Corporate Governance Report

Last Update: July 8, 2024

Nankai Electric Railway Co., Ltd.
Okajima Nobuyuki
President and Representative Director
Contact: General Affairs and Public Relations Department,
Tel: 06-6644-7124
Securities Code: 9044
http://www.nankai.co.jp/

The corporate governance of Nankai Electric Railway Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

We recognize that the strengthening of corporate governance functions is an important management issue. For this reason, we strive to implement strict adherence to laws and regulations first of all, while seeking to practice very transparent management and fair and rational decision-making, as well as strengthen the supervisory functions that oversee these processes. At our company, we respect all of the principles in "Japan's Corporate Governance Code," which was established by the Tokyo Stock Exchange. We will continuously make efforts to examine and enhance our corporate governance functions with the aim of achieving sustainable growth and the enhancement of corporate value over the medium and long term.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] **Updated**

[Supplementary Principle 3-1-3]
< Company Sustainability Initiatives, Including our Response to Climate Change >
In order to convey the Group's approach aimed at realizing a sustainable society even more clearly to internal and external stakeholders, the Company has established a Sustainability Policy, and, under this policy, established 7 Sustainable Key Themes (Material Issues) incorporating the perspective of the SDGs, as priority long-term measures.
In addition, in September 2021, the Company also announced its support for TCFD (Task Force on Climate-related Financial Disclosures), and we have expanded information disclosure based on these recommendations.
Information disclosure based on TCFD recommendations:
https://www.nankai.co.jp/en/sustainability/materiality/06environment/tcfd
< Investment in Human Capital and Intellectual Property >
As stated in the Integrated Report, the Company recognizes that human capital and intellectual capital are indispensable for the improvement of corporate value over the medium- to long-term, as they form part of the foundation of its value creation process. Based on this understanding, we have established the Nankai Group Human Resources Strategy to pursue human capital management, being comprised of the Policy for Securing and Developing Human Resources and the Internal Environmental Improvement Policies and have disclosed the strategy in the Securities Report. However, the Board of Directors has not set the investment targets or KPIs to be monitored by the Board of Directors, for the value creation through the utilization of intangible

assets, such as human capital. We will thus continue to consider formulating and disclosing an investment strategy that is clearly organized and easy to understand in light of the management strategy.

[Supplementary Principle 4-2-2]
We have established a Sustainability Policy as a basic policy regarding the Company's sustainability efforts. Under this policy, we have established 7 Sustainable Key Themes (Material Issues) incorporating the perspective of the SDGs, as priority long-term measures.
On the other hand, while those responsible for execution have been deliberating formulation of business portfolio strategies, the matter has not been fully discussed at a Board of Directors meeting and has not taken concrete form. Thus, those responsible for execution will further consider it and then formulate a basic policy regarding investment strategies for intangible assets, etc. and the business portfolio, and will establish a system for the Board of Directors to appropriately supervise the progress of these initiatives.

[Supplementary Principle 5-2-1]
Although those responsible for execution have been deliberating formulation of a basic policy regarding the Group's business portfolio, the matter has not been fully discussed at a Board of Directors meeting, and thus those responsible for execution will further consider it. After deliberation by the Board of Directors, the basic policy will be disclosed, together with other matters such as the business strategy of the next medium term business plan, as the policy that forms the basis in the formulation of the next medium term business plan. The progress of the business portfolio review will also be appropriately monitored by the Board of Directors.

[Disclosure Based on the Principles of the Corporate Governance Code] **Updated**

[Principle 1-3]
The Company strives to strengthen its financial standing, placing great emphasis on the balance between interest-bearing debt and cash flows. We have also been making efforts to achieve the sustainable growth of corporate value while promoting investment that contributes to the improvement of profitability in the future. With respect to the return of gains to shareholders, the Company intends to pay stable dividends to its shareholders. The Company will disclose quantitative targets (consolidated operating income, the ratio of consolidated net interest-bearing debt to EBITDA) in the medium term business plan.

[Principle 1-4]
If the Company determines that a business relationship with any party contributes to the improvement of the Group's corporate value in the medium to long term, the Company holds strategic shareholdings with a view to maintaining and strengthening such business relation.
Shares currently held as strategic shareholdings are reviewed every year at the Board of Directors' meeting where they are examined quantitatively using the Company's cost of capital as the standard. If the rationality of strategic shareholding is deemed to be weak for certain stocks, the Company shall reduce the number of shares held as swiftly as possible.
With respect to the exercise of voting rights, in cases such as the following where there will be a significant impact on the issuing company's corporate value or on its transactions with the Company, the Company shall determine whether it is for or against proposals based on dialogues, etc. with the issuing company as necessary.

- When a significant worsening of business performance has persisted for a period of time
- When there is a major scandal
- When a proposal is submitted regarding a capital policy that brings about a change in the Company's control or large-scale dilution
- When a proposal that will have a significant impact on the issuing company's transactions with the Company is submitted

[Principle 1-7]
With regard to conflict-of-interest transactions by Directors, the Company requires an approval of the Board of Directors in compliance with the laws and regulations. The outline of the results shall be reported promptly at the Board of Directors' meeting following the execution of such transaction. However, the outline of the results concerning conflict-of-interest transactions on a recurring basis shall be reported on a quarterly basis. In addition, with regard to transactions with major shareholders (those holding voting rights equivalent to 10% or more of the total voting rights), the Company takes the same measures as those required for conflict-

of-interest transactions by Directors at the Board of Directors' meeting. The Board of Directors shall deliberate on the relevant matters impartially with a view to ensuring the common interests of the Company and its shareholders.

[Supplementary Principle 2-4-1]
The Group regards human resources as "capital" and recognizes that the source of corporate value creation is "human resources." We have thus established the "Nankai Group Human Resources Strategy" based on the idea that "the happiness, fulfillment, and growth of people working for the Group" is essential for engaging in human capital management.
For more details, please refer to the Company's Securities Report.
107th Securities Report: https://www.nankai.co.jp/lib/company/ir/library/securities/pdf/107th.pdf (Japanese only)

We believe that it is essential to respect and proactively utilize the characters, skills, and values of various human resources within our organization to ensure diversity. Accordingly, we will secure and promote active participation of diverse human resources from various perspectives by, for example, hiring more women, mid-career recruits, and foreign nationals.
We have also set specific and measurable targets, as follows, based on our human resources strategy, while taking into consideration the business characteristics of the Group.
- Improve percentage of women in managerial positions to around 10% by FY2030 [consolidated]
- Maintain the standard as of FY2021 (7.4%) or more for the percentage of mid-career recruits in managerial positions [non-consolidated]

Regarding foreigners in managerial positions, we will consider promoting foreign workers depending on their training situation and business plans.

As for the progress of our initiatives for securing and promoting active participation of diverse human resources, the Company promotes diversification of recruitment methods and securing human resources with a variety of values, experiences, and abilities, to secure diverse human resources as a measure based on the Policy for Securing and Developing Human Resources.
The Company will also secure both human resources with managerial perspectives and skills (management personnel) and human resources with a high level of expertise who are familiar with their respective businesses (expert human resources) and will create an environment in which they can proactively work on skills development based on their career plans, thus developing human resources with diverse abilities and ways of thinking.
Furthermore, as a measure based on our Policy for Developing an Internal Environment, we place emphasis on DE&I and have been working on creating an environment where human resources from diverse backgrounds and life stages can fully demonstrate their capabilities. We will introduce various working systems and other measures to further improve our work environment and corporate culture, enabling our employees to work in flexible manners without being tied to place or time and creating an environment in which a diverse range of human resources can thrive.

[Principle 2-6]
For the management of the Company's corporate pension fund, an Asset Management Committee has been established. The said Committee receives reports on the management of the pension fund, and conducts monitoring efforts as appropriate. The said Committee is comprised of members with knowledge on the Stewardship Code and the management of funds, such as Chief Manager of Accounting & Finance Department and Chief Manager of Personnel Department.

[Principle 3-1]
(1) The Company discloses its Corporate philosophy, Group management policies, Nankai's Corporate Image in 2050, Nankai Group Management Vision 2027 and the Kyoso 140 Plan on the Company's website, etc.
    - Corporate philosophy
      Group management policies
      https://www.nankai.co.jp/en/company/company.html
    - Nankai's Corporate Image in 2050
      https://www.nankai.co.jp/en/ir/management/corporate-image
    - Nankai Group Management Vision 2027

https://www.nankai.co.jp/en/ir/management/vision2027
- Kyoso 140 Plan
  https://www.nankai.co.jp/en/ir/management/medium-term_management_plan

(2) Basic views on corporate governance and basic policies are as provided above in "1. Basic Views."

(3) Policies and procedures for the Board of Directors of the Company to determine the compensation for Directors are as provided below in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" shown in [Director Remuneration] included in "1. Organizational Composition and Operation" listed in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

(4) The Company selects persons in managerial positions with knowledge about the Group's operations as well as specialists in safety management of transportation as candidates for Director (excluding Director serving as Audit & Supervisory Committee Member) from within the Company. In addition, as candidates for Outside Director (excluding Director serving as Audit & Supervisory Committee Member), the Company selects persons who have knowledge and experience as business managers, and can be responsible for management supervisory function from their independent standpoints without any mutual relationship which may impose significant control over the management of the Company.
With respect to candidates for Director serving as Audit & Supervisory Committee Member, the Company selects persons well versed in the Group's operations as candidates for full-time Audit & Supervisory Committee Members from within the Company. The Company also select persons as candidates for Outside Director who has knowledge related to legal affairs, finance and accounting, and can be responsible for the function to ensure the effectiveness of audits from their independent standpoints without any mutual relationship which may impose significant control over the management of the Company.
The matters related to the determination of candidates for Directors, the selection of Representative Directors and the appointment of Corporate Officers are subject to deliberation by the Nomination Committee, prior to the determination at the Board of Directors' meeting.
For a Director or Corporate Officer for which any of the following applies, after deliberation via Nomination Committee, the Board of Directors shall determine if the said Director or Corporate Officer shall be dismissed from his or her position or responsibilities, and if necessary, submit a proposal to the general meeting of shareholders regarding the Director's dismissal.
- When there is a violation of obligations in duties, or negligence of duties
- When there is misconduct not befitting of a Director or Corporate Officer
- When there is a mental or physical disability that prevents the execution of duties, or makes the execution intolerable

(5) In the event of personnel changes in Representative Director(s), the explanation regarding the nomination of new Representative Director(s) is provided in a timely disclosure material at the time of selection. As for candidate(s) for Director(s) and Auditor(s), the explanation regarding the nomination of the respective candidate(s) is provided in the Reference Documents for the General Meeting of Shareholders.
On the other hand, when the Board of Directors decides to dismiss a Director or Corporate Officer from his or her position or responsibilities, or submits a proposal to the general meeting of shareholders regarding a Director's dismissal, the explanation regarding the dismissal is provided in a timely disclosure material at the time the dismissal is determined.

