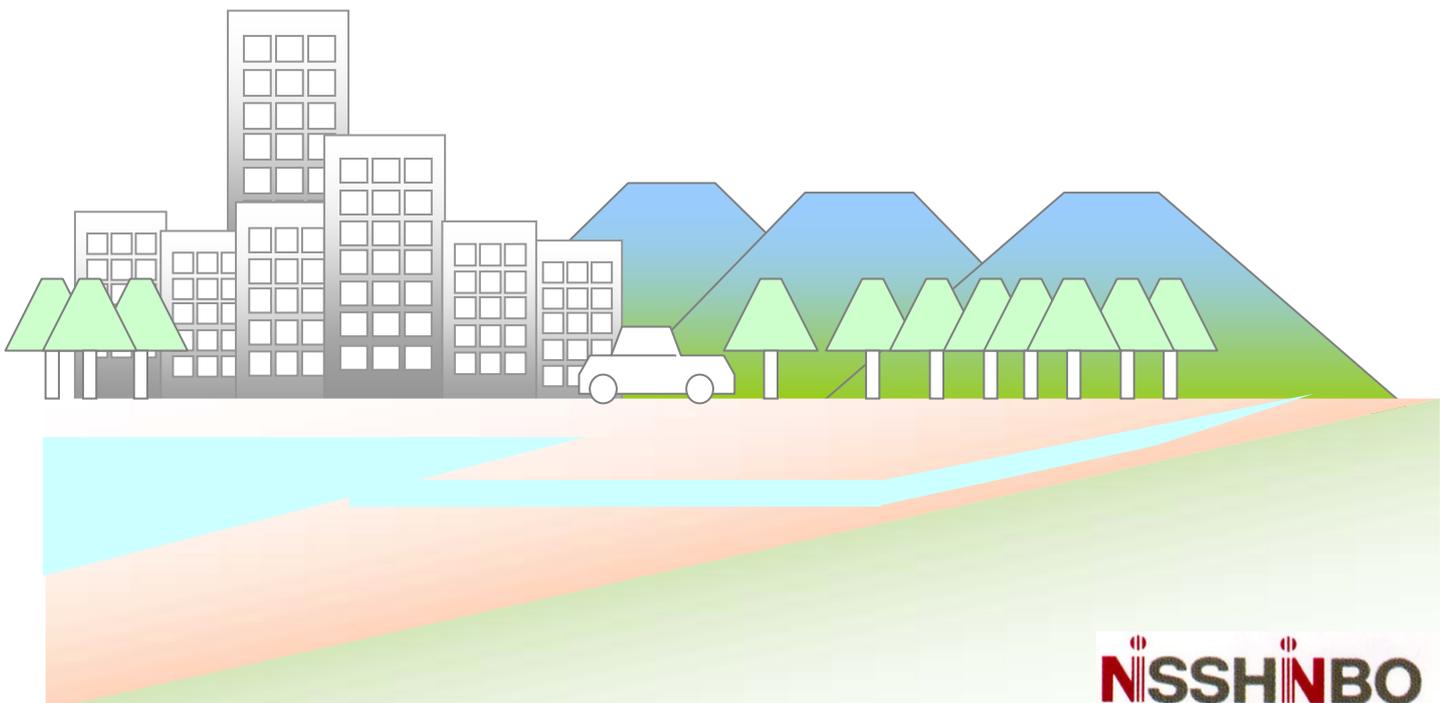


CSR Report 2008



Nisshinbo 2008 CSR Report

Foreword

Nisshinbo Industries, Inc. engages in diverse activities in accordance with its corporate principle that “companies are public entity” and its corporate creed of “consistent integrity” with the aim of contributing to the development of a sustainable society. At this time, we are publishing our first CSR Report to enhance communications with our stakeholders. This first report presents information on a broad range of CSR activities of the Nisshinbo Group.

Notes Concerning the Content of This Report

Period Covered

Performance data is from the fiscal year ended March 31, 2008.

Some information from the fiscal year ended March 31, 2009 is also included for reference purposes.

Scope of Report

Nisshinbo Group companies subject to consolidated reporting. However, in some areas, information concerning wholly owned subsidiaries not subject to consolidated reporting is also included.

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

Additional Information

Nisshinbo Annual Report (Japanese & English)

Financial Results (Japanese)

Business Report and Shareholders Notice for the 165th Fiscal Term (Japanese)

Securities Report (Japanese)

These documents can be downloaded from Nisshinbo's website.

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Contributing to Human Society by Acting as a Public Entity Providing optimal solutions for a low-carbon society and taking the next step through group reorganization



Takashi Iwashita, President
Nisshinbo Industries, Inc.

Corporate Philosophy of the Nisshinbo Group

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

The Nisshinbo Group's social, economic, and technological environments are undergoing rapid changes. Since its establishment in 1907, Nisshinbo has conducted its business activities based on the belief that "companies are public entity" and with "consistent integrity" as its corporate creed.

The Nisshinbo Group's current approach to CSR is in complete agreement with the principles and creed that have been handed down to us through successive generations. The Nisshinbo Group has adopted as its group corporate principles enhancing the lives and cultures of people around the world, seeking harmony with society and the global environment, and conducting fair and good-faith business activities. The 15,000 employees of the Nisshinbo Group in Japan and other countries promote and implement CSR activities based on these principles.

Unfortunately, in January of this year we discovered that some of our paper products incorrectly labeled the percentage of recycled pulp used. We deeply regret and apologize for the substantial inconvenience that this caused to our customers and all other persons concerned. We have taken measures to prevent a reoccurrence of this type of incident and are making renewed efforts to conduct environmental preservation activities and restore confidence in Nisshinbo.

■ Optimal Solutions for a Low-Carbon Society

Last year, the Nisshinbo Group revised the Nisshinbo Global Environment Charter adopted in 1993 and renamed it the Environment Charter to actively and independently address environmental issues while seeking harmony with the global environment. Environmental issues have become the greatest threat to humankind. For the Nisshinbo Group, environmental initiatives are an embodiment of the management principle of contributing to human society through business activities and are our mission. Conducting environmental management and contributing to the sustainable development of society will also lead to the acquisition of new growth businesses.

We believe that we should develop businesses that can contribute to national interests and society. Nisshinbo strives to be a leading environmental company that can propose optimal solutions for the creation of a low-carbon society through the development of innovative products that contribute to preventing global warming.

■ Taking the Next Step through Group Reorganization

Today's increasingly fierce business competition will not allow us to simply accept current conditions. We have decided that in order to take a bold step forward, we must change business and management structures. As a result, Nisshinbo will be reorganized as a holding

company in April 2009, and five existing business divisions will be spun off as independent companies. Together with New Japan Radio Co., Ltd., these new companies will form the core of our new corporate group under the umbrella of the holding company. At that time, our name will be changed to Nisshinbo Holdings Inc.

This group reorganization will entail transfer of management authority to the core companies to provide each company with maneuverability and enhanced competitiveness optimized for their individual business environments. Other major objectives are the clarification of the location of responsibility and reinforcing corporate governance. By further bolstering diversified management, which is one of the Nisshinbo Group's strengths, we will achieve major new growth, while enhanced governance will enable us to meet the expectations of shareholders and other stakeholders.

The Nisshinbo Group is committed to the belief that the correct stance for corporations, which are public entity, is achieving growth through contribution to society. It is my sincere hope that this report will serve to deepen readers' understanding of the Nisshinbo Group, and I look forward to your support and guidance in the future.

August 2008

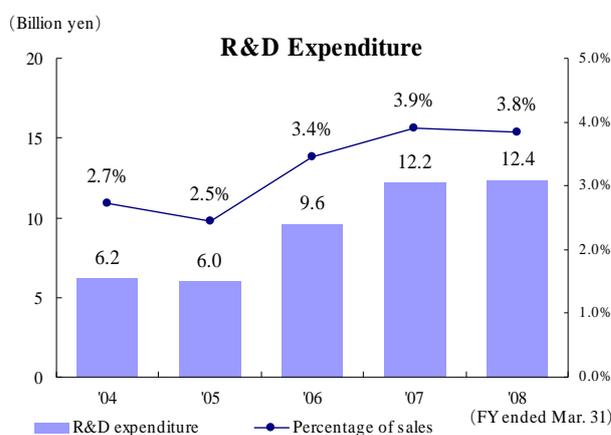
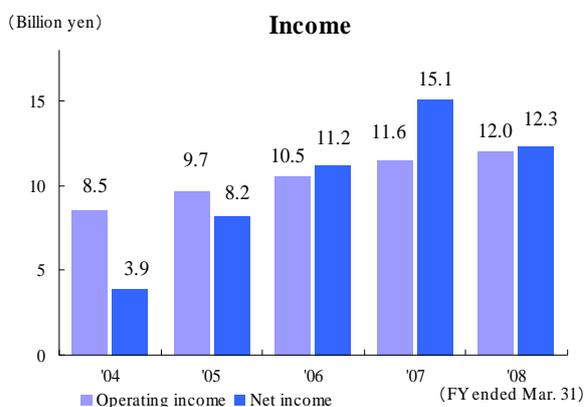
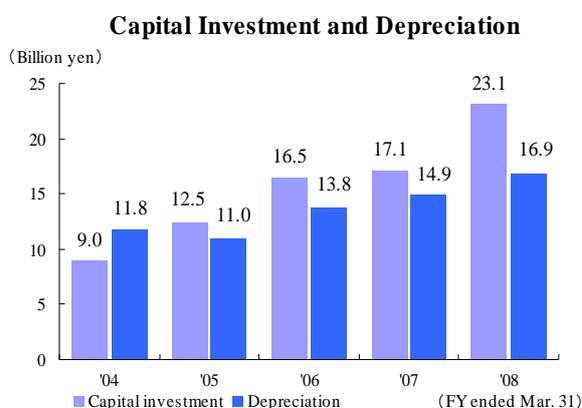
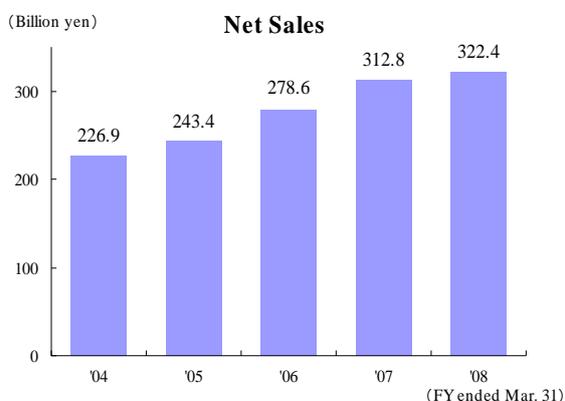
Overview of the Nisshinbo Group

Overview of Nisshinbo (As of March 31, 2008)

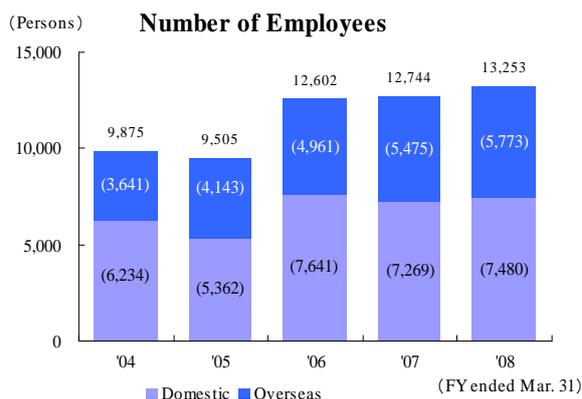
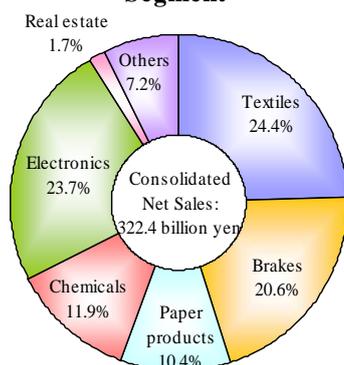
Name	Nisshinbo Industries, Inc.	
Head office	2-31-11 Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo	
Date of establishment	February 5, 1907	
Representative	Takashi Iwashita, President	
Telephone	03-5695-8833	
Website	http://www.nisshinbo.co.jp	

Financial Information (consolidated)

Capital	27,587	Million yen	
No. of employees	13,253	Persons	
Consolidated subsidiaries	45	Companies	
Net sales	322,411	Million yen	(up 3.1% year-on-year)
Operating income	12,033	Million yen	(up 4.2% year-on-year)
Net income	12,289	Million yen	(down 18.7% year-on-year)
Return on equity	5.1%		



Percentage of Net Sales by Segment



Main Products

Textiles



"Non Care" dress shirts Denim fabric Banana fiber products

Nisshinbo sells "Non Care"---100% cotton non-iron dress shirts and denim fabric with a leading share of the market as well as safe, comfortable and eco-friendly textiles such as "banana fiber" made from banana stalks which is agricultural waste.

Automobile Brakes



Friction materials Brake assemblies ABS products

Brakes play an important role in ensuring the safety and comfort of automobiles. Nisshinbo is reinforcing its supply structures to ensure stable product supplies and is working to minimize the environmental impact of brake products throughout their life cycles so we can contribute to global automobile development and production and respond to customer needs.

Paper Products



Household products (left), *Vent Nouveau* fine papers (center), and packaging products (right)

Nisshinbo manufactures household paper products, fine papers, synthetic papers, and processed paper products based on the idea of creating people- and environment-friendly products. We develop distinctive products such as Cotton Feel, premium-quality facial tissue partly made of cotton, toilet paper for the exclusive use of shower toilets, and *Vent Nouveau* high-quality printing papers tailored for specific applications.

Precision Instruments



Photovoltaic module manufacturing line: a solar simulator (left), a module laminator (center), and an EL inspection unit (right)

Nisshinbo conducts global business, including development that anticipates market needs and mass production of automobile and aircraft equipment and solar photovoltaic module manufacturing equipment, an area that is undergoing rapid growth. Nisshinbo also seeks to contribute to future high-growth fields, including precision parts for the automobile industry.

Chemical Products



Electric double-layer capacitors (left), a bipolar plate for fuel cells (center), and Carbodilite (right)

Nisshinbo conducts R&D of products that will contribute to the sustainable development of society with a focus on isocyanate and fine carbon technologies, such as products essential for next-generation energy fields including electric double-layer capacitors and bipolar plates for fuel cells, as well as high-function resin materials that increase the stability of plant-derived resins.

Electronics



A semiconductor Wireless devices

Nisshinbo seeks to contribute to the development of a multimedia-based and ubiquitous-computing society with audiovisual equipment, satellite communications, portable wireless devices, automotive hardware, and medical devices with a focus on microelectronics such as semiconductors and microwave technologies, including high-frequency and wireless technologies.

Medium-Term CSR Goals

The Nisshinbo Group has adopted medium-term goals for FY ended March 31, 2011. Each goal has its origins in one of the Nisshinbo Group charters, and specific actions are being taken to meet the goals.

