

Hankyu Hanshin Holdings

Sustainability Databook 2023

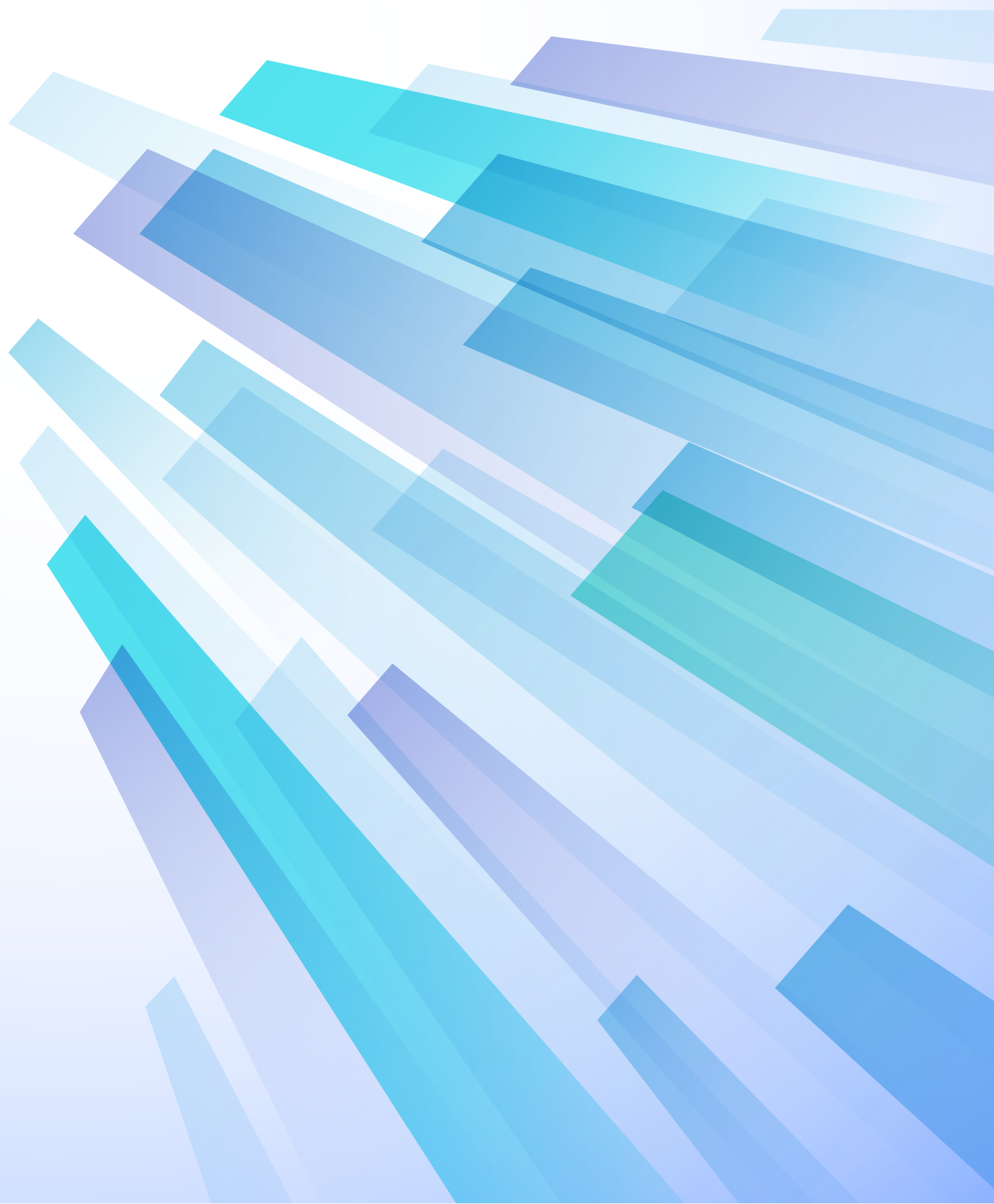


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Editorial Policy

This report outlines the approach, initiatives, major performance results in FY2023, future policies and plans of the Hankyu Hanshin Holdings Group for the realization of a sustainable society.

Guidelines for Reference:

GRI Sustainability Reporting Standards [GRI Standards Content Index](#) 

Report Scope:

Hankyu Hanshin Holdings, Inc., its major companies, the companies that belong to the Group's respective core businesses (Urban Transportation, Real Estate, Entertainment, Information and Communication Technology, Travel, and International Transportation), and other operating companies (The following different report scopes apply to some parts of this databook.)

- Hankyu Hanshin Holdings, Inc.
- Hankyu Hanshin Holdings, Inc. and its six major companies:
a total of seven companies (Hankyu Hanshin Holdings, Inc., Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, and Hankyu Hanshin Hotels)
* Hankyu Hanshin Holdings, Inc. and its six major companies account for about 70% of the Group's consolidated operating revenue.
- Hankyu Hanshin Holdings, Inc. and its consolidated subsidiaries in Japan: a total of 78 companies
- Hankyu Hanshin Holdings, Inc. and all its consolidated subsidiaries:
a total of 100 companies (Number of employees: a total of 22,527 persons [as of March 31, 2023])

Period Covered:

FY2023 (April 1, 2022–March 31, 2023)

Note: This databook also covers some initiatives implemented around FY2023.

Reporting System:

Information on sustainability is provided in the Sustainability Databook, the corporate website, and other media listed below.

- Sustainability Databook (This Report): Provides detailed non-financial ESG (environmental, social, and governance) information
- [Corporate website](#) [WEB](#): Examples of the Group's initiatives in line with the priority issues, the GRI Standards Content Index, etc. posted on the Group's sustainability website
- [Integrated Report](#) [WEB](#): Provides information about the review of FY2023 and the Group's management policies and ESG initiatives
- [Securities Report](#) [WEB](#): Provides more detailed financial information
- [Corporate Governance Report](#) [WEB](#): Provides information mainly on the Group's corporate governance approach and systems in compliance with Japan's Corporate Governance Code
- Safety Reports: Provide information mainly on the railway operators' safety initiatives (issued by [Hankyu Corporation](#), [Hanshin Electric Railway](#), [KITA-OSAKA KYUKO RAILWAY](#), and [Nose Electric Railway](#) [WEB](#))

Major updates (since October 2023):

- Updated in March 2024: p. 25 Training record (updated)
 - p. 39 The Group's GHG emissions (SCOPE 1 and 2) (updated)
 - p. 40 Energy consumption on a crude oil-conversion basis (updated)
 - p. 51 Attendance rates at meetings of the Board of Directors, Audit & Supervisory Committee, Corporate Governance Committee and Compensation Committee (FY2023) (new)
 - p. 60 Independent Assurance Report (new)

General Principles and Priority Issues in the Sustainability Declaration

In May 2020, the Hankyu Hanshin Holdings Group announced the Hankyu Hanshin Holdings Group Sustainability Declaration and is promoting sustainable management to continuously enhance corporate value and ultimately realize a sustainable society.



General Principles

Create a future grounded in “Safety and Comfort” and a future colored by “Dreams and Excitement.”

For over a hundred years, we have sought to cultivate communities and enrich lives. Leveraging this experience, we commit ourselves to addressing social and environmental challenges and working toward a sustainable future, one that offers a fulfilling, joyful life to all and inspires the next generation to dream with hope.

Priority Issues, Policies, and Project Themes

Priority issues and policies	Project themes	Relevant SDGs
<p>1  Safe, reliable infrastructure</p> <p>Provide railways and other infrastructure that are safe and disaster-resilient. Ensure that anyone can safely access our facilities and services.</p>	<ol style="list-style-type: none"> Eliminate accidents and improve safety at railways and commercial facilities Promote actions to prevent/reduce accidents and respond promptly and properly to accidents if they occur Establish safe and comfortable facilities and services that satisfy the needs of a diversity of people 	 
<p>2  Thriving communities</p> <p>Help build sustainable communities with rich natural and cultural heritage, making great places to live in, work in, and visit.</p>	<ol style="list-style-type: none"> Develop a good living environment (providing good residences, creating green spaces and public spaces, establishing cultural and educational facilities, etc.) Develop and expand commercial/business areas where people communicate with each other Create a line-side environment that makes it easier for women to work and for all to raise children Promote measures to extend the healthy lifespan of the elderly Offer services that satisfy the needs of foreign visitors/residents Enhance collaboration and partnerships with universities, research institutions, ventures, local communities, etc. 	   
<p>3  Life designs for tomorrow</p> <p>Promote refined and inspired lifestyle solutions for a better tomorrow.</p>	<ol style="list-style-type: none"> Propose products/services that help realize a lifestyle in harmony with nature Propose products/services that lead to revitalization and promotion of local communities and cultures Propose products/services that respond to diverse values and create comfort and excitement Propose products/services for young people who will lead the next generation Create and disseminate cultures through sports and entertainments Improve existing services and create new businesses by utilizing ICT innovation 	  
<p>4  Empowering individuals</p> <p>Provide an inclusive workplace that values diversity and taps into individual talent. Cultivate tomorrow's leaders for society.</p>	<ol style="list-style-type: none"> Improve employee satisfaction and create a more positive workplace Promote health and productivity management Promote diversity & inclusion Respect human rights and prevent harassment Cultivate tomorrow's leaders 	   
<p>5  Environmental protection</p> <p>Conduct eco activities that contribute to a carbon-neutral world and a circular economy.</p>	<ol style="list-style-type: none"> Cut greenhouse gas (CO₂) emissions Improve energy efficiency (promote energy saving) Use more renewable energy (e.g. solar) Aim for more eco-friendly buildings (green buildings) Produce less waste and recycle more 	  
<p>6  Robust governance</p> <p>Act honestly and in good faith, as stakeholders expect us to do.</p>	<ol style="list-style-type: none"> Promote effective and transparent corporate governance Ensure compliance and prevent corruption Enhance risk management, including climate change Pay attention to opinions of stakeholders in doing business 	 

Note: The SDG icon that is placed first is the most relevant to each priority issue.

Steps to Determine Priority Issues (Materiality Matrix)

By taking the following steps, we identified the issues that the Hankyu Hanshin Holdings Group should address as its priority issues.

STEP 1 Creation of a long list of social issues

Based on guidelines such as the SDGs, GRI Standards, SASB Standards and ISO 26000 as well as the results of external environmental analysis and PEST analysis by external experts, compiled a list of universal social issues and a list of social issues particularly relevant to the Hankyu Hanshin Holdings Group. Then, created a long list of social issues (349 items) that are important to the Group.

STEP 2 Summarization into a short list

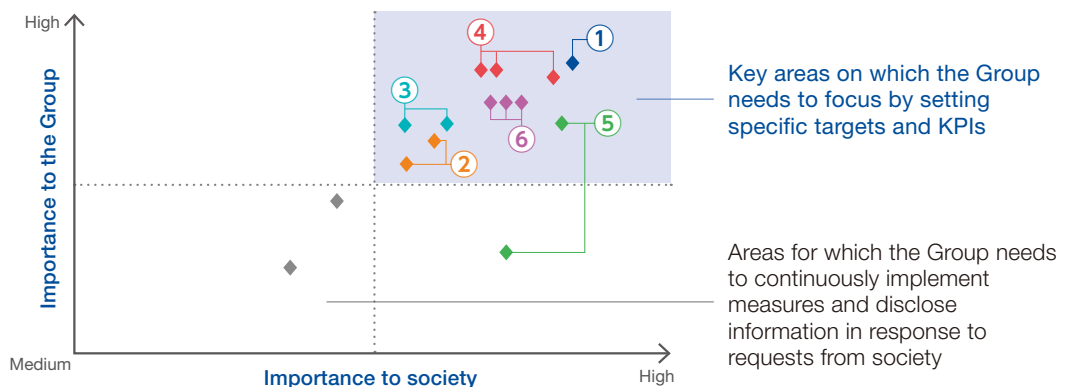
Narrowed down the long list into a short list of 54 items by eliminating items that have little relevance to the Group and combining duplicate items. Then divided the 54 items into 15 categories.

Universal social issues	Social issues particularly relevant to the Hankyu Hanshin Holdings Group
<ul style="list-style-type: none"> • Addressing climate change • Adapting to circular society • Developing sustainable communities • Promoting gender equality and diversity • Balancing economic growth and employee satisfaction • Enhancing corporate governance • Problem solving through partnerships 	<ul style="list-style-type: none"> • Depopulating society • Aging population • Tight labor market • Increasing public interest in safety and security • Aging infrastructure • Adapting to diverse values • Accepting multiple cultures along with an increase in the foreign population • Advancement of technology innovation

STEP 3 Identification of priority issues

Based on their level of importance to the Group and to society, ranked the 15 categories in order of priority. In addition, conducted surveys for and interviews with the responsible personnel for each core business and interviews with external experts [WEB](#). Following additional examination of the findings of the surveys and interviews, determined six priority issues (materiality). The Board of Directors then approved the priority issues.

Materiality mapping



Six priority issues (Materiality)

- | | | |
|---------------------------------|----------------------------|-----------------------------|
| ① Safe, reliable infrastructure | ② Thriving communities | ③ Life designs for tomorrow |
| ④ Empowering individuals | ⑤ Environmental protection | ⑥ Robust governance |

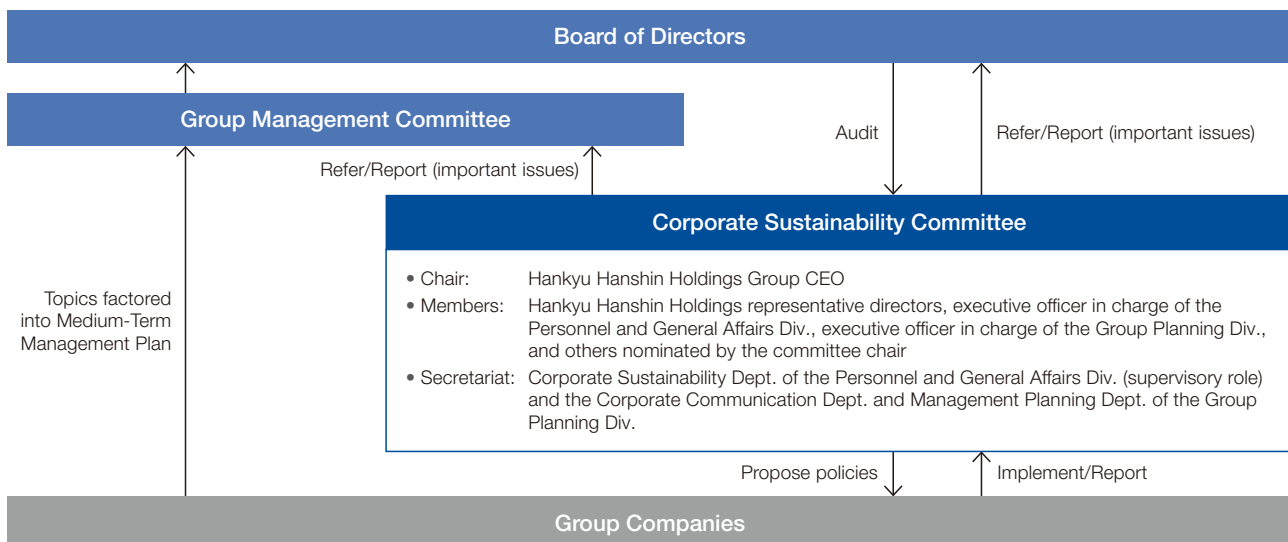
Sustainable Management Promotion Framework

Establishment of the Corporate Sustainability Committee

Toward the cross-sectional promotion of sustainability throughout the Group, we have established the Corporate Sustainability Committee, which is chaired by the Group CEO and comprises all representative directors, the executive officer in charge of the Personnel and General Affairs Division (in charge of ESG, environment, social contribution, personnel affairs, risk management, and compliance), the executive officer in charge of the Group Planning Division (in charge of corporate planning and finance), etc. This committee meets twice (in September and February) every fiscal year.

The committee formulates policies on the priority issues toward sustainable management, supervises the progress of relevant measures, and deliberates and decides on issues that should be reflected in the Medium-Term Management Plan from both financial and non-financial perspectives. The results of this committee's deliberations will be proposed to the Group Management Committee for further deliberations, which comprises all representative directors and the representatives of the Group's core businesses, and also reported to the Board of Directors for supervision. We are thus promoting sustainable management by positioning it as an integral part of the entire Group's management system.

Sustainability Promotion Framework



Support for the TCFD and the United Nations Global Compact

In May 2021, the Hankyu Hanshin Holdings Group announced its agreement with the Task Force on Climate-related Financial Disclosures (TCFD)*1 and the United Nations Global Compact (UNGC)*2 to show its active commitment to sustainable management.



*1: Task Force on Climate-related Financial Disclosures (TCFD): Created in 2015 by the Financial Stability Board at the request of the G20, the TCFD encourages businesses to provide high-quality information about how climate change will impact their strategy and finances over the medium and long term, so that investors have sufficient information to make their investment decisions.

*2: United Nations Global Compact (UNGC): Announced at the World Economic Forum held in 1999, the UNGC is a pact that enshrines behavioral principles for businesses around the world. It consists of ten principles in the areas of human rights, labor, environment, and anti-corruption.

1. Respect for Human Rights

Approach

The Hankyu Hanshin Holdings Group regards “Respect for People” as one of the values of the Group Management Philosophy. To embody it, we have stipulated the Basic Philosophy and Policy on Respect for Human Rights, and we are engaged in awareness-raising activities to develop a better instinct for human rights in individual employees. In particular, considering harassment in the workplace as a serious issue that prevents employees from demonstrating their abilities, we have promoted efforts to eradicate harassment on a group-wide basis, including delivering top messages, implementing education and awareness-raising activities, and conducting a questionnaire survey of employees.

In May 2021, we announced our agreement with the United Nations Global Compact*¹ and then made a commitment to respect and support the United Nations Guiding Principles on Business and Human Rights. Subsequently in April 2023, we revised our Basic Philosophy and Policy on Respect for Human Rights*² based on the Guiding Principles.

We will continue to contribute to the realization of an affluent society free of human rights abuse or discrimination.

Hankyu Hanshin Holdings Group Basic Philosophy on Respect for Human Rights

By respecting the human rights of all people involved in our business activities, we contribute to the creation of an affluent society free from discrimination and the infringement of human rights based on birth, race, nationality, religion, creed, sex, sexual orientation and gender identity, age, disability, etc.

Hankyu Hanshin Holdings Group Basic Policy on Respect for Human Rights

1. Compliance with laws and regulations related to respect for human rights

We will endeavor to comply with human rights laws and regulations applicable in the countries and regions in which we operate and will support and respect international human rights norms such as the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights) and the ILO Declaration on Fundamental Principles and Rights at Work* issued by the International Labour Organization (ILO).

* The core labour standards include freedom of association and recognition of the right to collective bargaining, prohibition of forced labour, prohibition of child labour, prohibition of discrimination in respect of employment and occupation, and a safe and healthy working environment.

2. Scope of application

This philosophy and policy apply to all officers and employees of the Hankyu Hanshin Holdings Group. We also will try to gain the understanding and support of stakeholders in this philosophy and policy, and we hope to work together to proceed with respect for human rights.

3. Human rights due diligence

In order to fulfill our responsibility to respect human rights, we will continue to implement human rights due diligence and work to avoid and reduce negative impacts on human rights.

4. Remedy and correction

Upon our knowledge of any directly caused, and/or the contributing of, adverse impacts on human rights through our business activities, we will implement or cooperate in remedies and corrections through appropriate means.

5. Dialogues with stakeholders

We seek to gain insights through dialogue with outside experts, listen to the opinions of our stakeholders, and strive to respond responsibly.

6. Education and Awareness

We will continue to provide the necessary education and awareness to ensure that this philosophy and policy are carried out in our business activities.

7. Creating a safe and satisfying work environment

In order to respect the human rights of each employee, we will endeavor to maintain fairness and equality in all treatment, starting with the hiring process. We will also promote the creation of a work environment where officers and employees can recognize each other's differences and make full use of their individuality and talent.

8. Information disclosure

We will disclose information on our efforts to respect human rights in a timely and appropriate manner.

1. Respect for Human Rights

2. Ensure Business Safety and Reliability

3. Contribute to Local Communities

4. Employment and Labor Initiatives

5. Occupational Health & Safety

*1: The United Nations Global Compact (UNGC) [\[WEB\]](#): Announced at the World Economic Forum held in 1999, the UNGC is a pact that enshrines behavioral principles for businesses around the world. It consists of ten principles in the areas of human rights, labor, the environment, and anti-corruption. The responsibilities placed on companies and organizations participating in the United Nations Global Compact have been determined based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development (Earth Summit), and the United Nations Convention against Corruption. In May 2021, the Group signed the United Nations Global Compact, agreeing with its philosophy, and it has joined the Global Compact Network Japan (GCNJ), a local network in Japan.

*2: This philosophy and policy have been approved by the Board of Directors of the Company.

Ten Principles of the United Nations Global Compact

- **Human Rights** Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights and Principle 2: make sure that they are not complicit in human rights abuses.
- **Labour** Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, Principle 4: the elimination of all forms of forced and compulsory labour, Principle 5: the effective abolition of child labour, and Principle 6: the elimination of discrimination in respect of employment and occupation.
- **Environment** Principle 7: Businesses should support a precautionary approach to environmental challenges, Principle 8: undertake initiatives to promote greater environmental responsibility, and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
- **Anti-Corruption** Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Management / Organization

To promote cross-sectional sustainability throughout the Group, we have established the Corporate Sustainability Committee, which is chaired by the Group CEO (responsible supervisor). The Committee, which convenes twice a year, deliberates on the direction of the Group's response to issues related to respect for human rights. Particularly important topics are reported to, or brought up at, the Group Management Committee or Board of Directors, and incorporated into the Group's overall management framework.

We have assigned a manager, a section chief, and several staff members in charge of human rights in our Personnel Department to promote the Group's efforts to respect human rights, while the six major Group companies, together with its affiliated Group companies, promote respect for human rights in daily operations according to the business characteristics of each company. For instance, Hankyu Corporation holds meetings of the Human Rights Enlightenment Promotion Main Committee, chaired by the director with a special title in charge of personnel affairs (responsible party), which deliberates on human rights initiatives and makes decisions as a company. Hanshin Electric Railway has also established a Human Rights Enlightenment Promotion Committee, chaired by the director in charge of personnel affairs (responsible party), to formulate a basic plan for human rights education and to promote company-wide human rights awareness through a subordinate committee organization. Hankyu Hanshin Properties has also established a Human Rights Enlightenment Promotion Committee, which is chaired by the president (responsible party) and includes the heads of each division and the presidents of each subordinate company. In this way, each company has established a human rights awareness promotion system and is promoting efforts to respect human rights.

