



Corporate Responsibility Report 2009



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Editorial Policy

This report covers more than just our efforts at environmental preservation. The first half will introduce our social relations with content centered on our Safety Information Report and the second half touches on environmental preservation and what we plan to do about this in the future. This report is intended to act as a communication tool between the company and its stakeholders.

Applicable Term

The applicable term of this report refers to the fiscal year 2008 (running from April 1st 2008 to March 31st 2009), but some sections of this report also cover matters outside of this stated time span.

Scope of the Report

The report covers issues related to the Nankai Electric Railway Co. Ltd., but some matters mentioned herein also pertain to the corporate group.

Referenced Guidelines

This report references the 'Environmental Accounting Guidelines Ed. 2005' as published by the Ministry of the Environment and conforms with the 'Environmental Accounting Guidelines for Private Railway Businesses Ed. 2008' as published by the ASSOCIATION OF JAPANESE PRIVATE RAILWAYS.

Corporate Outline

Company Name	Nankai Electric Railway Co., Ltd.
Established	December 1885
Head Office	5-1-60 Namba, Chuo-ku, Osaka 542-8503
Website	http://www.nankai.co.jp/
Paid-in Capital	¥63,739,034,121
Operating Profit	¥70,101 million
No. of Shareholders	56,336
No. of Employees	2,741
Managed track	154.8km
Rolling Stock	702
	(As of March 31, 2009)

Status of the Corporate Group

(No. of Consolidated Employees 7,757)

Transportation	26 companies	Railways, rail track management, buses, ocean freight, cargo transportation, train maintenance
Real Estate	4 companies	Real estate leasing, real estate sales
Retail	7 companies	Shopping Center management, sales of commodities, building materials wholesale businesses
Leisure and Services	19 companies	Amusement Park management, travel agency, hotels and <i>ryokan</i> Japanese inns, leasing of <i>kyotei</i> motorboat race facilities, building management and maintenance businesses
Construction	4 companies	Construction
Other	8 companies	Printing, Insurance Agency, Advertising Agency

* The Company (Nankai Electric Railway Co. Ltd.) and the Nankai Urban Development Co., Ltd. are counted on more than one occasion in the company totals shown above.

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

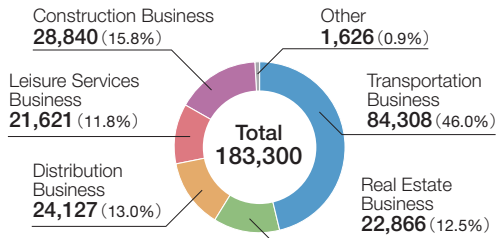


Financial Status

(Consolidated Results for fiscal year 2008)

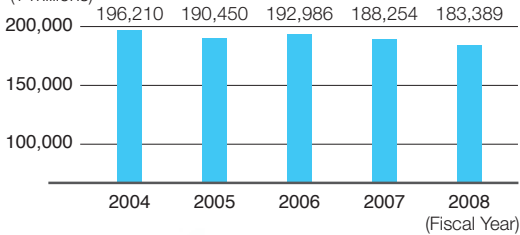
Composition ratio of operating profit by segment

(¥ millions)



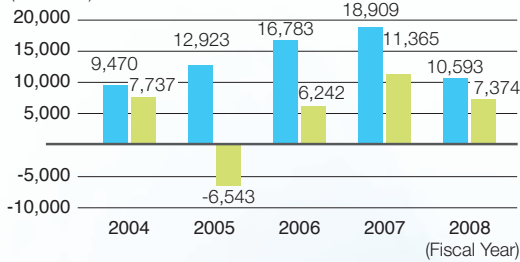
Transition of Operating Profit

(¥ millions)



Transition of Ordinary Profit and Net Profit for the Fiscal Year

(¥ millions)



■ Ordinary Profit
■ Net Profit for the Fiscal Year

Business Outline

(The Nankai Group)

Beginning with the railway, the Group is involved in a variety of businesses, including real estate sales and leasing, leisure services, etc.

Transportation Business

Centered on the Nankai Electric Railway Company, the scope of services extends to rail track management and bus service provision.



Retail Business

The development and management of commercial facilities located in areas adjacent to our rail network, prime examples being Namba CITY and Namba Parks.

Real Estate Business

Management of real estate, such as the Nankai Building that houses Namba Station and the Osaka Branch of the Takashimaya Department Store as well as the development of new town projects located in areas adjacent to our rail network.

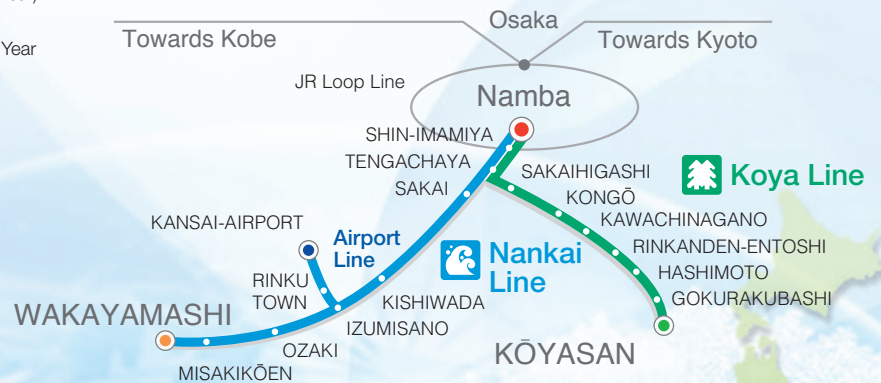


Leisure and Services Business

Contributing to fulfilling leisure time that promotes familial and community communication through our management of hotels, ryokan traditional Japanese inns, travel agencies, golf courses and Misaki Park.



Nankai Area



Zoo Management: Teaching our Children about the Importance of Life, Protecting our Planet's Biodiversity

2010 will be the International Year of Biodiversity. All across the world, plans are in progress to protect biodiversity. For its part, the Nankai Electric Railway, as part of its plans to celebrate the 50th anniversary of the establishment of Misaki Park, renovated a facility for the raising and exhibition of rare dolphins, which was renamed the Itoen Shiny Stadium upon its reopening. The Tennoji Zoo, under the leadership of Director Miyashita, has put together the 'ZOO 21 Plan', their vision for a next-generation zoological park. Director Miyashita was invited to Misaki Park and we took the opportunity to ask him about environmentally-sensitive zoo management.



Shinji Watari

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

Minoru Miyashita

Director of the Osaka Municipal Tennoji Zoological
Gardens, Veterinarian, Medical Doctor, Curator

The Teacher/Pupil relationship between Tennoji Zoo and Misaki Park

Interviewer — What is the relationship between Tennoji Zoo and the Nankai Electric Railway Company?

Miyashita — In 1957 when the Nankai Electric Railway Company opened Misaki Park, I heard that the second person to hold the post of director at Tennoji Zoo, Director Terauchi and Director Koga of Ueno Zoo worked together to assist in the design of the facilities at Misaki Park. The Tennoji Zoo was the third zoo to open in Japan following on from Ueno Zoo and Kyoto Municipal Zoo and is in its 95th year of operation.

Watari — When the Misaki Park was opened to mark the 70th anniversary of the founding of the Nankai Electric Railway Company, I heard that our zoo managers were given access to observe the management of Tennoji Zoo for a period of 3 months and that the Tennoji managers were kind enough to offer guidance and instruction. From then on the Tennoji Zoo would offer us advice from time to time and we were able to deepen our friendly relationship through the animal exchange program, whereby a giraffe or a penguin would be loaned from one facility to another. I do believe that Tennoji Zoo and the Misaki Park enjoy a teacher/pupil relationship.

Miyashita — The first time I visited Misaki Park, I was struck by the wide open spaces and the large number of kangaroos that were jumping here and there. It looked like a grassy plain in the middle of Australia. The Tennoji Zoo is located in the middle of the city and because it's an urban zoo we don't have much space. In 1964 we introduced fence-free enclosures but Misaki Park has been open-plan since it opened and is really worthy of being called a 'Natural Zoo'.

Watari — Misaki Park was the first zoo in Japan to practice the fence-free enclosure approach to zookeeping and I recall a real feeling of openness when I visited as a young boy on a school trip and this feeling has stayed with me to this day. The site was located next to the ocean and as such, the 'Natural Aquarium' made the most of the proximity of the sea. I don't think there were any other locations in Japan that could boast a zoo and an aquarium together.

Tennoji Zoo, Namba Parks and their efforts to preserve the natural environment

Interviewer — In 1995 the Tennoji Zoo established the 'ZOO 21 Plan' and began creating garden spaces with the aim of preserving particular species as well as using these locations as teaching instruments to learn about the natural environment.

Miyashita — The important point about the 'ZOO 21 Plan' and the creation of a garden space is the re-creation of a habitat for wild animals. For example, when the elephant enclosure in the Asian Tropical Rain Forest Zone was constructed, the designers surveyed the habitat of the elephants in the national parks of Thailand and in addition to re-creating the native plant life and vegetation, the floor of the enclosure was changed from concrete to earth. The upkeep of an earth floor is more costly but it's much better for the elephants and their feet to walk on earth, as well as allowing them to dig holes and indulge in dirt baths. Visitors also get to see the elephants in their native

habitat. If the animals in your care can remain happy and avoid frustrations, it's all the better for preserving the species in the longer term.

Watari — That sounds like the epitome of a sustainable plan. The Asahiyama Zoo has also taken a big step towards considering the natural environment in terms of the way that zoo is managed. For Nankai, the Parks Garden located in Namba Parks is some 5,300m² of greenery which is home to 300 species of flora- and tree-life numbering some 70,000 individual plants, all housed on a roof-top garden plot. The terrace design creates a refuge for city dwellers, a green space for people to stop and take a rest.

Interviewer — Recently children get to know animals through games and *anime* cartoons, but their chances of interacting with live animals seem to have decreased. From that perspective, what do you think of the role of the zoo in their lives?