Goals Relating to the Corporate Code of Conduct

Corporate Code of Conduct	Medium-Term CSR Goal
Giving proper consideration to safety and to the protection of personal information and client information, we shall develop and supply socially beneficial products and services and obtain the satisfaction and trust of consumers and clients.	Refer to the section on the Product Safety Charter (on the following page).
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.	Engage in fair business (prevent unfair trade) <ul style="list-style-type: none"> Adopt and enforce the Nisshinbo Group Basic Policies on Procurement.
As well as with shareholders, we shall engage in communication broadly with society and disclose corporate information positively and fairly.	Increase opportunities for dialogue with stakeholders <ul style="list-style-type: none"> Continuously issue CSR reports.
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.	Refer to the section on the Human Rights Charter (on the following page). <p>Maintain and improve safe work environments conducive to high-quality work with a goal of zero work-related accidents</p> <ul style="list-style-type: none"> Review the status of preparation of specified manuals, conduct training, confirm compliance with work procedures, and improve work performance. Use reports of near accidents to take preventive measures and expand their implementation horizontally. Establish and implement occupational health and safety risk assessment procedures. <p>Quantitative Goals Major accidents (class 6 or higher resulting in injury): Zero Lost work time injury rate: 0.3 or lower in Japan, 1.5 or lower overseas</p>
We recognize that efforts to address environmental problems are a common issue for humankind and an essential condition for the existence and activities of the Nisshinbo Group, and we shall act independently and positively in this regard.	Refer to the section on the Environment Charter (on the following page).
We shall actively engage in social contribution activities as a good corporate citizen.	Increase social contribution activities through our core business activities <ul style="list-style-type: none"> Increase opportunities for gaining work experience through internships and other programs. Promote joint research between industry and academia.
We shall resolutely resist any antisocial forces or organizations that pose a threat to the order and safety of civil society.	<p>Reinforce group compliance management</p> <ul style="list-style-type: none"> Perform compliance training for all employees. Establish a corporate ethics consultation hotline. <p>Reinforce internal control structures relating to financial reporting</p> <ul style="list-style-type: none"> Ascertain current conditions within the Group, review the Management Guidelines on Internal Controls relating to Financial Reporting, and improve practices.
In our international business activities, as well as complying with international rules and local legislation, we shall engage in management that respects local culture and customs and contributes to their development.	
The top management of Nisshinbo and 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.	
If a situation arises that appears to violate this charter, the top management of Nisshinbo and 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.	

Goals Relating to the Human Rights Charter

Human Rights Charter	Medium-Term CSR Goal
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.	<p>Encouraging a balance between work and life</p> <ul style="list-style-type: none"> Improve various support programs (take into consideration the citizen judge system, support nurturing of future generations). <p>Quantitative Goals</p> <ul style="list-style-type: none"> Japan: Maintain at least the statutory rate of 1.8% of disabled persons in the workforce. Overseas: Maintain rates of disabled persons in the workforce in accordance with local law. <p>Conduct appropriate hiring management</p> <ul style="list-style-type: none"> Encourage proper hiring practices. <p>Create sound work environments</p> <ul style="list-style-type: none"> Conduct educational activities on human rights. Support improvements in employee health.
We shall not permit forced labor or child labor in whatever form. We shall also endeavor to gain the understanding and cooperation of our suppliers toward this policy.	
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.	

Goals Relating to the Product Safety Charter

Product Safety Charter	Medium-Term CSR Goal
We shall pursue the making of products that give consideration to the safety of customers throughout their whole life cycles, from development to production, sale, use, service, and disposal.	<p>Enhance quality assurance systems in all business groups</p> <ul style="list-style-type: none"> Reinforce measures to accept customer requests and complaints and respond, make improvements, and prevent the reoccurrence of problems. Make all employees fully aware of product safety matters.
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.	
We shall supply customers with accurate information concerning the safety, functions, and proper use of products.	
We shall establish a quality assurance system and endeavor to thoroughly imbue product safety awareness among all employees.	

Goals Relating to the Environment Charter

Environment Charter	Medium-Term CSR Goal												
We shall conduct our business activities in compliance with domestic and international laws and regulations, and by actively establishing our own independent management standards.	<p>Set voluntary management goals</p> <ul style="list-style-type: none"> Set voluntary management goals that exceed legal requirements. Reinforce systems for monitoring emissions of substances of concern. 												
We shall widely and actively disclose environmental information and gain the trust of society.	<p>Disclosure of environmental information</p> <ul style="list-style-type: none"> Continuously issue CSR reports. 												
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.	<table border="1"> <tr> <td>Products that contribute to the realization of a sound material-cycle society</td> <td>Percentage of total sales: 10% or more</td> </tr> <tr> <td colspan="2">Achieve compatibility between environmental protection and business</td> </tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> Carry out life cycle assessment (LCA) of products. </td> </tr> </table>	Products that contribute to the realization of a sound material-cycle society	Percentage of total sales: 10% or more	Achieve compatibility between environmental protection and business		<ul style="list-style-type: none"> Carry out life cycle assessment (LCA) of products. 							
Products that contribute to the realization of a sound material-cycle society	Percentage of total sales: 10% or more												
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We shall expand environmental management systems throughout the Nisshinbo Group and continuously improve our environmental performance.	<p>Continuously improve environmental performance</p> <ul style="list-style-type: none"> Expand and encourage the use of environmental management systems (ISO 14001, etc.). 												
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.	<table border="1"> <tr> <td>Energy use per unit of sales</td> <td>Reduce by at least 5% compared to FY ended March 31, 2007.</td> </tr> <tr> <td>Carbon dioxide emissions per unit of sales</td> <td>Reduce by at least 5% compared to FY ended March 31, 2007.</td> </tr> <tr> <td>Transport volume per unit of sales</td> <td>Reduce by at least 5% compared to FY ended March 31, 2007.</td> </tr> <tr> <td>PRTR substances handled per unit of sales</td> <td>Reduce by at least 10% compared to FY ended March 31, 2007.</td> </tr> <tr> <td>Volume of un-recycled waste generated per unit of sales</td> <td>Reduce by at least 15% compared to FY ended March 31, 2007.</td> </tr> <tr> <td>Volume of paper used in offices</td> <td>Reduce by at least 2% compared to FY ended March 31, 2007.</td> </tr> </table>	Energy use per unit of sales	Reduce by at least 5% compared to FY ended March 31, 2007.	Carbon dioxide emissions per unit of sales	Reduce by at least 5% compared to FY ended March 31, 2007.	Transport volume per unit of sales	Reduce by at least 5% compared to FY ended March 31, 2007.	PRTR substances handled per unit of sales	Reduce by at least 10% compared to FY ended March 31, 2007.	Volume of un-recycled waste generated per unit of sales	Reduce by at least 15% compared to FY ended March 31, 2007.	Volume of paper used in offices	Reduce by at least 2% compared to FY ended March 31, 2007.
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	Transport volume per unit of sales	Reduce by at least 5% compared to FY ended March 31, 2007.											
	PRTR substances handled per unit of sales	Reduce by at least 10% compared to FY ended March 31, 2007.											
	Volume of un-recycled waste generated per unit of sales	Reduce by at least 15% compared to FY ended March 31, 2007.											
Volume of paper used in offices	Reduce by at least 2% compared to FY ended March 31, 2007.												
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.	<p>Conduct environmental education and awareness-raising activities</p> <ul style="list-style-type: none"> Enhance environmental education. 												

Products for a Sound Material-Cycle Society

1. 100% Cotton “Non Care” Shirts

Nisshinbo Group also values the “familiar Eco”. We consider that supporting the activities which consumers can participate freely is connected to protection of earth environment.

To support the idea of “wearable Eco”, Nisshinbo created 100% cotton no-iron shirts. By examination of one thread, device of fabric construction and original finishing technology, Nisshinbo achieved to produce non-iron dress shirts. “Non-care” shirt is a product with high wash-and-wear property(1) which used the know-how of Nisshinbo’s many years’ study in SSP finishing(2) and the advanced sewing technology of group apparel companies.

Since no-iron shirt is not necessary for daily ironing, consumption of electric power can be cut down at home, even if small. If no-iron shirt takes the place of all business shirts in the world, we think that it contributes to a global warming prevention.

- (1) Wash-and-wear property: The property of drying quickly and being resistant to wrinkles.
- (2) SSP finishing: Rectifying cellulose fibers using liquid ammonia to enhance shape retention. Some of the liquid ammonia is derived from recycled plastic in an effort to promote green procurement.



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

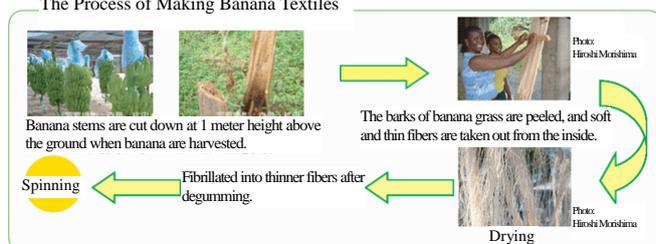
2. Banana Fiber

The quantity of banana production is about 100 million tons a year. In order to harvest this volume, about 1 billion tons of banana leaves and stalks are cut down and disposed of as waste.

As a part of Japan ODA activities, Professor Hiroshi Morishima of Nagoya City University launched the “Banana Green Gold Project” in 1998 to contribute to the dissolution of poverty in

developing countries and the preservation of global environment by making paper and textiles from banana stalks that are usually disposed of as agricultural waste. Nisshinbo consents to this great project and has worked to create textiles from banana stalks industrially and developed a variety of textiles.

The Process of Making Banana Textiles



This advertisement says "I am wearing bananas."

Products for a Sound Material-Cycle Society

3. Photovoltaic Module Manufacturing Line

As a result of rising awareness about environmental protection and high oil prices, demand for solar power is increasing around the world and particularly in Europe, and photovoltaic module production is growing every year.

Nisshinbo supplies photovoltaic module manufacturing line, such as module laminators and solar simulators, to solar cell makers in Japan and other countries. By supporting production of solar cells, a source of clean energy that does not generate carbon dioxide, we are contributing to the development of a sound material-cycle society.

Conventional electric power generation, such as thermal power, for example, burns fossil fuel (oil, coal, natural gas, etc.) in a boiler to generate steam that turns the turbine of a generator and produces electricity.

Solar power, in contrast, effectively utilizes energy that until now has not been used (or has been discarded) to directly generate electricity without the need for the energy conversion used in conventional electric power generation. It is an environment-friendly form of energy with low CO₂ emissions and virtually no NO_x or SO_x. The amount of solar energy that reaches the earth in one hour is the equivalent of all energy used by humans in an entire year. Use of solar power, which will never be depleted, will lead to checks on the progress of global warming.

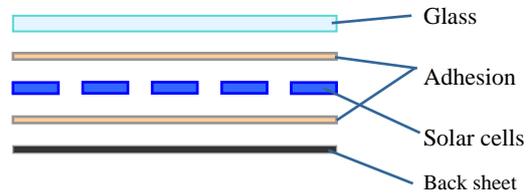
Emissions by Electric Power Generating Method

Generation Method	(g/KWh)		
	CO ₂	NO _x	SO _x
Coal	322.8	1.8	3.400
Oil	258.5	0.88	1.700
Natural gas	178.0	0.9	0.001
Nuclear power	7.8	0.003	0.030
Hydroelectric	5.9	TR	TR
Solar power	5.3	0.007	0.020
Geothermal power	51.5	TR	TR
Wind power	6.7	TR	TR

Source: American Solar Energy Society documents



A module laminator

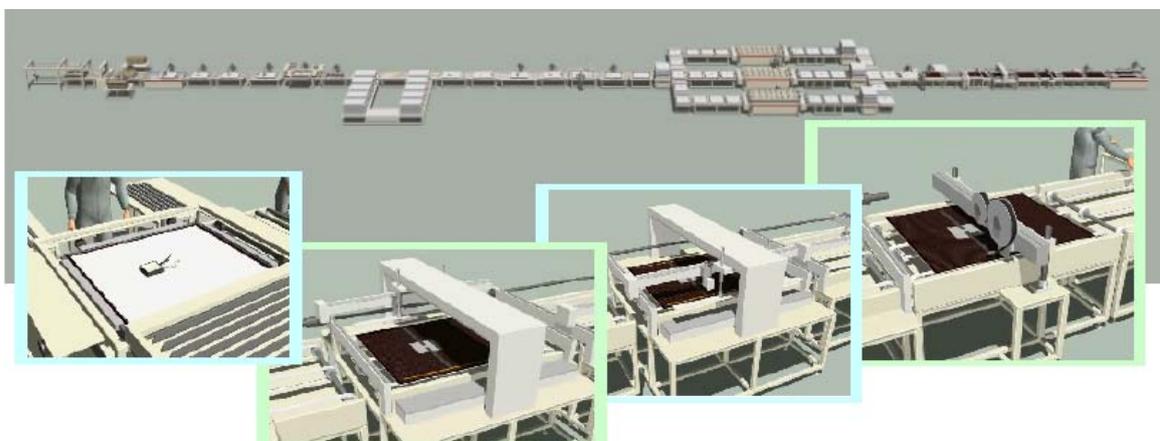


Structure of a crystal photovoltaic module



A solar simulator

A Photovoltaic Module Manufacturing Line



A photovoltaic module back-end manufacturing line

When manufacturing photovoltaic modules, module laminators seal the solar cell inside glass and a back sheet using an adhesive material (resin) by heating the components and forming the module under a vacuum. As a result, precision temperature and vacuum control are essential.

Solar simulators use simulated solar rays to measure the output properties of photovoltaic cells such as voltage and current and must provide consistent intensity of light.

Nisshinbo's module laminators and solar simulators have captured a high share of the Japanese market because of Nisshinbo's ability to respond technologically to increasingly diverse and high-level customer demands. In recent years, Nisshinbo has provided consistent supply of these devices to overseas companies that seek to enter the photovoltaic module business. In February 2008, Nisshinbo launched a newly developed in-line EL inspection unit.* This device uses the EL phenomenon of solar cells to identify cracks in cells, a problem that occurs during the photovoltaic module manufacturing process. The unit automates a process that in the past experienced employees performed by eye and is able to find even micro-cracks inside cells that cannot be seen by the naked eye.

Nisshinbo will continue to improve and develop manufacturing equipment that can promote the widespread use of photovoltaic modules and contribute to the development of a sound material-cycle society.

* In-line EL inspection unit: A device that can be embedded in the production line and makes use of the electroluminescence (EL) phenomenon of generating light from electric energy to identify cracks.

Products for a Sound Material-Recyc Society

4. FSC-Certified Forestry Products

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

In October 2007, Nisshinbo acquired certification under the FSC's COC² program, an international forestry certification system. At the end of 2007, Nisshinbo began selling *Vent Nouveau* F-FS, a fine printing paper with FSC forestry certification.

FSC-certified forestry products are environment-friendly products made from raw materials that the FSC certifies are "wood materials obtained from a properly-managed forest," including that they were not illegally harvested, that the forest is managed so good sunlight passes through, and that important plants and animals are protected. COC certification is a certification that FSC-certified pulp and products are managed properly in all stages and that no non-certified materials are included.

Labeling a product with the FSC logo indicates that the manufacturer participates in measures for protecting forests.

Nisshinbo plans to increase its lineup of FSC-certified products in lines other than the *Vent Nouveau* series as well.



The FSC COC Certification



The *Vent Nouveau* series of fine papers

1 Forest Stewardship Council (FSC): A non-profit, international committee established in 1993 with the intention of encouraging management of the world's forests from the perspective of protecting the environment in a manner that provides suitable social benefit and economically sustainable forest management.

2 Chain of Custody (COC): A system for certifying that products use only materials that were obtained from FSC-certified forests and have been managed appropriately in all stages, including storage, transport, manufacture, labeling, and shipment.

