

Safety Initiatives

Safety policy and safety objectives

Every day, countless customers use the services of both Hankyu Corporation and Hanshin Electric Railway and for precisely this reason, our mission is to ensure their absolute safety and peace of mind. Our measures to improve safety on a day-to-day basis, and also to ensure safety when problems occur, are all consolidated in the safety policy and objectives described below.

Hankyu Corporation

[Safety Policy]

Provide safe, high-quality transportation services that fully justify public trust

“Safety and comfort,” Hankyu Corporation

[Priority safety measures]

- (1) Increasing awareness of safety, safety measures
- (2) Measures to improve safety
- (3) Personnel training and technology transfer provided uniformly in all Group companies’ business divisions

[Safety objectives]

Maintaining zero accidents for which we bear responsibility

In fiscal 2014, we once again set the safety objective that we have set since 2006, of “Maintaining zero accidents for which we bear responsibility,” and we are working diligently to achieve this objective.

Hanshin Electric Railway

[Safety Policy]

• Maximum priority on safety

The president, directors and employees shall do whatever they can to ensure safety of operations, based on the understanding that putting the highest priority on ensuring safety is the mission of railway businesses.

• Compliance with laws and regulations

The Company shall comply with all laws and regulations related to safety and apply them rigorously and sincerely in its operations.

• Maintenance of safety management systems

The Company shall implement continuous verification procedures to ensure safety management systems are operating appropriately.

[Safety objectives]

Maintaining zero accidents for which we bear responsibility

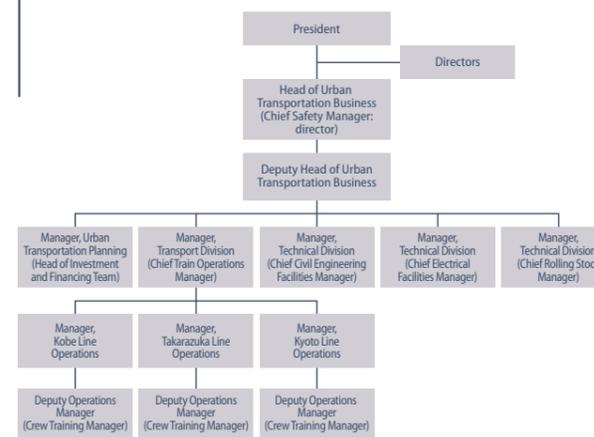
We have maintained zero accidents for which we bear responsibility since April 1985 up to the present day.

Safety Management System

We have constructed a seamless Safety Management System that enables us to share information and solve problems in an integrated manner, from senior management through to currently operational divisions. If a problem should arise, all of the divisions discuss it and work together to speedily resolve it.

Hankyu Corporation

Safety Management System



Positions and roles

○ President

The President determines the implementation, the management organisation, and the rules of the railway business and when formulating the Medium-Term Management Plan, which includes facilities and transportation, factors, investment, and budget, the President verifies and ascertains the situation from the perspectives of safety and feasibility and instructs on improvements.

○ Chief Safety Manager

In order to prioritise securing the safety of railway facilities and rolling stock and the handling of operations, and to control and manage transportation operations in each division, the Chief Safety Manager works to disseminate safety management regulations and to ensure compliance with related laws and ordinances; to increase awareness of safety as the Group’s most important priority; to confirm the implementation of transportation operations, management conditions, and the progress made in implementing the safety improvement measures stipulated in the Medium-Term Management Plan; and to implement improvement measures.

○ Chief Train Operations Manager

The Chief Train Operations Manager manages operations-related duties, including utilising the employees involved in operations, railway facilities, and rolling stock; setting and revising the operations plan; managing train crews, the operations of rolling stock, and train operations; and providing training for train crews and maintaining their capabilities.

○ Chief Crew Training Manager

Based on the instruction and orders of the Chief Train Operations Manager, the Chief Crew Training Manager maintains and manages the capabilities of train crew and periodically confirms and submits reports on the progress being made in improving their capabilities.

○ Other managers and responsible persons

In each division, other managers and responsible persons maintain and manage the facilities they are responsible for in order to ensure there are no obstacles to realising safe transportation.

