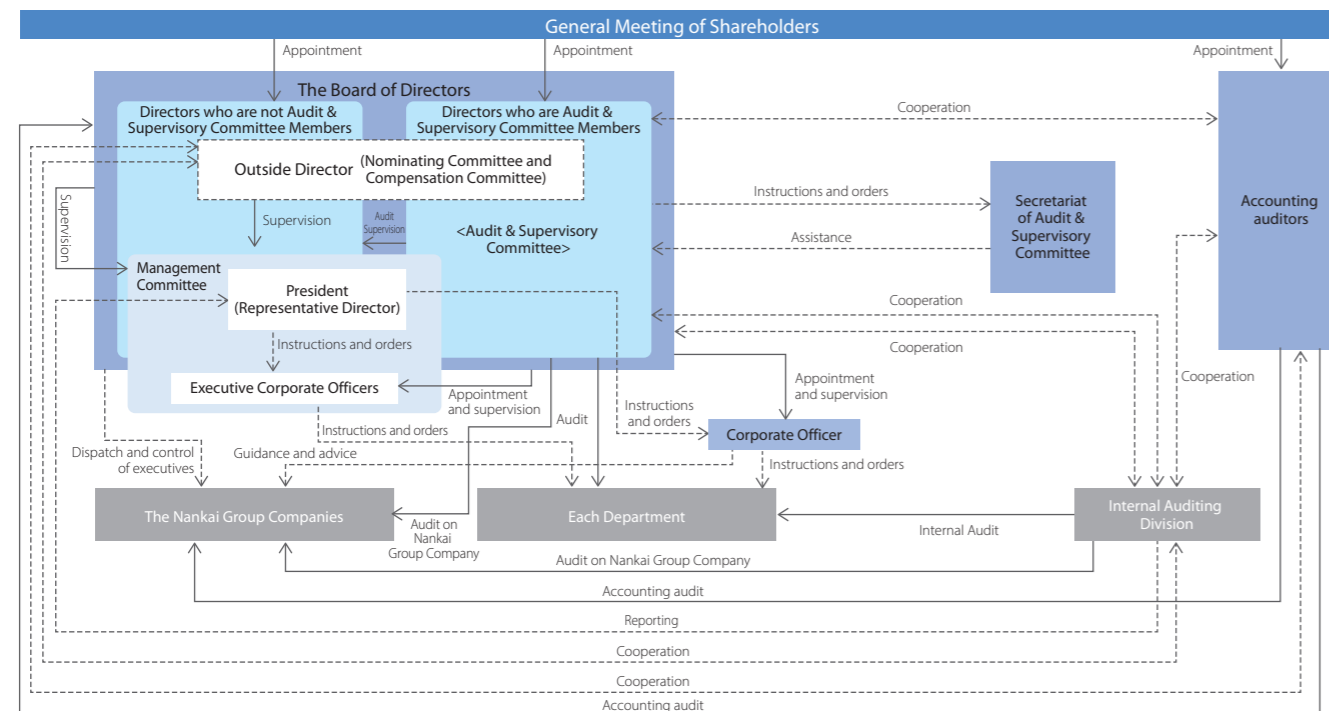
We respect the principles of the Corporate Governance Code set forth by the Tokyo Stock Exchange and aim to achieve sustainable growth and increase corporate value over the medium to long term while constantly strengthening and reviewing our corporate governance functions.

### Quick reference table for corporate governance system (as of June 23, 2022)

Organizational design form	Company with an Audit & Supervisory Committee
Chair of the Board of Directors	President
Number of Directors	15
Of which, the number of Outside Directors	8 (53%)
Of which, the number of female Directors	3 (20%)
Of which, the number of Directors/Audit & Supervisory Committee Members	6
Of which, the number of Outside Directors and Audit & Supervisory Committee Members	4
Term of office for directors	1 year (2 years for the term of office for Directors/Audit & Supervisory Committee Members)
Adoption of a Corporate Officer system	Yes
Board of Directors' discretionary advisory committees	Nominating Committee and Compensation Committee
Director compensation system	Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) and Executive Corporate Officers* shall be classified into supervisory and executive compensation.
Introduction of a performance-based compensation system	Yes
Accounting auditors	KPMG AZSA LLC
Corporate Governance Report	<a href="https://www.nankai.co.jp/ir/governance/governance_report">https://www.nankai.co.jp/ir/governance/governance_report</a>

\*Senior Corporate Officers and higher ranks among our Corporate Officers

### Outline of corporate governance and internal control systems (as of June 23, 2022)



### Transition to a stronger governance system

Fiscal year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Organizational design	Company with a Board of Company Auditors → Company with an Audit & Supervisory Committee									
Composition of executives	Number of Directors	13					9	8	15 <sup>*1</sup>	
	Outside Director	3							8 <sup>*2</sup>	
	Number of auditors	5								
	Outside auditors	3								
	Independent executives	5				4	5	6	8	
Term of office for executives	Female executives						1		3	
	Directors	2 years							1 year	
	Auditors	4 years								
Establishment of voluntary committees	Directors/Audit & Supervisory Committee Members									2 years
	Nominating and Compensation Meetings									
	Nominating Committee									
Evaluation of the effectiveness of the Board of Directors	Compensation Committee									
	Started evaluating the effectiveness of the Board of Directors									
Executive compensation										Update
Others										Introduction of a stock compensation system Abolition of takeover defense measures

\*1 Six of them are Directors who are Audit & Supervisory Committee Members  
\*2 Four of them are Directors who are Audit & Supervisory Committee Members

### Outline of the corporate governance system and reasons for adopting this system

Being a company with an Audit & Supervisory Committee, we have increased both the number and ratio of Outside Directors with voting rights on the Board of Directors to strengthen the supervisory function of the Board of Directors and improve management transparency; and we delegate part of the Board of Directors' decision-making authority over business execution to the Directors to improve the flexibility of the execution, thereby continuing with our aim to transition to a monitoring board. In addition, by positioning Corporate Officers as people who are responsible for business execution, the company makes a clear distinction between the business execution function and the supervisory function.

Given the nature of the company's business and its social mission to ensure safe transportation, the Board of Directors appoints a reasonable number of directors from within the company who are well versed in the railway business and transportation safety management, while ensuring that the majority of them are Outside Directors. At the same time, by setting the Nominating Committee and Compensation Committee with a majority of their members being Outside Directors and the Audit and Supervisory Committee members, the management ensures fairness, objectivity, and

transparency in the decision-making process on important management matters, including nomination and compensation.

In addition, the company strives to strengthen the supervision of the management by the Board of Directors and the Audit & Supervisory Committee by regularly reporting to the Board of Directors and the Audit & Supervisory Committee on the status of internal control system operations, including internal audit plans and results.

### Business execution

#### The Board of Directors

The Board of Directors (chaired by the President and Representative Director, with the General Affairs and Public Relations Department as the Secretariat) consists of 15 Directors including eight Outside Directors (Six of them are Directors who are Audit & Supervisory Committee Members) and meets once a month in principle to make decisions on basic management policies and the execution of the company's business, and to supervise the Directors' performance of their duties. In accordance with the provisions of the Articles of Incorporation and resolutions of the Board of Directors, the company delegates important business execution decisions to the Directors, thereby enhancing the agility of business execution.

**Management Committee**

The Management Committee (presided over by the President, with the General Affairs and Public Relations Department as the Secretariat) consists of Executive Corporate Officers and other Corporate Officers appointed by the President, and meets once a week as a deliberative body for the President to make decisions on important business execution based on the basic management policies set by the Board of Directors.

**Nominating Committee**

We will ensure the fairness, objectivity, and transparency of the nomination process by establishing a Nominating Committee (Head of the committee: Kiyoshi Sono, Outside Director; Committee members: Teruhiko Achikita, President and Representative Director; Hitoshi Tsunekage, Outside Director; Miharu Koezuka, Outside Director; and Takeshi Kunibe, Outside Director and Audit & Supervisory Committee Member).

The following matters are discussed by the Committee members prior to the Board of Directors meeting.

- Decision on candidates for Directors, selection of a Representative Director, and appointment of Corporate Officers
- Dismissal of Directors and Corporate Officers, and the propriety of dismissal or non-reappointment of Representative Directors
- Specific operation of the succession plan for the chief executive officer based on the management responsibility determined by the Board of Directors and the selection policy

**Compensation Committee**

We will ensure the fairness, objectivity, and transparency in the compensation decision-making process by establishing a Compensation Committee (Head of the committee: Hitoshi Tsunekage, Outside Director; Committee members: Teruhiko Achikita, President and Representative Director; Kiyoshi Sono, Outside Director; Aiko Mochizuki, Outside Director; and Shohei Miki, Outside Director and Audit & Supervisory Committee Member).

Regarding the determination of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) and compensation for Executive Corporate Officers, the President and Representative Director is entrusted with the responsibility of making the decisions through resolutions of the Board of Directors; however, the decisions must be approved by this Committee. In the event of any revision to the policy regarding the determination of the amount of compensation, etc., of executives or the method of calculation thereof, the details of such revisions shall be deliberated by the Committee prior to the resolution of the Board of Directors.

**Status of audits by the Audit & Supervisory Committee**

The Audit & Supervisory Committee consists of six members, including four Outside Directors. The committee selects members to investigate the status of operations and assets of the Company and its subsidiaries, and deliberates and makes resolutions at Audit & Supervisory Committee meetings to audit the execution of duties by Directors. In addition, full-time staff are assigned to assist the duties of the committee, and in order to ensure the independence of such full-time staff, their transfer, evaluation, and other relevant matters are

discussed in advance with full-time Audit & Supervisory Committee members.

The company has an Audit & Supervisory Committee (Head of the committee: Kozo Arai, Outside Director and Audit & Supervisory Committee Member; Secretariat: Secretariat of Audit & Supervisory Committee), which consists of six members, including four members who are also Outside Directors, who met once a month in principle in FY2021 to audit the performance of duties.

In FY2021, the Board of Company Auditors held three meetings and the Audit & Supervisory Committee held ten meetings (see pages 87-90 for the attendance of individual Auditors and Audit & Supervisory Committee Members).

The main items discussed at the Audit & Supervisory Committee meetings include audit reports, basic audit matters, progress in management planning, the Management Committee proposals and reports, the status of audits by the accounting auditor, the accounting auditor's evaluation, the status of internal audits, etc., and the status of implementation of countermeasures for major risks.

**Outside Director**

**The company's approach to independence criteria or policies and the status of appointments**

Outside Directors are encouraged to use their insight, experience, and expertise as corporate executives, certified public accountants, consultants, and legal prosecutors and lawyers for the management of the company. They are expected to provide precise advice on the overall management of the Group and enhance the effectiveness of auditing and supervision from an independent standpoint without any relationship with the Company's management that could exert significant control over each other.

When appointing Outside Directors, we assume that they have no material interests in the Company and that they are not subject to the independence criteria set forth by the Tokyo Stock Exchange when they are registered as independent officers. Based on these assumptions, the requirements for Outside Directors include having the insight and experience necessary to supervise or audit the execution of the diverse range of duties in our Group business, including our railway business in which the assurance of safe transportation is our social mission, and having the willingness and ability to work proactively to fulfill the roles expected of them from an independent position in order to meet the mandate entrusted by the shareholders.

Based on this, the company has appointed Outside Directors who are independent, and we believe that the appointments are sufficiently functional to maintain and improve our corporate governance system.

**Support system**

In order to ensure effective supervision or auditing by Outside Directors or Outside Directors and Audit & Supervisory Committee Members, the General Affairs and Public Relations Department Chief Manager, who serves as the secretariat of the Board of Directors, distributes materials of the Board of Directors meetings to Outside Directors in advance to the extent possible, and, if necessary, provides opportunities for officers in charge, etc., to explain the proposals and

their contents in advance. Through these efforts, we strive to ensure the appropriateness of decision-making procedures at the Board of Directors. In addition, materials on the deliberations and matters to be reported, as well as a notice of deliberations, are sent to the Outside Directors who are absent from the Board of Directors meetings.

The Secretariat of Audit & Supervisory Committee is in charge of the secretariat of the Audit & Supervisory Committee, which communicates the date and time of the Audit & Supervisory Committee meetings, provides advance notice of the agenda, and assists with on-site audits at each business location as necessary. Additionally, full-time Audit & Supervisory Board members provide explanations and reports to Outside Directors and Audit & Supervisory Committee Members from time to time on useful information for conducting audits, such as information discussed at the Management Committee meetings and information obtained from other documents approved by the Management Committee.

**Executive training**

The training necessary for Directors to fulfill their roles and responsibilities is provided as shown in the table below.

All executives		We encourage executives to attend external training programs as appropriate, for which the company will pay the necessary expenses.
	Internal	—
	Newly appointed	We provide training by experts in law, corporate governance, and other areas.
	Outside	We offer tours of our Group's facilities and other events.
	Newly appointed	We will explain our business, financial condition, and management strategies.

**Executive compensation system**

The company has established a policy regarding the determination of the amount of compensation, etc., for each individual officer and the method of calculation thereof, in accordance with resolutions passed at the Board of Directors meeting held on May 12, 2022 and the 104th Regular General Meeting of Shareholders held on June 25, 2021.

At the 104th Regular General Meeting of Shareholders held on June 25, 2021, the maximum amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), excluding stock-based compensation, was set at 514 million yen per year (including 50 million yen for Outside Directors; and not including employee salaries). (The number of eligible Directors at that time was nine, including four Outside Directors.)