In particular, Hankyu Hanshin Holdings, Inc. is working to eradicate harassment by supervising the plans and execution of harassment prevention at each Group company.

Target

Indicator	Range	Target	FY2023 Results
Rate of participation in human rights training	Hankyu Hanshin Holdings, Inc. and its 6 major companies	Always 100%	100%

Initiatives

Human rights due diligence

Prevention and mitigation of human rights-related risks

Hankyu Hanshin Holdings, Inc. conducted a survey on respecting human rights targeting all of its consolidated subsidiaries (including those outside Japan). Using a checklist made by the Company based on expert advice, the survey included items on freedom of association and the right to collective bargaining, elimination of forced or compulsory labor, abolition of child labor, elimination of discrimination in respect of employment and occupation, and a safe and healthy environment, which are items included in the Core Labour Standards set by the International Labour Organization (ILO). As a result of the survey, it was confirmed that none of our subsidiaries have any issues related to any of the items.

Conducting a questionnaire survey on the workplace environment

Each Group company conducts a questionnaire survey of employees on the workplace environment every other year. The questionnaire contains a wide range of questions related to harassment, including whether the respondent is subject to harassment, whether there are harassment cases around the respondent, and whether harassment prevention measures taken by the company work effectively for employees. The questionnaire results are used as important materials for each company to formulate harassment prevention measures. When conducting a questionnaire survey, we inform Group employees of the Harassment Consulting Office, where they can seek consultation, and encourage them to use the consultation services.

- Number of respondents to the questionnaire on the workplace environment: 24,047 persons (FY2023)

Remedy and correction

Establishing a consultation system for harassment and human rights violations

The Group has established the Harassment Consulting Office for Group employees within the Personnel Department of the Company to accept consultation on harassment in the workplace. (Anonymous consultation is also available.) For the use of consultation services, it is clearly stated that the privacy of an employee who seeks consultation is protected and that there is no disadvantageous treatment of the relevant employee due to seeking consultation. If an employee subject to harassment, including an employee who seeks consultation, is in a troubled situation, we will work to improve the situation.

The Group also conducts training that incorporates role-playing for the staff in charge of Harassment Consulting Office in each Group company to help them acquire knowledge and skills that can respond appropriately to consultation. We are thus striving to create a consultation system in which employees can seek consultation without worry. Since FY2017, 420 employees have participated in the training for the staff in charge of Harassment Consulting Office that is organized by the Company (cumulative total up to the end of March 2023).

In addition to the Harassment Consulting Office, we also accept cases of human rights violations at the Corporate Ethics Consultation Desk*, which is a whistleblowing system that can be used by the Group's officers and employees as well as the business partners of the Group. (Anonymous consultation is also available.)

* Please refer to "2. Operation of Corporate Ethics Consultation Desk (Internal Whistle-Blower Procedures)" of "2. Ensure Compliance and Prevent Corruption" in the "GOVERNANCE" part (page 55).

Dialogues with stakeholders

Toward the revision of our Basic Philosophy and Basic Policy on Respect for Human Rights in 2023, we exchanged views about the Group's related policies and initiatives with human rights experts on several occasions. We have also been fostering initiatives for "business and human rights" by adopting the advice given to us by both domestic and overseas human rights experts.

Education and Awareness

Spreading the Basic Philosophy and Basic Policy on Respect for Human Rights

The Group publishes the Compliance Handbook, to be distributed to all officers and employees of the Group, in which the Basic Philosophy and Basic Policy on Respect for Human Rights are introduced in an easy-to-understand manner with examples of behaviors that go against respect for human rights to raise employee awareness of human rights. We revised the Basic Philosophy and Basic Policy on Respect for Human Rights in April 2023 and have been providing information about the revision, including an explanatory video, in the Group's newsletters to employees.



Compliance Handbook (English edition)

Human rights enlightenment training

The Group annually conducts human rights enlightenment training for the top management of each Group company and all employees in management positions in the Company totaling about 800 to regularly raise their awareness of various human rights issues that those responsible for management should know. In the spring of 2023, we held a training seminar on Business and Human Rights where attendees heard from an invited expert speaker. Human right enlightenment training is also conducted for those in charge of human rights-related issues at each Group company as well as for new appointees to positions at each level, including new directors, new corporate auditors, new managers, and new employees of each Group company, to promote the spread of the Basic Philosophy and Basic Policy on Respect for Human Rights and continuously educate them about the prevention of harassment. Through the training, we aim to develop a better instinct for human rights in individual employees by providing the opportunity to learn about the Basic Philosophy and Basic Policy on Respect for Human Rights and to understand correctly and think deeply about discrimination and human rights violations due to birth, race, nationality, religion, creed, sex, sexual orientation and gender identity, age, disability, and other factors.

● Examples of training topics

- Addressing LGBT-related issues from the perspective of business and human rights
- Thinking about human rights in the context of business management and operations
- Companies and human rights (to understand the issues affecting marginalized communities, people with disabilities, foreign nationals in Japan and sexual minorities and to stamp out all forms of harassment)
- Human rights at the workplace (prevention of harassment, understanding of people with disabilities, assertive communication and others)

Promoting human rights enlightenment through the urban transportation business

To play a role as a public transport provider, we have established the Transit Information Center and information desks to listen to a wide range of views from customers, including problems with the use of our services and feedback on the convenience of the services. We also display posters that promote human rights enlightenment and perform automatic broadcasting about respect for human rights in station buildings based on requests from outside organizations and the government.

Creating a safe and satisfying work environment

Thoroughly complying with labor laws and regulations

The Group complies with international rules and local laws and regulations and does not tolerate working conditions that may infringe on human rights or ideas that violate equal pay for equal work. We also strive to improve the workplace environment and working conditions, which form the basis of respect for human rights. In addition to initiatives by each company, Hankyu Hanshin Holdings, Inc. annually conducts a personnel and labor-related survey of each Group company. Through this survey, the company checks the status of its compliance with labor laws and regulations, and shares information on revisions to labor laws and regulations to the Group.

Enhancing harassment prevention measures

Prior to the enforcement of the revised Act on Comprehensive Promotion of Labor Policies (mandatory measures to prevent power harassment) from June 2020, we have been making company-wide efforts to prevent power harassment under the leadership of top management.

● Delivering top messages

Believing that changing the mindset of senior employees is the most important factor in eradicating power harassment, we repeatedly deliver top messages from the president of the Company and the top management of each Group company. With the aim of preventing harassment, these messages are delivered through online distribution to Group employees, as part of the instructions given at a training program for the managerial staff hosted by the Company, and by other means.

● Enacting regulations on harassment prevention

Prior to the enforcement of the revised Act on Comprehensive Promotion of Labor Policies from June 2020, the Group has stipulated and made known in its regulations that employees of all of the companies, regardless of the business scale, should not engage in power harassment and that employees who engage in behavior related to power harassment will be strictly punished.

● Formulating a harassment prevention measure plan

Every year from FY2021, each Group company formulates a harassment prevention measure plan and systematically implements actions in line with the plan. The auditors of the Company and each Group company support the steady implementation of the actions by checking their progress in each company and providing advice.

● Conducting harassment prevention measure training

In the spring of 2022, we conducted training on the theme of deepening understanding about sexual minorities and preventing harassment against them for the top management of each Group company and all managers of the Company. The training provides the opportunity for them to learn about behavior that may correspond to harassment and key points for providing guidance to subordinates. They also learn the proper attitude and points to note when consulted by subordinates as a primary contact point for consultations on harassment, the observance of confidentiality, and non-disadvantageous treatment of employees who report harassment.

● Prohibition of child labor and forced labor

The Group complies with the Labor Standards Act. As such, we confirm the age of prospective workers based on the documents issued by public institutions and others before concluding individual employment agreements with them to avoid engaging in child labor.

Also, to prevent forced labor, we comply with related laws including the Employment Measures Act and do not keep employees' passports or other important documents in our custody. As for the loan program and payroll-deduction savings plan introduced to support employees' daily lives and career development as optional programs for them, we take appropriate procedures in line with the Labor Standards Act and others, including provisions on the conclusion of labor-management agreements and notifications to be made to administrative agencies.

Initiatives related to recruitment

The Group has strived to appoint a person who promotes human rights enlightenment and fair process in recruitment and selection*, regardless of the number of employees, to ensure fair and impartial selection in recruitment activities.

* Under the Fair Recruitment and Human Rights Awareness Promoter system of the Ministry of Health, Labour and Welfare, a person who promotes human rights enlightenment and fair process in recruitment and selection assumes the role of establishing a fair recruitment and selection system within each business establishment from the perspective of ensuring equal employment opportunities and plays a role as a contact point for cooperation with Labor Bureaus and other bodies.

Holding internship programs

The Company holds multiple internship programs to offer students with a wide range of work experience opportunities. In FY2023, a total of 524 students participated in the internship programs.

Others

Initiatives to provide support for children's rights

The Group respects the rights of children, such as their right to life, development and protection, as provided for in the Convention on the Rights of the Child, which is one of the international norms on human rights. Moreover, we have set "Cultivate tomorrow's leaders" as one of the project themes that we will pursue to foster sustainable management. Specifically, through a Group social contribution activity called the "Hankyu Hanshin Dreams and Communities of the Future Project," we are creating opportunities for the healthy development of ambitious children, upon whose shoulders the task of building the communities of the future rests. For example, we provide children with opportunities to learn about various jobs so they can understand what it means to work and identify their ideal occupation. We are also implementing programs to increase children's interest in nature and the environment and support NPOs that work to improve the circumstances of children in need.

2. Ensure Business Safety and Reliability

Approach

The Hankyu Hanshin Holdings Group puts “Safe, reliable infrastructure” at the top of the priority issues for sustainable management.

All of the Group’s business activities based on railway operations are rooted in the belief that “Safe, reliable infrastructure” is the core of its businesses, on which it should place the highest priority to gain the trust of society. With the mission and pride of providing safety and reliableness to our customers in railway operations, where we are entrusted with their lives, as well as other operations, we always pursue safety and reliableness with the concerted effort of the Group. We also aim to build a safe and disaster-resistant infrastructure so that we can respond as much as possible to diverse requests from society with regard to risks that may threaten our business continuity, such as infectious diseases and natural disasters.

Target

Indicator	Range	Target	FY2023 Results
Number of culpable incidents in railway operations business	Hankyu Corporation, Hanshin Electric Railway, KITA-OSAKA KYUKO RAILWAY, Nose Electric Railway	Maintain at zero	0 incidents

Initiatives

Urban Transportation

In our Railway Business, we promote the following initiatives for safety and reliable infrastructure.

(1) Eliminate accidents and improve safety

By type		Purpose	Examples of specific initiatives / equipment
Infrastructure	Platform	Fall prevention	<ul style="list-style-type: none"> Platform door Platform gap filler rubber Braille block with an inward line CP (Color Psychology) line*
		Emergency alarm	<ul style="list-style-type: none"> Emergency train stop button Fall alarm system
	Train car	Overspeed prevention	<ul style="list-style-type: none"> ATS: Automatic train stop system
		Fall prevention	<ul style="list-style-type: none"> Large partition board Vertical handrail
		Misoperation prevention	<ul style="list-style-type: none"> System to prevent the misoperation of doors
	Grade crossing	Prevention of secondary damage	<ul style="list-style-type: none"> Protection radio equipment
		Abnormality detection	<ul style="list-style-type: none"> Obstacle detector Detector for unclosed grade crossing bars
Personnel	Emergency alarm	<ul style="list-style-type: none"> Grade crossing emergency alarm system 	
	Developing employees who value safety	<ul style="list-style-type: none"> Enhancement of safety awareness through patrol of work-site departments and exchange of views with employees by top management Establishment of a training institute, a human resources development center, and a safety exhibition room to learn about past accidents Implementation of safety conferences and training to improve skills related to the repair and maintenance of railway facilities 	
	Enlightening customers	<ul style="list-style-type: none"> Implementation of the Accident Prevention Campaign (asking those passing grade crossings for their cooperation in confirming safety) 	

* Designed to provide passengers with both a visual and psychological warning of the dangers of walking near the edge of the platform and to urge them to stay behind the line.

(2) Promote actions to prevent/reduce accidents and respond promptly and properly to accidents if they occur

Purpose	Examples of specific initiatives / equipment
Initiatives for disaster prevention and mitigation	<ul style="list-style-type: none"> Removal of concrete block walls on station platforms and other locations and installation of fences in preparation for collapse due to an earthquake Landslide prevention work alongside of railroad tracks in preparation for heavy rain Seismic reinforcement of elevated track pillars, etc.
Initiatives for prompt evacuation guidance and early resumption of operation	<ul style="list-style-type: none"> Installation of ladders and other tools to smoothly guide customers to evacuate from trains that have stopped in the event of an earthquake, etc. Introduction of a system to monitor the condition of bridges and bridge piers Use of the weather information system to ensure safety in the operation of trains in abnormal weather Joint training with the local fire departments
Initiatives for enhancing information provision	<ul style="list-style-type: none"> Provision of timely information on the possibility of implementation of planned suspension of train services and its content Promotion of information provision (through the use of apps) in emergencies and multilingual support for information provision (Deployment of tablets with a multilingual voice translation system at stations and their use for train announcements)

The following four companies engaged in railway operations have announced their safety policies and initiatives to ensure the safety of transportation in their safety reports. Please refer to the safety reports for details of each company's initiatives.

[Hankyu Corporation](#), [Hanshin Electric Railway](#), [KITA-OSAKA KYUKO RAILWAY](#), [Nose Electric Railway](#) [WEB](#)

Capital investment in railway operation business (Hankyu Corporation and Hanshin Electric Railway)

(¥ billion)

	FY2021	FY2022	FY2023
Hankyu Corporation	19.0	19.1	15.6
Safety related	12.6	12.2	11.5
Others	6.4	6.9	4.1
Hanshin Electric Railway	4.1	6.5	4.7
Safety related	3.5	4.8	3.1
Others	0.6	1.7	1.6

As a railway operator, the Group provides a form of public infrastructure. We therefore make giving priority to the safety of our customers a fundamental policy of management, and conduct ongoing safety-related capital investments in our railway operation business accordingly. Safety-related capital investments in FY2023 totaled 11.5 billion yen at Hankyu Corporation and 3.1 billion yen at Hanshin Electric Railway. These investments were primarily used for the construction of new trains and renovation of existing ones, as well as for installing platform screen doors, further improving stations, and seismically reinforcing elevated tracks.

Note: The total length of lines operated is 143.6 km for Hankyu Corporation and 48.9 km for Hanshin Electric Railway.

Real Estate

Hankyu Hanshin Properties and Hankyu Hanshin Building Management sequentially offer an emergency and rescue course to employees engaged in the real estate leasing business so that customers and workers can use their commercial facilities and office buildings with peace of mind. In addition, in order for all building users, including people with disabilities and non-Japanese speakers, to evacuate safely in the event of a disaster, they have installed multilingual broadcasting equipment for use in emergencies and have deployed communication tools that complement the equipment. They also work to enhance evacuation guidance education and training for the building management staff and tenant employees and have secured a certain amount of disaster relief supplies for building management personnel involved in disaster recovery activities.

Entertainment

At the Hanshin Koshien Stadium, which is the venue for professional baseball games and large-scale events, we have increased the number of air conditioners and have reviewed the holding guidelines through discussions with organizers to prevent customers from having a heat stroke. Also, to make the Stadium even safer for spectators, we will increase the height of the infield safety fence by 1.5 m from the current 3.6 m to 5.1 m after the season for 2023 is over. Moreover, we are planning to expand the area of the roof known as "Ginsan," which now covers only part of the infield seats so that it will also cover the big stands.

At the Takarazuka Grand Theater, the Tokyo Takarazuka Theater, and the Umeda Arts Theater, we have carried out seismic reinforcement work for the necessary locations so that customers can enjoy the performances with peace of mind. We have also regularly offered employee education programs in preparation for disaster response and have secured a certain amount of disaster relief supplies.

Information and Communication Technology

Bay Communications, HANSHIN CABLE ENGINEERING and ITEC HANKYU HANSHIN contribute to disaster prevention and mitigation in local communities by signing a disaster prevention agreement with local governments to create an environment where they can use disaster prevention terminal devices.

Travel

To realize safe and comfortable travel for customers, Hankyu Travel International works to strengthen safe travel management by regularly evaluating the suitability of safety measures and quality control, reviewing the serious accident response manual and other rules, and taking precautionary measures, including conducting accident response training.

Additionally, the company has concluded the Agreement on Travel Arrangements and Volunteer Cooperation in Times of Disaster with local governments, and will contribute to disaster prevention measures and economic revitalization in local communities. This will be done by making arrangements for lodging, transportation, and more for employees of related organizations who support the local government in the event of a disaster, making arrangements for dispersed evacuation to inns and hotels, for which the need is increasing as a means of combating the spread of infectious disease, and supporting other volunteer activities by its employees.

International Transportation

Aiming to build a supply chain that guarantees advanced transportation quality and safety in pharmaceutical logistics, Hankyu Hanshin Express has obtained CEIV Pharma*1 certification under the quality certification program for the international transportation of pharmaceuticals, promoted by IATA (International Air Transport Association), at Kansai International Airport and Narita International Airport in June 2019 and March 2021, respectively. In June 2022, three years after obtaining the certification at Kansai International Airport, the company reacquired this certification including for its cold storage facilities at the Hankyu Hanshin Osaka Cargo Terminal (Suminoe-ku, Osaka city). Moreover, in January 2023, the Frankfurt branch of the company's subsidiary in Germany became the first in the Group to obtain GDP certification*2.

*1: CEIV Pharma: Abbreviation for "The Center of Excellence for Independent Validation in Pharmaceutical Logistics." A globally unified standard established by the IATA as a transportation quality certification that conforms to GDP (Good Distribution Practice, a distribution standard that guarantees the quality of pharmaceutical distribution processes).

*2: Good Distribution Practice (GDP) describes the standards for appropriate distribution in the pharmaceutical supply chain and is intended to ensure that the quality of medicines is maintained during transportation and storage. Each country has its own standards, but the GDP Guidelines set by the World Health Organization (WHO) in 2010 are among the first international standards set for distribution and are legislated in the EU.

3. Contribute to Local Communities

Approach

Since its foundation, the Hankyu Hanshin Holdings Group has promoted high-quality community development based on its Railway Business and Real Estate Business. The Group has also contributed to local communities, including in areas along the Hankyu and Hanshin lines, through its social contribution initiatives, Hankyu Hanshin Dreams and Communities of the Future Project. The focus has been on the priority fields of “Sustainable Community Development” and “Tomorrow’s Leader Development,” which are highly compatible with its management strategy. Moreover, the Group is working to solve social issues for local communities while promoting dialogue and cooperation with our business partners (including tenants), civic groups, government authorities, and other members of the local community.

Through our business and social contribution activities, the Group will continue to contribute to local communities and work toward a sustainable future, one that offers a fulfilling, joyful life to all and inspires the next generation to dream with hope. We believe that promoting high-quality community development through our local community initiatives will lead to higher customer satisfaction, and eventually to the sustainable improvement of the Group’s corporate value and brand value.

Initiatives

Community Development Initiatives

We uphold our commitment to “Make our line-side communities the absolute best among the Kansai networks” as one of our strategies in the Long-Term Vision.

In our Real Estate Business, we contribute to the creation of thriving communities by promoting initiatives to increase the value of cities, create safe and comfortable facilities, and solve social issues for local communities.

Systematic renovation in the Umeda area of Osaka

The Group has been working to enhance the value of the Umeda area of Osaka, the Group’s most important site, by systematically rejuvenating its own assets, including by the replacement/refurbishment of its buildings and reviewing the functions to be introduced to properties according to long-term plans. In March 2022, the Osaka Umeda Twin Towers South opened its office zones and introduced facilities that support diverse work styles, such as WELLCO, a dedicated floor for office workers featuring café, lounge, fitness center, and so on.

Urban regeneration project

The Group believes that it can contribute to the sustainable development of local communities through urban regeneration projects. By making maximum use of the know-how that we have accumulated in community building, we are working for urban regeneration development, making the most of the potential of the relevant area, while listening to the voices of local residents and helping resolve various issues, including increasing the attractiveness of local communities and focusing on disaster and crime prevention.

Example In front of Nishinomiya-kitaguchi Station on the Hankyu Line

Hankyu Corporation has promoted its community building initiative centered around Hankyu Nishinomiya Gardens, a commercial complex opened in 2008 under the concept of “creating a community in which people living in the area can feel relaxed, like in their gardens,” as a regeneration project for the former site of Hankyu Nishinomiya Stadium, which was closed in 2002. Various educational institutions invited by the company, including Konan University and Kwansei Gakuin University Law School, are located in the adjacent area. The Hyogo Performing Arts Center has been built on a nearby site provided by the company. These lead to the enhancement of cultural and educational facilities in the area.



Hankyu Nishinomiya Gardens

Example Osaka Station North area (Umekita)

As a regeneration project for the former site of Umeda Freight Station, 12 developers, including Hankyu Corporation, opened GRAND FRONT OSAKA in 2013 with the concept of “an urban area where encounters with a diversity of people and a variety of stimulation will nurture new ideas and innovation.” At the Umekita Plaza, a relaxing space of 10,000 m², festivals unique to Osaka and the Kansai region and daily events are held with the aim of making it a place where a wide range of people, from children to the elderly, can gather. The Knowledge Capital provides places and opportunities for business people, researchers, creators, and general users to create new value by fusing their sensibilities and technologies, as a hub of intellectual creative activities.

1. Respect for Human Rights

2. Ensure Business Safety and Reliability

3. **Contribute to Local Communities**

4. Employment and Labor Initiatives

5. Occupational Health & Safety

Example Kobe Sannomiya Hankyu Building

Hankyu Corporation and Hankyu Hanshin Properties simultaneously proceeded with the reconstruction of the east wing of the Kobe Hankyu Building, which was partially destroyed by the 1995 Great Hanshin-Awaji Earthquake, and the renovation of the stores under the elevated railway station (west side). On completion of these works in 2021, the building opened as the new Kobe Sannomiya Hankyu Building. It houses unique restaurants and the remm plus Kobe Sannomiya, a lodging-style hotel operated by the Group, enhancing the area's attractiveness as a new landmark in Sannomiya.

