

# Corporate Social Responsibility

## Environmental Efforts

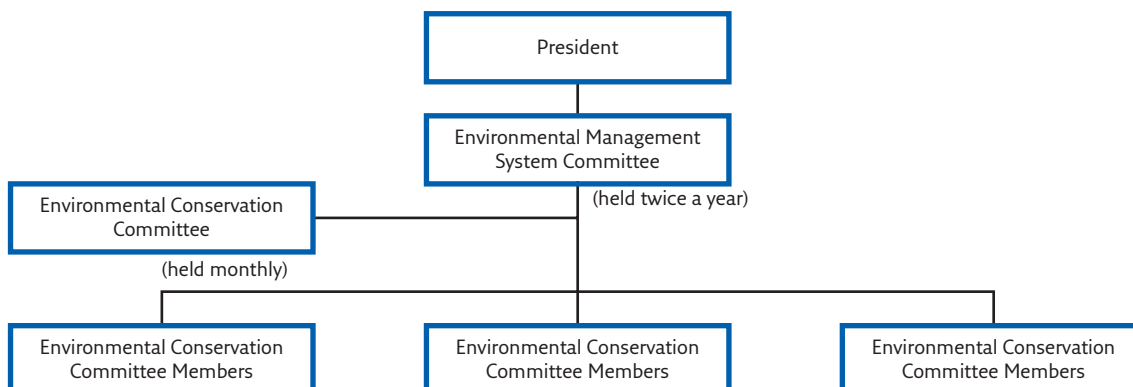
Nissha has prioritized environmental management in its basic management policy, underlining environment-friendly product development, manufacturing and business activities with concern for the planet and its inhabitants. We have made protecting the environment our top management priority and meet our obligations with management systems that have received ISO14001 certification, and by implementing a plan-do-check-act (PDCA) cycle to reduce environmental impact.

Internal environmental audits take place twice a year, as do meetings of the Environmental Management System Committee, to ensure that environmental management systems are functioning smoothly. The committee is responsible for management reviews and keeping the process constantly moving and improving through applying the PDCA cycle. The Environmental Conservation Committee, which serves to monitor the initiatives taken and consider preventative measures, draws participation from members of environmental conservation committees at different operating sites. This committee meets once a month to ascertain the success of environmental efforts through discussions focusing on interactions with customers and local communities, measures to protect the environment and environment-oriented information-sharing, and through updates on such issues as environmental performance, requests from customers—mainly for information on chemical substances in products, changes in associated laws and regulations, and the results of environmental monitoring in the areas surrounding production sites.

The Nissha Group as a whole works toward efficient use of energy by continuously reinforcing energy management systems at each operating site and setting operating standards for facilities and equipment. The emphasis is not on energy usage alone, and the Group aims to set up a system that consolidates various environment-related information for widespread application and to upgrade facilities and equipment to a level that ensures greater environmental benefit.



## Nissha Environmental Management Structure



## Nissha Environmental Objectives (Abstract) Targets for April 2011-March 2015

Implemented: March 30, 2011

1	Prevention of global warming Reduce CO <sub>2</sub> emissions rate by 5% or more from the fiscal 2010 average level by fiscal year 2015.
2	Reduction of waste Reduce waste generation rate by 5% or more from the fiscal 2011 average level by fiscal year 2015.
3	Reduction of organic solvent usage rate Reduce usage rate of specified chemical substances by 1% or 2% or more (set on each substance) every year from the fiscal 2011 average level.

### Communication at the Local Level

To build reciprocal bonds of trust with communities in which we operate, we launched a program in fiscal 2010 to enhance communication at the local level. The Master Framework for Promoting Communication at the Local Level is the basic concept of that initiative.

The master framework features two complementary components. The first and basic component highlights the social responsibilities that are incumbent upon companies to address as good corporate citizens. These include measures to reduce the environmental impact arising from the execution of business activities, and approaches to deepen employees' awareness of corporate ethics and compliance issues, including adherence to prescribed codes of conduct. The second, or social contribution component, emphasizes the identification of community-specific issues and local needs and the implementation of appropriate responses.

Both components are important and one without the other will not lead to our goal of trust and coexistence with the wider community. Turning both wheels of the one cart will help build our reputation as a community-oriented company and one that every community sees as an integral part of itself. This is our goal.

### Basic Policy on Social Contribution

The Company has delineated four areas as part of a basic policy on social contribution to direct Nissha in its community-oriented efforts—environmental protection, future generations, support and promotion of arts and culture, and children's programs—and which articulates the desire to contribute to society as a citizen of the world through effective utilization of available management resources. This policy functions as a corporate platform, supporting active involvement in and wider success of programs that benefit society.

