

# Sustainability

Reporting in FY2012 (from April 2011 to March 2012)

## Top Message

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



## Nissha's CSR

[Approach to CSR](#)  
[United Nations Global Compact](#)

## Organizational Governance

[Corporate Governance](#)  
[Corporate Ethics and Compliance](#)  
[Distribution of Added Value to Stakeholders](#)

## Human Rights

Recognizing the respect of human rights as a major responsibility, we appoint officers and employees in charge of corporate ethics and compliance, and run an internal reporting system.

## Labor Practices

[Human Resources Development](#)  
[Respect for Diversity](#)  
[Support for Diverse Work Styles](#)  
[Safety and Health](#)

## The Environment

[Policy and Management Structures](#)  
[Objectives and Status of Achievement](#)  
[Impact as a Result of Business Operations](#)  
[Environmental Accounting](#)  
[Prevention of Further Global Warming](#)  
[Waste Management and Zero Emissions](#)  
[Monitoring and Prevention of Pollution](#)  
[Status of Waste Generation at Bases](#)

## Fair Operating Practices

[Initiatives Related to Information Security](#)  
[Trade Management Improvement Project](#)  
[Initiatives Related to Intellectual Property](#)  
[Partnership with Our Suppliers](#)  
[Social Media Policies](#)

## Consumer Issues

We are making various efforts including reviewing our quality structures so as to provide customers with reliable products.

## Community Involvement and Development

We promote communication with local communities to win the trust of those communities and be a company that is needed by society.

## Top Message

### Reflecting on Fiscal Year 2012

Fiscal year 2012 brought with it the Pacific coast of Tohoku Earthquake, a catastrophe of unprecedented scale that made us realize anew the threat of natural disasters. We at Nissha once again extend our sincerest sympathy to everyone affected by the quake and tsunami, and wish for a quick recovery in the stricken areas.

Although direct damage to Nissha was fortunately minimal, we have come to a fresh recognition of the importance of continuing our business activities and fulfilling our responsibilities as a corporation to our customers, suppliers, and all other stakeholders. We have reviewed our business continuity plan and are moving forward with various initiatives.

For Nissha, fiscal year 2012 was also the final year of our Third Medium-term Business Plan. Amid an unstable global economy and the prolonged strong yen, we faced an ever more challenging business environment. In addition to implementing emergency measures to reduce fixed and variable costs, from September 2011 onward we are undertaking to optimize fixed costs through further structural reforms, such as a cost reform to lower the break-even sales point, a reorganization of production factories in Japan to improve asset efficiency, a workforce cut through voluntary retirement, and an increase in overseas purchasing to strengthen our ability to cope with the high yen rate. The Fourth Medium-term Business Plan, which we launched in fiscal year 2013, draws on our experiences in recent years and the lessons we have learned, and aims to return Nissha to a growth path.



### Aiming to Return to a Growth Path

Since its founding, Nissha has maintained growth as "a company of fine art printing." This changed around 2000, when "non-paper printing"—that is, the Industrial Materials and Devices businesses—saw dramatic expansion in the global market. And now, we at Nissha have arrived at yet another point of transformation. In our new Mid-term Vision, "Nissha develops cutting-edge printing technologies and creates an array of exceptional products that fundamentally redefines value for our customers." We seek a great change in direction, a shift in our strategy from focusing management resources on growth fields to reducing the risks of fluctuating demand by pursuing expansions in printing technologies and aiming for product diversification.

While we carry on with medium- to long-term product development in our three existing business (Industrial Materials, Devices, and Information and Communication), we must also strive to develop new businesses that will form the pillar of our operations. To this end, we will not only continue with research and development but also focus on training our employees, our most important management resources, in an aim to achieve growth for both the company and our employees.

### Nissha's CSR

"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 corporate mission serves as the bedrock of all action at Nissha. We are required to fulfill our social responsibilities as a corporation and live up to our stakeholders' expectations.

Environment-related efforts are a top priority in achieving Co-Existence with society. As a

manufacturing company, we take it as a duty to identify the impact of our business operations on the environment. But we also believe the environment is only one of many issues in society for which a corporation is responsible. In an aim to contribute to society through our business activities, we at Nissha have set forth three themes as a direction for developing new businesses: information-oriented society, lifestyle support, and sustainable society.

Essential to our progress in this direction is building a solid business structure and conducting sustainable management. In April 2012, we joined the United Nations Global Compact, whose 10 principles in the areas of human rights, labor, environment, and anti-corruption reflect the latest demands of society are fit our ideal promise to Nissha's stakeholders. With our joining the compact, we will continue to make active efforts in each of these areas.

### **In Closing**

All the products and services we create make use of printing technologies. Printing technologies in general are expanding more broadly and into fields people had never imagined before. We at Nissha believe that our mission is to draw out the infinite possibilities of printing technologies, and to enrich people's lives by creating products and services of maximal value for our customers.

The decline in our business performance in recent years has been a cause for concern to our stakeholders. But management and employees are working as one to swiftly return Nissha to a growth path.

We look forward to your continued understanding and support.

June 2012  
President and CEO  
Representative Director of the Board



---

## Nissha's CSR

### **Approach to CSR**

---

This section explains Nissha's stakeholders and "external CSR" and "internal CSR."

### **United Nations Global Compact**

---

We joined the United Nations Global Compact in April 2012.

# Approach to CSR

## Nissha's CSR

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》



### Nissha's Stakeholders

#### Customer

We approach issues seriously from the standpoint of our customers, solve problems with our customers, and offer optimum solutions. We have in place a quality management system, and seek to produce quality that meets our customers' expectations.

#### Shareholder

We disclose corporate information in a swift, timely manner with consideration to fairness and

continuity. We promote IR activities as a means of two-way communication to build relationships of trust with our investors and shareholders.

#### Supplier

We strive to build partnerships of co-existence and co-prosperity with our suppliers, and through mutual integrity to create corporate value. We seek to evaluate our suppliers impartially, fairly, and comprehensively at all times, and to promote CSR procurement.

#### Society

We aim for widespread "Co-Existence" based on relationships of mutual trust with society. We promote communication with local communities not only to fulfill our basic responsibilities as a corporation but also to be a company that is needed by society.

#### Employee

We pursue the creation of safe, comfortable workplaces as well as offer support for diverse work styles. We believe that our employees are our most important management resource, and aim to achieve growth for both the company and our employees.

### External Assessment

#### Inclusion in SRI Indicator FTSE4Good Index

Nissha Printing Co., Ltd. has been selected as a constituent of the FTSE4Good Index, a socially responsible investing (SRI) indicator for companies worldwide. Provided by FTSE International Limited, a wholly owned subsidiary of the London Stock Exchange Group, the FTSE4Good Index examines and evaluates companies' social responsibility activities and serves as a standard for global investors in assessing those companies' performance. Nissha Printing has been included in the index since it was first selected in September 2009.



#### Socially Responsible Investing (SRI)

SRI is a style of investing that includes a company's social and environmental practices, on top of its financial return, in the criteria for assessing whether the company is fulfilling its social responsibilities in considering it for investment. The tendency toward SRI is expanding each year, making a company's social responsibility activities more important than ever.

[FTSE official website](http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp) [http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/index.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp)

#### Nissha's IN Wins Comprehensive Award of "Japan Business Federation Recommended Company Magazine"

IN is Nissha's in-house magazine published in the Japanese and English languages to promote our employees' understanding of the Corporate Mission and the direction the company is heading in, and to encourage them to link this information to their actions. The quarterly is distributed to all employees including those at overseas bases. In fiscal year 2012, it won a Comprehensive Award of "Japan Business Federation Recommended Company Magazine" in the magazines and newspapers division quarterly category.

#### Japan Business Federation Recommended Company Magazine

This system is organized by the Japan Business Federation to commend and award companies' in-house magazines. It was founded in 1966 to promote the use of in-house publications for the enhancement of business activities. The 46th awards held in fiscal year 2012 attracted 214 submissions from across Japan. Each is scored according to criteria such as planning, contents, written expression, and layout, and the in-house magazines with the highest scores are given awards.



Nissha in-house magazine IN



The trophy

## United Nations Global Compact

On April 3, 2012, Nissha Printing Co., Ltd. joined the United Nations Global Compact.

The Global Compact is a voluntary initiative based on 10 principles in the area of human rights, labor, the environment, and anti-corruption advocated by the United Nations. Its purpose is to have various companies show responsible and creative leadership, and thereby act as good members of society and participate in creating a global framework for sustainable growth.



### The United Nations Global Compact's Ten Principles

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



---

# Organizational Governance

## Corporate Governance

---

### Corporate Governance

We work to enhance corporate governance so as to fulfill our social responsibilities as a corporation and conduct fair business activities, and thereby promote widespread Co-Existence based on relationships of mutual trust with society.

---

### Distribution of Added Value to Stakeholders

We disclose distributions of added value to stakeholders. We believe that appropriate distribution is a corporation's important responsibility.

---

### Corporate Ethics and Compliance

All employees recognize the importance of corporate ethics and compliance, and work toward its promotion and thorough implementation.

# Corporate Governance

## Approach to Corporate Governance

Our Corporate Mission involves the widespread promotion of “Co-Existence” based on relationships of mutual trust with society through the fulfillment of our social responsibilities as a corporation and the implementation of fair business activities. In order to achieve this, we believe that the enhancement of corporate governance in accordance with laws and social ethics is an absolute necessity.

We have in place a variety of compliance codes, including a Guideline of the Corporate Ethics and Compliance, designed to serve as codes of conduct for the observance of laws, regulations, bylaws, and social norms. In addition, we have also established a Shared Values, a Code of Conduct, an Environmental Policy, and a Information Security Policy in order to achieve “Co-Existence” with all stakeholders in our group.

We promote the enhancement of our corporate governance structure through the attendance of outside directors and outside corporate auditors in Board of Directors’ meetings.

## Overview of Corporate Governance Structure

### Directors and the Board of Directors

Our Board of Directors consists of seven members including two outside directors. The term of office is one year, which allows for flexibility in responding to changes in the business environment and for increased transparency of management responsibilities. The board convenes for regular meetings once a month, and for extraordinary sessions when necessary, to receive reports on the execution of business activities and make important decisions regarding business plans and policies. The president chairs the board meetings.

### Corporate Officer System

We have adopted a corporate officer system to separate the Board of Directors’ strategy-formulating and management oversight functions from its day-to-day business execution function. The term of office is one year. Corporate officers hold Monthly Business Review (MBR) meetings to ensure that business activities are carried out efficiently.

### Corporate Auditors and the Board of Corporate Auditors

Our Board of Corporate Auditors consists of four members including two outside corporate auditors. The board determines auditing policies and the assignment of auditing duties, and based on these, performs audits on the legality and appropriateness of duties executed by directors. Corporate auditors monitor and verify that directors are performing their duties in accordance with the internal control system, and monitor accounting auditors to ensure independence and progress in the execution of their duties. They also hold regular meetings with the president, accounting auditors, internal audit-related divisions, and internal control-related divisions in efforts to foster close lines of communication.

The work of corporate auditors is supported by the Auditors’ Office, which is under the authority of the Board of Corporate Auditors and functions independently of the Board of Directors.

### Role and Function of Outside Directors and Outside Corporate Auditors

The role of outside directors is to strengthen management’s ability to supervise the actions of directors in regard to the appropriate execution of business activities. The role of outside corporate

auditors is to ensure the objectivity and effectiveness of audits.

By attending at Board of Directors' meetings and offering their opinions, outside directors and outside corporate auditors also reinforce the corporate governance structure.

By adopting this corporate governance structure and ensuring that it functions, we strive to enhance management efficiency, strengthen management oversight functions, and guarantee thorough compliance with laws and regulations.

### **Internal Control System**

We have in place an internal control system that supports management in ensuring the legality, fairness, and efficiency of our business activities, 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 addition to this endeavor to enhance our enterprise value, we strive to strengthen corporate governance through a management system built around various committees including the Corporate Ethics and Compliance Committee.

To ensure reliable financial reporting in response to the internal control reporting system introduced by the Financial Instruments and Exchange Act, we have established an internal control system for the Nissha Group through which we submit assessment results in the form of internal control reports to the Prime Minister of Japan, and disclose the contents to our shareholders and investors. The Disclosure Control Committee ensures that corporate information is disclosed fairly, swiftly, and accurately in accordance with related laws and ordinances. It deliberates on and determines important matters related to the disclosure of corporate information, and builds and operates an appropriate disclosure structure.

### **Risk Management**

The Nissha Group promotes risk management to counter or avoid risks that may have a significant impact on our business activities, and to be fully prepared in the event an emergency does occur. In fiscal year 2012, we continued in our efforts to enhance our comprehensive risk management capabilities.

Having defined risks that may have a significant impact on our business activities as "any thing or situation that hinders Nissha's implementation of the Corporate Mission," the Risk Management Committee, headed by the Vice President of Administration and comprising general managers of business units and managers responsible for risk management at departments, works to ferret out all conceivable risks associated with business processes—including those related to disasters, accidents, and compliance—and devise countermeasures for them.

This fiscal year, we again conducted a questionnaire-based survey targeting all manager-level employees of the Nissha Group, and analyzed and assessed various risk items to revise our risk map. For risks linked to bribery and collusion, in particular, we established a provision on the control of information exchange with competitors to sustain "free and fair competition," a key item of our Guideline of Corporate Ethics and Compliance. Based on this risk map, we are holding briefings at all Nissha Group communities including our headquarters, and providing the opportunity for employees regardless of division to learn about the importance of appropriate business transactions and compliance with laws, and the risks of violating them. To prevent risks associated with advances in social media in recent years, we have established our own Social Media Policies and are working toward thorough implementation across the group.

We also review our business continuity plan every year with the purpose of ensuring business continuity and maximum service to our customers, securing the safety of our employees and their families, and contributing to the restoration of communities and of society at large, even in a serious interruption of business. We summed up our response to the Great East Japan Earthquake in May 2011, and in July we reviewed this business continuity plan and related codes. We are inviting instructors from fire stations to give lectures and training not only to employees responsible for fire prevention at workplaces but also management, and at this moment are continuing to learn and deepen our knowledge about the importance of being prepared and having countermeasures for disasters that may occur in the future.



Disaster evacuation lecture and training



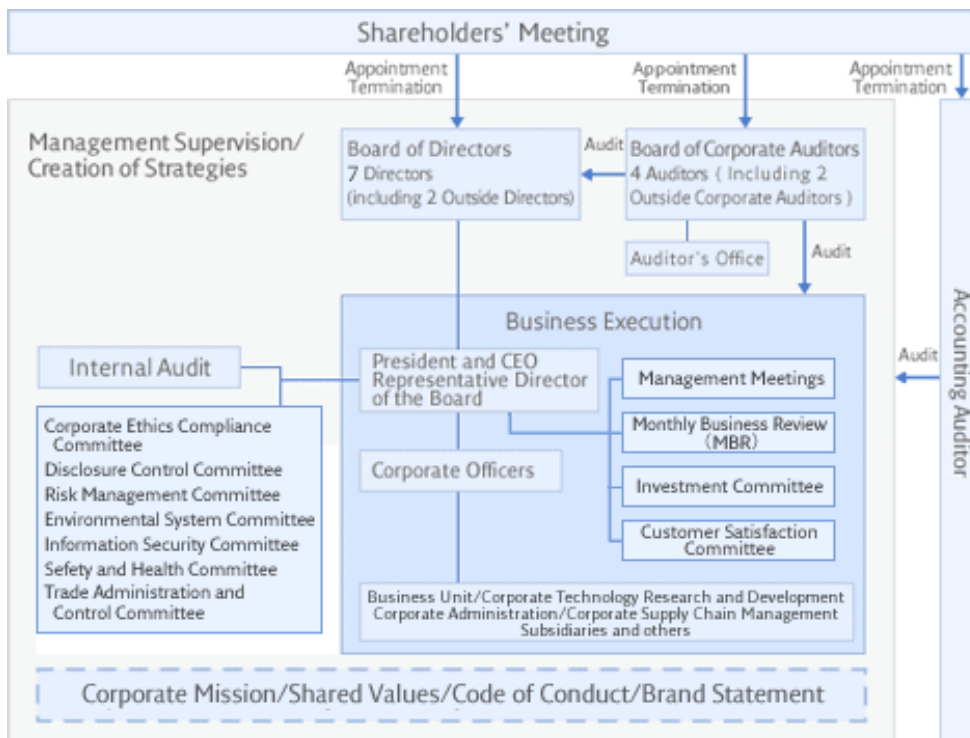
First-aid training

### Initiatives in Internal Auditing

The Internal Audit Office, to maintain impartiality and objectivity in its functions, serves as an independent corporate staff organization in auditing whether business activities are carried out appropriately and efficiently in accordance with the annual auditing plan, and offers advice and recommendations to internal organizations. The office offers suggestions based on the results of its audits to the president at monthly meetings, and presents important matters at the Monthly Business Review (MBR) 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, it 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 2012 focused on purchasing, inventory assets management, and the business continuity plan, while monitoring the progress of audits in fiscal year 2011 and earlier on risk management, safety and health management, compliance, and business unit education, as well as newly on the establishment of a trade management structure. The Internal Control Office, as a third party, 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



## Corporate Ethics and Compliance

In addition to establishing a basic guideline based on the Nissha Group's Corporate Mission, Shared Values, and Guideline of the Corporate Ethics and Compliance, we set forth 13 important points for the purpose of appropriately executing the guideline. All executives and employees are working to promote and thoroughly implement corporate ethics and compliance.

