

CSR 2013

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CEO Message

Business Activities Based on Printing Technology as a Core

"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 business activities at Nissha. Our founder was not satisfied with being a mere typeset printer, and embarked to pursue high-quality photographic printing that no other mainstream company at the time could compete with. He started the business of artistic printing, which later led to world recognition of the company for its fine art printing. In more recent years, taking note that much of our social life is shaped by elements such as color, design, and function, we aspired to expand beyond traditional printing on paper into new business fields like decorating three-dimensional plastic products and creating touch panels. And by offering truly unique solutions based on printing technologies, we have achieved growth in the global market.



Cultivating New Domains of Printing Technologies

In the backdrop of this growth is the Nissha spirit, or our DNA, of doing what no others can do and printing on everything but water and air. The proprietary printing technologies we have developed over the years are indeed our core competency.

In fiscal year 2013, we launched the Fourth Medium-term Business Plan covering the three-year period up to fiscal year 2015. Our Mid-term Vision is to "develop cutting-edge printing technologies and create an array of exceptional products that fundamentally redefines value for our customers." That is, by further exploring and evolving the proprietary printing technologies we have cultivated up to now, we seek to create new products and new value, and thereby contribute to society.

Aiming to be a Company Needed by Global Society

We believe a company's business activities must at the same time present social value. That we observe laws and regulations and embrace a high sense of ethics, that management exercises strong governance, and that production gives consideration to the sustainability of natural resources goes without saying. But in addition to these essentials in conducting business, a company is also required to create value that leads to a solution to society's issues.

In expanding our business domains, we at Nissha are working to grasp the changing needs of society and create solutions to issues in three target areas: information-oriented society, lifestyle support, and sustainable society.

Ever since they were first invented, printing technologies have enriched people's lives. And we believe that printing still offers countless possibilities across an infinite spectrum. Our wish, and our mission, is to make people's lives more convenient, more comfortable, and more enriched through Nissha's technologies, products, and services.

Creating a Solid Foundation

The growth of employees is indispensable to the growth of the company. We at Nissha believe our employees are our most important management resources. We train our employees, support career development, and promote the creation of comfortable working environments. On the other

hand, we recognize many challenges and the need to further our efforts in maximizing a potential of human resources from diverse background.

In April 2012, we joined the United Nations Global Compact and declared our commitment in the areas of human rights, labor, the environment, and anti-corruption. To this end, we are working to promote both within and outside the company the respect of human rights and the prohibition of child labor, forced labor, and corrupt practices, which we cite as important points in our Guideline of the Corporate Ethics and Compliance, on top of the environment-related initiatives we already continue to implement as a manufacturing company.

Message to Our Stakeholders

To be a company needed by society, it is important to engage in dialogue with a broad range of stakeholders. We at Nissha strive to listen to our stakeholders at all times and to reflect your voices in our business activities. This CSR Report, which introduces our initiatives in line with the core sections of ISO 26000, is also intended to be a communication tool. We hope you will give it a read and offer us your candid thoughts and advice.

Our stagnant business performance has been a cause for concerns to our stakeholders. Management and employees are working as one to swiftly return Nissha to the black and into a growth path, aiming to enhance Nissha's economic value and also to being a company that can create value for society. We look forward to your continued understanding and support.

June 2013
President and CEO
Representative Director of the Board



Nissha's CSR

Approach to CSR

This section explains Nissha's approach to CSR and our stakeholders, and introduces awards received.

United Nations Global Compact

We joined the United Nations Global Compact in April 2012.

Approach to CSR

Nissha's CSR

We at Nissha 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." In keeping with this Corporate Mission, we believe that our corporate social responsibility is to meet society's needs and aim for both the growth of the company and the enrichment of society by building on our core competency: printing technology.

To this end, it is crucial that we listen to and collaborate with our stakeholders. We identify the stakeholders that support Nissha operations as Customer, Shareholder, Supplier, Society, and Employee. Together with these stakeholders, we strive to enrich society from the perspectives of preserving the Earth's environment and supporting future generations.



Nissha's Circle of Trust

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

Recipient of Partner Award as a Supplier

The Nissha Group company Southern Nissha Sdn. Bhd., in Malaysia, has received a Partner Award from Sony EMCS (Malaysia) Sdn. Bhd. The award was presented in fiscal year 2013 to suppliers that excelled in the areas of QCDS+E (Quality, Cost, Delivery, and Support + Environment). We plan to keep up our efforts and continue to deliver value that meets our customers' needs.



Awarded for Wealth of IR Information

In fiscal year 2013, we won four website ranking awards sponsored by IR consultancies in recognition of the wealth of IR information disclosed on the Nissha website.

[Nissha IR site](http://www.nissha.co.jp/english/ir/) <http://www.nissha.co.jp/english/ir/>

Nikko Investor Relations Co., Ltd. "FY2013 Listed Companies Website Completeness Ranking Survey"

General Ranking: Most Outstanding
Website Award (Ranked 114th out of
3,570 listed companies)

Industry-specific Ranking: Outstanding
Website Award (Ranked 3rd in the all
Other Manufacturers category)



Daiwa Investor Relations Co., Ltd. "Internet IR Awards 2012"

Commendation Award

(Out of all 3,593 listed companies, 4 won the Grand Prize, 117 the Excellence Award, and 118 including Nissha the Commendation Award)



Morning Star Japan K.K. "Gomez IR Site Ranking 2012"

Bronze Award (Ranked 136th out of all listed companies)



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

This section sums up our distributions of added value to stakeholders in fiscal year 2013.

Corporate Ethics and Compliance

Nissha's executives and employees are working to thoroughly implement corporate ethics and compliance based on 13 important points and a common promotion structure for all bases.

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 also define our Shared Values and have established a Code of Conduct, an Environmental Policy, and an Information Security Policy in order to achieve co-existence with all the stakeholders of 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 adopt a corporate officer system to separate the Board of Directors' strategy-formulating and management oversight functions from the corporate officers' day-to-day business execution function. The term of office is one year. Corporate officers hold Monthly Business Review (MBR) meetings to report on the status of business activities and confirm that they are progressing according to plan.

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 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.

Remuneration for Directors and Corporate Auditors

Remuneration for directors and corporate auditors is set within the upper limit of total remuneration approved at the general shareholders' meeting (an annual maximum total of 430 million yen for directors and 50 million yen for auditors).

Remuneration for directors consists of a basic compensation and bonus, the sums of which are determined in accordance with a policy established by the Board of Directors. Basic compensation is set according to the scope of the director's role and his position, and determined by the president based on an evaluation of the individual's contribution and performance. Bonuses are determined by the president and correspond to the degree of success in achieving performance targets based on business results (consolidated net sales, consolidated operating income to sales ratio, performance of the business the director is responsible for, etc.). A fixed sum is set for outside directors, taking into account factors such as the individual's business experiences.

Remuneration for corporate auditors is determined by negotiation with the corporate auditors.

Board member category	Total remuneration (Million yen)	Remuneration by category (Million yen)		Number of board members
		Basic compensation	Bonuses	
Directors (Excluding outside directors)	79	71	8	5
Auditors (Excluding outside auditors)	14	14	-	3
Outside board members	18	18	-	4

Total Remuneration and Number of Board Members

Internal Control System

We endeavor to enhance our corporate value by having 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.

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 2013, we continued in our efforts to enhance our comprehensive risk management capabilities.

The Risk Management Committee, headed by the Vice President of Administration, is comprised of general managers of business units and managers responsible for risk management at departments. Having defined risks that may have a significant impact on our business activities as

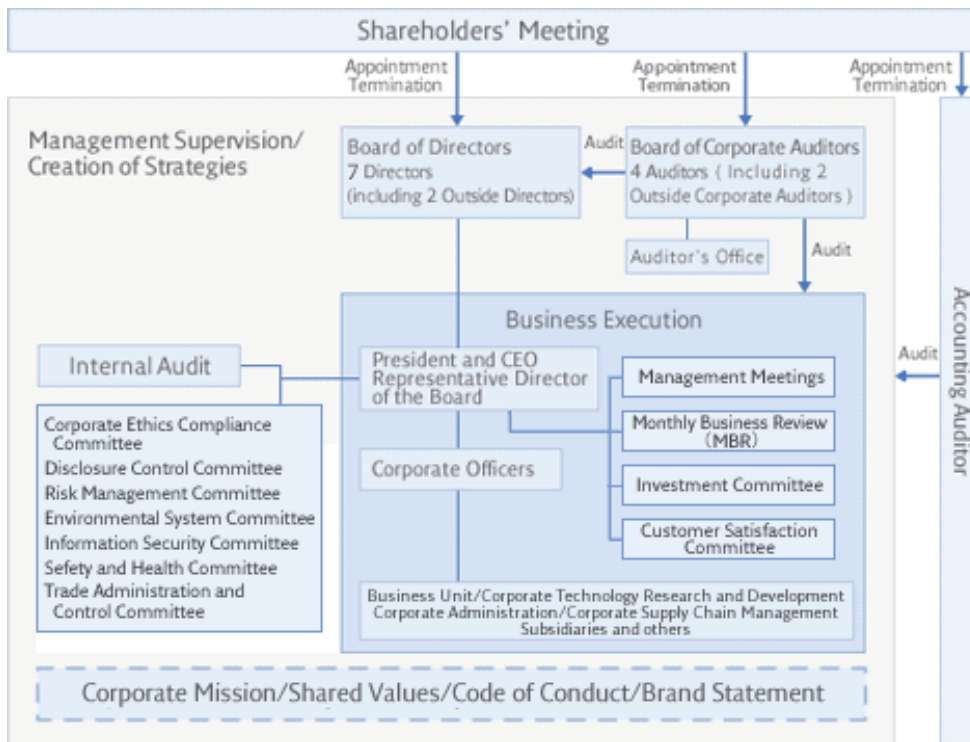
"any thing or situation that hinders Nissha's implementation of the Corporate Mission, the results of that thing or situation, or the possibility of its occurring," the committee works to ferret out all conceivable risks associated with business processes—including those related to disasters, accidents, and compliance—and devise countermeasures for them. This fiscal year, the committee also deliberated on and drew up a new risk management procedure so that it may select serious risks that must be addressed in the medium to long term, without being influenced by short-term challenges.

In the area of corporate ethics and compliance, we are carrying on our efforts from last year to set aside time dedicated to compliance promotion, during which we offer group-wide training to improve the awareness of all employees. After training, we check the employees' understanding and awareness through a questionnaire, and reflect the results in the program for the next year. For 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 conduct BCP training aimed at identifying risks and reviewing our business continuity plan and related codes. In fiscal year 2013, we also examined each base's risks associated with power shortage, and reflected the results in the plan. Furthermore, we organize lectures and training not only for employees responsible for fire prevention at workplaces but also management, and 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.

Initiatives in Internal Auditing

The Internal Audit, 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 makes reports and offers suggestions based on the results of its audits to the president at monthly meetings, and presents particularly important matters at Board of Directors' meetings. 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.

In fiscal year 2013, operating audits focused on inventory assets, fixed assets, and labor management, and internal audits on the ringi approval system, trade management, and quality control, while monitoring the progress of audits in fiscal year 2012 and earlier on risk management, human resources development, and the business continuity plan. The Internal Control, 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.



Corporate Ethics and Compliance

Guideline of the Corporate Ethics and Compliance

In addition to establishing a basic guideline based on the Nissha Group's Corporate Mission, Shared Values, Code of Conduct, 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.

We designate every October as a month dedicated to corporate ethics and compliance, during which we offer group-wide training. In fiscal year 2013, managers and group leaders in charge of corporate ethics and compliance at all bases in Japan and abroad led study sessions based on training material incorporating the 13 important points.

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. Regional/Social Contribution
11. No Relations with Antisocial Forces

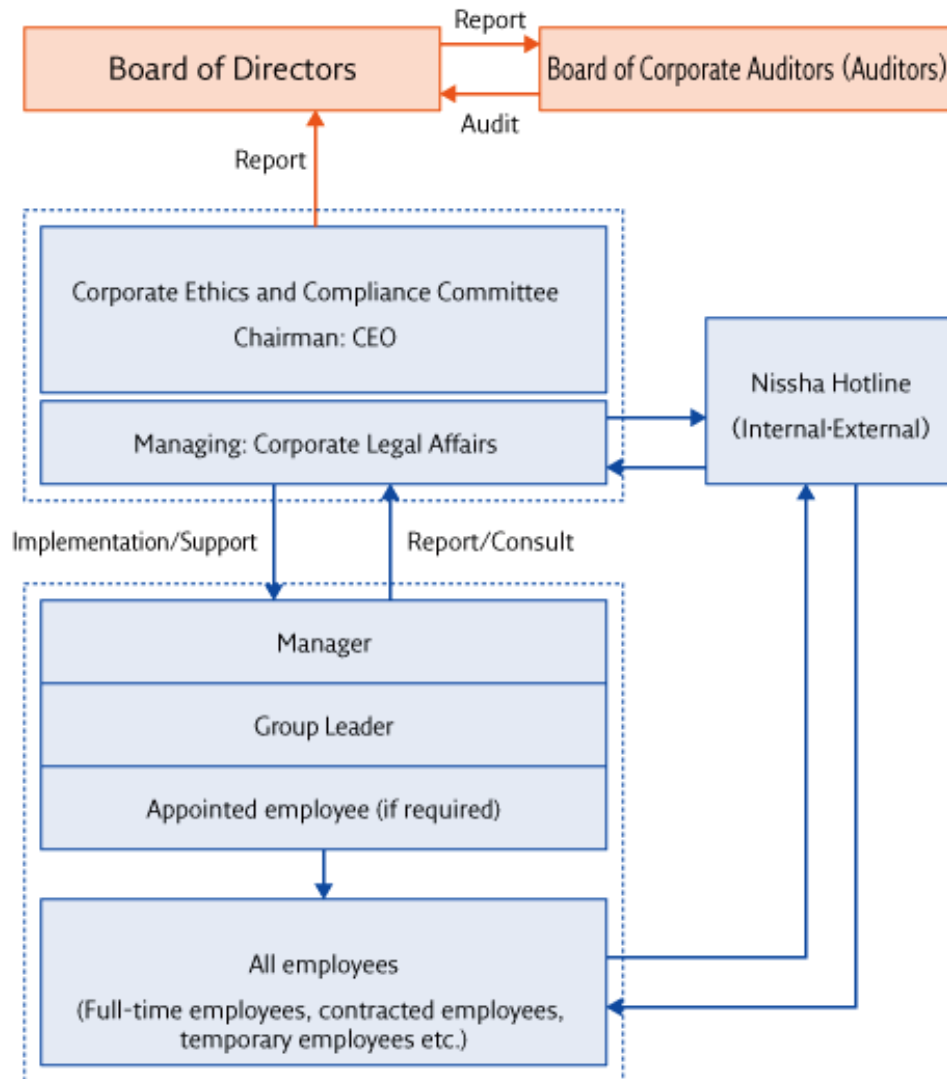
Relationship with Employee

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

Corporate Ethics and Compliance Structure

All Nissha bases in Japan and abroad appoint managers and group leaders in charge of promoting corporate ethics and compliance. These managers and group leaders not only conduct training in their respective divisions but also implement corporate ethics and compliance through organizational management, serve as the contact for Corporate Legal Affairs groups responding to specific cases, and even take on the role of consultant in their workplace.

Corporate Ethics and Compliance Structure



Distribution of Added Value to Stakeholders

Our fiscal year 2013 distribution of added value to stakeholders is given in the table below. Compared to last year, dividends decreased for Shareholders and Government agencies, as well as for Company, due to stagnant performance.