The maximum amount of compensation for Directors who are Audit and Supervisory Committee Members was set at 90 million yen per year (the number of eligible Directors at that time was six) at the 104th Regular General Meeting of Shareholders held on June 25, 2021.

**Indicators for the company performance portion of bonuses**

■ **Conditional indicators**

We regard the attainment of a certain level of profit and the payment of dividends for each business fiscal year constantly as the condition for the payment of bonuses; and set profit attributable to owners of parent as a conditional indicator. If the profit attributable to owners of parent for the business fiscal year in question falls below 70% of the average of the net income attributable to shareholders of the parent company over the previous five years, excluding the highest and lowest amounts, bonuses pertinent to the company performance will not be paid.

■ **Target indicators**

In order to increase incentives to achieve the "Nankai Group Management Vision 2027," we have set consolidated operating income, the numerical target of the Vision, as our target indicator. The percentage of achievement against the budget established at the beginning of the fiscal year will be reflected in the payment rate linearly (proportionally) between 80% and 120%. If the standard amount is 100%, the payment amount will vary between 50% and 150%. If the achievement rate falls below 80%, bonuses pertinent to the company performance will not be paid.

**Outline of the stock compensation system for employees**

We have introduced a stock compensation system to clarify the connection between the compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and Executive Corporate Officers (excluding people concurrently serving as Directors and people residing outside Japan) (hereafter, "eligible officers") and our business performance and stock value, and to share the benefits and risks associated with stock price fluctuations with shareholders, thereby raising awareness among eligible officers of the need to contribute to improving the company's medium- to long-term business performance and increasing its corporate value.

Under this system, shares of the Company's common stock will be issued to eligible officers who serve for a period of three years from the close of the 102nd Regular General Meeting of Shareholders to the close of the Regular General Meeting of Shareholders relating to the last business fiscal year ending within three years after the close of the 102nd Regular General Meeting of Shareholders (hereafter, "the period of eligibility"). Under this system, a trust established by the Company with monetary contributions acquires the Company's shares through the disposal of its treasury shares or through acquisition from the stock exchange (including off-floor trading), and company shares equivalent to the number of points granted by the Company to each eligible officers shall be delivered to each eligible officers through the trust.

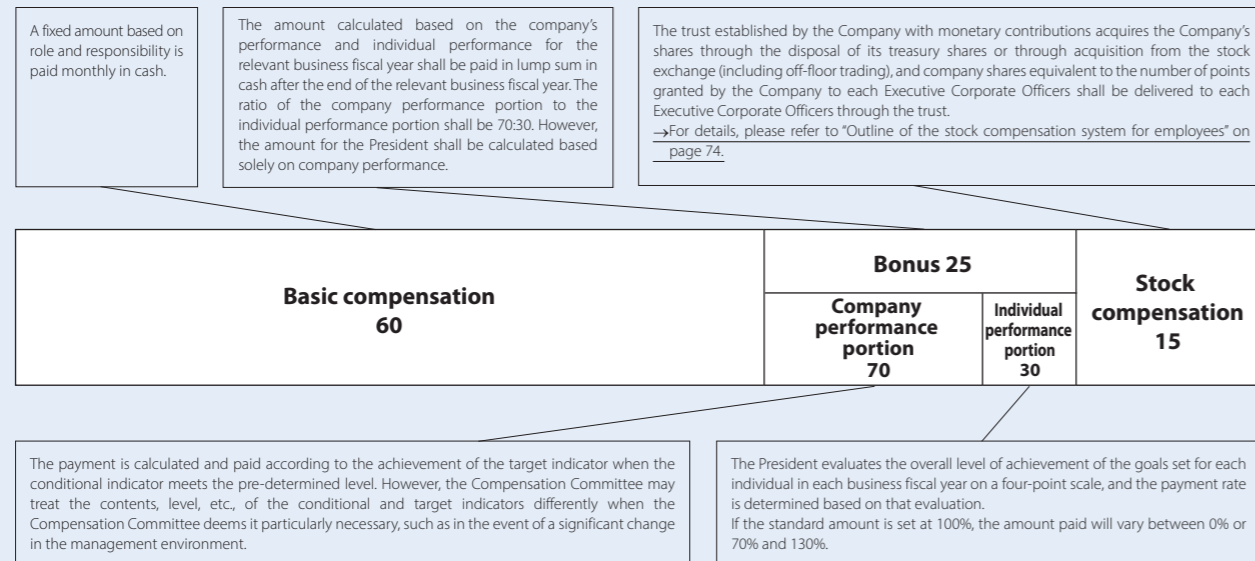
In principle, the eligible officers will receive the Company's shares when they retire from their position as a Director or Executive Corporate Officer.

The period of eligibility may be extended for a period not exceeding five years on a case-by-case basis by a decision of the Board of Directors, and the Board of Directors resolved at its meeting held on May 12, 2022, to extend the period of eligibility to March 31, 2025.

### Policy on determining the executive compensation/composition ratio

The compensation of Directors (excluding Directors who are Audit and Supervisory Committee members; the same shall apply hereinafter) and Executive Corporate Officers (Senior Corporate Officer level and above) shall be divided into supervisory and executive compensation.

- (1) Supervisory compensation: A fixed monthly amount paid in cash to Directors in accordance with their responsibilities.
- (2) Executive compensation: Consists of basic compensation, bonuses, and stock-based compensation that are paid to Executive Corporate Officers. The ratio of compensation shall be 60% basic compensation, 25% bonus, and 15% stock-based compensation, taking into consideration the need to increase incentives to improve business performance and to promote management with an awareness of shareholder value and stock price. The policies and composition ratio for executive compensation are as follows:



### Total amount of compensation, etc., by officer category; total amount of compensation, etc., by type of compensation, etc.; and number of officers subject to compensation

Classification of officers	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Bonuses	Stock compensation	
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	211	149	30	30	6
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors and Audit & Supervisory Committee Members)	35	35	-	-	2
Auditors (excluding Outside Auditors)	10	10	-	-	2
Outside officers	64	64	-	-	11

1. The Company has transitioned to a company with an Audit & Supervisory Committee after receiving approval at the 104th Regular General Meeting of Shareholders held on June 25, 2021. The compensation paid to Auditors is for the period prior to the transition, and the compensation paid to Directors who are Audit and Supervisory Committee Members is for the period after the transition.
2. Bonus is the amount of provision for officers' bonuses for FY2021.
3. Stock-based compensation is the amount recorded as expense for points granted during FY2021.

4. In addition to the above, the amounts of compensation, etc., paid to the seven Executive Corporate Officers who do not concurrently serve as Directors are shown in the table below.

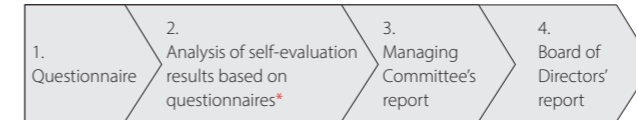
Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc. by type (Millions of yen)			Number of eligible officers (persons)
	Fixed compensation	Bonuses	Stock compensation	
103	69	17	16	7

### Evaluation of the effectiveness of the Board of Directors

Based on the self-evaluation of all Directors through questionnaires and other means, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole once a year.

#### Processes

Self-evaluation of the operation of the Board of Directors by each Director (15 Directors)



\*Analysis by the Board of Directors Secretariat

#### Purpose of conducting the FY2021 survey

At the FY2021 Board of Directors' meeting, the Board of Directors sets aside a reasonable amount of time to "deliberate" the formulation of the next Medium-term Management Plan and made efforts to provide information and enhance deliberations on important issues that the Board of Directors should oversee, such as sustainability and risk management.

In addition, IT tools were utilized to manage the Board of Directors meetings via web conferencing and to archive the Board of Directors meeting materials.

In order to further improve the effectiveness of the Board of Directors by self-evaluating these efforts, issues and response policies are identified and established based on input from Directors.

#### Evaluation items (Questionnaire items)

##### The Board of Directors meetings for FY2021

- Operation of the Board of Directors as a company with an Audit & Supervisory Committee
- Deliberation for the next Medium-term Management Plan (frequency, time, materials, and explanation)
- Expansion of reporting items (risk, internal audit, and sustainable management)

##### Use of IT tools (web hosting, and the use of Microsoft Teams)

#### Evaluation results for FY2021

##### ■ Operation of the Board of Directors as a company with an Audit & Supervisory Committee

All Directors responded positively to the operation of the Board of Directors' meeting in the first year after transitioning to a company with an Audit & Supervisory Committee; however, there are issues to be addressed in the reporting items that should be deepened and expanded from the aspect of supervising business execution.

##### ■ Deliberations for the next Medium-term Management Plan (Frequency, time, materials, and explanation)

The majority of the respondents answered that the style of formulating the Medium-term Management Plan was

significantly different from the past, but that the number of deliberations and time spent on the plan were appropriate. However, in reviewing the progress of the plan by the Board of Directors starting in FY2022, it is deemed necessary to be aware that different themes should be deliberated with varying priorities.

##### ■ Expansion of reporting items (risk, internal audit, and sustainable management)

The majority of respondents requested further enhancement of new reporting opportunities to address issues concerning risk management and sustainability.

In addition, new themes and issues (refer to "Deepening and expanding items to be reported and deliberated" below) have emerged that the Board of Directors should oversee.

##### ■ Use of IT tools (web hosting, and the use of Microsoft Teams)

While we believe that in-person meetings and attendance are the basic methods to be used, web-based meetings and attendance are also considered to have been established already as a method of holding and attending meetings. In addition, now that an environment for sharing information using Microsoft Teams has been established, rule development is the next issue to be addressed in order to further improve operations.

#### Initiatives for FY2022

Based on the FY2021 evaluation, the following three issues shall be addressed this fiscal year.

##### ■ Thorough implementation of the PDCA cycle of the "Kyoso 140 Plan"

We will review the progress of the "Kyoso 140 Plan" using qualitative and quantitative KPIs, analyze the causes, and discuss countermeasures for issues that are not progressing according to the plan.

##### ■ Deepening and expanding items to be reported and deliberated

The following topics will be reported by the President or the Corporate Officer in charge and deliberated as necessary.

- (1) Risk management (matters to be deliberated by the "Risk Management Committee")
- (2) Sustainability (matters to be deliberated by the "Sustainability Promotion Committee")
- (3) New themes and issues to be addressed by the Board of Directors (e.g., strategies related to the business portfolio, investment strategies for human capital and intellectual property, etc.)

(4) Details regarding the execution of important operations delegated to the executive side (“Progress of major investments, etc., related to the railway and real estate business;” “progress of the future exploration initiative;” “reorganization of Group Companies;” etc.)

**Operation for active discussions and deliberations**

Depending on the status of the COVID-19 pandemic, the following efforts will be made to create an atmosphere conducive to discussions.

(1) Luncheon

When the Board of Directors meetings are held in the morning and afternoon, such as when reviewing the Medium-term Management Plan, a lunch meeting is held so that Outside Directors and Corporate Officers can interact with each other.

(2) Facility tours

In cooperation with the Audit & Supervisory Committee, we organize facility tours for Outside Directors so that they can further deepen their understanding of the Group's business.

**Group governance**

Those that have a close business, personnel, or financial relationship with the Company are designated as Group companies that are mainly under the jurisdiction of the Subsidiary Affairs Department. In principle, the companies in the Group whose shares are held by the Company are positioned as directly managed companies while the companies whose shares are held by directly managed companies are positioned as indirectly managed companies, with the Company having jurisdiction over directly managed companies. Indirectly managed companies are under the jurisdiction of the directly managed companies that own their shares, thereby ensuring group-wide management. In addition, the Company has established the “Group Company Guidance Policy” and “Group Company Management Regulations,” and prior approval is required from the Company for certain important management matters, including important capital investment projects, in order to ensure appropriate operations for the entire group.

**Major initiatives**

**Group management meetings (budget hearings, Group Company Presidents' Meeting, etc.)**

The meetings are held for the purpose of understanding the Group companies' status of plan implementation and providing guidance, and adjustments are made and management guidance and other measures are taken as necessary.

**Monthly report**

We receive monthly reports from directly managed companies and quarterly reports from indirectly managed companies on sales and other performance to monitor their situations.

**Management Committee**

The Company reports to the Management Committee every three months on the sales and other performance of Group companies.

**Publicly listed parent/subsidiary pairs**

The Company has a listed subsidiary, Nankai Tatsumura Construction Co., Ltd.

The subsidiary is engaged in general construction businesses, design, real estate ownership and sales, etc., and serves as a shared services company that performs civil engineering and construction work for the Group. We also believe that listing on the market is one of the most effective ways to improve management autonomy and management transparency at the subsidiary, as well as to ensure social credibility, name recognition, and human resources, and that it will lead to the sustainable growth of our Group and increase our corporate value over the medium to long term.

In order to ensure appropriate control as a member of our Group, we dispatch Directors from our Company and provide financial management support as necessary. However, in order to ensure independence and self-reliance as a listed company, in principle, we respect the judgment of the management of the subsidiary concerned. In addition, the Company strives to ensure that the interests of the subsidiary and other shareholders and stakeholders of the subsidiary are not unfairly impaired by appropriately exercising its authority to select and dismiss independent outside directors so that an effective governance system is established at the subsidiary by making effective use of independent outside directors.