Example Other

In the Tomihisa Cross project (Nishi Tomihisa district first-class urban regeneration), which is a ultra-high-rise complex regeneration project boasting the highest height and largest scale (at the time of completion) in an area inside the JR Yamanote Line, residential facilities, including a 55-story condominium, as well as commercial and public facilities, including a large-scale supermarket, a certified child center, and an emergency supplies warehouse, have been established in a historic area located almost in the center of Shinjuku-ku based on the concept of "the most comfortable area in the world."

Establish safe and comfortable commercial and office buildings**● Promoting a barrier-free environment in facilities**

In our Real Estate Business, we aim to create facilities that everyone can use safely and comfortably. In particular, since FY2008, we have been working to create facilities that are easy to access and use for all customers, including those with disabilities, in compliance with the barrier-free law and other relevant laws and regulations for newly developed commercial facilities and office buildings.

● Considering access to commercial facilities and office buildings during design and development stages

The Group has promoted its community building initiative centering on the Railway Business and has developed the Real Estate Business as a means of developing our line-side areas. We have designed and developed many commercial facilities and office buildings in consideration of access via public transport, providing users with convenience and safety due to their location and contributing to reducing the environmental impact associated with people's movement. For example, the Kobe Sannomiya Hankyu Building has considered user convenience and comfort by developing a commercial zone on the lower floors, ensuring direct access to multiple train stations, and providing an observation area that office workers can utilize.

● Creating a more comfortable and satisfying work environment for tenant employees in commercial facilities and office buildings

Tenant employees working in the Group's commercial facilities and office buildings are important partners for the Group. Under the belief that creating a more comfortable and satisfying work environment for tenant employees leads to their retention and eventually to an increase in the value of facilities, we promote the following initiatives as a facilities manager.

● Holding a customer service role-playing contest and presenting a commendation

A customer service role-playing contest is annually held at each large-scale commercial facility. This helps improve the skills and motivation of tenant employees partly because winners are qualified for the SC Customer Service Role-Playing Contest (hosted by the Japan Council of Shopping Centers).

● Hankyu Hanshin Workers' Service

In the Umeda area of Osaka, which is one of the major business areas in the Kansai region, we launched in October 2015 the Hankyu Hanshin Workers' Service, a service program available exclusively to people working in the Group's office buildings. Based on the concept of "Make work fun!" the program is aimed at helping office workers create their communities and providing welfare benefits to them through organizing various events in which they can interact with each other beyond the framework of companies, and offering them discount coupon for dining and shopping at the Group's commercial facilities.

Increasing the attractiveness of local communities through collaboration with stakeholders

In cooperation with our customers, as well as local communities including companies and tenants, the Group is implementing measures for "disaster prevention," "creation of good urban environments," and "creation of community liveliness" mainly in the Real Property Business, thereby helping solve local issues and contributing to revitalizing the communities and increasing their attractiveness.

Moreover, as a corporate group that provides public transportation services, Hankyu Hanshin Holdings, Inc. is working for the creation of safe, secure and attractive communities in collaboration with local governments as well as for the realization of a sustainable society as envisioned by the SDGs. In 2022, the Company concluded comprehensive partnership agreements with Toyonaka city, Minoh city, and Takarazuka city.

● Disaster Prevention

Together with West Japan Railway Company, GRAND FRONT OSAKA TMO, and Osaka Metro Co., Ltd., we have launched the Umeda Bo-sai (disaster prevention) Scrum, a disaster prevention campaign targeting visitors to the Umeda area and tenant employees, to increase emergency response capability* in the area.

The Nishi-Umeda underpass management council, for which Hanshin Electric Railway serves as secretariat, is leading activities to increase safety and security in the Nishi-Umeda area. Specifically, landowners who are members of the council are enhancing their disaster control measures for their sites and buildings and making joint preparations against disasters toward building a collaborative disaster prevention system for the entire area.

* Dissemination of information using digital services, disaster prevention seminars, and distribution of disaster prevention awareness tools in cooperation with tenants.



● Creation of Good Urban Environments

Since April 2022, the Group has been conducting area management activities targeting the Umeda 1-chome area as part of a public-private partnership initiative. This initiative aims to create a space where people feel comfortable and want to walk, thus enhancing the value of the area. Using the proceeds from the placement of advertising and others in the above- and below-ground road space in the area, we are working to maintain and manage the quality of road facilities across the area, conducting disaster control activities, and creating lively public spaces.

● Creation of Community Liveliness

We are cooperating with companies, tenants, local organizations, schools, and governments in the Nishi-Umeda and Chayamachi areas to create a lively atmosphere and make visitors move around and enjoy more in the area. As part of these efforts, we have held candle art events to reflect on the realization of a sustainable society. At these events, we turn off the lights and instead illuminate the whole area with candles. We have also held Yukata-themed events and other events to provide an opportunity for people to think about Japanese culture, SDGs, and urban development.



■ Social Contribution Initiatives “Hankyu Hanshin Dreams and Communities of the Future Project”

As part of the Group’s commitment to creating communities that people will truly want to live in, we have operated the [Hankyu Hanshin Dreams and Communities of the Future Project](#) [WEB](#) since 2009. The Corporate Sustainability Department, which serves as the secretariat of the Corporate Sustainability Committee, cooperates with each Group company to promote the Group social contribution initiatives related to the priority fields of this project while taking advantage of the business characteristics of each company.



私たちは、未来へつなぐ「地域環境づくり」と「次世代の育成」に貢献します。

Basic policy

We intend to promote the creation of communities along our line-side areas that people will truly want to live in.

Priority fields

Our links to the future: “Sustainable Community Development” and “Tomorrow’s Leader Development”

Sustainable Community Development

As a Group with strong local roots, we are committed to sustainable community building with environment-friendly developments that provide local residents with security, peace of mind, and cultural enrichment.

Themes of specific initiatives

1. Creating a safe, comfortable, and environmentally aware local community
2. Contributing to the preservation of biodiversity and the natural environment
3. Promoting sustainable lifestyles
4. Preserving, utilizing, and developing local historical and cultural resources
5. Mitigating climate change
6. Contributing to a circular economy committed to reducing waste, etc.

Tomorrow’s Leader Development

We are creating opportunities for the healthy development of ambitious children, upon whose shoulders the task of building the communities of the future rests.

Themes of specific initiatives

1. Enabling children to experience and learn about nature and ecology
2. Fostering mental enrichment in children through cultural and artistic activities
3. Supporting the healthy development of children through sports
4. Enabling children to gain a deeper understanding of society and their communities
5. Cultivating in children a sense of compassion and acknowledgement of diversity
6. Instilling in children the wisdom of their parents and grandparents
7. Supporting children with disabilities, children orphaned by traffic accidents or disasters, children in single-parent families, and children in social welfare care

Activities

● Promotion of CSR activities at each Group company (collaboration within the Group companies)

Each Group company uses its know-how to engage in a variety of social contribution initiatives that lead to “Sustainable Community Development” and “Tomorrow’s Leader Development,” which are the priority fields of the project. We promoted the social contribution initiatives of each Group company through public relations, sponsorships, and additional contributions. In FY2023, 107 initiatives were certified.

Of these, the Hankyu Hanshin Dreams and Communities Challenge Troop, a hands-on learning program for elementary school pupils held in summer, has been implemented since FY2011 as a social contribution initiative that leverages Group unity. In the Hankyu Dreams and Communities Exciting Work Program, a school visiting class program for elementary school pupils conducted by Hankyu Corporation, employees with management experience from the company visit elementary schools to convey the spirit of challenge of the company’s founder, Ichizo Kobayashi, and the history of community development. The purpose of the program is to foster children’s attachment to their community and their dreams for the future. Up to FY2023, the staff have visited a total of 368 schools and have provided approximately 32,000 children with the opportunity to think about their future jobs. These two programs received the Minister’s Award (Grand Prix) at the 8th Career Education Awards held by the Ministry of Economy, Trade, and Industry in FY2018, and the highest award (the Minister’s Award) at the “Youth Experience Activity Promotion Company Award” sponsored by the Ministry of Education, Culture, Sports, Science and Technology in FY2021.

- Other examples: Emergency shelters for children offered at our Group’s taxis, sales offices, and stores for crime prevention in local communities; Customer appreciation events at train depots and factory.

● Support for civic groups through financial assistance and cooperation in public relations (collaboration with local communities)

We operate the Hankyu Hanshin Dreams and Communities of the Future Fund, through which we subsidize civic groups in our line-side areas through donations raised by Group employees and additional contributions of the same amount from the company. In FY2023, we donated a total of 10 million yen to 17 non-profit organizations (cumulative total of donations/grants: 109.06 million yen, 183 groups).

We have collaborated with the subsidized civic groups to promote various actions, such as holding events for customers.

- Example: Hands-on workshops and events held in collaboration between civic groups and Group companies at the Group’s commercial facilities and railway stations

● Promotion of social contribution initiatives by the Group employees

To support for current and past Group employees to participate in and to continue social contribution initiatives, we give them information on the initiatives through the Group PR magazines and e-mail newsletters and opportunities for volunteering inside and outside the company. Additionally, Hankyu Hanshin Holdings, Inc. and some Group companies have a volunteer leave system. In the Company, employees can take up to five days of volunteer leave per year.

- Example: Volunteer group support fund for supporting the volunteer activities of current and past employees; implementation of a project to contribute to the solution of social issues in cooperation with Group employees

Examples of donations made by the Group through social contribution activities by Group employees

Details	Amount of donation (FY2023)
Donation to contribute to the solution of social issues in cooperation with Group employees (including donation to support children living in disaster-afflicted areas in Kumamoto and Fukushima Prefectures)	345,004 yen
Donation to support volunteer activities in which Group employees participate on an ongoing basis	1,215,000 yen

● Operation of the Dreams and Communities of the Future SDGs Trains

To commemorate the 10th anniversary of the Hankyu Hanshin Dreams and Communities of the Future Project, we launched the operation of the Dreams and Communities of the Future SDGs Trains (Hankyu: three formations of trains; Hanshin: one formation of trains) in May 2019 in cooperation with the national and local governments as well as companies and civic groups that are making advanced efforts to achieve the SDGs. Powered by substantive 100% renewable energy, the trains deliver various messages toward the achievement of the SDGs. Since the Tokyu Group joined this project in September 2020, the SDGs Trains have been operated in eastern and western Japan under collaboration with a wider range of partners.



Hanshin Electric Railway



Hankyu Railway

1. Respect for Human Rights

2. Ensure Business Safety and Reliability

3. Contribute to Local Communities

4. Employment and Labor Initiatives

5. Occupational Health & Safety

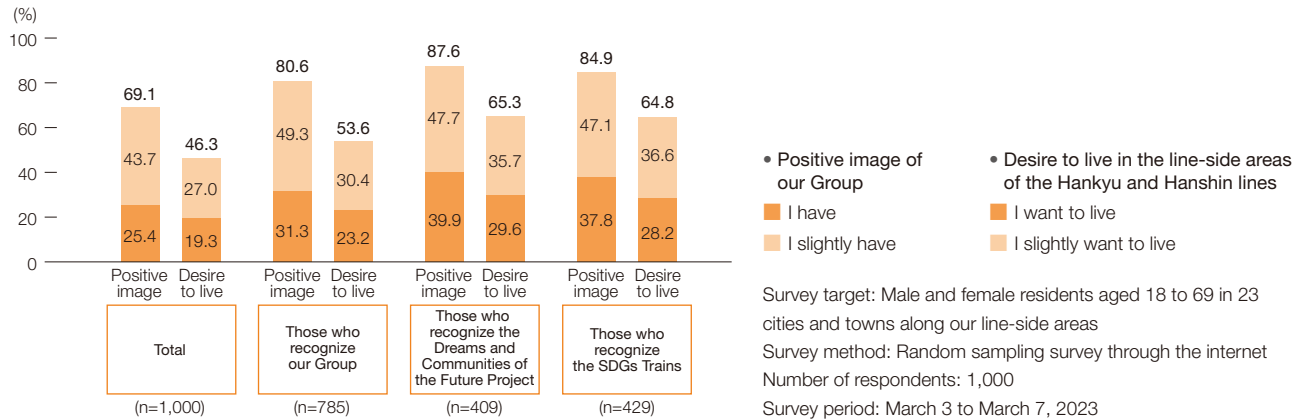
● Dialogue with stakeholders

We emphasize dialogue with stakeholders to strengthen relationships of trust with them and to listen sincerely to social demands.

- **Dialogue with customers:** At workshops, seminars and other events in which customers are invited to participate, such as Hankyu Hanshin Dreams and Communities Social Lab
- **Dialogue with civic groups:** At the subsidy presentation ceremony of the Hankyu Hanshin Dreams and Communities of the Future Fund, visits to subsidized groups, and regular online exchange meetings

● Achievements through these initiatives

In this project, we regularly conduct a customer survey in cities and towns along our line-side areas. The FY2023 survey results indicate that the more customers recognize the project and the SDGs Trains, the more they have a positive image of our Group and a desire to live in our line-side areas.



4. Employment and Labor Initiatives

Approach

To provide better quality services to our customers, it is important to improve employee satisfaction and working conditions and create an environment where diverse human resources can demonstrate their individuality and abilities and play an active role regardless of gender, age, life stage, or disability. The Hankyu Hanshin Holdings Group has set “Improve employee satisfaction and create a more positive workplace” and “Promote diversity & inclusion” as some of the project themes for “Empowering individuals,” a priority issue for sustainable management. In May 2021, we announced our agreement with the United Nations Global Compact*1. Based on the ILO Declaration on Fundamental Principles and Rights at Work, we respect the Ten Principles of the United Nations Global Compact and the basic rights of employees*2 and work to create a workplace where employees can work with motivation according to the business characteristics of each company they work.

*1: United Nations Global Compact (UNGC): Announced at the World Economic Forum held in 1999, the UNGC is a pact that enshrines behavioral principles for businesses around the world. It consists of ten principles in the areas of human rights, labor, the environment, and anti-corruption.

*2: Basic rights of workers stipulated by international rules and related laws and regulations, including the right to freedom of association, collective bargaining and collective action, prohibition of inappropriate discrimination in employment and occupation, and wage levels above the minimum wage.

Management / Organization

Corporate Sustainability Committee

To promote cross-sectional sustainability throughout the Group, we have established the Corporate Sustainability Committee, which convenes twice a year, is chaired by the Group CEO (responsible supervisor). The Committee deliberates on the direction of the Group’s response to issues related to the improvement of the working environment, etc. Particularly important topics are reported to, or brought up at, the Group Management Committee or Board of Directors, and incorporated into the Group’s overall management framework.

Promotion of sustainability in the Company and Group companies

To promote the Group’s actions initiatives for sustainability based on the Sustainability Declaration, the Personnel and General Affairs Division of the Company takes the lead in disseminating information that supports the initiatives of each Group company and collecting information from each Group company. In addition, the personnel department of each Group company is working to improve its own work environment.

Based on the idea that human resources are the sources necessary for the sustainable growth of the Group, the Company and its six major companies have set the following target as a comprehensive indicator and have promoted the Group’s initiatives, checking the action plan and its achievements every fiscal year.

Target

Indicator	Range	Target	FY2023 Results
Employee satisfaction	Hankyu Hanshin Holdings, Inc. and its 6 major companies	Always better than in previous survey	3.57 out of 5*1
Percentage of women in management positions	Hankyu Hanshin Holdings, Inc. and its 6 major companies	Improve to around 10% (FY2031)	5.6%
Percentage of women among new hires	Hankyu Hanshin Holdings, Inc. and its 6 major companies	Always 30% or more	34.6%
Paternity leave uptake rate*2	Hankyu Hanshin Holdings, Inc. and its 6 major companies	100% (FY2026)	94.8%
Employment rate of people with disabilities	19 companies to which the special subsidiary system was applied*3	Always at or above statutory employment rate	3.05% (Above statutory employment rate)

*1: The survey is conducted biennially and the result indicated is for FY2022.

*2: Number of employees who took childcare leave or leave for childcare purposes in FY2023 / Number of male employees whose spouses gave birth in FY2023

*3: Includes Hankyu Hanshin Holdings, Inc. and its six major companies.

Initiatives

Create a More Positive Workplace

Delivering messages to Group employees

In the Group, the Group CEO and the president of the Company regularly deliver top messages to Group employees through Group magazines and other means. Covering various topics, the messages are aimed at spreading the Group Management Philosophy, conveying the medium-term management outlook as well as the importance of employee satisfaction, which leads to customer satisfaction, and introducing the way of thinking that the Group wants employees to value in their work.

In the Compliance Handbook distributed to all officers and employees of the Group, we convey the message to Group employees that we should work not only to create a workplace where employees can work with peace of mind but also to ensure that individual employees can lead a fulfilling life, harmonizing work and private life, under the theme of "Satisfying Working Environment." The Compliance Handbook has been translated into English so that its content can be communicated globally to employees who work overseas.



Compliance Handbook (English edition)

Conducting a satisfaction survey to improve employee engagement

Hankyu Hanshin Holdings, Inc. and its six major companies aim to further improve employee satisfaction by conducting an employee satisfaction survey designed by the Group every other year to monitor satisfaction and by reflecting the survey results in the Group's initiatives (through the execution of a PDCA cycle). In this survey, employee satisfaction is defined as the average value of the four items: willingness to contribute to your job, willingness to contribute to your workplace, willingness to contribute to the company, and maintenance and improvement of quality. These concern behaviors and results, and are designed to enable the analysis of employee satisfaction from all angles by establishing items that explore employees' current situations regarding their jobs, workplaces, bosses, and the company. In view of the importance of grasping the level of employee engagement across the entire Group, we decided to include 94 Group companies, including the consolidated subsidiaries and certain non-consolidated subsidiaries and affiliates, in the survey target in and after FY2024.

Developing the personnel systems

The Group has developed the following personnel systems according to the status of each company.

- **A system that contributes to providing incentives to employees**
 - The Group has introduced an employee stock ownership plan for more than 40 Group companies, including the Company and its six major companies, to support the asset accumulation of employees and provide long-term incentives to them. The number of employees participating in the employee stock ownership plan is 1,514 persons (as of March 2023).
 - The Company has introduced a performance-based annual salary system (applied to about 20 to 30% of the total remuneration depending on the job ranking) for all employees to clarify responsibility for business performance and provide incentives.
- **A system that contributes to improving the standard of living of employees**
 - A dependent allowance and other allowances are available in the salary system.
 - A cafeteria plan (a selection-type employee benefit menu) and a mutual benefit association have been introduced in the employee benefit system.

Preventing overwork (reducing excessive working hours) and improving productivity

The Group strives to prevent overwork by complying with local laws and regulations and reducing excessive working hours. In Group companies that consider to have high risk of overwork due to business characteristics or other reasons, measures to prevent and improve overwork are promoted after deliberation by the Board of Directors of each company. For each workplace, we have adopted a working hours management method (in which the superior recognizes the working hours of employees by checking log records on a PC, calling the roll, etc.) according to the workplace environment in order to ascertain the total working hours and reduce excessive working hours. We also grasp the status of taking annual paid leave and encourage employees to take leave as needed.

The Group is also working to improve productivity. We have introduced common groupware with functions, such as schedule management and the sending and receiving of messages, which is used by approximately 13,000 employees. This enables employees to communicate with each other quickly and accurately by sharing information across the Group, leading to improving productivity and strengthening Group collaboration.

Risk assessment regarding labor issues in new and existing operations

Under the Group's risk management system, each Group company identifies risks by conducting risk assessments regarding labor issues for employees in new and existing operations and then establishes and steadily implements appropriate measures such as the management of working hours and ongoing anti-harassment education to reduce the risks identified. Moreover, the Company annually conducts a survey of Group companies regarding their compliance with labor laws and regulations and their labor practices (working conditions, occupational safety and health, workplace environments and others) for continuous monitoring, thereby maintaining appropriate working environments and further improving them.

Collaboration with Group employees (labor management · opportunities for employees to engage with company management)

The Group has concluded a collective agreement* and a labor-management agreement, after discussing important agreements between labor and management, with the labor union or employee representatives of each company.

Hankyu Corporation and Hanshin Electric Railway, which are the major companies of the Group, have the Hankyu Corporation Labor Union and the Hanshin Electric Railway Labor Union, respectively, which are voluntarily formed by employees in each company. A collective agreement has been signed between the companies and their labor unions to set wage levels, working hours, and other treatment standards for employees. Every year, the companies engage in collective bargaining negotiation with each labor union. Specifically, they carry out revision negotiations on wages in the spring and revision negotiations on working conditions other than wages in the fall, and after sincere discussions between labor and management, we determine working conditions, including wage levels. At each workplace, we ensure opportunities for employees to participate in improving the workplace environment, including setting up opportunities for discussions and negotiations between labor and management on a regular basis, with the aim of creating a more comfortable work environment for employees.

Hankyu Hanshin Holdings, Inc. conclude a labor-management agreement with employee representatives elected by our employees and exchange opinions as needed.

In each case, we regularly hold exchanges of views and negotiations based on the common understanding that we aim to develop the entire Group, improve employee satisfaction and working conditions, and enhance work environments.

* Collective agreement: Documented agreement between labor and management regarding collective bargaining, personnel affairs (recruitment / promotion, transfer and leave / retirement), wages (standard wages / non-standard wages), working hours, Health & Safety, welfare, union activities, etc.

Human resource development

Developing employees in the workplace

Each Group company has a target management system to promote the growth of employees through work experience and a regular interview system to draw out appropriate support from superiors as needed. Hankyu Hanshin Holdings, Inc. has a system to conduct monthly interviews (goal-setting interviews and as-needed interviews) with all employees below the rank of general manager by their immediate supervisors. This helps all employees achieve their individual goals and supports their career and skills development. Each Group company also provides employees with various career experiences while doing job rotation as needed.

Developing employees through training (each company)

Each Group company plans and implements training programs aimed at developing the capabilities required of employees to fulfill their expected roles, depending on the business characteristics of each company.

Hankyu Hanshin Holdings, Inc. implements the following human resource development programs for its employees.

- **Leadership training and education on business administration**

We provide a handpicked selection of current in-house managers with training named Hankyu Hanshin Business School. This training is designed to help participants, who are the next generation of candidates for top management positions, to systematically acquire and develop the knowledge, values and leadership skills that they need to become top-level managers in the future.