Distribution of Added Value to Stakeholders

Stakeholders	Amount (million yen)	Description	Remarks
Shareholders	4	Dividends	Figures published in financial results
Employees	4,357	Sum of expenses for salaries, wages, bonuses, and retirement benefits	Calculated by Corporate Communications, using results of the year ended March 31, 2013 (excluding personnel expenses included in manufacturing costs)
Creditors (financial institutions)	166	Interests	Figures published in financial results
Government agencies (national, local)	270	Sum of taxes paid including corporation tax, inhabitant tax, and enterprise tax	Figures published in financial results
Society	8	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)	-5,438	Amount of increase in surpluses (Amount withdrawn from surpluses)	Figures published in financial results

Human Rights

Respect for Human Rights and Anti-Discrimination

We at Nissha advocate "a mutually trustful co-existence" in our Corporate Mission, and set forth our approach to corporate ethics and compliance in our Guideline of the Corporate Ethics and Compliance. One of the guideline's key items, "respect for human rights," states that we will respect human rights and the various values and personalities of each other, that we will respect privacy, and that we will not discriminate, or violate child labor laws, or force one to work against his or her will, or commit sexual harassment or abuses of authority. Moreover, our Shared Values, which stipulate the code of behavior of Nissha People, declare that we "face global challenges with an open mind."

In April 2012, we joined the United Nations Global Compact. Having declared in our Corporate Ethics and Compliance Manual that we support and will make continuous efforts to practice the initiative's 10 principles in the areas of human rights, labor, the environment, and anti-corruption, we are working to promote awareness among all employees.

Guideline of the Corporate Ethics and Compliance "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 on the ground of race, skin color, belief, religion, nationality, age, sex, origin, physical disability, sexual preference, family structure, 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 engage in 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. It serves as the Nissha Group's channel for reporting in line with the Whistleblower Protection Act, and may be used by all employees including dispatch and part-time workers.

In fiscal year 2013, the Nissha Hotline was used one time. The report concerned labor

management. We are working to enhance employee awareness of this 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*1. 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. In fiscal year 2013, a Nitec Industries Labor Union was organized at affiliated company Nitec Industries, Inc.*2

The labor contract 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," and 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 2013, the Nissha Group had no report either of a strike or lockout or of 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.

*1. As of the end of March 2013, the Nissha Labor Union has a membership of 952.

*2. As of the end of March 2013, the Nitec Industries Labor Union has a membership of 467.

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, achieve work-life balance for our employees, and help them to develop a career path.

Safety and Health

In line with the Basic Policy on Safety and Health, we work actively toward the creation of safe and comfortable work environments and the sound mental and physical health of employees.

Human Resources Development

Human Resources Development Policy

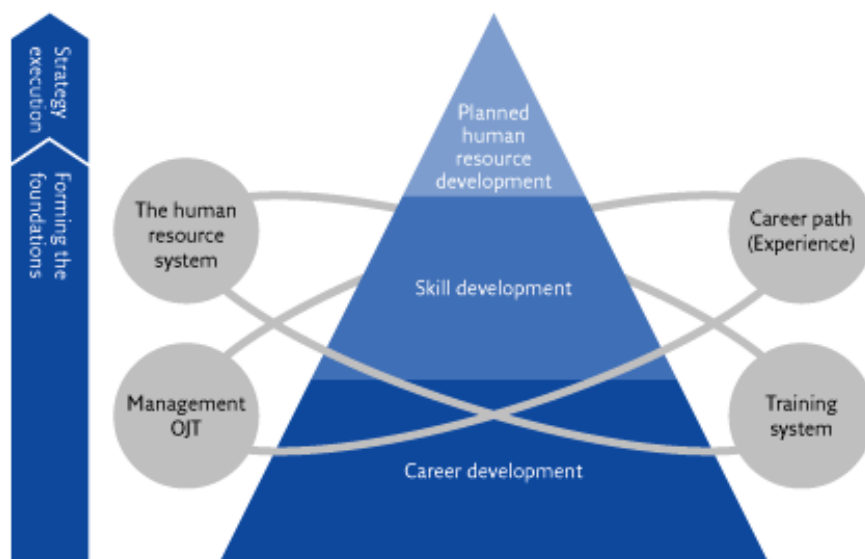
We implement a planned development of human resources needed for the company to grow and actively support our employees in the voluntary development of their skills with the aim of achieving growth for both the company and our employees.

We at Nissha 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 system, on-the-job training (OJT), medium- to long-term career path development, and the improvement of human resource 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., Leadership, problem-solving skills), foreign language training, accounting education, 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 2013, we started a new accounting education program, which provides knowledge about accounting and costs.

The program aims to spark an interest in employees about the figures associated with company management, and to enable them to perform their job with a higher awareness of financial affairs. It offered young employees in the marketing and sales, procurement, engineering, and development departments the opportunity to learn the basics of accounting and costs, and also fostered young employees in the finance department through the chance to act as instructor.

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.

In fiscal year 2013, we focused particularly on educating human resources in the research and development department, the procurement department, and overseas companies. We are implementing programs that link training with practical action.

For the research and development department, we are implementing marketing training for young engineers. In an aim to accelerate our efforts in developing new businesses, a major component of the Medium-term Business Plan, we are providing young engineers with the knowledge to develop products with a perspective of Market-in. The employees do not learn mere theory but hold discussions with personnel in charge of marketing and apply what they have learned in planning actual products.

For the procurement department, we are conducting workshops to deepen knowledge about the department's role and teaching the required knowledge (in quality, costs, and materials) and skills (in negotiation) in accordance with a department-specific human resources development policy. In fiscal year 2014, we plan to expand the training to also offer experience in fostering human resources.

For overseas companies, we implemented Nissha China Manager training at four local incorporated companies in China. Targeting young managers, the program consisted of lectures and exercises on the knowledge and skills required of a manager to formulate strategies for a

company in China. Getting together and holding discussions with members from multiple bases and departments has encouraged the managers at each company to promote business as one. We plan to draw up department-specific strategies and implementation items based on this training program.

In fiscal year 2014, we will continue to pour our energy into both company-wide and department-specific human resources development.

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.

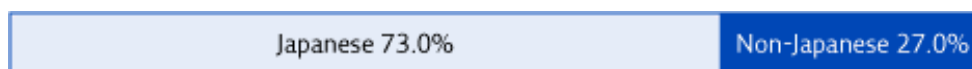
Employees of Nissha Group in Japan

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	
End of FY2013	Male	7	14	1	177	666	39.8	14.8	3,409
	Female	0	0	0	6	195	32.9	8.7	

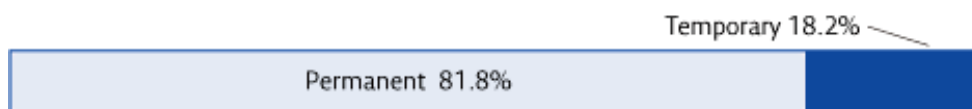
Note 1: Directors includes two outside directors.

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

FY2013 breakdown by nationality (Nissha Group)



FY2013 breakdown by employment status (Nissha Group)



(As of March 31, 2013)

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
1.40%	2.97%	2.40%	1.14%	2.08%

(As of March 31, 2013)

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 introduced flexible work hours in fiscal year 2012, primarily in sales departments, as a mechanism in which employees can voluntarily determine their own start and finish times of the working day. The aims of the system include responding flexibly to the time difference between Japan and overseas, to deadlines, and to the busy and slow hours of the working day, and enabling employees to maintain harmony between work and life. Employees at departments in which flexible work hours are adopted generally welcome the system, as it enables them to work more efficiently. In fiscal year 2013, we expanded the system to other departments.

Reduction of Overtime Work

We are promoting a reduction of overtime work with the aim of encouraging employees to change their work process and the way they manage their time, and thereby achieve work-life balance. To raise employee awareness, we operate a website on our intranet that introduces the activities of each department related to the reduction of overtime work.

Promotion of the Use of Paid Leave

To promote the use of paid leave, in fiscal year 2012 we offered a winter vacation planning system in addition to the summer vacation planning system, and 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. As a result of these initiatives, the rate of paid leave acquisition increased from 57.8% in fiscal year 2012 to 58.1% in fiscal year 2013.

Child-rearing and Family Care Support

In our efforts in child-rearing and family care support, we have extended the duration in which employees may shorten their work time for child-rearing to March 31 after a child turns 12 years old (from 10 years old before revision). We have also extended the number of hours in which employees may shorten their work time during child-rearing, family care, and pregnancy to three hours (from two hours before revision).

As a result, in 2013 we received “Kurumin” certification for the second consecutive term, following 2009.



*Use of the Kurumin Mark is permitted for companies certified as being next-generation supportive by the Minister of Health, Labour and Welfare.

Status of Long-term Leave and Time Taken Off from Work in Fiscal Year 2013

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	Number of employees who worked shorter hours for family-care
58.1%	27	37 (including 1 male)	33 (including 2 male)	0	1

(Scope of data: Nissha Group in Japan)

Reinstatement rate after child-rearing leave *1: 100%

Retention rate after child-rearing leave (1 year) *2: 84.6%

*1. Reinstatement rate = Number of employees reinstated after child-rearing leave in the current fiscal year ÷ Number of employees expected to be reinstated after child-rearing leave in the current fiscal year x 100

*2. Retention rate = Number of employees remaining on March 31 the current fiscal year after being reinstated after child-rearing leave in the previous fiscal year ÷ Number of employees reinstated after child-rearing leave in the previous fiscal year

Support for Reinstatement after Long-term Leave

For employees reinstated at work after long-term leave due to illness or injury, we have in place 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 a system in which reinstated employees may shorten their work time by up to two hours per day.

Career Development Support

The Nissha Group introduced in fiscal year 2012 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 system aims 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. In fiscal year 2013, four employees passed the screening for seven calls. These employees have been transferred and are currently playing an active role in their new departments.

We also have other initiatives to support career development, such as training programs to help employees map a career path and a system in which superiors offer guidance and advice through the setting and evaluation of goals tailored to each employee.

Awarding System

The Nissha Group has in place a variety of awards. By clarifying behavior that merits recognition by the company, and announcing widely throughout the organization events that correspond to that, we aim to applaud the award-winning individuals or bases and raise motivation across the group. In fiscal year 2013, we reformed the contents of the system. Specifically, we redefined the President's Award, and established two new awards: the Top Line Award, which is presented to employees who deliver special results that contribute to improved performance, and the Nissha People Award, which praises workplace heroes who personify the spirit of Nissha's Shared Values and Code of Conduct. In the first ceremony, awards were presented to 50 employees.

Safety and Health

Basic Policy on Safety and Health / Safety and Health Objectives

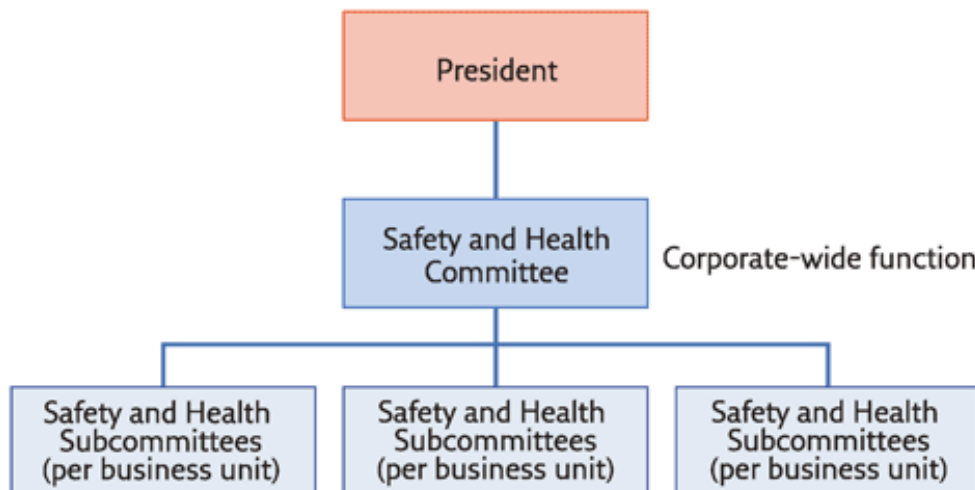
The Nissha Group Basic Policy on Safety and Health puts safety first above all else and declares we will actively promote the creation of safe and comfortable work environments as well as the sound mental and physical health of employees. To this end, every year we set Nissha Group Safety and Health Objectives and familiarize 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 Corporate Safety and Health Committee oversees the 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 Safety and Health Subcommittees implement planned initiatives for all employees, such as activities and education for achieving their Safety and Health Objectives. The Corporate Safety and Health Committee receives reports on these initiatives 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) list up key challenges and inspection items from various viewpoints, such as whether there are any hidden risk factors and whether dangerous work processes are not employed, and conduct patrols of workplaces according to an annual plan. The members strive to patrol workplaces and bases they are not ordinarily in charge of, and exchange views to improve each other's level of inspection.

Occurrence of Work-related Accidents

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

Item	FY2009	FY2010	FY2011	FY2012	FY2013
Number of work-related accidents	56	23	20	23	21
Frequency of work-related accidents ^{*1}	1.27	0.62	0.41	0.16	1.15
Severity of work-related accidents ^{*2}	0.02	0.02	0.03	0.03	0.06
Number of working days lost	137	226	299	248	434

*1. Frequency of work-related accidents: Refers to the number of injuries and casualties resulting from work-related accidents (four or more days of leave) 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.

Safety and Health Education and Training

In April 2012, we standardized the safety and health education items required in conducting our production and other business activities in a set of Safety and Health Education and Management Regulations.

In the first year of implementation, fiscal year 2013, we set forth an education plan for each Safety and Health Subcommittee and provided various training programs such as recruitment, risk assessment, organic solvent, facility introduction, mental health, physical health, and fire and disaster prevention education.

Organic solvent education was conducted in collaboration with departments responsible for disaster prevention, as it covers training in hazardous material management. The program proved to be a synergistic opportunity in which all participants were able to deepen their understanding from their respective points of view.



Training 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 2013, we promoted lifestyle disease prevention under the theme of healthy diet, and provided opportunities to learn about healthy eating habits suited to individual lifestyles.

As a main initiative for deepening understanding about a well-balanced diet, we organized a "healthy eating habits" lecture by industrial physicians and introduced its contents through posters, and invited outside lecturers to hold a seminar titled "sound health plan," which gave tips to consuming fewer calories effortlessly on a continuous basis.

As a high-risk approach, we also undertook measures to maintain health by recommending visits to



Lecture Class

a medical institution to employees who required either detailed examination or re-examination as a result of their health checkup, and provided specific health guidance with support from a designated medical institution to employees who required it as a result of their health checkup.