The Safety Management Promotion Committees

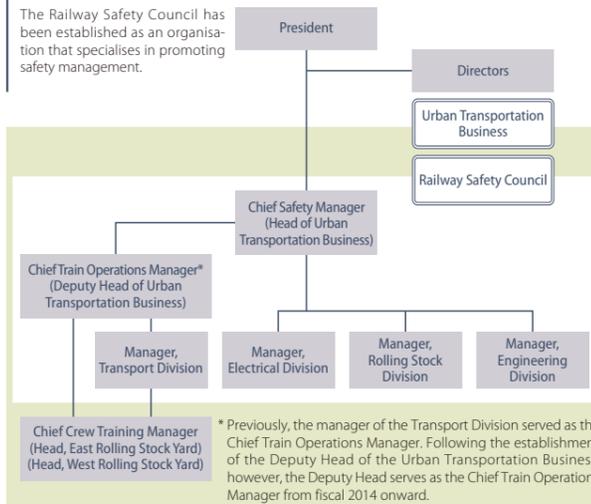


The safety management promotion committees discuss, investigate, and report on a variety of proposals for transportation safety management. The safety management promotion committees include the Group Safety Management Promotion Committee, on which the President serves as chairperson; the Business Division Safety Management Promotion Committee, on which the Chief Safety Manager serves as chairperson; and the divisional safety management promotion committees.

Hanshin Electric Railway

Safety Management System

The Railway Safety Council has been established as an organization that specializes in promoting safety management.