**Cross-shareholdings**

Cross-shareholdings are made when it is deemed conducive to the enhancement of the Group's corporate value over the medium to long term from the perspective of maintaining and strengthening business relationships.

Each year, the Board of Directors reduces the number of stocks currently held by the Company as quickly as possible, while considering the quantitative review based on the company's capital cost, if the stocks are deemed to be less reasonable to hold.

For example, in the following cases where the exercise of voting rights could significantly affect the corporate value of the issuing company or its business relationship with the Company, the Company will determine whether to approve it or not through dialogue with the issuing company, etc., as necessary.

- When a significant deterioration in business performance continues for a certain period of time.
- In the event of serious misconduct.
- When there is a proposal on the agenda regarding capital policy that would result in a change in control or a major dilution.
- When a proposal that significantly affects the business relationship with the Company is put on the agenda.

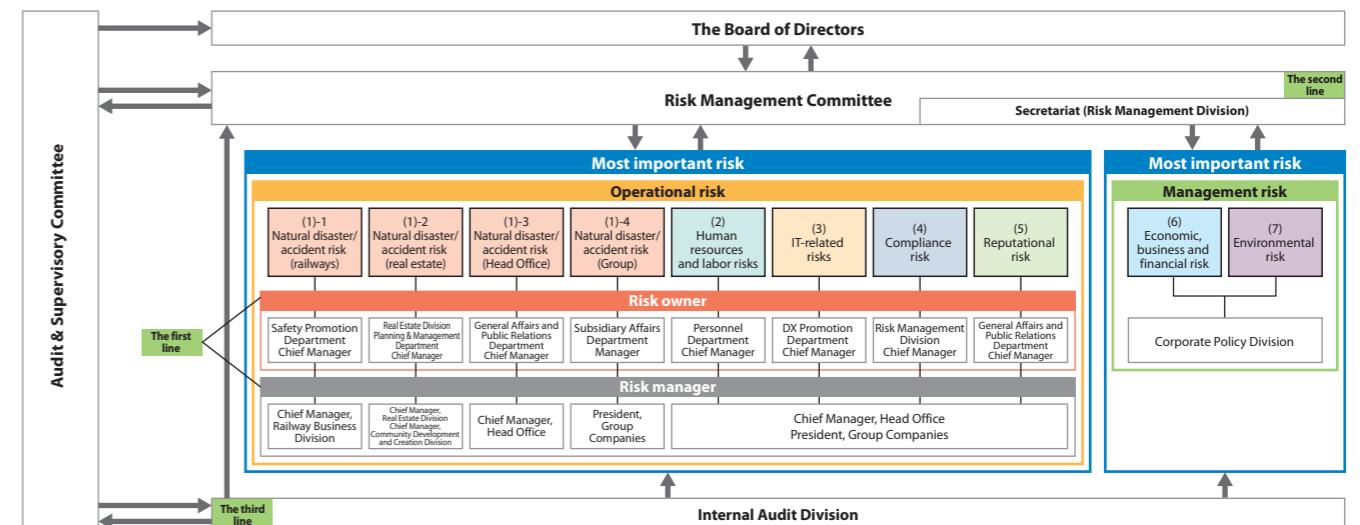
**Risk management**

**Basic concepts**

In order to fulfill our social responsibility through sustainable growth, we consider risk management to be a matter of the utmost importance. We have established the “Risk Management Division” as a department dedicated to risk countermeasures, and since FY2022, we have established the “Risk Management Regulations,” which serve as

our basic policy for risk countermeasures.

The Group strives to avoid or mitigate risks that could have a significant impact on the Group's management by establishing a “Risk Management Committee” and by conducting comprehensive and centralized risk management for the entire Group.



**Risk management system and efforts to address the most important risks**

Based on the “Risk Management Regulations,” a “Risk Management Committee” chaired by the President has been established to determine the most important risks that should be prioritized.

The “Risk Management Committee” regularly checks the execution status of risk countermeasure initiatives, coordinates with the Audit & Supervisory Committee, and reports to the Board of Directors. The Internal Audit Division audits these risk countermeasure efforts and has established a so-called “three lines of defense” system.

For the most important risks, we have classified (1) through (7) in the above chart into “operational risks” and “management risks.” For (1) through (5), we have selected risk owners who are responsible for promoting the countermeasures, as well as risk managers who are responsible for executing the risk countermeasure plans, thereby improving their effectiveness.

**Compliance**

**Promotion and structure of compliance management**

The Group has established a “Code of Business Ethics” to ensure sound development and corporate ethics, and to maintain and promote compliance management.

**Code of Business Ethics**

1. Comply with laws, regulations and other social norms, and engage in fair and sound corporate activities.
2. Strive to maintain sound and good relationships with a broad range of actors in society, including customers, business partners, shareholders, and others.
3. Aim to be a good “corporate citizen” that contributes to the local community.
4. Firmly confront antisocial forces and groups that pose a threat to the order of business and civil society.

Established in September 2001

We have also established a “Compliance Committee” (integrated into the Risk Management Committee from FY2022) to deliberate on various measures to promote compliance management. In the unlikely event of a serious compliance violation, the Committee will make recommendations on how to correct the situation and prevent its recurrence.

The Compliance Committee is chaired by the President in accordance with the Committee's Regulations, and meets once a month in principle, subject to confidentiality obligations. In FY2021, the Compliance Committee met on a monthly basis, or 12 times in total, to report on the operation of the Business Ethics Hotline System and compliance or risk-related news.



**Assignment of compliance officers**

"Compliance officers," who play a central role in raising awareness of compliance, are assigned to each department within the company and each Group company. The person in charge prepares a "Compliance Awareness Implementation Plan" for each fiscal year and conducts awareness-raising activities. A plenary meeting is held to exchange opinions on the progress of projects.

**Implementation of compliance training**

Various training programs are conducted on an ongoing basis to instill compliance awareness among all officers and employees of the Group. In preparation for the mandatory response to power harassment in FY2021, we newly incorporated training to improve the response capability of the harassment consultation desk and seminars on how to respond to cyber-attacks, which have been on the rise in recent years, into our training programs.

Furthermore, every October is designated as "Compliance Enhancement Month" to strengthen compliance efforts by displaying educational posters and implementing other measures.

In addition, to firmly establish the spirit of the "Code of Business Ethics," we use the "Compliance Manual," which provides practical guidelines for the actions to be taken by each and every officer and employee of the Group, and strive to disseminate the philosophy of compliance management and to block any relationship with anti-social forces.

**Whistleblower system**

As a system for the early detection and correction of legal and ethical problems of the Company and Group companies, we have established a "Business Ethics Hotline System" to receive internal reports and consultations from officers and employees.

This system is designed to accept whistleblower reports and questions and consultations regarding legal and ethical issues in business activities, with 27 cases reported in FY2021 (14 cases in FY2020).

The system is evaluated as a self-cleansing mechanism that prevents "individual employees from dealing with their problems alone" and allows "the company to detect and correct problems at an early stage," as well as functioning as a "deterrent to illegal activities."

In addition, in light of the revised Whistleblower Protection Act to be enforced in June 2022, the "Business Ethics Hotline System Regulations" stipulate that all officers and employees shall neither treat informants in a disadvantageous or unfair manner nor engage in retaliatory or discriminatory actions against informants. In addition, the system operation status is regularly reported at the Risk Management Committee and the Board of Directors meetings. Anonymous consultation and reporting are also possible, and a consultation desk has been set up at an outside law firm in addition to the company's own consultation desk.

**Establishment of basic policy on anti-corruption**

In April 2022, the Company declared its commitment to preventing corrupt practices and established the following basic policy to realize this commitment.

**Basic policy on anti-corruption**

We declare that we will prevent corrupt practices and have established the following basic policies to achieve this goal.

**1. Prohibition of corrupt practices**  
The following acts are representatives of corrupt practices and we will not engage in them.

- Bribery of domestic and foreign public officials
- Bribery, embezzlement, breach of trust, and other unfair trade practices in private transactions
- Laundering and concealment of proceeds of crime
- Obstruction of justice
- Other activities that violate civil, administrative, and criminal laws and regulations concerning the prevention of corrupt activities
- Receiving or offering entertainment or gifts that exceed the scope of socially accepted norms and common sense

**2. Applicable targets**  
This policy applies to all officers and employees, and we also require our business partners and others to take anti-corruption measures.

**3. Dissemination of information and training**  
We will make efforts to disseminate and train employees on this policy on anti-corruption, as well as to formulate programs for the prevention of corrupt practices, and to disseminate the information of these programs and train employees.

**4. Establishment of a consultation desk and information management/storage**  
In the event of a suspected violation of this policy, the company will accept reports and consultations through the internal reporting office (Business Ethics Hotline), promptly investigate the facts, and take any necessary corrective measures. We will make efforts to manage and preserve the necessary records related to this basic policy on anti-corruptions.

**Introduction of clauses to exclude organized crime groups**

The "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces" established by the government require companies to further promote efforts to sever ties with anti-social forces, including organized crime groups.

In response to this, we started introducing clauses in FY2008 for the exclusion of organized crime groups in contracts and other documents concluded by each department.

**Fulfilling communication with stakeholders**

**Basic concepts**

Based on a clear corporate philosophy that is responsive to the times, and as a company that is widely trusted by society, we have established a "Disclosure Policy" that considers not only compliance with laws and regulations, but also the improvement of management transparency as one of our important responsibilities. Based on this policy, we continuously strive to disclose information to our shareholders, investors, and other stakeholders in a fair, timely, and appropriate manner.

As part of our efforts to invigorate the Regular General Meeting of Shareholders and facilitate the exercise of voting rights, we strive to send out the convocation notice early and, in principle, announce it electronically via TDnet prior to sending it out.

**Promoting dialogue with shareholders and investors**

In order to provide information proactively and ensure a thorough Q&A session, we avoid holding the Regular General Meeting of Shareholders during the hectic period when shareholders meetings are concentrated. In addition, as a response to the COVID-19 pandemic, the meetings are held after taking preventive measures against infectious diseases and requesting shareholders to refrain from coming to the meeting venue. In addition, we send the "Shareholder Newsletter (NANKAI REPORT)" to shareholders twice a year to help them understand our management situation.

For institutional investors and analysts, we explain our management strategies, business operations, and business performance at financial results briefings and other events. In April 2022, a briefing session on the New Medium-term Management Plan "Kyoso 140 Plan" was held in conjunction with web video distribution. The dialogue is also enhanced through facility tours, small meetings, conferences, and individual interviews (conducted remotely from FY2020 onward).

**Responsible procurement policies that respect society and the environment**

Through the entire supply chain, the Group hopes to contribute to the realization of a sustainable society by fulfilling its social responsibilities, such as "consideration for safety and security," "global environmental conservation," "prevention of corrupt practices," and "respect for human rights." Therefore, in August 2022 we established a new "Nankai

The opinions and insights gained through dialogue with shareholders and investors are indispensable for formulating strategies and measures to achieve sustainable growth and enhance corporate value, so these opinions and insights were also utilized in the formulation of the "Kyoso 140 Plan."

**Top management participation in IR activities**

In light of the current situation, the challenges facing society and people's values and lifestyles are changing dramatically, so the management must be highly tolerant of changes based on the assumption that the future is uncertain.

At such times, we consider it all the more important for the top management to talk about strategies and tactics. We are also striving to strengthen engagement by using the words of top management to explain thoroughly the strategies of the Medium-term Management Plan, as well as the concept of sustainable management for which our Group should aim in light of the surrounding business environment. Going forward, we intend to create more opportunities for direct dialogue with the management, including plans to hold ESG-focused meetings with the directors in charge of ESG issues.

**Expanding information disclosure by utilizing our website**

The official website was completely renewed in August 2022.

We enhanced the "IR Information" page by adding more IR materials with quarterly financial results and other useful information, as well as by adding a message from the President and a new page for individual investors.

The "Sustainability" page includes non-financial information such as ESG data collection and specific initiatives for major sustainability themes (materiality).

**Ensuring sound and transparent finance**

Given that the Group's operations are centered on the railway business, which is highly public in nature and requires significant capital investment, we place particular emphasis on ensuring financial soundness and transparency. We have positioned the ratio of net interest-bearing debt to EBITDA\* as a key indicator of our financial

soundness and continue to improve this ratio to achieve both business growth and financial soundness. With regard to transparency, we take initiatives to establish and implement mechanisms to ensure fair and equitable business activities, and to disclose corporate information to stakeholders in a fair, timely, and appropriate manner.

\*EBITDA: Operating income + Dividend income + Depreciation and amortization

# Outside Director roundtable

## Bolstering our governance system by boosting the effectiveness of the Board of Directors and pursuing other efforts

As part of our efforts to bolster and enhance our corporate governance, we shifted from being a “company with a Board of Company Auditors” to being a “company with an Audit & Supervisory Committee,” following approval at the Regular General Meeting of Shareholders held in June 2021. We invited three Outside Directors serving as the heads of three committees—the Nominating Committee, the Compensation Committee, and the Audit & Supervisory Committee—to discuss the changes following this shift, the debates and evaluations for the New Medium-term Management Plan, their expectations for the future, and other topics. (Roundtable held on August 1, 2022)



**Kiyoshi Sono**  
Outside Director  
Nominating Committee Chairperson

**Hitoshi Tsunekage**  
Outside Director  
Compensation Committee Chairperson

**Kozo Arao**  
Outside Director and Audit & Supervisory Committee Member  
Audit & Supervisory Committee Chairperson

### Changes after transitioning to a company with an Audit & Supervisory Committee

One year has passed since Nankai became a company with an Audit & Supervisory Committee. What changes have you noticed so far?

