

CSR 2014

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CEO Message

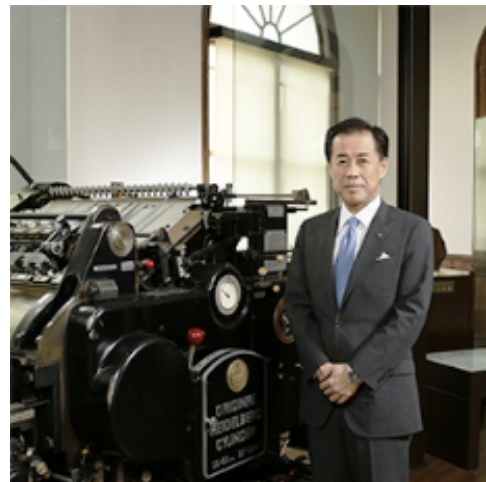
Status of Nissha Business

After three years of stagnant business performance since fiscal year 2011, resulting first from changes in the market environment due to the global financial crisis of 2008 and then from the historically high yen, Nissha returned to the black in fiscal year 2014 with a significant 24% increase in net sales compared to the previous year thanks to the release of competitive new products. In context, however, our offerings rely heavily on the consumer electronics industry marked by steep fluctuations in demand, and we recognize the urgent need to build a more balanced market portfolio in the near future. “Develop cutting-edge printing technologies and create an array of exceptional products that fundamentally redefines value for our customers”—we at Nissha are making company-wide efforts to realize this vision encapsulated in our Fourth Medium-term Business Plan that started in fiscal year 2013.

Growing with the Expansion of Printing Technologies

Nissha started off as a printing company in Kyoto in October 1929, with a few printing machines in the home of our founder. In the course of our 85-year-long history since, we aspired to expand beyond traditional printing on paper into new fields like decorating plastic products and creating touch panels. By offering unique solutions based on printing technologies, we achieved growth in the global market.

In the backdrop of this growth is the Nissha spirit, or our DNA, of doing what no other company can do and printing on everything but water and air. Another key to our growth is that we have always lent our ears to the voices of our stakeholders and aimed to create products needed by society. True to our 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.”



At the Main Hall, where the Museum of Printing Culture and History placed

Aiming to be a Company Needed by Society

In expanding our business domains in future, we at Nissha are working to create solutions to issues in three target areas: information-oriented society, lifestyle support, and sustainable society. We believe a company's business activities must contribute to economic growth and at the same time present social value. Further growth at Nissha depends on our identifying the changes in society's needs and creating value that leads to a solution to society's issues.

The growth of employees is the driving force for the growth of the company. We at Nissha believe our employees are our most important management resources, and aim to achieve growth for both the company and our employees. To this end, in fiscal year 2014, we established Nissha Academy, an in-house institute for fortifying advanced, specialized development of human resources. While we have always provided our employees with various opportunities to foster practical knowledge, Nissha Academy reorganizes these programs into a selective advanced training system. The academy also represents the fulfillment of my decade-long ambition. I look forward to it producing human resources who can play leading roles in a broad range of fields and drive the expansion of our business at Nissha.

Reinforcing our foundation from a global perspective

Corporate social responsibility, or the concept of a company meeting the demands and expectations placed on it by society, is increasingly crucial amid the progress of globalization in recent years. We at Nissha believe it is important to embrace and deal with this external movement both to avoid damage to and to continuously enhance our corporate value.

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. And in June 2014, we drew up a new Basic Policy on Labor and Human Rights with the aim of adhering to international laws and norms regarding human rights and labor standards, and striving to make a continuous improvement.

Having obtained approval at the general shareholders' meeting also in June 2014, our seven-member Board of Directors now includes three outside directors (for a share of 43%). One newly selected outside director is Nissha's first woman board member. We aim to turn diversity in the boardroom into an opportunity to promote diversity in the workplace and improve the company's vitality.

Finally, we have embarked to comply with the code of the Electronic Industry Citizenship Coalition (EICC). We hope to continue stepping up our efforts in the areas of labor, health and safety, environmental conservation, and ethics hand in hand with our customers and suppliers.

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 reflect your voices in our business activities. CSR Report 2014, 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.

We look forward to your further guidance and encouragement in the future.

June 2014
Junya Suzuki
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.

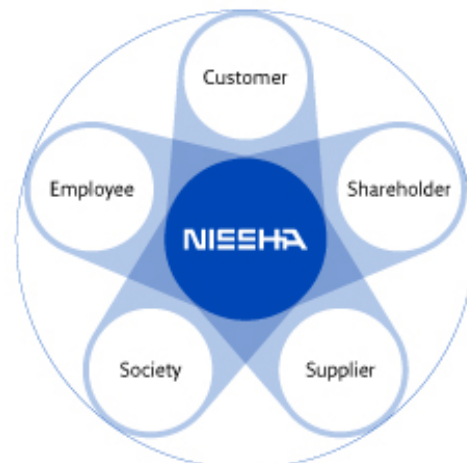
Approach to CSR

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.

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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 and offer support for diverse work styles, respecting our employees’ human rights from a global perspective. We believe that our employees are our most important management assets, and aim to achieve growth for both the company and our employees.

External Assessment

Nitec Industries, Inc. Tsu Factory Wins Health Award

In June 2013, Nitec Industries, Inc. (NII) Tsu Factory received a Health Award from the Tsu Labor Standards Association in the FY2013 Tsu-Suzuka-Kameyama Area Industrial Safety and Health Competition. The award recognized our deep awareness of the importance of occupational health, our vigorous engagement in safety and health activities, and our active cooperation in the association’s operations.

Since it commenced operations in April 2010, NII Tsu Factory has had no accident that required four or more days of leave as of the end of March 2014. It is working to maintain the employees’ health and create accident-free, comfortable workplaces through efforts such as monthly meetings of the Safety and Health, Fire Prevention, and Traffic Safety Committee, 6S* patrols of all workplaces by the workers, and the organization of mental health training sessions.

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



Recipient of the 2013 Nikkei Superior Products & Services Awards

The capacitive-type touch panel, a core product of Nissha Printing Co., Ltd., won a Nikkei Business Daily Award for Superiority at the 2013 Nikkei Superior Products & Services Awards presented by Nikkei Inc. to commend some 40 new products and services selected from among those featured in four of its publications*1 within the year and judged based on six criteria*2.

The award-winning capacitive-type touch panel is a unique product combining a film material lighter than glass with the photolithography process*3 that makes it possible to print finer lines on the electric circuit. The light, thin touch panel meets customer needs worldwide by contributing to slimmer, more lightweight electronic devices such as smartphones and tablet devices.



- *1. The Nikkei, Nikkei Business Daily, Nikkei MJ, and Nikkei Veritas
- *2. Excellence in technology development, cost effectiveness, contribution to business performance, growth potential, originality, and impact on industry and society
- *3. A technology that forms high-precision patterns by exposing the surface of a substance coated with photosensitive material (resist) to intensive light. Photolithography makes full use of the photoengraving technology we have long cultivated as a printing company.



Capacitive-type touch panel, won a Nikkei Business Daily Award for Superiority at the 2013 Nikkei Superior Products & Services Award

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.

Website: [United Nations Global Compact](http://www.unglobalcompact.org)

www.unglobalcompact.org

Organizational 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 2014.

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 pursuance of a mutually trustful co-existence 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 regulations with regard to compliance, including the Guideline of the Corporate Ethics and Compliance as codes of conduct for the observance of laws, regulations, bylaws, and social norms. In addition, we define our Shared Values and have established policies such as a Code of Conduct, an Environmental Policy, and an Information Security Policy in order to achieve co-existence with all the stakeholders of Nissha Group.

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

Overview of Corporate Governance Structure

Directors and the Board of Directors

Our Board of Directors consists of seven members including three 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 each fiscal year. The Board of Directors holds regular meetings once a month and extraordinary meetings when necessary, to receive reports on the execution of business activities and make important decisions regarding business plans and policies. The president and CEO chairs the meetings.

Corporate Officer System

We adopt a corporate officer system to segregate 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 regular meetings called Monthly Business Review (MBR) to report on the status of business activities and to review progress and adherence to plans.

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 such determination, 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 the independence of accounting auditors and progress in the execution of their duties. The Board has regular meetings with related divisions or entities, such as president and CEO, accounting auditors, and internal audit division enhancing close cooperation.

We established a Corporate Auditors' Office which belongs to the Board of Corporate Auditors and is independent of directors.

Role and Function of Outside Directors and Outside Corporate Auditors

The role of outside directors is to enhance the function of supervising the appropriate execution of duties by directors. The role of outside corporate auditors is to ensure the objectivity and

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

By sustaining this corporate governance structure and ensuring that it functions, we strive to enhance management efficiency, strengthen management monitoring 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 meeting of shareholders (an annual maximum total of 430 million yen for directors and 50 million yen for corporate 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 role and position of each director, and finally determined by president and CEO based on an evaluation of the contribution and performance of the director. Bonuses are determined by president and CEO 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 determined for outside directors, taking into account factors such as the business experience of each outside director.

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

Title	Total remuneration (Million yen)	Remuneration by category (Million yen)		Number of board members
		Basic compensation	Bonuses	
Directors (excluding outside directors)	90	76	14	5
Corporate auditors (excluding outside corporate auditors)	12	12	-	2
Outside directors and outside corporate auditors	18	18	-	4

Total Remuneration and Number of Board Members (FY2014)

Promotion of Diversity in the Boardroom

Having obtained approval at the general meeting of shareholders in June 2014, our seven-member Board of Directors now includes three outside directors (ratio of outside directors: 43%). Through the change, we aim to maintain transparency in our management, reflect outside directors' insight into our business operations, and ultimately enhance long-term corporate value. In addition, our newly selected outside director is Nissha's first female board member. We hope to turn diversity in the boardroom into an opportunity to promote diversity in the workplace and improve our vitality.

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 Act and the Ordinance for Enforcement of the Companies Act. Under the direct control of president and CEO, our internal audit-related division analyzes and evaluates the internal control system and the progress of its operation to offer recommendations for improvement toward enhancement. Furthermore, we strive to strengthen corporate governance through a management system revolving around various committees, including the Corporate Ethics and Compliance Committee. In response to the internal control reporting system introduced by the Financial Instruments and Exchange Act, to ensure reliability of financial reports, 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.

We establish the Disclosure Control Committee to ensure that corporate information is disclosed fairly, promptly, 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

With a risk management policy in place to clarify our approach, we promote 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.

The Risk Management Committee, headed by the Executive Vice President in charge of administration, comprises the managers of each business unit and department. 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 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. In fiscal year 2014, we continued in our efforts to enhance our comprehensive risk management capabilities. In addition to increasing the number of committee meetings from two to four times a year, we narrowed down our selection of particularly significant risks to eight items, and strived to counter those risks and enhance our execution of the plan-do-check-act (PDCA) cycle. Our cross-organizational committee and superintending divisions play a pertinent role in preventing and coping with risks related to compliance, insider trading, product quality, environment, information security, safety and health, and trade management.

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 (BCP) and related codes.

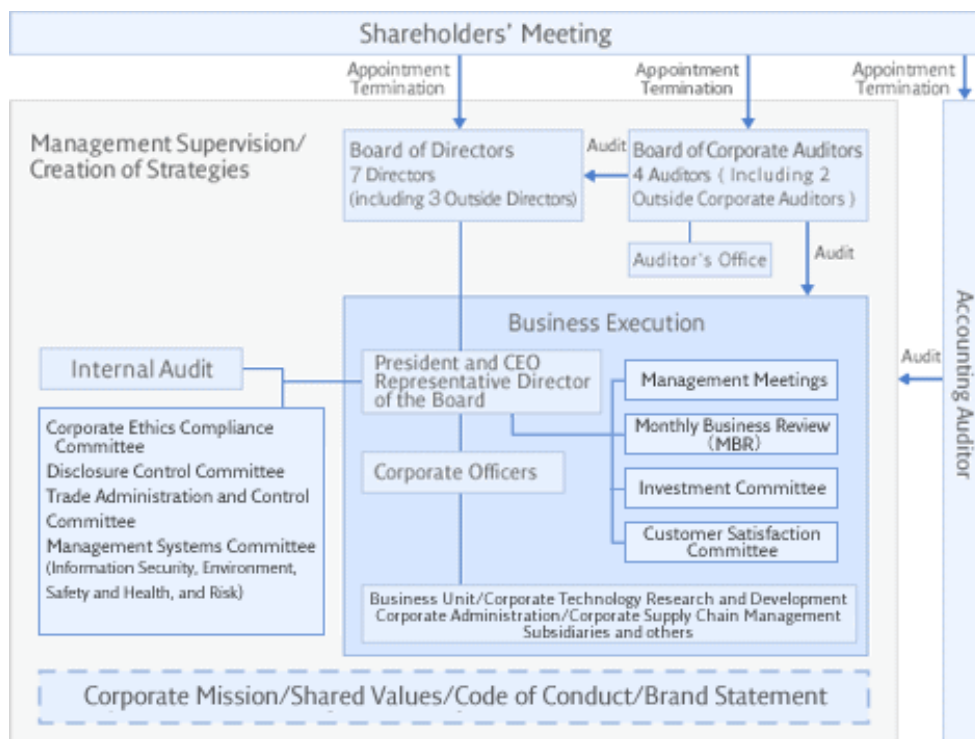
In fiscal year 2014, having been named head of the Kyoto City’s council on corporate measures for stranded commuters, we are deliberating on actions that businesses can take to help commuters return home when public transportation is suspended in the event of a major disaster, and recommending policies to Kyoto City. As an active participant in the council, we intend to continue involving ourselves in related networks and building mechanisms for mutual cooperation to assist stranded commuters.

Initiatives in Internal Auditing

The Internal Audit, to maintain impartiality and objectivity in its functions, serves as an independent corporate staff organization in drawing up annual auditing plans, investigating whether business activities are carried out appropriately and efficiently, and offering advice and recommendations to internal organizations. Furthermore, it conducts follow-up audits to confirm how each finding that has surfaced through the audits is improving. The office makes reports and offers suggestions based on the results of its audits to the president and CEO at monthly meetings, and presents particularly important matters at Board of Directors’ meetings. Moreover, it holds meetings with full-time corporate auditors every two months to establish mutual cooperation with the Board of Corporate Auditors.

With mergers between consolidated subsidiaries, operating audits in fiscal year 2014 focused on the business activities of enduring companies (processes related to the management of fixed assets, expenses, payroll, etc.) as well as processes related to the assessment of return on investment, the streamlining of conference room use, and attendance management. 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.

Nissha's Management and Business Execution System



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.