Miyashita — If your interaction with animals is limited to the virtual realm, such as a game, then you won't be able to understand or appreciate the importance of life. At the Tennoji Zoo, we run programs such as our summer school where children have the chance to come into direct contact with animals. This is where we hope children will learn about the importance of life, of living things and I think zoos have a big role to play in this process. The feeling that one experiences when you come into contact with another living creature is something every child should experience.

Watari — At Misaki Park visitors have the opportunity to watch the dolphin show, where the dolphins display their talents in the water as well as in the air as they showcase their spectacular jumping abilities. I think this an important chance to see the vibrancy of life, it's not something that comes across on television. We are increasing the number of animals that visitors can come into direct contact with, so that they can experience and learn about living creatures.



The Elephant Enclosure, Asian Tropical Rain Forest Zone, Tennoji Zoo (left), The African Savanna Zone (top right), Gogo the Polar Bear (bottom right)



Dolphins at Misaki Park

Great Results from Sustainable Environmental Management

Interviewer — The Nankai Group is approaching environmental management from a variety of different perspectives.

Watari — We are currently in the midst of a three-year management plan known as the 'Kenshin 126 Plan' and our top priority is environmental preservation. Our environmental management plan calls for our three companies, namely the Nankai Electric Railway, the Nankai Bus Company and the Nankai Urban Development Company to cut CO₂ emissions by 3%, to install water-free toilets to reduce our water consumption in addition to signing an agreement with Osaka Prefecture as one of their Green Partners. We have also had our environmental management approach validated by attaining ISO14001 certification.

Miyashita — When I thought of the Nankai Electric Railway, my image was of a private railway line that also developed housing estates, but I was surprised to hear that Nankai has been involved in tree-planting for more than 30 years.

Watari — The village of Totsukawa in Nara Prefecture is home to Gomadanzan, a mountainside forest plantation owned by Nankai. Last year for the first time we took volunteer employees to Totsukawa to participate in tree thinning work. The forest is large; at 525ha it measures some 130 times the size of the Koshien Stadium. For a railway company it is important to preserve the environment for the communities that lie adjacent to our network, hence our continued commitment to local community CSR programs like this one.

The New Dolphinarium: a habitat for rare dolphins

Interviewer — As mandated by the UN, 2010 will be the International Year of Biodiversity and in October Nagoya will play host to the COP 10 Meeting (The 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity). The preservation of rare species, such as the dolphin, will be of prime importance going forward. The dolphinarium located in Misaki Park was reopened in March 2009.

Watari — The only place you can see a dolphin show in Osaka Prefecture is Misaki Park and with the renovation of this facility in the first month since reopening they welcomed 51,456 visitors to Misaki Park (233% compared with the previous year). The Dolphinarium received 37,402 visitors (406% compared with the last year). Of course there are concerns about



Penguins at Misaki Park

the rights and wrongs of capturing endangered mammals such as dolphins, but our stance is that we need to know more about these creatures that are so close to humankind in terms of their abilities. The new Dolphinarium has Osaka bay and the natural coastline of Nagamatsu as a backdrop, so visitors can enjoy the dolphin show whilst admiring the beauty of nature in the background. In the future we are considering dolphin therapy courses, where participants swim with these wonderful animals. I'm interested in Director Miyashita's thoughts on the Dolphinarium.

Miyashita — I think it's more than a show, it's a performance combined with an educational program. Watching these dolphins is a great enjoyment for me. I think there is a lot to be gained in an educational sense by having visitors witness firsthand the abilities of these animals. I saw with my own eyes the power the dolphins possess to relax the people around them and I think it's amazing.

Sustainable Corporate Management: Safety First

Interviewer — The economic environment in Japan over the past year has made amusement park management a very challenging sector.

Watari — At Misaki Park we came up with several different approaches, including dolphin shows in the evening and the Night ZOO event to attract visitors outside of regular zoo hours, but I'm open to any advice that you can give in terms of creating new value for Misaki Park going forward.

Miyashita — At Tennoji Zoo we have made a lot of efforts to cut costs all across the entire operation. I find myself away from the zoo a lot, speaking at different engagements about Tennoji Zoo. We work together on joint research projects with private industry and universities and we are active in our pursuit of financial donations. Furthermore, we have plans to link zoos commercially, such as the stamp rally program for visitors to Kyoto City Zoo, Uji Zoo and Tennoji Zoo - what we call the 'Keihanshin Zoo Tour'. We have a plan to link the zoo in Ikeda City, Osaka Prefecture together with Tennoji Zoo and Misaki Park - I guess that would be the 'Osaka Prefecture Zoo Tour'! (laughs)

Watari — That's something we'd be interested in too! Our job as a railway company is to transport our passengers, but of course they are choosing their final destination. The station is no longer merely somewhere you pass through, it is a hub for all forms of transportation - cars, bicycles, people arriving on foot, etc. and as such our stations are the center of what we think of as a compact city, a convenient place for the dissemination of information. I think we have a lot to offer in terms of contributing to the richness of the

community that is located next to our tracks, as well as enticing our passengers to locations further afield.

Interviewer — The railway has to take responsibility for the lives in its care for its passengers. Safety is your primary CSR concern, but I imagine that safety is also paramount in your concerns with regard to the children that visit the zoo. What are your views on safety?

Watari — The baby-boom generation is retiring from work and as such, we are working to ensure that skills and expertise are passed on to the next generation and that levels of technical ability are maintained and improved on; to this end we are considering introducing a re-employment system. In the same way that we take care of the animals in our care, at Misaki Park we also foster and care for our employees.

Miyashita — The most important thing in the zoo is for us to maintain a facility where there is no opportunity for an animal to escape its compound. We are equally committed to fostering growth in our staff and as such only staff members with the most experience are assigned to what we categorize as dangerous animals. Our current worry is zoonotic infection, namely an infection jumping between animal species and man. In the spring of 2009 a new strain of influenza spread around the world and we have no idea as to when a newer, more robust strain of bird flu will strike - it's a worry. We are prepared for any new infections, with ample stocks of masks and soap for handwashing.

Watari — I have really enjoyed this opportunity to talk with you today about zoo management. It's been a pleasure to listen to Director Miyashita, my senior in every respect when it comes to zoo management. I learned a lot today. Please continue to help us with your guidance and advice as we move forward.

(August 7th, 2009)



Corporate Governance

The Company is aware that one of our most important management issues is strengthening the functions of corporate governance.

We are working hard to improve the supervisory functions that oversee our management practices; practices that are based on legal compliance and a high degree of transparency; management that is fair and based on rational decision-making.

Corporate Philosophy

Founded in 1885, the Nankai Electric Railway is the oldest existing railway company in Japan to be established purely by private capital. Since then, the Nankai Group has grown from its base in southern Osaka Prefecture and Wakayama Prefecture into an enterprise that has the railway business at its heart; an enterprise that has grown with the community it serves by developing business ventures in transport, real estate,

retail, leisure services, construction, etc.

Going forward, the Company is grateful to our passengers and this gratitude motivates us to strive to respond to today's need for clear corporate philosophy as our corporate group works to meet the varied demands of society. Our mission is to build on the firm foundations of trust that the Nankai brand enjoys in Japan.

Corporate Philosophy

With expertise and dynamism, forging the way to the future

Contribution to the Community :	Justifying public trust as an all-round lifestyle provider, and building a better society
Putting the Customer First :	Providing excellent services for the customer, bringing living comfort and cultural enrichment
Future Challenges :	Meeting the needs of coming generations with bold energy and creativity
A Dynamic Workplace :	Creating a workplace brimming with vitality, harnessing the expertise and personal strengths of every employee

Execution of Duties; Supervisory Functions

The Board of Directors of the Company consists of 13 directors (3 of whom are externally appointed directors) and 5 auditors (3 of whom are externally appointed auditors) and as a rule the Board meets once a month to decide on important business issues and to supervise the performance and duties of the executives. Due to the appointment of external directors, it is hoped that the efficiency and transparency of the management process at Board level will be improved.

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

Furthermore, with the aim of reinforcing the supervisory function of the Board of Directors and establishing a mobile system of business operations, the Company has implemented a system of corporate officers.

Auditing Function

The 5 auditors, including the 3 that are appointed from outside the Company, make up the Board of Auditors, who decide on the basic policy for the audit plan and the performance of directors is subsequently audited in accordance with this basic policy. The two full-time senior corporate auditors attend the directors' monthly meetings as well as the weekly Management Committee meetings and in addition to voicing their opinions, actively audit the legal validity and appropriateness of the business operations of the Company and the corporate group. These two auditors also keep the external auditors informed with suitable explanations, useful information and reports, etc. as part of their efforts to deliver a comprehensive audit function.

Moreover, an audit office has been established as a full-time organization to assign clerical tasks related to the Board of Auditors and for audit inspections.

Auditors also receive regular reports regarding the audit situation from the independent accounting auditors KPMG AZSA & Co. and the internal audit department. Information is also shared with the internal audit department.

Internal Governance/Compliance

As part of our plan to reinforce our internal governance, the Company is thorough in its promotion of compliance management, as well as in its adherence to the law and the implementation of the full scope of our Code of Business Ethics.

Internal Governance

Internal governance is a means of internal management supervision to ensure that laws are not being broken and that incorrect practices, mistakes, etc. are prevented as well as promoting efficient and effective work practices across the organization as a whole. The Company uses the 6 different systems detailed below to ensure that operations run appropriately and efficiently.

(1) A system to ensure that directors and employees assigned to positions carry out their duties in accordance with the law and the Company's articles of association

The establishment of our Code of Business Ethics to ensure the sound development of our business as a company and across the Group as a whole, as well as the establishment of our corporate ethics, is complemented by the establishment of a full-time organization to oversee internal audits and the promotion of compliance management.