**Arao** ■ In the process of transitioning to a company with an Audit & Supervisory Committee, a large portion of the authority for executing business was transferred to directors with executive status. This has made the position of the monitoring board clearer.

With regard to my own personal circumstances, I previously served as an outside auditor, but I am now an outside director after Nankai became a company with an Audit & Supervisory Committee. The largest difference between a Director and Auditor is whether or

not one has voting rights at the Board of Directors. I am strongly aware of the decision-making responsibility I have as a Director.

The Audit & Supervisory Committee has the legal right to present opinions at the General Meeting of Shareholders regarding the nomination, dismissal, and compensation of directors. In Nankai's case, these topics are discussed at the Nominating Committee or Compensation Committee before they are submitted as a proposal to the Board of Directors. After the proposal has gone through these

procedures, the Audit & Supervisory Committee carries out further checks on the details and then presents its opinion at the General Meeting of Shareholders if there are any points that need to be raised. The Audit & Supervisory Committee pays attention to and gathers the opinions given at meetings of the Nominating Committee and Compensation Committee. After Nankai transitioned to a company with an Audit & Supervisory Committee, I feel that the number of outside directors has increased, the company has greater diversity, and the discussions at the Board of Directors have gained further depth.

**Sono** ■ I believe that becoming “easy to understand” is the greatest benefit of Nankai becoming a company with an Audit & Supervisory Committee. President Achikita has a long-held desire to build systems that ensure objectivity and transparency in management and that external parties can understand when viewing them from outside. In my five years of service as an outside director, I have witnessed the President's desire spread to every corner of the organization. The strong vision of the head of management helped realize Nankai's transition to a company with an Audit & Supervisory Committee.

In general, an audit and supervisory committee is appointed to bolster governance. However, in my view, I do not think that Nankai has any particular issues when it comes to governance. I feel that Nankai seeks to make its management “easier to understand” by everyone, both inside and outside of the company. In my view, this is Nankai's objective for transitioning to a company with an Audit & Supervisory Committee, and the true worth of this decision will be put to the test going forward.

**Tsunekage** ■ As Nankai takes decisive action for governance reform, we are seeing significant changes to how each committee is run. I wholeheartedly agree with what Mr. Sono said, in that the driving



force for this transformation was the clear desire and stance of President Achikita as the head of management.

With the establishment of the Nominating Committee, the Compensation Committee, and the Audit & Supervisory Committee, as well as Nankai's transition to a company with an Audit & Supervisory Committee, the positioning of each committee has become clearer. There are now more outside directors, and there is a higher ratio of women as well. As such, Nankai has developed an environment that enables discussions to be held from a diverse range of perspectives. I particularly felt that the discussions at the Board of Directors have become very lively, in light of the fact that Nankai's governance reforms coincided with the same year that the company started discussing the establishment of the New Medium-term Management Plan (FY2022).

### Expansion of the scope of deliberations

What do you think about the new expansion of the scope of deliberations?

**Tsunekage** ■ The Board of Directors meetings have given significant attention to risk management and sustainability in recent years, and I feel that this marks a powerful transformation in itself. The Board of Directors meeting held today featured active debate about further enhancing the company's risk management system. More specifically, the discussion covered topics including clarifying the roles and functions of the Management Division, control divisions such as the Compliance Division, and the Internal Auditing Division; defining “three lines of defense” for driving organizational activity; revising the risk map; categorizing numerous identified risks into seven main

groups; and defining risk owners who hold the responsibility and authority in managing each risk. This discussion clarified areas where risks are present, and I think that the debate will speed up actions to deal with these risks.

**Arao** ■ When Nankai develops its risk management system and operates it going forward, the company will need to verify the degree to which this structure is functioning as expected and whether its functions match the actual state of the workplace. Through this process, it will enter the stage of carrying out the PDCA cycle.

**Sono** ■ Fundamentally speaking, the objective for bolstering governance was to ensure the increase of corporate value and the sustainable growth of the company. Governance is made up of multiple elements, but the important ones are compliance, risk management, collaboration with internal auditing, and outside directors who can check management from an external perspective. With respect to risk management, I believe that some areas may still need refinement, but on the whole, there is a good structure and check system in place. Similarly, with respect to checking management from an external perspective, I will fulfill my role as the head of the Nominating Committee, and the other two Directors here today will fulfil their roles as the heads of the Audit & Supervisory

Committee and the Compensation Committee. In this way, we are playing our part in the system for bolstering governance.

Furthermore, corporate governance has two aspects: "defense" which involves efforts to boost the effectiveness of supervising the execution of business, and "offense" which involves efforts to balance the fulfillment of corporate social responsibility and pursuit of shareholders' interests while attaining sustainable growth and boosting corporate value. As an outside director and the head of the Nominating Committee, I will leverage my own management experience and insight from financial institutions to achieve both "offense" and "defense" and to boost the effectiveness of the Board of Directors at Nankai going forward.

### Discussing and establishing the "Kyoso 140 Plan," the Medium-term Management Plan

#### Could you describe any memorable moments about the process of discussing and establishing the "Kyoso 140 Plan," the Medium-term Management Plan that began in FY2022, and could you speak about your expectations for this plan?

**Sono** ■ The biggest benefit of the "Kyoso 140 Plan" is that the company has clarified its long-term goals in terms of its "Corporate Image in 2050." To this end, the company invested many hours and personnel in multiple sessions of passionate discussions starting in October 2021 to evaluate and verify the long timeline that spans from the past into the present and future. I felt that the enthusiasm and eagerness displayed in this process of discussing and establishing the plan demonstrated how Nankai has changed from the past.

On the other hand, there are cases where companies make ambitious medium-term management plans, but end up finding a gap between the people thinking about the plan and the people executing it. In such cases, cooperation breaks down between these two groups of people, and their efforts do not produce strong results. I hope to see the birth of a new culture in which all people working on a plan actively participate in its execution—a culture in which everyone works to realize the ideas that they have planned.

**Tsunekage** ■ Nankai cast its eyes to 2050, discussed and defined its own image for the future, and then focused on backcasting based on

this image while also making forecasts based on making changes from its present situation. Nankai created the "Kyoso 140 Plan" by aligning these two perspectives of backcasting and forecasting. One aspect that particularly caught my attention was how Nankai created a category called "future exploration" and expressed a clear intent to engage in daring initiatives regarding candidates for a new pillar in the business. I highly commend the way Nankai considered this process from many different angles while thinking about how to analyze and rebuild its business portfolio.

**Arao** ■ The initiatives for boosting the brand were the most striking in my eyes. Nankai has now indicated a clear desire to boost customer satisfaction and to make this more instrumental in boosting the value of the areas along its railway lines and in its businesses. It has also announced clear strategies towards this end. I felt that Nankai has a slightly weak perspective on customer satisfaction and its brand, so I think it is very worthwhile to pursue head-on initiatives in these areas. Another point related to this is that recently, more shareholders are giving proposals with their opinions, and many of these proposals will help boost the value of Nankai's stations and the areas along its railway lines. By earnestly listening to these proposals and carrying out steady efforts to pursue each one, I believe that Nankai will be able to boost customer satisfaction and its brand strength. I hope that the company will work actively on those initiatives.

**Tsunekage** ■ Defining KPIs for each field was another worthwhile endeavor. For example, I give my highest commendations to the fact that Nankai tackled the difficult topic of "population along the railway lines," a concept that is also related to "businesses that help boost the value of the areas along Nankai's railway lines." This process served as an opportunity to take a deep dive and revisit the question of what it means to stay close to the areas along Nankai's railway lines and to customers' lifestyles, based on the understanding that the Transportation Business is the Nankai Group's main business and that it serves as a crucial part of social infrastructure that supports the foundation for safe, secure, and comfortable lives. I hope that Nankai

will define thorough KPIs for the "population along the railway lines," which is structurally complex; engage in steady efforts to boost customer satisfaction; and ultimately aim to become the leading player in Kansai.

In addition, I think a key point of the "Kyoso 140 Plan" is how Nankai clearly expressed its direction for becoming more open to local communities and society by collaborating with members of society, as well as its direction for investing in human capital and nurturing people who have this kind of open mindset. Nankai is highly eager to work hard to boost its executive capabilities and take action, so I have high hopes that it will achieve a major turning point with a "corporate culture reform."

**Sono** ■ Indeed, I agree with Mr. Tsunekage's point in that it is crucial to continually monitor progress to achieve this. During debates, I had slight concerns about how there was a mix of discussions on high-level themes regarding all business activities as a whole and more detailed discussions. I felt that there is a need to organize these discussions based on how Nankai wants to engage in the PDCA cycle. As such, I shared my opinion that the Board of Directors should make regular progress reports so that these efforts will not simply end with us feeling satisfied with making a good plan, but rather with us celebrating good results.

### The ideal role of the Board of Directors

#### What role should the Board of Directors serve to achieve sustainable growth and bolster governance?

**Tsunekage** ■ Nankai has an appropriate ratio of outside directors and it has made progress towards ensuring diversity. However, at present, all three female directors serve as outside directors, so I hope that Nankai will build a stronger internal pool of female managers and strive to nurture more female directors going forward.

To further bolster the governance system, it is vital to create a more well-defined system for nurturing the next generation of management leaders as well as a benefit and remuneration system for these leaders. I will also start by visualizing incentives and other elements as the head of the Compensation Committee. I will strive to run a system based on the business execution progress.

**Arao** ■ Above all else, it is essential to assure safety in the Railway Business. If Nankai neglects this core element, it will not boost its corporate value or brand, no matter how lofty its aspirations may be. A few years ago, there was an incident with a crack found in a bogie as well as a train passing through a railway crossing with the barriers raised. Nankai also had a recent incident inside its depot. If such incidents continue, they may affect employee morale, the value of areas along Nankai's railway lines, and the company's brand value. To



Society has been changing at a particularly extreme pace in recent years, so it is essential to engage in the PDCA cycle with short, swift iterations. Meanwhile, it is also vital to have the flexibility to change the plan without hesitation to match what is happening in society.

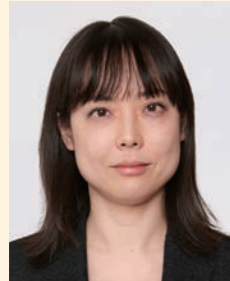
avoid this, we will strive to gain accurate information from Group companies and business divisions, and I will fulfil my responsibility by taking appropriate actions as an outside director and as the Audit & Supervisory Committee Chairperson.

**Sono** ■ I have been paying particular attention regarding whether people's perspectives remain fresh, whether verification is being carried out adequately from an external viewpoint, and whether a focus on local communities and Nankai's original business may be delaying responses to changes or causing the organization to become rigid.

I believe that the Nankai Group should focus on three concepts: speed, a challenging spirit, and all hands on deck. As an outside director, I will maintain my external perspective while constantly checking that the company is staying on its intended course. I will also offer my opinions when needed. The world is constantly changing, so I will also take care as an outside director to check whether Nankai's discussions are in line with the current state of society, and whether its assumptions are accurate.



# Outside Director messages



Outside Director  
Aiko Mochizuki

## I will continue to present arguments that consider the future, and I will help accelerate transformations.

My name is Aiko Mochizuki, an Outside Director for Nankai.

A year has passed since I was appointed to this position in June 2021. During this time, I have engaged in many discussions with members of the management about deep-cutting questions, such as "What kind of activities to create the future should we contribute towards for the sake of local communities and society in general?" and "What kind of organizational culture do we need in order to continually transform ourselves?" based on the fundamental question of "What is Nankai's raison d'être?" Most of these discussions were held in the process of drafting the New Medium-term Management Plan, the "Kyoso 140 Plan."

I am well aware from my own experience that managerial members who are in charge of executing strategies can sometimes focus too much on the current performance and challenges. However, we must not forget to look at things from a long-term perspective and continually carry out tangible and intangible forward-looking investments if we want to achieve sustainable growth. The company cannot realize the corporate philosophy that "Nankai will explore the future with wisdom and vitality" simply by maintaining or improving the current situation, no matter how long we try.

Nankai has great growth potential, such as its strong sense of responsibility for safety and security, its operational capabilities for ensuring those qualities, the wonderful resources in the areas along its railway lines, and the diverse business portfolio across the Nankai Group. However, the company is not currently making full use of this potential, perhaps because the current corporate culture has a slightly subdued thirst for growth. Considering that Nankai's core culture is earnest and positive, I am certain that it is able to achieve further evolution as a company that continually transforms itself.

As an outside director with auditing duties, I will continue to present arguments that always consider the future, and I will keep encouraging managerial members who are in charge of executing strategies to actively take risks for achieving growth. In addition, I will make sure that the matters discussed in the Board of Directors meetings are implemented by constantly monitoring the progress and revising details with everyone in the board. I will frequently share my insight from the perspective of diversity and based on my status as an outside director to help accelerate transformations.



Outside Director  
Audit & Supervisory  
Committee Member  
Shohei Miki

## I will work closely with the Internal Auditing Division and the Risk Management Division while offering support for the "Kyoso 140 Plan."

My name is Shohei Miki, and I was appointed as a Director/Audit & Supervisory Committee member in June 2021.