We also hold a training seminar in which managerial staff and employees in the subsection chief class assess themselves to hone their leadership skills. Moreover, we provide employees in the unit chief and lower classes with opportunities to acquire basic management knowledge, including that about marketing, management strategies and accounting.

- **Digital education**

We have introduced a digital education program for more support in the DX and IT fields to promote value creation in our business and develop human resources who can improve the productivity of each Group company and lead the organization.

1. Respect for Human Rights

2. Ensure Business Safety and Reliability

3. Contribute to Local Communities

4. Employment and Labor Initiatives

5. Occupational Health & Safety

● Dispatch to MBA graduate school / Support for degree acquisition

We dispatch employees selected from among the applicants to a graduate school to undergo an adult MBA program. They develop a network of external contacts and acquire advanced and specialized knowledge and skills in all fields related to management by addressing research topics that they have set themselves. Upon completion of the program, participants can obtain a degree such as a Master of Business Administration.

● Learning support system (self-development support)*

A system that supports the independent learning of employees. We pay up to 220,000 yen per person per year for fees for attendance at capacity building programs other than those organized by the company. We also support them to acquire certifications by providing information on recommended certifications and establishing a remuneration system that rewards the acquisition of certifications.

*Available to all employees

Human resource development system of Hankyu Hanshin Holdings, Inc.

Targets	Training in the workplace	Training [Off-JT]		Self-development support	
		Stratified training	Objective-based training		
Managerial staff	Goal-setting interview (as-needed interview)	<ul style="list-style-type: none"> Training for the Group's new directors and auditors Hankyu Hanshin Business College Change leadership program training-II Training for employees in management positions Group new manager training Manager promotion training 	<ul style="list-style-type: none"> Work-life design course External dispatch training Dispatch to MBA graduate school Seminar for employees returning from childcare leave 	<ul style="list-style-type: none"> Learning support system Correspondence education support system Congratulatory money system for qualification winners 	
Non-managerial employees		Subsection chief class	<ul style="list-style-type: none"> Change leadership program training-I Promotion training Evaluator training 		<ul style="list-style-type: none"> Digital education Literacy education (by theme)* New value creation project research
		Unit chief class	<ul style="list-style-type: none"> Marketing & management strategy basic course Labor law basic course Finance practice basic course Promotion training 		<ul style="list-style-type: none"> External dispatch training
		From 2nd year	<ul style="list-style-type: none"> How to think and communicate to get others' consent 		<ul style="list-style-type: none"> Seminar for employees returning from childcare leave
New employees	Mentor system	<ul style="list-style-type: none"> Follow-up training for new employees New employee on-board training Group joint training for new employees 	<ul style="list-style-type: none"> Digital education Literacy education (by theme)* New value creation project research 		

■ Group joint training [Dotted Box] Selective-type training (including those who are interested or apply)

* Gradually introduced various literacy training programs, such as sustainability, compliance, and healthcare, for each employee levels in accordance with company policy.

Developing employees through training (common to the Group)

The Group has set up a Group joint training program for employees who have reached a milestone in their career (when they join the company, when they are promoted to managerial position and director or auditor position). In addition, Hankyu Hanshin Business Associate, which is broadly entrusted with the personnel and accounting operations of the Group, plans and holds training programs (Hankyu Hanshin Learning Program / Hankyu Hanshin Business School) throughout the year for Group employees on themes such as leadership, human resource management and financial analysis, thereby supporting human resource development across the Group. Through these actions, we create opportunities to foster employee awareness as a member of the Group, strengthen cooperation between groups, and create opportunities for Group employees in a similar job class or involved in a similar capacity building theme to work hard together.

- Number of employees who participated in the Hankyu Hanshin Learning Program (total): 2,160 persons (FY2023)
- Number of employees who participated in the Hankyu Hanshin Business School (total): 114 persons (FY2023)

Employee award system

The Group has established the Hankyu Hanshin Group Awards, an employee award system that honors the active efforts of employees based on the values of the Group Management Philosophy on a group-wide basis. The Best Service Award, the Nice Partner Award, the Best Innovation Award, and the Synergy Award are annually granted to initiatives based on values, such as customer first, foresight, and creativity, and to group joint initiatives that have brought a remarkable synergistic effect. Certificates of commendation and prizes are granted to award winners, who are introduced in a company newsletter and a Group magazine.

Promote Diversity & Inclusion

Enhancement of measures to support work-life balance

To create a comfortable workplace environment for employees who need to balance work with childcare, nursing care, and medical treatment, each Group company has established the following systems that support the balance of work and personal life as needed and has taken supportive measures.

- Conducting reinstatement support seminars for those who take childcare leave
- Establishing systems that realize flexible work styles (including allowing employees to select short working hours and set the period of short-time work beyond the legal limit, to acquire annual paid leave on a half day and hourly basis, to use staggered working hours, to work on a flextime schedule, and to work from home)
- Distributing leaflets that introduce systems that support the balance of work and childcare / nursing care and handbooks for supporting the balance of work and childcare (to the relevant employees and their superiors)
- Providing information and encouraging employees to take childcare leave, etc.

Career opportunities for female employees (gender diversity and equal opportunities)

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, the Group has set targets relating to female employees, including increasing the percentage of women among new hires and the percentage of women in management positions, and is striving to create an environment where female employees can play an active role.

Active recruitment of female employees and support for career development

The Group is actively working toward the recruitment of women by sharing stories describing how female employees are thriving at the Group and outlining our support system for balancing work and childcare on the recruitment page on our website and at recruitment briefing sessions.

In addition, we help individual female employees develop their career through diverse work experience by assigning them to various workplaces. We also help them build their capacity by selecting target persons, regardless of their gender or other attributes, for training programs conducted by each Group Company according to its business characteristics.

Support for seniors (age diversity and equal opportunities)

The Company and some Group companies have created an environment that supports diverse work styles and lifestyles for employees aged 60 and over.

- Hankyu Hanshin Holdings, Inc.: Employees who wish to prepare for their second career are allowed to choose short working hours or days and to work a second job or a separate job. In addition, employees aged 50 are provided the opportunity to attend the work-life design course, in which participants think about their future work styles and lifestyles through the review of their whole career, on the milestone of turning 50 years old, when they start thinking about their work styles and lifestyles after the age of 60.
- Hankyu Corporation: The Life Plan Seminar is held to improve employees' understanding of retirement benefits and pensions and a reemployment system after retirement as an opportunity to think about work styles and life plans after retirement.

Employment promotion for people with disabilities

Initiatives of special subsidiaries

To create an environment where people with disabilities can work comfortably and to actively create employment opportunities for people with disabilities in the future, the Group works to hire people with disabilities, with the special subsidiary company "Assist Hankyu Hanshin" playing a central role.

Assist Hankyu Hanshin is entrusted with work from each Group company, and employees with disabilities perform tasks according to their individual aptitudes. The company provides personalized education and supports so that employees with disabilities can experience the joy of growing through their work.

In recognition of these initiatives so far, the company received the Heartful Corporate Challenge Support Award from Osaka prefectural government in 2019. In December 2020, it also received the first certification in Osaka Prefecture under the Certification System for Excellent Small and Medium-sized Business Owners Regarding Employment of People with Disabilities* (Monisu Certification System).

* Certification System for Excellent Small and Medium-sized Business Owners Regarding Employment of People with Disabilities: The Minister of Health, Labour and Welfare certifies SMEs excelling in implementing initiatives to promote the employment of people with disabilities and stabilize their employment.

Employment support for people with disabilities

The Group has introduced a system to support the employment of people with disabilities who attend employment transition support institutions and the like by providing them with work experience through workplace training within the Group. This system provides people with disabilities with the opportunity to experience a real workplace, and better understanding of the Group, leading to their employment in Group companies. The system has earned a positive reputation among employment transition support institutions and the like.

Spread of diversity & inclusion awareness

The Group is conducting human rights training for those newly appointed at each level including new directors, new auditors, new managers, and new employees, as well as human rights representatives from each Group company in order to help them develop a better instinct for human rights and is making efforts to spread diversity & inclusion awareness.

In particular, in the international transportation core business, which is operated globally, many local employees work at our 148 bases in 28 countries and regions overseas (as of September 2023). Thus, we aim to create a corporate culture in which diverse human resources can each play an active role.

DATA

Work environment

Indicator	Targets	Unit	FY2023
Number of employees*1	Hankyu Hanshin Holdings, Inc. and all its consolidated subsidiaries (as of March 31, 2023)	person(s)	22,527
Number of temporary employees*2			8,207
Turnover rate of employees	Hankyu Hanshin Holdings, Inc. and its consolidated subsidiaries in Japan	%	6.6
Voluntary turnover rate*3			5.6
Hours in excess of statutory working hours per month (excluding holidays)	Hankyu Hanshin Holdings, Inc. and its 6 major companies	hour(s)	20.6
Annual paid leave acquisition rate Hankyu Hanshin Holdings, Inc. and its 6 major companies	Hankyu Hanshin Holdings, Inc. and its 6 major companies	%	75.1

*1: Number of people employed. Excluding those on secondment elsewhere and including those seconded to us

*2: Average number of employees per year; Including contract employees and fixed-term contract employees and excluding dispatched employees

*3: The voluntary turnover rate means the turnover rate of employees who voluntarily resigned, excluding those who retired at the retirement age or who resigned from their positions in order to take up promotions to become officers.

Human resource development

Training record*1

Indicator	Targets	Unit	FY2023	
Number of employees that participated in development training (total)	Hankyu Hanshin Holdings, Inc. and its 6 major companies	person(s)	18,652	
Total hours of development training		hour(s)	110,624	
Average hours of development training per employee*2			11.13 (1.39 day)	
Stratified training for managerial employees			0.73	
Type of training			Stratified training for non-managerial employees	4.43
Company-designated training			4.02	
Public and voluntary training			1.95	

*1: Off-JT organized by the Personnel Department

*2: Total hours of development training/Total number of employees

Diversity & inclusion

Workforce composition at Hankyu Hanshin Holdings, Inc. and its 6 major companies (As of March 31, 2023)

Indicator		Unit	Hankyu Hanshin Holdings	Hankyu Corporation	Hanshin Electric Railway	Hankyu Hanshin Properties	Hankyu Travel International	Hankyu Hanshin Express	Hankyu Hanshin Hotels	Total
Number of Employees*1	Men	person(s)	1,099	3,058	1,143	337	667	542	977	7,823
	Women		196	329	108	131	443	293	620	2,120
	Percentage of women	%	15.1	9.7	8.6	28.0	39.9	35.1	38.8	21.3
Number of management employees*1:2	Men	person(s)	684			89	265	231	258	1,527
	Women	person(s)	44			5	11	7	24	91
	Percentage of women	%	6.0			5.3	4.0	2.9	8.5	5.6
Number of new recruits*3	Men	person(s)	26	74	21	22	9	23	1	176
	Women		11	16	3	15	8	39	1	93
	Percentage of women	%	29.7	17.8	12.5	40.5	47.1	62.9	50.0	34.6
Average years employed by the company	Men	year(s)	21.5	23.1	21.8	13.6	22.0	23.2	18.3	21.6
	Women		10.5	14.4	16.3	9.9	14.4	11.0	10.1	12.1
	Gender difference		11.0	8.7	5.5	3.7	7.6	12.2	8.2	9.5

*1: Including those on secondment elsewhere; excluding those seconded to us

*2: Since all managerial staff members at Hankyu Corporation and Hanshin Electric Railway are seconded from the Company, the total number at the three companies is shown.

*3: Includes new graduate recruits and mid-career recruits who joined the company in FY2023.

Results in promoting diversity & inclusion

Indicator		Range	Unit	FY2023
Number of employees	Men	Hankyu Hanshin Holdings, Inc. and its consolidated subsidiaries in Japan (as of March 31, 2023)	person(s)	15,783
	Women			4,493
	Percentage of women		%	28.5
Employment rate of people with disabilities		19 companies to which the special subsidiary system was applied *1 (as of June 1, 2022)	%	3.05
Childcare leave uptake rate*2	Men	Hankyu Hanshin Holdings, Inc. and its 6 major companies	%	94.8
	Women			94.6
Number of employees who take nursing care leave	Men	Hankyu Hanshin Holdings, Inc. and its 6 major companies	person(s)	1
	Women			2

*1: Includes Hankyu Hanshin Holdings, Inc. and its 6 major companies.

*2: Number of employees who took childcare leave or leave for childcare purposes in FY2023 / Number of employees who gave birth or whose spouse gave birth in FY2023

5. Occupational Health & Safety

Approach

The Group, which operates many labor-intensive businesses, recognizes that the safety and health of its employees are important for sustainable growth and has set “Promote health and productivity management” as one of the project themes for “Empowering individuals,” a priority issue for sustainable management. To protect the safety of all people involved in the Group’s business activities and to support the maintenance of physical and mental health of Group employees, which is the basis for their activities, we comply with the Industrial Health & Safety Act and other relevant laws and regulations. We have also established the Occupational Health & Safety Management Rules and the Declaration on Employee Health Management to ensure safety management, prevent occupational accidents, improve the health awareness of individual employees, and create a comfortable workplace environment.

The Hankyu Hanshin Holdings Group’s Declaration on Employee Health Management

The Hankyu Hanshin Holdings Group believes that the mental and physical well-being of employees and their families remains the source of happiness and the cornerstone of the Group’s prosperous future. In addition, in order to provide our customers with safety and comfort as well as dreams and excitement, it is paramount that we enable everyone to fully demonstrate their diverse personalities and abilities in good health.

To achieve this goal, we will maintain high awareness of our own well-being and work with our colleagues in the workplace and their families to promote good health.

The Hankyu Hanshin Holdings Group declares that it will actively support the well-being of each individual and strive to create a workplace environment in which all can live and work in good health and with motivation. The Group will pursue these initiatives under the slogan “Hankyu Hanshin Wellness Challenge*.”

Yasuo Shimada
President and Representative Director
Officer in Charge of Health Management
Hankyu Hanshin Holdings, Inc.

* Priority measures policy for “Hankyu Hanshin Wellness Challenge”: “1. Physical health,” “2. Mental health,” and “3. Workplace health”

Management / Organization

Corporate Sustainability Committee

To promote cross-sectional sustainability throughout the Group, we have established the Corporate Sustainability Committee, which is chaired by the Group CEO (supervisor). The Committee, which convenes twice a year, deliberates on the direction of the Group’s response to issues related to occupational health and safety. Particularly important topics are reported to, or brought up at, the Group Management Committee or Board of Directors, and incorporated into the Group’s overall management framework.

Health Management Promotion Committee

We have our Health Management Promotion Committee in place to strategically foster health management as part of our occupational health and safety promotion measures. The Committee, which is chaired by the Group CEO, meets twice a year. At the meeting, the president and representative director of Hankyu Hanshin Holdings as well as the representative directors of the six major companies and their directors in charge of human resources discuss and decide on health management-related issues, including the implementation of plans and systems, to promote health management across the Group. Moreover, an outside director of the Company who has expertise in public health and health management and is also a member of the Company’s Audit & Supervisory Committee attends the meeting to increase its effectiveness. At each of the Company and its six major companies, the president and representative director is held responsible for health management. At other Group companies, health management organizations are formed as required for the promotion of health management.

Occupational Health & Safety Committee

Based on the Industrial Safety and Health Act, the Group has set up an Occupational Health & Safety Committee and other committees at each company and business site, which its employees participate, according to the type of business and the number of employees, to oversee and promote the Health & Safety activities of each company. The Occupational Health & Safety Committee of Hankyu Hanshin Holdings, Inc. holds monthly meetings chaired by the director in charge of the Personnel and General Affairs Division and consists of the same number of members from labor and management excluding the chairperson, and supervises and promotes health and safety activities. In the meeting, the head of each organization and employee representatives discuss topics related to occupational safety and health to build effective initiatives to address any issues.

Target

Indicator	Range	Target	FY2023 Results
Specific health guidance implementation rate	Hankyu Hanshin Holdings, Inc. and its 6 major companies	60% or more (FY2026)	55.8%
Smoking prevalence	Hankyu Hanshin Holdings, Inc. and its 6 major companies	15% or less (FY2026)	18.7%

Initiatives

Ensuring of safety in the workplace

Actions undertaken during Safety Week

The Group works to ensure safety in the workplace with the aim of achieving zero occupational accidents (year-round). For instance, in line with National Safety Week conducted by the Ministry of Health, Labour and Welfare, we require employees to wear a Safety Week badge and display posters to raise employee awareness of safety.

Provision of health and safety education

The Group approaches each of its businesses with a sense of pride and a mission to provide safety and security to its customers. To support the businesses, we believe that the physical and mental health and safety of our employees are most important and are the foundation for the sustainable growth of the Group. To this end, we provide training for each and every Group employee to raise their awareness of their own health and workplace safety.

Actions with contractors

We recognize that to ensure safety in the workplace, it is important that we collaborate with contractors to further raise our awareness of safety and take effective action. In particular, collaboration with a large number of contractors is essential, and this is extremely important in promoting railway operations, which carry a potential risk. For instance, the Engineering Department of Hanshin Electric Railway has formed the Safety Cooperation Association with more than 60 companies involved in business promotion. By working together to set common targets, conduct safety patrols, and award safety commendations, the company strives to further strengthen safety in business promotion.

Risk assessment in new and existing operations to create a safe workplace

Under the Group's risk management system, each Group company identifies risks by conducting risk assessments regarding the occupational safety and health of employees in new and existing operations, and establishes and steadily implements appropriate measures to mitigate risks (e.g., continuous safety training and compliance with work procedures).

Physical health management and promotion

Infectious disease prevention and management measures

Prevention and management of infectious diseases, such as influenza viruses helps not only to protect the health of employees but also to enable stable business continuity by preventing employees from being absent from work due to an infectious disease. The Group recognizes the importance of prevention and management of infectious diseases.

We provide subsidies for influenza vaccinations at medical institutions inside and outside the Group mainly to employees at Hankyu Corporation and Hanshin Electric Railway, which are involved in railway operations.

- Number of employees who used the influenza vaccination cost subsidy program (Hankyu Hanshin Holdings, Inc. and its 6 major companies): 5,011 persons (FY2023)

Infectious disease prevention and management for employees stationed overseas

The Group operates the Real Estate Business and the International Transportation Business overseas. Based on the recognition that it is important to respond to health issues, including infectious diseases to watch out for, for employees stationed overseas, we have established a system that allows them to live with peace of mind and focus on business activities.

Specifically, we provide health checkups and vaccinations recommended by the Ministry of Health, Labour and Welfare and the Ministry of Foreign Affairs to employees scheduled to be stationed overseas and their accompanying family members, and we help them receive mental health checkups and seek health consultation during overseas assignment. We thus support employees stationed overseas and their accompanying family members both physically and mentally.

Providing opportunities for specific health guidance and cancer screening

The Group takes measures to promote the health management of employees who are subject to specific health guidance as a result of specific health checkups (health checkups focusing on metabolic syndrome). Specifically, we encourage the relevant employees to receive specific health guidance through office organizations and distribute the results of specific health checkups with an additional remark about the risk of developing lifestyle-related diseases based on the results of the health checkups.

It is now said that one in two Japanese will get cancer; thus, regular checkups for the early detection and treatment of cancer are effective in the cancer control measures. We have a system that allows Group employees who are members of the Hankyu Hanshin Health Insurance Society to receive cancer risk screening through an at-home test and undergo gynecological cancer screening free of charge.

Initiatives to promote smoking cessation

It is said that smoking is the greatest preventable risk factor for illness and death. In response, the Group established the Hankyu Hanshin Holdings Group Smoking Cessation Promotion Declaration in May 2021 and is working to provide support, education and awareness activities and to improve the environment to encourage smoking cessation. Hankyu Hanshin Holdings, Inc. and its six major companies (including the Hankyu Hanshin Health Insurance Society) provide subsidies for outpatient treatment for smoking cessation, offer free online smoking cessation services, and hold a non-smoking awareness seminar.

- The total number of applicants for online outpatient treatment for smoking cessation by the Hankyu Hanshin Health Insurance Society (Hankyu Hanshin Holdings, Inc. and its 6 major companies): 51 persons*

* Aggregate data from April 2022 to March 2023

Mental health and measures

Using a stress check program

The Group conducts a stress check as required by law and responds to highly stressed employees through interviews with an industrial physician. We also use group analysis of stress check results to improve the workplace environment.

- Stress check acceptance rate (Hankyu Hanshin Holdings, Inc. and its consolidated subsidiaries in Japan): 87.6% (FY2023)

Providing education on mental health

The Company organizes a mental health management seminar for all managers as part of its effort to prevent employees from suffering from mental ailments. Also, in addition to providing training on mental health measures to all new Group employees, the Group is working to improve mental health literacy at certain Group companies at career milestones, such as promotions.

Certification as a Health and Productivity Management Organization*

The Group agrees with the purpose of the Certified Health & Productivity Management Outstanding Organizations Recognition Program implemented by the Ministry of Economy, Trade and Industry, and 25 Group companies have been certified under the Program for 2023. Moreover, two Group companies, namely, Hankyu Corporation and ITEC HANKYU HANSHIN, have each been certified under the Program as “White 500” (top 500) organizations in the large enterprise category while Hankyu Hanshin REIT Asset Management has been certified as one of “Bright 500” (top 500) organizations in the SME category.



- Large enterprise category (White 500): Hankyu Corporation and ITEC HANKYU HANSHIN
- Large enterprise category: Hanshin Electric Railway, Hankyu Hanshin Properties, Hankyu Travel International, Hankyu Hanshin Express, Hankyu Sekkei Consultant, Hankyu Hanshin Hotels, Bay Communications, HANKYU HANSHIN BUSINESS TRAVEL, and Hankyu Hanshin Business Associate
- SME category (Bright 500): Hankyu Hanshin REIT Asset Management
- SME category: KITA-OSAKA KYUKO RAILWAY, Tango Kairiku Kotsu, Nose Electric Railway, HANKYU KANKO BUS, Hankyu Bus, HANSHIN CABLE ENGINEERING, OS, CHUO DENSETSU, Hankyu Construction Management, Hankyu Hanshin Insurance Service, HANKYU MEDIAX, Hanshin ENGEI, and HANSHIN CONSTRUCTION

* Under the Certified Health & Productivity Management Outstanding Organizations Recognition Program commendations are given to corporations that are deemed particularly outstanding in their health and productivity management.