(2) A system to store and manage information related to the office and duties of the directors

In accordance with internal regulations, document regulations, etc., rules shall apply to important documents such as the minutes of Board Meetings, approval documents and all other documents related to the office and duties of the directors. Said documents are properly prepared, stored and managed. Furthermore, an Information Security Policy has been devised to enable appropriate safe storage of all of the Company's information assets, meaning that the system ensures that each information asset is secure in terms of its confidentiality, completeness and availability.

(3) Regulations to manage the risk of loss and other issues

In addition to crisis prevention (not including major accidents or disasters), regulations have been established to minimize the damage suffered by passengers and customers as well as the Company and its executives/employees in the event of a crisis through the implementation of a defined crisis management policy with a broad scope.

Furthermore, in the event of a major accident or disaster, or in the likelihood of such an incident occurring, in addition to various countermeasures and responses, the Company has a fast response/recovery plan in place to secure the safety of passengers and customers as well as Company executives/employees whilst minimizing the damage suffered. These disaster response regulations help the Company towards its aims with regard to corporate social responsibility.

(4) A system to ensure that directors are carrying out their duties in an efficient manner

In order to realize effective organizational management of a business, responsibilities, rights and obligations for each work assignment have to be clearly defined in accordance with internal regulations, as well as business organizations and task allocations.

(5) A system to ensure appropriate business tasks across the corporate group

Based on the Guiding Principles for the Corporate Group and the Management Regulations for the Corporate Group, the Company and the Corporate Group maintain close communication. The Company is required to approve important items for regular use on a management level, such as proposals for investing in important facilities. In addition to working hard to enact IT Management Regulations and establish IT controls, the Corporate Group as a whole plans ahead to ensure the appropriateness of its business infrastructure. In particular, with regard to the financing of the Corporate Group, the Company's Review Committee has some very strict review procedures that need to be followed.

(6) A system to ensure that auditors are able to practically undertake an audit

An Audit Office has been established as a full-time organization dedicated to ensuring that the clerical tasks of the Board of Auditors and the audit investigation are properly divided and allocated.

Establishing our Code of Business Ethics

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

Code of Business Ethics

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

Measures to Improve Safety

In March 2006, in accordance with revisions to the Railway Business Law, the Company introduced a new structure that strengthened safety management functions. A permanent safety promotion system was established in order to maintain zero-tolerance for railway accidents; our aim is for passengers to have complete trust in the railway.

A Message from the Corporate Safety Officer

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

Regardless of how failsafe the equipment is, a railway network requires people to run it, so one mistake from a human being can lead to an accident. By establishing a permanent safety promotion system for all hardware and software with the aim of zero-tolerance for railway accidents, our aim is for passengers to have complete trust in the railway.

Shigeru Kuchino

Managing Director
Corporate Officer,
General Safety Officer



Our Safety Policy

Our Corporate Philosophy pledges that 'the customer comes first' and to 'contribute to the local community' by putting the customer first. The Company regards safety as its topmost priority in earning the full trust of the communities we serve and offering customers the best possible services. In addition to creating safety plans for all of our business activities and imbuing every employee of the Company from the President down with the importance of safety, we are ensuring safe transportation through comprehensive measures covering our railway facilities, rolling stock and employees.

On June 26th 2009 the Company revised its safety policy, making it clearer, more concise and easier to recite and our plan is for this ethos to permeate through to every employee.

Safety Policy

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

Revised June 26th 2009

Our Safety Management System

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

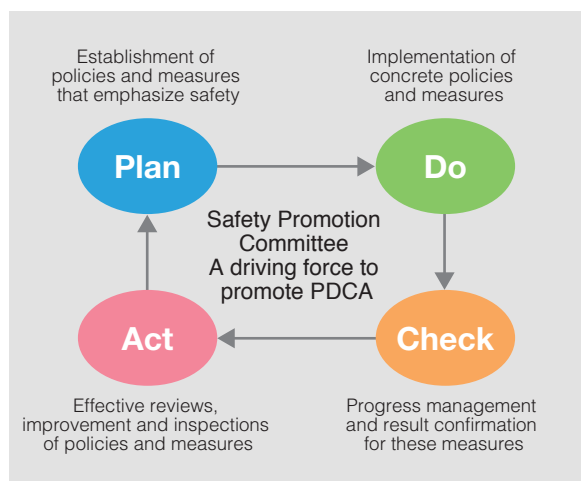
In terms of the organization of the safety management system itself, responsibilities are clearly defined as follows: the person holding the greatest responsibility for the Company is the President, followed by the General Manager of the Railway Business Headquarters who acts as general manager for all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



Safety Promotion Committee

Our Methods of Safety Management

In order to prioritize safety and ensure that essential information is shared, the Safety Promotion Committee – with the company President as committee chair – meets once every 6 months and the Safety Promotion Implementation Committee, chaired by the General Safety Officer, meets once a month. These committees decide issues of safety policy, implement concrete measures and manage the progress of these measures, reviewing the status of the safety measures and making changes when and where necessary. A PDCA cycle has been established to increase safety, with appropriate review protocols as well as constant improvements to ongoing safety policy.

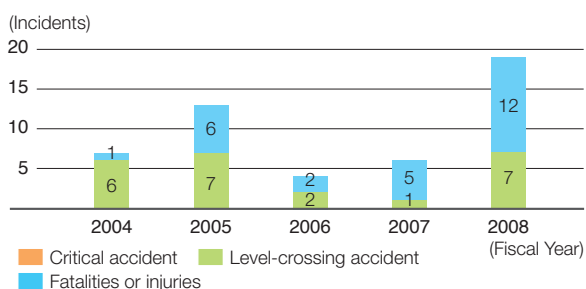


Status of accidents, measures to prevent re-occurrence

● Status of accidents related to operation of the railway

There were a total of 19 accidents during fiscal year 2008, 7 accidents involving level-crossings and 12 accidents that led to injury or death. The graph below shows the transition of the number of accidents involving the railway over the past 5 years.

■ Number of accidents involving the railway



■ About the classification of accidents

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

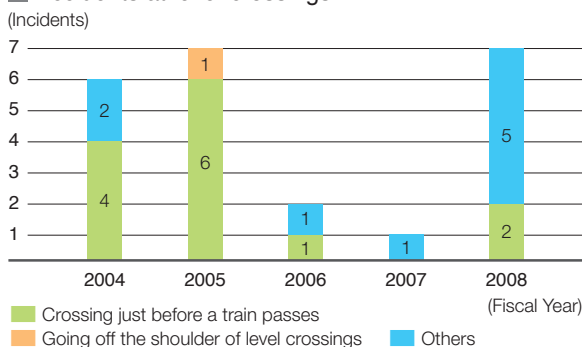
● Critical accidents

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

● Accidents at level-crossings

In the past 5 years there have been 23 accidents at level-crossings. 13 of these incidents were due to people or vehicles trying to cross just before the train passed through.

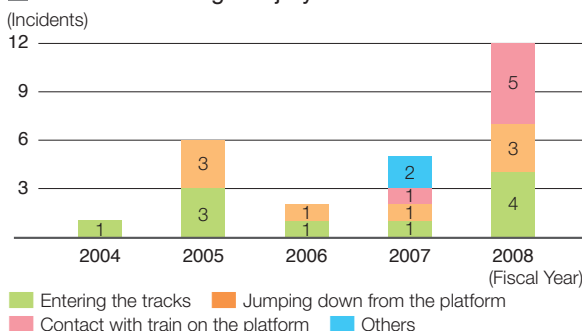
■ Accidents at level-crossings



● Accident resulting in injury or death

In the past 5 years there have been 26 accidents that resulted in injury or death. The main cause of these accidents were people entering the tracks or people on the station platform jumping in front of trains.

■ Accident resulting in injury or death



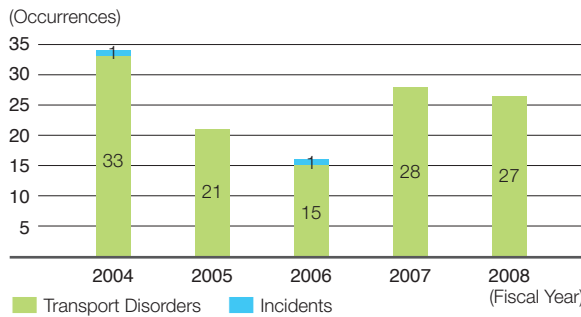
● **Transport Disorders, Incidents**

During fiscal year 2008 there were 27 transport disorders. Please refer to the data below for a breakdown of these different types of disruption as well as a year-on-year transition. Furthermore, there were no incidents reported during fiscal year 2008.

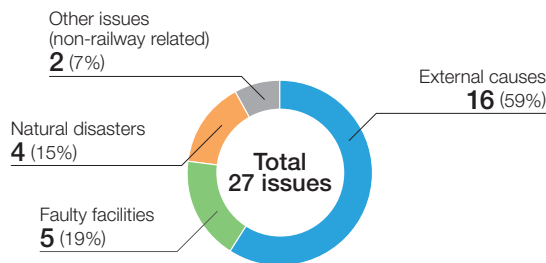
*A 'transport disorder' refers to a situation that causes an impediment to transportation running on the railway, not including an accident involving the rolling stock.

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

■ **Number of Transportation Disruptions, Incidents**



■ **Breakdown of Transportation Impediments in fiscal year 2008**



Status of our Policy of Emphasizing Safety

● **Measures to improve safety levels**

The Company is making progress on all fronts with regard to the planning and implementation of our measures to improve safety levels through the ministry ordinance for technological standards for railways for our safety operation equipment as well as our measures to prevent door-related accidents. Specifically the Company is working on :

- Installation of new-type ATS
- Train protection radio
- Installation of new equipment to record traffic data
- Deadman's device
- Raising station platforms
- Improving the visibility afforded to conductor ITV cameras and monitors

■ **ATS (Automatic Train Stop Device)**

Usually, the ATS is a device to prevent a train from running over a stop-signal and as such we have installed ATS devices on every signal on our entire rail network. However a ministerial ordinance dated July 1st 2006 mandated improved technical standards for speed limitation devices, making installation of ATS devices on curved sections of track as well as areas where the tracks diverge compulsory for all operators. In response to this ordinance, we will have installed ATS devices on all sections of curved and diverging track by June 2016.