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

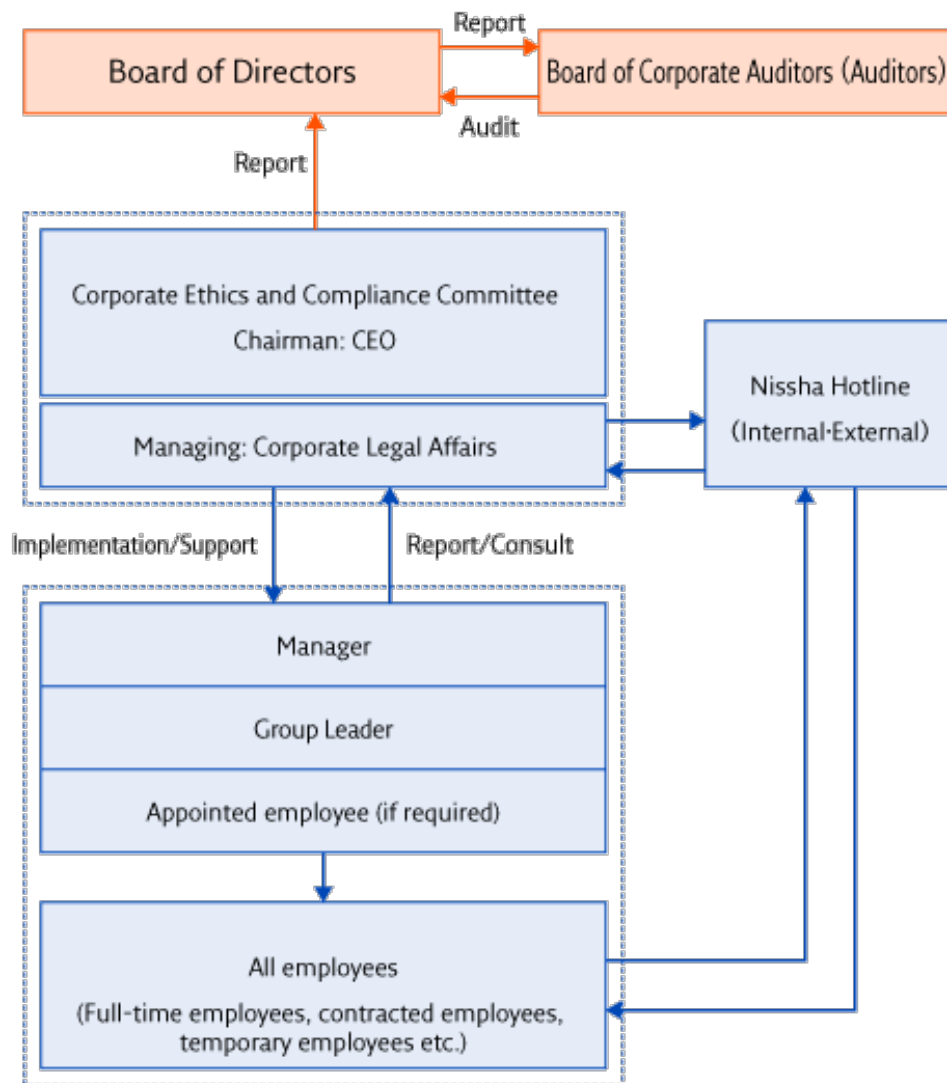
All Nissha bases in Japan and abroad appoint managers and group leaders in charge of promoting corporate ethics and compliance. These managers and group leaders not only conduct training in their respective divisions but also implement corporate ethics and compliance through organizational management,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

specific cases, and even take on the role of consultant in their workplace.

We designate every October as corporate ethics and compliance month, during which we offer group-wide training. In fiscal year 2014, the managers and group leaders led study sessions on two themes—respect for human rights and appropriate handling of information—based on training material incorporating the 13 important points.

For the prevention of insider trading, we cover regulations against insider trading in our regular training programs in addition to educating employees through quarterly publications on our intranet. To promote free and fair transactions, we work to enhance employee awareness of our manual on the promotion of appropriate transactions as well as our code on exchanging information with competitors.

Corporate Ethics and Compliance Structure



Distribution of Added Value to Stakeholders

Our fiscal year 2014 distribution of added value to stakeholders is given in the table below.

Distribution of Added Value to Stakeholders

Stakeholders	Amount (million yen)	Description	Remarks
Shareholders	6	Dividends	Figures published in financial results
Employees	5,159	Sum of expenses for salaries, wages, bonuses, and retirement benefits	Calculated by Corporate Communications, using results of the year ended March 31, 2014 (excluding personnel expenses included in manufacturing costs)
Creditors (financial institutions)	124	Interests	Figures published in financial results
Government agencies (national, local)	492	Sum of taxes paid including corporation tax, inhabitant tax, and enterprise tax	Figures published in financial results
Society	10	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 (internal reserves)	3,967	Amount of increase in surpluses	Figures published in financial results

Human Rights

Basic Policy on Labor and Human Rights

We have defined Nissha's principles on labor and human rights in a basic policy toward realizing our Corporate Mission of pursuing a "mutually trustful co-existence with society." The policy has been translated from Japanese into the English, Chinese, Korean, and Malay languages for group-wide distribution.

Basic Policy on Labor and Human Rights

In order to realize a widespread mutually trustful "co-existence" with society, Nissha will observe the international norms, laws and ordinances related to human rights and labor standards and will make efforts to continually improve human rights and labor standards.

1. Child labor: We will prohibit child labor and also implement relief measures.
2. Forced labor: We will eliminate all forms of forced labor.
3. Health and safety: We will secure the health and safety of our employees and provide a hygienic workplace environment.
4. Freedom of association and the right to collective bargaining: We will guarantee the right to organize and the right to collective bargaining.
5. Discrimination: We will not discriminate based on a person's age, disability, ethnic group, gender, marital status, nationality, political support, race, religion, sexual orientation, pregnancy or membership in a union. We will also not be party to this.
6. Punishment: We will not perform physical punishment or mental or physical coercion and we will not engage in verbal abuse.
7. Working hours: We will observe the laws, ordinances and labor agreements related to working hours, rest breaks and holidays.
8. Remuneration: We will observe the laws and ordinances related to the payment of appropriate wages.

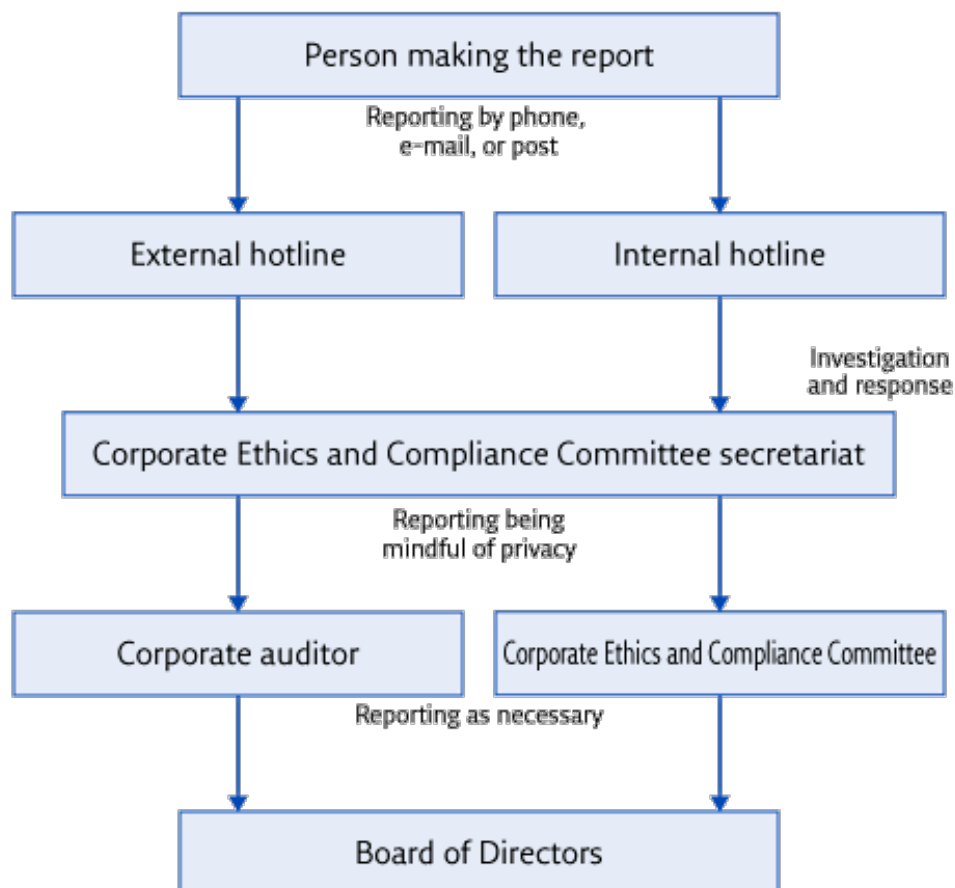
June 16, 2014

Junya Suzuki
President and CEO
Representative Director of the Board
Nissha Printing Co., Ltd.

In April 2012, we joined the United Nations Global Compact, thereby declaring that we support and will make continuous efforts to practice the initiative's 10 principles in the areas of human rights, labor, environment, and anti-corruption. Our commitment is set forth in our Corporate Ethics and Code of Conduct Manual, which cites "respect for human rights" as a key item. The contents are provided in the Japanese, English, and Chinese languages, and distributed through regular study sessions targeting all employees. After each training session, we collect signatures from our employees confirming that they understand and will base their conduct on the contents of the manual.

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. Our Internal Reporting Code protects informers from any unfavorable treatment by either the company or other employees on account of their reporting. We also accept anonymous reports. In fiscal year 2014, the Nissha Hotline was used eight times. The reports concerned mainly labor management. We are working to enhance employee awareness of this Nissha Hotline through the Corporate Ethics and Code of Conduct Manual as well as through our intranet and training, 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*1, joined by employees excluding managerial staff. It holds regular negotiations and discussions with the labor union, specifically the Management Council meetings held every month to negotiate and discuss employees' labor conditions and to share information about the Nissha Group's business operations. In fiscal year 2013, the Nitec Industries Labor Union*2 was organized at affiliated company Nitec Industries, Inc., also with which we are building an amicable relationship. 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 2014, 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 2014, the Nissha Labor Union has a membership of 910.

*2. As of the end of March 2014, the Nitec Industries Labor Union has a membership of 501.

Labor Practices

Human Resources Development

We believe that our employees are our most important management resource. We 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 for our employees to achieve their work-life balance, 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

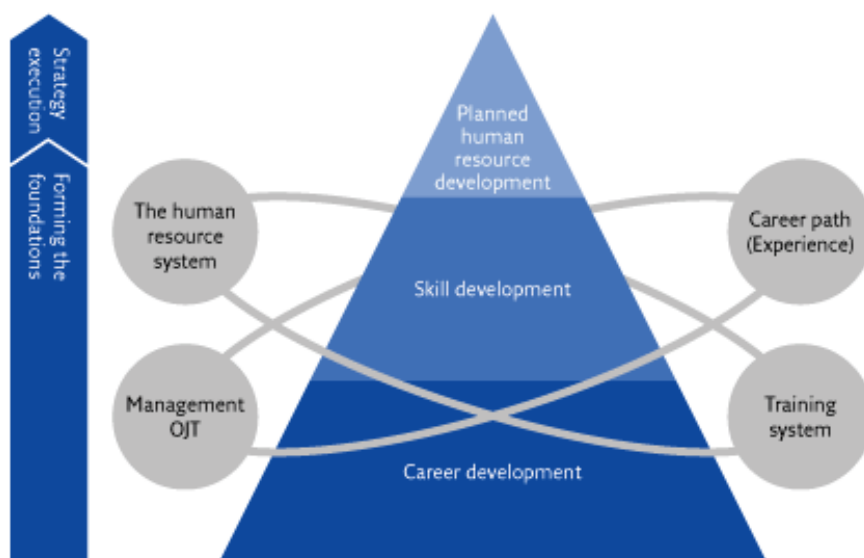
We implement a planned development of human resources needed for the company to grow and actively support our employees in the voluntary development of their skills with the aim of achieving growth for both the company and our employees.

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 at Nissha 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 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)

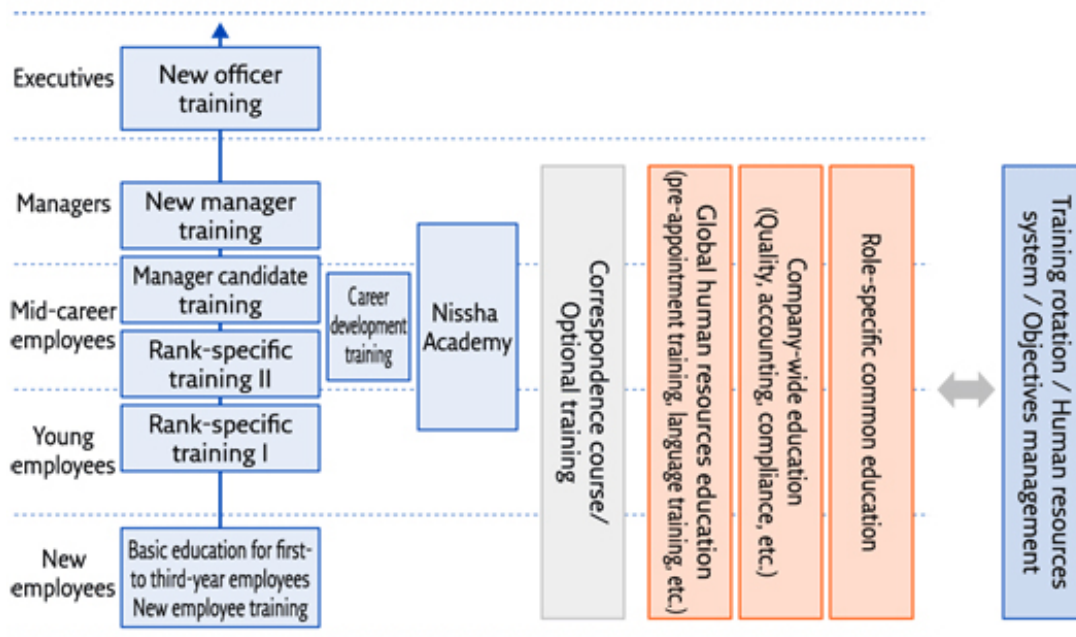
Skill development

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.)

Training System Model

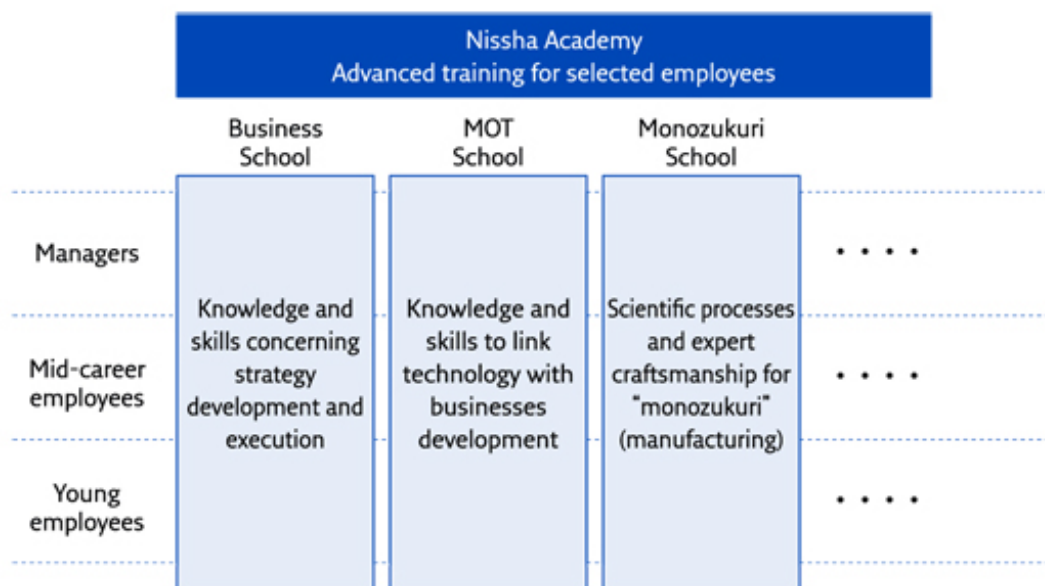


Enhancement of Selective Human Resources Development

In fiscal year 2014, we established Nissha Academy, an in-house institute for fortifying advanced, specialized development of human resources. While we continue to expand on our rank-specific, theme-specific, and career design training programs, Nissha Academy employs a selective system to provide advanced, specialized education in areas such as business administration and management, and the management of technology.

In the first year of its establishment, Nissha Academy opened a Business School dedicated to teaching young employees the basics of business administration and management. The instructors are officers and senior managers actually involved in business administration and management. In addition to providing knowledge and skills in the classroom, practical training shows how these are used in real situations. After training is completed, the young employees are given positions overseas or in a corporate strategy division. The plan is to offer them challenging experiences, and thereby foster them into human resources qualified to pursue careers in business administration and management.

Nissha Academy is set to open a variety of other schools in the future. In fiscal year 2015, it plans to open a Management of Technology (MOT) School, which will develop human resources capable of linking technology with management to create new businesses.



