



Nisshinbo Group

CSR Report 2011

NISSHINBO

We extend our deepest condolences and heartfelt sympathy to all those affected by the Great East Japan Earthquake that occurred on March 11, 2011.

The Nisshinbo Group wants to do all it can to provide support for various restoration efforts, in the hope of helping people in the affected areas regain a safe and normal living environment as quickly as possible.

Overview and contents of this report

The Nisshinbo Group annually issues a CSR (Corporate Social Responsibility) report with the aim of informing all our stakeholders of our activities in this area.

1. Period Covered

Fiscal Year 2010 (April 1, 2010 to March 31 2011)

Some of the information in this report also refers to the period before April 1, 2010 or after April 2011.

2. Scope

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

The scope of "Overview of the Nisshinbo Group and Financial Data" (page 7) includes Nisshinbo Holdings Inc. and its 60 consolidated subsidiaries.

The basic policy on the environment, environment framework, environmental accounting, and environmental performance data refer to the 45 companies listed below (28 companies in Japan and 17 companies overseas).

A general outline of the Nisshinbo Group and its main business activities is given under "Business Activities of Nisshinbo Group and Main Subsidiaries" (page 8).

In this report, Nisshinbo Holdings Inc. is sometimes referred to as "the Company", and the entire group, including organizations not directly covered by the report, may be referred to as the Nisshinbo Group.

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. Past CSR Reports

Past CSR reports can be downloaded from the URL below:
<http://www.nisshinbo.co.jp/english/csr/download.html>

Detailed information related to the Financial Data can be downloaded from our IR site.

- Nisshinbo Annual Report (Japanese and English)
- Financial Results (Japanese)
- Shareholder Report No. 168 (Japanese)
- Securities Report (Japanese)

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

5. Publication Date

September 1, 2011

6. Next Report (Planned)

July 2012

■ Disclaimer

Statements in this report regarding future plans and strategies as well as expected developments are based on currently available information. Changes in the industry as well as in the worldwide economic situation may require corrections and modifications. The Nisshinbo Group will not be bound by statements contained herein.

Companies covered by the report (by sector)

Nisshinbo Holdings Inc.

Textiles

Nisshinbo Textile Inc.

CHOYA CORP.

Nisshin Denim Inc.

Naigai Shirts Co., Ltd.

Nisshinbo Yarn Dyed Co., Ltd.

Ocean Link Corporation

PT. Nikawa Textile Industry (Indonesia)

PT. Nisshinbo Indonesia (Indonesia)

Nisshinbo Do Brasil Industria Textil LTDA. (Brazil)

Shanghai Choya Fashion Co., Ltd. (China)

PT. Naigai Shirts Indonesia (Indonesia)

Nisshinbo (Shanghai) Co., Ltd. (China)

Automobile Brakes

Nisshinbo Brake Inc.

Nisshinbo Automotive Manufacturing Inc. (U.S.A.)

Nisshinbo Sombon Automotive Co., Ltd. (Thailand)

Saeron Automotive Corporation (South Korea)

Saeron Automotive Beijing Corporation (China)

Papers

Nisshinbo Paper Products Inc.

Tokai Seishi Kougyou Co., Ltd.

Nisshinbo Postal Chemical Co., Ltd.

Daiwa Shiko Co., Ltd.

Shanghai Sun-Rich Arts & Crafts Co., Ltd. (China)

Precision Instruments

Nisshinbo Mechatronics Inc.

Nisshinbo Precision Instrument & Machinery Hiroshima Corporation

Nisshinbo Alps Tech Co., Ltd.

Nisshinbo Mechatronics (Shanghai) Co., Ltd. (China)

Nisshinbo Mechatronics (Thailand) Ltd. (Thailand)

Taiwan Nisshinbo Photovoltaic Co., Ltd. (Taiwan)

Chemicals

Nisshinbo Chemical Inc.

Nisshin Environmental Planning Inc.

Electronics

Japan Radio Co., Ltd. * Jan to Mar 2011 only

New Japan Radio Co., Ltd.

Nagano Japan Radio Co., Ltd. * Jan to Mar 2011 only

Ueda Japan Radio Co., Ltd.

JRC Tokki Co., Ltd. * Jan to Mar 2011 only

Japan Radio Glass Co., Ltd. * Jan to Mar 2011 only

Saga Electronics Co., Ltd.

NJR Fukuoka Co., Ltd.

Thai NJR Co., Ltd. (Thailand)

Nagano Japan Radio (Hong Kong) Co., Ltd. * Jan to Mar 2011 only

Real Estate and Other Businesses

Nisshin Toa Inc.

Nisshinbo Urban Development Co., Ltd.

Iwao & Co., Ltd.

Nisshinbo Europe B.V. (The Netherlands)

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1.

EXECUTIVE MESSAGE



The Great East Japan Earthquake which struck on March 11, 2011 caused the loss of many lives. I hereby want to express my sincere condolences to the families of the victims and to all persons affected by the disaster. I strongly hope for a fast restoration and recovery of the affected areas.

It is my belief that the Japanese society and Japanese industry will emerge even stronger in the aftermath of this event. All members of the Nisshinbo Group want to do their part and help with the day to day efforts towards a recovery.

■ CSR Management Policy

As environmental problems become increasingly severe, and energy shortages cause drastic changes in the global environment, and as society ages and the economy becomes more globalized, managing a business means having to face constantly changing challenges. However, changes in the business environment also mean that we should pursue the true goals of CSR management with increased vigor, while maintaining the flexibility to adapt to evolving needs.

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 that have motivated us to contribute to society. They have a direct bearing on our current activities and define the CSR management stance of the Nisshinbo Group.

The Nisshinbo Group aims to be an “eco-company” for which the environment and energy sectors are major drivers of growth. Through our incentives in these areas, we want to make a difference and facilitate the sustainable development of society as a whole.

An Eco-Company Pursues Noncontiguous Growth Unimpeded by Patterns of the Past

■ Fusion with Electronics Businesses

In December of 2010, our company implemented a major shift in management policy towards the environment and energy sectors. To strengthen the group's management and growth potential, Japan Radio Co., Ltd. with which we had close relations, became a consolidated subsidiary through a friendly takeover bid. In addition, Nagano Japan Radio Co., Ltd. also became a subsidiary. As a result, the electronics sector is now the biggest segment of our group, comprising the above two companies as well as New Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd.

Through the synergy between the advanced electronics technology of the Japan Radio Group and the chemicals and mechatronics expertise of the Nisshinbo Group, supported by our Business Development Division and other divisions, we are expanding the scope of our activities as an eco-company.

The recent Great East Japan Earthquake has shown again how crucial electric power is for business operations. The Nisshinbo Group is actively participating in ameliorating the environmental conditions through disaster prevention, power conservation, and other efforts.

■ Accelerating Overseas Development and Contributing to Sustainable Development of the Global Society

The focus of the world economy is dynamically shifting from developed countries to the East Asian region centered on China. To assure continued growth, a global outlook is becoming more important than ever.

In the textiles business, we have taken the drastic step of completely reorganizing our organizational framework and ceasing domestic production. At the same time, major facility investments in Indonesia, China, Brazil, and India are resulting in increased productivity and are starting to contribute to our business performance.

In the automobile brakes sector, we have successfully made a major move into China. We are also reinforcing product development to assure Nisshinbo Brake level quality in brakes produced in India.

In the precision instruments mechatronics arena, our photovoltaic module manufacturing equipment has been a

major growth engine through exports destined for the Asian region. We have established manufacturing bases in China through joint ventures, and have created a sales and service base in South Korea. The production of plastic molding equipment has been bolstered through the establishment of a plant in Thailand, and we have taken the decision to intensify our presence on the Indian market as well.

The policy of manufacturing at the right location, tailored to meet specific market needs is showing results that enhance the progress of the entire group.

■ Adapting to Growth Is What Business Is All About

Starting out with the manufacture of textiles centered around cotton that were the original focus of our company, we have grown and expanded our business activities into various areas of related materials and technology. The automobile brakes business for example that currently is a major source of our revenues is also an adaptation of spinning technology.

But even with a wealth of accumulated technology and know-how, simply relying on past achievements is not enough to succeed in today's rapidly changing business environment. Moving into the future always involves rethinking one's premises, and adapting to evolving needs. This also encompasses taking bold steps into new territory, without clinging to well-worn patterns. I believe that this is the management approach that leads to significant growth in today's world.

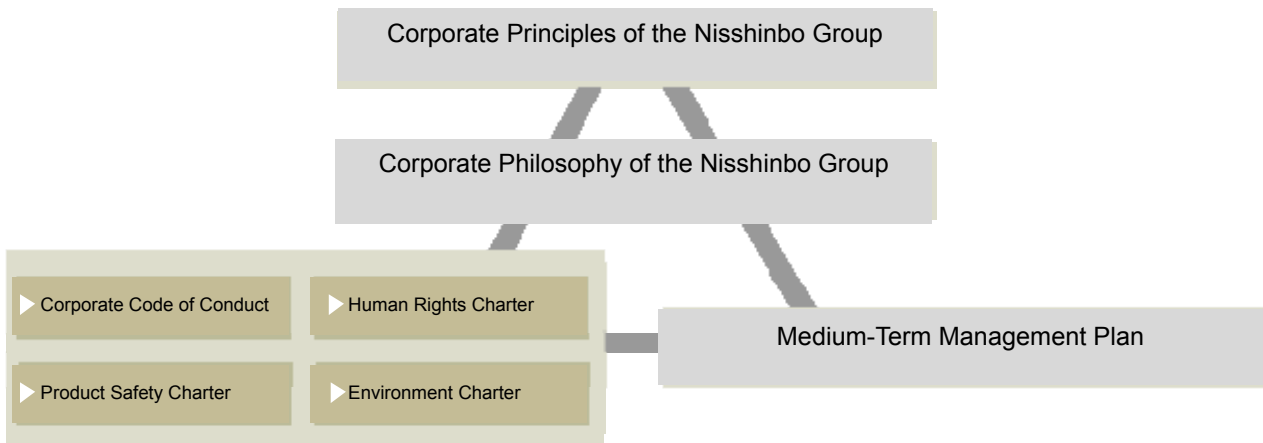
The Nisshinbo Group will continue to focus management resources on the environment and energy, tackling problems with a global outlook and a pro-active stance. This is our way of contributing towards the development of a sustainable society that transcends national borders and interests. The continued trust and support of all our stakeholders will enable us to succeed in this mission.



Shizuka Uzawa, President
Nisshinbo Holdings Inc.
September 2011

The Vision of the Nisshinbo Group

Contributing to society through sincere and fair business activities, this is the underlying motto that guides all of the Nisshinbo Group's operations. While enhancing our value as an eco-company, we devote all our strength to the betterment of human life on the globe.



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 towards 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 18)
Product Safety Charter	(See page 26)
Human Rights Charter	(See page 30)
Environment Charter	(See page 46)

Medium-Term Management Plan

We are implementing the Three-Year Management Plan "Challenge 2012" scheduled to run up to the fiscal year 2012. In the first year, fiscal 2010, the numeric targets of the plan were achieved.

<http://www.nisshinbo.co.jp/ir/management/strategy.html>

Overview of the Nisshinbo Group and Financial Data

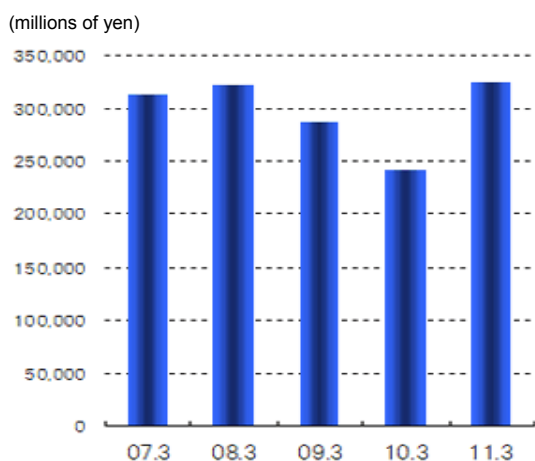
The Nisshinbo Group helps to improve living standards through innovative product creation, contributing to the betterment of society in many different areas.