The Company uses ATS with the point-control method (ATS-N), which means that in the event that a train is running over the mandated speed the emergency brakes will be triggered in accordance with the signal displayed at the time, with the train coming to a halt just before the stop signal.

A part of our overall plan to improve safety, the Company is currently moving from point-control ATS to a new ATS model (ATS-PN) which when installed will be able to constantly compare the actual speed of the train against the regulation velocity on any one part of the network and in the event that the train in question is running over the mandated speed, the new system will apply the emergency brakes to adjust the running speed to below the stated maximum.

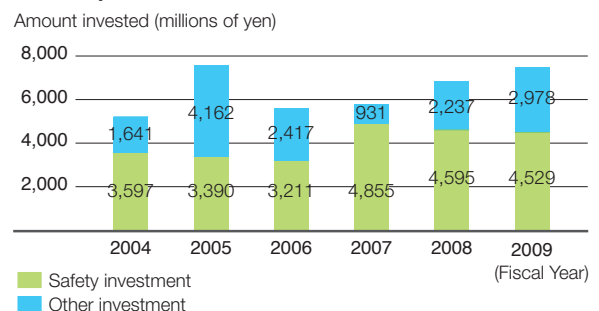


ATS beacon

Monetary Investment in Safety

Our investment in safety facilities is in accordance with the planned requirements for each policy or measure. Up to now the Company has applied the same standard across all safety-related investments and for fiscal year 2008 our investment in safety totaled some ¥4.6 billion. In fiscal 2009 we expect to invest a further ¥4.5 billion in safety.

■ **Safety Investment**



Status of Education and Training

● Education

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

■ Education for Station Employees and Staff working on Trains

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

With regard to the training of staff assigned to work on the trains themselves, after these employees finish their training programs at the Train Operation Training Center in addition to their regular training programs that they will undertake at their workplace locations, they will also be required to take on special training programs at the Train Operation Training Center to further increase their awareness of safety issues. This is our way to respond to the trust placed in us by our passengers.

*CAI

Computer Assisted Instruction

■ Learning from the Past

Between 1967 and 1968, the Company experienced three major accidents (derailments and collisions). In order to prevent such accidents from fading into the past and being forgotten, in the spring and fall we use National Transport Safety Week as a platform to bring up these accidents at the workplace, to examine what happened and what the causes were, thus raising awareness about safety issues.

■ Technical Training

For workplaces with a technical aspect, the Company is moving forward with promoting the continuity of technological expertise from one generation to the next as well as implementing its policies of reforming the way we look at safety. This involves holding Safety Seminars, practical workshops and training drills as well as analyzing incidents from the past. The emphasis on raising awareness is focused on preventing our employees from getting stuck in a rut as regards safety.

We have professional confidence in our proprietary systems and we work hard on training to improve our technical expertise and on fostering the next generation.

Furthermore, in order to advance our technical capabilities and further polish our techniques, we make use of training facilities to school our employees on different methods of checking and investigation, as well as running drills based on incidents that actually occurred in the past.



Level-crossing safety training facilities



Work-site training on a feeder and a pole

● Integrated Training on Restoration from Accidents

In order to ensure safe operation, the fundamental principle of the transportation services, in addition to the education and training programs mentioned above, every year the Railway Business Division as a whole undertakes an integrated training program based on a hypothetical accident. The overall aim is to raise awareness of safety issues, so various scenarios are prepared, such as a large-scale earthquake or a train striking a car, resulting in a derailment. Guidance is given on how to evacuate passengers and how to rescue the injured. Attention is paid to how the damage from a derailment or line breakage can be repaired and drills are run to illustrate which department need to be notified and how. During fiscal 2008 a simulation was staged at the Owarada car shed and the scenario for the drills described a train that had derailed in the station area resulting in a lot of injuries.



Integrated training based on restoration from accidents

Together with our Stakeholders

Because our customers demand safety and trust, the Company is working hard to actively disclose information and to source the opinions of a wide variety of stakeholders. We hold these opinions dear and harness this feedback in our business activities.

Promotion of Barrier-Free Stations

We have installed 69 elevators in 27 stations, including Namba, Shinimamiya and Tengachaya, etc. and there are now 125 escalators installed in 28 stations, including Namba, Chiyoda and Kishiwada, etc. (including 27 escalators equipped for wheelchair users). We have boarding ramps for wheelchair users at 71 stations; Braille timetables and automatic ticket machines equipped with Braille in 92 stations and 48 writing tablets installed in 37 stations. We have installed textured paving and toilets with handrails in all our locations (99 stations) and 47 of our stations have dedicated toilets for wheelchair users. In order for our stations to be convenient for wheelchair customers, the elderly, pregnant ladies and people with disabilities we are moving forward with installing fully-appointed multi-function toilets.

Furthermore, inside the station concourse the Company has installed Braille maps with voice-recordings to explain where certain facilities are located. These are triggered when they sense that a person is nearby. A customer with eyesight difficulties can touch the Braille for a particular facility and the voice recording will relay to the customer where that facility is located. This system is currently installed in 19 stations.



Elevator at Kōyasan Station

Actively Promoting Information Disclosure

In order to realize a sound management approach with a high degree of transparency, the Company is active in disclosing and sharing corporate information with shareholders, investors and society at large, such as our business performance and the status of our business projects, etc.

With regards to institutional investors, the Company holds a results briefing twice a year and the Company also undertook investor relations (IR) activities overseas in 2008. Moreover, in order to ensure fair and active information dissemination to individual investors and to society in the wider sense, we have created a Corporate and IR Information section on our website where information related to the financial status of the Company is made available every quarter. With respect to the disclosure of IR information, the Company is strict in its adherence to legal standards and regulations regarding fairness and transparency.



Annual General Meeting of Shareholders

Topics

The first private railway in Kansai to attach an environmental rating to the financing system of its Environmentally Sensitive Management Promotion Project

In December 2008, the Development Bank of Japan Inc. (DBJ) evaluated the Company's management in terms of its environmental sensitivity as part of its system of Financing Based on Environmental Ratings. The Company was approved by the DBJ as having an advanced approach in terms of environmental sensitivity. This system of Financing Based on Environmental Ratings uses a system of environmental ratings developed by the DBJ to evaluate and identify corporations with a high degree environmental management and according to this evaluation there are three levels of interest that can apply to financing from the DBJ. On this occasion

the Company received a very high evaluation, specifically:

- The Company runs a railway business that in addition to being kind to the environment, has set a target of a 3% reduction in its CO₂ emissions for fiscal year 2010.
- The Company is actively involved in nature preservation, examples being the environmentally sensitive urban development projects such as roof garden project at Namba Parks and the tree planting program at the Nankai Forest on the slopes of Gomadanzan.



Environmental Certification

Human Resource System that Promotes Self-Improvement

Since fiscal year 2003, with the aim of realizing our corporate principles and attaining our management goals, each employee has been encouraged to undertake self-improvement and in order to ensure that the Company and the employee's division offer their full support the human resource system has introduced a goal management system alongside an evaluation system. In addition to creating two-way communication between the employee and his/her superiors, forming the basis of a relationship built on trust, each and every employee will mature and contribute to the business plan in accordance with the management cycle, with the overall goal of improving service levels across the corporation as a whole.

● Female Employment

In accordance with the spirit of the Equal Employment Opportunity Act for Men and Women, the Company decides to employ and assign positions to individuals on their personal merits, not their gender. In terms of our female employees, the Company has recruited 2 women to work in supervisory roles and they are currently serving as Managers as well as 2 women working as Assistant Managers (as of June 2009).

Also in recent years, the Company has made progress in hiring women to work in railway on-site operations. Our railway business, used as it is by an unspecified large number of people, the female perspective and sensitivity is essential in order to improve our levels of service. We will continue to improve our work environment and look to expand the areas where our female employees can contribute.

● Employing People with Disabilities

The Nankai Electric Railway is conscious of its important social duty to employ people with disabilities and so to promote this employment program the Company established a special subsidiary, the Nankai Heartful Service Co., Ltd. in February 2005. Currently 24 people with disabilities are employed as cleaners and to sort mail items, etc. and across the 7 companies that make up the corporate group, including the Nankai Electric Railway and other affiliates with special dispensations,



Heartful employees at work

people with disabilities make up 2.16% of the workforce (as of June 2009). Furthermore, once hired these employees practice the *chorei* morning greetings and also keep a daily work journal as a way of improving communication. We will continue to tend to our work environment towards our aim of creating a workplace where it's easy to work.

● Employing the Elderly

Since fiscal 2004, as a response to the increasing of the age from which the full social welfare pension started to pay out, the Company introduced a system whereby employees who were retiring could be re-hired by the Company, the basic approach being that whomever expressed a desire to continue work would be re-hired. There are currently 176 people, including staff on secondment, employed under this system in a variety of field (as of June 2009).

Promoting Work-Life Balance

● Reducing Total Working Hours

In order to ensure consistency between health in the workplace and the employee's family life, the Nankai Electric Railway has introduced a number of measures, such as a system of planned annual leave, to promote employees to make use of their annual paid leave allowance, thus reducing their total working hours.

Furthermore, the Company is working to control the amount of hours its employees are working and to reduce the amount of overtime work by limiting the number of consecutive rest days an employee works as well as the amount of after-hours work they put in, by spreading work tasks evenly across the workforce and a system of varying employee working hours. Again, all of these measures will contribute to a reduction in total working hours.

● Promoting Childcare Leave, Family Care Leave

In full compliance with the purpose of the Child Care and Family Care Leave Law, Nankai Electric Railway has enacted Childcare Leave Regulations, Family Care Leave Regulations and Sick Childcare Leave Regulations.