Company-wide Basic Education

While providing advanced, specialized selective education at Nissha Academy, we also continue to offer our established educational programs. From fiscal year 2013 onward, we are focusing particularly on basic education for all employees, and conducting company-wide training in accounting and cost on a continuous basis. The aim of the program is to have employees gain an understanding of business figures, and perform their job always with an awareness of how their work reflects in these figures.

Starting in fiscal year 2015, we plan to offer basic education in quality control and improvement not only to relevant employees, as in the past, but also to young and mid-career employees throughout the company.

Internal Job Posting System

The Nissha Group introduced an internal job posting system in fiscal year 2012, in which the company posts specific job openings internally, and employees who meet the criteria apply for the job of their own will. The system aims to provide employees with the opportunity to choose their own career as well as appoint employees to positions that reflect their aptitude, and thereby enhance our organizational strength. Employees who have transferred through the system are playing an active role in their new division.

Status of utilization

	FY2012	FY2013	FY2014
Job openings	21	7	33
Successful applicants	11	4	5

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. More than one-fourth of our employees work at Nissha Group companies outside Japan.

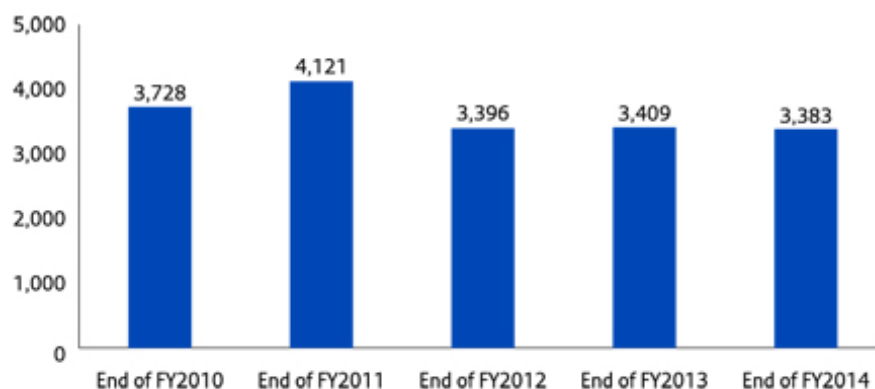
Employees of Nissha Printing

Fiscal year	Gender	Directors	Corporate officers	Nissha fellows	Managerial staff	Employees (total)	Average age	Average years of employment
End of FY2010	Male	9	13	1	191	833	38.7	12.9
	Female	0	0	0	5	190	30.8	6.5
End of FY2011	Male	9	15	1	195	845	38.3	13.1
	Female	0	0	0	6	214	31.5	6.7
End of FY2012	Male	6	16	1	181	781	38.5	13.4
	Female	0	0	0	6	202	31.7	7.5
End of FY2013	Male	7	14	1	177	666	39.8	14.8
	Female	0	0	0	6	195	32.9	8.7
End of FY2014	Male	7	13	1	182	662	40.9	15.3
	Female	0	0	0	6	175	33.9	9.4

*Directors include two outside directors.

Having obtained approval at the general shareholders' meeting in June 2014, our seven-member Board of Directors now includes three outside directors (for a share of 43%). One newly selected outside director is also Nissha's first woman board member. We aim to turn diversity in the boardroom into an opportunity to promote diversity in the workplace and improve the company's vitality.

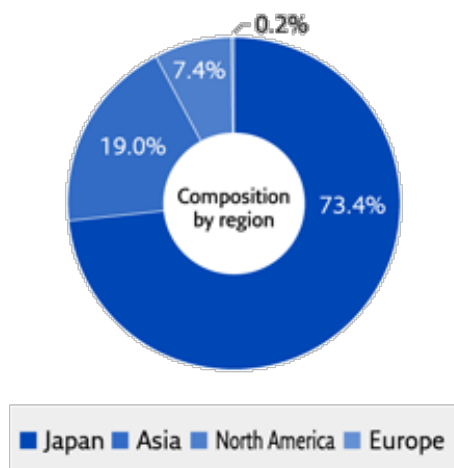
Number of Nissha Group Employees



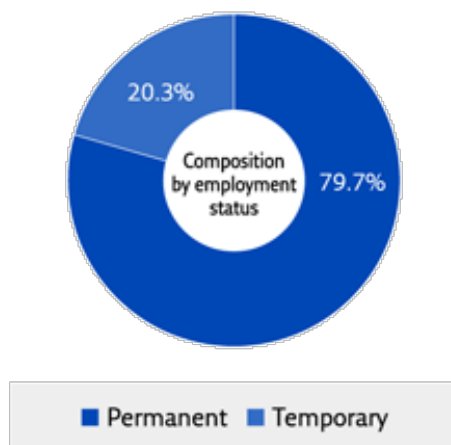
*Figures exclude temporary employees.

Breakdown of Nissha Group Employees (as of the end of March 2014)

Composition by region

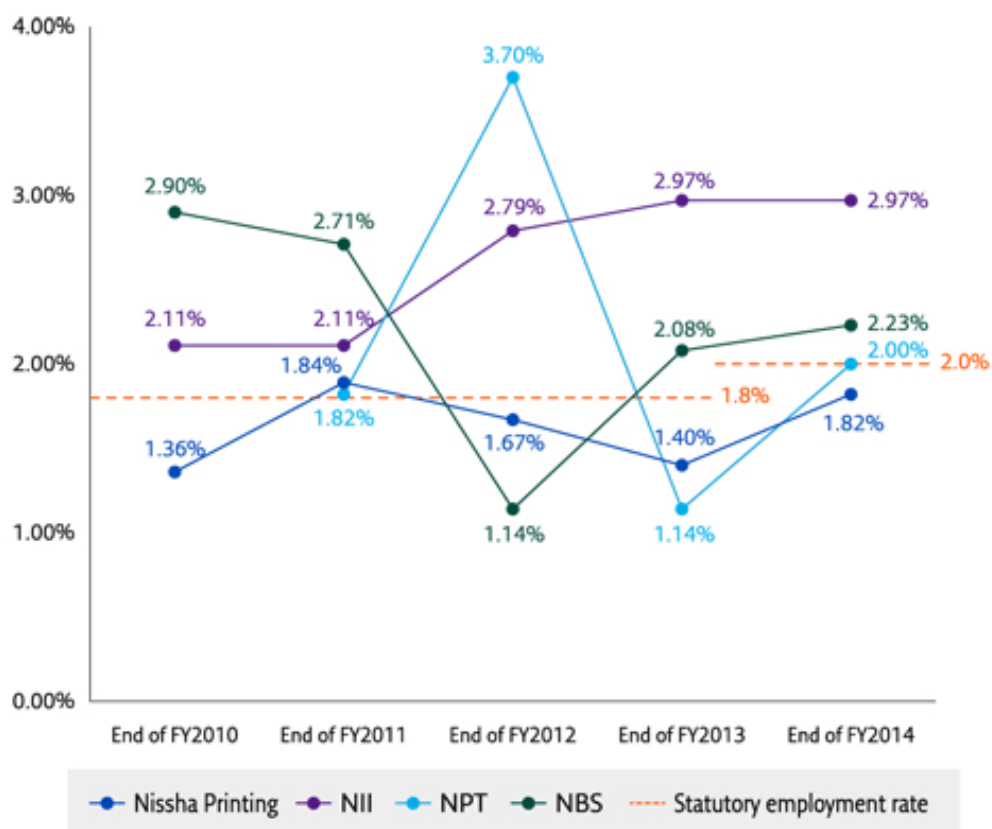


Composition by employment status



Percentage 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 understanding about the employment of people with disabilities.



*The statutory employment rate of people with disabilities for private companies in Japan changed from 1.8% to 2.0% on April 1, 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

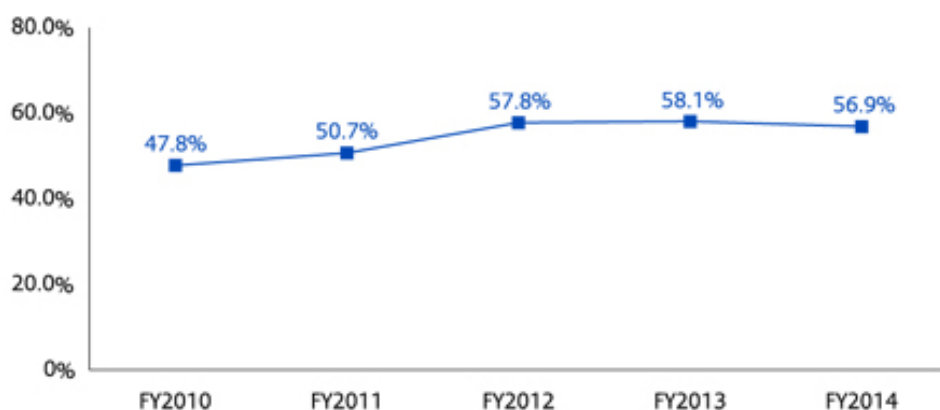
We introduced flexible work hours in fiscal year 2012, primarily in sales departments, as a mechanism in which employees can voluntarily determine their own start and finish times of the working day. The aims of the system include responding flexibly to the time difference between Japan and overseas, to deadlines, and to the busy and slow hours of the working day, and enabling employees to maintain harmony between work and life. In fiscal year 2014, we expanded the system to other departments such as technology and administration for the benefit of a larger number of employees.

Promotion of the Use of Paid Leave

To promote the use of paid leave, from fiscal year 2012 onward we offer 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.

We also have in place a system in which employees may save up to 30 days of expired paid leave to be used in the event of illness, either of employees or of a family member, and for child-rearing, family care, children's school events, and volunteering and self-development activities.

Percentage of paid leave used (Nissha Group in Japan)



Reduction of Overtime Work

We are promoting a reduction of overtime work with the aim of encouraging employees to improve their work process and the way they manage their time, and thereby achieve work-life balance.

Each month, departments that had a large amount of overtime work are questioned as to the causes, future outlook, and physical condition of employees. The findings are reported to management and the labor union, and furthermore reflected in personnel assignment decisions. In fiscal year 2014, the amount of overtime work decreased by 14.0% compared to the previous year.

Child-rearing and Family Care Support

In our efforts in child-rearing and family care support, in fiscal year 2013 we 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), for support that exceeds statutory guidelines. Major child-rearing and family support systems offered by the Nissha Group that exceed statutory guidelines are given in the tables below.

Major child-rearing support systems

Support system	Statutory coverage	Nissha Group in Japan
Child-rearing leave	Up to 1 year 6 months old	Up to 2 years old
Shorter hours for child-rearing	Up to 3 years old By effort: Start of elementary school	Up to completion of elementary school 3 hours per day
Days off for child nursing	Either paid or unpaid	Paid

* Statutory guidelines, as a rule, require working days to be shortened to six hours for child-rearing. We allow employees who normally work eight-hour days to shorten their work time by three hours to five-hour days.

Major family care support systems

Support system	Statutory coverage	Nissha Group in Japan
Family care leave	Total 93 days	Total 240 working days
Shorter hours for family care	Total 93 days	Total 480 working days 3 hours per day
Days off for family care	Either paid or unpaid	Paid

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. Certification is granted to companies that draw up and implement a medium-term action plan, and submit it to their prefectural labor bureau.

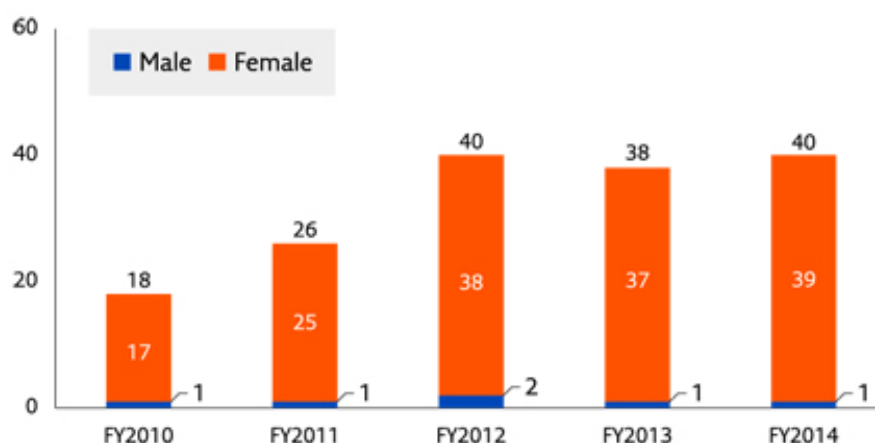


Kurumin Mark

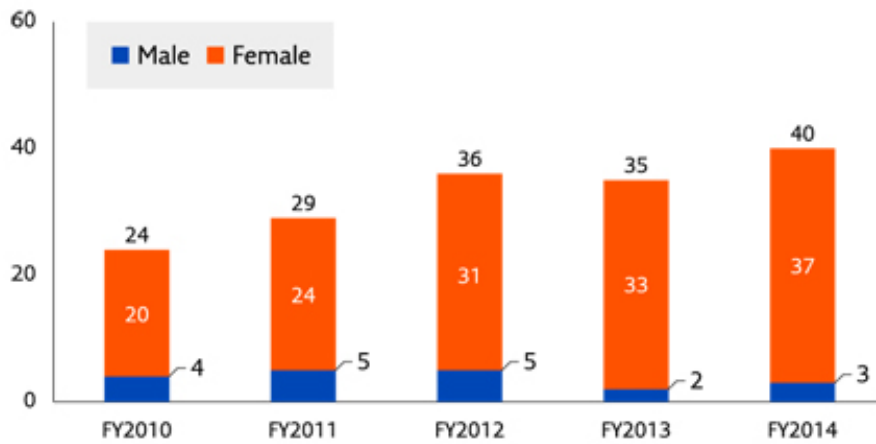
Status of Major Long-term Leave and Time Taken Off from Work (Nissha Group in Japan)

The number of employees who used child-rearing leave, worked shorter hours for child-rearing, and took days off for child nursing are given in the graphs below. The numbers are generally on the rise, and the male employees' uses are found on a continuing basis.

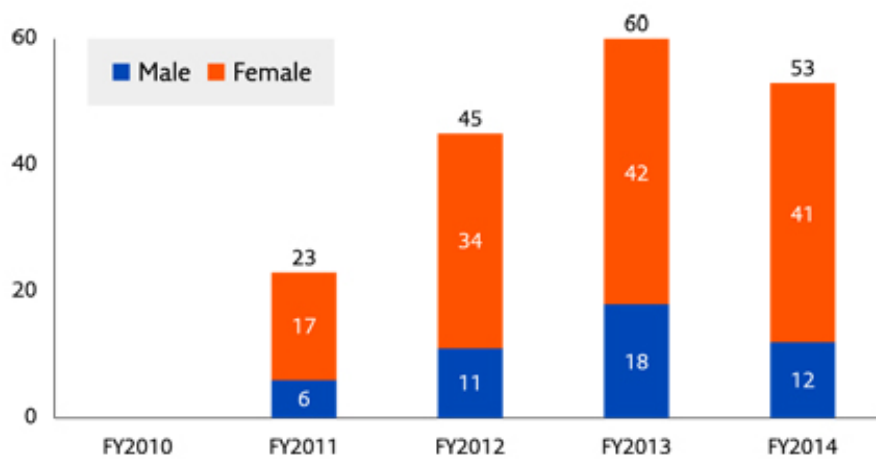
Number of employees who used child-rearing leave



Number of employees who worked shorter hours for child-rearing



Number of employees who took days off for child nursing



Reinstatement rate after child-rearing leave: 100%

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

Retention rate after child-rearing leave (1 year): 85.7%

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

The number of employees who used family care leave, worked shorter hours for family care, and took days off for family care are given in the table below. We are making efforts to raise employee awareness of our systems toward supporting diverse work styles in an aging society.

Support system	Gender	FY2010	FY2011	FY2012	FY2013	FY2014
Family care leave	Male	1	2	1	0	0
	Female	0	0	0	0	0
Shorter hours for family care	Male	0	0	0	0	0
	Female	0	0	0	1	0
Days off for family care	Male	-	0	0	0	4
	Female	-	0	2	2	2

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 for a period of six months.