Corporate Data

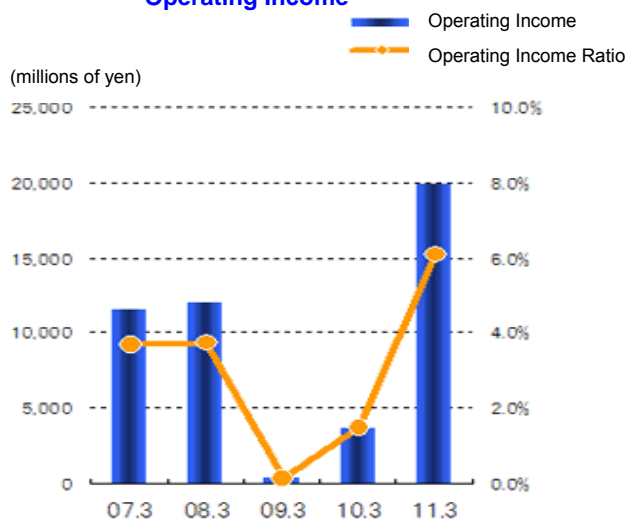
Name	Nisshinbo Holdings Inc.
Date of Establishment	February 5, 1907
Capital	27,587 million yen (as of March 31, 2011)
Head Office	2-31-11 Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo, Japan 103-8650
Representative	Shizuka Uzawa, President
Number of Employees	18,292 persons (consolidated), 228 persons (non-consolidated, excluding seconded staff) (as of March 31, 2011)

Financial Data (Consolidated)

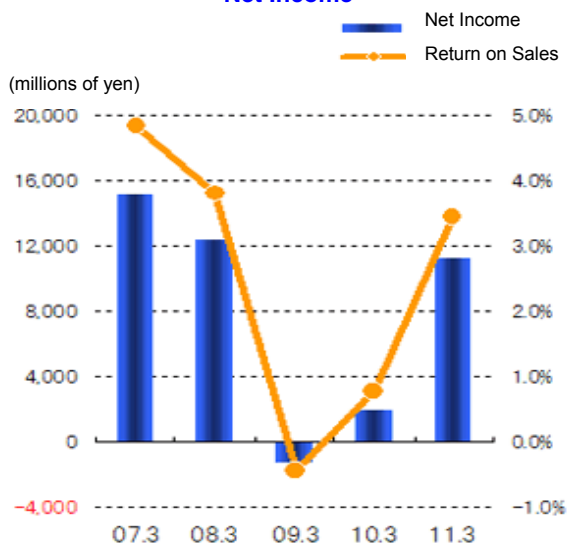
Consolidated Net Sales



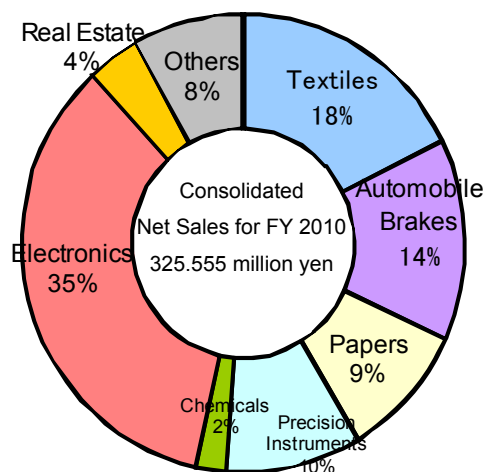
Operating Income



Net Income



Net Sales by Sector



■ Business Activities of Nisshinbo Group and Main Subsidiaries (as of April 1, 2011)

Textiles

Nisshinbo Textile Inc.

Key products: cotton textile products with emphasis on natural materials. Supplies high-quality "Made by Nisshinbo" dress shirts, denim items, uniforms etc. to markets worldwide.

CHOYA CORP. (Tokyo)
Nisshin Denim Inc. (Tokushima)
Naigai Shirts Co., Ltd. (Osaka)
Nisshinbo Do Brasil Industria Textil LTDA. (Brazil)
PT. Nikawa Textile Industry (Indonesia)
PT. Nisshinbo Indonesia (Indonesia)
Nisshinbo (Shanghai) Co., Ltd. (China)



Automobile Brakes

Nisshinbo Brake Inc.

Produces NISSHINBO brand automobile brake products renowned for their reliability. Expanding global player with bases in North America, South Korea, Thailand, and now in China.

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



Papers

Nisshinbo Paper Products Inc.

Offers a range of high value-added products, including bath tissue paper and other papers for domestic use, printing paper for catalogs and similar, special paper for telegram forms, etc.

Tokai Seishi Kougyou Co., Ltd. (Shizuoka)
Nisshinbo Postal Chemical Co., Ltd. (Tokyo)
Daiwa Shiko Co., Ltd (Tokyo)



Precision Instruments

Nisshinbo Mechatronics Inc.

Product offerings cover a wide range in the rapidly growing environment and energy sector, including photovoltaic module manufacturing equipment, fans for air conditioners, and precision parts processing for automotive use.

Nisshinbo Precision Instrument & Machinery
Hiroshima Corporation (Hiroshima)
Nisshinbo Alps Tech Co., Ltd. (Shizuoka)
Nisshinbo Mechatronics (Thailand) Ltd. (Thailand)
Nisshinbo Mechatronics (Shanghai) Co., Ltd. (China)



Chemicals

Nisshinbo Chemical Inc.

Offerings include the bioplastics manufacturing additive Carbodilite, bipolar plates for fuel cells, and many other products that will shape the future.

Nisshin Environmental Planning Inc. (Tokyo)



Electronics

Japan Radio Co., Ltd.

Japan Radio Co., a pioneer in the radio communication device field, has become a consolidated subsidiary, facilitating intensified operations in the energy sector, with a focus on the generation, storage, and control of electrical power.

New Japan Radio Co., Ltd. (Tokyo)
Nagano Japan Radio Co., Ltd. (Nagano)
Ueda Japan Radio Co., Ltd. (Nagano)



Real Estate and Other Businesses

Making effective use of properties that have become vacant due to the shift to overseas production, we are turning some into pleasant residential areas that will also support growth of the group.

Nisshinbo Urban Development Co., Ltd. (Tokyo)
Nisshin Toa Inc. (Tokyo)
Iwao & Co., Ltd. (Osaka)
Nisshinbo Europe B.V. (The Netherlands)



PR Campaigns of the Nisshinbo Group

The Nisshinbo Group has made the environment and energy sectors the main focus of its operations as an eco-company, which is expected to stimulate further growth of the entire group. An advertising campaign under the motto “Nisshinbo,

地球の相棒
NISSHINBO

a partner of the earth” is being conducted to appeal to the public via TV commercials and posters illustrating the Company's stance towards reducing environmental impact while aiming for further growth as a group.

Scenes from TV commercials

“A meeting in the woods”



“Worried about the polar bears”



Advertisement in the Tokaido Shinkansen magazine “Hitotoki”



Special section on the Nisshinbo web site

2.

FEATURES

(1) Expansion of Electronics Business

In December 2010, a takeover bid for Japan Radio Co., Ltd. brought Japan Radio Co., Ltd. and Nagano Japan Radio Co., Ltd. into the Nisshinbo Group. As a result, the electronics sector is now the biggest segment of the group, comprising the above two companies as well as New Japan Radio Co., Ltd. and Ueda Japan Radio Co., Ltd.

This feature introduces the four corporate players in the electronics business.

Japan Radio Co., Ltd.



Takayoshi Tsuchida, President
Japan Radio Co., Ltd.

We have strengthened our cooperative framework with the Nisshinbo Group in various environment and energy related fields, and expect the improved synergy to result in significantly enhanced mutual growth opportunities.

The predecessor of Japan Radio Co., Ltd. (JRC) was the “Anonymous Association Nippon Radio Telegraph Manufacturer” founded in 1915. The name was changed once in 1920, and in 1942 became the current company name. During its long history, JRC has always been a trailblazer in the electronics field, gaining a solid reputation as the foremost company in radio communications. While accumulating extensive know-how and technical expertise in the communications, measurement, and information domain, we have developed a wide range of products and systems, many of which were firsts in Japan or worldwide.

[Key business operations and products]

- **Communication Devices:** Using proprietary electronics technology and devices developed in-house, the company offers a wide range of mobile and IT communication products including GPS receivers for car navigation systems, electronic toll collection units for motorcycles, professional radio communication equipment, PHS terminals, wireless LAN equipment, and amplifiers for mobile phone base stations.
- **Marine Electronics:** JRC develops and markets marine satellite communication equipment, GMDSS (Global Maritime Distress and Safety System) equipment, marine radar and ECDIS (Electronic Chart Display and Information System) equipment, navigation data recording

units, port radar systems and various other products that make travel at sea safer and more economical and that contribute to the management of maritime traffic.

- **Solutions and Special Equipment:** JRC is working on various projects including a water and river information system for more efficient and safe use of water resources, an emergency information system for quick and accurate transmission of information in case of disasters, and a road and traffic information system comprising meteorological and traffic volume information to enhance road safety.

New Japan Radio Co., Ltd.

Ryo Ogura, President
New Japan Radio Co., Ltd.



We are reorganizing our production lines to deal with the appreciation of the yen and the trend towards lower prices. We are also reviewing unprofitable departments with a view towards improving development efficiency. In the area of new technology, our know-how and proprietary methods are producing a distinct synergy effect.

The company was founded in 1959 under the name Saitama Japan Radio Co., Ltd. as a subsidiary of Japan Radio Co., Ltd. In 1961, the current company name was adopted, and the production of microwave tubes began, followed by the start of semiconductor production a year later. Centered around these two areas, we have developed and perfected our own technology and methods, resulting in a distinct and successful product range. Currently, our banner technology is called “μ&μ,” representing a fusion of LSI technology and microwave technology. Staying at the cutting edge of

development in a rapidly changing industry has been our way of contributing to progress in a wide range of advanced fields in the industry.

[Key business operations and products]

- **Microwave Related Products:** Microwave electronic tubes and microwave components
- **Semiconductor Related Products:** Semiconductor integrated circuits, semiconductor devices

Nagano Japan Radio Co., Ltd.



Tomoshi Maruyama, President
Nagano Japan Radio Co., Ltd.

Our company is engaged in creating new value in three key sectors, namely "Information and Communication," "Mechatronics," and "Power and Energy." As a member of the Nisshinbo Group, we want to contribute to the betterment of human society also in future.

Radio Co., Ltd. in October 1942, the company became a separate entity named Nagano Japan Radio Co., Ltd. in 1949. In the more than sixty years since, we have accumulated sophisticated know-how in radio communications and device design, and have applied this to the development of products fusing fields such as communications technology, microelectronics and mechatronics, and systems control. The resulting products and systems are geared to meeting various needs of society.

[Key business operations and products]

- **Information and Communication:** The product range extends from large-scale information and communication systems to networking equipment and mobile communication devices. Disaster prevention systems designed to protect the safety of citizens, as well as onboard equipment for satellites are also part of our operations.
- **Mechatronics:** The product lineup in this area includes printers and copiers, photovoltaic module manufacturing equipment and various other equipment for production facilities. The company also develops and manufactures automated equipment for special applications, such as 3D printing systems and medical devices.
- **Power and Energy:** The company develops and builds a wide range of power supply solutions, from AC adapters

for personal computers to industrial use power supplies. Environment-friendly and power-saving battery modules and capacitor modules, as well as specialized power supplies for satellites and rockets are also being produced.

Ueda Japan Radio Co., Ltd.



Tsugio Furuhashi, President
Ueda Japan Radio Co., Ltd.

Based on our expertise in maritime equipment and professional radio communication systems, we are currently marketing a wide range of products developed in house. We intend to further intensify our operations in the radio communications and ultrasonic related sectors.

Formed as the Ueda plant of Japan Radio Co., Ltd. in May 1943, the company became a separate entity named Ueda Japan Radio Co., Ltd. in 1949. Through the manufacture of marine radio equipment, communication devices, measuring instruments etc., we have built a solid technological foundation in wireless communications and ultrasonic technology. Currently our product range encompasses communication equipment as well as medical equipment and various other applications.

We have established a product system that unifies the development, design, and manufacture of electronic products, and we respond flexibly to various needs, including OEM arrangements and outsourcing.

[Key business operations and products]

- **Radio and Communication Technology:** Short-range radio equipment, antennas, color LCD monitors
- **Ultrasonic Technology:** Piezoelectric ceramics, ultrasonic transducers, probes
- **Mechatronics:** Design and manufacture of applied ultrasound devices and medical equipment
- **Systems Technology:** Solutions for dam control, river information systems and other applications

FEATURES

(2) Towards More Intensive Globalization

The Nisshinbo Group actively promotes globalization in its various areas of activity. This feature introduces a few examples from fiscal 2010.

1) Textiles

The textile business of the Nisshinbo Group, in which Nisshinbo Textile Inc. plays a central role, is developing into a formidable business conglomerate with truly global competitiveness.

While manufacturing bases in Japan are now mainly focused on developing and producing high value-added goods, we have newly established or expanded manufacturing bases in Indonesia, China, India, and Brazil, providing a tremendous advantage in terms of cost, which will enable us to increase our worldwide market share.

i) Increased Manufacturing Capacity in Indonesia

In April 2011, PT. Nikawa Textile Industry completed a new weaving plant which has boosted the firm's weaving capacity by 40% to 36 million meters per year.

In the spring of 2010, PT. Nisshinbo Indonesia expanded its facilities for wash-and-wear processing of shirt cloth, resulting in a jump in monthly processing capacity from 1.37 to 1.74 million meters. A line for dyeing heavy cloth is scheduled for completion in December 2011, which is expected to boost monthly processing capacity to 2.3 million meters per month.

At the sewing company PT. Naigai Shirts Indonesia, a new plant is currently under construction, to be completed by the end of September 2011. The new plant will have a dedicated sewing line for the APOLLOCOT™ next-generation non-iron shirts, and it is planned that after completion about half of the 1.6 million shirts produced at the plant per year will be



PT. Nikawa Textile Industry

APOLLOCOT™ products.

In July 2010, PT. Malakasari Nisshinbo Denim Industry specializing in denim rope dyeing was formed as a joint venture with the Indonesian denim manufacturer Malakasari. Production at the new plant has begun in April 2011.

ii) New Bases in China

In July 2010, Nisshinbo Textile Changzhou Co., Ltd. was set up for processing colored yarn shirt cloth. Yearly production capacity is slated to become 6 million meters. The whole cloth processed in this plant comes from a local affiliated company, Changzhou <??> Co., Ltd. and after being finished, the cloth is sewed by our subsidiary Shanghai Choya Fashion Co., Ltd. and marketed to apparel manufacturers by Nisshinbo (Shanghai) Co., Ltd. This new manufacturing framework for producing yarn-dyed shirts in China has become operative in the summer of 2011.

iii) Production of Shirts in India

Joining forces with India's largest textiles manufacturer Vardhman, we have established a joint venture called Vardhman Nisshinbo Garments Co., Ltd. Production has begun in January 2011, with a target of 1.8 million shirts per year. In India, the SSP (shape stabilized clothes) are well known, and we are further expanding our marketing efforts in this area, after Japan and China.