### Guideline of the Corporate Ethics and Compliance

1. We comply with laws, social rules and internal regulations along with high ethics, and act with common senses and responsibilities.
2. We pursue the Co-existence with the Stakeholders such as Customer, Shareholder, Supplier, Society, and Employee.
3. We will immediately report and consult with supervisors or Nissha Hot-line in case we find the violation or the doubtful act against "Corporate Ethics and Code of Conduct".

### 13 important points

#### Relationship with Customer and Supplier

1. Free and Fair Competition
2. Prohibition of Corrupt Practices
3. Quality and Safety of Products
4. Protection of Intellectual Property
5. Appropriate Handling of Information and Resources
6. Compliance with Import/Export Regulations

#### Relationship with Shareholder

7. Handling of Corporate Information
8. Compliance with Regulations against the Insider Trading

#### Relationship with Society

9. Environmental Protection
10. Social Contribution
11. Severing Relations with Antisocial Forces

#### Relationship with Employee

12. Respect of Human Rights
13. Safe, Healthy and Comfortable Workplace

## Distribution of Added Value to Stakeholders

Our fiscal year 2012 distribution of added value to stakeholders is given in the table below. Compared to last year, all dividends decreased apart from those for society, which increased due to our offering a charitable donation for the Great East Japan Earthquake. Dividends for the company (Nissha Printing Co., Ltd. internal reserves), in particular, saw a sharp decrease due to poor performance and an extraordinary loss that includes costs for structural reforms.

### Distribution of Added Value to Stakeholders

	Amount (million yen)	Description	Remarks
Shareholders	967	Dividends	Figures published in financial results
Employees	4,257	Sum of expenses for salaries, wages, bonuses, and retirement benefits	Calculated by Corporate Communications, using results of the year ended March 31, 2012 (excluding personnel expenses included in manufacturing costs)
Creditors (financial institutions)	134	Interests	Figures published in financial results
Government agencies (national, local)	506	Sum of taxes paid including corporation tax, inhabitant tax, and enterprise tax	Figures published in financial results
Society	41	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
Company (Nissha Printing Co., Ltd. internal reserves)	-29,650	Amount of increase in surpluses (Amount withdrawn from surpluses)	Figures published in financial results

# Human Rights

## Respect for Human Rights and Anti-Discrimination

We advocate a “mutually trustful Co-Existence” in our Corporate Mission, and also cite the “respect of human rights” as a key item in our Guideline of the Corporate Ethics and Compliance.

In fiscal year 2012, we assigned officers and employees to be in charge of corporate ethics and compliance at all bases in and outside Japan, and held study meetings based on training material containing the following items.

### “Respect of Human Rights”

1. We will respect human rights and the various values and personalities of each other.
2. We will respect privacy and will not discriminate based on one’s nationality, faith, gender, etc. In addition, we will not violate child labor laws and will not force one to work against his or her will.
3. We will not commit sexual harassment and/or abuses of authority nor will such acts be tolerated.

The employment regulations of each company in the Nissha Group prohibit discriminatory treatment due to nationality, faith, gender, or social status.

### Employment Regulations (excerpt)

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

## Nissha Hotline

To minimize risks and promote ethical conduct and compliance, as well as to enable the company to immediately verify facts, we have in place a system for internal reporting in the event of fraud, illegal activity, or unethical conduct by either an organization or an individual employee. The Nissha Hotline, a dedicated telephone line, enables reporting from within the company and from outside. In fiscal year 2012, the Nissha Hotline was used five times. Many of the reports concerned labor management. We are working to enhance employee awareness of this internal reporting system, the Nissha Hotline, in addition to reporting instances to their immediate supervisor or to the person in charge at Corporate Human Resources, in order to further reinforce corporate ethics and compliance.



### Relationship with Labor Union

Nissha Printing Co., Ltd. has a solid relationship with the Nissha Labor Union, joined by employees excluding managerial staff. It holds regular negotiations and discussions with the labor union, specifically the Management Council meetings held every month to negotiate and discuss employees' labor conditions and to share information about the Nissha Group's business operations.\*

Nissha Printing Co., Ltd. has signed a labor contract with the Nissha Labor Union, in which it confirms, "The Company and the Union shall respect one another's position and maintain a peaceful relationship between labor and management as well as strive for the maintenance and improvement of labor conditions and the growth of the Company." This contract also stipulates, "The Company shall respect the Union's right to organize, right to collective bargaining, and right to act as a group," thereby guaranteeing basic labor rights for union members.

In fiscal year 2012, the Nissha Group had neither a strike or lockout nor a situation that infringed on our employees' freedom of association. We will continue to respect the mutual positions of both company and union and build a sound relationship between labor and management.

\* As of March 2012, the labor union has a membership of 1,008.



---

## Labor Practices

### Human Resources Development

---

We believe that our employees are our most important management resource, and promote comprehensive education with the aim of achieving growth for both the company and our employees.

### Respect for Diversity

---

To grow as a global corporation, we respect diverse work styles by diverse human resources.

### Support for Diverse Work Styles

---

We have many initiatives to support diverse work styles and achieve work-life balance for employees.

### Safety and Health

---

Under the Basic Policy on Safety and Health, we promote the creation of safe and comfortable work environments and the sound mental and physical health of employees.

# Human Resources Development

## Human Resources Development Policy

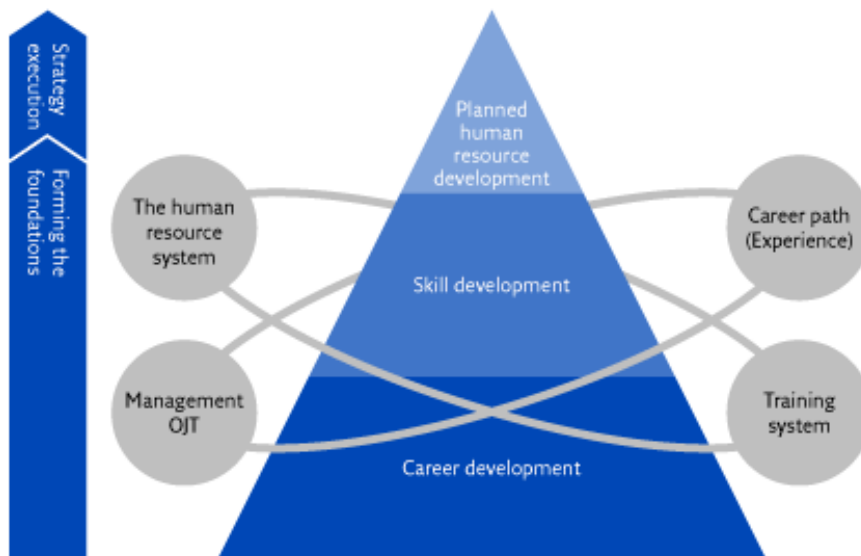
We implement a planned development of human resources needed for the company to grow and actively support our employees in the voluntary development of their skills with the aim of achieving growth for both the company and our employees.

We believe that our employees are our 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 Nissha.

## Approach to Human Resources Development

We approach human resources development from the three areas of "planned human resource development," "skill development," and "career development." For each area, we aim to promote comprehensive education incorporating the perspectives of 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 Resources Development Model



### Planned human resource development

Implement planned development to foster and secure the human resources needed to achieve the management vision (e.g., growth strategy, business continuity, creation of corporate culture)

### Skill development

Individual employees voluntarily develop their skills and increase their market value

→The company supports this and thereby enhances the quality of its human resources

#### Career development

Support medium- to long-term career development and promote growth toward employees' ideals

(Provide opportunities to recognize the importance of and pursue career development)

### **Company-Wide Training Programs**

In accordance with our approach to human resources development, we aim to continuously expand our training program, which includes rank-specific training, theme-specific training and foreign language training programs.

Area	Programs
Planned human resource development	Rank-specific training, managerial staff training, selective training (e.g., for next-generation leader candidates), training for employees stationed overseas, etc.
Skill development	Theme-specific training (e.g., Chinese business skills, identification of waste, problem-solving skills), foreign language training, in-house TOEIC testing, e-learning, etc.
Career development	Young employee education by year of employment (for first-, second-, and third-year employees), career development training, etc.

In fiscal year 2012, we fortified our training programs toward our goal to “Become a truly global company.”

In foreign language training, we are clarifying and promoting employee awareness of the English proficiency level required for each work type, and providing opportunities for employees to study English and confirm the extent of their improvement such as by offering English conversation lessons by work type and by level and regularly implementing in-house TOEIC testing.

On top of fostering language skills, we also held company-wide training in Chinese business skills against a backdrop of our expanding business in China. This program incorporated role-playing, taking into account the differences in thought process between Japan and China as well as uniquely Chinese business customs and tips to building interpersonal relationships. We plan to continue and further accelerate the development of global human resources in fiscal year 2013. We are also implementing training in the identification of waste amid company-wide efforts to reduce costs and improve productivity. This program involves discovering superfluous processes in business operation and acquiring the eye and the skills to continuously improve on them. A total 151 employees from managerial staff to general employees have participated.

### **Department-Specific Human Resources Education**

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

In fiscal year 2012, we focused particularly on educating employees in production departments. We educated leaders of production departments the knowledge and skills required of a leader (e.g., knowledge in quality and cost, skills in improvement and workplace management), after which these leaders took the initiative in conducting improvement activities at their respective workplaces. The program also plays a part in small-group activities at our factories.

# Respect for Diversity

## Respect for Diversity

To grow as a global corporation, the Nissha Group respects diverse work styles by diverse human resources.

### Composition of Nissha People

The diversity of the Nissha Group shows in our employee composition in terms of gender, age, and employment status. Non-Japanese employees make up one-fourth of our work force.

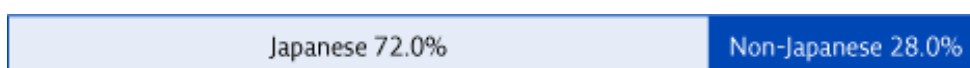
#### Employees of Nissha Group in Japan

Fiscal year	Gender	Directors	Corporate officers	Nissha fellows	Managerial staff	Employees (total)	Average age	Average years of employment	Nissha Group employees (total)
End of FY2010	Male	9	13	1	191	833	38.7	12.9	3,728
	Female	0	0	0	5	190	30.8	6.5	
End of FY2011	Male	9	15	1	195	845	38.3	13.1	4,121
	Female	0	0	0	6	214	31.5	6.7	
End of FY2012	Male	6	16	1	181	781	38.5	13.4	3,396
	Female	0	0	0	6	202	31.7	7.5	

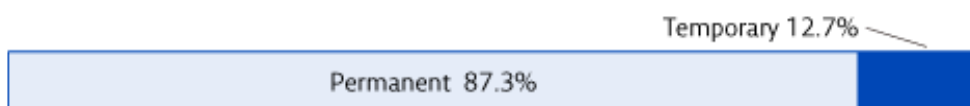
Note 1: Directors includes two outside directors.

Note 2: Nissha Group employees (total) includes overseas group companies.

#### FY2012 breakdown by nationality (Nissha Group)



#### FY2012 breakdown by employment status (Nissha Group)



(As of March 31, 2012)

### Ratio of Disabled People Employed at Major Group Companies

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

Nissha Printing	NII	NPI	NPT	NBS
1.67%	2.79%	2.40%	3.70%	1.14%

(As of March 31, 2012)

**Call for Voluntary Retirement**

Amid a harsh business environment, we were forced to optimize our personnel structure in addition to making various other efforts to reduce fixed and variable costs as part of a measure to strengthen structural reform accompanying the downward revision of our business forecast in fiscal year 2012. We sought 400 permanent employees over a certain age and years of employment at Nissha Group companies in Japan to answer the call, and received 490 applications (for retirement on December 31, 2011). Nissha assists the re-employment activities of these voluntary employees with cooperation and support from government agencies and companies specializing in re-employment.

## Support for Diverse Work Styles

The Nissha Group has many initiatives to support diverse work styles and achieve work-life balance for employees.

### Introduction of Flexible Work Hours

We have introduced flexible work hours, in which employees can voluntarily determine their own start and finish times of the working day, primarily in Marketing and Sales. The system aims to promote work-life balance by enabling employees to maintain harmony between work and life and make efficient use of their working time, as well as to respond flexibly to the time difference between Japan and overseas bases, to customer demand, and to the busy and slow hours of the working day.

Employees at departments in which flexible work hours are adopted generally welcome the system, as it enables them to work more efficiently. We plan to expand the system in other departments in and after fiscal year 2013.

### Reduction of Overtime Work

In fiscal year 2012, we promoted a reduction of overtime work with the aim of encouraging employees to better manage their time and work process, and thereby achieve work-life balance. As in the last fiscal year, we raised employee awareness through the operation of a website introducing the activities of each department, and achieved a 22% reduction compared to the previous fiscal year.

### Promotion of the Use of Paid Leave

In our efforts to promote the use of paid leave, in addition to the summer vacation planning system, we have introduced a winter vacation planning system that encourages employees to take two days of paid leave between December and February. In the memorial leave system, we have increased from one to two the number of days per year in which employees may request to take paid leave on their birthday, that of a family member, or their wedding anniversary. We will continue in these efforts to create an atmosphere in which it is even easier to take paid leave so that our employees may achieve work-life balance.

### Child-Rearing and Family Care Support

In our efforts in child-rearing and family care support, we have introduced a system where female employees may shorten their work time by up to two hours per day during pregnancy. To make it easier to take leave related to child-rearing and family care, we have also expanded the criteria for taking accrued non-statutory annual paid leave to include child-rearing and family care. We have increased from two to four the number of days in which male employees may take special leave when their spouse delivers a child. We will continue to enrich and expand the system and support the balance between work and child-rearing and family care.



## Status of Long-Term Leave and Time Taken Off from Work in Fiscal Year 2012

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
57.8%	26	38	31	1

(Scope of data: Nissha Group in Japan)

### Support for Reinstatement after Long-Term Leave

For employees reinstated at work after long-term leave due to illness or injury, we have enacted Reinstatement Support Bylaws that stipulate the consideration to be taken by workplaces according to the condition of the employees' health in an aim to prevent recurrence of the illness or injury and achieve a smooth return to work. To offer support also in terms of work style, we have introduced a system in which reinstated employees may shorten their work time by up to two hours per day.

### Internal Recruitment System

In one of our efforts to recruit new personnel, in fiscal year 2012 we introduced an internal recruitment system through which the company makes an internal call for human resources to fill a specific position, and employees who meet the criteria apply for that position of their own will. The purpose for introducing this system is to provide opportunities for employees to choose their career path, and to assign personnel to positions that reflect their aptitudes and fortify the company's organizational strength. There have been 21 calls since the system was implemented in September 2011, and employees who have passed the screening have been transferred and are currently playing an active role in their new departments.

# Safety and Health

## Basic Policy on Safety and Health / Safety and Health Objectives

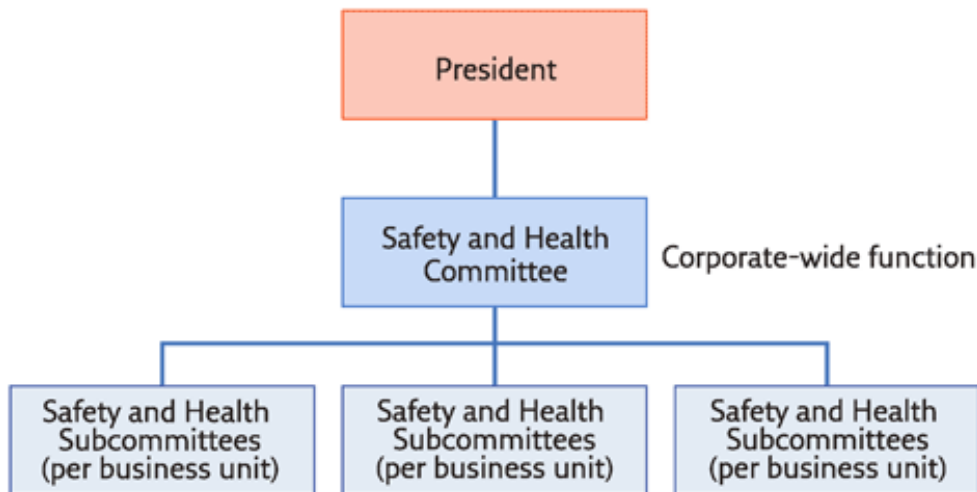
The Nissha Group Basic Policy on Safety and Health puts safety first above all else and declares we will actively promote the creation of safe and comfortable work environments as well as the sound mental and physical health of employees. To this end, we have set the Nissha Group Safety and Health Objectives 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 team-based 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\* (5S plus safety) patrols at Headquarters are particularly notable, as they enable joint teams from a number of Nissha Group companies located within the 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



## Occurrence of Work-Related Accidents

Occurrence of work-related accidents on each fiscal year (scope of data: Nissha Group in Japan)

Item	FY2008	FY2009	FY2010	FY2011
Number of work-related accidents	56	23	20	23
Frequency of work-related accidents <sup>*1</sup>	1.27	0.62	0.41	0.16
Severity of work-related accidents <sup>*2</sup>	0.02	0.02	0.03	0.03
Number of working days lost	137	226	299	248

\*1 Frequency of work-related accidents: Refers to the number of injuries and casualties resulting from work-related accidents per one million working hours.