5. Electric Double-Layer Capacitors (N's CAP)

Unlike chemical secondary batteries that use chemical reactions for charging and discharging, electric double-layer capacitors can store electrical energy without converting it to another form. Since they do not use chemical reactions, there is minimal deterioration of performance over time, which means they can be used semi-permanently and generate limited waste. In addition, the terminals are made of activated carbon rather than heavy metals, making them excellent devices with little environmental impact.

Nisshinbo N's CAP capacitors use an original ionic liquid* as the electrolyte and exhibit high ion conductivity and excellent electrochemical stability, providing outstanding large-current discharge properties even at low temperatures. Also, increasing the capacity and output of capacitors requires greater capacitor cell layers, which results in energy losses from uneven voltages between cells, but the Nisshinbo Group developed control circuits that minimize these losses to achieve higher capacities and outputs than those of earlier products.

Electric double-layer capacitors are attracting attention as backup power supplies for electronic devices and starting up copy machines as well as power supplies in hybrid vehicles and other applications.

Furthermore, since the output of power generated from renewable energy sources, such as wind and solar power, is not stable, smoothing using storage technologies is required. Nisshinbo is currently participating in a New Energy and Industrial Technology Development Organization (NEDO) project for the development of technologies for such systems.



* Ionic liquid: An ion compound that is a liquid at room temperature. Because of their outstanding electrical properties, it is expected that ionic liquids will be used as substitutes for battery electrolytes and organic solvents.

6. Environment-Friendly Semiconductors

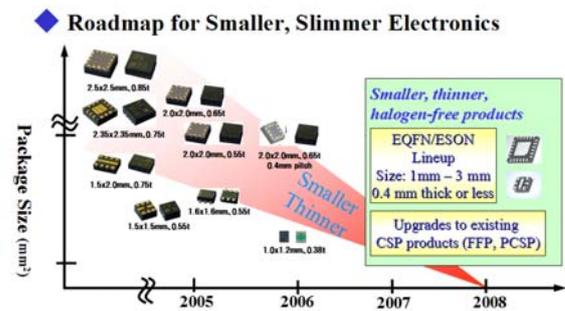
New Japan Radio, a Nisshinbo Group company, conducts development of semiconductor products that takes the environment into consideration from the planning stages.

Miniaturization

Making electronic devices smaller and lighter not only enhances their usability but also reduces the volume of raw materials used and environmental impact during distribution.

Further miniaturization of components is needed so high-performance mobile, multimedia terminals, such as mobile phones, can incorporate numerous functions in a limited space.

New Japan Radio is using original technologies to reinforce its lineup of chip-size packages (CSPs) that respond to demands for miniaturization and advanced functionality.



Power Saving

Mobile devices also need to reduce energy consumption when in standby and save energy.

New Japan Radio is developing power-saving products and creating products with a standby function that stops operation of internal IC circuits and controls power consumption when the product is not in use.

Group Products, Technologies, and Services that Contribute to the Realization of a Sustainable Society

Business Segment	Products & Technologies	Description	Area of Contribution*						
			Prevent Pollution	Reduce Environmental Impact	Save Resources	Save Energy	Recycling	Renewable Energy	Effective Use of Resources
Textiles	Non Care	100% cotton dress shirts that can be worn even without ironing				●			
	Banana fiber	Effective use of agricultural waste banana stalks			●				
	Ecologia (Ecopet)	Textiles made from recycled polyester					●		
	Environment-friendly Australian cotton	Organic cotton that reduces environmental impact during growth is healthy		●					
Brakes	Green pads (environment-friendly friction materials)	Friction materials that comply with the EU End-of-Life Vehicle Directive and clear step 3 of the voluntary standards on content of substances of concern (antimony-free)		●					
Paper	FSC-certified paper	Paper products that contribute to preventing global warming through protection of forest resources							●
	Toilet paper that is twice as absorbent designed specifically for shower toilets	Since it is twice as absorbent, less paper can be used			●				
	Toilet paper with recycled content	A product made from 100% recycled paper					●		
	Biodegradable cards	Prepaid cards that are made from biodegradable materials		●					
	Daiwa Shiko recycled paper gift box	A molded gift box that includes recycled paper					●		
Precision instruments & machinery	Photovoltaic module manufacturing lines	Includes back-end processing for photovoltaic modules, a source of clean energy							●
	EL inspection equipment for photovoltaic modules	Improves yields and performance of photovoltaic modules, a source of clean energy							●
	Solar simulators	Makes possible confirmation of the quality of photovoltaic modules, a source of clean energy							●
	Storage cell manufacturing equipment	Manufacturing equipment for storage cells used in hybrid vehicles				●			
	Aircraft manufacturing equipment	Unique manufacturing equipment that makes possible light weight aircraft structures using carbon fibers				●			
	Cylindrical welding machines	Equipment for manufacturing cylindrical filters used in water and other filters							●
	Precision parts for diesel engine common rail systems	Parts for use in diesel engines with low CO2 emissions		●					
	Nippon Kohbunshi Air Barrier Fans	The air barrier system is an energy-saving product that serves as an effective window heat and condensation barrier				●			
	Nippon Kohbunshi Long Fans	Ductless fans for parking garage ventilation and exhaust and achieving uniform air conditioning temperatures							●
	Color matching software that eliminates waste paint and ink	Software that reduces waste by diverting leftover paint and ink for use in other colors					●		
Chemicals	Carbodilite high-performance resin material	A high-performance material used to rectify plant-derived polylactic acid and enhance the performance of paints		●					
	Carrier APG and BCN for water processing use	Microorganism fixing materials that enhance the cleaning performance of plant wastewater cleaning plants and wastewater treatment facilities	●						
	Carbon substrate that allows X-rays to pass through	A recording media substrate that does not require developing agents when X-ray images are taken and can be used repeatedly			●				
	Low-stress tape that uses a direct spinning method	A dechlorinated product that can substitute for chloroprene rubber		●					
	Urethane foam for LNG storage tanks	Ultra-low temperature insulation material for LNG storage tanks				●			
	Bipolar plates for fuel cells	Practical application of carbon separators is proceeding		●					
Electronics and other	Electric double-layer capacitors	Long-life energy storage device that undergoes little deterioration from charging and discharging				●			
	RoHS-compliance electronic and electrical devices	Electronic and electrical devices that clear the EU Hazardous Substance Use Restriction Directive standards and achieve energy- and materials- saving goals	●						
	Environmental measurement and analysis surveys by Nisshin Environmental Planning Inc.	Contributes to reductions in environmental impact by customers by conducting environmental measurements and analysis surveys	●						
	Nisshinbo Postal Chemical label printer that complies with Energy Star	An energy-saving printer that complies with the U.S. Environmental Protection Agency's Energy Star standards				●			
	Nisshinbo Postal Chemical thermal ribbon collection service	Collection of used thermal ribbons for reuse as a solid fuel source					●		

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

Contribution to Local Communities and Promotion of Sports

Development of the Former Tokyo Plant Site

1. Background to Development

The former Tokyo Plant (in Nishi Arai Sakaecho, Adachi-ku) had a large site of about 150,000 square meters near the west exit of Nishi Arai Station on the Tobu Railway Isezaki Line. As the origins and center of Nisshinbo's non-textile businesses, the brake business, chemical products business, paper products business (printing), and subsidiaries were located here.

Adachi-ku was carrying out a redevelopment plan in the station area, and a city disaster response plan called for an evacuation route to go through the site. The areas surrounding the plant have a high population density, and further expansion of manufacturing was undesirable because of limitations imposed by the Factory Restrictions Law.

2. Nisshinbo Decides on Redevelopment

In September 1998, Nisshinbo decided to sell about 116,000 square meters of the former Tokyo Plant site on the Nishi Arai Station side to the Urban Development Corporation (currently the Urban Renaissance Agency), and work started on moving the plant's facilities. Transfer of all the facilities was completed in 2005, and full-scale development of the area began.

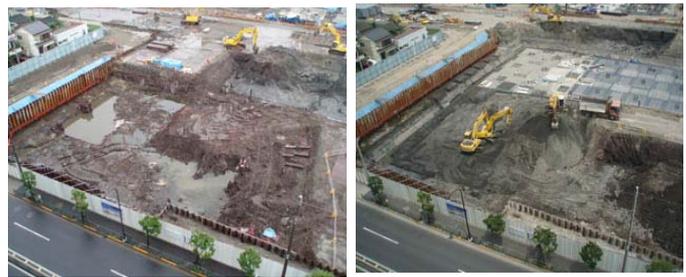


The former Tokyo Plant site in 2004

A basic agreement concerning development of retail stores was concluded with Ito-Yokado with respect to the remaining 32,000 square meters in May 2004, and it was decided that the entire area would be redeveloped to create a new neighborhood with residential districts, retail areas, parks, and medical and public facilities.

3. Soil Remediation and Waste Disposal

Soil contamination was detected in some area of the plant site, but the contaminated soil was removed from the site and processing performed to bring levels below regulatory standards. In addition, household waste from the Tokyo Bureau of Public Cleansing was placed on the site and buried to reclaim the land during the late 1950s and early 1960s. This waste was also removed from the site and proper processing performed.



Remediation operations in an area with soil contamination; the contaminated area before (left) and after (right) removal of soil

4. Creating a New Neighborhood

The Urban Renaissance Agency's redevelopment plan for the station area and a large-scale commercial facility development plan were integrated, and the area approaching Nishi Arai Daishi Temple from Nishi Arai Station was recreated as a bustling shopping area.



Commercial facilities line the route to the temple.

A large-scale condominium (with 550 units) was completed in the residential district in early 2007, and other construction projects are currently underway in various other areas.

Nishi Arai Sakae Park was completed in an adjacent area in April, providing a safe ground for children to play as well as a walking route for dog owners living in the area.

Ario Nishi Arai, a large-scale commercial facility, opened in November with an Ito-Yokado supermarket, 111 specialty shops, and a multiplex movie theater, forming a highly convenient shopping area that also meets dining and cultural needs. The shopping center and the adjacent park will serve as an evacuation site and supply base for everyday goods in the event of a major natural disaster, such as a large earthquake, playing a role in regional disaster response functions.

As development of the region proceeds in the future, additional environmental, convenient, and disaster response functions will be created with the expectation that the area will provide even greater value to the local community.



The commercial facilities seen from Nishi Arai Sakae Park



Development progresses at the former site of the Tokyo Plant

Column

When large retail stores are constructed, there is sometimes opposition from neighboring retail districts because of the substantial impact on their business. Ito-Yokado's first store opened in the postwar era was in Adachi-ku, and as a result, full cooperation was obtained from a local organization that promotes the Adachi-ku shopping district from the earliest stages of the project. The creation of a new community based on the good-faith efforts of the developers and the understanding of local residents was a highly valuable experience for Nisshinbo.

**Promotion of Sports
Nisshinbo Supports Program to Foster Junior Athletes**

The All Japan Junior Tennis Championships were held at the Utsubo Tennis Center, Osaka, from August 4 to 16, 2007. Nisshinbo has supported the championships as a special sponsor since 2005 and provides original design towels to all participants. Since 2005, the Japan Tennis Association has selected two male and two female players from among the participants to compete in the South American junior tennis circuit, which involves competitions in various South American countries. Nisshinbo has supported this activity as part of its activities as a special sponsor since 2006, and the selected team is known as the Nisshinbo National Junior Team.



The original design towel provided by Nisshinbo

At the 2007 championships, one athlete selected for the Nisshinbo National Junior Team won with overwhelming strength. The other team members are also active domestically and internationally. Nisshinbo will continue its support with the hope of playing a role in the development of future stars of the tennis world.



Scenes from the 2007 championships

Management Structure

The Nisshinbo Group is conducting ongoing organizational reforms and raising corporate value with “reform and growth” as its slogan.

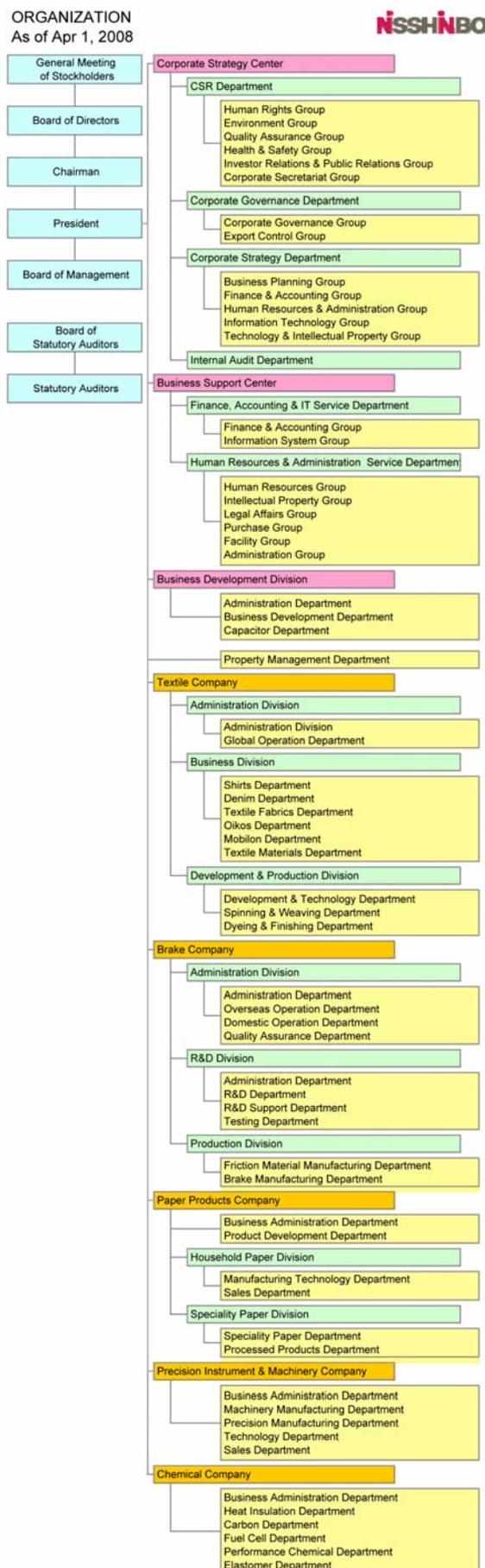
Organizational Reforms

The Chemical Company was established on April 1, 2007, and the chemical products division and business development division, which share a common technological foundation, were integrated.

In addition, in preparation for the transformation to a holding company system, major organizational restructuring was carried out on April 1, 2008.

<Details of the April 1, 2008 Organizational Restructuring>

1. The CSR Management Center, General Affairs Division, Accounting and Finance Division, Human Resource Division, and Information Systems Office were eliminated and a new Corporate Strategy Center, Business Support Center, Business Development Division, and Property Management Department were established.
2. Each Company was reorganized to include an administrative division, R&D division, and business division.
3. The Research and Development Center was renamed the Central Laboratory.