Vardhman Nisshinbo Garments Co., Ltd.

iv) Expanded Activities in Brazil

Nisshinbo Do Brasil Industria Textil LTDA. (Nisshinbo Brazil) is keeping pace with the expanding market in that country, making an investment in spinning facility expansion on the order of 10,000 spindles (to be completed by the end of 2013). Nisshinbo products are renowned in Brazil for their high quality, but we are also getting ready to meet demand in high value added areas such as fine-count yarns.

2) Precision Instruments

Nisshinbo Mechatronics Inc. is increasing its pace of activities into East Asia, with the aim of expanding sales and providing more comprehensive support and after-sales service for our photovoltaic module manufacturing equipment.

i) New Bases in China

Jiangsu Yawei-Nisshinbo Precision Instruments & Machinery Co., Ltd. in China, which previously was a joint venture, became a subsidiary through increase of capital stock. On this occasion, the name was changed to Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd. and a new plant for photovoltaic module manufacturing equipment was built in May 2011. Nisshinbo is committed to active involvement in the photovoltaic module market in China which is expected to grow significantly.



Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd.

ii) New Company Established in South Korea

In January 2011, the Nisshinbo Photovoltaic Korea Corporation was established in Suwon, some 40 km south of the capital Seoul. The market for photovoltaic module manufacturing equipment in Korea is growing by leaps and bounds, a trend that is expected to continue. Nisshinbo Mechatronics Inc. already is supplying products to 22 photovoltaic manufacturers in Korea, and the company is working to further increase customer satisfaction and expand our roster of clients.

iii) Name Change of Shanghai Subsidiary



Nisshinbo Mechatronics (Shanghai) Co., Ltd.

In August 2010, Pudong Kohbunshi Co., Ltd (Shanghai) changed its name to Nisshinbo Mechatronics (Shanghai) Co., Ltd. In addition to being active in the high polymer sector, the company also has a solar division and a division dealing in precision products for the automotive industry and is serving as an important base for business in China. Starting with contract manufacturing for Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd., the share of business activities in China and other East Asian countries is to be expanded, with a view to boosting the operations scale of the entire Nisshinbo Mechatronics group.

3) Automobile Brakes

New Bases in China

Nisshinbo Brake Inc., in order to strengthen its production capacity for the expected further growth of the Chinese market, has formed a new company called Nisshinbo Saeron (Changshu) Automotive Co., Ltd. as a joint venture with the Korean subsidiary Saeron Automotive Corporation. It is planned to install manufacturing facilities with a monthly capacity for 400,000 disk pads (first term).

Nisshinbo Brake Inc. already is linked with the Saeron Automotive Beijing Corporation which is a wholly owned subsidiary of Saeron Automotive. Together the two companies will be aiming for a market share of at least 20 percent of the disk pad market for Chinese manufactured automobiles.



Saeron Automotive Beijing Corporation



(3) Products That Propel an Eco-Company Ahead

1) 100% Cotton Wash-and-Wear Shirts Save Energy by Eliminating the Need for Ironing

According to a study, ironing is at the top of the list when it comes to unpopular household chores. Ironing shirts in particular is something that many people are not good at and would rather avoid. This is probably the reason why the most common item sent to dry cleaners are dress shirts.

In 2009, Nisshinbo Textile Inc. introduced the next-generation wrinkle-free non-iron shirt brand, a 100% cotton product called APOLLOCOT™. APOLLOCOT™ improves on conventional wash-and-wear shirts by bringing the superior wearing comfort of 100% cotton to non-iron convenience. After simply washing the shirt and hanging it to dry, it will look and feel almost like a new shirt. The fact that no ironing is necessary also contributes to saving electrical energy as well as time.

APOLLOCOT™ had its beginnings in the men's dress shirt sector and garnered numerous favorable comments from satisfied customers, who noted the superior wearing comfort and the complete absence of wrinkles. Prompted by the favorable reception, more products in different patterns were added in 2010, and sales channels were expanded to include department stores. Overseas sales in China also have been ramped up.

Currently, in view of the brisk APOLLOCOT™ sales in Japan, a sewing plant including a dedicated APOLLOCOT™ line is under construction at PT. Naigai Shirts Indonesia, slated to start production in September 2011.

The extremely comfortable APOLLOCOT™ material supplied by Nisshinbo Textile Inc. is being used not only for formal business shirts but is increasingly finding application also for handkerchiefs, knit business shirts, 100% cotton

stretch knit, stretch nonwoven cloth, and various other items, thereby contributing to energy savings.

COMMENT

After a Lot of Problems, Finally...

While gathering various information and data about dress shirts, we became aware that many people really wanted non-iron shirts of superior quality, both for the convenience and for their energy-saving potential.

During the year and a half after the start of development, we approached the problem from every angle we could think of, conducting countless experiments and tests, but all of them ended in failure. It seemed as if we just could not get the level of quality that we were after.

But then, when we were about to give up, a publication in a specialized periodical caught our eye.

Taking a hint from that article, and further improving upon the approach, we finally were able to create a non-iron material that overcame the previous shortcomings and took things to the next level. We had found the next-generation non-iron product.



Takashi Takizawa

Manager
Development and Technology
Section, Development and
Technology Division
Nisshinbo Textile Inc.



2) Pesticide-Free Farming Aims for Safe and Stable Supply with Increased Self-Sufficiency

Irregular weather tends to drive up the price of vegetables and other farm produce. Problems that upset the stable and safe supply of food occur with increasing frequency. Consequently, eating patterns are shaped by a reliance on imports. But there are predictions for a shortage of food expected on a worldwide scale.

One approach towards improving the food supply situation is called a “plant factory.” This is aimed at ensuring a stable supply of food grown without agricultural chemicals, not affected by the vagaries of the seasons and the weather, and without relying on imports. By implementing local production for local consumption based on actual needs, energy use for transport can be reduced, which lightens the burden on the environment.

Nisshinbo is engaged in plant factory projects as a new enterprise, intending to bring its expertise in industrial production technology to bear also in this area. Using space in domestic factories that has been freed up by shifting the textiles business abroad, experimental facilities are being set up.

A strawberry growing system relying entirely on artificial light and using special cultivation equipment has been successfully set up at the Tokushima plant. The strawberries grown here are being praised not only for their taste but also

their high quality. One of the targets of this enterprise is the summer and autumn period, when imported strawberries with inferior taste dominate the market. Another aim is to supply good tasting strawberries year round to bakers and cake producers.



A different successful example is high-yield herb growing at the Fujieda plant. The herbs are already being marketed to foodstuff manufacturers.

In future, the Nisshinbo Group's technology for renewable energy sources such as photovoltaics, along with the JRC Group's wireless technology and HVDC design for reducing power consumption (see page 16) will be brought into play for developing the “smart factory” concept also in this area.

Further cost reductions should contribute to the spread of plant factories, producing good tasting food on a safe and stable basis, and contributing towards solving environmental problems and food shortages.

COMMENT

The Birth of the “APOLLOberry”

Since the start of the plant factory project, I have been involved in researching strawberry cultivation.

Growing strawberries in a factory setting on a large scale is a first for Japan. We had to find our way by trial and error, until finally, in December 2010, the “APOLLOberry” grown entirely without agricultural chemicals and only under artificial light was born. I will never forget the moment I first tasted the result.

The deep red, fully ripe APOLLOberry can be eaten without having to wash it first. We are determined to continue our efforts towards being able to offer delicious strawberries all year round.



Yasuyo Mizode
Business Development
Department
Business Development
Division
Nisshinbo Holdings Inc.

FEATURES



3) Countering the Increase in Power Consumption by Data Centers Vital for IT

The spread of the Internet and cloud computing has brought about a rapid increase in the number of businesses establishing data centers to consolidate their IT systems and provide a stable and economic platform for their operations. In turn, the power consumed by such data centers is increasing year by year. According to a study by the Ministry of Economy, Trade and Industry, the power required for this purpose will increase six fold by 2025, as compared to 2006. Therefore the question of how to reduce energy consumption by data centers is a crucial topic.

In this regard, a high-voltage direct current (HVDC) supply system from Japan Radio Co., Ltd., called FRESH HVDC is garnering a lot of attention.

Conventional power supply systems for data centers usually perform AC/DC conversion in a complex three-stage configuration. With each repeated conversion, a power loss is introduced, dissipated as thermal energy.

By contrast, FRESH HVDC from JRC turns the AC power from the grid into a high DC voltage (340-380 V) only once, and then supplies the power in DC form to the server racks. At the server rack, the power is stepped down to 12 V, providing a safe source of energy for each server. Since there is only one AC/DC conversion step, power losses are reduced, and because less thermal energy is released, the power consumption for air conditioning will also be lower. Taking the example of an installation requiring 1,000 kVA, this works out to a reduction in CO₂ emissions by 662 tons yearly (the equivalent of planting about 60,000 beech trees).

In addition, FRESH HVDC circuitry is designed with mid-point ground and other features to enhance safety and

eliminate the shock risk inherent in high-voltage DC transmission. Equipment configuration is simple, for improved reliability.

By meeting the demands for energy conservation in data centers, FRESH HVDC contributes to a better environment.

COMMENT

Realizing Energy Savings Through a Safe and Effective System

FRESH HVDC delivers electrical power with high efficiency, which helps to reduce CO₂ emissions and protect the environment. The system is being viewed with interest from various quarters, as the unstable energy situation at the moment demands that we conserve energy as much as possible.

Because the system involves high voltages, safety is course a high priority. This requirement is realized by means such as arc suppression and electric shock prevention features.

We will continue to work towards realizing even higher efficiency with systems that allow safe and reliable energy delivery.



Yoshikazu Oshima

Manager in charge
RF Technology Group
Applied Radio Systems
Engineering Department
Japan Radio Co., Ltd.



4) High Power Wireless Charging System to Advance the Acceptance of Electric Vehicles

Exhaust emissions from automobiles are causing major problems such as global warming and atmospheric pollution. By contrast, high hopes are placed on the more widespread acceptance of electric vehicles as a clean mode of transportation producing no emissions at all.

But this requires building a practical infrastructure for charging such vehicles. Current plug-in type systems have the drawback of requiring users to handle and connect or disconnect heavy cables and plugs.

An alternative method that is currently drawing attention is wireless power transfer* by which charging power is transmitted without the use of cables. Wireless power transfer is already in practical use for equipment such as cordless phones, shavers, etc. The dominant method here is the electromagnetic induction principle which requires close proximity.

Nagano Japan Radio Co., Ltd. has brought its proprietary expertise into play to create an advanced symbiosis of radio technology, power supply technology, and digital control technology, using the magnetic resonance principle which allows charging also over relatively long distances. In 2009, the company successfully developed a wireless power transfer system with a 30 watt capacity. This was followed by a 1 kW type in 2010, dubbed the high power wireless charging system, capable of effectively transferring power also to batteries and capacitors subject to large load fluctuations.

This system does away with the requirements for close proximity and pin-point positioning that hamper the electromagnetic induction principle, and makes possible effective power transfer in the kilowatt range.

* Power transfer: General term referring to the act of supplying power. Charging refers to supplying power to batteries.

The high power wireless charging system makes possible electric vehicles that do not have to be plugged in, thereby drastically increasing convenience as well as safety. This kind of environmental energy technology is seen as opening up new possibilities and a contributing factor to the wider acceptance of electric vehicles.

Wireless power transfer has potential not only for electric vehicles but also for various industrial applications. Continuing R & D efforts are expected to lead to even higher power handling capacity, higher efficiency, and the introduction of solutions for any versatile applications.

COMMENT

Towards the Ultimately Simple “Park and Charge” Scenario

Using proprietary technology, our company has been engaged in developing wireless power transfer systems since several years ago. In 2009, we were the first in Japan to unveil a system using the magnetic resonance principle, successfully transmitting 1 kW in 2010.

This groundbreaking system was conceived with electric vehicles in mind and incorporated a number of features not available from competitors. For example, charging is possible also over a distance of several tens of centimeters, and power is automatically controlled according to the type of vehicle and its parking position.

We are inspired by the thought that our work in this area will help environment-friendly vehicles to become more widely accepted.



Shigeru Kobayashi
Deputy Leader
R & D Section
Basic Technology Division
Nagano Japan Radio Co., Ltd.

3.

CSR MANAGEMENT

(1) CSR of the Nisshinbo Group

In order to continue earning the trust of society at large, enterprises must fulfill their corporate social responsibility (CSR).

The Corporate Code of Conduct of the Nisshinbo Group also serves as the guideline for our CSR activities. We consider it essential that every member of our staff is fully

aware of the Corporate Code of Conduct, and implements its tenets for a public entity by contributing to society through everyday business dealings. Self-motivated, forward-looking actions based on an understanding of what CSR implies are the basis for our operation.

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 disseminate it throughout the Group and make it known to business partners. Furthermore, we shall constantly monitor opinions both inside and outside the Group, establish an effective in-house setup, and thoroughly imbue corporate ethics.
10. If a situation arises that appears to violate this charter, the top management of Nisshinbo Group companies shall make clear both internally and externally our position of solving the problem and shall endeavor to investigate the causes and prevent a recurrence. Furthermore, the top management shall execute the disclosure of speedy and accurate information and accountability to the public and, after clarifying authority and responsibility, undertake strict penalties, including upon ourselves.