[Supplementary Principle 4-1-1]
The Board of Directors resolves on basic management policies, medium- and long-term business plans, and fiscal year plans, etc., as well as matters stipulated by laws, regulations and the Company's Articles of Incorporation, based on the Board of Directors Regulations. Meanwhile, in order to establish an agile system of business execution, the Board of Directors aims to delegate to Representative Director(s) decisions on all matters for which the delegation of decisions on business execution is permitted under the Companies Act, and transition to a Monitoring Board through the clear division of business execution and supervisory functions.

[Principle 4-9]
The standards for determining the independence of Outside Directors are as provided below in "Matters relating to Independent Directors" shown in [Independent Directors] included in "1. Organizational Composition and Operation" listed in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

[Supplementary Principle 4-10-1]
The Company has established a Nomination Committee to deliberate matters concerning the nomination of Directors and Corporate Officers, as well as a Compensation Committee to deliberate matters concerning the compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members) and Corporate Officers with Special Titles. In addition to selecting Independent Outside Directors for each Chairperson, we will ensure their independence by having Independent Outside Directors be the majority of the members in each committee.
Moreover, information on the specific authorities and roles of each committee is as provided in "Supplementary Explanation" shown in [Voluntary Establishment of Nomination/Remuneration Committee] included in "1. Organizational Composition and Operation" listed in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

[Supplementary Principle 4-11-1]
Regarding the Board of Directors, based on the Company's business characteristics whose social responsibility is to ensure safe transportation, the Company believes that it is necessary for us to appoint an appropriate number of Directors from within the Company who are well versed in the railway business and safety management of transportation. In addition, the Company shall appoint several Outside Directors so that they account for a majority of the Company's Board of Directors in order to ensure the objectivity and transparency of managerial decision-making processes.
The Company selects persons in managerial positions who are well versed in a diverse range of business operations including the railway business as candidates for Directors from within the Company. The Company also selects the candidates for Outside Directors in accordance with "Independence Standards for Outside Officers" provided in [Principle 4-9].
The matters related to the determination of candidates for Directors, the selection of Representative Directors and the appointment of Corporate Officers are subject to deliberation by the Nomination Committee, prior to the determination at the Board of Directors' meeting.
Moreover, a skill matrix that summarizes the knowledge, experience, skills of each Director is disclosed in the Integrated Report and the matters subject to electronic provision measures regarding the general meeting of shareholders.
We will disclose the information accordingly.
[Supplementary Principle 4-11-2]
Upon selecting the candidates for Outside Directors, the Company takes their status of concurrent positions into account. The status of significant concurrent positions of Outside Directors is disclosed on an annual basis in the matters subject to electronic provision measures regarding the general meeting of shareholders.

[Supplementary Principle 4-11-3]
The Company shall conduct annual analysis and assessment at the Board of Directors' meeting on the effectiveness the Board of Directors as a whole based on the results of self-assessment in a survey for all Directors.
< Outline and results of assessments in fiscal 2023 >

■ Assessment items

(1) Regarding the operation of the Board of Directors for fiscal 2023 (time required and degree of explanatory materials and explanations)
(2) Regarding the following issues addressed in accordance with the assessment for fiscal 2022
- Enhance the effectiveness of progress reviews of the Kyoso 140 Plan toward the completion of the plan (evaluation of areas for improvement, etc.)
- Deepen and expand matters to be reported and matters for deliberation (reporting matters concerning risk management, sustainability, human capital management, business portfolios, management that takes into account capital costs and stock prices, etc.)
- Operation for proactive discussions and deliberations (lunch meetings and facility tours)

■ Summary of analysis and assessment results

Although the operation of the Board of Directors was generally assessed positively, it was pointed out in the progress review of the Kyoso 140 Plan that the initiatives that were not progressing as promptly as was originally intended needed more monitoring.
With regard to "deepen and expand matters to be reported and matters for deliberation," the majority of the responses stated that appropriate issues were being provided in a timely manner, whereas there was an opinion that the business portfolio should be discussed at Board of Directors meetings in conjunction with discussions for formulating the next medium term business plan. There was also an opinion that each of the issues reported and discussed should be continually deepened and expanded, with some of the respondents expressing opinions regarding ways in which the discussions should be conducted and themes that should be covered.
It should be noted also that the lunch meetings and facility tours were generally assessed positively, confirming the importance of continuing efforts to ensure proactive discussions, with some respondents proposing measures for more proactive discussions.

< Initiatives for fiscal 2024 >
Based on the assessments for fiscal 2023, we will work on the following three issues in fiscal 2024.

■ Strengthen monitoring functions to complete the current medium term business plan and deepen business portfolio discussions for the formulation of the next medium term business plan

We will expand progress reviews of the Kyoso 140 Plan to visualize any deviations from expectations or delays in progress and to improve the effectiveness of the supervisory function of the Board of Directors. Those responsible for execution will also continue to advance discussions on reviewing the business portfolio, and will ensure multiple opportunities for deliberation at Board of Directors meetings as a policy that will serve as a premise for formulating the next medium term business plan.

■ Expand deliberations on themes that should be particularly discussed by the Board of Directors (human capital management, management that takes into account capital costs and stock prices, etc.)

Those responsible for execution will thoroughly consider important themes that should be discussed at Board of Directors meetings, including the following themes that have been newly identified as the ones that should be taken up, and will aim to expand deliberations after clarifying the key issues.

- Human capital management
- (Aggressive) Financial strategy and capital policy
- Establishment of true group management and strengthening of brand strategy

■ Operation for proactive discussions and deliberations (ongoing issue)

We will continue to hold facility tours to deepen understanding of the businesses that the Group is conducting, and will consider new, out-of-the-box methods for reporting at Board of Directors meetings.

[Supplementary Principle 4-14-2]
Necessary training is provided to Directors so that they can fulfill their roles and responsibilities. The details of the training are as follows.

- New Directors from within the Company and new Corporate Officers with Special Titles (Corporate Officers at the level of Senior Corporate Officer or above; the same applies hereinafter) will receive training from legal professionals, experts in corporate governance, etc.
- New Outside Directors will receive explanations regarding the Company's business description, financial condition, management strategy, etc.
- Directors will be encouraged to attend external lectures and related expenses will be provided by the Company as appropriate.
- Tours of the Group's facilities etc. will be held for Outside Directors.

[Principle 5-1]
< Policy on constructive dialogue with shareholders >
The Company designates the Sustainability Promotion Department as the department in charge of investor relations. Financial results briefings for institutional investors and securities analysts are to be held every six months in addition to holding small meetings, conducting individual visits, etc., as appropriate. The Company also proactively responds to various types of inquiries such as visits, phone interviews, etc.

< Measures to realize management that takes into account capital costs and stock prices (under consideration) >
Currently, the Company sets a hurdle rate for each of its businesses based on the capital cost, carefully selects investments that will contribute to improving its corporate value, and implements a PDCA cycle to evaluate the effectiveness of investments after they are implemented.
We recognize that "measures to realize management that takes into account capital costs and stock prices" is an important management issue, and are considering future policies to increase our corporate value based on the above initiatives. The details will be disclosed as soon as they become available.
< Situation concerning dialogue with shareholders, etc. >
The Company engages in dialogue primarily with Japan-based shareholders on key themes such as the business strategy, number targets, capital policy, etc. for the medium term business plan Kyoso 140 Plan. The opinions received through dialogue with shareholders are sent to corporate officer in the form of feedback once every month and to the Board of Directors once every year. For details on the situation concerning dialogue with shareholders, please refer to the Company's website.
(https://www.nankai.co.jp/en/ir/governance/ir_communication)

2. Capital Structure

Foreign Shareholding Ratio	10% or greater and less than 20%

[Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11,617,500	10.25
Custody Bank of Japan, Ltd. (trust account)	7,212,700	6.36
Nippon Life Insurance Company	2,484,789	2.19
Sumitomo Mitsui Trust Bank, Limited	1,516,000	1.34
JP MORGAN CHASE BANK 385781	1,508,812	1.33
MUFG Bank, Ltd	1,473,723	1.30
Sumitomo Mitsui Banking Corporation	1,429,417	1.26
The Senshu Ikeda Bank, Ltd.	1,289,087	1.14
STATE STREET BANK WEST CLIENT-TREATY 505234	1,201,700	1.06
SSBTC CLIENT OMNIBUS ACCOUNT	1,011,165	0.89

Controlling Shareholder (except for Parent Company)	―――
Parent Company	None

Supplementary Explanation **Updated**

(1) The description provided above is based on the shareholders' register as of March 31, 2024.
(2) Percentages are calculated after subtracting treasury shares (78,750 shares). Treasury shares do not include 92,600 shares of the Company's shares held by the share delivery trust as stock compensation for Directors and Corporate Officers.
(3) In the change report made available for public inspection on September 22, 2023, it was stated that Sumitomo Mitsui Trust Bank, Limited and its joint holders held the following Company's shares as of September 15, 2023; however, as of March 31, 2024, the Company is unable to confirm the actual numbers of shares held. Therefore, the description provided above under "Status of Major Shareholders" is based on the shareholders' register as of March 31, 2024.
The content of the aforementioned change report is as follows:

