



Nisshinbo Group
CSR Report 2013

The Nisshinbo Group's Concept of CSR

While carrying forward the corporate spirit that the Group is in essence a “Public Entity” and an unwavering commitment to “Consistent Integrity” since its founding in 1907, the Nisshinbo Group has continued to contribute to society through its business activities. This stance is in tune with the Group's current concept of CSR and the origin of its management principles.

Moving forward, the Nisshinbo Group will continue to contribute to society and help realize growth in partnership with the communities in which it operates by promoting business activities primarily in the environmental and energy fields.

Overview and Contents of This Report

Each year, the Nisshinbo Group issues a CSR (Corporate Social Responsibility) report with the aim of providing all of its stakeholders with details of the Group's CSR activities.

1. Period Covered

This report, in principle, covers activities undertaken during fiscal 2012 (April 1, 2012 to March 31, 2013). Certain information, however, covers the fiscal 2011 and fiscal 2013 periods.

2. Scope

The economic and financial data provided in the “Overview of the Nisshinbo Group” section in this report covers Nisshinbo Holdings Inc. and its consolidated subsidiaries. Matters of a social and environmental nature cover Nisshinbo Holdings Inc. and the 55 companies listed at right.

Unless otherwise specifically stated, “the Company” shall refer to Nisshinbo Holdings Inc. and “the Nisshinbo Group” to the Group as a whole.

3. Guidelines Used for Reference

- Environmental Reporting Guidelines 2012, Japan's Ministry of the Environment
- Environmental Accounting Guidelines 2005, Japan's Ministry of the Environment
- Sustainability Reporting Guidelines, version 3.0, Global Reporting Initiative (GRI)

4. Past CSR Reports

Past CSR reports can be downloaded from the following URL: <http://www.nisshinbo.co.jp/english/csr/download.html>
Financial and other related information can be downloaded from the Company's IR site.

- Annual Report (Japanese and English)
- Financial Results (Japanese)
- Shareholder Report No. 170 (Japanese)
- Securities Report (Japanese)

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

5. Publication Date

August 2013

6. Next Report (Planned)

August 2014

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Companies Covered by the Report (By Segment)

Nisshinbo Holdings Inc.

Textiles

Nisshinbo Textile Inc.
CHOYA CORP.
Nisshin Denim Inc.
Naigai Shirts Co., Ltd.
Nisshinbo Yarn Dyed Co., Ltd.
Ocean Link Corporation
PT. Nikawa Textile Industry
PT. NISSHINBO INDONESIA
PT. Naigai Shirts Indonesia
Nisshinbo Do Brasil Industria Textil LTDA.
Shanghai Choya Fashion Co., Ltd.
NISSHINBO (SHANGHAI) CO., LTD.
Nisshinbo Textile Changzhou Co., Ltd.

Automobile Brakes

Nisshinbo Brake Inc.
TMD Friction Group S.A.
Nisshinbo Automotive Manufacturing Inc.
Nisshinbo Somboon Automotive Co., Ltd.
Saeron Automotive Corporation
Saeron Automotive (Beijing) Co., Ltd.
Nisshinbo Saeron (Changshu)
Automotive Co., Ltd.

Papers

Nisshinbo Paper Products Inc.
Tokai Seishi Kogyo Co., Ltd.
Nisshinbo Postal Chemical Co., Ltd.
Daiwa Shiko Co., Ltd.
Shanghai Sun-Rich Arts & Crafts Co., Ltd.

Precision Instruments

Nisshinbo Mechatronics Inc.
Nisshinbo Precision Instrument & Machinery Hiroshima Corporation
Nisshinbo Mechatronics (Shanghai) Co., Ltd.
Nisshinbo Mechatronics (Thailand) Ltd.
Taiwan Nisshinbo Photovoltaic Co., Ltd.
Nisshinbo-Yawei Precision Instruments & Machinery (Jiangsu) Co., Ltd.
Nisshinbo Photovoltaic Korea Corp.
Nisshinbo Mechatronics India Private Limited

Chemicals

Nisshinbo Chemical Inc.
Nisshin Environmental Planning Inc.

Electronics

Japan Radio Co., Ltd.
New Japan Radio Co., Ltd.
Nagano Japan Radio Co., Ltd.
Ueda Japan Radio Co., Ltd.
JRC Tokki Co., Ltd.
Musashino Electronics Co., Ltd.
Japan Radio Glass Co., Ltd.
Saga Electronics Co., Ltd.
NJR FUKUOKA CO., LTD.
NJR CORPORATION
THAI NJR CO., LTD.
NJR (SINGAPORE) PTE LTD
NJR SHANGHAI CO., LTD.

Real Estate and Other Businesses

Nisshinbo Urban Development Co., Ltd.
Nisshinbo Europe B.V.
Nisshin Toa Inc.
Iwao & Co., Ltd.
Nisshinbo Singapore Pte. Ltd.
Nisshinbo Business Management (Shanghai) Co., Ltd.



TOYOTA TS030 HYBRID, currently competing in the FIA World Endurance Championship (WEC), comes equipped with the Company's electric double-layer capacitors. Use of the Company's capacitors helps to regenerate massive energy from the frequently repeated sudden slowdowns that characterize these races. This energy can then be used to substantially enhance acceleration when powering out of corners or passing other vehicles.

The Nisshinbo Group's Business and Relationship with Society

The Nisshinbo Group is contributing to the sustainable growth and development of a smart society on a global scale in its capacity as “An environmental and energy company”.

The Nisshinbo Group's Business and Relationship with Society

■ Business Activities

Textiles

Development, manufacture, and sale of yarns, woven/knitted products, non-woven fabrics, clothes, and industrial materials

Automobile Brakes

Manufacture and sale of automobile friction materials (disc pads and brake linings), brake assembly and other brake-related products

Papers

Manufacture and sale of household paper products, fine and other specialty papers, processed paper products, packaging products and printer label-related products

Precision Instruments

Development, manufacture and sale of system equipment including photovoltaic module manufacturing equipment and customized machines for various industries, precision parts for automobiles, plastic molding parts primarily fans for air-conditioners, and related products

Chemicals

Manufacture and sale of urethane, elastomer and carbon products, bipolar plates for fuel cells, high-performance chemical additives and related products; development of automobile energy storage devices

Electronics

Manufacture and sale of electronic devices for marine vessels, communications equipment, social infrastructure-related management systems encompassing river improvement and disaster prevention, analog semiconductor and related products

Real Estate

Redevelopment of idle assets for residential and commercial use; leasing of land and buildings

■ Relationship with Society

Nisshinbo Group's APOLLOCOT™ series of non-iron shirts made entirely from natural cotton harness the Company's textile technologies to help conserve energy and preserve the environment. In addition to shirts, which continue to attract wide acclaim, steps are being taken to expand the APOLLOCOT™ series to handkerchiefs, business trousers, jackets and other items.

The basic functions of an automobile are to run, turn and stop. Since incorporating TMD in 2011, the Nisshinbo Group has been keeping a leading position as a global manufacturer of friction materials. Focusing on the function “to stop,” the Group is delivering safety and security to the automobile society worldwide.

The Group's “Toilet tissue designed specially for bidets with twice the absorbency” is an extremely popular item attracting numerous repeat customers. The Group's fine papers are also used in familiar, everyday items including calendars, pamphlets and books.

Utilizing know-how accumulated over around 70 years, the Nisshinbo Group has continued to support the manufacturing activities of its customers. In addition to its core businesses of system equipment, precision parts for automobiles, and plastic molding parts, the Group is taking up the challenge of cultivating new fields. In this regard, the Nisshinbo Group is channeling its passion into concentrated efforts to develop into a global environmental and energy company that contributes to the realization of a sustainable society.

Following in the footsteps of photovoltaic modules, awareness and use of household fuel cells as innovative energy utilization technology is gaining momentum. The Nisshinbo Group has captured an overwhelming market share in carbon bipolar plates, an important component of household fuel cells.

The important role played by disaster prevention wireless systems in providing safety and security to society has again come to the fore in the wake of the Great East Japan Earthquake. The Nisshinbo Group provides a wide range of disaster prevention information and communications systems to meet the diverse needs of customers from prefectural to municipal authorities.

The Nisshinbo Group engages in the effective use of properties that have become idle due to business restructuring in the corporate sector and the shift of production to overseas bases. Employing the scale of idle assets to best advantage, properties are used in the redevelopment of residential areas to help enhance living environments and revitalize local communities.

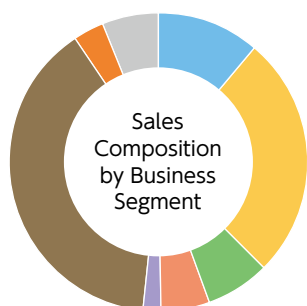
Contributing to Society through Global Business Development

The Nisshinbo Group is pursuing global expansion across a wide variety of business domains. In 2011, steps were taken to acquire TMD FRICTION GROUP S.A. (TMD), one of Europe's leading brake friction material manufacturers. This initiative has enabled the Group to contribute to society through its business activities across all five continents.

Business Bases

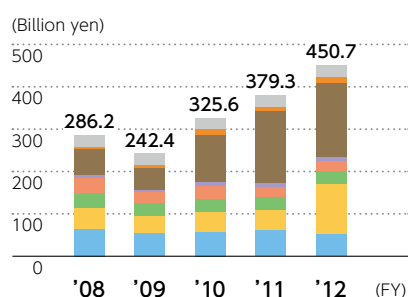


Principal Financial Data



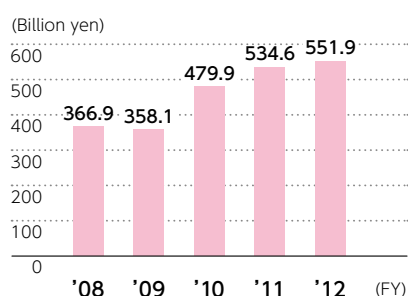
| | |
|-----------------------|-------|
| Textiles | 11.3% |
| Automobile Brakes | 26.4% |
| Papers | 6.8% |
| Precision Instruments | 5.4% |
| Chemicals | 1.8% |
| Electronics | 38.9% |
| Real Estate | 3.4% |
| Others | 6.0% |

Net Sales

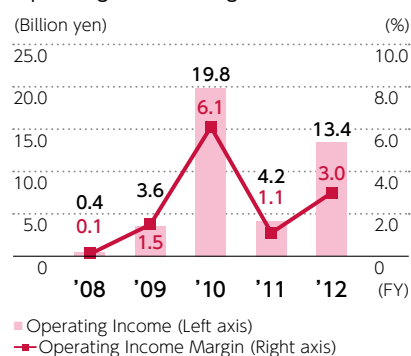


Textiles Automobile Brakes Papers
Precision Instruments Chemicals
Electronics Real Estate Others

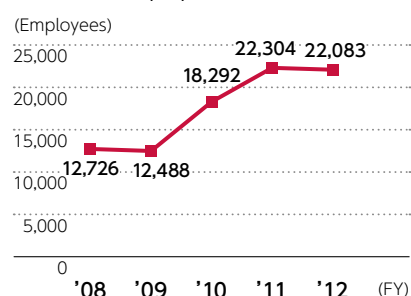
Total Assets



Operating Income / Operating Income Margin



Number of Employees



Growing in Partnership with the Global Society through Contributions in the Environment and Energy Fields

Greetings from the Newly Appointed President

My name is Masaya Kawata and I was newly appointed to the position of president of Nisshinbo Holdings Inc. in June 2013. Building on the work of my predecessor Shizuka Uzawa, who now holds the position of Company Chairman, I will lead the Nisshinbo Group forward in carrying out our new three-year management plan, which was launched in April 2013 under the name NEXT 2015, and is based on a theme of “integration for growth” focusing on such key words as “global,” “environment,” and “energy.”

As indicated in its overarching theme and stated key words, the Nisshinbo Group has positioned the environment and energy as key business areas of growth going forward. This focus on the environment and energy is not limited to Japan. Environmental and energy concerns are an important theme for all humankind, and at the same time are intimately linked to the issue of corporate social responsibility (CSR). By fostering and expanding its capabilities in each business area, the Nisshinbo Group will further raise its profile and global standing.

A Message regarding the Publication of the CSR Report 2013

In publishing the CSR Report 2013, we are looking to provide readers with an insight into the Nisshinbo Group’s approach and efforts toward fulfilling its CSR.

The Nisshinbo Group’s basic stance toward CSR is an extension of its philosophy and corporate spirit that has been carried forward for over a century when Nisshin Cotton Spinning Co., Ltd. was first established.

This philosophy recognizes that the Group is in essence a “Public Entity” with an unwavering commitment to “Consistent Integrity.” This underlying concept that emphasizes wide-ranging contributions to society based on business activities that imbue honesty and integrity was further extended with an additional focus on “Innovation,” the continuous challenge of addressing change and creating the future, at the time the Group adopted a holding company structure in 2009. Currently, I believe that efforts to help realize a sustainable society are the most important aspects to supporting the community at large. The rapid advance of global warming, for example, has begun to place an increasingly serious burden on our daily lives. It is therefore of the utmost importance that we consider how best to support the lives of people throughout the world without damaging the environment. This is the starting point and wellspring for the Nisshinbo Group’s business activities.

The Nisshinbo Group is currently placing considerable weight on strengthening existing businesses and fostering new businesses. At the same time, energies are being channeled toward aggressively promoting a global-scale growth strategy. Against this backdrop, and as a broad spectrum of business domains experience globalization and change, the approach toward CSR is showing signs of change. Under these circumstances, we put in place new medium-term CSR targets in the fiscal year ended March 2013, and took steps to develop business activities through each Group company. Based on the collective endeavors of the Group, we were successful in achieving certain results.



The Challenge Continues in Environmental and Energy Fields

Our precious Earth continues to fight for its very existence, ravaged by the activities of human kind, economies, and societies as well as fluctuations in the weather including global warming.

The Nisshinbo Group is looking to shift the focus of all of its business activities to “the environment” and “energy” in a bid to help resolve these major issues.

For example, we will work diligently to secure further developments in bipolar plates for fuel cells, which continue to show promise in helping to create a low-carbon society, precision automotive parts that contribute to efforts aimed at enhancing environmental performance, electric double-layer capacitor, which help promote the efficient use of energy, photovoltaic module manufacturing equipment, high-voltage direct-current power supply systems in the electronics business, and in other areas. In addition, we are taking steps to develop and commercialize new technologies including carbon alloy catalysts that contribute to significant fuel cell cost reductions.

Moreover, as one aspect of our efforts to take up the challenge in environmental and energy fields, we set up a smart factory. This smart factory is a test facility that incorporates the Group’s proprietary energy management system (EMS) and is powered by clean energy including solar power generation and fuel cells that take full advantage of the Nisshinbo Group’s technologies and know-how.

We at the Nisshinbo Group are further expanding business domain synergies that extend from materials to electronics. Moving forward, we will continue to take up the challenge of contributing to the sustainable development of a smart society on a global scale.

As we work toward achieving our established goals, we kindly request the continued support and understanding of all stakeholders.

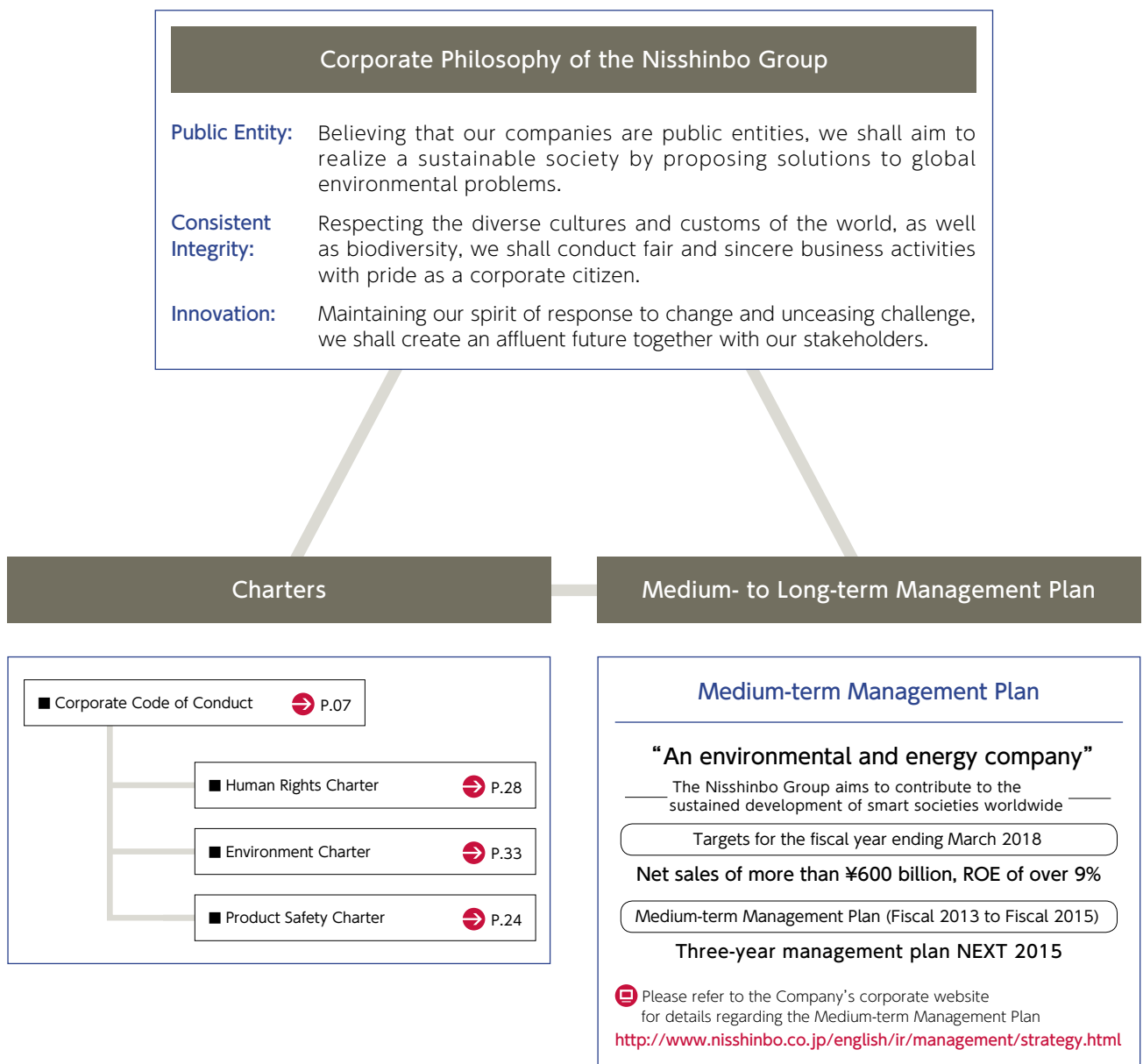
A handwritten signature in black ink that reads "Masaya Kawata". The signature is fluid and cursive, with a long horizontal stroke at the end.