### Environmental Workshop at Elementary Schools

Seeking to foster stronger ties between production sites and our neighbors and to play a more positive role in the community, we hold environmental workshops at elementary schools. We are focusing on children, since environmental awareness at a young age leads to environment-friendly habits throughout life. The workshops are conducted mainly in Japan, and from fiscal 2008, when this program began, through fiscal 2011, we have visited 37 schools and engaged about 2,100 children in fun and interesting ways to gain an understanding of environmental issues.



We are also promoting a unique educational experience, Machikusa Workshop, in cooperation with a non-profit organization. *Machikusa* is the Japanese term for “weeds growing around town.” In this workshop, children find weeds growing near their school, create names for the weeds, take pictures and then give presentations to their classmates. The workshop encourages participants to take more interest in their surroundings. It also serves to foster an appreciation for living things and to free the imagination.

### Master Framework for Promoting Communication at the Local Level

#### Basic Components

- Pinpoint status at each location
- Respond to situations
  - Briefing session
  - Factory tours
  - Networking events, etc.

#### Social Contribution Components

- Look into the needs of the local community
- Select activities that can be implemented
  - Environmental workshop for elementary schools
  - Joint efforts with non-profit organizations, etc.



Deepen mutual understanding and achieve mutual growth with local communities.

### Stronger Partnerships with Suppliers

To instill confidence in global markets, Nissha strives to reinforce its organizational structure and improve its capabilities, working with its suppliers as a team. We look beyond our own corporate CSR borders, encouraging suppliers to embrace CSR and building partnerships based in coexistence and coprosperity. We believe this emphasis leads to a sharper competitive edge for both sides and supports sustainable management activities as well as the realization of a sustainable society.

In fiscal 2010, we formulated a basic purchasing policy—see below—that defines our basic direction in procurement. We also held information sessions on the CSR purchasing theme mainly for our suppliers. A total of 108 companies participated in our sessions in fiscal 2010 and fiscal 2011, held for suppliers who, in total, represent more than 70% of our materials purchasing transaction value.

In fiscal 2011, we drafted Nissha Supplier Requirements which lays out what we need from suppliers with regard to such issues as quality, information security and environmental protection. We presented these requirements to our principal suppliers, including subcontractors, as well as to our materials suppliers, and not only were they receptive, but eight companies agreed to undergo factory audits. While discussing items that came to light as a result of these audits, we noted examples of improvement as well. We also sent out a survey to suppliers, which presents our requirements as a checklist to facilitate a thorough review. We received responses from 111 companies, confirmed the compliance status of respective suppliers as necessary, and established opportunities for discussion to promote improvements.

In fiscal 2012, we will direct our information meetings on CSR purchasing more at subcontractors. We will revise the Nissha Supplier Requirements with greater emphasis on human rights and will prepare a supplier checklist to reflect this. In addition to obtaining the understanding of suppliers and getting them to use the supplier checklist, we plan to conduct production site audits as necessary. As always, we will continue to enhance the sustainability and compliance of our supply chain by working as one with our suppliers so that as a team we will meet the needs of customers and communities.

### 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



### Disaster Response

The Great East Japan Earthquake rocked northeastern Japan on March 11, 2011, and caused unimaginable devastation—enormous damage to property and major loss of life. We extend our heartfelt sympathies to all who have suffered as a result of the disaster. We would also like to take this opportunity to salute the many individuals applying themselves so diligently to the reconstruction effort. For our part, we aim to contribute to economic revitalization as best we can through our business activities.

Direct damage to our own operations was minimal. An earthquake response team, headed up by the president, was set up when the disaster struck to confirm the safety of employees and keep them secure and also to draw up and execute measures to protect corporate assets, including facilities and structures. We checked into the operating status of our suppliers and where the disaster had compromised regular supply channels, we found alternative sources for materials and components so that we could maintain uninterrupted access to necessary supplies. As a supplier, ourselves, we made every effort to fulfill our obligations to our own customers to deliver products and services, and business did continue without any problems.

We have already reviewed the impact of the earthquake and tsunami and our responses in the wake of this enormous disaster and have extracted specific issues that formed the basis of a revised business continuity plan.

As for corporate assistance in the disaster zone, we offered a charitable donation of ¥30 million and encouraged directors and employees at companies under the Nissha Group umbrella at home and abroad to take up collections. In both cases, the funds were forwarded to the Japanese Red Cross Society for distribution where and when needed. We sincerely hope that the restoration process in the area destroyed by the earthquake and tsunami moves forward as quickly and fully as possible.