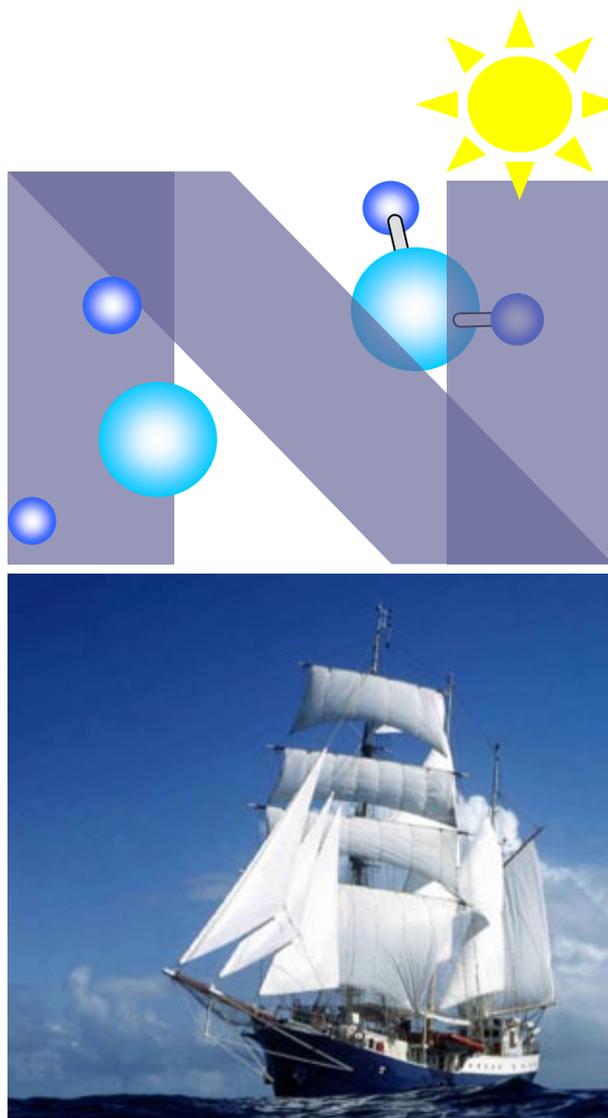


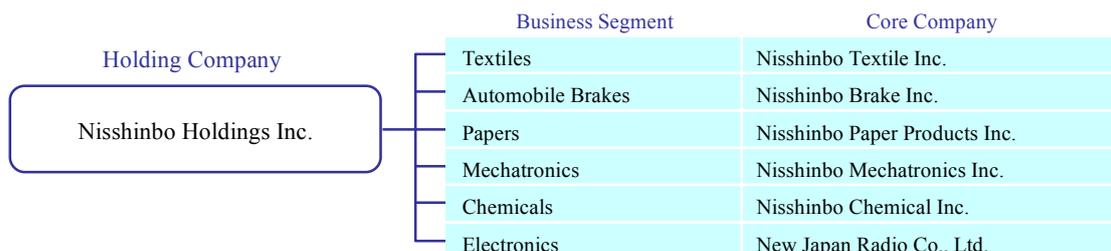
Nisshinbo Group CSR Report 2009



Nisshinbo Group 2009 CSR Report

Foreword

Nisshinbo Industries, Inc. adopted a holding company structure in April 2009. In accordance with this change, Nisshinbo Holdings Inc. will issue the Group's CSR reports starting this year.



Period Covered

The period covered is the fiscal year ended March 2009 (April 1, 2008 to March 31, 2009), but some information from other periods is also included.

Scope of Report

The scope of this report includes all Nisshinbo Group companies subject to consolidated reporting, but the Overview of the Nisshinbo Group on page 4 covers only Nisshinbo Holdings and its consolidated subsidiaries.

Guidelines Used for Reference

- Environmental Reporting Guidelines 2007, Ministry of the Environment
- Environmental Accounting Guidelines 2005, Ministry of the Environment
- Sustainability Reporting Guidelines, Third Edition, Global Reporting Initiative

Sources for Additional Information

- Nisshinbo Annual Report (Japanese and English)
- Financial Results (Japanese)
- Business Report and Shareholders Report for the 166th Fiscal Term (Japanese)
- Securities Report (Japanese)

These documents can be downloaded from the Nisshinbo Holdings website.

URL (Investor Relations page):
<http://www.nisshinbo.co.jp/english/ir/library/index.html>

Note

In this report, “the Company” refers to Nisshinbo Holdings Inc., and “the Company and its five core subsidiaries” refers to the scope of Nisshinbo Industries, Inc. prior to the corporate split.

C O N T E N T S

Executive Message	2
Overview of the Nisshinbo Group	
1. Summary of Business	4
CSR Initiatives	
1. Activities in the Fiscal Year Ended March 2009	6
Feature: Products That Contribute to the Development of a Sustainable Society	9
CSR Management	
1. Corporate Governance	17
2. Risk Management and Compliance	18
Social Report	
1. For the Benefit of Customers	20
2. For the Benefit of Shareholders	21
3. Working with Suppliers	22
4. Working with Employees	23
5. Working with Local Communities	26
Environmental Report	
1. Business Activities and Environmental Impact	28
2. Energy Conservation	30
3. Preventing Global Warming	32
4. Resource Conservation	33
5. Management of Chemical Substances and Reduction of Emissions	35
6. Transport Volume	37
7. Other Environmental Activities	38
8. Environmental Accounting	40

Executive Message



Shizuka Uzawa
President, Nisshinbo Holdings Inc.

■ Setting a New Course

In April 2009 Nisshinbo Industries, Inc. spun off its textiles, automobile brakes, papers, mechatronics, and chemicals businesses as separate companies and established a corporate group with six core companies, including an electronics subsidiary, and with Nisshinbo Holdings Inc. at its center as a holding company.

The global economy is currently in the midst of a severe recession brought on by the subprime loan crisis. The Nisshinbo Group has embarked against an adverse wind, but we are taking this as an opportunity to strengthen the foundations of the newly established subsidiaries. Each company will adjust its course according to the business environment with the aim of becoming a robust enterprise in preparation for the coming economic recovery.

■ New Group Vision Adopted

The objectives of the corporate split were as follows:

- (1) Each core company will conduct fully autonomous management to respond rapidly to extreme changes in the business environment, exercise global leadership, and achieve substantial development;
- (2) Responsibilities and authorities will be made

clear in each business segment and the pace of decision making increased to raise management efficiency, establish optimal cost structures, and maintain a balance between business growth and governance.

If not implemented properly, the corporate split also entails the risk of excessive centrifugal force that will lead to a breakdown in group cohesiveness. It is for this reason that I believed it necessary to express a unifying idea that can serve as a backbone of the Group.

The idea of acting as a “public entity” and with “consistent integrity” has been developed throughout Nisshinbo’s history, and to them we added “innovation” and adopted it as a corporate principle. We also shifted the central theme of our corporate philosophy to environmental business.

Acting as a public entity, which is part of our corporate principles, means that Nisshinbo will contribute to human society through our business activities and that we will guide corporate growth for the benefit of all stakeholders. The continuous growth of our environmental business is truly the embodiment of this principle.

Our corporate principles and corporate philosophy are the most important things in the performance of our business activities and bring them in line with our stance on CSR activities.

Group Corporate Principles

- Public Entity: We shall contribute to human society through our business activities.
- Consistent Integrity: We shall respond to stakeholders with honesty and integrity.
- Innovation: We shall create the future through continuous innovation.

Group Corporate Philosophy

- As the eco-company, we shall contribute broadly toward enhancing the comfortable lifestyles and cultures of people around the world.
- We shall aim to conduct business activities with honesty and integrity as our social responsibility based on the belief that companies are public entity.
- We shall constantly aim to raise corporate value and become a corporate group with a strong presence.

■Focusing on Environmental and Energy

Fields

Environmental problems are a crisis that threatens the very existence of humankind. The Nisshinbo Group has made a major course correction toward the development of a sustainable society.

There are substantial expectations in the market that the carbon alloy catalysts for fuel cell use that Nisshinbo announced in March 2009 will serve as low-cost replacements for the expensive platinum catalysts that have impeded widespread fuel cell use. The Group is currently making preparations for the start of mass production in the spring of 2010. We also anticipate dramatic growth in photovoltaic module manufacturing equipment. Nisshinbo will pursue opportunities to expand business in related fields while making continuous contributions to expanding the use of renewable energy.

Nisshinbo is focusing management resources on businesses with high levels of originality that can contribute to the prevention of global warming, including bipolar plates for fuel cells, electric double-layer capacitors, and high-performance chemical products (such as poly-carbodiimide), with the aim of achieving rapid growth.

■The Nisshinbo Group's CSR Activities

The Nisshinbo Group's CSR activities are conducted as a part of its day-to-day business activities. Today's business environment is subject to rapid and extreme change, and consequently rapid and appropriate responses are more important than ever. For this reason, Nisshinbo established a special-purpose division to conduct CSR activities.

We believe that when conducting business, it is necessary that decisions be made with consideration for the environment, society, and the economy and that employees keep these issues in mind at all times. A strong organization that can act autonomously is needed.

We will work to gain the confidence and cooperation of stakeholders through honest dialogue and contribute to the development of a sustainable society. I hope that this report will serve to deepen understanding of the Nisshinbo Group's business and CSR activities, and I look forward to your continued support and guidance in the future.

August 2009

Overview of the Nisshinbo Group

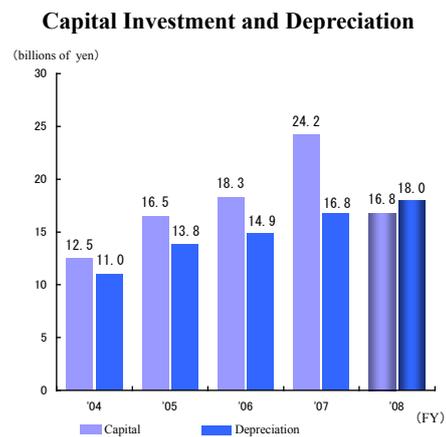
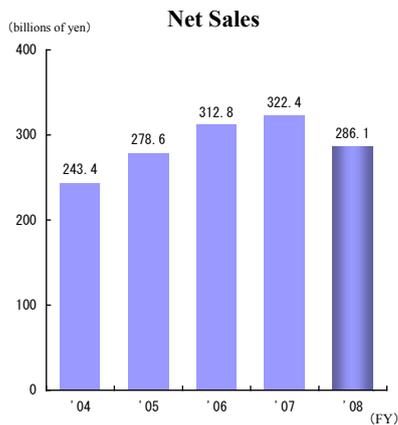
1. Summary of Business

(1) Corporate Data (as of June 26, 2009)

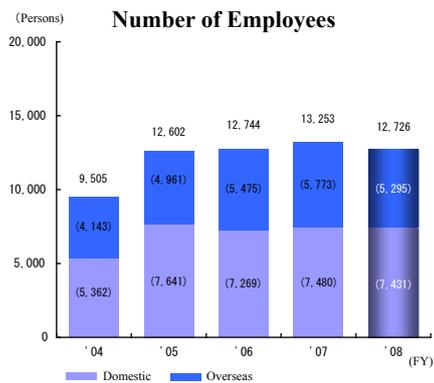
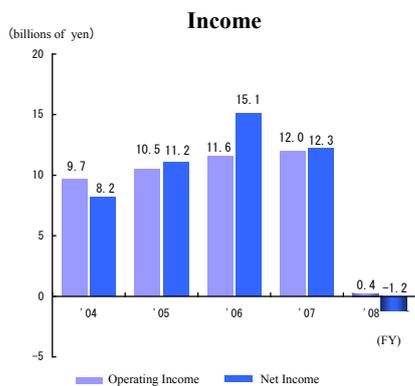
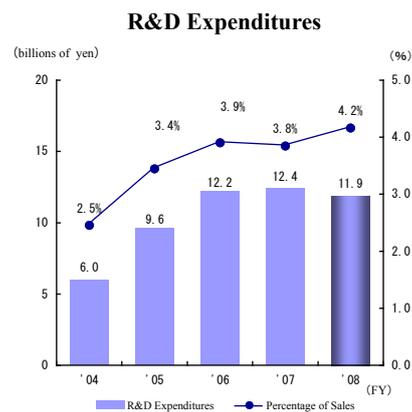
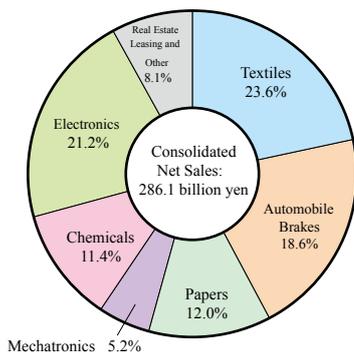
Name	Nisshinbo Holdings Inc.
Head office	2-31-11 Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo, Japan
Date of establishment	February 5, 1907
Representative	Shizuka Uzawa, President
Telephone	+81-3-5695-8833
Website	http://www.nisshinbo.co.jp/english/

(2) Financial Data (consolidated; as of March 31, 2009)

Capital	27,587 million yen
No. of employees	12,726 persons
Net sales	286,166 million yen
Operating income	407 million yen
Net loss	1,285 million yen
Return on equity	▲0.66%



Percentage of Net Sales Segment



(3) Main Business Segments

Textiles

The textile business is centered on Nisshinbo Textile Inc., which conducts integrated manufacture and sale of shirts, denim, uniforms, casual apparel, knit, developed yarns, spandex, and other products.

Automobile Brakes

The automobile brakes business, centered on Nisshinbo Brake Inc., supplies brake parts to automobile manufacturers around the world. Nisshinbo has accumulated extensive data and expertise concerning the raw materials for friction materials, which are key components of brakes, and has established a solid reputation in the industry by using cutting-edge testing equipment to enhance product reliability.



Green Pads
Environment-conscious brake products
(see page 16)

Papers

With Nisshinbo Paper Products Inc. at its core, the paper products business handles household papers, speciality papers, and processed paper products. Nisshinbo has developed distinctive products that have gained market support including household products such as Cotton Feel, a tissue paper that contains cotton and a toilet paper designed specifically for use with bidets, as well as speciality papers such as Vent Nouveau fine paper, top-quality printing paper that features outstanding texture and print quality. Processed paper products include distinctive high-quality packaging.