Preparations for Transformation to Holding Company

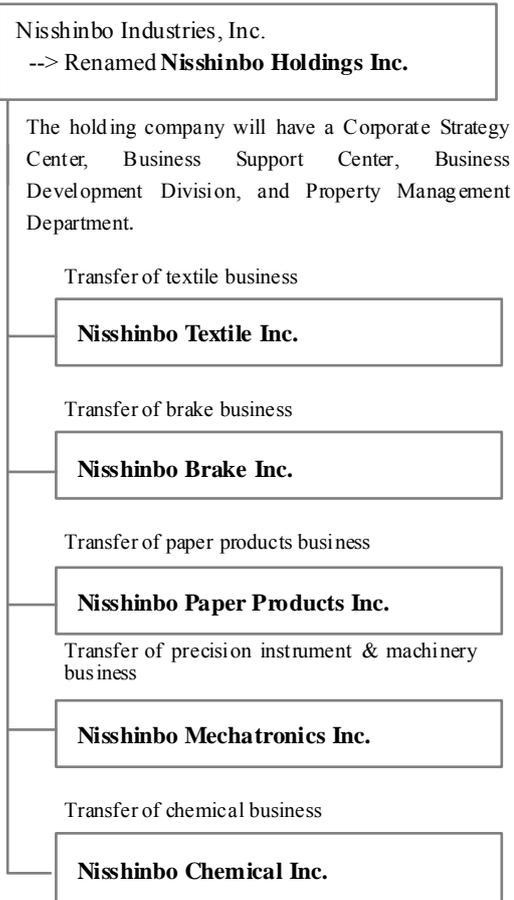
In June 2006, Nisshinbo adopted an outside director system and a managing officer system with the intention of improving transparency in management and increasing the pace of decision making.

In addition, the company determined that a holding company system would be optimal for management of the Nisshinbo Group, which is primarily characterized by its multifaceted management, in order to raise corporate value.

There are three main objectives to making the shift to a holding company system:

1. Reinforce group management with a holding company at the center of the Group;
2. Enhance the competitiveness of individual businesses by conducting dynamic operations according to the business environment of each; and
3. Achieve self-sufficient business operations through business restructuring.

At an extraordinary meeting held in May 2008, the Board of Directors adopted a corporate division plan, which was approved by the General Shareholders Meeting on June 27, and full-scale preparations began for the transformation to a holding company system. The textile business, brake business, paper products business, precision instrument and machinery business, and chemical business will be spun off, and their respective rights and duties will be transferred to the new companies in an effort to enhance corporate value.



Overview of the Corporate Division Plan

Corporate Governance

1. Structure

Nisshinbo seeks to practice CSR-based management while maintaining continuous growth based on the belief that companies are public entity and with “consistent integrity” as its creed. In order to respond to the globalization of markets and to raise corporate value, Nisshinbo is taking measures to reinforce its corporate governance implemented through the following management structure:

- (1) A Board of Directors of 11 members including 3 outside directors (as of June 27, 2008) makes timely decisions concerning management strategies and policies and is reinforcing oversight functions.
- (2) The term of office of directors is one year, and measures are taken to clarify management responsibility for each fiscal year.
- (3) The outside directors (currently 3 directors) serve to enhance the transparency of management.
- (4) A managing officer system was introduced to invigorate the Board of Directors by separating management decision making from execution.

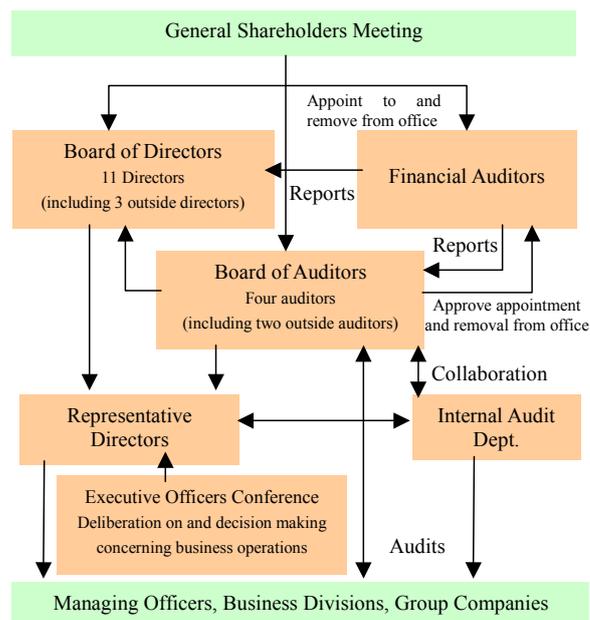
2. Management Oversight Functions

The two full-time and two outside auditors attended meetings of the Board of Directors and are able to make statements freely so that they can understand and monitor the status of management and operations in a timely manner. The auditors also monitor the management and finances of subsidiaries in Japan and overseas and perform audits of these companies.

Advice concerning management issues is obtained from corporate attorneys, and the company has concluded agreements with multiple financial auditors to perform rigorous and impartial accounting audits.

The Internal Audit Department, an internal audit organization, collaborates with the statutory auditors and financial auditors to improve the effectiveness of business and accounting audits.

In conjunction with the expiration of the term of office of the financial auditors, the General Shareholders Meeting adopted a resolution on June 27, 2008 to hire Veritas & Co. as accounting auditors.



Corporate Governance Structure
(As of June 27, 2008)

3. Internal Controls

In conjunction with the new Companies Law that came into effect in May 2006, there are greater requirements imposed on corporations to establish internal control systems, and in FY ended March 31, 2009, companies became obligated to submit internal control reports pursuant to the Financial Instruments and Exchange Law in order to raise the reliability of financial reporting. The Nisshinbo Group has responded by developing operational processes and management documents relating to internal controls and by developing and reinforcing management structures.

Risk Management

As a result of the identification and analysis of various management risks in the Group as a whole carried out in FY 2005, the Nisshinbo Group has been taking various measures relating to crisis management, such as response to natural disasters, and the prevention of legal violations that could have a substantial impact on corporate reputation position as priority issues. (See the section on Legal Risk Management under "Compliance" on the following page for more information on prevention of legal violations.)

Crisis Management

In recent years, there have been a number of large-scale natural disasters in Japan and other countries, making the creation of disaster-resistant business structures an even more urgent task.

The Nisshinbo Group has adopted a Crisis Management Policy and an Emergency Response Manual describing response policies in the event of an emergency situation (earthquake, fire, etc.).

In anticipation of a major earthquake, Nisshinbo and its domestic subsidiaries conduct emergency contact training once every year. This training is designed to teach procedures for confirming the safety and whereabouts of personnel and for rapid recovery from a disaster. In FY ended March 31, 2008, training was conducted on August 3 during which information concerning the safety of each employee was sent by mobile phone or other means to an emergency contact e-mail address listed on an emergency contact card,* and the results from each plant and subsidiary were reported to the Nisshinbo Earthquake Response Headquarters. Nisshinbo has installed satellite telephones in its Earthquake Response Headquarters and in the central plants to provide for more certain communications under emergency conditions.

With respect to information systems, since key management information is stored on computer systems, Nisshinbo is pursuing the building of a main server system that can operate for 24 hours a day and 365 days a year, for example by installing it in a safe facility that gives the consideration to countermeasures in the case of an earthquake or other disaster.

携帯用防災カード

2004年3月
日 清 紡

◎ 大地震発生時の行動指針

日清紡およびその子会社の従業員は、地震防災対策強化地域判定会招集時、または大地震発生時、下記により行動するものとする。

1. 基本事項
 1. 本人および家族の生命・安全の確保を最優先に行動する。
 2. 全社地震対策本部および事業場・子会社地震対策本部を設置するので、その指示に従って行動する。
 3. 各自、速やかに、上司経由または直接、自らが属する地震対策本部へ、裏面記載事項に従い、安否連絡・現況報告を行なう。

II. 判定会招集時・地震発生時の行動基準

所 在	判定会招集時	地震発生時
事 業 場	各自が属する地震対策本部の長の指示に従う。	家族の所在を確認する。
自 宅	自らと家族の安全を確保する。テレビ・ラジオ等の地震情報を視聴する。	火元・電源を切る。
通勤途上	家族の所在を確認する。	家族の所在・安否を確認する。
外 出 先	各自が属する地震対策本部または上司と連絡をとり、その指示に従う。	家族の所在・安否を確認する。
出張先	家族の所在を確認する。	家族の所在・安否を確認する。
旅行先	当社の事業場内の場合は、当該事業場の地震対策部長の指示に従う。当社外の場合は、その地域の行政機関の指示があれば、それに従う。	

An emergency contact card (front)

* Emergency contact cards:

Two-fold, business card size cards that contain action policies in the event of a major earthquake or other emergency situation, as well as emergency contact information (e-mail addresses for the employee's work site and contact information for the employee's supervisor) and information concerning the cardholder. These cards have been distributed to all Nisshinbo and domestic subsidiary employees. They are made from Nisshinbo synthetic paper and are water resistant.

Fire Prevention and Response

Each Nisshinbo plant has organized an internal firefighting team to prevent and respond to fires, performs monthly inspections of firefighting facilities, and conducts training on the use of fire hydrants. In addition, fire prevention inspections are conducted annually; in FY ended March 31, 2008 they were conducted at each plant.

Information Security

To properly manage important information relating to customers, employees, and others, Nisshinbo adopted the Personal Information Protection Regulations in January 2005 and the Business Confidence Management Regulations in April of that year. Each plant has a personal information protection manager and a business confidence manager who conduct activities to ensure that appropriate management is performed on a daily basis. In addition, internal audits are conducted annually to confirm the status of management at each plant, and improvements to information security are made continuously.

Compliance

To ensure total compliance, the Nisshinbo Group states its policies in the Corporate Code of Conduct and is working to establish and extend corporate ethics.

Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo established a Corporate Ethics Committee to coordinate systems and regulations concerning compliance matters and to oversee educational activities. In addition, the Corporate Ethics Reporting System was established to prevent violations of laws and internal regulations, rapidly identify questionable conduct and violations, and take action to prevent reoccurrences. This system can be utilized by anyone, not just Nisshinbo employees, and can be used to communicate with the internal Corporate Ethics Committee as well as outside corporate attorneys.

Legal Risk Management

The Nisshinbo Group conducts legal risk management as a means of ensuring total compliance in all business activities. Verification of compliance with the requirements of major applicable laws and regulations relating to business activities is performed periodically using check sheets, and measures are taken to ensure that there is no deficiency in responses. Action began in FY ended March 31, 2007, and by making the requirements of major laws visible, the system has simplified the process of verifying compliance and has served to raise awareness of compliance at work sites.

Compliance Education

Nisshinbo revised its employee handbook in FY ended March 31, 2008. The handbook contains the corporate principles and charters as well as the compliance guide, which in the past was a separate booklet. The handbook, which contains both Japanese and English, is distributed to all group employees including overseas employees and is frequently used for employee education.

Export Control Systems

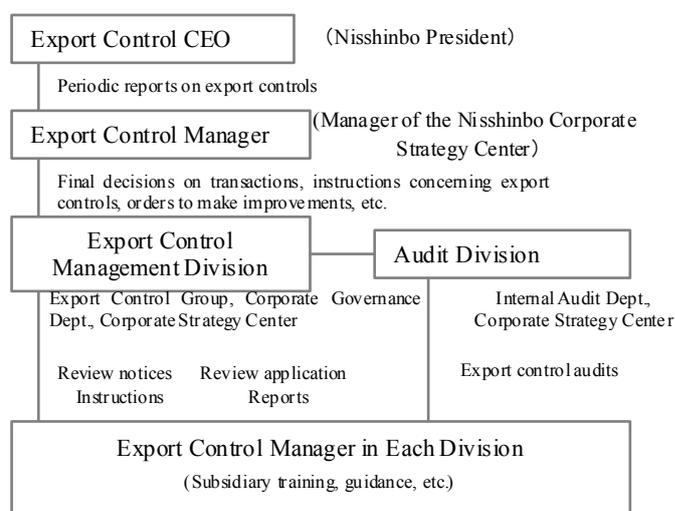
The Nisshinbo Group adopted Export Control Regulations and the Nisshinbo Group Export Control Regulations in December 2007 and introduced uniform, group-wide rules concerning secure export management. In conjunction with the adoption of these regulations, the Export Control Management Division was established, and an export control manager was appointed in each division.

The Export Control Management Division oversees and manages export controls for the entire Group, performs secondary reviews on export transactions by each division, conducts education and training, provides information concerning legal updates, makes recommendations concerning internal audits, and provides guidance to subsidiaries.

Export managers oversee and manage the export operations of each division, review classification determination forms, perform initial reviews of export transactions by relevant divisions, conduct education and training, and provide guidance to subsidiaries under their authority.

Following the adoption of uniform rules, a comprehensive inspection of classification determinations and transaction reviews was conducted group-wide in FY ended March 31, 2008 to determine current conditions. Also, Nisshinbo's Export Control Regulations have been filed with the Ministry of Economy, Trade and Industry.

Going forward, Nisshinbo is committed to making continuous improvements through internal audits and other measures and making contributions to the maintenance of international peace and security.



Nisshinbo Group Export Control Structure
(As of April 2008)

For the Benefit of Customers

Recycled Paper Mislabeling Incident

As Nisshinbo announced on January 23, 2008, a review of the recycled pulp content contained in certain paper products manufactured by the company revealed the existence of a discrepancy between the actual percentage of recycled pulp and the set standards. This resulted in a significant loss of confidence by our customers, business partners, and other concerned parties, and Nisshinbo sincerely apologizes for the considerable inconvenience caused.

This problem arose because of the extreme difficulty in maintaining the necessary quality at the stated percentage of recycled pulp in conjunction with a decline in the quality of used paper and an increase in the percentage of recycled pulp required, as well as a misunderstanding of the notion of a customer-oriented approach that emphasizes quality above all else.

No matter what the reason, however, this type of incident must never occur in a company that should be contributing to society through its business operations. Nisshinbo promotes the concept that companies are public entity, and the occurrence of such an incident that violates our principles has been met with sincere and deep introspection.

Nisshinbo is treating this incident with great seriousness, and after suspending production of products that do not meet the standards of the green procurement law, we obtained customers' agreement to change the stated percentage of recycled pulp to the actual percentage and recommenced sales. Nisshinbo has taken the following measures to prevent the reoccurrence of this type of incident:

- (1) Nisshinbo will not accept orders for products that it cannot produce with the percentage of recycled pulp that will satisfy the arrangements made with customers;
- (2) Nisshinbo will take further measures to ensure compliance and strengthen internal controls; and
- (3) Nisshinbo will develop internal check systems and reinforce its audit systems.

At the same time, Nisshinbo will work to garner the support of customers for its products by continuing its efforts to improve manufacturing technologies and review its product lineups to ensure appropriate percentages of recycled pulp and remain committed to increasing and improving its environment-friendly products, such as FSC-certified papers.

Product Safety Charter

Nisshinbo adopted the Product Safety Charter, which comprises four principles, in 1995 to develop and market safe and socially beneficial products and services and through these actions gain the satisfaction and confidence of consumers and customers. The Charter was revised in FY ended March 31, 2008 with a focus on the entire Group, and they are put into practice in day-to-day product safety activities.

Product Safety Charter

1. We shall pursue the making of products that give consideration to the safety of customers throughout their whole life cycles, 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.

Quality Assurance Systems

Previously, quality assurance measures were taken by individual divisions and subsidiaries, but the Medium-Term CSR goals set for 2010 include the following group-wide quality assurance initiatives:

Expansion and Improvement of Business Group Quality Assurance Systems

- Reinforce measures concerning the intake and handling of requests and complaints from customers, improvements, and prevention of reoccurrence.
- Take measures to achieve high levels of awareness by all employees concerning product safety.