Work at Home System

In fiscal year 2015, we will introduce a work-at-home system with the aims of promoting harmony between employees' work and life, and improving their work efficiency. The system will enable employees living with a child before completion of elementary school and employees providing family care to work at home either on two days a week or for a number of hours a day.

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.

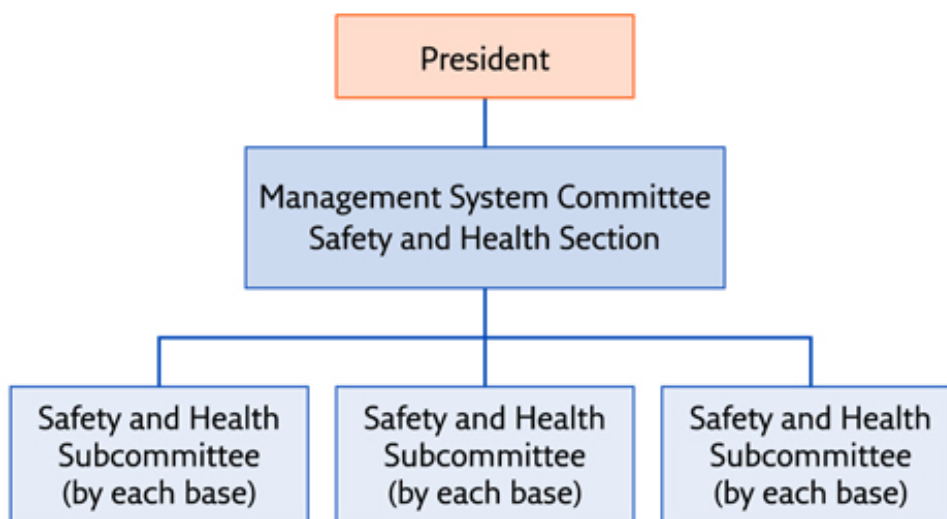
1. Make continuous improvements toward eliminating workplace casualties
2. Establish structures to ensure the sound mental and physical health of employees
3. Observe laws, rules, stakeholder demands, and voluntary standards related to safety and health
4. Perform risk assessment
5. Create safe and comfortable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

Safety and Health Committee / Safety and Health Management System

The Corporate Safety and Health Committee, responsible for the safety and health activities of the Nissha Group, was reorganized in fiscal year 2015 as the Safety and Health Section of the Management System Committee. The new organization oversees the Safety and Health Subcommittees operated by each base and works to standardize and upgrade initiatives throughout the Nissha Group.

The Safety and Health Subcommittees operated by each base set annual safety and health objectives in efforts to upgrade the level of our safety and health activities. In order to achieve these objectives, we believe it is important to incorporate individual initiatives into a management cycle, and use the plan-do-check-act (PDCA) cycle to make improvements on a continuous basis. To this end, we are aiming to build a safety and health management system compliant with OHSAS 18001 standards. By having in place an effective, functioning management system, we seek to fortify governance of the Nissha Group.

Safety and Health Management Structure



Safety Checks before Installing Equipment

We have embarked to draw up New and Upgraded Equipment Safety Check Regulations toward performing risk assessment of new and upgraded equipment before installing it in production lines. As the methods of risk assessment differed greatly from base to base, the new regulations adopt the methods of bases that perform the highest level of risk assessment, and tests have started toward enforcement.

Safety Patrols

Members of the Safety and Health Committee take the lead in conducting safety patrols of workplaces. In fiscal year 2014, the president and heads of the Safety and Health Subcommittees of each business unit in Kyoto conducted special safety patrols of the Kyoto Headquarters. This initiative was based on a requirement of the Safety and Health Week designated in July, "Inspection by top management," as well as a key item of the 12th Occupational Safety & Health Program recommended by the Ministry of Health, Labour and Welfare, "raise awareness of workers' safety and health by top management." We will continue our efforts to identify problems from various viewpoints, and create safe and comfortable workplaces.



Safety patrols

Occurrence of Work-related Accidents

The occurrence of work-related accidents in the Nissha Group in Japan is given in the table below. In fiscal year 2014, the frequency of work-related accidents decreased to zero, as there were no injuries or casualties resulting in four or more days of leave. The number of working days lost also decreased considerably, as one employee on long-term leave was reinstated. These led to a significant improvement also in severity of work-related accidents, to 0.00.

Item	FY2010	FY2011	FY2012	FY2013	FY2014
Number of work-related accidents	23	20	23	21	16
Frequency of work-related accidents*1	0.62	0.41	0.16	1.15	0.00
Severity of work-related accidents*2	0.02	0.03	0.03	0.06	0.00
Number of working days lost	226	299	248	434	16

*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

Each Safety and Health Subcommittee sets forth an education plan based on our Safety and Health Education and Management Regulations (drawn up in April 2012), and provides education and training required in their respective workplaces. In fiscal year 2014, we planned and conducted two programs—lower back pain and fall prevention education, and supervisor education for preventing recurrence of injury in senior employees—in an aim to prevent accidents that hazard assessment showed were recurring with increasing frequency. The first program invited outside instructors to give lessons in body movements effective in preventing lower back pain. This proved to be a good opportunity for employees to take a fresh look at the condition that can be caused by problems not only at work but also in everyday life.



Lower back pain and fall prevention education

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 2014, we promoted smoking cessation and provided opportunities to learn about the effects of smoking on health and effective methods to quit smoking.

As a main initiative for deepening understanding about specific ways to quit smoking, we organized a “smoking cessation” lecture by industrial physicians and introduced its contents through posters, hosted a Smokerlyzer event to measure the level of carbon monoxide in smokers’ breath, and provided individual consultations using our original leaflet “Why not quit smoking?”

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



Smoking cessation consultations

Mental Health Support

We continue in our efforts since fiscal year 2010 to provide mental health education inviting a clinical psychologist. In fiscal year 2014, we organized a line care training program in which managers and supervisors learned how to deal with employees with contemporary mental health problems as well as how to apply their newly acquired knowledge to fostering young employees.

Our survey on coping with work-related stress, introduced in fiscal year 2013 as part of our mental health checkup offering, is proving to be useful in self-care by helping employees identify and cope with their own stress. We are continuing our awareness-raising efforts in an aim to improve the ability to deal with stress with guidance from an industrial physician.

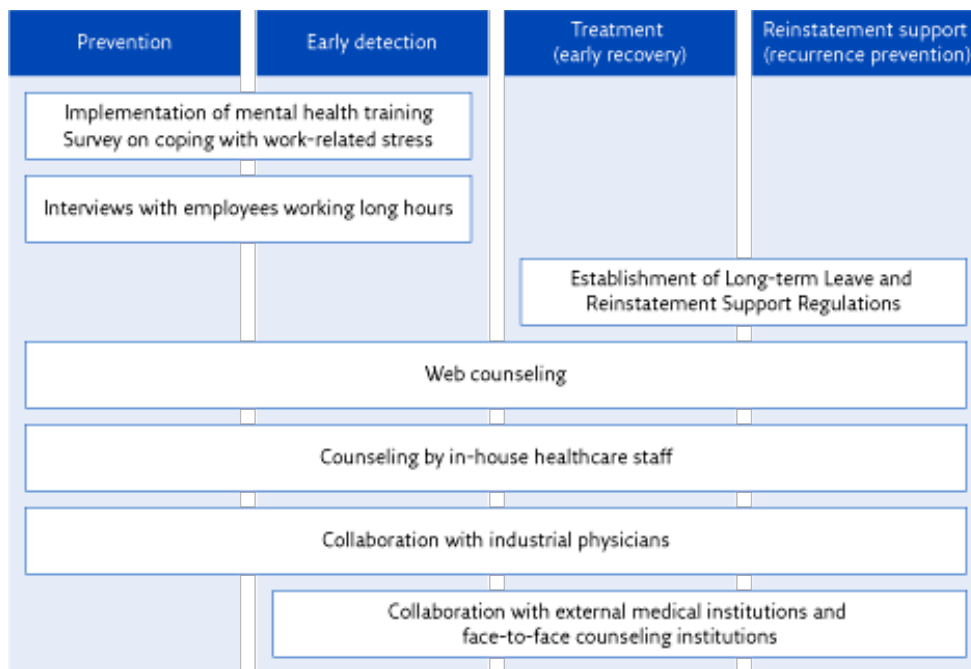
For employees who require special attention in terms of mental health, we follow our Long-term Leave and Reinstatement Support Regulations and offer time to recover from their condition as well as consideration in the workplace upon reinstatement, in an aim to prevent recurrence and achieve a smooth return to work. We also have in place an outside web counseling service, through which a specialized counselor offers mental health advice online.

For employees who work long hours, our healthcare staff and industrial physicians offer consultation to understand their health condition and work with their supervisor and the human resources division to provide required follow-up guidance.

We will carry on promoting collaboration between each division, the human resources division, and our healthcare staff in efforts to create comfortable workplaces.



Line care training



Mental Health Support Structure

The Environment

Policy and Management Structures

The Nissha Group environmental management structure was reorganized in April 2014. We are working on continuous improvement in our environmental management system.

Objectives and Status of Achievement

In May 2013, the Nissha Group revised the environmental objectives with the aim of establishing more effective initiatives. Each implementing unit set targets, and the whole group worked to achieve the objectives.

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 2014.

Prevention of Further Global Warming

In fiscal year 2014, CO2 emissions from Nissha bases in Japan increased 27.7% year-on-year, and those from overseas bases increased 3.3%. This section reports on the details and the major causes for the increase.

Waste Management

In fiscal year 2014, waste generated at Nissha bases in Japan increased 58% year-on-year. This section reports on the major causes for the increase and about our promotion of risk management.

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 2014.

Policy and Management Structures

Policy and Management Structures

We changed the Nissha Group environmental management structure in April 2014, merging two previously separate organizations—the Environmental Management System Committee and the Environmental Conservation Committee—into the newly established Management System Committee Environmental Section. The Management System Committee consists of three specialized sections. As one of them, the Environmental Section is responsible for environmental management throughout the Nissha Group.

The Environmental Section comprises the president as general supervisor, a corporate officer who is the general manager of Corporate Administration in charge of EMS management, and Environmental Section Members selected from each department and factory. The environmental conservation group of General Affairs functions as a secretariat and works toward the continuous improvement of our environmental management system (EMS) such as by operating the Environmental Section, conducting internal environmental audits, and organizing management reviews.

Our Environmental Policy aims for both business development and the realization of a sustainable society. We are working to familiarize the policy widely throughout the company via our intranet as well as promoting the policy among all employees by posting it at each base of the Nissha Group. To achieve our environmental objectives, each factory and organization sets its own environmental targets and creates an action plan toward operating an EMS. These environmental targets are linked to quality targets and the more important key performance indicators (KPI) so that they relate directly to everyday tasks.

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.

Establishment April 1, 2012

Continuous Improvements in the Environmental Management System (EMS)

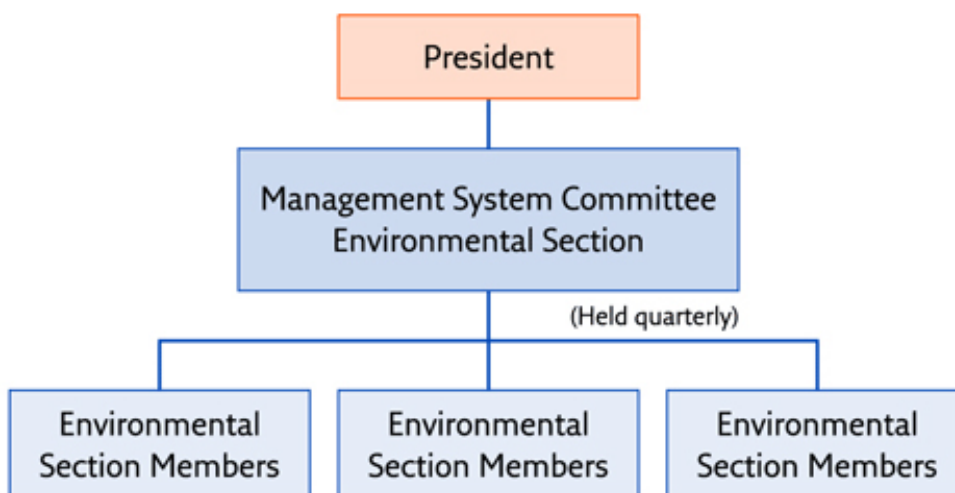
In fiscal year 2013, we reviewed the scope of application of our EMS. Whereas all sites of the Nissha Group previously obtained ISO 14001 certification, we reorganized our sites into the four categories below.

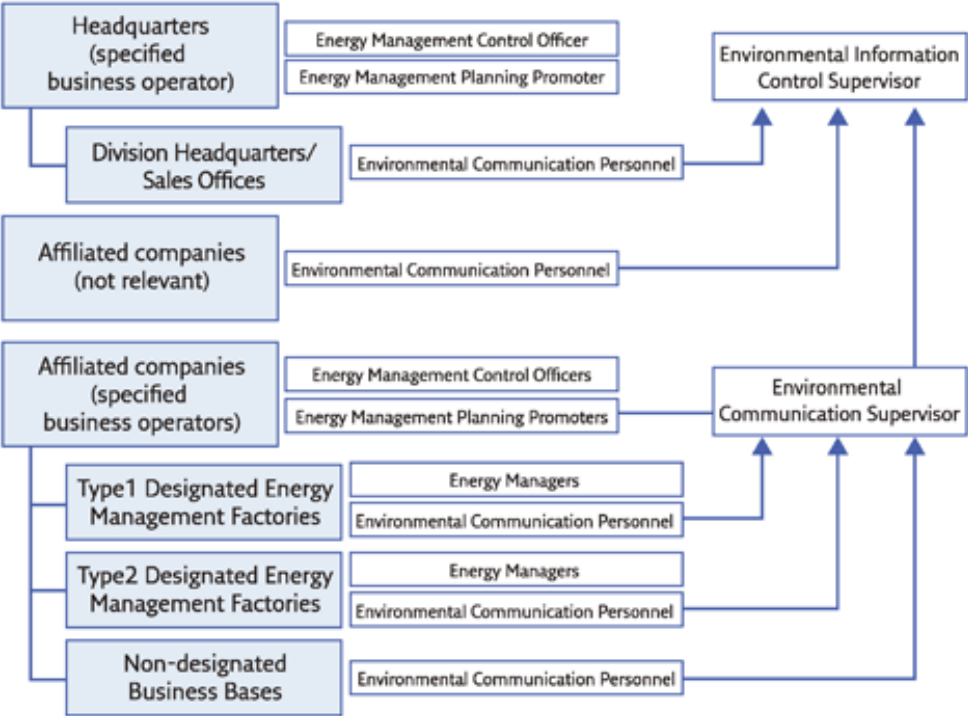
1. ISO 14001 certification sites
2. ISO 14001 non-certified operation control and inspection sites
3. Compliance inspection sites
4. Chemical substance control and inspection sites

In fiscal year 2014, we worked to improve our EMS under the new scope of application. We focused on the key management items of each site and strove to maintain an effective environmental management structure. ISO 14001 certified sites, which are also our major production bases, particularly worked to implement risk management 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. This risk assessment process involves two pillars of activity: managing negative risks, and managing positive risks including the improvement of environmental performance in sync with business targets and quality targets.

Nitec Precision and Technologies, Inc. (NPT) Himeji Factory and Kaga Factory newly obtained ISO 14001 certification in fiscal year 2014.

Nissha Environmental Management Structure





Objectives and Status of Achievement

In May 2013, the Nissha Group revised the environmental objectives with the aim of establishing more effective initiatives. This revision was preceded by the reorganization of the Environmental Management System (EMS) coverage in fiscal year 2013. The environmental objectives serve as group-wide medium-term objectives until fiscal year 2015. In fiscal year 2014, each implementing unit set targets, and the whole group worked to achieve the environmental objectives.