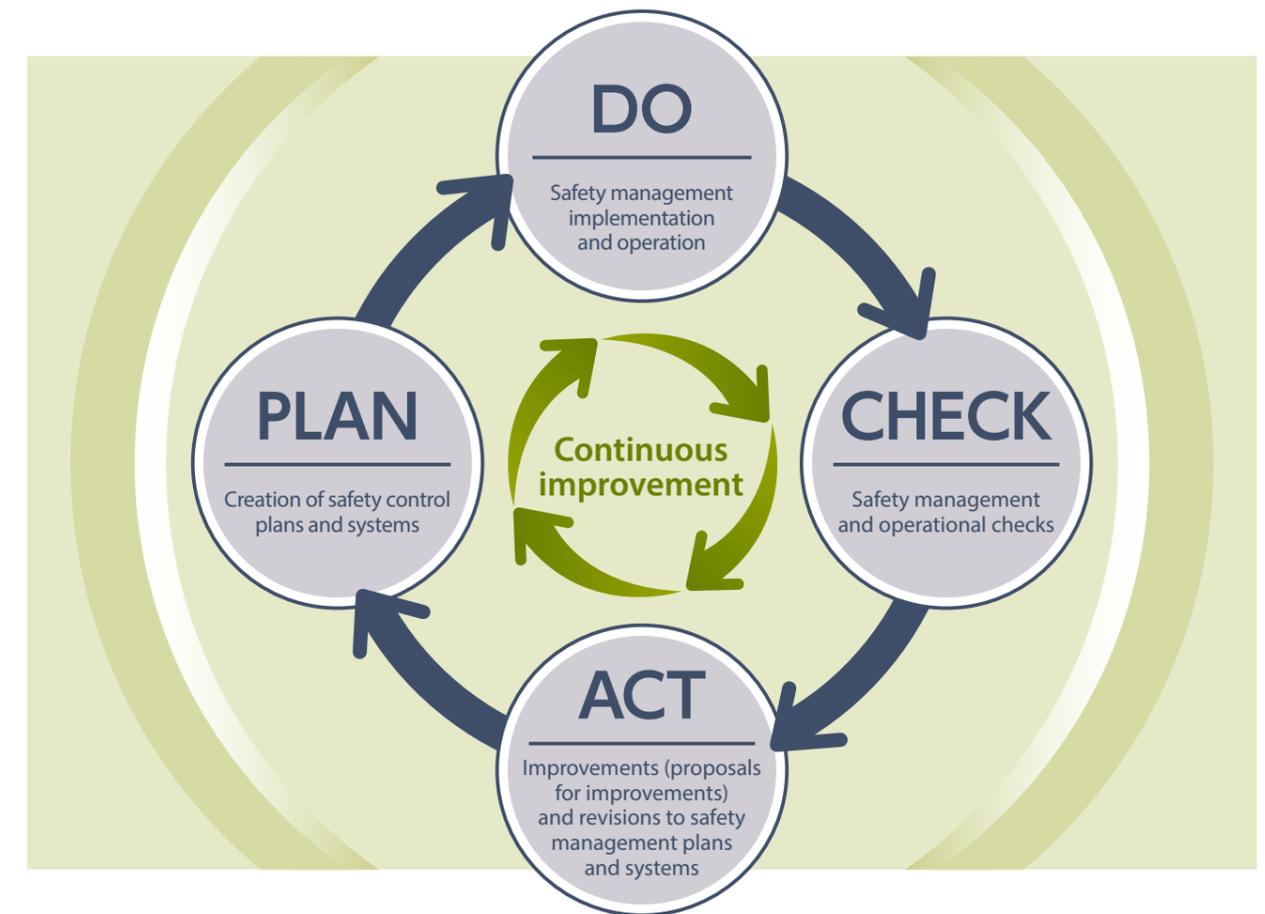
Positions and roles

- **President**
The President has the ultimate responsibility for ensuring transport safety.
- **Chief Safety Manager (Head of Urban Transportation Business)**
The Chief Safety Manager is responsible for overseeing all activities related to ensuring transport safety.
- **Chief Train Operations Manager (Deputy Head of Urban Transportation Business)**
Under the direction of the Chief Safety Manager, the Chief Train Operations Manager is responsible for operations including train operations, maintaining the capabilities of train crews, and other related operations.
- **Transport Division Manager**
Under the direction of the Chief Train Operations Manager, the Transport Division Manager assists in train operations.
- **Chief Crew Training Manager (the heads of the East Rolling Stock Yard and the West Rolling Stock Yard)**
Under the direction of the Chief Train Operations Manager, the Chief Crew Training Manager is responsible for ensuring all crew are properly qualified.
- **Electrical Division Manager**
Under the direction of the Chief Safety Manager, the Electrical Division Manager has overall control of items relating to electrical facilities.
- **Rolling Stock Division Manager**
Under the direction of the Chief Safety Manager, the Rolling Stock Division Manager has overall control of items relating to rolling stock.
- **Engineering Division Manager**
Under the direction of the Chief Safety Manager, the Engineering Division Manager has overall control of items relating to track, civil engineering and construction facilities.

Initiatives to Reinforce the Safety Management System (Using the PDCA Cycle)

By applying our safety management system (PDCA cycle) to a range of safety initiatives, we are aiming to create a virtuous cycle of improvement based on even higher safety goals.

Revisions to the Railway Business Law in October 2006 required railway companies to create new safety management systems dedicated to transport safety. Under our new safety management system, we are realising even higher levels of safety by applying the PDCA cycle, ensuring compliance with all related laws and regulations, conducting operations that place the highest priority on safety, and fostering greater awareness of safety issues among employees from directors down.



COLUMN

Toward realising continuous improvements

Implementation of a management review* by the President in Hanshin Electric Railway

In Hanshin Electric Railway, the Railway Safety Council is the meeting utilised for investigating, determining, and instructing on safety-related items. It is composed of senior management in the Urban Transportation Business, (below the Chief Safety Manager, the Chief Train Operations Manager, each railway division manager [Transport Division, Electrical Division, Rolling Stock Division, Engineering Division], etc.) and in principle meets twice a month. Under this system, previously, the results of the implementation of safety policy were reported to the President by the Chief Safety Manager (Head of Urban Transportation Business) in a

management review and a venue had not been established in which the managers of each division in the Urban Transportation Business reported to the President. But from fiscal 2013, when there is to be reporting on the results of the implementation of safety policy, the President attends the Railway Safety Council and each division manager reports directly to him. In this way, the President is provided with a detailed report on the results of the initiatives carried out by each division, and in addition, the President can communicate his instructions to each division more appropriately.



The 2013 safety policy management review*

* A management review corresponds to A in the PDCA cycle and it is an activity to appropriately manage the Safety Management System, to confirm that it is functioning effectively, and to review and improve it if necessary.

Implementation and operation of safety management

Hankyu Corporation and Hanshin Electric Railway are proactively implementing initiatives on both the infrastructure side, such as at facilities to ensure trains operate safely, and on the personnel side, including employee education and drills.