Masaya Kawata
President
Nisshinbo Holdings Inc.
July 2013

Contributing to Society through Efforts to Realize Our Vision

The Nisshinbo Group is guided by a Corporate Philosophy that positions the Group as a “Public Entity” that maintains an unwavering commitment to “Consistent Integrity” and “Innovation”. Based on this Corporate Philosophy the Group has put in place various charters. With its Corporate Philosophy and charters as its base, the Nisshinbo Group strives to secure sustainable growth while formulating a medium- to long-term management plan.

The Nisshinbo Group has brought together these elements to form an overarching vision. Moving forward, the Group is committed to contributing to society by realizing this vision.



Focusing on Our Mission as a Member of Society

Channeling management resources into environmental and energy businesses, the Nisshinbo Group will proactively address global-scale issues as a part of efforts to help realize a sustainable society.

Corporate Code of Conduct

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

1. Giving proper consideration to safety, we shall develop and supply socially beneficial products and services and obtain the satisfaction and trust of consumers and clients.
2. In a spirit of accountability, we shall engage in fair, transparent, and open competition and proper business transactions. We shall also maintain sound and healthy relations with political and government organizations.
3. As well as with shareholders, we shall engage in wide-ranging communication with society and disclose corporate information positively and fairly. We shall also endeavor to ensure the protection of personal information and client information through proper data management.
4. We shall respect the diversity, character, and individuality of employees, ensure a safe and work-friendly environment for them, and realize their comfort and affluence.
5. We recognize that efforts to address environmental problems are a common issue for humankind and an essential condition for the existence and activities of the Nisshinbo Group, and we shall take the initiative in this regard.
6. We shall actively engage in social contribution activities as a good corporate citizen.
7. We shall resolutely resist any antisocial forces or organizations that pose a threat to the order and safety of civil society and shall have no links to such organizations.
8. Responding to the globalization of business activities, and complying with international rules and local legislation, we shall engage in management that respects regional culture and customs, takes the interests of the respective stakeholders into consideration, and contributes to the respective national and regional economic development.
9. The top management of Nisshinbo Group companies recognizes that it is our duty to realize the spirit of this charter and, by setting a good example, to effectively disseminate it throughout the Group and promote it to business partners. Furthermore, we shall constantly monitor opinions both inside and outside the Group, establish an effective in-house setup, and thoroughly imbue corporate ethics.
10. If a situation arises that appears to violate this charter, the top management of Nisshinbo Group companies shall make clear both internally and externally our position of solving the problem and shall endeavor to investigate the causes and prevent a recurrence. Furthermore, the top management shall execute the disclosure of speedy and accurate information and accountability to the public and, after clarifying authority and responsibility, undertake strict penalties, including upon ourselves.

Together with Stakeholders

Lending an ear to the comments of stakeholders, while working together to build a sustainable society, are important priorities of the Company. The Nisshinbo Group will work diligently to fulfill its responsibilities toward stakeholders while endeavoring to foster increasingly close-knit, positive ties.



scene

1

Smart Factory Starts Up



Photovoltaic module manufacturing equipment (simulators)

Nisshinbo Mechatronics first embarked on the development of photovoltaic module manufacturing equipment in 1998. Ever since, it has been addressing the ever-growing number of customer needs and spearheading solid progress on the global market for this equipment.

FOCUS

Special Feature: Bringing Together Collective Strengths Unique to the Nisshinbo Group

2013

Introducing Management Resources into the Environment and Energy Fields and Building a Prosperous Tomorrow

In its Precision Instruments business, the Nisshinbo Group contributes to tomorrow's energy security through such wide-ranging activities as the development and sale of photovoltaic panel manufacturing equipment. For its part, the Chemicals business strives to build to a green society through the power of chemicals. Efforts are also being made to realize a sustainable society through such products as carbon bipolar plates for fuel cells and electric double-layer capacitors. The Nisshinbo Group is introducing management resources into the environment and energy fields in an effort to create a bright and prosperous tomorrow.

Electric double-layer capacitor [N's CAP™]

Electric double-layer capacitors are one type of condenser in which electricity is stored in its original state. The ability of these capacitors to endure repeated charges and discharges has earned them keen attention in recent years as long service life electric storage devices.

Helping to Instill a Sense of Security and Comfort throughout Society

The Nisshinbo Group is committed to providing comfortable textile products, automotive brake products that support safe and secure transportation, paper products that add color and comfort to living environments and electronic products including wireless disaster prevention devices that underpin a safe and secure society. The Nisshinbo Group is actively engaged in a wide range of businesses that help promote safe and comfortable living.



scene

2

Ecology and Safety in a Car-Centric Society



Smart Factory Starts Up

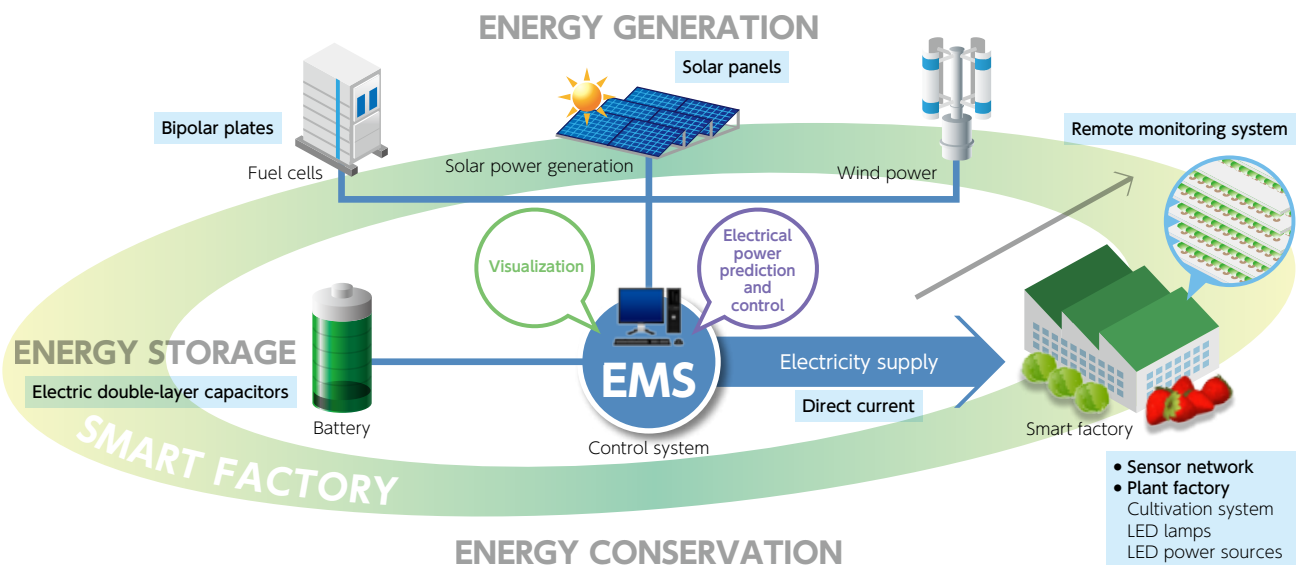
In October 2012, the Nisshinbo Group announced its entry into the smart community business alongside the opening of a smart factory test facility at the Tokushima Plant, where the company also unveiled a mega solar installation at the same time.

Showcasing the Future of Factories

The most interesting aspect of the smart factory test facility is its direct current standalone distributed power supply system that was independently developed by Nisshinbo as an energy management system (EMS). Electricity needs are fulfilled mainly by clean energy including solar power, wind power and fuel cells. Since electricity is supplied using direct current to the factory, the system is highly efficient with nearly zero power transformation loss.

First Japan, and then the World

Leveraging the know-how gained in energy management at the smart factory test facility, Japan Radio Co., Ltd.'s solutions business creates proposals for local governments in Japan for smart disaster prevention systems that are essential for creating safe and secure communities. Moreover, since the system is a standalone power source, we aim to deploy it in regions overseas that lack sufficient power supply infrastructure.



The test facility leverages all of the technological resources of the Nisshinbo Group.

The Challenges of the Smart Factory Project

As this project entails the building and operation of systems from scratch, our understanding of this field is deepened as we establish technologies for optimal communications methods and information processing. Our ultimate aim is to commercialize the system based on the empirical data gained from the project. At the initial stages of the project, the operations are designed to be a standalone system. As communications technologies are developed, we aim to expand operations by combining systems together. We believe the project has the potential to become a smart community business comprising systems in local communities with scope to support vital infrastructure such as transportation, medical facilities and disaster prevention services. The Nisshinbo Group will focus its synergies on steadily advancing the smart factory project with the aim of contributing to society and developing the environment and energy business.



Hitoshi Itoh

Project leader
Solution Business Division
Environment and
Energy Systems Group
Japan Radio Co., Ltd.

The Nisshinbo Group Works Tirelessly toward the Realization of a Smart Society

Smart factory test facility installed at the Tokushima Plant

Group companies involved in this endeavor:

Nisshinbo Holdings Inc.
Nisshinbo Mechatronics Inc.
Japan Radio Co., Ltd. New Japan Radio Co., Ltd.
Nagano Japan Radio Co., Ltd.
Ueda Japan Radio Co., Ltd.

While incorporating lessons gleaned from the smart factory, the Nisshinbo Group develops products based on its extensive experience as an environment and energy company. As society and communities install smarter infrastructure, the Nisshinbo Group is ready to help with its diverse array of technologies.

Solar Power Generation System Installation Business

The mega solar installation at the Tokushima Plant site is being handled by Nisshinbo Mechatronics Inc., which undertook the procurement and installation of photovoltaic modules and is now maintaining the site. Nisshinbo Mechatronics Inc. supplies photovoltaic module manufacturing equipment including laminators, solar simulators, EL inspection system and so on. The company also proposes reliable systems they can operate over the long term to companies running solar power generation business. By working with Japan Radio Co., Ltd.'s remote monitoring systems that use wireless communications technologies, Nisshinbo Mechatronics Inc. is able to propose systems that can be used even more securely and reliably.

Data display using cloud-based technology



The status of solar power generation can be monitored in real time over the internet (Japan Radio Co., Ltd.)

M2M* Technology Essential to Smarter Infrastructure

M2M is a framework for the exchange of information between IT-compatible equipment connected over networks.

The Nisshinbo Group contributes to making infrastructure smarter through the visualization of information retrieved from wireless sensor networks. This is made possible from the culmination of the system building technologies and cloud-based technologies of Japan Radio Co., Ltd., the wireless devices produced by New Japan Radio Co., Ltd., wireless modules of Nagano Japan Radio Co., Ltd., and wireless applied technologies of Ueda Japan Radio Co., Ltd.

* M2M: Machine to Machine

Communications modules that enable the visualization of data

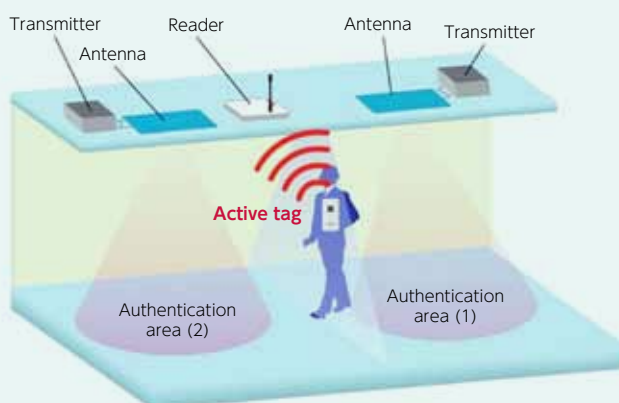
400MHz and 920MHz wireless module technology
 (Nagano Japan Radio Co., Ltd.)



400MHz module

920MHz module

Wireless module applied technologies



Hands-free area access management system using 20MHz active tags
 (Ueda Japan Radio Co., Ltd.)

This system can manage the whereabouts of people through hands-free operation of active tags in authentication areas. Individuals can be identified by the ID on their active tag, and doors can also be automatically opened and closed.

Ecology and Safety in a Car-Centric Society

The Nisshinbo Group supplies a broad range of automotive-related products, including disc brake pads, EBS^{*1} parts, GPS^{*2} modules for car navigation systems, communications equipment for ETC^{*3} systems, semiconductors for car audio systems, automotive coil parts for hybrid vehicles, and modifiers that improve the durability of plastics. We aim to manufacture products that contribute to the advancement of a car-centric society, and focus in particular on the following two points in this regard.

^{*1} EBS = Electronic Brake System ^{*2} GPS = Global Positioning System ^{*3} ETC = Electronic Toll Collection

Focal Point ①: Ecology

The Nisshinbo Group believes that ecology is an important point to consider in sustaining a car-centric society. The eco-performance of the product itself is one aspect of this consideration. Nisshinbo supplies products that not only improve the convenience of automobiles, but also lessen the impact they have on the global environment as much as possible. For example, when the brakes are applied to stop a car, a minute amount of abrasive material is worn off the brake pad. It is thus necessary to combine various abrasive materials that have little environmental impact and also improve braking performance to required levels. Another aspect of this consideration is awareness of the ecological impact of business processes, such as manufacturing and the provision of services, and working to improve in this area as well.

Precision Instruments



EBS valve blocks



Diesel common rail parts



Resin modifiers

Chemicals



Electric double-layer capacitor

Focal Point ②: Safety

In order to realize a safe car-centric society that transitions from minimal injuries during traffic accidents to zero accidents altogether, attention has been focusing on active safety systems that prevent accidents, in addition to passive safety systems that lessen the extent of injuries in the event of an accident. Active safety systems identify hazards around a vehicle and take actions to avoid risk to passengers and the vehicle. The Nisshinbo Group has made every effort to increase the safety and reliability of cars in the control equipment field, which includes brake pads and EBS parts. We are conducting R&D in the field of hazard awareness to contribute to automobile safety, by leveraging the wireless communications technologies in the electronics business and other technologies as well.



Coil products

Electronics



ITS equipment

How Nisshinbo Supports a Car-Centric Society



Drum brake assembly



Brakes



Disc brake pads

The Nisshinbo Group Takes on Challenges Confronting a Car-Centric Society Today and in the Future

Group companies involved in this endeavor:

Nisshinbo Holdings Inc.

Nisshinbo Brake Inc.

Nisshinbo Mechatronics Inc.

Nisshinbo Chemical Inc.

Japan Radio Co., Ltd. New Japan Radio Co., Ltd.

Nagano Japan Radio Co., Ltd.

More and more car models are equipped with idling stop systems to help conserve fuel, especially compact car models. In order for cars to comply with stricter fuel economy and exhaust regulations in countries around the world, regenerative braking is likely to become more widespread. Nisshinbo's electric double-layer capacitor can be recharged rapidly and can operate under a wide range of temperatures, making them ideal for idling stop systems and as energy storage devices for regenerative braking systems. We therefore expect demand to increase going forward.

The Future of Cars

The electronic business of Japan Radio Co., Ltd. was a market pioneer in GPS modules for car navigation systems, and it now also supplies VICS^{*4} beacon transmitters and ITS^{*5} equipment such as ETC systems for motorcycles. Japan Radio Co., Ltd. has a host of technologies curated over many years related to radar and ultrasound that are applied to the fields of marine electronics and weather forecasting. Using these technologies, the Nisshinbo Group is conducting R&D on their application to situational awareness sensors for automobiles.

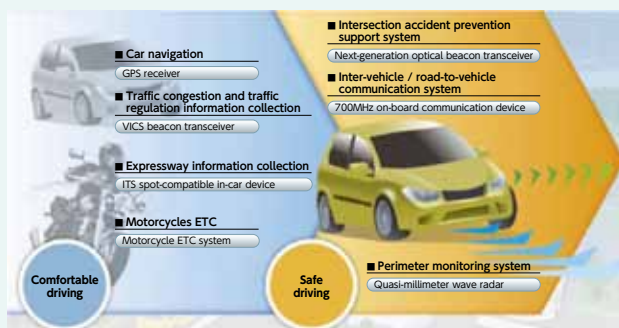
Moreover, we are focusing R&D on technologies essential to fuel cell vehicles (FCVs), the ultimate eco-car. Nisshinbo is developing materials for enveloping the fuel cell stack, the core of the fuel cell, high-efficiency SiC^{*6} semiconductors used in control circuits,

and coil parts. Through these ongoing efforts, we aim to take one step closer to the realization of a hydrogen-based society.

^{*4} VICS=Vehicle Information and Communication System

^{*5} ITS=Intelligent Transport Systems

^{*6} SiC=Silicon Carbide



Testing the Performance of Electric Double-Layer Capacitor in Car Races

The electric double-layer capacitor jointly developed by Nisshinbo Holdings Inc. and TOYOTA MOTOR CORPORATION is installed in TOYOTA TS030 HYBRID, a member of TOYOTA Racing that competes at the FIA World Endurance Championship (WEC).

TOYOTA TS030 HYBRID uses electric double-layer capacitor for storing energy, allowing for the efficient capture of the massive energy released during hard braking. This stored energy is then used to give a power assist when turning out of corners and passing other racecars, substantially boosting acceleration.

In 2012, TOYOTA TS030 HYBRID debuted at the 24 Hours of Le Mans World Endurance Championship. After finishing in second place at the 6 Hours of Silverstone, TOYOTA TS030 HYBRID took its first pole position and victory at the 6 Hours of São Paulo race. It

finished the 2012 season with two more victories at the 6 Hours of Fuji and the 6 Hours of Shanghai. In 2013, TOYOTA debuted the new 2013 specification TS030 HYBRID in the second round at Spa-Francorchamps (Belgium), where it ran near the front during the first few hours of the race.



For further details, go to this website:
http://www.nisshinbo.co.jp/r_d/capacitor/index.html

BUSINESS HIGHLIGHTS



APOLLOCOT™ men's shirts



APOLLOCOT™ pants

Products Contributing to a Sustainable Society:

APOLLOCOT™, Ecosys™, Ecologia™, Oikos™,
Banana fiber, Biomass Nisshinbo Mobilon,
Color-fade Resistant Denim

Textiles Business

Under the previous medium-term management plan, the textiles business returned to profitability in the fiscal year ended March 2012 as a result of global business restructuring that involved the moving of production overseas, and the business has remained profitable since then. We are expanding the range of APOLLOCOT™ products, which are made with proprietary fabrication techniques, beyond business shirts to also include handkerchiefs, business pants, and knitted business shirts.

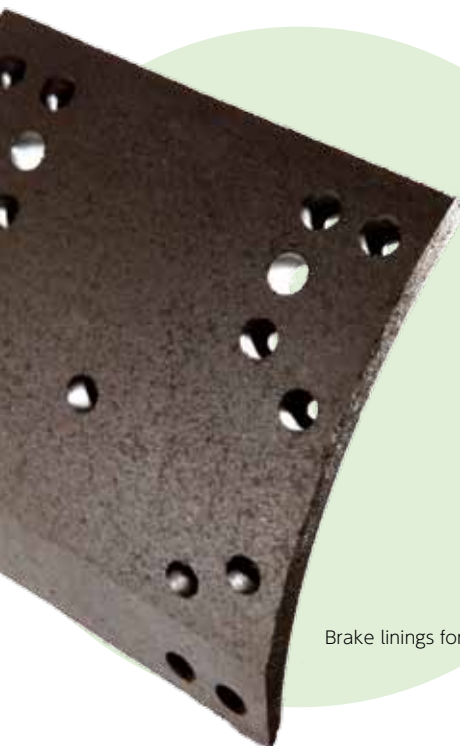
Under the new medium-term management plan in light of recent achievements, Nisshinbo Textile Inc. plans to reinforce its global business structure, targeting net sales of ¥60 billion and operating income of ¥3 billion in the fiscal year ending March 2016. The company aims to increase overseas sales in mainly Europe and the United States while expanding production at its two key factories and denim joint venture in Indonesia and at its shirt fabric processing factory in China.