At the main production bases, we undertook environmental risk assessment and measures to reduce environmental risks, and worked to prevent environmental accidents. Although we implemented energy saving initiatives at each factory as a global-warming prevention measure, CO₂ emissions increased due to full-scale mass production at Nitec Precision and Technologies, Inc. (NPT), which accounts for the largest share of domestic production. The Nissha Group did not achieve the group-wide target in terms of the CO₂ emissions rate, which indicates efficiency against production volume.

We did not achieve the target of reducing the usage rate of hazardous chemical substances due to declines in production volume and small production lots at Nitec Industries, Inc. (NII), and the increase in chemical agent usage at NPT. On the other hand, we achieved good results in resource reuse and cost reduction at NII by selling waste solvents for recycling.

Apart from these initiatives, we worked to maintain ongoing communication with our suppliers, making inspection visits to our waste collection, transportation and disposal contractors, etc.

We also continue to conduct environmental workshops in which employees visit local elementary schools and nurseries, centered around the production bases.

Nissha Environmental Objectives

Scope: Nissha ISO 14001 certification sites in Japan (hereinafter “certification sites”)

1. Prevention of pollution

Zero environmental accidents (accidents that affect areas outside the factory)

Reduce the possibility of environmental risks (by one risk level) by the end of fiscal year 2015

Certification sites implement measures to reduce environmental risks* classified as H2 or more on the hazard assessment list (make efforts to attain one risk level lower)

* The degree of severity may not change after measures are implemented in some cases

* H2 or more refers to hazards on the hazard assessment list that affect areas outside the factory

* H2 is equivalent to “maintain” in the conventional classification, and should be addressed in accordance with the designated procedure

* The risk of environmental hazards by degree of severity and possibility, assessed in nine levels in a matrix (Risk levels from highest to lowest: VH, H1, H2, H3, H4, L1, L2, L3, VL)

2. Prevention of global warming

Reduce CO₂ emissions rate (basic unit) by 3% or more by fiscal year 2015 (Base: Average of fiscal year 2012 results)

Certification sites 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

- * Each organization may set KPI or quality targets as environmental targets
- * Companies classified as “specific business operator” in the Act on the Rational Use of Energy use the basic unit reported under the act
- * A default emission factor (0.555 kg-CO₂ / kwh) is used to monitor fluctuations resulting from initiatives

3. Reduction of waste

Reduce waste generation rate (basic unit) by 3% or more by fiscal year 2015 (Base: Average of fiscal year 2012 results)

(1) Control waste generation

Certification sites 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

- * Each organization may set KPI or quality targets (nonconforming product rate, go-through rate, etc.) as environmental targets
- * Indexes need not be the same as the CO₂ emissions rate basic unit (production volume may be substituted with number of items produced)

(2) Promote the selling of waste for recycling

Certification sites set individual target rates and work to sell waste for recycling

- * Maintain zero emissions

4. Reduction of hazardous chemical substances

Certification sites reduce usage rate of hazardous chemical substances

Work to reduce {(usage or purchase volume) / (production volume, treatment volume, or number of units)}

(Certification sites set individual targets)

Results and Assessment in Fiscal Year 2014

1. Prevention of pollution

Target: Certification sites implement measures to reduce environmental risks classified as H2 or more on the hazard assessment list (make efforts to attain one risk level lower)

Results:

- Certification sites Nitec Industries, Inc. (NII) Koka Factory and Tsu Factory, Nitec Precision and Technologies, Inc. (NPT) Himeji Factory and Kaga Factory, and Nitec Printing Co., Ltd. (NPC) Yachiyo Factory created the hazard assessment list
- Several factories organized training in substance leakage as a measure to reduce risks
- NPT Kaga Factory installed soundproof walls as a countermeasure for noise pollution

Assessment: Satisfactory

2. Prevention of global warming

Target: Certification sites 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

Results:

- The CO₂ emissions rate was 1.21 in fiscal year 2014 compared to the previous year as 1.00
- We did not achieve the target by basic unit mainly due to decreases in production volume at NII Koka Factory and Tsu Factory, and a temporary drop in the yield rate at NPT Himeji Factory

Assessment: Poor

3. Reduction of waste-1

Target: Certification sites 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

Results:

- The waste generation rate was 1.05 in fiscal year 2014 compared to the previous year as 1.00
- We did not achieve the target mainly due to increases in waste stemming from a decrease in production volume at NII, and an increase in production volume and a temporary drop in the yield rate at NPT Himeji Factory

Assessment: Poor

3. Reduction of waste-2

Target: Certification sites set individual target rates and work to sell waste for recycling

Results:

- NII made efforts to sell waste solvents for recycling and improved its target rate
- NPT Kaga Factory did not achieve its target of zero emissions due to the start of mass production using a new process, which converted the treatment of sludge from drainage to incineration and landfill

Assessment: Unsatisfactory

4. Reduction of hazardous chemical substances

Target: Certification sites reduce usage rate of hazardous chemical substances

Results: We did not achieve the target due to an increase in substance use at NPT and the conversion to small lot production at NII

Assessment: Poor

Impact as a Result of Business Operations

In order to grasp the impact of our business operations on the environment, we conducted surveys of resources and energy usage (input) and gas, water, and waste emissions (output). The results for the Nissha Group in fiscal year 2014 are given in the figures below.

Input and Output at Nissha Production Bases

The results for fiscal year 2014 reflect the full-scale start of mass production at Devices production base Nitec Precision and Technologies, Inc. (NPT) Himeji Factory, and the start of mass production using a new process at NPT Kaga Factory.

In terms of input, materials used in manufacturing processes in Devices increased by 2.3-fold compared to the previous year, from 3,307 tons* to 7,733 tons. Usage of electricity also increased by 1.3-fold, from 132,282 MWh to 175,102 MWh, and usage of water 1.8-fold, from 1,373,000 m³ to 2,511,000 m³, all owing to the aforementioned changes in business content. Input remained level or decreased in Industrial Materials, Information and Communication, and overseas bases. As for output, the greatest change is the 190-fold increase in combustible and landfill waste, from 12 tons in the previous year to 2,287 tons, due to the method of sludge treatment as incineration and landfill at NPT Kaga Factory. The increase in wastewater generated also reflects to a large extent the increase in production volume at NPT Himeji Factory and Kaga Factory.

INPUT

Production bases in Japan

Industrial Materials	PET/acryl film	1,953 t
	Solvents	1,674 t
	Gravure Ink	1,761 t
	Others	219 t
Devices	Materials used in product manufacturing processes	7,733 t
	Others	365 t
Information and Communication	Paper	23,259 t
	Ink	300 t
	Others	138 t
Total		37,402 t

Overseas production bases

	Resin	2,155 t
	Molds and molding materials	50 t
	Touch panels (components)	21 t
	Others	116 t
Total		2,342 t

Including production bases in Japan and overseas

Energy	Electricity	175,102 MWh
	Gas	8,773,000 m ³
Water	Tap water	802,000 m ³
	Underground water	113,000 m ³
	Industrial water	1,596,000 m ³

OUTPUT

Production bases in Japan

Recyclable resources (items sold for recycling)	Waste containing noble metals	
	Metal waste	
	Rasin waste	
	Paper waste	5,685 t
Recyclable resources (industrial waste)	Waste plastic	
	Iron scrap, waste cans	
	Waste solvents, waste ink, waste cloth	
	Waste acid, alkali	
	Sludge, others	9,904 t
Waste for simple incineration/landfill	General business waste	
	Others (industrial waste)	2,287 t
Total		17,876 t

Overseas production bases

Total waste		194 t
Total		194 t

Including production bases in Japan and overseas

Emissions	CO ₂	114,525 t
	VOC	1,756 t
including volume of after combustion and treatment		
Wastewater		2,493,000 m ³

*CSR Report 2013, issued in July 2013, contained the following errors. Devices' "Materials used in product manufacturing processes" was incorrectly given as 46,277 tons; the recalculated, correct figure is 3,307 tons. Similarly, overseas production bases' "Total waste" was incorrectly given as 517 tons; the correct figure is 113 tons.

*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.

Prevention of Further Global Warming

Status of CO₂ Emissions at Nissha

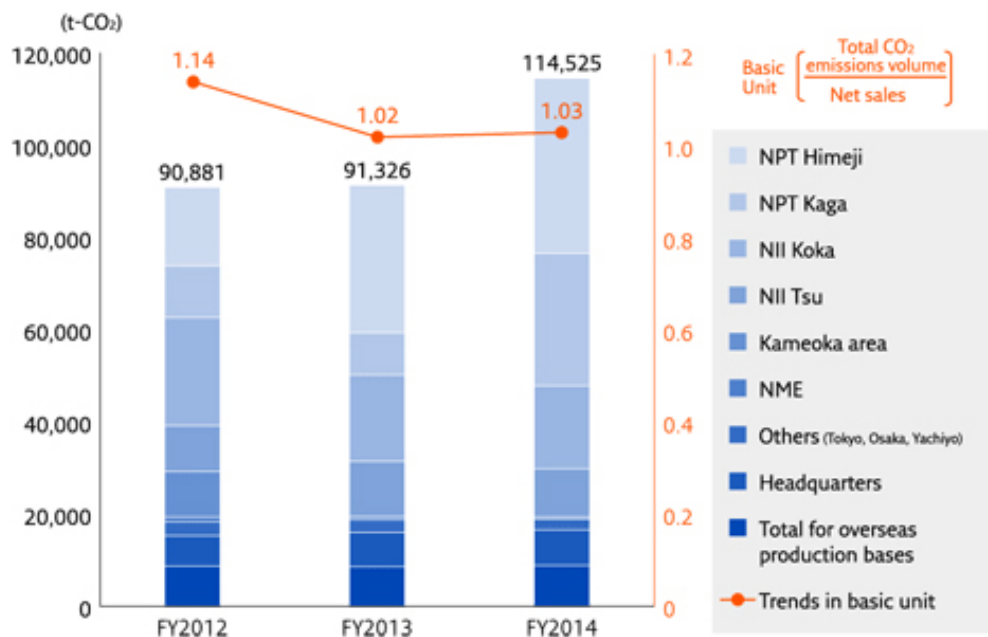
In fiscal year 2014, CO₂ emissions from Nissha bases in Japan totaled 105,676 t-CO₂, exceeding the 82,765 t-CO₂ in fiscal year 2013 by 27.7% (approximately 22,900 t-CO₂). CO₂ emissions from overseas production bases amounted to 8,849 t-CO₂, for an increase of 3.3% compared to 8,561 t-CO₂ in the previous year.

The increase at bases in Japan resulted primarily from full-scale mass production at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory, and the start of mass production at NPT Kaga Factory. Emissions from Himeji Factory amounted to 38,006 t-CO₂ for a roughly 1.2-fold increase compared to 32,029 t-CO₂ in the previous year, and those from NPT Kaga Factory were 28,717 t-CO₂ also for a significant 3.1-fold increase compared to 9,133 t-CO₂. On the other hand, emissions from Nitec Industries, Inc. (NII) Koka Factory were 17,979 t-CO₂ for an approximately 4.0% reduction from the previous year, and those from NII Tsu Factory were 10,449 t-CO₂ also for a 13.1% reduction.

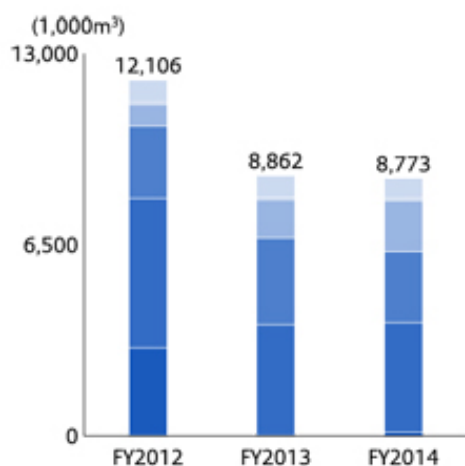
Emissions from overseas production bases increased at Southern Nissha Sdn. Bhd. and Guangzhou Nissha High Precision Plastics Co., Ltd., but decreased at Nissha (Kunshan) Precision IMD Mold Co., Ltd., due to a decline in production volume. Those at Eimo Technologies Inc., a subsidiary of Nissha USA, Inc., at 4,812 t-CO₂, accounted for more than half of the volume of all overseas production bases combined. CO₂ emissions from Eimo Technologies Inc. in fiscal year 2014 were nearly the same as the previous year.

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

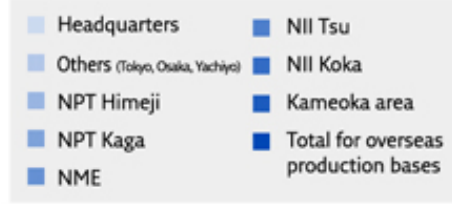
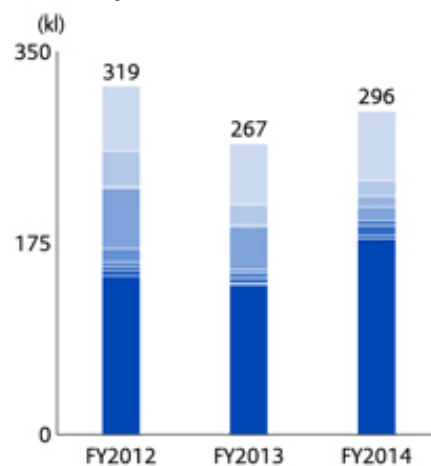
Trends in CO₂ Emissions Volumes and Basic Unit



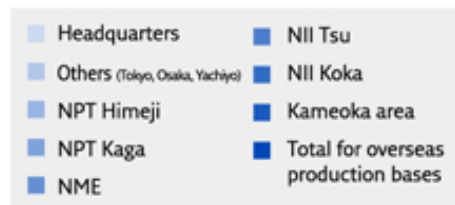
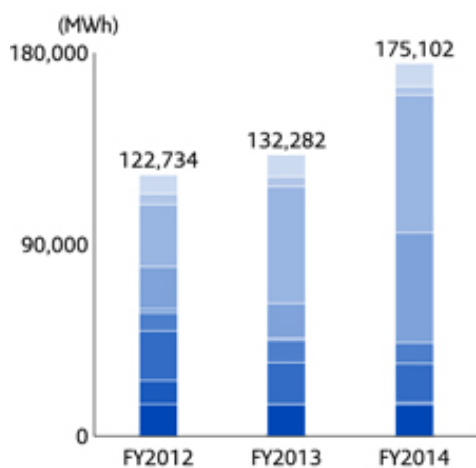
Trends in Gas Consumption



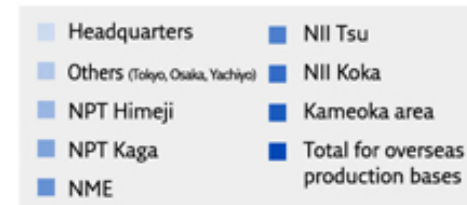
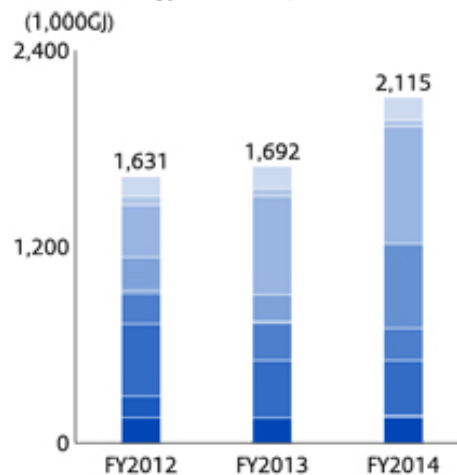
Trends in Gasoline, Diesel, and Heavy Oil Consumption



Trends in Electricity Consumption



Trends in Energy Consumption



Basic Unit Management by Production Volume

The enactment of the revised Act on the Rational Use of Energy demands the comprehension and management of energy use per company. To comply with the legal requirements in line with this shift, we manage emissions under a basic unit based on factors such as production volume per company. With 1.00 indicating the benchmark fiscal year 2013 results of Nissha Printing Co., Ltd., and each affiliated company that constitutes a production base, we set fiscal year 2014 targets at 0.99 or less. The results are given in the table below. Nissha in Japan did not achieve the company-wide target by basic unit, as the results of NPT Himeji Factory and NII Koka Factory and Tsu Factory dropped below their basic units.