(2) Activity Results for FY 2010

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

Self-assessment symbol explanation:

✓: Good (medium-term target achieved)

△: Fair (medium-term target not achieved in some respects)

X: Inadequate (medium-term target not achieved)

1) Management

Category	Medium-term CSR Target	Selfassessment	FY 2010 results
(1) Expand compliance systems group-wide	Conduct compliance training for all employees	✓	Performed training following employee handbook (Corporate Vision of the Nisshinbo Group), translated employee handbook into local languages and performed training using local language (overseas subsidiaries)
	Operate a corporate ethics reporting hotline		Consulting by the Corporate Ethics Committee
(2) Expand and enhance dialog with stakeholders	Continuously issue CSR reports	✓	Issued CSR Report Timely disclosure of IR information

General Comments:

Activities in areas for which self-assessment is "Good" will be continued in similar fashion also in future. CSR promotion activities group-wide will be continuously reviewed and matched to our role as a business group that responds to the requirements of society, to ensure meaningful operations.

2) Activities Related to Society

Category	Medium-term CSR Target	Selfassessment	FY 2010 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	✓	Compiled claim statistics, performed content analysis, and reinforced measures to prevent recurrence
	Raise awareness of product safety among all employees		Used employee handbook (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
(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) Adopt and put into practice the Nisshinbo Group Basic Procurement Policies
(4) Encourage a good work-life balance	Enhance programs that support employees (consideration for the new jury system, next-generation educational support, etc.)	✓	Adopted child care and re-hiring programs
(5) Implement appropriate employment management	Promote fair hiring practices	△	Conducted training concerning fair hiring practices
	Japan: Maintain employment of disabled persons at the statutory 1.8% or higher		Applicable to 18 companies; achieved by 8 companies
(6) Establish a healthy work environment	Promote human rights education	✓	Conducted human rights education seminars, 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, conducted gynecological cancer screening
(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
	Implement preventive measures based on potential incident reports and expand them laterally		Checked implementation of education programs
	Establish and implement occupational safety and health risk assessment procedures		Preventive measures based on potential incident reports firmly implemented
	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		Risk assessment firmly established Zero major incidents Lost work time injury rate Domestic group companies: 0.36 Overseas group companies: 0.85
(8) Expand and enhance social contribution activities through corporate activities	Offer work experience opportunities such as internships	✓	Accepted a total of 134 student interns in the Nisshinbo Group
	Encourage collaborative research between industry and academia		Participated in NEDO* projects Established an endowed chair, continued joint research with universities

*: NEDO: New Energy and Industrial Technology Development Organization

3) Activities Related to the Environment

(Japan Radio group's activities are not included.)

Category	Medium-term CSR Target	Self-assessment	FY 2010 results
(1) Adopt voluntary management standards	Set voluntary management standards that exceed regulatory standards	✓	Group companies adopted voluntary management standards for each subsidiary and 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)	✓	Introduced in major business areas
(3) Continuously improve environmental performance	Expand and encourage the use of environmental management systems (ISO 14001, etc.)	✓	Two new certificates obtained (Nisshinbo Chemical Inc., Chiba Plant, Shanghai Choya Fashion Co., Ltd.)
(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%
(6) Energy consumption per unit of sales	Reduce by at least 5% compared to FY 2006	×	1% increase
(7) Greenhouse gases emissions per unit of sales	Reduce by at least 5% compared to FY 2006	×	1% reduction
(8) Transport volume per unit of sales	Reduce by at least 5% compared to FY 2006	✓	17% reduction
(9) Volume of PRTR substances* handled per unit of sales	Reduce by at least 10% compared to FY 2006	×	1% increase
(10) Volume of non-recyclable waste generated per unit of sales	Reduce by at least 15% compared to FY 2006	✓	31% reduction
(11) Volume of office paper used (absolute volume)	Reduce by at least 2% compared to FY 2006	✓	17% reduction

General Comments:

Activities in areas for which targets were achieved will be continued in similar fashion also in future. The status for items marked X is as described below.

(6) Energy consumption per unit of sales.
and

(7) Greenhouse gases emissions per unit of sales

For both items, absolute values have dropped, but because the target is expressed per unit of sales, the figures have worsened due to reduced sales. Nisshinbo will continue to strive for energy savings (reduction in greenhouse gases).

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

The absolute value has dropped, but because the target is expressed per unit of sales, the figures have worsened due to reduced sales. Nisshinbo will continue to reduce the use of PRTR substances and move towards alternative materials.

* 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. (For chemical substance specifications before the FY 2008 revision.)

(3) Corporate Governance

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 towards 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.

1) Corporate Governance Structures

In order to enable swift executive decision making while carrying out business operations, Nisshinbo has adopted the managing officer system. As of June 29, 2010, the Board of Directors has 13 members, three of whom are outside directors. Nine of the directors are also managing officers.

With the addition of three more, there are 12 managing officers, who, together with directors and others belong to the Corporate Strategy Center that defines crucial policy for business operations of the Nisshinbo Group.

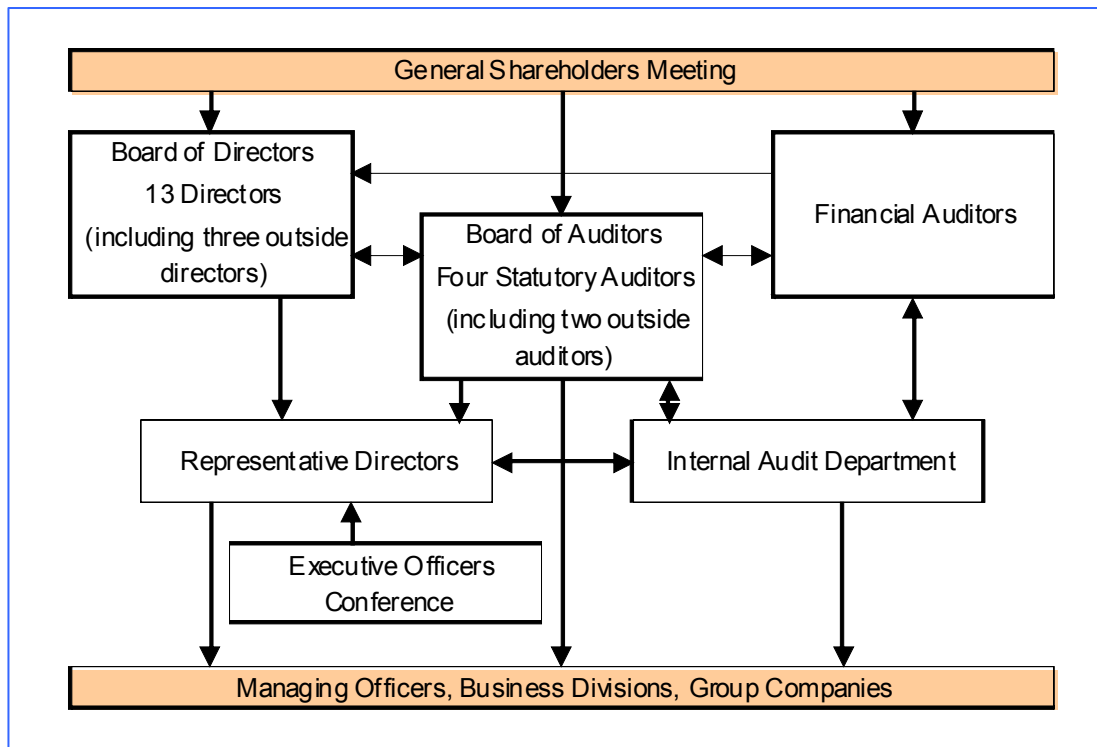
The Board of Directors deliberates important issues concerning the business operations of the group.

Outside directors bring their extensive experience and relevant insight to bear and supervise the management from an impartial, neutral standpoint, thereby strengthening the monitoring capability of the Board of Directors and enhancing the transparency of management.

i) Board of Auditors

The Company has a board of auditors, which has four statutory corporate auditors, including two outside auditors.

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 Board of Directors meeting (16 times) and every Board of Auditors meeting (13 times) held in fiscal 2010 and were active in presenting their opinions. They also liaise with the Internal Audit Department to ensure the suitability and proper execution of business operations.



ii) Internal Audit Department

The Company has an Internal Audit Department charged with monitoring operations, separately from the executive chain. The department oversees the execution status of the entire group's operations and performs audits of documents, books, and other relevant items. It offers advice and suggestions on how to improve compliance and rationality, with the aim of protecting the Company's assets and improving management efficiency. Furthermore, the Internal Audit Department works with the corporate and financial auditors to improve the effectiveness of business and accounting audits.

iii) 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, including information about the convening of and resolutions from regular general stockholders meetings, financial results, business reports, annual securities reports, annual reports, press releases, etc., always striving to provide comprehensive content.

2) Maintaining Internal Control Systems

Based on the "Corporate Principles" and the "Corporate Philosophy of the Nisshinbo Group," the Company aims to build and maintain a healthy corporate climate in all of its members. An internal control system has been established, with the purpose of uncovering any problems in our business processes and providing a framework for solving such problems and improving operations as a whole.

i) Internal Control Systems Relating to Financial Reporting

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 fiscal 2010, in the system's third year of operation, the Internal Audit Department assessed the operational status of the internal control systems in each group company to confirm their effectiveness.

(4) Risk Management

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 the adoption of 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) give highest priority to the protection of 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.

Nisshinbo Holdings has organized firefighting teams at each business site, and performs regular fire drills. The teams are trained in early detection and counteraction, earthquake response, and life saving operations. In addition, drills on how to deal with emergencies tailored to the respective site, such as gas leaks, chemical spills etc. are conducted on a regular basis.

Larger plants including those of subsidiaries are inspected yearly by executives, to provide incentives for further improved disaster management activities. During fiscal 2010, such executive inspections were carried out at 14 plants.



1) Crisis Management System

In case of a crisis, response task forces will be created at Nisshinbo Holdings and its subsidiaries (except listed subsidiary companies in Japan). The authority to direct each task force is placed in the hands of the president of Nisshinbo Holdings. Regular drills and inspections take place to ensure that the crisis management system can perform as expected.

For example, emergency contact exercises are conducted annually to ensure that the whereabouts and safety of employees can be confirmed should a major earthquake or other disaster occur.



i) Fire Fighting Organization

2) Protection of Personal Information

The Nisshinbo Group is performing annual internal audits and is constantly improving information security measures based on a firm set of rules, to ensure that personal data both of customers and of staff are properly managed and protected. Nisshinbo's privacy policy is published on our web site.

The data for customers and staff are vital assets, and strict measures are in place to prevent the leaking of such information.

3) 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.

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

With the aim of ensuring uninterrupted system operation around the clock, 365 days a year, major servers are installed in safe configurations able to withstand high-level seismic damage.

TOPICS

Dealing with the Great East Japan Earthquake

We express our sincere condolences to all persons affected by the massive earthquake that occurred off the Pacific Coast of Tohoku on March 11, 2011.

Shortly after the quake hit, the Nisshinbo Group established a "Disaster Countermeasure Task Force" headed by the President, to gather information and implement necessary measures.

Although there was some damage to buildings and facilities at business sites of the Nisshinbo Group, fortunately we suffered no fatal consequences. After checking equipment and facilities at our plants, production was gradually resumed, and by March 14 all operations were restored.

However, the Great East Japan Earthquake not only wrought havoc through seismic shocks and the resulting tsunami, it also triggered the nuclear reactor crisis and caused a serious power shortage. Consequently the Nisshinbo Group experienced problems with raw materials procurement, and our production schedule as well as distribution operations were affected.

Similar to the industry at large, the disaster also prompted us to review our emergency countermeasure framework, to intensify our efforts towards handling and mitigating disaster risks, and towards ensuring a safe and stable supply of goods and materials.

Support for Affected Areas

With the aim of contributing towards the rescue and relief efforts in the areas affected by the Great East Japan Earthquake, Nisshinbo Holdings Inc. donated 30 million yen via the Japan Red Cross, and we also provided support by donating products including paper products for household use, textiles, etc. Group member Japan Radio Co., Ltd. separately donated 10 million yen via the Japan Red Cross.

The Nisshinbo Group is continuing to support relief operations, and we sincerely hope for a fast restoration and recovery of the affected areas.

(5) Compliance

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.

1) Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo established its Corporate Ethics Committee to oversee group-wide compliance activities. The committee is headed by a managing officer and reports directly to the President.

The Corporate Ethics Reporting System was created for the early discovery and prevention of any suspected and actual legal violations. Both group employees and outsiders can report to the system, which can be used to communicate directly with the Corporate Ethics Committee or an outside corporate attorney. The confidentiality of persons making reports is strictly guaranteed and every effort is made to prevent any prejudicial treatment towards them. Reports are dealt with by the Corporate Ethics Committee.



2) Compliance Education

The Nisshinbo Group prepared its employee handbook, *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 overseas subsidiaries, including local executive staff, in non-English speaking countries as well. During fiscal 2010, two subsidiaries in the textile sector, Nisshinbo Brazil and Naigai Shirts Indonesia translated the employee handbook into their respective local language, for use in training.



TOPICS

Meeting of Group Company Managers in Charge

In July 2010, a meeting to bring together managers in charge of administration at the various Nisshinbo Group companies was held, providing a forum for lively discussion. As the pace of globalization is picking up, it is becoming ever more important to ensure thorough compliance of operations around the globe. For this purpose, the administration departments throughout the group will further intensify their cooperation links and implement suitable measures.

(1) For the Benefit of Customers

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 the charter.

We believe that our mission is to act as a reliable provider of products that fulfill high quality and performance requirements and that continue to instill confidence in consumers.

We are continually enhancing our product safety and product quality assurance framework and also aiming to provide our customers with as much information as possible.

We also conduct intensive research and technological development in the areas of environment-friendliness and recycling, and we work together with our suppliers to promote CSR awareness.

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.

1) Product Labeling

There have been a number of instances in recent years of product labeling problems, including false labeling of the country of origin or expiration date of food products and improper indication of quality on household products. As a consequence, the general public understandably regards businesses with a critical eye.

In fiscal 2010, continuing from the previous year the Nisshinbo Group conducted the following investigations regarding products and services.