As mentioned in this Integrated Report, Nankai has announced its New Medium-term Management Plan, the "Kyoso 140 Plan." The process of drafting this plan involved six Board of Directors meetings from October 2021 to March 2022. We engaged in thorough discussions for a total of 15 hours. I believe it is rather rare for an outside director to be involved to this degree in the drafting of a medium-term management plan.

In these discussions, we listened to presentations from each division with proposals for the medium-term plan. In all of these proposals, the staff members in each division had a healthy sense of crisis and envisioned the future for their own division and for Nankai as a whole. All the proposals included clear measures that had been carefully refined. After listening to these presentations, the Board of Directors engaged in active debate to precisely clarify the challenges faced by each division and Nankai as a whole, the direction for them to take, the measures to carry out, and the risks that need to be addressed. In addition, I felt that the finished plan aligns with protecting the interests of shareholders and all other stakeholders, as well as with Nankai's sustainability and ESG initiatives. It also features suitable measures to address risks.

Going forward, the executive directors will begin to carry out the actions detailed in the "Kyoso 140 Plan." As a member of the Audit & Supervisory Committee, I will work closely with the Internal Auditing Division and the Risk Management Division. I will offer support in carrying out this plan by leveraging my experience in management, auditing, and risk management at financial institutions to audit the legality and soundness of business activities and to audit how risks have been addressed.

The business landscape has undergone many unexpected changes in recent years, such as the spread of the COVID-19 pandemic, the expanding global impact from the Ukraine crisis, and the increasing sophistication of cyber attacks. We cannot predict what will happen in the future. Going forward, it will be vital to revise the plan in an agile manner based on various environmental changes, and to actively take risks in new investments in some cases. I will work promptly and aptly in auditing these revisions to the plan, and thereby contribute to further developments in the Nankai Group.



Outside Director  
Audit & Supervisory  
Committee Member  
Tomoko Igoshi

## I will fulfil my duties as a member of the Audit & Supervisory Committee.

My name is Tomoko Igoshi, and I am an outside director and Audit & Supervisory Committee member.

Nankai transitioned to a company with an Audit & Supervisory Committee to further bolster and develop its corporate governance after receiving approval at the General Meeting of Shareholders in June 2021. I was selected to be an outside director and Audit & Supervisory Committee member during this General Meeting, and I have served in this position for one year now.

Despite the difficult conditions that Nankai faces in terms of management with the COVID-19 pandemic, the company seeks to realize its vision for 10 years from now (in FY2027) to "develop the most popular areas along railway lines and become the most preferred corporate group by delivering satisfaction and delight to customers," as well as Nankai's Corporate Image in 2050: "With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating "DiverCity" in Kansai." To this end, each division discussed and considered business strategies, and the Board of Directors also engaged in passionate discussions as it established the management plan. The most crucial action now is to execute this plan in a reliable manner. I hope that Nankai will continue to maintain and improve its open workplace environment, and that all employees will come together with a shared understanding to realize the plan in a uniquely "Nankai way."

Nankai has also made organizational revisions to bolster its risk management system and to boost the independence of internal auditing activities. Going forward, I will work with the Internal Auditing Division, the Risk Management Division, accounting auditors, and other individuals to carry out auditing effectively and appropriately.

I have engaged in judicial work for 40 years, and I have sought to be just and fair when dealing with cases. Similarly, when performing my duties as an Audit & Supervisory Committee member, I will consider the positions of shareholders, all other stakeholders, employees, and people in local communities as I strive to realize sustainable growth and boost Nankai's corporate value over the long term while also contributing to the company and stakeholders. To this end, I will take an independent viewpoint with no preconceptions as I carry out my duties with a focus on compliance; not in the narrow definition of the word in terms of acting sincerely and fairly while adhering to laws and regulations, but rather in the broad definition of compliance that includes adhering to social norms and morals as well as serving the interests and requests of all stakeholders.



List of Executives (As of June 23, 2022)


Director				
	Teruhiko Achikita	Toshiyuki Takagi	Naoto Ashibe	Satoshi Kajitani
				
Title	Representative Director President and CEO	Representative Director Senior Managing Corporate Officer	Representative Director Senior Managing Corporate Officer	Director Managing Corporate Officer
Reason for appointment	We believe that he is capable of appropriately fulfilling his responsibilities as a Director because he has the ability to conceptualize management strategies, as well as the leadership and execution skills to realize them, including dedicating himself as the President of the Company to growing the Group and improving its financial condition.	Since he has long been engaged in the Administrative Planning Division and has extensive knowledge of the Group's management and a sufficient track record as a C-suite executive, we believe that he can appropriately fulfill his responsibilities as a Director.	Since he has extensive knowledge of the Group's businesses and a sufficient track record as a C-suite executive, we believe that he can appropriately fulfill his responsibilities as a Director from the perspective of the Group's overall management.	Since he has long been engaged in the construction and maintenance of railroad track facilities and currently serves as the Comprehensive Safety Administration Manager, he has extensive knowledge of ensuring safety and security in the railway business. Therefore, we believe that he can appropriately fulfill his responsibilities as a Director.
Biography	Apr. 1978 Joined the Company Jun. 2013 Director, the Company Jun. 2015 Representative Director and CEO, the Company (current) Jun. 2015 Director and President, the Company Jun. 2019 President, the Company (current) Apr. 2022 Head of Internal Audit Division, the Company (current)	Apr. 1983 Joined the Company Jun. 2011 Director, the Company Jun. 2013 Managing Director, the Company Jun. 2017 Representative Director, the Company (current) Jun. 2017 Senior Managing Director, the Company Jun. 2019 Senior Managing Corporate Officer, the Company (current) Jun. 2019 Senior Managing Corporate Officer, the Company (current) Jun. 2021 General Manager, Community Development and Creation Division, the Company (current)	Apr. 1984 Joined the Company Jun. 2015 Director, the Company Jun. 2017 Managing Director, the Company Jun. 2019 Director, the Company Jun. 2019 Managing Corporate Officer, the Company Jun. 2021 Representative Director, the Company (current) Jun. 2021 Senior Managing Corporate Officer, the Company (current) Apr. 2022 Head of Group Management Division, the Company (current)	Apr. 1987 Joined the Company Jun. 2016 Chief Manager, Administrative Planning Division, the Company Jun. 2017 Director, the Company (current) Jun. 2019 Senior Corporate Officer, the Company Jun. 2019 General Manager, Railway Business Division, the Company (current) Jun. 2020 Managing Corporate Officer, the Company (current)
Years of service	9	11	7	5
Number of shares held (100 shares)	217 (106)	151 (54)	96 (48)	90 (44)
Attendance at Meetings of the Board of Directors	12/12	12/12	12/12	12/12
Attendance at Meetings of the Audit & Supervisory Committee				
Attendance at Meetings of the Board of Auditors (Before transitioning to a Company with an Audit & Supervisory Committee)				
Committees				
Nominating Committee	○			
Compensation Committee	○			
Audit & Supervisory Committee				
Expertise and experience				
Corporate management and management strategies	○	○	○	○
Sustainability management	○	○		
Legal, compliance, and risk management	○			
Finance and accounting				○
HR strategies and management			○	
IT and digital				○
Railways and mobility services			○	○
Real estate and community development		○		
Marketing	○			○

\*The above years of service include the years of service as Directors and Auditors prior to transitioning to a Company with an Audit & Supervisory Committee.  
 \*The above number of shares held includes the number of shares to be delivered at the time of retirement under the stock compensation system as shown in parentheses.  
 \*The above records of attendance at Meetings of the Boards of Directors and Auditors represent the records of FY2021 (April 1, 2021 to March 31, 2022).  
 \*The expertise and experience above includes the areas of expertise and experience the Company expects the Directors to have. This item does not represent all of the expertise and experience of each Director.

Takahiro Otsuka	Kiyoshi Sono	Hitoshi Tsunekage	Miharu Koezuka	Aiko Mochizuki
				
Director Senior Corporate Officer	Outside Director	Outside Director	Outside Director	Outside Director
Since he has long been engaged in the Administrative Planning Division and has extensive knowledge of the Group's finances, we believe that he can appropriately fulfill his responsibilities as a Director.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe that he will be able to provide precise advice and supervision of the overall management of the Group from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect him to involve and provide advice based on his broad insight as the Head of the Nominating Committee and Member of the Compensation Committee, when considering nominations and compensation for the Company's management.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe that he will be able to provide precise advice and supervision of the overall management of the Group from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect him to involve and provide advice based on his broad insight as a Member of the Nominating Committee and Head of the Compensation Committee, when considering nominations and compensation for the Company's management.	Based on the broad insight she has gained as a C-suite executive of a department store, we believe she will be able to provide precise advice and supervision of the overall management of the Group from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect her to involve and provide advice based on her broad insight as a Member of the Nominating Committee, when considering nominations for the Company's management.	Based on her expertise as a certified public accountant and broad insight she has gained as a consultant, we believe she will be able to provide precise advice and supervision of the overall management of the Group from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect her to involve and provide advice based on her broad insight as a Member of the Compensation Committee, when considering compensation for the Company's management.
Apr. 1992 Joined the Company Jun. 2018 Chief Manager, Accounting & Finance Department, the Company Jun. 2019 Corporate Officer, the Company Jun. 2020 Senior Corporate Officer, the Company (current) Jun. 2021 Director, the Company (current) Jun. 2021 General Manager, Corporate Policy Division (current)	Apr. 1976 Joined the Sanwa Bank, Ltd. Jun. 2015 Director, Representative Corporate Executive Officer and Chairman, Mitsubishi UFJ Financial Group, Inc. (current) Jun. 2017 Director, the Company (current) Apr. 2019 Member of the Board of Directors and Managing Corporate Executive, Mitsubishi UFJ Financial Group, Inc. (resigned in April 2021) Apr. 2019 Chairman of the Board of Directors, MUFG Bank, Ltd. (resigned in April 2021) Jun. 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (resigned in April 2021) Apr. 2021 Special Adviser, MUFG Bank, Ltd. (current)	Apr. 1977 Joined Sumitomo Trust and Banking Co., Ltd. Jan. 2008 President, Sumitomo Mitsui Trust Bank, Limited Apr. 2011 Representative Director and Chairman, SUMITOMO MITSUI TRUST HOLDINGS, INC. Apr. 2012 President, Sumitomo Mitsui Trust Bank, Limited Apr. 2017 Director, Sumitomo Mitsui Trust Bank, Limited (resigned in March 2021) Jun. 2017 Director, SUMITOMO MITSUI TRUST HOLDINGS, INC. (resigned in June 2021) Jun. 2019 Director, the Company (current) Apr. 2021 Special Adviser, Sumitomo Mitsui Trust Bank, Limited (current)	Apr. 1979 Joined Takashimaya Company, Limited Sep. 2013 Senior Managing Director, Takashimaya Company, Limited (Representative Director) Mar. 2016 Director, Takashimaya Company, Limited (resigned in May 2016) Jun. 2019 Director, the Company (current)	Apr. 2002 Joined ChuoAoyama Audit Corporation Apr. 2005 Registered as a certified public accountant Aug. 2007 Joined Industrial Growth Platform, Inc. Oct. 2016 Partner and Managing Director, Industrial Growth Platform, Inc. (current) Jul. 2018 CEO, IGPI Technology, Inc. (current) Jun. 2021 Director, the Company (current)
1	5	3	3	1
41 (26)	-	-	9	-
10/10	12/12	11/12	12/12	10/10
	○ (head of the committee)	○	○	○
	○	○ (head of the committee)		○
	○	○	○	○
	○	○	○	○
	○	○		○
		○		○
				○
	○			○
			○	○