Sumitomo Mitsui Trust Bank, Limited	Shares held:	1,516,000	Percentage of shares held to total number of shares issued:	1.34
Sumitomo Mitsui Trust Asset Management Co., Ltd.	Shares held:	3,698,900	Percentage of shares held to total number of shares issued:	3.26
Nikko Asset Management Co., Ltd.	Shares held:	1,369,000	Percentage of shares held to total number of shares issued:	1.21

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Land Transportation
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance Updated

[About the Company's listed subsidiary]
The Company has a listed subsidiary, Nankai Tatsumura Construction Co., Ltd.
Main businesses of the said subsidiary include general construction business, design business, and real estate management and trading business. The said subsidiary serves as a function sharing company in charge of execution of civil engineering and construction works of the Group.
We judge whether to choose a listed subsidiary structure or some other group company ownership structure based on factors such as business characteristics, business scale, and business area size. The said subsidiary has a considerable business scale in terms of its sales, profits, total assets, etc., and operates not only in the Kinki region but also throughout the country, including the Tokyo metropolitan area. Therefore, we believe that listing the subsidiary on the stock exchange is one of the most effective means for improving its social trustworthiness, profile and access to human resources. We also believe that it will not only improve the subsidiary's management autonomy and transparency but also contribute to sustainable growth of the Group and enhancement of its medium- to long-term corporate value.
In order to take appropriate control as a group company, the Company dispatches Directors to the said subsidiary. However, the Company respects the judgment of the management of the said subsidiary, in principle, in order to ensure its independence and autonomy as a listed company. Furthermore, the Company strives not to unjustly undermine the interests of the said subsidiary, its shareholders, and its other stakeholders. To that end, the Company properly exercises appointment and dismissal authorities and take other measures so that an effective governance structure that effectively utilizes Independent Outside Directors will be established.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (unless concurrently serving as President)
Number of Directors	15
Appointment of Outside Directors	Appointed
Number of Outside Directors	8
Number of Independent Directors	8

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tsunekage Hitoshi	From another company								△			
Koezuka Miharu	From another company								△			
Mochizuki Aiko	From another company											
Hori Naoki	From another company								○			
Kunibe Takeshi	From another company								△			
Miki Shohei	From another company								△			
Igoshi Tomoko	Others											
Tanaka Takahiro	Lawyer											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/auditor.
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) **Updated**

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tsunekage Hitoshi		○	Mr. Tsunekage Hitoshi is concurrently serving as Special Advisor of Sumitomo Mitsui Trust Bank, Limited, but he is currently not an executive of the bank. The Company conducts transactions such as borrowing of funds, etc. with the said bank.	The Company has no material interest with Mr. Tsunekage Hitoshi nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange. He is expected to provide us with appropriate advice and supervision for the Group's overall management based on his great insight cultivated through his career as a trust bank manager from his independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) him as an Outside Director (Independent Director).
Koezuka Miharu		○	Ms. Koezuka Miharu has served at Takashimaya Company, Limited, but she is currently not an executive of the said company. The Company conducts transactions with Takashimaya Company, Limited, such as leases of the buildings that accommodate the said company's Osaka and Sakai stores.	The Company has no material interest with Ms. Koezuka Miharu nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange. She is expected to provide us with appropriate advice and supervision for the Group's overall management based on her great insight cultivated through her career as a department store manager from her independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) her as an Outside Director (Independent Director).
Mochizuki Aiko		○	———	The Company has no interest with Ms. Mochizuki Aiko nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange.

				She is expected to provide us with appropriate advice and supervision for the Group's overall management based on her expert knowledge as a certified public accountant and her broad insight cultivated as a consultant from her independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) her as an Outside Director (Independent Director).
Hori Naoki		○	Mr. Hori Naoki is Chairman of the Board of Directors, MUFG Bank, Ltd. The Company conducts transactions such as borrowing of funds, etc. with the said bank.	The Company has no material interest with Mr. Hori Naoki nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange. He is expected to provide us with appropriate advice and supervision for the Group's overall management based on his great insight cultivated through his career as a bank manager from his independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) him as an Outside Director (Independent Director).
Kunibe Takeshi	○	○	Mr. Kunibe Takeshi has served at Sumitomo Mitsui Banking Corporation, but he is currently not an executive of the said bank. The Company conducts transactions such as borrowing of funds, etc. with the said bank.	The Company has no material interest with Mr. Kunibe Takeshi nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange. He is expected to enhance the effectiveness of the Group's audits based on his great insight cultivated through his career as a bank manager from his independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) him as an Outside Director serving as Audit & Supervisory Committee Member (Independent Director). He also has knowledge of finance and accounting gained

				through his business experience in a bank.
Miki Shohei	○	○	Mr. Miki Shohei has served at Nippon Life Insurance Company, but he is currently not an executive of the said company. The Company conducts transactions such as borrowing of funds, etc. with the said company.	The Company has no material interest with Mr. Miki Shohei nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange. He is expected to enhance the effectiveness of the Group's audits based on his great insight cultivated through his career as a life insurance company manager from his independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) him as an Outside Director serving as Audit & Supervisory Committee Member (Independent Director). He also has knowledge of finance and accounting gained through his business experience in a life insurance company.
Igoshi Tomoko	○	○	———	The Company has no interest with Ms. Igoshi Tomoko nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock Exchange. She is expected to enhance the effectiveness of the Group's audits based on her extensive experience and expertise cultivated in the legal world from her independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) her as an Outside Director serving as Audit & Supervisory Committee Member (Independent Director). She also has knowledge of finance and accounting through her professional experience as a public prosecutor.
Tanaka Takahiro	○	○	———	The Company has no interest with Mr. Tanaka Takahiro nor relationship potentially in conflict with general shareholders, as stipulated by the Tokyo Stock

				Exchange. He is expected to enhance the effectiveness of the Group's audits and supervisory functions based on his expert knowledge cultivated through his career as a lawyer and extensive experience through his years of engagement in corporate legal affairs from his independent standpoint without any mutual relationship which may impose significant control over the management of the Company. For this reason, the Company appointed (designated) him as an Outside Director serving as Audit & Supervisory Committee Member (Independent Director). He also has knowledge of finance and accounting and is well versed in corporate legal affairs.

[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	6	2	2	4	Outside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

The Company allocates dedicated staff to support the duties of the Audit & Supervisory Committee, and consults with full-time Audit & Supervisory Committee Members prior to applying any personnel changes, evaluations, etc. to these dedicated staff members, in order to ensure their independence.

Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

As provided below "iv Cooperation among internal audit, audit by the Audit & Supervisory Committee, and accounting audit" shown in "1) Audit" included in "(2) Audit and supervision" listed in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)".

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	5	6
Full-time Members	0	0
Inside Directors	1	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation **Updated**

(1) Nomination Committee

The Company has established a Nomination Committee (Chairperson: Outside Director serving as Audit & Supervisory Committee Member Mr. Kunibe Takeshi; members: Chairman and Representative Director Mr. Achikita Teruhiko, Outside Directors Mr. Tsunekage Hitoshi, Ms. Koezuka Miharu and Mr. Hori Naoki), thereby securing the fairness, objectivity and transparency of the nomination process.

The Nomination Committee shall deliberate and approve the following matters as an advisory body to the Board of Directors.

- Nomination of the candidates for Directors to be proposed at the general meeting of shareholders
- Proposals pertaining to the selection of Representative Directors and appointment of Corporate Officers with Special Titles to be proposed at meetings of the Board of Directors
- Dismissal of Directors or Corporate Officers with Special Titles, and dismissal of or decision to not reelect a Representative Director
- Matters pertaining to the succession plan for President and nomination of new President
- Any other matters deemed necessary by the Board of Directors pertaining to each of the above items

In the current fiscal year, the Nomination Committee met two times (November 2023; February 2024). Attendance by individual Nomination Committee Members at these meetings is as follows.

Position	Name	Number of the Nomination Committee met	Attendance
Chairperson (Outside Director)	Sono Kiyoshi	2	2
Committee Member (Outside Director)	Tsunekage Hitoshi	2	2
Committee Member (Outside Director)	Koezuka Miharu	2	2
Committee Member (Outside Director)	Kunibe Takeshi	2	2
Committee Member (Representative Director)	Achikita Teruhiko	2	2

In the current fiscal year, the Nomination Committee held deliberations concerning the establishment of a system for a "management personnel development program (succession plan)" as well as the officer system for fiscal year 2024, especially the nomination of candidates for Directors (excluding Directors serving as Audit & Supervisory Committee Members) to be proposed at the 107th Annual General Meeting of Shareholders and the nomination of Corporate Officers with Special Titles for fiscal year 2024 along with their allocation of work, ahead of the final determinations to be made by the Board of Directors.

(2) Compensation Committee

The Company has established a Compensation Committee (Chairperson: Outside Director Mr. Tsunekage Hitoshi; members: Chairman and Representative Director Mr. Achikita Teruhiko, President and Representative Director Mr. Okajima Nobuyuki, Outside Directors Ms. Mochizuki Aiko, Mr. Hori Naoki and Outside Director serving as Audit & Supervisory Committee Member Mr. Miki Shohei), thereby securing the fairness, objectivity and transparency of the process to determine compensations.

Decisions on compensation for individual Directors (excluding Directors serving as Audit & Supervisory Committee Members) and Corporate Officers with Special Titles are delegated to the Representative Director, Chairman and CEO by a resolution of the Board of Directors, but the following matters shall be deliberated and approved by the Compensation Committee as an advisory body to the Board of Directors.

- Contents of proposals pertaining to compensation for Directors to be proposed at the general meeting of shareholders
- Draft policies regarding decisions on the details of compensation for individual Directors (excluding Directors serving as Audit & Supervisory Committee Members; the same applies hereinafter) and Corporate Officers with Special Titles to be proposed at meetings of the Board of Directors
- Details of compensation for individual Directors and Corporate Officers with Special Titles to be determined by the President
- Any other matters deemed necessary by the Board of Directors pertaining to each of the above items

In the current fiscal year, the Compensation Committee met one time (April 2024). Attendance by individual Compensation Committee Members at these meetings is as follows.

