

Sustainability

Reporting in the fiscal year 2011 (April 1, 2010 - March 31, 2011)

Top Message

Message from Junya Suzuki,
President and CEO,
Representative Director of the
Board



Nissha's CSR

Nissha divides its corporate social responsibilities into "internal CSR" and "external CSR".

Organizational Governance

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Human Rights

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Fair Operating Practices

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Consumer Issues

As a manufacturing company, Nissha considers its most important mission to be the provision of high quality products that are safe and reliable to use.

Community Involvement and Development

Nissha emphasizes first fulfilling its basic responsibilities as a company, second implementing social contribution activities as a constructive company, and ultimately keeping these two wheels in motion in an aim to deepen mutual understanding and achieve mutual growth with local communities.

Top Message

Present circumstances

To revive our business performance from today's stagnation and continue contributing to society, we need to develop and market products that will be embraced by our customers. This requires that we develop new technologies that reflect our corporate mission in addition to building on our existing businesses. To this end, we are striving to accelerate product innovation so that we may quickly, vigorously, and continuously supply products offered by no other company.

True to our corporate mission

We are currently implementing measures to regain performance and lay the foundation for subsequent growth, both of which must be in sync with our corporate mission. Nissha sets forth the corporate mission of "We are committed to pursuing a mutually trustful Co-Existence with society through our business activities utilizing a unique technology development, based on PRINTING as a core." This statement represents our identity and sense of values and serves as a guide to point us in the right direction whatever the situation. Understanding and appreciating it is essential, particularly in realizing innovation. And at a time when innovation is expected of each of us, it is important that the steps we take are in line with this corporate mission.

Turning risk into chance

The social environment surrounding the company presents an increasing prevalence of risks, from financial risk rooted in the euro crisis to business continuation risk brought about by abnormal weather due to global warming. We believe that on top of coping with such risks, in future it will become crucial to perceive those risks as opportunities, and to assess them from the customer's point of view and create chances for new business development. We see the resolution of social issues by turning risk into chance as the trump card to our future.

In closing

We are carrying out measures to strengthen structural reform. This is a period of trial for us to overcome and resume growth hereafter.

We will continue to devote ourselves to achieving Co-Existence with our stakeholders, and look forward to your understanding and support.



January 2012
President and CEO
Representative Director of the Board

A handwritten signature in black ink, appearing to be the name of the President and CEO.

Nissha's CSR

Approach to CSR (Corporate Social Responsibility)

Nissha identifies the stakeholders that support its operations as Customer, Shareholder, Supplier, Society and Employee. We are implementing CSR activities to help preserve the Earth's environment and support future generations in keeping with our commitment to these stakeholders.



Nissha's Circle of Trust

Nissha divides its corporate social responsibilities into "internal CSR" and "external CSR". We have set specific items in the medium-term business plan to cover issues in both internal and external CSR areas, and are implementing strategic initiatives to tackle these key performance indicators.

Implementation of Corporate Mission = {Co-Existence}



Organizational Governance

Corporate Governance

Corporate Governance

We are promoting the enhancement of our corporate governance system.

Distribution of Added Value to Stakeholders

The entire Nissha Group will work to improve our performance and increase distribution of added value to stakeholders.

Corporate Governance

Reinforcement of the Internal Control System

We have in place an internal control system that supports management in promoting the effective functioning of our management system from the perspective of corporate governance, based on our Policy for Internal Control drawn up in accordance with the Companies Law and the Ordinance for Enforcement of the Companies Law.

In response to the internal control reporting system introduced by the Financial Instruments and Exchange Act, in fiscal year 2011, we conducted activities to ensure reliable financial reporting, re-examined the structure and operation of work processes, and through the PDCA (plan-do-check-act) cycle, ensured that our internal control system works effectively.

To further solidify corporate governance, in fiscal year 2012, we are working to support the activities of committees including the Corporate Ethics and Compliance Committee to improve their management systems, and enhance our response to the internal control reporting system. Through these efforts, we will pursue effectiveness and efficiency in the work processes of our business units and throughout the Nissha Group.

Risk Management

Nissha Printing Co., Ltd. conducts annual investigations and checks for changes in the status of risks at all our subsidiaries and bases.

The Risk Management Committee creates a risk map mainly of our business units, evaluates the urgency and scale of effects by risk item, and deliberates on and determines measures such as to reduce the frequency of risks and the damage or loss caused by them. In fiscal year 2011, we redefined risks as “anything or situation that hinders NISSHA’s implementation of the Corporate Mission,” and categorized risks into clearer, more specific items. We also strengthened and made more substantive the management functions of each risk item by appointing the general managers of business units and the managers responsible for risk management at departments as members of the Risk Management Committee.

To respond to risks caused by factors outside our business, we clarified the roles of the dedicated committee that manages serious risks across the Nissha Group, and Administration and Corporate Strategy, which manage specific risk items.

Following the Great East Japan Earthquake on March 11, 2011, we set up a headquarters led by the president and drew up and implemented disaster response measures. We immediately contacted and coordinated with each of our bases to confirm and ensure the safety of employees and protect corporate assets such as buildings and equipment. We also confirmed the status of our suppliers and, where supplies ran short, worked to secure alternatives to ensure a continuous supply to NISSHA so that, in turn, we may fulfill our responsibility to supply products and services to our customers. As a result, NISSHA’s business was not disrupted, yet we continued to verify and identify issues and review our response process. We will reflect these measures in our risk management system and carry on building an even stronger structure.



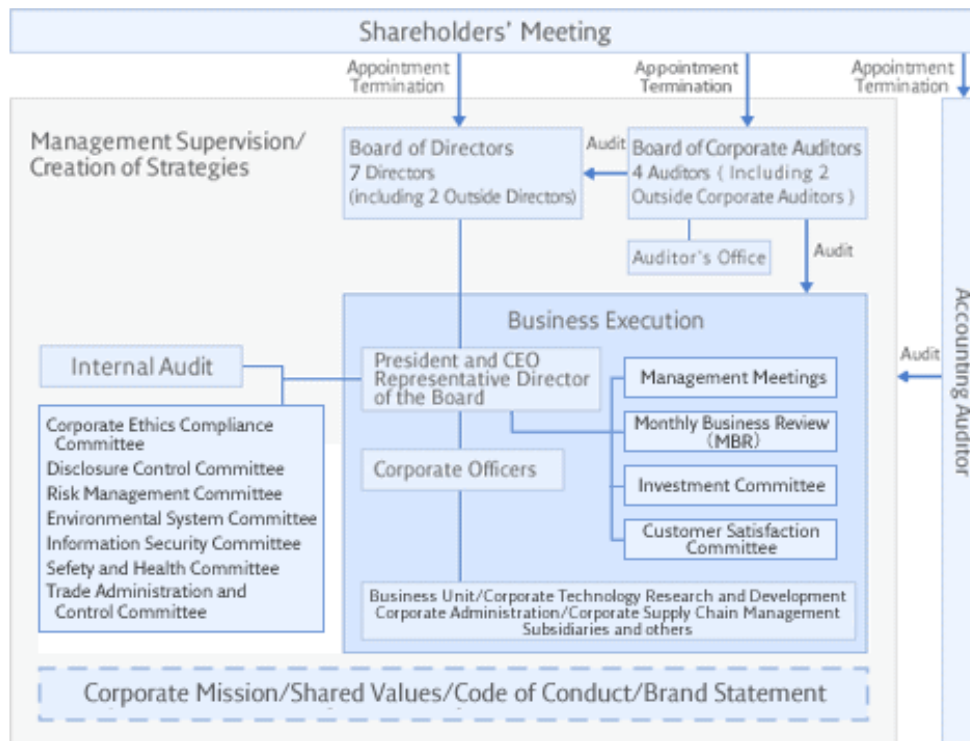
Emergency evacuation training

Initiatives of the Internal Audit Office

The Internal Audit Office, to maintain impartiality and objectivity in its functions, serves as an independent corporate staff organization to audit whether business activities are carried out appropriately and efficiently in accordance with the annual auditing plan, and offer advice and recommendations to internal

organizations. The office offers suggestions based the results of its audits to the President at monthly meetings, and presents important matters at the Monthly Business Review meetings attended by all corporate officers. It conducts follow-up audits to confirm how each issue that has surfaced through the audits is improving, and reports the results to the President. Furthermore, the office holds meetings with full-time corporate auditors every two months to establish mutual cooperation with the Board of Corporate Auditors.

Internal audits in fiscal year 2011 focused on the establishment of new subsidiaries, the use and administration of NISSHA-issued standard personal computers, business unit education, and supplier management, while monitoring the progress of fiscal year 2010 audits on compliance, credit management, and safety and health management. As a third party, the Internal Audit Office also performed an independent assessment of financial reporting-related internal controls in response to the internal control reporting system prescribed by the Financial Instruments and Exchange Act.



Nissha's Management and Business Execution System

Distribution of Added Value to Stakeholders

This is our second publishing of distribution of added value to stakeholders, since our first in fiscal year 2011.

Compared to last year, dividends for government agencies (national and local) and the company (Nissha Printing Co., Ltd. internal reserves) notably decreased due to impacts on business performance.

The entire Nissha Group will work to improve our performance and increase distribution of added value to stakeholders so that we may achieve sustainable growth in Co-Existence.

Distribution of Added Value to Stakeholders

	Amount (million yen)	Description	Remarks
Shareholders	1,937	Dividends	Figures published in financial results
Employees	5,039	Sum of expenses for salaries, wages, bonuses, and retirement benefits	Calculated by Corporate Communications, CSR, using results of the year ended March 31, 2010 (excluding personnel expenses included in manufacturing costs)
Creditors (financial institutions)	152	Interests	Figures published in financial results
Government agencies (national, local)	642	Sum of taxes paid including corporation tax, inhabitant tax, and enterprise tax	Government agencies (national, local)
Society	16	Money and in-kind donations, provision of facilities, and employees' volunteering services converted into monetary value (using methods established by Nippon Keidanren)	Calculated by Corporate Communications, CSR
Company (Nissha Printing Co., Ltd. internal reserves)	-4,403	Amount of increase in surpluses (Amount withdrawn from surpluses)	Figures published in financial results
Total	3,383	-	-

Human Rights

Respect for Human Rights and Anti-discrimination

Corporate Ethics and Compliance Declaration

In 2008, we drafted the Corporate Ethics and Compliance Declaration to ensure solid response to societal awareness regarding the observance of corporate ethics and to emphasize a shared understanding of the issue within the Group. This declaration, based on our Policy for Internal Control, comprises ten requirements, which we display on posters at bases in and outside Japan as a foundation on which to thoroughly familiarize and encourage the practice of corporate ethics and compliance throughout the Group.

Corporate Ethics and Compliance Declaration

We hereby declare that we fully understand the importance of the words “wideranging co-existence with society based on trust” that are raised in the corporate motto of the Nissha Group, and that all directors and employees will work on the maintenance and improvement of corporate ethics and the practice of compliance in order to put that motto into practice.

1. Observance of laws and regulations

We respect not only laws and regulations but also social norms, and pursue sound and sensible corporate activities.

2. Respect of human rights

We respect human rights and do not discriminate against, bully or harass others. Furthermore, we act in accordance with laws and regulations related to the handling of private information and do not disclose information relating to personal privacy without due cause.

3. Environmental protection

In the research, development, manufacture, sale and disposal of products, we always comply with treaties, laws and regulations concerning environmental preservation, and strive to protect the environment.

4. Free and fair competition

We observe laws and regulations relating to the securement and promotion of free and fair competition in business activities, conduct business transactions based on the motto of co-existence and fulfill our social responsibilities.

5. Product safety

We always keep safety in mind when manufacturing, developing, importing, storing, selling, transporting and exporting products. We fully understand and observe laws and regulations relating to the safety of products as well as safety standards.

6. Control of insider trading

We observe related laws and regulations in regard to the corporate information of the Nissha Group and along with disclosing information promptly and appropriately, we also pay attention to its accuracy, fairness and continuity. Also, in regard to the control of important information related to Nissha and other listed companies, we strive for the prevention of insider trading and never pursue unfair transactions.