FSC Certified Paper Product
Vent Nouveau F-FS
(see page 11)

Mechatronics

The mechatronics business is conducted mainly by Nisshinbo Mechatronics Inc., which is using development and manufacturing expertise relating to machine tools, automotive precision components, and other fields to expand into the environmental and energy fields. Particular efforts are being made with respect to the development and mass production of photovoltaic module manufacturing equipment and global development of this business.



Photovoltaic Module Manufacturing
Equipment
Multi-stage module laminators
(see page 12)



Photovoltaic Module
Manufacturing Equipment
Edge isolation systems
(see page 13)

Chemicals

Nisshinbo Chemical Inc., the main company in the chemicals business, focuses primarily on environment-related technologies and products. Bipolar plates for fuel cells, which are expected to provide clean energy, and Carbodilite high-performance chemical product that reduces environmental impact, have been positioned as high-growth areas. Development of high-efficiency, safe electric double-layer capacitors is also proceeding.



Carbodilite
High-performance
chemical product
(see page 14)

Electronics

New Japan Radio Co., Ltd. plays a central role in the electronics business and is active in development, design, manufacturing, and sales with a focus on analog semiconductors. In the area of operational amplifiers, a main product line, New Japan Radio boasts world-leading sales volumes. New Japan Radio also manufactures and sells electron tubes for radar, satellite communications components, and original products using microwaves.



Bipolar Plates for Fuel Cells
(see page 14)

CSR Initiatives

The Corporate Code of Conduct serves as the Nisshinbo Group's CSR conduct guidelines.

Corporate Code of Conduct

The Nisshinbo Group is deeply aware that companies are public entity, and that, while they are business entities pursuing profits through fair competition, their mission is to widely contribute to society through their corporate activities. For that purpose, both domestically and internationally, we shall respect human rights, observe related legislation and international rules and the spirit behind them, and, with social common sense, act on the basis of the following 10 principles toward the creation of a sustainable society with consistent integrity as our fundamental creed.

1. Giving proper consideration to safety and to the protection of personal information and client information, we shall develop and supply socially beneficial products and services and obtain the satisfaction and trust of consumers and clients.
2. In a spirit of accountability, we shall engage in fair, transparent, and open competition and proper business transactions. We shall also maintain sound and healthy relations with political and government organizations.
3. As well as with shareholders, we shall engage in communication broadly with society and disclose corporate information positively and fairly.
4. We shall respect the diversity, character, and individuality of employees, ensure a safe and work-friendly environment for them, and realize their comfort and affluence.
5. We recognize that efforts to address environmental problems are a common issue for humankind and an essential condition for the existence and activities of the Nisshinbo Group, and we shall act independently and positively in this regard.
6. We shall actively engage in social contribution activities as a good corporate citizen.
7. We shall resolutely resist any antisocial forces or organizations that pose a threat to the order and safety of civil society.
8. In our international business activities, as well as complying with international rules and local legislation, we shall engage in management that respects local culture and customs and contributes to their development.
9. The top management of Nisshinbo Group companies recognizes that it is our duty to realize the spirit of this charter and, by setting a good example, to disseminate it throughout the Group and make it known to business partners. Furthermore, we shall constantly monitor opinions both inside and outside the Group, establish an effective in-house setup, and thoroughly imbue corporate ethics.
10. If a situation arises that appears to violate this charter, the top management of Nisshinbo Group companies shall make clear both internally and externally our position of solving the problem and shall endeavor to investigate the causes and prevent a recurrence. Furthermore, the top management shall execute the disclosure of speedy and accurate information and accountability to the public and, after clarifying authority and responsibility, undertake strict penalties, including upon ourselves.

1. Activities in the Fiscal Year Ended March 2009

The Nisshinbo Group undertook CSR activities in the fiscal year ended March 2009 in accordance with the medium-term CSR targets set for the fiscal year ending March 2011.

(1) Activities Relating to CSR Management

Category	Medium-Term CSR Target	Self-assessment	Results
(1) Expand compliance systems group-wide	Conduct compliance training for all employees	✓	Revised the Corporate Code of Conduct
	Operate a corporate ethics reporting hotline		Revised the employee handbook and conducted training Consulting by the Corporate Ethics Committee
(2) Expand and enhance dialogue with stakeholders	Continuously issue CSR reports	✓	Issued a CSR report

In the above table, the symbols have the following meanings. ✓: Acceptable (medium-term target achieved); Δ: Somewhat inadequate (medium-term target not achieved to some degree); ×: Inadequate (medium-term target not achieved at all).

Remarks

In addition to the activities indicated in the Results column of the above table, the following measures were also implemented:

- (1) A transition to a holding company structure was made and corporate governance was reinforced.
- (2) Corporate principles were adopted and the group philosophy was revised.
- (3) The dissemination of information was enhanced by updating the websites of the five core companies.

We will continue to enhance dialogue with stakeholders in the future.

(2) Activities Relating to Social Reporting

Category	Medium-Term CSR Target	Self-assessment	Results
(1) Reinforce quality assurance systems in all group companies	Take measures to reinforce systems for intake of customer requests and complaints, responses to them, making improvements, and preventing recurrences	△	Investigated compliance by products with statutory standards, industry standards, and specifications in contracts with clients and corrected inadequacies
	Raise awareness of product safety among all employees		
(2) Reinforce internal control systems relating to financial reporting	Investigate current conditions within the Group and review internal control documents relating to financial reporting in conjunction with the improvement of work processes	✓	Adopted related regulations
			The Internal Audit Department conducted operational assessments
(3) Practice fair business (prevent unfair business transactions)	Adopt and put into practice the Nisshinbo Group Basic Procurement Policies	✓	Adopted the Basic Procurement Policies as internal regulations
(4) Encourage a good work-life balance by employees	Enhance programs that support employees (consideration for the new jury system, next-generation educational support, etc.)	✓	Adopted a program to support the jury system
			Took measures to have the childcare leave system take root
(5) Implement appropriate employment management	Conduct fair hiring practices	✓	Confirmed legal compliance with respect to the hiring of foreign citizens and seniors
	Quantitative targets Domestic: Maintain employment of disabled persons at the statutory 1.8% or higher Overseas: Maintain statutory rates for the employment of disabled persons in each country		Conducted training concerning fair hiring practices and human rights
(6) Establish healthy work environments	Conduct educational activities concerning human rights	✓	Conducted human rights education
	Enhance programs to support employee health		Adopted human rights slogans and gave commendations
(7) Create safer and more worker-friendly work environments with a target of zero workplace accidents	Determine the status of work manual development, conduct training, and confirm compliance with applicable rules and regulations	△	Conducted a basic survey of workplace stress and implemented activities to reduce stress
	Implement preventive measures based on potential incident reports and expand them laterally		Conducted specific health checkups and provided health guidance
	Establish and implement occupational safety and health risk assessment procedures		Determined the status of work manual development and indicated models as necessary when development was inadequate
	Quantitative targets Major incidents (accidents with expected disability of class 6 or higher): Zero Frequency of injuries with lost work days: 0.3 or lower in Japan, 1.5 or lower overseas		Implemented preventive measures based on potential incident reports
(8) Expand and enhance social contribution activities through corporate activities	Offer work experience opportunities such as internships	✓	Implemented risk assessments
	Encourage collaborative research between industry and academia		Zero major incidents Lost work time injury rate Domestic group companies total: 0.76 Overseas group companies total: 0.94
			Accepted a total of 58 student interns throughout the Group
			Participated in NEDO* projects
			Continued joint research with universities

In the above table, the symbols have the following meanings. ✓: Acceptable (medium-term target achieved); △: Somewhat inadequate (medium-term target not achieved to some degree); ×: Inadequate (medium-term target not achieved at all)

Remarks

With respect to those items that received “acceptable” assessments, the Group will continue activities to maintain that level of performance. The status of categories that were not acceptable (indicated by a triangle) is as follows:

(1) Reinforce quality assurance systems in all group companies

Voluntary confirmation of product labeling revealed some minor inadequacies, which were immediately corrected.

New products are continuously marketed, and consequently confirmation concerning product labeling will be conducted on an ongoing basis.

(7) Create safer and more worker-friendly work environments with a target of zero workplace accidents

The target for the lost work time injury rate was achieved overseas, but although there was a decline in Japan from the previous year, the target was not met.

Approximately half of all accidents are caused by the following three factors: improper procedures, crushing or getting caught in machinery, and cutting. The Group will continue working toward achieving zero workplace accidents by developing work standard, using protective equipment, and taking equipment countermeasures.

* NEDO: New Energy and Industrial Technology Development Organization

(3) Activities Relating to Environmental Reporting

Category	Medium-Term CSR Target	Self-assessment	Results	
(1) Adopt voluntary management standards	Set voluntary management standards that exceed regulatory standards	✓	Group companies adopted voluntary management standards for each worksite	
	Reinforce system for monitoring of emissions of substances of concern			
(2) Achieve both environmental preservation and economic performance	Implement lifecycle assessment (LCA)	Δ	LCA was introduced in some business areas	
(3) Continuously improve environmental performance	Expand and encourage the use of environmental management systems (ISO 14001, etc.)	Δ	No new certifications obtained; number of certified sites decreased by one	
(4) Conduct environmental education and training activities	Improve environmental education	✓	Regularly conducted environmental education	
(5) Raise the percentage of sales accounted for by products that contribute to the development of a sound material-cycle society	10% or more of total sales	✓	12.3% of total sales	
(6) Energy consumption per unit of sales	Reduce by at least 5% compared to the fiscal year ended March 2007	×	Compared to FY 2006	4% increase
			Difference from target	9% under
(7) Carbon dioxide emissions per unit of sales	Reduce by at least 5% compared to the fiscal year ended March 2007	×	Compared to FY 2006	4% increase
			Difference from target	9% under
(8) Transport volume per unit of sales	Reduce by at least 5% compared to the fiscal year ended March 2007	✓	Compared to FY 2006	5% reduction
			Difference from target	0%
(9) Volume of PRTR substances* handled per unit of sales	Reduce by at least 10% compared to the fiscal year ended March 2007	×	Compared to FY 2006	1% increase
			Difference from target	11% under
(10) Volume of non-recyclable waste generated per unit of sales	Reduce by at least 15% compared to the fiscal year ended March 2007	✓	Compared to FY 2006	16% decrease
			Difference from target	1% over
(11) Volume of office paper used (absolute volume)	Reduce by at least 2% compared to the fiscal year ended March 2007	✓	Compared to FY 2006	4% decrease
			Difference from target	2% over

In the above table, the symbols have the following meanings. ✓: Acceptable (medium-term target achieved); Δ: Somewhat inadequate (medium-term target not achieved to some degree); ×: Inadequate (medium-term target not achieved at all).

Remarks

With respect to those items that received “acceptable” assessments, the Group will continue activities to maintain that level of performance. The status of categories that were not acceptable (indicated by a symbol other than a checkmark) is as follows:

(2) Achieve both environmental preservation and economic performance

Lifecycle assessment (LCA) was introduced in some business areas. Nisshinbo Group action policies will be proposed taking into consideration the specific characteristics of each business.

(3) Continuously improve environmental performance

Encourage a shift from the acquisition of certification by individual worksites to the acquisition of certification by entire companies.

(6) Energy consumption per unit of sales and (7) Carbon dioxide emissions per unit of sales

The rapid drop in sales in the second half of the fiscal year ended March 2009 as a result of the economic recession caused a significant deterioration in categories measured by unit of sales. The Group will work to reduce fixed consumption and emissions that are not dependent on increases and decreases in sales in order to achieve these targets.

(9) Volume of PRTR substances handled per unit of sales

The absolute volume of PRTR substances handled is declining each year (the use of alternatives to organic solvents has made substantial progress, and the volume used has fallen below one-sixth the volume used in the fiscal year ended March 2006). Reducing the volume of PRTR substances used in product raw materials will be an issue addressed in the future.

* PRTR substances: Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof for which filings concerning emissions and transport volumes are obligatory.

Feature

**Products That Contribute to the Development of
a Sustainable Society**

1. Textile Products

(1) Non Care 100% Cotton No-Iron Dress Shirts

Nisshinbo Textile believes that supporting activities that can easily be implemented by consumers will help to prevent global warming and focuses on “familiar eco.”

Non Care 100% cotton no-iron dress shirts are manufactured and sold as “wearable eco” products. These shirts provide both outstanding

comfort and wash-and-wear properties through the combination of original cotton processing expertise accumulated over many years with advanced sewing technologies.

Since Non Care shirts require no ironing, household electricity consumption can be reduced, contributing to lower carbon dioxide emissions.



Non Care dress shirts can be worn after washing without ironing. As a result, they play a role in saving energy and preventing global warming.

(2) Banana Fiber

The production volume of bananas is approximately 100 million tons annually. To gather the fruits, approximately 1 billion tons of stalks are discarded each year.

The banana textiles developed by Nisshinbo Textile are made by extracting the valuable fiber from the discarded stalks and reusing them as a source of biomass.

By marketing a variety of clothing products that use banana fibers, Nisshinbo is contributing to the development of a sustainable society.



The banana fiber slogan and logo mark

The process of making banana textiles



2. Paper Products

(1) FSC-Certified Forestry Products

Nisshinbo Paper Products has positioned FSC¹-certified forestry products as key environment-friendly products that can contribute to the prevention of global warming through the protection of forestry resources and is expanding its lineup of such products.

In October 2007 Nisshinbo acquired certification under the FSC's COC program,² an international forestry certification system, and at the end of 2007 began selling Vent Nouveau F-FS, a fine printing paper that is Nisshinbo's first FSC-certified forestry product. In April 2009 Nisshinbo Paper Products began selling Vent Nouveau smooth type (a paper with an extremely smooth surface).

FSC-certified forestry products are environment-friendly products made from raw materials that the FSC certifies are "wood materials obtained from properly managed forests." The standards for certification include that the wood was not illegally harvested, the forest is managed in a way that adequate sunlight passes through, and important plants and animals are protected.

