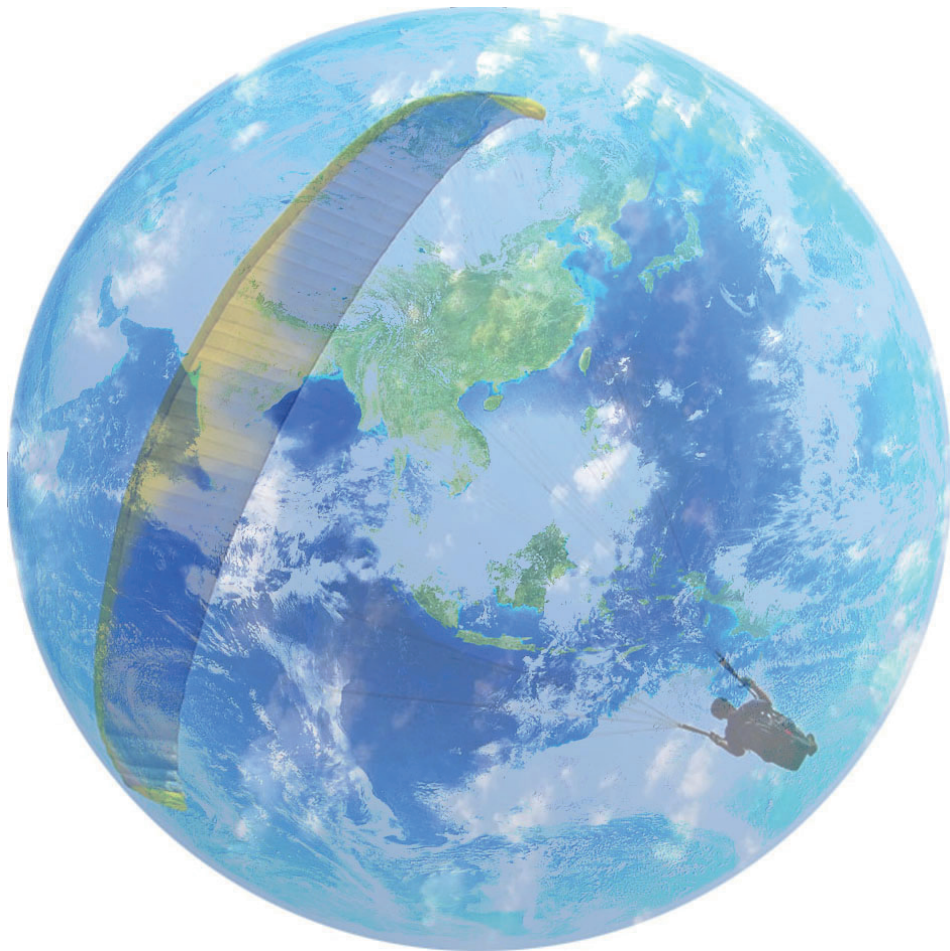

Nisshinbo Group

CSR Report 2010

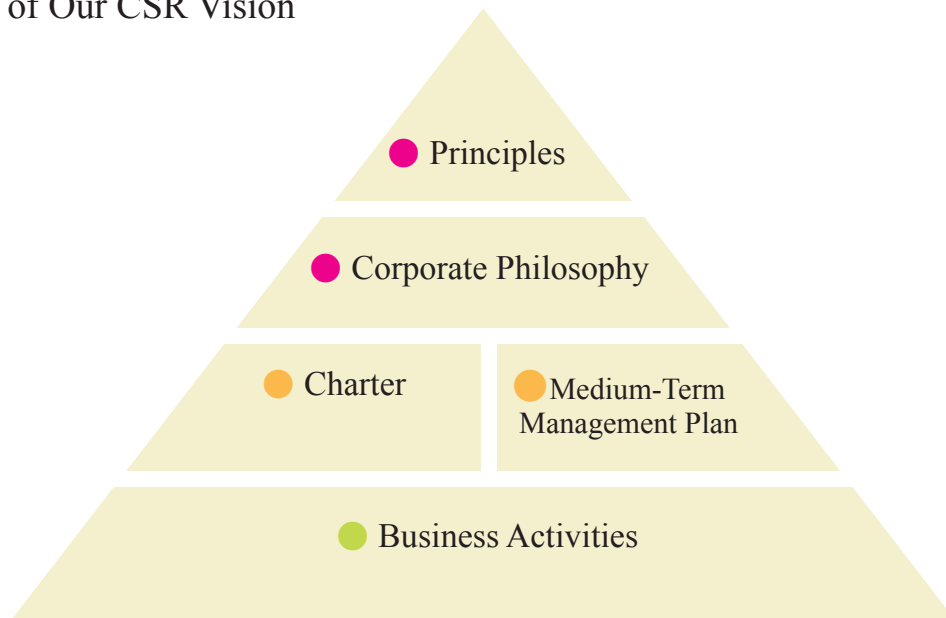
[Based on FY 2009 Results]



NISSHINBO

Full Speed Ahead Towards Becoming a True Eco-Company

Structure of Our CSR Vision



● Corporate Principles of the Nisshinbo Group

- 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.

● Corporate Philosophy of the Nisshinbo Group

- As an 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 entities.
- We shall constantly aim to raise corporate value and become a corporate group with a strong presence.

● Charter

Corporate Code of Conduct (See page 14)
Human Rights Charter (See page 22)
Environment Charter (See page 34)
Product Safety Charter (See page 20)

● Medium-Term Management Plan

Three-Year Management Plan "Challenge 2012"
(announced March 2010)

(See page 8)

Overview and contents of this report

1. Period Covered

The period covered by this report in principle is the fiscal year 2009 (April 1, 2009 to March 31, 2010).

2. Scope

The scope of this report includes Nisshinbo Holdings Inc. and all of its subsidiaries.

3. 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

4. Sources for Detailed Economic Information

-Nisshinbo Annual Report (Japanese and English)

-Financial Results (Japanese)

-Shareholders Report (Japanese)

-Securities Report (Japanese) etc.

These documents can be downloaded from the "IR" page at the Nisshinbo Holdings Inc. web site.

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

5. Company Names

In this report, "the Company" refers to Nisshinbo Holdings Inc.

"The five core companies" refers to the following five companies which were created through a corporate split from the former Nisshinbo Industries, Inc.

- (1) Nisshinbo Textile Inc. (abbreviated NIST)
- (2) Nisshinbo Brake Inc. (abbreviated NISB)
- (3) Nisshinbo Paper Products Inc. (abbreviated NISP)
- (4) Nisshinbo Mechatronics Inc. (abbreviated NISM)
- (5) Nisshinbo Chemical Inc. (abbreviated NISC)

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◆ One Year Since Shift to Holding Company

In April of 2009, our company completed the changeover to a holding company. In the year since then, the new organizational structure has taken hold, and operations are going smoothly.

The separate companies have gained a competitive edge in their respective areas, namely textiles, brake products, paper, precision instruments, chemicals, and electronics. We are actively pursuing projects in the environmental and energy sectors, which will have a positive impact on earning power.

In order to strengthen management efficiency and enhance group management, we are currently restructuring our operations on a global level, including consolidation and mergers of subsidiaries.

Making optimum use of network power, we aim to enable each member of our group to fulfill their potential. By anticipating important changes in the fabric of society, we aim to provide new value for our customers and at the same time enhance the value of our group as a whole.

◆ Embracing Noncontiguous Change as a Key Concept

The world is currently undergoing major and dramatic changes. Following in the footsteps of China, others, mainly Asian countries such as India are emerging as new economies with dramatic growth, both in terms of market figures and population numbers. This in turn brings with it an imminent danger, namely the possibility of acute shortages in necessities such as water, food, natural resources and energy.

The future no longer necessarily is shaped on a contiguous line running through the past and the present. In order to ensure the continued existence of human society, dramatic and noncontiguous changes in terms of social organization and sense of values are called for.

The world of business is no exception. I believe that the ability to deal with noncontiguous change is a major requirement for continued and sustainable growth.

The Nisshinbo Group is advancing into areas that are not necessarily following along the same lines as things we have done before. We are considering the establishment of new business bases, and intend to remain a flexible organization that gains new incentives from change.

An Eco-Company That Deals with Noncontiguous Change and Focuses on the Environment and Energy Sectors

This kind of thinking is what inspired us to lay down the management plan entitled "Challenge 2012." Announced in March 2010, the plan covers the three-year period from 2010 to 2012.

"Expanding the Environment Business" and "Expanding Activities on a Global Scale" are major themes. In pursuing such goals, we intend to further consolidate our business foundation and vitalize our activities. CSR plays an ever more important role in our overall approach.

◆ Eco-Company as Growth Strategy

Ever since its founding in 1907, the Nisshinbo Group has understood itself as a public entity, acting with consistent integrity. These are the two mottos that have guided us throughout our history, and they also have a direct bearing on our current CSR activities. Contributing to the betterment of the lives of people all around the globe, working actively to fulfill our responsibility towards society and the environment, promoting fairness and sincerity in business dealings, these are goals that our entire group is committed to realize. Through ongoing training and awareness programs, we are making sure that each member of our staff plays a part in these efforts.

The Nisshinbo Group's focus on the global environment can be seen as a concrete manifestation of the motto to contribute to society through business activities.

Being an eco-company inspires us to pursue new goals and work out new growth strategies. But to achieve these, it is important to strengthen our business foundation and judiciously select and consolidate existing businesses to ensure our earning power in the medium and long term.

This will allow us to focus our management resources on the environment and energy sectors, where we intend to contribute to the realization of a sustainable society by fostering original and innovative business projects. We trust that the continued support of all our stakeholders will enable us to succeed in this endeavor.



Shizuka Uzawa, President
Nisshinbo Holdings Inc.

August 2010

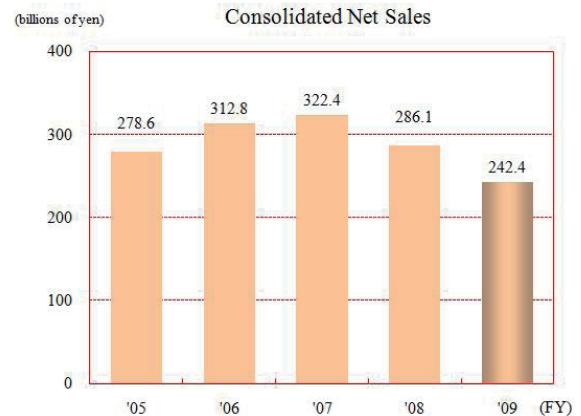
Overview of the Nisshinbo Group

Corporate Data

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
Web Site	http://www.nisshinbo.co.jp/english

Financial Data (Consolidated)

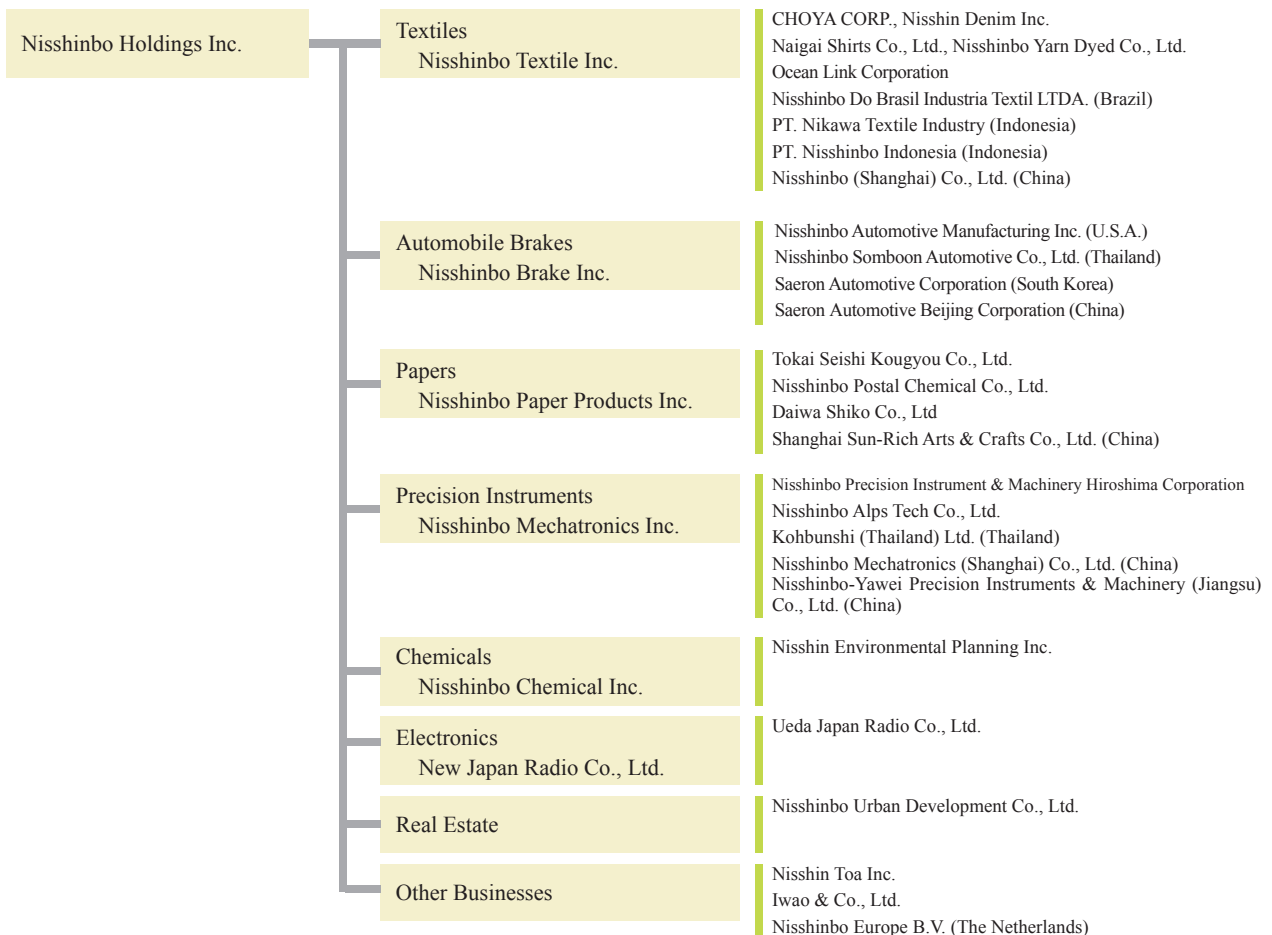
Capital	27,587	million yen
Number of Employees	12,488	persons
Net Sales	242,409	million yen
Operating Income	3,569	million yen
Net Profit	1,896	million yen
Return on Equity	1.04	percent