Directors who are Audit & Supervisory Committee Members

	Keiichi Iwai	Keiji Urai	Kozo Arao	Takeshi Kunibe
				
Title	Director/Audit & Supervisory Committee Member (full-time)	Director/Audit & Supervisory Committee Member (full-time)	Outside Director Audit & Supervisory Committee Member	Outside Director Audit & Supervisory Committee Member
Reason for appointment	Since he has extensive knowledge of the Group's finances and internal auditing, and has appropriately fulfilled his responsibilities as a Director and Senior Corporate Auditor (full-time), we believe that he can appropriately fulfill his responsibilities as a Director who is an Audit & Supervisory Committee Member.	Since he has extensive knowledge of the Group's business and internal auditing, and has appropriately fulfilled his responsibilities as a Senior Corporate Auditor (full-time), we believe that he can appropriately fulfill his responsibilities as a Director who is an Audit & Supervisory Committee Member.	Based on his professional knowledge as an attorney and his extensive experience of engaging in corporate legal affairs over many years, we believe that he will enhance the effectiveness of auditing and supervision at the Company from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect him to ensure the fairness and objectivity of the Audit & Supervisory Committee as its head and contribute to improving its effectiveness.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe that he will enhance the effectiveness of auditing and supervision at the Company from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect him to involve and provide advice based on his broad insight as a Member of the Nominating Committee, when considering nominations for the Company's management.
Biography	Apr. 1983 Joined the Company Jun. 2009 Chief Manager, Accounting & Finance Department, the Company Jun. 2011 Director, the Company Jun. 2013 Managing Director, the Company Jun. 2019 Senior Corporate Auditor, the Company (full-time) Jun. 2021 Director/Audit & Supervisory Committee Member, the Company (full-time) (current)	Apr. 1986 Joined the Company Jun. 2018 Chief Manager, Plan Management Department and Chief Manager, IT Planning & Management Department, the Company Jun. 2019 Corporate Officer, the Company Jun. 2019 General Manager, Risk Management Division, the Company Jun. 2020 Senior Corporate Auditor, the Company (full-time) Jun. 2021 Director/Audit & Supervisory Committee Member, the Company (full-time) (current)	Jul. 1971 Admitted to the bar Apr. 1996 Vice President, Osaka Bar Association (resigned in March 1997) Jun. 2010 Auditor, the Company Jun. 2021 Director/Audit & Supervisory Committee Member, the Company (current) Jun. 2021 Audit & Supervisory Committee Chairperson, the Company (current)	Apr. 1976 Joined the Sumitomo Bank, Limited Jun. 2003 Executive Officer, Sumitomo Mitsui Banking Corporation Oct. 2006 Managing Executive Officer, Sumitomo Mitsui Banking Corporation Apr. 2007 Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. Jun. 2007 Director, Sumitomo Mitsui Financial Group, Inc. Apr. 2009 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation Apr. 2011 Director and Chief Executive Officer, Sumitomo Mitsui Banking Corporation (resigned in April 2011) Apr. 2017 President, Sumitomo Mitsui Financial Group, Inc. Jun. 2017 Director President, Sumitomo Mitsui Financial Group, Inc. Apr. 2019 Chairman of the Board, Sumitomo Mitsui Financial Group, Inc. (current) Jun. 2020 Auditor, the Company Jun. 2021 Director/Audit & Supervisory Committee Member, the Company (current) Oct. 2021 Chairman of the Board, Sumitomo Mitsui Banking Corporation (current)
Years of service	11	2	12	2
Number of shares held (100 shares)	109	32	2	-
Attendance at Meetings of the Board of Directors	12/12	12/12	12/12	12/12
Attendance at Meetings of the Audit & Supervisory Committee	10/10	10/10	10/10	10/10
Attendance at Meetings of the Board of Auditors (Before transitioning to a Company with an Audit & Supervisory Committee)	3/3	3/3	3/3	3/3
Committees				
Nominating Committee				○
Compensation Committee				
Audit & Supervisory Committee	○	○	○ (head of the committee)	○
Expertise and experience				
Corporate management and management strategies				○
Sustainability management				○
Legal, compliance, and risk management	○	○	○	○
Finance and accounting	○		○	○
HR strategies and management		○		
IT and digital				
Railways and mobility services				
Real estate and community development				
Marketing				

	Shohei Miki	Tomoko Igoshi
		
Title	Outside Director Audit & Supervisory Committee Member	Outside Director Audit & Supervisory Committee Member
Reason for appointment	Based on the broad insight he has gained as an executive director of a life insurance company, we believe that he will enhance the effectiveness of auditing and supervision at the Company from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect him to involve and provide advice based on his broad insight as a Member of the Compensation Committee, when considering compensation for the Company's management.	Based on her extensive experience and expertise in the legal profession, we believe that she will enhance the effectiveness of auditing and supervision at the Company from an independent standpoint without any relationship with the Company's management that could exert significant control over one another. We can also expect her to provide advice and recommendations primarily from a compliance perspective.
Biography	Apr. 1982 Joined Nippon Life Insurance Company Mar. 2015 Director and Senior Managing Executive Officer, Nippon Life Insurance Company Mar. 2016 Director, Nippon Life Insurance Company (resigned in July 2016) Apr. 2016 Representative Director, Vice President and Executive Officer, Mitsui Life Insurance Co., Ltd. (currently TAIJU LIFE INSURANCE COMPANY LIMITED) (resigned in March 2018) Jun. 2018 Chairman of the Board, Public Interest Incorporated Foundation Nippon Life Saiseikai (current) Jun. 2021 Director/Audit & Supervisory Committee Member, the Company (current)	Apr. 1980 Appointed as Public Prosecutor Jan. 2009 Chief Public Prosecutor, Matsue District Public Prosecutors Office Apr. 2011 Public Prosecutor, Supreme Public Prosecutors Office Nov. 2011 Chief Public Prosecutor, Tsu District Public Prosecutors Office (resigned as Prosecutor in November 2012) Feb. 2013 Admitted to the bar (registration as attorney-at-law cancelled in March 2020) Jun. 2021 Director/Audit & Supervisory Committee Member, the Company (current)
Years of service	1	1
Number of shares held (100 shares)	-	-
Attendance at Meetings of the Board of Directors	9/10	10/10
Attendance at Meetings of the Audit & Supervisory Committee	9/10	10/10
Attendance at Meetings of the Board of Auditors (Before transitioning to a Company with an Audit & Supervisory Committee)	-	-
Committees		
Nominating Committee	○	
Compensation Committee	○	
Audit & Supervisory Committee	○	○
Expertise and experience		
Corporate management and management strategies	○	
Sustainability management		
Legal, compliance, and risk management	○	○
Finance and accounting	○	○
HR strategies and management		
IT and digital		
Railways and mobility services		
Real estate and community development		
Marketing		

Corporate Officer (excludes those also serving as Directors)

As of July 1, 2022

Senior Corporate Officer	Corporate Officer
<b>Yoshinori Nikaya</b> Real Estate Division General Manager	<b>Keisuke Okamoto</b> Risk Management Division General Manager
<b>Takahiko Nishikawa</b> Innovation Creation Division General Manager	<b>Shinji Wada</b> Innovation Creation Division Deputy General Manager, e-Sports Business Department Chief Manager
<b>Nobuyuki Okajima</b> Railway Business Division Deputy General Manager, Railway Business & Train Stock Department Chief Manager	<b>Hitoshi Kawata</b> Community Development and Creation Division Deputy General Manager, Development Department Chief Manager
<b>Kazuaki Suzuki</b> Group Management Division General Manager	<b>Hironori Saito</b> President's Division General Manager
<b>Yasuyuki Matsumoto</b> Corporate Policy Division Deputy General Manager, Corporate Strategy Department Chief Manager	<b>Atsushi Kobayashi</b> Innovation Creation Division Deputy General Manager, Business Reform Department Chief Manager, Railway Business Division Planning & Management Department Chief Manager, Real Estate Division Planning & Management Department Chief Manager
	<b>Itaru Kaga</b> Railway Business Division Deputy General Manager
	<b>Takayoshi Yasuda</b> Internal Audit Division General Manager
	<b>Takamasa Kadokura</b> Community Development and Creation Division Deputy General Manager, Planning Department Chief Manager
	<b>Satoko Sakamoto</b> Group Management Division Deputy General Manager, Personnel Department Chief Manager
	<b>Keisuke Nishihara</b> Real Estate Division Deputy General Manager, Real Estate Department Chief Manager

## Main Business Indices

(Fiscal Year)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Financial indices</b>											
(Consolidated)											
Operating revenue* <sup>1</sup> * <sup>2</sup> (Millions of yen)	181,869	184,412	197,495	210,995	219,065	221,690	227,874	227,424	228,015	190,813	<b>201,793</b>
Operating income (Millions of yen)	18,294	21,973	23,062	28,118	32,318	31,840	33,971	27,745	35,223	5,552	<b>12,190</b>
Ordinary income (Millions of yen)	11,067	15,474	16,899	22,001	27,110	27,111	29,733	23,898	31,677	1,854	<b>9,931</b>
Profit or loss attributable to owners of parent (Millions of yen)	5,686	7,518	9,615	17,467	12,612	16,452	14,719	13,023	20,811	-1,861	<b>4,021</b>
Comprehensive income (Millions of yen)	9,776	10,207	10,644	25,190	7,394	20,478	16,991	12,143	18,031	4,559	<b>5,594</b>
Net assets (Millions of yen)	135,602	143,176	152,039	199,991	203,939	219,288	232,835	241,561	256,003	258,569	<b>260,716</b>
Total assets (Millions of yen)	789,591	781,589	781,671	909,547	894,621	890,798	902,045	918,385	925,058	962,229	<b>920,976</b>
Book value per share* <sup>3</sup> (Yen)	254.67	268.60	285.16	337.32	343.47	1,845.77	1,957.31	2,036.79	2,157.76	2,176.19	<b>2,189.38</b>
Earnings per share or Loss per share* <sup>3</sup> (Yen)	10.88	14.38	18.40	32.58	22.25	145.13	129.85	114.90	183.68	-16.44	<b>35.51</b>
Equity ratio (%)	16.9	18.0	19.1	21.0	21.8	23.5	24.6	25.1	26.4	25.6	<b>26.9</b>
Return on equity (%)	4.4	5.5	6.6	10.3	6.5	8.1	6.8	5.8	8.8	-0.8	<b>1.6</b>
Price-earnings ratio (Times)	32.4	27.3	21.7	15.2	27.5	18.7	20.5	26.6	13.4	—	<b>66.5</b>
Cash flows from operating activities (Millions of yen)	37,764	37,332	27,459	43,013	43,212	42,753	58,477	38,729	58,935	21,338	<b>41,879</b>
Cash flows from investing activities (Millions of yen)	-20,228	-15,719	-17,675	-90,315	-29,030	-30,861	-40,669	-45,219	-48,915	-33,273	<b>-19,669</b>
Cash flows from financing activities (Millions of yen)	-16,162	-13,592	-19,779	51,503	-17,047	-11,906	-16,429	8,632	-14,853	35,821	<b>-27,026</b>
Cash and cash equivalents at end of period (Millions of yen)	18,935	26,955	16,959	21,160	18,294	18,342	19,721	21,864	17,030	40,917	<b>36,101</b>
Consolidated interest-bearing debt to EBITDA ratio* <sup>4</sup> (Times)	11.9	11.1	10.4	9.6	8.4	8.3	7.6	8.5	7.2	14.2	<b>11.6</b>
(Submitting company)											
Share capital (Millions of yen)	63,739	63,739	63,739	72,983	72,983	72,983	72,983	72,983	72,983	72,983	<b>72,983</b>
Total number of issued shares (Thousands of shares)	526,412	526,412	526,412	567,012	567,012	567,012	113,402	113,402	113,402	113,402	<b>113,402</b>
Dividend per share (Yen)	5.00	5.00	5.00	6.00* <sup>5</sup>	6.00	6.00	18.00* <sup>6</sup>	30.00	32.50	25.00	<b>25.00</b>
<b>Non-financial indices</b>											
Energy used (consolidated) (Thousands of GJ)	3,604* <sup>7</sup>	3,433* <sup>7</sup>	5,483	5,512	5,459	5,434	5,329	5,212	5,219	4,590	<b>4,613</b>
CO <sub>2</sub> emissions (consolidated) (Thousands of t-CO <sub>2</sub> )	119.5* <sup>7</sup>	155.7* <sup>7</sup>	309.9	316.5	313.6	302.9	298.1	264.8	234.7	202.6	<b>207.7</b>
Energy-saving vehicle adoption (non-consolidated) (%)	39.9	41.7	42.1	44.8	48.2	50.0	51.8	52.9	57.2	59.0	<b>60.7</b>
Rolling stock energy consumption intensity (kl/10,000 km)	6.58	6.49	6.44	6.33	6.12	6.12	6.05	5.91	5.68	5.55	<b>5.52</b>
Water used											
Railway Business (non-consolidated) (m <sup>3</sup> )	288,039	273,363	252,180	287,132	203,385	190,681	184,363	175,178	197,096	185,656	<b>186,415</b>
Head office and other facilities (non-consolidated) (m <sup>3</sup> )	606,930	532,672	557,608	549,130	642,903	637,070	625,953	620,523	571,059	407,822	<b>561,683</b>
Number of accountable accidents in the railway business* <sup>8</sup> (Cases)	1	3	3	1	1	2	3	1	4	0	<b>2</b>
Customer satisfaction index (Points)	—	—	—	—	61.2	59.5	60.8	63.0	65.1	64.7	<b>65.6</b>
Environmental building (green building) certification* <sup>9</sup> (Cases)	0	0	0	0	0	0	0	1	1	2	<b>2</b>
Demographics along the railway lines (social increase or decrease) *Excluding Osaka City (Persons)	—	—	-4,872	-5,253	-5,538	-4,319	-5,164	-4,034	-2,239	-4,525	<b>-6,864</b>

\*<sup>1</sup> Operating revenue does not include consumption tax, etc.\*<sup>2</sup> The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.\*<sup>3</sup> On October 1, 2017, we conducted a reverse stock split replacing every five ordinary shares with one share.

We calculated net assets and income per share by assuming that this reverse stock split occurred at the beginning of FY2016.

\*<sup>4</sup> EBITDA = Operating income + Depreciation and amortization

However, the "operating income" from FY2017 onward includes dividend income.

\*<sup>5</sup> This includes a commemorative dividend of 1 yen.\*<sup>6</sup> Since we conducted a reverse stock split replacing every five ordinary shares with one share on October 1, 2017, this shows the total for the interim dividend per share of 3 yen before the reverse stock split and the year-end dividend per share of 15 yen after the reverse stock split.\*<sup>7</sup> Non-consolidated actual results.\*<sup>8</sup> Incidents in the railway business, transportation failures (limited to delays or suspensions in service for at least three hours), and other incidents for which we are responsible.\*<sup>9</sup> Based on the DBJ Green Building certification.