Nisshinbo Paper Products plans to expand its lineup of FSC-certified forestry products in the future.

- ¹ FSC (Forest Stewardship Council): A non-profit, international committee established in 1993 with the purpose of encouraging management of the world's forests from the perspective of protecting the environment in a manner to provide suitable social benefit and economically sustainable forest management.
- ² COC (Chain of Custody) certification: A system for certifying that products use only materials that were obtained from FSC-certified forests and have been managed appropriately in all stages, including storage, transport, manufacture, labeling, and shipment.



FSC COC Certification

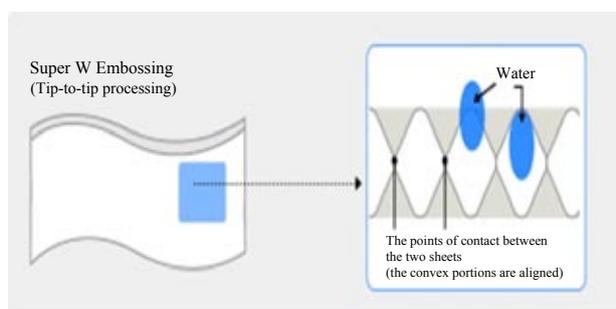


The Vent Nouveau series of fine papers

(2) Products That Contribute to Resource Conservation

Toilet Paper That Absorbs Twice As Much Water

Nisshinbo Paper Products' toilet paper made specifically for use with bidets absorbs twice as much water (compared to earlier Nisshinbo products) thanks to "Super W Embossing." Since it can absorb more water, less paper needs to be used.



Super W Embossing

The convex portions of two sheets of embossed paper are aligned to increase absorption.

3. Mechatronics Products

(1) Photovoltaic Module Manufacturing Equipment

In conjunction with the economic development of the emerging markets, it is expected that demand for energy will increase and the importance of renewable energy sources will continue to rise. Nisshinbo expects that markets for photovoltaic modules as a source of clean energy that does not produce greenhouse gases during electric production will grow in the future.

Nisshinbo Mechatronics entered the photovoltaic module (panel) manufacturing equipment business in 1997. The company now supports the production facilities of photovoltaic module manufacturers around the world as a supplier that can propose manufacturing lines tailored to specific types of photovoltaic modules.

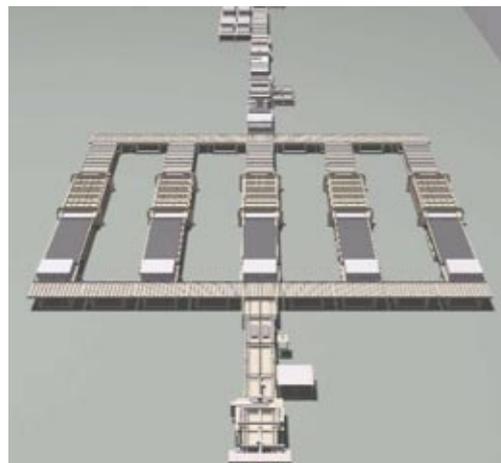
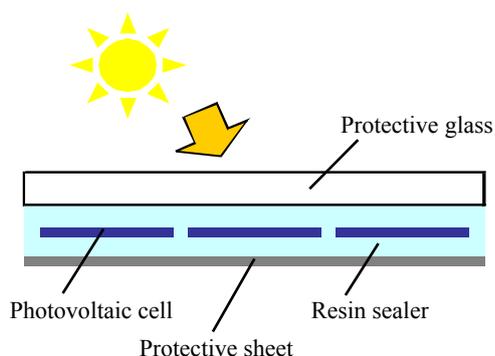
Space- and Energy-Saving Equipment: Multi-Stage Module Laminators

The Nisshinbo Mechatronics module laminator sandwiches photovoltaic cells between protective glass and a protective sheet on the bottom and laminates the cells with a resin sealer.

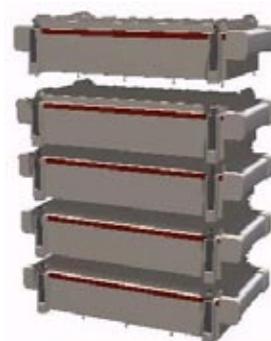
The lamination process requires considerable time for heating the resin sealer and allowing it to harden. For this reason, multiple laminator units are needed to achieve a balance with other process times.

The multi-stage laminator stacks multiple laminators in a single unit, reducing installation area by 60% and electric consumption by 20% (compared to earlier Nisshinbo products).

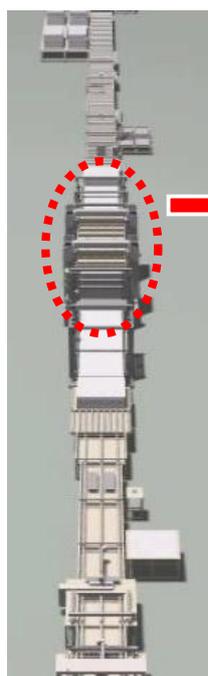
Structure of a Photovoltaic Module



Structure of a production line using earlier equipment



Multiple units are stacked



Structure of a production line when a multi-stage laminator is used

**Cleaner Manufacturing Lines:
Edge Isolation Systems**

The main leading photovoltaic modules today are high-efficiency crystalline silicon photovoltaic cells. Crystalline silicon photovoltaic cells, however, use large volumes of silicon and compete with other semiconductor products for the procurement of raw materials. As a result, thin-film photovoltaic cells, which can limit the use of silicon to one-one hundredth (or use compounds other than silicon), are attracting considerable attention.

Thin-film photovoltaic cells are produced by forming an extremely thin layer (about several microns thick) of photovoltaic cells on a glass substrate.

Nisshinbo Mechatronics' edge isolation systems use laser light to eliminate the unneeded portions of the photovoltaic cell layer extremely quickly. These systems eliminate the problems of the sandblasting method generally used previously, dramatically reduce the generation of dust, and improve the smoothness of the processed surface, achieving insulation resistance that is an order of magnitude higher.

Edge isolation systems can be installed in clean rooms along with other thin-film photovoltaic module manufacturing equipment to create continuous manufacturing lines.



An edge isolation system

**Products Displayed at Domestic
and Foreign Trade Shows**

Nisshinbo Mechatronics has displayed its products at various domestic and foreign trade shows to publicize them to photovoltaic module manufacturers around the world.

- Tradeshows in which Nisshinbo participated in 2008:
- PTS* 2008 ASIA (China)
- PV** EXPO 2008 (Tokyo)
- PV Japan 2008 (Tokyo)
- PV Taiwan 2008 (Taiwan)
- Others (Brazil and other countries)

* PTS: Photovoltaic Technology Show
** PV: Photovoltaic



Nisshinbo's booth at PV EXPO 2008 (Tokyo)



Nisshinbo's booth at PV JAPAN 2008 (Tokyo)

4. Chemicals

(1) Carbodilite High-Performance

Chemical Product

Polylactic acid is a plant-derived plastic made from corn or sugarcane. Plants absorb carbon dioxide through the process of photosynthesis, and because of this, polylactic acid is attracting attention as a carbon-neutral¹ material. Polylactic acid, however, is susceptible to hydrolysis,² making use in consumer products difficult. As a result, it is used mainly in disposable products.

When added in small volumes to polylactic acid, Carbodilite from Nisshinbo Chemical limits hydrolysis and improves durability. Carbodilite can expand the potential scope of use of polylactic acid to consumer electronic products and automobile parts. As a modifier essential for the widespread use of polylactic acid products, Carbodilite can make significant contributions to the development of a sustainable society.



Various types of Carbodilite

In addition to a polylactic acid modifier, Carbodilite is also available as a resin cross-linking agent and adhesive.

¹ Carbon neutral: When human activities such as production are conducted, the carbon dioxide released equals the carbon dioxide absorbed.

² Hydrolysis: A chemical reaction that occurs when water acts on synthetic compounds.

(2) Bipolar Plates for Fuel Cells

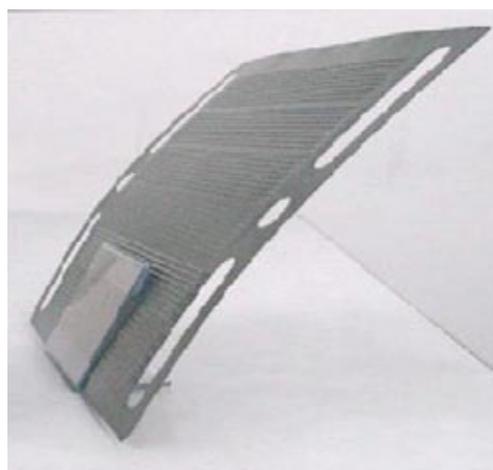
Fuel cells generate electricity from a reaction between hydrogen and oxygen and are an electric

power generation system with extremely low emissions of substances of concern. Bipolar plates are important structural components in fuel cells that play a role in the fuel gas supply route. They have a substantial impact on the electrical properties and reliability of fuel cells.

Nisshinbo Chemical's carbon bipolar plates are chemically stable and have excellent corrosion-resistance properties. The plates have received high performance evaluations in trials conducted by the New Energy Foundation³ to promote the widespread use of fuel cells.

In conjunction with the start of full-scale sales of household fuel cells in 2009, Nisshinbo Chemical is constructing bipolar plate production facilities to manufacture enough plates for 20,000 fuel cells annually (a new production line is scheduled for completion in March 2010).

Nisshinbo Chemical also participated in a project conducted by the NEDO⁴ concerning automobile fuel cell bipolar plates, which must have high performance and reliability, and is currently undertaking development of thin-form products and the establishment of mass production technologies.



Bipolar Plates for Fuel Cells

³ New Energy Foundation: A foundation under the authority of the Agency of Natural Resources and Energy of the Ministry of Economy, Trade and Industry that supports surveys, research, and publicity concerning the development and introduction of new energy sources.

⁴ NEDO: New Energy and Industrial Technology Development Organization

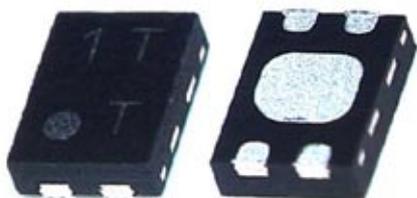
5. Electronics Products

(1) NJM2878KF1 Power Supply IC

New Japan Radio's NJM2878KF1 IC is an ultra-compact (1.6 mm (L) × 1.2 mm (W) × 0.4 mm (H)) power supply IC that uses a package with outstanding thermal dissipation properties. This original package, developed by New Japan Radio, is called the ESON¹ package, and is lead free, halogen free, and RoHS² compliant.

The mounting footprint has been reduced by approximately 50%, contributing to the miniaturization of the devices in which it is used. Miniaturization not only enhances ease of use but also reduces the volume of raw materials used and cuts environmental impact during shipping.

There have been growing calls in recent years for consumer electronics to use less power when in standby mode and for battery-operated portable devices to consume less power. In response to these needs, New Japan Radio developed a power-saving function that stops operation of the IC's internal circuits when in standby mode to reduce power consumption. The function is incorporated in many products including NJM2878KF1.



The NJM2878KF1 uses the ESON package.

¹ ESON: Enhanced Small Outline Non-Lead

² RoHS: Restriction of Hazardous Substances
Restrictions on the use of six types of hazardous substances including lead and mercury in electrical and electronic devices in Europe

(2) Ku Band 8 W Output Outdoor Transmitter for Satellite Communications VSAT Systems

The New Japan Radio NJT5118 series consists of outdoor transmitters for satellite communications VSAT³ use.

Compared to earlier products, the new series is approximately 60% smaller and lighter, consumes 50% less energy, and has approximately 20% fewer components. As a result, it is ideal for use with a wide range of mobile satellite communications stations.

These components contain no hazardous substances whatsoever and are RoHS compliant. In addition, they reduce the use of components and packaging materials, thereby saving resources.



The NJT5118 Ku Band 8 W Output Model

³ VSAT: Very Small Aperture Terminal

Group Products, Technologies, and Services That Contribute to the Realization of a Sustainable Economy

Business Segment	Products & Technologies	Description	Area of Contribution						
			Prevent Pollution	Reduce Environmental Impact	Conserve Resources	Save Energy	Recycling	Renewable Energy	Effective Use of Resources
Textiles	Non Care products	100% cotton dress shirts that can be worn even without ironing				●			
	Banana fiber	Effective use of agricultural waste banana stalks							●
	Ecologia (Ecopet)	Textiles made from recycled polyester					●		
	Products with organic cotton	Textile products that use cotton grown on land that reduces environmental impact without the use of agricultural chemicals or chemical fertilizers		●					
Automobile Brakes	Green pads (environment-friendly friction materials)	Friction materials (brake products) that comply with the EU End-of-Life Vehicle Directive and do not contain substances of concern (antimony free)		●					
Papers	FSC-certified paper	Paper products that contribute to preventing global warming through the protection of forest resources							●
	Toilet paper that is twice as absorbent designed specifically for bidets	Since it is twice as absorbent, less paper can be used			●				
	Kenaf 100GA, Takeaya, and Takebulky GA	Printing papers made 100% from non-tree derived materials that grow quickly			●				
	Toilet paper made from waste paper	A product made from 100% waste paper					●		
	Gift boxes made from waste paper	Gift boxes that include waste paper					●		
	Energy Star qualified label printer	An energy-saving label printer that satisfies the standards under Energy Star, an energy conservation program promoted by the United States Environmental Protection Agency				●			
	Thermal recovery service of used thermal transfer ribbon	Recovery of used thermal transfer ribbon for use as RPF (Refuse Paper and Plastic Fuel)					●		
Mechatronics	Photovoltaic module manufacturing lines	Manufacturing lines for photovoltaic modules (panels), a source of clean energy						●	
	EL inspection equipment for photovoltaic modules	Detects cracks in photovoltaic cells during the manufacturing process, contributing to higher quality						●	
	Solar simulators	Measures with high precision the electric power generation performance of photovoltaic modules						●	
	Storage cell manufacturing equipment	Manufacturing equipment for storage cells used in hybrid vehicles				●			
	Aircraft manufacturing equipment	Unique manufacturing equipment that makes possible lightweight aircraft structures using carbon fiber				●			
	Cylindrical welding machines	Equipment for manufacturing cylindrical filters used for filtering recycled water							●
	Precision parts for diesel engine common rail systems	Parts for use in diesel engines with low CO2 emissions		●					
	Color matching software that eliminates wasted paint and ink	Software that reduces waste by diverting leftover paint and ink for use in other colors					●		
Chemicals	Carbodilite high-performance chemical product	A high-performance resin material used to rectify plant-derived polylactic acid and enhance the performance of paints		●					
	Carrier APG and BCN for water processing use	Microorganism immobilization materials that enhance the cleaning performance of plant wastewater cleaning plants and wastewater treatment facilities	●						
	Carbon substrate for X-ray use	A recording media substrate that does not require developing agents when X-ray images are taken and that can be used repeatedly			●				
	Urethane tape for apparel use	A dechlorinated product that can be used in place of chloroprene rubber		●					
	Urethane foam for LNG storage tanks	Ultra-low temperature insulation material for LNG storage				●			
	Bipolar plates for fuel cells	Carbon bipolar plates for use in fuel cells		●					
	Electric double-layer capacitors	Long-life energy storage device that undergoes little deterioration from charging and discharging				●			
Electronics	RoHS-compliance electronic and electrical devices	Electronic and electrical devices that satisfy the EU RoHS Directive standards and achieve energy and materials saving goals	●						
	Environmental measurement and analysis surveys	Environmental measurements and analysis surveys are conducted to contribute to reductions in environmental impact by customers	●						
	Air Barrier Fans	An energy-saving fan that serves as an effective window heat and condensation countermeasure by creating an air flow (an air barrier) along the window glass				●			
Other Businesses	Long Fans	Ductless long-blade fans for parking garage ventilation and exhaust and for achieving uniform air conditioning temperatures						●	

* Classifications are based on the environmental business classifications adopted by the Organization for Economic Cooperation and Development.