\*2 Severity of work-related accidents: Refers to the severity of work-related accidents in terms of the number of working days lost per one thousand working hours.

## Lifesaving Workshop

We hold regular in-house workshops in administering first aid to anyone suffering from a sudden illness or injury.

When a person has collapsed, and is unconsciousness and not breathing, there is a possibility that person is in cardiac arrest. To prepare for such an emergency situation, we invite instructors from local fire departments and learn how to perform cardiopulmonary resuscitation (CPR) such as artificial respiration and chest compressions, and use an automated external defibrillator (AED) to apply an electrical shock and re-establish a normal rhythm in the heart.



Lifesaving workshop

## Prevention of Lifestyle Diseases

We are carrying on with our efforts in exercise, diet, and smoking cessation as countermeasures for metabolic syndrome with the aim of preventing lifestyle diseases. In fiscal year 2012, we sought to prevent lifestyle diseases under the theme "promotion of regular exercise."

As a main initiative, we organized a "benefits of exercise" workshop by industrial physicians, and introduced its contents in detail (stretching, strength training, and aerobic exercise) widely to group employees through posters. We also held a health assessment event as an opportunity to measure body fat, waist circumference, grip strength, flexibility, agility, balance, and abdominal strength. The event attracted participation from more than 100 employees, who discovered their "age" in terms of physical strength as indicated by the assessment results and recognized the importance of exercising on a regular basis.

As a high-risk approach, at the same time we also introduced specific health guidance with support from the Japan Health Insurance Association and medical institutions providing health checkups, which 167 employees are undertaking in efforts to improve their lifestyle habits.



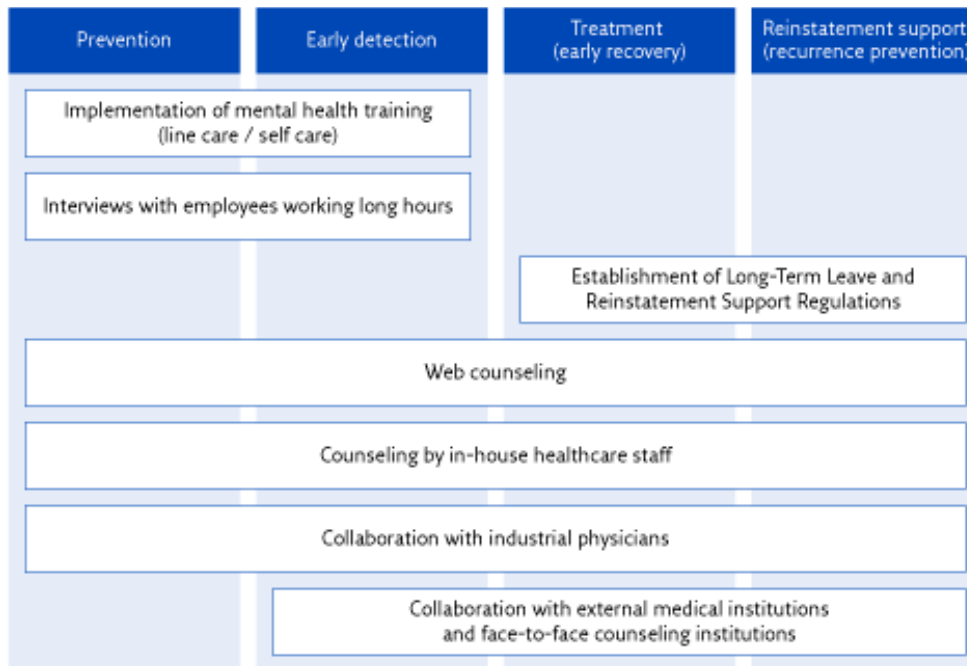
Health assessment event

## Mental Health Support

We provide education inviting a clinical psychologist 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 comprised line-care education for managers (including corporate officers).

In line-care education, participating managers hold cross-departmental discussions on issues presented by the instructor. The sessions are proving popular, as participants have deepened their understanding about the differences in ways of thinking by workplace and by 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. For employees reinstated at work, in fiscal year 2012 we enacted Reinstatement Support Bylaws that stipulate the consideration to be taken by workplaces according to the condition of the employees' health in an aim to prevent recurrence of illness or injury and achieve a smooth return to work.



Mental Health Support Structure

# The Environment

## Policy and Management Structures

---

We revised our Environmental Policy in April 2012, under which we strive to preserve the global environment and improve our environmental performance by setting initiatives that are simple and realistic for our employees.

## Impact as a Result of Business Operations

---

This section sums up resources and energy usage (input) and gas, water, and waste emissions (output) at Nissha bases in Japan in fiscal year 2012.

## Prevention of Further Global Warming

---

CO2 emissions in fiscal year 2012 increased about 1.4% at Nissha bases in Japan and 1.3% at those overseas compared to the previous year. We have started managing emissions under a basic unit based on factors such as production volume.

## Monitoring and Prevention of Pollution

---

We have in place strict voluntary standards, and periodically undertake the monitoring and measuring activities to prevent pollution.

## Objectives and Status of Achievement

---

This section reports on the Nissha Group environmental objectives and on the status of their achievement in fiscal year 2012.

## Environmental Accounting

---

This section sums up environmental conservation costs for Nissha bases in Japan in fiscal year 2012, and reports on the results and challenges for the future.

## Waste Management and Zero Emissions

---

Nissha bases in Japan maintained a recycling and resource reuse rate of 99.9% in fiscal year 2012. We are working to promote further recycling and the selling of waste for recycling.

## Status of Waste Generation at Bases

---

This section uses graphs to introduce the status of waste generation at Nissha's major production bases in Japan in March 2012.

## Policy and Management Structures

### Revision of Environmental Policy

In April 2012, we revised our Environmental Policy in line with the environment-related efforts of the United Nations Global Compact we joined in the same month, and with the aim to promote more effective efforts and rebuild our environment management system (EMS). Specifically, by reviewing our risk assessment methods, we plan to set environment targets, enhance the control of chemical substances in products, and re-examine our management reviews. Under this new Environmental Policy, which sets forth environment-related initiatives that are simple and realistic for our employees, we will strive to preserve the global environment and improve our environmental performance.

Moreover, we will actively carry out environmental communication with our stakeholders. We will welcome opinions on our environment-related efforts, positioning them as opportunities for improvement, and with understanding from our stakeholders aim to develop our business and contribute to a sustainable society.

We post this Environmental Policy at each base of the Nissha Group, and promote it among all employees through workplace education.

### Environmental Policy

Nissha and its subsidiaries, as members of the global society, aim for business development and the realization of a sustainable society through environmentally conscious corporate activities.

#### 1. Prevention of Pollution

We comply with legal requirements and agreements with society, and strive to prevent environmental pollution in all aspects of our corporate activities such as product development, design, materials, production, sales, and facilities.

#### 2. Product Safety

We fulfill promises with our customers and deliver safe and environmentally conscious products.

#### 3. Prevention of Global Warming

We make a contribution to prevention of the global warming by efficient using of resources and energy.

#### 4. Continuous Improvement

We strive for continuous improvement by establishing an environmental management system and reviewing it in response to changes in the business environment.

#### 5. Co-Existence with Society

We promote open dialogue with our customers, shareholders, suppliers, employees, and society through our efforts to preserve the global environment.

Date of establishment: April 1, 2012

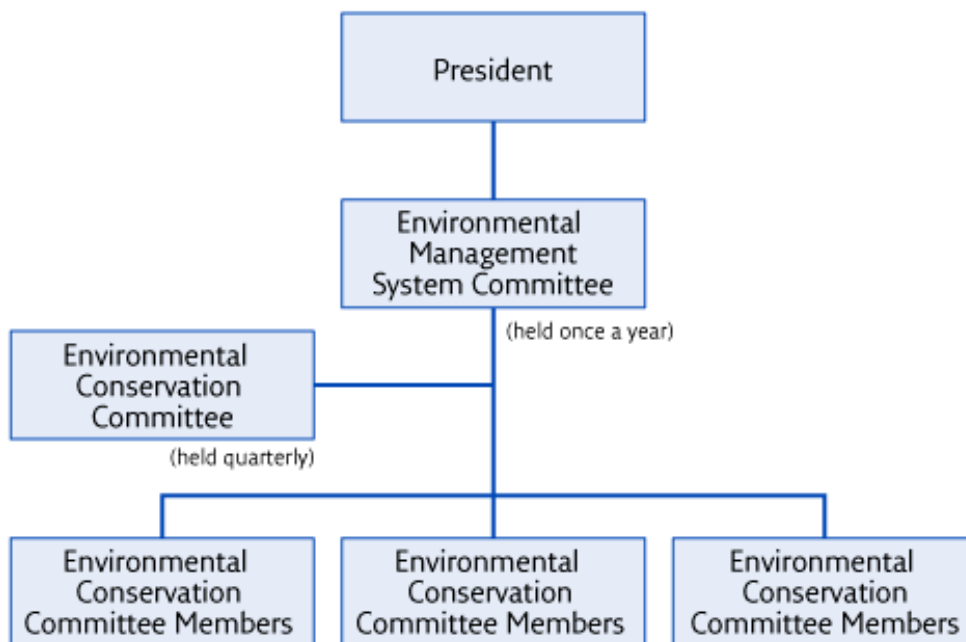
## Environmental Management Structures and Framework

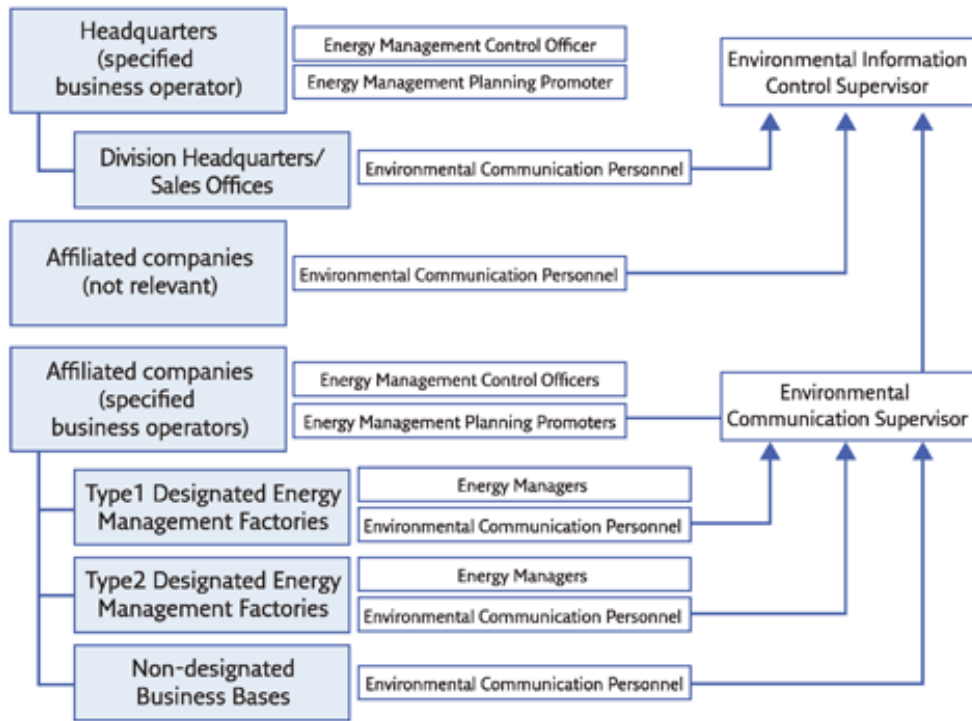
The Nissha Group environmental management structure comprises the president as general supervisor, and a corporate officer who is the general manager of Corporate Administration in charge of EMS management. In accordance with the Environmental Policy, we set "environmental objectives," or group-wide medium-term numerical objectives, and review them every three years. And to achieve these "environmental objectives," each factory and workplace sets "environmental targets" by initiative, and creates an action plan to achieve them.

For each initiative, the environment group plays a central role in performing internal environmental audits at least once a year, and defines the PDCA cycle at Environment System Committee meetings positioned as management reviews.

The environment group also functions as a group-wide environmental initiative secretariat. It runs a secretariat for the control of chemical substances in products, the internal environmental audits, the Environmental Conservation Committee, and the Environment System Committee meetings that serve as management reviews.

### Nissha Environmental Management Structure





## Objectives and Status of Achievement

The Nissha Group environmental objectives revised in March 2011 serve as group-wide medium-term objectives covering the four-year period until fiscal year 2015. In fiscal year 2012, the first year of implementation, all group companies set individual environmental targets by initiative and worked to achieve the group-wide environmental objectives. Despite CO<sub>2</sub> emissions decreasing due to a large decline in production volume at major factories stemming from the poor business performance, we did not achieve the target in terms of CO<sub>2</sub> emissions rate (basic unit), which indicates the ratio of emissions by production volume. Neither did we achieve the target of reducing the organic solvent usage rate, due to declines in production volume and small production lots at NII. On the other hand, factories made progress in selling waste for recycling, and NII in particular produced results in selling waste solvents for recycling. We saw results also in other efforts as well, such as “visualizing” energy equipment at the NPC Yachiyo Factory, implementing audits of major suppliers, and the environmental workshops where employees visit and conduct classes at local elementary schools.

### Status of Achievement

#### Prevention of global warming

Base: Average of fiscal year 2010 results (Compliant with the Act on the Rational Use of Energy)  
 Reduce CO<sub>2</sub> emissions rate (basic unit) by 5% or more from fiscal year 2010 levels by fiscal year 2015 across Nissha

Target	Fiscal year 2012 results	Evaluation
(1) Nissha Printing Co., Ltd. and group companies reduce annual CO <sub>2</sub> emissions rate (basic unit) by 1% or more compared to the previous year (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	The CO <sub>2</sub> emissions rate was 118% compared to the previous fiscal year. We did not achieve the target by base unit due to declines in production volume.	×

## Reduction of waste

Base: Average of fiscal year 2011 results

Reduce waste generation rate (basic unit) by 5% or more by fiscal year 2015 across Nissha

Target	Fiscal year 2012 results	Evaluation
(1) Control waste generation Division headquarters and factories set annual reduction targets based on a basic unit derived from factors such as production volume (Targets are set based on the same indicators as the CO <sub>2</sub> emissions rate basic unit for each company) Production departments control waste generation by aiming to reduce the ratio of nonconforming products	The ratio of waste treatment cost by total waste generated (basic unit) was 6.78, for a target achieved across Nissha, due to a reduction in total waste volume and an improvement in quality. Certain factories did not achieve their target by base unit.	×
(2) Promote the selling of waste for recycling Division headquarters and factories set individual target rates and work to sell waste for recycling	Factories in particular implemented the selling of waste solvents for recycling.	○
(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	The recycle ratio was 99.9% across Nissha, and we succeeded in maintaining our target of 99.5% or more.	○

## Reduction of organic solvent usage rate

Base: Average of fiscal year 2011 results

Target	Fiscal year 2012 results	Evaluation
(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	We did not achieve the target due to small production lots at NII and increases in the volume of ink usage to accommodate the shift in demand to highly complex products. We did not achieve the target due to decreases in production volume magnifying the base unit.	×
(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	We did not achieve the target due to small production lots at NII and increases in the volume of ink usage to accommodate the shift in demand to highly complex products. We did not achieve the target due to decreases in production volume magnifying the base unit.	×



## Environmental conservation activities through efforts in daily work

Environment-consciousness at each stage of development, product design, purchase of materials and sub-materials, production, transport, and sales

Target	Fiscal year 2012 results	Evaluation
(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 (5) Implement environment conservation activities in other aspects of daily work	<ul style="list-style-type: none"> <li>· Developed transfer foil to eliminate the use of toluene</li> <li>· Changed waste water treatment at the NPI Kaga Factory from that using a tank to that using bacteria</li> <li>· Conducted monthly "lights down" events across Nissha</li> <li>· Implemented audits of major Nissha suppliers</li> <li>· Conducted 6S patrols at NII factories</li> <li>· Conducted environmental workshops at elementary schools</li> <li>· Made efforts to "visualize" equipment with an impact on energy at the NPC Yachiyo Factory</li> </ul> <p>Improvements in substance control structures were delayed due to the revision of the Nissha Group Control Criteria for Environmental Management Substance (Ver. 4) being postponed to fiscal year 2013.</p> <p>Production departments are conducting quality improvement activities and starting to produce results, but this has not led to an achievement of the target by base unit.</p>	△

## Revision of Environmental Objectives

In May 2012, we revised our environmental objectives to reflect our re-examination of numerical targets and the revision of our Environmental Policy (in April 2012). The revisions set forth numerical targets for the Nissha Group overall to work toward in the three-year period between April 2012 and March 2015. While we will continue in our efforts to reduce the CO<sub>2</sub> emissions and waste generation rates through improvements in work efficiency and quality across Nissha, we will also set numerical targets for the control of chemical substances in our products and conduct activities to achieve them.