7. Workplace health and safety

We strive for the maintenance of a safe and hygienic workplace environment. In the event of an industrial accident, we will make efforts to minimize the damage and prevent reoccurrence.

8. Appropriate information management

We take extremely good care in the management of confidential information so that such information is not disclosed to others without permission nor used for any purpose other than that intended.

9. Intellectual property protection

We take extremely good care so that other people’s intellectual property is not used without permission and if acquiring intellectual property for the company, do so through the proper

channels.
 10. Severing relations with antisocial forces
 We take a firm stand against antisocial activities and forces and never enter into any relations with them.

Corporate Ethics and Compliance Committee

We hold Corporate Ethics and Compliance Committee meetings each quarter to report on the implementation status of such initiatives as compliance study meetings and response made to matters reported through the Hotline (we hold meetings to respond to and discuss urgent matters as they arise). The committee holds regular internal compliance study meetings, reviews training programs, periodically shares information with education supervisors at each base, and serves the role of further fortifying our compliance promotion structure.

Compliance Study Meetings

Recognizing the need for all Nissha People to observe and practice corporate ethics and compliance, and in line with one of the major issues of the medium-term business plan “building a Nissha compliance system”, in fiscal year 2010 to 2011 Nissha Group appointed an education supervisor at all bases in and outside Japan under the direction of corporate officers and held study meetings based on a manual compiled by the Corporate Ethics and Compliance Committee Secretariat. We are currently preparing a system to implement participant awareness surveys and respond to and discuss their views and questions after each study meeting.

Nissha Hotline

To minimize risks and promote ethical conduct and compliance, as well as to enable the company to immediately verify facts, Nissha has established a system for internal reporting in the event of fraud, illegal activity or unethical conduct by either the organization or an individual employee. The Nissha Hotline, a dedicated telephone line enables reporting from within the company and from outside. In fiscal year 2011, the Nissha Hotline was used nine times. Many of the reports concerned human rights. Employees can also continue to report instances to their immediate supervisor or to the person in charge at Corporate Human Resources. From the perspective of reinforcing our compliance structure, however, we recognize the need to establish a hotline system that can sufficiently cope with the current number of employees and business sites, enhance employee awareness of the system, and improve the system’s level of response.



Nissha Hotline

Nissha Printing Co., Ltd.'s Employment Regulations prohibit discriminatory treatment based on nationality or faith, so as to prevent the unfair treatment of employees during work hours.

Employment Regulations (excerpt)

Article 3 Employees shall not receive discriminatory treatment due to nationality, faith, gender, or social status.

Labor Practices

Human Resources Development

Nissha believes that its employees are its most important management resources. We are aiming to achieve growth for both the company and our employees.

Work-Life Balance/Respect for Diversity

You can see many initiatives to support our employees' work-life balance and related systems and regulations.

Safety and Health

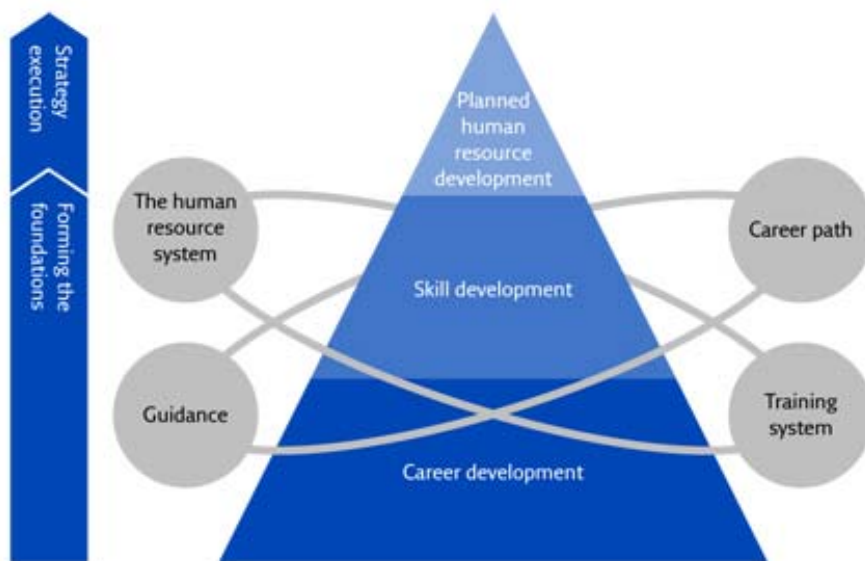
Our Basic Policy on Safety and Health puts safety first above all else and declares we will actively promote the creation of safe and comfortable work environments as well as the sound mental and physical health of employees.

Human Resources Development

Basic Approach to Human Resources Development

We believe that its employees are its most important management resources. We are aiming to achieve growth for both the company and our employees by actively supporting the growth of each individual employee and developing human resources who are equipped with the skills and experience required to work at the company.

We approach human resources development in the three areas of “planned human resource development”, “skill development” and “career development.” For each area, we promote comprehensive education comprising training programs, on-the-job training (OJT), medium- to long-term career path development, and the preparation of personnel systems to support these programs.



Human Resource Development Model

Training Systems

Our internal training programs, which have continuously expanded since fiscal year 2008, currently include rank-specific training programs, theme-specific training programs, and foreign language training programs. In fiscal year 2011, we restructured the company’s HRM (Human Resource Management) system for general employees. This clarified the roles expected of each new grade, and accordingly, incorporated necessary training into the rank-specific programs.

From the perspective of “career development,” we implemented training for employees over the age of 30. As a means to achieve our medium-term vision “Become a truly global company,” we are working to fortify foreign language training. We introduced a program involving a foreign instructor dedicated to educating NISSEHA employees and an increased number of classes, had all company-wide applicants take the TOEIC test, and then gave business English conversation lessons for each work type and level. From fiscal year 2012 onward, we will clarify the proficiency level required for each work type and implement further efforts to strengthen employees’ English skills.

In fiscal year 2011, 512 employees applied for theme-specific training (voluntary selection-based programs), and more than 100 used the self-development support system, which helps cover the expenses of distance learning. We actively encourage employees to engage in self-study.

Department- and Group-specific Human Resources Education

In addition to enriching our company-wide training programs, we are also working to educate human resources at the department and group level. To address department- or group-specific strategic issues, we implement programs that incorporate training into specific action plans.



Group work training

Work-Life Balance/Respect for Diversity

Work-Life Balance

We have many initiatives to support our employees' work-life balance.

Reduction of Overtime Work

We made efforts to reduce overtime work by raising employees' awareness through the operation of a promotional website on which we introduced quick estimates and the activities of each department and workplace. Thanks to this company-wide initiative, we achieved a 16% reduction compared to the previous fiscal year.

Promotion of the Use of paid leave

In fiscal year 2011, we made efforts to increase the rate of paid leave taken by raising all employees' awareness through the announcement of the rates of each department and workplace on a monthly basis. In fiscal year 2012, we will introduce a winter vacation planning system where employees may take two days of paid leave between December and February, and work to create an atmosphere in which it is even easier to take paid leave.

Child-rearing and family care support

We saw an increase in both men and women employees who took advantage of the new child-rearing and family care support systems. In August 2010, our first male employee to take child-rearing leave had the opportunity to talk about his experiences in a work-life balance support and promotion seminar hosted by the Japan Institute of Workers' Evolution.



Panel participation in a work-life balance support and promotion seminar

Volunteer activity support

Since October 2010, a female employee is participating in rural community development in the Philippines as a Japan Overseas Cooperation Volunteer. We are treating her two-year activity as paid leave and keeping in touch with her regularly so as to support a smooth return to work. We will continue to build on our systems and raise awareness about them throughout the company in an aim to offer thorough support for each employee's work-life balance.

Related Systems and Regulations

- Flexible work hours
- Staggered work hours
- Leave regulations (shorter hours after reinstatement)
- Child-rearing leave regulations (including shorter hours for child-rearing and child care leave₁)
- Family care leave regulations (including family care leave₂) and shorter hours for family care)
- Accrued non-statutory annual paid leave
- Child-rearing support

1) and 2) are new systems introduced in fiscal year 2011. The following are their descriptions.

1) five days per year until a child enters elementary school, or a maximum of 10 days for two or more children. *Paid leave may be taken in half-day units

2) five days per year for a family member requiring care, or a maximum of 10 days for two or more members. *Paid leave may be taken in half-day units

Status of long-term leave and time taken off from work

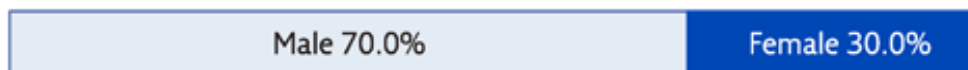
scope of data: Nissha group in Japan. FY 2011

Rate of paid leave taken	Number of employees who took time off from work during pregnancy and after childbirth	Number of employees who took time off from work for child-rearing	Number of employees who worked shorter hours for child-rearing	Number of employees who took time off from work for family care leave
43.1%	20	25	20	2

Respect for Diversity

Diversity of Nissha People

The Nissha Group comprises a variety of employees in terms of gender, nationality, age, and employment status. Non-Japanese employees make up one-fourth of our work force. With a rise in the number of female employees in recent years, we expect women to play an increasingly larger role in the Group.



Breakdown by gender (permanent employees) (Fiscal year 2011)



Breakdown by nationality (all employees) (Fiscal year 2011)



Breakdown by employment status (all employees) (Fiscal year 2011)

(scope of data: NISSHA)

Ratio of Disabled People Employed at Major Group

The Nissha Group periodically interviews disabled people and promotes their long-term employment. We work to create jobs by preparing workplace environments and spreading understanding about employment for disabled people.

Nissha Printing	NII	NME	NPI	NBS
1.84%	2.11%	1.34%	2.27%	2.71%

Reinstatement Support Bylaws

In fiscal year 2011, we enacted the Reinstatement Support Bylaws, which stipulates the consideration to be taken by workplaces for employees after reinstatement, according to the condition of their health. This aims to prevent recurrence of illnesses and achieve a smooth return to work for employees.

Safety and Health

Basic Policy on Safety and Health/Safety and Health Objectives

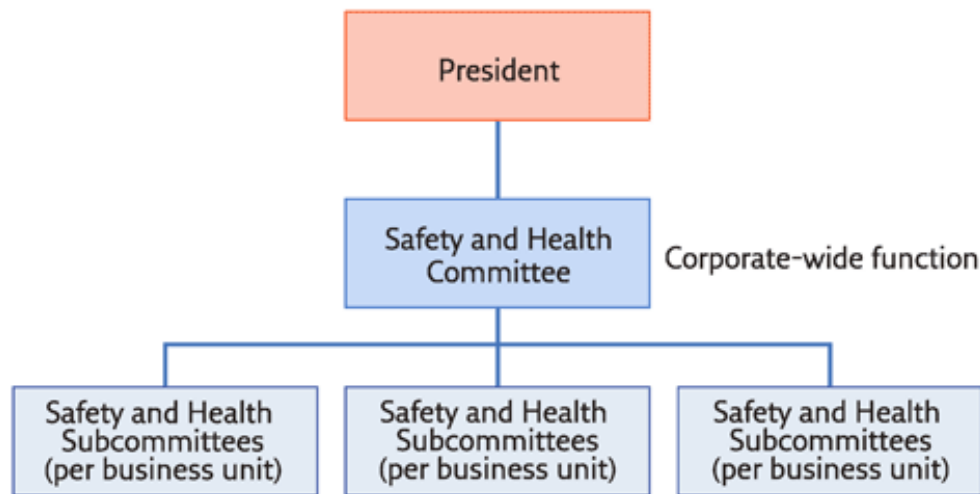
Our Basic Policy on Safety and Health puts safety first above all else and declares we will actively promote the creation of safe and comfortable work environments as well as the sound mental and physical health of employees. To this end, we have set Our Safety and Health Objectives and familiarized all employees with the following contents toward their achievement.