1. Corporate Governance

(1) Basic Approach

Based on the belief that corporations are public entities, the fundamental stance of the Nisshinbo Group is to deal with all stakeholders fairly and with integrity. This approach is also adopted in our corporate governance initiatives as well. Nisshinbo is working to enhance the transparency of management, reinforce accountability, and act ethically in all matters.

Even after the transition to a holding company structure, the entire Nisshinbo Group is working to maximize corporate value while taking measures to enhance corporate governance.

(2) Corporate Governance Structures

Nisshinbo is working to reinforce corporate governance through the following management structures:

- (1) The Board of Directors, which has 11 members including three outside directors (as of June 26, 2009), makes timely decisions concerning management strategies and policies and is reinforcing oversight functions.
- (2) The term of office of directors is one year. Each fiscal year, measures are taken to clarify management responsibilities.
- (3) The outside directors serve to enhance the transparency of management.
- (4) A managing officer system was introduced to separate management decision making from execution.

(3) Management Oversight Functions

The two full-time and two outside corporate auditors attend meetings of the Board of Directors

to gain an understanding of and monitor management and operations. The corporate auditors also monitor financial management by subsidiaries.

Advice concerning management issues is also obtained from corporate attorneys, and Veritas & Co. has been appointed to serve as the Group's financial auditors and perform rigorous and impartial accounting audits.

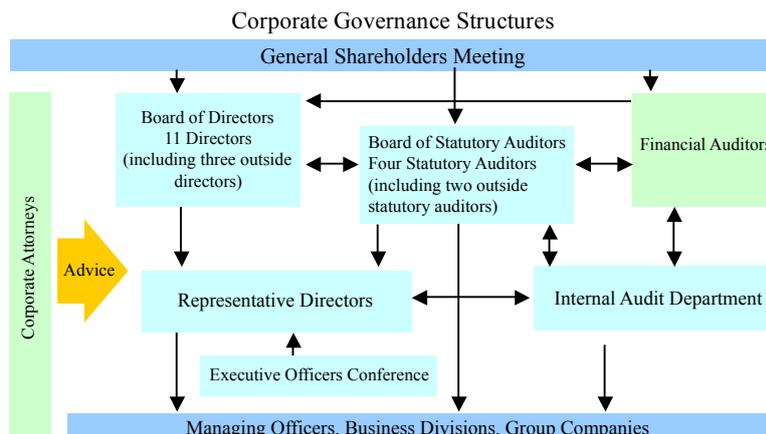
In addition, the Internal Audit Department works with the corporate and financial auditors to raise the effectiveness of business and accounting audits.

(4) Internal Control Systems

In conjunction with the new Companies Act that went into effect in May 2006, the requirements imposed on corporations to establish internal control systems have been heightened. In addition, companies are obligated under the Financial Instruments and Exchange Act to submit internal control reports starting in the fiscal year ended March 2009 in order to raise the reliability of financial reporting.

The Nisshinbo Group has responded to these developments by adopting group regulations relating to internal controls in April 2008 and establishing group-wide internal control systems following adequate consultations with all concerned divisions.

The Internal Audit Department will continue assessing the status of internal control system development and operations and will make ongoing improvements.



2. Risk Management and Compliance

(1) Reinforcing Risk Management

Corporate management entails various risks that can be difficult to foresee. It is necessary that companies prevent these risks from occurring and fulfill their corporate social responsibilities.

The Nisshinbo Group has adopted preventive measures addressing a variety of management risks, including external risks such as natural disasters, internal risks such as unauthorized disclosures of personal information and corporate confidences, and compliance-related risks. The Group has also established structures to make timely and appropriate responses if a problem should occur.

Crisis Management

The Nisshinbo Group adopted Crisis Management Regulations so that it can respond immediately to crises such as earthquakes and fires. We also conduct an annual emergency training to prepare for emergencies such as major earthquakes and have established an emergency contact network to confirm the safety of employees and hasten recovery from a crisis.

Disaster Prevention and Response

The Company and its five core subsidiaries have organized firefighting teams at each business site to prevent and respond to fires, perform regular inspections of firefighting facilities, and train staff on the use of fire hydrants. In addition, operating officers have been performing annual fire inspections for more than 40 years.

Influenza Countermeasures

Health information is periodically distributed to group companies, and high-performance face masks developed by Nisshinbo were distributed to all group employees in the spring of 2009.

Information Systems (Server Management)

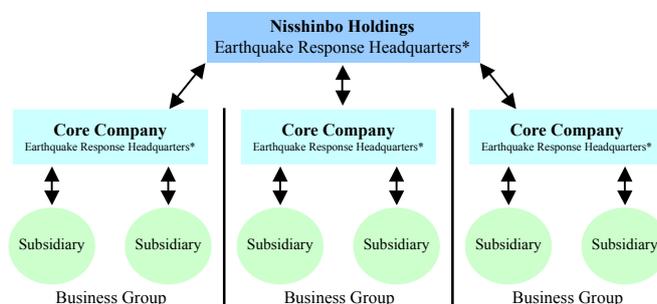
Key servers essential to information systems have been installed in secure facilities designed to withstand major earthquakes and other disasters to ensure they can operate 24 hours a day, 365 days a year.

Protection of Personal Information

Nisshinbo performs annual internal audits in accordance with internal regulations to ensure the appropriate management of personal information concerning customers, employees, and others and continuously works to enhance information security.

In addition, the Personal Information Protection Charter (Privacy Policy) is available on our website.

Nisshinbo Group Crisis Management Structures
(Example of the communications structure in the event of a major earthquake)



* The president of each company will serve as the chief of the Earthquake Response Headquarters.

The crisis management structure shown in the above figure will function in a similar manner in the event of a crisis other than a major earthquake.

Personal Information Protection Charter (Privacy Policy)

Nisshinbo Holdings (the "Company") will take the following measures based on the belief that the proper handling of personal information relating to customers, business partners, employees, and others is a key social responsibility of businesses.

1. Legal Compliance

The Company shall comply with the Law concerning the Protection of Personal Information, other applicable laws and regulations, and guidelines with respect to the handling of personal information.

2. Use of Personal Information

Personal information shall be used only for the purposes concerning which consent was given at the time the information was collected.

3. Provision of Personal Information to Third Parties

The Company shall not provide personal information to third parties except with the consent of the individual, when work is outsourced, or when there are other proper grounds.

4. Joint Use of Personal Information

When personal information is to be used jointly with other group companies, the information shall be gathered only after disclosing the purpose of use and obtaining consent.

5. Procedures for Disclosure of Personal Information

The Company's Personal Information Customer Hotline shall handle inquiries, disclosures, correction, and so on concerning the content of personal information.

6. Measures for Security Management

The Company shall take necessary security management measures to prevent unauthorized access, loss, leaks, crash, tampering, and so on concerning personal information.

7. Continuous Improvement of Protection of Personal Information

The Company shall establish necessary systems, conduct training on the appropriate handling of personal information, periodically review these activities, and make ongoing improvements to protect personal information.

8. Revision of This Charter

This Charter shall be revised and announced from time to time as necessary in response to changes in applicable laws and social conditions.

(2) Total Compliance

The Nisshinbo Group adopted the Corporate Code of Conduct as a statement of specific conduct guidelines for Nisshinbo Group employees and is working to ensure all employees are fully aware of the Code and follow it at all times. In addition, the Corporate Ethics Committee under the direct authority of the president and chaired by a Nisshinbo Holdings operating officer undertakes corporate ethics activities directly linked to management.

Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo established the Corporate Ethics Committee to oversee group-wide compliance activities.

The Corporate Ethics Reporting System was created for the early discovery and prevention of suspected and actual legal violations. Individuals outside the Group can also make reports to the system, which can be used to communicate directly with the Corporate Ethics Committee or an outside corporate attorney. The confidentiality of persons making reports is guaranteed, and every effort is made to prevent any detriment to them. Reports are dealt with by the Corporate Ethics Committee.

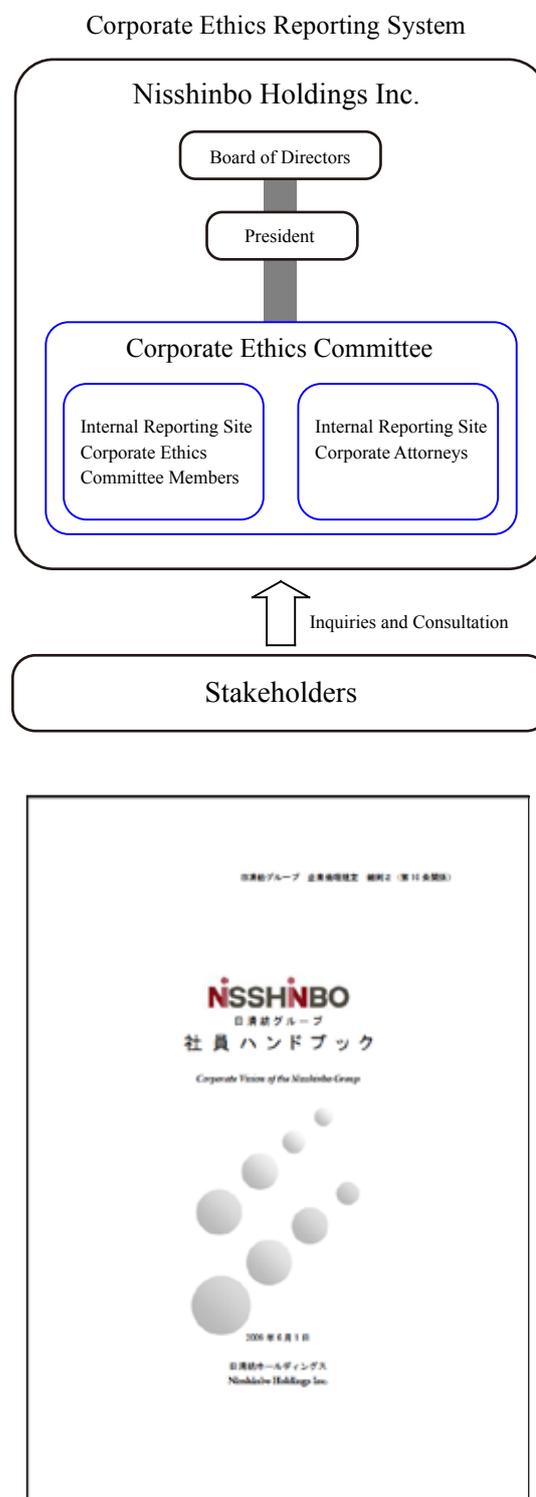
Legal Risk Management

The Nisshinbo Group conducts legal risk management as one aspect of its activities to ensure compliance in all of its business undertakings. Checklists are used to conduct periodic inspections concerning major laws and regulations, and other measures are taken to prevent violations.

Making the requirements of major laws and regulations more visible has facilitated confirmation of compliance and raised worksite awareness concerning compliance.

Compliance Education

The Nisshinbo Group prepared a handbook entitled the *Corporate Vision of the Nisshinbo Group* as an educational tool concerning compliance-related topics. The handbook is available to all employees on the Group Intranet. The handbook was prepared in Japanese and English and has been translated into other languages in non-English-speaking countries by local staff for employee training.



Social Report

1. For the Benefit of Customers

(1) Product Labeling

There have been a number of instances in recent years of product labeling problems, including false labeling of the country of origin or expiration date of food products and improper indication of quality on household products.

In the fiscal year ended March 2009, the Nisshinbo Group conducted the following investigations concerning products and services:

- (1) Disparities between claims (labeling) and actual conditions
- (2) Disparities between statutory standards, industry standards, or specifications in client agreements and actual conditions

The investigations identified a small number of minor discrepancies, which were immediately corrected.

Product labeling problems can cause substantial inconvenience to customers even if they are unintentional, and for this reason, we will continue the confirmation work in the fiscal year ending March 2010.

(2) Measures to Achieve Zero PL Claims

The group target concerning product safety in the fiscal year ended March 2009 was zero product liability claims, and this target was achieved. In the fiscal year ending March 2010, we will continue working to maintain zero product liability claims while raising employee awareness concerning product safety.