### Nissha Environmental Objectives (April 2012-March 2015)

Scope: Nissha Group in Japan (hereinafter "Nissha")

1. Prevention of global warming Base: Average of fiscal year 2012 results
<p>Reduce CO<sub>2</sub> emissions rate (basic unit) by 3% or more by fiscal year 2015 across Nissha</p> <p>(1) Nissha Printing Co., Ltd. (headquarters and division headquarters), group companies, and factories reduce annual CO<sub>2</sub> emissions rate by 1% or more compared to the previous year by basic unit, derived from factors such as production volume, through improvements in work processes (efficiency) and quality</p> <p>* Companies classified as "specific business operator" in the Act on the Rational Use of Energy use the basic unit reported under the act</p> <p>* Division headquarters may set targets based on floor area or number of employees</p>

**2. Reduction of waste**  
**Base: Average of fiscal year 2012 results**

Reduce waste generation rate (basic unit) by 3% or more by fiscal year 2015 across Nissha

(1) Control waste generation  
Nissha Printing Co., Ltd. (headquarters and division headquarters), group companies, and factories reduce annual waste generation rate by 1% or more compared to the previous year by basic unit, derived from factors such as production volume, through improvements in work processes (efficiency) and quality

\* Targets are set based on the same indicators as the CO2 emissions rate basic unit  
\* Factories may set targets based on the ratio of nonconforming products or go-through ratio

(2) Promote the selling of waste for recycling  
Division headquarters and factories set individual target rates and work to sell waste for recycling

\* Maintain zero emissions

**3. Reduction of hazardous chemical substances**

(1) Control and reduce chemical substances in products (Based on the Nissha Group's Control Criteria for Environmental Management Substance [latest edition])  
Prohibited substances: Maintain zero inclusion  
Regulated substances: Reduce inclusion by using substitutes

\* Relevant organizations set targets after fiscal year 2014 according to fiscal year 2013 results

(2) Reduce organic solvent usage rate at factories and development departments  
Work to reduce  $\{(usage\ or\ purchase\ volume) / (production\ or\ treatment\ volume)\}$  (factories set individual targets)

**4. Environmental conservation activities at KPI**

**Environment enhancement at each function of development, design, purchase of materials and sub-materials, production, transport, and sales**

- (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

## 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 2012.

### Input and Output at Nissha Production Bases in Japan

Our use of resources and energy and our impact on the environment in fiscal year 2012 reflected the economic slowdown.

In input by resource other than major raw materials, the use of electricity, tap water, and underground water decreased compared to the previous fiscal year, while the use of gas and industrial water increased. The use of major raw materials amounted to 39,846 tons, or a nearly 10% decrease year-on-year. Input in the Industrial Materials Business decreased some 16%, while that in the Devices Business also decreased about 60%, thanks mainly to the NPI Kaga Factory. That in the Information and Communication Business decreased about 5%, for roughly the same volume as the average year. By business, Information and Communication remains the largest user of resources, comprising about 71% of the whole, with paper being its most used material. Industrial Materials comprises about 24% of the whole, with usage concentrating on PET/acrylic film, solvents, and gravure ink. Devices has reduced its usage to comprise about 4% of the whole. Output has also seen some changes. Emissions of waste, wastewater, and VOC all decreased. That of CO<sub>2</sub>, however, increased some 1,100 tons (approximately 1.4% compared to the previous fiscal year) due to an increase in the use of gas.

\* VOC emissions are calculated from the volume of solvents usage, and differ from the volume of actual emissions. Each factory strives to reduce emissions through combustion and treatment.

\* Nissha production bases in Japan do not operate boilers, and thus emit no SOX.

INPUT			OUTPUT		
Industrial Materials	Pet/acryl film	3,411t	Recyclable resources (including items sold for recycling)	Scrap containing gold, silver, copper, aluminum	
	Solvents	3,142t		Resin waste	
	Gravure Ink	2,606t		Paper scrap	4,509t
	Others	455t			
	Materials used in product manufacturing processes	991t	Recyclable resources (Industrial Waste)	Waste plastic	
	Others	722t		Iron scrap, waste cans	
				Waste solvents, waste ink, waste cloth	
Information and Communication	Paper	26,566t	Waste acid, alkali, sludge, etc.	5,979t	
	Ink	318t	Combustible and landfill waste	General business waste	
	Others	159t		Others (industrial waste)	10t
	Total	38,369t	Total	10,498t	
Energy	Electricity	107,688 MWh	Emissions	CO <sub>2</sub>	82,227t
	Gas	12,094,000m <sup>3</sup>		VOC	3,139t
Water	Tap water	350,000m <sup>3</sup>	Wastewater		694,000m <sup>3</sup>
	Underground water	95,000m <sup>3</sup>			
	Industrial water	265,000m <sup>3</sup>			

# Environmental Accounting

## Fiscal Year 2012 Environmental Accounting Results and Issues

Environmental conservation costs for the Nissha Group in Japan amounted to some 1,128 million yen in fiscal year 2012. By category, business area costs made up the largest portion, at around 76%. Of those, depreciation costs and property taxes were highest, at around 59%, followed by waste treatment costs, at around 19%, and personnel costs, at around 11%. In a breakdown by company, Nitec Industries, Inc., which handles production for the Industrial Materials Business, accounted for about 69%, and the NPT Himeji Factory, which started full-fledged mass production in fiscal year 2013, for about 5%.

Following business area costs, R&D costs made up the second largest portion of the whole, at around 15%, in a trend continuing from last year. They consist mostly of personnel costs related to the control of chemical substances in products, also similar to the previous year.

Administration costs made up around 5% of the whole and continues to decrease, due to cuts in personnel costs and contracting fees. Social activity costs include 30 million yen in monetary contribution offered to the region hit by the Pacific coast of Tohoku Earthquake.

## Environmental Conservation Cost (Categories Corresponding to Business Activities)

Scope of calculations: Nissha Group in Japan

Target period: April 1, 2011–March 31, 2012

Unit: Thousand yen

Category	Content	Investment amount	Cost amount
(1) Business area costs	Pollution prevention, global environmental conservation, resource circulation	25,137	827,045
(2) Upstream/downstream costs	Requesting/testing suppliers for the reduction of environmental impact from raw and packaging materials Educating/guiding outsourcing companies on environmental conservation Recycling containers, packaging, etc.	0	3,555
(3) Administration costs	Measuring environmental impact Building/maintaining of environmental management system Environmental training for employees Greening of business places	0	59,058
(4) R&D costs	Developing / improving products toward the reduction of environmental impact	3,261	169,265
(5) Social activity costs	Social contribution activities, etc.	0	41,168
(6) Environmental remediation costs		0	0
Total		28,398	1,100,091

## Environmental Conservation Benefits

The table below shows the transition in results based on environmental performance indicators over the past three years. Compared to last year, emission and consumption volumes decreased in all but a few areas. This is due to a decrease in production volume reflecting the poor business performance, however, and cannot be considered environmental conservation benefits as a result of our environment-related efforts.

In a comparison with business performance, despite sales decreasing about 30% year-on-year, environmental conservation costs decreased only some 15%. Calculated in proportion with sales,

this indicates that environmental conservation costs have in fact increased about 20% compared to the previous fiscal year.

We recognize that our challenge is to continue working to reduce environmental conservation costs and enhancing our mechanism for responding to environmental risks. We will strive to switch from a focus on passive environmental accounting to active environmental accounting, and through our environment-related efforts be a company that can contribute to society.

### Environmental Conservation Benefit

Scope of calculations: Nissha Group in Japan

Classification of environmental conservation effects	Environmental performance index (unit)	FY2010	FY2011	FY2012	Change from FY2011
Effects relating to resources used in business activities	Total energy input volume (GJ)	1,280	1,612	1,578	-34
	Electricity consumption volume (MWh)	94,216	111,055	107,688	-3,367
	Town gas consumption volume (thousand m3)	8,197	9,540	12,094	2,554
	Gasoline, diesel fuel, and fuel oil consumption volume (kl)	152	121	174	53
	PRTR-designated chemical substances (toluene) consumption volume (t)	1,084	757	357	-400
	Major raw materials/production department materials input volume (t)	44,800	44,310	39,846	-4,464
	Water resources input volume (thousand m3)	705	730	710	-20
	Industrial water (thousand m3)	-	140	265	125
	Tap water (thousand m3)	499	461	350	-111
	Underground water (thousand m3)	206	129	95	-34
Effects relating to environmental load and waste discharged from business activities	Greenhouse gas emissions volume (t-CO2)	72,984	81,123	82,227	1,104
	VOC emissions volume (including that before combustion and treatment) (t)	3,370	3,300	3,139	-161
	Waste, etc. (including that sold for recycling) emissions volume (t)	13,458	12,541	10,498	-2,043
	Waste combustion/landfill treatment volume (t)	82	16	10	-6
	Total wastewater volume (thousand m3)	670	710	694	-16
Others	NOX Yachiyo MAX (ppm)	53	57	66	9
	Noise Yachiyo MAX (dB)	-	-	60	-
	Wastewater SS Kaga MAX (mg/L)	13	8	5	-3
	Wastewater BOD Kaga MAX (mg/L)	35	28	21	-7

# Prevention of Further Global Warming

## Status of CO2 Emissions at Nissha

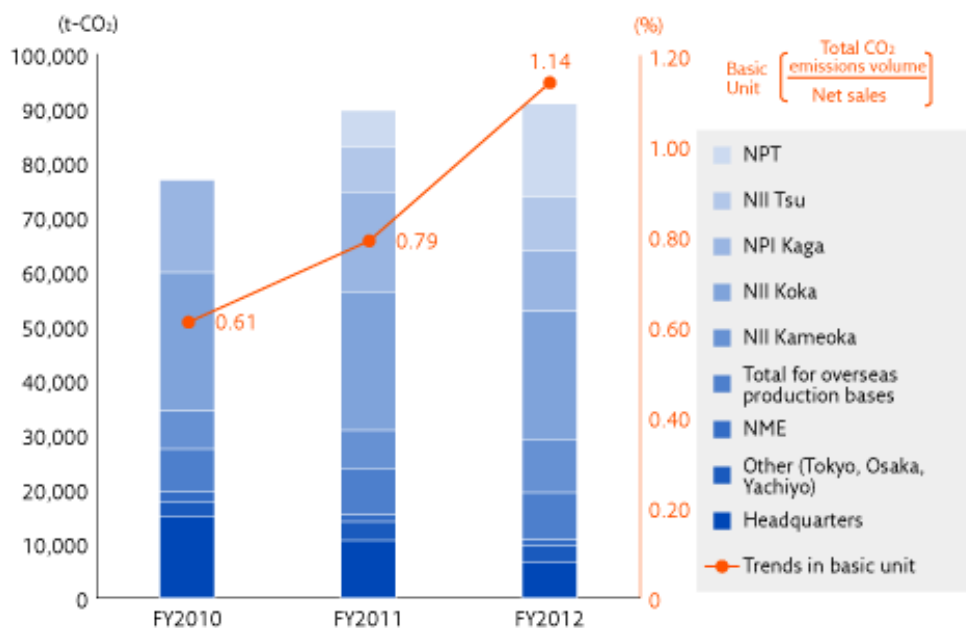
In fiscal year 2012, CO<sub>2</sub> emissions from Nissha bases in Japan totaled 82,227t-CO<sub>2</sub>, exceeding 81,123t-CO<sub>2</sub> in fiscal year 2011 by about 1.4% (approximately 1,100t-CO<sub>2</sub>). CO<sub>2</sub> emissions from overseas production bases amounted to 8,654t-CO<sub>2</sub>, for an increase of approximately 1.3% compared to 8,546 t-CO<sub>2</sub> in the previous year.

The increase at bases in Japan resulted from full-fledged operations at the Tsu Factory (Nitec Industries, Inc.) and preparations for mass production at the Himeji Factory (Nitec Precision and Technologies, Inc.). Emissions from the Tsu Factory amounted to 9,931t-CO<sub>2</sub> for a 1.2-fold increase compared to the previous fiscal year, while those from the Himeji Factory were 17,064t-CO<sub>2</sub> for a significant 2.5-fold increase. On the other hand, emissions from the Koka Factory (Nitec Industries) came to 23,465t-CO<sub>2</sub> for a decrease of about 8%, and those from the Kaga Factory (Nitec Precision, Inc.) to 11,226t-CO<sub>2</sub> for a decrease of about 39%. Emissions from Headquarters decreased approximately 37% (3,892t-CO<sub>2</sub>) due to the continued contraction of production functions. The Kameoka Factory (Nitec Industries) and Kyoto Factory (Nitec Precision) discontinued production midway into fiscal year 2012.

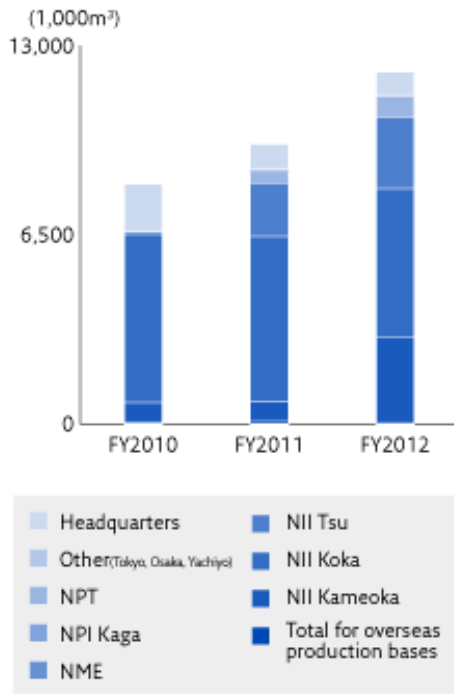
Emissions from overseas production bases decreased at Southern Nissha Sdn. Bhd. and Guangzhou Nissha High Precision Plastics Co., Ltd., but increased at Nissha (Kunshan) Precision IMD Mold Co., Ltd. and Elmo Technologies, Inc., a subsidiary of Nissha USA, Inc. Emissions from Elmo Technologies amounted to 4,784t-CO<sub>2</sub>, accounting for more than half the volume of all overseas production bases combined.

The Nissha Group emits no energy-related greenhouse gases other than CO<sub>2</sub>.

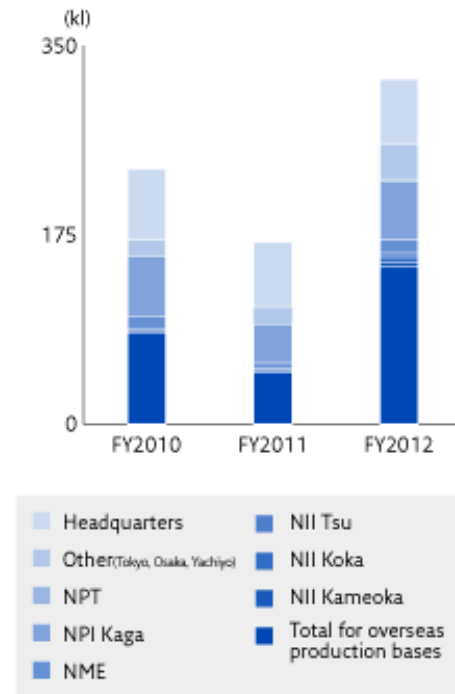
## Trends in CO2 Emissions Volumes and Basic Unit



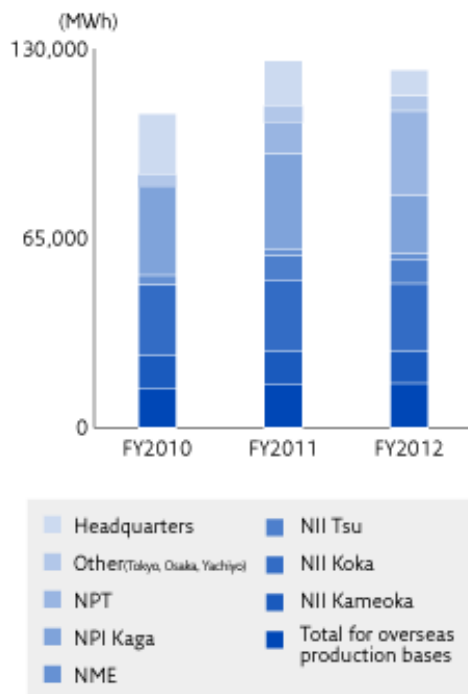
### Trends in Gas Consumption



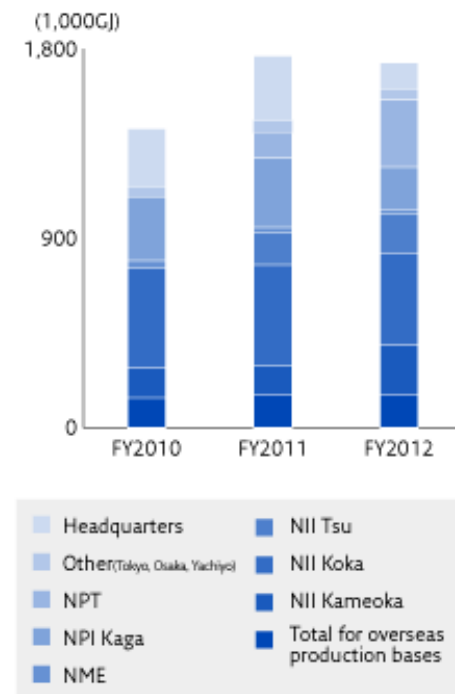
### Trends in Gasoline, Diesel, and Heavy Oil Consumption



### Trends in Electricity Consumption



### Trends in Energy Consumption



### Basic Unit Management by Production Volume

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 the legal requirements in line with this shift, in fiscal year 2012 we started managing emissions under a basic unit based on factors such as production volume per company. With 1.00 indicating the benchmark fiscal year 2011 results of Nissha Printing Co., Ltd., and each affiliated company (production base), fiscal year 2012 results in light of targets of 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. This target was not achieved due to production volumes falling significantly below the

decreases in electricity and gas usage, reflecting the economic slowdown.