Moreover, in addition to the leave of absence and vacation systems, the Company is also working to reduce the number of hours spent by employees at work as well as striving to create a workplace where employees are able to gain a better balance between work and their family lives, especially employees who are raising children and/or caring for family members at home.

Education and Training Systems

Part of the Kenshin 126 Plan, 'Dependable, Steady Growth and Evolution over the Next 3 Years' is the name of the new 3-year management plan and in order to deliver concrete results, at its heart is the Education Implementation Plan for fiscal year 2008. The education program was implemented and executed in accordance with the plan.

One aim that was emphasized in the plan was to foster high-quality employees (with the goal of reinforcing the strength of the corporate group). To this end a number of different training programs were held that focused on Approaches to CSR (Corporate Social Responsibility) Penetration, Enriching the Corporate Group Training System and Approaches to Increase Productivity.

■ Courses held in fiscal year 2008

	Subjects	Content	Number of Attendees
Compulsory Training	Manager training	Management	20
	Training for newly-appointed Chief Managers and Managers	Management, etc.	28
	Training for promoted personnel	Career Development	24
	Training for new hires	Workplace conformity, a grasp of the Company outline	177
Training Courses for specific purposes	Manager Training	Work Management, etc.	30
	Training for Employees of the Nankai Electric Railway Co., seconded employees, Corporate Group employees	Fundamentals of Marketing, Improving Negotiating Skills, Financial Management, etc.	211
Total			490

Creating a Workplace Where It's Easy to Work

● Human Rights Education

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

Moreover, since April 1985 when the Company established a Human Rights Issue Promotion Committee, the corporate group has constantly strived to educate and enlighten employees to possess a correct appreciation of human rights issues and to deepen their understanding through the content of its training courses.

● Sexual Harassment: Prevention and Enlightenment Training

Based in the revision of the Equal Employment Opportunity Act for Men and Women in April 1999, the Company established a sexual harassment counseling desk to prevent sexual harassment incidents before they developed. Moreover, in order to enlighten employees of the Company and of the corporate group, a training seminar on sexual harassment prevention and education is held every year.

Furthermore, in addition to sexual harassment, the Company has recognized that power harassment is a serious problem that can lead to low morale, mental health problems, people leaving their jobs, etc. and as a consequence, in order to prevent all forms of harassment before they develop the Company plans to hold a seminar on how to access the sexual/power harassment counseling desk as well as a training session on sexual/power harassment prevention and education.



Sexual Harassment Awareness Training

Occupational Health and Safety

The provision of goods and services by the Company across all its businesses is prefaced on a basis of safety and peace of mind coming first. The safety and hygiene of our employees is essential and so, in accordance with Labor Standards Law, Industrial Safety and Health Law and other related legislation, through the smooth and thorough execution of our health and safety obligations we are working hard to create a comfortable work environment, prevent industrial accidents and ensure the health of our employees.

Furthermore, since fiscal year 2005 and with the aim of improving safety standards on-site, the Company has taken on a risk assessment* approach towards the creation of a comfortable work environment, where the aim has shifted from a target of 'no accidents' to 'no risk' and the causes of industrial accidents, latent dangers and hazards are eliminated or reduced.

*Risk Assessment: An approach to plan for a safe workplace by looking at possible sources of latent hazards in the workplace and to estimate and evaluate the risk of a major problem developing from these sources. Using these evaluations, measures are put in place to eliminate or reduce these risks.

Environmental Policy and Management Systems

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

Environmental Philosophy and Policies

The Nankai Group has established the Nankai Group Environmental Philosophy; an environmentally-friendly approach to group business towards a society that is kind to the natural environment. The 3-year business plan, the Kenshin 126 Plan, places 5 fundamental policies as top priorities and challenges us to undertake a more forceful approach to environmental protection instead of continuing with our current environmental measures. It is clear that environmental preservation is an important management issue.

Environmental Philosophy

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

Environmental Policies

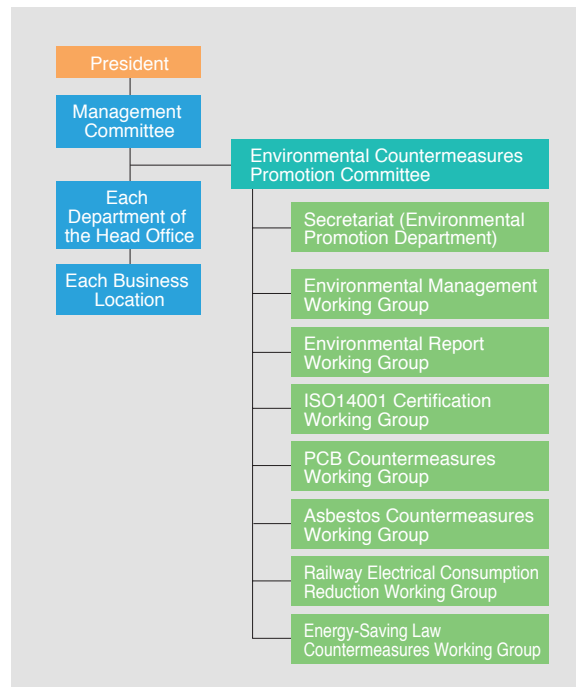
Based on the corporate group's environmental philosophy, the Nankai Electric Railway recognizes its social responsibility to apply an environmentally sensitive approach in its mainstay railway business as well as all its other businesses. To this end the Company has enacted the following Environmental Policy.

In order to promote the use of the railway as environmentally-conscious transportation and to form a connection with environmental protection, the Company is promoting environmental protection activities every area of its business.

1. By broadening the use of the railway, a highly energy-efficient method of transport, the Company will strive to promote global environmental activities as well as preserving the environment adjacent to its rail network.
2. The Company shall abide by all laws and regulations in addition to all other agreements regarding the environment, as well as working to prevent pollution. Environmental preservation plays an important role in all our businesses.
3. The Company will work to increase awareness of environmental issues through activities to educate each and every employee. Furthermore, by cherishing the importance of maintaining communication with the customer through various methods of transmitting information, the Company will work towards harmony with the regional community.
4. The Company shall set targets and goals related to our environmentally-friendly business practices; said goals to be reviewed when the need arises.

Promotion System

In order to promote our environmental approaches and the smooth flow of information, the Company has established an Environmental Countermeasure Promotion Committee, with a secretariat located in the Promoting Environmental Policy Department. Furthermore, the scope currently covers the Nankai Electric Railway (Head Office, Railway Business Division, Real Estate Business Division) but it will be developed to cover the entire corporate group in the future.



Working towards acquiring ISO14001 Certification

The Company aims to introduce an environmental management system based on ISO standards (ISO14001) and is striving to make constant improvements to its environmental burden. Both the Rolling Stock Department of the Nankai Electric Railway and the Nankai Vehicles Service Engineering Company (both located at the Chiyoda Plant) are aiming to acquire ISO14001 certification in March 2010 thereby being united by the same environmental management approach. In the future, head office also plans to acquire the same certification as we work to expand and deepen our environmental management system.



Kick-off announcement ceremony towards acquiring ISO14001 certification

FY2008 Performance and Strategic Policies for FY2009

The Company sets goals for the mid-term as well as for individual fiscal years. Each year these goals are reviewed with the aim of reducing our environmental burden.

FY2008 Performance and Strategic Policies for FY2009

Important Themes	Environmental Goals	Target to be met FY 2008
Promoting the use of public transportation	Campaign to promote the use of the trains and buses	Reinforced PR activity through each information transmission tool available (homepage, posters, poster advertising inside the carriages, trackside information magazines (NATTS), etc.)
	Reinforcement of services to promote the use of trains and buses	Proposals and execution of mobility management policies
	Promotion of barrier-free initiatives	Complete barrier-free works at 5 major stations
Environmentally-sensitive business activities	Products and Services created around an environmental concept	Establish minapita eco-points for forestry support
		Undertake sales promotion activities, environmental education activities at events
		Place eco-fundraising boxes at anthree and nasco Plus locations
		Establish a new system for shareholders to donate to environmental causes
		Participate in environmental events for our trackside communities
	Measures to prevent global warming such as reducing CO ₂ emissions	Introduce 16 energy-saving cars
		Introduce 32 low-polluting buses
		Renew 6 highly-efficient transformers
		Introduce LED lighting, inverter-type lighting devices, LED signals
		Install a solar generator system at Izumisano Station and generate 9,790kWh (a carbon dioxide reduction of 5.5t)
		Thin and trim branches of 20ha of the forest land owned by the Company
	Use of water resources; reducing resource waste	Install 73 water-less toilet units in 18 stations to realize a water-saving of 22,000m ³
		A 3% reduction in carrier-bag use and disposable products (bento lunches with expired best-before dates, etc.)
	Preventing track noise and vibration	Carry out extensions of the long-rail program; total extension of 116km; rail scraping of 7km
	Promoting Green Purchasing	Establish a basic policy for Green Purchasing; start measuring Green Purchasing rate
Strict legal compliance	Change carriage air conditioning refrigerants to those with an ozone depletion potential of 0	
	Regular air measurements to be taken in buildings ascertained to contain asbestos	
Strengthening Environmental Communication	Promotion of preservation activities at Nankai Forest	Tree-thinning by volunteer employees at the forest land owned by the Company
	Enrichment of content for the Environmental Report	Safety issues are to be included and published in the Environmental and Social Report
Environmental Awareness Education and Promotion	Reinforcing the Environmental Management System	Attain ISO14001 and Green Management certification
	Provision of environmental education	A training program for freshmen plus two management training programs to be held during the year