- (1) Make continuous improvements toward eliminating workplace casualties
- (2) Establish structures to ensure the sound mental and physical health of employees
- (3) Observe laws, rules, stakeholder demands, and voluntary standards related to safety and health
- (4) Perform risk assessment
- (5) Create safe and comfortable workplaces

Safety and Health Committee/Safety and Health Management Structure

The Safety and Health Committee oversees the area-specific Safety and Health Subcommittees operated by each base, and undertakes the role of a corporate-wide function that works to standardize and upgrade initiatives throughout the Nissha Group.

The committee receives reports on individual base’s initiatives toward the Safety and Health Objectives and ensures the sharing of information and the horizontal implementation of improvement and accident prevention measures.



Safety and Health Management Structure

Safety Patrols

Selected members of the Safety and Health Committee (representatives of the company and of employees) make annual plans and conduct monthly patrols of workplaces from various viewpoints, such as whether there are any hidden risk factors and whether dangerous work processes are not employed. The 6S* patrols at Headquarters are particularly notable, as they enable a number of Nissha Group companies located within Headquarters premises to work together and improve each other’s level of safety.

* 6S: (1) Sort (2) Set in order, (3) Shine, (4) Standardize, (5) Sustain, and (6) Safety

Frequency of Work-related Accidents

We comprehend and manage the frequency of work-related accidents.

* Frequency of work-related accidents: Refers to the number of injuries and casualties resulting from work-related accidents per one million actual working hours.

Headquarters	Tokyo Division Headquarters	Osaka Division Headquarters	Nissha Kameoka	NII Kameoka	NII Koka
0.0	0.0	0.0	0.0	0.0	1.9

NII Tsu	NII Kyoto	NME Kameoka	NME Kumihama	NPI Kaga	NPI Kyoto
0.0	0.0	0.0	0.0	0.81	0.0

NPT Himeji	NPC Kyoto	NPC Yachiyo	NBS
0.0	0.6	0.0	0.0

Prevention of Lifestyle Diseases

We held an anti-smoking event at Nissha Group companies in Japan to deepen the understanding that smoking is a cause of lifestyle diseases. We exhibited a cigarette-related display, screened a DVD of overseas anti-smoking commercials, and measured the amount of carbon monoxide in participants' breath with a Smokerlyzer. The participants actively inquired and sought advice about their test results and gave their various views on smoking cessation.



Anti-smoking event

We also held an event to estimate the age of blood vessels, where a dietician offered participants one-on-one advice about their test results. This event had sections to measure grip strength and body fat, which served to arouse interest in health. With participation of more than 200 mostly younger employees, the event was a good opportunity to recognize anew the importance of constantly being aware of one's health and practicing good habits in daily life.



Blood vessel age-checking event

Risk Assessment Initiatives

We are working to assess risks and prevent work-related accidents. To learn the assessment process and standardize the recognition of risks across workplaces, we hold video training sessions through which employees learn to identify and estimate the impact of risk and adverse factors, and propose risk reduction measures in a group discussion. This group discussion is joined not only by production but also by management, so that views can be exchanged and we may promote this initiative from a wider perspective.



Group discussion

Mental Health Care Support

We invite a clinical psychologist to provide education in an effort to improve mental health and support mental health care. In fiscal year 2009, the initiative comprised self-care education. From fiscal year 2010 to fiscal year 2012, it comprises line-care education for managers (including corporate officers). All managers participate in the line-care education and discuss issues presented by the instructor. The

sessions are proving popular, as participants have discovered that ways of thinking vary from workplace and from the contents of their work.

We are also carrying on with the web counseling service we launched in fiscal year 2009, through which a specialized counselor offers mental health advice online.



Line-care education

The Environment

Policy and Management Structures

Introductions to environmental policy, environmental management structures and specific initiatives.

Objectives and Status of Achievement

Introductions to achievements of initiatives in FY2011 and renewed environmental objectives in FY2012 through FY2015.

Impact as a Result of Business Operations

Reports of counting of input and output generated from business operations at production bases in Japan.

Environmental Accounting

The scope for calculations this time includes all bases in Japan, in contrast to Headquarters in the past. We plan to continue preparing environmental accounting data in the next fiscal year.

Prevention of Further Global Warming

In fiscal year 2011, CO2 emissions from Nisseha operations increased significantly. The increase was due to emissions at new factories.

Waste Management and Zero Emissions

Reports of conditions of the waste recycling and resource reuse rate and the waste management standards.

Monitoring and Prevention of Pollution

Reports of environmental measurement results at production bases in Japan and substances subject to the PRTR Law.

Status of Environmental Activities at Bases

The status of environmental activities at production and sales & marketing bases in Japan.

Policy and Management Structures

Environmental Policy and Environmental Management Structures

To achieve our Corporate Mission, we list environmental management as an item of the Management Policy and describe it as “global environmentally oriented solutions, products and activities.” We state in the Environmental Policy that we “consider that global environment protection is the most important issue,” and through the operation of management systems based on ISO 14001 certification, implement initiatives focused on the PCDA (plan-do-check-act) cycle toward environmental preservation and the reduction of environmental impact.

Environmental Policy

Nissha and its subsidiaries consider that the global environmental protection is the most important issue in our activities of production, development, sales and administration in Japan, and also on our products and services. And we make effort to preserve the global environment by environmentally conscious activities.

1. We actively promote environmental conservation by establishing and continually improving a environmental management system.
2. We comply with applicable legal requirements and agreements and customer requirements related to environmental aspects. And we make efforts in environmental conservation by establishing standards on autonomous environmental management, as long as such efforts are feasible in technological and economic terms.
3. We strive to prevent environmental pollution, with a focus on the following measures for environmental management:
 - (1) We promote zero emission by recycling waste.
 - (2) We promote the appropriate management of specified chemicals (Target chemical for PRTR etc.), as well as reduction in percentage of these chemicals used in our operations.
 - (3) We make efforts to reduce carbon dioxide emissions by decreasing the usage rate of electrical and gas energy.
 - (4) We devise and implement manufacturing methods that impose fewer burdens on the environment.
 - (5) We develop environmentally friendly products.
 - (6) We propose products with low environmental loads to customers.
4. We endeavor to continually improve our environmental activities and prevent pollution by setting environmental objectives and targets, by executing it, and by reviewing it.
5. We make Environmental Policy known to all employees working in the premises of Nissha and its subsidiaries to raise their awareness of the issues related to environmental conservation.
6. We make Environmental Policy available to the general public.

Management Reviews and Systems

We conduct internal environmental audits and hold Environment System Committee each year to ensure that management systems are functioning smoothly. We position the Environment System Committee as management reviews and strive to make continuous improvements using the PDCA cycle.

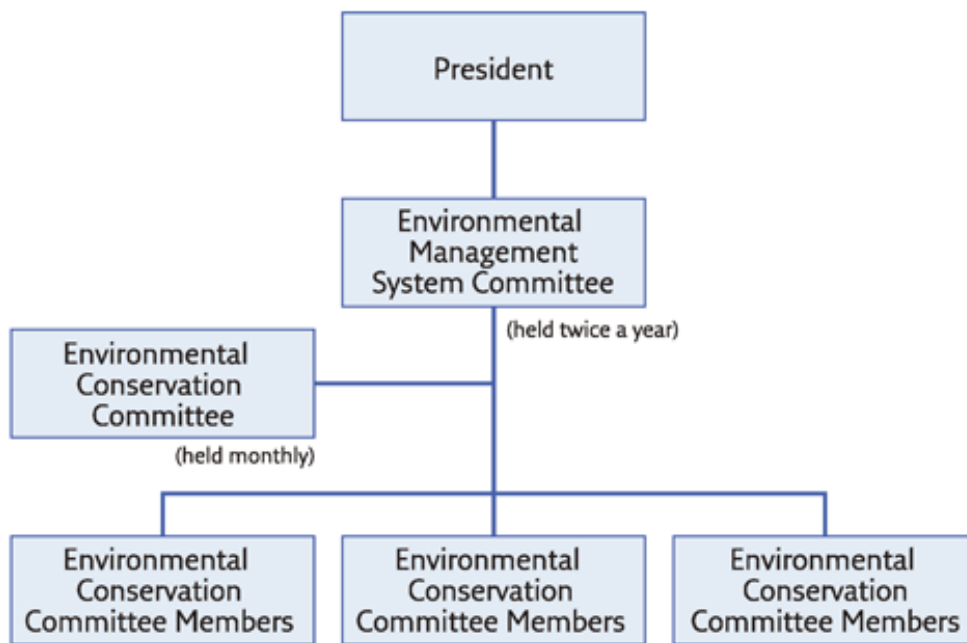
The Environmental Conservation Committee meets once a month for monitoring and prevention.

Environmental Conservation Committee members chosen from throughout the company participate in the meetings, which consist of three parts: dialogue with customers and local communities, global environmental initiatives, and sharing of environmental information. They report on topics such as environmental performance, customer demand, changes in environment-related laws and regulations, and environmental monitoring around production bases, and confirm the status of initiatives.

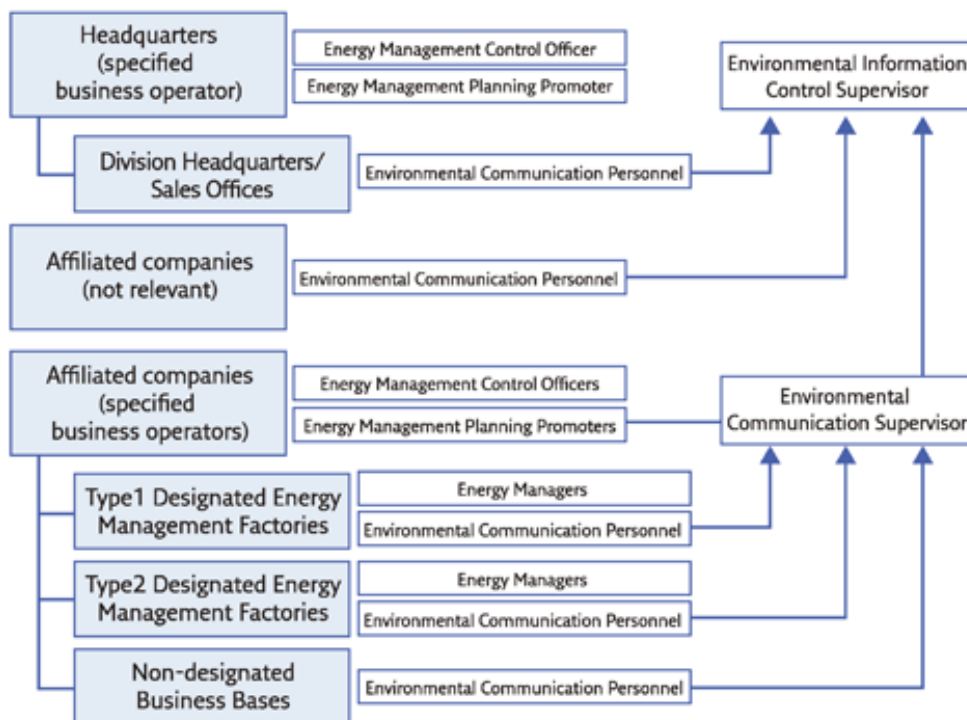
Energy and Environmental Management Structures/Support for Bases

The Nissha Group as a whole promotes the efficient use of energy. To comply with the Japanese Act on the

Rational Use of Energy, in particular, we are making continuous efforts to strengthen the energy management structures of each base and prepare management standards for related equipment. We have worked not only toward energy-related goals but also to build a unified system for communicating a variety of environmental information, and to provide industrial pretreatment facilities and physically fortify the support structures for production bases.



Nissha Environmental Management Structure



Energy Management and Environmental Communication Structures

Objectives and Status of Achievement

The company-wide environmental objectives we set in April 2009 covered the three-year period until fiscal year 2012. In fiscal year 2011, the second year of implementation, individual environmental activity units such as departments and workplaces set their own objectives and activity plans, and worked to achieve the overall objectives. Despite the fall in sales, however, many targets per basic unit (= [emissions volume] / [net sales]) were not met due to an increase in electricity and gas use.