Mental Health Support

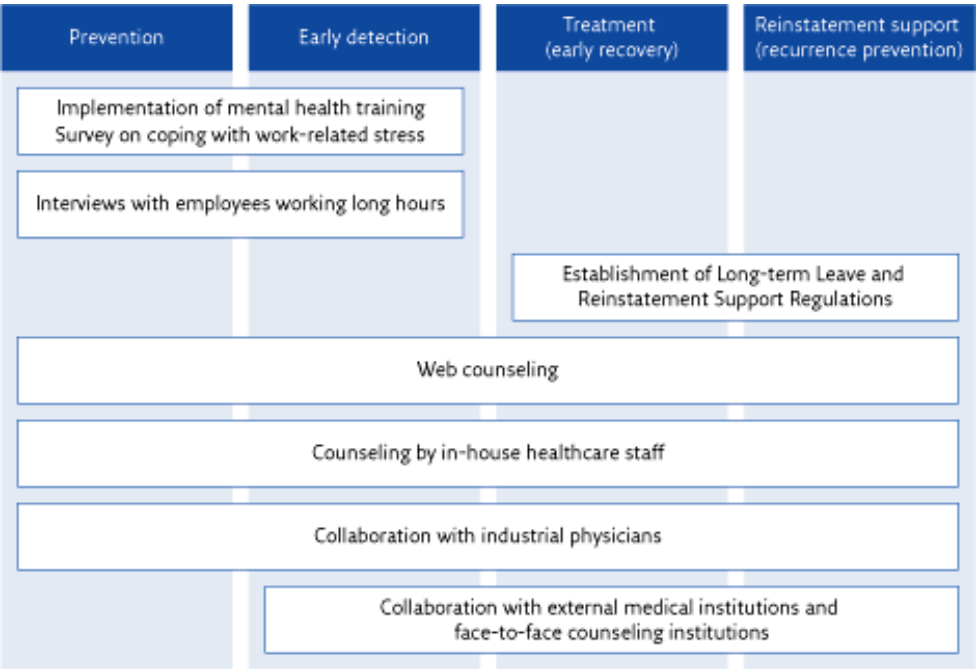
We continue in our efforts since fiscal year 2010 to provide mental health education inviting a clinical psychologist. In fiscal year 2013, the initiative focused solely on self-care education, consisting of basic knowledge in four stress management techniques to protect the mind and body from stress. Also in fiscal year 2013, we introduced a survey on coping with work-related stress as part of our mental health checkup offering, and thereby created a new mechanism for employees to understand their own stress. We plan to expand further on initiatives that may be employed in self-care in future.



Mental Health Workshop

For employees who require special attention in terms of mental health, we follow our Long-term Leave and Reinstatement Support Regulations and offer time to recover from their condition as well as consideration in the workplace upon reinstatement in an aim to prevent the recurrence of illness or injury and achieve a smooth return to work.

This fiscal year marks the sixth year since we launched the web counseling service, through which a specialized counselor offers mental health advice online.



Mental Health Support Structure

The Environment

Policy and Management Structures

We revised the Environmental Policy in April 2012, and also reviewed our environmental objectives consisting of quantitative target values. We are working to achieve these objectives employing an environmental management system.

Objectives and Status of Achievement

This section reports on the Nissha Group's environmental objectives and on the status of their achievement in fiscal year 2013.

Impact as a Result of Business Operations

This section sums up resource and energy usage (input) and gas, water, and waste emissions (output) by the Nissha Group in fiscal year 2013.

Environmental Accounting

This section sums up environmental conservation costs for Nissha bases in Japan in fiscal year 2013, and reports on our outlook for the future.

Prevention of Further Global Warming

In fiscal year 2013, CO2 emissions from Nissha bases in Japan increased 0.7% year-on-year, while those from overseas bases decreased 1.1%. This section reports on the major causes for the increase and about our management by basic unit.

Waste Management

In fiscal year 2013, waste generated at Nissha bases in Japan increased 8% year-on-year. This section reports on the major causes for the increase and about our promotion of and risk management related to recycling and converting waste into valuable resources.

Monitoring and Prevention of Pollution

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

Status of Waste Generation at Bases

This section uses graphs to introduce the status of waste generated at Nissha's major production bases in Japan in March 2013

Policy and Management Structures

Policy and Management Structures

We revised our Environmental Policy in April 2012, and are working to familiarize it widely throughout the company via our intranet as well as promoting it among all employees by posting the policy at each base of the Nissha Group. In line with the revision, we have also reviewed our environmental objectives consisting of quantitative target values. To achieve these environmental objectives, each factory and organization sets its own environmental targets and creates an action plan toward operating an environmental management system (EMS). These environmental targets are linked to quality targets and the more important key performance indicators (KPI). The Nissha Group environmental management structure comprises the president as general supervisor, a corporate officer who is the general manager of Corporate Administration in charge of EMS management, and members of the Environmental Conservation Committee selected from each department and factory. The environmental group of Corporate Administration functions as a group-wide secretariat and works toward the continuous improvement of our EMS such as by responding to inquiries from each base, operating the Environmental Conservation Committee, conducting internal environmental audits, and organizing management reviews by the Environment System Committee.

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

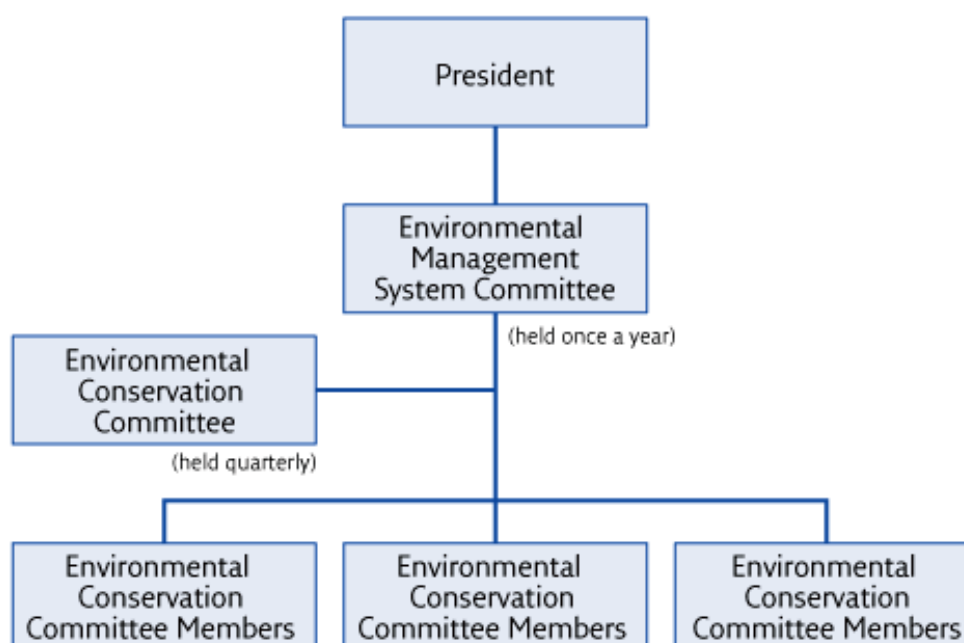
Improvements in the Environmental Management System (EMS)

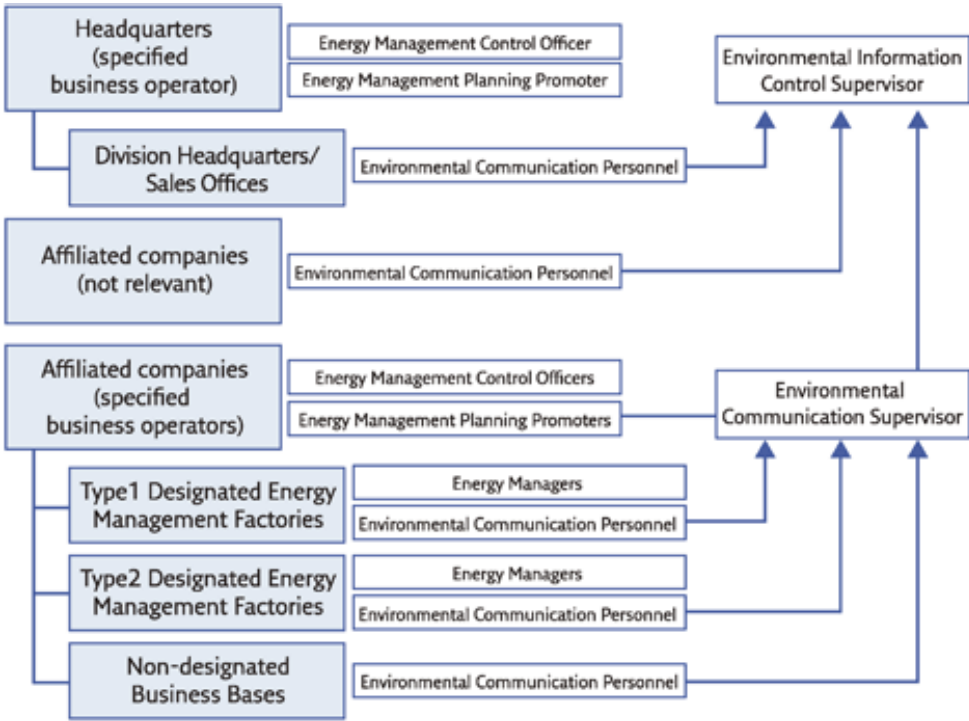
In fiscal year 2013, we set out to improve our EMS. Whereas all sites of the Nissha Group previously obtained ISO 14001 certification, we changed the scope of application and established four categories into which our sites will be divided.

1. ISO 14001 certified sites
2. ISO 14001 non-certified operation control and inspection sites
3. Compliance inspection sites
4. Chemical substance control and inspection sites

The idea is to clarify the priority control items of each site's initiatives, and thereby create a sharper EMS. Of the four categories, ISO 14001 certified sites are working to prevent and mitigate risks through the introduction of a unique environmental risk assessment process based on environmental hazards, taking into account the risks of a suspension in factory operations. The start of mass production at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory in fiscal year 2013 resulted in an increase in energy use and waste volume, and presented a major change in the Nissha Group's environmental initiatives. In an aim to win further trust from our stakeholder, NPT Himeji Factory plans to obtain ISO 14001 certification in fiscal year 2014.

Nissha Environmental Management Structure





Objectives and Status of Achievement

The Nissha Group environmental objectives revised in May 2012 serve as group-wide medium-term objectives covering the three-year period until fiscal year 2015. In the first year of implementation, fiscal year 2013, each implementing unit set individual environmental targets and worked to achieve the group-wide environmental objectives.

In initiatives to prevent global warming, although CO₂ emissions increased for the Nissha Group as a whole due to full-scale mass production starting at Nitec Precision and Technologies, Inc. (NPT), we achieved the group-wide target in terms of CO₂ emissions rate, which indicates the ratio of emissions by production volume.

We did not achieve the target of reducing the organic solvent usage rate due to declines in production volume and small production lots at Nitec Industries, Inc. (NII). Neither did we achieve the group-wide target of selling waste for recycling, despite the progress made by NII to sell waste solvents for recycling. On the other hand, thanks to creative efforts at production sites—such as the installation of a measuring device to control power consumption at NII Koka Factory, the updating of hot and cold water pumps to an energy-saving type and the use of heat-resistant paint at Nitec Precision Inc. (NPI) Kaga Factory, and insulation work on drying equipment at Nitec Printing Co., Ltd. (NPC) Yachiyo Factory—we saw significant results in conserving energy. Apart from these in-house initiatives, we also implemented audits of suppliers and conducted environmental workshops in which employees visit local elementary schools and nurseries.

Nissha Environmental Objectives (April 2012-March 2015)

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

<p>1. Prevention of global warming Base: Average of fiscal year 2012 results</p> <p>Reduce CO₂ emissions rate (basic unit) by 3% or more by fiscal year 2015 across Nissha (1) Nissha Printing Co., Ltd. (headquarters and division headquarters), group companies, and factories reduce annual CO₂ 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>
<p>2. Reduction of waste Base: Average of fiscal year 2012 results</p> <p>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</p> <p>* Targets are set based on the same indicators as the CO₂ emissions rate basic unit</p> <p>* Factories may set targets based on the ratio of nonconforming products or go-through ratio</p> <p>(2) Promote the selling of waste for recycling Division headquarters and factories set individual target rates and work to sell waste for recycling</p> <p>* Maintain zero emissions</p>

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

Status of Achievement

Prevention of global warming

Base: Average of fiscal year 2012 results (Compliant with the Act on the Rational Use of Energy)
 Reduce CO₂ emissions rate (basic unit) by 3% or more from fiscal year 2012 levels by fiscal year 2015 across Nissha

Target	Fiscal year 2013 results	Evaluation
(1) Nissha Printing Co., Ltd. and group companies reduce annual CO ₂ 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 ₂ emissions rate was 77% compared to the previous year. We achieved the target by base unit mainly due to improved efficiency stemming from an increase in production volume at Nitec Precision and Technologies, Inc. (NPT) and an improved direct path ratio as part of efforts to reduce the net cost rate at Nitec Industries, Inc. (NII).	○

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

Target	Fiscal year 2013 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 ₂ emissions rate basic unit for each company. *Production departments control waste generation by aiming to reduce the ratio of nonconforming products.	The total waste generated was 91% compared to the previous year. We achieved the target by base unit mainly due to improved efficiency stemming from an increase in production volume at Nitec Precision and Technologies, Inc. (NPT) and an improved direct path ratio as part of efforts to reduce the net cost rate at Nitec Industries, Inc. (NII).	○
(2) Promote the converting of waste into valuable resources Division headquarters and factories set individual target rates and work to convert waste into valuable resources.	Despite our factories' efforts to convert waste into valuable resources, we did not achieve the target in part due to the collection of ink cans at Nitec Industries, Inc. (NII) changing from a for-sale basis to material recycling. On the other hand, factories such as Nitec Printing Co., Ltd. (NPC) Yachiyo Factory switched to maintaining the status quo.	△

Reduction of organic solvent usage rate

Target	Fiscal year 2013 results	Evaluation
(1) Control and reduce chemical substances in products (Based on the Nissha Group's Control Criteria for Environmental Management Substances [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.	We will set targets starting in the second half of fiscal year 2014.	-
(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.	We did not achieve the target due to a rise in the basic unit stemming from the response to small production lots and declines in production volume at Nitec Industries, Inc. (NII).	×

Environmental conservation activities through efforts in daily work

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

Target	Fiscal year 2013 results	Evaluation
(1) Design environment-conscious products (2) Provide environment-conscious services (3) Select environment-conscious materials, sub-materials, production processes, and logistics (4) Install environment-conscious equipment	<ul style="list-style-type: none"> - Improved the direct path ratio with the adoption of general-purpose ink and implemented 6S patrols at Nitec Industries, Inc. (NII) - Carried out energy conservation initiatives by updating hot and cold water pumps to an energy-saving type and using heat-resistant paint at Nitec Precision Inc. (NPI) Kaga Factory - Carried out energy conservation initiatives through insulation work on drying equipment at Nitec Printing Co., Ltd. (NPC) Yachiyo Factory - Implemented audits of major suppliers - Continued to implement "all lights out" at Nissha bases once a month - Conducted environmental workshops in which employees visit elementary schools and nurseries - Revised the Nissha Group's Control Criteria for Environmental Management Substances (Ver.4.1) - Set up a secretariat for the establishment of a substances control structure 	○

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 fiscal year 2013.

Input and Output at Nissha Production Bases

Our use of resources and energy and our impact on the environment in fiscal year 2013 reflected faithfully the changes faced by each business of the Nissha Group. Devices used more than 46,000 tons of material in product manufacturing processes, influenced significantly by the start of full-scale mass production in 2012 at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory. This exceeded even the use of printing paper in Information and Communication. With a 67.7% year-on-year increase in net sales, to account for 48.2% of all net sales, Devices has come to be our mainstay business and literally the largest user of resources in the Nissha Group.

Industrial Materials saw as much as a 60%–70% decrease in input compared to the previous year, with the use of some materials nearly halving. Roughly the same volume of material was used in packaging and printing processes, however, reflecting the gravitation to small production lots.

On the other hand, output has seen a major change. The waste water across the Nissha Group amounted to 1,350,000 m³, for a significant increase compared to 694,000 m³ in the previous year, mainly due to rises in use at NPT Himeji Factory. We expect the trend to continue for some time due to the start of similar production in fiscal year 2014 at NPT Kaga Factory (Nitec Precision Inc. [NPI] Kaga Factory until fiscal year 2013).

Finally, this report is the first to include our overseas production subsidiaries in the scope of business operations. As many are molding factories, molded resin accounts for a large part of the input.

*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 emit no SOX.