# E Environment

## Environmental management

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of ISO 14001 Certifications <sup>*1</sup>	Consolidated	Cases	4	4	<b>4</b>
Number of Green Management Certifications <sup>*2</sup>		Cases	3	3	<b>3</b>

<sup>\*1</sup> Headquarters and Chiyoda Factory of Nankai Electric Railway Co., Ltd./Chiyoda Factory of Nankai Vehicles Service Engineering Co., Ltd.; SEMBOKU RAPID RAILWAY CO., LTD. (entire company); Architectural, Civil Engineering and Railway Divisions of Nankai Tatsumura Construction Co., Ltd.; Tokyo Branch of Nankai Building Service Co., Ltd.  
<sup>\*2</sup> Itakano Branch of Nankai Bus Co., Ltd.; Sakai Branch and Rinku Branch of Southern Transport Services Co., Ltd.

## Greenhouse gas (GHG) emissions<sup>\*1</sup>

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
GHG emissions	Consolidated	t-CO <sub>2</sub>	234,679	202,632	<b>207,696</b>
Scope 1 <sup>*2</sup>		t-CO <sub>2</sub>	100,129	80,547	<b>79,202</b>
Scope 2 <sup>*3</sup>		t-CO <sub>2</sub>	134,550	122,084	<b>128,494</b>
GHG emissions intensity <sup>*4</sup>		t-CO <sub>2</sub> /million yen	1.02	1.06	<b>1.03</b>

<sup>\*1</sup> Calculated based on the Act on Promotion of Global Warming Countermeasures. (Electricity was calculated based on the basic emission factor by electric power company, and city gas was calculated based on the emission factor published by city gas companies.)  
<sup>\*2</sup> CO<sub>2</sub> emissions from energy use  
<sup>\*3</sup> Emissions based on market standards  
<sup>\*4</sup> GHG emissions intensity = GHG emissions / Operating revenue

## Energy consumption

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Electricity	Consolidated	Thousand kWh	377,488	341,936	<b>345,915</b>
City gas <sup>*</sup>		Thousand m <sup>3</sup>	6,203	6,314	<b>6,550</b>
Vapor		GJ	3,557	3,822	<b>3,626</b>
Cold water		GJ	7,406	4,998	<b>5,490</b>
Propane gas		kg	145	119	<b>111</b>
Gasoline		kℓ	444	589	<b>441</b>
Diesel		kℓ	21,875	15,268	<b>14,655</b>
Kerosene		kℓ	47	62	<b>60</b>
A heavy oil		kℓ	2,339	4,588	<b>4,758</b>
BC heavy oil		kℓ	7,155	3,991	<b>3,886</b>

<sup>\*</sup>Includes GNG

## Water intake

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Water intake <sup>*</sup>	Consolidated	Thousand m <sup>3</sup>	1,345	1,116	<b>1,221</b>
Water supply		Thousand m <sup>3</sup>	—	—	<b>867</b>
Industrial water		Thousand m <sup>3</sup>	—	—	<b>233</b>
Groundwater, rainwater, etc.		Thousand m <sup>3</sup>	—	—	<b>121</b>

<sup>\*</sup>The amount includes not only water supply, but also industrial water of some Group companies and measurable amount of treated water and groundwater

## Paper use

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Paper use <sup>*</sup>	Non-consolidated	Thousand sheets	3,183	1,940	<b>1,393</b>

<sup>\*</sup>Paper used at the head office

## Waste

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
General waste emissions	Non-consolidated	t	3,051	3,247	<b>3,890</b>
Industrial waste emissions <sup>*1</sup>		t	2,560	1,590	<b>1,232</b>
Plastic waste volume <sup>*2</sup> (figure in the parenthesis)		t	(398)	(315)	<b>(325)</b>
General waste emissions	Consolidated	t	—	—	<b>10,314</b>
Industrial waste emissions <sup>*1*</sup>		t	—	—	<b>66,630</b>
Hazardous waste <sup>*4</sup> emissions (figure in the parenthesis)		—	—	—	<b>(59)</b>
Total general waste and industrial waste emissions		t	—	—	<b>76,944</b>
Recycle ratio <sup>*5</sup>		%	—	—	<b>88.3</b>
Final amount disposed	t	—	—	<b>9,024</b>	

<sup>\*1</sup> Emissions based on the industrial waste management sheet  
<sup>\*2</sup> Emissions of industrial waste from plastic products as defined in the Law for Recycling Plastic Materials  
<sup>\*3</sup> For the construction business, the calculation includes all industrial waste that our Group disposed of as the main contractor.  
<sup>\*4</sup> Specially controlled wastes (wastes with explosive, toxic, infectious, or other properties that may cause damage to human health or the living environment) as defined in the Law Concerning Waste Disposal and Scavenging (Waste Disposal Law)  
<sup>\*5</sup> Thermal recycling is included in recycling.

## Emissions and transfers of chemical substances<sup>\*1</sup>

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Ethyl benzene	Non-consolidated	kg	117.9	85.3	<b>131.8</b>
Xylene		kg	465.7	413.0	<b>528.5</b>
Styrene		kg	304.5	172.6	<b>0.0</b>
Toluene		kg	1,160.9	999.8	<b>1,102.0</b>
Other <sup>*2</sup>		kg	188.1	178.3	<b>880.3</b>

<sup>\*1</sup> Emissions and transfers of Class I Designated Chemical Substances from locations that have notified the government in accordance with the Law concerning Pollutant Release and Transfer Register (PRTR) (applicable locations: Chiyoda Factory only)  
<sup>\*2</sup> Included 19 substances until the fiscal year ended March 31, 2021, and added 15 substances for the fiscal year ended March 31, 2022, for a total of 34 substances.

## Other types of waste

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Estimated leakage of fluorocarbons <sup>*1</sup>	Non-consolidated	t-CO <sub>2</sub>	122.2	114.7	<b>319.0</b>
NOx emissions <sup>*2</sup>		kg	36.4	38.5	<b>36.2</b>

<sup>\*1</sup> Leakage of fluorocarbons from Class I Specified Products calculated based on the Law Concerning the Discharge and Control of Fluorocarbons  
<sup>\*2</sup> NOx emissions in vehicle exhaust gas calculated as defined in the Automobile NOx PM Control Law and reported to the Osaka Prefectural Government

# S Society

## Sales performance of the Railway Business

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Operating kilometers	Non-consolidated	km	154.8	154.8	<b>154.8</b>
Kilometers covered by passenger trains		Thousand km	100,212	96,245	<b>95,192</b>
Passengers carried		Thousand people	239,454	178,164	<b>182,851</b>
Car-load factor		%	31.3	22.5	<b>23.3</b>
Number of stations		Stations	100	100	<b>100</b>
Number of cars		Cars	696	696	<b>696</b>



## Safety

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Investment for safety by the railway business		Millions of yen	13,775	8,176	<b>9,799</b>
Number of major accidents*1		Cases	0	0	<b>0</b>
Number of railroad crossing accidents*2		Cases	10	9	<b>7</b>
Number of personal injury accidents*3	Non-consolidated	Cases	10	9	<b>12</b>
Number of transportation failures*4		Cases	21	14	<b>14</b>
Incidents*5		Cases	2	0	<b>2</b>
Number of disasters		Cases	5	7	<b>6</b>
Lost time incident rate		—	0.18	0.73	<b>0.55</b>

\*1 Total of train collision, train derailment, and train fire accidents.

\*2 Accidents where a train or vehicle collided with or came into contact with a person or vehicle passing a railroad crossing.

\*3 Accidents that resulted in the death or injury of a person due to train or vehicle operation.

\*4 A situation in which trains are suspended or delayed (for 30 minutes or more) for reasons other than a railroad operation accident.

\*5 A situation that has not caused an accident yet, but is recognized as having the potential to cause a railroad operation accident.

## Employees

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of employees		Persons	9,205	9,133	<b>8,887</b>
Female		Persons	1,326	1,361	<b>1,307</b>
Male		Persons	7,879	7,772	<b>7,580</b>
Ratio of female employees		%	14.4	14.9	<b>14.7</b>
Number of newly hired employees*1		Persons	531	418	<b>316</b>
Female		Persons	103	88	<b>61</b>
Male		Persons	428	330	<b>255</b>
Ratio of women among newly hired employees*1	Consolidated	%	19.4	21.1	<b>19.3</b>
Number of employees in management positions*2		Persons	807	798	<b>791</b>
Female		Persons	25	28	<b>35</b>
Male		Persons	782	770	<b>756</b>
Ratio of female employees in management positions		%	3.1	3.5	<b>4.4</b>
Average years of service*1		Years	15.9	16.5	<b>17.2</b>
Female		Years	9.6	9.7	<b>10.5</b>
Male		Years	16.5	17.2	<b>18.0</b>
Average age		Years old	43.0	43.6	<b>44.1</b>
Average annual salary		Yen	6,229,295	6,118,137	<b>5,872,700</b>
Average overtime per month		Hours	25.6	25.0	<b>23.7</b>
Average acquisition rate of annual paid leave		%	92.6	90.9	<b>90.1</b>
Turnover rate		%	1.0	1.4	<b>1.9</b>
Number of employees who acquire childcare leave		Persons	18	30	<b>24</b>
Female		Persons	5	12	<b>4</b>
Male	Non-consolidated	Persons	13	18	<b>20</b>
Acquisition rate of childcare leave		%	21.4	43.5	<b>49.0</b>
Female		%	100	100	<b>100</b>
Male		%	16.5	31.5	<b>44.4</b>
Number of non-regular employees		Persons	25	27	<b>25</b>
Total training hours		Hours	—	—	<b>19,276</b>
Training hours per employee		Hours	—	—	<b>6.6</b>
Number of rehired employees		Persons	25	27	<b>11</b>
Employment rate of disabled people	*3	%	2.39	2.46	<b>2.47</b>

\*1 Refers to the number of full-time employees (total of new graduate hires, mid-career hires, and part-time employees hired as full-time employees).

\*2 Management positions refer to supervisory and managerial positions that are not subject to working hour restrictions, etc.

\*3 Refers to the Company and seven Group companies that have obtained special certification.

## Human rights

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of employees who utilized the human rights hotline		Persons	2	1	<b>1</b>
Training on human rights	Number of participants	Persons	185	83	<b>71</b>
Training hours	Non-consolidated	Minutes	120	40	<b>90</b>
Harassment prevention training	Number of participants	Persons	142	83	<b>129</b>
Training hours		Minutes	120	40	<b>90</b>

## Information security

**Basic policy for personal information protection: Yes** Privacy Policy <https://www.nankai.co.jp/policy.html>

## Governance

## Matters related to Directors

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of Directors*1 (including Directors who are Audit & Supervisory Committee Members)*2		Persons	8	15	<b>15</b>
Internal		Persons	5	7	<b>7</b>
Female		Persons	0	0	<b>0</b>
Male		Persons	5	7	<b>7</b>
Outside		Persons	3	8	<b>8</b>
Female		Persons	1	3	<b>3</b>
Male		Persons	2	5	<b>5</b>
Ratio of Outside Directors*1		%	37.5	53.3	<b>53.3</b>
Ratio of female Directors*1		%	12.5	20.0	<b>20.0</b>
Attendance rate of Outside Directors		%	—	—	<b>97.8</b>
Number of Audit & Supervisory Committee Members [Number of Auditors]*1	Non-consolidated	Persons	5	6	<b>6</b>
Internal		Persons	2	2	<b>2</b>
Female		Persons	0	0	<b>0</b>
Male		Persons	2	2	<b>2</b>
Outside		Persons	3	4	<b>4</b>
Female		Persons	0	1	<b>1</b>
Male		Persons	3	3	<b>3</b>
Ratio of Outside Director and Audit & Supervisory Committee Member (Outside Auditors)		%	60.0	66.7	<b>66.7</b>
Ratio of female Outside Director and Audit & Supervisory Committee Member (female Auditors)		%	0.0	16.7	<b>16.7</b>
Attendance rate of Outside Director and Audit & Supervisory Committee Member (Outside Auditors)		%	—	—	<b>98.0</b>
Number of Meetings of the Board of Directors		Meetings	12	12	<b>12</b>
Number of Meetings of the Audit & Supervisory Committee (Meetings of the Board of Auditors)		Meetings	13	13	<b>13</b>

\*1 As of the end of June in the following fiscal year (As of the end of June 2022 for the fiscal year ended March 2022).

\*2 Transitioned to a Company with an Audit & Supervisory Committee in June 2021.

## Matters related to Corporate Officers (excluding Corporate Officers serving as Directors)

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of Corporate Officers*		Persons	12	12	<b>15</b>
Female	Non-consolidated	Persons	0	0	<b>1</b>
Male		Persons	12	12	<b>14</b>
Ratio of female Corporate Officers*		%	0	0	<b>6.7</b>

\*As of the end of June in the following fiscal year (As of the end of June 2022 for the fiscal year ended March 2022).

## Matters related to the Nominating Committee and Compensation Committee

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of Nominating Committee Members		Persons	4	5	<b>5</b>
Internal		Persons	1	1	<b>1</b>
Outside	Non-consolidated	Persons	3	4	<b>4</b>
Number of Compensation Committee Members		Persons	4	5	<b>5</b>
Internal		Persons	1	1	<b>1</b>
Outside		Persons	3	4	<b>4</b>

## Compensation

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Directors (excluding Outside Directors)*1		Million yen	298	191	<b>211</b>
Auditors (excluding Outside Auditors)*2	Non-consolidated	Million yen	47	47	<b>45</b>
Outside Directors		Million yen	25	25	<b>64</b>
Outside Auditors		Million yen	25	25	
Compensation for accounting audits		Million yen	—	—	
Auditing work fees	Consolidated	Million yen	147	148	<b>144</b>
Non-auditing work fees		Million yen	4	5	<b>7</b>

\*1 Excludes Directors and Outside Directors who are Audit & Supervisory Committee Members for the fiscal year ended March 2022.