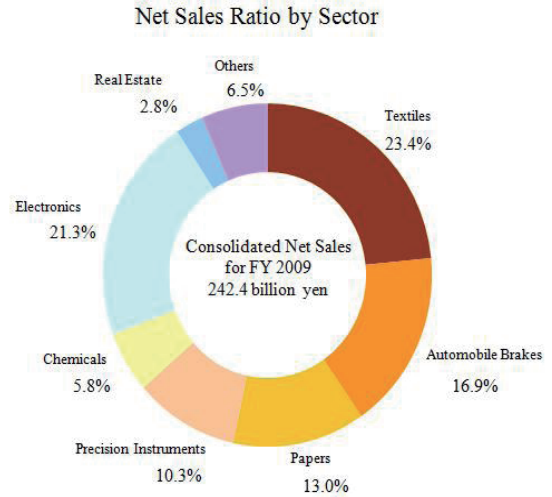
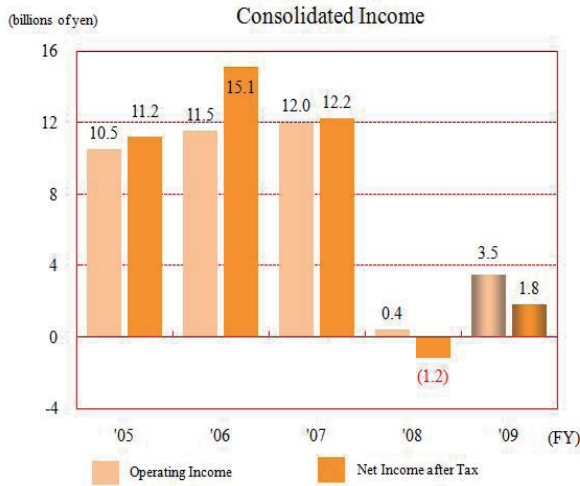


Nisshinbo Group




Sectors and core companies

Major group companies





How Nisshinbo Group as an eco-company contributes to a sustainable society

Textiles	Centered on natural fibers, we are developing products on a global scale that are environment-friendly, healthy, and enhance the quality of life		APOLLOCOT shirts (Non-iron shirts)
Automobile Brakes	As a global supplier of brake products, we are one step ahead in meeting and anticipating environmental regulations		Green Pads (Environment-friendly brake pads)
Papers	Based on a concept of people- and environment-friendly manufacturing, we produce distinctive paper products		FSC certified paper
Precision Instruments	We contribute to clean energy as a leading supplier of photovoltaic module manufacturing equipment		Laminator (Photovoltaic module manufacturing equipment)
Chemicals	A range of advanced techniques based on a solid know-how of isocyanate and fine carbon technologies enables us to develop high-function environment related products		Bipolar plates for fuel cells
Electronics	Semiconductor, communications, and microwave technology know-how sustains our contributions in the environment and energy fields		Power supply control ICs

Three-Year Management Plan "Challenge 2012"

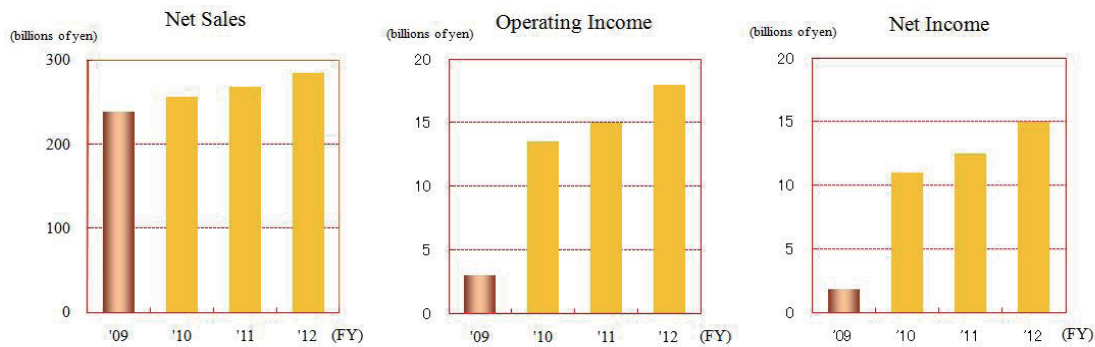
The Nisshinbo Group has been reorganizing its operations under the motto "Concentrate on selected business areas." In April 2009, we shifted to a holding company structure with the aim of further vitalizing our operations and enhance the competitiveness of the individual members of the group.

In the current age, with global warming progressing even further, and the advent of the truly borderless society now being considered a certainty, the environment and energy business sectors are continuing to expand, and the engines of

worldwide economic growth are shifting from the U.S. and Europe to Asia. These developments have prompted the Nisshinbo Group to formulate its Three-Year Management Plan called "Challenge 2012" which will be implemented until the fiscal year 2012.

Based on the dual pillars of "Expanding Environment Business" and "Expanding Activities on a Global Scale", the Nisshinbo Group as an eco-company will drastically increase its contributions to the realization of a sustainable society.

	(billions of yen)		
	Net Sales	Operating Income	Net Income
FY 2012 Targets	285.0	18.0	15.0
FY 2009 Results	242.4	3.5	1.8



Expanding Environment Business

◆ Commitment to PV Business

The widespread adoption of photovoltaics has begun in earnest, due to the growing awareness of the worldwide effects of global warming. Production of photovoltaics is therefore increasing on a worldwide scale.

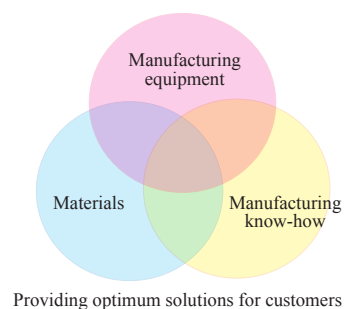
Since entering the photovoltaic module manufacturing sector in 1997, Nisshinbo Mechatronics Inc. (subsequently abbreviated in this report as "NISM") has been growing along with its customers. NISM is specializing in manufacturing equipment that covers the entire process from creating the PV cell array, laminating it, assembling the panel, and testing its performance.

● Business strategy for manufacturing equipment

The PV business has reached a phase of intense global competition, and the range of operations by customers is also increasing.

It is a crucial requirement for a supplier to provide manufacturing lines that can go into full production without long delays after installation.

To meet these expectations, NISM is offering integrated solutions that harness its vast experience in manufacturing equipment, materials, and manufacturing know-how. In this way, the Company is able to contribute significantly to the widespread adoption of photovoltaics.



● Research & development strategy

NISM is carrying out R & D on a large scale, covering a range of topics related to the expansion of the manufacturing equipment business and peripheral operations.

Starting with materials research

Because NISM provides total solutions for photovoltaic module manufacturing, the Company focuses its attention on the photovoltaics itself as well as on know-how and the properties of materials used in the manufacturing equipment. In order to extend the service life of PV modules and reduce the time required for manufacturing, the physical properties of the source material need to be thoroughly explored. At the same time, improving the cost performance ratio of equipment and reducing maintenance costs means that the quality level of parts and components used in a system also plays a crucial role.

With this in mind, NISM has newly established a Materials Research Department and has embarked on an intensive program in this area. The results of research will be reflected in its products and will broaden its scope for proposing attractive solutions to customers.

Manufacturing line equipment

In order to thoroughly evaluate photovoltaic module manufacturing equipment under real-world conditions from the viewpoint of the customer, NISM has built an actual manufacturing



Laboratory at the Materials Research Department
The properties of materials are explored here using the latest analysis devices and other advanced equipment.

line at its Mīai Machinery Plant in Okazaki City, Aichi Prefecture. This is an important tool for verifying total productivity aspects including the allocation of production stages, parts transport, etc. The end result is increased competitiveness of the solutions marketed to customers.

Actual PV cell arrays are installed on the roof of the Mīai Machinery Plant, to evaluate the performance of PV cell prototypes.

The manufacturing line will continue to play an important role in research and development for the further improvement of technological know-how. PV cells manufactured for test purposes are being installed on the roofs of various plants of the Nisshinbo Group, thereby contributing to the conservation of energy and the mitigation of global warming.



PV panels installed at the Mīai Machinery Plant of Nisshinbo Mechatronics Inc.

● **Establishing overseas bases in Asia and other countries**

NISM frequently receives inquiries about photovoltaic module manufacturing equipment from overseas customers. The company therefore has established sales and maintenance bases in the U.S., the Netherlands, Taiwan, and China.

Due to increasing demand for export, the establishment of manufacturing bases overseas is now also under consideration.

In June 2010, Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd. in China, which previously was a joint venture, became a subsidiary through increase of capital stock.

The company now both produces and markets photovoltaic module manufacturing equipment and is providing enhanced support mainly for Chinese and other Asian customers.

◆ **Commitment to Fuel Cell Business**

In Japan, fuel cell batteries for residential applications was launched in 2009. The Fuel Cell Department of Nisshinbo Chemical Inc. (subsequently abbreviated in this report as NISC) manufactures carbon bipolar plates*1 which are a crucial component of fuel cells. NISC bipolar plates have earned a high reputation among fuel cell system manufacturers and are widely used.

*1 Bipolar plates for fuel cells

An important component of a fuel cell battery. It provides separate supply paths for the hydrogen and oxygen that serve as fuel, and it also acts as an electrode for retrieving electricity.

● **Bipolar plates for fuel cells mass production plant begins operation**

In October 2009, the world's first facility for mass production of bipolar plates for fuel cells was completed at our Chiba Plant in Chiba city. The facility has a total floor area of 7,000 square meters. Installation of new production machinery and other equipment was completed in March 2010, and the plant has now begun full-fledged operations.

The plant currently has capacity for producing the bipolar plates needed for 20,000 fuel cell systems. In view of the expected growth of the market for fuel cells, the plant will be progressively expanded with the latest equipment, so that in the near future, bipolar plate production capacity will be adequate for 300,000 fuel cell systems per year.

Report from the Front Lines



Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd.
(China)
Hideki Okita, Managing Officer

The PV module business has entered the full-scale adoption phase, and we are getting a high number of inquiries from potential customers. Therefore the need to build Nisshinbo-Yawei into a manufacturing base is quite urgent. Nisshinbo quality and the Nisshinbo brand are widely recognized, and we are now providing products based on this spirit of craftsmanship to customers in China and other Asian countries, right here from our plant in Jiangdu city (Jiangsu Province).

We are keen to develop this into a win-win scenario for customers, the Nisshinbo Group, the Yawei Group, and Jiangdu city.

Development of bipolar plates for fuel cell vehicles, an area with the potential for enormous future demand, is also under way.



Chiba Plant has started full-scale operations

● **Development of carbon alloy catalyst for fuel cells**

There are still a considerable number of technological challenges that have to be overcome before fuel cell vehicles may become widely adopted. One of these is related to the catalyst that serves to engender the reaction between hydrogen and oxygen.

So far, catalysts mostly use platinum, and several score grams of platinum are required for each fuel cell vehicle. The cost for this can be as much as several hundred thousand yen, which is a major reason why fuel cell vehicles are very expensive. In addition, platinum is a rare metal which may become even more expensive if demand rises, and the stability of supply is also a worry.

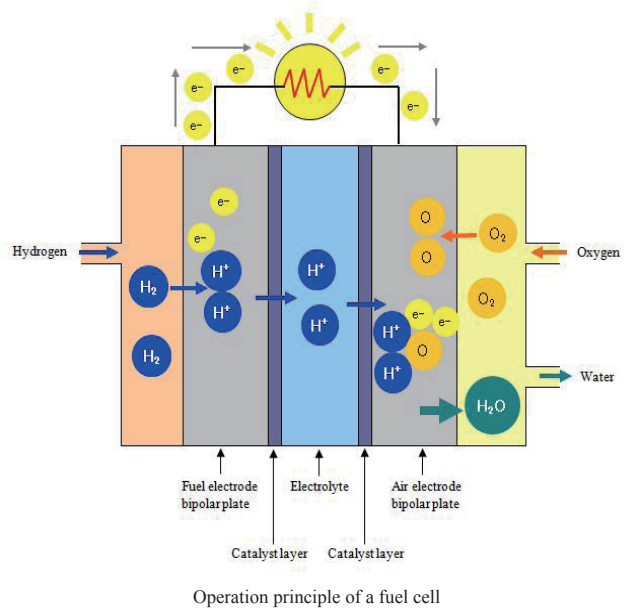
To address these issues, NISH is actively engaged in the development of a carbon alloy catalyst. As the name indicates, this type of catalyst uses carbon instead of platinum, resulting in a dramatic reduction in cost. The question of supply also ceases to be a problem.

● **Developing hydrogen-storing carbon**

Another difficult issue that hampers the spread of fuel cell vehicles is the hydrogen tank. A tank that stores hydrogen in gas form must withstand a pressure on the order of 70 MPa (700 times greater than normal atmospheric pressure). To assure safety, such a tank therefore needs to be large and costly. On the

other hand, when using a tank that stores liquefied hydrogen gas at extremely low temperatures, insulation and maintaining the low temperature becomes a problem.

NISH is working on a solution by developing a hydrogen-storing carbon material that allows stable storage of hydrogen.



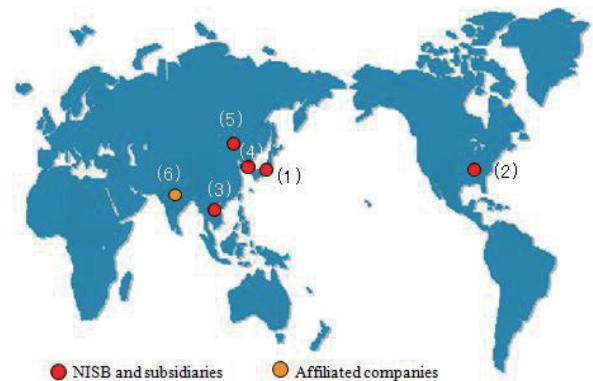
Expanding Activities on a Global Scale

◆ **Glocal Strategies in the Brake Business Sector (Global + Local Strategy)**

The automobile industry can be considered the most globalized industry in the manufacturing sector.

Our brake business centered around Nisshinbo Brake Inc. (subsequently abbreviated as NISB in this report) deals with customers all over the world. We therefore rely on manufacturing bases in the U.S., Thailand, South Korea, and China and are vigorously pursuing a global strategy.