INPUT

Production bases in Japan

Industrial Materials	PET/acryl film	2,311 t
	Solvents	1,945 t
	Gravure Ink	1,817 t
	Others	296 t
Devices	Materials used in product manufacturing processes	3,307 t
	Others	747 t
Information and Communication	Paper	27,599 t
	Ink	341 t
	Others	142 t
Total		38,505 t

Overseas production bases

	Resin	2,470 t
	Molds and molding materials	78 t
	Touch panels (components)	62 t
	Others	94 t
Total		2,704 t

Energy	Electricity	132,282 MWh
	Gas	8,862,000 m ³
Water	Tap water	222,000 m ³
	Underground water	96,000 m ³
	Industrial water	1,055,000 m ³

OUTPUT

Production bases in Japan

Recyclable resources (items sold for recycling)	Waste containing noble metals	
	Metal waste	
	Rasin waste	
	Paper waste	4,688 t
Recyclable resources (industrial waste)	Waste plastic	
	Iron scrap, waste cans	
	Waste solvents, waste ink, waste cloth	
	Waste acid, alkali	
	Sludge, others	6,617 t
Combustible and landfill waste	General business waste	
	Others (industrial waste)	12 t
Total		11,317 t

Overseas production bases

Total waste		113 t
Total		113 t

Emissions	CO ₂	91,326 t
	VOC	1,948 t
including volume of after combustion and treatment		
Wastewater		1,350,000 m ³

Environmental Accounting

Fiscal Year 2013 Environmental Accounting Results

Environmental conservation costs for the Nissha Group in Japan totaled some 2,370 million yen in fiscal year 2013, or more than double the amount of the previous year. The primary cause was capital investment, in business area costs, of which pollution prevention and global environmental conservation costs at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory made up the largest portion. This was followed by an increase in R&D costs, particularly in investment in the dye-sensitized solar cells project supported by a grant from the New Energy and Industrial Technology Development Organization (NEDO).

In a breakdown of environmental conservation costs by category, business area costs accounted for the largest portion, at about 85%, followed by R&D costs, at 12%.

By content, investment in business area costs made up around 44% of the whole, while fixed asset tax and depreciation costs stood at 24%, and waste treatment costs at 8%. Investment in development, in R&D costs, made up some 7% of the whole.

By company, NPT Himeji Factory, which handles production for the Devices business, accounted for nearly 60% of the whole, whereas Nitec Industries, Inc. (NII), which handles production for the Industrial Materials business, accounted for only 16%.

With the launch of mass production employing new processes at NPT Kaga Factory (Nitec Precision Inc. [NPI] Kaga Factory until fiscal year 2013), investment in R&D is projected to continue in fiscal year 2014. Investment and R&D costs related to the Devices business are thus expected to remain a central aspect of environmental accounting in the future.

Environmental Conservation Cost (Categories Corresponding to Business Activities)

Scope of calculations: Nissha Group in Japan

Target period: April 1, 2012–March 31, 2013

Unit: Thousand yen

Category	Content	Investment amount	Cost amount
(1) Business area costs	Pollution prevention, global environmental conservation, resource circulation	1,031,479	997,467
(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	2,863
(3) Administration costs	Measuring environmental impact Building/maintaining of environmental management system Environmental training for employees Greening of business places	0	42,982
(4) R&D costs	Developing / improving products toward the reduction of environmental impact	155,652	131,882
(5) Social activity costs	Social contribution activities, etc.	0	8,004
(6) Environmental remediation costs		0	0
Total		1,187,131	1,183,198

Environmental Conservation Benefits

The table below shows the transition in environmental conservation benefits over the past three years, from fiscal year 2011 to fiscal year 2013.

Thanks to the start of mass production at NPT Himeji Factory, the Nissha Group as a whole saw improvements in the values that indicate efficiency of energy saving and waste treatment efforts. Improvements can also be seen in financial benefits resulting from environmental conservation measures.

The more than 1 billion yen in investment and over 400 million yen in costs related to business area costs were intended to reduce the environmental risks associated with the start of mass production at NPT Himeji Factory, and much of it will be allocated to costs in years to come. Neither the NPT Himeji Factory nor any other factory of the Nissha Group experienced environment-related trouble in fiscal year 2013.

NII strived to reduce environmental risks amid severe business conditions represented by a decrease in work volume. The Koka Factory and Tsu Factory both set targets to reduce the cost rate, and vied with each other to improve the nonadjusted ratio. As a result, the factories achieved significant results such as improvements in efficiency in proportion to the basic unit. Decreases in the consumption of electricity, town gas, and toluene, and the consequent reduction in VOC emissions (calculated value), reflect these efforts.

Fiscal year 2013 brought a turning point in our environment-related efforts. We are set to start rebuilding our environmental management system (EMS) focusing on the reduction of environmental risks in fiscal year 2014, and plan to increase the environmental conservation benefit not only through environmental accounting but also through system-related enhancements.

Environmental Conservation Benefit

Scope of calculations: Nissha Group in Japan

Classification of environmental conservation effects	Environmental performance index (unit)	FY2011	FY2012	FY2013	Change from FY2012
Effects relating to resources used in business activities	Total energy input volume (GJ)	1,612	1,578	1,538	-40
	Electricity consumption volume (MWh)	111,055	107,688	117,381	9,693
	Town gas consumption volume (thousand m ³)	9,540	12,094	8,849	-3,245
	Gasoline, diesel fuel, and fuel oil consumption volume (kl)	121	174	129	-45
	PRTR-designated chemical substances (toluene) consumption volume (t)	757	357	262	-95
	Major raw materials/production department materials input volume (t)	44,310	39,846	81,476	41,630
	Water resources input volume (thousand m ³)	730	710	1,373	663
	Industrial water (thousand m ³)	140	265	1,055	790
	Tap water (thousand m ³)	461	350	222	-128
	Underground water (thousand m ³)	129	95	96	1
Effects relating to environmental load and waste discharged from business activities	Greenhouse gas emissions volume (t-CO ₂)	81,123	82,227	82,765	538
	VOC emissions volume (including that before combustion and treatment) (t)	3,300	3,139	1,948	-1,191
	Waste, etc. (including that sold for recycling) emissions volume (t)	12,541	10,498	11,317	819
	Waste combustion/landfill treatment volume (t)	16	10	12	2
	Total wastewater volume (thousand m ³)	710	694	1,350	656
Others	NOx Yachiyo MAX (ppm)	57	66	74	8
	Noise Yachiyo MAX (dB)	-	60	59	-1
	Wastewater SS Kaga MAX (mg/L)	8	5	17	12
	Wastewater BOD Kaga MAX (mg/L)	28	21	66	45

Financial Benefits Resulting from Environmental Conservation Measures

Scope of calculations: Nissha Group in Japan

Target period: April 1, 2012–March 31, 2013

Unit: Million yen

	Content	Amount
Profit	(1) Business income derived from the recycling of waste generated through major business activities or the recycling of used products	65
Cost reduction	(2) Energy cost saved through energy conservation	469
	(3) Waste treatment cost saved	6

(1) Amount of waste sold for recycling

(2) Difference between actual energy cost and that calculated by multiplying energy cost per net sales in fiscal year 2012 and net sales in fiscal year 2013

(3) Difference between actual waste treatment cost and that calculated by multiplying treatment cost per ton of waste in fiscal year 2012 and waste generated in fiscal year 2013

Prevention of Further Global Warming

Status of CO₂ Emissions at Nissha

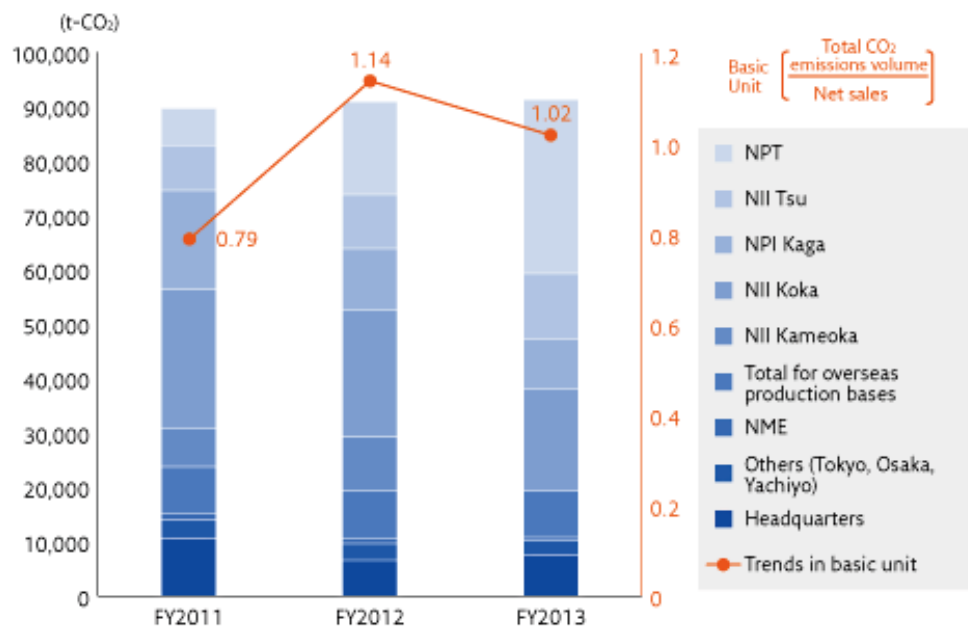
In fiscal year 2013, CO₂ emissions from Nissha bases in Japan totaled 82,765 tons, exceeding the 82,227 tons in fiscal year 2012 by about 0.7% (approximately 540 tons). CO₂ emissions from overseas production bases amounted to 8,561 tons, for a decrease of approximately 1.1% compared to 8,654 tons in the previous year.

The increase at bases in Japan resulted primarily from the larger production volume at Nitec Industries, Inc. (NII) Tsu Factory and from the start of mass production at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory. Emissions from NII Tsu Factory amounted to 12,025 t-CO₂ for a roughly 1.2-fold increase compared to 9,931 t-CO₂ the previous year, and those from NPT Himeji Factory were 32,029 t-CO₂ also for a significant 1.9-fold increase compared to 17,064 t-CO₂. On the other hand, emissions from NII Koka Factory were 18,745 t-CO₂ for an approximately 20% reduction from the previous year, and those from Nitec Precision Inc. (NPI) Kaga Factory were 9,133 t-CO₂ also for a 19% reduction.

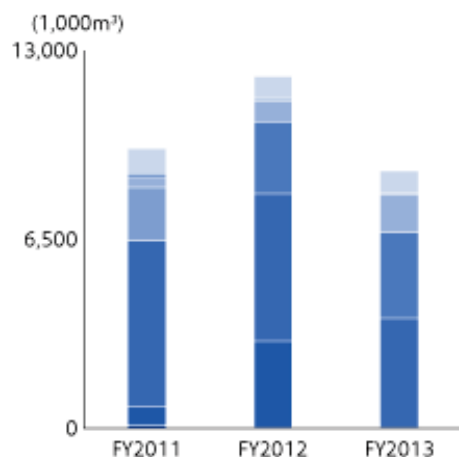
Emissions from overseas production bases decreased at Southern Nissha Sdn. Bhd. and Guangzhou Nissha High Precision Plastics Co., Ltd., but increased at Nissha (Kunshan) Precision IMD Mold Co., Ltd. Those at Eimo Technologies Inc., a subsidiary of Nissha USA, Inc., were roughly the same as the previous year, at 4,784 t-CO₂, and accounting for more than half the volume of all overseas production bases combined.

The Nissha Group emits very little energy-related greenhouse gases other than CO₂.

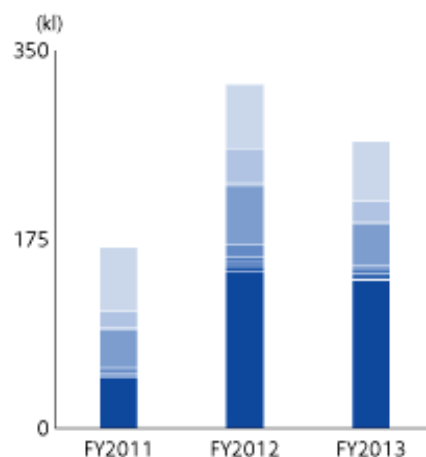
Trends in CO₂ Emissions Volumes and Basic Unit



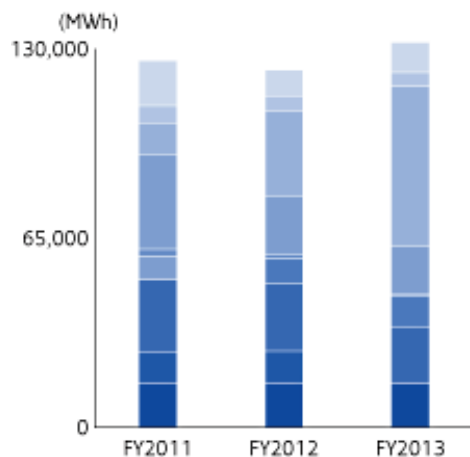
Trends in Gas Consumption



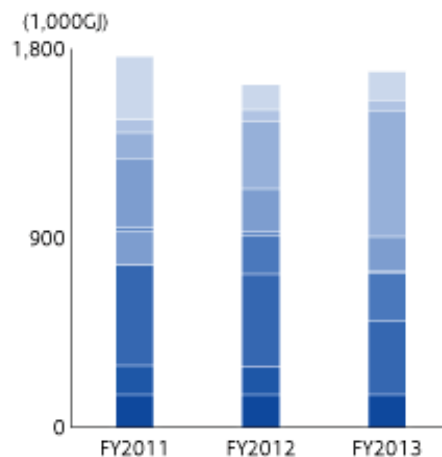
Trends in Gasoline, Diesel, and Heavy Oil Consumption



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 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 2012 results of Nissha Printing Co., Ltd. and each affiliated company (production base), fiscal year 2013 results in light of targets of 0.99 or less were as follows. The start of mass production at NPT Himeji Factory played a significant role in increasing the basic unit, and helped us to achieve our company-wide target.

	Basic Unit (based on production volume etc. respectively)		
	FY2012 Results	FY2013 Targets	FY2013 Results
Nissha Printing Co., Ltd. (Headquarters, Tokyo, Osaka and others)	1.00	0.99 or less	1.83
Nitec Industries, Inc. (Kameoka, Koka, Tsu)	1.00	0.99 or less	0.96
Nitec Precision, Inc. (Kaga, Kyoto)	1.00	0.99 or less	0.68
Nitec Printing Co., Ltd. (Yachiyo, Kyoto)	1.00	0.99 or less	1.03
Nitec Mold Engineering, Inc.	1.00	0.99 or less	0.90
Nitec Precision and Technologies, Inc.	1.00	0.99 or less	0.04
Nissha Group in Japan	1.00	0.99 or less	0.77

Waste Management

Waste Management and Zero Emissions

In fiscal year 2013, the Nissha Group in Japan generated a total 11,317 tons of waste for an 8% increase compared to fiscal year 2012. The primary reason is the increase in waste resulting from the start of mass production at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory. The volume of combustible and landfill waste similarly increased, amounting to 12 tons for an increase of 2 tons. However, 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 Converting Waste into Valuable Resources

We continued to make efforts to convert waste into valuable resources, and in fiscal year 2013 sold 41.4% of all waste generated for a roughly 2 percentage point decrease compared to the previous year. Converting waste into valuable resources offers the benefits of a lighter burden on the environment and cost reductions, and we plan to carry on with it in the future.

The amount of waste plastic converted to refuse paper and plastic fuel (RPF) and other solid fuel (thermal recycling) increased, resulting in a material recycling rate of 61.8% for an approximately 2 percentage point decrease compared to fiscal year 2012.