Triggered by factors such as the revised Act on the Rational Use of Energy, in late fiscal year 2011, we revised the environmental objectives in line with a change in targets per basic unit. The new company-wide objectives will apply to the four-year period between fiscal years 2012 and 2015.

NISSHA environmental objectives (FY2012-2015)

<p>1. Prevention of global warming Base: average of fiscal year 2010 results * Compliant with the Act on the Rational Use of Energy.</p>
<p>Reduce CO2 emissions rate (basic unit*) by 5% or more from fiscal year 2010 levels by fiscal year 2015 across NISSHA</p> <p>(1) Nissha Printing Co., Ltd. and group companies reduce annual CO2 emissions rate (basic unit*) by 1% or more compared to the previous year.</p> <ul style="list-style-type: none"> • Basic unit* is set by company [Nissha Printing Co., Ltd. and individual affiliated companies]. • Companies classified as "specified business operator" in the Act on the Rational Use of Energy use the basic unit* reported under that act. <p>(2) Individual departments reduce energy consumption by improving work processes (efficiency) and quality.</p>

<p>2. Reduction of waste Base: average of fiscal year 2011 results</p>
<p>Reduce waste generation rate (basic unit*) by 5% or more by fiscal year 2015 across NISSHA</p> <p>(1) Control waste generation Division headquarters and factories set annual reduction targets based on a basic unit derived from production volume. - Targets are set based on the same indicators as the CO2 emissions rate basic unit* for each company. Production departments control waste generation by aiming to reduce the ratio of nonconforming products.</p> <p>(2) Promote the selling of waste for recycling Division headquarters and factories set individual target rates and work to sell waste for recycling.</p> <p>(3) Maintain zero emissions (recycle ratio: 99.5% or more) across NISSHA Division headquarters and factories set individual maintenance indicators for recycle rates and implement them.</p>

<p>3. Reduction of organic solvent usage rate Base: average of fiscal year 2011 results</p>
<p>(1) Production and development departments reduce usage rate ((usage or purchase volume) / (production or treatment volume)) of PRTR-designated chemical substances (toluene, xylene, etc.) by 2% or more annually.</p> <p>(2) Production and development departments reduce usage rate ((usage or purchase volume) / (production or treatment volume)) of organic solvents not PRTR-designated by 1 % or more annually.</p>

<p>4. Environmental conservation activities through efforts in daily work</p>
<p>Environment-consciousness at each stage of development, product design, purchase of materials and sub-materials, production, transport, and sales</p> <p>(1) Design environment-conscious products (2) Provide environment-conscious services (3) Select environment-conscious materials, sub-materials, production methods, and logistics (4) Install environment-conscious equipment</p>

Fiscal year 2011 results

Self-assessment rating ○ : Targets achieved △ : Targets partially achieved × : Targets not achieved

Waste reduction, recycling

Fiscal year 2010-2012 Nissha environmental objective	Fiscal year 2011 results	Evaluation
<ul style="list-style-type: none"> Waste zero emission (recycle ratio: 99.8% or more) 5% or more reduction in ratio of waste (including items sold for recycling) to net sales <p>- (Base year: the average for the period between April and September 2008)</p> <ul style="list-style-type: none"> Production departments to prevent waste generation by reducing the ratio of nonconforming products (Numerical targets to be established for each production unit) 	<ul style="list-style-type: none"> Recycle ratio at Nissha Group in Japan: 99.9% (Objective achieved) We were able to reduce waste, but certain units did not achieve their objective due to decreased sales. Certain business units did not achieve their objective due to changes in production methods such as to accommodate ever-stricter product appearance standards and the shift in demand to highly complex products. 	<p>×</p> <p>×</p>

Prevention of global warming

Fiscal year 2010-2012 Nissha environmental objective	Fiscal year 2011 results	Evaluation
<p>New challenges</p> <ul style="list-style-type: none"> Reduce the CO2 emissions rate (total emissions volume/net sales) by 5% (even a 5% increase in sales will not result in increased total CO2 emissions) <p>-Administrative offices to set goals per square meter</p>	<ul style="list-style-type: none"> Fiscal year 2011 CO2 emission rate at Nissha Group in Japan: 0.79. This was a 0.3-point increase compared to fiscal year 2009. Despite our promoting the reduction of fluorescent lighting and the installation of energy-saving machinery, we did not achieve our objective due to decreased sales and increased electricity and gas use. 	<p>×</p>

Prevention of environmental pollution

Fiscal year 2010-2012 Nissha environmental objective	Fiscal year 2011 results	Evaluation
<ul style="list-style-type: none"> Reduction in usage ratio of organic solvents (Base: the average for the period between April and September 2008) 	<ul style="list-style-type: none"> We did not achieve our objective due to small production lots at Nitec Industries, Inc and increases in the volume of ink usage to accommodate the shift in demand to highly complex products. 	<p>×</p>

Burden reduction by manufacturing and development

Fiscal year 2010-2012 Nissha environmental objective	Fiscal year 2011 results	Evaluation
<ul style="list-style-type: none"> Adoption of environment-friendly manufacturing processes, raw and processed materials, sub materials, packaging, and logistics Development of environment-conscious products Offering manufacturing processes and products that reduce the environmental load of customers 	<ul style="list-style-type: none"> Nitec Industries, Inc Kameoka Factory implemented green purchasing of sub-materials Nitec Printing Co., Ltd. established the CTP (Computer to Plate) technology in the film output process Developed and tested dye-sensitized solar cell modules Developed de-chlorinated foil and commenced mass production NCP Co., Ltd. promoted the proposal of websites, a paperless media Revised the Nissha Control Criteria for Environmental Management Substance 	<p style="text-align: center;">○</p> <p style="text-align: center;">○</p> <p style="text-align: center;">○</p>

Others

Fiscal year 2010-2012 Nissha environmental objective	Fiscal year 2011 results	Evaluation
<ul style="list-style-type: none"> Promotion of environmental conservation activities through efforts in daily work 	<ul style="list-style-type: none"> Conducted monthly Lights Down Events at Nissha Group offices Implemented audits of major Nissha suppliers Implemented internal audits of each base related to environmental laws and regulations Conducted 6S patrols at Nitec Industries, Inc plants Conducted environmental workshops for elementary schools 	<p style="text-align: center;">○</p>

Growing of (Wild) Thoroughwort

In one of our initiatives to preserve biodiversity, we obtained and grew wild thoroughwort. This is a perennial plant of the Compositae family listed as Near Threatened in the Red Data Book of Japan's Ministry of Environment and Critically Endangered in that of Kyoto Prefecture. Ours bloomed on schedule, between September and October, and we displayed them in the company in an effort to spread knowledge about preserving biodiversity.



Thoroughwort blooming on Headquarter premises



Thoroughwort displayed in the company

Impact as a Result of Business Operations

We strive to identify the impact of our business operations on the environment in terms of resources and energy usage (INPUT) and gas, water and waste emissions (OUTPUT). This section shows the volumes of each category in a list covering Nissha Group's business operations in Japan in fiscal year 2011.

Environmental Impact Caused by Nissha Production Bases in Japan

The use of major raw materials in the Devices Business has come to comprise about 10% of the whole, with a nearly 1.5-fold increase compared to fiscal year 2010, due to rises in production volume at the Kaga Factory (Nitec Precision, Inc.), the key production factory. That in the Industrial Materials Business comprises about 26% of the whole, for an approximately 7% decrease compared to fiscal year 2010, despite the new opening of the Tsu Factory. That in the Information and Communication Business, at about 64%, continues to comprise the largest part of the whole, with the majority of materials used being paper for printing.

In resources "INPUT," the use of major raw materials slightly decreased compared to the previous year, whereas energy use increased some 18% in electricity and some 16% in gas. As a consequence, "OUTPUT" in terms of CO₂ emissions increased approximately 11% as well.

Emissions of VOC from the use of solvents and ink in the Industrial Materials Business remained approximately the same as fiscal year 2010 levels, however, actual emissions into the atmosphere have decreased substantially due to the installation of a VOC combustion and treatment facility at the Kameoka Factory(Nitec Industries, Inc.)in late fiscal year 2010.

INPUT			OUTPUT		
Industrial Materials	Pet/acryl film	4,590t	Recyclable resources (including items sold for recycling)	Scrap containing gold, silver, copper, aluminum	
	Solvents	3,520t		Resin waste	
	Gravure ink	2,740t		Paper scrap	5,247t
	Other	610t			
Devices	Materials used in product	3,200t	Recyclable resources (Industrial Materials)	Waste plastic	
	manufacturing processes			Iron scrap, waste cans	
	Other	1,130t		Waste solvents, waste ink, waste cloth	
		Waste acid, alkali, Wood waste, etc.		7,278t	
Information and Communication	Paper	28,050t	Combustible and landfill waste	General business waste	
	Ink	320t		Other(industrial waste)	16t
	Other	150t			
	Total	44,310t	Total	12,541t	
Energy	Electricity	111,075MWh	Emissions	CO ₂	81,123t
	Gas	9,540,000m ³		VOC	3,300t
Water	Tap water	461,000m ³	Wastewater		710,000m ³
	Underground water	129,000m ³			
	Industrial water	140,000m ³			

Environmental Accounting

Fiscal Year 2011 Environmental Accounting Results and Issues

Environmental conservation costs amounted to some 1.33 billion yen in fiscal year 2011. By category, business area costs made up the largest portion, at around 75%. Costs for three Factories of Nitec Industries, Inc., which handles production for the Industrial Materials Business, were highest, mostly consisting of the depreciation cost for large facilities we installed in fiscal year 2011, such as the VOC combustion unit and the scrubber unit for the plate making process. We are striving to comply with environment-related laws by responding to new issues that are expected to arise from the building of new factories. Following business area costs, R&D costs made up the second largest portion of the whole, at around 15%, mostly consisting of the cost for an analyzing device for chemical substances and personnel costs. Administration costs made up around 7% of the whole but are decreasing.

A large part of our environmental conservation expenditure comprised costs, of which depreciation costs and property taxes for industrial pretreatment facilities totaled 46%. This was followed by external costs such as facility maintenance and administration fees, at around 29%, and personnel costs, at around 20%. We have calculated upstream/downstream costs mainly from the cost of our supplier management group's activities, which started in fiscal year 2011.

The scope for calculations this time includes all bases in Japan, in contrast to Headquarters in the past. We plan to continue preparing environmental accounting data in the next fiscal year and onward, and hope to make the data even more meaningful such as by dividing it into maintenance costs for complying with environment-related laws and regulations and costs for actively reducing environmental impact (toward our environmental objectives and targets).