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

As a result of our investigations, no problems were detected throughout the entire group. This is a result of our severe stance with regard to product labeling, and we intend to maintain our efforts in this regard also in future.

2) 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.

3) Major Awards Received in Fiscal 2010

Textiles	
Iwao & Co., Ltd.	Received overall excellent vendor award and best development company award from Adidas Japan
Automobile Brakes	
Nisshinbo Brake Inc.	Received "Quality Management Excellence Award" certificate from Toyota Motor Corporation
Nisshinbo Automotive Manufacturing Inc.	Received "Certificate of Achievement" from Toyota North America
Nisshinbo Somboon Automotive Co., Ltd.	Received "Excellent Quality and Delivery Schedule Award" from Siam Aisin
Saeron Automotive Beijing Corporation	Received "Safe Producer Certificate" (Development Sector Safety Council), "Industrial Safety Standard Target Compliance," Tax Office Grade A Desk
Saeron Automotive Corporation	Received 6Sigma Excellence Award from Chosun Corporation
Precision Instruments	
Nisshinbo Mechatronics Inc.	Received "Excellent Supplier Award" from DuPont Apollo Limited in China for photovoltaic module manufacturing equipment (See TOPICS)
Electronics	
Japan Radio Co., Ltd.	<ul style="list-style-type: none"> Received Safe Management Award from Kanto Regional Development Bureau of Ministry of Land, Infrastructure, Transport and Tourism for river information system construction project Received commendation from Central Nippon Expressway Company Limited for shortening of construction period Received Samsung-Q Gold Mark award from Samsung Heavy Industries

TOPICS

"Excellent Supplier Award" from DuPont Apollo Limited in China for Photovoltaic Module Manufacturing Equipment

DuPont Apollo Limited* located in China's Shenzhen district held its 2010 Vender Conference on October 27, 2010, and used the occasion to present Nisshinbo Mechatronics with its "Excellent Supplier Award" for photovoltaic module manufacturing equipment delivered during 2009.

The award was given in recognition of (1) smooth completion of setup after delivery, (2) comprehensive maintenance program, and (3) reliable and highly accurate equipment.

* DuPont Apollo Limited is a wholly owned subsidiary of DuPont U.S.A.



DuPont Apollo's CEO David Chu (right) presenting the award to director Fujiki

(2) For the Benefit of Shareholders and Investors

With regard to timely and appropriate disclosure of business and financial information, the Nisshinbo Group follows the relevant stipulation in the Corporate Code of Conduct: "As well as with shareholders, we shall engage in wide-ranging communication with society and disclose corporate information positively and fairly." An action framework has been put into place to implement this as effectively as possible.

1) Information Disclosure

Under the guidance of the manager in charge of information handling, important information is posted on TDnet^{*1}, followed by distribution of the information to the media and posting on the Company's web site.

2) Major Events for Investors in Japan and Overseas

- Earnings conference call (May, November)
- Annual report publication (September)
- Individual press interviews (about 300 per year)
- Investment conference for invited overseas investors (March 2011)
- Briefing for brokerage retail account managers (August)



Briefing for investors

3) Return to Stockholders

i) Dividend Policy

Nisshinbo has set a base value of 15 yen as the common yearly dividend, and is striving to achieve dividend increases according to business results.

ii) Treasury Stock Repurchases and Cancellation

In February and March 2010, 5,534,000 shares were repurchased, followed by the cancellation of 5,300,000 shares (2.88% of all shares before cancellation) in April.

iii) Shareholder Benefit Program

The program set up for individual shareholders in Japan this year gave a choice between a set of household paper products from Nisshinbo Paper Products Inc. and a "Green Fund" (corresponding to 3,000 yen each). The "Green Fund," including funds provided by the Company, resulted in a total of 1 million yen being donated to the National Land Afforestation Promotion Organization.

TOPICS

Making the Website Even Better

For impartial and timely information disclosure, Nisshinbo publishes information as needed on its website. Following from last year, the site again earned an excellent corporate website award in the Company Website Ranking by Nikko Investor Relations Co., Ltd.

Continued Inclusion in International SRI Index

The FTSE4Good Index Series is one of the two major SRI (Socially Responsible Investment) indices in the world. It evaluates businesses according to globally recognized corporate responsibility standards, and promotes investment in companies that meet the standards. Nisshinbo has been listed continuously since 2004, now in its eighth year.



(3) Working with Suppliers

The Nisshinbo Group has codified the rules to follow regarding procurement in the “Basic Purchasing Policy” and is committed to CSR-based procurement.

As a materials manufacturer, we have made CSR extending through the entire value chain a foremost concern that we promote actively among suppliers and buyers.

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.

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, or 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.

(4) Working with Employees

Human resources, encompassing each and every member of a company, are the real basis on which a company can continue to prosper. By respecting the character of each employee and by aiming to use him or her in the most suitable position for the most suitable tasks, a satisfying workplace can be created. We are committed to observing all relevant aspects including human rights and labor conditions, and to facilitate the establishment of a proper work-life balance for each individual.

Providing a stable and secure work environment is beneficial not only to the employees themselves but also can be seen as a contribution to society at large.

To safeguard the health and well-being of our staff, we always strive for zero accidents.

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 agreeable workplace environment that fosters respect for the diversity, character, and individuality of employees.

1) Human Rights Educational Activities

The Nisshinbo Group espouses respect for diversity and has established specific activities intended to promote awareness of human rights. We are also active as a corporate member in the Industrial Federation for Human Rights, Tokyo.

Nisshinbo conducts systematic training programs designed to deepen understanding of human rights, including managerial level training for senior executives, training on the importance of human rights for all employees, and human rights basics training for new employees.

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. We are conducting training for counselors at each group company to improve the skills of persons in charge.

With the aim of increasing awareness of human rights issues, a drive for human rights slogans is held during

Human Rights Week, resulting each year in about two to three thousand entries. In 2010, there were also a large number of entries from the Korean group company SAC, with the best being awarded the "Special Global Prize."

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 towards 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.

TOPICS

Slogan for Promoting Human Rights

Aiming for a happy society and work place without discrimination, Nisshinbo holds a competition each year across the entire group for the best slogan to promote human rights. Each time, many entries are received from staff and their families. In 2010, the number of entries was 2,437. One was awarded the top prize, with two runner-ups, and ten special commendations. The best entry from an overseas group company was awarded the "Special Global Prize."

Winning Entries for 2010

Top Prize

Polish the lens of your heart to focus on other people's feelings

Special Global Prize

Small graces shared with others make our lives more fulfilling, repeated small happiness creates bliss

(2) Health Management and Mental Health Measures

i) Gynecological Cancer Screening

Starting from fiscal 2010, the screenings and checkups for lifestyle-related diseases also include the option for ultrasound breast scans and a cytological examination for cervical cancer. Participation rates are 81% for the breast cancer scan and 56% for the cervical cancer examination, figures that are significantly higher than the 50% recommended as targets by the Ministry of Health, Labour, and Welfare. We will continue our efforts towards facilitating early cancer detection through suitable screening programs.

ii) Mental Health Guidelines

In fiscal 2010, we have put together a set of Mental Health Guidelines. Persons who are taking leave due to psychological problems can make use of an expanded leave program, and a system for “trial return to work” has also been standardized. The guidelines will ensure that staff members are treated fairly and have the opportunity to seek counseling at an early stage.

With the aim of encouraging self-care, basic surveys of workplace stress are conducted via the Intranet for all employees. Coaching seminars aimed at line supervisors are held on a regular basis, and related topics are also touched upon in the human rights sessions.

3) Maintaining a Good Work-Life Balance

Maintaining a proper balance between work and one's private life is a topic that Nisshinbo is giving due concern, with a view towards promoting a fulfilling, varied lifestyle.

i) Child Rearing and Family Care

In response to the revision of the childcare and caregiver leave law in 2010, we are actively promoting a variety of programs that go beyond the legal stipulations. As a result, a high percentage of female employees avail themselves of the opportunities for child care leave.

We also have newly established a system for re-hiring personnel who temporarily quit their jobs to devote time to

their children. This framework provides support for continuing one's professional career.

Also, taking paid leave in half-day increments is now the norm to allow for more flexible planning of holidays and leisure activities.



* Figures for fiscal 2007 and earlier are for the former Nisshinbo Industries Inc.

TOPICS

Combining Child Care Leave and Work

When my first child was born, I took child care leave for about seven months from May 1997, and again in 2005 for my second child and in 2007 for my third. I am grateful for having been given the opportunity to do this by my employer and having the understanding and support of my coworkers.

Being able to devote oneself fully to child care, even if only for a relatively short period, is of course important, but the chance to completely leave work behind for a while was a plus also in terms of making it easier for me to take stock and start afresh. The process of preparing for someone else to take over temporarily was a chance to eliminate slack and streamline my work flow. The time for rearing children is only a short part of one's lifespan, but to give birth and devote time to children has a different meaning for each individual. In terms of how this affects one's attitude to work, this applies not only to women but also to men. Taking child care leave has an effect on the work place, for colleagues as well as the person concerned, and may offer a chance for rethinking one's priorities and how one organizes one's work.

Namiko Shiohata

Business Strategy Section
Business Strategy Division
Nisshinbo Chemical Inc.



4) Increasing Employment of Disabled Persons

The employment of persons with a disability is being promoted throughout the Nisshinbo Group. We want to create an environment in which everybody, whether with a disability or not, can work confidently.

Among group companies in Japan, regular surveys regarding the employment of disabled persons are being carried out, and we aim to raise employment figures. While the legally prescribed hiring percentage (1.8%) is being met by the group as a whole, there are still some companies that fall short, and we are working to promote compliance.

5) Global Hiring and Training

i) Employment and Internship Opportunities for Non-Japanese Nationals

Since fiscal 2010, Nisshinbo is implementing a program for creating career opportunities for overseas college graduates and offering internships to non-Japanese nationals. In fiscal

2011 we hired two non-Japanese nationals and will expand this number in future under a global viewpoint.

ii) POET Global Human Resources Training

In keeping with the trend towards globalization, Nisshinbo has been implementing the POET (Program of Overseas English Training) in the U.S. since 2001. In 2006 we began a global human resources training project, sending young engineers to the U.S. and Thailand. In addition, some group companies have been sending newly recruited staff overseas for training since 2009, thereby further bolstering our cross-border outlook.

TOPICS

Accepting Chinese Students

The Human Resources Group welcomed Ms. Mao Xiaojiao, a student from Xi'an Jiaotong University in China, who was with us from August 23 to September 6, 2010. Ms. Mao is fluent in Japanese, English, and Chinese, and she also knows a lot about the historical and cultural differences between Japan and China. She impressed us with her abilities and passionate drive to improve herself.

We learned that in order to truly communicate with people from other cultures, we must question our own rules and assumptions as Japanese, in order to get an idea of how others see us.

We believe that we will benefit from this experience and hope to gain a more global outlook in our approach to the tasks that we face in our work.



Mr. Yoshida (left) and Ms. Mao (right)

Nao Yoshida

Human Resources and Administration Service Department
Business Support Center
Nisshinbo Holdings Inc.

TOPICS

Gaining Three Treasures through POET

I have gained three treasures through POET. The first is the capability for intercultural communication. In a global society, it is most important to correctly communicate one's thoughts to others. The next treasure is a global outlook. Seeing Japan from a global viewpoint brings both its good and bad points clearer into focus, and shows which challenges need to be tackled. Finally, there are friends from Asia. They have a strong sense of purpose and an ambitious spirit. In an increasingly connected global business world, I hope to put these three treasures to good use.

Hirokazu Yamagishi

Planning and Marketing Section
Processed Paper Products Department
Nisshinbo Paper Products Inc.



Mr. Yamagishi (right) with classmates

6) Occupational Safety Activities

Companies across the Nisshinbo Group are actively implementing 5S activities, potential incident reports, risk assessment, lateral spread of information about industrial accidents, as well as safety and hygiene monitoring. Furthermore, each business group, in accordance with its particular facilities and accident risk characteristics, performs drives to prevent industrial accidents, including preventing crushing and getting caught in machinery, back pain and muscle pain countermeasures, improving difficult work procedures, and reinforcing chemical substances management.

(7) Attainment of Medium-Term CSR Targets

In the three years since fiscal 2008, the companies of the Nisshinbo Group have shared common medium-term CSR targets and have worked together to attain these.

During this time, no major accident (accident with expected disability of class 6 or higher) occurred, and the medium-term CSR targets for each year were reached. Domestic business sites had a frequency of injuries with lost work days of 0.36. While this is a significant improvement over the fiscal 2007 figure, the target of 0.3 was not fully achieved. Overseas business sites in fiscal 2010 had a frequency of injuries with lost work days of 0.85, exceeding the target of 1.5.

8) Activities at Domestic Business Sites

At Nisshinbo business sites in Japan, accidents with lost work days involved 6 people (11 people in fiscal 2009), representing a drop, but the number of people involved in accidents without lost work days increased sharply from 19 in the previous year to 33 in fiscal 2010. The background for this increase may be that although equipment safety has improved, leading to a generally safer facilities, the number of unsafe actions has increased.

We intend to counter this trend through intensified training at our domestic business sites, to ensure that rules are followed, and to raise the safety awareness of staff by conducting danger recognition drills etc.

9) Activities at Overseas Business Sites

At Nisshinbo business sites outside of Japan, accidents with lost work days involved 12 people (6 people in 2009), and the number of people involved in accidents without lost work days was 6 (4 people in the previous year). This increase, which is partly due to an increase of manufacturing volumes at the Nisshinbo Textile, Nisshinbo Brake, and Nisshinbo Mechatronics groups, will be countered through intensive safety attitude committed by management members on site, and by dispatching specialized staff and teams from Japan to carry out safety management related activities.