Product Safety Charter

(Basic Policy on Quality Assurance and Product Liability)

1. We shall pursue the making of products that give consideration to the safety of customers throughout their whole lifecycles from development to production, sale, use, service, and disposal.
2. In order to ensure the safety of products, as well as complying with related domestic and international legislation, standards, and so on, we shall establish even higher targets independently and respond to the trust of customers.
3. We shall supply customers with accurate information concerning the safety, functions, and proper use of products.
4. We shall establish a quality assurance system and endeavor to thoroughly imbue product safety awareness among all employees.

(3) Commendations from Customers

Nisshinbo Group products and quality assurance systems have received numerous commendations and awards from customers.

Major Awards Received in Fiscal 2008

Automobile Brakes	
Nisshinbo Brake Sales Co., Ltd.	Excellent supplier awards received from five car makers
Nisshinbo Automotive Corporation	Honda Service Parts Supplier Award received from Honda Motor
Nisshinbo Automotive Manufacturing Inc.	2008 Outstanding Achievement award received from NISSIN BRAKE OHIO Inc.
Nisshinbo Somboon Automotive Co., Ltd.	Q&D Award 2008 received from Siam Aisin
Saeron Automotive Corporation	Most improved quality award received from Mando Corporation
Electronics	
New Japan Radio Co., Ltd.	Excellent supplier award received from Toyota Motor
	Outstanding quality award received from Mitsubishi Electric Nagoya Works
	Outstanding quality award received from Fujitsu Ten
NJR Chichibu Co., Ltd.	Outstanding supplier award received from Omron
NJR (SINGAPORE) PTE LTD	Outstanding supplier award received from Yamaha Electronics Mfg. (M)

2. For the Benefit of Shareholders

The Nisshinbo Group has narrowed new growth businesses to the environment and energy and is focusing management resources in these fields with the aim of expanding business. The Group is also emphasizing the environment and energy in existing business areas to contribute to the prevention of global warming and raise corporate value as an “environmental company.” At the same time, the Group is enhancing management transparency through timely and appropriate disclosure of business and financial information.

Detailed information for shareholders and investors can be found on the Company’s website:

URL: <http://www.nisshinbo.co.jp/english/ir/index.html>

(1) Disclosure of Information

Nisshinbo strives not only to comply with legally required disclosure standards but also to make timely and accurate disclosures of information through a variety of media.

Activities in the Fiscal Year Ended March 2009

Target	Activities
Domestic institutional investors Securities analysts	<ul style="list-style-type: none"> Semiannual financial briefings Publication of annual report (the Japanese version is available on the Company website) Responses to individual requests for information
Overseas institutional investors	<ul style="list-style-type: none"> Visits to investors Publication of annual report (the English version is available on the Company website)
Individual investors Shareholders	<ul style="list-style-type: none"> Publication of shareholder reports (interim and year-end)
General public	<ul style="list-style-type: none"> Publication of quarterly reports Release of information on the Company website

(2) Preferential Treatment for Shareholders

Individual shareholders who own 1,000 or more Company shares may select either of the following shareholder preferential treatment programs:

1. An assortment of Nisshinbo household paper products (valued at 3,000 yen);
2. A donation to the National Land Afforestation Promotion Organization, a body that manages “green funds” (3,000 yen per person).

In September 2009, the Company donated the funds from shareholders who took advantage of the preferential treatment program along with funds from the Company to the National Land Afforestation Promotion Organization.

(3) Nisshinbo Share Status

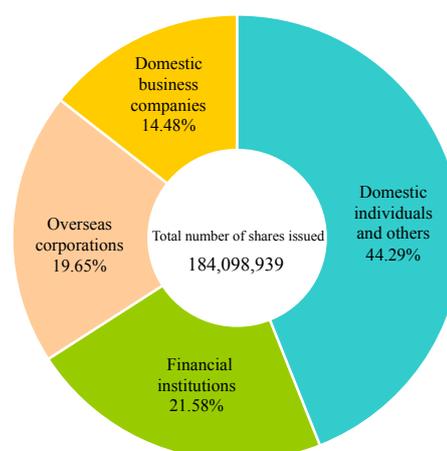
Share Information

Securities code	3105
Trading exchanges	Tokyo Stock Exchange First Section, Osaka Securities Exchange First Section, Nagoya Stock Exchange, Fukuoka Stock Exchange, Sapporo Securities Exchange
Trading unit	1,000 shares
Dividends (166th term)	15 yen total 7.5-yen interim dividend and 7.5-yen year-end dividend

Share Status (as of March 31, 2009)

No. of authorized shares	371,755,000
No. of shares issued	184,098,939
No. of shareholders	9,188

Share Distribution by Shareholder (as of March 31, 2009)



Assortment of Household Paper Products

The content of the assortment is subject to change.

3. Working with Suppliers

(1) CSR-Based Procurement

The Nisshinbo Group adopted Green Procurement Guidelines for the brake products and electronic products businesses earlier. Nisshinbo explains the objectives and thinking behind green procurement to suppliers, confirms the status of environmental management systems, reports chemical substance data, and seeks cooperation with respect to compliance with applicable laws and regulations and prohibitions on the use of specified chemical substances.

At the time of the corporate split in April 2009, the Basic Purchasing Policy was adopted as internal regulations for the Company and its five core subsidiaries. In the future, Nisshinbo will seek greater cooperation and understanding from suppliers in the implementation of CSR-based procurement.

Basic Purchasing Policy

1. To carry out appropriate purchasing activities, we shall seek cooperation and support from suppliers of raw materials, components, software, services, and so on that are necessary for business activities and others active in each business field.
2. Even when we are in an advantageous position in relation to its suppliers, it will not use that status to impose unreasonable burdens on suppliers.
3. We shall not engage in inappropriate reciprocal transactions that violate the Anti-Monopoly Act or drive down prices improperly, reject or return goods, delay payment, compel purchases or use of services, demand the improper provision of economic benefit, or otherwise engage in unlawful conduct in violation of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors.
4. In addition to economic reasonableness, we shall engage in priority procurement of raw materials, components, secondary materials, and supplementary materials with minimal environmental impact to create products that can contribute to the development of a sustainable society. We shall also remain aware of legal compliance, product quality and safety, environmental preservation, information security, fair trade and ethics, occupational health and safety, and human rights and labor conditions with respect to suppliers and shall engage in CSR-based procurement such that suppliers can fulfill their social responsibilities.

Case Study: Compliance with the RoHS Directive*

To ensure that its electrical and electronic products intended for European markets are in compliance with the RoHS Directive, New Japan Radio has requested suppliers to submit reports concerning the use of hazardous substances and has concluded memoranda with them concerning prohibited substances.

Kohbunshi (Thailand) Ltd., which is active in the mechatronics business, makes reports concerning substances in its products with the cooperation of suppliers in accordance with requests from customers, such as manufacturers of consumer electronics.

* RoHS: Restriction of Hazardous Substances. This directive restricts the use of six hazardous substances including lead and mercury in electrical and electronic devices in Europe.

Case Study: Reducing Packaging Material and Recycling Containers

When purchasing agents used for bleaching and dyeing cotton, Nisshinbo Textile's Miai Plant switched to reusable containers to reduce waste volumes.

NJR Fukuoka Co., Ltd., which is active in the electronics business, is working to reduce packaging materials.

Case Study: Green Procurement

With respect to green procurement of office supplies and other products, each business site of the Nisshinbo Group has a set of specific quantitative targets for procurement rates of environment-friendly products and is working to achieve those targets.

4. Working with Employees

Human Rights Charter (Basic Policies concerning Human Rights)

The Nisshinbo Group respects the diversity, character, and individuality of employees and, based on the following three principles, shall act to ensure a safe and work-friendly environment for them and realize their comfort and affluence.

1. We shall recognize individual differences and respect individuality and creativity, and we shall not discriminate on the basis of birth, nationality, belief, religion, gender, race, ethnicity, age, disability, medical history, academic background, social status, or any other factor.
2. We shall not permit forced labor or child labor in whatever form. We shall also endeavor to gain the understanding and cooperation of our suppliers toward this policy.
3. In order to realize a healthy workplace environment without any discrimination, we shall strive to imbue a correct understanding of human rights problems and shall not engage in sexual harassment or any other act of harassment.

(1) Diversity

Increasing Employment of Disabled Persons

The Nisshinbo Group works with public employment offices, schools for the disabled, vocational training schools, and other organizations and takes measures to create safe and work-friendly environments to increase the employment of disabled persons.

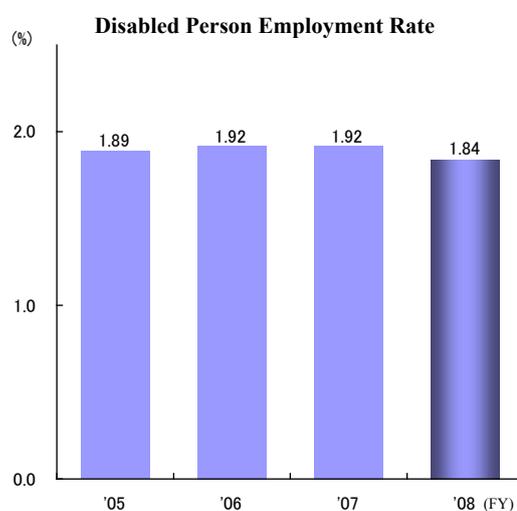
Nisshinbo also surveys the status of employment of disabled persons at the overseas group companies to confirm compliance with laws and requirements in each country.

Maintaining a Good Work-Life Balance

Awareness of the importance of maintaining a good balance between work and life is increasing throughout society, and the Nisshinbo Group has a variety of programs designed to help employees maintain such a balance, including childcare leave, shortened working hours for childcare, nursing care leave, shortened working hours for nursing care, and time off for childcare. In the future, Nisshinbo plans to improve these programs by allowing shortened working hours for childcare to be divided until children begin attending elementary school.

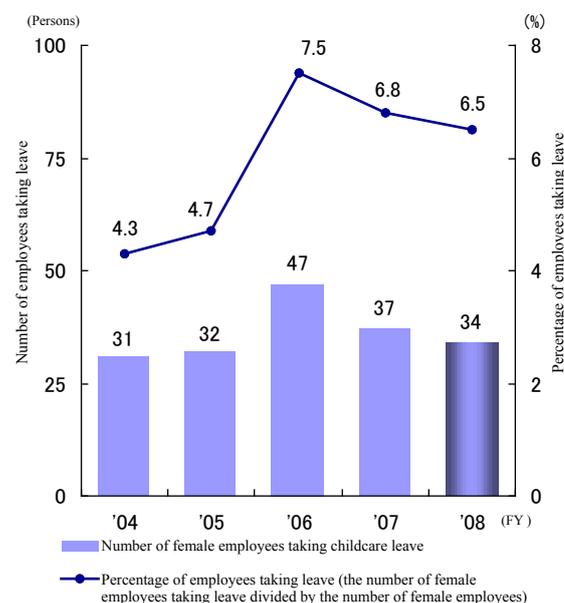
Kurumin Mark Awarded for 2007

The Kurumin Mark is a logo that may be used by companies and other entities that have been certified by the Ministry of Health, Labour and Welfare as satisfying certain standards for supporting childcare.



Performance by the Company and its five core subsidiaries

Number of Female Employees Taking Childcare Leave



Performance by the Company and its five core subsidiaries

(2) Creating Safe and Secure Work Environments

In its Corporate Code of Conduct, the Nisshinbo Group states that it shall “respect the diversity, character, and individuality of employees, ensure a safe and work-friendly environment for them, and realize their comfort and affluence.” To this end, Nisshinbo works to provide a safe and secure work environment for all employees.

Human Rights Educational Activities

The Nisshinbo Group espouses respect for diversity and the development of safe and work-friendly environments in its Human Rights Charter and conducts a variety of human rights educational activities intended to eliminate discrimination and harassment.

Nisshinbo conducts systematic training, including training for senior executives, training for all employees, training for employees who oversee group companies, new employee training, recruiter training, instructor training, and harassment

consultation training. Nisshinbo also conducts activities as a corporate member of the Industrial Federation for Human Rights, Tokyo.

Nisshinbo has also established specific contacts at each worksite for consultations concerning sexual harassment and other abuses of power and works to prevent problems and to resolve them when they occur. Starting in the fiscal year ended March 2009, harassment consultation training is conducted at all domestic group companies.

Occupational Safety Activities

Starting in the fiscal year ended March 2009, group-wide activities including domestic and overseas subsidiaries are conducted.

In addition to basic activities, including 5S activities, potential incident reports, and risk assessment, activities are also conducted to address priority issues, including preventing crushing and getting caught in machinery, back pain and muscle pain countermeasures, improving communication skills, and reinforcing chemical substances management. Information concerning industrial accidents, including accidents that result in lost work days, is shared throughout the Group and used in implementing countermeasures.

The Company’s Health and Safety Group and the Administration Divisions and sites of core group companies are cooperating to identify the essential causes of accidents that result in lost work days by addressing them from the perspectives of hard, soft, and human factors. In addition, the results are being distributed group-wide and measures are being taken to prevent the recurrence of similar incidents.

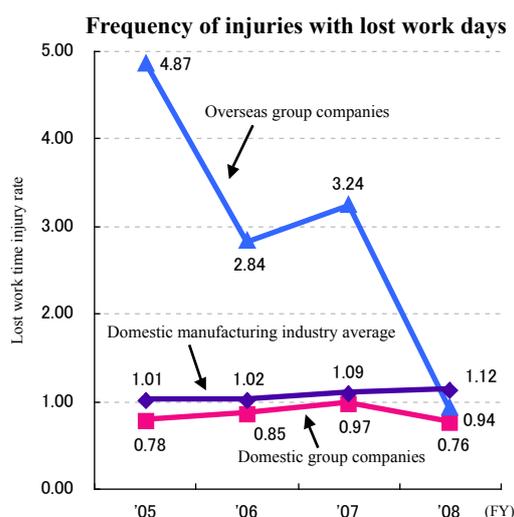
Work-Related Accidents

In the fiscal year ended March 2009, there were no major accidents¹ throughout the Group, and there were only 27 accidents that resulted in lost work days down from 59 in the previous year. As a result, the frequency of injuries with lost work days² for

domestic group companies was 0.76, and the rate for overseas group companies was 0.94. The Group will continue performing risk assessment and working to ensure the safety of facilities with the aim of achieving its safety-related goals.