Nisshinbo Textile Inc. is focusing on expanding sales of APOLLOCOT™ brand products by improving the functionality of its business shirts and expanding its range of handkerchiefs for women. We will increase the variety of our business pants, and expand the product range into jackets and white robes.

Automobile Brakes Business

The automobile brakes business is the second-largest business in terms of sales in the Nisshinbo Group. The automobile brakes business is the Nisshinbo Group's most internationalized operation with production bases in 14 countries, comprising those at TMD Group, which became a subsidiary of Nisshinbo Holdings Inc. in 2011, as well as at Nisshinbo Brake Inc. and its subsidiaries. In accordance with key measures to reinforce the global competitiveness of the Nisshinbo Group, we launched operations at Nisshinbo Saeron (Changshu) Automotive Co., Ltd. in China, and decided to construct a second base at Nisshinbo Somboon Automotive Co., Ltd. in Thailand in the fiscal year ended March 2013. By strategically expanding its production capacity in countries and regions where the automobile industry is growing, Nisshinbo Brake Inc. is putting into place a structure able to supply products to its customers in the required volumes and delivery schedules from its production bases in close proximity to its customers' operations.

In addition, Nisshinbo Brake Inc. is collaborating on all fronts with TMD Group, including in development, production and procurement. We think TMD Group will contribute to the profits of the Nisshinbo Group as we generate synergies together and overcome the economic crisis in Europe.



Brake linings for commercial vehicles

Products Contributing to a Sustainable Society:

Green Pads (environmentally friendly brake pads)



Aroma Feel™ toilet tissue



Kihoushi™ packaging paper

Products Contributing to a Sustainable Society:

Toilet tissue designed specifically for bidets with twice the absorbency
FSC-certified paper: VENT NOUVEAU™ F-FS,
VENT NOUVEAU™ Smooth-FS, Kihoushi™

Papers Business

In the three fields of household paper products, specialty paper and processed paper products, Nisshinbo Paper Products Inc. develops and supplies paper products that are a fusion of technology and inspiration, adding beauty and comfort to our daily lifestyles.

In household paper products, we broadened our lineup of pleasing aroma products by launching Aroma Feel™ scented toilet tissue and Flavor Tea Selection™ toilet tissue with English tea aromas.

In fine paper operations of specialty paper, we strengthened our position in the packaging paper field by adding Kuro Kihoushi to our lineup of Kihoushi™ packaging paper, which offers desirable features for paper texture and packaging. We also launched NT Sfu:l paper that has a silky soft texture like skin.

In processed paper products, we aim to secure a position as a global supplier in the high-grade packaging paper market by planning and proposing highly stylish and functional products to leading brand manufacturers inside and outside Japan.



Nisshinbo Automated Laser Technology (NALT)
Electronic Parts Reel Bonder

Products Contributing to a Sustainable Society:

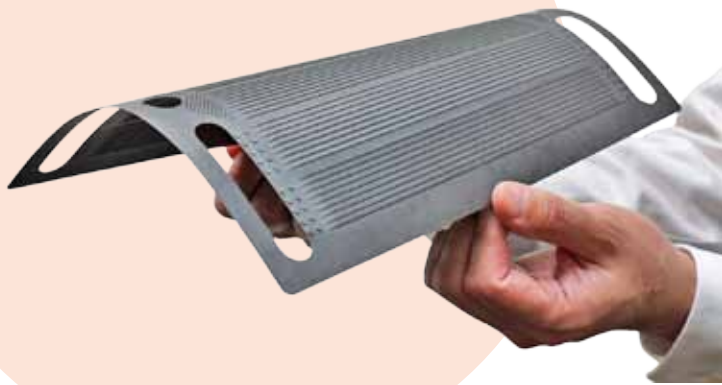
Photovoltaic module production equipment
(laminators, solar simulator, EL inspection system, etc.)
Eco Cross™

Precision Instruments Business

Leveraging the technologies and expertise it has accumulated over more than 70 years, Nisshinbo Mechatronics Inc. develops, produces and sells various products that contribute to the realization of a sustainable society based on its vision of achieving sustainable growth as an environment and energy company in the fields of manufacturing equipment for photovoltaic modules, customized machines for various industries, precision parts for automobiles, and plastic molding parts, primarily fans for air-conditioners.

Our recently launched Nisshinbo Automated Laser Technology (NALT) electronic parts mounting system is considerably smaller and more energy efficient than conventional mounting systems, with a size that is approximately 80% more compact thanks to the utilization of new chip-on-film (COF) technology and energy consumption that is about 80% less than before. This system makes it possible to produce LED lighting, which has gained attention as long-lasting and energy-efficient lighting, more efficiently and at lower cost. LED lighting produced with the NALT has been installed as lighting for growing plants at the smart factory of the Tokushima Plant.

We aim to develop this business further as a part of our mission to supply environmentally friendly products to the world.



Bipolar plates



Carbodilite™

Products Contributing to a Sustainable Society:

Bipolar plates, AQUAPOROUSGEL™ and Bio Contact-N™ bio carriers for wastewater treatment,

Carbodilite™ a high-performance plastic material, carbon sheets for X-ray imaging, Airlite Foam™ polyurethane thermal insulation,

Electric double-layer capacitor

Chemicals Business

Nisshinbo Chemical Inc. produces and sells products that contribute to a sustainable society.

For example, our bipolar plates are carbon separators developed with proprietary processing technologies. With its excellent material properties and productivity, this product contributes to the spread of environmentally friendly fuel cells.

AQUAPOROUSGEL™ and Bio Contact-N™ are bio carriers for wastewater treatment. These materials improve performance during the purification of wastewater emitted from households and factories. They are widely used at public sewage treatment plants, *Johkasou* and factory wastewater treatment facilities, contributing to the purification of limited fresh water resources and improvement of the marine environment. These products are being used in more places outside Japan, including Asia and Africa.

Carbodilite™ is a high-performance plastic material with low toxicity, high reactivity and excellent thermal resistance. It improves durability and adhesiveness of plastics as an additive. Demand has strengthened for our bio plastic modifiers and water-soluble cross-linking agents as a result of growing interest in their performance and safety. We have been building more production facilities since last year to accommodate this increase in demand.



The FRESH HVDC™ high voltage direct current power supply system contributes to a sustainable society by cutting electricity usage by 10-30% compared with conventional systems.



経済産業大臣賞 受賞

Products Contributing to a Sustainable Society:

Observation equipment for an event-type telemeter system JYY-160, alarm monitoring equipment NDC-1169A, protocol conversion equipment NDC-1187A,

Wireless LAN module CMN-727A, simultaneous directive receiving device NUT-43Ni, facsimile adapter NCM-788R series and control panel of facsimile adaptor CMD-805A,

WILLCOM PHS terminal JHP-966W/Z, synchronous serial IP converter NDC-1479, river radar JMA-610 (scanner and display), and marine radar JMA-5300MK2 (scanner and display)

Electronics Business

Japan Radio Co., Ltd., NTT Data Intellilink Corporation, and NTT Data Corporation were winners of the Minister of Economy, Trade and Industry Award for the Green IT Award 2012 in the "savings in IT-related energy consumption" category. Japan Radio Co., Ltd. developed the FRESH HVDC™ high voltage direct current power supply system used in the data center power system that won the award. The technologies of the three companies were combined to create the XECHNO™ Power+FRESH HVDC data center power system, which uses 10-30% less energy than the uninterrupted power supply (UPS) equipment commonly used in modern data centers.

Japan Radio Co., Ltd. will continue to provide products and services that contribute to a sustainable society in the fields of disaster prevention, transportation and ships by leveraging the technologies of the Nisshinbo Group, such as for wireless communications, information processing, solar power generation systems, electric double-layer capacitors, and fuel cells.



Okazaki Prime Park Harusaki no Oka residential building lots
(Harisaki Plant site)



Kawagoe cocoromachi residential building lots
(Kawagoe Plant site)

Real Estate Business

The real estate business utilizes idle assets owned by the Nisshinbo Group, redevelops plant sites, leases office buildings and commercial facilities, and sells residential building lots. The business aims to contribute to local communities through the creation of comfortable urban environments.

Nisshinbo Holdings Inc. has converted its idle land and buildings into shopping centers, sports and leisure facilities, office buildings, residential properties, elderly care facilities, and housing model showrooms. In recent years, the Company has also been proactively developing business in the sale of residential building lots. By taking charge as the main developer in the planning and development of entire streets, the Company is able to create high-quality residential districts. We are currently preparing to sell residential building lots at the Harisaki Plant site and the Kawagoe Plant site, among other locations.

Redeveloping real estate assets that have been idled due to operational changes and then selling these assets as residential building lots allows the Company to scale down assets and secure the funds needed for new business incubation and global development that will support new growth for the Nisshinbo Group.



New TV Commercial “Dog Theater” Series Airs



Nisshinbo Holdings Inc. has produced a new series of TV commercials called “Dog Theater.” The commercials started airing on April 1, 2012, in primarily the Kanto, Kansai and Chukyo regions with the “Room” and “Grandma” episodes.

The “Dog Theater” series of TV commercials are highly entertaining with a comical edge featuring dogs’ heads on top of people. The song in the commercial that

begins with “Nisshinbo…” on top of a catchy melody has been popular among children, who have memorized the tune. We believe these commercials, while being entertaining, will convey the important role Nisshinbo plays in the environment and energy field.

New CSR Targets and Outcomes

The Nisshinbo Group engages in business in an increasing number of countries and regions in tandem with the expanding scope of its operations and globalization. The issues that society expects us to address and help solve have diversified as a result.

Regarding this as an important change, we formulated new medium-term CSR targets in 2012.

As a component of the new medium-term CSR targets, we identified key action items that are major issues across the Group, and we are implementing the PDCA cycle in order to achieve these goals.

| CSR Topics | Key action items | Medium-Term CSR Targets (Fiscal 2015) | Outcomes in Fiscal 2012 |
|---------------------------------|---|---|--|
| Management | Thorough compliance | Periodically conduct compliance training Operate corporate ethics reporting system Strengthen safety assurance trading management system | Used employee handbooks to educate new hires Operated corporate ethics reporting system Monitored operations after revisions to export control regulations |
| | Strengthen internal controls | Continue updating internal control system | Conducted business audits, IT audits and monitored legal risk Updated internal control system for financial reporting, and evaluated its operation Supported TMD Group in creation of internal controls |
| | Reinforce risk management | Update BCP | Strengthened disaster prevention and mitigation measures Reviewed product supply structure |
| | | Reinforce information security | Inspected subsidiaries based on information security guidelines |
| For a better society | Improve quality and customer satisfaction | Keep PL problems at zero occurrences Reduce number of quality issue occurrences Continue implementing measures to improve customer satisfaction | Zero occurrence of PL problems Number of quality problem occurrences was unchanged Implemented measures to improve customer satisfaction |
| | Dialog with society | Appropriate and timely disclosure of corporate information | Disclosed corporate information in a timely fashion Conducted IR activities overseas |
| | Social contribution activities | Support development of international human resources | Co-sponsored the All-Japan Junior Tennis Championships 2012 Continued professional affiliation contracts with two professional tennis players |
| | | Contribute to local communities | Participated in local community activities near business sites |
| | Contribute to future society | Next-generation education | Conducted training on the art of manufacturing at business sites |
| | | Promote industry-academia joint research | Collaborated with academia in research as planned |
| For a better global environment | | | Achieved Second Medium-term Environmental Targets (see page 33 for details) |
| For a better workplace | Respect for human rights | Increase awareness of human rights Prevent harassment | Continued activities to raise awareness of human rights Offered harassment consultation services |
| | Promote diversity | Globalization of human resources Create a workplace conducive for women Increase employment ratio of persons with disabilities | Established new training and education systems related to globalization Raised awareness of various programs related to childbirth and childcare Increased employment ratio of persons with disabilities at domestic companies |
| | Occupational health and safety | Prevent occupational injuries | Zero occurrence of major accidents Frequency of injuries with lost work days was 0.28 at domestic business sites, 0.54 at overseas business sites (excluding TMD Group) |
| | | Promote mental health services | Established mental health consultation service provided by clinical psychologist |
| | Fair transactions as customary practice | Advance CSR procurement | Expanded scope of CSR procurement |

* The scope of the Second Medium-term Environmental Targets is from fiscal 2012 through fiscal 2014.

Outcome of CSR Activities in Fiscal 2012

In fiscal 2012, the Nisshinbo Group set new medium-term CSR targets and communicated them among Group companies to promote CSR activities.

Due to changes in business conditions, there were a few areas in which our CSR activities were insufficient, but overall we were able to produce steady outcomes.

For fiscal 2013, the Nisshinbo Group will focus efforts on improving the quality of its CSR activities, such as by establishing best practices within the Group. We ask for your continued understanding and cooperation as we undertake these endeavors.



Masakazu Aitsuki

Managing Officer
Senior Manager of CSR Department,
Corporate Strategy Department

| Assessment | Targets for Fiscal 2013 |
|---------------|--|
| ○ | Educate all employees about compliance Continue operating corporate ethics reporting system Expand scope of employee eligibility for export control education |
| ○ | Continue implementing business audits, IT audits and legal risk monitoring Continue updating and operating internal control system for financial reporting Continue helping TMD Group with internal controls |
| △ | Continue strengthening disaster prevention and mitigation Reinforce product supply structure |
| ○ | Strengthen protections against external threats |
| △ | Continue zero occurrences of PL issues Continue to reduce number of quality problem occurrences Continue measures to improve customer satisfaction |
| ○ | Continue the timely disclosure of corporate information Augment IR activities overseas |
| △ | Continue support for training international human resources |
| ○ | Continue participating in local activities near business sites |
| ○ | Continue next-generation education |
| ○ | Continue promoting industry-academia collaboration in research |
| (see page 33) | |
| ○ | Continue raising awareness of human rights Expand harassment consultation services |
| △ | Continue training global human resources Improve programs that make workplaces more conducive for women Continue efforts to increase employment ratio of persons with disabilities |
| ○ | Zero occurrence of major accidents Continue to implement guidance to plants where multiple injuries have occurred |
| ○ | Implement mental health training for employees |
| △ | Continue with CSR procurement |

Self-assessment: ○ = target achieved, △ = target partially achieved, × = target not achieved

Corporate Governance

Based on our belief that corporations are public entities, the Nisshinbo Group adheres to its fundamental philosophy of always acting with integrity and in good faith toward its stakeholders.

Reflecting this in our corporate governance activities, we work to ensure the transparency of management, reinforce accountability and act ethically in all matters.

The Group's Business Oversight and Execution Framework

The Company's Board of Directors is responsible for making decisions on key management matters and for overseeing business execution by the directors. We have also adopted a managing officer system in order to strengthen and separate decision-making and oversight functions and business execution functions.

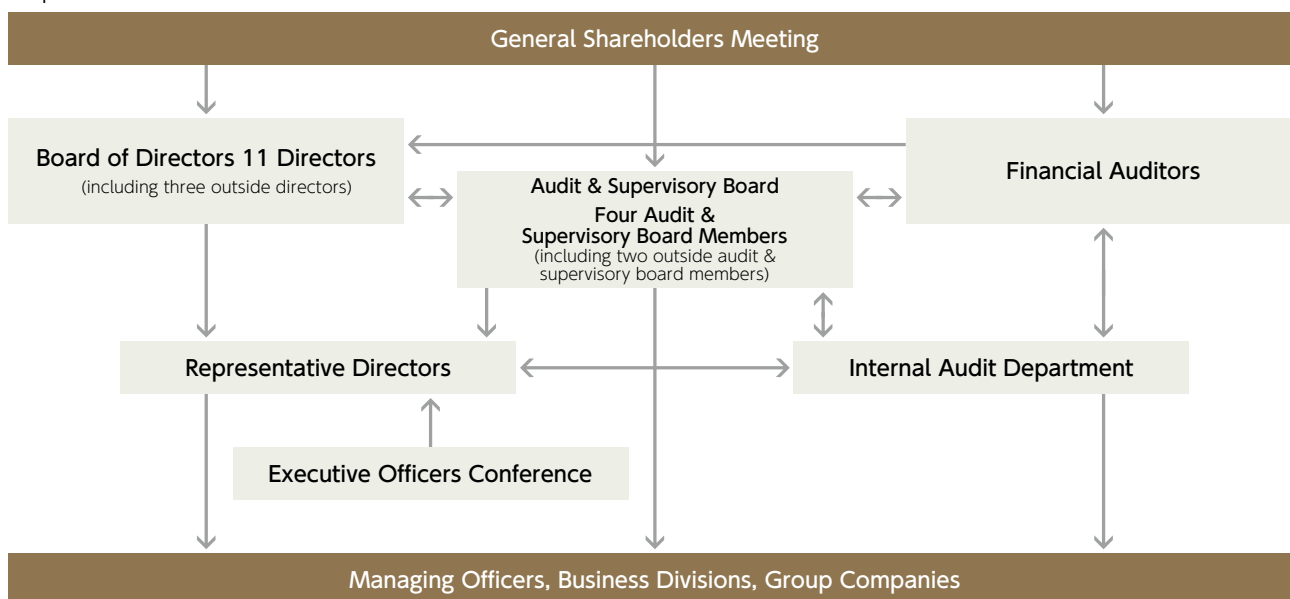
The Corporate Strategy Conference, which is made up of directors and other senior personnel, holds meetings to discuss important matters related to business execution throughout the Group.

The Group's Audit Framework

The Company has established an Audit & Supervisory Board. The audit framework comprises the Audit & Supervisory Board members, who conduct audits, the independent auditor, who carries out accounting audits, and the Internal Audit Department, which is responsible for conducting internal audits. These groups work closely together to improve corporate governance.

The Company also conducts oversight of specific areas such as workplace safety, environmental issues and IT systems.

Corporate Governance Structure



Representative Directors

Representative directors are selected by resolutions of the Board of Directors. As of June 27, 2013, the chairman, president, and a vice president were the Company's three representative directors.

Directors

As of June 27, 2013, the Company had 11 directors, including three outside directors.

The Board of Directors is responsible for making decisions on important management matters and for monitoring the execution of duties by directors. Directors are appointed for one-year terms in order to clarify management responsibility each fiscal year.

Managing Officers

The Company has adopted a managing officer system to speed up decision-making for business execution and clarify operational responsibilities. As of June 27, 2013, the Company had 13 managing officers, including the president, two vice presidents and four directors with dual roles as managing officers. Managing officers are also appointed for one-year terms.