Initiatives for natural disasters

1 Responding to rain storms

Operational instructions are given based on the information obtained from the rain gauges, wind gauges, and water metres that we have installed along the railway lines of both Hankyu Corporation and Hanshin Electric Railway, and also on the meteorological information acquired from the Japan Meteorological Agency. This includes instructing trains to lower their speeds or suspend operations. Moreover, since fiscal 2014, Hankyu Corporation has been utilising information from a private-sector meteorological information company and working to respond as much as possible to heavy rainfalls that occur suddenly and over an extremely narrow range, such as the so-called guerrilla rainstorms.



2 Responding to earthquakes

To further enhance the safety of train operations when an earthquake occurs, we have installed systems for receiving earthquake early warnings from the Japan Meteorological Agency. In the event that such a warning is for an earthquake expected to be of seismic intensity of four or above, trains that operate in earthquake zones will immediately prepare for emergency stopping. In addition, the same measure is taken when an earthquake of seismic intensity of four or above is detected by the seismographs that we have independently installed alongside the railway lines of both companies.



Safety measures for rolling stock

1 Installation of emergency alert devices and emergency call devices

In case a person suddenly becomes ill or there is an emergency situation in one of the passenger cars, we have installed emergency alert devices in the rolling stock of Hankyu Corporation and Hanshin Electric Railway so that customers can notify a member of the train crew. In addition to this, we are sequentially installing emergency call devices that enable customers to talk to train crew through an interphone.



2 Equipment recording trains' operation conditions

We install data recording equipment to record data such as train speeds and brake-use conditions that would be useful in determining the causes of an accident should one involving rolling stock occur, and also in preventing such accidents from occurring again. At Hanshin Electric Railway, this equipment has been installed in all rolling stock (in the driver's cabs), and in Hankyu Corporation, work is underway to install it in all rolling stock.



Measures to improve safety on platforms

1 Measures to prevent people from falling from platforms onto tracks

■ Installing yellow warning-line tiles

Yellow warning-line tiles add bumps to the usual warning lines and they can be felt through the shoe and indicate to the person which side of the platform is safe. In fiscal 2013, Hankyu Corporation and Hanshin Electric Railway completed the installation of yellow warning-line tiles at all their stations.



■ Devices to prevent people falling in train transition areas (outside hood)

We have installed fall-prevention devices (outside hood) in the transition spaces between trains and platforms to prevent people from falling into them.



2 Measures to prevent accidents when people fall from platforms

■ Emergency alert devices

When somebody or something falls onto the track, the event is detected by special mats under the platform edge, or an emergency stop button on the platform can be pressed. These set off alarm indicators and an emergency buzzer for crews and station staff, in order to prevent serious accidents. Hanshin Electric Railway completed the installation of emergency stop buttons at all stations in fiscal 2012, while Hankyu Corporation plans to complete their installation at all stations by the end of fiscal 2016.



■ Platform evacuation steps

For when a customer falls onto the tracks and it is difficult for them to find a shelter below the platform, we have installed platform evacuation steps (ladder type and bar type) at constant intervals to enable them to climb back on to the platform.



Features of the ATS (Automatic Train Stop)

ATS equipment automatically slows down or stops trains when drivers fail to notice or respond to, or misinterpret signals or signalled speed limits. Hankyu Corporation and Hanshin Electric Railway both use continuous speed-checking type ATS systems on all their lines*, including branch lines, ensuring a high level of safety.

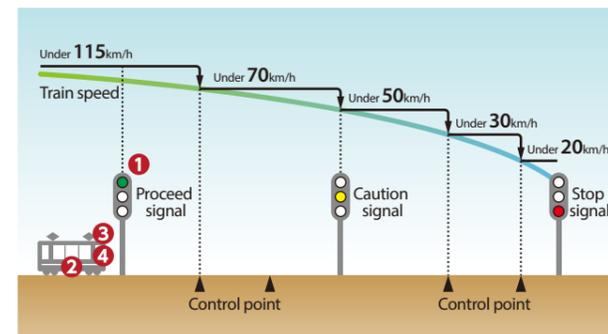
In an effort to further improve safety, Hankyu Corporation has been adding a new pattern control system to its existing ATS equipment. This new control system is aimed at preventing overrun into level crossings, failure to stop at designated stations, and collisions in which a train runs into the end block of lines. This system is already in operation on rail lines.