In addition, a new Quality Assurance Group was established in the Corporate Strategy Center's CSR Department in April 2008 to reinforce quality assurance systems group-wide. Nisshinbo will continue to raise the level of its quality assurance initiatives and work to achieve high levels of customer satisfaction.

this goal. We will continue our efforts to maintain this performance of zero product liability claims through FY ended March 31, 2009.

To raise awareness of product safety, Nisshinbo is conveying information on its approach to product safety through a variety of educational programs.

Product Safety Measures

The FY ended March 31, 2008 group-wide quantitative goal for product safety was zero product liability claims, and the Group was able to achieve

Goal: Zero Product Liability Claims



Goal Achieved in FY ended March 31, 2008!

Verification of Quality Management System

Within the Nisshinbo Group, many divisions and group companies have acquired quality management system certification under ISO 9001 and other international standards. The brake business and electronics business acquired certification under TS16949, a standard that has been added to ISO 9001 to meet the unique requirements of the automobile industry, and are working daily to enhance their management systems so they can respond to the stringent demands of customers. In the medical equipment field, certification was acquired under ISO 13485, a standard designed for the special needs of medical equipment. The current status of certifications is indicated in the table below.

Acquisition of ISO 9001: 2000 Certification

● Nisshinbo (6 plants and 7 divisions)

Brake Company

- Head office (Chuo-ku, Tokyo)
- Tatebayashi Plant (Oragun, Gunma)
- Toyota Plant (Toyota City, Aichi)
- Chiba Plant (Asahi City, Chiba)

Paper Products Company

- Fine Paper Segment, Speciality Paper Department

Precision Instrument & Machinery Company

- Miai Machinery Plant (Okazaki City, Aichi)
- Hamakita Plant (Hamamatsu City, Shizuoka)

Chemical Company

- Heat Insulation Department
- Carbon Department
- Fuel Cell Department
- Performance Chemical Department
- Elastomer Department

Business Development Division

- Capacitor Department

● Group Companies (12 companies)

Japan (8 companies)

- Nisshin Denim Inc. (Yoshinogawa City, Tokushima)
- NIPPON KOHBUNSHI CO., LTD. (Okazaki City, Aichi)
- Nisshinbo Precision Instrument & Machinery Hiroshima Co., Ltd. (Higashi-Hiroshima City, Hiroshima)
- Nisshinbo Postal Chemical Co., Ltd. (Chuo-ku, Tokyo)
- New Japan Radio, Co., Ltd. (Chuo-ku, Tokyo) (including NJR Chichibu)
- Saga Electronics, Co., Ltd. (Kanzaki-gun, Saga)
- NJR Fukuoka Co., Ltd. (Fukuoka City, Fukuoka)
- Ueda Japan Radio Co., Ltd. (Ueda City, Nagano)

Overseas (4 companies)

- China: Shanghai Choya Fashion Co., Ltd., Pudong Kohbunshi (Shanghai) Co., Ltd
- Thailand: Kohbunshi (Thailand) Ltd., Thai NJR Co., Ltd.

Acquisition of TS 16949: 2002 Certification

- Nisshinbo (1 office and 3 plants)

Brake Company

Head office (Chuo-ku, Tokyo)
Tatebayashi plant (Oragun, Gunma)
Toyota plant (Toyota City, Aichi)
Chiba plant (Asahi City, Chiba)

- Group Companies (8 companies)

Japan (3 companies)

New Japan Radio, Co., Ltd. (Chuo-ku, Tokyo)
(including NJR Chichibu)
Saga Electronics, Co., Ltd. (Kanzaki-gun, Saga)
NJR Fukuoka Co., Ltd. (Fukuoka City, Fukuoka)

Overseas (5 companies)

U.S.

Nisshinbo Automotive Corporation (NAC)
Nisshinbo Automotive Manufacturing Inc.
(NAMI)

Thailand

Nisshinbo Somboon Automotive Co., Ltd. (NSA)

South Korea

Saeron Automotive Corporation (SAC)

China

Saeron Automotive Beijing Corporation (SABC)

Acquisition of ISO 13485: 2003 Certification

- Group Companies (1 company)

Japan (1 company)

Ueda Japan Radio Co., Ltd. (Ueda City, Nagano)

Awards from Customers

Textile Business

2007 Apparel Overall Champion Award

Iwao & Co., Ltd., a group company, received the 2007 Apparel Overall Champion Award from Adidas Japan. Iwao surpassed other suppliers in terms of quality, planning and proposals, cost performance, deliveries, and other areas to win the award.



The award presentation ceremony

Brake Business

Nisshinbo Brake Sales Co. Ltd., a group company, won the Toyota Quality Management Excellence Award in February 2008. In March 2008, Nisshinbo Automotive Corporation and Nisshinbo Automotive Manufacturing Inc. (NAMI), also group companies, won the Honda Performance Award and the Nissin Kogyo Performance Award, respectively.

Precision Instrument and Machinery Business

Pudong Kohbunshi (Shanghai) Co., Ltd., a resin processing company, won the 2007 Quality Excellence Award from Yamaha.

For the Benefit of Shareholders

The Nisshinbo Group has implemented a strategy of “selection and concentration” to raise corporate value by focusing its management resources on high-growth businesses. At the same time, the Group is enhancing management transparency through timely and appropriate disclosure of business and financial information.

FY ended March 31, 2008 Business Results and Dividends

Thanks to strong performance by overseas subsidiaries in the brake business, higher domestic production demand due to increased exports of finished vehicles to emerging market countries and oil-producing countries, and higher sales of distinctive products such as toilet paper made especially for shower toilets and acquisition of Daiwa Shiko Co., Ltd. in the paper products business, both sales and income were up. Net sales were 322,411 million yen (a 3.1% increase from the previous year), and operating income reached 12,033 million yen (a 4.2% increase) because of improved profitability by American brake subsidiaries and other factors. Operating income was 18,916 million yen (a 9.5% increase) as a result of an increase in dividends received and strong performance by Continental Automotive Corporation, a company subject to the equity method, but net income was down 18.7% to 12,289 million yen because of a decline in gains from the sale of investment securities, a one-time write-off of goodwill relating to New Japan Radio, and other factors. Dividends were 15 yen per share for the year, the same as the 15 yen per share last year (including a 10-yen regular dividend and a five-yen dividend to commemorate the 100th anniversary of Nisshinbo’s establishment).

General Shareholders Meeting

Nisshinbo’s 165th regular General Shareholders Meeting was held on June 27, 2008 at the Head Office in Chuo-ku, Tokyo.

Acquisition of Company Shares and Retirement of Treasury Shares

In order to raise shareholder value, Nisshinbo conducted buybacks of its shares twice in FY ended March 31, 2008, acquiring 9,411,000 shares. In May 2007, a total of 3,000,000 treasury shares were retired. As of the end of March 2008, the company had 198,698,939 shares outstanding, a decline of 1.5% from the end of the previous fiscal year. In April, additional 6,600,000 shares (approximately 3.3% of outstanding shares) were retired, and 10 million shares (approximately 5.2% of outstanding shares) were acquired through May 2008.

Information Disclosures and Investor Relations

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

Investor Relations Activities in FY ended March 31, 2008

Target	Activities
Domestic institutional investors Securities analysts	<ul style="list-style-type: none"> ▪ Semiannual financial briefings ▪ Responses to individual requests for information
Overseas institutional investors	<ul style="list-style-type: none"> ▪ Teleconferences ▪ Issuance of an English-language annual report
Individual investors and shareholders	<ul style="list-style-type: none"> ▪ Issuance of shareholders notice (interim and year-end)
General public	<ul style="list-style-type: none"> ▪ Posting information on websites

Preferential Treatment for Shareholders

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

1. An assortment of Nisshinbo household paper products (valued at 3,000 yen)
2. A donation to the Green Fund (3,000 yen per person)

In addition to the provision of Nisshinbo products conducted in the past, shareholders may now also select a donation to the Green Fund, which is supporting a local movement by residents for the development of scenic forests conducted by the National Land Afforestation Promotion Organization and other organizations. Through such donations, shareholders can support environmental preservation activities.

Working with Suppliers

CSR-Based Procurement Activities

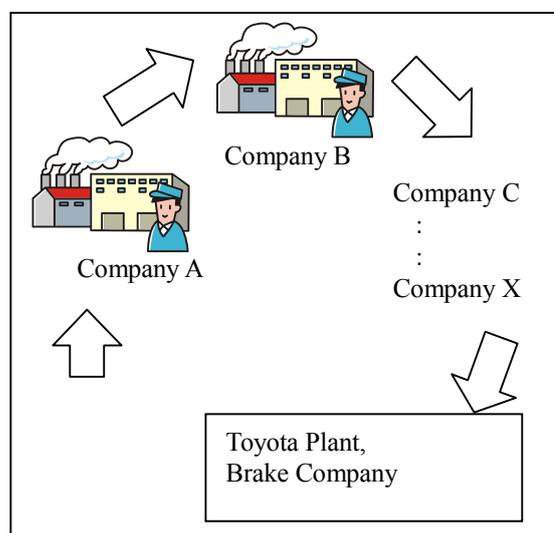
Nisshinbo's Brake Company is carrying out CSR-based procurement, which gives priority to the procurement of raw materials, components, secondary materials, and ancillary materials that have lower environmental impact, to create and supply products that can contribute to the realization of a recycling-based, environment-friendly society. Nisshinbo adopted Green Procurement Guidelines in September 2007, conducted briefings to explain the concepts and objectives of green procurement to about 250 suppliers, confirmed the status of environmental management system development, reported chemical substance data, ensured compliance with all applicable laws and regulations, prohibited the use of specified chemical substances, and took other measures.

In the future, Nisshinbo will produce an English-language version of the guidelines, encourage their adoption by the overseas subsidiary of the Brake Company, and expand CSR-based procurement globally.

Increasing Transport Efficiency through Milk Run Collection System*

The former Nagoya Plant (closed in December 2006) received individual deliveries of procured parts from each of its suppliers, but when production operations were transferred to Toyota, there were concerns that transport distances would increase. In response, a milk run collection system was introduced for those suppliers not subject to geographic restrictions in order to raise transport efficiency. Currently, 28 suppliers participate in the Toyota plant's milk run collection system. Nisshinbo will continue to encourage suppliers to participate in this program to expand it. In addition to the milk run collection system, Nisshinbo is also using other logistics methods to reduce environmental impact, such as joint shipments and modification and reduction of packaging materials.

* Milk run collection system: A single vehicle travels to multiple shippers and collects goods to be transported. The method gets its name from the dairy industry practice whereby a milk dealer uses one tanker to collect milk from multiple dairy farmers.



Working with Employees

Human Rights Charter

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

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

Reemployment Program for Seniors

In 1991, Nisshinbo adopted a reemployment program for employees who retire at the mandatory retirement age of 60, providing a place for highly skilled engineers to remain active and facilitating the transmission of technologies to future generations.

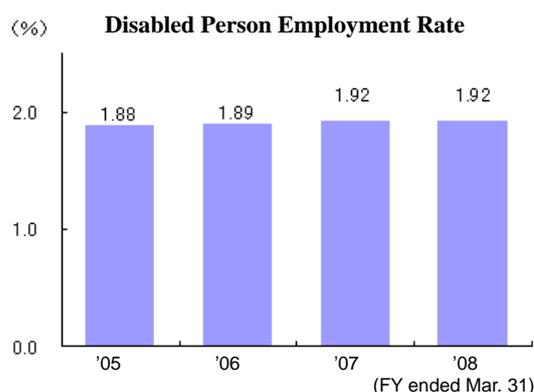
Nisshinbo modified the reemployment program in 2003 in anticipation of the 2006 amendments to the Law concerning Stabilization of Employment of Older Persons. Nisshinbo also established a temporary placement subsidiary with the intention of placing senior employees and has continuously reemployed all retiring employees who seek reemployment. Nisshinbo maintains flexible work formats, including full-time and part-time in accordance with the preferences of individual employees.

Increasing Employment of Disabled Persons

Nisshinbo surveys the status of employment of disabled persons twice each year and encourages systematic employment of such persons. Nisshinbo collaborates with public employment security offices, schools for the disabled, vocational training schools, and other organizations and has consistently maintained the statutory disabled person employment rate of 1.8% of its workforce.

Nisshinbo takes measures to create safe and work-friendly environments for both disabled and non-disabled person and employees not only persons with physical disabilities but also those with intellectual and mental disabilities.

In the future, the Nisshinbo Group will continue its efforts to raise its disabled person employment rate.



Column

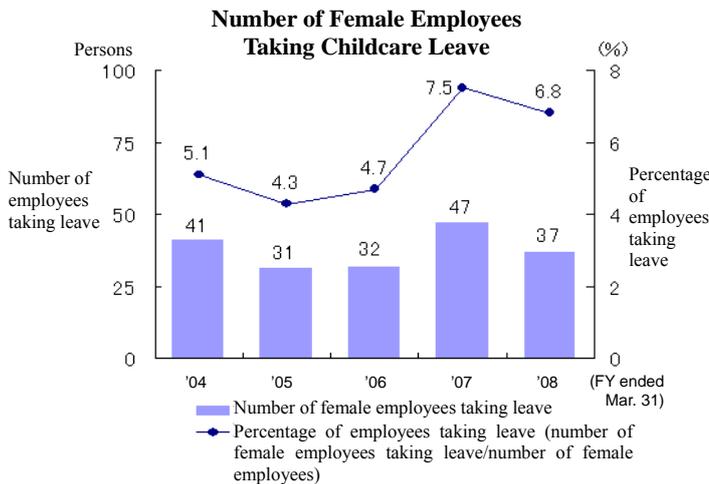
Saga Electronics, a Nisshinbo Group company, has a disabled person employment rate of 3.3%, and in recognition of this, a Saga Prefecture-based organization that promotes the employment of disabled persons reported on the company in FY ended March 31, 2008 as a model for the employment of the disabled.

Childcare, Nursing Care, and Other Support Programs

Nisshinbo has adopted a variety of programs designed to create work environments where employees can maintain a proper balance between work and life, including childcare leave, shortened working hours for childcare, nursing care leave, shortened working hours for nursing care, time off for childcare, and volunteer activity leave.

Nisshinbo is encouraging use of the childcare leave program, and both female and male employees are taking advantage of this program.

In addition, Nisshinbo introduced measures to achieve its childcare leave use rate goal and to encourage employees to take paid vacation time, and in 2007 received *Kurumin* certification under the law to promote measures to support the development of the next generation.



Human Rights Educational Activities

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

In addition to its activities as a corporate member of the Industrial Federation for Human Rights, Tokyo, Nisshinbo conducts systematic training every year, including training for senior executives, training for all employees, training for employees who oversee group companies, new employee training, manager training, recruiter training, instructor training, and harassment consultation training.

Nisshinbo has also established specific contacts at each plant for consultations concerning sexual harassment and other abuses of power and works to prevent problems and to resolve them when they occur. In addition, the Corporate Ethics Committee responds to issues throughout the Group using a Corporate Ethics Reporting System.

In the future, Nisshinbo plans to enhance human rights-related activities at overseas group companies.

Health Management and Mental Health Related Responses

Nisshin Environmental Planning Inc., a group company with medical staff who perform mainly medical examinations, plays a central role in the twice annual medical examinations performed at all plants, and nearly 100% of employees undergo examinations. More extensive examinations are performed on employees when they reach 25 and 30 years old and employees who are over 35 years old, and measures are being taken in response to younger employees getting lifestyle-related diseases.