(I) Audit & Supervisory Board

The Company's Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of whom are outside members. In accordance with audit policy and plans determined by the Audit & Supervisory Board, members monitor business management and execution at the Company and its subsidiaries by attending important management meetings such as meetings of the Board of Directors and Corporate Strategy Conference in order to understand operating conditions.

(II) Internal Audit Division

The Company has established the Internal Audit Department independent from executive business functions to act as the internal audit division. The Internal Audit Department conducts ongoing audits of operations across the entire Nisshinbo Group and works to protect corporate assets and increase management efficiency by providing advice and proposals for remedial measures from a legal and rational standpoint. In the fiscal year ended March 2013, the Internal Audit Department stepped up the oversight of Group subsidiaries overseas, which now play an increasingly important role in the Group's operations.

Timely Information Disclosure

The Company is working to ensure it is accountable to all stakeholders in order to create a highly transparent business. In addition to fulfilling timely disclosure standards determined by the Tokyo Stock Exchange, we hold briefings for shareholders and investors on a regular basis and provide other timely information via our corporate website as part of ongoing efforts to improve the provision of information to stakeholders and retain their trust.

Maintaining Internal Control Systems

The Company endeavors to create a healthy and highly transparent corporate culture in accordance with the Corporate Philosophy of the Nisshinbo Group. An internal control system has been established to identify and then remedy any issues in business execution processes.

(I) Internal Control Report System over Financial Reporting

The Financial Instruments and Exchange Law, which includes provisions on internal corporate control known as J-SOX, came into force in April 2008. Since then, we have implemented control measures to maintain and upgrade our internal control over financial reporting. During fiscal 2012, an assessment led by the Internal Audit Department confirmed that the internal control over financial reporting is operating effectively.

Aiming for Global Corporate Governance

Centralized Management of Operations in Asia

Nisshinbo Singapore Pte. Ltd. and Nisshinbo Business Management (Shanghai) Co., Ltd. were established for the purpose of supporting local subsidiaries in Asia.

These companies engage in the efficient management of funds while providing internal control and operational support to subsidiaries within the ASEAN region and China, respectively.

Looking ahead, steps will be taken to utilize these two management companies to strengthen corporate governance in the Asia region by implementing proper administrative support and to solidify the Group's platform in a manner that will help accelerate its global strategy.



Risk Management

In order to fulfill its corporate social responsibility by contributing to society through ongoing business activities, the Nisshinbo Group has established systems to ensure stable operations by mitigating a range of risks that could have a serious impact on the smooth operation of the business.

Crisis Management System

In order to mitigate and minimize risk and any potential losses, the Company has formulated Crisis Management Regulations covering the whole Group. It also conducts annual training exercises and inspections. Action plans have been created to respond to any risk that impacts on the Group, while systems have been put in place to minimize any losses. In fiscal 2012, training drills of emergency contact were conducted based on an overhaul of fiscal 2011.

Disaster Prevention System

Firefighting teams at each Group business site conduct regular drills to improve disaster prevention capabilities. These drills increase readiness for early-stage fires, lifesaving situations and potential emergencies such as gas or chemical leaks, and are developed based on the type and location of each facility. Major business sites including subsidiaries conduct comprehensive disaster prevention drills and work to invigorate disaster prevention management activities. Each year, managing officers observe and review the implementation of comprehensive disaster prevention drills. In fiscal 2012, managing officers inspected 14 business sites.



Fire-fighting drills at the Fujieda Plant

Initiatives to Protect Personal Information

The Nisshinbo Group recognizes that one of its key corporate responsibilities is to ensure important information related to customers, suppliers, employees and other individuals is protected appropriately. In order to fulfill this responsibility, we handle personal information in accordance with an internal privacy policy. In addition, internal audits are conducted based on company regulations to ensure systems are working properly, and steps are taken to prevent information leaks and realize ongoing improvements.

Initiatives to Ensure Information Security

The Nisshinbo Group is constantly reinforcing information security measures to prevent leaks of personal information about customers and other sensitive information.

Nisshinbo widely uses anti-virus software and programs to remedy security issues in its IT systems in order to prevent computer viruses from causing leaks of sensitive data. In addition, we prevent and limit leaks of information caused by internal unethical actions by monitoring access to IT systems.

We have also formulated information security guidelines, which are used as a checklist by Group companies in Japan and overseas to conduct their own inspections of information security systems.

Compliance

Guided by its philosophy of “consistent integrity,” the Nisshinbo Group believes it is important to act with fairness and integrity and to contribute to society through its business activities. We have therefore formulated the Nisshinbo Group’s Corporate Code of Conduct to outline in specific terms the behavioral criteria required to realize this philosophy. Based on these initiatives, we are working to promote thoroughgoing compliance.

Corporate Ethics Committee

Nisshinbo has established a Corporate Ethics Committee that answers directly to the president. The committee is led by a director with a dual role as a managing officer, who is responsible for handling all compliance matters across the Nisshinbo Group.

Specifically, the Corporate Ethics Committee is responsible for (1) implementing corporate ethics systems and regulations, (2) deciding the content and methods of corporate ethics training for employees, and (3) formulating and implementing investigations, responses, procedures and remedial measures related to consultations and reports received through the Company’s Corporate Ethics Reporting System.

Corporate Ethics Reporting System

The Nisshinbo Group has established a Corporate Ethics Reporting System to rapidly identify and prevent any reoccurrence of potential or actual legal violations. Group employees and external parties can submit reports to the system, which can be used to communicate directly with the Corporate Ethics Committee or an outside corporate attorney. Every effort is made to protect those who have used the system from unfair treatment.

If the Corporate Ethics Committee receives a report via the system, it convenes a meeting, launches an investigation and takes appropriate action where necessary. If the outside corporate attorney receives a report, appropriate action is taken based on close cooperation with the Corporate Ethics Committee. Important matters are immediately reported to the president.

In the case of reports received from individuals who have provided their name and contact details, the Corporate Ethics Committee provides information about how the matter is being dealt with, such as updates on the investigation and a summary of its conclusions. The Corporate Ethics Committee also works to prevent any future violations of law or corporate ethics by providing information to all companies in the Group about its response to the issue based on the results of the investigation.

Compliance Education

In order to promote wider understanding of corporate ethics, the Nisshinbo Group conducts compliance training for different employee levels and work sites. Compliance is also part of the curriculum for new employee orientation courses.

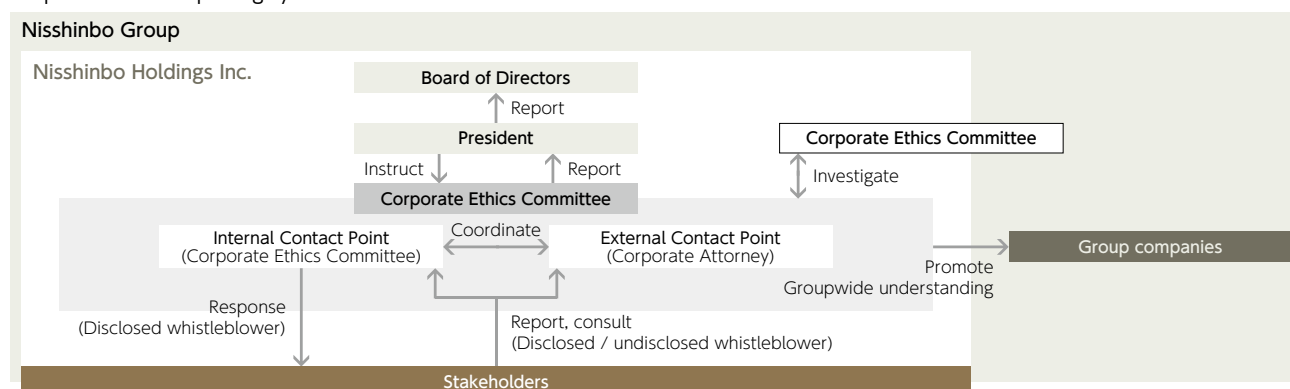
The Employee Handbook, which is used as a tool in training programs, includes information about corporate ethics, such as the Nisshinbo Group’s Corporate Code of Conduct, in order to educate and enlighten employees about the importance of compliance.

The Employee Handbook is available in both Japanese and English, and it plays an effective role in compliance training at overseas subsidiaries. The handbook is being translated into other languages for use at overseas subsidiaries where English is not the local language.



Employee Handbook

Corporate Ethics Reporting System



Manufacturing from the Perspectives of Customers

Basic Stance

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

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

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

Product Safety Charter

In order to develop and supply socially beneficial products and services that give proper consideration to safety and to obtain the satisfaction and trust of consumers and clients, the Nisshinbo Group shall act on the basis of the following four principles.

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

With the Utmost Concern for Customer Safety

Product Development that Emphasizes Customer Safety

Nisshinbo Mechatronics Inc.'s Machinery Systems Department supplies machinery and equipment to customers around the world. The slightest mistake in machinery and equipment can cause occupational injuries at customers and lead to major product liability problems. We create products with customer safety foremost on our mind, and we do not compromise on safety issues while assessing safety during design reviews in each stage of product development. Our customers inside and outside Japan have praised the safety of the machinery and equipment we make through these activities.



Safety is ensured with an electric-powered interlocking cover on this cutting-edge laminator

Our Design Standards Incorporate Risk Assessments

Nagano Japan Radio Co., Ltd. believes the company's responsibility to society is to provide safety and security to its customers. Based on this belief, we make every effort to ensure the safety of our products by strictly complying with laws, regulations and safety specifications, such as the Product Liability Act and the Consumer Product Safety Act, and by maintaining our own technical standards and safety design standards.

Starting in 2011, we have incorporated risk assessments into the design stage. These risk assessments envision potential risks arising from the products and how they are used, and then remove the causes of these risks to create an inherently safer design with the ultimate aim of providing the safest possible products to customers.



Safety design standards

Quality Improvement Initiatives

Initiatives at Nisshinbo Brake Inc.

With the slogan "customer first," Nisshinbo Brake Inc. makes incremental improvements every day as it strives to deliver products and services that are even more satisfying for customers.

In accordance with the globalization of the automotive and auto parts industries, it is becoming more common to produce identical products at multiple production bases at the same time, making it vital that products of the same quality are manufactured at each production base and delivered to customers. To this end, the company is sharing quality-related data and information on small-group improvement activities among its production bases, and holding large meetings to facilitate the exchange of opinions with the objective of improving quality through ongoing efforts at all of its bases.

Initiatives at Nisshinbo Mechatronics Inc.

The Quality Assurance Department at Nisshinbo Mechatronics Inc. is in charge of improving the quality of system machinery, precision parts and plastics business in addition to responding to customer claims.

Nisshinbo Mechatronics Inc. pays particular attention to quality management because it makes key parts such as brake components and engine parts. It also manufactures brake components at a production base in Shanghai. The company is working hard to instill Japanese-style quality management at its Shanghai production base by strengthening exchanges between its bases in Hamakita (Japan) and Shanghai.

Last year, the president of the company declared that quality is at the heart of our competitiveness, and that the quality of each person's work determines the quality of the company's products. Based on this core precept, each and every employee is engaged in activities to improve quality.

Starting in fiscal 2013, quality engineering study groups are held twice a week to provide employees with opportunities for self improvement in primarily development, technology, manufacturing and quality assurance. Over 80 employees have participated in these study groups thus far, including at overseas bases. Present data analysis, problem-solving and decision-making techniques are applied to solving actual work problems in each session, giving all participants cases to study and learn from.



Quality engineering study group

Product Labeling

Nisshinbo Chemical Inc.

Product Labeling Initiatives

Nisshinbo Chemical Inc. makes concerted efforts to ensure the safety and health of people and to conserve the environment. One such effort is affixing information labels based on the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) to products made by its Heat Insulation Department (Airlite Foam) and Carbon Department (carbon adhesives) in order to accurately provide information about hazardous chemicals to its customers. Owing to expansion in overseas markets for Carbodilite, made by the performance chemical department, we are creating product labels and product safety data sheets that comply with the regulations of Italy, Norway, China and other countries.



Product label for carbon adhesives (left)

Product label for Airlite Foam™ (right)

Major Awards Received in Fiscal 2012

In this section, we provide details of the major awards received by the Nisshinbo Group from external authorities. Moving forward, we will continue to recognize the importance of manufacturing activities that reflect the perspectives and requirements of customers.

| Automobile Brakes |
|---|
| Nisshinbo Brake Inc. <ul style="list-style-type: none"> Received a "Certificate of Appreciation for Improvements in Quality" from Toyota Motor Corporation Received an award in appreciation for outstanding quality from Honda Motor Co., Ltd. Received a "Certificate of Appreciation for Outstanding Quality (FT11SSC Top Rank)" from Nissan Motor Co., Ltd. |
| TMD <ul style="list-style-type: none"> Received the "Supplier Quality Award" from DAF Trucks N.V. |
| Nisshinbo Automotive Manufacturing Inc. <ul style="list-style-type: none"> Received the "Manufacturer of the Year Nominee Award" from the State of Georgia, U.S.A. Received the "Quality Award" from Nissin Brake Ohio, Inc. |
| Saeron Automotive (Beijing) Co., Ltd. <ul style="list-style-type: none"> Received "Excellent Supplier Award" from BWI Group |
| Nisshinbo Somboon Automotive Co., Ltd. <ul style="list-style-type: none"> Received the "Valuable Analysis Award" from Tokico Technology Ltd. |
| Precision Instruments |
| Nisshinbo Mechatronics Inc. <ul style="list-style-type: none"> Received the "Outstanding Award for Quality Improvement Activities" from Mitsubishi Heavy Industries, Ltd. |
| Nisshinbo Mechatronics (Thailand) Ltd. <ul style="list-style-type: none"> Received the "Outstanding Suppliers Award" from Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. |
| Nisshinbo Mechatronics (Shanghai) Co., Ltd. <ul style="list-style-type: none"> Received the "Comprehensive Outstanding Suppliers Award" from Calsonic Kansei Corporation Received the "Quality Progress Award" from Keihin Corporation Received the "Comprehensive Outstanding Suppliers Award" from King Clean Electronic Co., Ltd. |
| Electronics |
| Japan Radio Co., Ltd. <ul style="list-style-type: none"> Received successive "SUMSUNG-Q GOLD MARK" awards in recognition of its capabilities as a supplier from Samsung Heavy Industries Co., Ltd. Received an award from the Director of the Tohoku Regional Bureau of the Ministry of Land, Infrastructure and Transport Received an award from the mayor of Takahashi City, Okayama Prefecture |
| New Japan Radio Co., Ltd. <ul style="list-style-type: none"> Received the "Outstanding Quality Award" from the Nagoya Works of Mitsubishi Electric Corporation |
| Other |
| Iwao & Co., Ltd. <ul style="list-style-type: none"> Received the "Outstanding Vendor Award" in the apparel category from Adidas Japan |

Appropriate Distribution of Information and Returns to Shareholders

Basic Stance

Guided by the philosophy of the Nisshinbo Group, which places the utmost importance on the Group fulfilling its responsibilities with "Consistent Integrity," every effort is made to disclose information to shareholders and investors in a timely manner. In this regard, and based on statutory and regulatory requirements, the Nisshinbo Group complies with the "timely disclosure rules and regulations for issuers of listed negotiable securities or valuable instruments" of the Tokyo Stock Exchange and provides information that may impact investment decisions.

IR Policy

The Nisshinbo Group posts notices on its website, including information about the convening of, and resolutions from, regular general shareholders meetings, financial results, business reports, annual securities reports, annual reports, press releases, etc., in a timely manner always striving to provide comprehensive content as a part of efforts to bolster accountability.

IR Schedule

Recent major IR events conducted from fiscal 2012 are presented in the following table.

| 2012 | |
|---------|--|
| May 10 | Announcement of results for the fiscal year ended March 31, 2012 |
| May 17 | Earnings presentation for the fiscal year ended March 31, 2012 |
| Aug. 8 | Announcement of results for the first quarter of the fiscal year ended March 31, 2013 |
| Sep. 20 | Announcement of drastic structural reform of the electronics business |
| Nov. 7 | Announcement of results for the second quarter of the fiscal year ended March 31, 2013 |
| Nov. 15 | Earnings presentation for the second quarter of the fiscal year ended March 31, 2013 |
| 2013 | |
| Feb. 7 | Announcement of results for the third quarter of the fiscal year ended March 31, 2013 |
| Mar. 6 | Participation in an international investment conference |
| Mar. 28 | Announcement of the decision to undertake a change in Company president |
| Apr. 11 | Announcement of details of the NEXT 2015 Three-Year Management Plan |
| May 10 | Announcement of results for the fiscal year ended March 31, 2013 |
| May 16 | Earnings presentation for the fiscal year ended March 31, 2013 |

Status of IR Activities

Conducted by the president, Nisshinbo holds presentations of its earnings results for the benefit of shareholders and investors twice each year (report on the Company's interim and full fiscal year results). This is an invaluable forum to obtain comments and opinions on the Company's management through a Q&A session.

In addition to regular announcements, the Nisshinbo Group disclosed all appropriate information in a timely manner as and when necessary in fiscal 2012. Recently, presentations were provided by Japan Radio Co., Ltd. on its business structural reform initiatives and the change in the Company's president.

Status of Returns to Shareholders

The Company maintains the fundamental policy of paying an annual cash dividend of ¥15 per share in order to ensure the stable return of profits to shareholders. At the same time, the Company takes steps to increase this annual cash dividend in line with its performance each year.

Based on this policy, the Company decided to pay a period-end cash dividend of ¥7.50 per share for fiscal 2012 following a resolution of its Board of Directors at a meeting held on May 10, 2013. Together with the interim cash dividend, this brought the annual cash dividend to ¥15 per share for the fiscal year under review.

External Evaluation

Upgrading and Expanding the Company's Website

According to a survey of 3,570 respondent publicly listed companies conducted by Nikko Investor Relations Co., Ltd., Nisshinbo Holdings Inc. ranked 181st overall and 3rd in its industry for the outstanding quality of its corporate information website for fiscal 2012.

Continued Inclusion in the International SRI Index

The FTSE4 Good Index Series is one of the two major SRI (Socially Responsible Investment) indices in the world. Nisshinbo has been included continuously in this index since 2004 indicating considerable worldwide attention toward and expectations of the Company's CSR activities.



FTSE4Good

A Fair and Healthy Partnership

Basic Stance

The Nisshinbo Group has put in place a "Basic Purchasing Policy" and is committed to CSR-based procurement.

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

Basic Purchasing Policy

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

Adhering Strictly to a Policy of Confidentiality

Turning to information concerning intellectual property, technology and know-how that is shared during collaborative discussions with suppliers and buyers from the design and development stages, steps are taken to conclude confidentiality agreements and to prevent any leakage of information.

Yearly internal audits of trade secret management are carried out to ensure that proper confidentiality is maintained.

Our Response to Conflict Minerals

Conflict minerals refer to four minerals (tin, tantalum, tungsten and gold) mined in the Democratic Republic of the Congo and its nine neighboring countries that are sold to fund armed insurgents.

Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which became law in July 2010, mandates that companies listed on equity markets in the United States disclose whether conflict minerals are used in their products starting in May 2014. In 2012, Japanese automakers conducted a preliminary survey of whether conflict minerals are used in their products. Japan Radio Co., Ltd. was surveyed by auto parts makers and received inquiries about its GPS and other automotive products. Japan Radio Co., Ltd. reported the results of its findings, including areas that had not been clarified yet.

New Japan Radio Co., Ltd.'s Partners Meeting

New Japan Radio Co., Ltd. conducts CSR procurement activities companywide in order to stably and continually engage in business activities with the mutual understanding and trust of its suppliers.

As a part of these activities, we invited all of our suppliers to the 2012 Partners Meeting, where we reported on progress made in the Restructuring Program and explained our budget and basic procurement policies in order to deepen their understanding of these issues. We will continue to periodically hold briefings about our policies and promote active efforts.



2012 Partners Meeting

A Vibrant Workplace that Respects Human Rights and Diversity

Basic Stance

Human resources, encompassing each and every member of a company, are the real basis on which a company can continue to prosper. By respecting the character of each employee and by aiming to use him or her in the most suitable position for the most suitable tasks, a satisfying workplace can be created.

To this end, we are committed to observing all relevant aspects including human rights and labor conditions, and to facilitate the establishment of a proper work-life balance for each individual. In addition, and in order to ensure a safe and healthy workplace environment, we engage in activities that promote occupational safety and health with the aim of eliminating workplace accidents.

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

Human Rights Charter

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

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

Toward Increased Respect for Human Rights

The Nisshinbo Group engages in wide-ranging human rights education and training activities in an effort to promote respect for human rights and put in place an increasingly comfortable workplace.

With respect to the Group's in-house education and training, the Group conducts a variety of systematic programs including training for new employees, training for all employees, and seminars for top executives of the Nisshinbo Group.

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

List of Human Rights Training Programs

| Training Program Name | Target Participants | Training Details |
|--|--|--|
| New employee training | New employees | Basic issues relating to human rights |
| Recruitment staff training | Recruitment staff and human rights staff of each company | Participation in external training and seminars |
| Top executive seminar | Top executives | Lecture meetings by visiting specialists |
| All employee training | All employees | View and discuss DVDs on specific human rights themes |
| Harassment advisor follow-up training sessions | Responsible staff | Basic response training for officers engaged in consulting |

Harassment Advisor

The Nisshinbo Group has established designated harassment advisors, who advise on solutions regarding sexual and power harassment, at each work site. In principle, two or more men and women are designated advisors, making it a system that provides easy access to consultation. Furthermore, the Company provides training for newly appointed harassment advisors, in which they study the basic skills, and also follow-up training sessions at regular intervals to ensure that skills are continuously improved.

Slogan for Promoting Human Rights

Coinciding with Human Rights Week in December each year, the Nisshinbo Group invites all employees and their families to submit slogans for promoting human rights.

Each year, numerous entries are received detailing each individual's everyday thoughts and experiences with respect to human rights. These entries invariably help in ensuring a brighter society free from discrimination and an appealing workplace environment. In fiscal 2012, 2,801 entries were received. One was awarded the top prize, with two runner-ups, and 10 special commendations.

A large number of entries is also received from overseas employees and their families.

Top Prize for Fiscal 2012

Even the most trivial of comments can hurt an individual's feelings while kind words always help feed the heart

Mental Health

The Health Care Group was created as a specialized organization to manage the health of our employees. We are implementing various measures that aim to reduce the risk of mental health problems through mental illness prevention and by switching to a health management system that centers on following up thoroughly after health checkups.

More specifically, the main duties of the Health Care Group are to (1) plan and implement programs for illness prevention, health maintenance and health improvement, (2) perform health diagnosis outcome follow ups, which are now a component of health support services, (3) prevent and take remedial action for mental health deterioration, (4) support improvements to work environments, and (5) educate about occupational health issues. We now have a clinical psychologist in addition to an industrial physician, public health nurse and registered nurses. We have enhanced our programs for and responsiveness to mental health issues, augmenting our mental health consultation services, mental health training at each business site, and support for returning employees to work after long absences.

Mental Health Consultation Service

We introduced a mental health consultation service alongside the launch of the Health Care Group. We offer support for mental health problems so that employees are able to work with an optimistic and healthy outlook.

The consultation service provides counseling services, instruction of relaxation techniques and information about mental health. Employees are encouraged to take advantage of the consultation service when they feel like talking to someone about being mentally tired or distraught. If necessary, staff can pay a visit to the business site and offer support.

Employees are encouraged to consult with our clinical psychologist instead of tackling mental health issues on their own.



Akiko Ujita
Clinical Psychologist

Work-Life Balance

The Nisshinbo Group offers a variety of programs for supporting female employees experiencing life-changing events, such as pregnancy, childbirth and child rearing. These programs include maternity leave before and after childbirth, infant leave, shortened workdays for raising children, leave for taking care of children, and support for returning to work after taking leave to raise children. We post this information on our intranet and promote higher awareness of these programs among employees. In fiscal 2012, the number of employees that took leave to care for their children totaled 159 in Japan and 75 overseas, an increase from the 149 in Japan and 23 overseas that took leave in the previous fiscal year.

Increasing Employment of Persons with Disabilities

The Nisshinbo Group endeavors to increase the employment of people with disabilities. At the Fujieda Plant, Nisshinbo grows strawberries under artificially controlled lighting and temperature conditions. When we planned to expand this strawberry-growing facility, we contacted regional employment support organizations and worked together on ways to employ people with disabilities. Of the 16 employees at the facility, three people are working enthusiastically with disabilities. We plan to hire more people with disabilities as the business expands.

Reemploying Retired Employees

The Amended Act on Stabilization of Employment of Elderly Persons was enacted on April 1, 2013. In response, we reviewed our reemployment program for senior employees approaching the mandatory retirement age of 60 in order to offer opportunities for them to continue working if they desire. We revised our labor agreements and employment rules to increase the motivation of senior employees in their work. Thanks to these changes, the reemployment program now more appropriately reflects in the wages of each senior employee the job content they do, as well as their ability and performance.

Building a Vibrant Workplace

Basic Stance

Human resources are the most important asset of a corporation. The Nisshinbo Group strives to add value to this asset by educating and training its employees so that they can all use their individual talents to the fullest and feel motivated as they tackle their work. In recent years, particular emphasis has been placed on developing and enhancing systems and programs that help nurture global human assets.

Education and Training System

During fiscal 2012, Nisshinbo established an overseas pre-departure training program and the Program of Overseas Chinese Training (POCT). The purpose of the overseas pre-departure training program is to ensure the safety of and a smooth work transition for employees being dispatched to bases overseas by having an outside instructor provide guidance about the destination country to the employee and their manager. The purpose of POCT is to equip employees with basic Chinese conversation skills and expose them to local living conditions and Chinese culture in order to improve their effectiveness in business development in China. Junior employees are sent to a language school in Shanghai for about six months.

In clarifying our policy on nurturing global human resources, we made it mandatory that talented young employees under the age of 35 have experience working overseas.

The Nisshinbo Group supports employees who take the initiative at self improvement by compensating them for distance learning tuition, qualification preparation and test fees, and TOEIC test fees. Starting in the fiscal year ended March 2013, we launched a new program for compensating employees who take external training courses, and repay the fees they incur for courses taken at external training organizations. We do this to lend a helping hand to employees making every effort to learn on their own.

Details of Major Education and Training Programs

| | |
|---|---|
| Education and training by position | Training for newly appointed senior managers and managers, management strategy basic training, coaching training, training to nurture candidates for middle management, business site education, etc. |
| Global training for employees being reassigned overseas | Overseas pre-departure training, overseas education in English and Chinese, global human resource training, compensation for TOEIC test fees, etc. |
| Self-improvement and career support | Young employee follow-up system, N-OJT, New Challenge System (internal job openings), assistance for correspondence courses, qualification preparation and test fee compensation, etc. |
| General education and training | Education and training in philosophy, human rights, safety, occupational health, compliance, the environment, accounting, etc. |
| Other specialized training | Training specialized by business operation, such as specialized technical training, manager and supervisor training, intellectual property training, etc. |

Internships

In fiscal 2012, the Nisshinbo Group welcomed 16 students, including three from China, as interns at the eight business sites of six companies. Most of the students deepened their understanding of companies by learning on the job during their internship. Some of these students expressed an interest in joining the company in fiscal 2014.

Global Hiring

The Nisshinbo Group is engaged in the placement and development of a diverse range of human resources regardless of the nationality or career. The Group is systematically increasing the number of overseas college graduates hired to general work positions each year. Five individuals entered the Group in fiscal 2013. Currently, new entrants are diligently undergoing practical training at their respective companies. In addition, steps have been taken to launch a follow-up program for non-Japanese employees from fiscal 2012. Meetings are held where young non-Japanese employees in general work positions can get together. This is designed to deepen interaction between the limited number of non-Japanese employees within the workplace and to enhance motivation.

Global Development and My Own Aspirations

I develop software for photovoltaic module analyzers and customized equipment. I joined Nisshinbo because I was interested in learning about and improving photovoltaic modules, which contribute to environmental conservation.

The Nisshinbo Group contributes to society through innovation in the fields of the environment and energy. One of these innovations is the smart factory, which combines power generation, electricity storage and energy conservation technologies from the Group.

I believe Nisshinbo is a company that is globalizing with a diverse workforce in Japan, and not just pursuing overseas business development. I think it is possible to innovate the future because we have different cultures and ways of thinking. As a member of the Nisshinbo Group, I want to do my best creating products that only Nisshinbo can make.



Hugo Loo
Machinery Systems Department,
Technology Group
Nisshinbo Mechatronics Inc.

Occupational Safety Activities

(1) Summary

The Nisshinbo Group and its business sites including subsidiaries in Japan and overseas have joined forces to develop occupational safety and health activities. With the fundamental idea of enhancing employee awareness toward safety through 5S and other activities, potential incident reporting, and hazard awareness training undertaken in small groups, every effort is being made to assess the level of risk associated with facilities and operations while uncovering and eliminating unsafe situations and behavior. At the same time, energies are being channeled toward preventing occupational injuries and accidents by clearly identifying issues of particular importance on an individual business site basis. This includes the reevaluation of work sequences, strict adherence to rules, the arrangement of work environments and promotion of zero-accident activities.

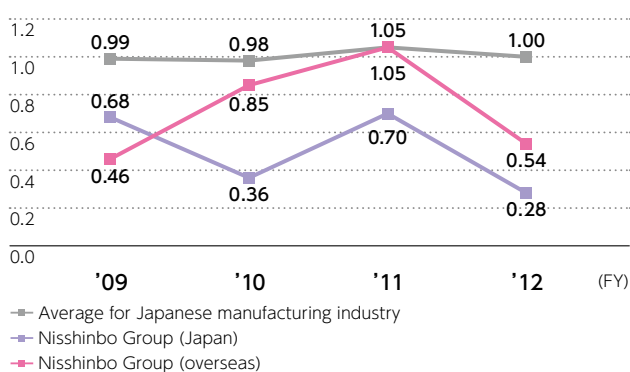
(2) Attainment of Occupational Health and Safety Targets

In fiscal 2012, no major accident (accident with expected disability of class 6 or higher) occurred. Japanese business sites had a frequency of injuries with lost work days*¹ of 0.28 (0.70 in fiscal 2011). This was below the nationwide average for the manufacturing industry in Japan of 1.00. Overseas business sites, excluding TMD Group*², had a frequency of injuries with lost work days of 0.54 (1.05 in fiscal 2011) in fiscal 2012. Results reflected an improvement for both domestic and overseas business sites compared with the previous fiscal year.

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

*² TMD Group uses a different standard for measuring the frequency of occupational injuries, so this is dealt with separately.

Trends in Frequency of Injuries with Lost Work Days



(3) Activities at Business Sites in Japan

In fiscal 2011, Nisshinbo worked to eliminate unsafe conditions through initiatives to ensure the safety of machinery and equipment, including efforts to reduce work requiring heavy exertion, improve workplace

conditions, and prevent accidents and injuries. In fiscal 2012, we set the objective of eliminating unsafe actions and worked to achieve this objective by standardizing work procedures and strictly following work rules. In fiscal 2013, we are still working to eliminate unsafe actions by improving awareness of safety among all of our employees. Moreover, we aim to enhance our risk assessment ability, including for chemical substances, and will provide guidance to business sites with a record of high occupational accidents on how to improve occupational safety.

(4) Activities at Overseas Business Sites

There is ample room for improvement from each of the facility, operations, and management perspectives at overseas business sites. Direction continues to be conducted on-site by executives of subsidiaries in order to prevent work-related injuries. In fiscal 2012, steps were taken to provide instruction emphasizing safety and health, uncover unsafe situations and behavior, and implement countermeasures at overseas business sites where work-related injuries had frequently occurred. Drawing on examples from business sites in Japan, definitive facility safety initiatives will be undertaken in fiscal 2013 with the aim of eliminating unsafe situations and preventing occupational accidents.

(5) Health and Safety Audits

The Nisshinbo Group conducts regular occupational health and safety auditing of its domestic manufacturing sites. A monitoring team composed of health and safety groups from Nisshinbo Holdings, Inc., labor unions, health and safety management staff representing each site, safety and health managers of other business sites, and the like checks the state of safety and health management at the targeted business sites. In fiscal 2012, regular occupational health and safety audits were conducted at 25 business sites.

Shanghai Choya Fashion Co., Ltd. Acquires WCA Achievement Award

Shanghai Choya Fashion Co., Ltd. asked the international certification organization Intertek to conduct a Workplace Conditions Assessment (WCA). Intertek evaluated the company against a long checklist that included labor conditions (child/forced labor, discrimination, mistreatment, working hours, wages, labor contracts), occupational safety (work facilities, emergency preparedness, labor accidents, machinery safety, chemical substances, hazardous substances, dormitories and cafeterias), and management systems (documentation, feedback to workers, audits and corrective remedy processes). The stringent evaluation led to Shanghai Choya Fashion Co., Ltd. receiving the WCA Achievement Award in May 2012, which should earn it the trust of European and U.S. companies. We will continue to update the award as the standard of our international transactions.



Local Community Interaction and Contribution Activities

Interaction with Local Communities

Summer Orange Field Opens to the Public

Every year in early February, the Fujieda Plant of Nisshinbo Textile Inc. opens up its summer orange field to its neighbors as a part of its program to interact with local residents. The 100 or so trees in the field produce several tens of thousands of delicious summer oranges. On February 9, 2013, 162 people came to the field to enjoy the fruit. Many of them were familiar faces from last year, coming again to enjoy the sweet delicious fruit. Usually, only concerned parties are allowed on the grounds due to safety reasons. On this day only, however, we create space in our parking lot to welcome in our neighbors while taking extra safety precautions.



Our neighbors picking summer oranges

Local Community and Social Contribution

Blood Donation Drive

Every year, New Japan Radio Co., Ltd., its subsidiary Saga Electronics Co., Ltd., and THAI NJR CO., LTD. cooperate with the Red Cross Blood Center and local Blood Donation Promotion Meeting to encourage people to donate blood as a way of giving back to the local community. In the fiscal year ended March 2013, 49, 36 and 423 employees from the three companies, respectively, donated blood. We will continue to encourage employees to donate blood in the future, and look into jointly sponsoring blood drives with neighboring companies.



Employees from THAI NJR CO., LTD. donate blood

Contributing to the Education of the Next Generation

Tours of Our Household Paper Products Plant

The Shimada Plant at Nisshinbo Paper Products Inc. produces household paper products such as facial tissue and toilet tissue.

The Shimada Plant offers tours of the plant for local elementary school students as a way to get involved with the local community.

During the plant tour, students learn how paper is made and observe the paper-making process through to the final product, deepening their understanding of paper. Elementary school students on the tour listened intently to the tour guide's narration, surrounded by giant machinery and equipment.

By teaching children the importance and excitement of manufacturing, we hope to build a good relationship with the local community.



Learning how paper is made

Sports Promotion Activities

Junior Tennis Support

With the hope of fostering the youth of today, who are responsible for the next generation, the Company has served as a special sponsor of the All-Japan Junior Tennis Championship organized by the Japan Tennis Association since 2005.

Four promising junior participants, who have excelled at this Championship, which determines the top junior tennis player in all of Japan, can take part in the South American Junior Tennis Circuit supported by the Company. This campaign is an invaluable opportunity to gain international experience. Before turning professional, Kaichi Uchida, the first Japanese youth to play in the singles semifinals of one of the four major tennis junior tournaments of the world, participated in this campaign. Many pundits have commented that he will follow in the footsteps of Kei Nishikiori, a professional player who is surging up the world rankings today.



All-Japan Junior Tennis Championship

Fiscal 2012 Environmental Activities

Nagano Japan Radio Co., Ltd.,
Head Office Plant

Environmental Medium-Term Targets and Results

The Nisshinbo Group has focused on helping solve environmental problems through its products and services. Every three years, as a part of our medium-term CSR targets, we set medium-term environmental targets for our consolidated subsidiaries, and work together toward achieving these targets based on a multifaceted PDCA cycle.

In fiscal 2012, we endeavored toward our second-stage environmental targets (fiscal 2012 to fiscal 2014).

In fiscal 2012, we achieved nine out of ten environmental targets. In particular, we made considerable progress on reducing emissions of PRTR substances, cutting energy usage, and reducing greenhouse gas emission. The recycling ratio improved but not enough to reach our target. We will redouble our efforts on this front. TMD Group, now a member of the Nisshinbo Group, has been working to standardize its environmental targets with ours. In fiscal 2012, we coordinated data collection on energy usage, total raw material input volume, and greenhouse gas emissions.