DATA

Indicator	Range	Unit	FY2021	FY2022	FY2023
Number of work-related employee fatalities	Hankyu Hanshin Holdings, Inc. and its consolidated subsidiaries in Japan	case(s)	0	0	0
Lost-time incident rate*	Hankyu Hanshin Holdings, Inc. and its 6 major companies	—	0.49 (0.39)	0.75 (0.37)	0.72 (0.55)
	(Reference) National average for all industries		1.95	2.09	2.06
	(Reference) National average for the transportation / postal industries (to benchmark against industry standards)		3.31	3.31	4.06

* The number of casualties due to occupational accidents per million working hours (at least one day off work, excluding commuting accidents. In addition, figures in parentheses exclude third-party accidents.)

Indicator	Range	Unit	FY2023
Number of employees trained on health and safety	Hankyu Hanshin Holdings, Inc. and its 6 major companies	person(s)	6,254

- Percentage of business sites with OHSAS 18001 certification
Currently, there are no business sites certified under OHSAS 18001 (ISO 45001 Occupational Health and Safety Management System).

1. Environmental Management

Approach

In 2010, the Hankyu Hanshin Holdings Group formulated its Basic Environmental Philosophy, which declares that, with a recognition that the conservation of the global environment is a key theme common to humankind, the Group will strive to ensure that all its business activities will be environmentally sustainable. In the same year, the Group also established its Basic Environmental Policy, committing itself to complying with environmental laws and regulations, monitoring and reducing the environmental impact of the Group's business activities and raising employees' environmental awareness. The Group has since made sustained efforts to implement this policy.

Moreover, the Hankyu Hanshin Holdings Group Sustainability Declaration, issued in May 2020, positions environmental protection as one of the six priority issues and sets the relevant policy of conducting eco activities that contribute to a carbon-neutral world and a circular economy. All these embody the Group's belief that it is pivotal to leverage its strengths in the six core businesses, including Railway Business, while implementing basic measures to comply with environmental laws and regulations in order to tackle climate change and other global environmental issues.

Sustainability Declaration priority issue (5): Environmental protection

- **Policy**

Conduct eco activities that contribute to a carbon-neutral world and a circular economy

- **Project theme**

- 1) Cut greenhouse gas (CO₂) emissions
- 2) Improve energy efficiency (promote energy saving)
- 3) Use more renewable energy (e.g. solar)
- 4) Aim for more eco-friendly buildings (green buildings)
- 5) Produce less waste and recycle more

Basic Environmental Philosophy and Policy

- **Basic Environmental Philosophy**

With a recognition that the conservation of the global environment is a key theme common to humankind, the Hankyu Hanshin Holdings Group will promote environmentally sustainable business activities and contribute to building a society that can achieve sustainable development in order to ensure that a greener global environment and better living environments will be handed down to the next generation.

- **Basic Environmental Policy**

The Group implements and continuously enhances environmental measures based on the following policies:

1. We will monitor the environmental impact of our business activities and take action to reduce it.
2. We will accurately understand environmental laws and regulations and other social requirements and comply with them.
3. We will strive to raise employees' awareness so that every employee will be able to act in an environmentally sustainable manner.

We will also work to promote environmental conservation through collaboration with our stakeholders as follows.

- **Property portfolio management and operation policy from the perspective of the environment in the Real Estate Business**

In the management and operation of our real estate facilities, with the cooperation of tenants, we will promote environmental conservation activities that contribute to a carbon-neutral world and a circular economy by working to improve the efficiency of energy use, comprehensively sorting, reducing waste and recycling, throughout the facilities, including in tenants' private areas. In addition, the Hankyu Hanshin Holdings Group and facility managers engage in collaboration and cooperation to improve the environmental initiatives and performance at the properties. For example, we tabulate and analyze the amounts of energy used, waste generated and water withdrawal at the properties and use the results when examining of the property management plans.

- **Approach to cooperation with civic groups**

The Hankyu Hanshin Dreams and Communities of the Future Fund program, one of the Group's social contribution initiatives, is aimed at providing NPOs and other civic groups engaged in environmental conservation with financial support to achieve environmental protection in collaboration with them. The Group has continued to dialogue regularly with the civic groups that it has supported about activities aimed at achieving environmental conservation.

Management / Organization

Corporate Sustainability Committee

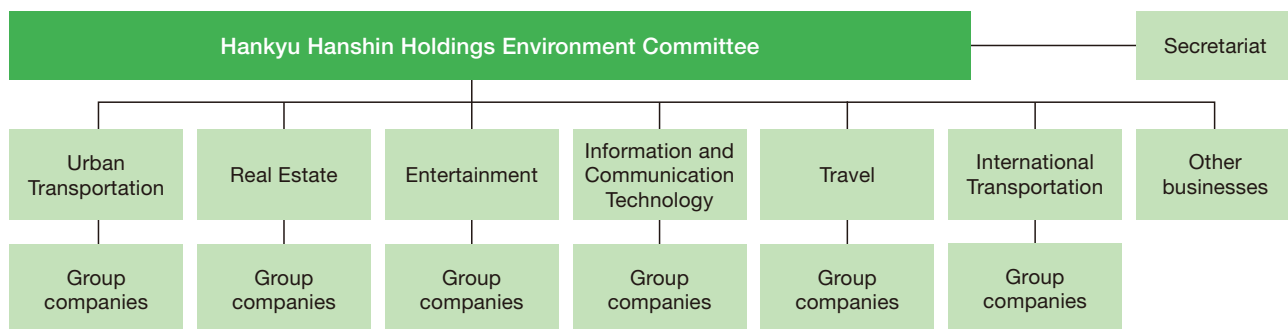
To promote cross-sectional sustainability throughout the Group, we have established the Corporate Sustainability Committee, which is chaired by the Group CEO (supervisor). The Committee, which convenes twice a year, deliberates on the direction of the Group's response to the promotion of environmental preservation issues, and reports the important issues to the Group Management Committee and the Board of Directors. The Committee then incorporates these issues into the Group-wide management system.

Environment Committee

The Group has established the Environment Committee, chaired by the president of Hankyu Hanshin Holdings, Inc., which discusses and decides on the environmental conservation initiatives, including the initiative to mitigate climate change, that the Group should actively implement while promoting its management and business activities. The Environment Committee meets twice a year to deliberate on the status of compliance with environmental laws and regulations and the progress of energy saving measures in the Group's six core businesses. The committee thus serves as the starting point of the Group's promotion of environmental management.

The Environment Committee secretariat annually examines whether the Group's domestic consolidated and non-consolidated subsidiaries (excluding some) comply with environmental laws and regulations. The secretariat not only checks whether there are any violations of environmental laws and regulations but also shares information about revisions of those laws and regulations with the Group companies to minimize the risks of law and regulation violations in advance.

Organization chart



Main roles of the Environment Committee secretariat

Report to the Environment Committee		<ul style="list-style-type: none"> Reporting on the progress of environmental conservation activities twice a year, and reviewing activity policies and plans in response to deliberations by the committee
Environmental conservation activities	Compliance with environmental laws and regulations	<ul style="list-style-type: none"> Examining the status of compliance with environmental laws and regulations Inspecting individual cases concerning priority laws and regulations in more detail
	Environmental impact reduction	<ul style="list-style-type: none"> Compiling and monitoring data on environmental impacts, including energy-related impacts
	Employee awareness-raising	<ul style="list-style-type: none"> Organizing Environmental Conservation Months (June and December) Providing employees with environmental training Communication through the Group's newsletters and other media

Initiatives

Acquisition of certification

As mentioned above, the Hankyu Hanshin Holdings Group has built its original environmental management system and operates it throughout the Group. In addition, some Group business sites have been certified as complying with external standards for environmental management systems, including the ISO 14001 standard.

- Number and percentage of companies (among Hankyu Hanshin Holdings, Inc. and all its consolidated subsidiaries) that have business sites certified as covered by recognized environmental management systems

11 companies accounting for 11.0% (FY2023)

Status of Environmental Management System Certification

Certification	Overview	Certified companies and business sites
ISO 14001 standard for environmental management systems	An international standard for environmental management systems	<ul style="list-style-type: none"> • Hankyu Corporation (Shojaku factory) • ITEC HANKYU HANSHIN • Hankyu Hanshin Express (Hankyu Hanshin Narita Cargo Center and Hankyu Hanshin Osaka Cargo Terminal) • HHE (USA) • HHE (DEUTSCHLAND) • HHE (NETHERLANDS) • HHE (HK) • HHE (MALAYSIA) (HHE: HANKYU HANSHIN EXPRESS)
Green Management Certification	A certification program for environmental conservation delivered by the Foundation for Promoting Personal Mobility and Ecological Transportation, an extra-governmental organization under the Japanese Ministry of Land, Infrastructure, Transport and Tourism. (For transportation-related companies, including truck freight, bus, taxi, shipping, port transportation, and warehouse companies)	<ul style="list-style-type: none"> • Hankyu Bus (Itami and Ishibashi branches) • HANKYU KANKO BUS (Osaka, Nakatsu, Airport, and Airport-South branches)
KES Environmental Management System Standard	An environmental management system promoted by the KES Environmental Organization, a Japanese non-profit created to encourage enterprises to participate in environmental improvement activities	HANSHIN HOTEL SYSTEMS (The Ritz-Carlton, Osaka): Obtained Step 1 certification

Providing employees with environmental training

Hankyu Hanshin Holdings, Inc. provides employees in charge of environmental issues at Group companies with environmental training on a regular basis, in which the company briefs them on the latest information on environmental laws and regulations and on environmental conservation measures.

Also, in order to raise employees' environmental awareness, the company dispatches information about the environmental conservation initiatives implemented in our business activities as well as general knowledge about the environment through in-house publications and others.

2. Climate Change

Approach

The Hankyu Hanshin Holdings Group has defined contributing to a carbon-neutral world as a policy for the priority issue of “environmental protection” toward Sustainable Management.

We recognize that climate change can create not only risks but also opportunities for significant business growth. We will continue to work on steadily improving our energy efficiency and the use of renewable energy in each of our businesses. In our Real Estate Business, we are aiming to create more eco-friendly buildings (green buildings) and are working to promote energy saving at our facilities with the cooperation of our tenants and other stakeholders. In this way, we will reduce the environmental impact of our business activities, including greenhouse gas (GHG) emissions, and play a part in realizing a carbon-neutral world.

Management / Organization

Refer to “Management / Organization” in “Environment: 1. Environmental Management” (page 32).

Target

Indicator	Range	Targets	FY2023 Results
Rate of CO ₂ emissions cuts*	Hankyu Hanshin Holdings, Inc. and its subsidiaries' Japanese worksites	FY2031: 46% reduction compared to FY2014 FY2051: Net zero (Announced in May 2022)	41.3% reduction compared to FY2014

* Equivalent to SCOPE 1 and 2

Initiatives

Supporting public policies and regulations and belonging to business associations for the mitigation of climate change

The Hankyu Hanshin Holdings Group supports various agreements and public policies concerning actions to mitigate climate change, including the Paris Agreement, as well as the laws and regulations intended to mitigate climate change, such as the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. The Group's railway operation and other divisions regularly exchange views with the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of the Environment and the Japan Private Railway Association and propose their ideas about climate change.

Moreover, the Hankyu Hanshin Holdings Group participates in the following initiatives to mitigate climate change.

Initiatives	Group's involvement	Overview
<ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosures (TCFD) TCFD Consortium 	<ul style="list-style-type: none"> Agreed with the TCFD recommendations in May 2021, listed TCFD Supporter Holds TCFD Consortium membership 	The TCFD was created by the Financial Stability Board at the request of the G20 member states. The TCFD recommends that companies and other kinds of organizations disclose the financial and other impacts of climate-related risks and opportunities on their medium- to long-term strategies and planning to help investors make appropriate investment decisions.
<ul style="list-style-type: none"> United Nations Global Compact (UNGC) Global Compact Network Japan (GCNJ) 	<ul style="list-style-type: none"> Agreed with the UNGC in May 2021, listed United Nations Global Compact Supporter Holds GCNJ membership 	The UNGC was announced at the World Economic Forum held in 1999, and is a pact that enshrines behavioral principles for businesses around the world. It consists of ten principles in the areas of human rights, labor, the environment, and anti-corruption. The GCNJ is a UNGC's local network (platform for sustainable development) in Japan.

Initiatives	Group's involvement	Overview
Japan Business Federation (general incorporated association)	Hankyu Corporation and Hanshin Electric Railway participate as corporate members	The Japan Business Federation is a general economic association that seeks solutions to international problems and closer economic relations with other countries through dialogue with governments, economic organizations, and international organizations. Hankyu Corporation and Hanshin Electric Railway participate in the Federation as corporate members and, through a business association, are actively involved in the "Keidanren Carbon Neutrality Action Plan," the Federation's climate change mitigation initiative to promote the steady reduction of CO ₂ emission. The Group's policy on climate change is consistent with the policy of the Federation.
Kansai Economic Federation (public interest incorporated association)	Participates as a vice chair	The Kansai Economic Federation (Kankeiren) is an economic organization of companies whose head offices or other bases are located in the Kansai region. The Kansai Economic Federation conducts surveys and research on the invigoration of the Kansai economy and submits proposals to the Japanese government and relevant local governments. It also promotes ESG initiatives and initiatives to achieve the SDGs, including those to mitigate climate change and to achieve carbon neutrality, and proposes related policies. The Kansai Economic Federation's policies on climate change correspond with those of the Hankyu Hanshin Holdings Group, and the Group CEO is fully committed to the Kansai Economic Federation as one of its vice chairs. The Hankyu Hanshin Holdings Group also plays a role in promoting ESG and SDG initiatives in the Kansai business community by taking initiative, and working to ensure that the Group's opinions are reflected in the organization within the Federation.
Japan Private Railway Association (general incorporated association)	Hankyu Corporation and Hanshin Electric Railway participate as board members	The Japan Private Railway Association is a general incorporated association established to create safer and more convenient railroads, which are closely connected with the lives of many people. The association is engaged in activities to improve railroad safety and convenience, strengthen railroad maintenance, and promote environmental protection. The presidents of Hankyu Corporation and Hanshin Electric Railway, both members of our Group, are serving as directors of the Association and proactively engaging in its activities, including making policy recommendations to the government. In addition, the two companies are actively promoting the advantages for environmental preservation of railroads by participating in the Railway Eco Campaign, one of the association's activities to promote the use of railroads as a means of addressing climate change.

Initiatives to contribute to the creation of green communities

Expanding and promoting the use of public transportation networks

CO₂ emissions per unit transportation capacity from railway transportation are just 1/8th of those from transportation by private cars. Railways are thus a transportation means with low environmental impacts. Enhanced convenience of public transportation will contribute to less use of private cars, which results in reduction of CO₂ emissions from the transportation sector in Japan. While continuing to enhance railway networks, as represented by the Hanshin Namba Line, we will also focus efforts on improving the means of transportation for "to the station" and "from the station" by enhancing not only buses and taxis but also services to enhance usability of bicycles, such as rental bicycles and bicycle parking lots, thereby working to establish transportation networks with low environmental impacts centered around public transportation. In addition, the Hankyu Hanshin Holdings Group operates its Real Estate, Entertainment, and other Businesses as part of the development along its railroad lines. Many sites for those businesses (including commercial facilities, Hanshin Koshien Stadium, and Takarazuka Grand Theater) are located within a walking distance from railway stations and contribute to both establishing transportation networks and reducing the environmental impacts of travel by many customers.

Zero-Carbon Baseball Park

Hanshin Electric Railway, under its Zero-Carbon Baseball Park project, aims to decarbonize the entire area surrounding Odaminami Park, the future home of the Hanshin Tigers farm team. To this end, the company will foster energy conservation and the use of renewable energy in a comprehensive manner at the team's new base as well as at its feeder train stations in Amagasaki city.

In April 2022, the project, as a joint proposal made by Amagasaki city and Hanshin Electric Railway, was selected to be one of the first "Decarbonization Leading Areas"* projects by the Ministry of the Environment.

* Decarbonization Leading Areas: Designated by the Ministry of the Environment as areas in which proactive measures will be implemented to achieve carbon net-zero electricity consumption in the private sector (including households, stores and buildings) by 2050 ahead of other areas.

Actions to cut greenhouse gas (such as CO₂) emissions and improve energy efficiency

We will strive to reduce GHG* emissions toward FY2031 by implementing various measures to lower energy consumption according to the characteristics of our respective businesses, especially in our Urban Transportation and Real Estate Businesses, which account for a major part of our energy consumption. Those measures include introducing energy-efficient equipment and promoting energy conservation activities.

* As almost all of GHG emissions produced by the Group are CO₂ emissions, we regard the amount of our CO₂ emissions as the total amount of our GHG emissions.

Urban Transportation

● Actions to lower energy consumption entailed by railway operations

Since railway operations account for about 40% of the Hankyu Hanshin Holdings Group's energy consumption, the Group places a high priority on lowering the energy consumption of its railway operations. Hankyu Corporation and Hanshin Electric Railway devote efforts to shifting to rolling stock with high energy-saving performance while discussing new developments with train equipment manufacturers. For example, for their newest railway vehicles with highest energy performance, Hankyu Corporation and Hanshin Electric Railway have adopted highly efficient variable-voltage/variable-frequency (VVVF) inverter control devices along with the use of permanent-magnet synchronous motors as well as LED lights for all lighting equipment, including headlights, thereby reducing the vehicles' electricity consumption by 50 to 60% relative to conventional vehicles.

● Actions to lower energy consumption at railway stations

We are gradually upgrading the lighting at our railway stations and other facilities to LED lights, which are less power-consuming and have a longer life, contributing to waste reduction. (Ratio of LED lighting to station lighting, excluding backyard : 60% for Hankyu Corporation and 75% for Hanshin Electric Railway, both figures as of March 2023)

In addition, Settsu-shi Station, opened on the Hankyu Kyoto Line in 2010, is Japan's first net-zero CO₂ emissions station (or carbon neutral station). Various environmental measures adopted at this station, including the use of solar panels and LED lights, have reduced CO₂ emissions from the station to about half of those from an ordinary station. The remaining CO₂ emissions from the station are completely offset by CO₂ emissions reductions through forest conservation activities (carbon offset).

● Introduction of electric buses with reduced environmental impact

The Group is fostering the use of electric buses, which do not emit CO₂ during operation and are thus more friendly to the environment.

Since October 2021, Hankyu Bus has been using two electric buses for its transportation services provided on the Osaka University campus. The company is now also using two electric buses for its fixed-route bus transportation service provided in the service area of the Senri sales office and four electric buses in the service area of the Ibaraki sales office.

In May 2023, moreover, HANSHIN BUS began operating the first two electric buses used for fixed-route bus services in Hyogo Prefecture.

Real Estate

● Use of building management systems to measure energy efficiency

The Group is committed to utilizing a systematic building management system that measures energy use and efficiency, contributes to overall building energy saving and energy efficiency improvements, and thereby supports tenants' energy saving awareness and daily activities.

Osaka Umeda Twin Towers South uses the Building Energy Management System (BEMS) to "visualize" energy usage and efficiency for the energy-saving operations and management of building facilities. The building also promotes energy saving while maintaining comfort through other systems, including a highly efficient cogeneration system, sequential air conditioning that automatically changes temperature setting in stages from areas near the outside of the building to the offices, and desiccant air conditioning that regulates the air quality by controlling the humidity in the air with desiccants. Furthermore, the building also graphically displays trends and year-on-year comparisons, and tenants can check the daily and hourly energy consumption in their rental rooms on the website. These initiatives help to raise tenants' awareness of energy use and enable tenants to carry out daily energy saving activities.



Osaka Umeda Twin Towers South

● Environment-friendly initiatives adopted in the Geo condominium series*1

All of the Geo condominiums sold by the Hankyu Hanshin Holding Group from around the end of July 2011 onward are equipped with various environment-friendly features, such as Low-E multi-layered glass and LED lighting (in both common and private areas), as well as electric vehicle charging equipment. Also, sunlight and solar heat are used to create energy for use in some Geo condominiums. In some condominiums, we collect and reuse household tempura oil. We have taken the initiative to embark on these diverse environmental improvement efforts. Furthermore, the properties currently under construction have acquired Heat Insulation Performance Grade 4 or higher and Primary Energy Consumption Grade 4 or higher under the Housing Performance Labeling System, and all properties to be sold or leased from FY2025 onward will be Net Zero Energy House Mansion (ZEH-M) Oriented*2 or higher to continue our efforts to reduce the environmental impact of our activities.

*1: May not be applicable to condominiums jointly developed with other companies.

*2: Net Zero Energy House Mansion (ZEH-M) Oriented: A condominium in which the primary energy consumption of the entire condominium including common areas is reduced by 20% or more (compared with the standard primary energy consumption for heating, cooling, ventilation, lighting and hot water supply specified in the 2016 Energy Conservation Standard).

● Promotion of ZEH in Geo Garden detached houses

In the Geo Garden series of detached houses sold by our Group, we will actively promote the spread of ZEH to contribute to the realization of an energy-saving and a carbon-neutral world. There are three types of ZEH for detached houses: 『ZEH』, the design of which reduces primary energy consumption (heating, cooling, ventilation, lighting and hot water supply) by 100% or more as compared with standard primary energy consumption; “Nearly ZEH,” with a reduction rate of 75% or more; and “ZEH Oriented,” with a reduction rate of 20% or more. The Group’s goal is to have at least 50% of detached houses for sale at 『ZEH』 or Nearly ZEH levels by FY2026 and to have all detached houses for sale at the ZEH standard in principle by FY2031.

● Environment-friendly measures*1 to be implemented at LOGiSTA facilities

The Group will acquire ZEB Ready*2 and higher-level certifications for the logistics facilities to be developed by the Group as part of its environmental conservation and energy-saving efforts. To this end, for LOGiSTA Osaka Matsubara and LOGiSTA Toyonaka, which are multi-tenant logistics facilities to be completed in the winter of 2024, we will adopt LED lighting, motion sensors and water-saving sanitary equipment to acquire ZEB Ready certification for the buildings.

*1: Some of such measures might not be implemented at jointly operated facilities.

*2: At a net-zero energy building (ZEB), energy conservation measures, such as introducing highly energy-efficient equipment, are implemented to substantially reduce the annual primary energy consumption relative to a conventional standard building of the same size without compromising comfort. According to the emissions reduction achieved, one of the following four types of certifications is given: 『ZEB』, Nearly ZEB, ZEB Ready and ZEB Oriented. ZEB Ready certification is given to a building where the primary energy consumption is reduced by 50% or more.