By company, Nitec Printing Co., Ltd., which handles production for the Information and Communication Business, achieved its target. Nitec Industries, Inc., and Nitec Mold Engineering, Inc., which handle production for the Industrial Materials Business, did not. Nitec Precision, Inc., which handles production for the Devices Business, fell far short of its target.

	Basic Unit (based on production volume etc. respectively)		
	FY2011 Results	FY2012 Targets	FY2012 Results
Nissha Printing Co.,Ltd. (Headquarters, Tokyo, Osaka and others)	1.00	0.99 or less	0.91
Nitec Industries, Inc. (Kameoka, Koka, Tsu)	1.00	0.99 or less	1.07
Nitec Precision, Inc. (Kaga, Kyoto)	1.00	0.99 or less	1.60
Nitec Printing Co., Ltd. (Yachiyo, Kyoto)	1.00	0.99 or less	0.98
Nitec Mold Engineering, Inc.	1.00	0.99 or less	1.18
Nitec Precision and Technologies, Inc.	1.00	0.99 or less	1.05
Nissha Group in Japan	1.00	0.99 or less	1.18



# Waste Management and Zero Emissions

## Waste Management

In fiscal year 2012, Nissha Group in Japan generated a total 10,498 tons of waste for an approximately 16% reduction compared to fiscal year 2011. The volume of combustible/landfill waste, in particular, amounted to about 10 tons for a 38% reduction. We maintained zero emissions (a recycling and resource reuse rate of 99.5% or more), and retained the previous year's high standard of 99.9%.

## Status of Recycling and Waste Sold for Recycling

We continued to make efforts to sell waste for recycling, and in fiscal year 2012 sold 43.0% of all waste generated for a 1.2 percentage point increase compared to the previous year. This initiative offers the benefit of cost reductions, and we plan to carry on with it in the future.

As a result of our efforts to also reduce waste treatment costs, the amount of waste plastic converted to refuse paper and plastic fuel (RPF) and other solid fuel (thermal recycling) increased. The material recycling rate came out to 59.4% for a 2.0% decrease compared to fiscal year 2011.

## Status of Initiatives at Overseas Production Bases

Asian production bases Southern Nissha Sdn. Bhd., Guangzhou Nissha Precision Plastics Co., Ltd., and Nissha (Kunshan) Precision IMD Mold Co., Ltd., generated a total 136 tons of waste in fiscal year 2012 for an approximately 30% reduction compared to fiscal year 2011, mainly due to decreases in production volume. Southern Nissha achieved its target recycling and resource reuse rate (87% or more), at 95.7%, but Guangzhou Nissha and Nissha (Kunshan) did not achieve their targets.

## Risk Management Related to Waste and Waste Sold for Recycling

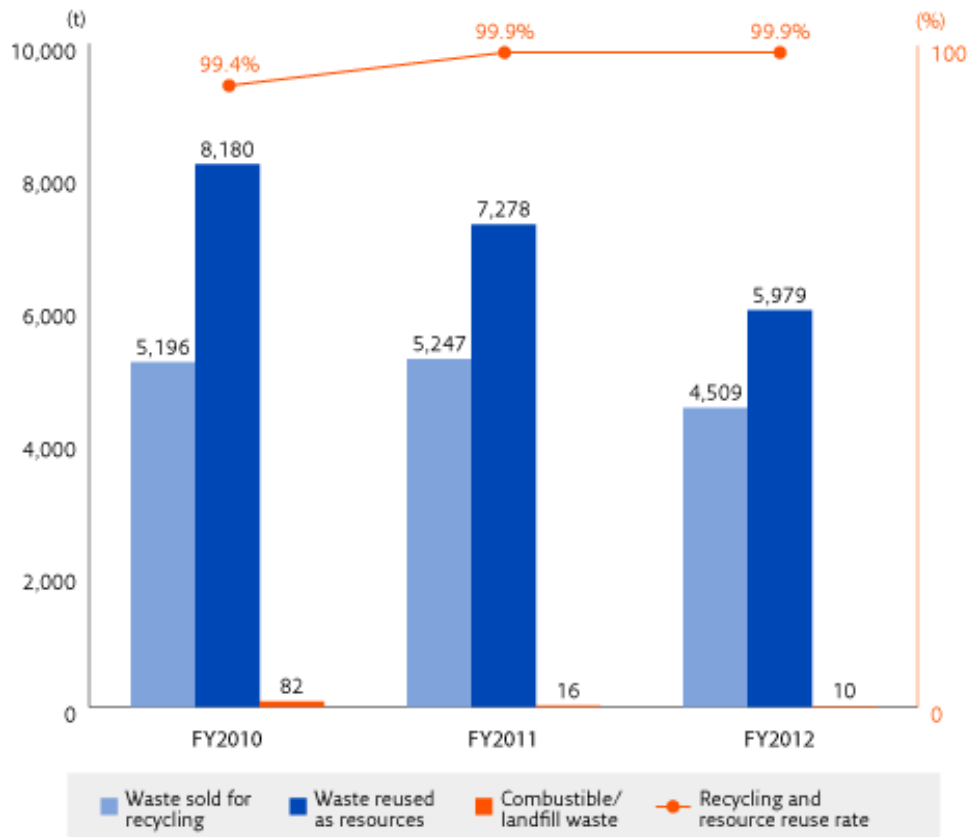
We recognize largely three types of waste-related risk:

- 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 and waste sold for recycling

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 in place 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. Each base has its own Waste Management Manual and makes efforts toward thorough waste separation and management.

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 and waste sold for recycling containing confidential information, and promote management in tandem with our information security management system (ISMS).

## Transition of Waste Converted into Resources



Nissha Group in Japan

# 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 the level of atmospheric pollutants, wastewater quality, noise, and foul odor.

### Nitec Precision, Inc. (Kaga Factory) Measurements of Wastewater Quality Unit: mg/l

Items measured	Regulatory value (Prefecture)	Voluntary standard	FY2010		FY2011		FY2012	
			Value	Compliance	Value	Compliance	Value	Compliance
BOD	160 or less	40 or less	35	○	28	○	21	○
COD	160 or less	80 or less	-	-	-	-	28	○
SS	200 or less	20 or less	13	○	8	○	5	○
n-hexane	30	15 or less	0.5	○	0.5	○	0.5	○

### Nitec Printing Co., Ltd. (Yachiyo Factory) Measurements of Soot and Smoke Unit: g/m<sub>3</sub>N

Items measured	Regulatory value	Voluntary standard	FY2010		FY2011		FY2012							
			Feb. 27 Evaluation	Sep. 8 Evaluation	Apr. 14 Evaluation	Oct. 6 Evaluation	Feb. 28 Evaluation	Sep. 6 Evaluation						
Dust	0.10	0.003	<0.003	○	<0.003	○	<0.003	○	<0.003	○				
Nitrogen oxide	150.0	71.3	53.0	○	41.0	○	57.0	○	47.0	○	58.0	○	66.0	○

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

To the best of our ability we voluntarily measure and monitor odor concentrations.

Items measured	Regulatory value	Voluntary standard	FY2010		FY2011		FY2012					
			MM/DD Evaluation	MM/DD Evaluation	Jul. 26 Evaluation	Jan. 24 Evaluation	Jul. 21 Evaluation	Jan. 24 Evaluation				
Odor measurement (Odor index by organoleptic examination)	-	-	-	-	< 10	○	< 10	○	< 10	○	< 10	○

## Management of Chemical Substances

In fiscal year 2012, we reported the use of nine PRTR-designated chemical substances.

### Nitec Industries, Inc. (Koka Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011			FY2012		
		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	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/ not required
53	Ethylbenzene	2,200	260	○	2,600	570	○	1,600	330	○
80	Xylene	21,000	2,500	○	21,000	4,000	○	12,000	2,500	○
88	Hexavalent chromium compounds	0.2	6.2	—	0.1	1.0	○	0.1	0.1	○
296	1,2,4-Trimethylbenzene	—	—	—	820	340	○	—	—	○
300	Toluene	390,000	96,000	○	230,000	96,000	○	190,000	100,000	○
392	n-hexane	—	—	—	24,000	11,000	○	4,300	2,300	○

### Nitec Industries, Inc. (Tsu Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011			FY2012		
		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	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/ not required
80	Xylene	—	—	—	1,500	780	○	4,700	940	○
88	Hexavalent chromium compounds	—	—	—	0.1	0.1	○	0.1	0.1	○
300	Toluene	—	—	—	75,000	40,000	○	44,000	23,000	○

### Nitec Precision, Inc. (Kaga Factory)

PRTR No.	Name of chemical substance	FY2010			FY2011			FY2012		
		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	Discharge volume into the atmosphere	Volume transferred to industrial waste processing companies	Reporting required/ not required
64	Silver and water-soluble silver compounds	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○
71	Ferric chloride	-	-	-	-	-	-	0.0	17,230	○
272	Water-soluble copper salts (excluding complex salt)	0.0	71,350	○	0.0	40,080	○	0.0	19,980	○

# Status of Waste Generation at Bases

## Status of Waste Generation at Major Production Bases (March 2012 Results)

From fiscal year 2012 onward, our target in waste separation and zero emissions (a recycling and resource reuse rate of 99.5% or more) is to maintain the status quo.

Nitec Mold Engineering, Inc., and Nissha Printing Co., Ltd., Tokyo and Osaka Division Headquarters, which continue to achieve zero emissions and moreover generate a very small amount of waste, have been removed from this report.

The Nitec Industries, Inc., Kameoka Factory discontinued production in December 2011.

### Nitec Industries, Inc. (Koka Factory)

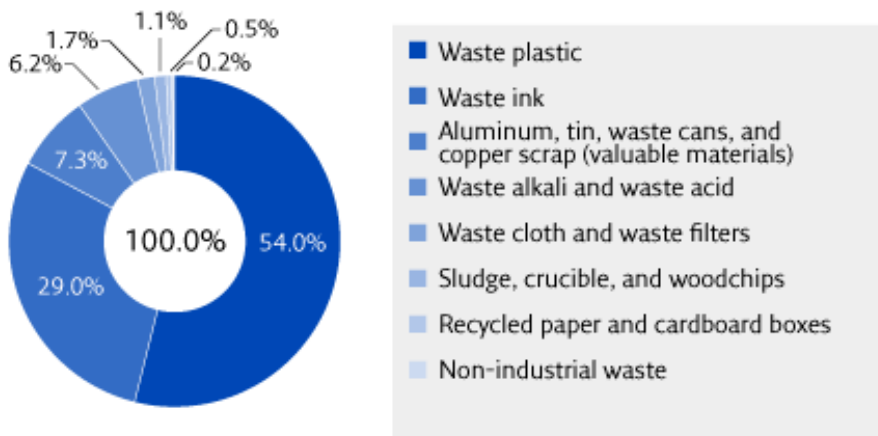
Location: Koka City, Shiga Prefecture

Acquisition of ISO14001 Certification: June 2007

Production items: Transfer foils (the Industrial Materials business)



Recycling and resource reuse rate: 100%



### Nitec Industries, Inc. (Tsu Factory)

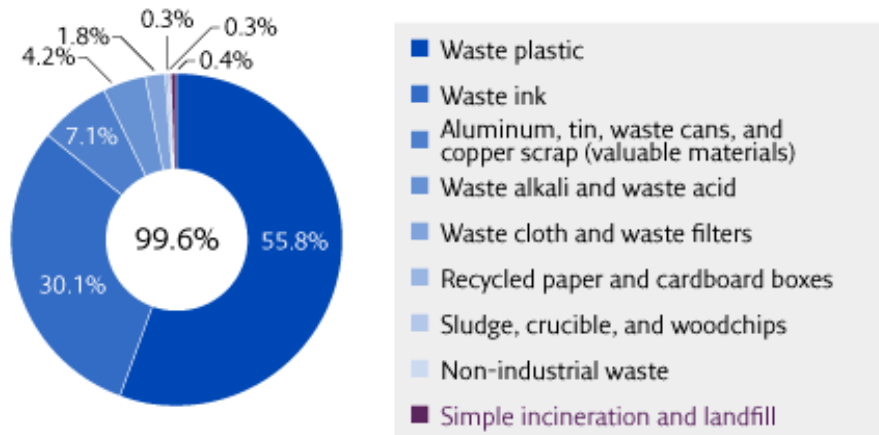
Location: Tsu City, Mie Prefecture

Acquisition of ISO14001 Certification: March 2012

Production items: Transfer foils (the Industrial Materials business)



Recycling and resource reuse rate: 99.6%



### Nitec Precision, Inc. (Kaga Factory)

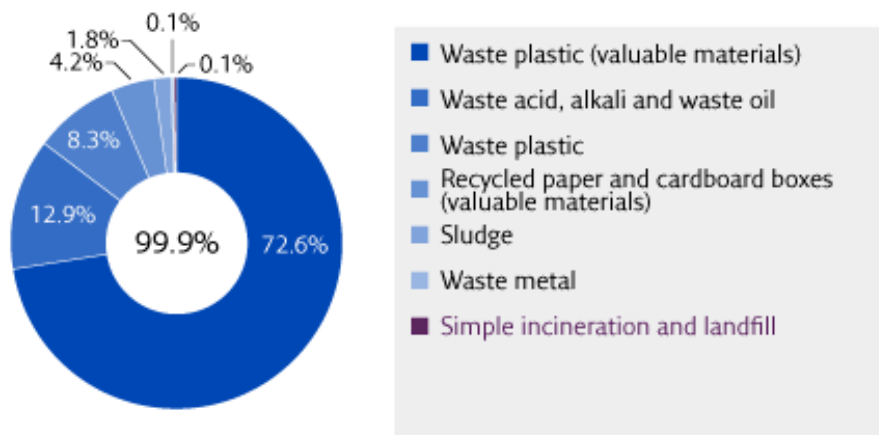
Location: Kaga City, Ishikawa Prefecture

Acquisition of ISO14001 Certification: July 2003

Production items: Touch panels (the Devices business)



Recycling and resource reuse rate: 99.9%



### Nitec Precision and Technologies, Inc. (Himeji Factory)

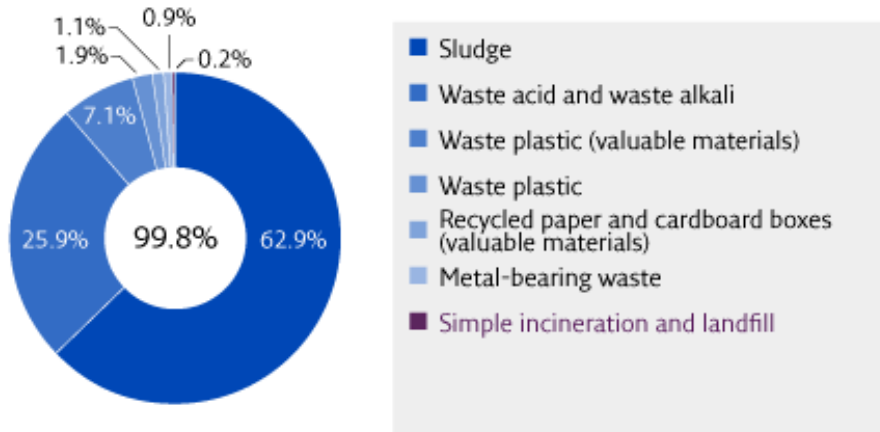
Location: Himeji City, Hyogo Prefecture

Acquisition of ISO14001 Certification: to be acquired in FY2013

Production items: Touch panels (the Devices business)



Recycling and resource reuse rate: 99.8%



### Nitec Printing Co., Ltd. (Yachiyo Factory)

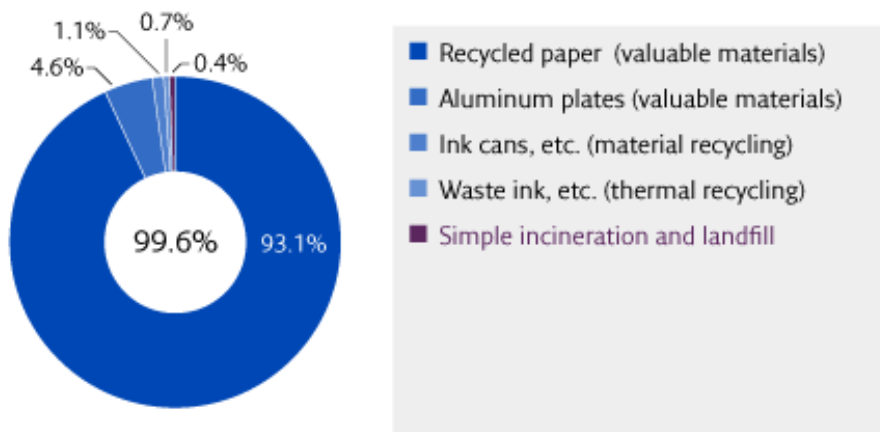
Location: Yachiyo City, Chiba Prefecture

Acquisition of ISO14001 Certification: December 2004

Production items: Printing and binding of books, catalogs, leaflets, etc., using sheet offset press and rotary press (the Information and Communicatino business)



Recycling and resource reuse rate: 99.6%



---

## Fair Operating Practices

### Initiatives Related to Information Security

---

Under the Information Security Policy, all employees work to ensure security in handling personal and confidential information provided by customers.