Starting last year, the medical examinations included waist-size measurements, and beginning this year, priority will be placed on screening for specific conditions and providing guidance on maintaining good health.

Systematic responses concerning mental health issues were launched in FY ended March 31, 2005. Industrial doctors conduct educational programs and communications skills enhancement training for managers and encourage mental healthcare activities by front-line managers. Each year, simple diagnostic tests of work-related stress are conducted for all employees on the company's intranet, and self-care is encouraged. In addition, Nisshinbo cooperates with the SOS General Consultation Group, an external organization, to respond to employee concerns.

Nisshinbo also conducts appropriate work-time management and has introduced a system of interviews with an industrial doctor for employees who work long hours.

Occupational Health and Safety

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

Health and Safety Management Activities

In 1997, Nisshinbo created the Central Health and Safety Committee and began conducting activities based on policies applicable to all companies. As a part of those activities, safety surveys are conducted at 12 plants in Japan to confirm compliance with applicable laws and the status of activities under the annual plan, and guidance is provided as necessary.

The scope of activities was expanded to include subsidiaries in FY ended March 31, 2008, and safety surveys were conducted at all major plants.

In the event of work-related accidents, the Health and Safety Group of the CSR Department works with individual plants and subsidiaries to review physical (facilities, structures, etc.), non-physical (work procedures, etc.), and human factors to identify the underlying causes and take appropriate countermeasures. The results are disseminated to the entire Group so that similar incidents can be prevented.



Installation of handrails is one example of accident-prevention measures implemented company-wide.

Revision of Health and Safety Regulations

In conjunction with the organizational restructuring implemented on April 1, 2008, Nisshinbo revised its health and safety regulations and clarified managers and employees responsible for health and safety matters in accordance with the Industrial Safety and Health Law.

Also, measures concerning the safety of temporary employees and the application of the regulations to group companies were stated explicitly in the provisions and a statement added to the effect that the Nisshinbo Group shall work as a whole to undertake safety-related activities.

Work-Related Accidents

Nisshinbo has long planned and carried out safety activities, but the number of accidents and their rate of occurrence worsened in FY ended March 31, 2008, and in January 2008, a major incident occurred when a worker was caught in a machine.

The Nisshinbo Group saw these circumstances as a crisis and held an emergency safety conference with personnel responsible for all group plants from the president down attending to investigate the causes of the accident, examine past safety activities, identify problem areas, and consider future actions.

Future Measures

The following goals have been set for the entire Group including overseas group companies, and actions are being taken to achieve these goals:

Quantitative Safety Goals

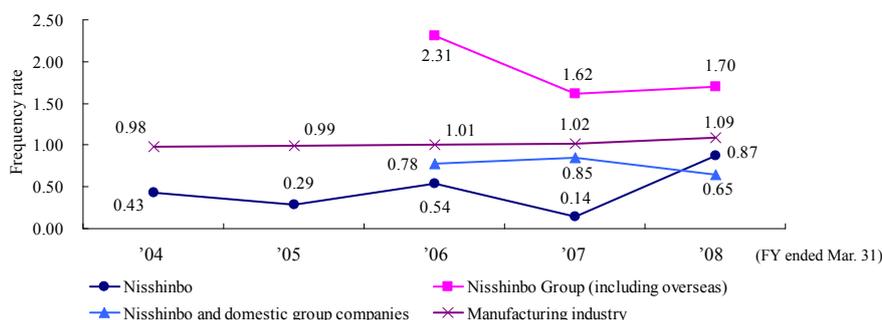
(Medium-Term CSR Goals for FY ended March 31, 2011)

1. Number of major accidents: Zero
2. Rate of workplace injuries resulting in absences

To achieve these goals, comprehensive safety measures for machinery and facilities are being undertaken with a focus on worksite safety management activities, and various initiatives, such as 5S activities, risk assessments and potential accident countermeasures are being conducted to eliminate potentially dangerous conditions.

The Nisshinbo Group will continue its efforts to achieve zero work-related accidents and to create safe and work-friendly environments.

Work-Related Accident Frequency Rates



Health, Safety, and Fire Response Awards

Nisshinbo Tatebayashi Plant

Firefighting Team Promotion Excellent Plant Award, Gunma Prefecture Firefighters Association, March 2008

Nisshinbo Tokushima Plant

Outstanding Hazardous Material Handling Office Award, Fire and Disaster Management Agency, June 2007

Nisshinbo Tokushima Plant, one individual in the Chemical Division and one individual in the Paper Products Division

Outstanding Employee Award (safety), Naruto Labor Standards Association, October 2007

P.T. Gistex Nisshinbo Indonesia

Recognized as a model company for safety by Cimahi City for its 2007 safety activities

Thai NJR Co., Ltd.

Winner of the Best Practice of Safety Organization award in the health and safety office national competition for four consecutive years



Thai NJR's trophies

Overseas Group Employees

In conjunction with the globalization of business, the Nisshinbo Group has established bases in countries around the world. Below we introduce some comments from overseas employees who work in Brazil, which is currently experiencing rapid growth, and Thailand, which has recovered from a monetary crisis to become a top performer in East Asia.

Brazil

Nisshinbo Do Brasil Industria Textil LTDA., Roller Section

Ms. Dos Santos, who works in the Nisshinbo Do Brasil Roller Section, feels a strong sense of responsibility toward her work and serves as a consensus builder in a workplace with many female employees. The Roller Section is responsible for replacing the rubber rollers (consumables) on bobbin and fly frames and spinning machines (equipment for spinning thread from cotton) to ensure stable operation of the spinning plant.

Comment from Ms. Dos Santos

“Although it is a personal matter, once a week I visit the homes of sick people or mental hospitals to comfort people who are suffering from illnesses. Right now, I don’t have a car so it is more difficult, but in the future I hope to expand the range of areas that I visit.”



Aurora Lopes Dos Santos

Thailand

Kohbunshi (Thailand) Ltd.

Personnel Division, General Affairs Division

Ms. Pupanthong is general manager of Kohbunshi Thailand’s personnel and general affairs divisions and has worked for the company since it was founded in 1989. All 1,500 of the company’s employees have been interviewed by Ms. Pupanthong. She is proficient in Japanese, has excellent coordinating skills, has outstanding problem-solving abilities, and is a good source of advice for Japanese employees posted to Thailand with little experience. She is an accomplished business person, and as the mother of one son, she has a gentle side that looks forward to the growth and independence of her child.

Comment from Ms. Pupanthong

“Recently, as the person responsible for ISO 14001, I’ve been working to halve the company’s waste. Last year, we were able to reduce some items of waste by 30% and more. In the future, I hope to turn my attention to energy waste and to thoroughly eliminate waste of electricity, water, and raw materials to preserve the global environment.”



General Manager Somsri Pupanthong

Nisshinbo Somboon Automotive Co., Ltd.

CSR Promotion Office

General Manager Vijit Pumthong of Nisshinbo Somboon Automotive’s CSR Promotion Office was in charge of accounting when the company was established in 1996. He was the first locally hired member of the staff to be promoted to general manager, and he was selected to head the CSR Promotion Office at the time of its establishment in 2008. In addition to specialized knowledge and experience, Mr. Pumthong has a steady character and does not shrink from speaking directly to his supervisors. He is eminently qualified to lead the CSR Promotion Office.

Comment from Mr. Vijit Pumthong

“Corporations must not simply make a profit while complying with the law and corporate ethics, they should also actively participate in the development of a better society. This is the type of corporate stance that the public expects, and I believe it is necessary for the permanent existence of a company. Personally, I hope to adopt a strategy of maintaining the existence of companies by maintaining a balance between corporate profit and contribution to society from the perspective of CSR, propose and carry it out.”



General Manager Vijit Pumthong

Thai NJR Co., Ltd.

Administrative Department

Suntipong Sanchai, assistant general manager of the Administrative Department and manager of the IT Section, is responsible for environmental ISO certification. He attended graduate school to study public administration management while working, obtaining a master of public administration (MPA) and master of business administration (MBA). Earlier, he worked as assistant manager of the Technology Division and became familiar with environmental ISO. He has traveled to Japan on business several times and continues to study Japanese. He exercises leadership in the Administrative Department and is trusted by his subordinates because of his warm personality, serving as a go-between for the local and Japanese personnel and contributing to promoting the localization of business.

Comment from Mr. Suntipong Sanchai

“Currently, I have two missions. The first is to nurture personnel who can compete successfully in business and contribute to achieving the company’s goals. The second is to strengthen ties between the company and employees and to help all employees achieve happiness. Thai NJR is establishing itself as a core company in the New Japan Radio group within the electronics business, and I hope to encourage all employees to work toward further expansion of our business.”



Assistant Manager Suntipong Sanchai

Social Contribution, Participation in Local Communities, and Communications

The Nisshinbo Group adheres to the notion that companies are public entity, and as a good corporate citizen, we conduct activities intended to contribute to the sustainable development of society and work to deepen understanding of our activities by local communities.

Local Volunteer Activities and Philanthropy

The Nisshinbo Group actively participates in various volunteer activities, such as cleanup programs to preserve the local environment in areas around its plants.

The Group also makes donations to programs with public benefit in response to requests from local communities. In conjunction with the development of the former Tokyo Plant site discussed in the feature, Nisshinbo donated approximately 3,213 square meters of land to Adachi-ku for roads and other use.



Volunteers conduct cleanup activities around the Nisshinbo Toyota Plant (left) and NJR Fukuoka (right).

Participation in the Okazaki City Water Quality Plan of Public Water Area

The Nisshinbo Miai Plant is located along the Otogawa River in Okazaki City, Aichi Prefecture, and conducts bleaching and dyeing of textiles. Textile processing consumes large volumes of water, which is discharged, and as a result, the site has long conducted active wastewater treatment.

The Water Environment Development Plan being implemented by Okazaki City is intended to (1) determine the appropriate stance for the future with respect to nearby water environments, and (2) take measures necessary for that stance. The government, residents, and scholars are working together to consider these issues. Four meetings were held from May 2006 to July 2007, and the Miai Plant attended each meeting and participated in the discussions in its capacity as a corporate citizen.

Hands-On Workplace Experience Programs and Office Tours

In response to requests from local elementary and junior high schools, as well as industrial high schools and specialized schools, the Nisshinbo Group conducts one-day, hands-on workplace experience programs and office tours.

The Group also accepts interns from high schools, universities, and graduate schools. In FY ended March 31, 2008, 8 Nisshinbo plants accepted 10 high school students, 6 university students, and 16 graduate school students as interns, while New Japan Radio accepted 21 interns.

Nisshinbo's Internship Performance (FY ended March 31, 2008)

Plant	Interns	
Shimada Plant (Shimada City, Shizuoka)	Grad. students	1
	Univ. students	1
Kawagoe Plant (Kawagoe City, Saitama)	Univ. students	1
Miai Machinery Plant (Okazaki City, Aichi)	Grad. students	3
	Univ. students	2
Tokushima Plant (Tokushima City, Tokushima)	Grad. students	3
Tatebayashi Plant (Orangun, Gunma)	Grad. students	4
	H.S. students	10
Toyota Plant (Toyota City, Aichi)	Univ. students	1
Fuji Plant (Fuji City, Shizuoka)	Grad. students	1
	Univ. students	1
Central Laboratory (Chiba City, Chiba)	Grad. students	4
Total		32

Collaboration with Universities

Each division in the Group conducts a diverse range of research and development in response to customer needs, but basic research is often performed in collaboration with university and other researchers. In FY ended March 31, 2008, Nisshinbo participated in 10 outsourced research, joint research, and subsidized academic research projects with universities and public research organizations. In FY ended March 31, 2009, Nisshinbo established an endowed chair in environmental technology at the Tokyo Institute of Technology.

Supporting International Initiatives

Nisshinbo and Nisshin Toa Inc., a group company, support the activities of the Foundation for International Development/Relief (FIDR). Nisshin Toa also supports the activities of the Japan Association for the United Nations World Food Program.

Nisshinbo Wins Advertising Award

Nisshinbo conducts active advertising programs with a focus on corporate and investor relations, advertising in such media as newspapers and the Internet. Banner advertisements run on Nikkei Net for one week starting on February 12, 2007 to mark the 100th anniversary of Nisshinbo's foundation won a 2007 Nikkei Net advertising award for excellence in the business-to-consumer category. The ads featured a popular Japanese cartoon character. Corporate ads with this same character won the 2006 *Nikkei Business* advertising award (for ads run in 2005). In addition, a series of 12 travelogue advertisements run in the *Nikkei Business Daily* by New Japan Radio, a Nisshinbo Group company, starting in April 2007 won the 34th *Nikkei Business Daily* advertising award for excellence in the electronics category.



A banner ad marking Nisshinbo's 100th anniversary



A New Japan Radio travelogue ad

Environmental Initiatives

Activities at the Toyota Plant



Nisshinbo manufactured brakes at the former Nagoya Plant, but due to problems concerning enhancement of the earthquake resistance of the plant buildings and based on consideration for residents in areas around the plant, the plant was closed at the end of 2006 and brake manufacturing operations were transferred to the Toyota Plant.

Nisshinbo is carrying out a variety of environmental activities at the Toyota Plant.

1. Converting boiler energy

Energy production at the Toyota Plant has been converted from heavy oil to manufactured gas. In addition, the use of simplified boilers has made possible more efficient operation and reduced carbon dioxide emissions.



Simplified boilers

2. Industrial Water

The facility cooling water systems at the Toyota Plant have been made into a closed loop so that industrial water can be reused. As a result, the volume of industrial water used has been drastically reduced from 40 tons per hour to 10 tons per hour.



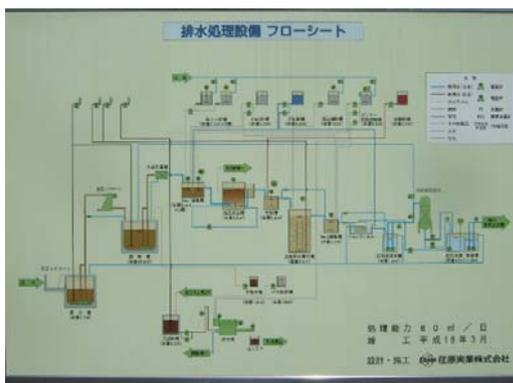
Industrial water cooling facilities

3. Logistics Measures

Nisshinbo has conducted comprehensive reviews of facility layouts in order to increase the efficiency of intra-process logistics. The result has been a significant reduction in energy usage in these processes, such as a decrease in the number of forklifts from 23 to 17. Also, transportation expenses have been reduced by adopting Milk Run Collection System for parts transportation.

4. Wastewater Treatment Facilities and Automatic Wastewater Measuring Equipment

Nisshinbo introduced wastewater treatment facilities and reduced total nitrogen, total phosphorus, and COD* in wastewater to comply with the water quality standards specified in the Water Pollution Control Law. Also, automatic wastewater measuring equipment was installed in the site's final discharge tanks to monitor compliance with wastewater standards.



A wastewater treatment facility flow sheet



Automatic wastewater measuring equipment

5. Energy Conservation

Energy conservation measures implemented at the time of the transfer of operations to the Toyota Plant resulted in a substantial reduction in electric power consumption from 3,500 kW at the former Nagoya Plant to 1,800 kW. Details of those measures are as follows:

(1) Consolidation of Substation Facilities

The multiple substation facilities present at the former Nagoya Plant were consolidated into a single site at the Toyota Plant. The reduction in the number of transformers saved space and cut transformer losses, resulting in energy savings.