Environmental Conservation Cost(Categories Corresponding to Business Activities)

Scope of calculations:Nissha Group companies in Japan

Target period: April 1, 2010 – March 31, 2011

Unit: (Thousand) yen

Category	Investment amount	Cost amount	Content
(1) Business area cost	22,700	981,269	- Pollution prevention cost, Global environmental conservation cost, Resource circulation cost
(2)Upstream/ downstream cost		20,400	- Requesting / testing suppliers for the reduction of environmental impact from raw and packaging materials - Educating / guiding outsourcing companies on environmental conservation - Cost for recycling containers, packaging, etc. - Cost for measuring environmental impact
(3) Administration cost		96,802	- Building / maintaining an environmental management system - Environmental training of employees - Greening business units - Developing / improving products toward the reduction of environmental impact
(4) R&D cost	20,000	173,891	- Social contribution activities, etc.
(5) Social activity cost		15,436	
(6) Environmental remediation cost		0	
Total	42,700	1,287,798	

Environmental Conservation Benefit

Scope:NISSHA in Japan

Target period: April 1, 2010 – March 31, 2011

	FY2009	FY2010	FY2011	Change from FY2010
Total energy input volume (GJ)	1,285	1,280	1,612	332
Electricity consumption volume (MWh)	94,397	94,216	111,055	16,839
Town gas consumption volume (thousand m3)	7,027	8,197	9,540	1,343
Gasoline, diesel fuel, and fuel oil consumption volume (kl)	182	164	121	- 43
PRTR-designated chemical substances (toluene) consumption volume (t)	1,049	1,084	1,084	- 327
Major raw materials/production department materials input volume (t)	43,500	44,800	44,310	- 490
Water resources input volume (thousand m3)	671	705	730	25
Industrial water (thousand m3)	-	-	140	-
Tap water (thousand m3)	435	499	461	- 38
Underground water (thousand m3)	236	206	129	- 77
Greenhouse gas emissions volume (t-CO ₂)	62,534	72,984	81,123	8,139
VOC emissions volume (including that before combustion and treatment) (t)	3,386	3,370	3,300	- 70
Waste, etc.(including that sold for recycling) emissions volume (t)	12,569	13,458	12,541	- 917
Waste combustion/landfill treatment volume (t)	73	82	16	- 66
Total wastewater volume (thousand m3)	600	670	710	40
NOX Kameoka (MAX) (ppm)	110	99	110	11
Noise Kameoka (MAX) (dB)	63	63	63	0
Vibration Kameoka (MAX) (dB)	32	35	31	- 4
Wastewater SS Kaga (MAX) (mg/L)	22	13	8	- 5
Wastewater BOD Kaga (MAX) (mg/L)	15	35	28	- 7

Prevention of Further Global Warming

Status of CO2 Emissions at NISSHA

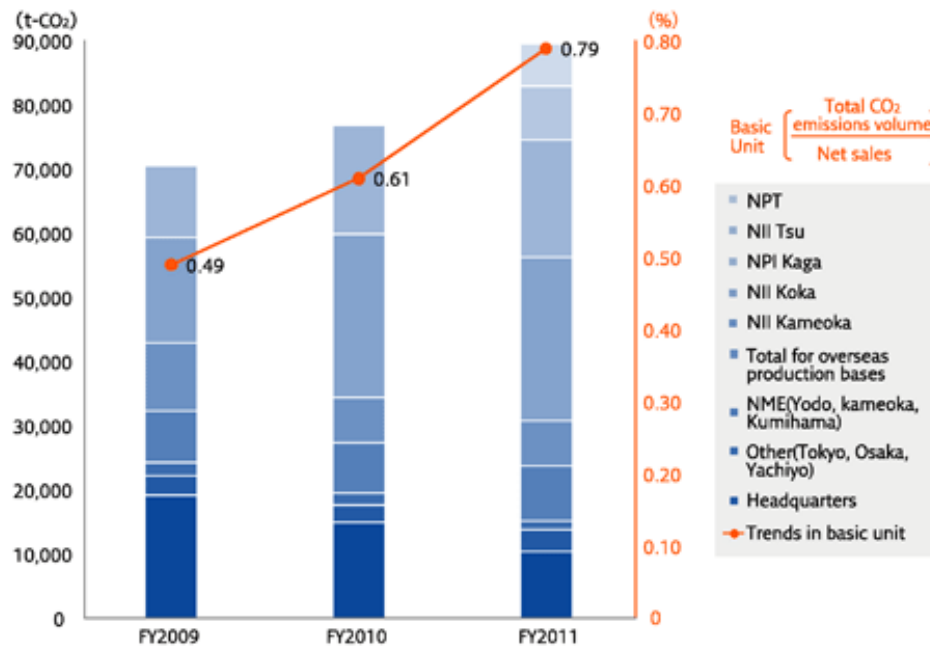
In fiscal year 2011, CO2 emissions from Nissha bases in Japan totaled 81,123 tons, significantly exceeding 72,984 tons in fiscal year 2010 by about 11% (approximately 8,139 tons).

CO2 Emissions from overseas production bases amounted to 8,456 tons, for an increase of approximately 9% compared to 7,732 tons in the previous year.

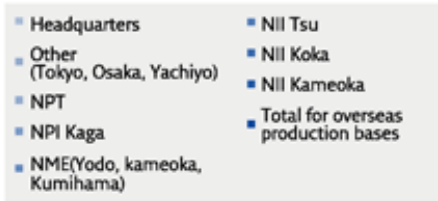
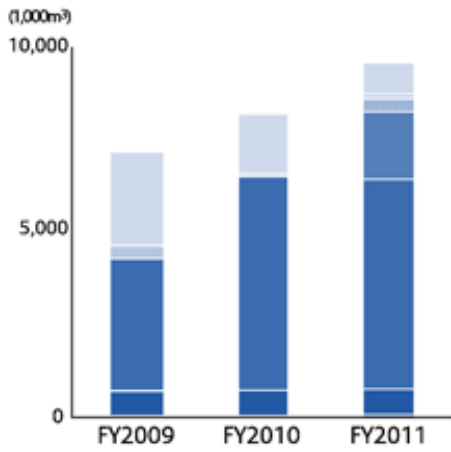
The increase at bases in Japan resulted from the new addition of emissions from the Tsu Factory (Nitec Industries, Inc.) and Himeji Factory (Nitec Precision and Technologies, Inc.). Equipped with large facilities such as VOC control equipment and clean rooms, the two factories combined emitted some 15,054 tons of CO2 even before the start of their full-fledged operation. Conversely, emissions from Headquarters decreased by 30% (4,521 tons), and that from existing bases continued to generally decrease or to remain level.

Despite the closing of Nissha Korea High Precision Plastics Inc., CO2 emissions from overseas bases significantly increased at Southern Nissha Sdn. Bhd., Nissha (Kunshan) Precision IMD Mold Co., Ltd., and a subsidiary of Nissha USA, Inc., Eimo Technologies, Inc. At 4,755 tons, emissions from Eimo Technologies, Inc. accounted for more than half of total overseas base emissions.

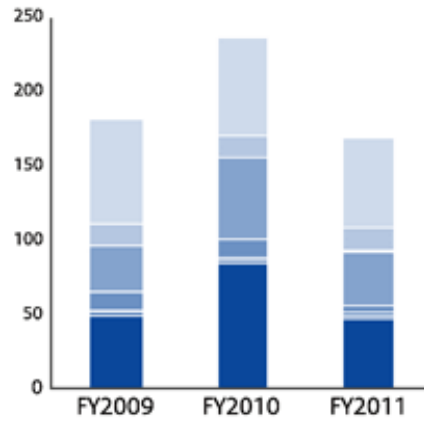
Trends in CO2 Emissions Volumes and Basic Unit



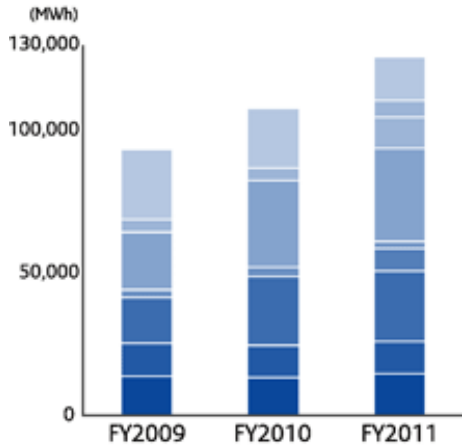
Trends in Gas Consumption



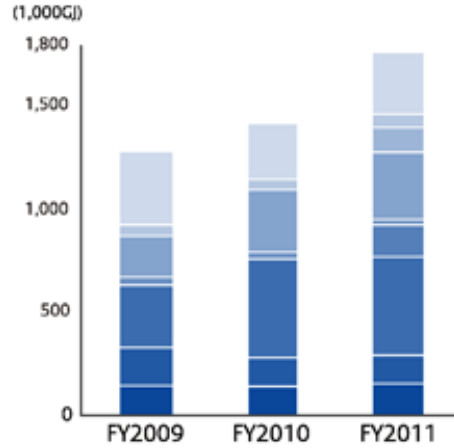
Trends in Gasoline, Diesel, and heavy oil Consumption



Trends in Electricity Consumption



Trends in Energy Consumption



Basic Unit* Management in Line with Legal Requirements

In fiscal year 2011, with the current basic unit targets, our CO2 emissions rate (per net sales) was 0.79, significantly higher than 0.61 in the previous year, due to the drop in sales and an increased use of electricity and gas.

In addition to this outcome, with the enactment of the revised Act on the Rational Use of Energy, the comprehension and management of energy use became obligatory per company. To comply with this shift, we have started managing emissions under a basic unit* management in line with legal requirements based on factors such as production volume per company. With 1.00 indicating the benchmark fiscal year 2010 results of Nissha Printing Co., Ltd., and each affiliated company (production base), fiscal year 2011 results in light of targets (0.99 or less) were as follows. We have calculated the basic unit* for NISSHA in Japan from a sum obtained by multiplying the energy use rates of each company. Nitec Industries, Inc., which uses the largest portion of energy, affected the total, and we did not meet our fiscal year 2011 overall target.

	Basic Unit		
	FY2010 Results	FY2011 Targets	FY2011 Results
Nissha Printing Co.,Ltd. (Headquarters, Others)	1.00	0.99 or less	0.91
Nitec Industries, Inc. (Kameoka, Koka, Tsu)	1.00	0.99 or less	1.26
Nitec Precision, Inc. (Kaga, Kyoto)	1.00	0.99 or less	0.74
Nitec Printing Co., Ltd. (Yachiyo, Kyoto)	1.00	0.99 or less	0.91
Nitec Mold Engineering, Inc.	1.00	0.99 or less	0.61
Total	1.00	0.99 or less	1.04



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Waste Management and Zero Emissions

Waste Management

In fiscal year 2011, Nissha bases in Japan generated a total 12,543 tons of waste for an approximately 7% reduction compared to fiscal year 2010, and 16 tons of combustible/landfill waste for a more than 80% reduction. We maintained zero emissions (a recycling rate of 99.5% or more), and achieved a high standard of 99.9% in fiscal year 2011.

Improvements in Recycling Initiatives

Amid a steady waste recycling rate of 99.9% at Nissha bases in Japan, we continued to work toward improving the level of our initiatives by converting from material recycling to selling waste for recycling. Each factory made efforts to sell waste for recycling, as it has the benefit of great cost reductions, and achieved a rate of 41.8% for a 3.2 percentage point increase compared to fiscal year 2010. Due to fluctuations in waste treatment costs, however, the amount of waste plastic converted into solid fuel (thermal recycling) increased, for a material recycling rate of 61.4%, or a 4.3 percentage point decrease compared to fiscal year 2010.

Status of Initiatives at Overseas Production Bases

Asian production bases Southern Nissha Sdn. Bhd., Guangzhou Nissha High Precision Plastics Co., Ltd. Nissha (Kunshan) Precision IMD Mold Co., Ltd. generated a total 192 tons of waste in fiscal year 2011 for an approximately 17% increase (at the four bases) compared to fiscal year 2010. Southern Nissha Sdn. Bhd., however, achieved its target recycle rate (87% or more), at 96.4%. Guangzhou Nissha High Precision Plastics Co., Ltd. also achieved its target (70.9% or more), at 73.3%. Nissha (Kunshan) Precision IMD Mold Co., Ltd. saw changes in the contents of waste due to a shift in business operations, and did not achieve its target.