Attainment of Medium-Term CSR Targets

		CSR Target (FY2010)	FY2008 Results
No. of major accidents		0	0
Frequency of injuries with lost work days	Domestic	0.3 or lower	0.76
	Overseas	1.5 or lower	0.94



¹ Major accident: An accident with expected disability of class 6 or higher.

² Frequency of injuries with lost work days: An index that indicates the frequency of accidents resulting in lost work days determined according to the number of work-related injuries per 1 million working hours:

$$\text{Frequency of injuries with lost work days} = \frac{\text{No. of work-related injuries}}{\text{Total number of actual working hours}} \times 1,000,000$$

Health Management

The Nisshinbo Group has its industrial physicians and industrial health care teams perform a variety of medical examinations.

Employees who are 35 years old and over undergo extensive examinations once each year, and employees engaged in certain work undergo special examinations twice each year. Employees also undergo extensive examinations when they reach 25 and 30 years old for the early identification and treatment of lifestyle-related diseases. In addition, the Group began working with the Hoken Kyoiku Center, an external health education organization, in April 2008 to perform screenings for specific conditions and provide guidance on maintaining good health and to take countermeasures against metabolic syndrome.

Mental Health Measures

In addition to educational programs conducted by industrial doctors, the Nisshinbo Group conducts training to enhance communication skills of managers and provide support for both individuals and worksites. Nisshinbo also conducts appropriate work time management and has introduced a system of consultations with industrial physicians for employees who work long hours.

Each year, simple diagnostic tests of work-related stress are conducted for all employees on the Company's intranet, and self-care is encouraged. In addition, Nisshinbo cooperates with an external non-profit consulting organization to respond to employee concerns.

Volunteer Leave Program

The Company and its five core subsidiaries have established a volunteer leave program that allows employees to take leave so that they can participate in the Japan Overseas Cooperation Volunteers scheme sponsored by the Japan International Cooperation Agency as a part of their social contribution activities. Under this program, employees can participate in various contribution and support activities in developing countries through the Japan Overseas Cooperation Volunteers for a maximum of two years and four months.

New Japan Radio has also established a similar multi-purpose leave program.

New Jury Duty Leave Program

In response to the establishment of a new jury system in May 2009, the Group established a jury duty leave program that enables employees to take time off when they are obligated to perform jury duty.

Under this program, employees are paid 100% of their wages and bonuses, allowing employees to perform their civic duties with peace of mind.

Case Study: Use of the Volunteer Leave Program Nisshinbo Brake Inc.

One Nisshinbo Brake employee is currently taking volunteer leave and serving as a Japanese language teacher in Mongolia.



The Nisshinbo Brake employee teaching in a school in Mongolia

5. Working with Local Communities

The Nisshinbo Group engages in social contribution activities as a member of the local community. Group employees actively participate in volunteer cleanup activities on walkways and in riverside areas in the vicinity of business sites to preserve the local environment. The Group also makes donations and provides personnel support to local programs with public benefit. Group companies perform business site tours and offer work internships in response to requests from local schools.

(1) Internships and Hands-on Workplace Experience Programs

The Nisshinbo Group actively accepts interns from universities and graduate schools. In the fiscal year ended March 2009, the Group accepted 58 interns.

The Group also conducts one-day, hands-on workplace experience programs and plant tours in response to requests from local elementary and junior high schools as well as industrial high schools and vocational schools.

Internships

Nisshinbo Holdings and Five Core Subsidiaries (fiscal year ended March 2009)

Site	Business Area	No. of Interns
Shimada Plant	Papers	1
Tokushima Plant	Textiles	1
	Papers	1
	Chemicals	2
Miai Machinery Plant	Mechatronics	6
Tatebayashi Plant	Automobile Brakes	5
Toyota Plant	Automobile Brakes	1
Fuji Plant	Papers	3
Central Laboratory	Chemicals	6
Total		26

Other Companies (fiscal year ended March 2009)

Company	Business Area	No. of Interns
CHOYA Co., Ltd.	Textiles	1
Nisshinbo (Shanghai) Co., Ltd.	Textiles	1
Nisshinbo Somboon Automotive Co., Ltd.	Automobile Brakes	12
Kohbunshi (Thailand) Ltd.	Mechatronics	2
New Japan Radio Co., Ltd.	Electronics	16
Total		32



An intern (front) undergoing training at the Tokushima Plant

**Case Study:
Mosque Opened
P.T. Nikawa Textile Industry**

P.T. Nikawa Textile Industry (Indonesia), which is engaged in the textile business, manufactures and sells cotton thread and textiles in Indonesia. Indonesia is known as a fervently Islamic nation, and since people must pray at specific times, offices generally have mosques. Nikawa Textile has a relatively large mosque.

Muslims are required to pray five times daily. People generally pray individually at their homes or other locations, but a service held on Friday afternoons known as Jumatan is a religiously important practice, and it is recommended that people gather at a mosque and pray. At these times, besides the employees of Nikawa Textile, about 30 persons from nearby offices of other companies gather at the mosque.



The mosque at Nikawa Textile

**Case Study:
Employees Participate in Oil Cleanup
Saeron Automotive Corporation**

Saeron Automotive Corporation (South Korea) is active in the automotive brakes business and supplies friction materials such as brake pads to automobile manufacturers in South Korea and China.

There was a major oil spill in South Korea in December 2007* as a result of a tanker collision. In March 2008, 27 Saeron Automotive employees participated in oil cleanup volunteer activities.



* A tugboat collided with a tanker stopped about 10 km northwest of Mallipo Beach (Taeon in Chungcheongnam-do), resulting in a spill of 15,800 kiloliters of crude oil into the Yellow Sea and on nearby beaches.

Employees cleaning up oil

Saeron Automotive also participates in the “one company, one bridge, one river cleanup movement” organized by the city government in Cheonan where the company is based. Under this program, cleanup activities are conducted once each month. There are no bridges or rivers in the vicinity of the company’s office, so it cleans up about 500 meters of a road behind the office. In the fiscal year ended March 2009, a total of 276 employees participated in these activities.

Saeron Automotive Beijing Corporation, a Saeron Automotive subsidiary based in China, collected funds for the victims of the Sichuan Earthquake that occurred in May 2008. A total of 14,023 yuan was collected from 160 employees, and the company made a separate donation of 30,000 yuan.

Environmental Report

1. Business Activities and Environmental Impact

The Nisshinbo Group's Materials Balance for the Fiscal Year Ended March 2009

Inputs				
Energy usage		9.56	Million GJ ¹	(-5%)
Breakdown	Electricity	578	Thousand MWh	(-8%)
	Coal	84.8	Thousand t	(+ 5%)
	Heavy oil	16.8	Thousand KL	(-20%)
	City gas (including natural gas)	16.1	Million m ³	(+ 3%)
	Water Usage		39,199	Thousand m ³
Breakdown	Underground water	22,121	Thousand m ³	(-7%)
	Industrial water	16,590	Thousand m ³	(-11%)
Total Raw Materials Used		300.0	Thousand t	(-9%)
Breakdown	Raw cotton, cotton fiber	48.3	Thousand t	(-4%)
	Pulp	62.1	Thousand t	(-2%)
	Steel	46.2	Thousand t	(-10%)
	Brake friction materials	15.4	Thousand t	(-16%)
	Chemical substances	57.8	Thousand t	(-12%)
	Packaging materials	15.2	Thousand t	(-23%)
PRTR substances ² handled		952	t	(-12%)
Office paper usage		39,873	Thousand sheets	(-4%)

Figures in parentheses indicate change from the previous year.

¹ Gigajoules (GJ): A unit of energy. One gigajoule (1×10^9 J) is approximately 240,000 kilocalories.

² Pollutant Release and Transfer Register (PRTR) substances: Substances subject to certain systems pursuant to the Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof for which filings concerning emissions and transport volumes are obligatory.

Business Processes	Outputs				
		Greenhouse gases	565	Thousand t-CO ₂	(-6%)
<p>Cyclical use of water 638,000 m³ (+71%)</p>	Breakdown	Energy-derived ³	522	Thousand t-CO ₂	(-6%)
		Non-energy-derived ⁴	43	Thousand t-CO ₂	(±0%)
	Releases into the atmosphere				
		NOx	259	t	(+3%)
		SOx	511	t	(+6%)
		VOC ⁵	145	t	(-35%)
		Soot	36	t	(-18%)
	Releases into water system				
		Waste water	37,675	Thousand m ³	(-7%)
		COD ⁶	398	t	(-24%)
	SS ⁷	200	t	(-7%)	
PRTR substances					
	Released amounts	96	t	(-24%)	
	Transferred amounts	114	t	(-33%)	
	Total waste volume	41.2	Thousand t	(-2%)	
	Non-recycled waste ⁸	5.9	Thousand t	(-16%)	
<p>Logistics</p>	Products	270	Thousand t	(-5%)	
	Transport volume ⁹	107.9	Million t · km	(-10%)	

Figures in parentheses indicate change from the previous year.

³ Energy-derived greenhouse gases: Greenhouse gases produced from the consumption of fuel.

⁴ Non-energy-derived greenhouse gases: Greenhouse gases produced from sources other than the consumption of fuel, such as from manufacturing processes and waste material.

⁵ VOC (volatile organic compounds): Volatile organic compounds such as toluene.

⁶ COD (chemical oxygen demand): A measure of water contamination expressed as the volume of oxygen chemically required or chemically consumed (the amount of oxygen consumed when treating the water).

⁷ SS (suspended solid): A measure of water contamination expressed as the amount of substances suspended in the water.

⁸ Non-recycled waste: Waste that is remaining after recycling or that is disposed of in landfills (non-recycled waste equals total waste minus recycled waste).

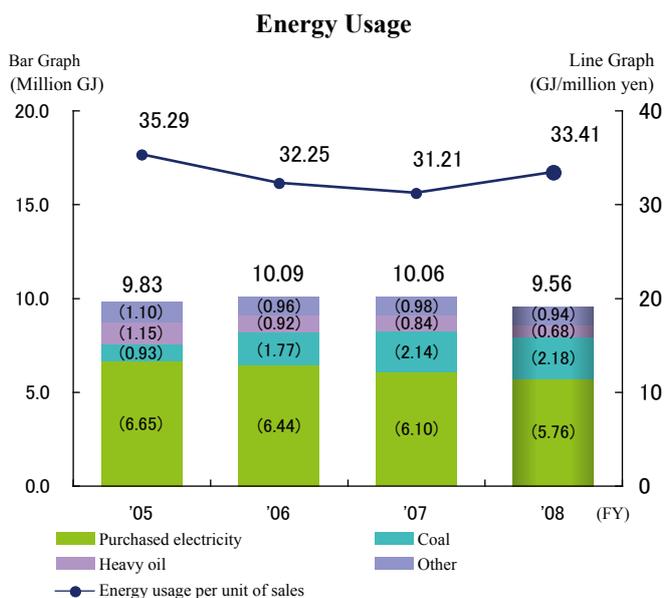
⁹ Transport volume does not include marine transport in international waters.

2. Energy Conservation

(1) Energy Usage

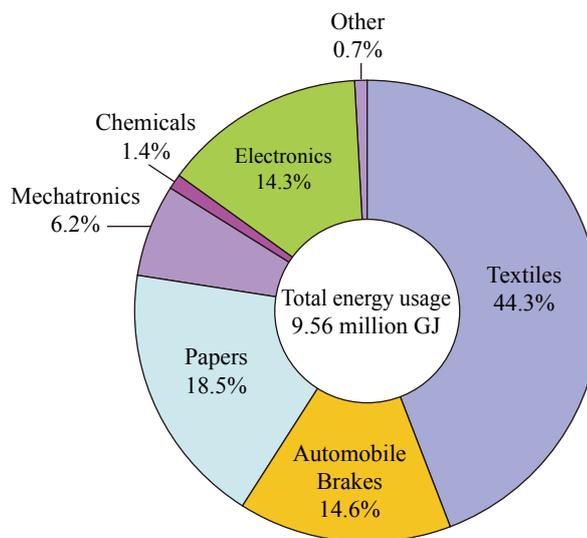
The Nisshinbo Group's energy usage in the fiscal year ended March 2009 fell by 5% from the previous year. In addition, energy usage per unit of sales increased by 7% from the previous year.

In a breakdown by energy type, purchased electricity accounted for approximately 60% of total energy usage.



Also, in the breakdown of energy usage by business segment, the textiles business accounted for approximately 44% of the total.

Energy Usage by Business Segment



Case Study: Plant Energy Conservation Activities NJR Fukuoka Co., Ltd.

NJR Fukuoka Co., Ltd., which is active in the electronics business, began using high-efficiency turbo refrigerators in the summer and began cooling the building by distributing well water on the roof as a part of its energy conservation activities. By distributing water on the roof, the roof temperature decreased from 50°C–60°C to about 35°C. In the winter, the company uses free cooling (a method of using cooling water that is cooled outdoors). As a result of these measures, electricity consumption decreased by 9% from the previous year.



Water is dispersed to cool the roof.

**Case Study:
Office Energy Conservation Activities
Nisshinbo Holdings Inc. (Head Office Annex)**

An addition to the Nisshinbo Holdings head office, an annex building known as the Nisshinbo Annex was completed in March 2009. Like the head office building, it has seven stories and is separated from the head office by a six-meter wide road, making them twin buildings.

The Nisshinbo Annex was designed to save energy and resources, and the following energy-saving facilities are used:

Air-conditioning	Double-pane windows:	A layer of air between the panes serves as insulation
	Air Barrier Fans:	Hot air in the summer and cold air in the winter conveyed by the window glass is exhausted outside the window
	Thermal storage at night:	Excess electricity is used during the night to make ice, which is used during the day for cooling
Lighting	Energy-saving fluorescent lamps were installed and illumination is adjusted using sensors Sensors to detect the presence of people were also installed in bathrooms and stairways to adjust illumination	
Other	Low-flow toilets and a green roof were installed	



The new Nisshinbo Annex (on the right)



Air Barrier Fans (the vents below the windows) are sold by Nisshin Toa Inc.