Aim for more eco-friendly buildings (green buildings)

To provide many more environment-friendly buildings, the Hankyu Hanshin Holdings Group has striven to obtain environment and society-friendliness certification.




Target

Indicator	Range	Target	FY2023 Results
Acquisition rate of green building and other environmental certifications*1 that apply to office buildings and large buildings for commercial and other uses*2	Hankyu Corporation, Hanshin Electric Railway, Hankyu Hanshin Properties	100% in FY2023 (The target is 100% each fiscal year.)	100% (Kobe Sannomiya Hankyu Building and Osaka Umeda Twin Towers South)

*1: Environmental certification systems such as DBJ, CASBEE, BELS, and LEED

*2: Buildings with a total floor area of 30,000 m² or more (excluding properties jointly owned with another company) completed in FY2021 or later

Acquisition of Green Building certification (certification to a recognized building management standard for property portfolio)

Certification name and evaluation details	Facility
DBJ Green Building certification (5-star scale)	
 <p>DBJ Green Building 2021 5-star</p>	<p>★★★★★ (Certified as 5-star) DBJ Green Buildings that meet Japan’s highest standards for environmental and social consideration</p> <p>Osaka Umeda Twin Towers South Hankyu Nishinomiya Gardens</p>
 <p>DBJ Green Building 2021 4-star</p>	<p>★★★★ (Certified as 4-star) DBJ Green Building with exceptionally high environmental and social awareness</p> <p>HEP FIVE</p>
 <p>DBJ Green Building 2021 3-star</p>	<p>★★★ (Certified as 3-star) DBJ Green Building with very high environmental and social awareness</p> <p>Kobe Sannomiya Hankyu Building</p>

Certification name and evaluation details	Facility
Certification for CASBEE for Real Estate	
<p>Rank S (Highest rank)</p> <p>Buildings that have obtained the highest-rank certification under the environmental evaluation system for real estate property developed and operated under a project led by the Japan Sustainable Building Consortium (JSBC) and the Institute for Built Environment and Carbon Neutral for SDGs (IBECs).</p>	LOGiSTA Logicross Ibaraki Saito Buildings A and B
CASBEE Osaka (Osaka's Comprehensive Assessment System for Built Environment Efficiency) (5-grade evaluation)	
<p>S rank (top in the ranking)</p> <p>Buildings that have obtained the highest rank in overall environmental performance of the building, including comfort of the indoor environment, longevity of the building, and consideration for the landscape.</p>	Osaka Umeda Twin Towers North
LOTUS	
<p>LOTUS CERTIFIED</p> <p>Buildings that are certified to meet the predefined environmental performance standards in seven areas (energy, water, materials and resources, health and comfort and others) throughout their life cycles under the environmental performance evaluation system implemented by the Vietnam Green Building Council (VGBC).</p>	Sembcorp Logistics Park (Hai Duong)
Building-Housing Energy-efficiency Labeling System (BELS)	
<p>★★★★★ (Highest rank)</p> <p>Buildings that have received five-star (highest rank) third-party certification based on the guidelines on the labeling of energy conservation performance of buildings set by the Ministry of Land, Infrastructure, Transport and Tourism.</p>	LOGiSTA Logicross Ibaraki Saito Buildings A and B
ZEB	
<p>ZEB Ready</p> <p>At a net-zero energy building (ZEB), energy conservation measures, such as introducing highly energy-efficient equipment, are implemented to substantially reduce the annual primary energy consumption relative to a conventional standard building of the same size without compromising comfort. According to the emissions reduction achieved, one of the following four types of certifications is given: 『ZEB』, Nearly ZEB, ZEB Ready and ZEB Oriented. ZEB Ready certification is given to a building where the primary energy consumption is reduced by 50% or more.</p>	LOGiSTA Logicross Ibaraki Saito Building B

Utilize renewable energy (e.g. solar)

Installation of solar power generation facilities

As an action to utilize renewable energy, we have been installing solar power generation facilities on our Group premises. Our major premises equipped with these facilities are as follows. (The figures in parentheses are annual power generation output in FY2023.)

- Urban Transportation: Hanshin Oishi Station (122,311 kWh); Hankyu Settsu-shi Station (53,695 kWh), and Hankyu Nishinomiya-kitaguchi Station (where the facilities started operation in Mar. 2023)
- Real Estate: HEP FIVE (18,398 kWh)
- Entertainment: Hanshin Koshien Stadium (114,158 kWh)

Use of renewable energy-derived electricity at office buildings, commercial facilities and others

In April 2022, we started to use renewable energy-derived electricity endorsed with a non-fossil certificate with tracking information*1 in the Osaka Umeda Twin Towers North and South*2. We have since been working to expand the use of such electricity to more facilities, aiming to replace most of the electricity used*3 at the office buildings, commercial facilities and other sites*4 that we are managing in the Osaka Umeda area and the areas along our rail lines with renewable energy-derived electricity by FY2026. In this way, we are striving for the realization of a carbon-neutral world by cooperating as building owners with tenants.

*1: A non-fossil certificate with tracking information certifies the environmental value of electricity derived from non-fossil sources, such as renewable energy, and provides tracking (attribute) information, such as the location of the power plant where the electricity was generated. Electricity endorsed with such certificates is deemed to be renewable energy-derived electricity.

*2: At both shared spaces in the buildings and office spaces for exclusive use by tenants.

*3: Excluding electricity generated privately via gas co-generation systems.

*4: Excluding some facilities, such as facilities to be refurbished or redeveloped, those that use only a very small amount of electricity, and those for which the Group has no authority over energy management.

Identifying risks and opportunities created by climate change

Risks caused by climate change are broadly divided into physical risks and transition risks.

Addressing physical risks

In recent years, natural disasters have been causing more localized and at the same time more intense damage in areas across Japan. These disasters include the flooding of rivers caused by heavy rainfall events and super-large typhoons as well as the flooding of roads due to rainfall in amounts that exceed the drainage capacity of the local sewerage system. In response, under its risk management system, the Group annually conducts a risk survey targeting each Group company. For the FY2023 survey, we included “natural disasters (damage by flooding)” in the risks faced in common by Group companies. Then, based on the survey results, we identified the risks posed to each of our businesses, and examined and fostered countermeasures against the identified risks. For example, in the Urban Transportation Business, we are enhancing our measures against flood-related damage, including measures to prevent water from entering communications equipment rooms and measures to foster the relocation and updating of substations.

Addressing transition risks

We follow the TCFD framework to monitor transition risks created by changes due to the transition to a low-carbon society, including changes in policies, laws and regulations, as well as technological innovation and changes in the markets. We also conform to the same scheme in devising measures to address transition risks. For details, please refer to the [disclosure based on TCFD’s recommendations](#) [WEB](#).

Introduction of an internal carbon pricing system*

To foster investments in CO₂ emissions reduction, we introduced an internal carbon pricing system (5,000 yen/t-CO₂) in FY2024.

* Internal carbon pricing (ICP) refers to the practice of companies setting their own carbon prices to enable them to model the economic impact of reducing future CO₂ emissions and the introduction of carbon taxes in order to make relevant investment decisions and incentivize further energy conservation.

DATA

The Group’s GHG emissions (SCOPE 1 and 2)

Indicator	Unit	Group total (business sites in Japan and overseas)			Business sites in Japan					Business sites overseas			
		FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	Versus FY2014	(Reference) FY2014	FY2021	FY2022	FY2023	
SCOPE 1 and 2 Total*	t-CO ₂	371,136	394,858	362,660 <input checked="" type="checkbox"/>	370,131	393,821	361,817	-254,548	-41.3%	616,365	1,005	1,037	844
By segment*													
Urban Transportation	t-CO ₂	247,119	260,062	239,580	247,119	260,062	239,580	-161,038	-40.2%	400,619	—	—	—
Real Estate		104,406	113,159	102,793	104,327	113,088	102,727	-82,964	-44.7%	185,691	80	71	67
Entertainment		9,341	10,989	10,773	9,341	10,989	10,773	-4,662	-30.2%	15,434	—	—	—
Information and Communication Technology		1,938	2,135	1,950	1,938	2,135	1,950	-1,219	-38.5%	3,169	—	—	—
Travel		1,566	1,472	1,387	1,556	1,462	1,379	-720	-34.3%	2,099	10	9	8
International Transportation		2,774	2,778	2,518	1,858	1,821	1,749	-586	-25.1%	2,335	916	957	769
Other		3,993	4,264	3,659	3,993	4,264	3,659	-3,359	-47.9%	7,018	—	—	—
By SCOPE*													
SCOPE 1	t-CO ₂	104,772	104,556	103,476 <input checked="" type="checkbox"/>	104,668	104,479	103,401	-40,765	-28.3%	144,166	104	77	75
SCOPE 2		266,365	290,302	259,184 <input checked="" type="checkbox"/>	265,463	289,342	258,416	-213,783	-45.3%	472,199	902	961	768

* We aggregated CO₂ emissions from energy processes.

• We calculated the entire Group’s GHG emissions (SCOPE 1 and 2) for FY2023 based on the GHG Protocol as detailed below:

- SCOPE 1 and 2 total [Market-based] 367,788t-CO₂ [Location-based] 473,508t-CO₂
- SCOPE 1 108,234t-CO₂
- SCOPE 2 [Market-based] 259,554t-CO₂ [Location-based] 365,274t-CO₂

• For the boundary of data and calculation methods, please refer to [supplementary information](#) (page 61).

• Data marked with have been assured (limited assurance) by the independent assurance provider, KPMG AZSA Sustainability Co., Ltd. to ensure the reliability of the data. For details, please refer to the [Independent Assurance Report](#) (page 60).

The Hankyu Hanshin Holdings Group's GHG emissions (SCOPE 3*)

(Unit: t-CO₂)

Indicator	FY2022		
SCOPE 3 Total	3,403,736		
By category (FY2022)			
1. Purchased goods and services	1,949,678	9. Transportation and distribution (downstream)	7,200
2. Capital goods	688,927	10. Processing of sold products	0
3. Fuel and energy related activities not included in SCOPE 1 or 2	82,318	11. Use of sold products	153,304
4. Transportation and distribution (upstream)	343,526	12. End-of-life treatment of sold products	10,059
5. Waste generated in operations	39,040	13. Leased assets (downstream)	89,832
6. Business travel	3,200	14. Franchises	28,117
7. Employee commuting	8,534	15. Investments	0
8. Leased assets (upstream)	0		

- Calculated in line with the GHG Protocol
- For SCOPE 3, indirect emissions that are not included in SCOPE 1 or 2 and that are from those other than the reporting organization but are related to the organization's activities are calculated.

The Group's energy consumption on a crude oil-conversion basis

Indicator	Unit	Group total (business sites in Japan and overseas)			Business sites in Japan						Business sites overseas		
		FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	Versus FY2014	(Reference) FY2014	FY2021	FY2022	FY2023	
Total energy consumption on crude oil-conversion basis	kL	253,601	252,986	256,797 <input checked="" type="checkbox"/>	253,116	252,495	256,378	-60,113	-19.0%	316,491	485	491	419
By segment													
Urban Transportation	kL	167,138	164,480	164,115	167,138	164,480	164,115	-36,614	-18.2%	200,728	—	—	—
Real Estate		73,452	74,847	78,840	73,400	74,800	78,796	-20,878	-20.9%	99,674	52	47	44
Entertainment		6,577	7,210	7,726	6,577	7,210	7,726	-573	-6.9%	8,299	—	—	—
Information and Communication Technology		1,438	1,465	1,465	1,438	1,465	1,465	-321	-18.0%	1,786	—	—	—
Travel		941	859	832	935	852	825	-312	-27.4%	1,137	7	7	7
International Transportation		1,450	1,473	1,365	1,024	1,035	998	-243	-19.6%	1,241	427	437	368
Other		2,604	2,653	2,453	2,604	2,653	2,453	-1,173	-32.3%	3,626	—	—	—

- For the boundary of data and calculation methods, please refer to supplementary information (page 61).
- Data marked with have been assured (limited assurance) by the independent assurance provider, KPMG AZSA Sustainability Co., Ltd. to ensure the reliability of the data. For details, please refer to the Independent Assurance Report (page 60).

The Group's GHG emissions and energy consumption on a crude oil-conversion basis in the property portfolio

Indicator	Unit	FY2021	FY2022	FY2023
Greenhouse gas (GHG) emissions*	t-CO ₂	153,028	166,291	150,647
Energy consumption on crude oil-conversion basis	kl	115,078	115,407	124,972

- The boundary of the aggregation of GHG emissions and energy consumption is properties classified as rental office business owned by companies in the Group's Real Estate Business Segment, which must be reported under Rationalizing Energy use and Shifting to Non-fossil Energy.

* All the figures were calculated using adjusted GHG emission factors.

3. Pollution and Resources

Approach

The Hankyu Hanshin Holdings Group has defined producing less waste and recycling more as a policy for the priority issue of “environmental protection” toward Sustainable Management.

In accordance with its Basic Environmental Policy, the Group not only complies with various laws and regulations but also strives to reduce environmental pollution, waste, and the resource use, associated with our business activities. The Group is also committed to utilizing resources effectively mainly by promoting recycling.

In the management and operation of properties in the Real Estate Business, the Group promotes environmental conservation activities that contribute to a circular society by cooperation with tenants and other stakeholders to comprehensively sort the waste generated by tenant operations, reduce the amount of waste generated, and promote recycling.

Management / Organization

Refer to “Management / Organization” in “Environment: 1. Environmental Management” (page 32).

Initiatives

Reducing environmental pollution

The Hankyu Hanshin Holdings Group has set a process target of reducing the pollutants emitted by its business activities by implementing countermeasures against environmental pollution in compliance with various laws and regulations.

Countermeasures against soil pollution in the Real Estate Business

In compliance with applicable laws and regulations, we appropriately conduct land history surveys and soil pollution surveys and adopt soil purification measures when we acquire and develop land.

Installing kitchen wastewater abatement equipment in real estate facilities

At Osaka Umeda Twin Towers South, Hankyu Nishinomiya Gardens, and HERBIS OSAKA and HERBIS ENT, we have installed kitchen wastewater abatement facilities in some food and beverage tenants. And then, kitchen wastewater from those tenants is treated by a complex of microorganisms before discharged into public sewage to reduce pollutants and maintain water quality at levels well below discharge standards.

Using no more plastic straws in the Hotel Business

Hankyu Hanshin Hotels has ceased using plastic straws in its directly operated restaurants and banquet halls of its directly operated hotels and has replaced them with environmentally friendly straws. Its directly operated restaurants offer straws only to customers who need them to reduce CO₂ emissions when burning them.

Reducing waste and utilizing resources

The Group has set a process target of devoting further efforts to reducing waste and utilizing resources effectively by fulfilling its responsibilities as an enterprise provided for by various laws and regulations and by collaborating and cooperating with other companies and tenants at its real estate facilities.

Promoting waste reduction by introducing a pay-per-amount system

We have introduced a pay-per-amount system, instead of a common flat-fee system, to charge tenant stores in real estate facilities managed and run by the Hankyu Hanshin Holdings Group (HANKYU SANBAN GAI, Hankyu Nishinomiya Gardens and Hankyu Terminal Building) for waste disposal according to the amount of waste they produce. This system is aimed at giving an incentive for the stores to minimize waste and consequently reducing the total amount of waste in a more effective manner.

Reducing food waste in the Hotel Business

Hankyu Hanshin Hotels is committed to reducing food waste and making effective use of resources by developing mechanisms to control food waste generation and weighing, and by making effective use of reusable food scraps.

Target

Indicator	Range	Target	FY2023 Result
Volume of food waste	Hankyu Hanshin Hotels	In FY2031, 50% reduction compared to FY2014	66.2% reduction compared to FY2014*

* The substantial reduction was largely due to the impact of COVID-19

Reducing resource use

The Group has set a process target of reducing resource use by curbing the use of resources and promoting the use of recycled materials through collaboration with stakeholders, including other companies.

Reducing the number of plastic bags used at the Hanshin Koshien Stadium

We are working with stakeholders to reduce resource use such as reducing the number of plastic bags used at food and beverage concessions and merchandise stores at the stadium.

Target

Indicator	Range	Target	FY2023 Results
Reduction rate in the number of plastic bags used at food and beverage concessions and merchandise stores at the Hanshin Koshien Stadium	Hanshin Electric Railway (Koshien department), Hanshin Tigers Baseball Club, and WELLNESS HANSHIN	2030 season 45% reduction compared to the 2019 season	2022 season 52% reduction compared to the 2019 season

Promoting recycling at the Hanshin Koshien Stadium in collaboration with other companies and the government

At the Hanshin Koshien Stadium, we promote recycling in collaboration with other companies and the government to reduce the use of resources and increase the resource recycling rate.

● Making more effective use of recycled materials

Uniforms worn by employees and part-time staff at the Hanshin Koshien Stadium are made of recycled polyester fiber manufactured by TEIJIN FRONTIER CO., LTD. as an alternative to polyester fiber. We are also developing environment-friendly products, such as garbage bags made of recycled materials as part of our efforts to promote recycling.

Target

Indicator	Range	Target	FY2023 Results
Percentage of recycled materials in the total amount of materials used at the Hanshin Koshien Stadium	Hanshin Electric Railway (Koshien department)	Expanded use of recycled materials	Making effective use of recycled materials for: <ul style="list-style-type: none"> • Shopping bags distributed at the Stadium store • Garbage bags designated by Nishinomiya city • Rubber fences installed at the Stadium

● Plastic cup recycling

In cooperation with TEIJIN FRONTIER CO., LTD. and SHIMOJIMA Co., Ltd., we have introduced a circular resource initiative in which plastic cups used for beer and other beverages sold at the Hanshin Koshien Stadium and collected from customers are recycled as part of the raw materials for novelty items such as beer cup holders and garbage bags as well as for rubber (buffer) fencing installed at the Stadium.

We are also promoting the reduction of resource use in cooperation with the government, for example, by expanding the use of those garbage bags outside the Hanshin Koshien Stadium, as they have been approved as government-designated garbage bags since FY2023.



A beer cup recycle bin

Target

Indicator	Range	Target	FY2023 Results
Plastic cup collection rate at the Hanshin Koshien Stadium	Hanshin Electric Railway (Koshien department), Hanshin Tigers Baseball Club, WELLNESS HANSHIN	2030 season 70%	2022 season 35%

● Horizontal recycling of PET bottles

In collaboration with Asahi Soft Drinks Co., Ltd., we conducted a bottle-to-bottle (horizontal) recycling project at the Hanshin Koshien Stadium during the period of the 2023 summer national high school baseball championship held at the Stadium. In this project, we collected plastic PET bottles from customers at the Stadium and then recycled the collected bottles into PET resin materials to be used to produce new PET bottles.

Reducing paper use by digitizing air cargo documents in the International Transportation Business

Taking part in the International Air Transport Association (IATA)'s e-Freight* initiative to build a paperless transportation process for consolidated air cargo, Hankyu Hanshin Express has digitized (made paperless) all shipping documents for its consolidated air cargo from Japan to Hong Kong since FY2017. The company has established a necessary system through repeated verifications with airlines, local subsidiaries, and overseas agencies, and it has built a safer, more reliable, and faster transportation process, with a reduction in consumption of paper (equivalent to 500 A4-size sheets of paper per cargo). As of August 2023, this initiative had been expanded to 121 destinations in 42 countries and regions, with an expected monthly reduction of 80 tons of paper use.

* e-Freight: A joint initiative in the international transportation industry to build paperless transportation processes through collaboration throughout the supply chain, including carriers, freight forwarders, ground handlers, shippers, customs brokers and customs authorities

DATA

Waste

Indicator		Unit	FY2021	FY2022	FY2023
Waste	Generation	t	55,066	42,729	44,112
	Recycled (Recycling rate)		19,978 (36.3%)	22,740 (53.2%)	21,389 (48.5%)
	Non-recycled		23,734	7,441	8,771
Hazardous waste*1 included		Generation	172	327	417

Results of waste reduction measures

Indicator		Unit	FY2021	FY2022	FY2023
Construction waste*2	Generation	t	69,602	35,463	7,671
	Recycled (Recycling rate)		67,215 (96.6%)	28,894 (81.5%)	3,010 (39.2%)
	Non-recycled		301	5,066	123
Equipment regulated by recycling laws		Disposed of	3.6	3.2	0.4
Disused items sold		Disposed of	696	797	692

• The data above covers Hankyu Hanshin Holdings, Inc. and its subsidiaries in Japan. However, some business sites on which data are difficult to obtain are excluded. The figures for FY2023 pertain to 88 companies in Japan.

*1: Industrial waste of toxic or infectious kinds, defined as "waste requiring special management" by the Waste Management and Public Cleansing Act of Japan

*2: Construction waste to which the Construction Material Recycling Act applies

Results concerning chemicals

Indicator		Unit	FY2021	FY2022	FY2023
Volatile organic compounds (VOCs) *1	Generation	kg	9,340	7,970	9,050
	Emissions		3,080	2,870	2,610
	Transferred out		6,260	5,100	6,440
PCB-containing waste*2	Stored	t	82	24	8

Results for other emissions

Indicator		Unit	FY2021	FY2022	FY2023
Nitrogen Oxide (NOx)*3	Emissions	t	74	60	68
Sulfur Oxides (SOx)*4			—	0.625	0.004

Results of raw materials

Indicator		Unit	FY2021	FY2022	FY2023
Office paper	Used	t	597	588	619

• The data above covers Hankyu Hanshin Holdings, Inc. and its subsidiaries in Japan. However, some business sites on which data are difficult to obtain are excluded. The figures for FY2023 pertain to 88 companies in Japan.

*1: Specific chemical substances whose amounts emitted and transported from business sites are reported to the government in compliance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof

*2: Stored and treated in compliance with the Waste Management and Public Cleansing Act and the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes

*3: The level of nitrogen oxide contained in automobile exhaust gas in specified areas in Osaka and Hyogo Prefectures, calculated in accordance with the Law Concerning Special Measures for Total Emission Reduction of Nitrogen Oxides and Particulate Matter from Automobiles in Specified Areas.

*4: Sulfur oxides emitted from soot- and smoke-generating facilities, of which we have notified the government in accordance with the Air Pollution Control Law.