Waste-related Risk Management

We recognize largely three types of waste-related risk:

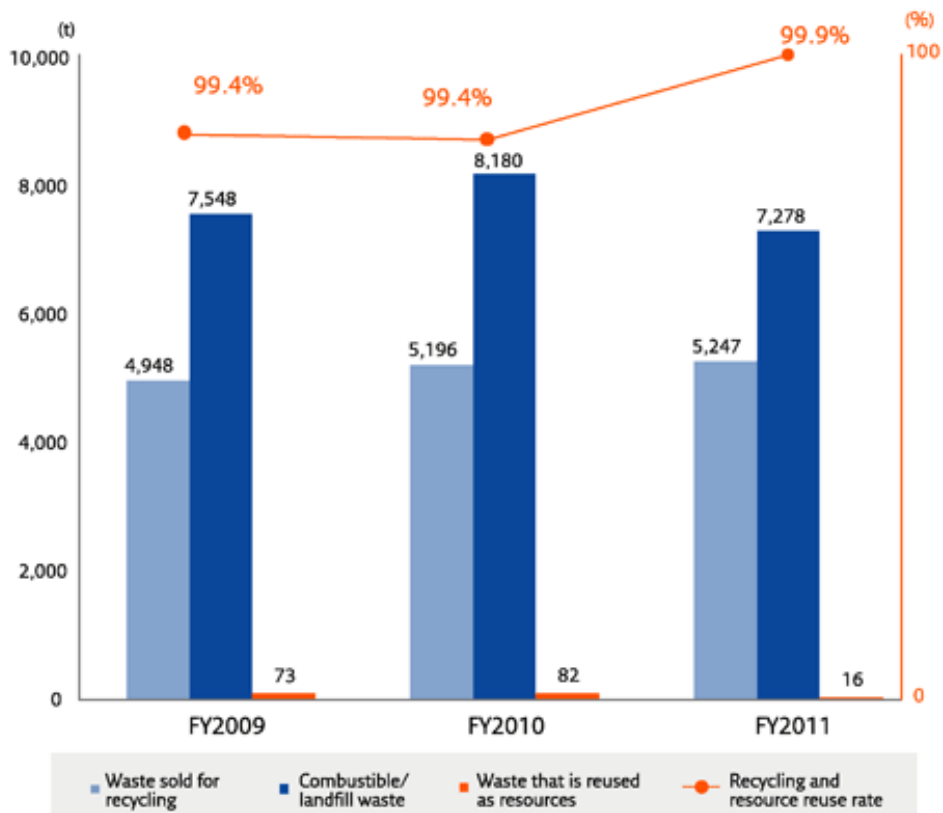
- Accidents and disasters caused by waste (including at outsourced treatment facilities)
- Environmental pollution and violation of laws caused by inappropriate waste treatment
- Leakage of confidential information from waste

We check the properties of our waste, down to each spray can, and monitor it so as to prevent spillage during transportation and accidents at treatment facilities. We have set forth Nissha Guidelines for Waste Management Standards, based on laws such as the Act on Waste Treatment and Cleaning and the Act on the Control of Hazardous Materials, which we periodically review and strive to enable all bases to manage waste safely under the same guidelines.

The guidelines also stipulate criteria for the selection of outsourced treatment facilities and for the regular inspection of such facilities that use their own checklists.

We further have in place standards for the management of waste containing confidential information, and promote management in tandem with our information security management system (ISMS).

Transition of Waste Converted Into Resources



[Nissha Operations in Japan]

Exhibition at 11th Environment Forum Kyoto

In February 2011, we participated as an exhibitor at the 11th Environment Forum Kyoto sponsored by Kyoto City.

Our showcase consisted of panels and samples of our environmental initiatives such as the development of dye-sensitized solar cell modules, environmental workshop for elementary schools, company greening and biodiversity activities, and the promotion of zero emissions and selling waste for recycling.

The samples of recycled goods (trash bags) made of waste plastic from the Nitec Precision, Inc. Kaga

Factory, in particular, invited visitor feedback: "I didn't know much about NISSHA's environmental efforts, and hope they will take more advantage of opportunities like this to share environment-related information."

We hope to continue communicating about our environmental initiatives.



Environment Forum Kyoto

Lecture on Waste-related Risk Management

In March 2011, we gave a lecture about waste-related risk management at a seminar on the revised Waste Disposal Act sponsored by the Environment Conservation Association of Shiga Prefecture. We presented our initiatives toward safe waste disposal, the management of outsourced treatment facilities, and preventing the leakage of confidential information through waste.

The audience consisted of nearly 80 companies with offices in Shiga Prefecture, many of which shared their impressions through a post-seminar questionnaire: "The lecture helped to deepen my knowledge."

"NISSHA is a good company. It has a solid system for managing waste." "I now understand not only the importance but also specific methods of waste-related risk management."



Lecture

Monitoring and Prevention of Pollution

Measures to Help Prevent Further Pollution

We undertake monitoring and measuring activities to prevent pollution. Based on strict voluntary standards, we conduct periodic testing to voluntarily determine the level of atmospheric pollutants, wastewater quality, noise, and foul odor.

Nitec Precision, Inc. (Kaga Factory) Measurements of Wastewater Quality

Items measured	Regulatory value	Voluntary standard	Unit	Minimum value	Maximum value
				Water outlet No. 2, 3 and 5	
Water inlet					
Hydrogen ion concentration (PH)	5.8 <> 8.6	6.7 <> 8.0	-	7.0	8.1 △
Suspended solids volume (SS)	< 120.00	< 60.00	mg/l	-	8.0 ○
Biochemical oxygen demand (BOD)	< 80.00	< 40.00	mg/l	-	28.0 ○
n-hexane	< 30.00	< 15.00	mg/l	-	0.5 ○
Fe	< 10.00	< 5.00	mg/l	-	0.3 ○
Cu	< 3.00	< 1.50	mg/l	-	1.0 ○

Nitec Industries, Inc. (Kameoka Factory) Measurements of Site Outer Boundaries

Name of chemical Substance	Regulatory value	Voluntary standard	Unit	FY2009	FY2010	FY2011
Ethyl acetate	3.0	0.6 or less	ppm	0.3 or less ○	0.3 or less ○	0.3 or less ○
Toulene	10.0	0.2 or less	ppm	0.2 or less ○	0.2 or less ○	0.2 or less ○
Xylene	1.0	0.5 or less	ppm	0.5 or less ○	0.5 or less ○	0.5 or less ○

Values given are maximum values.

Nitec Printing Co., Ltd. (Yachiyo Factory) Measurements of Soot and Smoke

PRTR No.	Name of chemical substance	FY2010			FY2011		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/ not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/ not required
80	Xylene	98	67	-	1,500	920	○
88	Hexavalent chromium compounds	0.0	3.2	○	0.1	1.8	○
300	Toulene	280,000	130,000	○	250,000	68,000	○
392	n-hexane	-	-	-	8,100	6,700	○

Management of Chemical Substances

In fiscal year 2011, we reported the use of seven PRTR-designated chemical substances, of which two (n-hexane and 1,2,4-Trimethylbenzene) were newly added with the revision of the PRTR Act.

Nitec Industries, Inc. (Kameoka Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required
53	Ethyben-zene	2,200	260	○	2,600	570	○
80	Xylene	21,000	2,500	○	21,000	4,000	○
88	Hexavalent chromium compounds	0.2	6.2	—	0.1	1.0	○
300	Toulene	390,000	96,000	○	230,000	95,000	○
296	1,2,4-Trimethylbenzene	—	—	—	820	340	○
392	n-hexane	—	—	—	24,000	11,000	○

Nitec Industries, Inc. (Koka Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required
80	Xylene	—	—	—	1,500	780	○
88	Hexavalent chromium compounds	—	—	—	0.5	13.5	○
300	Toulene	—	—	—	75,000	40,000	○

Nitec Industries, Inc. (Tsu Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required
80	Xylene	—	—	—	1,500	780	○
88	Hexavalent chromium compounds	—	—	—	0.5	13.5	○
300	Toulene	—	—	—	75,000	40,000	○

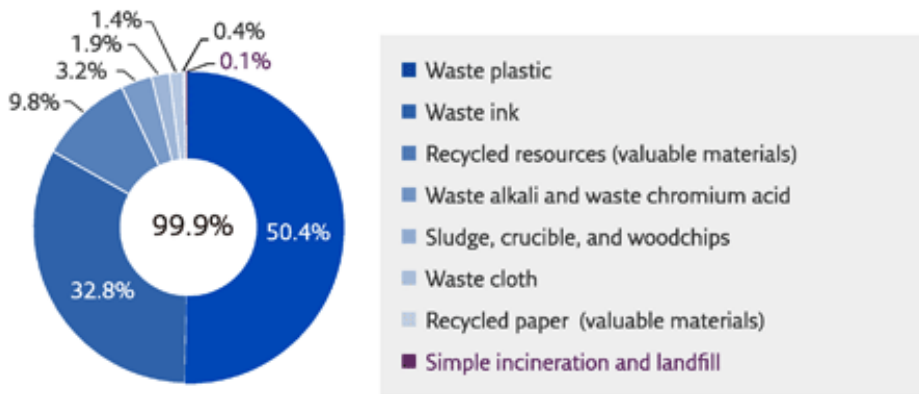
Nitec Precision, Inc. (Kaga Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011		
		Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/not required
82	Silver and water-soluble silver compounds	0.0	0.0	○	0.0	0.0	○

Status of Environmental Activities at Bases

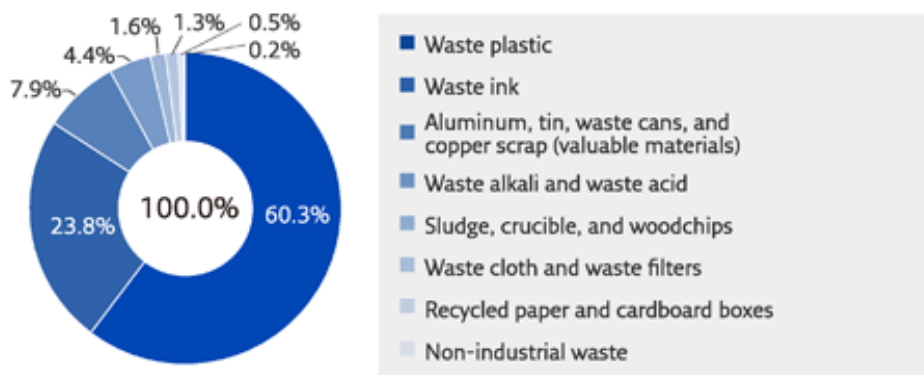
Nitec Industries, Inc. (Kameoka Factory)

Location: Kameoka City, Kyoto Prefecture
 Acquisition of ISO14001 Certification: December 2003
 Production items: Transfer foils (the Industrial Materials business)



Nitec Industries, Inc. (Koka Factory)

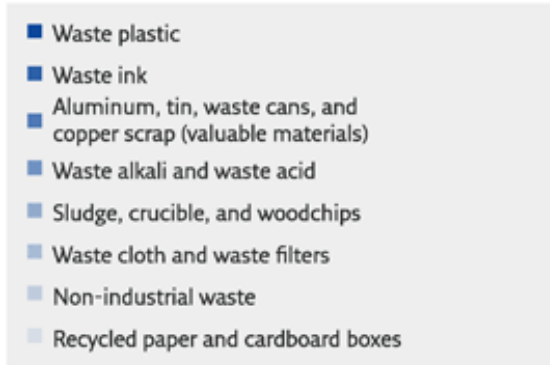
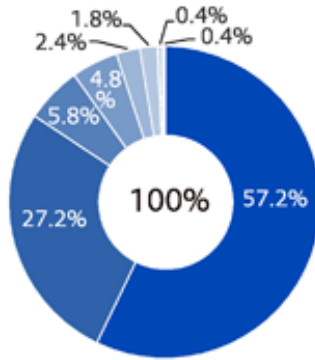
Location: Koka City, Shiga Prefecture
 Acquisition of ISO14001 Certification: June 2007
 Production items: Transfer foils (the Industrial Materials business)



Nitec Industries, Inc. (Tsu Factory)

Location: Tsu City, Mie Prefecture

Production items: Transfer foils (the Industrial Materials business)

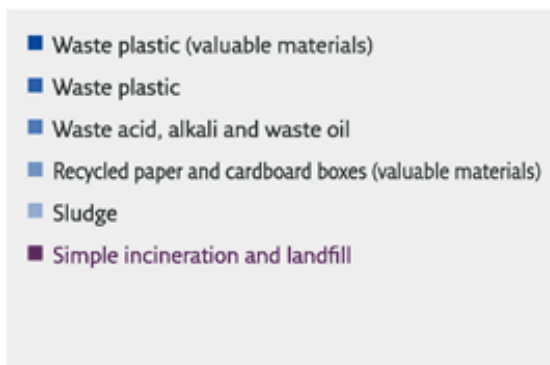
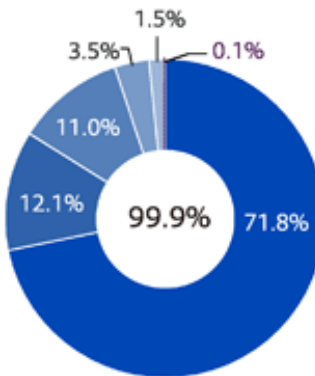


Nitec Precision, Inc. (Kaga Factory)

Location: Kaga City, Ishikawa Prefecture

Acquisition of ISO14001 Certification: July 2003

Production items: Touch input devices (the Devices business)



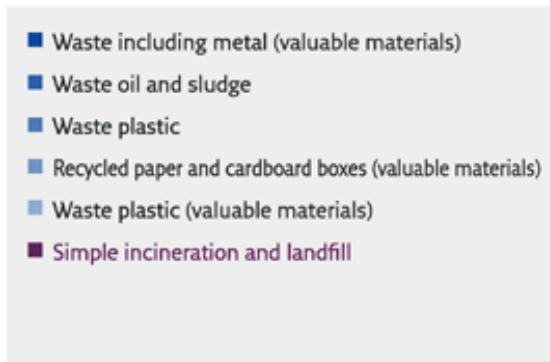
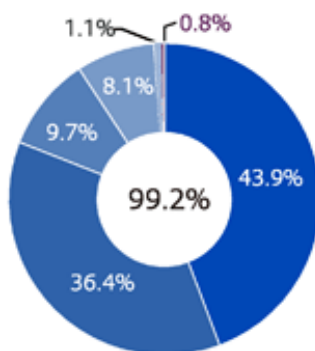
Nitec Mold Engineering, Inc.