(2) Adoption of Inverters on Large Motors

Various large motors, including a 30 kW exhaust gas treatment equipment (scrubbers), a 37 kW dust collection unit, and a 15 kW cooling unit, were switched to inverters, thereby increasing the efficiency of operation.

(3) Use of High-Efficiency Lighting Fixtures

Inverters were adopted for lighting fixtures in the plant, increasing the efficiency of energy usage.

6. Exhaust Gas Treatment Equipment (Scrubbers)

By recovering and processing the smoke that occurs during adhesion processes, exhaust gases can be released in a clean state.



Exhaust gas treatment equipment

* COD (chemical oxygen demand): A representative indicator of water quality. The higher the value, the greater the organic material is in the water and the higher the degree of contamination.

Environmental Communications

Kawagoe Industry Exhibition

The Kawagoe Industry Exhibition was held at the Kawagoe Activity Park on October 27 and 28, 2007, and 58,000 members of the public attended. The Nisshinbo Kawagoe Plant participated as a member of the Kawagoe Environmental Protection Liaison Committee. Businesses in the city presented information on their environmental activities, and Nisshinbo provided toilet paper made from recycled paper to individuals who completed our environmental awareness survey questionnaire.



Local residents complete the environmental awareness survey questionnaire.

Environmental Volunteer Activities

Mt. Fuji Tree-Planting Volunteers

Volunteers from the Toyota Plant participated in a tree-planting program at Mt. Fuji on June 1, 2007.



Volunteers carry the saplings.



Tree-planting activities

Environmental Improvement Activities

Planting on the NJR Fukuoka Roof

NJR Fukuoka Co., Ltd., a Nisshinbo Group company, conducted “environment-friendly, people-friendly” planting on its roof as a part of its efforts to conserve energy. In 2006, the company made a trial planting of Mexican stonecrop on its office building roof, and after confirming that the plants would proliferate, it began planting on concrete portions of the roof. As of October 2007, a total of 160 square meters of the roof had been planted. It is expected that thermal insulation effects will generate energy savings for the office building and create a soothing area surrounded by natural greenery.



The initial rooftop plantings in 2006



In August 2007, planting was 45% complete.



Planting was completed in October 2007.

Environmental Management

Status of Environmental Management System Certification Acquisition

The Nisshinbo Group Environment Charter states that “in order to realize business activities that are in harmony with nature, we shall expand environmental management systems throughout the Group and continuously improve our environmental performance,” and the Group is undertaking active environmental initiatives to achieve these objectives.

In 1998 the Miai Plant became the first Nisshinbo site to acquire certification, and currently 14 sites have acquired certification. Nine companies in Japan, including New Japan Radio and eight companies in other countries, including brake manufacturing subsidiaries, have also acquired certification.

Acquisition of ISO 14001 Certification

● Nisshinbo (2 office and 12 plants)

Head office (Chuo-ku, Tokyo)
 Osaka Branch (Osaka City, Osaka)
 Shimada Plant (Shimada City, Shizuoka)
 Fujieda Plant (Fujieda City, Shizuoka)
 Kawagoe Plant (Kawagoe City, Saitama)
 Miai Plant (Okazaki City, Aichi)
 Miai Machinery Plant (Okazaki City, Aichi)
 Hamakita Plant (Hamamatsu City, Shizuoka)
 Tokushima Plant (Tokushima City, Tokushima)
 Tatebayashi Plant (Oragun, Gunma)
 Toyota Plant (Toyota City, Aichi)
 Chiba Plant (Asahi City, Chiba)
 Fuji Plant (Fuji City, Shizuoka)
 Central Laboratory (Chiba City, Chiba)

● Group Companies (17 companies)

Japan (nine companies)

Naigai Shirts Co., Ltd. (Osaka City, Osaka)
 Nisshinbo Postal Chemical Co., Ltd. (Chuo-ku, Tokyo)
 Tokai Seishi Co., Ltd. (Fuji City, Shizuoka)
 New Japan Radio Co., Ltd. (Chuo-ku, Tokyo)
 Ueda Japan Radio Co., Ltd. (Ueda City, Nagano)
 NIPPON KOHBUNSHI CO., LTD. (Okazaki City, Aichi)
 Nisshinbo Precision Instrument & Machinery
 Hiroshima Co., Ltd.
 (Higashi-Hiroshima City, Hiroshima)
 Saga Electronics Co., Ltd. (Kanzaki-gun, Saga)
 NJR Fukuoka Co., Ltd. (Fukuoka City, Fukuoka)

Overseas (eight companies)

U.S. Nisshinbo Automotive Corporation
 (NAC), Nisshinbo Automotive
 Manufacturing Inc. (NAMI)
 Thailand Nisshinbo Somboon Automotive Co., Ltd.
 (NSA), Kohbunshi (Thailand) Ltd. ,
 Thailand NJR
 South Korea Saeron Automotive Corporation (SAC)
 China Saeron Automotive Beijing Corporation
 (SABC), Pudong Kohbunshi (Shanghai)
 Co., Ltd.

Environmental Impact

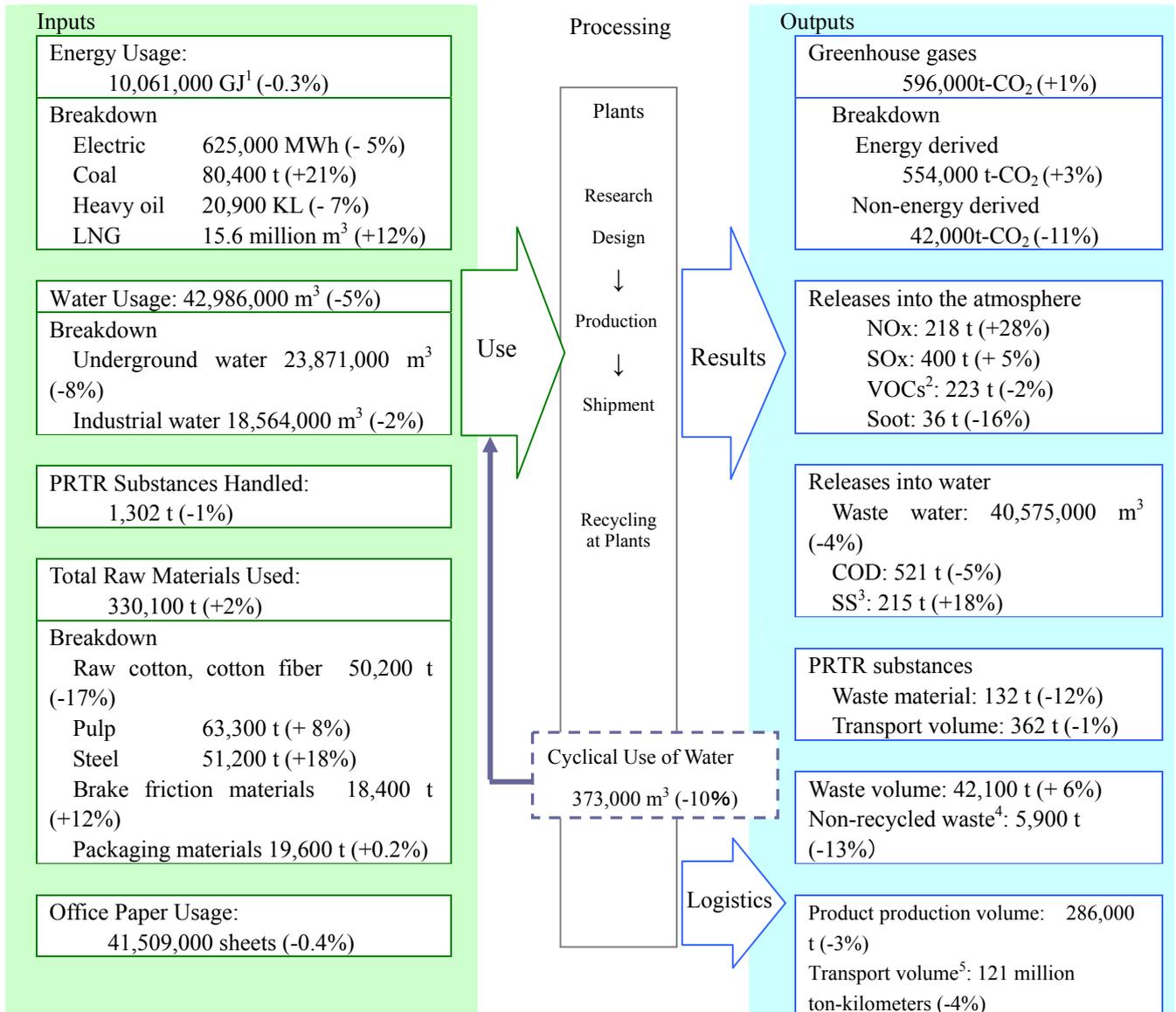
Business Activity Materials Balance

The Nisshinbo Group collects data on the materials and energy used (inputs) and discharges (outputs) and conducts environmental impact reduction activities based on the results.

With respect to energy, overseas companies are using more coal because of the high price of oil. This has caused an increase in greenhouse gas emissions, but plants in Japan have switched to natural gas for their energy, and reduction in greenhouse gases generally offset the overseas increase.

Use of both underground water and industrial water decreased. Raw materials used increased in conjunction with higher sales, but reductions in emissions of PRTR substances are progressing.

The volume of non-recycled waste fell by 13% from the previous year as a result of use of incinerated sludge as a raw material for cement.



The Nisshinbo Group Materials Balance in FY ended March 31, 2008

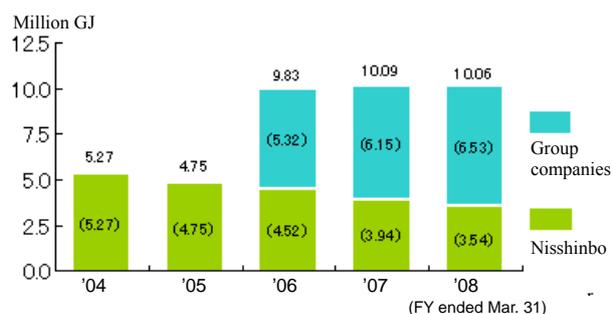
Figures in parentheses indicate the change from the previous year.

- Gigajoules (GJ): A unit of energy. One gigajoule (1 × 10⁹ J) is approximately 240,000 kilocalories.
- Volatile Organic Compounds (VOCs): Organic compounds that evaporate easily, such as toluene.
- Suspended Solids (SS): An indicator of water contamination that expresses the amount of materials suspended in water.
- Non-recycled waste: The waste that is remaining after recycling or that is disposed of in landfills. (Non-recycled waste equals total waste less recycled waste.)
- Transport volumes do not include marine transport in international waters.

Energy Usage

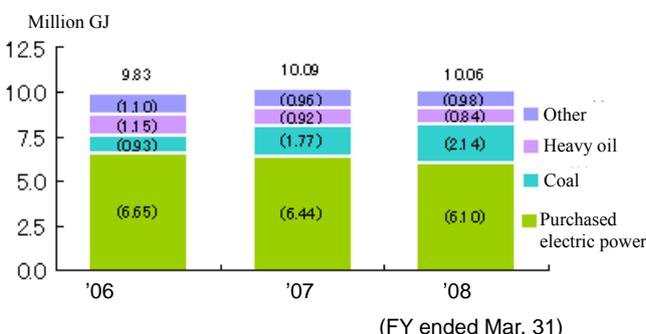
Nisshinbo's energy usage in FY ended March 31, 2008 fell by 10% from the previous year, and energy usage by the entire Group declined by 0.3%.

Energy Usage



Overseas plants switched to coal in response to the high price of heavy oil, but the shift from heavy oil to natural gas is proceeding in Japan. Currently, purchased electricity accounts for 61% of all energy used.

Energy Usage by Type



Improving Environmental Performance Shimada Plant Switches from Tracks to Conveyers to Achieve

Environment-Friendly Logistics

The 12,000 m² Shimada Distribution Center was completed at the Shimada Plant in March 2008. With the completion of the center, products that had been stored in different areas around the site can be consolidated at one central location. This means a substantial reduction on carbon dioxide emissions from the track transport system used at the site. In addition, linking the processing plant with the Distribution Center by a conveyor has streamlined the transport of goods within the site and further reduced carbon dioxide emissions from prior track transport system. The environmental contributions are the equivalent of a reduction in light oil of 19 kl and about 40 tons of carbon dioxide annually.



The Shimada Distribution Center

Emissions of Greenhouse Gases

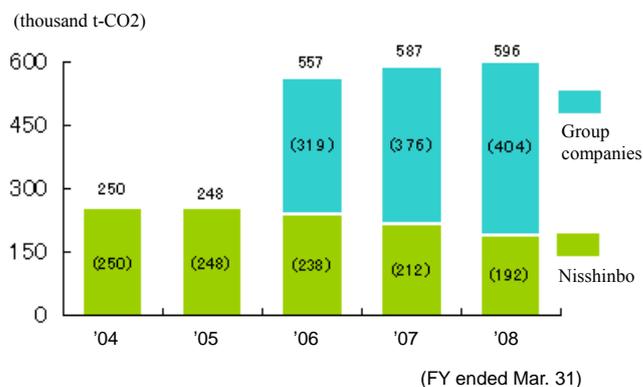
Nisshinbo's emissions of greenhouse gases were down 23% from FY ended March 31, 2004 and 9% from the previous year.

Going forward, Nisshinbo will switch to liquefied natural gas to offset the impact of higher energy usage.

CO₂ Emission Conversion Coefficients

Electric	0.391 t-CO ₂ /MWh	Gasoline	2.32 t-CO ₂ /KL
Coal	2.41 t-CO ₂ /t	LPG	2.69 t-CO ₂ /1,000 m ³
Heavy oil	2.71 t-CO ₂ /KL	Natural gas	2.02 t-CO ₂ /1,000 m ³

Greenhouse Gas Emissions

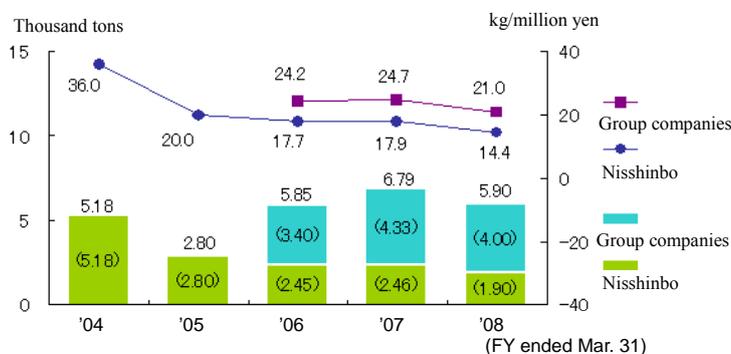


Waste Volume

The volume of Nisshinbo's non-recycled waste in FY ended March 31, 2008 declined by 63% compared to FY ended March 31, 2004 and by 23% from the previous year thanks to the shift of greater volumes of waste to recycling use. The Nisshinbo Group as a whole saw waste volume in FY ended March 31, 2008 decrease by 13% from the previous year.