4. Biodiversity

Approach

The Hankyu Hanshin Holdings Group values biodiversity as a factor for developing a good living environment under the priority issue of “thriving communities” toward Sustainable Management. Additionally, in the Hankyu Hanshin Dreams and Communities of the Future Project, which is a social contribution initiative of the Group, we have defined “Sustainable Community Development” as a priority field and promoted activities aimed at contributing to the preservation of biodiversity and the natural environment.

In the Group’s business activities and social contribution initiatives, we will continue our efforts to protect biodiversity in cooperation with local communities in conformity to the principle of paying due consideration to the surrounding environments and ecosystems.

Management / Organization

Refer to “Management / Organization” in “Environment: 1. Environmental Management” (page 32).

Initiatives

Consideration for biodiversity

We pay due consideration to biodiversity and implement the following measures to reduce the environmental impact of the Group’s business activities.

Consideration for biodiversity and environmental impact assessments in development projects

Every time a new development project is launched in its Urban Transportation and Real Estate Businesses, the Hankyu Hanshin Holdings Group confirms whether any natural features, including trees and forests, that need protection and conservation exist on the development site, and it adopts measures to protect and conserve such natural features as needed. On the development site, we arrange green areas with plants selected with great care to ensure good harmony between these green areas and natural features in the nearby area. In development projects in areas with abundant natural features, we assess those projects’ environmental impacts on local flora and fauna and ecosystems in compliance with laws, regulations, and ordinances concerning environmental impact assessments and the conservation of nature.

Reducing environmental pollution

We mitigate environmental pollution caused by our business activities to reduce their impact on the natural environment, which is home to diverse organisms. For details, refer to “Initiatives” in “Environment: 3. Pollution and Resources” (page 41).

Restoration and protection of biodiversity

We contribute to the restoration and protection of biodiversity through the following efforts, including the creation and maintenance of environments that support a variety of living organisms in the areas where the Group operates and local communities connected with the Group.

Urban greening in the Umeda area, Osaka Prefecture

At Osaka Umeda Twin Towers South, planters (477 units, approx. 700 m²) have been installed over a wide area on the exterior balconies (3rd to 9th floors) of the lower floors as wall greening. In consideration of biodiversity, we have selected tree species native to the Rokko mountain range and the Yodo River water system, as well as a variety of flowers, maple trees, and other plants that change with the seasons. In the rooftop garden on the 12th floor, tree species were selected based on the same concept as that applied for the wall greening, and zelkova trees, symbolic trees for the area, have been placed in harmony with the surrounding landscape and combined with seasonal plants to provide office workers and visitors with a relaxing and restful oasis space (approximately 800 m² for the entire rooftop garden).

GRAND FRONT OSAKA, in which the Group participated as a member of the developers, has a garden of approximately 4,000 m² to the north of the North Building and rooftop gardens, which total over 10,000 m², on the roofs of the 9th floors of both the South and North Buildings. These gardens are designed for harmony with the environment. The entire facility is surrounded with a network of ginkgo trees, zelkova trees, and waterscapes, offering a space for store customers, office workers, residents, and hotel guests to enjoy natural features and seasonal changes.

The GRAND GREEN OSAKA Umekita Phase 2 Development Project, in which the Group participates as a member of the joint venture (JV) for the project, will create a total of approximately 80,000 m² of green areas (including an urban park of about 45,000 m²) on the

development site based on the community development principle of realizing a fusion of “green” and “innovation.” The project is intended to contribute to establishing an ecosystem network around the center of Osaka by creating habitable environments for species identified in ecosystem surveys conducted targeting the Yodo River and Osaka Castle Park. Specifically, taking natural light patterns into consideration, we plan to create a highly biodiverse environment that extends from the waterside back to the forest.

Managing the Rokko Alpine Botanical Garden in the Mt. Rokko area of Hyogo Prefecture

The Rokko Alpine Botanical Garden in the Mt. Rokko area, which the Group owns and where the Group operates its leisure business, has around 1,500 varieties of wild plants, including alpine and cold-region plants from around the world, plants native to Rokko, and endangered species. In an around 50,000 m² area of the garden, these plants are cultivated in their near-natural conditions. With daily guided flower tours, seasonal exhibitions, and nature experience programs, the garden helps raise public awareness of the importance of preserving nature. The garden has been a member of the Japan Association of Botanical Gardens since its inception in 1947 and has also served as a local outpost for the protection of biodiversity, promoting a program aimed at preserving Japan’s endangered plant species outside their habitats. The Itami City Museum of Insects has been working for the conservation of *Agapanthia japonica*, an insect designated as an endangered species and on the Ministry of the Environment’s Red List. Since 2021, the garden has provided the museum with *Hemerocallis dumortieri*, a food source for the larvae. (In 2022, the museum became the first facility in Japan to successfully breed this insect in captivity.)



Hemerocallis dumortieri

The maintenance and management of green spaces and plantings, including the tree planting project in the southern waterfront area of Hyogo Prefecture

Hanshin Engei is actively involved in the maintenance and management of green spaces, plantings, and other facilities that lead to the restoration and conservation of biodiversity. For example, it collects the seeds of plants native to the forests and grasslands of the surrounding area, grows them into seedlings, and plants them to create diverse ecosystems at the Amagasaki-no-mori Central Green Park. This park is a former plant site, and situated on reclaimed land in the southern Hyogo Prefecture, covered approximately 291,000 m², and is developed as an urban green park. By managing green spaces with consideration for the habitats of diverse organisms, we are contributing to the restoration and protection of biodiversity, as evidenced by the steadily increasing number of bird, insect, and other species identified in the monitoring surveys regularly conducted by the government.

Target

Indicator	Range	Target	FY2023 Results
Number of biodiversity-related projects undertaken	Hanshin Engei	The number of maintenance and management initiatives equal or exceed the previous year’s results	5

Engagement and collaboration with NPOs and other groups and the local community

We have selected some civic groups that promote forest conservation activities through tree planting and tree growing, satoyama conservation, and protection of endangered species as subsidized groups for the Hankyu Hanshin Dreams and Communities of the Future Fund, a social contribution activity of the Hankyu Hanshin Group. By supporting the activities of these groups with donations and engaging in regular dialogue with them, we are working together to conserve biodiversity to create “communities that people will truly want to live in” which is the goal of our social contribution activities.



Mushugawa River Area Nature Protection Association

Obtaining biodiversity-related certification schemes

Hanshin Engei has constructed and owns the green areas of the Osaka Umeda Twin Towers South including wall and rooftop greening, and is working on planting and maintaining them. Thanks to these efforts, those green areas of that building have been recognized as a high-quality green space in the city, and is certified as an “Urban Oasis” under the Social and Environmental Green Evaluation System (SEGES) implemented by the Organization for Landscape and Urban Green Infrastructure.

We use plants that are indigenous to the Yodo River and Mt. Rokko areas for the wall and rooftop greening as well as for nearby sidewalks to create an integrated design. The greening is contributing to mitigating the heat island phenomenon, conserving biodiversity and creating high-quality landscapes in Umeda. In recognition of this contribution, the building received a biodiversity prize from the governor of Osaka at the 16th excellent greening awards held by the prefecture and a Osaka City Mayor’s Award at Osaka Environmentally Friendly Architecture Award held for the fiscal year ended on March 31, 2023.



Osaka Umeda Twin Towers South rooftop Garden

5. Water Resources

Approach

The Hankyu Hanshin Holdings Group's major area of operation is Japan, which has relatively low water risks.* However, the Group places importance on utilizing water resources effectively to contribute toward a circular economy, as declared in its policy for the priority issue of "environmental protection" toward Sustainable Management. In addition, the Group's Basic Environmental Policy, formulated in 2010, states that the Group will monitor the environmental impact of its business activities and take action to reduce it.

With the cooperation of our tenants and other stakeholders, the Group is committed to reducing water withdrawal as much as possible by saving water and using gray water facilities mainly in the Real Estate Business.

* Almost all areas of Japan are positioned as low to low-medium in water risks (the first and second lowest on a five-point scale) on the Aqueduct Water Risk Atlas.

Management / Organization

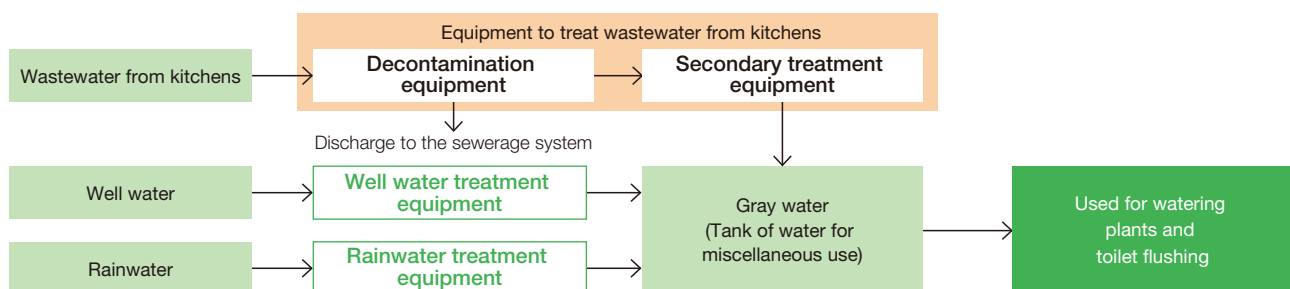
Refer to "Management / Organization" in "Environment: 1. Environmental Management" (page 32).

Initiatives

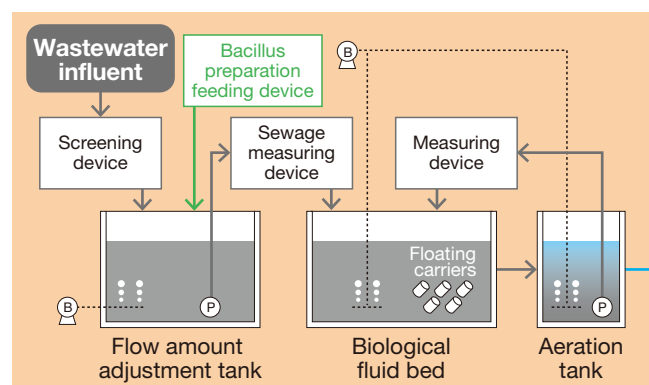
Effective use of gray water facilities

The Group is working to reduce the amount of water withdrawal by introducing wastewater treatment facilities and gray water facilities as part of its water management plan. Osaka Umeda Twin Towers South, HERBIS OSAKA, and HERBIS ENT have adopted gray water facilities that purify and treat kitchen wastewater from restaurants and stores, well water and rainwater for various uses as miscellaneous water (i.e. for watering plants and toilet flushing), thereby promoting the recycling of water and helping to reduce the amount of water withdrawal. For the treatment of organic wastewater from kitchens, we use microorganisms that are highly effective at degrading lipids, starches and proteins.

Wastewater treatment and recycling system (Example: Osaka Umeda Twin Towers South)



System to treat wastewater from kitchens



Addition of microbial preparation for the treatment of wastewater by floating carriers

In this method, bacillus bacteria that exist in nature and are highly effective at breaking down lipids, starches and proteins are added for high-resolution biota.

(B): Blower (Oxygen supply device to the tank)

(P): Pump

Making use of rainwater

Hankyu Settsu-shi Station and Nishiyama-tennoz Station are equipped with tanks beneath platforms to store rainwater collected on the platform sheds. The stored rainwater is used to water plants at the stations and wash toilets.

The Hanshin Koshien Stadium also has underground tanks to store rainwater that pours on the “Ginsan” roof and use it for watering the field and for washing toilets.

Promoting water conservation (Reducing water withdrawal)

● Encouraging the reuse of bed and bath linens

Hankyu Hanshin Hotels encourages guests staying consecutive nights at its 17 directly operated hotels (as of March 31, 2023) to use its “No Cleaning” option where towels and sheets used on the first night are reused and not replaced. We are also striving to reduce water withdrawal and reduce the amount of water discharged by laundry by setting the following goals.

Target

Indicator	Range	Target	FY2023 Results
Usage rate of “No Cleaning” option for stays of consecutive nights (to reduce the amount of water withdrawal)	Hankyu Hanshin Hotels	7.0% in FY2031 (double the FY2020 level)	7.1%



No Cleaning card

● Facility renovation initiatives

Water-efficient toilets are increasingly being installed at stations. For the toilets renewed in 2015, Hankyu Corporation introduced the latest model urinals with the necessary washing water reduced to 0.8 liters per flush. At commercial facilities, office buildings, and theater facilities, we have installed water-efficient equipment and upgraded to water-saving toilets and thus have realized a substantial reduction in water use.

● Operational improvement initiatives

We are striving to save water at the facilities we manage by reducing the use of water for janitorial cleaning and by checking for leaks in bathrooms and toilets during security patrols.

DATA

Water withdrawal

Indicator		Unit	FY2021	FY2022	FY2023
Total water withdrawal			3,132,412	3,327,878	3,340,134
By water source*1	Service water supply and industrial water supply (Municipal potable water)	m ³	2,893,686	3,061,812	3,092,712
	Groundwater		144,232	164,383	181,712
	Rainwater and other sources		94,494	101,683	65,710

Water discharge

Indicator	Unit	FY2021	FY2022	FY2023
Total water discharge*2	m ³	3,132,412	3,327,878	3,340,134

• The data above covers Hankyu Hanshin Holdings, Inc. and its subsidiaries in Japan. However, some business sites on which data are difficult to obtain are excluded. The figures for FY2023 pertain to 88 companies in Japan.

*1: No surface water, water collected in the quarry, external wastewater, or seawater was withdrawn.

*2: All wastewater was discharged through sewage to external water treatment facilities. No water was discharged into the ocean, surface water, the subsurface, wells, etc. Since most of the water withdrawal is discharged into public sewage system, the amount of water withdrawal was equated with the amount of water discharge in the calculations.

The Group's results concerning water usage in the property portfolio (water withdrawal and discharge)

Indicator		Unit	FY2021	FY2022	FY2023
Water resources	Water withdrawal	m ³	2,799,923	2,911,640	3,167,541
	Water discharge*		2,799,923	2,911,640	3,167,541

• The boundary of the aggregation of water withdrawal and discharge is properties classified as rental office business owned by companies in the Group's Real Estate Business Segment and for which data can be obtained, which must be reported under Rationalizing Energy use and Shifting to Non-fossil Energy.

* Since most of the water withdrawal is discharged into the public sewage system, the amount of water withdrawal was equated with the amount of water discharge in the calculations.

1. Corporate Governance

Approach

The Company aims to remain a company that customers and other stakeholders trust. To this end, the Company is strengthening and increasing corporate governance by heightening the transparency and soundness of business management, complying with relevant laws and regulations, and ensuring appropriate, timely disclosure.

Reflecting this approach, the Company has established the policies below with a view to adhering to the principles of our Corporate Governance Code, sustaining growth, and enhancing corporate value over the medium to long term.

- (1) We shall respect shareholders' rights and ensure equality.
- (2) We shall take into consideration the interests of shareholders and other stakeholders and cooperate with them appropriately.
- (3) We shall disclose corporate information appropriately and ensure transparency.
- (4) We shall ensure that the Board of Directors performs its roles and duties appropriately and ensure advanced oversight and decision making.
- (5) We shall have constructive dialogue with shareholders with a view to sustaining our growth and enhancing corporate value over the medium to long term.

Governance Structure

Overview of Hankyu Hanshin Holdings, Inc.'s and the Group's Corporate Governance Structure

Hankyu Hanshin Holdings, Inc. is a pure holding company, and the conduct of operations is basically the responsibility of Group member companies. Hankyu Hanshin Holdings, Inc.'s principal role is supervision and oversight of the entire Group—meaning that these functions are separate from the conduct of Group businesses.

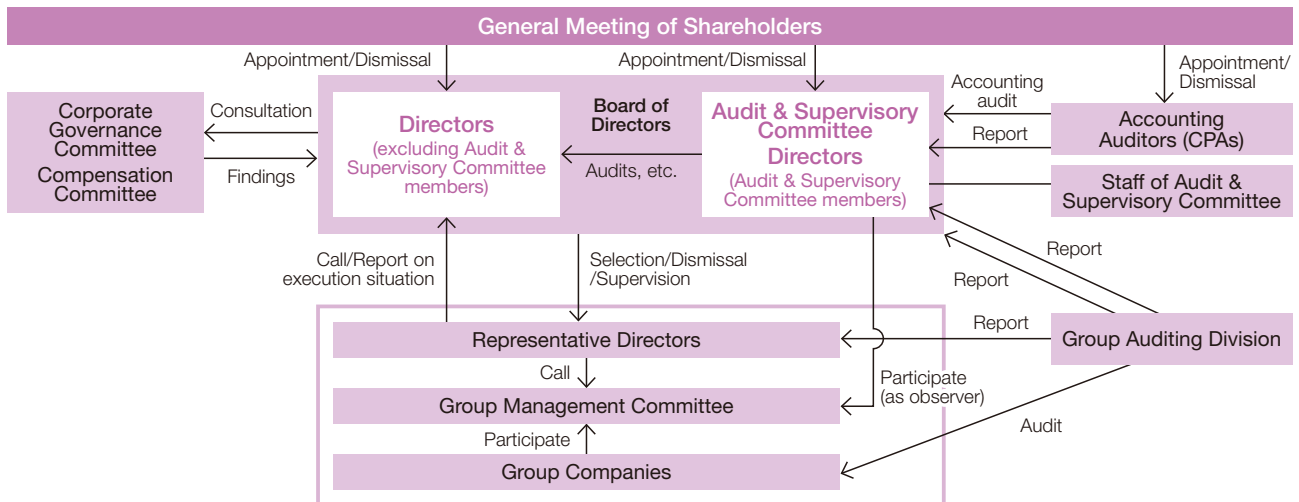
Through this system, the Company realizes supervision and oversight and enhances the overall governance of the Group by retaining the authority to approve the Company's and the Group's management policies and strategies, and the medium-term or annual management plans of all core businesses; requiring timely submission of progress reports by operating companies; and having Group companies obtain approval from, or report to, Hankyu Hanshin Holdings, Inc. before taking actions that affect the Group's management significantly (for example, investments above a certain threshold).

With regard to the above matters, the Board of Directors, which includes outside directors, makes approval decisions and receives reports. Moreover, to undertake preliminary reviews the Company has established a Group Management Committee, which includes representatives of the Group's core businesses.

Further, to ensure transparency in the appointment and dismissal of the Company's directors and to facilitate coordination with outside directors, the Group has established the Corporate Governance Committee, which comprises the chairman of the board (or the president, in the chairman's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors. Moreover, to ensure that concrete decisions regarding the amount of director compensation (excluding that of members of the Audit & Supervisory Committee) under the responsibility of the Board of Directors, are made based on objective and transparent procedures, the Company has established a Compensation Committee which comprises the chairman of the board (or the president, in the chairman's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors.

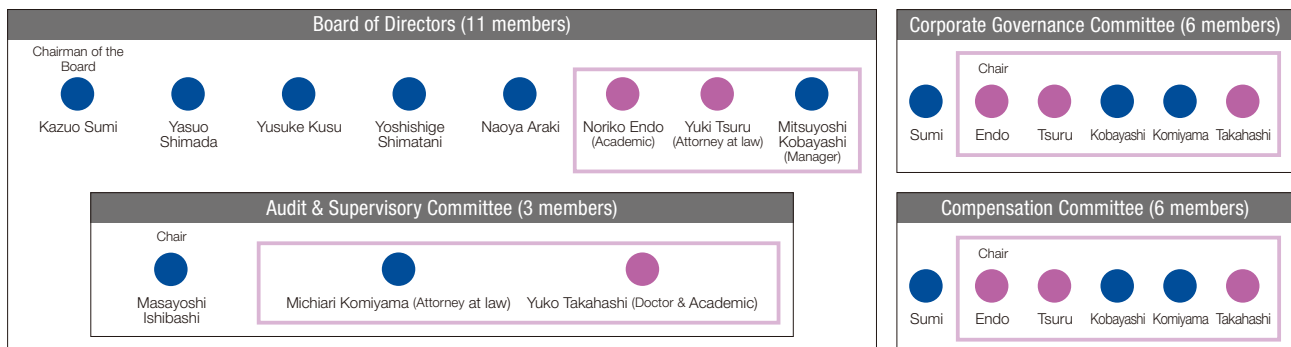
In addition, as part of efforts to strengthen its overall capabilities, the Company is strengthening the governance of funding. Measures include centralizing funding under the Company, as a rule, and distributing funds to operating companies within the limits set out in business plans that the Company has approved.

Corporate governance system



Note: The Hankyu Hanshin Holdings Group takes practical steps to enact all of the principles stipulated in the Corporate Governance Code (including those set for the Prime Market). For examples of specific action and other items relating to corporate governance, please refer to the Corporate Governance Report [WEB](#).

□ Independent outside directors ● Male ● Female



Initiatives / DATA

More transparent management and effective governance

Management organization for decision making, execution, and oversight of matters related to company management

● Board of Directors and directors

The Board of Directors of the Company retains the authority to approve the issues related to the Company's and the Group's management policies and strategies, and the management plans of all core businesses. Also, the Board requires the timely submission of progress reports by operating companies within the Group about their important investment projects and others, thereby monitoring and supervising Group companies to enhance corporate governance as the entire Group.

The Board of Directors deliberates upon and supervises the Group's ESG initiatives by receiving regular reports on the policies and status of ESG issues. Also, to address potential conflict-of-interest transactions and related-party transactions, the Board of Directors monitors transactions involving the company's directors, major shareholders, etc., through the appropriate approval or reporting of such transactions at its meetings, in accordance with statutory and regulatory provisions and the materiality of such transactions.

In order to reinforce governance and oversight capabilities and boost decision-making quality, the Board of Directors is composed of 11 directors, five of whom are independent outside directors, including those who are women and experts in legal affairs, risk management, social and environmental issues, and others. This ensures the diversity on the Board of Directors. Moreover, the 11 directors include all three members of the Audit & Supervisory Committee. The Board of Directors met 11 times in FY2023.

● Audit & Supervisory Committee and its members

Of the Audit & Supervisory Committee's three members, two are independent outside directors. By selecting committee members who are independent from the Company and have a high level of specialist expertise, the Company endeavors to further ensure sound decision making. We provide full backup to enable the Audit & Supervisory Committee members to perform their governance and oversight functions, for example by involving the full-time member in the Group Management Committee and other meetings within the Group. The Audit & Supervisory Committee met 13 times in FY2023.