Attainment of Medium-Term CSR Targets

		FY 2007 results	Medium-term CSR targets (FY 2010)	FY 2010 results	Attainment
Number of major accidents* ¹		2	0	0	✓
Frequency of injuries with lost workdays* ²	Japan	0.97	0.3	0.36	×
	Overseas	3.24	1.5	0.85	✓

*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

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

10) Health and Safety Audits

The Nisshinbo Group conducts regular health and safety audits at manufacturing sites of domestic group companies once per year. These are performed by monitoring teams with clearly designated responsibilities, composed of Health and Safety Group members and health and safety management staff from the site itself and from other business sites. The status of activities directed at health and safety is ascertained, and improvements are suggested and monitored. During fiscal 2010, such regular inspections were carried out at 27 business sites.

When an accident with lost work days occurs, a non-scheduled audit may be held on site, examining facilities, work procedures, and management aspects to elucidate the cause and devise measures to prevent a reoccurrence.

TOPICS

Learning How to Use a Life-Saving AED Through Drills at Various Business Sites Commendation for Saving a Life (Nisshinbo Urban Development)

At the Neo Indoor Tennis Nishiarai facility managed by Nisshinbo Urban Development Co., Ltd., in April 2010 a 59-year old man suddenly collapsed during a lesson in a condition of cardiac and respiratory arrest. After contacting emergency services, employees of the facility along with the coach and other lesson participants worked together to operate the AED (Automated External Defibrillator) and administer heart massage and artificial respiration. Thanks to the AED operation, the man's heart and lung functions could be restored, and his life was saved.

The Nishiarai Fire Department commended the staff of the tennis facility and two lesson participants for their swift response.

Regular drills of AED operation and other crisis management procedures have proven their worth, and will be continued also in future.



Manager Masaki receiving a commendation



AED training session

(5) Working with Local Communities

The Nisshinbo Group actively engages in communication with all of its stakeholders as well as society at large, and we do our best to respond to the trust placed in us.

Timely and to-the-point information disclosure and effective communication are the tools by which we strive to connect with customers, employees, shareholders, and the local community, conducting an ongoing dialog with stakeholders from all different walks of life.

The Nisshinbo Group also 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.

1) Internships and Hands-on Workplace Experience Programs

The Nisshinbo Group actively accepts interns from universities and graduate schools. In fiscal 2010, the group accepted 134 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.

2) Social Contributions Through Sports Sponsorship

i) Sponsorship of All Japan Junior Tennis Championship

Since 2005, Nisshinbo has supported the All Japan Junior Tennis Championships organized by the Japan Tennis Association as a special sponsor. We believe that by helping to foster the next generation of champions, we can contribute to society through the field of sports.

The All Japan Junior Tennis Championships are one of the most important amateur tennis events in Japan, with a

large number of male and female players under 18 competing in various age ranks. It boasts a long history, with the first event having been held in 1928, and it is the dream of each young player to compete in this championship.



Each year, the Japan Tennis Association selects four players from the tournament, two each from the men's and women's division, and sends them as members of the Nisshinbo National Junior Team 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. Many players who went on to become famous professionals representing Japan went through this program, such as Jun Mitsuhashi, Kurumi Nara, and Misaki Doi.

ii) Signing up Tennis Player Hiroyasu Ehara

Nisshinbo Holdings signed up one of the upcoming stars of professional tennis in Japan, Hiroyasu Ehara (photo) in April 2010.

Ehara started playing tennis at age five and went on to recognition and fame. His record includes winning the All Japan Junior Tennis Championship in 2009, placing second in the World Super Junior Championship 2009, and being ranked in the best 16 of the British Open Junior Championship 2009. He turned pro in December 2009. His tough fighting spirit and tenacious playing style that also shines on a clay court make him one of the players to watch on the worldwide circuit from now on.



5.

ENVIRONMENTAL REPORT

(1) Business Activities and Environmental Impact

The Nisshinbo Group's Materials Balance for the Fiscal Year 2010

(Including Jan-Mar 2011 figures for Japan Radio Co., Ltd., Nagano Japan Radio Co., Ltd. and some subsidiaries)

Inputs

Energy usage		8.74	Million GJ *1	(+ 7%)
Breakdown	Electricity	556.3	Thousand MWh	(+ 5%)
	Solar power (included in Electricity)	0.5	Thousand MWh	(+167 fold)
	Coal	73.6	Thousand t	(+27%)
	Heavy oil	12.6	Thousand kL	(-16%)
	Town gas (including natural gas)	21.4	Million m ³	(+18%)
Water Usage		33,541	Thousand m ³	(- 7%)
Breakdown	Groundwater	17,744	Thousand m ³	(-12%)
	Industrial water	15,326	Thousand m ³	(- 1%)
Total Raw Materials Used		307.2	Thousand t	(+ 9%)
Breakdown	Raw cotton, cotton fiber	33.7	Thousand t	(- 7%)
	Pulp (including recycled paper pulp)	61.7	Thousand t	(+ 8%)
	Steel	45.5	Thousand t	(+13%)
	Brake friction materials	18.7	Thousand t	(+17%)
	Chemical substances	68.4	Thousand t	(+16%)
	Packaging materials	18.6	Thousand t	(- 3%)
Volume of PRTR substances before revision *2		952	t	(+13%)
Volume of PRTR substances according to revision		427	t	No previous year data *3
Office paper usage		37,564	Thousand sheets	(+20%)

Use

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 PRTR (Pollutant Release and Transfer Register) 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." A revision in 2008 changed some designated substances. To allow comparison to prior years, substances before the revision and after the revision are listed separately.

*3 Because registration of these substances started in fiscal 2010, there are no figures for the preceding year.

Business processes	Outputs			
<p>Emission</p> <p>Cyclical use of water 1,223 Thousand m³ (-4%)</p> <p>Logistics</p>	Greenhouse gas emissions	498.6	Thousand t-CO ₂	(+ 6%)
	Breakdown			
	Energy-derived ^{*4}	451.5	Thousand t-CO ₂	(+ 5%)
	Non-energy-derived ^{*5}	47.1	Thousand t-CO ₂	(+18%)
	Released into the atmosphere			
	NOx	158	Thousand t-CO ₂	(-38%)
	SOx	176	Thousand t-CO ₂	(+ 5%)
	VOC ^{*6}	164	Thousand t-CO ₂	(+ 7%)
	Dust and soot	43	Thousand t-CO ₂	(+ 7%)
	Released into water system			
Waste water	32,123	Thousand m ³	(- 7%)	
COD ^{*7}	462	t	(+25%)	
SS ^{*8}	185	t	(+21%)	
PRTR substances (before revision only)				
Released amounts	85.3	t	(+62%)	
Transferred amounts	158.6	t	(+95%)	
Total waste volume	44.8	Thousand t	(+10%)	
Non-recycled waste ^{*9}	4.5	Thousand t	(-11%)	
Products	264.4	Thousand t	(+16%)	
Transport volume ^{*10}	89.2	Million t-km	(- 1%)	

Figures in parentheses indicate change from the previous year.

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

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

*6 VOC (Volatile Organic Compounds): Volatile organic compounds such as toluene.

*7 COD (Chemical Oxygen Demand): An index of water contamination expressed as the volume of oxygen chemically required or chemically consumed. (Indicated as the amount of oxygen consumed when treating the water)

*8 SS (Suspended Solid): The amount of substances suspended in water.

*9 Non-recycled waste: 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)

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

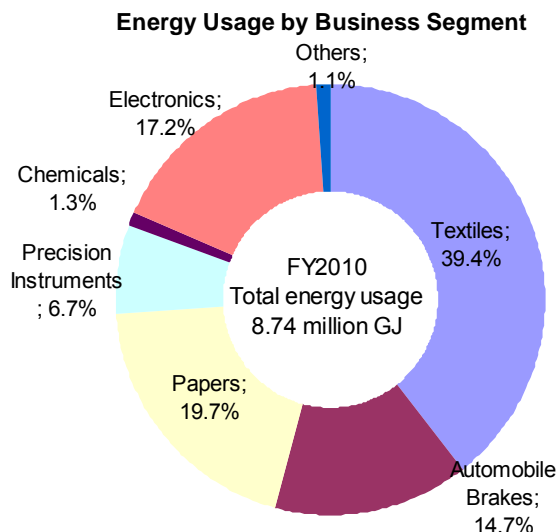
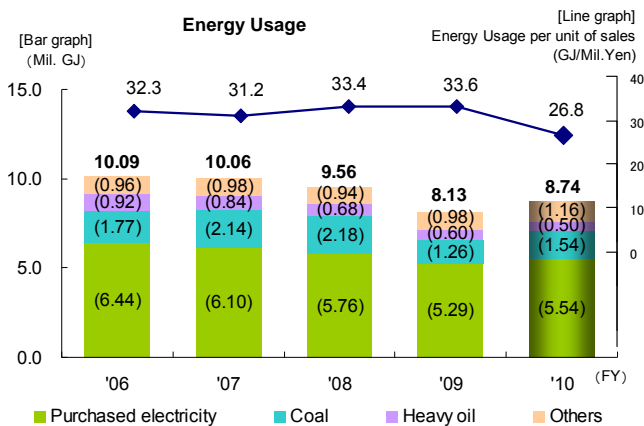
(2) Energy Conservation

1) Energy Usage

The Nisshinbo Group's energy usage in fiscal 2010 increased by 7% compared to the previous year. The energy usage correlated to unit of sales fell by 20%. (This includes the Jan-Mar 2011 figures for the JRC Group and therefore is different from the target attainment figure.)

In terms of energy usage categorized by type, purchased electrical power amounted to 63% of the total. As illustrated by the case study, the switchover from heavy oil to liquefied natural gas and town gas which has lower greenhouse gas emissions is continuing.

In the breakdown of energy usage by business sector, the textile business accounted for approximately 39%. In the electronic products sector, energy usage increased by 1.5% over the previous year, due to the change of the JRC Group into a subsidiary and the recovery in semiconductor fabrication.



Case Study:

Changeover from heavy oil to liquefied natural gas

The Tokushima Plant of Nisshinbo Paper Products Inc. has made the switch from using heavy oil to using liquefied natural gas (LNG) for its boilers.

A satellite facility capable of storing and vaporizing 120 kL of LNG supplied by Shikoku Electric Power, and six boilers fired by LNG have been installed and have started to operate with high efficiency. Compared to conventional heavy oil boilers, the new installation produces about 30% fewer CO₂ emissions, and the use of high-efficiency boilers also contributes to saving energy.



LNG boilers



LNG satellite facility

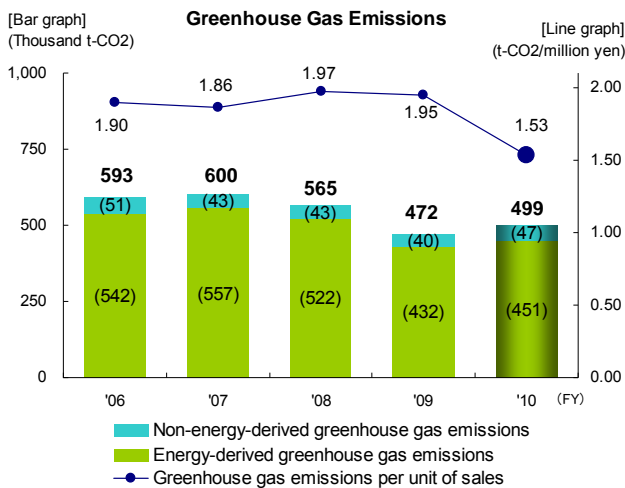
(3) Preventing Global Warming

1) Emissions of Greenhouse Gases

The Nisshinbo Group's total greenhouse gas emissions were 499 thousand t-CO₂, a 6% increase compared to the previous fiscal year. Emissions correlated to unit of sales fell by 21%. (This includes the Jan-Mar 2011 figures for the JRC Group and therefore is different from the target attainment figure.)

i) Energy-Derived and Non-Energy-Derived Emissions

The amount of energy-derived and non-energy-derived greenhouse gas emissions both showed an increase.

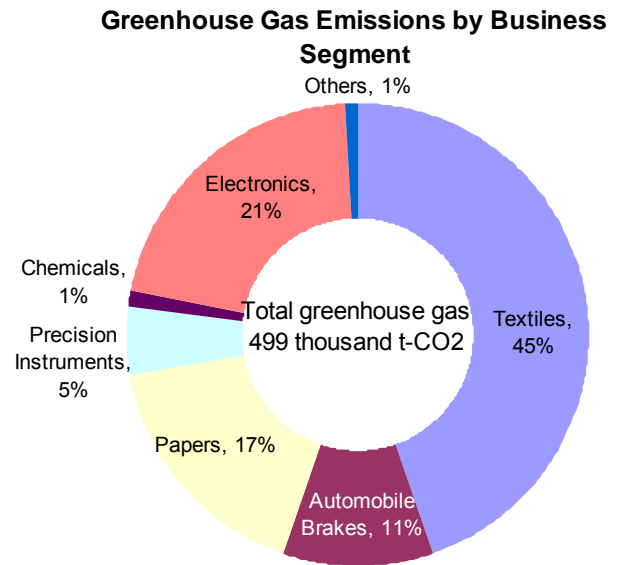


ii) Greenhouse gas emissions by business segment

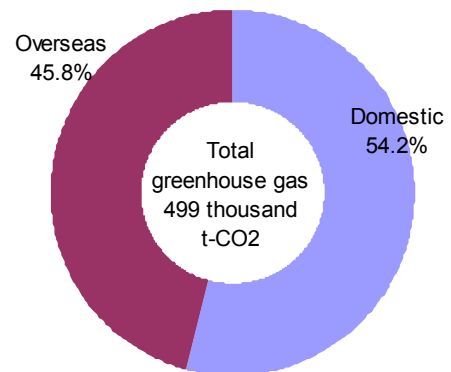
In the breakdown of greenhouse gas emissions by business segment, the textile business accounted for approximately 45%. The reason why this is higher than the use of energy by business segment (39%) lies in the fact that in overseas subsidiaries the coal usage ratio is relatively high.

iii) Domestic/overseas emissions

The ratio of domestic greenhouse gas emissions fell from 57% in fiscal 2009 to 54%. (In the textiles segment, the ratio of overseas emissions is more than 80%.)