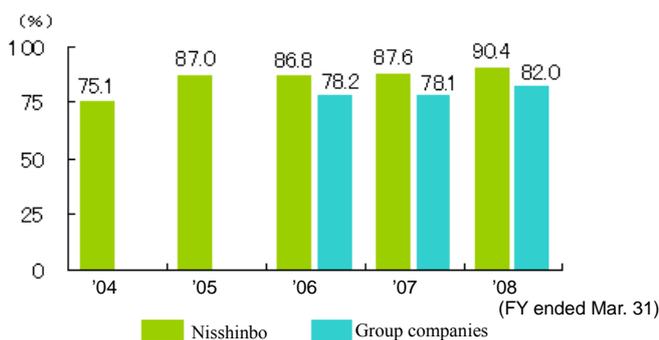
The volume of waste generated per unit of sales by Nisshinbo and the Nisshinbo Group companies is declining steadily.

Volume of Non-Recycled Waste and Waste per Unit of Sales



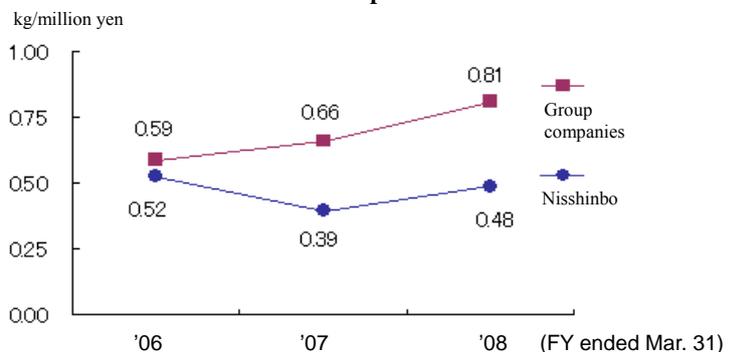
Nisshinbo's recycling rate in FY ended March 31, 2008 reached 90%, while that of group companies exceeded 80%.

Recycling Rates (Recycled Matter/Total Waste)



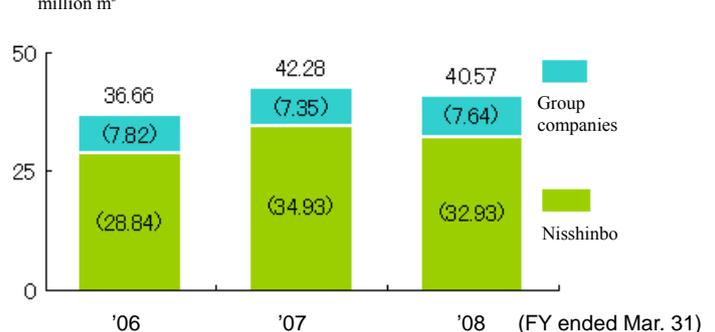
Nitrogen oxides generated per unit of sales are declining for Nisshinbo but are increasing for group companies.

NOx Emissions per Unit of Sales



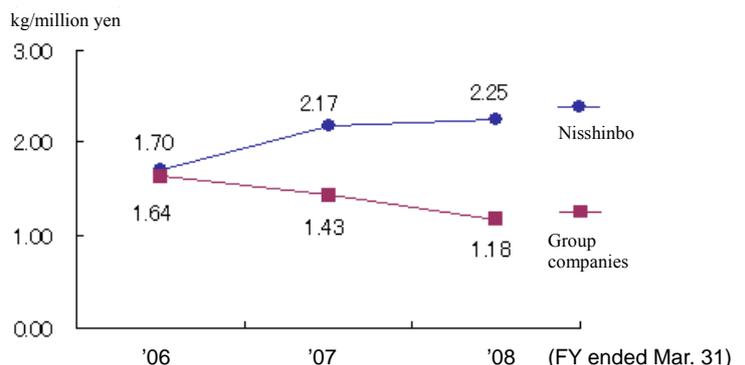
Nisshinbo conducts dyeing and paper-making businesses, and as a result, the volume of water used is higher in manufacturing industries. To efficiently use valuable water resources, Nisshinbo reduced the volume of wastewater by 6% from the previous year. Also, the Nisshinbo Group's wastewater volume fell 4% from the previous year.

Wastewater



Some Nisshinbo plants take water from rivers, and consequently, substances of concern in wastewater are substantially affected by substances in the raw water. The Nisshinbo Group is implementing optimal wastewater treatment measures at each plant to return pure water to the environment.

COD Emissions per Unit of Production



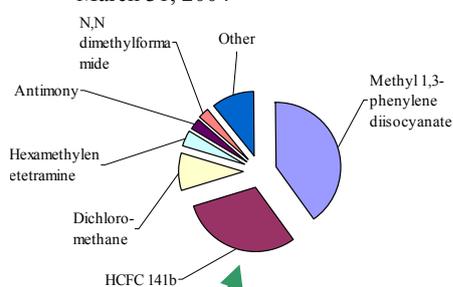
Volume of Chemicals Handled

The volume of PRTR chemicals handled has been calculated for Nisshinbo since FY ended March 31, 2001 and for group companies, including overseas companies, since FY ended March 31, 2006.

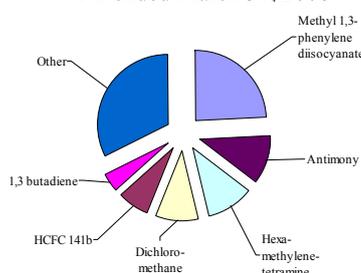
Nisshinbo's volume of PRTR chemicals handled in FY ended March 31, 2008 was down 75% from FY ended March 31, 2004. Last year, however, the volume increased 4% from the previous year, and Nisshinbo was unable to achieve its goal of a 1% or greater reduction. The Nisshinbo Group, meanwhile, had a 1% reduction in FY ended March 31, 2008 from the previous year.

Compared to FY ended March 31, 2004, the volumes of isocyanate and hydrochlorofluorocarbons (HCFCs), urethane-related materials, were down substantially in FY ended March 31, 2008, and reductions were made in the use of organic solvents such as dichloromethane and N,N dimethylformamide. Currently, the main PRTR substances used by Nisshinbo are raw materials such as antimony.

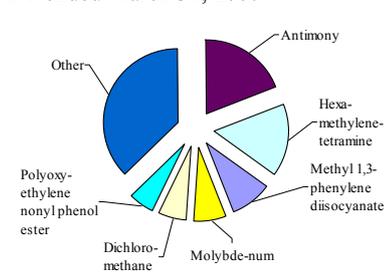
Composition of Nisshinbo's PRTR Substances in FY ended March 31, 2004



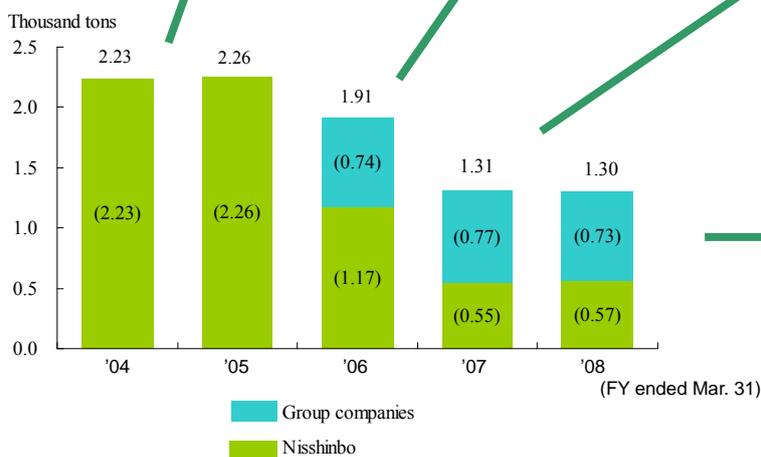
Composition of Nisshinbo Group's PRTR Substances in FY ended March 31, 2006



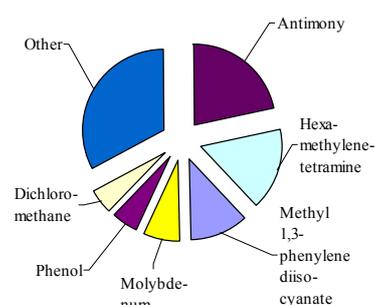
Composition of Nisshinbo Group's PRTR Substances in FY ended March 31, 2007



Volume of PRTR Substances Handled



Composition of Nisshinbo Group's PRTR Substances in FY ended March 31, 2008



Cleanup of Soil and Ground Water

After the former Nagoya Plant was closed at the end of December 2006 so that operations could be transferred, a solid and ground water survey was conducted in accordance with the Soil Contamination Countermeasures Law and Nagoya City ordinances. The survey determined that a portion of the soil and ground water were contaminated.

Nisshinbo immediately made a report on the survey results to the authorities, held briefings for

residents, proposed a Contamination Expansion Prevention Plan, and is currently performing cleanup operations with a goal of completion in October 2008. The cleanup method consists of transporting contaminated soil from the site and filling in the site with clean soil.

Arsenic and fluoride in excess of regulatory standards were detected in ground water below the site. A survey of ground water at the site boundaries was therefore conducted, but arsenic and fluoride in excess of regulatory standards were not detected at the boundaries.

New Environment-Friendly Technologies

Carbodilite® Poly-lactic Acid Modifier

Poly-lactic acid made from corn or sugar cane is a plant-derived plastic. Plants grow through photosynthesis and absorb carbon dioxide in the process of growing. Consequently, poly-lactic acid is attracting attention as a nearly carbon neutral synthetic resin. However, poly-lactic acid is susceptible to hydrolysis*, and as a result, use in consumer products is difficult and it is mainly used for disposable products.

Carbodilite has the property of controlling the hydrolysis of plastic through the addition of small amounts. This improves the durability of poly-lactic acid and makes it suitable for use in consumer electronic products and automobile parts. Carbodilite holds the potential to make significant contributions to the realization of a sound material-cycle society as a modifier essential for the widespread use of poly-lactic acid products.

* Hydrolysis: A chemical reaction that occurs when water acts on synthetic compounds. Poly-lactic acid is a biodegradable plastic that is broken down through hydrolysis and by microorganisms.



Bipolar Plates for Fuel Cells

Fuel cells create energy through a reaction between hydrogen and oxygen and are an electric power generation system with extremely low emissions of substances of concern. Bipolar plates play a role in the fuel gas supply route and are important components that have a significant impact on the electrical properties and reliability of fuel cells.

Carbon is chemically stable and has excellent corrosion resistance properties, and for these reasons it has been used for bipolar plates since the earliest stages of development. Nisshinbo carbon bipolar plates are used in numerous stationary prototype fuel cells and are approaching practical application.

Bipolar plates used in automobile fuel cells require even higher performance and reliability.

Nisshinbo is currently participating in a NEDO project geared toward practical application of solid polymer fuel cells and is working on development of thin carbon bipolar plates that rival the performance of metal bipolar plates and on establishing technologies for the mass production of these bipolar plates.



Joint Research with Universities

Gaiacot®

Joint Research with Tottori University on Semiarid Afforestation

Nisshinbo has been conducting research since 2006 with Tottori University and the Universidade Federal Rural Do Semi-Árido (UFERSA) in Brazil on Gaiacot¹ as a material for afforestation in semiarid regions.

The research is intended to be beneficial to the global environment by making use of the moisture diffusion properties, soil improvement properties, and biodegradability of Gaiacot. When trees are planted in semiarid regions with Gaiacot in the area around the roots, water and nutrients are more easily absorbed by the roots, promoting tree growth. As the trees grow, the Gaiacot, which is made from cotton, breaks down, and the tree roots hold the soil and prevent erosion caused by rain.

A little more than two years have passed since research started, and the excellent rooting² of the planted trees has been confirmed.



- 1 Gaiacot: High-performance cotton sheets made by using advanced Nisshinbo technologies to synthesize and stabilize zeolite crystals with copper ions in the cellulose fibers.
- 2 Rooting: The taking root and growth of planted trees.

Environmental Accounting

Environmental Preservation Costs

Nisshinbo's expenditures for environmental investments were 404 million yen, and those of the group companies were 231 million yen, with the Group down 38% from the previous fiscal year. The main area of investment was research and development investment for future environmental businesses.

Environmental preservation costs were 1,670 million yen for Nisshinbo and 940 million yen for group companies, with the Nisshinbo Group up 17% from the previous fiscal year. The leading expenditures were research and development for Nisshinbo and global environmental preservation expenditures for group companies. Nisshinbo also incurred environmental damage response costs for soil cleanup activities.

Environmental Preservation Effects

As a result of conversion of energy sources, energy conservation, and other activities, Nisshinbo reduced carbon dioxide emissions by 250 tons, and group companies cut emissions by 1,436 tons. The extent of the reduction was less than the previous year.

Economic Effects Arising from Environmental Preservation Measures

The economic effects from the sale of scrap metal and waste cotton and from reductions in waste volumes were 348 million yen for Nisshinbo and 114 million yen for group companies.

Environmental Accounting Spreadsheet for FY ended March 31, 2008

Category		Environmental Preservation Costs							
		Nisshinbo		Group Companies		Nisshinbo Group			
		Investment (¥M)	Costs (¥M)	Investment (¥M)	Costs (¥M)	Investment (¥M)	YOY Change	Costs (¥M)	YOY Change
Site costs	Pollution prevention	71.4	381.1	57.0	210.4	128.4	-62%	591.5	+30%
	Environmental preservation	4.8	11.5	101.2	262.5	106.0	+1%	274.0	+135%
	Recycling	17.4	208.3	71.5	228.3	88.9	-30%	436.6	-4%
Upstream/downstream costs		0.0	30.5	0.0	1.2	0	-	31.7	+76%
Management costs		0.0	59.7	1.0	44.2	1.0	-14%	103.9	-25%
R&D costs		310.1	953.7	0.0	93.4	310.1	-33%	1,047.1	+10%
Social activity costs		0.0	0.6	0.0	1.9	0	-	2.5	-15%
Env. damage responses		0.0	23.1	0.0	0.8	0	-	23.9	+46%
Other costs		0.0	1.8	0.0	97.3	0	-	99.1	+13%
Total		403.7	1,670.3	230.7	940.0	634.4	-38%	2,610.3	+17%

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

Category		Environmental Preservation Effects				Economic Effects from Environmental Preservation Activities			
		Nisshinbo	Group Companies	Nisshinbo Group		Nisshinbo	Group Companies	Nisshinbo Group	
		CO ₂ Reduction (t-CO ₂)	CO ₂ Reduction (t-CO ₂)	CO ₂ Reduction (t-CO ₂)	YOY Change	Effects (¥M)	Effects (¥M)	Effects (¥M)	YOY Change
Site effects	Pollution prevention	3	13	16	-80%	9.4	0.0	9.4	+404%
	Environmental preservation	247	1,423	1,670	-18%	7.9	55.0	62.9	-22%
	Recycling	0	0	0	-	330.5	38.5	369.0	-26%
Upstream/downstream effects		0	0	0	-	0.0	0.0	0.0	-100%
Management effects		0	0	0	-	0.0	1.7	1.7	-
R&D effects		0	0	0	-	0.0	0.0	0.0	-
Social activity effects		0	0	0	-	0.0	0.0	0.0	-
Env. damage responses		0	0	0	-	0.0	0.0	0.0	-
Other effects		0	0	0	-	0.0	18.5	18.5	+1,379%
Total		250	1,436	1,686	-20%	347.8	113.7	461.5	-21%

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the form at the following address:

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