Status of Initiatives at Overseas Production Bases

Asian production bases Guangzhou Nissha High Precision Plastics Co., Ltd., Nissha (Kunshan) Precision IMD Mold Co., Ltd., and Southern Nissha Sdn. Bhd. generated a total of roughly 99 tons of waste in fiscal year 2013 for a 27% reduction compared to fiscal year 2012, due to decreases in production volume resulting from poor business performance, as in Japan. On the other hand, they achieved their target recycling and resource reuse rates. In particular, Southern Nissha achieved a rate of 95.3% against a target of 90.0% or more, and Nissha Kunshan a rate of 91.0% against a target of 82.2% or more.

Risk Management Related to Waste and Waste Converted into Valuable Resources

We recognize largely three types of waste-related risk:

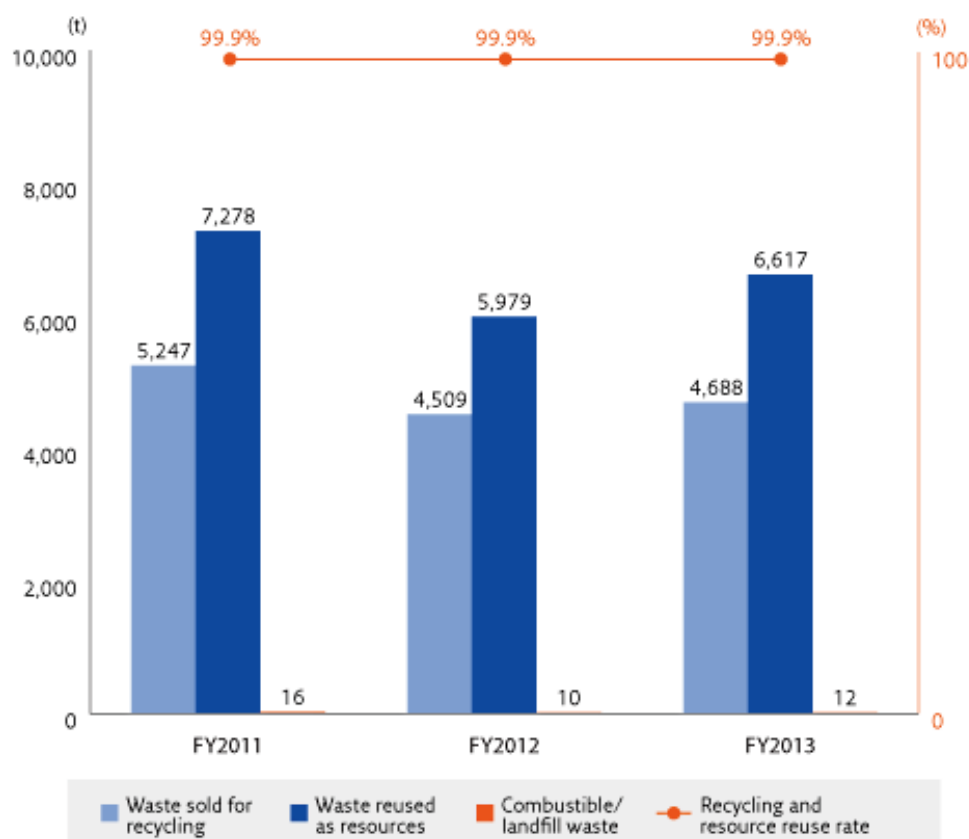
- Accidents and disasters caused by waste and waste converted into valuable resources (including at treatment contractors)
- Environmental pollution and violation of laws caused by inappropriate waste treatment
- Leakage of confidential information from waste and waste converted into valuable resources

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 follow a set of Nissha Guidelines for Waste Management Standards, based on laws, which we periodically review and under which we strive to enable all bases to manage waste safely. In turn, each base has drawn up its own Waste Management Manual and makes efforts toward thorough waste separation and management.

Nitec Industries, Inc. (NII) counters the risk of leakage by setting forth detailed standards for the collection of waste acid and alkali in cooperation with waste treatment contractor. It stipulates in the Nissha Guidelines for Waste Management Standards the criteria for selecting treatment contractors and an original checklist to use during periodic inspections of those facilities.

In addition, we have in place standards for managing waste and waste converted into valuable resources that contain confidential information, and promote management in association with our information security management system (ISMS).

Trends in Recycling and Resource Reuse (Nissha Group in Japan)



Certified as an Excellent Business in Reducing Garbage and Promoting 3R Activities

In fiscal year 2013, the Nissha Printing Co., Ltd. Kyoto Headquarters area was certified as an excellent business in reducing garbage and promoting 3R activities in Kyoto City.



Monitoring and Prevention of Pollution

Measures to Help Prevent 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. (NPI) Kaga Factory Measurements of Wastewater Quality Unit: mg/l

Items measured	Regulatory value (Prefecture)	Voluntary standard	FY2011		FY2012		FY2013	
			Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
BOD	160 or less	40 or less	28	○	21	○	66	△
COD	160 or less	80 or less	-	-	28	○	71	○
SS	200 or less	20 or less	8	○	5	○	17	○
n-hexane	30	15 or less	0.5	○	0.5	○	0.6	○

Nitec Printing Co., Ltd. (NPC) Yachiyo Factory Measurements of Soot and Smoke Unit: g/m3N

Items measured	Regulatory value	Voluntary standard	FY2011				FY2012				FY2013			
			Apr. 14	Evaluation	Oct. 6	Evaluation	Feb. 28	Evaluation	Sep. 6	Evaluation	Mar. 1	Evaluation	Nov. 12	Evaluation
Dust	0.10	0.003	< 0.003	○	< 0.003	○	< 0.003	○	< 0.003	○	< 0.003	○	< 0.003	○
Nitrogen oxide	150.0	71.3	57.0	○	47.0	○	58.0	○	66.0	○	58.0	○	74.0	△

Nitec Industries, Inc. (NII) 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	FY2011				FY2012				FY2013			
			Jul. 26	Evaluation	Jan. 24	Evaluation	Jul. 21	Evaluation	Jan. 24	Evaluation	Jul. 31	Evaluation	Jan. 22	Evaluation
Odor measurement (Odor index by organoleptic examination)	-	-	< 10	-	< 10	○	< 10	○	< 10	○	< 10	○	< 10	○

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

Measurements of Wastewater Quality

Unit: mg/l (except PH)

Items measured	Regulatory value (Water Pollution Control Act)	Agreement value (Law Concerning Special Measures for Conservation of the Environment of the Seto Inland Sea)	Voluntary standard	FY2011		FY2012		FY2013	
				Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
PH	5.8~8.6	5.8~8.6	6.5~8	-	-	-	-	6.6~8	○
BOD	120	10	9	-	-	-	-	9	○
COD	120	10	9	-	-	-	-	9.9	△
SS	150	5	4.5	-	-	-	-	1.3	○
n-hexane derived substances	Mineral oil 5 Vegetable oil 30	1	0.9	-	-	-	-	<0.5	○
Phenol	5	0.1	0.08	-	-	-	-	<0.005	○
Copper	3	0.5	0.4	-	-	-	-	0.01	○
Zinc	2	1.5	1.2	-	-	-	-	0.02	○
Soluble iron	10	0.15	0.08	-	-	-	-	0.02	○
Soluble manganese	10	0.05	0.045	-	-	-	-	0.02	○
Chromium	2	0.02	0.02	-	-	-	-	<0.02	○
Nitrogen	60	10	9	-	-	-	-	9.3	△
Phosphorus	8	1	0.45	-	-	-	-	0.19	○

Management of Chemical Substances

In fiscal year 2013, we reported the use of nine PRTR-designated chemical substances.

Nitec Industries, Inc. (NII) Koka Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2011			FY2012			FY2013		
		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	2,600	570	○	1,600	330	○	1,070	410	○
80	Xylene	21,000	4,000	○	12,000	2,500	○	3,780	2,210	○
88	Hexavalent chromium compounds	0.1	1.0	○	0.1	0.1	○	0.1	0.0	○
296	1,2,4-Trimethylbenzene	820	340	○	0.0	0.0	○	0.0	0.0	○
300	Toluene	230,000	96,000	○	190,000	100,000	○	124,000	89,400	○
392	n-hexane	24,000	11,000	○	4,300	2,300	○	4,300	2,300	○

Nitec Industries, Inc. (NII) Tsu Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2011			FY2012			FY2013		
		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	○	1,350	1,200	○
88	Hexavalent chromium compounds	0.1	0.1	○	0.1	0.1	○	0.1	0.1	○
300	Toluene	75,000	40,000	○	44,000	23,000	○	25,700	22,900	○

PRTR No.	Name of chemical substance	FY2011			FY2012			FY2013		
		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	40,080	○	0.0	19,980	○	-	-	-

Status of Waste Generation at Bases

Status of Waste Generation at Major Production Bases (March 2013 Results)

Our target for waste separation and zero emissions (a recycling and resource reuse rate of 99.5% or more) was to maintain the status quo in fiscal year 2013, as in fiscal year 2012.

Nitec Industries, Inc. (NII) Koka Factory

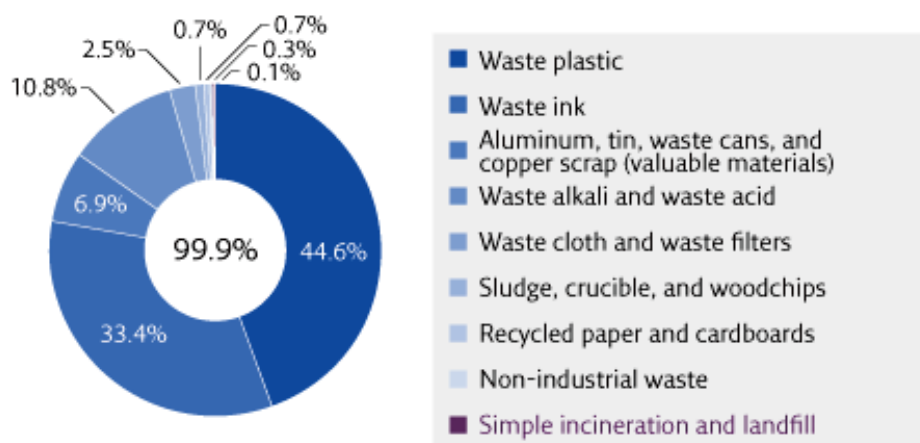
Location: Koka City, Shiga Prefecture

Acquisition of ISO14001 Certification: June 2007

Production items: Transfer foils (the Industrial Materials business)



Recycling and resource reuse rate: 99.9%



Nitec Industries, Inc. (NII) Tsu Factory

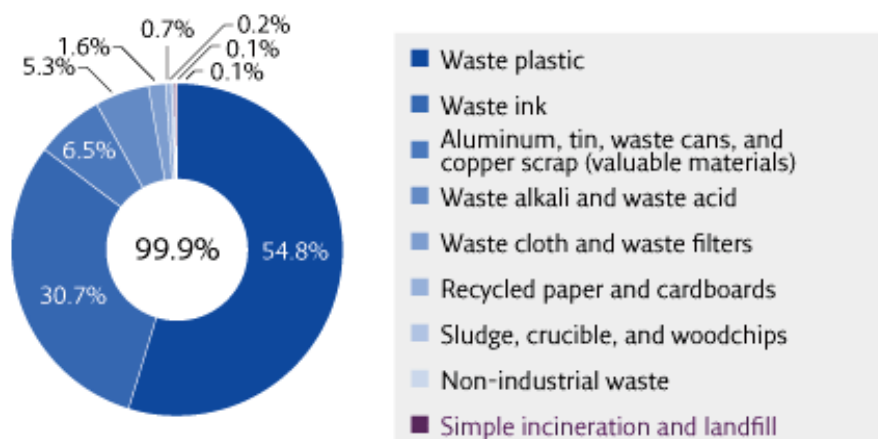
Location: Tsu City, Mie Prefecture

Acquisition of ISO14001 Certification: March 2012

Production items: Transfer foils (the Industrial Materials business)



Recycling and resource reuse rate: 99.9%



Nitec Precision, Inc. (NPI) Kaga Factory

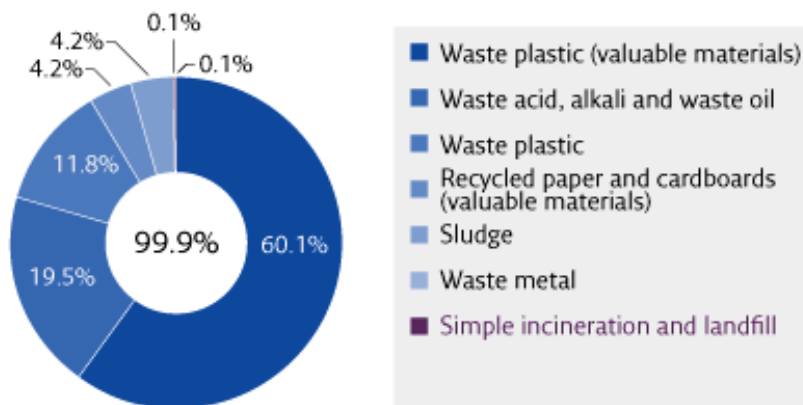
Location: Kaga City, Ishikawa Prefecture

Acquisition of ISO14001 Certification: July 2003

Production items: Touch panels (the Devices business)



Recycling and resource reuse rate: 99.9%



*Nitec Precision Inc. (NPI) Kaga Factory merged into Nitec Precision and Technologies, Inc. (NPT) in April 2013.

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

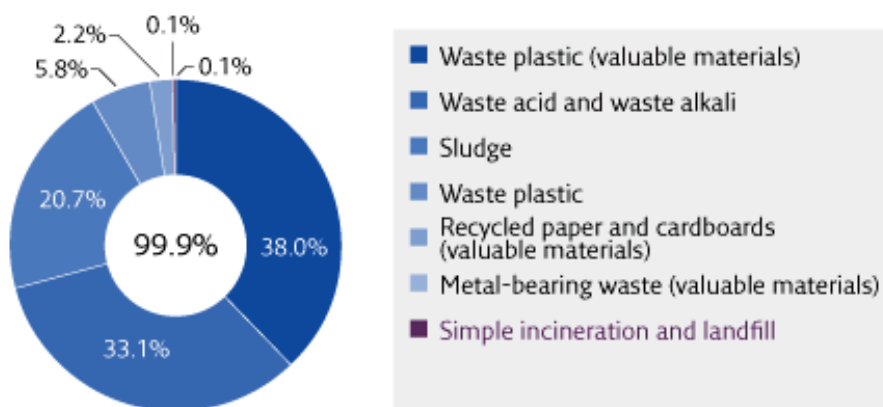
Location: Himeji City, Hyogo Prefecture

Acquisition of ISO14001 Certification: to be acquired in FY2014

Production items: Touch panels (the Devices business), dye-sensitized solar cell



Recycling and resource reuse rate: 99.9%



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

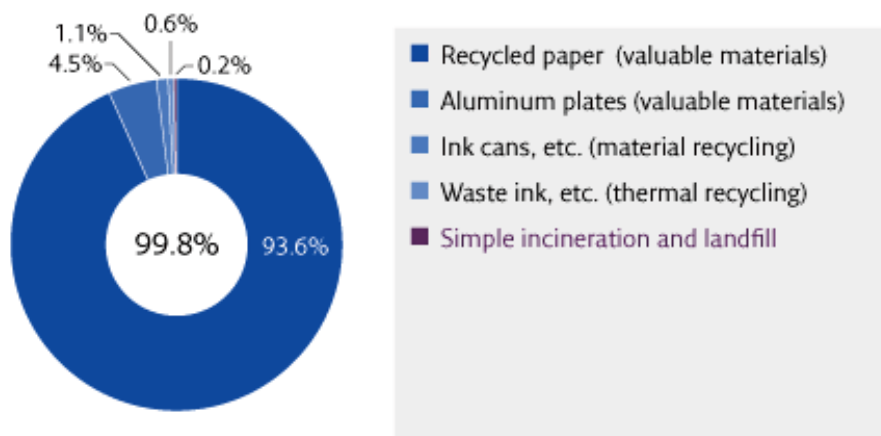
Location: Yachiyo City, Chiba Prefecture

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: 99.8%



Fair Operating Practices

Initiatives Related to Information Security

We are committed to maintaining and improving a highly reliable and secure information security management system, and working to revise our policies and rules to fit the times.