\*2 Includes Directors who are Audit & Supervisory Committee Members (Outside Director and Audit & Supervisory Committee Member) for the fiscal year ended March 2022.

## Compliance

Metrics	Applicable data	Unit	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Number of whistleblowing cases	Consolidated	Cases	23	14	<b>27</b>

**Group Companies** (Companies consolidated as of the fiscal year ended March 2022)

Of the 70 subsidiaries and 6 affiliates, the following 54 companies are subject to consolidation.

**Transportation Business**

- Railway business:** SEMBOKU RAPID RAILWAY CO., LTD.\*
- Tramway business:** Hankai Tramway Co., Ltd.
- Bus business:** Nankai Bus Co., Ltd., Wakayama Bus Co., Ltd., Nankai Rinkan Bus Co., Ltd., Kansai Airport Transportation Enterprise Co., Ltd., Kumano Gobo Nankai Bus Co., Ltd., Tokushima Bus Co., Ltd., Southern Airport Traffic Co., Ltd., Wakayama Bus Naga Co., Ltd., Nankai Wing Bus Kanaoka Co., Ltd., Nankai Wing Bus Nanbu Co., Ltd., Shikoku Transportation Co., Ltd., Tokushima Bus Anan Co., Ltd., and Tokushima Bus Nanbu Co., Ltd.

**Ocean freight business:** Nankai Ferry Co., Ltd.

**Cargo transportation business:** Nankai Express Co., Ltd. and Southern Transport Services Co., Ltd.

**Vehicle maintenance business:** Nankai Vehicles Service Engineering Co., Ltd.

**Real Estate Business**

**Real estate leasing business:** SEMBOKU RAPID RAILWAY CO., LTD.\* and Osaka Prefectural Food Products Distribution Center Co., Ltd.

**Real estate sales business:** Nankai Fudosan Co., Ltd.

**Distribution Business**

**Management of Shopping Centers:** Panjo Co., Ltd. and PanjolZ Co., Ltd.

**Station premises business:** Nankai Shoji Co., Ltd., Nankai FD Service Co., Ltd., Nankai Food System Co., Ltd., and Sentetsu Sangyo Co., Ltd.

**Other distribution business:** Avic Co., Ltd. and Nankai Ferry Trading Co., Ltd.

**Leisure and Services Business**

**Travel agency business:** Nankai Travel International Co., INC., Tokubus Travel Service Co., Ltd., and Nanki Kanko Holdings Co., Ltd.

**Hotels and traditional Japanese inns:** Nakanoshima Co., Ltd.

**Boat racing facility leasing business:** Suminoe Enterprise Co., Ltd.

**Building management and maintenance business:** Nankai Building Service Co., Ltd., Nankai Heartful Service Co., Ltd., Kurakata Shoji Co., Ltd., and Life community Co., Ltd.

**Funerary business:** Nankai Grief Support Co., Ltd.

**Other leisure and services business:** Nankai Golf Management Co., Ltd., ADvertising NANKAI Inc., Nankai Printing Co., Ltd., Kumano Kanko Kaihatsu Co., Ltd., Nankai Insurance Service Co., Ltd., Nankai Life Relation Co., Ltd., Sumiko Shoji Co., Ltd., and Suminoe Marine System Co., Ltd.

**Construction Business**

Nankai Tatumura Construction Co., Ltd., Nichiden Shokai Co., Ltd., Nankai Kensetsu Kogyo Co., Ltd., and Nihon Kemo Construction Co., Ltd.

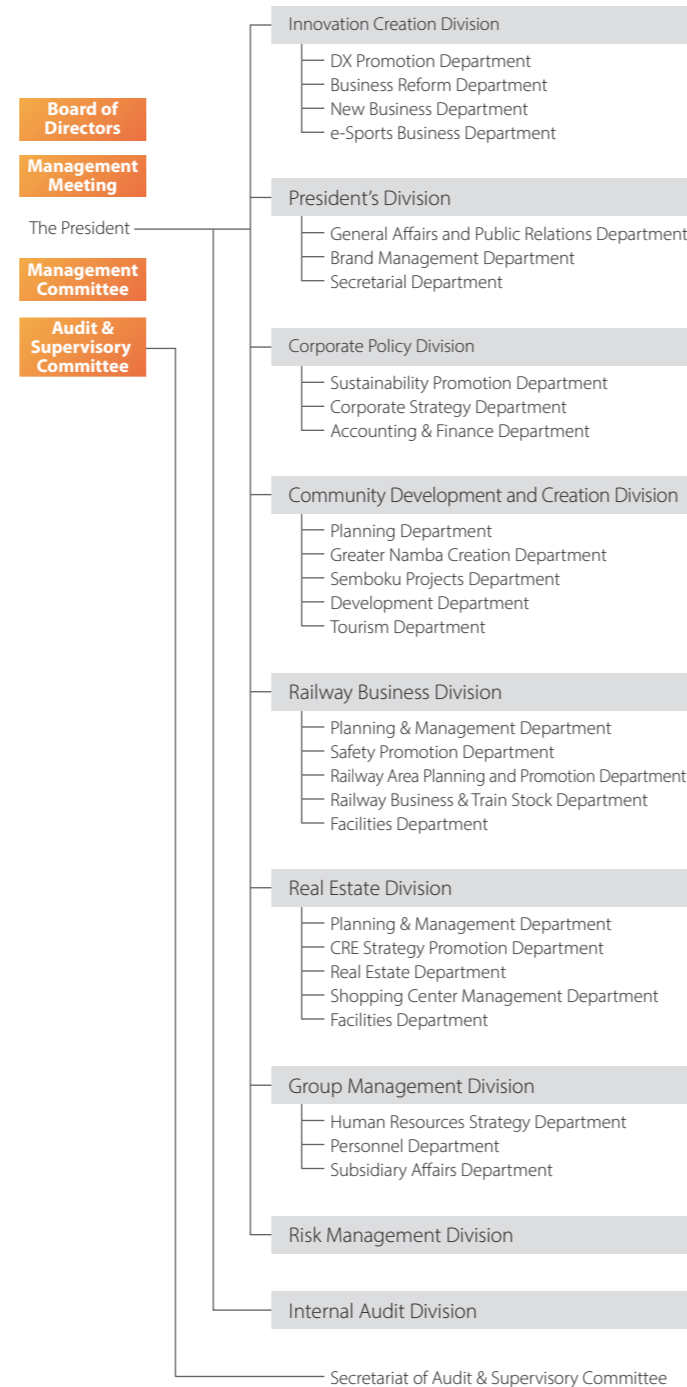
**Other Business**

Nankai Management Service Co., Ltd., CS Inspector Co., Ltd., and Nankai Research & Act Co., Ltd.

\*SEMBOKU RAPID RAILWAY CO., LTD. is included in segments of the Transportation and Real Estate Businesses.

**Organization Chart** (as of June 1, 2022)

Please refer to "Corporate Governance" on page 71 for details on the corporate governance system.



**Stock Information**

**Stock data** (as of March 31, 2022)

Total number of authorized shares	320,000,000
Total number of issued shares	113,402,446
	(including 70,076 treasury shares)
Number of shareholders	53,370
	(+2,503 YoY)
Number of shares per unit	100

**Distribution of shares by holder** (as of March 31, 2022)

Sector	Stocks (Number of shares per unit: 100)								Shares less than one unit (shares)
	Governmental and public organizations	Financial institutions	Financial product brokers	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
Number of shareholders (persons)	1	45	28	473	197	38	47,505	48,287	—
Number of shares held (unit)	46	335,536	7,168	84,925	117,630	502	583,645	1,129,452	457,246
Percentage of shares held (%)	0.00	29.71	0.63	7.52	10.42	0.04	51.68	100.00	—

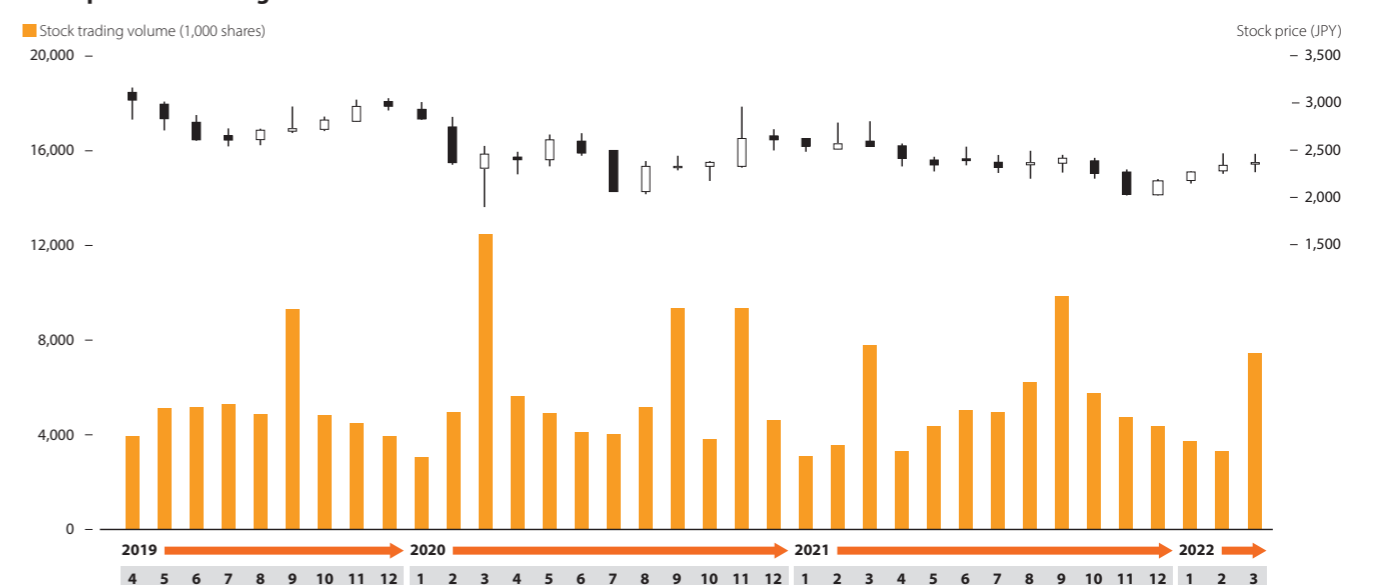
Note: 1. 708 units and 76 shares of the 70,876 treasury shares are included in the items "Individuals and others" and "Shares less than one unit," respectively. The 70,876 treasury shares represent the number of shares that appear in the shareholders' register, and the balance of shares actually held as of March 31, 2022 was 70,076 shares.  
 2. The item "Financial institutions" includes 557 units of the Company's shares held by the Board Benefit Trust (BBT) as funds for executive stock compensation.  
 3. The items "Other corporations" and "Shares less than one unit" include 26 units and 90 shares in the name of Japan Securities Depository Center, respectively.

**Major shareholders** (as of March 31, 2022)

	Shareholder name	Number of shares held	Percentage of shares held
1	The Master Trust Bank of Japan, Ltd. (trust account)	11,869,000	10.47%
2	Custody Bank of Japan, Ltd. (trust account)	6,393,000	5.64%
3	Nippon Life Insurance Company	2,484,000	2.19%
4	Sumitomo Mitsui Trust Bank, Limited	1,516,000	1.34%
5	MUFG Bank, Ltd.	1,473,000	1.30%
6	JP MORGAN CHASE BANK 385781	1,442,000	1.27%
7	Sumitomo Mitsui Banking Corporation	1,429,000	1.26%
8	The Senshu Ikeda Bank, Ltd.	1,289,000	1.14%
9	STATE STREET BANK WEST CLIENT – TREATY 505234	1,199,000	1.06%
10	Takashimaya Co., Ltd.	1,007,000	0.89%

Note: After deduction of treasury shares

**Stock price and trading volume**



**Shareholder memo**

<b>Listed exchange</b>	Tokyo Stock Exchange Prime Market	
<b>Business fiscal year</b>	From April 1 to March 31 next year	
<b>Regular General Meeting of Shareholders</b>	Every June	
<b>Record date</b>	Regular General Meeting of Shareholders	March 31
	Year-end dividend	March 31
	Interim dividend (if any)	September 30
	Others (if necessary)	Pre-announced date
<b>Notification method</b>	Electronic public notice <a href="https://www.nankai.co.jp/ir/stock/announcement">https://www.nankai.co.jp/ir/stock/announcement</a> (In the event that an announcement cannot be made electronically due to an accident or other unavoidable reason, the announcement shall be made in the Nihon Keizai Shimbun.)	
<b>Transfer agent and management institution for special accounts</b>	1-4-1 Marunouchi Chiyoda-ku Tokyo Sumitomo Mitsui Trust Bank, Limited	
<b>Transfer agent administration office</b>	4-5-33 Kitahama, Chuo-ku, Osaka City Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited	
	Mailing address: 2-8-4 Izumi Suginami-ku, Tokyo 168-0063, Japan Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited	
	Telephone inquiries: Toll free 0120-782-031	
	Webpage URL: <a href="https://www.smtb.jp/personal/agency/index.html">https://www.smtb.jp/personal/agency/index.html</a>	