Location: Kameoka City, Kyoto Prefecture

Kyotango City, Kyoto Prefecture

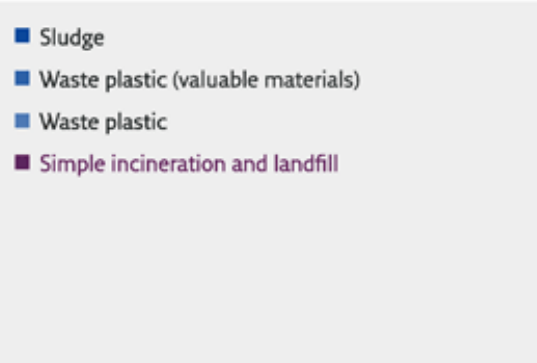
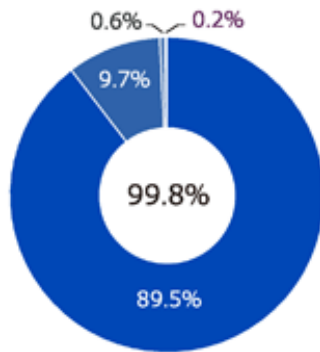
Acquisition of ISO14001 Certification: June 2006

Production items: Molds (the Industrial Materials business)



Nitec Precision and Technologies, Inc. (Headquarters / Himeji Factory)

Location: Himeji City, Hyogo Prefecture

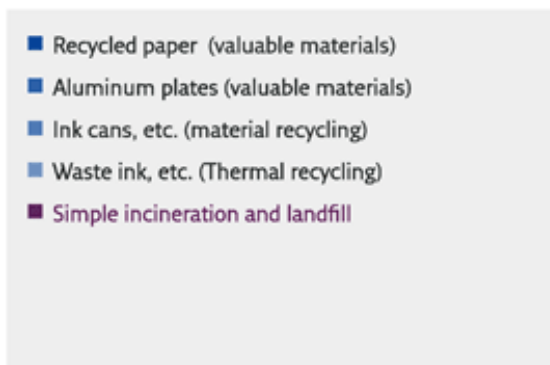
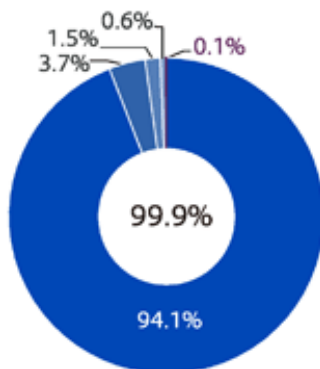


Nitec Printing Co., Ltd. (Yachiyo Factory)

Location: Yachiyo City, Chiba Prefecture

Acquisition of ISO14001 Certification: December 2004

Production items: Printing and binding of books, catalogs, leaflets, etc., using sheet offset press and rotary press



Nissha Printing Co., Ltd. (Tokyo Division Headquarters)

Location: Minato-ku, Tokyo

Acquisition of ISO14001 Certification: December 2004

Services:

- Sales and marketing (the Industrial Materials business, the Devices business)
- Sales and marketing / planning and production (the Information and Communication business)



Nissha Printing Co., Ltd. (Osaka Division Headquarters)

Location: Chuo-ku, Osaka City

Acquisition of ISO14001 Certification: December 2004

Services: Sales and marketing / planning and production (the Information and Communication business)



Fair Operating Practices

Initiatives Related to Information Security

We have established a highly reliable and secure information security management system and are committed to maintaining and further improving its effectiveness.

Trade Management Improvement Project

We launched the Corporate Logistics Planning Office, whose mission is compliance and the optimization of logistics from a corporate-wide perspective.

Initiatives Related to Intellectual Property

With the aim of expanding the performance of business units and ensuring a competitive advantage for new businesses, it works to establish intellectual property strategies for the entire Nissha Group and meet internal needs to secure intellectual property rights.

Partnership with Our Suppliers

In fiscal year 2011, we established the Nissha Supplier Requirements (NSR), which sum up our needs concerning topics like quality, information security, and environmental conservation.

Initiatives Related to Information Security

We have in place an Information Security Policy, which expresses our basic approach to maintaining and further improving our highly reliable and secure information security management system. Based on this policy, every employee is working to ensure continuous security in handling personal information and confidential information provided us by customers.

Information Security Policy

Nissha and its subsidiaries are committed to establish, maintain, and improve a highly reliable and secure information security management system to protect our own business information and the information assets, which we acquire from customers, suppliers and employees, etc., through our business activities performed in Japan, from any kinds of threat. And we take internal and external information security requirements into consideration and reduce all risks below the acceptable levels.

1. We continually improve the Information security management system by establishing, implementing, and reviewing the information security objectives, so that the confidentiality, integrity, and availability of information can be maintained and improved.
2. We comply with legal and regulatory requirements for information security and with contractual security obligations.
3. We establish and improve the criteria for reasonably evaluating risks concerning information security as well as the risk assessment methods, to mitigate risks and to maintain the information security levels that contribute to corporate development.
4. We make the Information Security Policy known to all employees working in the premises of Nissha and its subsidiaries to raise their awareness of the issues related to information security.

Initiatives Related to Information Security

We are striving to improve our information security management system to respond to customers' and society's expectations toward information security and the convenience and risk that accompany progresses in information technology.

In addition to physical and system-based management, we believe that raising each employee's awareness is crucial to information security, and accordingly have in place and implement education programs by position such as for new employees and for more experienced workers.

We address issues that have become evident throughout society, for instance, cases in which pre-release products are posted on YouTube. To prevent such incidents in NISSHA, we have taken on original measures by confirming that all business units are appropriately managing, including preventing theft of, assets like documents, products, work in progress goods, and samples. We are also focusing on issues hidden around us, such as the management of confidential information regarding our transactions with suppliers, by implementing risk assessment from various angles to raise the level of our measures.

We recognize ISO 27001 inspections, ISMS internal audits, and even questionnaires filled out by customers as opportunities for improvement, and strive to link them to the continuous spiraling up of information security levels. Our efforts extend beyond the operation level to improving mechanisms toward the goal of further optimizing information security.

We periodically publish these initiatives in the "Information Security-related Incidents" internal newsletter in an effort to raise employee awareness and allay security-related risks.

Trade Management Improvement Project

In an aim to enhance the level of our export operations and achieve trade management at the corporate level, in April 2010, we set up a Trade Management Improvement Project Team, which has implemented compliance with trade-related laws, security export control, deliberations over related internal regulations, education of project team members, and preparations for in-house training.

In October that year, we launched the Corporate Logistics Planning Office, whose mission is compliance and the optimization of logistics from a corporate-wide perspective, to take over the project team's implementation items and operations.

Initiatives Related to Intellectual Property

Approach to Intellectual Property

We stipulate the protection of intellectual property in our basic policy. The Corporate Ethics and Compliance Declaration established in 2008 stipulates: “We take extremely good care so that other people’s intellectual property is not used without permission and if acquiring intellectual property for the company, do so through the proper channels.” Based on this policy, we make active efforts to respect the intellectual property of third parties and to obtain rights for and use that of our own.

The Intellectual Property Department acts as the central body for protecting intellectual property. With the aim of expanding the performance of business units and ensuring a competitive advantage for new businesses, it works to establish intellectual property strategies for the entire Nissha Group and meet internal needs to secure intellectual property rights.

Major initiatives

Intellectual Property Training Programs

We organize internal training programs so that employees may deepen their understanding of and properly protect intellectual property. Through several sessions a year, participants learn in detail about intellectual property law, how to research other companies’ patents, and about promoting technological development and filing for patent application. We either invite an outside specialist or appoint a member of the Intellectual Property Department to serve as instructor for these sessions.



Instructor: Naoki Akiyoshi, TechnoProducer Corporation

Monitoring of Other Companies’ Patents

We periodically research and continuously monitor other companies’ patents so that our products do not infringe others’ patent rights. For monitoring, we input the subjects as the search criteria in a patent database and obtain results on a regular basis using a selective dissemination of information (SDI) system.

Promotion of Patent Application

We aim to file for patent application and obtain rights for new technologies developed in the production departments. To respond to the increasing globalization of our business activities, this requires us to file for application not only in Japan but also abroad. But since the promotion of technological development and the obtaining of patent rights help to differentiate our products, made with our own distinctive technologies, from other companies’ products—meaning that our products were not made with the inappropriate use of others’ technologies—it also helps to reduce intellectual property-related risks for customers in connection with our products.

Partnership with Our Suppliers

Partnership with Our Suppliers

To retain the trust of global markets, we believe it is important to work in unity with our suppliers toward strengthening our organization and improving our capabilities.

In fiscal year 2010, we established the Basic Purchasing Policy, which sets forth our approach to purchasing, and implemented CSR procurement briefings mainly for materials suppliers. During fiscal years 2010 and 2011, we attracted participation from a total 108 suppliers representing over 70% (in monetary value) of the materials we purchase.

In fiscal year 2011, we established the Nissha Supplier Requirements (NSR), which sum up our needs concerning topics like quality, information security, and environmental conservation. We explained the NSR items to major suppliers, including materials suppliers and outsourcing companies and, having obtained their understanding, conducted audits of eight factories. In a number of cases, through discussions with the suppliers, we found solutions for issues that emerged in the audits.

We also conducted a survey on our requirements using a Supplier Check Sheet. We received responses from 111 companies, and depending on the contents, confirmed the situation with the individual supplier and made the opportunity to hold discussions toward improvement.

In fiscal year 2012, we are holding CSR procurement briefings mainly for outsourcing companies and work to revise the NSR. And with understanding from our suppliers, we plan to carry on conducting audits in line with NSR items. We will continue to work as one with our suppliers toward enhancing the level of our supply chain and meeting the demands of our customers and local communities.



CSR procurement briefing session

Consumer Issues

Initiatives to Enhance Quality

Revision of Quality Policy/Initiatives to Enhance Quality

We have seen rapid expansions in the Industrial Materials and Devices businesses in recent years. We are no longer a mere printing company but a manufacturing company founded on printing technologies. From a need to establish quality structures on a par with the company's scale, on April 1, 2011, we revised our Quality Policy. It now clearly states that we will return to our origins as a manufacturing company and 1) aim to stand up to the customers' expectations and 2) pursue zero defects.

We are making company-wide efforts to build a mechanism to actualize these Quality Policy items, that is, to improve our quality management system. Traditionally, we have employed a quality management system based on ISO 9001 standards. We are currently focusing on establishing quality from the upstream to further improve our products and services, and on applying the principles of process approach in all functions to build and improve our system.

Quality Policy

Nissha and its subsidiaries are committed to contributing widely to society through customer's trust and satisfaction of quality, cost, delivery, services and speed.