### Trade Management Improvement Project

---

We have established a Trade Administration and Control Committee, which started full-fledged operations in December 2011.

### Initiatives Related to Intellectual Property

---

We are making efforts to respect the intellectual property of third parties and to obtain rights for and use that of our own.

### Partnership with Our Suppliers

---

We revised our Basic Purchasing Policy in April 2011, and are working with our suppliers to enhance mutual corporate value in the global market.

### Social Media Policies

---

We drew up Social Media Policies in January 2012.



## 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 secure 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 are also focusing on issues hidden around us by implementing risk assessment from various angles to raise the level of our measures. While taking into account security aspects, we are making efforts to improve productivity in the operation and management of ERP systems and devices installed and running within the Nissha Group.

We recognize ISO 27001 inspections, ISMS internal audits, and even questionnaires required by our customers as opportunities for improvement, and strive to link them to the continuous spiraling up of information security levels toward the goal of further optimizing information security.

We periodically publish these initiatives in the "IT Kawaraban News" internal newsletter in an effort to raise employee awareness and allay security-related risks.

# Trade Management Improvement Project

## Trade Management Structure

Compliance with trade-related laws is essential for business continuation at Nissha, which earns nearly 60% of its sales overseas. Recognizing trade management as an important mission, in April 2010, we launched a Trade Management Improvement Project Team, which set in motion initiatives related to trade management. In October that year, we established a Corporate Logistics Strategy and Planning Office, which deliberated on a concrete organization under which Nissha as a whole may approach trade management. In April 2011, with the Trade Administration and Control, Logistics Strategy and Planning as lead promoter of the organization, we launched the Trade Administration and Control Committee Preparatory Committee. This preparatory committee, comprising members selected from all business units, participated in study meetings, set forth various rules, compiled a trade management manual, and established the Trade Administration and Control Committee, which started full-fledged operations in December that year.

## Standards to be Followed by Nissha

The Trade Administration and Control Committee conducts activities with the aim to fortify our management structure related to exporting goods and services (e.g., technological information). To ensure that Nissha can trade goods and services in an optimal, legal manner, the committee manages and oversees the status of related tasks both in Japan and overseas, and to employees communicates information necessary in performing those tasks (e.g., the latest trade-related laws, internal regulations, and procedures).

As a company that conducts trade, Nissha has the obligation to follow two standards set forth in the Japanese Ministry of Economy, Trade and Industry's Ordinance Specifying Standards to be Followed by Exporters.

### 1. Standards to be followed by exporters

- (1) Appoint a person responsible for checking whether or not exported goods and technological provisions are applicable to listed items.
- (2) Provide workers handling exports with necessary training for compliance with the provisions of related laws.

### 2. Standards to be followed in conducting exports

- (1) Appoint the person responsible for the organization the person responsible for export control.
- (2) Establish an export control structure (task sharing and responsibilities) within the organization.
- (3) Establish a procedure for checking applicability.
- (4) Establish and follow a procedure for checking the usage and consumer when exporting listed controlled items.
- (5) When goods are determined applicable, check whether they correspond with the goods shipped.
- (6) Establish and strive to follow a procedure to audit export controls.
- (7) Strive to provide persons responsible for and workers handling export control with necessary training for the optimal performance of tasks.
- (8) Strive to store related documents for an appropriate period of time.
- (9) In the event of a violation of law, swiftly report to the Minister of Economy, Trade and Industry and devise necessary measures to prevent recurrence.

In order to follow the standards set forth in the Ministerial Ordinance to decide the Compliance Standard for Exporters, Nissha has in place Security Export Control Regulations in which our basic approach is defined as follows.

1. Do not take action that violates the Foreign Exchange and Foreign Trade Act with regard to the export of controlled goods.
2. Establish a person in charge of and a management structure for security export control, and maintain and enhance an export management structure, to comply with the Foreign Exchange and Foreign Trade Act and implement appropriate export control.

When shipping goods overseas or providing overseas customers or employees with services (e.g., technological information), Nissha furthermore determines applicability and implements transaction audits accurately in line with the Foreign Exchange and Foreign Trade Act. For the optimal performance of tasks, we also provide study meetings and seminars persons responsible for and workers handling export control in the Nissha Group.

## Initiatives Related to Intellectual Property

### Approach to Intellectual Property

We stipulate the protection of intellectual property in our basic policy and as a key item of our Guideline of the Corporate Ethics and Compliance, and make active efforts to respect the intellectual property of third parties and to obtain right for and use that of our own. The Intellectual Property Management 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. We invite an outside specialist to conduct sessions divided into three levels—beginner, basic, and intermediate—in which 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 also hold sessions in which a member of the Intellectual Property Management serves as instructor.



Intellectual property training program

Instructor: Tatsushi Gocho, TechnoProducer Corporation  
Commissioned organizer: CKS Corporation

#### Monitoring of Other Companies' Patents

We periodically research and continuously monitor other companies' patents so that Nissha 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.

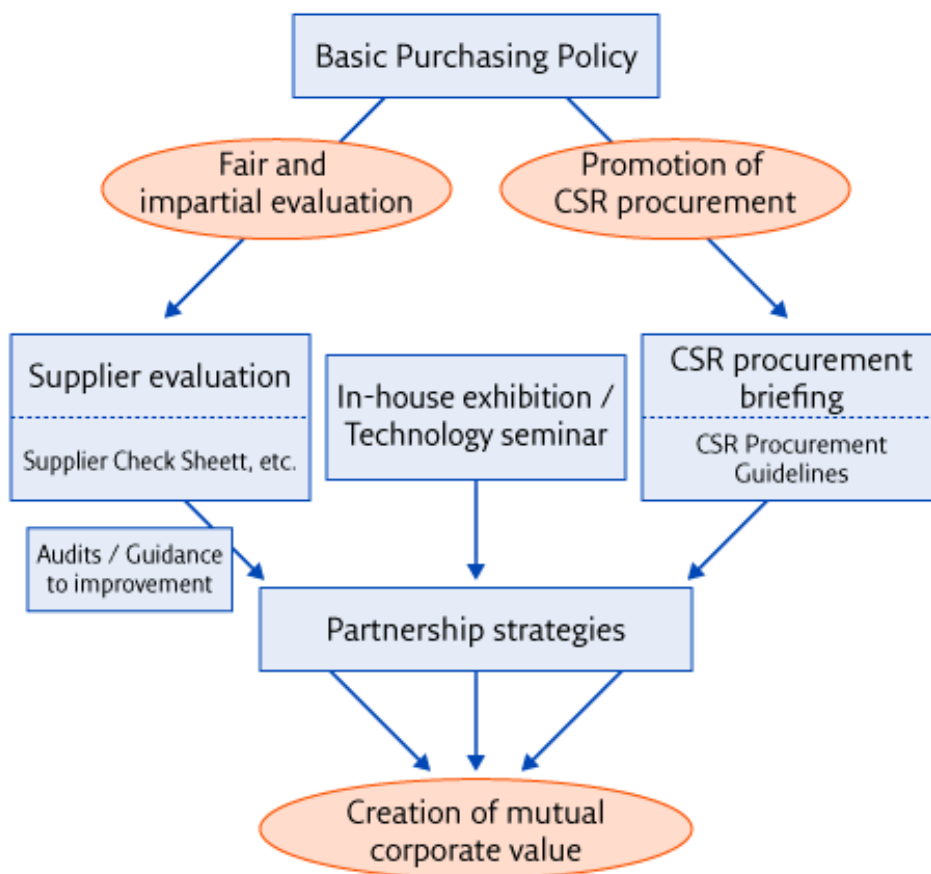
#### Promotion of Patent Application

We aim to file for patent application and obtain rights for new technologies developed in our development divisions. To respond to the increasing globalization of our business activities, this requires us to file for application not only in Japan but also abroad. The promotion of technological development and the obtaining of patent rights help to differentiate Nissha products, made with our own distinctive technologies, from other companies' products. This in turn puts a check on the inappropriate use of other companies' products, helping also to reduce intellectual property-related risks in connection with Nissha products for customers.

# Partnership with Our Suppliers

## Partnership with Our Suppliers

We at Nissha revised our Basic Purchasing Policy in April 2011, and as a member of the global market's supply chain ourselves, are expanding our scope of partner suppliers and the content of our efforts, and are working with our suppliers to enhance mutual enterprise value. Since the Pacific coast of Tohoku Earthquake in 2011, we are also working to identify our ideal supply chain with a focus on risk management and business continuity plan.



Procurement and purchasing as a truly global company  
→Fair evaluation / CSR procurement

### Promotion of CSR Procurement

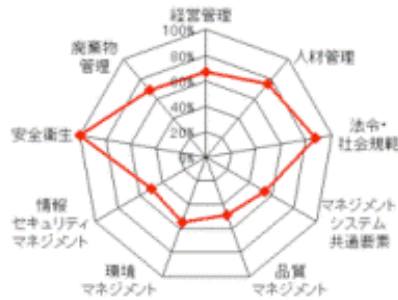
Our Basic Purchasing Policy describes our approach to promoting CSR with our suppliers. As a specific means to this end, we have created a Supplier Self-Check Sheet and organized data on our suppliers.

The Supplier Self-Check Sheet comprises the nine major sections below. When the 154 questions are answered, scores for each section and a radar chart are displayed. We ask our suppliers to use this check sheet as a tool to keep track of the areas that require effort, and to submit the sheets to us so that we may understand their situation.

## Sections of Supplier Self-Check Sheet

1. Business management
2. Human resource management
3. Compliance
4. Management system common element
5. Quality management
6. Environmental management
7. Information security management
8. Work safety
9. Waste management

会社名		*****								
	経営管理	人材管理	法令・社会規範	マネジメントシステム共通要素	品質マネジメント	環境マネジメント	情報セキュリティマネジメント	安全管理	廃棄物管理	合計
自己点検	8	15	7	17	51	12	37	16	11	134
満点	12	20	8	32	100	22	76	16	16	300
達成率	67%	75%	88%	53%	49%	55%	49%	100%	69%	50%



The procurement and sourcing department has asked 154 of our approximately 1,000 regular suppliers with a certain volume of transaction to fill out the check sheet, and conducted tours or audits of eight suppliers' factories. In one case, we asked the supplier to make efforts toward improvement in safety and health.

We have also started managing supplier data by asking our suppliers to fill out their basic information, transaction field, and management system (e.g., ISO 9001 or ISO 14001) on a Supplier Data Sheet.

As cited in our Basic Purchasing Policy, we consider the respect for human rights a fundamental and important concept. We include questions on human rights in the "Compliance with laws and social norms" section of the Supplier Check Sheet, and also recognize it as our consideration to include an independent clause on human rights in the basic transaction contracts we conclude with some 200 major suppliers. To further promote CSR procurement with our suppliers, we hold the briefing sessions described below.

### CSR Procurement Briefing

In fiscal year 2012, we held CSR procurement briefing sessions for 51 suppliers focusing on outsourcing companies at the Headquarters, the Tokyo Division Headquarters, and at the Kaga Factory. The sessions provide a place to engage in communication, as they enable us to explain about CSR procurement based on our Basic Purchasing Policy and to gain understanding on the fundamental human rights included in it, as well as for us to hear about our suppliers' CSR initiatives.

In future, we plan to expand these briefing sessions and invite not only production suppliers but also logistics and other service providers.

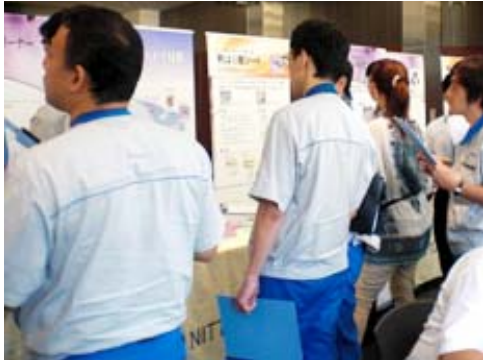


CSR procurement briefing

## In-House Exhibition and Technology Seminar

To inform our various departments about the products and new technologies of our suppliers, we invite suppliers to hold in-house exhibitions and technology seminars, which have proven popular with our development departments. We plan to continue these sessions as an effort to strengthen the partnership with our suppliers.

<FY2012 results> 4 in-house exhibitions; 5 technology seminars



In-house exhibition



Technology seminar

### Basic Purchasing Policy

For the achievement of the Corporate Mission, "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.", we at Nissha are always committed to creating enterprise value by establishing the partnership for co-existence and co-prosperity with suppliers and carrying out mutually fair procurement.

We at Nissha evaluate suppliers impartially, fairly and comprehensively, based on the following points.

- Stable business foundation and reliable business attitude
- Excellent technology development and supply abilities
- Flexibility to adapt to changes in the business environment
- Safety of products and services, stable quality and lead time and competitive prices
- Supply chain management aimed for business continuation

We at Nissha promote CSR procurement by working with suppliers on the following points.

Full consideration to the global environment

- Observance of laws and regulations and raising corporate ethics
- Respect of fundamental human rights
- Promotion of safety and health
- Maintenance and improvement of information security level
- Information disclosure
- Fair trade
- Social contribution

Establishment April 2, 2009  
Amendment April 26, 2011

## Social Media Policies

In January 2012, we established Social Media Policies.

Progresses in Internet technology of late, and highly functional information devices like smartphones, have enabled individuals to transmit information easily and directly to society. All sorts of information are exchanged across national borders via web-based blogs and bulletins and social media like Twitter and Facebook. Using these social media expands one's knowledge and enriches one's life. But one must always be aware that these media are also accessible by an enormous number of users. Information carelessly transmitted by an individual always risks affecting not only that individual but also, to some extent, the society or company to which that individual belongs. This is why we at Nissha drew up Social Media Policies.

These policies are meant for all members of the Nissha Group, from employees to contract employees (including part-time workers) to even dispatched employees. They thoroughly communicate the approach, act, and basic manners of using social media as individuals and as employees of Nissha who serve our customers.

### **Basic Policy**

We understand the Corporate Mission, Code of Conduct, Corporate Ethics and Compliance Declaration, and the content of the Corporate Ethics and Code of Conduct as determined by Nissha Group, and will adhere to them.

Furthermore, when engaging in social media activity either as an individual or as a work duty, we will adhere to the items laid out below

### **Mind set for social media usage**

- We will keep in mind the fact that information sent on a social media network travels across national borders, and is freely accessible to the general public.
- We understand that once information is sent by social media, it can never be completely deleted.

### **Global laws and social ethics, adherence to company rules, and the protection of information**

- We will not send information that breaks laws or social ethics, and we will not infringe on third party copyrights, portrait rights, trademarks or other rights, nor endanger personal information.
- When sending information we will not use abusive expressions with negative or unpleasant connotations, or use expressions that could be misinterpreted. In particular, content that relates to nationality, politics, religion, belief, race or similar is very sensitive for individuals and must be treated with extra care.
- We will take a global viewpoint, and adhere to relevant laws and company rules. Further, we understand that comments that are appropriate in some countries can be inappropriate or illegal in other countries.
- No matter what the circumstance, we will not post confidential information relating to Nissha Group or its stakeholders on social media. Even if privacy settings are set to "secret" or similar, we will not post such information since the social media operators cannot ensure secrecy.

### **When using social media as an individual**

- Even when posting as individuals, we will keep in mind that we could be judged as a



company, and that we are constantly being observed, and we will act responsibly.

- We will strive to listen to what others are saying.
- When posting information relating to Nissha Group, we will make our identities clear, and also make plain the fact that the information is not an official release by the company.
- We will not use any company logo or trademark.