Environment Charter

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

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

Medium-term environmental targets (from FY 2012 to FY 2014)

| No. | Qualitative target | Fiscal 2014 Numerical target | Fiscal 2012 Results | Assessment |
|-----|--|----------------------------------|---|------------|
| 1 | Reinforcement of the maintenance of Biodiversity | | Put forward activity plans by business group | ○ |
| 2 | Expand and encourage the use of environmental management systems (ISO 14001, etc.) | | Nisshinbo Brake Inc. commenced integrated authorization activities at business sites in Japan Nagano Japan Radio Co., Ltd. and JRC Tokki Co., Ltd. expanded their scope of authorization | ○ |
| 3 | Improvement of environmental education | | Conducted ISO 14001 education activities as required | ○ |
| 4 | Promotion of CSR procurement (green procurement) | | Continued to promote CSR (green) procurement (survey of suppliers, etc.) | △ |
| 5 | Promotion of "Life cycle assessment" (LCA) | 15% or more of total sales | Introduced LCA analysis software Identified specific products for application by business group | ○ |
| 6 | Improvement of the sales percentage by the products that contribute to the development of the sustainable society | 25% or more of total sales | Achieved a rate of 16.2% of total sales (an improvement of 2.0 percentage points from the rate of 14.2% of total sales in fiscal 2011) | ○ |
| 7 | Reduction of the energy consumption per unit of sales | At least 5% compared to FY 2010 | Reduced by 8% compared to fiscal 2010 | ○ |
| 8 | Reduction of the greenhouse gases emissions per unit of sales | At least 5% compared to FY 2010 | Reduced by 15% compared to fiscal 2010 | ○ |
| 9 | Reduction of the volume of PRTR substances emissions per unit of sales | At least 10% compared to FY 2010 | Reduced by 48% compared to fiscal 2010 | ○ |
| 10 | Improvement of recycling rate (Recycling rate is calculated dividing by "the amount of total waste generation including the amount of recycling" to "the amount of recycling".) | 95% or more | 87.3% (an improvement of 2.0 percentage points from the rate of 85.3% in fiscal 2011) | × |

Assessment criteria: ○ Achieved △ Partially achieved × Not achieved

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The Nisshinbo Group's Business Activities and Environmental Impact

INPUTS

| Energy Usage* ¹ | | 11.1 | Million GJ* ² | (+21%) |
|---|---|--------|--------------------------|---------|
| Breakdown | Electricity | 759.6 | Thousand MWh | (+32%) |
| | Solar power (included in Electricity)* ³ | 1.14 | Thousand MWh | (+65%) |
| | Coal | 79.9 | Thousand t | (-8%) |
| | Heavy oil | 9.78 | Thousand kL | (-5%) |
| | Town gas (including natural gas) | 31.3 | Million m ³ | (+37%) |
| Water Usage | | 29,217 | Thousand m ³ | (-5%) |
| Breakdown | Groundwater | 14,856 | Thousand m ³ | (-4%) |
| | Industrial water | 13,725 | Thousand m ³ | (-6%) |
| Total Raw Materials Used* ¹ | | 386.2 | Thousand t | (+28%) |
| Breakdown | Raw cotton, cotton fiber | 31.0 | Thousand t | (-10%) |
| | Pulp (including recycled paper pulp) | 60.8 | Thousand t | (-1%) |
| | Steel | 93.4 | Thousand t | (+88%) |
| | Brake friction materials | 73.0 | Thousand t | (+246%) |
| | Chemical substances | 63.9 | Thousand t | (-5%) |
| | Packaging materials | 22.4 | Thousand t | (+10%) |
| Volume of PRTR substances* ⁴ | | 1,600 | t | (-29%) |
| Office paper usage* ⁵ | | 93,348 | Thousand sheets | (+9%) |

Figures in parentheses indicate change from the previous fiscal year.

*¹ Energy usage and total raw materials used data includes TMD Group.

*² Gigajoules (GJ): A unit of energy. One gigajoule (10⁹J) is approximately 240,000 kilocalories.

*³ Excluding the solar power generation capacity of 200kW of the Miai Machinery Plant of Nisshinbo Mechatronics Inc. which shifted to tradable green certificates.

*⁴ PRTR (Pollutant Release and Transfer Register) substances: Substances subject to the PRTR (Pollutant Release and Transfer Register) system pursuant to the "Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof."

*⁵ Documents for facilities delivered have been submitted on a paper basis at Japan Radio Co., Ltd. at the request of customers (44.7 million sheets used at one company)

Use

BUSINESS PROCESSES

Emission

Cyclical use of water
1,301 thousand m³
(+5%)

Logistics

OUTPUTS

| | | | | |
|--|----------------------------------|--------------|----------------------------------|---------------|
| Greenhouse gas emissions*⁶ | | 585.8 | Thousand t-CO₂ | (+12%) |
| Breakdown | Energy-derived* ⁷ | 551.0 | Thousand t-CO ₂ | (+15%) |
| | Non-energy-derived* ⁸ | 34.8 | Thousand t-CO ₂ | (-18%) |
| Released into the atmosphere | | | | |
| Breakdown | NOx | 272 | t | (+54%) |
| | SOx | 427 | t | (+82%) |
| | VOC* ⁹ | 109 | t | (-21%) |
| | Dust and soot | 29 | t | (+9%) |
| Released into water systems | | | | |
| Breakdown | Wastewater | 27,868 | Thousand m ³ | (-5%) |
| | COD* ¹⁰ | 510 | t | (+1%) |
| | SS* ¹¹ | 167 | t | (-7%) |
| PRTR substances | | | | |
| Breakdown | Released amounts | 38.6 | t | (-34%) |
| | Transferred amounts | 148.5 | t | (+3%) |
| Total waste volume | | 44.0 | Thousand t | (-1%) |
| Recycled waste | | 38.5 | Thousand t | (+1%) |
| Products | | 248.3 | Thousand t | (+5%) |
| Transport volume*¹² | | 78.7 | Million t-km | (0%) |

*6 Greenhouse gas emissions data includes TMD Group.

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

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

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

*10 COD (Chemical Oxygen Demand): An index of water contamination expressed as the volume of oxygen chemically required or chemically consumed.

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

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

Promoting Environmental Awareness across the Entire Group

Environmental Management Promotion Structure

In order to contribute as an eco-company to the sustainable development of society on a global scale, Nisshinbo Group has established environmental management promotion regulations applicable to the entire group.

All bases of the group that have received ISO 14001 certification are following these standards by developing PDCA cycles and promoting environmental management. Also, even the bases that have not been certified are building management systems based on these standards and are engaging in related activities. Every group company conducts a yearly management review overseen by its executives. An environmental management review for the entire Nisshinbo Group is implemented at the Nisshinbo Holdings, Inc. Corporate Strategy Conference held in June; if necessary, the system allows for instructions by the Company president, the highest ranking executive in the Company.

Environmental Audits and Environmental Education

ISO 14001-certified companies and business sites follow those rules and implement internal auditing and

education. Even bases that are not certified conduct environmental auditing at least once per year and give reports at the environmental management review. Also, auditing is not only conducted by the Environmental Group; a system has also been built allowing for extraordinary auditing and special auditing by the Internal Audit Department that is independent of the operations execution line.

The Status of Environmental Management Systems

A clause in the Environmental Charter of the Nisshinbo Group asserts that “we shall expand environmental management systems throughout the Nisshinbo Group and continuously improve our environmental performance.” The Nisshinbo Group is proactively involved in the promotion of environmental management systems. Also, in order to achieve goals more directly relevant to business, integration of certification is being advanced at some core companies. Additionally, TMD Group, which became a member of Nisshinbo Group in 2011, is developing environmental management with the goal of acquiring ISO 14001 certification for all its business sites during 2013.

Organizations with ISO 14001 Certification

| In Japan (25 organizations) | | Overseas (9 organizations) | |
|--|-------------------------------------|---|---------------|
| Nisshinbo Holdings Inc. | (Chuo-ku, Tokyo) | Shanghai Choya Fashion Co., Ltd. | (China) |
| Nisshinbo Holdings Inc. R&D Center | (Chiba City, Chiba) | Nisshinbo Automotive Manufacturing Inc. | (U.S.A.) |
| Nisshinbo Textile Inc. Osaka Branch | (Osaka City, Osaka) | Nisshinbo Somboon Automotive Co., Ltd. | (Thailand) |
| Nisshinbo Textile Inc. Miai Plant | (Okazaki City, Aichi) | Saeron Automotive Corporation | (South Korea) |
| Nisshinbo Brake Inc. Tatebayashi Plant | (Ora-gun, Gunma) | Saeron Automotive (Beijing) Co., Ltd. | (China) |
| Nisshinbo Brake Inc. Toyota Plant | (Toyota City, Aichi) | Nisshinbo Mechatronics (Thailand) Ltd. | (Thailand) |
| Nisshinbo Paper Products Inc. Shimada Plant | (Shimada City, Shizuoka) | Nisshinbo Mechatronics (Shanghai) Co., Ltd. | (China) |
| Nisshinbo Paper Products Inc. Tokushima Plant | (Tokushima City, Tokushima) | THAI NJR CO., LTD. | (Thailand) |
| Nisshinbo Paper Products Inc. Fuji Plant | (Fuji City, Shizuoka) | Shenzhen NJRC Technology Co., Ltd. | (China) |
| Nisshinbo Paper Products Inc. Adachi Office | (Adachi-ku, Tokyo) | | |
| Tokai Seishi Kougyou Co., Ltd. | (Fuji City, Shizuoka) | | |
| Nisshinbo Mechatronics Inc. Miai Machinery Plant | (Okazaki City, Aichi) | | |
| Nisshinbo Mechatronics Inc. Hamakita Plant | (Hamamatsu City, Shizuoka) | | |
| Nisshinbo Precision Instrument Hiroshima Inc. | (Higashi-Hiroshima City, Hiroshima) | | |
| Nisshinbo Chemical Inc. Asahi Plant | (Asahi City, Chiba) | | |
| Nisshinbo Chemical Inc. Chiba Plant | (Chiba City, Chiba) | | |
| Nisshin Environmental Planning Inc. | (Adachi-ku, Tokyo) | | |
| Japan Radio Co., Ltd. | (Mitaka City, Tokyo) | | |
| New Japan Radio Co., Ltd. | (Chuo-ku, Tokyo) | | |
| Nagano Japan Radio Co., Ltd. | (Nagano City, Nagano) | | |
| Ueda Japan Radio Co., Ltd. | (Ueda City, Nagano) | | |
| JRC Tokki Co., Ltd. | (Yokohama City, Kanagawa) | | |
| Japan Radio Glass Co., Ltd. | (Fujimino City, Saitama) | | |
| Saga Electronics Co., Ltd. Saga Works | (Kanzaki-gun, Saga) | | |
| NJR FUKUOKA CO., LTD. | (Fukuoka City, Fukuoka) | | |
| | | TMD Group (12 organizations) | |
| | | Essen & Leverkus | (Germany) |
| | | Hamm & Coswig | (Germany) |
| | | Hartlepool | (U.K.) |
| | | Manchester | (U.K.) |
| | | Kilmarnock | (U.K.) |
| | | Creutzwald | (France) |
| | | Valencia | (Spain) |
| | | Caransebes | (Romania) |
| | | Querétaro | (Mexico) |
| | | Indaiatuba | (Brazil) |
| | | Hangzhou | (China) |
| | | Shijiazhuang | (China) |

Details of related affiliated companies and business sites within each plant included in the scope of registration have been omitted.

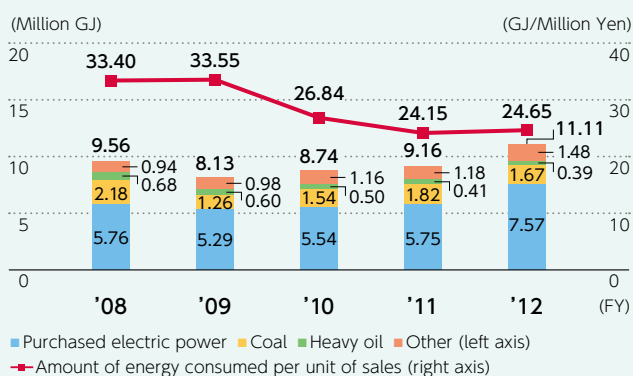
The Effective Use of Energy

Amount of Energy Consumption

The amount of energy used by the Nisshinbo Group was up by 21% on the previous year to 11.11 million GJ. Meanwhile, energy usage in relation to per unit of sales only increased 2% year on year. This upswing in the amount of energy used was largely attributable to the inclusion of TMD Group in the scope of collation data. Excluding the impact of TMD Group inclusion, the amount of energy used declined by 1%.

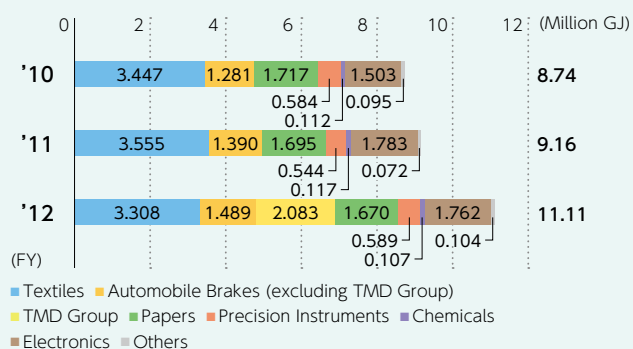
Looking at energy usage categorized by type, purchased electrical power comprised 68% of total energy used.

Trends in the Amount of Energy Consumed and the Amount of Energy Consumed per Unit of Sales



By business, the amount of energy used by the automobile brakes business increased substantially in line with business expansion and such factors as the inclusion of TMD Group.

Amount of Energy Consumed by Business Segment



Switching Over to LED Lighting in Office Buildings

At the Osaka Branch of Nisshinbo Textile Inc., we applied light-blocking film onto windows and changed all light bulbs to LEDs as ways to conserve energy during the electricity shortages last summer. The switch to LED lighting saved about 50kWh per day in electricity, and the window light-blocking film added benefits on top of this as well.

As a result of these measures, we were able to achieve electricity savings of around 25%, more than the percentage requested by the electric power company (10% savings compared with 2010 levels during the months of July and August).



LED lighting



Window with light-blocking film

Improving Energy Efficiency and Preserving the Global Environment with ISO 50001

While TMD Group produces over one million friction materials a day, electricity costs have increased every year and are likely to continue increasing.

In response, TMD Group has introduced an energy management system (EMS) based on the ISO 50001 certification. By aiming to improve energy efficiency, we hope to keep rising electricity costs under control and ultimately contribute to the preservation of the global environment.

Four business sites in Germany are working towards receiving the ISO 50001 certification by September 2013. Based on their results, we plan to have other business sites obtain the certification as well.

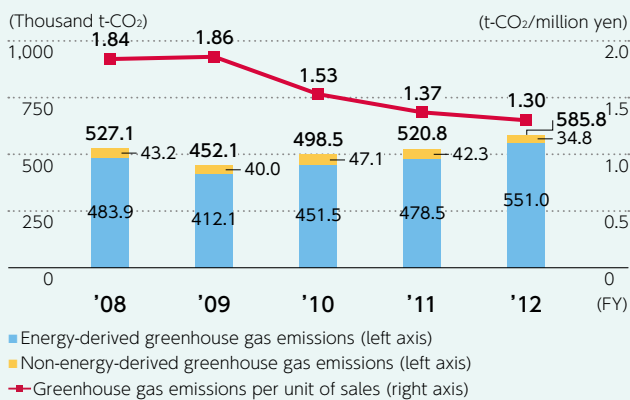
Initiatives Aimed at Realizing a Low-Carbon Society

Emissions of Greenhouse Gases

The Nisshinbo Group's total greenhouse gas emissions totaled 586 thousand t-CO₂. This was a 12% increase compared with the previous fiscal year. This upswing in the amount of emissions was largely attributable to the inclusion of TMD Group in the scope of collation data. Excluding the impact of TMD Group inclusion, the amount of emissions declined by 4%. Emissions per unit of sales fell 5% year on year.

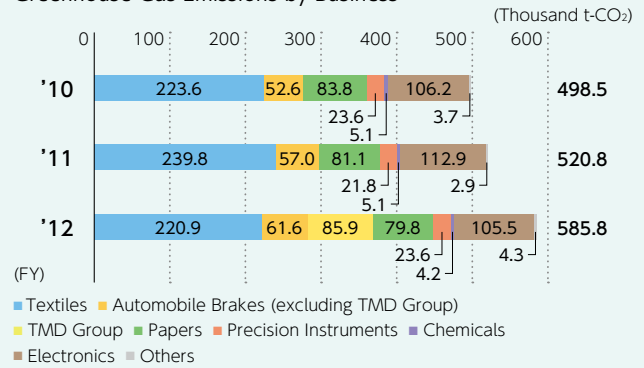
The ratio of non-energy-derived greenhouse gas emissions to total emissions is showing a steady decline. Excluding the impact of TMD Group inclusion, the ratio fell 1.0 percentage point from 8% in fiscal 2011 to 7% in fiscal 2012. The amount of non-energy-derived greenhouse gas emissions is significantly impacted by the status of IC manufacturing equipment operating rates at New Japan Radio Co., Ltd., where consumption is most prominent.

Trends in Greenhouse Gas Emissions and Greenhouse Gas Emissions per Unit of Sales



In the breakdown of greenhouse gas emissions by business segment, the Textile business accounted for approximately 38%. After including TMD Group, the Automobile Brake business accounted for 25%. The reason why the amount of emissions per units of sales has climbed in the Textile business rests in the nature of the business, which is recognized as energy intensive. In addition, the coal usage ratio is relatively high.

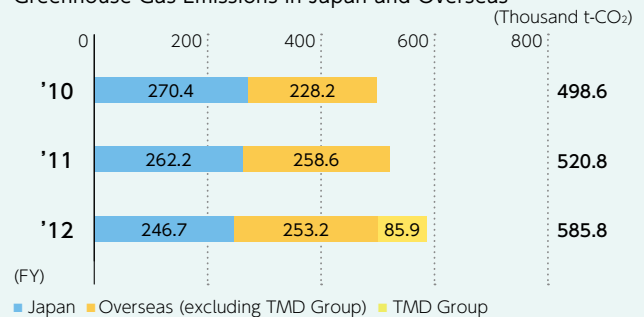
Greenhouse Gas Emissions by Business



Greenhouse Gas Emissions in Japan and Overseas

Greenhouse gas emissions in Japan as a percentage of total greenhouse gas emissions was held to a decline of 8% compared with fiscal 2011 to 42%. However, the ratios of greenhouse gas emissions in Japan and overseas were essentially the same after excluding TMD Group.

Greenhouse Gas Emissions in Japan and Overseas



Note

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

Conversion Factors for CO₂ Emission Conversion

| | |
|----------------|--|
| Electric Power | 0.391 t-CO ₂ /MWh |
| Coal | 1.89 t-CO ₂ /t |
| A-fuel oil | 2.710 t-CO ₂ /KL |
| Gasoline | 2.322 t-CO ₂ /KL |
| Diesel oil | 2.585 t-CO ₂ /KL |
| Town gas | 2.234 t-CO ₂ /Thousand m ³ |

Our Non-fluorocarbon Foam Acquires Industry-First JIS Mark

Our Airlite Foam SI-NFS was certified with the JIS Mark, an industry first for non-fluorocarbon rigid urethane foam, in May 2012. The external organization awarded the certification in light of the product's performance and quality assurance. Airlite Foam SI-NFS is used as thermal insulation and for condensation prevention on reinforced concrete structures such as public facilities and condominium buildings.

Airlite Foam SI-NFS has approximately 1/1700 the impact on global warming of other foam based on conventional hydrofluorocarbons when used in the same quantity, making it an environmentally friendly product. In fiscal 2012, shipments of Airlite Foam SI-NFS increased about 150% from the previous fiscal year, and we expect demand to strengthen even further in the future.



JIS compliant certification

Fuel Oil Discontinued After Switch to LP Gas

Nisshinbo Mechatronics Inc. switched to propane gas in the cafeterias and kitchens at its Hamakita Plant, eliminated the use of steam on the premises, and abolished its A-fuel oil boiler and underground hazardous material storage tank.

The switch from A-fuel oil to LPG resulted in cleaner gas emissions, and propane gas use in the cafeteria cut CO₂ emissions by about 30%. Management costs were also substantially cut as a result of removing from the premises the hazardous material storage tank and facilities designated under the Air Pollution Control Act.