Key: ◎ Goal attained and exceeded; ○ Goal attained; △ Goal not attained

	Results in FY 2008	Assessment	Targets to be met by FY 2009
	4 items: establishment of 'Eco Motion Nankai', our eco-logo; official website, posters, etc.	○	In addition to using each information channel, the internal company magazines will be used to raise employee awareness
	Activities stalled at trying to motivate the local authorities serving our trackside communities	△	Proposals and execution of mobility management policies
	Work complete at 5 stations (Kaizuka, Shirasagi (after passing the ticket gates), Hagiwaratenjin, Koyasan, Gokurakubashi)	○	Complete work at 5 more stations (Suminoe, Shichido, Minato, Ishizugawa, Sayama)
	Program started in October; in 3 months approx. 1,370,000 points accumulated	◎	Use the minapita eco-points to implement environmental preservation and the 'Koya-Hanatetsudo (Flower Railway) Project' planting plan
	The 'Namba de Art feel ECO' exhibit held in three locations	○	Run an ECO Campaign, introduce ECO products for Christmas
	Program started in March; ¥100,000 raised in 6 months	○	Continue with ECO fundraising through anthree, nasco Plus
	A new system was established whereby Yutai-6 cards returned by shareholders were used to donate saplings to environmental protection agencies	○	Continue with a system to donate to Environmental Protection Agencies
	Participated in the Sakai Festival and the Train Festival	○	Run an ECO booth at the Sakai Festival, the Train Festival and the Kawachinagano Citizens' Festival
	Introduced 8 cars	△	Introduce 8 cars
	85 low-polluting buses introduced	◎	Continue to introduce low-polluting buses
	6 units renewed	○	Renew 10 units
	108 signals, 141 level-crossing warning lights, elevators in 4 stations, escalators in 4 stations installed	○	79 signals, 210 level-crossing warning lights, elevators in 5 stations, escalators in one station to be installed
	10,377kWh (a carbon dioxide reduction of 5.7t)	○	9,790kWh (a carbon dioxide reduction of 5.5t)
	26ha of forest thinned and trimmed	◎	Trim, thin and fell 42ha of forest
	76 units installed in 19 stations realizing a water-saving of 33,256m ³	◎	Install 107 units in 23 stations to realize a water-saving of 46,823m ³
	Goal not attained so guidance will continue on the shop side	△	Carrier-bag reduction program to start in convenience stores
	0.5km of long rail, total extension of 116km; rail scraping of 8.1km	○	Long-rail to be extended by 2.5km, rail scraping, corrections and extensions by 4.5km
ates	Basic policy established; Green Purchasing Rate measurements started	○	Aim for a calculated Green Purchasing rate of 80%
ntial of zero	Carried though as per the stated aim	○	Change carriage air conditioning refrigerants to those with an ozone depletion potential of zero
	Measuring the air environment; all measurements taken confirmed as being inside the regulatory values	○	Regular air measurements to be taken in buildings ascertained to contain asbestos
	Tree-thinning and trimming carried out by volunteer employees in Nov 2008	○	Continue with tree-thinning activities
port	Enviromental and Social Report published in November	○	Migrate to the CSR report, publish in September
	The Chiyoda plant starts work towards ISO14001 certification	○	Headquarters departments to attain ISO14001 certification
	A training program for freshmen was held in April in addition to two management training programs during the year (total 57 attendees)	○	Prompt employees to take environmental and social assessment tests

Reducing CO₂ Emissions to Prevent Global Warming

The Nankai Electric Railway is looking to improve transport efficiency by introducing new energy-saving trains, etc. to prevent further warming of the global climate.

<p>Aims for fiscal year 2008</p> <p>Over three years (fiscal 2008 to 2010) the three companies together are looking to reduce emissions by 3% (some 6,240t).</p>	<p>Actual performance in fiscal year 2008</p> <p>A reduction of about 1,200t (0.6%) in the first year.</p>	<p>Aims by fiscal year 2020</p> <p>A reduction of more than 15% compared with per unit of transportation volume 1990 (a reduction of 9.8% as of 2008)</p>
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Setting targets for reducing CO₂ emissions (Interim Reports)

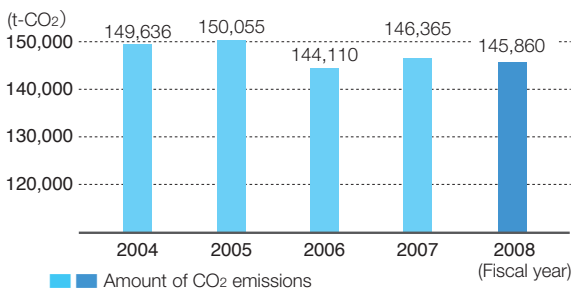
The Nankai Electric Railway, Nankai Bus and the Nankai Urban Development Company together totaled 208,000t of CO₂ emissions for fiscal year 2007 and these three companies together have targeted a 3% cut in CO₂ emissions for fiscal 2010 (total emissions of 201,760t, a reduction of 6,240t). The emissions total for fiscal 2008, the first year since setting the target, was 206,800t (a reduction of around 1,200t).

There was an approximate shortfall of 800t in terms of the target; the main cause of this shortfall was the railway and their introduction of VVVF controlled cars, which fell 8 cars short of where they should have been. The construction of the Sharp plant at Sakaihama is ahead of schedule and as such the increased transportation of construction workers to and from the Sharp Sakaihama Plant by Nankai Bus has also been a factor.

Fiscal 2009 will see the Sharp Sakaihama Plant completed, consequently bus transportation will ease off accordingly and it is expected that the three companies will be able to achieve their goal of a 2,000t reduction for the coming fiscal year.

Furthermore, in the long term we are aiming for more than a 15% reduction on their combined emissions in terms of the per unit transportation volume, compared with their numbers from 1990.

■ Trends in CO₂ emissions for the Nankai Railway Company



■ Different means of passenger transportation and CO₂ emissions in unit requirement

By comparing the carbon dioxide emissions per unit of transportation volume for different means of passenger transportation (the amount of CO₂ emitted to transport 1 person 1 kilometer), the emissions for a private family car are 8.8 times that of a train. Consequently there is a clear need to promote the use of public transportation as a way to reduce one's CO₂ emissions.

■ CO₂ emissions by mode of transportation
g-CO₂ per person per kilometer (fiscal year 2007)

Mode of transportation	g-CO ₂ per person per kilometer
Railway	19
Bus	51
Airline	109
Family Car	168
Taxi	388

Materials: Transport, Communications and the Environment: 2009 Edition (published by the Foundation for Promoting Personal Mobility and Ecological Transportation)

Business Activities and Energy Reduction

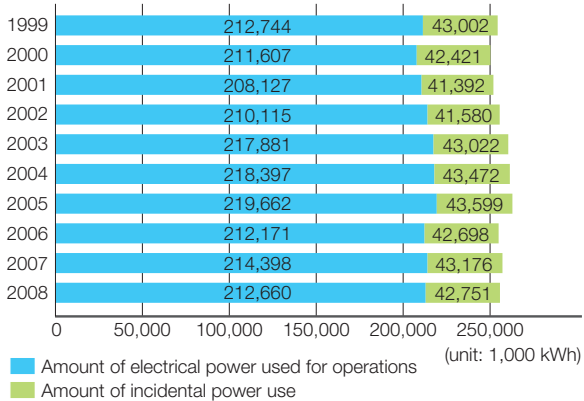
● Reduce the Amount of Electricity consumed by the Railway

The railway has two uses for electricity: for operating the trains (power for the motor, lighting for the carriages, air conditioning, etc.), and incidental electrical needs such as signal facilities, level-crossings and station facilities (lighting, air conditioning and elevators, etc.)

The amount of electricity used by the railway was 255.41 million kWh in fiscal 2008, of which train operation made up 83.3%. The amount of CO₂ emissions attributable to electrical power used by the railway was 141,750t-CO₂, or some 97% of the total emissions for the Company (145,860t-CO₂). Therefore in order to reduce CO₂ emissions the Company aims to reduce the amount of electricity it consumes. This has become a very important issue for the Company going forward.

■ Trends in electricity consumption for train operations

(Fiscal year)



● Regenerative Brakes

The generating brake is a kind of electrical brake that uses a resistor to change electricity to heat. However, because this method changes electrical energy into heat, the energy is lost and cannot be used in an effective manner. A regenerative brake can return electrical power to the power cables for other trains to use.

As of March 31, 2009, of the 698 cars in service, 250 (35.8%) have been equipped with regenerative brakes.

● VVVF Inverter Controls

Train speed is controlled by VVVF inverter controls, a speed control method using an inverter device which changes the voltage and frequency of signals to control revolutions and motor torque, according to the speed and acceleration required. Up to this point, speed has been controlled using a resistor to act as a load on the motor, which is one way of adjusting voltage.

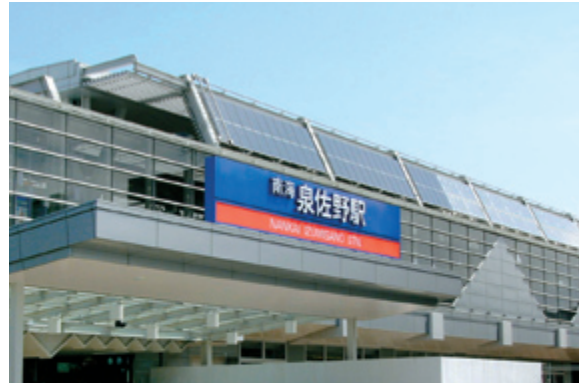
In this way some electrical energy becomes heat and is released, generating some electrical power loss. With VVVF inverter controls, there is no wasteful electrical power consumption, so it is an effective method in terms of electrical power conservation. As of March 31st 2009, of the 698 cars in service, 200 (28.7%) have been equipped with VVVF inverter controls.

● Installation of solar power generation systems in stations

In association with the New Energy and Industrial Technology Development Organization (NEDO), an independent administrative agency, the Company took part in the fiscal 2007 solar power generation technology field test project. In April 2008, a solar power generation system was installed at the Izumisano Station on the Nankai Line. This system had a maximum output of 10kW, so over the period of a year the system could provide Izumisano Station with 9,790kWh.

The electricity generated by this system can be used by all of the facilities housed within the station concourse. Furthermore, a display board was installed

outside of the ticket gates so that everyone could see how much electricity is being generated that very instant as well as how much has been generated that day and what the equivalent reduction in CO₂ emissions was. This information was also constantly being transmitted to NEDO and has come in useful as data for their research into solar power generation.