**When participating in social media as a commissioned job**

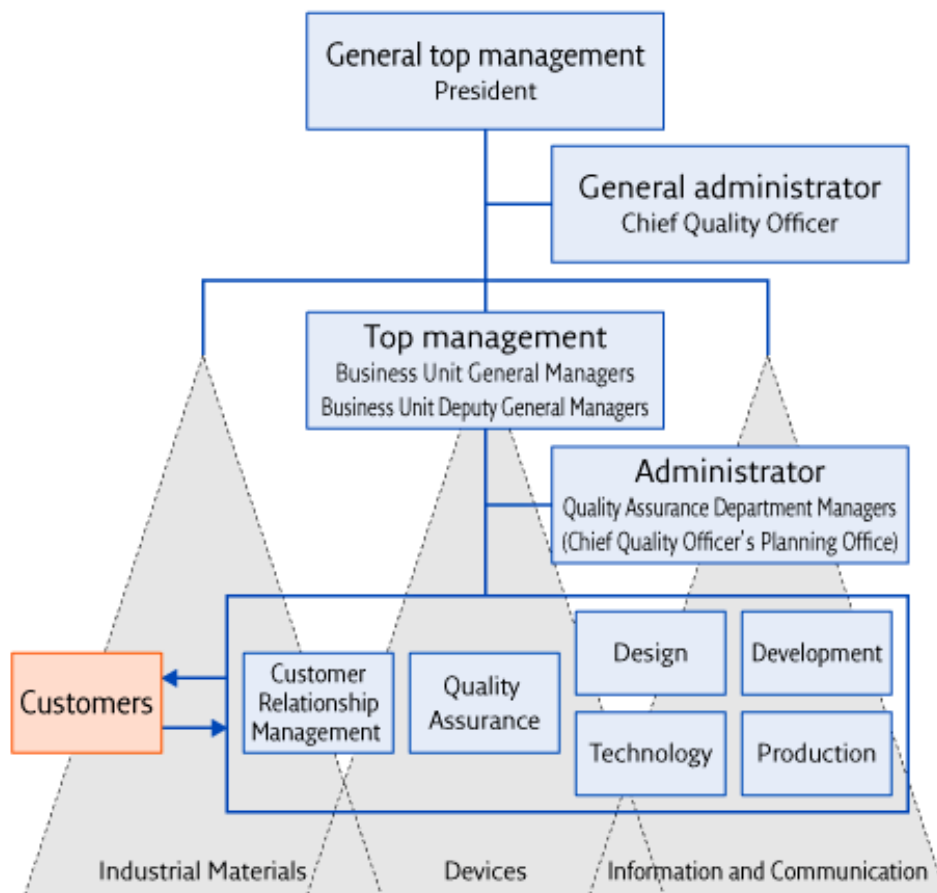
- Occasionally we, as part of our duties, use a customer's official account to manage social media activity. When engaging in this duty, these policies will be adhered to. Further, when outsourcing is necessary, we will observe and ensure that these policies are adhered to in the same manner.

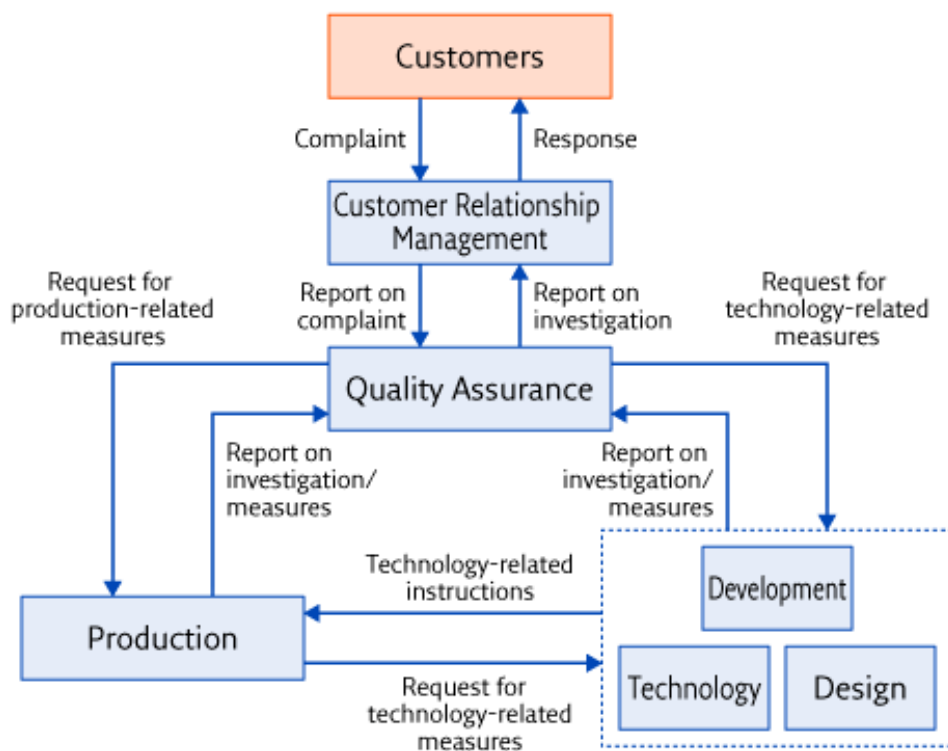
January 1, 2012  
Nissha Printing Co., Ltd.

# Consumer Issues

## Review of Nissha Quality Assurance Structure

Sales are expanding in the Industrial Materials and Devices business units, and as a manufacturing company founded on printing technologies, Nissha is required to prepare quality structures on a par with the company's scale. To this end, in fiscal year 2012, we reviewed our quality assurance structure and positioned the Chief Quality Officer's Planning Office at its core. As members of this Chief Quality Officer's Planning Office, we have appointed managers of the quality assurance departments of the Industrial Materials, Devices, and Information and Communication business units, and managers of the quality control departments of production companies, in an aim to facilitate information sharing overall and thus improve quality control levels.





### Grand Design for Quality

In fiscal year 2011, we conducted quality overhaul and summed up areas that need improvement in a Grand Design for Quality. This Grand Design for Quality defines the importance of measures in Quality Function Deployment (QFD), whose list of priorities we rank every half-year and work toward. We review activities using the PDCA cycle in Chief Quality Officer–Chief Production Officer meetings, periodic reviews by monthly factory meetings, and management reviews. Our goal as a manufacturing company is to perfect our quality structures—in other words, the organization and its functions—so as to win customer satisfaction.

### Acquisition of ISO 9001 Certification

Nissha is building a quality management system that meets the requirements of international standard ISO 9001:2008. In fiscal year 2012, we added the NII Tsu Factory to the scope of this certification.

### From Department-Based Optimization to Company-Wide Optimization

We at Nissha promote the recognition of ties between one's own department and others', and even ties between work processes across the whole company, in terms of "input" and "output." There is a Japanese maxim in relation to quality management: the next process is your customer. This means that all workers in every process must have in mind their customer, which might be workers in the production process following theirs. Thus we at Nissha are stressing anew the importance of links between internal processes and the orderly division of roles. By having all employees stand in the customers' shoes, we aim to break free of department-based optimization and strive for company-wide optimization. We believe that basic concepts like this and the sorting out of functions will build Nissha's foundation as a manufacturing company.

### Restart of Small-Group Activities

In improvement activities, the rule of thumb is participation by all. The accumulation of bits of creativity from all employees is the source of great improvements in work processes. Our restarting of small-group activities in July 2011 has become an important mechanism in mustering Nissha's knowledge and strengths. The Small-Group Activities Presentation Tournament we held in October 2011 and March 2012 unveiled some terrific results of improvement. Through these activities as well as others, the idea of always incorporating creativity into work processes is taking root.

In fiscal year 2013, we have widened the scope of these activities to Administration. We will continue promoting improvements in work processes based on a systematic method.

### **Restart of the Improvement Proposal System**

There are two types of improvement activities: those that involve taking time to analyze problems and search for optimal solutions, like small-group activities; and those that say “just do it” and are executed immediately, as in an improvement proposal system. Nissha has employed the latter system in the past, but its operation was limited to production subsidiaries of individual business units and never expanded into a system that encompassed the whole company.

In fiscal year 2012, we restarted this improvement proposal system, defining workflows and the division of roles so as to build a mechanism that involves the whole company. Through calls for bits of creativity from all employees in every work process, both in idea and in action, we expect to streamline management and make it more efficient as well as invigorate workplaces.

### **Quality Training**

In fiscal year 2012, we implemented the following training programs toward improvements in quality-related awareness and knowledge.

- (1) Training for new, 2nd-year, and 3rd-year employees
- (2) Training for new managerial staff
- (3) Training for managerial staff
- (4) Training for overseas transferees
- (5) Company-wide communication of message on quality
- (6) Quality Management and Quality Control Exam Level 3 training
- (7) Quality Management and Quality Control Exam Level 4 training

### **Five Musts for the Systematization of Work**

In fiscal year 2012, we set forth Five Musts for Systematization of Work and are working to communicate the concept company-wide.

1. Standardize work
2. First of all, check the Input
3. Incorporate the customer viewpoint into the Output
4. Reinforce the system using human factors
5. Make continuous efforts to improve the system

### **Quality and Safety of Products**

One of the key points we cited in the Corporate Ethics and Compliance Training implemented throughout the Nissha Group was quality and safety of products. As part of our mindset to provide customers with safe products, the sessions covered the following points.

- (1) We must provide the customers with the products which satisfy the “specifications we committed to the customers.” Of course, they include the compliance with the official regulations such as standards for the chemical substances in products.
- (2) Even though not specified by the customers, we shall clarify the laws and regulations which are to be applied for the products in consideration of the purpose and place of use.
- (3) Appropriate management of the suppliers (source of materials and contractor of manufacturing process) is also essential.
- (4) When our products do not satisfy the specifications or are defective, we shall be liable for the damages against the customers or the end-users.

In fiscal year 2012, we revised our quality manual twice, adding Administration to the scope of application and clauses on the control of substances in products, and improving our quality management system so as to provide customers with reliable products.

In the event a serious accident occurs as a result of defects in our products or services, we report it to government agencies and take appropriate countermeasures in accordance with laws and regulations. When any accident occurs, we notify customers as soon as possible.

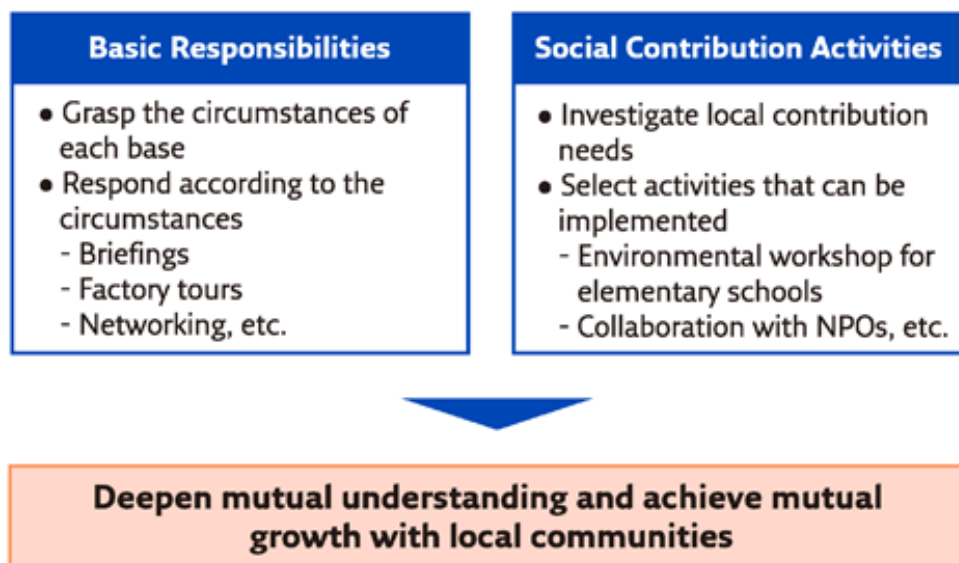
In fiscal year 2012, the number of violations came to zero cases (0 yen in penalties). We will continue with our activities and strive to maintain our zero violations record.

# Community Involvement and Development

## Promoting Communication with Local Communities

As a member of global society, Nissha aims not only to fulfill its responsibilities as a corporation but also to win the trust of local communities and be a company that is needed by society. To this end, we value communication with local communities and carry out various activities at each base. 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 employee awareness of corporate ethics and compliance. Social contribution activities, on the other hand, involve verifying the issues and needs of a given community and making efforts to respond to them. It is important to promote both basic responsibilities and social contribution activities; 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 and by society.



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.

### Continuation of Environmental Workshops for Elementary Schools

Since fiscal year 2008, Nissha employees continue to visit elementary schools mainly in areas around production bases in Japan and conduct environmental workshops. We have given workshops to approximately 2,800 participants at 49 schools as of the end of fiscal year 2012. Children have learned through quizzes and group work about the mechanism of global warming and about separating waste for recycling. They also learned about the mechanism of the printing process and about touch panel structure in a program using the printing technologies of our main business. Children in neighborhood elementary schools had the opportunity to tour Nissha and get a firsthand look at our new products and an exhibit on the history and culture of printing.



Environmental workshop



Tour of Nissha

Apart from visiting elementary schools, we also participate in events organized by local education boards and governments, and hold workshops in collaboration with non-profit organizations.

### Kinki Region Honorary Certificate for Traffic Safety

In September 2011, Nissha Printing Co., Ltd. Headquarters was commended as an excellent business office in local traffic safety with a Kinki Region Honorary Certificate for Traffic Safety, by recommendation of the Horikawa Traffic Safety Association. The certificate recognizes our understanding of the importance of a company's role in traffic safety and our contribution to the prevention of traffic accidents.



Certificate

### Overseas Base Initiatives

Employees of Nissha (Kunshan) Precision IMD Mold Co., Ltd. conducted activities at a care home for the elderly in Kunshan City. They gave gifts of fruit and goods for daily use, and enjoyed conversations and walks with the residents. The visit provided all participating employees the opportunity to deepen their sense of respect for the elderly.

Since 2010, it was the third year of this social contribution activities at Nissha (Kunshan). The group company plans to continue their activities into the future.



Visit to care home



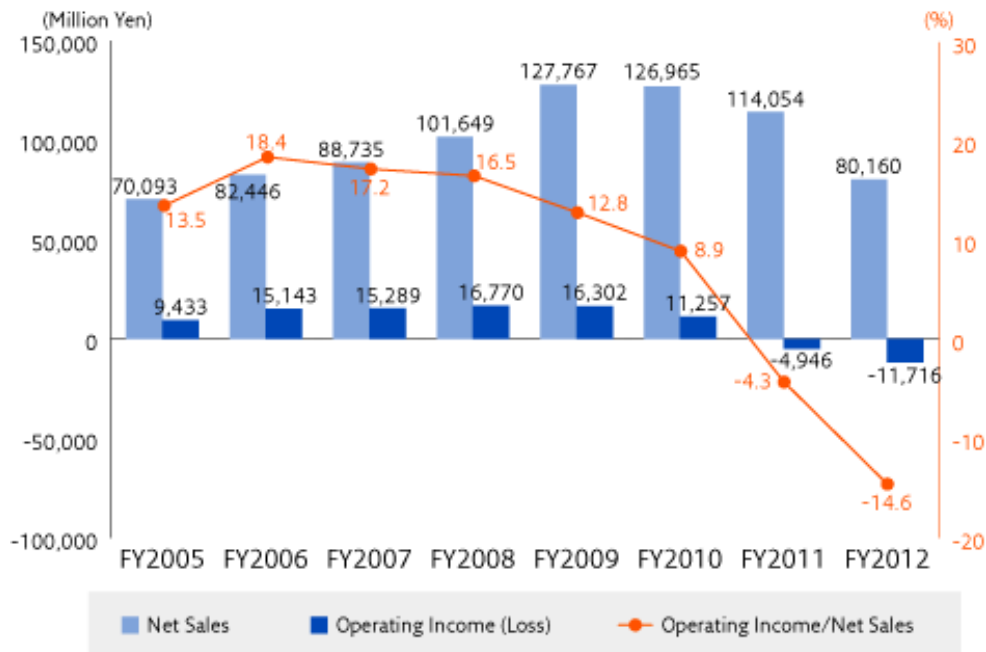


# Company Outline

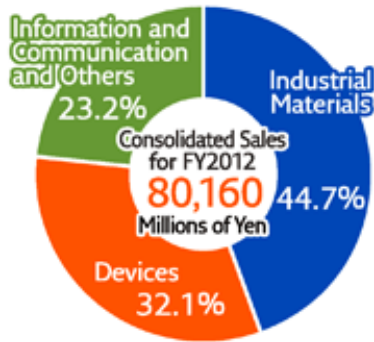
## Company Outline

<b>Company name</b>	Nissha Printing Co., Ltd.
<b>Headquarters</b>	3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan
<b>President and CEO, Representative Director of the Board</b>	Junya Suzuki
<b>Founded</b>	October 6, 1929
<b>Established</b>	December 28, 1946
<b>Capitalization</b>	¥5,684,790 thousand
<b>Number of employees</b>	983 (Consolidated: 3,396) as of end of March 2012
<b>Bases</b>	Japan: 11 Overseas: 26 (including locally incorporated companies)