Position	Name	Number of the Compensation Committee met	Attendance
Chairperson (Outside Director)	Tsunekage Hitoshi	1	1
Committee Member (Outside Director)	Sono Kiyoshi	1	1
Committee Member (Outside Director)	Mochizuki Aiko	1	0
Committee Member (Outside Director)	Miki Shohei	1	1
Committee Member (Representative Director)	Achikita Teruhiko	1	1
Committee Member (Representative Director)	Okajima Nobuyuki	0	0

(Note) Representative Director Mr. Okajima Nobuyuki was newly appointed as a member of the Compensation Committee at the Board of Directors meeting held on June 20, 2023.

In the current fiscal year, the Compensation Committee held deliberations concerning the payment of bonuses for the previous fiscal year as well as a partial revision of compensation levels based on data of an officer compensation survey conducted by an external research organization, ahead of the final determinations to be made by the Representative Director, Chairman and CEO.

[Independent Directors]

Number of Independent Directors	8

Matters relating to Independent Directors

The Company designates as Independent Directors all Outside Directors who are qualified to serve as Independent Directors. The Company stipulates the standards for determining the independence of Outside Directors as follows. [Independence Standards] The Company appoints Outside Directors (including Outside Director serving as Audit & Supervisory Committee Member) on the precondition that the candidates do not have any material interest with the Company and do not fall under the conditions as lacking independence in the Independence Standards stipulated by the Tokyo Stock Exchange for the purpose of submitting notifications following the appointment of independent Directors. The Company also requires candidates that have insight and experience necessary for supervising and auditing business execution not only in the railway business whose social responsibility is to ensure safe transportation but in a diverse range of the Group's business operations, as well as positive motivation and qualification to properly fulfill his/her assignment that is expected to be carried out from an independent standpoint. The Company believes that these requirements are essential to respond to our shareholders' mandate.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

As provided below in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" shown in [Director Remuneration].

Recipients of Stock Options	―――

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation **Updated**

The Company discloses the number of eligible officers, type and total amount of compensation, as well as total amount of compensation by category for Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors), Directors serving as Audit & Supervisory Committee Members (excluding Outside Directors serving as Audit & Supervisory Committee Members), Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members), Outside Directors serving as Audit & Supervisory Committee Members, respectively. The total amount of compensation, etc. for the most recent fiscal year ended March 31, 2024 is as follows.

Category	Number of officers	Amount of compensation (basic remuneration)
Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors)	6 persons	294 million yen

Directors serving as Audit & Supervisory Committee Members (excluding Outside Directors serving as Audit & Supervisory Committee Members)	3 persons	47 million yen
Outside Directors (excluding Directors serving as Audit & Supervisory Committee Members)	4 persons	41 million yen
Outside Directors serving as Audit & Supervisory Committee Members	5 persons	37 million yen

Apart from the above, the total amount of compensation, etc. for 6 Corporate Officers with Special Titles who are not concurrently serving as Director is 179 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods **Updated**	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

[Details of the Policy and Decision Method for Determining the Amount or Calculation Method of Officers' Compensation]
The Company has established the following policy on determining the amount of individual officers' compensation or the method used to calculate this amount, based on resolutions made at the Board of Directors' meeting held on March 31, 2023 and May 12, 2022 and the 104th Annual General Meeting of Shareholders held on June 25, 2021.
Compensations for Directors (excluding Director serving as Audit & Supervisory Committee Member) and Corporate Officers with Special Titles (Corporate Officers at the level of Senior Corporate Officer or above) are composed of the supervision payment and the execution payment.

(1) Supervision Payment
Directors are paid a fixed amount monthly in cash, determined according to responsibilities.

(2) Execution Payment
The Chairman (limited to Executive Directors; the same applies hereinafter) and Corporate Officers with Special Titles (hereinafter, the Chairman and Corporate Officers with Special Titles shall be collectively referred to as "Executive Corporate Officers with Special Titles") are paid an amount comprising basic compensation, bonuses and stock compensation.
The proportions of basic compensation, bonuses and stock compensation are set at 60:25:15 respectively, with the purposes of increasing incentives for enhanced performance and promoting the penetration of management awareness of shareholder value and stock price.

1) Basic Compensation
A fixed amount is paid in cash, according to individual duties and responsibilities.

2) Bonuses
Lump-sum payments will be made in cash after the conclusion of each fiscal year, of an amount calculated based on the Company's performance and individual performance during the respective fiscal year.
The proportions based on the Company's performance and individual performance are 70:30 respectively. However, the Chairman and President's bonus is calculated based on the Company's performance alone.

i. Company's performance portion
The Company's performance portion will be calculated and paid according to the achievement of the target index, provided the predetermined conditional index is cleared. However, the details and levels, etc. of the conditional index and target index may be treated differently if the Compensation Committee recognizes significant changes in the business environment, or in the case of any other significant requirements.
(i) Conditional index

The achievement of a fixed level of profit for each fiscal year and the ability to maintain stable dividend payments to shareholders will be considered conditions for the payment of the Company's performance portion. Profit attributable to owners of the parent will be the conditional index. The Company's performance portion of bonuses will not be paid if the profit attributable to owners of the parent for the respective fiscal year is less than 70% of the average for the previous five years, excluding the years with the highest and lowest profit.

(ii) Target index

In order to increase the incentive for achieving the goals of Nankai Group Management Vision 2027, the target index will be the Company's consolidated operating income, which is a quantitative target for the vision above. The amount of the Company's performance portion of bonuses will be directly proportional to the achievement of the budget established at the beginning of each fiscal period, within the range from 80% to 120%. The actual amount to be paid varies within a range from 50% to 150% of the standard amount of the Company's performance portion of bonuses. No bonus for the Company's performance portion is paid if the achievement rate of the target index is below 80%.

ii. Individual performance portion

The President will evaluate the overall level of achievement of the targets set out by individual officers each fiscal year, on a scale of 1 to 4, based on which the amount of bonus to be paid for the individual performance portion will be determined. The actual amount of the individual performance portion of bonuses to be paid varies within a range from 70% to 130% of the standard amount of the individual portion of bonuses, or otherwise no amount is to be paid, depending on the President's evaluation.

3) Stock Compensation

The Company will introduce a stock compensation plan for Executive Corporate Officers with Special Titles with the aim of further clarifying the linkage of compensation for Executive Corporate Officers with Special Titles to the Company's performance and share value, having the officers share with shareholders both the benefits and risks of fluctuation in share prices, and thus raising the officers' motivation to contribute to enhancing the Company's performance and corporate value over the medium- to long-term.

The stock compensation plan delivers the Company's shares to the Executive Corporate Officers with Special Titles in office during the period from the conclusion of the 102nd General Meeting of Shareholders until the conclusion of an Annual General Meeting of Shareholders pertaining to the last fiscal year ending within 3 years from this General Meeting of Shareholders (hereinafter, the "Applicable Period"). Under the plan, the Company's shares are acquired through a trust using cash contributed by the Company, through disposal of treasury stock or through the stock market (including off-auction trading), and a number of the Company's shares are delivered through the Trust to Executive Corporate Officers with Special Titles corresponding to the number of points they have been awarded.

In principle, Executive Corporate Officers with Special Titles will receive delivery of the Company's shares upon their retirement from office.

In addition, the Board of Directors may decide to extend the Applicable Period within a period of five years.

[Targets and results for indicators associated with performance-linked remuneration in fiscal 2023]

Profit attributable to owners of parent, which is the conditional index for performance-linked remuneration, was 23,926 million yen for fiscal 2023. In addition, compared to the initial budget of 24,300 million yen for consolidated operating income, which is the target index, the result for fiscal 2023 was 30,820 million yen, and the achievement rate was 126.83%.

[Supporting System for Outside Directors] Updated

In order to improve the effectiveness of supervising and auditing by Outside Directors and Outside Directors serving as Audit & Supervisory Committee Members, General Manager of General Affairs and Public Relations Department, as the secretariat of the Board of Directors, shall provide them with materials for the Board of Directors' meeting in advance whenever possible and as necessary, make an arrangement for them to receive explanation from each officer in charge, etc. about the agenda and the contents ahead of meetings. Through the aforementioned initiatives, the Company strives to ensure the propriety of decision-making

procedures at the Board of Directors' meetings. In addition, absent Outside Directors will receive materials on the contents of deliberation and items reported, as well as the notice of the deliberation.
The Secretariat of Audit & Supervisory Committee conveys information such as the date and time of Audit & Supervisory Committee meetings as well as the agenda in advance, while providing assistance on field audits to each business location as necessary. Information beneficial for the execution of audits is collected from the contents submitted to the Group Top Committee and other approval documents, and provided to full-time Audit & Supervisory Committee Members, who report and explain them to Outside Directors serving as Audit & Supervisory Committee Members as necessary.

[Retired Presidents/CEOs Holding Advisory Positions]

Information on retired presidents/CEOs holding advisory positions

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Yoshida Jiro	Honorary Adviser	Advice in response to requests from the current management (as necessary)	Part time Position without compensation	June 29, 2005	Lifetime
Yamanaka Makoto	Honorary Adviser	Advice in response to requests from the current management (as necessary)	Part time Position without compensation	June 23, 2015	Lifetime
Watari Shinji	Honorary Adviser	Advice in response to requests from the current management (as necessary) Activities as a member of the Management Committee of Osaka Metro Co., Ltd	Part time Position without compensation	June 23, 2015	Lifetime

Number of retired presidents/CEOs holding advisory positions	3

Others

The Company's system of Senior Advisers was abolished by a resolution of the Board of Directors held on June 21, 2019, and at the same time, the Company's system of Advisers was reviewed.
Former Chairmen and Presidents of the Company will be designated Special Advisers for four years after retirement as Director (until age 80), after which they will remain Honorary Advisers for life.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company has adopted the system of a Company with an Audit & Supervisory Committee and increased the number and ratio of Outside Directors who have voting rights at Board of Directors meetings, strengthening the supervisory functions of the Board of Directors and improving management transparency. By delegating part of the decision-making authority over business execution held by the Board of Directors to Directors and improving the flexibility of business execution, it aims to transition to a Monitoring Board.