A view of the green roof

**Case Study:
Outstanding Energy-Saving Management Building Certification
Nisshinbo Textile Inc.**

As a part of its energy-saving activities, Nisshinbo Textile registered its Osaka branch office under a registration program that promotes energy savings in buildings run by the Building Energy Manager's Association of Japan (BEMA).

The company applied for a screening under the BEMA's building energy-saving certification program, and the results of various measures, including the installation of heat-insulating exterior walls when performing building repairs, the adoption of a green roof, and energy-saving air-conditioning management, were highly evaluated. As a result, the building was certified as an outstanding energy-saving management building for the fiscal year ended March 2009.



The green roof of the Osaka branch office

3. Preventing Global Warming

(1) Emissions of Greenhouse Gases

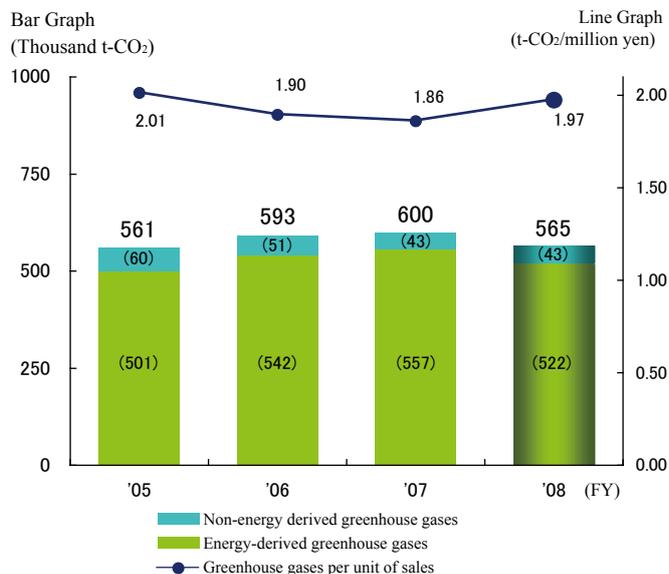
The Nisshinbo Group's greenhouse gas emissions were down 6% from the previous year. Also, emissions per unit of sales increased 6%. Energy-derived greenhouse gas emissions were down 6%.

In the breakdown of greenhouse gas emissions by business segment, the textile business accounted for approximately 51% of the total.

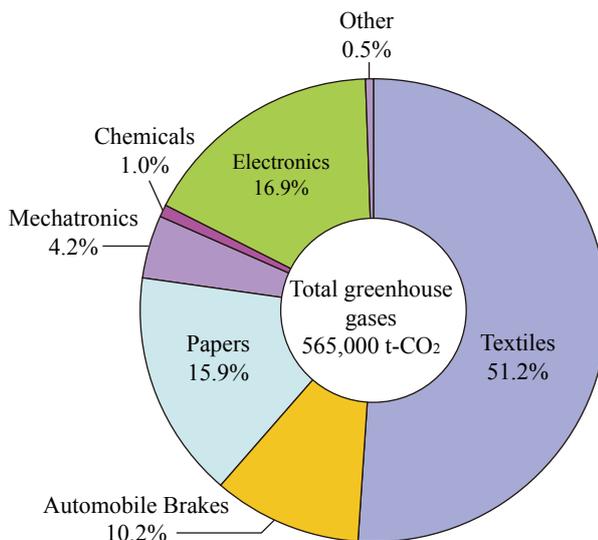
**Case Study:
Activities to Reduce Greenhouse Gases
Nisshinbo Textile Inc.**

In February 2009 Nisshinbo Textile's Miai Plant eliminated its coal fuel boilers and generator facilities, installed new city gas boilers, and began purchasing electricity from a power company. As a result of these changes, greenhouse gas emissions for the same amount of energy declined 26.5%.

Greenhouse Gas Emissions



Greenhouse Gas Emissions by Business Segment



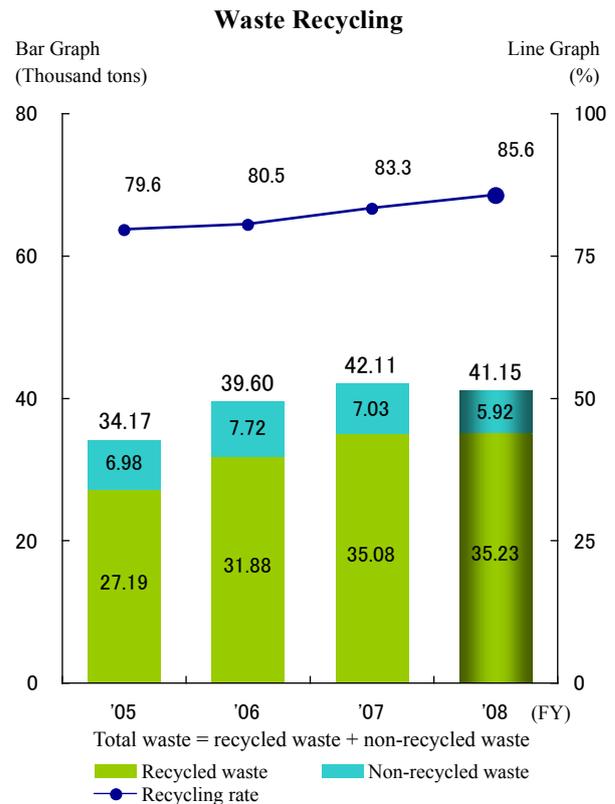
New city gas boilers

4. Resource Conservation

(1) Waste Recycling

Total waste generated by the Nisshinbo Group declined by 2.3% from the previous year. The volume of non-recycled waste fell 16% from the previous year, and as a result the recycling rate increased 2.3%.

In addition, some business sites began activities to achieve zero emissions.



Case Study:

Converting Waste to RPF (Refuse Paper and Plastic Fuel)

Nisshinbo Paper Products Inc.

Waste paper, such as remnants, is generated during the label and card printing processes. At the Nisshinbo Paper Products Kawagoe Plant, all of this paper waste is recycled into RPF. In the fiscal year ended March 2009, 224 tons of waste paper were recycled in this way.



Waste paper

RPF

Case Study:

Converting Waste to RPF

Nisshinbo Postal Chemical Co., Ltd.

Nisshinbo Postal Chemical is active in the paper products business and conducts printer-related businesses. The company collects used thermal transfer ribbons that it sold to customers and recycles them into RPF. In the fiscal year ended March 2009, 12 tons of used ribbons were effectively recycled in this way.



Used thermal transfer ribbons

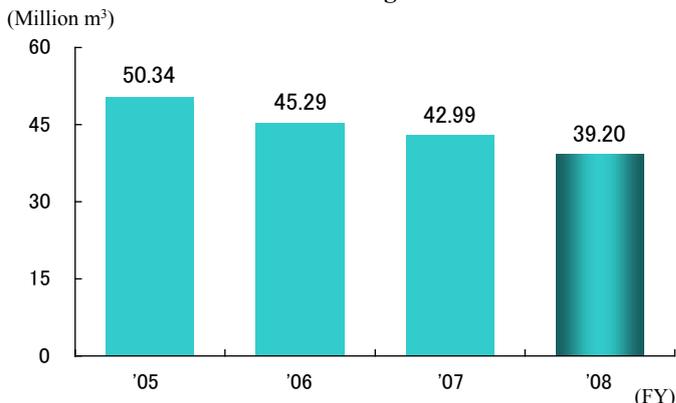
RPF

(2) Use of Water Resources

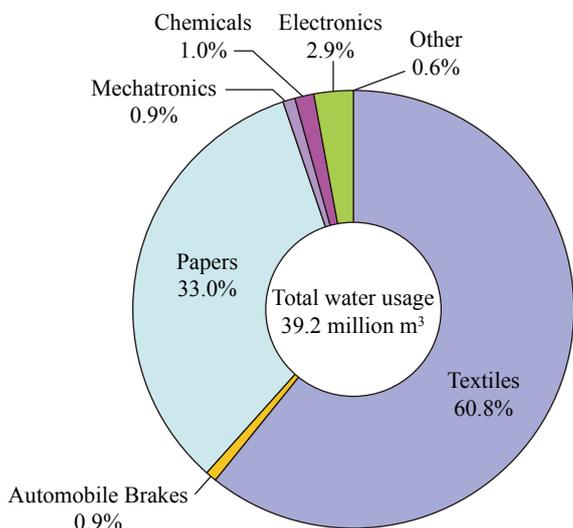
The Nisshinbo Group used 9% less water than the previous year. In addition, the water recycling volume was increased to 71% (not including cooling water) through the effective use of water resources. The increase in the reuse of water was particularly high in the electronics business.

In the breakdown by business segment, the textiles and paper products businesses accounted for approximately 94% of all water usage.

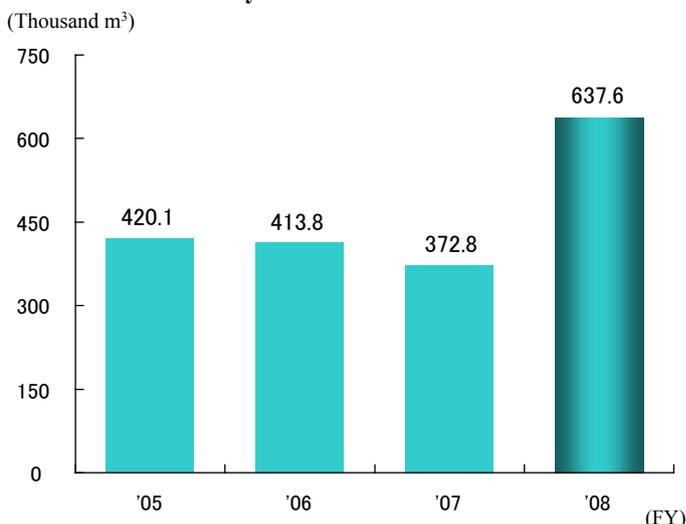
Water Usage



Water Usage by Business Segment



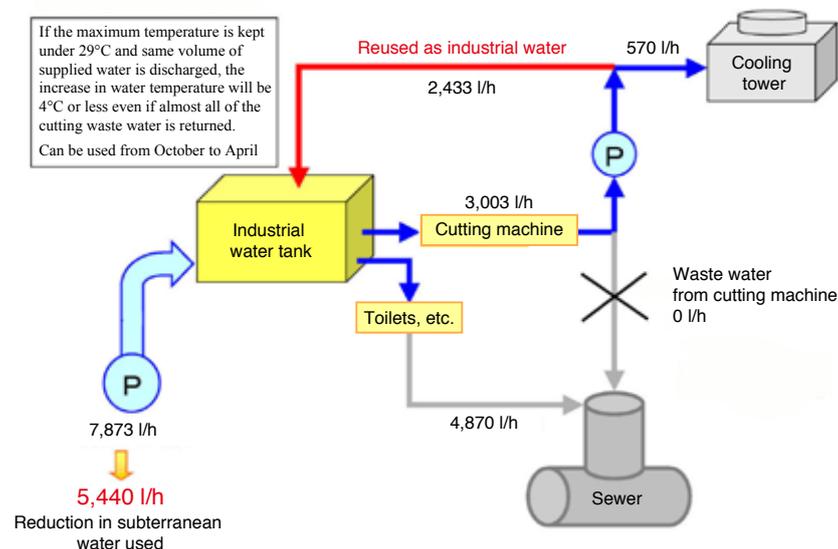
Recycled Water Volume



Case Study: Conservation of Subterranean Water Saga Electronics Co., Ltd.

In the electronics business, Saga Electronics uses multiple semiconductor wafer die cutting machines. These machines use a large amount of subterranean water as cooling water, so measures to reduce water usage by reusing waste cooling water were taken in the fiscal year ended March 2009.

As a result of these measures, usage of subterranean water fell from 7.8m³/hour to 5.4m³/hour during the period from October to April.



5. Management of Chemical Substances and Reduction of Emissions

(1) Volume of Chemical Substances Handled

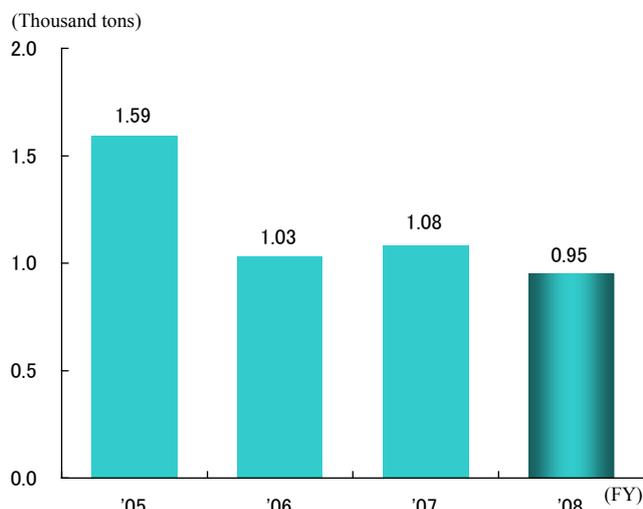
The volume of PRTR substances handled by the Nisshinbo Group was down 12% from the prior year.

In the breakdown of PRTR substances, there was no change in the top three substances over the past four years: antimony, hexamethylenetetramine, and methyl 1,3-phenylene diisocyanate.