● **Corporate Governance Committee (voluntarily established committee that functions as a nominating committee)**

To ensure transparency in the appointment and dismissal of directors and coordination with outside directors, the Corporate Governance Committee comprises the chairman of the board (or the president, in the chairman's absence or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors. The committee gives advice about the selection of director candidates and the dismissal of directors (excluding Audit & Supervisory Committee members) to the Board of Directors on request, serves as a forum to provide information in such areas as the Group's finances to outside directors. The Corporate Governance Committee met three times in FY2023.

● **Compensation Committee (voluntarily established)**

To ensure that the decision-making process for the amount of compensation paid to directors (excluding Audit & Supervisory Committee members) is objective and transparent, the Compensation Committee comprises the chairman of the board (or the president, in the chairman's absences or unavailability) and outside directors who are independent of the Company, and is chaired by one of the outside directors. The committee gives advice to the Board of Directors on the Company's compensation system and contents on request. The Compensation Committee met twice in FY2023.

● **Group Management Committee**

The members of the Group Management Committee include full-time directors (excluding Audit & Supervisory Committee members) and executive officers of the Company, and representatives of each of the Group's core businesses. The committee meets to deliberate and decide on the approval of resolutions of the Board of Directors; the Group's management strategies and business plans; Group companies' significant investments; and significant Group management matters. The Group Management Committee met 17 times in FY2023.

Ensuring effectiveness of the Board of Directors and Audit & Supervisory Committee

● **Attendance rates at meetings of the Board of Directors, Audit & Supervisory Committee, Corporate Governance Committee and Compensation Committee (FY2023)**

Name	Position	Attendance Rates			
		Board of Directors	Audit & Supervisory Committee	Corporate Governance Committee	Compensation Committee
Kazuo Sumi	Chairman and Representative Director, Group Chief Executive Officer	100%	—	100%	100%
Yasuo Shimada	President and Representative Director	100%	—	—	—
Masao Shin	Executive Vice President and Representative Director	100%	—	—	—
Noriko Endo	Director	100%	—	100%	100%
Yuki Tsuru	Director	100%	—	100%	100%
Mitsuyoshi Kobayashi	Director	100%	—	100%	100%
Yoshishige Shimatani	Director	100%	—	—	—
Naoya Araki	Director	100%	—	—	—
Takehiro Sugiyama	Director	100%	—	—	—
Masayoshi Ishibashi	Director, Audit & Supervisory Committee member	100%	100%	—	—
Michiari Komiyama	Director, Audit & Supervisory Committee member	100%	100%	100%	100%
Yuko Tahakashi	Director, Audit & Supervisory Committee member	100%	100%	100%	100%

* Composition of officers as of the end of FY2023

* Yasuo Shimada, Mitsuyoshi Kobayashi and Yuko Takahashi were newly appointed to the positions at the 184th Ordinary General Meeting of Shareholders held on June 15, 2022, and their attendance rates are shown for the meetings held after their inauguration.

* Noriyuki Inoue and Junzo Ishii retired due to the expiration of their terms at the 184th Ordinary General Meeting of Shareholders. The following shows their attendance rates in FY2023.

Noriyuki Inoue (Director)

Board of Directors: 100% Corporate Governance Committee: 100% Compensation Committee: 100%

Junzo Ishii (Director, Audit & Supervisory Committee Member)

Board of Directors: 100% Corporate Governance Committee: 100% Compensation Committee: 100%

- **Evaluation of the Board of Directors' effectiveness**

The Company conducts evaluations of the board's effectiveness at the board meeting held in April every year.

- **Major measures conducted in FY2023 based on past analysis and evaluation results**

In response to the recommendations made about the need to provide more information on the challenges and situations faced by each of our core businesses, we improved the content of information distributed to each director via the interim and term-end reports on our business performance. Moreover, we included detailed background information in the agenda documents for each Board meeting.

Further, members of the Board visited business sites of the Group to deepen their understanding of the respective businesses.

- **Analysis and evaluation process for FY2023**

A summary of the process and results of an evaluation of the effectiveness of the Board of Directors conducted for FY2023 is as shown below.

1. Evaluation process

For FY2023, the board's effectiveness was evaluated by all directors regarding the adequacy of the board's composition and operations.

[Schedule]

Feb. 2023: Questionnaire survey given to each director

Apr. 2023: Reporting of the survey results at a Board meeting and interview with the directors

[Evaluation items]

- Composition of the Board: Composition and number of directors
- Management of Board meetings: Scheduling, selection of agenda and reporting items, prior information sharing, details of explanations and materials distributed at each meeting, time spent for deliberation, details of discussions (in particular on the medium-term management plan), and proceedings of each meeting
- Corporate Governance Committee and Compensation Committee: Composition and management of the Committees

2. Evaluation results

As a result of the questionnaire and interviews, the board's composition and operations in FY2023 were deemed to be adequate, and the evaluation concluded that the board was effective and generally administered appropriately.

Conversely, it was suggested that there was room for improvement with respect to regular follow-up of the progress and results of the Group's investment projects and information sharing regarding status indicators for the core businesses.

Taking this into account, a study will be carried out into how to further improve the board's oversight and decision-making.

Compensation system

Compensation of directors

● Basic policies

The Company's compensation system for directors (excluding Audit & Supervisory Committee members) further motivates them to enhance the Company's corporate value and business performance, as well as to enhance shareholder value. Compensation comprises two elements: fixed monetary compensation paid according to position and job responsibilities, and performance-linked stock compensation* paid in trust to representative directors.

* The Group's stock-based, performance-linked stock compensation system covers all representative directors (currently three), including the Group CEO. The system includes malus provisions, under which the rights to receive stock-based compensation may be withheld from any person who commits an egregious breach of duty prior to the finalization of such rights, or if any other grounds for withholding such rights arise.

● Procedure

Based on the foregoing policies, to ensure that concrete decisions regarding the amount of director compensation, which are the responsibility of the Board of Directors, are made based on objective and transparent procedures, the Company has established a Compensation Committee comprising the chairman of the board (or the president, in the chairman's absence or unavailability) and independent outside directors, chaired by one of the outside directors. The Board of Directors makes compensation decisions after consultation with the Compensation Committee concerning the compensation system and content of compensation. The Compensation Committee carries out multifaceted reviews of the individual compensation paid to directors (excluding Audit & Supervisory Committee members), including into the decision-making policy and whether it complies with this. It has been determined that the Board of Directors acts in accordance with this policy and fundamentally respects the committee's findings.

More information on this policy can be found in [the Corporate Governance Report](#) [WEB](#).

Other efforts to strengthen governance

Regular rotation of accounting audit partners

In accordance with the rules of the Audit Corporation under the Certified Public Accountants Act, etc., the Company operates as follows.

- The engagement partner can be involved in the auditing services of the Company for periods not exceeding seven accounting periods, and the lead engagement partner can be involved in the auditing services of the Company for periods not exceeding five accounting periods.

Internal control system

Hankyu Hanshin Holdings Group recognizes that it is important to conduct our corporate activities properly for ensuring that all Group officers and employees act with integrity and in accordance with relevant laws, articles of incorporation, regulations, and corporate ethics and promote a managerial approach based on the concept of compliance to meet the expectations of our stakeholders. Therefore, the Group has established the following internal control system for the entire Group and revises the system as necessary.

Corruption prevention and compliance

Please refer to ["Governance 2. Ensure compliance and prevent corruption"](#) (page 55).

Risk management structure

Please refer to ["Risk management system"](#) of ["Governance 3. Risk management"](#) (page 58).

Conducting internal audits

The Group Auditing Division has dedicated staff and operates under the direct control of the president. The Division establishes regulations and conducts internal audits of the overall operations of Hankyu Hanshin Holdings, Inc. and its Group companies to ensure compliance with laws, regulations, and rules. Specifically, based on the Group's annual audit policy, each Group company makes an audit plan, which includes measures to deal with the Group's priority themes and to address the risks specific to the business conducted by the company, and carries out audits appropriately. For example, we regularly (at least once every three years) set audit themes for accounting and fund management and audit whether basic internal controls such as checks and approvals related to accounting and funds are functioning effectively. In addition, we audit the compliance status with laws, regulations, and internal rules related to our business, information security efforts, and working hour management systems, to verify that internal controls are functioning effectively throughout the Group's management activities.

Ensuring the reliability of financial reports

With regard to the Evaluation and Auditing of Internal Controls over Financial Reports system based on the Financial Instruments and Exchange Act, the Group has established rules and responds appropriately by carrying out management evaluations on a consolidated basis.

Reflecting stakeholder sentiment in operations

At the Hankyu Hanshin Holdings Group, we believe that the views of our stakeholders—including customers, local communities, shareholders, trading partners, and employees—have an important place in our business operations.

For example, we proactively invite and receive feedback from our customers through our Listening Center and Transit Information Center as well as through dialogue meetings that we have with civic groups from our line-side areas. We share the comments thus collected from customers across the company for the improvement of our business management. We also conduct surveys and provide answers in response to the customer opinions and questions as necessary.

Moreover, we collaborate with our business partners large and small, regardless of affiliation, for shared prosperity across our supply chain and are implementing appropriate business practices for subcontractors under “Declaration of Partnership Building”^{*}.

^{*} Declaration of Partnership Building: Initiative launched in May 2020 by the Council on Promoting Partnership Building for Cultivating the Future, which comprises the related ministers and representatives of business associations. The aim of the initiative is to develop mutually beneficial and sustainable relationships between large companies and SMEs to support future growth.



2. Ensure Compliance and Prevent Corruption

We at the Hankyu Hanshin Holdings Group are constantly striving to live up to the stakeholders' expectations and become a good, trustworthy organization. Our strong focus on compliance is one of the pillars underpinning our efforts in this area.

Organizational initiatives for better compliance

We have established a dedicated compliance office in the Personnel and General Affairs Division to help bolster compliance groupwide by pursuing three main initiatives as set forth below. Moreover, the Board of Directors conducts biennial reviews to monitor compliance with the Code of Conduct, mainly involving questionnaire surveys of employees.

We periodically review and evaluate the effectiveness of the Code of Conduct and update its contents not only to comply with the stated rules but also to always keep in mind the perspectives of our customers and other stakeholders.

(1) Raising awareness via the Compliance Handbook

The Compliance Handbook (distributed to all the Group's officers and employees) makes clear to officers and employees that violations of law or social norms, or actions that betray customer trust, are prohibited, and provides handy examples of likely scenarios. In this way, the manual is part of our effort to raise awareness of the importance of compliance.

Compliance Handbook Contents

- **Hankyu Hanshin Holdings Group Management Philosophy**
Mission, Values, and Principles
- **Compliance for the Interest of Customers**
 - Customer Safety First
 - Sincere Response to Customers
 - Observance of Rules
 - Proper Treatment of Personal Information
 - Proper Disclosure
 - Act as a Sensible Member of Society
 - Proper Use of SNS
- **Compliance for the Interest of Business Partners**
 - Sincere Trading
 - Proper Use of Intellectual Property
 - No Involvement with Anti-social Forces
 - No Bribery or Excessive Entertainment
- **Compliance for the Interest of Shareholders**
 - No Inappropriate Accounting
 - No Insider Trading
- **Compliance as a Member of Society**
 - Environmental Activities
 - Social Activities
 - Respect for Human Rights
- **Compliance in Workplace**
 - Satisfying Working Environment
 - Clear Distinction Between Work Spending and Private Spending
 - Observance of Decision-Making Procedures

(2) Operation of Corporate Ethics Consultation Desk (Internal Whistle-Blower Procedures)

● Corporate Ethics Consultation Desk

The Corporate Ethics Consultation Desk comprises an in-house section and an external section, which is staffed by outside lawyers. It enables all Hankyu Hanshin Holdings Group officers and employees, as well as the Group's business partners, to report behavior that violates (or may violate) laws or regulations, or is otherwise unethical (including any corruptions or human rights violations stated in the Compliance Handbook) with guaranteed anonymity. Reports to the Desk can be made online via a designated email address (available 24 hours a day, 365 days a year) as well as by post, telephone and other means. The desk operates in accordance with the Whistleblower Protection Act and ensures the protection of the whistleblowers by appropriately managing any information that could identify them and preventing from prejudicial treatment or retaliation to the whistleblowers.

We provide information about the Desk in the Compliance Handbook, which is distributed to all officers and employees of the Group. We also raise employees' awareness of the Desk through compliance training and Group newsletters and regularly check the awareness level at each workplace to enhance the Desk's effectiveness.

Furthermore, the desk reports each year to the Board of Directors and the Audit & Supervisory Committee on its operations; in FY2023 it received 69 reports from throughout the whole Group.

● Procedures to follow up on non-compliance identified

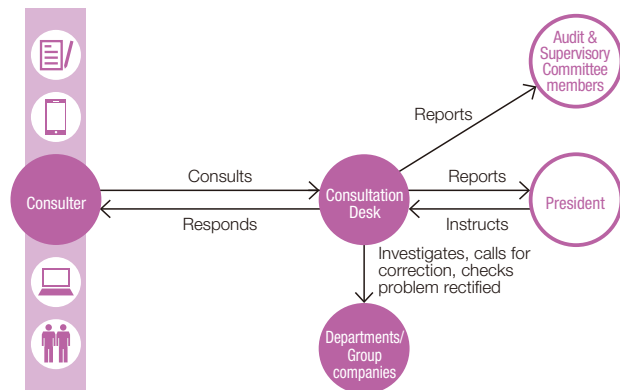
The Corporate Ethics Consultation Desk requests an investigation to each department and Group company related to the content of a consultation, and receives a report on the response as per the results of the investigation, and confirms the status of the corrective actions taken.

In addition, the company takes the risks of the content of a consultation to the Corporate Ethics Consultation Desk into consideration, and if it is considered significant, the Group convenes a Risk Management Committee to discuss and decide how to deal with the matters.

(3) Other initiatives

In addition, we are setting up compliance promotion offices at core Group companies and appointing “compliance leaders” at other companies to ensure our response is on a Groupwide basis.

Procedures to follow up on the Corporate Ethics Consultation Desk



■ Training and raising awareness among all officers and employees

We seek to raise awareness among all Group officers and employees* regarding compliance issues through a variety of training activities and communication as described below. Specifically, in our compliance training, we organize the compliance issues to be considered for each stakeholder (customers, business partners, shareholders, etc.) and situation (workplace, private life, etc.) and work to raise awareness in a more practical manner.

* Officers and employees include officers, employees, and temporary employees.

(1) Training

- New recruit training, training upon promotion
- Training upon first appointment to director or auditor position at a Group affiliate
- Collective training for Group companies' compliance officers
- On-site training at Group companies

(2) Communication

- Compliance-related serials in Group magazines
- Compliance-related e-mail newsletter featuring case studies and updates regarding laws and regulations
- Compliance-related information posted on the Group intranet

3. Risk Management

Risk management system

We have established a risk management structure to help maintain the health of the Group's management by preventing risks from becoming reality, and minimizing the damage if they do. Also, we refer to ISO 31000 when establishing the risk management structure.

● Risk assessment for new and existing operations

Each Hankyu Hanshin Holdings Group company conducts an annual risk survey to identify the risks related to organizational management, including those posed by natural disasters (including infectious diseases), accidents, information management, and legal compliance as well as other ESG-related risks*, for both new and existing operations. Then, we assess each risk based on the likelihood of its occurrence and impact and assume some occurrence scenarios in determining appropriate measures. We are working on management approaches specifically for climate change-related risks and have identified the "natural disaster (such as flood) risk," which is increasingly likely to occur due to climate change and other factors, as a Group-wide priority risk for FY2023.

* Items identified as ESG-related risks

Environment: Climate change risks, waste and pollution risks and impact on biodiversity, etc.

Society: Risks regarding the working environment (labor issues) and occupational health and safety, human rights violation, and harassment, etc.

Governance: Comprehensive corruption risks such as unfair trade practices, insider trading, and bribery, etc.

● Risk Management Committee and Group management structure

The Hankyu Hanshin Holdings Group has an executive officer responsible for risk management. Also, to enhance the effectiveness of its risk management, the Group convenes the Risk Management Committee twice a year. The Committee is chaired by the president of Hankyu Hanshin Holdings, Inc. and holds a meeting with the participation of the Company's full-time directors (excluding those who are also serving as Audit & Supervisory Committee members), the executive officers, and representatives of all core businesses. Among the participants is the executive officer responsible for risk management. Through this Committee, the Group checks the progress made across entire Group with the measures and initiatives implemented for the following risks, : Group-wide priority risks to be addressed across the core businesses, company-specific priority risks to be addressed by each Group company, both of which were selected by the Group based on the risk assessment as mentioned above; and new important risks that have come to the fore due to socioeconomic and other changes in the external environment. The Group also fosters the discussion and recognition of risks that are particularly important for the Group's management.

The Group discusses the status of risk analysis and risk measures, including ESG-related risks through the Risk Management Committee, which annually reports the results to the Board of Directors. The Board thus has oversight of the management of risks important to the Group, including ESG-related risk management, and reviews the effectiveness of the risk management process as appropriate.

The Corporate Sustainability Committee also deliberates on environmental and social risks, including climate change issues, and their impact on our business. We reflect the contents of these discussions in the Group's overall risk management strategy, such as in the selection of priority risks when conducting risk surveys.

● Establishment of a crisis response structure

If a serious risk situation materializes despite our best efforts to prevent this through risk assessments and appropriate countermeasures against identified risks, we will form Crisis Response Team, headed by the president, tasked with making prompt and appropriate responses to prevent and minimize the spread of damage.

4. Taxation Transparency

The Hankyu Hanshin Holdings Group has established the following Tax Policy to improve the transparency and soundness of its business management. We also fulfill our corporate social responsibilities by understanding the spirit of applicable tax-related laws, complying with the tax-related laws and regulations in operating countries, and by conducting our tax operations properly. We align tax payments with revenue-generating activity and do not engage in arbitrary tax avoidance.

■ Tax Policy

(1) Fundamental policy

The Group wishes to remain a corporate group that has the trust of its customers and the rest of society. To this end, we are strengthening and enhancing our corporate governance by further raising the level of transparency and soundness of our business management, complying with laws and regulations, and disclosing information in an appropriate manner and at a suitable time. This fundamental approach will guide us as we aim to both contribute to society by paying a reasonable amount of tax and achieve sustainable growth and greater corporate value in the medium to long term.

(2) Compliance with tax laws and regulations

As well as complying with laws and regulations pertaining to taxation, we will report and pay taxes appropriately and thereby fulfill our corporate social responsibility.

(3) Tax planning

The scope of our tax planning is based on our business objectives and actual performance and we are working to improve corporate value through the effective use of tax incentives and other measures. Our tax planning is not conducted with the aim of tax avoidance.

(4) Tax governance

Corporate governance of taxation is covered by our groupwide governance system. We have an oversight system in place, under which tax-related risks are reported to the Board of Directors and Audit & Supervisory Committee as appropriate.

(5) Tax-related risk management

Should any dealings for which tax interpretations are unclear take place as part of our business activities, we take advice from outside experts and where needed consult with tax authorities in advance so as to minimize tax-related risk.

(6) Relationship with tax authorities

We work to maintain a positive relationship with tax authorities and respond in a timely manner to their queries accurately and honestly.

Amount of tax paid

(¥ billion)

	Japan	Overseas	Total
FY2021	19.4	0.3	19.8
FY2022	-11.1	0.9	-10.1
FY2023	9.6	2.3	11.9

Note: Tax paid is a combined figure for both national and regional taxes. The figures given above are based on country-specific reports and are not directly connected to our consolidated financial statements.

Independent Assurance Report

The data pertaining to the Group's GHG emissions (SCOPE 1 and 2) (page 39) and the Group's energy consumption on a crude oil-conversion basis (page 40) both recorded for FY2023 have been assured by the independent third-party assurance provider, KPMG AZSA Sustainability Co., Ltd. to ensure the reliability of these data. (Indicators included in the assurance target are marked with a symbol.)



Independent Assurance Report

To the President and Representative Director of Hankyu Hanshin Holdings, Inc.

We were engaged by Hankyu Hanshin Holdings, Inc. (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with (the "Indicators") for the period from April 1, 2022 to March 31, 2023 included in its Sustainability Databook 2023 (the "Databook") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Databook.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Databook, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Databook and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's two business sites in Japan selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Databook are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Databook.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Shinnosuke Kayumi, Director
KPMG AZSA Sustainability Co., Ltd.
Osaka, Japan
March 22, 2024

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Supplementary information

Boundary of data and calculation methods for the Group's GHG emissions (SCOPE 1 and 2) (page 39) and the Group's energy consumption on a crude oil-conversion basis (page 40) both in the table

Boundary of data

The Company, its 86 consolidated subsidiaries and its 13 non-consolidated subsidiaries (FY2023)

Calculation methods

● GHG emissions

We aggregate CO₂ emissions from energy processes.

We calculate the emissions based on the Greenhouse Gas Emissions Accounting and Reporting Manual provided by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

For CO₂ emission factors set for the consumption of fuel and heat in and outside Japan and for the consumption of electricity in Japan, we use the values specified in the manual.

For CO₂ emission factors for the consumption of electricity outside Japan, we use IEA emission factors.

● Energy consumption on a crude oil-conversion basis

We calculate it based on the method specified in the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy.

For the conversion factors for heat and crude oil, set for the consumption of fuel, heat and electricity, we use the values specified in the Act on Rationalizing Energy Use and Shifting to Non-fossil Energy (before amendment in 2023).

Boundary of data and calculation methods for GHG emissions for FY2023 based on the GHG Protocol outside the table, of the Group's GHG emissions (SCOPE 1 and 2) (page 39)

Boundary of data

The Company and its 79 consolidated subsidiaries (FY2023)

Calculation methods

We calculate the emissions based on "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard REVISED EDITION" and "GHG Protocol Scope 2 Guidance."

For CO₂ emission factors and HFC global warming potential set for the consumption of fuel and heat in and outside Japan, we use the values specified in the GHG emissions accounting and reporting manual provided by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

For CO₂ emission factors for electricity consumption in Japan (market-based), we use the adjusted emission factors announced for each electric power supplier by the Ministries.

For CO₂ emission factors for electricity consumption in Japan (location-based), we use the national average emission factors announced by the Ministries for each electric power supplier.

For CO₂ factors used for electricity consumption outside Japan (market-based and location based), we use IEA emission factors.

Hankyu Hanshin Holdings, Inc.

From April 1, 2024

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