Moreover, the Company separates its executive and supervisory functions clearly by making Corporate Officers responsible for the execution of business.
Regarding the Board of Directors, based on the business characteristics of the Company, which has a social responsibility to ensure safe transportation, the Company appoints an appropriate number of Directors from within the Company who are well versed in the railway business and safety management of transportation. In addition, the Company ensures the fairness, objectivity and transparency of decision-making processes for important management issues such as nominations and compensation by appointing several Outside Directors so that they account for a majority of the Company's Board of Directors and establishing the Nomination Committee and the Compensation Committee, in which Outside Directors, including those serving as Audit & Supervisory Committee Members, represent a majority of the members.
Furthermore, the operational status of the internal control system is reported regularly to the Board of Directors and the Audit & Supervisory Committee, including reports on internal audit plans and results, in an effort to enhance their management supervisory function.

(1) Business execution

1) Board of Directors
The Board of Directors (chair: Chairman and Representative Director, secretariat: General Affairs and Public Relations Department) consists of 15 Directors including 8 Outside Directors (6 Directors serve as Audit & Supervisory Committee Members), and meets on a monthly basis in principle to make decisions on basic management policy, business execution, and to supervise the execution of duties by Directors. The Company aims to improve the flexibility of business execution by delegating decisions on important matters of business execution to Directors, based on the provisions of the Articles of Incorporation and resolutions of the Board of Directors.

2) The Group Top Committee
Based on the fundamental management policies established by the Board of Directors, the Group Top Committee, which is comprised of the Chairman, President, and each Group Head (chair: President, secretariat: General Affairs and Public Relations Department), meets once a week to deliberate on important issues of business execution to be decided by the President. They seek to comprehensively control business execution and optimize decision-making on management.

3) Nomination Committee
As described in "(1) Nomination Committee" shown in "Supplementary Explanation" included in "Committee's Name, Composition, and Attributes of Chairperson" listed in [Directors] of "Organizational Composition and Operation" above.

4) Compensation Committee
As described in "(2) Compensation Committee" shown in "Supplementary Explanation" included in "Committee's Name, Composition, and Attributes of Chairperson" listed in [Directors] of "Organizational Composition and Operation" above.

(2) Audit and supervision

1) Audit
i. Audit by the Audit & Supervisory Committee
The Audit & Supervisory Committee (Chairperson: Miki Shohei, Outside Director serving as Audit & Supervisory Committee Member; secretariat: Secretariat of Audit & Supervisory Committee) is composed of 6 members, including 4 Outside Directors and includes members who have considerable knowledge of finance and accounting. It meets once a month in principle, where Audit & Supervisory Committee Members selected by the Audit & Supervisory Committee investigate the status of business and assets of the Company and its subsidiaries, and the Audit & Supervisory Committee deliberates and passes resolutions, etc. In this manner, the Audit & Supervisory Committee audits the execution of duties by Directors. Systems are in place to assist the duties of the Audit & Supervisory Committee, including the appointment of dedicated support staff. The full-time Audit & Supervisory Committee Members are consulted prior to applying any personnel changes, evaluations, etc. to these dedicated staff members, in order to ensure their independence.

In the current fiscal year, the Audit & Supervisory Committee met 14 times. Attendance by individual Audit & Supervisory Committee Members at these meetings is as follows.

Position	Name	Number of the Audit & Supervisory Committee met	Attendance
Audit & Supervisory Committee Chairperson	Arao Kozo	3	3
Outside Directors serving as Audit & Supervisory Committee Member	Miki Shohei	3	3
Audit & Supervisory Committee Chairperson	Miki Shohei	11	11
Full-time Audit & Supervisory Committee Member	Iwai Keiichi	3	3
Full-time Audit & Supervisory Committee Member	Urai Keiji	14	14
Full-time Audit & Supervisory Committee Member	Yasuda takayoshi	11	11
Outside Directors serving as Audit & Supervisory Committee Member	Kunibe Takeshi	14	13
Outside Directors serving as Audit & Supervisory Committee Member	Igoshi Tomoko	14	14
Outside Directors serving as Audit & Supervisory Committee Member	Tanaka Takahiro	11	11

Notes:
1) Attendance by the Audit & Supervisory Committee Chairman Mr. Arao Kozo and Full-time Audit & Supervisory Committee Member Mr. Iwai Keiichi only covers Audit & Supervisory Committee meetings held during their term of office (up until the conclusion of the 106th Annual General Meeting of Shareholders held on June 20, 2023).
2) Outside Director serving as Audit & Supervisory Committee Member Mr. Miki Shohei was appointed Chairman of the Audit & Supervisory Committee on June 20, 2023.
3) Attendance by Full-time Audit & Supervisory Committee Member Mr. Yasuda Takayoshi and Outside Director serving as Audit & Supervisory Committee Member Mr. Tanaka Takahiro only covers Audit & Supervisory Committee meetings held after their inauguration on June 20, 2023.

Specific details considered at the Audit & Supervisory Committee included: audit reports, basic matters on audit, the progress of the business plan, the agenda of and matters to be reported at the Group Top Committee, the status of audit by the Accounting Auditor, evaluation of the Accounting Auditor, status of internal audit, etc. and the plan for the following fiscal year.
Regarding the status of activities of the Audit & Supervisory Committee, the Committee regularly exchanged opinions with Representative Directors and officers in charge of each department, and exchanged opinions with Directors, Corporate Officers and other employees as necessary with respect to individual management issues. In addition, full-time Audit & Supervisory Committee Members attended he Group Top Committee and other important meetings and heard reports about issues that are important to the management of the Company and the Group, including the status of business execution, operating results and financial conditions. These Committee Members also received important information, etc., including draft plans after approval and internal auditing reports for review, and conducted on-site examinations at facilities, places of operations, etc. of the Group. Full-time Audit & Supervisory Committee Members reported to Outside Directors serving as Audit & Supervisory Committee Members at the Audit & Supervisory Committee's meetings about information gathered through these efforts and add appropriate explanations about such information from the perspectives of those well-versed in the business of the Company. In turn, Outside Directors serving as Audit & Supervisory Committee Members provided

guidance and state opinions based on their expertise and experiences outside the Company. By following these different roles and mutually complementing each other's functions, they increased the effectiveness of audits by Audit & Supervisory Committee Members.

ii. Internal audit

For the purposes of accurately understanding the state of business operations and promoting the improvement thereof from the perspective of increasing management efficiency, as well as maintaining and promoting compliance management, we have established a system which enables the Internal Audit Department (11 members) to collaborate in the systematic implementation of internal audits (including audits of group companies) based on audit plans established at the start of each accounting period. Basic audit policies, concrete measures and audit themes are determined when establishing audit plans, based on consideration of issues such as risks faced by the Company and the Group, and revisions to laws. Reports on the implementation status of the audits are then made by the General Manager of the Internal Audits Division at meetings of the Board of Directors and Audit & Supervisory Committee.

Furthermore, audits of auditors, which are performed by Group Company Auditors (6 persons) belonging to the Internal Audits Division, are used as supplementary measures for internal audits by monitoring and supervising group companies as necessary.

iii. Accounting audit

(i) Name of the Accounting Auditor

KPMG AZSA LLC.

(ii) Period of continuous service: 55 years

The period of continuous service shown above corresponds to the period since Asahi & Co., which later became (part of) KPMG AZSA LLC, was established as an audit firm, due to extreme difficulties to ascertain the situation prior to that time.

(iii) Certified public accountants who execute the audit

The Company has entered into an audit contract with KPMG AZSA LLC., for the purpose of audit on Non-Consolidated and Consolidated Financial Statements. In the most recent fiscal year ended March 31, 2024, the following two certified public accountants were designated as engagement partners in charge of audit and attestation services.

Classification	Name	Years of continuous service
Designated limited liability partner	Kondo Yasuhito	4 years
Designated limited liability partner	Kitamura Keiko	6 years

In the fiscal year ending March 31, 2025, the Company continues its audit contract with KPMG AZSA LLC., and the following two certified public accountants are designated as engagement partners in charge of audit and attestation services.

Classification	Name
Designated limited liability partner	Obata Takuya
Designated limited liability partner	Kitamura Keiko

(iv) Assistants of audit services

Assistants of audit services were selected in accordance with the selection standards of the Accounting Auditor, namely, 12 certified public accountants, 7 persons who have passed the CPA examinations and 17 other members.

(v) Policy for selecting the Accounting Auditor

The Audit & Supervisory Committee selects the Accounting Auditor based on consideration of their independence and quality control systems including systems to ensure the fair execution of duties, as well as factors such as whether the audit plans actually reflect risks to the Company's business, and whether the projected audit fees are appropriate. The Audit & Supervisory Committee also requires the Accounting Auditor to provide explanations regarding the status of its independence and quality control, and the

appropriateness of its system for executing audit duties, and confirms the status of their maintenance and operation.
The Company's policy on the dismissal of or decision to not reappoint the Accounting Auditor is as follows.
[Policy on the dismissal of or decision to not reappoint the Accounting Auditor]
If The Audit & Supervisory Committee judges that the situation of the Accounting Auditor corresponds to the items listed in Article 340, Paragraph 1 of the Companies Act, the Company will dismiss the Accounting Auditor based on the unanimous agreement of all Audit & Supervisory Committee Members.
If the Accounting Auditor is otherwise no longer considered capable of performing its duties appropriately, or if it is judged reasonable to change Accounting Auditors in order to increase the fairness and propriety of the audit, The Audit & Supervisory Committee will determine the contents of a proposal on the dismissal or non-reappointment to be submitted to the General Meeting of Shareholders.

iv. Cooperation among internal audit, audit by the Audit & Supervisory Committee, and accounting audit
(i) Cooperation between internal audit and audit by the Audit & Supervisory Committee (including audit by Audit & Supervisory Committee Members)
The Audit & Supervisory Committee conducts interviews with the Internal Audit Department on the audit plan they developed, and receives reports based on the plan, and asks for an explanation as necessary. The Audit & Supervisory Committee will also make efforts to strengthen autonomous monitoring function by attending field audits and exchanging opinions, which will lead to closer cooperation between internal audit and audit by the Audit & Supervisory Committee, and consequently, will result in the further enhancement of the effectiveness of audits backed by the collaborative effects.