1. We aim for quality that stands up to the customer's expectations.
2. We pursue Zero Defects in our products.
3. We provide products which satisfy customer requirements and conform to relevant legislation and regulations.
4. We establish and maintain a quality management system, and continually improve its effectiveness.

Nissha Quality Assurance Structure

We are promoting quality assurance initiatives to provide customers with reliable products.

In addition to the sales division, Quality Assurance responds to customer demands through on-site support and customer service. It gives specific instructions to the relevant production department or group, which acts swiftly and makes first contact with the customer within 24 hours of receiving the inquiry. All information regarding customer enquiries is stored in a digital database. Relevant employees within the company can access this information and confirm the status of investigations and response via the Intranet using the Nissha Quality Report (NQR) system.

We also hold regular meetings with our customers to discuss quality-related issues, so that we may implement appropriate quality activities based on their demands.

Quality managers from Japan are assigned to our bases in China (Shanghai, Beijing, and Shenzhen) and India (Chennai) to enable speedy responses to customers in the respective countries. Further, onsite internal meetings are held with representatives from our bases in Europe and North America. Nissha is thus constantly in tune with customer needs.



Quality Training

In fiscal year 2011, we implemented training for managers in the production departments of our Devices Business. Having raised awareness of their roles and acquired necessary skills, the managers then returned to their posts and conducted actual activities to improve the non-defective product rate.

We recognize human resources training in production departments as an important issue, and plan to widen the scope and continue offering training in fiscal year 2012.

We also implemented project management training tailored to persons in charge of projects in our Devices Business. This consisted of a practical-training program where participants could aim to learn the rules and principles of project management, acquire skills, and apply them to improving the contents of day-to-day projects.

The activities to enhance project management that started with this training program are being implemented into fiscal year 2012.

Control Criteria for Environmental Management Substance

In the fiscal year 2007, we formulated its Control Criteria for Environmental Management Substance that clearly specifies the substances prohibited from use and those whose usage must be regulated. By implementing these standards, we aim to ensure thorough compliance with relevant rules and regulations, reduce environmental impact, and lessen the harmful effects on living organisms, including human beings. The management standards have been set at a level that meets customer expectations, and are revised in a timely manner to respond to changes in those expectations.

Acquisition of ISO9001 Certification

All Nissha production bases in Japan and overseas have completed the acquisition of ISO9001 certification, the international standard for quality assurance. In line with ISO9001 standards, we are operating an objective quality management system based on facts and figures and are working to make continual improvements to quality.



ISO9001 certificate

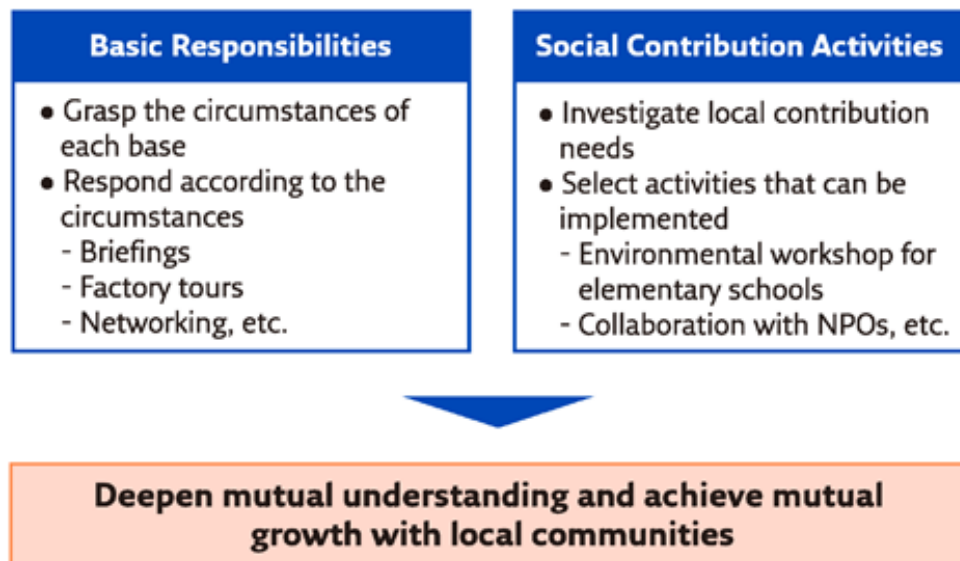
Community Involvement and Development

Promoting Communication with Local Communities

In fiscal year 2010, we launched communication activities to build mutual trust with local communities. In fiscal year 2011, each production base, led by Local Communication Promotion Commissioners, carried on setting and working toward targets appropriate to their respective communities. Our approach to this initiative is given in the Framework for Promoting Communication with Local Communities (see figure below).

Basic responsibilities consist of the duties the company ought to fulfill as a member of society. This includes reducing environmental impacts that arise from business activities, and raising employees' awareness of corporate ethics and compliance such as by boosting their morale. Social contribution activities, on the other hand, involve verifying the issues and needs of a given community and making efforts to respond to them. Our goal is to be a constructive company that is needed by society.

Basic responsibilities and social contribution activities are both important; neither alone can achieve Co-Existence with society. Our aim is to keep the two wheels of "responsibilities" and "efforts" in motion, and thereby to be a constructive company that is needed by local communities.



Framework for Promoting Communication with Local Communities

Basic Social Contribution Policy

We set forth our approach to social contribution in the Basic Social Contribution Policy. With a focus on four main fields—environmental protection, next generation support, promotion and support of arts and culture, and human support—the policy expresses our desire to use our management resources effectively and contribute to society under the spirit of global citizenship. With this policy as a base, we hope to engage more effectively and more actively in social contribution activities.

Basic Social Contribution Policy

Nissha and Nissha People contribute to society under the spirit of global citizenship by using their management resources effectively toward the achievement of the Corporate Mission.

- Main fields of contribution: environmental protection, next generation support, promotion and support of arts and culture, and human support activities.

Machikusa (“Wild Town Plants”) Workshop in Cooperation with Local NPO

We and non-profit organization (NPO) Kids Meet Artists, based in Kyoto City, jointly hold Machikusa Workshops. Children explore the local community for weeds, give them original names, and present their findings to each other. The initiative aims to spark interest in the immediate natural environment, nurture hearts that care for all life, and stir the children’s imagination.

In fiscal year 2011, we held the workshop with third-grade students attending Suzaku dai7 Public elementary school in Kyoto city, located near Nissha Printing Co., Ltd. Headquarters.

On day one, under the direction of artist Shinpei Shigemoto, aka Doctor Machikusa, the children went on a quest for wild plants on their school premises. They photographed the weeds, gave them names of their choice, and then returned to class and made their presentations. “Straight Spine,” “Elephant Nose,” “Palm-of-the-Hand”... The creative names invited both nods of approval and giggles.

On day two, the children divided into groups and arranged the plants they found on the school grounds into maps. They discovered that much vegetation thrived in places they didn’t give a second thought to before.

And on day three, Shigeru Matsutani, director emeritus of the Kyoto Botanical Garden, visited the school and delivered a speech titled “The Wonders of Plants.” He gave a lesson filled with surprises and awe in which the children examined burs, or prickly clinging plants, with a magnifying glass, and experimented with greens in the pea family that were traditionally substituted for soap.

We contributed to the workshop in a way we know best: we made posters and leaflets of the maps the children compiled and gave them to the participants as gifts.



Machikusa Workshop on school premises



Map-making by group



Lesson by Shigeru Matsutani

Local Community Power Map in Cooperation with Ritsumeikan University

From October to December 2010, we participated with the Sasatani Laboratory at Ritsumeikan University in a Local Community Power Map-making project undertaken by Suzaku dai3 public elementary school in Kyoto city. The elementary school district is rich with history and tradition, with temples linked to the Shinsengumi special police force from Japan’s late shogunate period and Yuzen textile-dyeing studios nearby. The university students helped a group of third graders, who call themselves the “community culture explorers,” to gather material and photograph these sites and compile a map that introduces the local community. We printed the map into a leaflet and gave them to the participants as gifts.

The event was organized to educate the children about their wonderful community and to encourage them to interact with university students as well as local residents and businesses. For us too, it was a good opportunity to strengthen communication with the local community.



Local community power map-making



Local community power map leaflet

Publicity on Environmental Conservation at China’s Kunshan City

In October 2010, group company Nissha (Kunshan) Precision IMD Mold Co., Ltd. conducted publicity to raise awareness about environmental conservation and cleaned up litter at a park in Kunshan City. The activity communicated that our smallest efforts lead to the preservation of the global environment, and was

even covered by a local newspaper.



Environmental conservation publicity and cleaning up litter



Independent Report

On the Nissha Printing Co., Ltd. CSR Report

Creating Structures for Building a Stronger, Truly Global Company

Nissha Printing Co., Ltd. is currently implementing internal reforms. I highly evaluate that it recognizes the urgency of building management structures to oversee the entire group, which has expanded globally with the shift in the company's businesses to reflect changes in the social landscape, and that based on this recognition, it is reviewing the large framework of its quality management system, including strategies for supply chain and logistics, in an aim to create even more efficient structures committed to CSR management.



Professor, Graduate School of Business Administration, Kobe University, Japan
Katsuhiko Kokubu

Necessity of Indexing CSR Items

This report is compiled in line with the seven core subjects of ISO 26000. I welcome that they are aware of the international standards of CSR, as listing activities based on those standards can clarify the strengths and weaknesses of the global company's initiatives. One challenge henceforth might be to compare CSR-related objectives with actual performance. I hope the company will consider informing stakeholders of the progress of its CSR activities as much as possible in quantitative data, as this would demonstrate that its PDCA cycle for CSR-related issues is working effectively.

Response to Environmental Conservation

In fiscal year 2011, they saw an increase in environmental impact, as evidenced by rises in energy use and CO2 emission volumes; that is, its performance declined in terms of basic-unit environmental indicators per net sales. While this was due to changes in product lineup and the operation of new factories—inevitable for a company during transition period—in this day and age where total reductions are the norm, a company's measures are required to take into account growing environmental impact from changes and expansions in its business. I recommend setting common targets throughout the group, like resource productivity, as environmental performance is best improved when linked with production efficiency.

Change in Publishing Media

Their CSR Report is published only online starting in fiscal year 2011. This is friendly to users who rely on web search functions, and very convenient for those who know what they are looking for, as it is easy to find needed information. However, I feel it would be better to continue releasing PDF-format reports, which give a fuller picture of the entire document. I hope that in the future, they will build a closer link between its CSR Reports and other information, and work to further enhance the value of its corporate information as a whole.

Editorial Policy

Editorial Policy, Period Covered and Scope of Reporting, and Guidelines Used as Reference

Editorial Policy

CSR Report 2011 has been compiled with the objective of disclosing to our numerous stakeholders, including customers, information regarding Nissha's initiatives and business performance in the fiscal year 2011 (April 1, 2010-March 31, 2011). Please note that CSR Report 2011 is released only in online format, and a paper-based report has not been printed.

Period Covered and Scope of Reporting

Period covered: Information and numerical data contained in this report, in principle, covers the period from April 2010 to March 2011. Some reporting has also been done regarding activities carried out after April 2011. Numerical data has been compared with corresponding data for the three-year period between April 2008 and March 2011.

Scope of reporting: The information and numerical data contained in this report mainly focus on activities conducted by Nissha Group. Where information for the entire group is not available, the scope of reporting has been indicated separately in footnotes on each relevant page.

Nissha Printing Co., Ltd. refers to the parent company alone. NISSHA and Nissha Group refer to Nissha Printing Co., Ltd. and its group companies. The Headquarters and affiliated companies, such as Nissha Intersystems Co., Ltd., located within the headquarter premises are collectively referred to as the "Headquarters".

Technical terms and other terminology unique to Nissha have been explained within the text or in separate footnotes throughout the report.

Guidelines used as reference

- Environmental Reporting Guidelines 2007, issued by the Japanese Ministry of the Environment
- Sustainability Reporting Guidelines 2006 (Global Reporting Initiative)
- ISO26000