Initiatives Related to Intellectual Property

Under a basic policy of protecting 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.

Initiatives Related to Conflict Minerals

We comply with rules related to conflict minerals, which we have drawn up with consideration to respect for human rights cited in the Basic Purchasing Policy.

Trade Management

We recognize that initiatives in trade management are essential for business continuation, and the Trade Administration and Control Committee is playing a central role in fortifying our efforts.

Partnership with Our Suppliers

Under the Basic Purchasing Policy, we are working with our suppliers to promote CSR procurement and to enhance mutual corporate value.

Initiatives Related to Information Security

We at the Nissha Group are committed to establishing, maintaining, and improving a highly reliable and secure information security management system to protect from threat our own business information and the information assets we acquire from customers, suppliers, and employees through the production, development, sales, and management performed by the Nissha Group. We take into consideration internal and external information security requirements and reduce all risks to below acceptable levels.

Information Security Policy

Nissha and its subsidiaries committed to establish, maintain, and improve highly reliable and secure an 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, 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 an 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 obligation.
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 which contributes to the corporate developments.
4. We make 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.

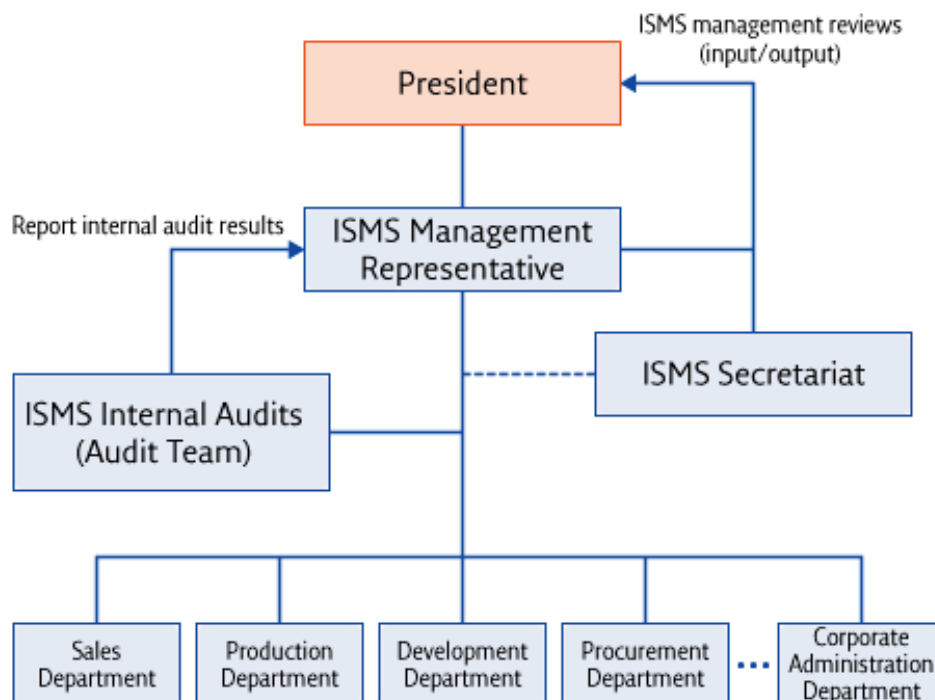
Information Security Management Structure

Amid rapid progresses in information technology and the diversification and proliferation of user devices, identifying new information security risks and responding appropriately and quickly to them are a social responsibility demanded of a corporation.

We at the Nissha Group are working to maintain and improve our information security management system (ISMS) by appointing the Chief Information Officer (CIO) as ISMS management representative and setting up a secretariat within the IT department to oversee the mechanism of the ISMS.

We also promote application of the ISMS by appointing an information security manager, information security chief, and information security promoter at each production base and department.

Furthermore, we conduct periodic top management reviews, ISMS internal audits, and ISO 27001 assessments by an outside organization, recognizing that these efforts provide a good opportunity to improve the system.



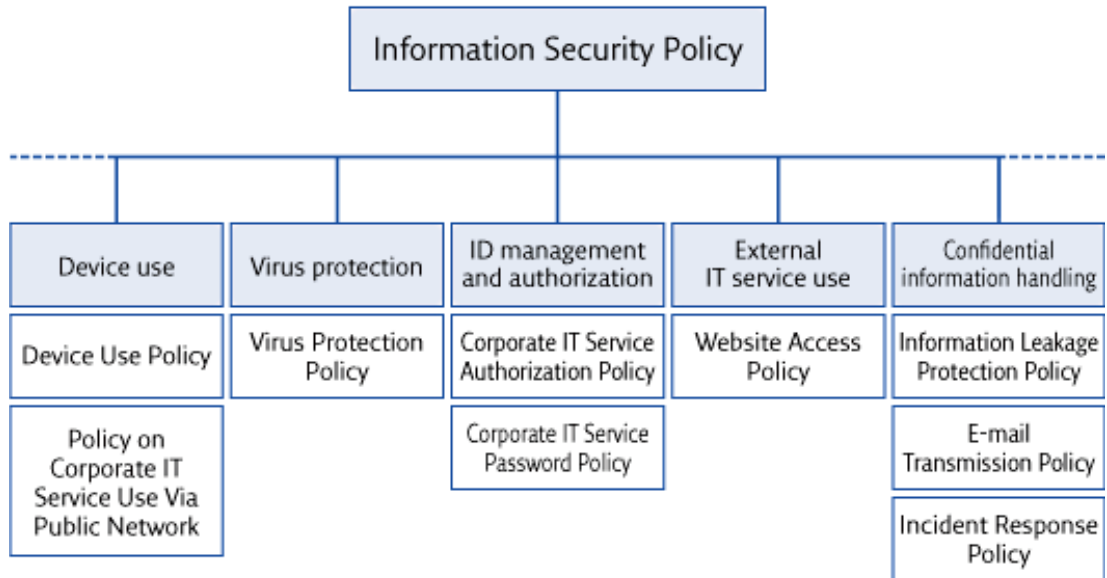
ISMS Management Reviews

ISMS management reviews are a crucial process of our efforts toward information security. In these reviews, the results of information security initiatives, those of external assessments and internal audits, and plans and challenges related to information security are reported (input) to top management, which then responds to the reporting with new instructions and decisions (output). After each review, the output is executed at relevant departments in an appropriate plan-do-check-act (PDCA) cycle of the ISMS.

Establishment of Security Policies and Rules

We have in place in-house policies and rules related to information security, and have promoted them on a continuous basis within the Nissha Group. These policies and rules need to be revised to better fit the times, however, in light of support for bring-your-own-device (BYOD) toward the active use of information technology and changes in work style and methods of exchanging information.

We at the Nissha Group plan to reform our policies and rules, and continue to promote their spread and practice company-wide.



Information Security Education

To prevent information security-related accidents and incidents, it is essential not only to establish policies and rules but also to educate employees in them, and build their awareness so that they may appropriately apply them to action.

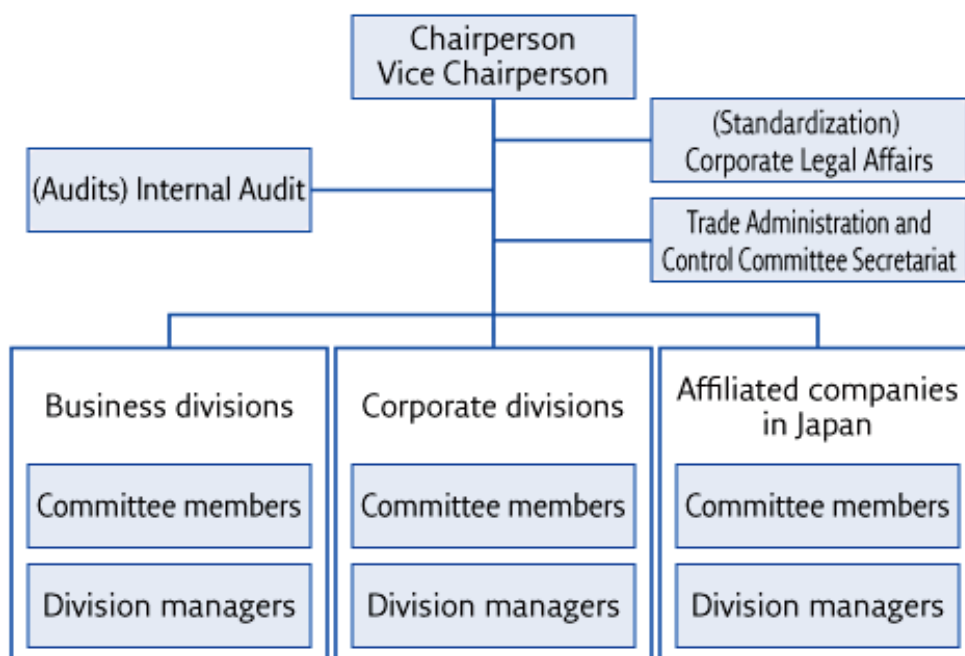
We at the Nissha Group conduct education based on an Information Security Self-Defense Guide (SDG), which reflects the policies and rules we have established in-house. We also go a step further and check that employees correctly understand the contents of the program for thorough education in information security.

Trade Management

Enhancement of Trade Management Structure

In fiscal year 2013, we at Nissha earned 57.5% of our sales overseas. We recognize that for a company like us, trade management is essential for business continuation. Full-scale initiatives related to trade management started at Nissha in April 2010 with the launch of the Trade Management Improvement Project Team. The purpose of this team was to build an appropriate internal structure for import and export control. Specifically, it aimed to establish a division for the comprehensive management of all trade activity, provide education to raise company-wide awareness of the importance of laws and regulations, and increase the number of human resources with specialized knowledge. Later, in October 2010, we established the Corporate Logistics Strategy and Planning Office to develop a detailed policy for trade management. In April 2011, we set up the Trade Administration and Control Preparatory Committee, centering on the Trade Administration and Control Group in Logistics Strategy and Planning, which together with members selected from each business unit worked to prepare various rules and a trade management manual. In August 2011, we launched the Trade Administration and Control Committee, and in December that year, started full implementation of trade management.

Trade Administration and Control Committee



Initiatives and Challenges of Fiscal Year 2013

Soon after the start of our initiatives, in May 2012, the Trade Administration and Control Committee organized its first general meeting, where it confirmed that initiatives in fiscal year 2013 would aim to strengthen security trade control in compliance with the Foreign Exchange and Foreign Trade Act, and to obtain authorized exporter status under the Authorized Economic Operator (AEO) program, which will recognize that we implement appropriate trade management based on the Customs Act.

In addition, the committee members from business units organized secretariat meetings every

month to fortify the company-wide trade management initiatives. In the past year, awareness has improved through the company particularly about applicability decisions and transaction audits, and the number of submissions for export application has increased.

On the other hand, initiatives were insufficient for periodic education and the drafting of systematic education plans covering several fiscal years, and also for specific management plans not only for cargo but also for technological information (services). These will be dealt with in the following year. Another challenge that remains to be addressed is the thorough compliance with rules for completing and submitting customs documents related to actual exports.

Recently, the strict control of export cargo is required by the Ministry of Land, Infrastructure, Transport and Tourism even of companies. We at Nissha are always working to fortify security and improve awareness about the security of products shipped from our factories. To obtain AEO exporter authorization, it is important that we focus on and step up our initiatives toward appropriate cargo control, tight factory security, and improved awareness of security on a company-wide level. In fiscal year 2013, we made efforts in security export control and embarked to obtain AEO authorization and manage our services in more detail. Our activities in these areas were insufficient, however, and we recognize that our challenge in fiscal year 2014 will be to continue our efforts and strengthen the initiatives in content.

Trade Management in the Future

In fiscal year 2014, we will aim to strengthen internal education and implement a system for periodic education so as to promote thorough security trade control and appropriate export control. We also hope to complete as soon as possible the establishment of an appropriate management system and the strengthening of specific initiatives related to providing services (conveying information) overseas, which we started in fiscal year 2013.

Our goal for the future is to determine applicability for all cargo (products and devices) and services (expertise and technological information for production) that we carry in-house, regardless of whether they will be exported or not, and based on the results, to build an appropriate asset management system.

We will carry on with our activities to build a company-wide trade management system and obtain AEO exporter authorization, and aim to practice more appropriate export procedures and further enhance trade management in fiscal year 2014.

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 rights for and use that of our own. 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.

Basic policy for protection of intellectual property (from the Guideline of the Corporate Ethics and Compliance)

1. We will acknowledge the importance of our technologies and brands as intellectual property and will undertake their appropriate management.
2. We will report any invention arising through our business operations in accordance with our Company regulations.
3. We will strive to avoid the breach of third-party intellectual property rights.

Major initiatives

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 technology 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' technologies, helping also to reduce intellectual property-related risks in connection with Nissha products for our customers.

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 subjects as research criteria in a patent database and obtain results on a regular basis using a selective dissemination of information (SDI) system.

Intellectual Property Training Programs

We organize internal training programs so that employees may deepen their understanding of and properly protect intellectual property. In fiscal year 2013, we invited an outside specialist to conduct sessions divided into four levels—beginner, basic, intermediate, and advanced—in which participants learned in detail about intellectual property law, how to research other companies' patents, and promoting technology development and filing for patent application. We also hold sessions in which a member of Intellectual Property Management serves as instructor.



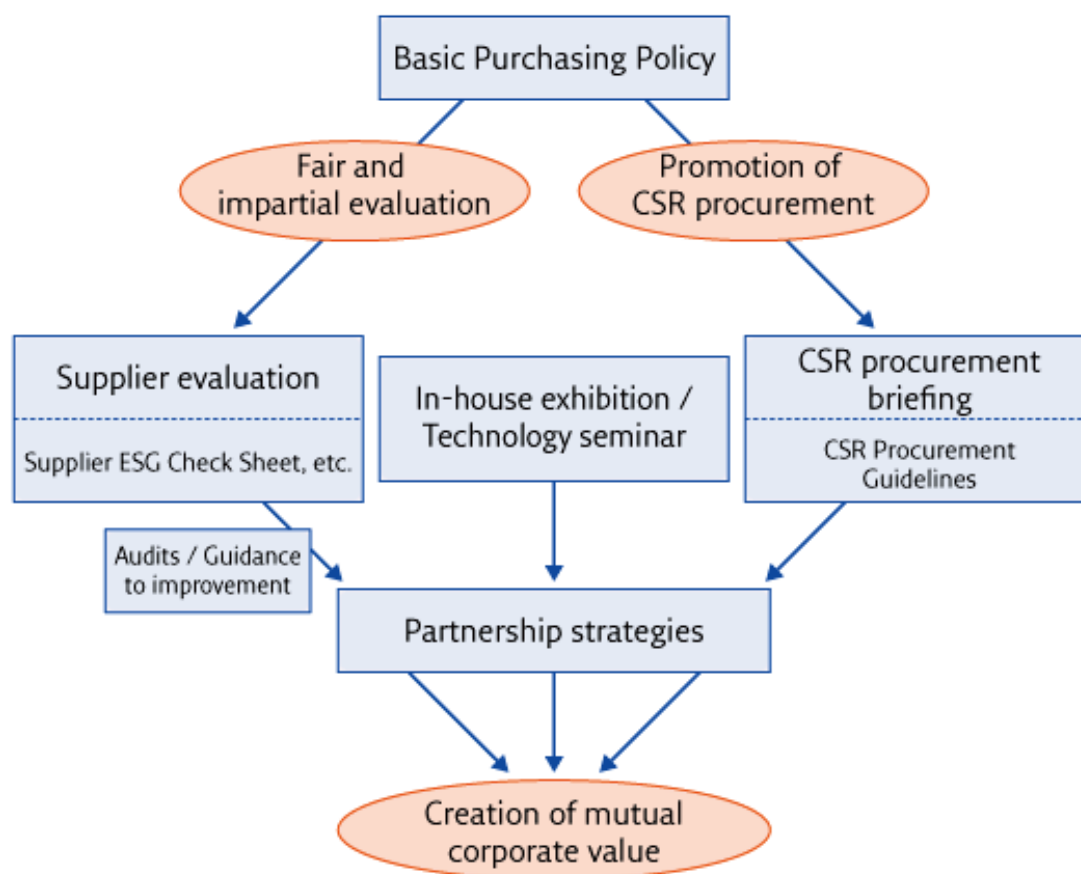
Intellectual property training program

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

Partnership with Our Suppliers

CSR in Supply Chain

We at Nissha procure from suppliers in the global market the raw materials, components, equipment, and services necessary to make our products. We are working with our suppliers to promote CSR procurement based on our Basic Purchasing Policy, and to enhance mutual corporate value.