Company	Basic Unit (based on production volume etc. respectively)		
	FY2013 Results	FY2014 Targets	FY2014 Results
Nissha Printing Co., Ltd. (Headquarters, Tokyo, Osaka and others)	1.00	0.99 or less	0.99
Nitec Industries, Inc. (Koka, Tsu)	1.00	0.99 or less	1.19
Nitec Precision and Technologies, Inc. (Himeji)	1.00	0.99 or less	1.30
Nitec Printing Co., Ltd. (Yachiyo, Kyoto)	1.00	0.99 or less	1.04
Nissha Group in Japan	1.00	0.99 or less	1.21

Waste Management

Waste Management and Zero Emissions

In fiscal year 2014, the Nissha Group in Japan generated a total 17,876 tons of waste for a 58.0% increase compared to fiscal year 2013. The primary reason is the increase in waste resulting from full-scale mass production at Nitec Precision and Technologies, Inc. (NPT) Himeji Factory, and the start of mass production at NPT Kaga Factory. The volume of combustible and landfill waste similarly increased, amounting to 2,287 tons for a 190-fold increase. Sludge generated from the Kaga Factory is treated as combustible and landfill waste. As a result, our recycling and resource reuse rate was 87.2%, and we did not achieving zero emissions (a recycling and resource reuse rate of 99.5% or more). At present, the Kaga Factory is working to improve treatment of wastewater, which is the source of sludge.

Status of Recycling and Converting Waste into Valuable Resources

We continued to make efforts to convert waste into valuable resources. In fiscal year 2014, we sold 31.8% of all waste generated for a roughly 10 percentage point decrease compared to the previous year. The cause is the increase in total waste generated. Similarly, the material recycling rate was 54.1% for an approximately 8 percentage point decrease compared to fiscal year 2013.

Nitec Industries, Inc. (NII) is making active efforts to sell waste solvents for recycling, as it offers the benefits of a lighter burden on the environment as well as cost reductions.

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 194 tons of waste in fiscal year 2014 for a 1.7-fold increase compared to the previous year, due to increases in production volume at some factories. On the other hand, they achieved their target recycling and resource reuse rates. In particular, Southern Nissha achieved a rate of 99.1% against a target of 90.0% or more, and Nissha Kunshan a rate of 89.5% against a target of 82.2% or more.

Risk Management Related to Waste and Waste Converted into Valuable Resources

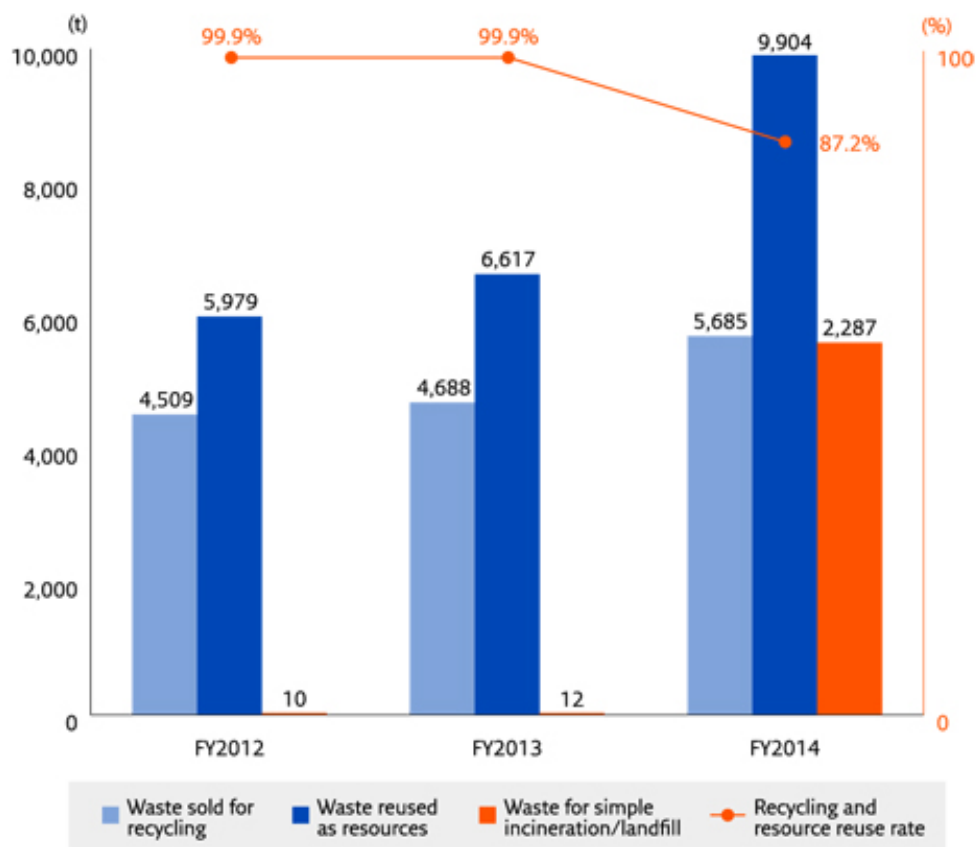
We recognize largely three types of waste-related risk:

- 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 at Nissha 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. In fiscal year 2014, we reviewed the contents of the Nissha Guidelines for Waste Management Standards and revised them as the Nissha Waste Management Regulations. The revisions seek to meet customer demand by introducing the concepts of waste inventory and modification management. We are working to periodically review the regulations and enable all bases to manage waste safely under the same set of standards. In turn, each base has drawn up its own Waste Management Manual and makes efforts toward thorough waste separation and management. The regulations also stipulate the criteria for selecting treatment contractors and for regularly inspecting treatment facilities that use their own checklist.

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

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



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 and Technologies, Inc. (NPT) Himeji Factory Measurements of Wastewater Quality

Unit: m3 for discharged water, mg/l for others (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	FY2012		FY2013		FY2014	
				Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
Discharged water	5200	5000	5000	-	-	5112	△	5143	△
pH	5.8~8.6	5.8~8.6	6.5~8	-	-	6.6~8	○	6.7~7.6	○
BOD	120	10	9	-	-	9	○	6.3	○
COD	120	10	9	-	-	9.9	△	10.3	×
SS	150	5	4.5	-	-	1.3	○	1.5	○
n-hexane derived substances	Mineral oil 5 Vegetable oil 30	1	0.9	-	-	< 0.5	○	0.8	○
Phenol	5	0.1	0.08	-	-	< 0.005	○	< 0.005	○
Copper	3	0.5	0.4	-	-	0.01	○	0.07	○
Zinc	2	1.5	1.2	-	-	0.02	○	0.02	○
Soluble iron	10	0.15	0.08	-	-	0.02	○	0.01	○
Soluble manganese	10	0.05	0.045	-	-	0.02	○	0.03	○
Chromium	2	0.02	0.02	-	-	< 0.02	○	< 0.02	○
Nitrogen	60	10	9	-	-	9.3	△	7.4	○
Phosphorus	8	1	0.45	-	-	0.19	○	0.24	○

*COD value momentarily exceeded the agreement value. We submitted necessary reports to the government and took corrective actions appropriately.

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

Items measured	Regulatory value (Prefecture)	Voluntary standard	FY2012		FY2013		FY2014	
			Analysis value	Evaluation	Analysis value	Evaluation	Analysis value	Evaluation
pH	5.8~8.6	6.2~8.2	8.3	△	7.8	○	7.9	○
BOD	160 or less	40 or less	21	○	66	△	72	△
COD	160 or less	80 or less	28	○	71	○	84	△
SS	200 or less	20 or less	5	○	17	○	11	○
n-hexane derived substances	30	15 or less	0.5	○	0.6	○	1.7	○

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

Items measured	Regulatory value	Voluntary standard	FY2012				FY2013				FY2014			
			Feb. 28	Evaluation	Sep. 6	Evaluation	Mar. 1	Evaluation	Nov. 12	Evaluation	Mar. 19	Evaluation	Sep. 3	Evaluation
Dust	0.10	0.003	<0.003	○	<0.003	○	<0.003	○	<0.003	○	<0.001	○	<0.002	○
Nitrogen oxide	150.0	71.3	58.0	○	66.0	○	58.0	○	74.0	△	53.0	○	59.0	○

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	FY2012				FY2013				FY2014			
			Jul. 21	Evaluation	Jan. 24	Evaluation	Jul. 31	Evaluation	Jan. 22	Evaluation	Jul. 30	Evaluation	Mar. 3	Evaluation
Odor measurement (Odor index by organoleptic examination)	-	-	<10	○	<10	○	<10	○	<10	○	<10	○	<10	○

Management of Chemical Substances

In fiscal year 2014, we reported the use of eight PRTR-designated chemical substances.

Nitec Industries, Inc. (NII) Koka Factory
Unit: kg

PRTR No.	Name of chemical substance	FY2012			FY2013			FY2014		
		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	1,600	330	○	1,070	410	○	727	250	○
80	Xylene	12,000	2,500	○	3,780	2,210	○	9,260	4,100	○
88	Hexavalent chromium compounds	0.1	0.1	○	0.1	0.0	○	0.1	0.0	○
296	1,2,4-Trimethylbenzene	0.0	0.0	○	0.0	0.0	○	0.0	0.0	○
300	Toluene	190,000	100,000	○	124,000	89,400	○	97,200	73,100	○
392	n-hexane	4,300	2,300	○	4,300	2,300	○	0.0	0.0	○

Nitec Industries, Inc. (NII) Tsu Factory

Unit: kg

PRTR No.	Name of chemical substance	FY2012			FY2013			FY2014		
		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	-	-	-	-	-	-	3,900	1,100	○
80	Xylene	4,700	940	○	1,350	1,200	○	3,600	1,000	○
88	Hexavalent chromium compounds	0.1	0.1	○	0.1	0.1	○	0.1	0.1	○
300	Toluene	44,000	23,000	○	25,700	22,900	○	71,000	20,000	○

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

Unit: kg

PRTR No.	Name of chemical substance	FY2012			FY2013			FY2014		
		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
71	Ferric chloride	-	-	-	0.0	218,000	○	0.0	2,670	○
272	Water-soluble copper salts (excluding complex salt)	-	-	-	0.0	2,630	○	0.0	277,000	○

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

Unit: kg

PRTR No.	Name of chemical substance	FY2012			FY2013			FY2014		
		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	○	-	-	-
71	Ferric chloride	0.0	17,230	○	-	-	-	0.0	0.0	○
272	Water-soluble copper salts (excluding complex salt)	0.0	19,980	○	-	-	-	0.0	0.0	○

Status of Waste Generation at Bases

Status of Waste Generation at Major Production Bases (March 2014 Results)

Nitec Industries, Inc. (NII) Koka Factory

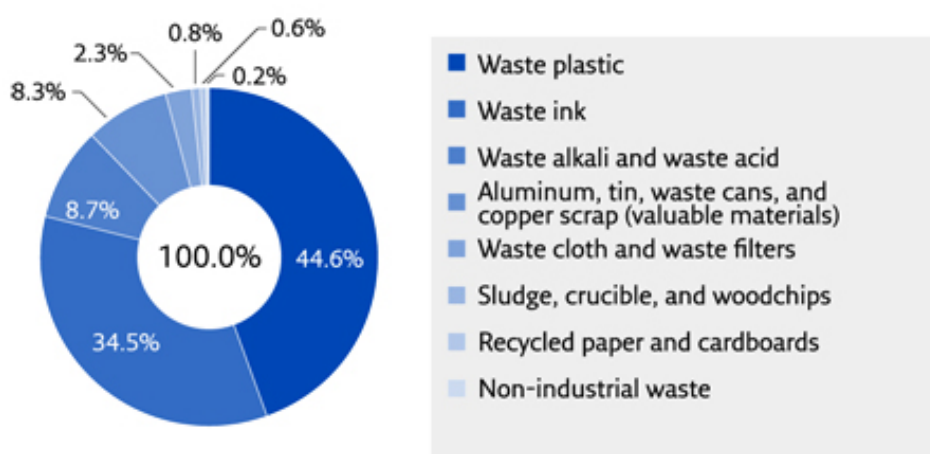
Location: Koka City, Shiga Prefecture

Acquisition of ISO14001 Certification: June 2007

Production items: Transfer foils (the Industrial Materials business)



Recycling and resource reuse rate: 100.0%



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 and Technologies, Inc. (NPT) Himeji Factory

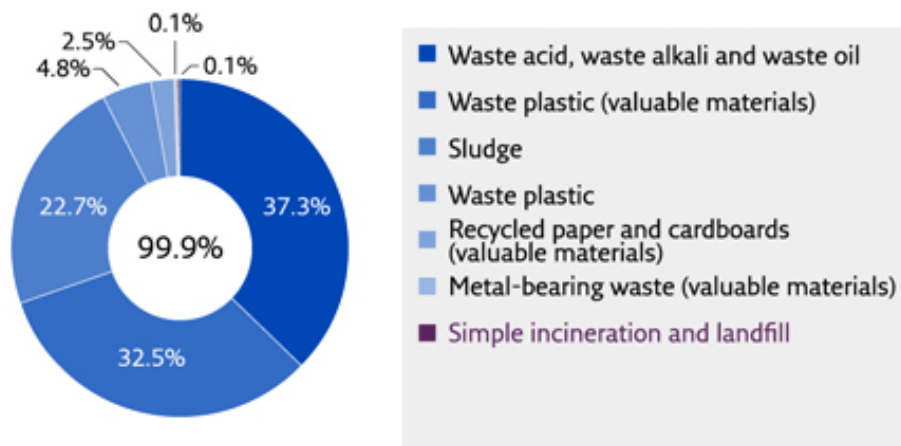
Location: Himeji City, Hyogo Prefecture

Acquisition of ISO14001 Certification: March 2014

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



Recycling and resource reuse rate: 99.9%



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

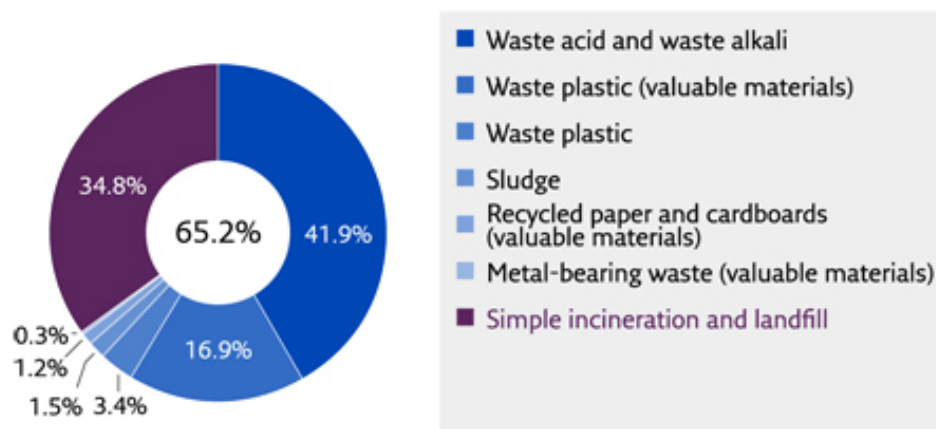
Location: Kaga City, Ishikawa Prefecture

Acquisition of ISO14001 Certification: March 2014

Production items: Touch panels (the Devices business)



Recycling and resource reuse rate: 65.2%



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

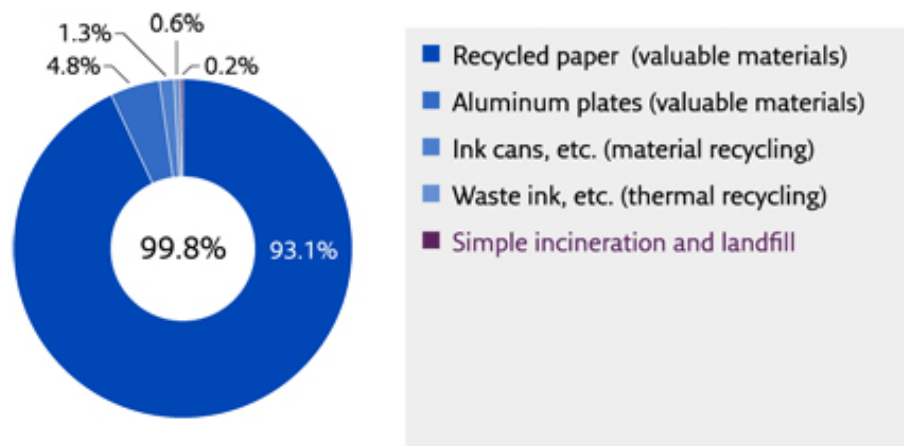
Location: Yachiyo City, Chiba Prefecture

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 Communicatio
business)



Recycling and resource reuse rate: 99.8%



Fair Operating Practices

Initiatives Related to Information Security

All our employees adhere to our Information Security Policy, which we drew up with the aim of building a highly reliable and safe information security management system.