Our organizational structure is also being streamlined to adapt to drastic changes in this market. In January 2010, the two American subsidiaries were merged, while the subsidiary for domestic marketing in Japan was integrated into NISB in April.



- Bases for automobile brake sector
- (1) NISB (Japan: Tokyo, Gunma, Aichi)
 - (2) Nisshinbo Automotive Manufacturing Inc. (U.S.A.)
 - (3) Nisshinbo Somboon Automotive Co., Ltd. (Thailand)
 - (4) Saeron Automotive Corporation (South Korea)
 - (5) Saeron Automotive Beijing Corporation (China)
 - (6) Rane Brake Lining Limited (India)

● Dealing with emerging markets

The rapid economic growth of newly developed countries in recent years has brought with it a drastic rise in demand in the automotive sector. As a case in point, in 2009 China became the leading country in the world in terms of number of automobiles produced and sold. Similar trends can be observed in other newly prosperous nations in Asia and elsewhere. How to deal with these emerging markets has become an important issue.

Differences in road conditions, price structure, car culture and other aspects mean that there is considerable regional divergence in which types of cars are popular in a given region. Brakes are an important component for automotive safety. There are different requirements for brake performance, depending on whether the car is a sedan, a sports car, a multipurpose vehicle, a truck etc. The weight and luxury grade of the car model also play a role. NISB therefore is building a development and supply structure that is able to flexibly deal with many diverse needs.

It also has been decided to create a new manufacturing base in China in view of the increasing demand there. With regard to the Indian market, a partner company that was the recipient of technical support has been made an affiliate.

● Strengthening the global business management structure

NISB is implementing measures designed to further enhance our global flexibility in dealing with orders, procurement, and supply requirements by customers in various regions.

Order processing was streamlined to enhance the speed by which we respond to the requirements of our customers operating on a global scale. The NISB headquarters now plays the central role, while communication channels and linkup with the respective local bases has been strengthened.

On the procurement side, NISB constantly explores raw material sources and implements supplier risk assessment, to ensure that quality and price requirements are met and to optimize procurement conditions on a global scale.

With regard to delivery, NISB is putting an enhanced system of production technology support and quality assurance in place, which enables simultaneous manufacturing at multiple bases and mutual supplementation between bases as needed.

NISB is also configuring a global information system that helps to assess the management status at each base and speeds up the decision process.

● Global human resources training

NISB has a policy of giving young staff from all departments the opportunity to work at overseas bases and gain experience in a wide range of subjects.

We also endeavor to give locally hired staff the chance to rise to supervisor and managerial level positions. 15 years have passed since NISB established its first manufacturing base outside of Japan, and by now, locally hired staff play a vital role in management. The company intends to continue and intensify this policy, which also fosters harmony with the local community.

The Nisshinbo Group will continue to foster human resources. We want each member of our staff to not only have great customer skills but think and act on a global scale and be fully aware of the importance of CSR.

Overseas Base Report



Nisshinbo Automotive Manufacturing Inc. (U.S.A.)
Michael Giannetti, General Manager of Manufacturing

In the wake of the Lehman shock in 2008, worldwide automobile sales dropped sharply. The effect was felt most strongly in the American market, since we were at the epicenter of the global financial economic crisis. It was in this economic climate that Nisshinbo Automotive Inc. (NAC) was consolidated into Nisshinbo Automotive Manufacturing Inc. (NAMI). This was a difficult step for NAC, but it was aimed at improving management efficiency and boosting competitiveness.

Thanks to the fact that I had built a relationship of trust with NAC staff over many years since the founding of the company, I was able to successfully complete the manufacturing integration changeover from NAC to NAMI.

I moved from Michigan where NAC was based to Georgia where NAMI is located. As General Manager of Manufacturing it is my mission to ensure efficiency, quality, and safety of the integrated manufacturing department.

Since we are aiming for competitiveness on an international scale, I want to use the experience gained so far and apply it towards NAMI, but we also need to break new ground and look for ways to evolve. I am confident that we will soon make further progress, thanks to the great cooperation from the dedicated staff working at NAMI.

◆ Global Restructuring of Textiles Business

The prolonged economic stagnation in Japan and the appreciation of the yen have led to a long-term deflation. In this economic climate, textiles and clothes are one of the commodities where price erosion has been most severe. Within a maturing industry, Nisshinbo's textile business, centered around Nisshinbo Textile Inc. (subsequently abbreviated as NIST in this report) has shifted towards high added value products in order to remain competitive. While domestic demand in Japan has slumped, new growth markets have emerged in newly developed countries mainly in Asia. With NIST acting as the main driving force, Nisshinbo's textile business is currently being restructured on a global scale to target the Asian market.

● Moving production bases overseas

NIST is adapting to the growing new economies in Asia by moving production bases to countries such as Indonesia, India, and China.

In Indonesia, we are currently bolstering the facilities of PT. Nikawa Textile Industry (Nikawa) and PT. Nisshinbo Indonesia (NID). At Nikawa, spinning equipment is being expanded, and a weaving plant is under construction. At NID, material processing facilities such as for non-iron shirts are being expanded. A joint venture for dyeing and weaving denim cloth has also been established.

In India, a shirt sewing plant is under construction, funded jointly with local capital.

In China, we have set up Nisshinbo (Changzhou) Co., Ltd. for finishing yarn dyed shirt cloth. By ensuring that the famous Nisshinbo quality is maintained also in overseas production, we live up to our customers' expectations.

● Opening up overseas markets

On the Chinese market, Nisshinbo (Shanghai) Co., Ltd. has been selling CHOYA dress shirts since January 2009.

In October 2010, we will exhibit for the first time at a general trade fair for Chinese domestic market and begin marketing APOLLOCOT shirts (next-generation non-iron shirts). On the European and North American markets, we are expanding sales of textile materials produced in Indonesia, as well as finishing garments such as non-iron shirts.

Overseas Base Report



PT. Nikawa Textile Industry (Indonesia)
Yasuhito Omichi, Plant Manager

NIST has greatly shrunk its production in Japan and has decided to shift most production operations overseas, with Indonesia being the main target.

I was appointed to my current post in May 2010. By now, I have gotten used to the sound of the Koran being recited at four o'clock in every morning, but the constant traffic jams due to roadworks on the highway that I use to commute to work are still frustrating. (When congestion is bad, it can take over three hours to cover the 50 km distance.) In my work, I have new discoveries every day. I am mostly engaged in administrative tasks related to the shift of production, and I am strongly promoting certain plant management principles.

For the sake of staff at production facilities in Japan, as well as marketing staff engaged in expanding our customer base, and the Indonesian staff here at the plant, a smooth transition is highly desirable, to ensure the success of our global restructuring program.

We want to enhance our understanding of local business practices that often have their roots in differences in culture and religion. By interacting on a deeper level with the local community, we hope to ensure that our plant becomes indispensable so we always try to offer something valuable for Indonesia.



NID plant in Indonesia now utilizes the latest dyeing facilities



First non-iron shirt material processing facility in Indonesia at G & N plant

CSR of the Nisshinbo Group

The Corporate Code of Conduct of the Nisshinbo Group serves also as the guideline for our CSR activities.

Corporate Code of Conduct

The Nisshinbo Group is deeply aware that companies are public entity, and that, while they are business entities pursuing economic aims such as the creation of added value through fair competition and the creation of employment opportunities, 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 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, 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 wide-ranging communication with society and disclose corporate information positively and fairly. We shall also endeavor to ensure the protection of personal information and client information through proper data management.
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 take the initiative 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 and shall have no links to such organizations.
8. Responding to the globalization of business activities, and complying with international rules and local legislation, we shall engage in management that respects regional culture and customs, takes the interests of the respective stakeholders into consideration, and contributes to the respective national and regional economic 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 effectively disseminate it throughout the Group and promote it 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.

Activity Results for FY 2009

The Nisshinbo Group is pursuing the CSR activities in accordance with the following medium-term CSR targets set for FY 2010.

Self-assessment symbol explanation

✓: Good (medium-term target achieved), △: Fair (medium-term target not achieved in some respects), ×: Inadequate (medium-term target not achieved)

◆ Management

Category	Medium-term CSR Target	Self-assessment	FY 2009 Results
(1) Expand compliance systems group-wide	Conduct compliance training for all employees	✓	Revised the Corporate Code of Conduct (June 2009)
	Operate a corporate ethics reporting hotline		Revised the employee handbook (Corporate Vision of the Nisshinbo Group) and conducted training (See page 19) Consulting by the Corporate Ethics Committee (See page 19)
(2) Expand and enhance dialog with stakeholders	Continuously issue CSR reports	✓	Issued CSR report Timely disclosure of IR information (See page 21)

General Comments:

Activities in areas for which self-assessment is "Good" will be continued in similar fashion also in future.

◆ Activities Related to Society

Category	Medium-term CSR Target	Self-assessment	FY 2009 Results
(1) Reinforce quality assurance systems in all group companies	Take measures to reinforce systems for acceptance and processing of customer requests and complaints, implementing responses, making improvements, and preventing recurrences	✓	Number of claims and consumer complaints has decreased compared to previous year
	Raise awareness of product safety among all employees		Use the Corporate Vision of the Nisshinbo Group and CSR reports to promote awareness of Product Safety Charter
(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	✓	Checked efficiency using operations evaluation (See page 17)
(3) Practice fair business (prevent unfair business transactions)	Adopt and put into practice the Nisshinbo Group Basic Procurement Policies	✓	(Basic Procurement Policies adopted in 2008) Implemented legal compliance audit of Subcontract Act (See page 22)
(4) Encourage a good work-life balance	Enhance programs that support employees (consideration for the new jury system, next-generation educational support, etc.)	✓	Adopted childcare and re-hiring programs (See page 23) Revised childcare leave system
(5) Implement appropriate employment management	Promote fair hiring practices	△	Conducted training concerning fair hiring practices Fully comply with the charter for ethical hiring practices by Japan Business Federation (Nippon Keidanren)
	Japan: Maintain employment of disabled persons at the statutory 1.8% or higher		Applicable to 21 companies; achieved by 7 companies (See page 22)
(6) Establish a healthy work environment	Promote human rights education	✓	Conducted human rights education seminars (See page 23) Solicited human rights slogans and gave commendations
	Enhance programs to support employee health		Conducted a basic survey of workplace stress and implemented activities to reduce stress Conducted specific health checkups and provided health guidance (See page 23 respectively)
(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	△	Checked implementation status (See page 24) Checked implementation of education programs
	Implement preventive measures based on potential incident reports and expand them laterally		Preventive measures based on potential incident reports firmly implemented (See page 24)
	Establish and implement occupational safety and health risk assessment procedures		Risk assessment firmly established (See page 24)
	Number of major incidents (accidents with expected disability of class 6 or higher): 0 Lost work time injury rate: Domestic 0.3 or lower, Overseas 1.5 or lower		Zero major incidents Lost work time injury rate Domestic group companies total: 0.68 Overseas group companies total: 0.46 (See page 24 respectively)
(8) Expand and enhance social contribution activities through corporate activities	Offer work experience opportunities such as internships	✓	Accepted a total of 46 student interns (See page 25)
	Encourage collaborative research between industry and academia		Participated in NEDO*1 projects Continued joint research with universities (See page 39 respectively)

General Comments:
 Activities in areas for which self-assessment is "Good" will be continued in similar fashion also in future.
 The status for items not marked "Good" is as described below.
 (5) Implement appropriate employment management
 In FY 2009, occasioned by the changeover to a holding company structure, the survey scope was expanded to include group companies in Japan. The 14 companies that did not reach the statutory hiring percentage for disabled persons will aim to reach the percentage in the near future. 11 out of the 14 companies have at least one disabled person on their staff.
 (7) Create safer and more worker-friendly work environments with a target of zero workplace accidents
 No major incidents occurred.
 Regarding lost work time injury, overseas group companies reached the target last year, and this year as well.
 For domestic group companies on the other hand, although there was a decline from the previous year, the target was not met by a factor of about 2. The companies will continue to work towards preventing workplace accidents.

*1 NEDO: New Energy and Industrial Technology Development Organization

◆ Activities Related to the Environment

Category	Medium-term CSR Target	Self-assessment	FY 2009 Results	
(1) Adopt voluntary management standards	Set voluntary management standards that exceed regulatory standards	✓	Group companies adopted voluntary management standards for each work site	
	Reinforce system for monitoring of emissions of substances of concern			
(2) Achieve both environmental preservation and economic performance	Implement life cycle assessment (LCA)	△	LCA was introduced in some business areas	
(3) Continuously improve environmental performance	Expand and encourage the use of environmental management systems (ISO 14001, etc.)	✓	Two new certificates obtained (See page 34)	
(4) Conduct environmental education and training activities	Improve environmental education	✓	Regularly conducted	
(5) Raise the percentage of sales accounted for by products that contribute to the development of a sustainable society	10% or more of total sales	✓	14% of total sales (See product examples on pages 35 - 38)	
(6) Energy consumption per unit of sales	Reduce by at least 5% compared to FY 2006	×	Compared to FY 2006	7% increase
			Difference from target	12% under
(7) Carbon dioxide emissions per unit of sales	Reduce by at least 5% compared to FY 2006	×	Compared to FY 2006	3% increase
			Difference from target	8% under
(8) Transport volume per unit of sales	Reduce by at least 5% compared to FY 2006	✓	Compared to FY 2006	6% reduction
			Difference from target	1% over
(9) Volume of PRTR substances ^{*2} handled per unit of sales	Reduce by at least 10% compared to FY 2006	×	Compared to FY 2006	3% increase
			Difference from target	13% under
(10) Volume of non-recyclable waste generated per unit of sales	Reduce by at least 15% compared to FY 2006	✓	Compared to FY 2006	22% reduction
			Difference from target	7% over
(11) Volume of office paper used (absolute volume)	Reduce by at least 2% compared to FY 2006	✓	Compared to FY 2006	24% reduction
			Difference from target	22% over

<p>General Comments:</p> <p>Activities in areas for which self-assessment is "Good" will be continued in similar fashion also in future. The status for items not marked "Good" is as described below.</p> <p>(2) Achieve both environmental preservation and economic performance Life cycle assessment (LCA) was introduced in some business areas. The implementation of carbon footprint^{*3} assessment also was considered.</p> <p>(6) Energy consumption per unit of sales and (7) Carbon dioxide emissions per unit of sales For both items, the drop in sales and corresponding drop in manufactured quantities caused a reduction of absolute values, but the figures have worsened when correlated to unit of sales. Nisshinbo will try to meet the target figures in FY 2010 through investments for measures such as the scheduled boiler renewal at the Tokushima Plant of Nisshinbo Paper Products Inc. (higher efficiency will contribute to energy savings, and changeover to LNG firing will result in lower CO2 emissions), and installing PV panels on the roofs of existing plants.</p> <p>(9) Volume of PRTR substances handled per unit of sales The drop in sales and corresponding drop in manufactured quantities caused a reduction of absolute values, but the figures have worsened when correlated to unit of sales. At some work sites, the use of organic solvents was completely stopped, and efforts to reduce the use of PRTR substances and switch to alternative materials will continue.</p>

*2 PRTR substances: Substances subject to the PRTR (Pollutant Release and Transfer Register) system 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." Filing information about emissions and transport volumes of these substances is obligatory. (Figures for FY 2009 are based on chemical substance specifications before the FY 2008 revision.)