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

Promotion of CSR Procurement

To promote CSR together with our suppliers as stipulated in our Basic Purchasing Policy, we have created and started using a new Supplier ESG Check Sheet designed for our suppliers abroad as well as in Japan.

The Supplier ESG Check Sheet comprises 64 questions divided into 11 sections. It clarifies items related to basic human rights and business continuity plan (BCP), and also includes important items. We use this check sheet as a tool to keep track of the efforts made by our suppliers, and strive to understand their situation.

In fiscal year 2013, we asked 86 of our regular suppliers with a certain transaction volume to complete the check sheet, and through it, grasped the status of their initiatives.

Fields of the Supplier ESG Check Sheet

1. Certification
2. Quality management
3. Environmental management
4. Information security management
5. Health and safety
6. Business plan
7. Corporate ethics/compliance
8. Respect for fundamental human rights
9. Information disclosure
10. Fair trade
11. Social contribution

Supplier ESG Check Sheet

サプライヤーESGチェックシート
Supplier ESG Check Sheet

※記入欄は必ずご記入ください
② (When) 記入してください (When applicable)
③ (When) 記入してください (When applicable)
④ (When) 記入してください (When applicable)

会社名 Company Name		会社種別 Company Type	
取引先 Customer		取引先業種 Customer Industry	
取引先業種 Customer Industry		取引先業種 Customer Industry	

項目 Item	評価 Score	コメント Comments
1. 品質管理 Quality Management ① ISO9001認証を取得しているか ② ISO9001認証を取得していないが、品質管理の仕組みが整っているか ③ ISO9001認証を取得していないが、品質管理の仕組みが整っていないか		
2. 環境管理 Environmental Management ① ISO14001認証を取得しているか ② ISO14001認証を取得していないが、環境管理の仕組みが整っているか ③ ISO14001認証を取得していないが、環境管理の仕組みが整っていないか		
3. 情報セキュリティ管理 Information Security Management ① ISO27001認証を取得しているか ② ISO27001認証を取得していないが、情報セキュリティの仕組みが整っているか ③ ISO27001認証を取得していないが、情報セキュリティの仕組みが整っていないか		
4. 健康と安全 Health and Safety ① ISO45001認証を取得しているか ② ISO45001認証を取得していないが、健康と安全の仕組みが整っているか ③ ISO45001認証を取得していないが、健康と安全の仕組みが整っていないか		
5. 事業計画 Business Plan ① 事業計画が明確であるか ② 事業計画が明確でないが、事業の進捗が把握できるか ③ 事業計画が明確でないが、事業の進捗が把握できないか		
6. 企業倫理/コンプライアンス Corporate Ethics/Compliance ① 企業倫理/コンプライアンスの仕組みが整っているか ② 企業倫理/コンプライアンスの仕組みが整っていないが、取り組みが実施されているか ③ 企業倫理/コンプライアンスの仕組みが整っていないが、取り組みが実施されていないか		
7. 基本的人権の尊重 Respect for Fundamental Human Rights ① 基本的人権の尊重の仕組みが整っているか ② 基本的人権の尊重の仕組みが整っていないが、取り組みが実施されているか ③ 基本的人権の尊重の仕組みが整っていないが、取り組みが実施されていないか		
8. 情報開示 Information Disclosure ① 情報開示の仕組みが整っているか ② 情報開示の仕組みが整っていないが、取り組みが実施されているか ③ 情報開示の仕組みが整っていないが、取り組みが実施されていないか		
9. 公平な取引 Fair Trade ① 公平な取引の仕組みが整っているか ② 公平な取引の仕組みが整っていないが、取り組みが実施されているか ③ 公平な取引の仕組みが整っていないが、取り組みが実施されていないか		
10. 社会貢献 Social Contribution ① 社会貢献の仕組みが整っているか ② 社会貢献の仕組みが整っていないが、取り組みが実施されているか ③ 社会貢献の仕組みが整っていないが、取り組みが実施されていないか		

※記入欄は必ずご記入ください
② (When) 記入してください (When applicable)
③ (When) 記入してください (When applicable)
④ (When) 記入してください (When applicable)

- 1/2 -

CSR Procurement Briefing

In fiscal year 2013, we held CSR procurement briefing sessions for 25 suppliers of logistics services and materials. The sessions provide an opportunity to deepen communication, as they enable us to explain about our Supply Chain CSR Procurement Guidelines based on our Basic Purchasing Policy and encourage our suppliers to gain an understanding of our specific initiatives, as well as for us to hear about our suppliers' CSR initiatives.



CSR procurement briefing

Since we started conducting CSR procurement briefing sessions in 2009, we have reached a total 184 suppliers to date. In fiscal year 2013, we expanded the sessions to include a new target: suppliers of logistics services. The sessions have helped to foster an understanding about CSR among a broad range of suppliers, from those that manufacture materials, which have increased with the globalization of our businesses, to those engaged in logistics. We plan to continue our efforts in fiscal year 2014 with an eye to further promoting CSR.

In-house Exhibition and Technology Seminar

With the aim of strengthening our partnerships with suppliers, we host in-house exhibitions and technology seminars in which we invite our suppliers to introduce their products and new technologies to the employees of various Nissha departments. In fiscal year 2013, we held one in-house exhibition and three technology seminars.



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

Initiatives Related to Conflict Minerals

Since the adoption of the final provision of the Dodd-Frank Act*1 (Section 1502) in August 2012, we at Nissha have received a lot of inquiries from customers. Many of the inquiries demand answers in line with the EICC/GeSI Template*2. In both our Industrial Materials and Devices business units, the quality control divisions are acting as a hub for providing responses. The only conflict minerals contained in Nissha products are tin used in vapor deposition foil, tin used in ITO film for touch panels, and gold used in FPC plating. Apart from these three, we use no other conflict minerals.

We have completed our investigation of smelters and countries of origin, and found that we do not use minerals produced in the Democratic Republic of Congo or adjoining countries.

We at Nissha champion the respect for human rights in our Basic Purchasing Policy drawn up in 2009. In accordance with this policy, the Nissha Control Criteria for Chemical Substances contains a provision on conflict minerals, with which we comply.

*1 Dodd-Frank Act: The Dodd-Frank Wall Street Reform and Consumer Protection Act (USA) requires companies to report whether any conflict minerals they use were produced in the Democratic Republic of Congo or adjoining countries.

*2 EICC/GeSI Template: The template provided by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI) allows companies to report on the use of conflict minerals.

Consumer Issues

Together with Customers / Quality-related Initiatives

We at Nissha strive to improve quality so that we may provide products and services that satisfy and meet the needs of our customers.

Quality Policy

We conduct all our business activities according to the following Quality Policy.

Quality Policy

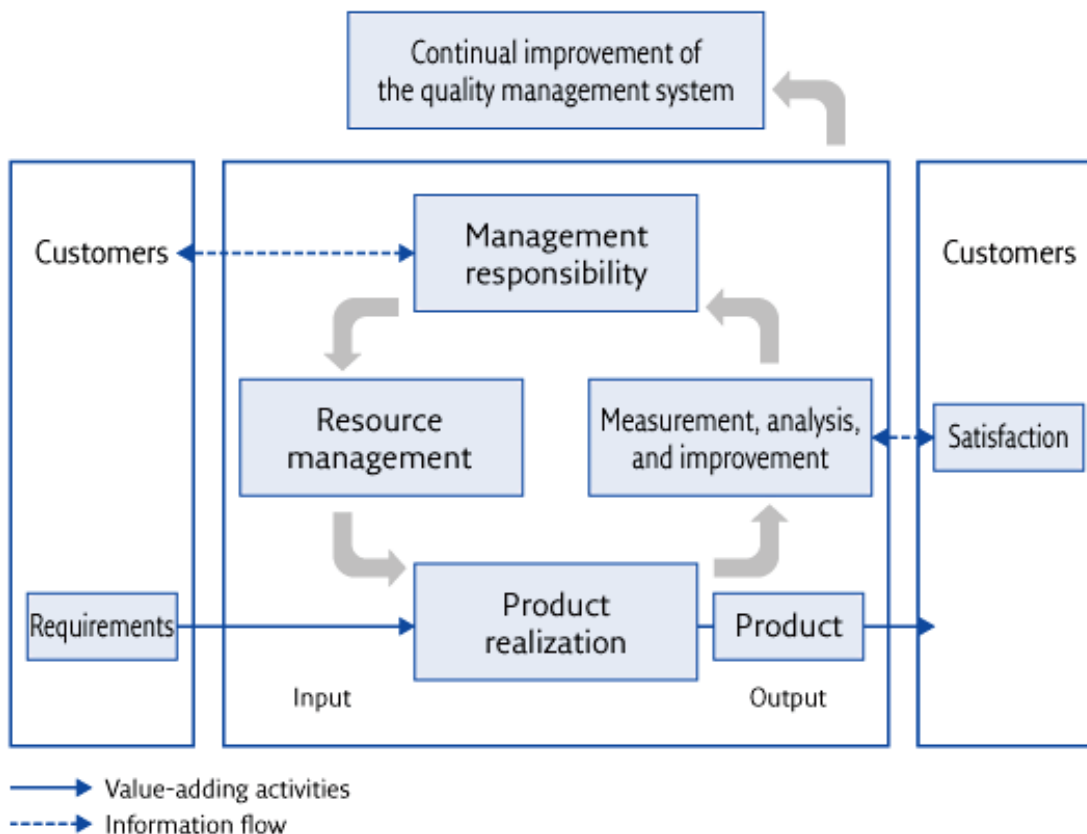
Nissha and its subsidiaries are committed to contributing widely to society through customer's trust and satisfaction of quality, cost, delivery, services and speed.

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

Quality Management System

We operate a quality management system that meets the requirements of international standard ISO 9001:2008 (see the Quality Management System Conceptual Diagram).

We are working to add all production bases in Japan to the scope of ISO 9001 certification. One newly added base is Nitec Precision and Technologies, Inc. (NPT) Himeji Factory, in fiscal year 2014.



From Department-based Optimization to Company-wide Optimization

The next processes are our customers—this is a Japanese maxim that relates to quality management. It means that all workers in every process must have in mind the customer, which might be workers in the production process following theirs. 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." Hence we stress 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.

Small-group Activities

The accumulation of bits of wisdom and creativity from all employees is the source of great improvements in work processes. The small-group activities we restarted in July 2011 are an important mechanism for mustering our knowledge and strengths. And the Company-wide Presentation Meeting of Small Group Activities we have held every six months since October 2011 unveils some terrific results of improvement. The activity won the first prize of the October 2012 tournament, "Reduction of Dimensional Gaps in Capacitive-type Touch Panels," was featured in the Nikkei Business Daily column "Innovation from the Field."

Through the small-group activities, a positive attitude has taken root in our employees' minds: 1) always incorporate creativity in work processes, 2) base judgments on data (facts), and 3) utilize the plan-do-check-act (PDCA) cycle to make improvements on a continuous basis.

Improvement Proposal System

Besides taking time to analyze workplace problems and searching for optimal solutions, it is also important to say "just do it" and act on inspired ideas. In fiscal year 2012, we reintroduced the improvement proposal system as a company-wide mechanism.

At present, various departments submit many proposals, which are helping to streamline management and make it more efficient as well as to invigorate workplaces.

Quality Training

We implement the following training programs toward improvements in quality-related awareness and knowledge.

1. General quality training (for new, 2nd-year, and 3rd-year employees; new managerial staff; managers; and overseas transferees)
2. Management system training (ISO 9001:2008, ISO/TS 16949:2009)
3. Quality Management and Quality Control Exam (levels 3 and 4) training
4. Other quality-related training (corporate ethics and compliance, CPL*, engineers, etc.)

* CPL: Combination of contractual liability (CL) and product liability (PL)

Five Musts for the Systematization of Work

In fiscal year 2012, we set forth Five Musts for the Systemization of Work, a concept we are working to communicate company-wide through training and our internal newsletter.

Five Musts for the Systemization of Work

1. Standardize work

The first step to systemization is the standardization of work.
Standardization will clarify the Input and work required of you.

2. First of all, check the Input

The first step to systemization is the standardization of work.
Standardization will clarify the Input and work required of you.

3. Incorporate the customer's viewpoint into the Output

Both the company's customer and the next internal processes are your customers.
The aim of your work is Output that satisfies your customer's need for quality, cost, delivery, and service (QCDS).

4. Reinforce the system using human factors

The system alone cannot deal with all work; it needs to be supplemented by people.
Your communication and teamwork will help to reinforce the system.

5. Make continuous efforts to improve the system

The system needs to take root and be implemented on a continuous basis.
Continuation will lead to the next improvement in both the quality of our work and the quality of the company.

Quality and Safety of Products

We at Nissha communicate to our employees the importance of ensuring the quality and safety of products through corporate ethics and compliance training.

In the event a serious accident occurs as a result of defects in our products or services, which may violate laws or regulations, we are prepared to report it to government agencies in accordance with laws and to notify our customers as soon as possible.

Up to fiscal year 2013, the number of violations came to zero cases (0 yen in penalties). We will strive to maintain our zero violations record into the future.

Initiatives Related to Chemical Substances in Products

We at Nissha have in place a set of original management criteria for chemical substances in products, which cover the laws and regulations of relevant countries and regions as well as the substance-related criteria of our customers.