Trade Management

As our overseas sales increase, efforts in trade management are essential for our business continuation. Nissha Printing Co., Ltd. obtained approval as an AEO Exporter in June 2014 and aim to reinforce our initiatives continuously.

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.

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, keeping in view international trends and global standards.

Initiatives Related to Conflict Minerals

We established Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement in March 2014, where we declared to make sincere response engaging in minerals procurement.

Initiatives Related to Information Security

The spread of the Internet and the broad use of smartphones have ushered in a convenient era in which anyone can connect with the online community easily at all times. On the other hand, the risks are increasing of everyone becoming either a victim or perpetrator of information leakage. We at the Nissha Group recognize the importance of never leaking outside the company or beyond related parties information entrusted to us by our customers and suppliers, particularly highly confidential information assets such as information on new products and state-of-the-art technologies, and the personal information of employees and business partners. All our employees adhere to our Information Security Policy, which we drew up in and implement since 2005 with the aim of building a highly reliable and safe information security management system (ISMS).

Information Security Policy

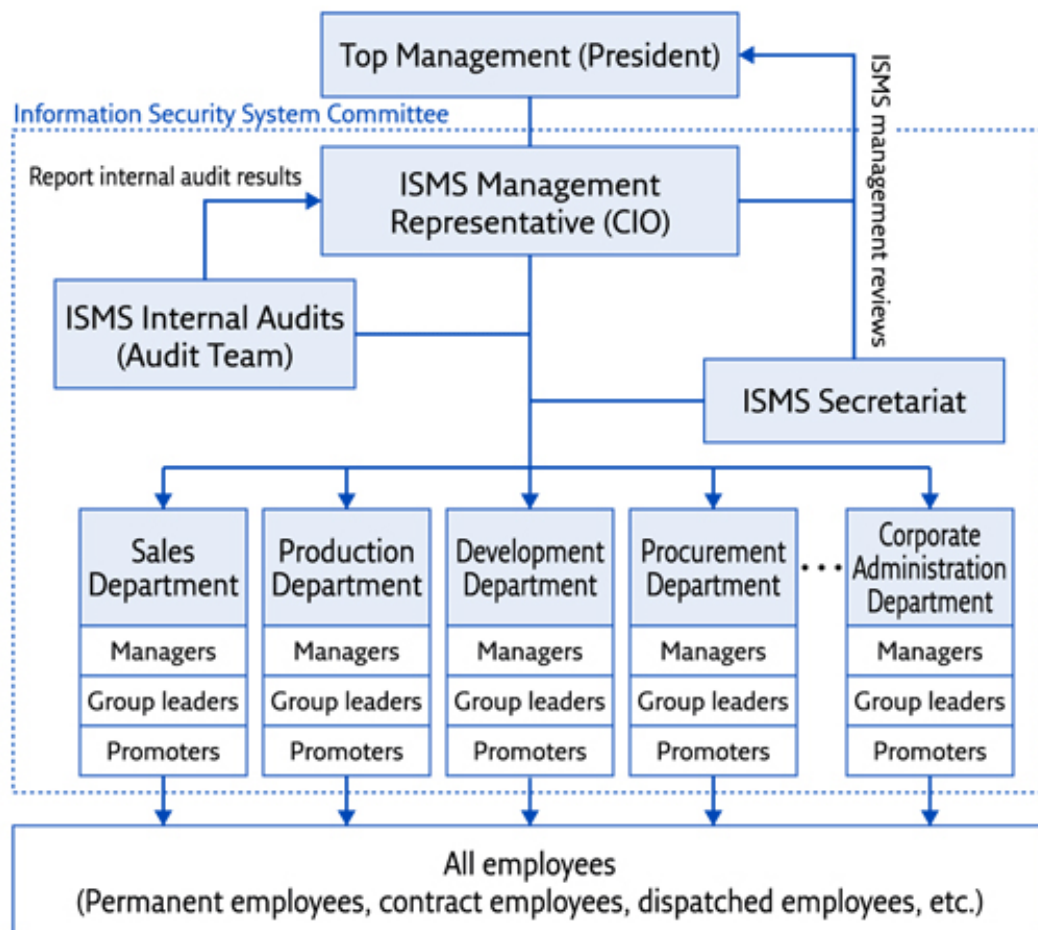
Nissha and its subsidiaries committed to establish, maintain, and improve highly reliable and secure an information security management system to protect our own business information and the information assets, which we acquire from customers, suppliers and employees, etc., through our business activities 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

We have in place an Information Security System Committee to serve as a center for the promotion of information security. The committee is run by an ISMS management representative (the Chief Information Officer, or CIO) and comprises information security managers, group leaders, and promoters selected from each department. An ISMS secretariat set up within the IT department functions as committee secretariat.

The committee plays an important role in the promotion of our ISMS by addressing issues that have become evident in addition to reporting and sharing the results and challenges of initiatives related to information security.



Initiatives in Information Security Management

Since we obtained ISO 27001 certification, a global standard for ISMS, in September 2005, we have built and continuously maintained and improved an ISMS unique to the Nissha Group. Through the operation of our ISMS, we have performed risk assessment and analyses related to information assets, determined and strived for information security targets, complied with related laws and regulations, conducted internal audits, and appropriately followed processes such as management reviews, thereby reducing the risks of incidents and accidents. In fiscal year 2014, the Nissha Group implemented the following initiatives in information security management.

1. Reform information security-related regulations
Revise information security-related regulations to address changes in the IT environment of late, such as the diversification of smart devices and the proliferation of cloud services
2. Reinforce management of PCs and devices
 - 1) Strengthen our governance structure through the centralized procurement and management of PCs and smart devices by the IT department
 - 2) Address bring-your-own-device (BYOD) introduced with the primary purpose of improving work efficiency
3. Strengthen information security education
 - 1) Revise educational material so that the content suits the times
 - 2) Educate and provide online tests for all employees, as each must deepen understanding on information security

Through the initiatives above, we strengthened our response to increasingly diversifying IT devices, changes in the IT environment such as Internet services, and ever-evolving information security risks. We plan to actively continue in our efforts to keep up with the rapid changes in the IT environment, and reduce risks and strengthen management of information security.

Trade Management

Enhancement of Trade Management Structure

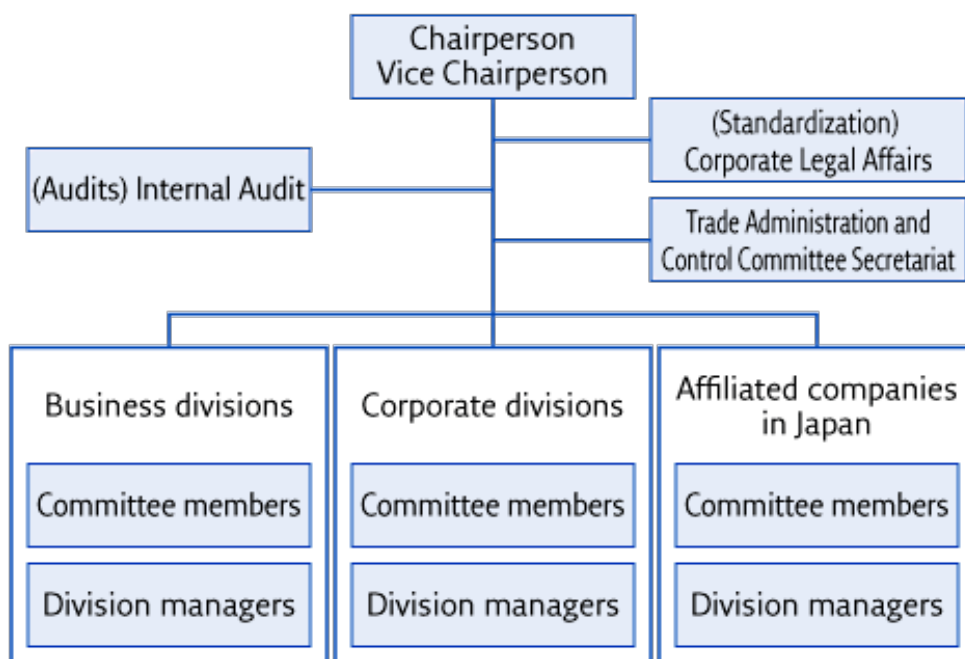
In fiscal year 2014, we earned 73.0% of our sales overseas. For a company like us, efforts in trade management are essential for business continuation.

Our initiatives related to trade management started in April 2010 with the launch of the Trade Management Improvement Project Team. With the purpose of building an appropriate internal structure for import and export control, it aimed to establish a division for the comprehensive management of all trade activity, provide education to raise awareness of the importance of complying with 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, which worked to prepare various rules and a trade management manual. That August, we launched the Trade Administration and Control Committee, and in December, started full implementation of trade management.

At its first general meeting organized in May 2012, the Trade Administration and Control Committee confirmed that activities 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 would recognize that we implement appropriate trade management based on the Customs Act. We have carried on with our efforts ever since, under a structure centering on the Trade Administration and Control Committee.

Trade Administration and Control Committee



AEO Approval and Future Initiatives

Nissha Printing Co., Ltd., obtained approval as an AEO Exporter in June 2014.

In fiscal year 2014, we furthered our efforts in security export control and embarked on specific export management not only of cargo but also of services (technological information). In particular, members of the Trade Administration and Control Committee from each business unit organized secretariat meetings every month and worked to fortify company-wide trade management initiatives toward obtaining AEO exporter status. Thanks to their conducting periodic employee education and drafting a medium-term education plan, awareness has improved about applicability decisions and transaction audits, and the number of submissions for export application continued to increase significantly. We are carrying on with our efforts toward thorough compliance with rules for completing and submitting customs documents required with AEO.



Certificate of AEO Exporter

The Ministry of Land, Infrastructure, Transport and Tourism recently issued a notice requiring strict control of export cargo by companies. As a result, for products shipped from our factories, we believe it is important to step up our initiatives continuously on a company-wide level toward appropriate cargo control and improved employee awareness of security.

As an international logistics operator with AEO status, we will continue to increase our efforts to ensure safety, improve work quality, and fortify our initiatives in compliance so that we may provide safe, secure, and speedy international logistics services to meet our customers' demands.

Authorized Economic Operator (AEO) Program

Reinforced security measures are a major requirement in international logistics in recent years. Amid the increase in international logistics, ensuring both trade security and smooth logistics is a great challenge. The AEO program seeks to address this challenge by fostering partnerships between customs and private businesses. AEO operators, approved for their security management and compliance structures, are given benefits such as simplified customs procedures in accordance with international standards.

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 2014, we invited an outside specialist to conduct sessions divided into two levels—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

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



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

Promotion of CSR Procurement

Our Basic Purchasing Policy stipulates the key points of CSR procurement as we build partnerships of co-existence and co-prosperity with our suppliers. We strive to promote CSR by keeping track of the status of our suppliers' initiatives using a Supplier ESG Check Sheet as a tool for self-evaluation.

The Supplier ESG Check Sheet comprises 64 questions divided into the 11 sections given below. It has been revised to clarify items related to basic human rights and business continuity plan (BCP), and lists absolute requirements such as compliance with laws as important items. In fiscal year 2014, we asked 60 of our major suppliers to complete the check sheet, and through it, confirmed 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

[illegible]

CSR Procurement Briefing

In fiscal year 2014, we held CSR procurement briefing sessions for eight materials suppliers and processing contractors.

The sessions provide a space for communication, enabling us to explain our approach to CSR procurement based on our Basic Purchasing Policy and our Supply Chain CSR Procurement Guidelines and encouraging our suppliers to gain an understanding of our specific initiatives, as well as for us to hear about our suppliers' CSR initiatives.

Since we started conducting CSR procurement briefing sessions in 2009, we have welcomed the participation of a total 192 suppliers to date. We plan to continue our efforts with an eye to promoting CSR and further deepening communication.

In-house Exhibition and Technology Seminar

With the aim of strengthening partnerships, 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 2014, we held one in-house exhibition and one technology seminar.



In-house exhibition



Technology seminar

Future Initiatives

Demand is rising for CSR initiatives that integrate a global perspective. We at Nissha also receive various inquiries and requests from our customers and research organizations, many of which require the efforts of not only Nissha but also our supply chain as a whole. We hope to continue working with our suppliers while keeping in view international trends and global standards.

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 some decoration films and in ITO film for touch panels, and gold used in FPC plating. Apart from these two, 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 addition, Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement was established in March 2014, where we declared to make sincere response engaging in minerals procurement.

Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement

The Nissha group is deeply concerned that a portion of the conflict minerals extracted by the Democratic Republic of the Congo and its neighboring countries are being used as a source of funding for militia that through acts of looting, violence and forced labor are infringing on fundamental human rights.

In April 2012, Nissha became a signatory to the “Global Compact” as advocated by the United Nations. We at Nissha have fully embraced the Ten Principles stated in the Global Compact as a cornerstone of our Corporate Mission. Based upon our recognition of the importance of these principles and aiming for co-existence with our stakeholders, we are committed to non-use of these conflict minerals, as raw materials in our products as they result in an infringement of basic human rights. Accordingly where our company becomes aware of the use of any conflict minerals, we will immediately implement all measures required regarding that use.

1. Nissha is presently implementing ongoing control systems for conflict minerals which we maintain continuously.
2. Nissha will promptly provide to its customers conflict minerals information including its smelters, etc.
3. Nissha in respect of this issue will publish the relevant information in its CSR reports.

We will continue to make sincere efforts for the responsible procurement of related minerals in order to fulfill our corporate social responsibilities.

March 12, 2014

Junya Suzuki
President and CEO
Nissha Printing Co., Ltd.

*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

Responsibility to Our Customers / Quality-related Initiatives

We at Nissha strive daily to improve quality, based on our Quality Policy, so that we may provide products and services that satisfy and meet the needs of our customers.

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.