(ii) Cooperation between audit by the Audit & Supervisory Committee (including audit by Audit & Supervisory Committee Members) and accounting audit
The Audit & Supervisory Committee conducts interviews with the Accounting Auditor on the audit plan, receives audit reports in light of the plan on a quarterly basis, informs the Accounting Auditor of the audit plans of the Audit & Supervisory Committee, and holds question and answer sessions. The Audit & Supervisory Committee will also make efforts to improve the quality of both audits by the Audit & Supervisory Committee and accounting audits through closer cooperation with the Accounting Auditor, such as by attending field audits conducted by the Accounting Auditor, as well as holding meetings with the Accounting Auditor where they can exchange information obtained through audits conducted by the Audit & Supervisory Committee Members and accounting audits conducted by the Accounting Auditor, respectively, as necessary.

(iii) Cooperation between internal audit and accounting audit
The Internal Audit Department gains an understanding from the Accounting Auditor regarding the audit plan annually in July. Together with Audit & Supervisory Committee Members and related departments, the Internal Audit Department will receive reports about the implementation status of audits from the Accounting Auditor. The Internal Audit Department also strives to enhance the cooperation with the Accounting Auditor by attending field audits conducted by the Accounting Auditor as necessary.

v. Relationship among internal audit, audit by the Audit & Supervisory Committee, accounting audit, and the Internal Control Department
(i) Relationship between internal audit and the Internal Control Department
The Internal Audit Department is required to conduct audits to examine whether systems of each department responsible for the development and operation of the internal control system are properly developed and effectively operated. Chief Managers, Managers and related employees of departments subject to audit are required to cooperate so that the relevant audits are carried out smoothly and swiftly. The results of the relevant audits are promptly reported by the General Manager of the Internal Audits Division to the President and Representative Director, and also shared with the relevant Internal Control Department.

(ii) Relationship between audit by the Audit & Supervisory Committee and the Internal Control Department
Full-time Audit & Supervisory Committee Members will establish a system in which they can carry out interviews individually with Officers and Chief Managers in charge of each department that develops and operates each system related to the internal control system as well as with the presidents of group

companies, whereby full-time Audit & Supervisory Committee Members can confirm the effectiveness of the relevant systems.

(iii) Relationship between accounting audit and the Internal Control Department
Officers, Chief Managers, Managers, and related employees of the Accounting & Finance Department have established, in collaboration with the Internal Audit Department, a system in which they can cooperate with the Accounting Auditor in order that accounting audits are carried out by the Accounting Auditor smoothly and effectively.
The Accounting & Finance Department and Internal Audit Department both attend the presentation of the audit report to the Audit & Supervisory Committee by the Accounting Auditor.

2) Outside Officers
i. Functions and roles to be fulfilled in corporate governance
Outside Directors are expected to utilize their knowledge, experience and expertise as business managers, certified public accountants or consultants for the management of the Company. They are responsible for the function which contributes to the improvement of efficiency and transparency in management from their independent standpoints without any mutual relationship which may impose significant control over the management of the Company.
Outside Directors serving as Audit & Supervisory Committee Members are expected to utilize their knowledge, experience and expertise as business managers, lawyers or public prosecutors for the auditing of the Company. They are responsible for the function which contributes to the securing of transparency in management and the qualitative improvement of audits from their independent standpoints without any mutual relationship which may impose significant control over the management of the Company.

ii. Cooperation among supervision/audit, internal audit, audit by the Audit & Supervisory Committee, and accounting audit
(i) Cooperation between supervision/audit and internal audit
The Board of Directors and the Audit & Supervisory Committee obtain audit plans from the Internal Audit Department and receive reports on audits based on the plans. The Audit & Supervisory Committee also requests explanations from the Internal Audit Department and the Compliance Management Promotion Department as necessary.

(ii) Cooperation between supervision and audit by the Audit & Supervisory Committee (including audit by Audit & Supervisory Committee Members)
The Company holds meetings for Representative Directors, Outside Directors not serving as Audit & Supervisory Committee Members and the Audit & Supervisory Committee to exchange opinions, in order to ensure the effectiveness of audits by the Audit & Supervisory Committee.

(iii) Cooperation between supervision/audit and accounting audit
The Audit & Supervisory Committee obtains audit plans from the Accounting Auditor with the attendance of Outside Directors not serving as Audit & Supervisory Committee Members. In addition to an exchange of opinions on audit plans, question and answer sessions are held with the Accounting Auditor as necessary.

iii. Relationship between supervision/audit and the Internal Control Department
As provided above in [Supporting System for Outside Directors] shown in "1. Organizational Composition and Operation."

iv. Agreement for limitation of liability
The Company has concluded an agreement with Directors; Mr. Tsunekage Hitoshi, Ms. Koezuka Miharu, Ms. Mochizuki Aiko, and Mr. Hori Naoki, and with Directors serving as Audit & Supervisory Committee Members; Mr. Kunibe Takeshi, Mr. Miki Shohei, Ms. Igoshi Tomoko, and Mr. Tanaka Takahiro to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 26 of the Articles of Incorporation.
The maximum amount of liability for damages based on the agreement shall be the amount stipulated by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

As described above in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)," the Company has adopted the present corporate governance system, including the adoption of an Audit & Supervisory Committee structure, because it considers that the system is appropriate in view of its aim to introduce a Monitoring Board structure, clearly separating its executive and supervisory functions.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Materials for the general meeting of shareholders are posted on the respective websites of the Company and the Tokyo Stock Exchange as soon as possible from the electronic provision measures commencement date (the day three weeks prior to the day of the general meeting of shareholders or the day on which the notice of convocation is sent; whichever is earlier) stipulated in the Companies Act, and the notice of convocation of the general meeting of shareholders is sent in principle from around 3 to 6 business days prior to the statutory deadline (at least 2 weeks prior to the general meeting of shareholders). [107th Meeting] ・ Posting on the websites of the Company and Tokyo Stock Exchange Five business days prior to the date of sending ・ Sending Six business days prior to the statutory deadline
Scheduling AGMs Avoiding the Peak Day	The Company sets the schedule for the general meeting of shareholders in principle to avoid the foremost peak day. The 106th Annual General Meeting of Shareholders, which is for the most recent fiscal year, was held on June 20, 2023, avoiding the foremost peak day.
Allowing Electronic Exercise of Voting Rights	The Company provides exercise of voting rights via the Internet, etc. for the general meeting of shareholders.
Utilization of Electronic Voting Platform and Other Methods to Improve the Environment for Institutional Investors' Voting	The Company participates in the Electronic Voting Platform operated by ICJ, Inc.
Providing Convocation Notice in English	The Company prepares an English version of the convocation notice including its reference documents.
Other	The notices of convocation are posted on the Company's website. (https://www.nankai.co.jp/ir/stock/meeting) (available in Japanese only)

2. IR Activities Updated

	Supplementary Explanations	Presentation by Representatives

Formulation and Announcement of Disclosure Policy	The Disclosure Policy has been formulated and posted on the Company's website. (https://www.nankai.co.jp/en/ir/management/disclosure_policy)	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings twice a year, in May and November. Following items are to be explained at each briefing session; the outline of financial results and financial results forecasts respectively for the first six months and the full-year, the progress of the medium term business plan, and other related items.	Available
Posting of IR Materials on Website	IR materials are posted on the Company's website. (https://www.nankai.co.jp/en/ir)	
Establishment of Department and/or Manager in Charge of IR	IR activities are handled by Sustainability Promotion Department. The officer in charge of IR activities is Otsuka Takahiro, Managing Corporate Officer and Head of Corporate Strategy Group (CFO)	

3. Measures to Ensure Due Respect for Stakeholders **Updated**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As an all-round lifestyle provider centering on the railway business, the Company established its Corporate Philosophy under the belief that it shall greatly contribute to the building of a better society through a wide range of businesses that support people's lives comprehensively. The Company also set "Ensuring compliance meticulously" as one of the Group management policies and established its Code of Business Ethics for the sound growth of the Company and group companies as well as for the establishment of business ethics. Through these initiatives, we are committed to the promotion of compliance-based management. In addition, we have been promoting the "Brand Initiative Campaign" as part of in-house efforts to improve CS and the Group brand. In this campaign, starting from setting annual targets for each department, we are engaged in various measures from viewpoints of our customers. The Company also takes all possible precautions to prevent accidents by continuing investment and employee training with a view to "assuring safety," which is the Company's most important responsibility. Preparing for the occurrence of disasters, in order to secure the safety of customers, the highest priority, and aiming for early recovery of our business activities, we have established the Disaster Countermeasure Regulations, in a commitment to fulfilling our corporate social responsibilities. In addition, in the case of an emergency such as a major earthquake, in order to prevent the interruption of important business activities, or to enable the recovery of such activities as quickly as possible in the event of interruption, we have formulated the Business Continuity Plan (BCP), which stipulates countermeasures to be taken beforehand and action plans.
Implementation of Environmental Activities, CSR Activities, etc.	In parallel with the promotion of compliance-based management as an effort in CSR, the Company has established the Environmental Philosophy as the foundation of its environmental measures and the Environmental Policies to clarify its policies concerning the environment. Based on these policies, we are promoting various initiatives in each division including the introduction of environment-friendly train stock, etc. For details, please visit the Company's website