The solar power generation system at Izumisano Station

● Rooftop Greenery at Namba Parks (Parks Garden)

Opened with much fanfare in 2007, Namba Parks has a rooftop garden space (Parks Garden), combining park space complete with flowers and trees with commercial facilities. Parks Garden is a place where visitors can enjoy the richness of nature and share experiences. Measuring some 11,500m² in area (of which 5,300m² is flora/greenery), Parks Garden is home to 300 species of flora- and tree-life numbering some 70,000 individual plants, all housed on one of the largest roof-top garden plots in Japan.

During the peak of the summer temperatures (the air temperature on August 2nd 2004 at 2pm was 31.1°C), the difference in temperature between the rooftop greenery and the colored concrete is marked, 29.2°C and 45.6°C respectively, a difference of 16.4°C. The rooftop garden can alleviate the heat island effect. The rooftop garden consumes 4,400kg-CO₂ a year, contributing to the prevention of global warming.



Greenery at Namba Parks

Protecting Biodiversity

In 2010 the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) will be held and we are striving to preserve the biodiversity of the forests and biotopes adjacent to our tracks.

Aims for fiscal year 2008

Our aim was to start a thinning program as part of our preservation activities at the Nankai Forest, the target result being a reduction in CO₂ (20ha, 100t).

Actual performance during fiscal year 2008

On November 3rd 2008, 59 staff volunteered their time to participate in the Nankai Forest Preservation Activity, which was thinning out some of the trees, resulting in a reduction in CO₂ (26ha, 130t).

Entering into an Agreement with Osaka Prefecture as a Green Partner

On June 23rd 2009, Nankai Electric Railway and Osaka Prefecture signed a Green Partner Agreement whereby both parties agree to protect and promote the rich, green, natural countryside that can be found surrounding the entire Nankai rail network. The Company is moving forward with Osaka Prefecture in a number of joint projects, such as tree-planting at the KYOSEI NO MORI (Sakai City) and creating biotopes at the burrow sites for the second phase of construction at the Kansai International Airport.



Group photograph at the KYOSEI NO MORI

Support for the Biotope project in Tanagawa District, Misaki Town

The southernmost part of Osaka Prefecture, Misaki Town, is the site from which the earth used in the second phase runway project at Kansai International Airport was taken and is now home to a huge 2ha biotope. The Company has donated its signature tree, the camphor, to the site. The camphor is known for its vitality and once the branches begin to grow and spread, the tree will provide quite a lot of shade.



Commemorative photo at the base of a camphor tree

Tree planting at Gomadanzan

The Company owns a 525ha plot of forested mountain land, the Nankai Forest (some 130 times the size of the Koshien Stadium) on the slopes of Gomadanzan, known as the 'Roof of Kishu'. Since the late 1970's the Company has been planting Japanese cedar and cypress trees on this land.

Gomadanzan, with an altitude of 1,372m, is located right on the border between Wakayama Prefecture and Nara Prefecture.

On November 3rd 2008 the Company initiated a staff volunteer program, the 'Nankai Forestry Promotion Drive'. All told, 59 staff members came along to help.

On the day, the forestry association of Totsukawa village and the Agriculture Promotion Office of Southern Nara Prefecture were kind enough to offer their guidance as our volunteers worked on trimming branches and thinning out cedar trees. For the volunteers, this was their first taste of this type of work and they struggled willfully and stuck to their task. After spending the day in the forest, they finished their duties with a deep appreciation of the importance of environmental protection.

The Flora of the Nankai Forest (as of April 1st 2008)

Types of tree	Land area	Mean age of trees	Number of trees per hectare
Japanese cedar	approx. 196ha	24-25 years	1,900 - 2,100
Japanese cypress	approx. 111ha	24-25 years	1,800 - 2,000
Broadleaf trees (various small trees, beech, etc.)	approx. 149ha	100 years	Less than 500
Others	approx. 73ha		
Overall land area	approx. 525ha		



Members participating in the Nankai Forestry Project Promotion Activities

Promoting the 3Rs and Effective Use of Water Resources

It is expected that in the future the effective use of water resources and reduction of carbon dioxide will become very serious issues and as such, we have installed water-free toilets as part of our water conservation policy.

Aims for fiscal 2008

- Promotion of Green Purchasing (establish a Green Purchasing Policy)
- Reduce the waste of natural resources (more than 1%)
- Reduce water usage through water conservation (a reduction of 6% on the target year)

Actual results for fiscal 2008

- Promotion of Green Purchasing (a Green Purchasing Policy was established)
- Reduce the waste of natural resources: a 1% reduction in a year
- Reduce water usage – actual results: a reduction of 8% in a year

Expanding our waterfree urinal locations

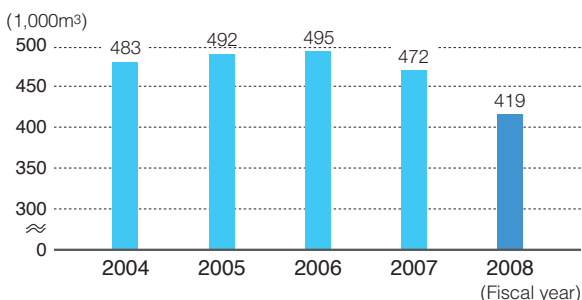
With the aim of providing comfortable toilet facilities and still contributing to the conservation of our water resources, the Company has been installing non-flushing toilets – waterfree urinals for men - since March 2007 when a test unit was installed in Hakotsukuri Station. The results have shown quite a significant saving in terms of water use and yet the toilets receive positive evaluations from users. In March 2008, the Company moved forward with installing units on the Nankai Line and the Koya Line. As of March 2009, 76 units have been installed in 19 stations. There is no other company in Japan installing waterfree urinal facilities on such a scale. Installing these waterfree units does not just cut down on the amount of water used, it also contributes to reducing the amount of CO₂ released as a result of using this water. The water conservation effect of the waterfree units currently installed adds up to a total of 33,256m³ of water a year (a saving of ¥11 million yen), or about 8% of the total water consumption of the Company as a whole, 418,843m³. At the same time this also reduces CO₂ emissions by 19.3t annually. The lack of water prevents the build up of urinary calculus (which has an unpleasant odor), caused by calcium ions in the water reacting with urine. Also the liquid sealed into the upper part of the cartridge traps any unpleasant smells.

The Company is planning to expand its installation of these waterfree urinal units as part of its environmental preservation efforts.



The Waterfree Urinal at Kaizuka Station

Amount of water used



Promoting Green Purchasing

In order for the Company to actively seek out and use products that are kind to the environment, when we purchase our office and clerical goods, we consider the following points as part of our green purchasing promotion. During fiscal 2008 the Company established a green purchasing policy and from fiscal 2009 onwards the Company will appraise its rate of green purchasing.

Reducing the amount of resources we use

• Recycling tickets; promoting the use of IC cards

The tickets bought by our customers are used and then recycled. Since 2004, tickets once used are then collected and sent to a recycling company. These used tickets are taken to a paper plant, shredded and used in products made from recycled paper such as toilet paper, human waste disposal agents, etc. Furthermore, in July 2006 the Company introduced IC cards for passengers and this has seen an increase in the number of IC cards and a decrease in the number of tickets being issued.

Moreover, we have been moving towards garbage cans where the refuse is divided by type. These have already been installed at Namba station and other locations.



Automatic IC Card-capable ticket wickets



New-model garbage cans that allow classification by appearance

Environmental Accounting

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

The Company introduced environmental accounting practices in fiscal year 2007.

Environmental Preservation Costs

(Unit: ¥1,000)

Classification	Main content	Amount of money invested	Amount of expenses
Business area internal costs		549,194	118,474
① Environmental contamination prevention costs	Prevention of atmospheric pollution, water pollution control, noise pollution, vibration pollution	75,092	72,610
② Global environmental preservation costs	Prevention of global warming, energy conservation, prevention of the destruction of the ozone layer	468,672	4,416
③ Resource recycling costs	Conservation of resources, reduction in waste products, recycling, processing of waste products	5,430	41,448
Upstream and downstream costs	Recycling of used tickets, green purchasing	—	—
Cost of management activities	Environmental education, costs related to ISO14001	—	43,558
Research and development costs	Research and development related to environmental protection	—	—
Cost of social activities	Tree planting, beautification activities, attendance at and support of environmental seminars, environmental advertising	1,901	30,793
Cost equivalent to the damage suffered by the environment		—	—
Total		551,095	192,825

Effects of Environmental Preservation

Classifying the Effects of Environmental Preservation	Types of Indicator	① Previous term (standard time period)	② Current term	(①-②) Difference between the standard terms		
The effect of environmental preservation on the resources invested in our business activities	Gross energy investment amount (GJ)	Breakdown	Electricity (GJ)	968,493GJ	965,773GJ	2,720GJ
			Gas (GJ)	936,974GJ	933,454GJ	3,520GJ
			Fuel (GJ)	14,928GJ	15,514GJ	▲ 586GJ
	Amount of water used (m ³)		16,591GJ	16,805GJ	▲ 214GJ	
	Amount of OA-paper used (sheets)		472,470m ³	418,843m ³	53,627m ³	
The effect of environmental preservation on the environmental burden and waste products generated by our business activities	Gas emissions from the greenhouse effect (t-CO ₂)	Breakdown	Electricity (t-CO ₂)	5,893,206 sheets	5,519,371 sheets	373,835 sheets
			Gas (t-CO ₂)	146,366t-CO ₂	145,860t-CO ₂	506t-CO ₂
			Industrial and non-industrial waste (t)	144,450t-CO ₂	143,908t-CO ₂	542t-CO ₂
			1,916t-CO ₂	1,952t-CO ₂	▲ 36t-CO ₂	
		19,695t	43,380t	▲ 23,685t		

Economic effects of environmental preservation countermeasures

(Unit: ¥1,000)

	Effective content	Amount
Profits	Business income from recycling waste and recycling used products (old rails, wheels, metal scraps)	107,890
Reduction in expenditure	Energy conservation = reduction of energy costs	28,642
	Recycle waste products to reduce waste processing fees	1,723
Totals for economic effects		138,255

Indicators of Environmental Efficiency




CO ₂ emissions for a car per 1km run (kg-CO ₂)	1.50
CO ₂ emissions against operating revenue (t-CO ₂ /million yen)	2.08

- The scope of these sum totals only covers Nankai Electric Railway
- Data was collected between April 1, 2008 and March 31, 2009
- References the 'Environmental Accounting Guidelines Ed. 2005' as published by the Ministry of the Environment and conforms with the 'Environmental Accounting Guidelines for Private Railway Businesses Ed. 2008' as published by the Association of Japanese Private Railways
- Only processes where a concrete cost could be assigned to environmental preservation have been included
- No depreciation has been included in the expenses associated with environmental preservation costs
- One of the economic effects of environmental preservation policies is a reduction in energy costs. Only the energy cost reduction items for energy in which the environmental preservation effects were recognized have been included in the expense data



Environmental Burden Data

We place a lot of importance on accurately understanding how much resources and energy are consumed in our business activities, and how much carbon dioxide and waste is emitted as a consequence.