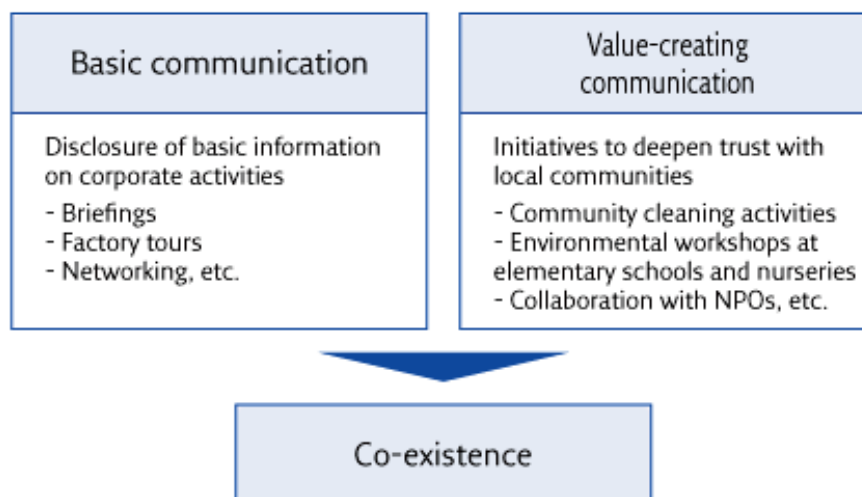
Including these criteria as an assessment item in our design reviews (DR) enables us to deliver conforming products to our customers. Meanwhile, our factories also prevent misuse and contamination by implementing on a continuous basis a mechanism required for production, which includes verification of purchased product, ensuring traceability, and responding to non-conforming products.

In fiscal year 2014, we plan to divide our existing set of criteria into the Nissha Control Criteria for Chemical Substances for Nissha products, and the Nissha Control Criteria for Chemical Substances in Purchased Products, which applicable to purchased products. Each will stipulate the mechanism for selecting designs and materials that conform to our customers' criteria based on information reported by our suppliers on the concentration levels of intentionally use substances and of impurities. We will continue to update our substance-related criteria in accordance with changes in the demands of our customers and the needs of society.

Community Involvement and Development

Promoting Communication with Local Communities

As a member of the 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. We promote active communication so as to deepen mutual understanding with local communities.



Basic Social Contribution Policy

We at Nissha set forth our approach to social contribution in the Basic Social Contribution Policy. We devote our management resources to four fields we recognize as important: environmental protection, next generation support, promotion and support of arts and culture, and human support 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".

Cleaning Activities in Factory Areas

Nitec Industries, Inc. (NII) Tsu Factory organizes cleaning activities every month as a means to communicate with the local community. It is conducting activities on a continuous basis, widening the scope from the immediate factory area to the streets of Chusei Hokubu Science City (where the factory is located), to the employees' commuter routes, and even to the residents' walking courses.



Children's Workshop in Collaboration with an NPO

Nissha Printing Co., Ltd. conducts "Machikusa" (wild plant) workshops in collaboration with the non-profit organization Kids Meets Artists (Director Haruka Idegami).

Machikusa is a coinage or artist Shinpei Shigemoto. It refers to weeds growing around town that generally go unnoticed in daily life. Children observe these weeds and give each an original name of their choice. The workshops are designed to foster the children's imagination and creative expression, and to deepen their interest in the environment.

In the workshop for 120 first-grade students at Ritsumeikan Primary School (Kita-ku, Kyoto; Principal Kyoko Ukita) on Wednesday and Friday, January 23 and 25, 2013, we used iPads for the first time. The children photographed their favorite machikusa with the iPads, added titles and illustrations with a drawing app, and transformed their findings into pieces of art. On the second day, we used the iPads to showcase everyone's work in a Machikusa Exhibition. Although all the machikusa were found in the same school playground, no two were the same, and the unique presentations drew cheers of praise.



Photographing weeds



Create a piece of work



Machikusa Exhibition

TABLE FOR TWO Menu at Corporate Cafeteria

Since April 2013, the corporate cafeteria at Nissha's Kyoto Headquarters serves a TABLE FOR TWO menu. With each purchase of a TFT meal at the corporate cafeteria, 20 yen is donated to children in developing countries through TABLE FOR TWO International (Representative Director Masahisa Kogure). This 20 yen is enough for one child to eat a school lunch in a developing country.

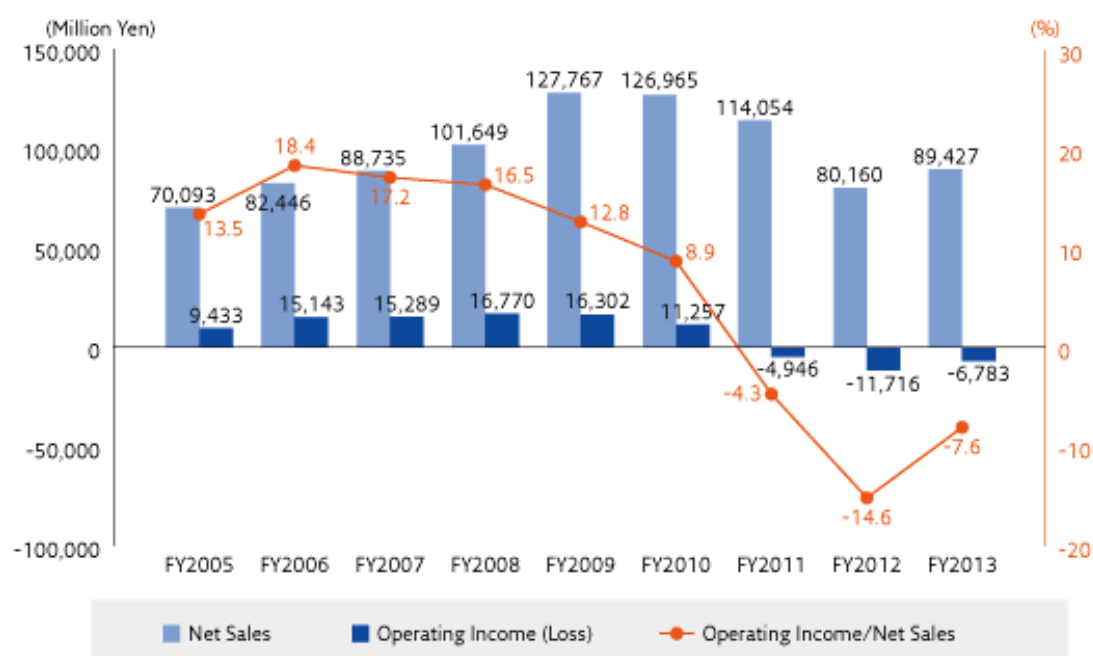


Company Outline

Company Outline

Company name	Nissha Printing Co., Ltd.
Headquarters	3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan
President and CEO, Representative Director of the Board	Junya Suzuki
Founded	October 6, 1929
Established	December 28, 1946
Capitalization	¥5,684,790 thousand
Number of employees	861 (Consolidated: 3,409) as of end of March 2013
Bases	Japan: 10 Overseas: 23 (including locally incorporated companies)

Nissha's Financial Results

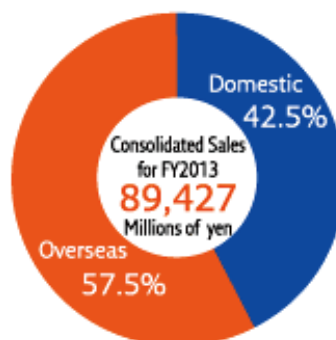


Sales Breakdown in FY2013

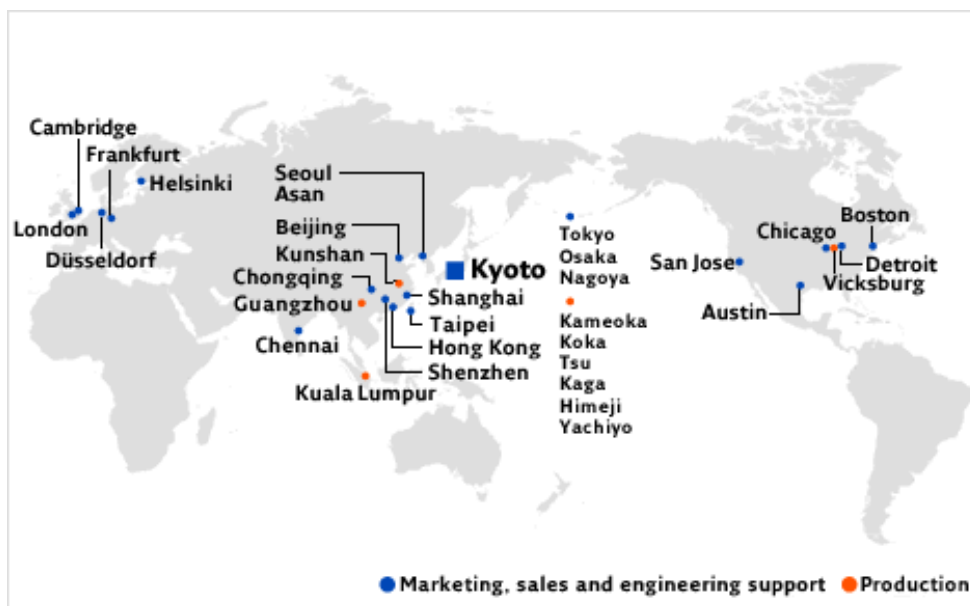
Breakdown by business field



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)

3D Dye sublimation

Glass transfers and lamination

3D transfers and lamination

*IMD and IML are either registered trademarks or trademarks of Nissha Printing Co., Ltd.

*TechSol and Nissha In-Metal are either registered trademarks or trademarks of Nissha Printing Co., Ltd.

Applications

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

Affiliated Companies

Nitec Industries, Inc. (NII)

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 and Technologies, Inc. (NPT)

*Nitec Precision Inc. (NPI) was merged with and absorbed by Nitec Precision and Technologies, Inc. on April 1, 2013.

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 and Solution

Commercial printing

Printing & publishing

Marketing solution

Sales promotion

Web solution

Creative design

Cultural asset art solutions

Affiliated Companies

Nitec Printing Co., Ltd. (NPC)

Nissha Sales Promotion & Products Co., Ltd. (NSP)

Editorial Policy

Editorial Policy

CSR Report 2013 has been compiled with the objective of disclosing widely to our stakeholders information regarding Nissha's initiatives and business performance in fiscal year 2013 (April 2012–March 2013). 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 a "mutually trustful co-existence with society," a concept we cite in our Corporate Mission.

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, drawing on the views of our various stakeholders, including customers. As in last year's report, in this issue, we aimed to declare our performance according to the Application Level given in the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines. We assess this report to meet the standards of GRI (3.1) Application Level C.

Guidelines used as reference:

- Environmental Reporting Guidelines 2012, issued by the Japanese Ministry of the Environment
- Sustainability Reporting Guidelines (G3.1), developed by the Global Reporting Initiative
- ISO 26000

Period Covered

The information contained in this report, in principle, covers the period from April 2012 to March 2013. Some reporting has also been done regarding activities carried out after April 2013.

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 is 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: July 2013

Next issue: June 2014 (planned)

Last issue: June 2012

Variations in Scope of Reporting

Nitec Precision Inc. (NPI) was merged with and absorbed by Nitec Precision and Technologies, Inc. (NPT) on April 1, 2013. Because this report focuses on activities conducted mainly in fiscal year 2013, it uses the original company name "Nitec Precision Inc." or "NPI." Full-scale production started at NPT Himeji Factory in the second half of fiscal year 2013.

With this issue, a section of reporting on the environment ("Impact as a Result of Business Operations") also discloses data on overseas production bases.

Publishing Division and Contact for Inquiries

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GRI Content Index

Nissha Printing Co., Ltd. has used the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines (G3.1) as a reference in compiling CSR Report 2013. We have conducted a self-check of the extent to which the guidelines were applied in our reporting, employing the GRI Application Levels. And 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	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
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	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

	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	CEO Message	2-3
1.2	Description of key impacts, risks, and opportunities		

	Item	Location in CSR report	Pages on PDF
2. Organizational Profile			
2.1	Name of the organization	Company Outline	70-72
2.2	Primary brands, products, and/or services	Company Outline	70-72
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Company Outline	70-72
2.4	Location of organization's headquarters	Company Outline	70-72
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	70-72
2.6	Nature of ownership and legal form	Company Outline	70-72
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Company Outline	70-72
2.8	Scale of the reporting organization, including: • Number of employees; • Number of operations; • 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); and • Quantity of products or services provided	Company Outline	70-72
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; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)	Editorial Policy	73-74
2.10	Awards received in the reporting period	Approach to CSR Waste Management	5-7 44-45
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Editorial Policy	73-74
3.2	Date of most recent previous report (if any)	Editorial Policy	73-74
3.3	Reporting cycle (annual, biennial, etc)	Editorial Policy	73-74
3.4	Contact point for questions regarding the report or its contents	Editorial Policy	73-74
Report Scope and Boundary			
3.5	Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report	Editorial Policy	73-74
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Editorial Policy	73-74
3.7	State any specific limitations on the scope or boundary of the report	Editorial Policy	73-74
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	Impact as a Result of Business Operations Editorial Policy	36-37 73-74
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report	This table; GRI Content Index	75-81
Assurance			
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).		

	Item	Location in CSR report	Pages on PDF
4. Governance, Commitments, and Engagement			
Governance			
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	10-13
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	10-13
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 Respect for Diversity	10-13 23
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate Governance Human Rights	10-13 17-18
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)	Corporate Governance	10-13
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		
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 Rights Human Resources Development Safety and Health Policy and Management Structures Initiatives Related to Information Security Initiatives Related to Intellectual Property Partnership with Our Suppliers Consumer Issues Community Involvement and Development	14-15 17-18 20-22 26-28 30-32 53-55 58-59 60-62 64-67 68-69
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		
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Corporate Governance Monitoring and Prevention of Pollution	10-13 46-48
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	CEO Message United Nations Global Compact	2-3 8
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; or • Views membership as strategic		
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization	Approach to CSR	5-7
4.15	Basis for identification and selection of stakeholders with whom to engage	Approach to CSR	5-7
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		

	Item	Location in CSR report	Pages on PDF
5. Management Approach and Performance Indicators			
Economic			
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 16
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	
Environmental			
Disclosure on Management Approach			
Aspect: Materials			
EN1	CORE	Materials used by weight or volume	Impact as a Result of Business Operations 36-37
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 36-37 Environmental Accounting 38-40 Prevention of Further Global Warming 41-43
EN4	CORE	Indirect energy consumption by primary source	Impact as a Result of Business Operations 36-37 Environmental Accounting 38-40 Prevention of Further Global Warming 41-43
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 36-37 Environmental Accounting 38-40
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	

	Item	Location in CSR report	Pages on PDF
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	36-37 38-40 41-43
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 Environmental Accounting	36-37 38-40
EN22	CORE Total weight of waste by type and disposal method	Impact as a Result of Business Operations Environmental Accounting Waste Management	36-37 38-40 44-45
EN23	CORE Total number and volume of significant spills	Not applicable	-
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		
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	Not applicable	-
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	38-40
Labor Practices and Decent Work			
Disclosure on Management Approach			
Aspect: Employment			
LA1	CORE Total workforce by employment type, employment contract, and region, broken down by gender	Respect for Diversity	23
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		
LA15	CORE Return to work and retention rates after parental leave, by gender	Support for Diverse Work Styles	24-25
Aspect: Labor/Management Relations			
LA4	CORE Percentage of employees covered by collective bargaining agreements	Human Rights	17-18
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	26-28
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	26-28
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		

	Item	Location in CSR report	Pages on PDF
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	23
Aspect: Equal Remuneration for Women and Men			
LA14	CORE Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		
Human Rights			
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	60-62
HR3	CORE 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	Not applicable	-
Aspect: Assessment			
HR10	CORE Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		
Aspect: Remediation			
HR11	CORE Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		
Society			
Disclosure on Management Approach			
Aspect: Local Communities			
SO1	CORE Percentage of operations with implemented local community engagement, impact assessments, and development programs		
SO9	CORE Operations with significant potential or actual negative impacts on local communities		
SO10	CORE Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities		
Aspect: Corruption			
SO2	CORE Percentage and total number of business units analyzed for risks related to corruption		
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		

	Item	Location in CSR report	Pages on PDF
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 64-67
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	
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 64-67