	(https://www.nankai.co.jp/en/sustainability/materiality/06environment). The Company has established "Contribution to the Community" as part of its Corporate Philosophy, and aims to enhance corporate value over the medium and long term by expanding a range of business activities centering on public transport, and aimed at increasing value along its lines. The Company has established a Sustainability Policy to convey the Group's approach aimed at realizing a sustainable society even more clearly to internal and external stakeholders. <Sustainability Policy> The Company aims to achieve both "the sustained enhancement of corporate value" and "the realization of a sustainable society," through co-creation and cooperation with a wide range of stakeholders including local residents, local governments, companies etc., primarily in areas close to the Company's lines, as well as through the practice of the Company's Corporate Philosophy. Under this Policy, the Company has established 7 Sustainable Key Themes (Material Issues) incorporating the perspective of the SDGs, as priority long-term measures. (1) Further pursuit of safety, security and satisfaction (2) Prosperous and intimate urban development (3) Creating a future overflowing with dreams (4) Enriching lives (5) Creating workplaces and promoting human resource development to enable all personnel to utilize their abilities (6) Contributing to global environmental conservation (7) Strengthening corporate base in an honest and fair manner For details of the Sustainability Policy and Sustainable Key Themes (Material Issues), please visit the Company's website (https://www.nankai.co.jp/en/sustainability/sustainability_policy). The Company has established a system which facilitates the steady and proactive fulfillment of its social responsibilities by developing an environmental management system and making greater efforts to preserve the environment in the company. Additionally, as a part of social contribution activities, the Company has established a scholarship fund for high school students orphaned in traffic accidents mainly in Osaka Prefecture with the aim of contributing to the development of promising human resources.
Development of Policies on Information Provision to Stakeholders	For the purpose of timely disclosure of corporate information, the Company has internally appointed an officer in charge of handling information. We have also strived to properly comprehend material corporate information as well as to strictly control such information. In disclosing information, the Company prepares disclosure documents following the deliberation with related departments while receiving advice and instructions from the Accounting Auditor, etc. as necessary. Such documents are promptly disclosed following the resolution or reporting at the Board of Directors' meeting, etc. Additionally, we have been making group-wide efforts toward the realization of the principle of the precise announcement of financial results within the month following closing date.
Other	The Company intends to appoint competent human resources as officers or managerial staff regardless of gender. The Company also intends to enhance its corporate value and steadily live up to the trust of society with a corporate culture in which each of the employees with various personalities and capabilities respects each other and proactively leverage those advantages. Particularly, in order to further promote female advancement, the Company will make efforts to increase the number of women employed in various fields and as various posts including managerial and leadership positions. We intend

	to steadily raise the percentage of women to the total number of recruits (increase the percentage of women to the total number of new hires [consolidated] to around 30% by fiscal 2030 and the percentage of women to the total number of new graduate hires on the Management Course* [non-consolidated] to around 40% by fiscal 2026). Accordingly, the Company will continue to enhance its initiatives to provide more opportunities for women to play a greater role, such as the provision of expanded career development support, the improvement of the working environment, reforms of the workplace culture and employee's awareness, etc. *Career fast-track course that aims to allow hires to play a more active role as a manager or as management personnel.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Updated

(1) Basic views

We recognize that the strengthening of corporate governance functions is an important management issue. For this reason, we have strived to implement strict adherence to laws and regulations. Additionally, we have been making efforts to achieve transparent management, fair and rational decision-making, and reinforcement of functions to oversee these operations.

(2) Progress of development

1) System to ensure that the execution of duties by Directors, etc. of the Company and its subsidiaries conforms to laws, regulations, and the Articles of Incorporation

For the sound growth of the Company and group companies and for the establishment of business ethics, in addition to creating Code of Business Ethics, we have created dedicated respective organizations responsible for the promotion of internal auditing and compliance-based management.

As a guideline to deepen the spirit of our Code of Business Ethics, the Company created a Compliance Handbook which specifies the particular business operations and conducts required for each officer and employee of the Company and group companies. By conforming ourselves to the Compliance Manual and providing training sessions, we are committed to achieving the instilment of the philosophy of compliance-based management as well as the elimination of relationships with anti-social forces. We have also established a Corporate Ethics Hotline System where officers and employees can send reports or receive consultations, with the aim of early detection or correction of legal and ethical issues.

In addition, the Risk Management Committee deliberates various measures for the promotion of compliance-based management, and in the event of a serious compliance violation, will make proposals for corrections and recurrence prevention measures.

Moreover, in addition to properly establishing and operating systems which are necessary for ensuring the reliability of financial reporting, we will be committed to maintaining and improving such systems through evaluations of their effectiveness by the Internal Audit Department.

2) Systems related to storing and managing information concerning the execution of duties by Directors

Documents related to the execution of duties by Directors and Corporate Officers, including circulated draft plans and the minutes of the Board of Directors' meetings and other important meetings, are prepared appropriately, stored and managed in accordance with our Document Regulations and other in-house company rules. In addition, we have established a Security Policy and arranged systems where we can appropriately safeguard our information resources and secure their "confidentiality," "completeness," and "availability."

3) Regulations and other systems related to the management of loss risk for the Company and its subsidiaries

The Company has established the Risk Management Committee with the aim of avoiding or reducing risks that may have a significant impact on the Group's management, including compliance violation, by conducting comprehensive and centralized risk management within the Group, and has established a system to report the status of risk management to the Board of Directors.

The Company has established the Crisis Management Guidelines as comprehensive standards to prevent the occurrence of crises (excluding serious accidents and disasters) as well as to minimize damage to the Company, its officers and employees, travelers and customers should they occur. In addition, we have

established the Disaster Countermeasure Regulations with the aim of fulfilling our corporate social responsibilities particularly by taking measures to minimize damage such as regulating a countermeasure organization and emergency handling procedures for occurrence or potential occurrence of major accidents and disasters, efforts for early recovery of the Company's operations, as well as commitment to secure the safety of travelers, customers, and our officers and employees.
Moreover, in the Group Company Management Regulations, it is stipulated that we shall work to grasp crisis information across group companies and conduct crisis management for group companies in accordance with our Crisis Management Guidelines.
In the railway business, for the purpose of securing transportation safety, the Company has established the Safety Management Regulations and the Safety Promotion Committee. Going forward, we will be committed to the further promotion of safety management.
With respect to risk management accompanying the respective business operations of each of the Company's departments and group companies, the relevant departments and companies have been taking measures such as the provision of training sessions, the development of manuals and regulations, etc., as necessary.

4) System to ensure the efficient execution of duties by Directors and others in the Company and its subsidiaries
In order to realize the systematic and efficient conduct of our business activities, in our in-house company rules, we have clearly stipulated the business organizations and the assignment of duties as well as the responsibilities, authorities, duties and other roles of the employees assigned to the respective positions.
Moreover, we have adopted the structure of a Company with an Audit & Supervisory Committee, delegating decisions regarding important business execution to Representative Directors, and a system of Corporate Officers, giving Corporate Officers responsibility for business execution, and enhancing the agility of business execution by clearly separating the Company's executive and supervisory functions. Based on the fundamental management policies established by the Board of Directors, the Group Top Committee, which is comprised of the Chairman, President, and each Group Head, meets once a week to discuss matters on important business execution. Through this and other efforts, we seek to comprehensively control business execution and optimize decision-making on management.
For the execution of duties by Directors of Nankai group companies, based on our Group Company Guidance Policy, we have stipulated basic policies for organizational form and institutional design after considering their business scales, special qualities and characteristics while keeping in mind their agility and autonomy in management. Moreover, with the aim of ensuring the reliability of financial reporting and achieving the higher efficiency in business operations, we have adopted shared services for accounting operations.
In addition, for the purpose of enhancing management effectiveness, particularly in order to accurately understand the state of business operations and promote their improvement, we have established a system where the Internal Audit Department can systematically implement internal audits including audits for group companies, and report the results to the Board of Directors and the Audit & Supervisory Committee.

5) Systems related to reporting to the Company about items concerning the execution of duties by subsidiary company Directors and other staff
Based on the Group Company Guidance Policy and the Group Company Management Regulations, we maintain close contact for mutual understanding between the Company and our group companies. We also require group companies to obtain advance approval from the Company for items of a certain importance on management such as important facility investments, and ask for reporting as appropriate.

6) Systems to ensure the propriety of business conducted by other group members
While we strive for unified management and effective control as a corporate group by dispatching our officers and employees to serve as officers and management personnel in our group companies, we seek to strengthen the functions of Auditors of our group companies and enhance their information sharing through the placement of Associate Auditors and discussions at the Group Company Auditor Counsel.
Furthermore, in addition to stipulating the IT Management Regulations for the establishment of IT control, the Company's Examination Committee has prepared strict screening procedures for the execution of financing to group companies in order to optimize the business operation of the Group as a whole.

7) System to ensure that the auditing by the Audit & Supervisory Committee is conducted effectively
We have established the Secretariat of Audit & Supervisory Committee as an organization dedicated to work related to the Audit & Supervisory Committee. In accordance with the Company Regulations, the Secretariat

of Audit & Supervisory Committee is clearly separated from the command structure of the President and other Corporate Officers, and its staff members follow the directions and orders of Audit & Supervisory Committee Members. In addition, the consent of full-time Audit & Supervisory Committee Members shall be obtained regarding personnel changes and evaluations of members of the Secretariat of Audit & Supervisory Committee.
The Company's President, other Corporate Officers and employees request that full-time Audit & Supervisory Committee Members attend the Group Top Committee and other important meetings where they report about issues that are important to the management of the Company and the Group, including the status of business execution, operating results, and financial conditions. We have also arranged a system for full-time Audit & Supervisory Committee Members where they can receive important information, etc., including draft plans after approval and internal auditing reports, for review. Moreover, in response to requests from the Audit & Supervisory Committee or full-time Audit & Supervisory Committee Members, we conduct exchanges of opinions related to individual management issues.
For the operation of the Corporate Ethics Hotline System, the Corporate Ethics Hotline System Rules declare that officers and employees shall not treat informants disadvantageously or unfairly, nor shall they conduct acts of retribution or discrimination. Moreover, we have established a system whereby reports about the status of the operation are made regularly to full-time Audit & Supervisory Committee Members and the Board of Directors.
While setting a budget for ordinary auditing expenses based on the audit plans of the Audit & Supervisory Committee, when expenses are claimed outside of the budget for special circumstances such as for when Audit & Supervisory Committee Members consult lawyers, certified public accountants, and other experts outside the Company for their opinions for the purpose of executing their duties, the Company shall not unreasonably withhold payment except for cases where the claimed expenses are deemed unnecessary for the execution of the duties of the Audit & Supervisory Committee.