INPUTS

	Railway Business	Head Office and other Facilities		
Energy 	Electrical power	255,819,525kWh (▲1,456,898kWh)	Electrical power	3,473,250kWh (+479,144kWh)
	Urban gas	285,773m ³ (+8,351m ³)	Urban gas	68,669m ³ (+4,245m ³)
	Propane gas	17,552kg (▲763kg)	Propane gas	1,291kg (▲594kg)
	Gasoline	27,403ℓ (+114ℓ)	Gasoline	13,884ℓ (+2,206ℓ)
	Light oil	82,734ℓ (+14,338ℓ)	Light oil	2,202ℓ (+778ℓ)
	Kerosene	25,448ℓ (+11,166ℓ)	Kerosene	9,994ℓ (+1,064ℓ)
	Heavy oil	227,000ℓ (+17,600ℓ)	Heavy oil	50,050ℓ (▲41,150ℓ)
	Total	947,495GJ (▲3,174GJ)	Total	18,278GJ (+454GJ)
Water 	Water *1	343,079m ³ (▲54,109m ³)	Water	75,764m ³ (+482m ³)
Paper 	Paper	2,308,352 sheets (▲38,460 sheet)	Paper *2	16,074,667 sheets

OUTPUTS

	Railway Business	Head Office and other Facilities		
CO₂ emissions 	CO ₂ emissions	143,586t-CO ₂ (▲678t-CO ₂)	CO ₂ emissions	2,274t-CO ₂ (+172t-CO ₂)
	Waste 	Metallic waste	1,539t (▲378t)	Metallic waste
Waste plastic		93t (▲19t)	Waste plastic	4t (▲11t)
Sludge		482t (+422t)	Glass and ceramic waste	0t (▲4t)
Waste Alkali		0t (0t)	Waste paper	2t (0t)
Glass and ceramic waste		303t (+230t)	Waste wood	10t (2t)
Waste paper		84t (+62t)	Rubber waste	0t (▲4t)
Waste wood		48t (▲121t)	Debris	0t (▲95t)
Rubber waste		3t (+2t)	Other industrial waste	0t (▲14t)
Earth displaced by construction*3		26,716t (+20,033t)	Total amount of industrial waste generated	27t (▲125t)
Waste oil		13t (▲2t)	Total amount of general waste generated	452t (▲58t)
Debris		6,872t (+5,315t)	Total	479t (▲183t)
Slag		7t (+2t)		
Waste asbestos		0t (▲32t)		
Concrete		4,231t (+679t)		
Other industrial waste		1,200t (▲2,121t)		
Total amount of industrial waste generated		41,591t (+24,070t)		
Total amount of general waste generated	1,310t (+37t)			
Total	42,901t (+24,107t)			

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

*1: For the amount of water used, data for Kansai Airport Station has been added to the totals from this fiscal year. (The usage data from the previous fiscal year has also been adjusted accordingly)

*2: The data for the amount of paper used has changed from order-based data to usage-based data. Hence the discrepancy in the amount of OA-paper used as stated in the previous page.

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

Third Party Opinions



Ms. Mariko Kawaguchi

General Manager, Management Strategy Research Department, the Daiwa Institute of Research Ltd.

Received Masters degree in environmental economics from Hitotsubashi University Graduate School in 1986. Joined Daiwa Securities in the same year. General Manager/Senior Analyst of the Daiwa Institute of Research Ltd.'s Management Strategy Research Department. Engaged in the research and study of environmental management, CSR and socially responsible investment. Part-time instructor at Aoyamagakuin University, Representative Director and General Secretary of Social Investment Forum Japan, an NPO Foundation. Member of the Tokyo Metropolitan Government Environmental Committee.

I have many opportunities to comment on CSR Reports from a third party perspective, but this is the first time for me to examine a report with such a sense of harmony. From the opening piece featuring the interview with the director of the zoo and the company president complimented with plenty of animal photographs and ending with the image of 'Interacting with Dolphins' served as an explanation of the topical issue of biodiversity. Through the many instances of how the Nankai Electric Railway contributes to society through interaction with animals, etc. the company's strength in its principal occupation stood out; I felt that I was being educated in the importance that the company places on the links between living things. This is an unusual way for a railway company to illustrate its CSR report, but it was effective in giving the reader a feel for the harmonious and friendly corporate culture of the Nankai Electric Railway.

On the other hand, with regard to safety management on the railway business side, the report devotes 10 pages to a detailed introduction to the company's approach. Normally this amount of detail leads to a dry and dull work practice report, but the tone of the explanation together with the illustrations of where the weather observation and track monitoring devices were placed showed that the company has really found a way for these issues to be properly explained to the average reader and there are a lot of positive feelings that I took from reading these accounts. Moreover, with regard to the company's environmental measures, I found the details relating to the environmental management PDCA measures that have already been put in place very easy to read.

The fact that the railway business as a public transport organization registers low in terms of CO₂ emissions is gaining more and more attention. Recently aside from the regular railway new transport systems such as light rail, etc. are being looked upon as suitable methods of low-carbon transportation. As a railway company, what is the company's vision for a public transport organization for our future low-carbon society? I would like to see a report from this perspective.

Furthermore, in order to build a low-carbon

society, environmental measures are important but approaches that involve the stakeholder, such as mobility management and park-and-ride schemes are also important. The Nankai Electric Railway receives 30% of its income from its real estate and construction businesses. I wonder what synergies can emerge from the combined leveraging of its strong position in terms of land area as well as the rail network? I hope to see some actual instances of this type in the report for the fiscal year to come. In terms of the company's involvement in real estate, the report touches on the rooftop the dry mist and the roof garden at Namba Parks, but there was an inference to measures sensitive to low-carbon and biodiversity in housing development and I would like to know more about the planning and goals behind these measures as well as any actual results.

The report then mentions employees and as the company is involved with a variety of businesses apart from the railway such as the zoo, real estate, etc. I imagine that your employees possess a diverse array of special skills and unique work practices. Employment of women and people with disabilities is covered next and I would like to see some reporting on these policies to promote diversity and work-life balance, as well as performance reports based on data.

Lastly, the company president mentions the compact city during his interview. The compact city is an essential concept when considering a low-carbon society. For that reason, we need to think about how we can plan a city with a low-carbon transportation system as well as added awareness of keeping the city barrier-free, so that people with disabilities and the elderly can move around easily. The Nankai Electric Railway as an enterprise can support an urban development from a number of perspectives; for the people that live in this city the company supports their transport, consumer, leisure and educational needs. The construction of a low-carbon society will become a pressing issue now that political power resides in the hands of the Democratic Party of Japan. From that perspective, as we look to construct a low-carbon society, what are our plans for sustainable long-term management strategies?

Taking On Board Third Party Opinions



Juntaro Fukuda

General Manager of the Promoting Corporate
Social Responsibility Division,
Nankai Electric Railway Co., Ltd.

The publication of the 2009 CSR Report, the Company's third CSR Report, includes content from the Safety Report as well as plenty of societal report content. The special report in this year's publication is an interview with Minoru Miyashita, Director of Tennoji Zoo, and Shinji Watari, President of the Nankai Electric Railway Company; the topics covered included the re-opening of the dolphinarium at Misaki Park, the COP 10 seminar to be held in Nagoya in October next year and biodiversity. We are also happy to have received favorable feedback from Ms. Kawaguchi.

Looking forward, we are looking to next year and attaining ISO14001 certification for our environmental management, based as it is on a PDCA cycle as well as putting effort into producing reports with quantitative data that can be used to compare with previous years'.

On the other hand, with regard to LRT and the compact city approach, we will be looking to work together with the newly-created Urban Transport Planning Department to move forward with coordinating our projects with government authorities and to present a vision of the future as seen by the Company. Moreover, with regard to our real estate businesses, we are considering a report on our approach to urban development that includes environmentally-friendly housing and abundant greenery.

This year we plan to continue with the staff volunteer forestry initiative at the Nankai Forest that was started last year and in accordance with our Green Partner Agreement with Osaka Prefecture we will engage in activities to preserve nature and increase greenery. With the Company undertaking such activities we are happy if our approach helps our employees to increase their awareness of the environment and the local community.

The Democratic Party of Japan has set a mid-term goal of reducing greenhouse gases by 25% of their 1990 levels by the year 2020. It is said that the railway is kind to the environment, but the environmental regulations that apply to this industry are likely to become stricter going forward and the issue of global warming means that corporations will need to have strategies in place. Next year is the final fiscal year of the Kenshin 126 Plan, our three-year management plan. We will take on board the opinions of Ms. Kawaguchi and strive to deliver clear results against our goals of strengthening our efforts to preserve the environment.



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

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