Tearing down the boiler smokestack

Renewable Energy

Steady Progress in the Introduction of Solar Power Generation Facilities

Nisshinbo Mechatronics Inc. has continued to focus on the development, manufacture and sale of post-process manufacturing equipment for photovoltaic modules while at the same time accelerating the development of related equipment and materials. As a result, the company has entered solar power generation system equipment business.

Steady progress is being made on the introduction of power generation systems within the Nisshinbo Group. The installation of modules has spread to the Group's Miai Machinery Plant (Aichi Prefecture), Shimada Plant (Shizuoka Prefecture), Chiba Plant (Chiba Prefecture), Tatebayashi Plant (Gunma Prefecture), and the head office plant of Nagano Japan Radio Co., Ltd. Total power generating capacity of all facilities and modules stood at 1,258kW as of March 31, 2013. Furthermore, progress is being made on the construction of a 1,750kW mega solar facility at the Tokushima Plant. The facility is scheduled to be completed in July 2013.

Moreover, an environmental value equivalent to 200kW of the power generated at the Miai Machinery Plant has been converted into tradable green certificates and transferred to a third party.

Nisshinbo Mechatronics Inc. Miai Machinery Plant

Outputs ▶ 250kW + 180kW
Installation date ▶ February 2010
Increase date ▶ December 2011



Nisshinbo Paper Products Inc. Shimada Plant

Outputs ▶ 250kW
Installation date ▶ September 2010



Nisshinbo Chemical Inc. Chiba Plant

Outputs ▶ 150kW
Installation date ▶ February 2011



Nisshinbo Brake Inc. Tatebayashi Plant

Outputs ▶ 300kW
Installation date ▶ September 2011



Nagano Japan Radio Co., Ltd. Head Office Plant

Outputs ▶ 110 kW
Installation date ▶ March 2013

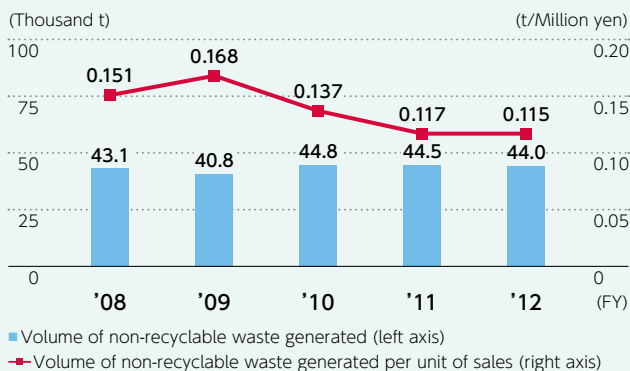


Initiatives Aimed at Realizing a Recycling-Oriented Society

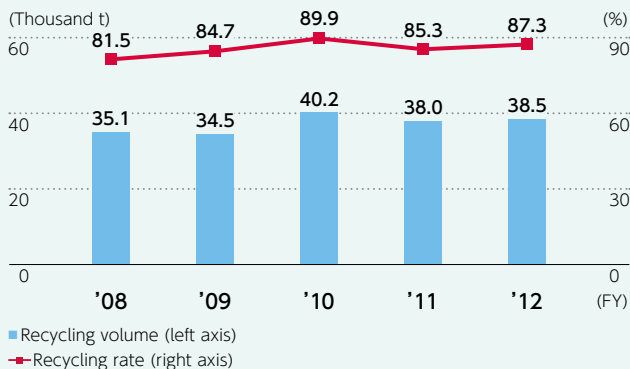
Volume of Non-recyclable Waste

The Nisshinbo Group's total volume of waste generated was down 1% compared with the previous fiscal year. In terms of the volume generated per unit of sales, the figure was 2% lower than the preceding fiscal year. The recycling rate of the Nisshinbo Group improved 2.0 percentage points.

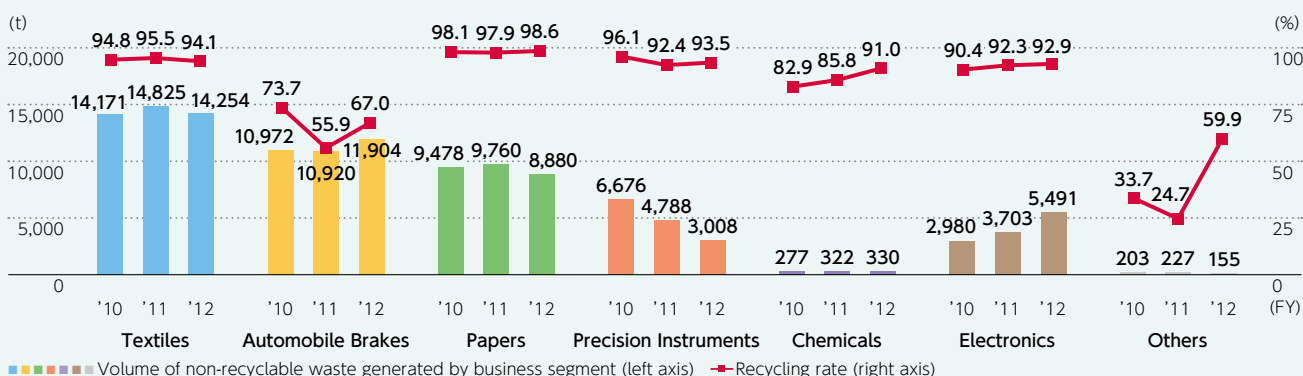
Trends in the Volume of Non-recyclable Waste Generated and the Volume of Non-recyclable Waste Generated per Unit of Sales



Trends in the Recycling Volume and Recycling Rates



Trends in the Volume of Non-recyclable Waste Generated by Business Segment and Recycling Rates



Zero emissions drives (recycling rate of 99% or higher) are being pursued throughout the Group. In fiscal 2012, six new sites achieved this goal bringing the total number of sites to achieve zero emissions to 14.

- Nisshinbo Holdings Inc. Tokushima Plant
- Nisshinbo Brake Inc. Toyota Plant
- Nisshinbo Paper Products Inc. Tokushima Plant
- Nisshinbo Paper Products Inc. Fuji Plant
- Nisshinbo Chemical Inc. Tokushima Plant
- PT. Naigai Shirts Indonesia
- Nisshinbo Do Brasil Industria Textil LTDA.
- Saeron Automotive (Beijing) Co., Ltd.
- Daiwa Shiko Co., Ltd.
- Nisshinbo Mechatronics (Shanghai) Co., Ltd.
- Nisshinbo Mechatronics India Private Limited
- Musashino Electronics Co., Ltd.
- Saga Electronics Co., Ltd.
- NJR FUKUOKA CO., LTD.

A major manufacturing base in the Automobile Brakes business is located in Gunma Prefecture. This base was substantially affected by the Great East Japan Earthquake. In fiscal 2011, the recycling rate deteriorated 18 percentage points compared with the previous fiscal year. While the rate recovered 11 percentage points year on year in fiscal 2012, at 67% it remains well short of the 95% target identified under the environmental medium-term targets. Moving forward, every effort will be made to improve the recycling rate.

Increase the waste recycling rate

At the R&D Center of Nisshinbo Holdings Inc., we work in many teams on different projects, and our procedures may change rather quickly, which results in a large variation in the type of waste emitted. We have been slow to change our waste separation methods because the volume of waste had not been so great until recently. Based on an agreement with a waste service company, starting in 2012 we are working to raise the recycling rate from 55% to 95% by setting clear standards for separating even the smallest amount of waste. In particular, we are separating waste liquids based on their properties, enabling some of them to be recycled as incinerator fuel or into diluted solutions.

Using Wastewater Sludge as Raw Material for Compost

At the Miai Plant of Nisshinbo Textile Inc., sludge is generated from the wastewater treatment process. In the past, this wastewater sludge was dehydrated and dried to reduce its volume, and then used as fuel in large-scale boilers on the premises. After removing the boiler a few years ago, the wastewater sludge was disposed of as industrial waste in a landfill.

Thereafter, we looked into the feasibility of recycling wastewater sludge as a part of efforts to improve the recycling ratio, one of our medium-term environmental targets. This led to the decision to reuse it as a raw material for compost. The wastewater sludge has cleared various environmental impact tests, and is being used as compost after being mixed with plant residue.



Mixing compost and spreading it on fields

Laser Ecopet Non-woven Fabric Made From Recycled Polyester Fiber

Nisshinbo Postal Chemical Co., Ltd. and Teijin Limited have jointly developed Laser Ecopet non-woven fabric for laser printers. Contributing to the realization of a recycling society, Laser Ecopet is a wetted non-woven fabric made using Japanese paper production techniques with raw materials including recycled polyester fiber extracted from used PET bottles.

It excels in water resistance and durability, can be bent repeatedly, and can be written on with ball pens and pencils, making it well suited for hazard maps, outdoor maps, and outdoor record-keeping.



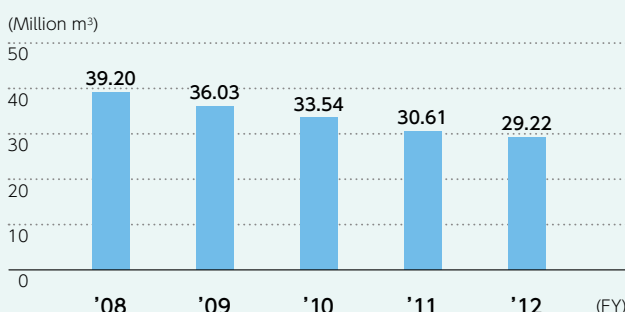
PET bottle recycling mark certification

Use of Water Resources

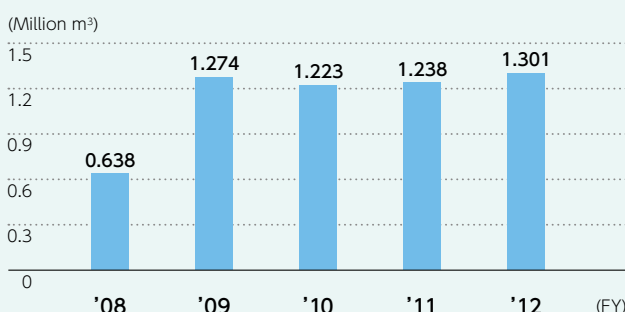
Thanks to increasingly more efficient utilization of water resources, the Nisshinbo Group used 29 million m³ of water in fiscal 2012, 5% less water than in the previous fiscal year.

The usage of recycled water increased 5% year on year. This favorable result largely reflected the substantial effect of recycling activities that total 40,000 m³ by Nagano Japan Radio Co., Ltd.

Trends in Water Usage

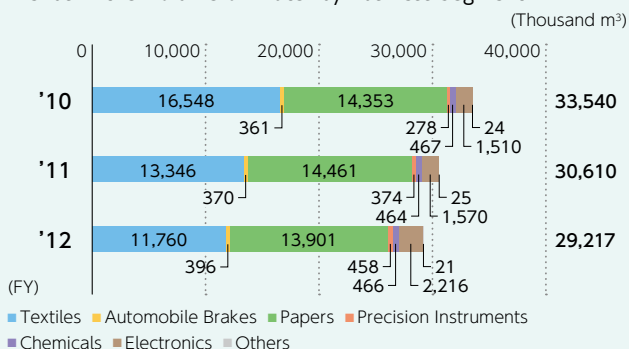


Trends in the Volume of Recycled Water



Looking at water usage by business segment, the Papers business accounted for 48% of total water usage. The Textiles business, on the other hand, reflected a downward trend, accounting for 40% of total water usage. These two businesses together account for more than 88% of the total water usage of the Nisshinbo Group.

Trends in the Volume of Water by Business Segment



Initiatives Aimed at Protecting Health and the Global Environment

Volume of Chemical Substances Handled

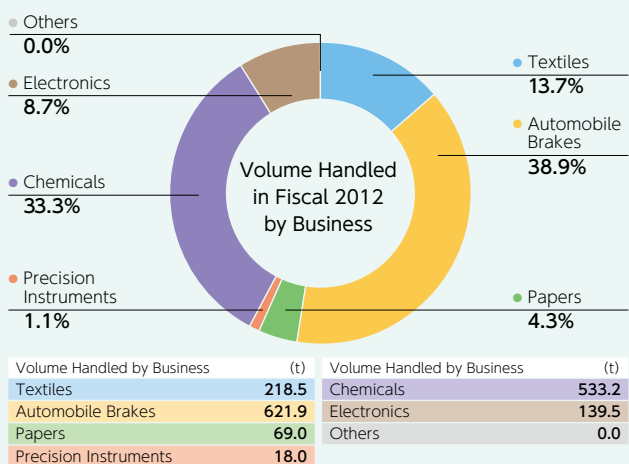
The volume of PRTR substances (before revision) handled by the Nisshinbo Group was 1,066 tons, down 39% compared with the previous fiscal year.

The volume of PRTR substances newly added by the fiscal 2010 revision was 534 tons. The largest components were the urethane source material methylenebis (4,1-phenylene) diisocyanate (373 tons) and the methylnaphthalene (97 tons) contained in fuel (A-fuel oil).

Trends in the Volume of Chemical Substances Handled



Looking at trends by business segment, the Automobile Brake and Chemicals businesses accounted for 39% and 33%, respectively, for a combined total of 72% of the PRTR substances used in raw materials.



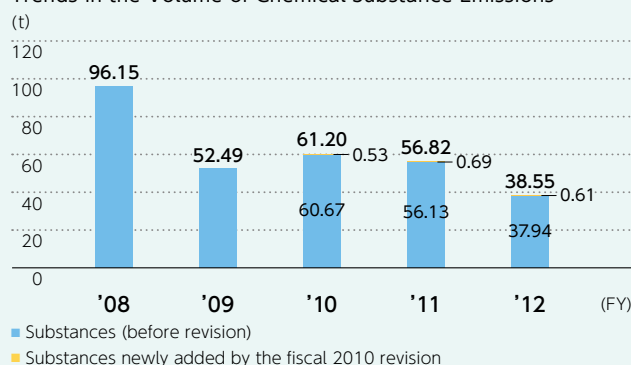
Volume of Chemical Substance Emissions

The Nisshinbo Group has identified specific targets for reducing the amount of PRTR chemical substances emitted into the atmosphere or as wastewater and is working diligently to ensure that these targets are achieved.

The volume of PRTR chemical substance emissions was 39 tons, a reduction of 32% compared

with the previous fiscal year. The main substance emitted from among those newly added chemical substances was methylnaphthalene, which is contained in fuel (A-fuel oil).

Trends in the Volume of Chemical Substance Emissions



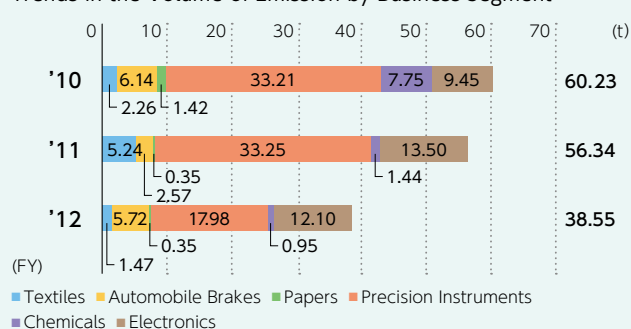
In a breakdown of emission volumes by substance, dichloromethane had the largest share at 34%. In 2012, an amount totaling 29 tons was used in the Precision Instruments business. This represented a reduction of 13 tons thanks to such factors as the consolidation of cleaning processes. Taking into consideration occupational health concerns, every effort will be made to reduce the amount of consumption even further.

Breakdown of Emissions by Chemical Substance

| Substance | Volume of emission (t) | Percentage share of total emissions |
|-----------------------------|------------------------|-------------------------------------|
| Dichloromethane | 12.96 | 33.6 |
| Toluene | 10.63 | 27.6 |
| Xylene | 6.38 | 16.5 |
| Antimony | 1.78 | 4.6 |
| Hexamethylene-tetramine | 1.51 | 3.9 |
| Polyoxyethylene alkyl ether | 1.37 | 3.6 |
| Ethylbenzene | 1.20 | 3.1 |
| Molybdenum | 0.62 | 1.6 |
| Methylnaphthalene | 0.48 | 1.3 |
| Tetrachloroethylene | 0.45 | 1.2 |
| Others | 1.17 | 3.0 |
| Total | 38.55 | |

In a breakdown of emission volumes by business, the Precision Instruments business is most prominent accounting for 47% of the total. However, successful efforts were made to reduce the amount by 15 tons in fiscal 2012.

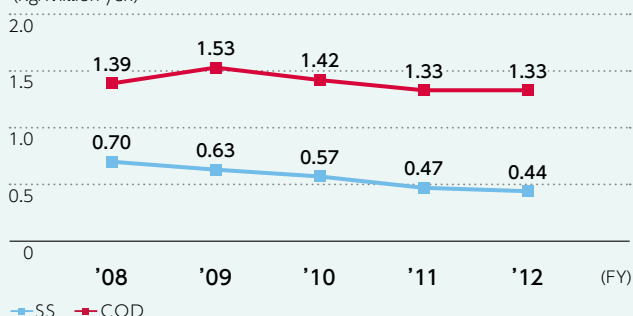
Trends in the Volume of Emission by Business Segment



Treating Wastewater

The Nisshinbo Group aims to purify wastewater from manufacturing processes as much as possible, to return clean water to the environment. The volume of suspended solids (SS) in wastewater per unit of sales was reduced 7% compared with the previous fiscal year. The volume of COD emissions per unit of sales was the same as the previous fiscal year.

Trends in the Volume of Suspended Solids and COD Emissions per Unit of Sales
(Kg/Million yen)



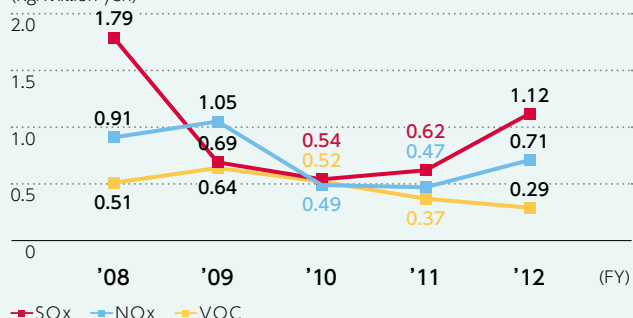
Atmospheric Releases

The Nisshinbo Group's emissions of sulphur oxides (SOx) per unit of sales were up 80% compared with the previous fiscal year. Accounting for 77% of the total, PT. Nikawa Textile Industry (Indonesia), a subsidiary of Nisshinbo Textile Inc., emitted the largest share at 328 tons due to the combustion of coal. The average SOx emission concentration at the company is 539ppm. There are discrepancies in the level of sulfur content in coal depending on the location of mining. Accounting for the large proportion of coal with a high sulfur content used in fiscal 2012, the level of Sox increased despite the drop in usage.

The Nisshinbo Group's emission of nitrogen oxides (NOx) per unit of sales were up 51% compared with the previous fiscal year. Accounting for 73% of the total, PT. Nikawa Textile Industry again emitted the largest share at 198 tons. The average NOx emission concentration at the company is 328ppm. The year-on-year increase is mainly attributable to the upswing in operating rates of coal-fired in-house power generation facilities.