Both companies are also working to improve safety by installing ATS equipment on sharp curves and branches in lines to prevent derailments caused by excessive speed. In March 2011, Hankyu Corporation finished compilation of independent safety standards stricter than those of the Ministry of Land, Infrastructure, Transport and Tourism. In May 2011, Hanshin Electric Railway completed installation of ATS facilities at all 28 junctions on its network.

Hankyu Corporation is planning to introduce a safety system enabling automatic braking of rolling stock using ATS, even if the driver misses a 'stop' shunting signal in a train depot. This measure is intended to avoid damage to points if a train jumps a 'stop' light, as happened at Nishinomiya depot on the Kobe Line in June 2012. This system is already being used at the Nishinomiya depot and installation work is currently underway at the Shojaku and Katsura depots.

*Between Sakuragawa and Osaka-Namba stations on the Hanshin Namba Line, Hanshin Electric Railway relies on an onboard control-point continuous speed-checking type ATS system that Kintetsu Corporation employs.

Continuous speed-checking type ATS system: Hankyu Corporation's continuous speed-checking ATS system



1 Obstruction signal



2 ATS pickup



3 ATS indicator in driver's cab



4 Speedometer in driver's cab

Inspections by senior management of field work divisions and exchanges of opinions

Senior management, including the President and the Head of Urban Transportation Business (Chief Safety Manager) inspect field work divisions, confirm and ascertain the conditions at each facility and for each work duty, and moreover talk directly to the employees at workplaces and strive to improve communication with them.



Implementation of practical drills to prepare for emergency situations

Hankyu Corporation and Hanshin Electric Railway both conduct specific drills in their train operations, civil engineering (workshop) facilities, electrical facilities, and rolling stock divisions, as well as drills to prepare for specific emergency situations. Both companies also hold joint drills for emergency situations where cooperation across business divisions is required.

Descriptions of Hankyu Corporation drills



Fiscal 2014 joint drills conducted across business divisions

Descriptions of Hanshin Electric Railway drills



Tsunami Evacuation Guidance Drills

Joint drills at the Daimotsu Training Centre

Alcohol checks

All employees that are involved in train operations, including drivers and supervisors, use an alcohol checker during the work roll-call prior to boarding trains to confirm that they are not under the influence of alcohol. Also, superintendents carry out face-to-face inspections at roll calls to confirm the health status of employees.



Training employees who value safety and comfort

Acquiring a service care-fitters qualification

Hanshin Electric Railway's goal is to cultivate in its employees at all its work sites a spirit of hospitality and for them to acquire the skills to appropriately assist the elderly and people with disabilities. Toward this, it aims for all station employees to acquire the service care-fitters qualification and to further improve the hospitality they show to customers. Qualified staff wear a "service care-fitter" name tag so that customers know they possess this qualification.



Training School and Staff Training Centre

Hankyu Corporation and Hanshin Electric Railway have established a training school (certified by the Ministry of Land, Infrastructure and Transport) to train drivers, conductors, and assistants, and in addition, Hankyu Corporation has set up a staff training centre to improve the services provided to customers by station staff.



Activities to raise awareness of safety at elementary schools along our railway lines

Hankyu Corporation employees visit the elementary schools located along its railway lines to raise the children's awareness about safety. This includes explaining to them how a railroad crossing works and the correct way to cross it, the things that they should pay attention to when they are waiting for a train on a platform, and manners in the train.



Our mission is to work with our customers and the people who live in the communities alongside our railway lines to build a better society. Going forwards, we will continue to focus our energies into measures to improve safety in cooperation with the people who live alongside our railway lines and in our local communities, including through drills with the police and fire stations and by raising awareness of safety in elementary schools.

Other Risks and Countermeasures

The following is the Group's perspective provided in response to questions received from our investors in relation to the risks attendant on our business. Information about future events that appears in this report was determined by the Group to be current as of 31st March 2014 and is not intended to negate the possibility of these risks impacting the business performance, financial position and other aspects of operations of the Group.

Economic Environment-related Risks

■ Changes in the Financial Market

Despite increases in the interest rate set by the Bank of Japan and the difficulties associated with market-based financing accompanying changes in financial markets, the Group limits its exposure to risk associated with interest rate increases by prioritising the undertaking of long-term loans with fixed interest rates. In addition, the Group secures financing by working to establish back-up lines based on commitment lines set up with correspondent financial institutions.