*3 Carbon footprint: The total quantity of greenhouse gases emitted by a product over its entire lifecycle, converted to the equivalent CO2 emission amount. The information may be given on labels etc. to serve as reference for consumers when selecting a product.

Corporate Governance

◆ Basic Stance

Based on our belief that corporations are public entities, the Nisshinbo Group adheres to its fundamental stance of always acting with integrity and in good faith toward our stakeholders. To maintain a system of corporate governance appropriate to this, we regard it important to work to ensure the transparency of management, reinforce accountability, and act ethically in all matters.

◆ Corporate Governance Structures

● Improve Transparency of Management

The Board of Directors has 12 members, three of whom are outside directors (as of June 29, 2010). Our company also has the board of auditors, which has four statutory corporate auditors, including two outside auditors. Two of the outside directors and the two outside auditors are registered as independent officers as required under the regulations of the relevant Japanese securities exchanges for being listed thereupon.

The terms of office for directors are set at one year in order to clarify management responsibilities in each fiscal year. Nisshinbo also introduced a managing officer system with the intention of separating management decision-making and execution

● Reinforcing Audit Functions

The auditors monitor the directors' execution of their responsibilities as well as operations and financial conditions

at the Company and its subsidiaries. The two outside auditors attended every (16) Board of Directors and every (12) Board of Auditors meeting held in fiscal 2009 and were active in presenting their opinions.

The Company also receives advice on pertinent laws from corporate attorneys, and financial auditors perform rigorous and impartial accounting audits.

Furthermore, the Internal Audit Department works with the corporate and financial auditors to improve the effectiveness of business and accounting audits.

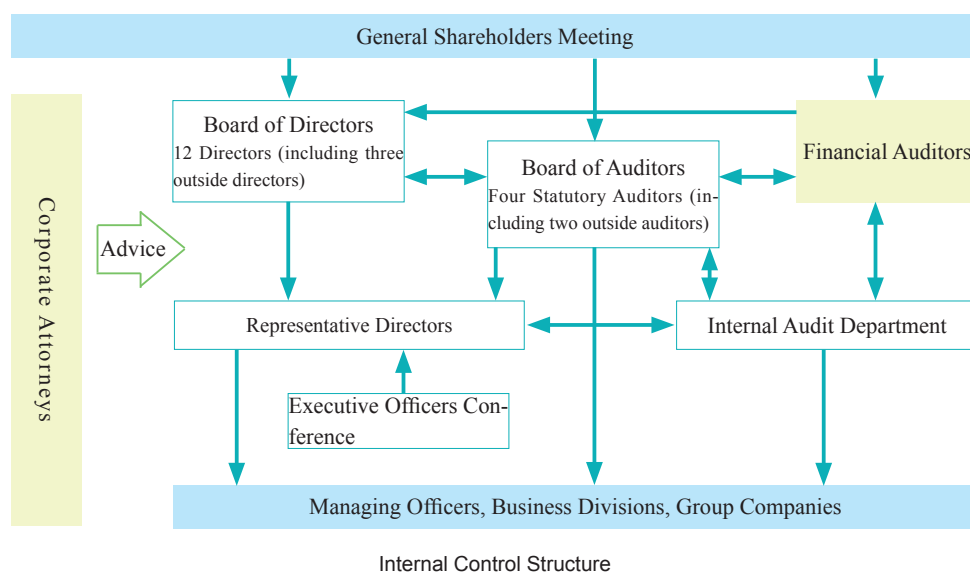
● Timely Information Disclosure

The Company holds briefings for all of its stockholders and investors on a regular basis. It also publishes notices in a timely fashion on its website regarding the convening of and resolutions from regular general stockholders meetings, financial results, business reports, and annual securities reports.

◆ Maintaining Internal Control Systems

Companies have been obligated since fiscal 2008 to submit reports on internal controls in order to ensure the reliability of financial statements. The Nisshinbo Group established group regulations and the like in response to this development and developed a group-wide system of internal controls.

During the system's second year of operation, fiscal 2009, the Internal Audit Department assessed the operational status of the internal control systems in each group company to confirm their effectiveness.



Risk Management

◆ Basic Stance

The Nisshinbo Group engages in risk management activities in order to minimize various risks. We believe that in risk management it is important to develop measures for preventing risk and measures to respond in a timely manner should a problem occur.

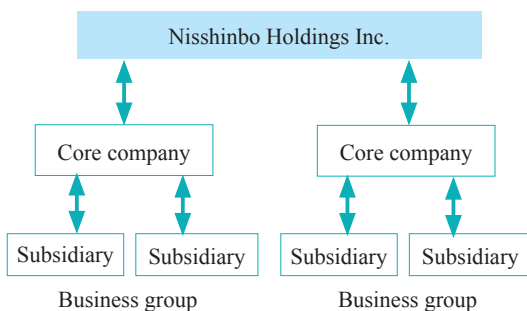
Quick response measures include our having adopted Crisis Management Regulations to respond to a crisis such as a major earthquake. In order to (1) minimize damage, (2) ensure the continuity of business through rapid recovery, and (3) contribute to the rapid recovery of the community when a crisis occurs, we will strive to (i) put a premium on human life, (ii) act in ways befitting a responsible corporation, (iii) collaborate with governmental bodies and business partners, and (iv) give fullest consideration to our community and neighbors.

Major risk types

Internal risks	Quality and product labeling problem, environmental pollution, work accident, human rights or labor problem, leaking of confidential business information, information system failure, legal violation, etc.
External risks	Natural disaster, supplier affected by natural disaster, drastic foreign exchange fluctuation, shares buy-up, PL litigation, etc.

◆ Crisis Management Systems

The Company has created a system for times of crisis under which response task forces will be created at Nisshinbo Holdings, the core companies, and subsidiary companies. The authority to direct each task force is placed in the hands



Nisshinbo Group Crisis Management System

A disaster task force has been established at each company. The task force operates under the direct supervision of the president of the respective company.

of the president of Nisshinbo Holdings. Regular drills and inspections take place to ensure that the crisis management system can perform as expected.

Nisshinbo Holdings and its core subsidiaries have organized firefighting teams at each business site. They perform regular inspections of firefighting equipment, conduct fire hydrant drills, and hold annual accident prevention inspections. Emergency contact exercises are also conducted annually to ensure that the whereabouts and safety of employees can be confirmed should a major earthquake or other disaster occur.

◆ Novel Influenza Countermeasures

The novel influenza A (H1N1) virus ran rampant throughout the world during 2009. The World Health Organization (WHO) raised its pandemic alert level in June to phase 6 (signaling infections are increasing and persisting among humans). The Nisshinbo Group established a novel flu virus response team in September 2008. The team oversees information management—entailing mainly the distribution of information about travel restrictions and such and collecting data on people who have become ill—as well as the implementation of infection prevention measures. Also, thanks to infection prevention measures having been implemented thoroughly at each group company, such as the distribution of high-performance filtration masks for infection prevention to all group employees, including those overseas, we were able to prevent any workplace infections that could have interfered with business operations.

◆ Information Security Measures

The Nisshinbo Group is constantly improving information security measures to prevent leaks of important personal information about customers and of trade secrets. We are addressing information security through both measures on information systems and human controls.

On our information systems, we are reinforcing monitoring of the network shared throughout the Group. We are also tightening oversight of the data that employees take out of company offices.

To protect personal information and manage trade secrets, in addition to the aforementioned measures we conduct annual internal audits and are continually improving our control systems. In addition to measures for handling

leaks of confidential group information, measures have also been devised to prevent confidential information from being brought in, and we are endeavoring to prevent the intellectual property of third parties from being infringed.

Compliance

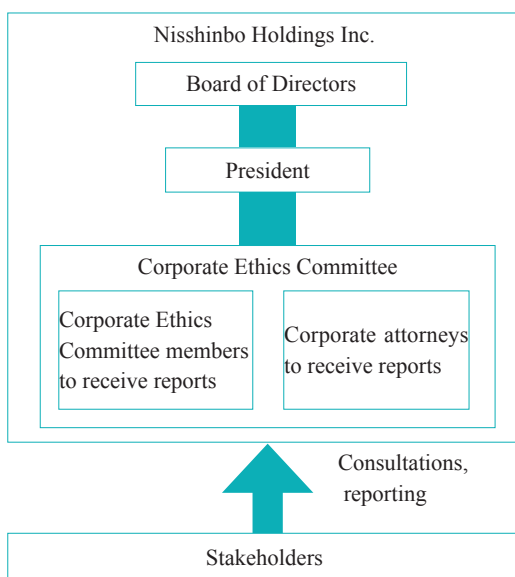
◆ Basic Stance

The Nisshinbo Group believes it is important for all employees to maintain the highest ethical standards and, in keeping with the principle of “consistent integrity,” to act with fairness and integrity toward our stakeholders in order to obtain society’s trust and sympathy for our business management. For that reason, we ask all employees to comply to the utmost with the Nisshinbo Group’s Corporate Code of Conduct.

◆ Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo established its 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. Both Group employees and a wide range of stakeholders can report to the system, which can be used to



Corporate Ethics Reporting System

communicate directly with the Corporate Ethics Committee or an outside corporate attorney. The confidentiality of persons making reports is strictly guaranteed and every effort is made to prevent any prejudicial treatment toward them. Reports are dealt with by the Corporate Ethics Committee.

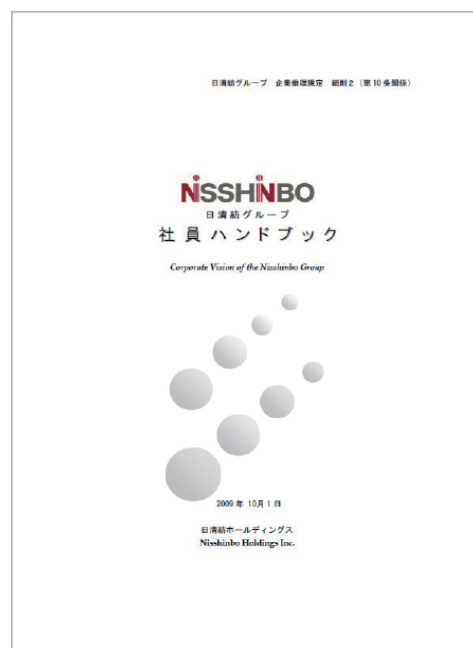
◆ Legal Risk Management

The Nisshinbo Group conducts legal risk management as part of its compliance-related efforts. Checklists are used to conduct inspections concerning responses to major laws closely related to the Company’s business and we make efforts to avoid imperfect compliance.

We conducted inspections as a part of that effort during fiscal 2009 concerning the safekeeping of dangerous substances and chemical reagents held at group companies and reporting thereof to governmental bodies to confirm that they were being properly performed.

◆ Compliance Education

The Nisshinbo Group prepared its Corporate Vision of the Nisshinbo Group in both Japanese and English as an educational tool concerning compliance-related topics. We are making every effort to get the information to all employees, including local executive staff, in non-English speaking countries as well.



"Corporate Vision of the Nisshinbo Group" used as education tool

For the Benefit of Customers

◆ Basic Policy

The Nisshinbo Group believes that ensuring customer satisfaction and inspiring trust through all of our products and services is paramount. We therefore have clearly defined rules and policies in the form of a Product Safety Charter to achieve consistent results, and we are training staff on an ongoing basis to promote full awareness of these.

◆ 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. As a consequence, the general public understandably regards businesses with a critical eye.

In fiscal 2009, continuing from the previous year the Nisshinbo Group conducted the following investigations regarding 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 revealed a small number of minor discrepancies, such as old company names still being used on labels after the changeover to the holding company structure. These were immediately corrected.

◆ Measures for Increasing Customer Satisfaction

The Nisshinbo Group attaches great importance to comments, requests, etc. received directly from customers, as well as to information and ideas that arises out of the contact between our sales force and customers. We do our best to implement suggestions and use the information towards further improving our products and services. Various departments at our companies conduct customer satisfaction surveys that are geared to the characteristics of the respective product or service.

We also regularly investigate claims and check conditions at the respective stages, namely (1) when delivering to the customer, (2) during transport, and (3) after reaching the consumer.

We are committed to continue these activities with the aim of further enhancing customer satisfaction levels.

Product Safety Charter

In developing and providing products and services, the Nisshinbo Group strictly adheres to the following four rules which have been formulated to ensure that priority is given to safety and to the benefit to society, and that products and services meet the high expectations of consumers and customers.

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.

Major Awards Received in Fiscal 2009

Textiles	
Iwao & Co., Ltd.	Received excellent supplier award (overall 2nd place) from Adidas Japan
Automobile Brakes	
Nisshinbo Brake Sales Co., Ltd.*1	Received "Appreciation of Quality Management" certificate from Toyota Motor Corporation.
	Received "Best Performance Award" from Nissan Motor Co., Ltd.
Electronics	
New Japan Radio Co., Ltd.	Received "Outstanding Quality Award" from Toyota Motor Corporation.
	Received letters of appreciation from Ministry of Defense for delivering high quality products

*1 Consolidated into Nisshinbo Brake Inc. on April 1, 2010

For the Benefit of Shareholders and Investors

◆ Basic Policy

Following its motto of "Consistent Integrity", the Nisshinbo Group of course adheres strictly to legal stipulations and to the rules of the securities exchange. We are doing our utmost to ensure timely and appropriate disclosure of business and financial information to provide shareholders and investors with the data they need to make informed decisions. The information is first posted on TDnet*¹ operated by the Tokyo Stock Exchange and shortly afterward on the Company's web site.