The Nisshinbo Group's emissions of volatile organic compounds (VOCs) per unit of sales declined 23% compared with the previous fiscal year.

Trends in SOx, NOx and VOC Emissions per Unit of Sales
(Kg/Million yen)



Chemical Substances Management

Each Nisshinbo Group company carries out proper management in accordance with the chemical substances that they handle in-house, with regard to the chemical substances contained in its products and with criteria that depend on the nature of its business.

Investment in Abatement Facilities Overseas

Nisshinbo Saeron (Changshu) Automotive Co., Ltd. which we recently established in Changshu, Jiangsu Province in China, has installed two evaporative concentrators and five directly fired deodorizing equipment units as environmental facilities to control emissions of chemical substances. Wastewater from production processes containing phosphorus and nitrogen is treated in the evaporative concentrators, and the residue after concentration is then disposed of by an outside contractor, realizing zero emissions of wastewater containing phosphorus and nitrogen.

Volatile organic compounds (VOCs) released from production processes are injected into the directly fired deodorizing equipment and incinerated on the premises, resulting in a 95% reduction in VOC emissions into the atmosphere.



Evaporative concentrators



Directly fired deodorizing equipment

Development of Green Pads

Nisshinbo Brake Inc. is working to reduce substances that burden the environment in its friction products, and has put a number of products on the market featuring a reduced environmental load.

Recently, the source of copper pollution in the San Francisco Bay in the United States was found to be the copper in the friction materials of automotive brakes. Some states have decided to introduce regulations that restrict the use of copper. Nisshinbo Brake Inc. is close to finishing the development of friction materials with copper accounting for less than 0.5% of total volume, and is working with automakers to test and evaluate prototypes. We aim to market a product earlier than 2021, when the new regulations come into effect.

TMD Group and Nisshinbo Brake Inc. have set common guidelines for the purpose of reducing the use of materials that burden the environment. We are working together to generate synergies from our complementary technologies, such as starting to develop Green Pads with even lower environmental load.

Coexistence with a Diversity of Living Organisms

Nisshinbo Holdings Inc. participates in the Japan Business and Biodiversity Partnership, which is made up of business groups, businesses, NGOs and local government, and engages in activities to protect species, ecosystems and genetics.

Survey of Trees and Shrubs

At the R&D Center of Nisshinbo Holdings Inc., trees and shrubs planted on the premises when the center was constructed in 2000 have been maintained by professional gardeners. However, employees did hardly anything to manage the greenery. With an eye on changing this situation, we started counting the number of trees and shrubs on the premises. We made a list of all the trees based on a map of the surrounding vegetation, and numbered each tree based on this list. There are more than 1,000 trees that were planted on the premises, and naturally growing trees have sprung up as well. With so many trees, we have not finished counting all of them. We plan to classify the types of trees and continue surveying the surrounding environment, raising employees' interest in nature.



Numbering trees planted on the premises

Plant a Tree for the King in Thailand

THAI NJR CO., LTD. is a subsidiary of New Japan Radio Co., Ltd. The son of His Majesty King Bhumibol Adulyadej has celebrated his 60th birthday, and to commemorate this occasion, the plant a tree for the king project was undertaken at industrial and business sites across Thailand. To express their best wishes for the prince, plant workers, government officials, and nearby local residents gathered together and planted trees at exactly 8:30 in the morning on December 14,



Planting a commemorative tree

2012 in industrial sites across Thailand. At the industrial site in Northern Region Industrial Estate where THAI NJR CO., LTD. is located, the governor of the province led the lavish ceremony to commemorate the prince's birthday.



Commemorative trees were planted all over Thailand

FSC®* Certified Products

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

FSC® policies include no illegal logging, adequate sunlight for all parts of the forest, and protection of valuable plant and animal life. FSC® certified products use raw materials coming from forests that are managed properly according to these policies. In addition to Vent Nouveau F-FS, a fine paper for high-grade printing, and Vent Nouveau Smooth-FS, which features extrasmooth surface properties, the Clean Power Product Kihoushi has received FSC® certification. Nisshinbo Paper Products plans to expand its lineup of FSC® certified papers in the future.

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



Certificate of FSC® registration



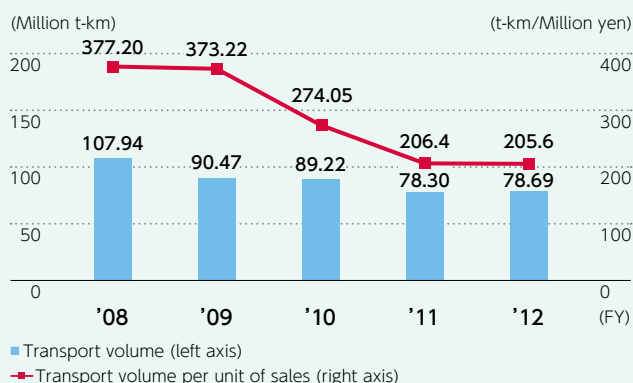
Vent Nouveau series

REDUCING TRANSPORT VOLUME

Toward Efficient Logistics

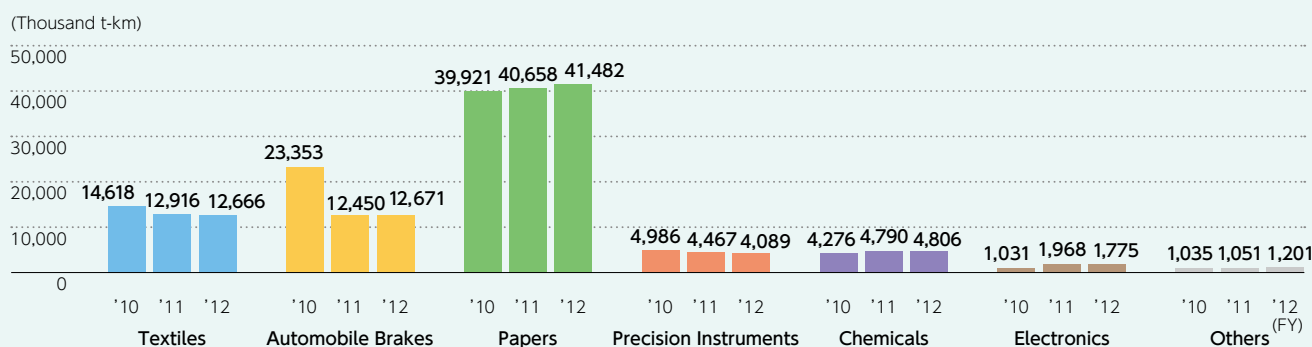
The Nisshinbo Group's transport volume and transport volume per unit of sales for fiscal 2012 was essentially unchanged from the previous fiscal year.

Trends in Transport Volumes and Transport Volumes per Unit of Sales



By business segment, the transport volume of the Papers business undertaken by Nisshinbo Paper Products Inc. accounted for 53% of the Group's total transport volume. The Papers business is responsible for a large number of bulky products including toilet tissue. As a result, this business consumes significant volumes of energy while emitting large volumes of greenhouse gas emissions in the transportation of products.

Trends in Transport Volumes by Business Segment



Initiatives Aimed at Reducing Transportation Energy Consumption at Nisshinbo Paper Products Inc.

Nisshinbo Paper Products Inc. has been designated a specified consigner*1 and is working diligently to reduce the level of its transportation-related energy consumption. Taking the initiative, the company has itself shifted from the use of compact to large delivery vehicles and is promoting the introduction of eco-drive / fuel-efficient vehicles as well as the acquisition of green management certification*2 with respect to freight carriers.

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

*2 Certification issued to truck operators whose activities exceed a certain level based on the green management promotion manual by the Foundation for Promoting Personal Mobility and Ecological Transportation in collaboration with Japan's Ministry of Land, Infrastructure, Transport and Tourism and the Japan Trucking Association.

A Breakdown of the Transport Volume of the Papers Business

| | (Thousand t-km) | | (%) |
|-----------------|-----------------|-------------|-------------------------|
| | Fiscal 2011 | Fiscal 2012 | Percentage of the total |
| Household paper | 27,693 | 29,606 | 71 |
| Specialty paper | 12,965 | 11,876 | 29 |
| Total | 40,658 | 41,482 | 100 |



Cooperating freight carriers green management certificate

Engaging in Activities Together with a Variety of People

Activities on World Environment Day

June 5 is World Environment Day. TMD Friction do Brasil S.A. did various activities to conserve the environment during the week that the World Environment Day fell on.

On June 4, we handed out instructions on how to plant and take care of trees to our employees, and then gave them seedlings. On June 5, we invited students from nearby elementary schools to let them learn about the environment and sustainable development, and then played games using recycled materials. On June 6, we had a special lunch to commemorate World Environment Day.



Events at TMD Friction do Brasil S.A. for World Environment Day

Volunteer Cleaning

Employees at NJR FUKUOKA CO., LTD. enthusiastically participated in activities to conserve the local community environment in fiscal 2012. A total of 307 people participated, 28% higher than the target number of 240 employees. The activities entailed picking up trash, cleaning parks, cleaning local public facilities, and promoting recycling in town. The area around the company was so clean afterwards that it looked like a completely different area. We were proud to be a help to the local community.

In fiscal 2013, we will continue our contribution, also we plan to participate in the Love Earth Cleanup campaign sponsored by Fukuoka City to beautify the local environment.



Volunteer cleaning activities

Participation in Clean Week

At the Toyota Plant of Nisshinbo Brake Inc., employees proactively participated in activities that give back to the local community. Every six months, Clean Week is held as a week-long effort for cleaning pedestrian paths around companies at the Nishihiro industrial park in which the plant is located. Every time, more than 10 employees from the Toyota Plant participate in Clean Week to pick up empty cans, paper, cigarette butts and other trash that litters the pathways, gutters and surrounding vegetation. We will continue contributing to the development of local communities while partnering with other companies in the industrial park and working together with local residents.



Picking up trash during Clean Week

ENVIRONMENTAL ACCOUNTING

Environmental Conservation Costs

The Nisshinbo Group's environmental investments in fiscal 2012 totaled 996 million yen, which represented a decrease of 18% compared with the previous fiscal year.

The main items of environmental investment were capital expenditure for the installation of facilities to prevent pollution, solar power generation facilities and research and development for future environmental business operations.

Total environmental conservation costs for the Group were 2,666 million yen, down 10% compared with the previous fiscal year.

Environmental Conservation Effects

Thanks mainly to the switchover from heavy oil firing to liquefied natural gas and town gas, and also due to other activities to protect the environment, the greenhouse gas emissions of the Nisshinbo Group decreased by 14,593 tons.

Income from Environmental Conservation Measures

The economic benefit (income) from environmental conservation measures by the Nisshinbo Group was 343 million yen, a decrease of 44% compared with the previous fiscal year.

Environmental Accounting Spreadsheet for Fiscal 2012

| Category | | Environmental Conservation Costs | | | |
|---------------------------------|----------------------------|----------------------------------|----------------|---------------------|----------------|
| | | Investment (million yen) | YOY Change (%) | Costs (million yen) | YOY Change (%) |
| On-site costs | Pollution prevention | 233.4 | -24.9 | 563.9 | +43.6 |
| | Environmental conservation | 207.9 | -24.2 | 310.7 | +79.7 |
| | Recycling | 2.9 | -74.3 | 414.6 | +19.6 |
| Upstream/downstream costs | | 0.0 | - | 38.5 | -15.3 |
| Management costs | | 1.2 | -41.8 | 207.8 | -67.9 |
| R&D costs | | 550.4 | -9.7 | 1,069.5 | -16.0 |
| Social activity costs | | 0.0 | - | 5.9 | +13.2 |
| Environmental remediation costs | | 0.0 | - | 10.4 | -68.6 |
| Other costs | | 0.0 | - | 44.4 | + 5.1 |
| Total | | 995.8 | -17.6 | 2,665.8 | -9.9 |

| Category | | Environmental Conservation Effects | | Income from Environmental Conservation Measures | |
|-----------------------------------|----------------------------|---|----------------|---|----------------|
| | | Greenhouse Gas Reduction (t-CO ₂) | YOY Change (%) | Income (million yen) | YOY Change (%) |
| On-site effects | Pollution prevention | 131 | -49.8 | 0.0 | -99.8 |
| | Environmental conservation | 14,459 | +29.7 | 66.2 | +13.5 |
| | Recycling | 3 | 0.0 | 274.5 | -50.0 |
| Upstream/downstream effects | | 0 | - | 1.2 | - |
| Management effects | | 0 | - | 0 | 0 |
| R&D effects | | 0 | - | 1.5 | - |
| Social activity effects | | 0 | - | 0 | - |
| Environmental remediation effects | | 0 | - | 0 | - |
| Other effects | | 0 | - | 0 | - |
| Total | | 14,593 | +27.9 | 343.4 | -44.3 |

Note: [-] indicates that the amount in the previous fiscal year was zero

THIRD-PARTY OPINION



As it continues to spread its wings throughout the world,
I look forward to the Nisshinbo Group's ongoing growth
through efforts deeply rooted in society

ASU International LLC

Maki Saito

CSR Consultant,
President of ASU International LLC

Having provided a third-party opinion last year, I am pleased to again comment on the Nisshinbo Group's approach to CSR and activities. Under the leadership of a newly appointed president, and on the back of announcements regarding the Group's new three-year management plan NEXT 2015, and the formulation of medium-term CSR targets, I can sense a strong and renewed commitment toward CSR.

A distinguishing feature of the Group's CSR activities over the past year is the consistent focus on integrating and incorporating the overarching concept of "the environment and energy" across every facet of its business activities spanning materials to electronics as the Nisshinbo Group continues to expand its business over the five continents. A prime example is the set up of a smart factory at the Group's Tokushima Plant.

Currently, this smart factory has progressed to the test facility stage and entails the integration of technologies in each of the electronics, chemicals, and mechatronics fields and the development of systems that ultimately help create a smart society. Moving ahead, I look forward to the application of cutting-edge technologies both by the Nisshinbo Group and other parties to enhance activities not only in the such fields as disaster protection, transportation, and marine vessels, but also in areas affected by disaster in Japan's Tohoku region, and to help resolve a wide-range of social issues including disparities in developing countries encompassing poverty, education, and medicine. In this context, I strongly recommend that the Group continue to aggressively engage with stakeholders in order to better tap into and address social needs.

Beginning with the acquisition of TMD Friction Group S.A., the Nisshinbo Group has continued to expand its bases in Asia and to promote growth of its environment and energy businesses on a global scale. This trend toward promoting further growth is clearly carried forward in its new three-year management plan NEXT 2015. As a part of efforts to bolster its business structure and systems on the world stage, the Nisshinbo Group has also worked diligently to fortify its corporate governance in such areas as the efficient management of finances and internal control. At the same time, the Group has placed particular emphasis this year on upgrading and expanding its human resource development programs focusing on a variety of initiatives including language training.

Meanwhile, from a global growth perspective, a point of major contention going forward is the ability to promote sustainable growth and development while taking into consideration human rights issues. In this regard, the Nisshinbo Group is to be highly commended for its initiatives in connection with the use of minerals from conflict-affected areas that provide a source of funding for armed insurgents in such areas as the Republic of the Congo as well as the acquisition at its plants in China of Workplace Conditions Assessment (WCA) certification, which measures the level of working environment humanity. In addition, the Group was successful in achieving its occupational health and safety numerical targets in Japan and overseas. I applaud the attention paid by the Group to ensuring strict adherence to a workplace safety-first environment principle. In the future, I would hope that these achievements could be carried

Profile After graduating from college, Ms. Saito entered Dentsu Inc., a leading advertising agency in Japan. Graduated with a Master's degree in international affairs from Columbia University School of International and Public Affairs in New York, U.S.A. Currently, President of ASU International LLC and a CSR Consultant to numerous companies in Japan and the United States. Assistant Professor at SBI Graduate School, Board Member of the Human Security Forum of Tokyo University, and Board Member of Sailors for the Sea Japan, a non-profit organization that focuses on efforts to protect the environment. Authored such books as "100 Simple Ways to Change the World for the Better" and "Social Entrepreneur - New Trends in the Social Responsibility Business." Translated and provided commentary for "The Social Venture Network Series."

through across the Group's entire supply chain. This is important given the growing demand placed on global companies to ensure that every facet of business activities take into consideration concerns for human rights and working environments.

I would now like to review the environmental aspects of the Nisshinbo Group's activities. The Group is promoting the acquisition of ISO 14000 on a global scale. I also commend efforts to pursue environmental management based on a PDCA cycle.

As a Group that espouses a commitment to the environment and energy conservation, I would like to see the Nisshinbo Group pursue the following key items as commonly shared and uniform goals.

1. The shift to LED business office lighting at the Osaka Branch of Nisshinbo Textile Inc.
2. More efficient use of energy by introducing the energy management system of TMD Group
3. Elimination of heavy oil consumption at the cafeterias and for kitchen instruments at Nisshinbo Mechatronics Inc. as well as the shift to LPG
4. Better use of the know-how garnered from the 14 bases that have achieved zero emissions (a recycling rate of 99%)
5. The promotion of an open culture that pursues the development of idea products with external parties such as Laser ECO PET, a non-woven fabric for laser printer that employs used plastic bottles jointly developed by Nisshinbo Postal Chemical Co., Ltd. and Teijin Limited
6. Better use of the water recycling know-how of Nagano Japan Radio Co., Ltd.
7. Better use of the drainage water zero emission and VOC emission reduction know-how of Nisshinbo Saeron (Changshu) Automotive Co., Ltd. in China
8. The development prowess of Nisshinbo Brake Inc., a company that developed friction material agents that facilitate a reduction in copper content, and the practical application capabilities of green pads that boast low environmental impact developed through synergies with TMD Group prior to the establishment of sales restrictions
9. Better use of the transportation-related energy consumption reduction know-how of Nisshinbo Paper products Inc., and
10. Better use and application of the volunteer activities aimed at contributing to local communities by protecting the environment by employees of TMD Group, NJR FUKUOKA CO., LTD., and Nisshinbo Brake Inc.

Looking ahead, and as the Nisshinbo Group embarks on a new global journey, it is vital that the ideal corporate culture and values to which it aspires are widely understood and accepted throughout the Group. With this in mind, the Group's ability to foster leaders is critical. In addition, whether the Group's actions truly reflect its values will be brought into question. As the scope and number of stakeholders increase, I look forward to the Nisshinbo Group taking proactive measures to boost opportunities through which it can communicate the true status of policies, strategies, and operations both on a local and global basis. In this manner, the Nisshinbo Group will be looked upon to excel at further prioritizing the environment and energy concerns.

July 2013

AN INTRODUCTION TO SPECIFIC SITES

Additional information regarding the Nisshinbo Group can also be found at the following sites.

General information on the Group's businesses, products, and services

The Nisshinbo Group's corporate site



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

Information concerning IR

Shareholders and investor information



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

Information concerning CSR

The CSR site



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

An introduction to the Group's commercials

Dog Theater (special site, Japanese language only)



<http://www.dog-theater.jp/>



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