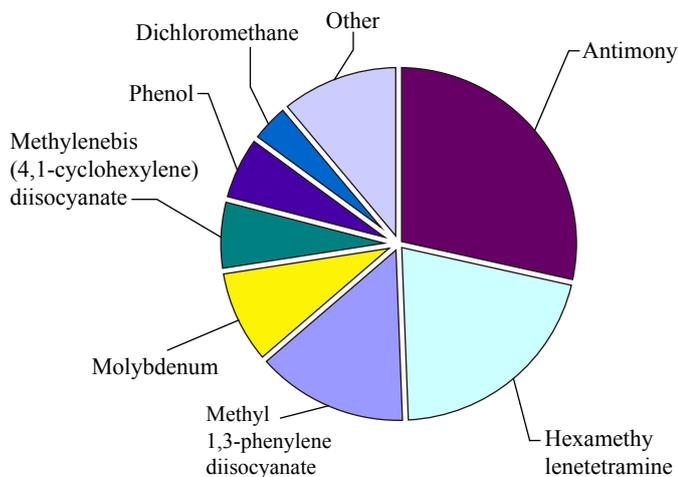
These substances are raw materials used in the automobile brakes and chemicals businesses. The volume of these substances used is decreasing thanks to progress in the development of antimony-free brake pads and improved yields.

Replacement of dichloromethane, a typical organic solvent that is used as a cleaning agent for machine tools, is progressing, and by this fiscal year the volume used has fallen to one-sixth the level in fiscal 2005.

Volume of PRTR Substances Handled



Breakdown of PRTR Substances Handled in the FY Ended March 2009



Case Study: Soil Decontamination Nisshinbo Holdings Inc.

Nisshinbo Holdings performed soil decontamination following the closure of a plant in Nagoya. After excavation and removal of the contaminated soil, good soil was put in its place, and the contaminated soil was made harmless and recycled for use in cement. Following the completion of this work in October 2008, a report of completion of contamination dispersion prevention was accepted by the city of Nagoya.

Nisshinbo is currently performing monitoring of the underground water at the borders of the site in accordance with guidelines from Nagoya and reports the analysis results to the city as required.

(2) Treating Waste Water

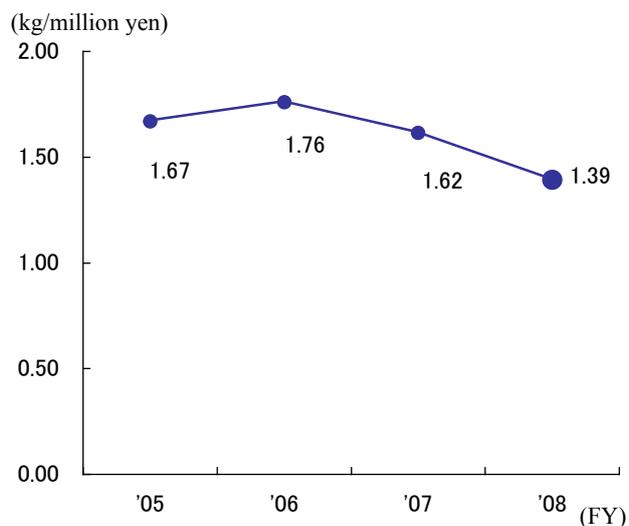
Nisshinbo performs various water processing so that it can return clean water to the environment. COD waste water per unit of sales for the Nisshinbo Group fell 14% from the previous year.

**Case Study:
Activities to Reduce Environmental Impact
(Waste water processing filtration capacity
increased)
Nisshinbo Brake Inc.**

As Nisshinbo Brake's Tatebayashi Plant has expanded to several individual plants, the volume of waste water treated also grew, and there were instances where suspended solid (SS) values were not stable. In August 2008 the plant increased its water processing capacity by updating filtration equipment.

The new filtration equipment has filtration materials with enhanced filtering functions, and stable performance can now be maintained. Monitoring equipment has also been augmented, making it possible to respond immediately to abnormal situations. Average SS values following the increase in processing capacity have fallen to one-fifth the earlier values, and the environmental impact from waste water has been substantially reduced.

COD Waste Water per Unit of Sales



Enhanced filtration equipment

Release of Waste Water in Excess of Regulatory Standards

The Nisshinbo Group has set voluntary management standards for each business site and conducts environmental preservation activities.

Unfortunately, a release into sewers of waste water that exceeded the standards under the Sewerage Service Act occurred in the fiscal year ended March 2009.

Nisshinbo subsequently completed corrective measures under guidance from the administrative authorities.

(3) Atmospheric Releases

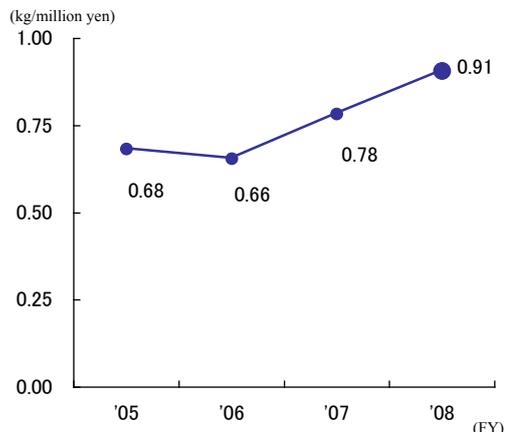
The Nisshinbo Group's emissions of nitrogen oxides (NOx) per unit of sales were up 16% from the previous year. This was because of an increase in the use of coal by overseas subsidiaries.

Group emissions of volatile organic compounds (VOCs) per unit of sales were down 27%. The decline was the result of streamlining of textile processing equipment at Nisshinbo Textile's Miai Plant.

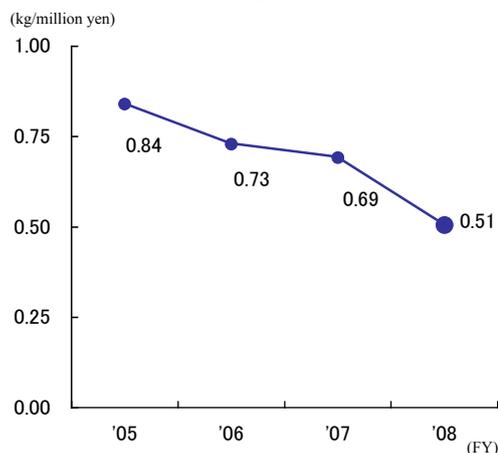
**Case Study:
Activities to Reduce Environmental
Impact
Nisshinbo Textile Inc.**

By shifting from using coal to city gas at its Miai Plant, Nisshinbo Textile achieved energy-saving effects (discussed above) and expects to reduce its emissions of NOx, SOx, and soot to one-third. In addition, the 1,500 tons of waste that were generated annually from burning coal have been reduced to zero.

NOx Emissions per Unit of Sales



VOC Emissions per Unit of Sales

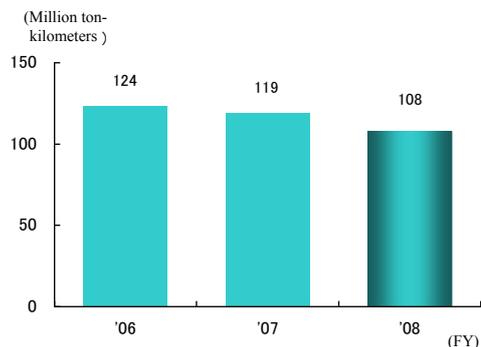


6. Transport Volume

The Nisshinbo Group's transport volume was down 10% from the previous year. Until fiscal year 2008 Nisshinbo Industries was a specified consigner,¹ but with the corporate split, Nisshinbo Paper Products became the specified consigner.

¹ Specified consigner: A consigner who has a transportation company continuously transport freight relating to its own business and whose transport volume is at least 30 million ton-kilometers annually.

Transport Volume



7. Other Environmental Activities

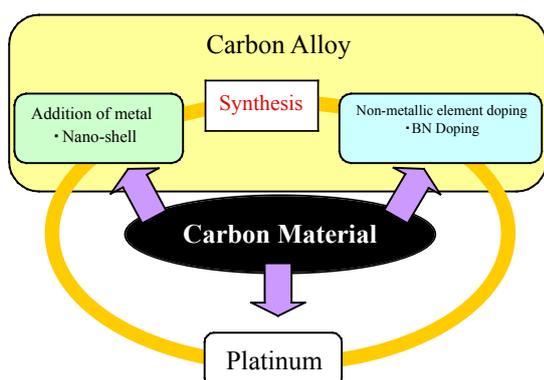
Case Study:
**Joint Research with a University
(Endowed Chair)**
Nisshinbo Holdings Inc.

**Tokyo Institute of Technology: Carbon
Catalyst Chemical Engineering**

Fuel cells could provide a green energy source for the world. One issue that must be overcome for the practical application of polymer electrolyte fuel cells is the high cost of the platinum catalyst.

Nisshinbo Holdings Inc. has established a new chair at Tokyo Institute of Technology to clarify the catalytic mechanism of new carbon catalysts, and to support education and development in carbon catalyst engineering. Carbon-based, non-precious metal catalysts are being developed for practical use.

The new chair plays a central role in a national project on carbon catalysts, headed by the New Energy and Industrial Technology Development Organization (NEDO), in collaboration with Gunma University, the University of Tokyo, and the Japan Advanced Institute of Science and Technology.



Basic Scheme of Carbon-Based Non-precious Metal Catalysts versus Platinum

The catalytic properties are improved by doping the carbon with various materials.

The figure above is from Tokyo Institute of Technology Graduate School of Science and Engineering materials.

- 1 The carbon-based non-precious metal catalysts are fabricated by heat treatment of mixtures of carbon precursors, dopants and metals.

Case Study:
**Sale of Products Using New
Technologies**
Nisshin Toa Inc.

**BT Pellet Biomass Plastic Made Entirely from
Domestic Materials**

Nisshin Toa sells BT Pellets, a biomass plastic material that is made primarily from non-food rice resources. BT Pellets are sold as a moldable resin that can contribute to the development of a sustainable society. BT Pellets are made primarily from organic resources such as rice resource, rice husks, and wood flour with a polyolefin resin (e.g., polypropylene, polyethylene). Since it is made mainly from carbon neutral plant-derived material, it reduces carbon dioxide emissions and helps conserve petrochemical resources. For example, when 43% biomass using BT Pellets is added, petrochemical materials are saved and carbon dioxide emissions are 25% lower during combustion (according to research conducted by Biomass Technology Co., Ltd.).



Pellets (top left) and examples of molded products

Comment from a Researcher

Our collaboration successfully clarified the mechanism of the formation of catalytically active sites. This scientific approach has resulted in a significant improvement in catalytic activity of our carbon alloy catalysts. Further research and development could result in the best non-precious metal catalyst in the world.

Yuta Nabae, Research Associate, Tokyo Institute of Technology

**Case Study:
Support for Environmental
(Recycling) Education
Tokai Seishi Co., Ltd.**

Tokai Seishi, which conducts business in the paper products segment, is contributing to the development of a sustainable society by producing household paper products made from 100% waste paper. The company also conducts plant tours and supports environmental education to increase understanding of the importance of recycling and environmental preservation. In the fiscal year ended March 2009, a total of 661 persons from 27 organizations participated in plant tours.



Scenes from plant tours



100% recycled toilet paper made in part from milk containers



Coreless recycled toilet paper made from waste paper

**Case Study:
Protecting Biodiversity
Nisshinbo Labor Union**

The Nisshinbo Labor Union participates in volunteer activities each year as a part of its social program. In the fiscal year ended March 2009, union members from the Toyota Plant participated in tree planting at Mt. Fuji and union members from the Fuji Plant participated in tree planting at the foot of Mt. Fuji (a beech planting project).



Union members planting trees

**Case Study:
Support for National Geographic
Nisshinbo Holdings Inc.**

The Company became a supporting company for the National Geographic website,* a comprehensive site for the environment, animals, nature, culture, and more, in May 2008. The Company hopes that more people will become concerned about our irreplaceable Earth.



* <http://www.nationalgeographic.co.jp/>

8. Environmental Accounting

(1) Environmental Conservation Costs

The Nisshinbo Group's expenditures for environmental investments were 678 million yen, up 7% from the previous year. The main areas of environmental investment were capital investment for saving energy and research and development for future environmental businesses.

Total environmental conservation costs were 3,685 million yen, an increase of 41% from the previous year. Environmental remediation costs include the expenditures for recycling the contaminated soil at the former plant site in Nagoya City.

(2) Environmental Conservation Effects

The Nisshinbo Group's greenhouse gas reduction effects were 4,717 tons, 2.8 times the level in the previous year. This was the result of the global environmental conservation activities indicated below.

(3) Income from Environmental Conservation Measures

The economic benefit from environmental conservation measures by the Group, including the sale of scrap metal and waste cotton, were 667 million yen, an increase of 45% from the previous year.

Environmental Accounting Spreadsheet for the Fiscal Year Ended March 2009

Category		Environmental Conservation Costs			
		Investment (million yen)	YOY Change	Costs (million yen)	YOY Change
Site costs	Pollution prevention	95	-26%	520	-12%
	Environmental conservation	330	+211%	206	-25%
	Recycling	71	-20%	413	-5%
Upstream/downstream costs		0	-	29	-8%
Management costs		1	±0%	119	+14%
R&D costs		180	-42%	1,601	+53%
Social activity costs		0	-	3	+23%
Environmental remediation costs		1	-	649	+2,618%
Other costs		0	-	145	+47%
Total		678	+7%	3,685	+41%

Note: A dash indicates that the costs for the previous year were zero.

Category		Environmental Conservation Effects		Economic Benefit from Environmental Conservation Activities	
		Greenhouse Gas Reduction (t-CO ₂)	YOY Change	Benefit (million yen)	YOY Change
Site effects	Pollution prevention	0	-100%	0	-100%
	Environmental conservation	4,703	+182%	77	+23%
	Recycling	14	-	590	+60%
Upstream/downstream effects		0	-	0	-
Management effects		0	-	0	-100%
R&D effects		0	-	0	-
Social activity effects		0	-	0	-
Environmental remediation effects		0	-	0	-
Other effects		0	-	0	-100%
Total		4,717	+180%	667	+45%

Nisshinbo Holdings Inc.

2-31-11 Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo
103-8650 Japan
Telephone: +81-3-5695-8833

Please direct all inquiries concerning this report to:
Investor Relations & Public Relations Group, CSR Department,
Corporate Strategy Center
Telephone: 03-5695-8854
Fax: +81-3-5695-8878

Inquiries can also be made online on the Nisshinbo Holdings
website using the form at the following address:

<http://www.nisshinbo.co.jp/english/contact/>