*1 TDnet: Timely Disclosure network, a web site based information disclosure system operated by the Tokyo Stock Exchange.

◆ Major Events for Investors in Japan and Overseas (FY 2009)

- Earnings conference call (May, November)
- Annual report publication (August)
- Individual press interviews (about 300 per year)
- Video conference for overseas investors (December)
- Business briefing (March)
- Three-year management plan briefing (March)



Earnings conference call

◆ Comprehensive Web Site Content

For impartial and timely information disclosure, the Company publishes information as needed on its web site. During fiscal 2009, as in the preceding year, the web site was selected as an excellent site in the All Listed Company Website Ranking published by Nikko Investor Relations, Co., Ltd.

◆ FTSE4 Good Index Series*² Listing to Continue

The FTSE4 Good Index Series evaluates businesses according to globally recognized corporate responsibility standards, and promotes investment in companies that meet the standards. Due to the transparent way in which the index is administered and the discerning selection process, combined with the high brand image of the FTSE Group, the FTSE4Good Index Series is recognized as an optimum indicator for the creation of Socially Responsible Investment products.

Nisshinbo has been continuously listed on the index since 2004, in recognition of the Company's CSR activities.

*2 FTSE4Good Index Series: An index created by the FTSE Group (a company jointly owned by The Financial Times and the London Stock Exchange) and used as an indicator for SRI (Socially Responsible Investing). "Index" here refers to a trend such as the average market price trend of a stock set assembled according to certain criteria.

◆ Dividend Policy

Nisshinbo has set a base value of 15 yen as the common yearly dividend. The profit from higher earnings is returned to shareholders through dividend increases or other means.

Working with Suppliers

◆ Basic Policy

The Company and its five core companies have codified the rules to follow regarding procurement in the "Basic Purchasing Policy" and are committed to CSR-based procurement.

Within the supply chain, we understand that it is important to honor customer requests for procurement based on CSR principles. We ask for cooperation from our suppliers, and we promote our own CSR-oriented procurement

◆ Maintaining Confidentiality with Suppliers

In recent years, it has become common to share advanced technology information and know-how with suppliers in various business situations. Therefore it is important not only to protect sensitive information at one's own company, but also to prevent unwanted influx of confidential information from suppliers. At Nisshinbo, intellectual property and

know-how information shared with suppliers is protected by confidentiality agreements, and we build relationships based on trust.

Yearly internal audits of trade secret management are carried out to ensure that proper confidentiality is maintained. (See page 18)

◆ Procurement Related Business Audits

In fiscal 2009, the internal audit department of Nisshinbo Holdings Inc. conducted an audit regarding procurement operations at the five core companies, based on the "Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors." The audit did not find any instances where suppliers' profits would be negatively affected.

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 suppliers, we 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.

Working with Employees

◆ Basic Policy

The Nisshinbo Group has codified its stance with regard to human rights in the Human Rights Charter. The Company is committed to ensuring a safe and work-friendly environment that fosters respect for the diversity, character, and individuality of employees.

Human Rights Charter

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.

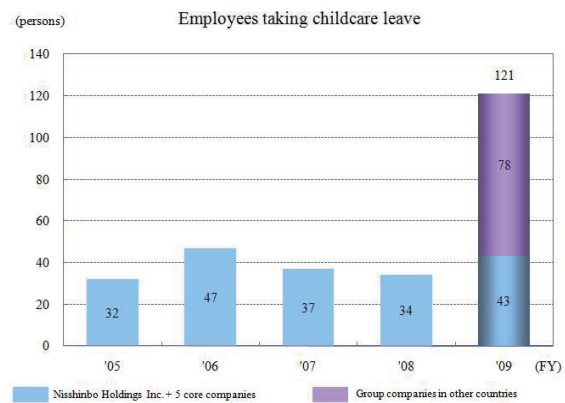
1. We shall recognize individual differences and respect individuality and creativity, and we shall not discriminate on the basis of birth, nationality, belief, religion, gender, race, ethnicity, age, disability, medical history, academic background, social status, or any other factor.
2. We shall not 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.

◆ Human Rights Educational Activities

The Nisshinbo Group espouses respect for diversity and has established specific activities intended to eliminate all forms of discrimination and harassment. Nisshinbo conducts systematic training, including training for senior executives, training for all employees, training for new employees. These programs are designed to deepen understanding of human rights and to enable participants to identify possible problems. We are actively building a company culture based on mutual respect where each individual can develop his or her full potential.

We are also conducting programs for administrators, recruiters, and course instructors to foster personnel who can promote human rights at the workplace.

Nisshinbo has established designated contacts at the work sites of each group company for consultations regarding harassment, to deal with problems that may arise and to help prevent any form of harassment.



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

◆ Increasing Employment of Disabled Persons

The employment of persons with a disability is one of the medium-term CSR goals and is being systematically implemented. Out of 21 domestic group companies, only seven reached the statutory hiring percentage for disabled persons in fiscal 2009.

We are currently analyzing the reasons why not more disabled persons could be hired, and are working towards increasing the compliance rate among our companies. We are also doing our best to create a workplace environment that makes it easier for disabled persons to join the workforce.

◆ Maintaining a Good Work-Life Balance

Awareness of the importance of maintaining a good balance between work and life is increasing throughout society, because it is being realized that this helps people to develop their full potential. The Nisshinbo Group is actively promoting a variety of programs designed to enable employees to maintain such a balance.

● Compliance with revised childcare and caregiver leave law

Nisshinbo is enhancing working conditions by allowing the division and flexible allotment of shortened work hours for childcare and by newly establishing a program for rehiring employees who opted to resign in order to raise children. While taking childcare leave is well established among female staff, it is still quite rare for male staff. We are in the process of creating an environment that makes it easier for male employees to take childcare leave as well.

● Encouraging the taking of paid leave

Paid leave can now be taken in half-day increments to allow for more flexible planning of holidays and leisure activities.

● Volunteer leave program

Nisshinbo has 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 take leave for a maximum of two years and four months. A NISB staff member served as a Japanese language teacher in Mongolia until June 2010. She has now returned to her regular job and is making good use of her experiences abroad.



A NISB employee (right) with elementary school children in Mongolia, where she served as a Japan Overseas Cooperation Volunteer

● Jury duty leave program

In response to the introduction of a new jury system in Japan, a jury duty leave program was created that provides for the taking of paid leave to perform jury duty.

◆ Health Management and Mental Health Measures

The Nisshinbo Group has an industrial health care team that performs ambulant medical examinations twice a year at each work site. Close to 100 percent of all regular employees undergo these examinations. As the age bracket for lifestyle-related diseases is getting lower, thorough screenings and checkups are now being performed not only for persons 35 years and older but also at the ages of 25 and 30. We are also implementing so-called "metabolic diagnosis" and special health guidance sessions, to help prevent metabolic syndrome.

Regarding mental health, we have specialists who provide information and guidance. In addition, there are communication skills seminars aimed mainly at management level employees, which are helpful in preventing instances of power harassment and other problems.

Each year, simple diagnostic tests of work-related stress are conducted for all employees, and self-care is encouraged. Nisshinbo also conducts appropriate work time management and has introduced a system of consultations with industrial physicians for employees who work long hours. In addition, Nisshinbo cooperates with the SOS Consulting Group, an external non-profit organization to respond to employee concerns that may arise in their daily lives.

◆ Occupational Safety Activities

● Promotional structure

Starting in fiscal 2008, group-wide activities related to occupational safety have been conducted at domestic and overseas subsidiaries.

In addition to basic activities, including 5S activities, potential incident reports, and risk assessment, activities are also conducted to address priority issues and prevent industrial accidents, including preventing crushing and getting caught in machinery, back pain and muscle pain countermeasures, improving communication skills, and reinforcing chemical substances management.

Health & Safety Group in Nisshinbo Holdings shares information concerning industrial accidents that result in lost work days and injuries requiring 7 days or more treatment is shared throughout the Group and used in implementing countermeasures.

● Health and Safety audits

In fiscal 2009, Nisshinbo Holdings and its core companies jointly conducted regular health and safety audits at 24 work sites, to assess the current status of health and safety related activities and the horizontal development of preventive measures.

In case of work-related accidents that resulted in lost work days, special audits and on-site inspection are carried out as needed to elucidate the causes from all angles, including hard, soft, and human factors. Based on the results, countermeasures are then devised and implemented horizontally across the group, to prevent reoccurrences.

● Work-related accidents

In fiscal 2009, as in the previous year, there were no major accidents*1 throughout the group. The number of persons affected by work accidents was 17, down by 37 percent from previous fiscal year's 27.

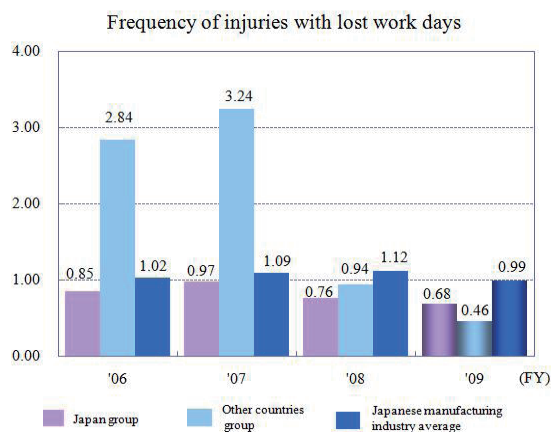
As a result, frequency of injuries with lost work days*2

Attainment of medium-term CSR targets

		Medium-term CSR targets (FY 2010)	FY 2009 results
Number of major accidents		0	0
Frequency of injuries with lost work days	Japan	0.3 or lower	0.68
	Other countries	1.5 or lower	0.46

*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:

$$\text{Frequency of injuries with lost work days} = \frac{\text{Number of work-related injuries}}{\text{Total number of actual working hours}} \times 1,000,000$$



Frequency of injuries with lost work days for fiscal 2007 and later includes temporary employees

for domestic group companies was 0.68, and the rate for overseas group companies was 0.46. This represents a slight improvement over previous year but still falls short of the medium-term targets.

The group will continue performing risk assessment and working to ensure the safety of facilities with the aim of achieving its safety-related goals.

Working with Local Communities

◆ Basic Policy

The Nisshinbo Group engages in social contribution activities as a member of the local community. Group employees actively participate in cleanup drives and other activities in the vicinity of business sites to preserve the local environment.

Nisshinbo also supports regional events and local programs.

◆ Internships and Hands-on Workplace Experience Programs

The Nisshinbo Group actively accepts interns from universities and graduate schools. In fiscal 2009, the group accepted 46 interns, providing them with valuable hands-on experience.

The Group also conducts 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. For example, the Miai Machinery Plant of Nisshinbo Mechatronics Inc. is supporting the "Craftsman 21" initiative jointly run by the Ministry of Economy, Trade and Industry and the Ministry of Education, Culture, Sports, Science and Technology. Students from industrial high schools in the region are provided with technical training within the framework of the program.

◆ Sponsorship of All Japan Junior Tennis Championship

The All Japan Junior Tennis Championships are one of the most important amateur tennis events in Japan, with 300,000 players under 18 competing. Nisshinbo applauds the efforts of the event's organizer, the Japan Tennis Association, to foster junior players. Since 2005, we have supported the event as a special sponsor.

A total of four players from the tournament are selected

each year to compete in the South American junior tennis circuit, officially recognized by the International Tennis Federation. For two months, they get a chance to meet some of the finest junior players from around the world. Not only the players but also the coaches use this opportunity to further hone their skills. We believe that this provides valuable incentives and helps to foster players for the sport.

◆ Face Masks Donated to Tokushima Prefecture and Okazaki City

When novel influenza virus infections were spreading in May 2009, high-performance face masks developed by Nisshinbo were donated to Tokushima Prefecture and Okazaki City (2000 each).

The masks use a newly developed high-function non-woven cotton material from Nisshinbo called Gaiacot.



Tennis star Hirooyasu Ehara

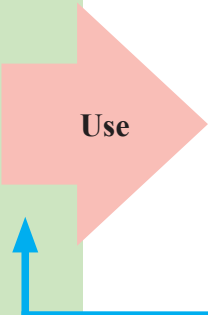
All Japan Junior Champion in 2009 in the singles and doubles division. Boosted by his South America tour, he became a professional player in December of the same year. Affiliated with Nisshinbo Holdings, he currently is one of the upcoming stars in the world of men's tennis.