Domestic/Overseas Greenhouse Gas Emissions



Note:

For calculating greenhouse gas emission 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 method of Japan's voluntary emissions trading scheme by the Ministry of the Environment is used.

Conversion factors for CO₂ emission conversion

Electric Power	0.391 t-CO ₂ / MWh	Gasoline	2.322 t-CO ₂ / KL
Coal	2.328 t-CO ₂ / t	Diesel oil	2.585 t-CO ₂ / KL
A-fuel oil	2.710 t-CO ₂ / KL	LP gas	2.999 t-CO ₂ / thousand m ³

Case Study:

Installing PV Cells—Aiming for Megasolar Power

Nisshinbo Mechatronics Inc. is accelerating the pace of development in the area of photovoltaic module (solar panels) manufacturing equipment and related materials.

With the purpose of checking development results, photovoltaic modules are being installed on the roof of various plants of group companies, providing renewable energy while also being used for reliability testing. As of April 2011, the three installations listed below have been completed, with a total power generating capacity of 650 kW. Another installation at the Tatebayashi plant of Nisshinbo Brake Inc. with 300 kW capacity is currently under construction, bringing a total capacity of 1 megawatt and more for the Nisshinbo Group within reach.



Nisshinbo Mechatronics Inc.
Maii Machinery Plant
Output: 250 kW
Installation date: February 2010



Nisshinbo Paper Products Inc.
Shimada Plant
Output: 250 kW
Installation date: September 2010



Nisshinbo Chemical Inc.
Chiba Plant
Output: 150 kW
Installation date: February 2011

(4) Resource Conservation

1) Volume of Non-recyclable Waste

The Nisshinbo Group's total emissions of non-recycled waste were down by 27% compared to the previous fiscal year. In terms of emissions per unit of consolidated sales, the figure was 46% lower than in the preceding year. This significant reduction is due in a large part to recycling of sludge and cinder of coal by PT. Nisshinbo Indonesia.

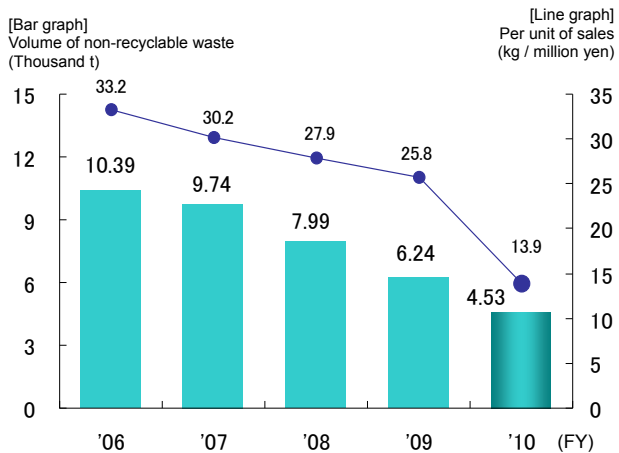
The recycling rate of the Nisshinbo Group improved by 5.2% over the preceding year.

Zero emissions drives (recycling rate 99% or higher) are being pursued throughout the group. In fiscal 2010, the number of business sites and subsidiaries conducting such drives rose by 5, and 10 sites achieved the goal.

Case Study:
Promoting Waste Paper Recycling

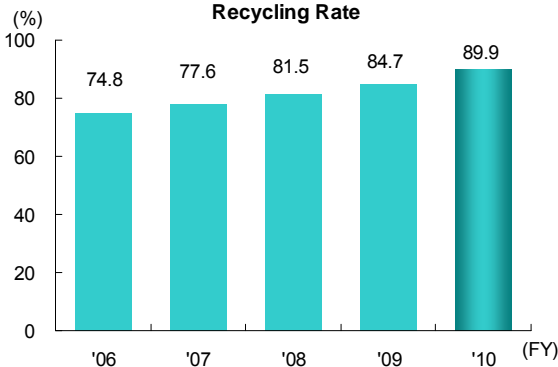
Tokai Seishi Kougyou Co., Ltd., a Nisshinbo Group company that is active in the paper products sector, is contributing to the realization of a sustainable society by producing household paper products made solely from collected waste paper. Over the past three years, the company has invested in expanding raw material processing facilities and waste water processing capacity, and making improvements in paper machines, resulting in the capability to handle a wide scope of paper that can be recycled. The paper sludge that is produced as a byproduct of the raw material processing stage is effectively used as boiler fuel.

Volume of Non-recyclable Waste



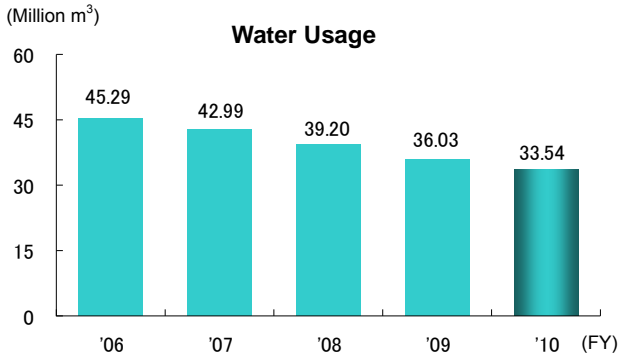
Tokai Seishi Kougyou Co., Ltd. Raw material processing facility

Recycling Rate

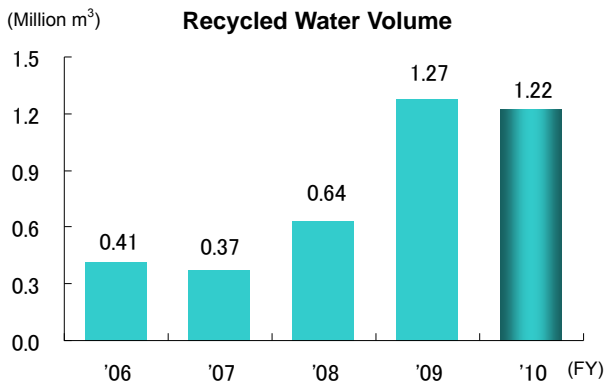


2) Use of Water Resources

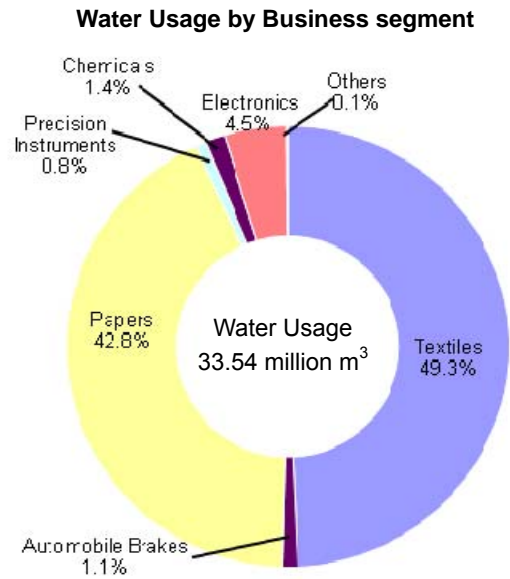
Thanks to increasingly more efficient utilization of water resources, the Nisshinbo Group used 7% less water in fiscal 2010 than in the previous year (a 26% decrease from the FY 2006 level).



The usage rate of recycled water decreased by 4% over the previous year. This reduction is due to the drop in water use shown above.



In a breakdown by segment, textiles has a share of 49%, and paper products 43%. In other words, the two segments together account for over 90% of Nisshinbo's water usage.



(5) Protection of Biodiversity

Since the Nisshinbo Group uses cotton and pulp as raw materials, we are highly indebted to the biodiversity of nature. We take an active stance towards protecting biodiversity and make extensive use of FSC * certified products and organic cotton. We also are engaged in helping to clean and protect rivers and streams in the vicinity of our business sites.

Case Study:

FSC certified products

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

FSC policies include no illegal logging, adequate sunlight for all parts of the forest, and protection of valuable plant and animal life. FSC certified products use raw materials coming from forests that are managed properly according to these policies. Currently Nisshinbo is marketing 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 plans to expand its lineup of FSC certified papers in the future.



Vent Nouveau series



Certificate of FSC registration

Case Study:

Participating in the “Yoshino River Adoption Program”

This program aims to protect the Yoshino river banks and its basin by appealing to local businesses and citizen groups to “adopt” a stretch of the river.

Business sites of the Nisshinbo Group located in Tokushima (Nisshinbo Holdings along with Nisshinbo Textile Inc., Nisshinbo Paper Products Inc., and Nisshinbo Chemical Inc.) have applied to the Yoshino River Council which is managing the Yoshino River Adoption Program for adoption of a 1,000 m stretch of the Imagire River that is part of the Yoshino River System. In fiscal 2010, volunteer cleaning drives were carried out three times, to improve the environment of the beautiful Yoshino River area and help preserve its biodiversity.



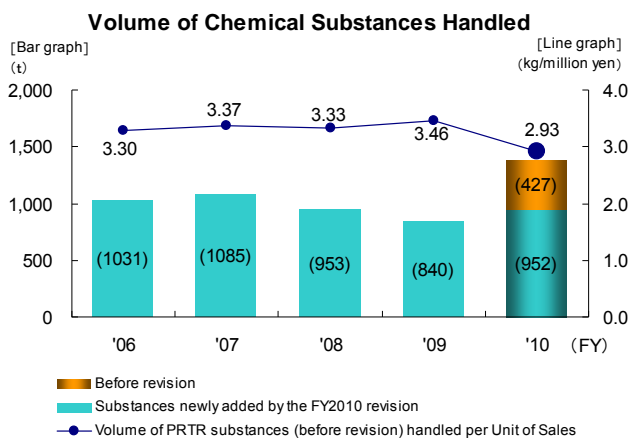
* FSC (Forest Stewardship Council): A non-profit, international certification organization established in 1993 with the purpose of encouraging responsible management of the world's forests from the perspective of protecting the environment, benefitting society, and enabling economically sustainable use.

(6) Management of Chemical Substances and Reduction of Emissions

1) Volume of Chemical Substances Handled

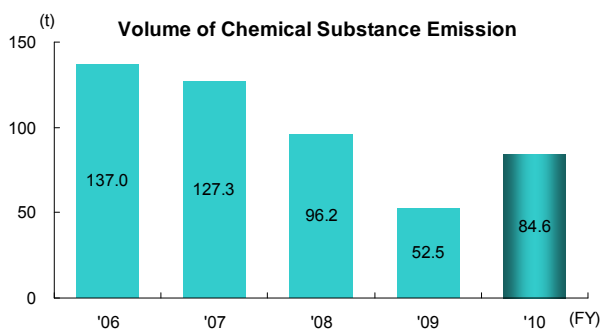
The volume of PRTR substances (before revision) handled by the Nisshinbo Group was 952 tons, up 13% from the previous fiscal year. Correlated to unit of sales, the volume fell by 15%. (This includes the Jan-Mar 2011 figures for the JRC Group and therefore is different from the target attainment figure.)

The volume of PRTR substances newly added by the FY 2010 revision was 427 tons. The largest component was the urethane source material methylenebis (4,1-phenylene) diisocyanate.

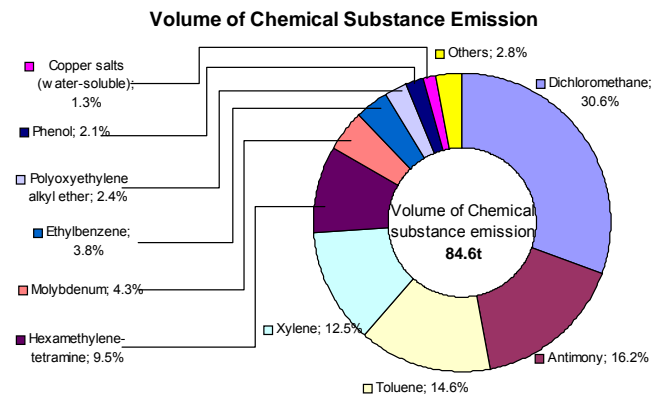


2) Volume of Chemical Substance Emission

The volume of chemical substance emissions into the atmosphere or waste water was 85 tons, up 61% from the previous fiscal year. The amount dropped in fiscal 2009 due to economic fluctuations, but as the economy recovered, emissions rose to a similar level as in fiscal 2008. The emission volume of substances newly added in 2010 was 0.03 tons.



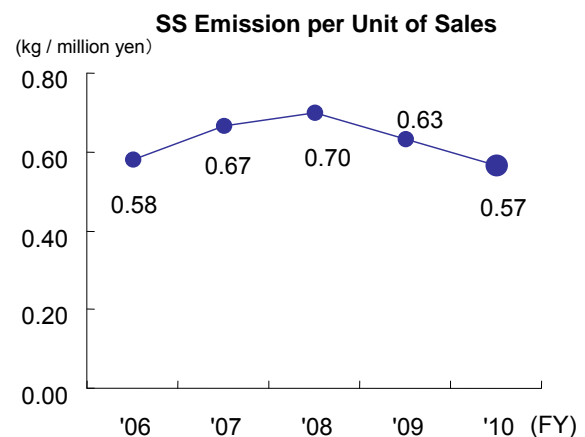
In the breakdown by substance, dichloromethane had the largest share. Efforts to replace dichloromethane are under consideration.