2. Basic Views on Eliminating Anti-Social Forces Updated

(1) Basic views
For the sound growth of the Company and group companies and for the establishment of corporate ethics, the Company has formulated the Code of Business Ethics. The Code of Business Ethics specifies our intention to reject all contact with organizations involved in activities in violation of the law or accepted standards of responsible social behavior, and represents our efforts to break off any relationships with anti-social forces.

(2) Progress of development
The Company has distributed the Compliance Handbook to all officers and employees as a guide for them to make decisions and act in such a way that ensures compliance in accordance with the Code of Business Ethics.
In order to eliminate anti-social forces, the Company has set up the Compliance Management Promotion Department, which is manned full-time by a former member of the police.
In addition to the aforementioned matters, the specific progress of internal system development and measures are as follows.

1) The President expresses the spirit of the Code of Business Ethics and gives statements in every possible occasion inside and outside the Company in order to deepen the spirit of the Group as a whole and each officer and employee.
2) If unreasonable demands are posed by anti-social forces, immediate reporting and consultation shall be made to the Compliance Management Promotion Department. In response, the Compliance Management Promotion Department shall not succumb to demands from anti-social forces, but support the initiatives to break off relationships by giving advice and instructions. Additionally, the Company has built close collaborations with external specialized organizations (the police, lawyers, the Osaka Center for Removal of Criminal Organizations, etc.), which enables us to consult them and receive advice as necessary.
3) Counterparties shall always be monitored whether they fall under anti-social forces by utilizing the Company's own database, information from external specialized organizations, etc. In addition, in the event of occurrence of any relationship with anti-social forces without prior knowledge, the Company shall promptly terminate the relationship after discovery or concerns to that effect.
4) In order to prevent damage in cases where anti-social forces become our business partners and pose unreasonable demands, the Company has taken measures to include "clauses for the exclusion of organized crime groups" in contracts, trade agreements, and similar documents.

5) The Company participates in community activities and meetings hosted by the Osaka Prefectural Center for Removal of Criminal Organizations, the Osaka Corporate Defense Countermeasures Federation, etc. to eliminate anti-social forces including crime syndicates.
6) In the event that any damage is caused due to unreasonable demands, the Company shall clearly declare inside and outside the Company that it will not succumb to unreasonable demands, and diligently file a damage report to the police without hesitation to prevent the further spread of damage.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

(1) Basic Policy
The Company believes that the decision in response to a takeover proposal involving a transfer of the Company's control shall be ultimately made based on the intent of our shareholders as a whole. Furthermore, the Company will not deny all large-scale purchases of the Company's shares if such purchases contribute to corporate value and thus the common interests of shareholders.
However, some large-scale purchases do not actually contribute to the corporate value of their target companies or the common interests of shareholders. These include acquisitions with aims that obviously do harm to corporate value and the common interests of shareholders, those that effectively force existing shareholders to sell their holdings, and those that do not provide sufficient time or information for the Board of Directors and shareholders of the target company to consider the details of the large-scale purchase, or for the Board of Directors to present an alternative proposal.
In particular, in order to secure and enhance corporate value, it is necessary for the Company to maintain and strengthen its positive relationship of trust with its customers, centered around those who live close to its lines, and the local community. Furthermore, it is imperative that the Company ensures safe transportation, its greatest responsibility as a railway company. While it is of course necessary for any large-scale buyer of the company's shares to understand details of the Group's finance and business, it is also vital for such a buyer to understand the source of the Company's corporate value, secure and enhance it over the medium and long term. If this is not the case, then the Company's corporate value and the common interests of shareholders will be damaged.
The Company believes that if a large-scale buyer does not contribute to the Company's corporate value and the common interests of shareholders, it is not appropriate for that buyer to control the Company's finance and business policy. In response to large-scale purchases of this nature, we believe it is necessary to engage appropriate measures, in accordance with the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations, to secure the Company's corporate value and the common interests of shareholders.

(2) Summary of the Details of Efforts to Realize the Fundamental Policy
1) Special efforts contributing to the realization of the fundamental policy
In order to help realize Nankai's Corporate Image in 2050 and achieve the Nankai Group Management Vision 2027, the Group has formulated the medium term business plan, Kyoso 140 Plan covering the period fiscal 2022 through fiscal 2024, and is currently promoting this plan in earnest.
In this medium term business plan, as described on the Company's website (https://www.nankai.co.jp/en/ir/management/medium-term_management_plan), we will carry out three business strategies, human resource strategies, and financial strategies, with the aim of achieving sustainable growth and the enhancement of corporate value over the medium and long term.

2) Efforts to prevent decisions on the Company's financial and business policy being controlled by those who are inappropriate in light of the fundamental policy
In an effort to prevent decisions on the Company's financial and business policy being controlled by those who are inappropriate in light of the fundamental policy, the Company will request any party intending to undertake a large-scale purchase of the Company's shares to provide information necessary for shareholders and the Board of Directors to consider the details of the purchase. Based on this information, the Board of Directors will discuss and negotiate with the buyer as necessary, and present the opinion of the Board of Directors to shareholders. In addition, the Company will engage appropriate measures, in accordance with the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations, including working to ensure that shareholders have sufficient time to make an appropriate decision on the purchase.

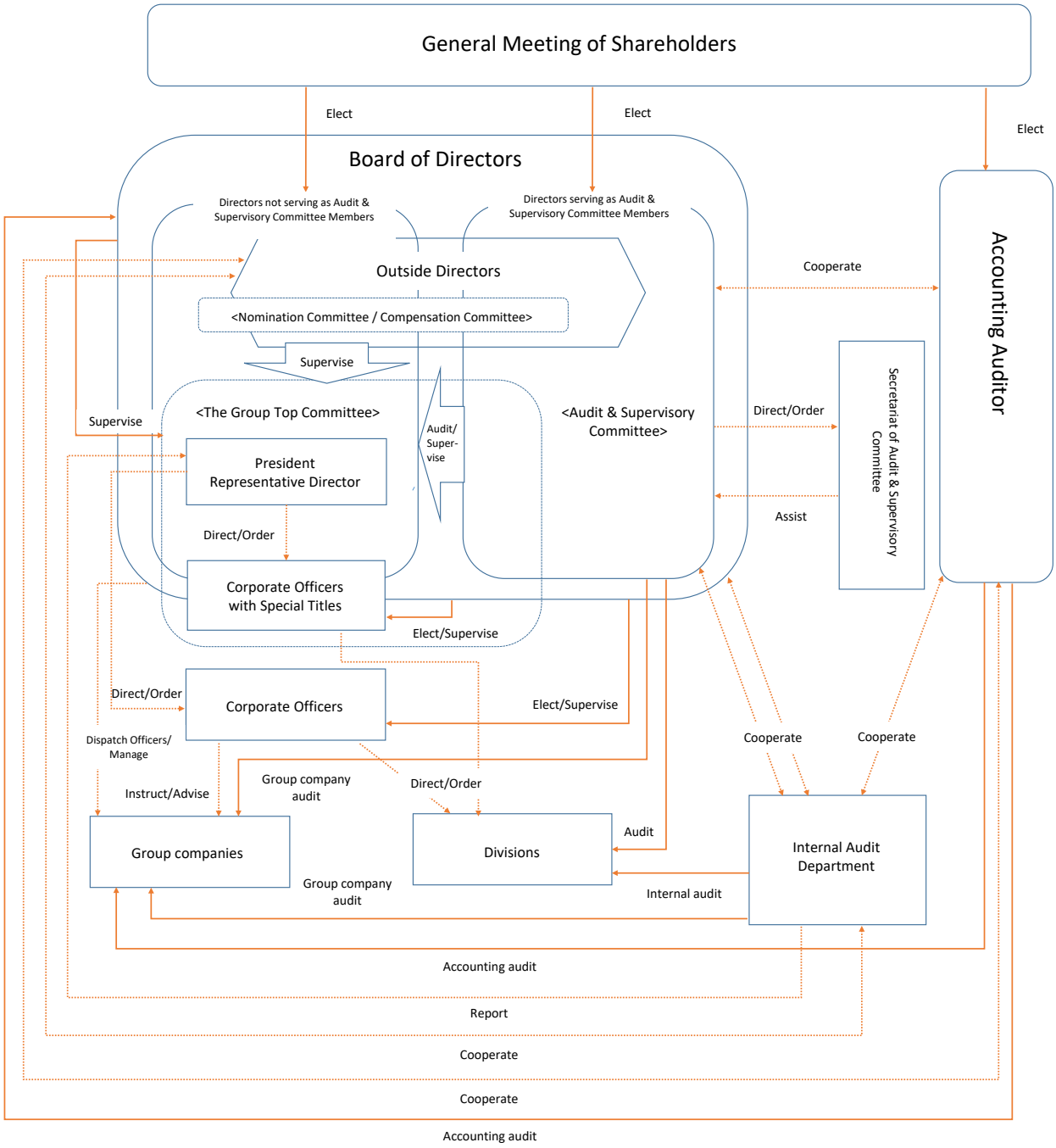
(3) The decision of the Board of Directors and its reasons concerning each effort described above

The initiatives mentioned in 1) of (2) above, have both been established as concrete measures to continuously and sustainably enhance corporate value of the Company and the common interests of shareholders, and clearly contribute to the realization of the fundamental policy.
Likewise, the efforts described in 2) of (2) above are aimed at warding-off acquisitions that are detrimental to corporate value and the common interests of shareholders, thus securing and enhancing corporate value and the common interests of shareholders, by ensuring sufficient time and information for all shareholders to make an appropriate decision, as well as securing an opportunity for negotiation with the potential buyer, if a large-scale acquisition of the company's stock is attempted.
Therefore, these efforts and measures conform to the fundamental policy and the common interests of shareholders of the Company, and are not aimed at maintaining the status of the Company's officers.

2. Other Matters Concerning Corporate Governance System

The Timely Disclosure System of the Company has been stipulated in the Disclosure Policy and posted on the Company's website. (https://www.nankai.co.jp/en/ir/management/disclosure_policy)

【Corporate Governance System】



[Timely Disclosure System]