Environmental Report

Business Activities and Environmental Impact

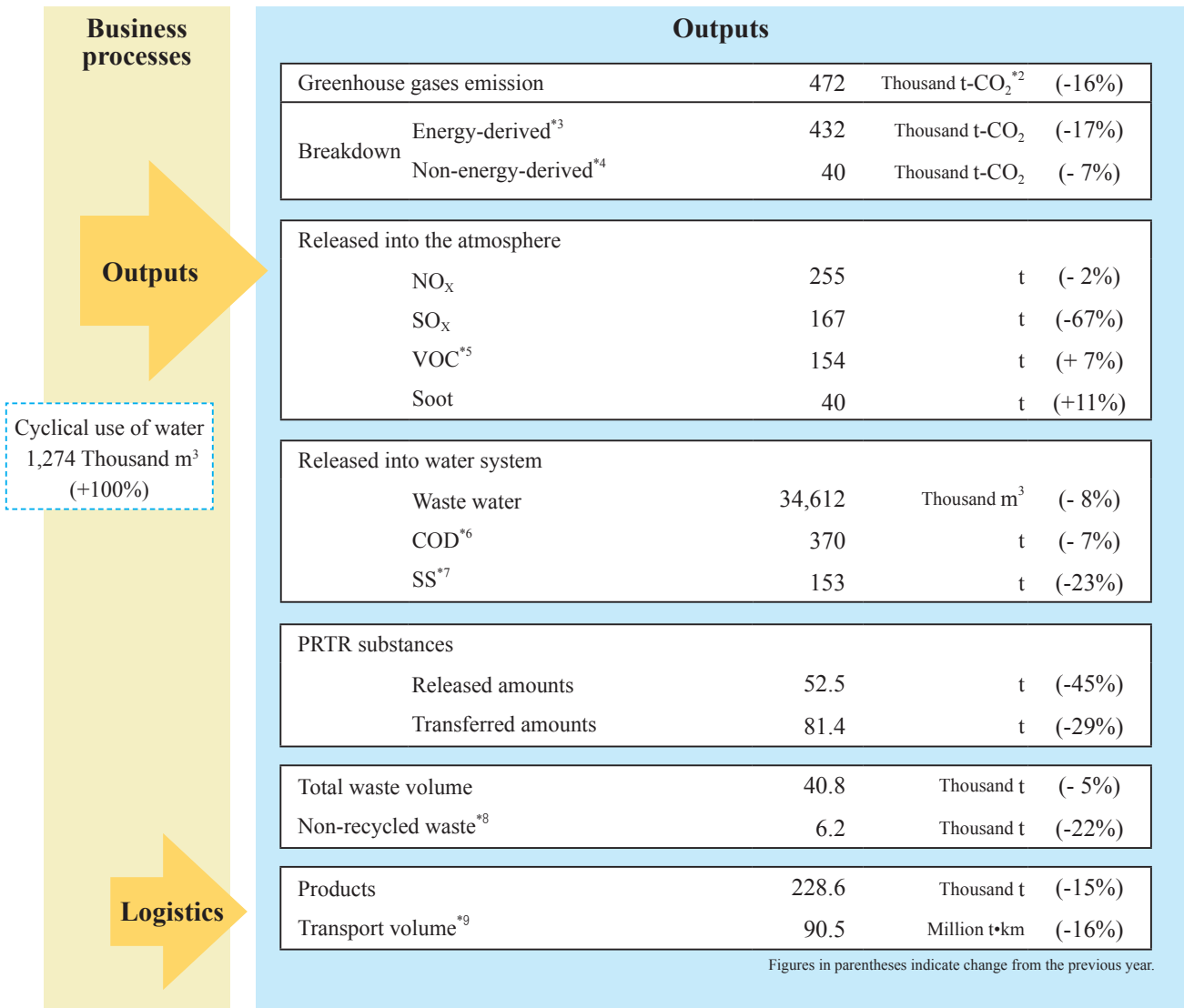
◆ The Nisshinbo Group's Materials Balance for the Fiscal Year 2009

Inputs			
Energy usage	8.133	Million GJ*1	(-15%)
Breakdown			
Electricity	530.6	Thousand MWh	(- 8%)
Coal	58.0	Thousand t	(-32%)
Heavy oil	15.0	Thousand kL	(-11%)
Town gas (including natural gas)	18.1	Million m ³	(+12%)
Water Usage	36,031	Thousand m ³	(- 8%)
Breakdown			
Groundwater	20,170	Thousand m ³	(- 9%)
Industrial water	15,448	Thousand m ³	(- 7%)
Total Raw Materials Used	281.4	Thousand t	(- 6%)
Breakdown			
Raw cotton, cotton fiber	36.2	Thousand t	(-25%)
Pulp (including recycled paper pulp)	57.0	Thousand t	(- 8%)
Steel	40.2	Thousand t	(-13%)
Brake friction materials	16.0	Thousand t	(+ 4%)
Chemical substances	58.9	Thousand t	(+ 2%)
Packaging materials	19.1	Thousand t	(+ 5%)
PRTR substances handled	840	t	(-12%)
Office paper usage	31,325	Thousand sheets	(-22%)



Figures in parentheses indicate change from the previous year.

*1 Gigajoules (GJ): A unit of energy. One gigajoule (109 J) is approximately 240,000 kilocalories.



*2 t-CO₂: Greenhouse gas emissions converted into the equivalent CO₂ volume.

*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): The amount of substances suspended in water.

*8 Non-recycled waste: Total volume of waste that is remaining or not tracked after recycling and waste that is disposed of in landfills (non-recycled waste equals total waste minus recycled waste).

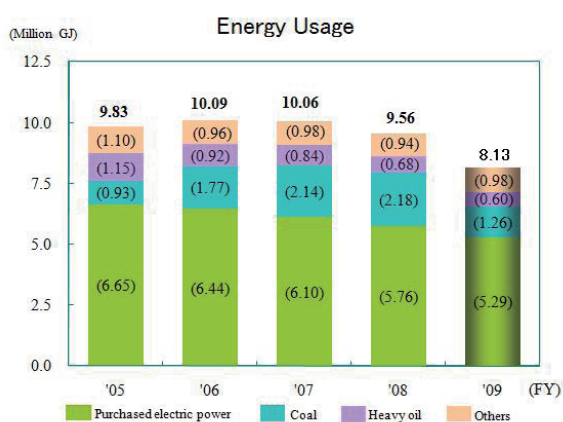
*9 Transport volume does not include marine transport in international waters.

Energy Conservation

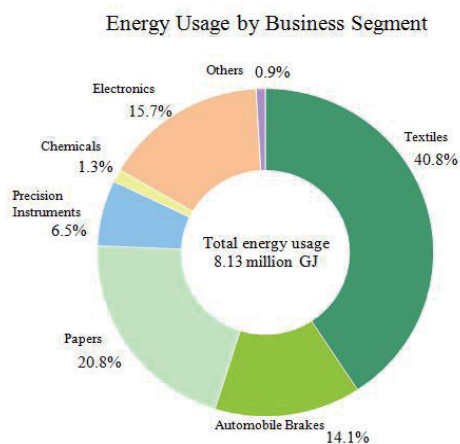
◆ Energy Usage

The Nisshinbo Group's energy usage in fiscal 2009 fell by 15% compared to the previous year.

In terms of energy usage categorized by type, purchased electric power amounted to 65% of the total. The switch-over from coal to town gas which has lower greenhouse gas emissions is continuing, and we succeeded in reducing the usage of coal from previous fiscal year's 23% to 15% this fiscal year.



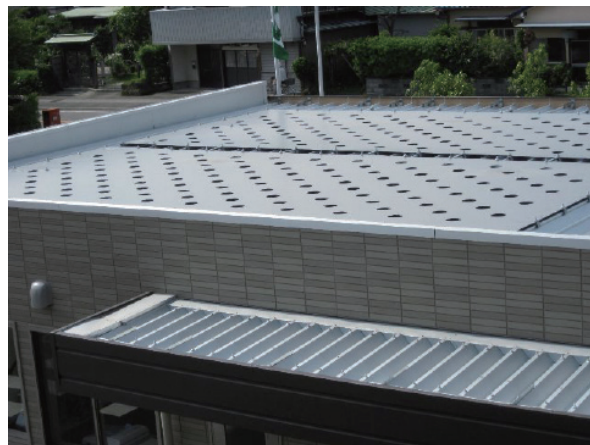
In the breakdown of energy usage by business segment, the textile business accounted for approximately 41% (44% last year).



Case Study:

Installation of Heat-blocking Roof-top Sheets

Nisshinbo Paper Products Inc. installed special insulating roof-top sheets during the renovation of the administration building at its Shimada Plant. As a result, thermal transmission via the roof is reduced which improves the efficiency of air conditioning and thereby cuts power consumption.



Heat-blocking roof-top sheets
(Sheets with holes seen in top half of photo)

Case Study:

Ongoing "Outstanding Energy-Saving Management Building Certification"

As a part of its energy-saving activities, Nisshinbo Textile Inc. 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 results of various measures, including the installation of heat-insulating exterior walls, the adoption of a green roof, and energy-saving air-conditioning management were rated highly, and the building was certified as an outstanding energy-saving management building.



The green roof of the Osaka branch office

Case Study:

Installation of a "Green Curtain"

New Japan Radio Co., Ltd. has created a "green curtain" by planting bitter cucumber plants against a building wall in its Kawagoe Plant. In the summer, the windows are covered by the leaves that block sunlight. In addition, the back side of the leaves evaporates humidity, and this transpiration effect reduces the energy required for air-conditioning. The "green curtain" is an initiative first proposed by Fujimi-no city in Saitama Pref. The company has received a letter of commendation for its efforts from the city.



Green curtain growing against a building wall

Preventing Global Warming

◆ Emissions of Greenhouse Gases

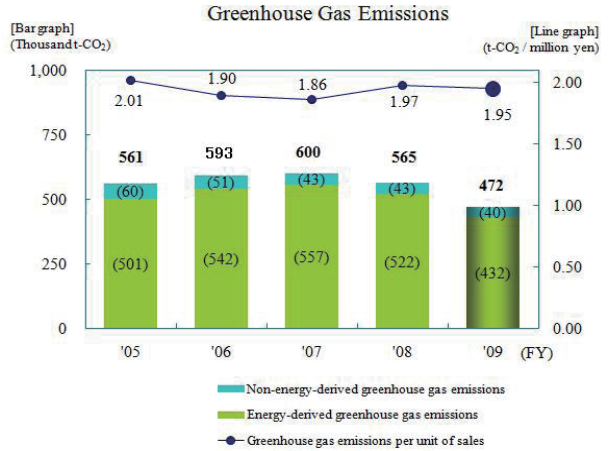
The Nisshinbo Group's total greenhouse gas emissions were down by 16% compared to the previous fiscal year. In terms of emissions per unit of consolidated sales, the figure was 1% less than in the preceding year.

Note:

For calculating greenhouse gas emissions volumes, the CO2 emission conversion factors as defined in the "List of Calculation Methods and Emission Factors for Calculation, Reporting, and Publication" published by the Ministry of the Environment and based on the "Law Concerning the Promotion of the Measures to Cope with Global warming" are used. However, for electricity, the conversion factors of Japan's voluntary emissions trading scheme by the Ministry of the Environment are used.

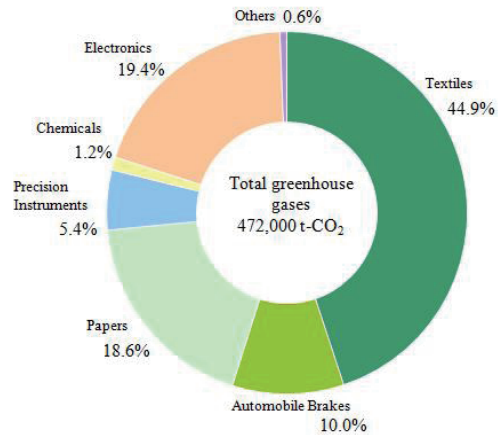
● Energy-derived and non-energy-derived emissions

Both energy-derived and non-energy-derived greenhouse gas emissions showed a decrease.



● Greenhouse gas emissions by business segment

In the breakdown of greenhouse gas emissions by business segment, the textile business accounted for approximately 45%. Due to PFCs used in semiconductor manufacturing, the electronics sector has a relatively high share of 19%.



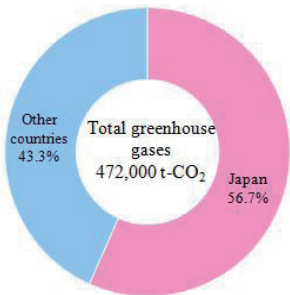
Conversion factors for CO2 emission calculation

Electric power	0.391 t-CO ₂ /MWh	Gasoline	2.322 t-CO ₂ /kL
Coal	2.328 t-CO ₂ /t	Light oil	2.585 t-CO ₂ /kL
A-heavy oil	2.710 t-CO ₂ /kL	LP gas	2.999 t-CO ₂ /Thousand m ³

● Jpana / other countries emissions

Domestic greenhouse gas emissions made up 57% of the total.

Japan / Other countries Greenhouse Gas Emissions



**Case Study:
PV Cell Installations**

In March 2010, Nisshinbo Mechatronics Inc. installed PV panels with a power generating capacity of 250 kW on the roof of plant building No. 4 at the Miai Machinery Plant. (For details and a photo, see "Feature" on page 9.)

**Case Study:
Activities to Reduce Greenhouse Gases**

The Miai Plant of Nisshinbo Textile Inc. abolished its coal-fired boilers and in-house power generation facility in February 2009 in favor of new boilers fired with town gas and electricity supplied by a power company.

As a result, greenhouse gases emitted in fiscal 2009 to generate the same amount of energy were reduced by 33%, namely 10,000 t-CO₂.



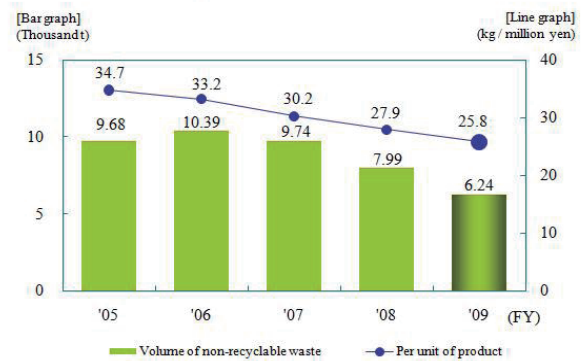
Town gas boilers

Resource Conservation

◆ Reduction of Waste Emissions

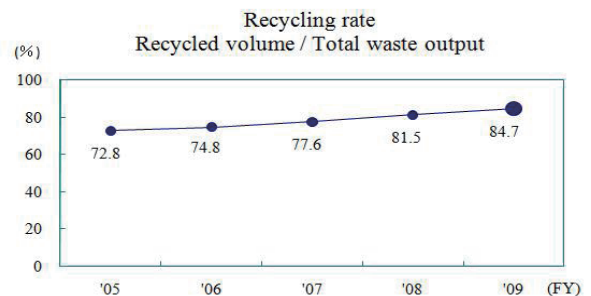
The Nisshinbo Group's total emissions of non-recycled waste were down by 22% compared to the previous fiscal year. In terms of emissions per unit of consolidated sales, the figure was 8% lower than in the preceding year.

Volume of non-recyclable waste, and volume of non-recyclable waste generated per unit of sales (unit of product)



The recycling rate of the Nisshinbo Group improved by 3.2% over the preceding year and by 11.9% over the fiscal year 2005 rate.

Efforts will continue to further improve the overall recycling rate of the group. Some subsidiaries are even conducting zero emissions drives (recycling rate 99% or higher).



Case Study:

Converting Waste to RPF (Refuse Paper and Plastic Fuel)

Nisshinbo Postal Chemical Co., Ltd. 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.

The paper waste produced in the die-cutting stage during label printing is also collected and recycled into RPF.



Recycled RPF

Case Study:

Switch from Landfill to Recycling

Nisshinbo Brake Inc. is carrying out a drive to recycle industrial waste that so far has been disposed of as landfill. At the Toyoda Plant, the powder waste generated when shaving the surface of brake linings*1 is being recycled as raw material for cement.

At the Tatebayashi Plant, the sludge left after processing waste water is being recycled as building material.

Thanks to actions such as these, the amount of landfill waste was reduced by about 150 tons compared to the previous fiscal year.