3) 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.

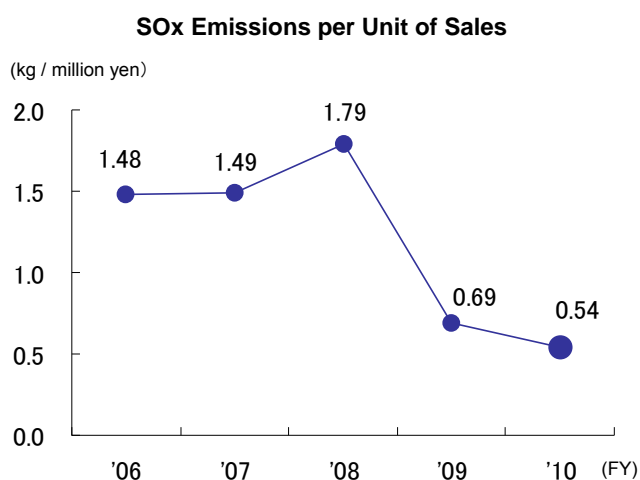
The volume of suspended solids (SS) in waste water per unit of sales was reduced by 10% from the previous year.



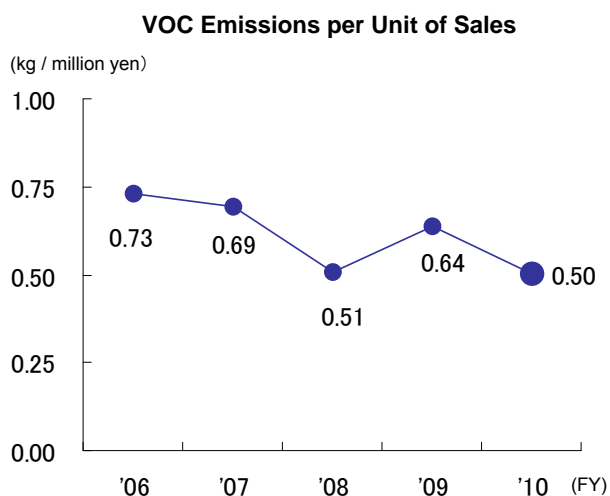
4) Atmospheric Releases

The Nisshinbo Group's emissions of sulphur oxides (SOx) per unit of consolidated sales were down by 22% from the previous fiscal year.

The large-scale improvement achieved in fiscal 2009 was in part due to the switch to coal with a low sulphur content implemented by PT. Nikawa Textile Industry (Indonesia) in that year.



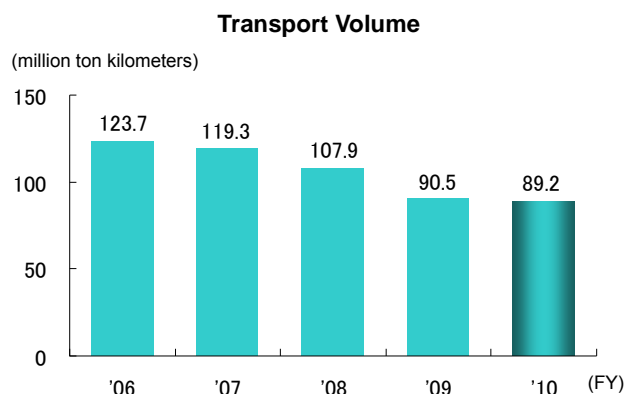
The Nisshinbo Group's emissions of volatile organic compounds (VOCs) per unit of consolidated sales decreased by 21% from the previous fiscal year.



(7) Transport Volume

The Nisshinbo Group's transport volume was down 1% from the previous fiscal year.

Nisshinbo Paper Products Inc. is designated as a Specified consigner.*



* 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.

(8) 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.

Organizations with ISO 14001 Certification

● In Japan (28 organizations)

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

● Overseas (9 organizations)

Nisshinbo Automotive Manufacturing Inc.		(U.S.A.)
Nisshinbo Somboon Automotive Co., Ltd.		(Thailand)
Saeron Automotive Corporation		(South Korea)
Saeron Automotive Beijing Corporation		(China)
Nisshinbo Mechatronics (Thailand) Ltd.		(Thailand)
Thai NJR Co., Ltd.		(Thailand)
Nisshinbo Mechatronics (Shanghai) Co., Ltd.		(China)
Nagano Japan Radio (HK) Co., Ltd.		(China)
Shanghai Choya Fashion 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.

(9) 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. The table below lists some major examples, with details given on the following pages.

List of Representative Products and Services

Business Category	Product, Technology	Description	Area of Contribution	See Page
Textiles	APOLLOCOT™	Non-iron shirts made of 100% cotton, with wrinkles eliminated by 95% after washing	Energy conservation	48
	Banana fiber	Effective use of agricultural waste banana stalks	Effective use of resources	
Brakes	Green Pads (environment-friendly brake parts)	Brake friction materials that 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	43
	KI · HOU · SHI	Clean power product	Renewable energy	48
	Bath tissue paper for wash-style toilets with twice the absorbency	Since it is twice as absorbent, less paper can be used	Resource conservation	48
	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	
Precision Instruments	Photovoltaic module manufacturing lines	Manufacturing lines for photovoltaic modules (panels)	Renewable energy	
	Storage cell manufacturing equipment	Manufacturing equipment for storage cells used in hybrid vehicles	Energy conservation	
	Air barrier fans	A fan that serves 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	High-performance resin material CARBODILITE	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	
	Carrier for water processing use APG, BCN	Small plastic blocks that enhance the performance of plant waste water processing facilities and waste water treatment facilities	Biological treatment facilities for waste water	
	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 cell	Major structural component of fuel cells (for Ene-Farm etc.)	Reduce environmental impact	49
	Electric double-layer capacitors	Long-life energy storage device that undergoes little deterioration from charging and discharging	Reduce environmental impact	
Electronics	Low power IC chip	Chip contributing to lower power consumption of electronic devices	Energy conservation	
	High-voltage direct current supply system (HVDC)	System contributing to lower power usage in data centers by using high-voltage DC distribution	Energy conservation	16
	Non-contact power transfer	A system for supplying power without requiring electrode contact	Resource conservation	17
Others	Environmental measurement and analysis services	Support for pollution control measures by customers through measurement and monitoring of environmental factors	Environmental analysis and monitoring	

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

1) APOLLOCOT™ 100% Cotton Next-Generation Non-Iron Shirts

Nisshinbo Textile Inc. believes that supporting activities that can easily be implemented by consumers will help prevent global warming. We therefore focus on “familiar eco.” These shirts are made using Nisshinbo's proprietary cotton processing technique as well as highly advanced sewing technology, combining excellent wearing comfort with outstanding shape stability. Because wrinkles after washing are reduced by as much as 95%, these shirts do not need to be ironed.

Since ironing is no longer required, household electricity consumption is reduced, thereby contributing to a reduction in greenhouse gas emissions.



2) Clean Power Product KI·HOU·SHI

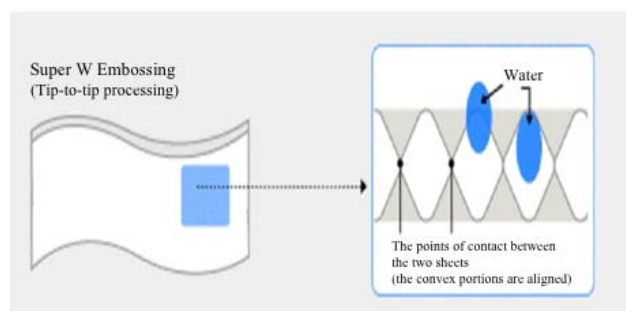
Nisshinbo Paper Products Inc. has started to market a product called “KI·HOU·SHI” that combines the texture of high-grade paper with the functionality required for packaging (giving an air of elegance). The product is manufactured in part using green electricity (generated from renewable sources such as biomass, photovoltaics etc.), to reduce greenhouse gas emissions and help to prevent global warming.



KI·HOU·SHI

3) Bath Tissue Paper Contributing to Preserving Resources

This bath tissue paper from Nisshinbo Paper Products made specifically for use with Washlet 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.



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

4) Bipolar Plates for Fuel Cells

Nisshinbo Chemical Inc. is producing and marketing bipolar plates that are a crucial component in fuel cells. These cells generate electrical energy through a reaction of hydrogen and oxygen, with very low environmental impact.

In Japan, the sale of fuel cells for residential applications has started in fiscal 2009. Development of bipolar plates for fuel cells vehicles, an area with the potential for enormous future demand, is also under way. By establishing a stable supply of high-performance bipolar plates for fuel cells, we can contribute to lighten the load on the environment.



(10) Other Environmental Activities

BT Pellet Biomass Plastic

Nisshin Toa Inc., a member of the Nisshinbo Group, 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 produced primarily from organic resources such as non-food rice resources, 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 CO₂ 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



Product made with BT Pellets

Case Study:

Paper recycling Plant Tours by Students

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

In fiscal 2010, the company expanded its facilities for dealing with difficult dissolution waste paper resources (intermixed with plastics) that formerly had to be incinerated. This provides an additional incentive for recycling.

The company also conducts plant tours and supports environmental education to increase understanding of the importance of recycling and environmental preservation.



Students Visiting the Plant



Coreless 100% Recycled Bath Tissue Paper

Case Study:

Collaborative Research between Industry and Academia (Endowed Chair)

The Business Development Division of Nisshinbo Holdings Inc. has endowed the "Nisshinbo Advanced Carbon Engineering" chair at Gunma University, an institution with which a cooperative relationship exists.

Joint research in the field of carbon alloy* catalysts has shown them to provide top-level performance that could serve as a replacement for high-cost platinum catalysts in fuel cells. Early product development in this area has considerable potential for promoting the spread of fuel cell vehicles and making them a practical alternative.

Case Study:

Free access to Mandarin Orange Grove

At the Fujieda Plant of Nisshinbo Textile Inc., a mandarin orange grove was created using green space within the premises. It has an area of 8,500 m² and contains 108 mandarin orange and 87 persimmon trees. Each year, the public is given free access to the grove to pick fruit on a given day. In 2011, this was held on February 13, with 128 persons availing themselves of the opportunity.



Mandarin orange grove within plant premises

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

Case Study:

Environment Support Campaign

Nisshinbo Textile Inc. together with some of its clients has initiated an "Environment Support Campaign." We donated 500,000 yen derived from the proceeds for textile products bearing the label shown below to the "Green Fund" of the National Land Afforestation Promotion Organization.



Case Study:

Cleanup Drive around Company Site

On the fourth Friday of each month, employees of Saeron Automotive Corporation in Korea perform a 30-minute cleanup drive starting from 8 a.m. The impetus for starting this program came from the "1 Company, 1 Bridge, 1 River" campaign organized by the local city office four years ago. Because the river is far from the company site and would require some time to get to, recently the cleanup concentrates on an area up to about 1 kilometer from the plant. A total of 138 persons from various departments took part over the course of a year.



The sign reads "Keeping Cheonan city clean is a source of pride for us — 1 Company, 1 Bridge, 1 River campaign Saeron Automotive"

(11) Environmental Accounting

1) Environmental Conservation Costs

The Nisshinbo Group's environmental investments in fiscal 2010 were 821 million yen, which represents an increase by 24% from the previous year.

The main areas of environmental investment were capital investment for installation of photovoltaic power generation facilities and research and development for future environmental business operations.

Total environmental conservation costs were 2,175 million yen, a decrease of 14% from the previous year.

2) Environmental Conservation Effects

Thanks mainly to the switchover from heavy oil firing to liquefied natural gas and town gas, and also due to other activities to protect the environment, the greenhouse gas emissions of the Nisshinbo Group decreased by 7,395 tons.

3) Income from Environmental Conservation Measures

The economic benefit (income) from environmental conservation measures by the Nisshinbo Group was 443 million yen, an increase of 15% from the previous year.

Environmental Accounting Spreadsheet for Fiscal 2010

Category		(1) Environmental Conservation Costs			
		Investment (million yen)	YOY Change	Costs (million yen)	YOY Change
On-site costs	Pollution prevention	95.9	-80.7%	359.1	-13.7%
	Environmental conservation	419.0	+1,296.8%	133.6	-44.4%
	Recycling	6.4	-57.3%	328.8	-8.8%
Upstream / downstream costs		0.0	-100.0%	56.4	+12.6%
Management costs		0.7	-38.4%	418.8	-8.0%
R&D costs		298.6	+154.1%	665.4	-28.1%
Social activity costs		0.0	-	6.3	+164.2%
Environmental remediation costs		0.0	-	57.7	+306.3%
Other costs		0.0	-	149.1	+118.6%
Total		820.6	+23.8%	2,175.2	-14.1%

Note: "-" indicates that the amount in the previous year was zero.

Category		(2) Environmental Conservation Effects		(3) Income from Environmental Conservation Measures	
		Greenhouse Gas Reduction (t-CO ₂)	YOY Change	Income (million yen)	YOY Change
On-site effects	Pollution prevention	0	-100.0%	0	-100.0%
	Environmental conservation	7,392	-56.5%	30.1	-30.3%
	Recycling	3	+200.0%	412.5	+25.4%
Upstream / downstream effects		0	-	0	-
Management effects		0	-	0	-
R & D effects		0	-	0	-
Social activity effects		0	-	0	-
Environmental remediation effects		0	-	0	-
Other effects		0	-	0	-
Total		7,395	-56.5%	442.6	15.4%

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