Nevertheless, in the event that financial markets were to change dramatically, the business performance and financial position of the Group could be adversely affected.

■ Foreign Currency Market Fluctuations

The Group assumes that sudden fluctuations in foreign currency markets will occur as economic conditions change. However, foreign exchange rate contracts, currency swap contracts and currency option contracts are employed to avoid the exchange rate fluctuation risks attendant on some foreign currency-denominated assets and liabilities.

Nevertheless, although foreign currency market fluctuation risk is mitigated through the use of foreign currency exchange-related derivative transactions, in the event that sudden fluctuations exceed assumptions, the business performance and financial position of the Group could be adversely affected.

The Group's overseas sales constitute less than 10% of its consolidated operating revenues.

Business-related Risks

■ Demographic Change

Due to the aging population, it is expected that capital expenditure on safety measures and construction aimed at making facilities barrier-free will increase. At the same time, due to future population decline caused by the falling birth rate, it is possible that transportation demand (for the Group's railways, buses and taxis) will recede, and that demand in other businesses may also decline.

In order to respond to this challenge, the Group is working with government and educational institutions on community-building initiatives with a focus on peace of mind, education and cultural enrichment. By doing so, we are working to enhance the appeal of the areas served by our stations so as to ensure that our railway lines enjoy the patronage of large numbers of people.

■ Safety Management

In the Group's core railway business, our passengers would suffer greatly if an accident were to occur. We are keenly aware of the responsibility entrusted to us for our passengers' lives. Therefore, the cornerstone of our business is placing the utmost priority on ensuring the safety of customers.

Accordingly, the Group has upgraded all aspects of its safety capabilities in the conviction that putting passengers first and prioritising safety come above all else. We are engaged in a wide variety of endeavours for ensuring that we go one step further to offer our passengers even safer transportation.

(For safety measures in our railway business, please refer to Page 67.)

■ Risks Associated with Power Supply Shortages and Electric Utility Rates

In the event of a shortage of power supply, train and other services may be disrupted. In addition, increases in electric utility rates are a factor driving up power and other costs. In order to curb power usage to the maximum extent possible while minimising its impact on earnings and expenses, the Group is undertaking such measures as gradually introducing energy-saving equipment and strengthening cost reduction awareness among employees.

■ Damage to the trust regarding the quality and safety of our products and services, as well as the displaying of them

The Group's performance may deteriorate due primarily to a decrease in revenues in the event of damage to the trust in the quality and safety of our products and services as well as the displaying of them.

The Group confirms that all relevant laws and regulations are being complied with and carries out checks of quality, sanitation management, and food labeling. It also strives to ensure the quality and safety of its products and services and that the correct information is displayed.

■ Natural Disasters and Acts of Terrorism

The Group's businesses and transportation network infrastructure could be significantly damaged by natural disasters such as earthquakes, typhoons and floods or acts of terrorism.

Hankyu Corporation and Hanshin Electric Railway Co., Ltd. have installed rain, wind and river water gauges in the areas along our railway lines for collecting observation data. We also use real-time information provided by meteorological observatories to ensure the safe operation of our trains. If an earthquake of JMA seismic intensity 4 or above is detected by a seismograph or predicted by an earthquake early warning system, all trains that operate in the zone in question will immediately prepare for emergency stopping. For possible acts of terrorism, or where suspicious items or persons are identified or damage has occurred, we have risk-graded management response systems.

We have also developed emergency response systems for minimising the social impact in the unlikely event of an incident which causes long-term disruption to transit services or results in a great number of casualties.

■ Infectious Disease Outbreaks and Epidemics

Group businesses could be significantly affected if economic activities were restricted or customers refrained from going out due to an outbreak or epidemic of an infectious disease such as SARS (Severe Acute Respiratory System) or H1N1 flu.

In response to the spread of infectious diseases such as H1N1 flu, the Group has developed a Business Continuity Plan (BCP) for each division, under the direction of core companies. During the H1N1 outbreak in 2009 and 2010, ongoing surveys into infection rates among employees and their families in each division gave us a good idea of the scale of risk, minimising the impact of H1N1 on our business. Also, in the railway business, which is a particularly important part of the social infrastructure, we drew up plans in advance to minimise the impact of any explosive spread of the disease, including multiple schedules assuming a shortage of railway staff.