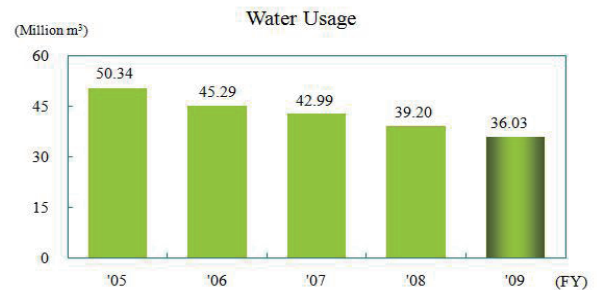


Shavings from grinding brake linings collected with a dust extractor (Toyoda Plant)

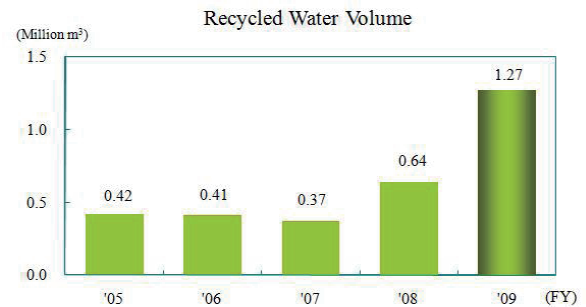
*1 Brake lining: Friction material used in drum brakes

◆ Use of Water Resources

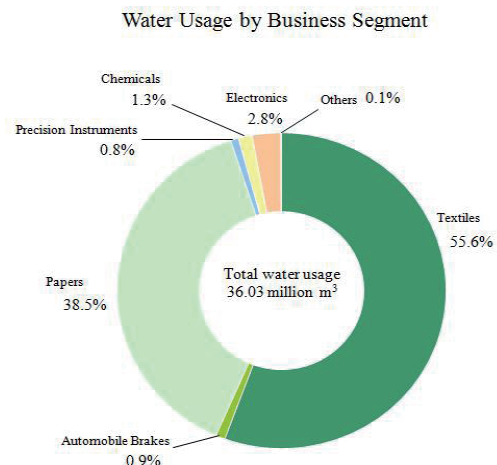
Thanks to increasingly more efficient utilization of water resources, the Nisshinbo Group used 8% less water in fiscal 2009 than in the previous year (a 28% decrease from the fiscal 2005 level).



The usage rate of recycled water doubled compared to the previous year. As a case in point, the Shimada Plant of Nisshinbo Paper Products Inc. reuses the cooling water from air-conditioning systems in the paper straining process, which has proven to be an effective approach.



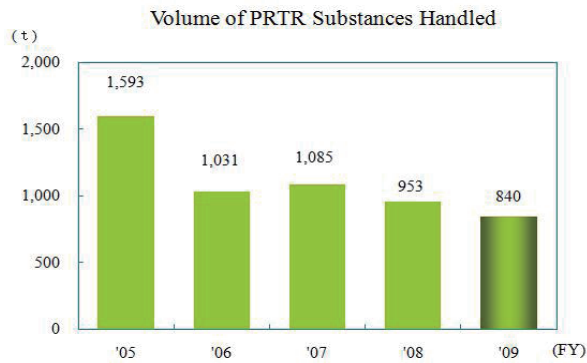
In the breakdown by business segment, the textile sector accounted for approximately 56% of all water usage, and the paper products business for about 39%.



Management of Chemical Substances and Reduction of Emissions

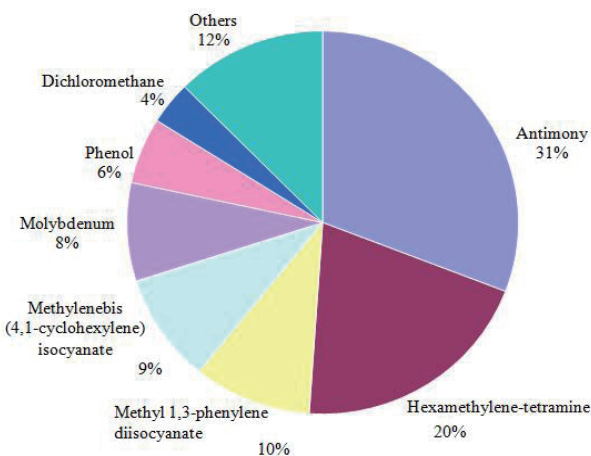
◆ Volume of Chemical Substances Handled

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



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

These substances are raw materials used in the automobile brakes and chemicals businesses. To drastically reduce the volume of these substances at the current point is difficult, but continuous efforts are being made by measures such as improving yields. The development of antimony-free brake pads is also continuing.



Case Study:

Complete Elimination of Dichloromethane

At the Hamakita Plant of Nisshinbo Mechatronics Inc., where efforts to replace dichloromethane had been going on for several years, complete elimination was finally achieved in October 2009.

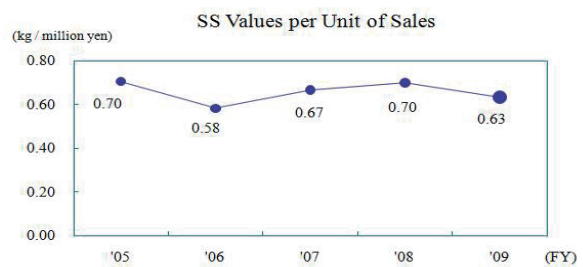
Dichloromethane Usage at Hamakita Plant

Fiscal Year	Used Amount
2007	12.0t
2008	7.6t
2009	3.9t
2010 (expected)	0t

◆ Treating Waste Water

The Nisshinbo Group aims to process waste water from manufacturing processes as much as possible, to return clean water to the environment.

The volume of suspended solids (SS) in waste water per unit of consolidated sales was reduced by 9% from the previous year.



Case Study:

Renewal of Supply and Waste Water Treatment Facilities

Nisshinbo Paper Products Inc. renewed its supply and waste water treatment facilities at the Fuji Plant in August 2009. On the supply side, water is being treated to ensure that white paper can be produced even if the industrial water supply is muddy due to the influence of a typhoon or other causes. Manufacturing efficiency has been improved, and water resources are being used more effectively.

A new facility for treating waste water also was built, resulting in an improvement in SS values of up to 40%. This is equivalent to about 20% of SS reduction in the entire waste water volume of the Nisshinbo Group.

Suspended matter in waste water is trapped using coagulation sedimentation equipment and then removed using a

screw press. The substance matter removed from the water is then recycled as boiler fuel at Tokai Seishi Kougyou Co., Ltd., a Nisshinbo subsidiary.



Supply and waste water treatment facilities
(waste water side at far left, supply side at right)



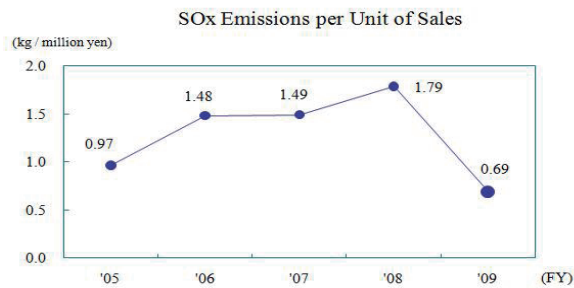
Waste water treatment facility (screw press located inside building)

◆ Atmospheric Releases

The Nisshinbo Group's emissions of sulphur oxides (SOx) per unit of consolidated sales were down by 61% from the previous fiscal year.

This significant reduction is in part due to a switch to coal with lower sulphur content by Nisshinbo overseas subsidiaries in the textiles sector.

The Nisshinbo Group's emissions of volatile organic compounds (VOCs) per unit of consolidated sales increased by 26% from the previous fiscal year. (24% decrease from the FY 2005 level)

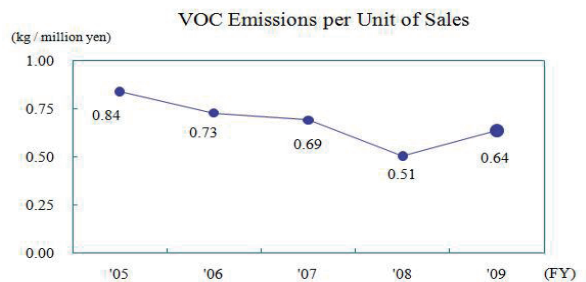
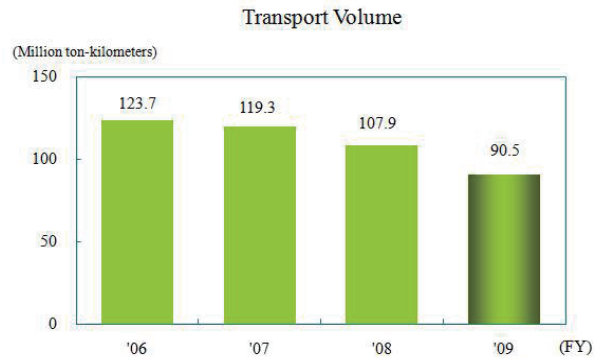


Transport Volume

The Nisshinbo Group's transport volume was down 16% from the previous fiscal year.

Until fiscal year 2008, Nisshinbo Industries was a specified consigner*1, but with the corporate split, Nisshinbo Paper Products became the specified consigner from fiscal 2009.

*1 Specified consigner: According to the "Act concerning the Rational Use of Energy," this refers to a consigner whose transport volume within Japan is at least 30 million ton-kilometers annually.



Environmental Management System Status Report

The Nisshinbo Group Environment Charter states that "we shall expand environmental management systems throughout the Nisshinbo Group and continuously improve our environmental performance," and the Group is undertaking active environmental initiatives to achieve these objectives.

Currently, the following 24 domestic organizations and 7 overseas organizations of the group have gained ISO 14001 certification.

In the past year, Nisshinbo Alps Tech Co., Ltd. and Nisshin Environmental Planning Inc. were newly certified.

Organizations with ISO 14001 certification

In Japan (24 organizations)

Nisshinbo Holdings Inc.	(Chuo-ku, Tokyo)
Nisshinbo Textile Inc.	
Osaka Branch	(Osaka City, Osaka)
Fujieda Plant	(Fujieda City, Shizuoka Pref.)
Miai Plant	(Okazaki City, Aichi Pref.)
Nisshinbo Brake Inc.	
Tatebayashi Plant	(Oura-machi, Gunma Pref.)
Toyota Plant	(Toyota City, Aichi Pref.)
Nisshinbo Paper Products Inc.	
Shimada Plant	(Shimada City, Fukuoka Pref.)
Tokushima Plant	(Tokushima City, Tokushima Pref.)
Fuji Plant	(Fuji City, Shizuoka Pref.)
Adachi Office	(Adachi-ku, Tokyo)
Nisshinbo Mechatronics Inc.	
Miai Machinery Plant	(Okazaki City, Aichi Pref.)
Hamakita Plant	(Hamamatsu City, Shizuoka Pref.)
Macromolecule Department	(Okazaki City, Aichi Pref.)
Nisshinbo Chemical Inc.	
Asahi Plant	(Asahi City, Chiba Pref.)
Central Laboratory	(Chiba City, Chiba Pref.)
Nisshinbo Postal Chemical Co., Ltd.	(Chuo-ku, Tokyo)
Tokai Seishi Kougyou Co., Ltd.	(Fuji City, Shizuoka Pref.)
New Japan Radio Co., Ltd.	(Chuo-ku, Tokyo)
Ueda Japan Radio Co., Ltd.	(Ueda City, Nagano Pref.)
Nisshinbo Precision Instrument & Machinery	(Higashi-Hiroshima City, Hiroshima Pref.)
Hiroshima Corporation	
Nisshinbo Alps Tech Co., Ltd.	(Hamamatsu City, Shizuoka Pref.)
Nisshin Environmental Planning Inc.	(Adachi-ku, Tokyo)
Saga Electronics Co., Ltd.	(Yoshinogari-cho, Saga Pref.)
NJR Fukuoka Co., Ltd.	(Fukuoka City, Fukuoka Pref.)

Overseas (7 organizations)

Nisshinbo Automotive Manufacturing Inc.	(U.S.A.)
Nisshinbo Somboon Automotive Co., Ltd.	(Thailand)
Kohbunshi (Thailand) Ltd.	(Thailand)
Thai NJR Co., Ltd.	(Thailand)
Saeron Automotive Corporation	(South Korea)
Saeron Automotive Beijing Corporation	(China)
Nisshinbo Mechatronics (Shanghai) Co., Ltd.	(China)

Environment Charter

Recognizing that efforts to address environmental problems are a common issue of humankind and an essential condition for the existence and activities of a company, the Nisshinbo Group shall act independently and positively on the basis of the following six principles.

1. We shall conduct our business activities in compliance with domestic and international laws and regulations, and by actively establishing our own independent management standards.
2. We shall widely and actively disclose environmental information and gain the trust of society.
3. We shall assess the environmental impact of our products throughout their whole life cycles, create technologies, products and services that contribute to realizing a sustainable society, and achieve a balance between the environment and the economy.
4. We shall expand environmental management systems throughout the Nisshinbo Group and continuously improve our environmental performance.
5. We shall endeavor to effectively utilize resources and reduce the environmental load by, among other things, conserving energy and resources; reducing waste; promoting recycling; and reducing emissions of greenhouse gases, environmental pollutants and so on.
6. We shall enhance the environmental awareness of all Nisshinbo group employees through environmental education and enlightenment and actively engage in activities in line with this charter.

Products and Services Contributing to the Realization of a Sustainable Society

In keeping with its policy of environment friendly management, the Nisshinbo Group provides a wide range of products and services that contribute to the realization of a sustainable society, as listed in the table below (For details, see the following pages).