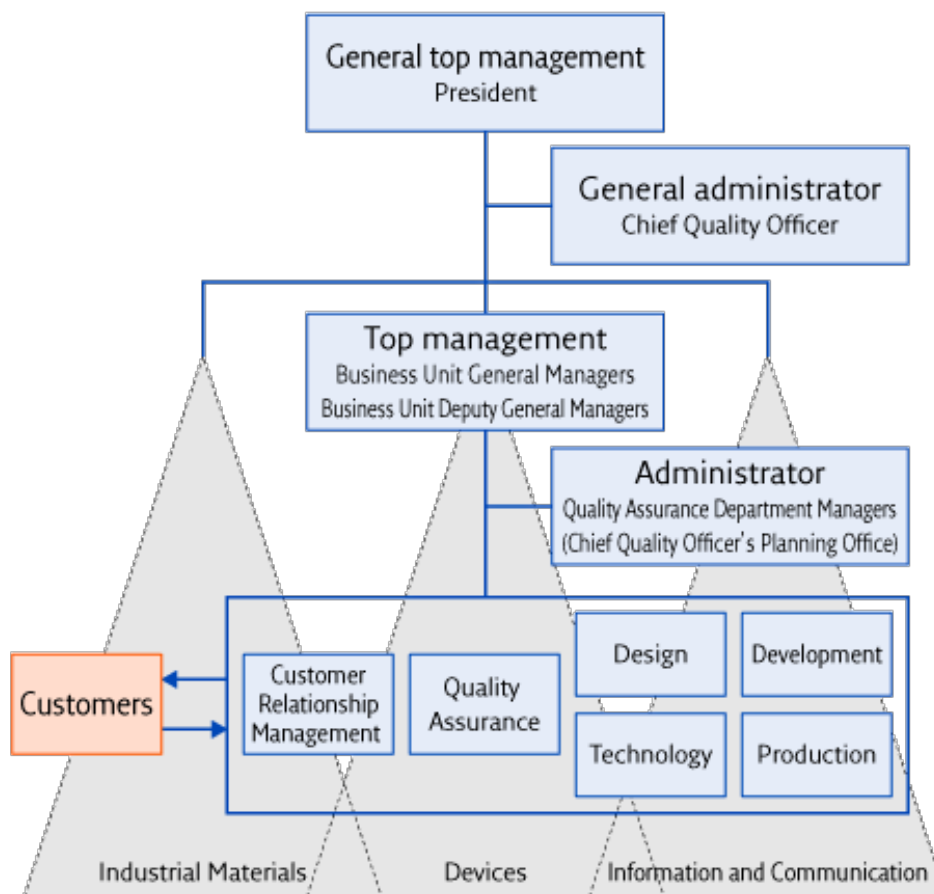
1. We aim for quality that stands up to the customer's expectations.
2. We pursue Zero Defects in our products.
3. We provide products which satisfy customer requirements and conform to relevant legislation and regulations.
4. We establish and maintain a quality management system, and continually improve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

April 1, 2011

Junya Suzuki
President and CEO
Representative Director of the Board

Quality Management System (QMS)

We operate a quality management system that meets the requirements of international standard ISO 9001:2008. Led by the president and a Chief Quality Officer (CQO) in charge of the system, we promote improvements in quality under our comprehensive quality assurance initiative Nissha Total Quality Management (NTQM). We also implement for various forms of improvement based on instructions from top management in periodic management reviews.



Nissha Total Quality Management (NTQM)

Our NTQM initiative seeks to build and improve a mechanism for keeping promises with our customers as well as complying with laws and regulations. NTQM clarifies the procedures followed at each business unit, such as design reviews (DR), reliability tests, and supplier management. We believe that improving the accuracy of these procedures will enable us to provide products and services with even higher levels of quality and safety.

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 Systematization of Work

1. Standardize work.
Standardization clarifies the required input, as well as the work you have to perform.
2. First of all, check the input.
Begin your work by checking for any fault in input.
3. Incorporate the customer viewpoint into the output.
Not only customers for the Company, but your immediate customers, internal and external. In your work, you must aim at an output that meets QCDS from all your customers.
4. Reinforce the system using human factors.
Human factors should be used to cover those areas of work which cannot be covered by the system alone. Your communication and teamwork will reinforce the system.
5. Make continuous efforts to improve the system.
The system must be established and implemented continuously. Continuous implementation

results in further improvement of the system, as well as that of the quality of our work and the 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 various results of improvement, such as enhanced yield, cost reduction, and improved efficiency. The presentation meetings are designed to reward not only the results but also the thought processes, ideas, and creativity that produced the results.

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 search 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. The number of proposals is increasing year after year, and the concept of giving shape to ideas and reporting them is taking root. At present, various departments submit many proposals, which are helping to streamline management and make it more efficient as well as to invigorate workplaces.

Education and Training Activities

We at Nissha believe that the quality of people plus the quality of work equals the quality of the company. We plan and provide various educational programs in efforts to develop our employees—our most important management resources.

Training	1) General quality training (for first-, second-, and third-year employees, new managerial staff, managers, and overseas transferees) 2) Management system training (ISO 9001:2008, ISO/TS 16949:2009, and core tools) 3) Quality control training (QC Exam levels 3 and 4) 4) Quality methodology training (statistical methods, experimental design, TS core tools, etc.) 5) Improvement tool training (industrial engineering, human error prevention, "5 Whys" cause-and-effect analysis, etc.) 6) Other training (corporate ethics and compliance, finance and export management, CPL*)
Practical education	1) Support for small-group activities 2) Support for project launches 3) Support for key project themes
Information sharing / reciprocal learning	Company-wide Presentation Meeting of Small-group Activities

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

Customer Satisfaction Improvement Committee

Starting in fiscal year 2015, the CQO Planning Office in charge of quality functions as a secretariat for our Customer Satisfaction Improvement Committee. With the president serving as the chair, the committee conducts investigations and analyses to improve customer satisfaction, provides education to raise employee awareness, and promotes improvements in systems.

From Department-based Optimization to Company-wide Optimization

The next process is the customer—this is a Japanese maxim related to quality improvement. It means that all workers in every process must have in mind the customer, who 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.

Quality and Safety of Products

We at Nissha provide our customers with explicit information on product usage and safety in documents such as delivery specifications. In the event a serious accident occurs as a result of flaws in our products and services, which may violate laws or regulations, we establish a CPL committee and strive for a quick resolution. We are also prepared to report the incident to government agencies in accordance with laws and to notify our customers as soon as possible. We communicate to our employees the importance of ensuring the quality and safety of products through corporate ethics and compliance training.

Up to fiscal year 2014, the number of instances in which we organized a CPL committee or violated laws was zero, resulting in a fine of 0 yen. We will strive to maintain our zero violation record in the future.

Initiatives Related to Chemical Substances in Products

We at Nissha have in place two sets of criteria for managing chemical substances: the Nissha Control Criteria for Chemical Substances, covering Nissha products and packaging materials, and the Nissha Control Criteria for Chemical Substances in Purchased Products, covering procured items. Both reflect the laws and regulations of relevant countries and regions, including the RoHS (Restriction of Hazardous Substances) Directive and the REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulation, as well as the substance-related criteria of our customers. Whenever our customers' requirements change, we identify the differences from our criteria and work to conform to the customers' request. Apart from this, we review the criteria once a year, make revisions as necessary, and organize briefing sessions for related divisions and our suppliers.

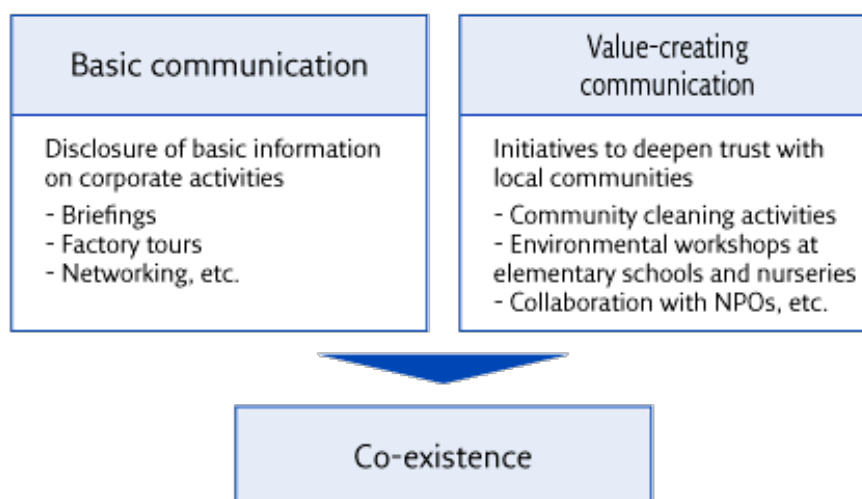
The criteria come in to play when selecting new materials in the design and development stages, in conducting design reviews related to materials and in assessing compliance with relevant codes. Our factories are building a mechanism for verifying the selected materials received, ensuring traceability, and distinguishing between conforming and nonconforming substances in efforts to prevent misuse and contamination.

The environmental conservation group of General Affairs functions as a secretariat and works with the quality assurance and procurement divisions of each business unit to manage chemical substances in products. This internal structure implements strict control of chemical substances from the design stage to the final products, and responds to changes in the needs of society and the demands of our customers.

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".

Environmental Workshops at Local Elementary Schools and Nursery Schools <Next Generation Support>

Our employees mainly at production sites in Japan visit local elementary schools and nursery schools and conduct environmental workshops on a continuous basis since fiscal year 2008. Participants numbered approximately 3,700 children at 70 schools as of the end of fiscal year 2014. In the workshops, children learn about global warming and separating waste for recycling through quizzes and group work. We also introduce the mechanisms of the printing process and touch panels in a creative program using the unique technologies of our businesses. Since it launched the initiative in fiscal year 2009, Nitec Precision and Technologies, Inc. (NPT) Kaga Factory visited all elementary schools in Kaga City by fiscal year 2013, and continues in its efforts in and after fiscal year 2014.



Participation in Stand Up Take Action Campaign <Human Support Activities>

Since April 2013, the corporate cafeteria at Nissha's Kyoto Headquarters serves a Table For Two menu, where with each purchase of a meal, 20 yen is donated to provide school lunch for children in developing countries. In October 2013, Nissha hosted a Stand Up Take Action event, offering employees the opportunity to participate in a global campaign to end poverty and achieve one of the Millennium Development Goals.

Members mainly of divisions running the Table For Two menu gathered in the corporate cafeteria, read their declaration—"We will stand up to eradicate poverty across the world"—and took a group photograph. Although this event in the cafeteria by no means represents tremendous action, we believe it will help to build a global perspective and lead the individual participants to take action, starting with what they can do today.



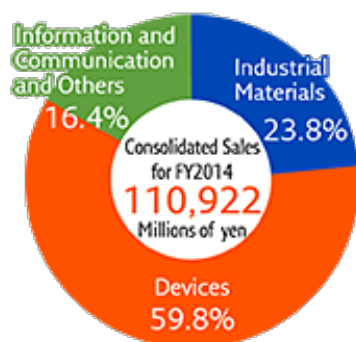
Company Outline

Company Outline

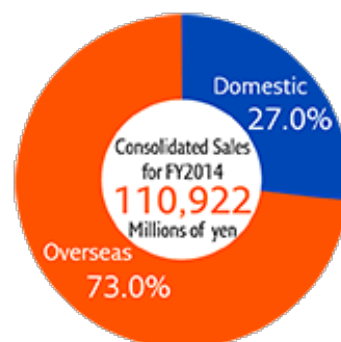
Company name	Nissha Printing Co., Ltd.
Headquarters	3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan
President and CEO, Representative Director of the Board	Junya Suzuki
Founded	October 6, 1929
Established	December 28, 1946
Capitalization	¥5,684,790 thousand
Number of employees	837 (consolidated: 3,383) as of the end of March 2014
Bases	Japan: 13 (including affiliated companies) Overseas: 23 (including locally incorporated companies and equity method affiliates)

Sales Breakdown in FY2014

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

The Industrial Materials business meets a broader spectrum of customer needs by expanding and developing on application areas for proprietary technologies including IMD, which implements three-dimensional plastic molding and transferring various designs and functions simultaneously.

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 is a registered trademark or a trademark of Nissha Printing Co., Ltd.

*TechSol is the coinage of Technical Solutions and is Nissha's film development services.

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

Applications

Automotives (interiors and exteriors), consumer electronics, stationery, cosmetic packages, miscellaneous goods, housing equipment, 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

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

* FineTouch is a Nissha's touch panel with outstanding accuracy and functionality.

* FineTouch is a registered trademark or a trademark of Nissha Printing Co., Ltd.

Products

Capacitive-type touch panel

Resistive-type touch panel

Applications

IT devices (smartphone, tablet, PC), gaming gear, digital books, educational devices, digital cameras, video cameras, portable audio players, automotives, medical devices, industrial devices, etc.

Affiliated Companies

Nitec Precision and Technologies, Inc. (NPT)

Information and Communication

The Information and Communication business delivers an array of solutions and products ranging from marketing and sales promotion materials to high-quality print media, online communication strategies using the Internet, and digital archives.

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)

NCP Co., Ltd.

Editorial Policy

Editorial Policy

CSR Report 2014 has been compiled with the objective of disclosing widely to our stakeholders information regarding Nissha's initiatives and business performance in fiscal year 2014 (April 2013–March 2014). 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. Also, 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 2013 to March 2014. Some reporting has also been done regarding activities carried out after April 2014.

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.

Publication Dates

Current issue: June 2014

Next issue: June 2015 (planned)

Last issue: July 2013

Variations in Scope of Reporting

Nitec Mold Engineering, Inc., previously responsible for the manufacturing and sale of IMD molds in the Industrial Materials business, discontinued operations as of June 30, 2013, due to a decline in the significance of manufacturing IMD molds in Japan stemming from changes in business structure and the market environment, and a decrease in demand for general molds. Nissha (Kunshan) Precision IMD Mold Co., Ltd., a manufacturing subsidiary in China, will play a role as the primary base for IMD mold manufacturing in the Nissha Group.

Publishing Division and Contact for Inquiries

Nissha Printing Co., Ltd.

CSR, Corporate Communications

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

<http://www.nissha.com/english/inquiry/index.html>

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	71-73
2.2	Primary brands, products, and/or services	Company Outline	71-73
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Company Outline	71-73
2.4	Location of organization's headquarters	Company Outline	71-73
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	71-73
2.6	Nature of ownership and legal form	Company Outline	71-73
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Company Outline	71-73
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	71-73
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	74-75
2.10	Awards received in the reporting period	External Assessment	6-7
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Editorial Policy	74-75
3.2	Date of most recent previous report (if any)	Editorial Policy	74-75
3.3	Reporting cycle (annual, biennial, etc)	Editorial Policy	74-75
3.4	Contact point for questions regarding the report or its contents	Editorial Policy	74-75
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	74-75
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Editorial Policy	74-75
3.7	State any specific limitations on the scope or boundary of the report	Editorial Policy	74-75
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)	Impact as a Result of Business Operations	40-41
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Editorial Policy	74-75
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report	This table; GRI Content Index	76-82
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)	Overview of Corporate Governance Structure	10-11
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	CEO Message Promotion of Diversity in the Boardroom Composition of Nissha People	2-3 11 23
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Management and Business Execution System Relationship with Labor Union	13 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)	Remuneration for Directors and Corporate Auditors	11
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	Guideline of the Corporate Ethics and Compliance Basic Policy on Labor and Human Rights Human Resources Development Policy Environmental Policy Initiatives Related to Information Security Basic Policy of Intellectual Property Basic Purchasing Policy Underlying Philosophy Concerning Corporate Responsibility for Minerals Procurement Quality Policy Basic Social Contribution Policy	14 17 20 34 54 58 62 63 65 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	Internal Control System Monitoring and Prevention of Pollution	11-12 47-49
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	5-6
4.15	Basis for identification and selection of stakeholders with whom to engage	Approach to CSR	5-6
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 40-41
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 40-41 Prevention of Further Global Warming 42-44
EN4	CORE	Indirect energy consumption by primary source	Impact as a Result of Business Operations 40-41 Prevention of Further Global Warming 42-44
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 40-41
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 Prevention of Further Global Warming	40-41 42-44
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	40-41
EN22	CORE Total weight of waste by type and disposal method	Impact as a Result of Business Operations Waste Management	40-41 45-46
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		
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	Composition of Nissha People	23-24
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	Status of Major Long-term Leave and Time Taken Off from Work	26-27
Aspect: Labor/Management Relations			
LA4	CORE Percentage of employees covered by collective bargaining agreements	Relationship with Labor Union	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	Occurrence of Work-related Accidents	30
LA8	CORE Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Mental Health Support	31-32
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	Composition of Nissha People	23-24
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	Promotion of CSR Procurement	60-61
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	68
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	68