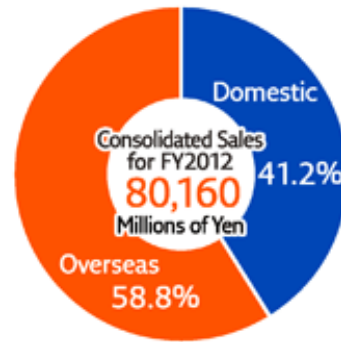
### Nissha's Financial Results



## Sales Breakdown in FY2012

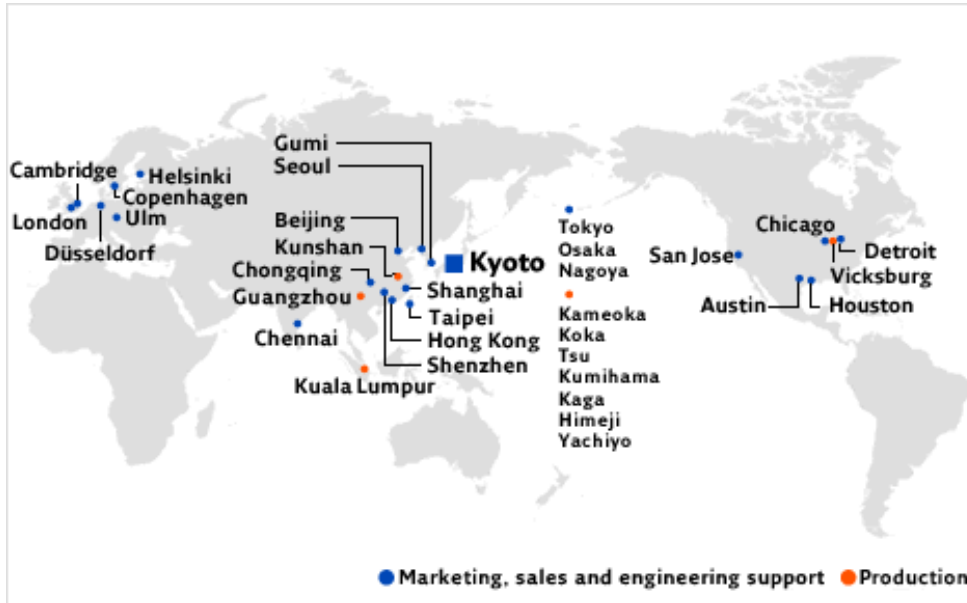


Breakdown by business field



Breakdown by overseas vs. domestic

## Global Network



## Nissha Businesses and Major Affiliated Companies

Nissha operates three businesses: Industrial Materials, Devices, and Information and Communication.

### Industrial Materials

In the Industrial Materials business, we meet a broader range of customer needs by expanding and developing on application areas for proprietary technologies such as IMD, which implements three-dimensional plastic molding and graphics at the same time.

### Products

IMD (Simultaneous Molding and Decorative Film Transfer System)

IML (Simultaneous Molding and Decorative Film Insert System)

Heat Transfer Foil

Nissha TechSol (functional film)

Nissha In-Metal (transfer to metal)

### Applications

PCs, Mobile phones, home appliances, automotives (interiors and exteriors), cosmetic packages, etc.

### **Affiliated Companies**

Nitec Industries, Inc.  
Nitec Mold Engineering, Inc.  
Eimo Technologies, Inc.  
Guangzhou Nissha High Precision Plastics Co., Ltd.  
Nissha (Kunshan) Precision IMD Mold Co., Ltd.  
Southern Nissha Sdn. Bhd.

### **Devices**

In the Devices business, we offer FineTouch, which leads the touch-input device market with cutting-edge technology, and by evolving from touch-input to sensing functions, pursue more competitive and advanced technologies with an eye toward future trends.

### **Products**

Capacitive-type touch panel  
Resistive-type touch panel

### **Applications**

Smartphone, tablet device, mobile gaming gear, digital camera, healthcare appliance, home appliance, medical device, etc.

### **Affiliated Companies**

Nitec Precision, Inc.  
Nitec Precision and Technologies, Inc.

### **Information and Communication**

In the Information and Communication business, we offer products that support customers' marketing and communication strategies, social media solutions, systems for the environment and security fields, and other technologies based on printing that create new value.

### **Products**

Sales promotion  
Web solution  
Commercial printing  
Printing & publishing  
Cultural asset art solutions  
Communication design

### **Affiliated Companies**

Nissha Sales Promotion & Products Co., Ltd.  
Nitec Printing Co., Ltd.

# Editorial Policy

## Editorial Policy

CSR Report 2012 has been compiled with the objective of disclosing to our numerous stakeholders, including customers, information regarding Nissha's initiatives and business performance in fiscal year 2012 (April 2011–March 2012). The report is published annually since 2004 (in fiscal years 2005 and 2006 as Environmental Report, and from fiscal year 2007 onward as CSR Report) with the aim of serving as a communication tool to build mutual trust with society. The contents of this report are based on the guidelines given below as well as various questionnaires regarding corporate evaluation. Editing was conducted in line with the core sections of ISO 26000 while taking into consideration significance both for society and Nissha's stakeholders and for Nissha itself. With this issue, we aimed to create an easy-to-understand report with enriched contents, and to declare our performance according to the Application Level given in the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines (G3). We assess this report to meet the standards of GRI Application Level C.

Guidelines used as reference:

- Environmental Reporting Guidelines 2007, issued by the Japanese Ministry of the Environment
- Sustainability Reporting Guidelines (G3), developed by the Global Reporting Initiative
- ISO26000

## Period Covered

The information contained in this report, in principle, covers the period from April 2011 to March 2012. Some reporting has also been done regarding activities carried out after April 2012.

## Scope of Reporting

The information and data contained in this report focus mainly on activities conducted by the Nissha Group. Where information for the entire group is not available, the scope of reporting has been indicated on the 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. "Headquarters" refers to the Headquarters and affiliated companies located within the headquarters premises (such as Nissha Intersystems Co., Ltd.).

## Publication Dates

Current issue: June 2012

Next issue: June 2013 (planned)

Last issue: June 2011

## Variations in Scope of Reporting

The numerical data given in each category of environmental report reflect calculations of the 12-month period between April 2011 and March 2012. Those for the Nitec Industries, Inc., Kameoka Factory, which discontinued production in December 2011, however, reflect the nine-month period between April and December 2011.

Nitec Precision and Technologies, Inc. started mass production in March 2012; however, since it has conducted test manufacturing before then, it is included in the 12-month scope of reporting

between April 2011 and March 2012, particularly with regard to CO<sub>2</sub> emission and waste generation volumes.

### **Publishing Division and Contact for Inquiries**

Nissha Printing Co., Ltd.

Corporate Communications

Tel: +81-(0)75-811-8111

Fax: +81-(0)75-823-5344

Inquiries: [Nissha website "Contact us" page](#)

# GRI Content Index

Nissha Printing Co., Ltd. has used the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines (G3) as a reference in compiling CSR Report 2012. Further, we have conducted a self-check of the extent to which the guidelines were applied in our reporting, employing the GRI Application Levels. We assess this report to meet the standards of GRI Application Level C. The list of application level criteria and a GRI guidelines comparison table are given below.

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures G3 Profile Disclosures G3 Management Approach Disclosures G3 Performance Indicators & Sector Supplement Performance Indicators	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version

## GRI Content Index

	Item	Location in CSR report	Pages on PDF
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	Top Message	02-03
1.2	Description of key impacts, risks, and opportunities		
2. Organizational Profile			
2.1	Name of the organization	Company Outline	65-67
2.2	Primary brands, products, and/or services	Company Outline	65-67
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Company Outline	65-67
2.4	Location of organization's headquarters	Company Outline	65-67
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Company Outline	65-67
2.6	Nature of ownership and legal form	Company Outline	65-67
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Company Outline	65-67
2.8	Scale of the reporting organization, including ·Number of employees ·Net sales (for private sector organizations) or net revenues (for public sector organizations) ·Total capitalization broken down in terms of debt and equity (for private sector organizations) ·Quantity of products or services provided	Company Outline	65-67

	Item	Location in CSR report	Pages on PDF
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: ·The location of, or changes in operations, including facility openings, closings, and expansions ·Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)	Editorial Policy	68-69
2.10	Awards received in the reporting period	Approach to CSR Community Involvement and Development	05-07 62-64
<b>3. Report Parameters</b>			
<b>Report Profile</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Editorial Policy	68-69
3.2	Date of most recent previous report (if any)	Editorial Policy	68-69
3.3	Reporting cycle (annual, biennial, etc)	Editorial Policy	68-69
3.4	Contact point for questions regarding the report or its contents	Editorial Policy	68-69
<b>Report Scope and Boundary</b>			
3.5	Process for defining report content, including ·Determining materiality ·Prioritizing topics within the report ·Identifying stakeholders the organization expects to use the report	Editorial Policy	68-69
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Editorial Policy	68-69
3.7	State any specific limitations on the scope or boundary of the report	Editorial Policy	68-69
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Not applicable	—
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods)	Not applicable	—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Editorial Policy	68-69
<b>GRI Content Index</b>			
3.12	Table identifying the location of the Standard Disclosures in the report	This table; GRI Content Index	70-76
<b>Assurance</b>			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)		
<b>4. Governance, Commitments, and Engagement</b>			
<b>Governance</b>			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Corporate Governance	10-12
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	Corporate Governance	10-12
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Corporate Governance	10-12
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate Governance Human Rights	10-12 15-16
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		

	Item	Location in CSR report	Pages on PDF
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Corporate Ethics and Compliance Human Resources Development Safety and Health Policy and Management Structures Initiatives Related to Information Security Partnership with Our Suppliers Social Media Policies Community Involvement and Development	13 18-19 24-26 28-30 49 53-55 56-57 62-64
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		
<b>Commitments to External Initiatives</b>			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Corporate Governance Monitoring and Prevention of Pollution	10-12 43-44
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	United Nations Global Compact	08
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: ·Has positions in governance bodies ·Participates in projects or committees ·Provides substantive funding beyond routine membership dues ·Views membership as strategic		
<b>Stakeholder Engagement</b>			
4.14	List of stakeholder groups engaged by the organization	Approach to CSR	05-07
4.15	Basis for identification and selection of stakeholders with whom to engage	Approach to CSR	05-07
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		
<b>5. Management Approach and Performance Indicators</b>			
<b>Economic</b>			
Disclosure on Management Approach			
Aspect: Economic Performance			
EC1	CORE	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Distribution of Added Value to Stakeholders 14
EC2	CORE	Financial implications and other risks and opportunities for the organization's activities due to climate change	
EC3	CORE	Coverage of the organization's defined benefit plan obligations	
EC4	CORE	Significant financial assistance received from government	
Aspect: Market Presence			
EC5	ADD	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	
EC6	CORE	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	
EC7	CORE	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	
Aspect: Indirect Economic Impacts			
EC8	CORE	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	
EC9	ADD	Understanding and describing significant indirect economic impacts, including the extent of impacts	



	Item	Location in CSR report	Pages on PDF
<b>Environmental</b>			
Disclosure on Management Approach			
Aspect: Materials			
EN1	CORE	Materials used by weight or volume	Impact as a Result of Business Operations 35
EN2	CORE	Percentage of materials used that are recycled input materials	
Aspect: Energy			
EN3	CORE	Direct energy consumption by primary energy source	Impact as a Result of Business Operations Environmental Accounting Prevention of Further Global Warming 35 36-37 38-40
EN4	CORE	Indirect energy consumption by primary source	Impact as a Result of Business Operations Environmental Accounting Prevention of Further Global Warming 35 36-37 38-40
EN5	ADD	Energy saved due to conservation and efficiency improvements	
EN6	ADD	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	
EN7	ADD	Initiatives to reduce indirect energy consumption and reductions achieved	
Aspect: Water			
EN8	CORE	Total water withdrawal by source	Impact as a Result of Business Operations Environmental Accounting 35 36-37
EN9	ADD	Water sources significantly affected by withdrawal of water	
EN10	ADD	Percentage and total volume of water recycled and reused	
Aspect: Biodiversity			
EN11	CORE	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
EN12	CORE	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	
EN13	ADD	Habitats protected or restored	
EN14	ADD	Strategies, current actions, and future plans for managing impacts on biodiversity	
EN15	ADD	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	
Aspect: Emissions, Effluents, and Waste			
EN16	CORE	Total direct and indirect greenhouse gas emissions by weight	Impact as a Result of Business Operations Environmental Accounting Prevention of Further Global Warming 35 36-37 38-40
EN17	CORE	Other relevant indirect greenhouse gas emissions by weight	
EN18	ADD	Initiatives to reduce greenhouse gas emissions and reductions achieved	
EN19	CORE	Emissions of ozone-depleting substances by weight	
EN20	CORE	NO, SO, and other significant air emissions by type and weight	
EN21	CORE	Total water discharge by quality and destination	Impact as a Result of Business Operations 35
EN22	CORE	Total weight of waste by type and disposal method	Impact as a Result of Business Operations Environmental Accounting Waste Management and Zero Emissions 35 36-37 41-42
EN23	CORE	Total number and volume of significant spills	
EN24	ADD	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	
EN25	ADD	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	
Aspect: Products and Services			
EN26	CORE	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	

		Item	Location in CSR report	Pages on PDF
EN27	CORE	Percentage of products sold and their packaging materials that are reclaimed by category		
Aspect: Compliance				
EN28	CORE	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		
Aspect: Transport				
EN29	ADD	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce		
Aspect: Overall				
EN30	ADD	Total environmental protection expenditures and investments by type	Environmental Accounting	36-37
<b>Labor Practices and Decent Work</b>				
Disclosure on Management Approach				
Aspect: Employment				
LA1	CORE	Total workforce by employment type, employment contract, and region, broken down by gender	Respect for Diversity	20-21
LA2	CORE	Total number and rate of new employee hires and employee turnover by age group, gender, and region		
LA3	ADD	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations		
Aspect: Labor/Management Relations				
LA4	CORE	Percentage of employees covered by collective bargaining agreements	Human Rights	15-16
LA5	CORE	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		
Aspect: Occupational Health and Safety				
LA6	ADD	Percentage of total workforce represented in formal joint management- worker health and safety committees that help monitor and advise on occupational health and safety programs		
LA7	CORE	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Safety and Health	24-26
LA8	CORE	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Safety and Health	24-26
LA9	ADD	Health and safety topics covered in formal agreements with trade unions		
Aspect: Training and Education				
LA10	CORE	Average hours of training per year per employee by gender, and by employee category		
LA11	ADD	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		
LA12	ADD	Percentage of employees receiving regular performance and career development reviews, by gender		
Aspect: Diversity and Equal Opportunity				
LA13	CORE	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Respect for Diversity	20-21
LA14	CORE	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		
<b>Human Rights</b>				
Disclosure on Management Approach				
Aspect: Investment and Procurement Practices				
HR1	CORE	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening		
HR2	CORE	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	Partnership with Our Suppliers	53-55

		Item	Location in CSR report	Pages on PDF
HR3	ADD	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		
Aspect: Non-Discrimination				
HR4	CORE	Total number of incidents of discrimination and corrective actions taken		
Aspect: Freedom of Association and Collective Bargaining				
HR5	CORE	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights		
Aspect: Child Labor				
HR6	CORE	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		
Aspect: Forced and Compulsory Labor				
HR7	CORE	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		
Aspect: Security Practices				
HR8	ADD	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		
Aspect: Indigenous Rights				
HR9	ADD	Total number of incidents of violations involving rights of indigenous people and actions taken		
Society				
Disclosure on Management Approach				
Aspect: Local Communities				
SO1	CORE	Percentage of operations with implemented local community engagement, impact assessments, and development programs		
Aspect: Corruption				
SO2	CORE	Percentage and total number of business units analyzed for risks related to corruption	Corporate Governance	10-12
SO3	CORE	Percentage of employees trained in organization's anti-corruption policies and procedures		
SO4	CORE	Actions taken in response to incidents of corruption		
Aspect: Public Policy				
SO5	CORE	Public policy positions and participation in public policy development and lobbying		
SO6	ADD	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		
Aspect: Anti-Competitive Behavior				
SO7	ADD	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		
Aspect: Compliance				
SO8	CORE	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		
Product Responsibility				
Disclosure on Management Approach				
Aspect: Customer Health and Safety				
PR1	CORE	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		
PR2	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Consumer Issues	58-61
Aspect: Product and Service Labeling				
PR3	CORE	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements		

	Item		Location in CSR report	Pages on PDF
PR4	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		
PR5	ADD	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		
Aspect: Marketing Communications				
PR6	CORE	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		
PR7	ADD	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		
Aspect: Customer Privacy				
PR8	ADD	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		
Aspect: Compliance				
PR9	CORE	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Consumer Issues	58-61