List of Representative Products and Services

Business Category	Product, Technology	Description	Area of Contribution*1	See Page
Textiles	APOLLOCOT	Non-iron shirts made of 100% cotton, with wrinkles eliminated by 95% after washing	Energy conservation	36
	Banana fiber	Effective use of agricultural waste banana stalks	Effective use of resources	36
	Dual Clean III	Grease repellent shirts that do not soil easily	Energy conservation	
Brakes	Green Pads (environment-friendly brake parts)	Brake friction materials that do not contain substances of concern (e.g. antimony free)	Reduce environmental impact	
Papers	FSC certified paper	Paper products that contribute to the protection of forest resources	Sustainable forestry	37
	Bath tissue paper designed specifically for bidets with twice the absorbency	Since it is twice as absorbent, less paper can be used	Resource conservation	37
	Kenaf 100GA, Takeaya GA	Printing papers made from the fiber of plants such as kenaf and bamboo that grow quickly	Effective use of resources	
	Recovery service of used thermal transfer ribbon	Recovery of used Thermal transfer ribbon for use as RPF (Refuse Paper and Plastic Fuel)	Effective use of resources	31
Precision Instruments	Photovoltaic module manufacturing lines	Manufacturing lines for photovoltaic modules (panels)	Renewable energy	8
	Storage cell manufacturing equipment	Manufacturing equipment for storage cells used in hybrid vehicles	Energy conservation	
	Air Barrier Fans	Fans that serve as an effective window heat and condensation countermeasure by creating an air flow along the window glass	Energy conservation	
	Long Fans	Ductless long-blade fans for parking garage ventilation and exhaust	Resource conservation	
Chemicals	CARBODILITE high-performance resin material	High-performance resin material that improves strength and durability necessary for car parts when added in minute quantities to plant-derived polylactic acid	Reduce environmental impact	38
	APG, BCN carrier for water processing use	Small plastic blocks that enhance the performance of plant wastewater processing facilities	Biological treatment facilities for wastewater	
	Carbon substrate for X-ray use	Recording media substrate for digital X-ray cameras that do not require developing	Reduce environmental impact	
	Polyurethane foam for LNG storage tanks	Ultra-low temperature insulation material for tanks used for storing liquefied natural gas	Reduce environmental impact	
	Bipolar plates for fuel cells	Carbon-resin composite used as major component in fuel cells (for ENE-FARM and similar)	Reduce environmental impact	10
	Electric double-layer capacitors	Long-life energy storage device that undergoes little deterioration from charging and discharging	Reduce environmental impact	
Electronics	Signal level detection IC	Chip contributing to lower power consumption of electronic devices	Energy conservation	38
Others	Environmental measurement and analysis services	Support for pollution control measures by customers through measurement and monitoring of environmental factors	Environmental analysis and monitoring	
	GAIACOT high-performance zeolite cotton sheet	Cotton sheet with zeolite (a mineral composed of aluminum, silicon, and sodium) crystals formed internally in the cotton fiber	Prevent pollution	38

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

◆ **APOLLOCOT™ 100% Cotton Next-Generation Non-Iron Shirts**

Nisshinbo Textile Inc. believes that supporting activities that can easily be implemented by consumers will help to prevent global warming. We therefore focus on "familiar eco."

In August 2009, the company began marketing the APOLLOCOT™ line of 100% cotton non-iron shirts. Because wrinkles after washing is reduced by as much as 95%, these shirts do not need to be ironed and provide outstanding comfort and wash-and-wear properties. They were made possible by Nisshinbo's proprietary expertise in cotton processing accumulated over many years, combined with highly advanced sewing technology.

Since ironing is no longer required for these next-generation shirts, household electricity consumption is reduced, and consumers can contribute to saving the environment in their everyday lives.



APOLLOCOT™ shirts

◆ **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.



The Process of Making Banana Textiles

◆FSC Certified Paper Vent Nouveau F-FS and Vent Nouveau Smooth FS

Nisshinbo Paper Products Inc. has positioned FSC*1 certified papers as key environment-friendly items that can contribute to sustainable use of forestry resources and the protection of biodiversity, and the company is expanding its lineup of such products.

FSC certified papers are made from raw materials approved by the FSC.

In October 2007 Nisshinbo acquired certification under the FSC's COC*2 program, an international forestry certification system. The two flagship products in this area are Vent Nouveau F-FS, a fine paper for high-grade printing, and Vent Nouveau Smooth FS which features extra-smooth surface properties.

Nisshinbo Paper Products Inc. plans to expand its lineup of FSC certified papers in the future.

*1 FSC (Forest Stewardship Council): A non-profit, international certification organization established in 1993 with the purpose of encouraging responsible management of the world's forests from the perspective of protecting the environment. FSC policies include no illegal logging, adequate sunlight for all parts of the forest, and protection of valuable plant and animal life.

*2 COC (Chain of Custody) registration: 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.

◆Bath Tissue Paper with Twice the Absorbency

The bath tissue from Nisshinbo Paper Products Inc. 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.



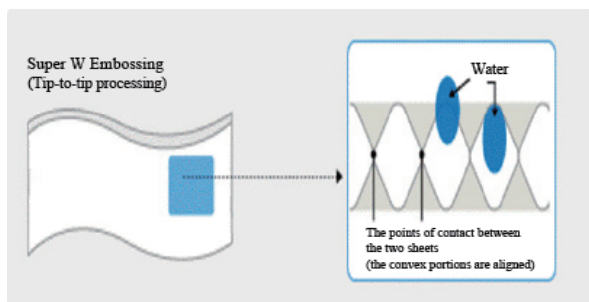
Bath tissue paper designed specifically for bidets with twice the absorbency



Certificate of FSC COC registration



Printing samples created with the Vent Nouveau series



Principle of Super W Embossing (The convex portions of two sheets of embossed are aligned to increase absorption.)

◆ **High-Performance Resin Material**
CARBODILITE®

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-neutral*1 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 quantities to polylactic acid, CARBODILITE® from Nisshinbo Chemical Inc. limits hydrolysis and improves strength and durability. CARBODILITE® as a modifier can expand the potential application scope of polylactic acid to consumer electronic products and automobile parts.

*1 Carbon neutral: Describes the condition when the carbon dioxide being released during activities such as manufacturing a product equals the carbon dioxide being absorbed.

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

Nisshinbo is already marketing face masks under the Zeolite Mask brand name, and wipes called GAIACOT Cloth (both registered trademarks).



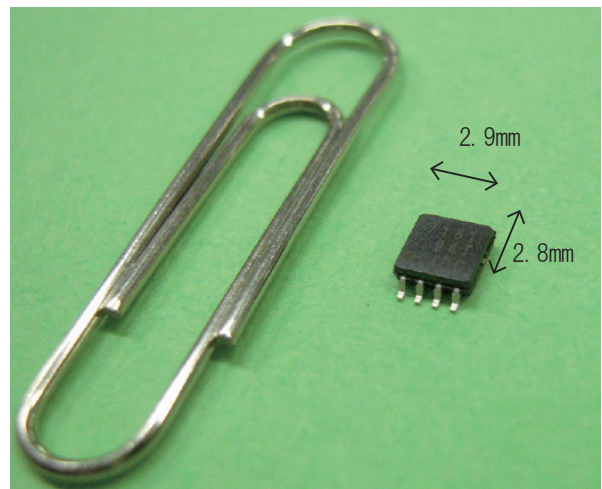
Various types of CARBODILITE®

◆ **Signal Level Detection IC NJU7181**

As electronic devices are increasingly being designed for low power consumption, reducing current drain during standby has become an important consideration.

The signal level detection chip NJU7181 from New Japan Radio Co., Ltd. was designed with this in mind. When integrated in an electronic product, power to major components with high power consumption can be turned off during standby, and only this IC drawing very little current can be used to monitor the signal level. When a signal is detected, the IC sends an activation command to other devices, causing them to wake up from standby.

Compared to similar chips available so far, the new IC features lower power consumption and more compact dimensions, making it suitable for a wide range of applications.



Signal level detection IC NJU7181

◆ **High-Performance Zeolite Cotton Sheet**
GAIACOT®

Nisshinbo has developed a cotton sheet with crystalline zeolite (a mineral composed of aluminum, silicon, and sodium) formed internally in the cotton fiber.

Zeolite has excellent antibacterial properties, and development for application in face masks, wiping cloth and similar products is under way.



Zeolite Mask (left) and GAIACOT Cloth (center and right)

Other Environmental Activities

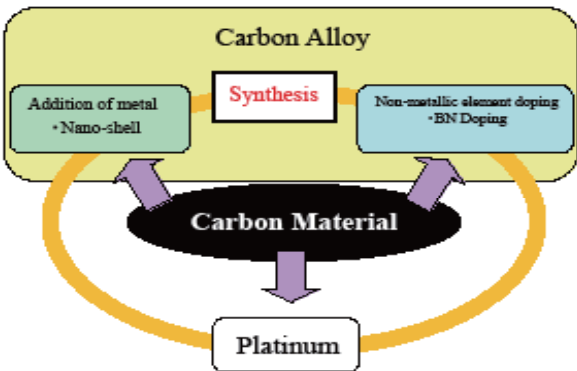
Case Study:

Joint Research with a University (Endowed Chair) Carbon Catalyst Engineering at Tokyo Institute of Technology

One issue that must be overcome for the practical application of polymer electrolyte fuel cells is the high cost of the platinum catalyst.

In April 2008, Nisshinbo endowed a chair (for three years) at the Tokyo Institute of Technology for the study of new applications of carbon as a catalyst. The research focuses on developing non-platinum catalysts based on carbon alloy*1 with a view to practical applications.

The chair also participates 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 principle of carbon-based catalyst to replace platinum
Catalytic properties are improved by doping the carbon with various materials.

(Illustration based on materials from Tokyo Institute of Technology Graduate School of Science and Engineering)

*1 Carbon alloy is a compound of carbon materials with different properties, or a mixture of carbon and metals sintered to achieve new properties.

Case Study:

Marketing of Biomass Plastics

BT Pellet Biomass Plastic Made Mainly from Domestic Materials

Nisshin Toa Inc. sells BT Pellets, a biomass plastic material that is made primarily from non-food rice resources. The pellets are sold as a moldable resin that contributes to the realization of a sustainable society.

BT Pellets are made primarily from organic resources such as rice resource, rice husks, and wood flour with the addition of a polyolefin resin (such as polypropylene or polyethylene). Since they are made mainly from carbon neutral plant-derived material, the pellets reduce carbon dioxide emissions and help to conserve petrochemical resources.

Using a ratio of 50% BT Pellets saves petrochemical resources and results in about 35% lower CO2 emissions (according to research conducted by Biomass Technology Co., Ltd.).



BT Pellets



Molded products

Case Study:

Paper Recycling Plant Tours

Tokai Seishi Kougyou Co., Ltd., a Nisshinbo Group company that is active in the paper products sector, is contributing to the realization of a sustainable society by producing household paper products made solely from collected waste paper.

In fiscal 2009, the company expanded its facilities for dealing with difficult-to-dissolve waste paper resources (intermixed with plastics, etc.) that formerly had to be incinerated. This widens the scope of paper that can be recycled.

The company also conducts plant tours and supports environmental education to increase understanding of the importance of recycling and environmental preservation. In fiscal 2009, a total of 851 visitors from 29 organizations participated in plant tours.



Scenes from plant tours



Coreless recycled bath tissue paper made from waste paper

Case Study:

Participation in Mt. Fuji Reforestation Drive

The Nisshinbo Labor Union, which belongs to the Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Unions, participates in volunteer activities each year as a part of its social program. In fiscal 2009, union members from Nisshinbo headquarters and from the Toyota Plant participated in the Mt. Fuji Reforestation Drive (a tree planting project at the foot of Mt. Fuji aimed at environment protection) organized by the union federation.



Union members planting trees

Case Study:

Nisshinbo Environment Support Campaign

Nisshinbo Textile Inc. together with some of its clients has initiated an "Environment Support Campaign." When consumers buy textile products bearing the label shown below, a part of the proceeds will go to the "Green Fund" of the National Land Afforestation Promotion Organization.



Environmental Accounting

◆ Environmental Conservation Costs

The Nisshinbo Group's environmental investments in fiscal 2009 were 663 million yen, which represents a drop by 2% from last year, due to a tightening of capital investment.

The main areas of environmental investment were capital investment for installation of pollution prevention facilities, and research and development for future environmental business operations.

Total environmental conservation costs were 2,531 million yen, a decrease of 35% from the previous year.

◆ Positive Environmental Impact

Thanks mainly to the switchover from coal and heavy oil firing to town gas, the greenhouse gas reduction effect of the Nisshinbo Group's environmental conservation activities rose to 16,983 tons.

◆ Economic Benefit from Environmental Conservation Measures

The economic benefit (income) from environmental conservation measures by the Nisshinbo Group, including the sale of scrap metal and waste cotton was 384 million yen, a decrease of 42% from the previous year.

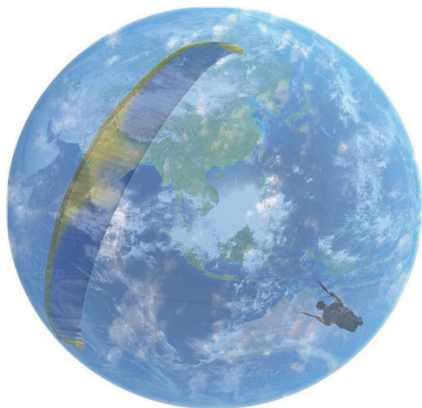
Environmental Accounting Spreadsheet for Fiscal 2009

Note: A dash indicates that the amount in the previous year was zero.

Category		Environmental Conservation Costs			
		Investment (million yen)	YOY Change	Costs (million yen)	YOY Change
On-site costs	Pollution prevention	497.8	+426%	415.9	-20%
	Environmental conservation	30.0	-91%	240.3	+17%
	Recycling	15.0	-79%	360.4	-13%
Upstream / downstream costs		1.6	-	50.1	+72%
Management costs		1.2	+14%	455.0	+32%
R & D costs		117.5	-35%	924.9	-42%
Social activity costs		0	-	2.4	-21%
Environmental remediation costs		0	-100%	14.2	-98%
Other costs		0	-	68.2	-53%
Total		663.1	-2%	2,531.4	-35%



Category		Environmental Conservation Effects		Income from Environmental Conservation Measures	
		Greenhouse Gas Reduction (t-CO ₂)	YOY Change	Income (million yen)	YOY Change
On-site effects	Pollution prevention	6	-	11.6	-
	Environmental conservation	16,976	+261%	43.2	-44%
	Recycling	1	-93%	328.8	-44%
Upstream / downstream effects		0	-	0	-100%
Management effects		0	-	0.1	-
R & D effects		0	-	0	-
Social activity effects		0	-	0	-
Environmental remediation effects		0	-	0	-
Others effects		0	-	0	-
Total		16,983	+260%	383.7	-42%



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Nisshinbo Holdings Inc.

2-31-11, Ningyo-cho, Nihonbashi,

Chuo-ku, Tokyo 103-8650, JAPAN

Tel: +81-3-5695-8833

Please direct all inquiries concerning this report to:

Investor Relations & Public Relations Group, CSR Department,

Corporate Strategy Center

Tel: +81-3-5695-8854

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/>