

# NISSIN REPORT **2015**

Company Profile / Sustainability Report

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**Realize a smart community with SPSS® that makes use of various power sources**



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This report presents an overview of the Nissin Electric Group and its business activities from fiscal 2014, as well as its approach to corporate social responsibility (CSR). The results of our core CSR activities from fiscal 2014 can be found in the table on page 16. Our responsibilities and actions with stakeholders are summarized around the Five Trusts of our Code of Conduct. Photographs of our employees, who spearhead our CSR efforts, are used throughout this report to convey our activities in a clear and concise manner.

**Reporting period:** April 1, 2014, to March 31, 2015

**Published:** June 2015      **Previous edition:** June 2014  
**Next edition:** June 2016

**Reporting Areas and Scope**

● **Society**

Nissin Electric Co., Ltd. and the following seven affiliates in Japan  
 NHV Corporation/Nissin Business Promote Co., Ltd./  
 Nissin Denki Shouji Co., Ltd./Nissin Systems Co., Ltd./  
 Nissin Ion Equipment Co., Ltd./Nippon ITF Inc./  
 Nissin Pulse Electronics Co., Ltd.

● **The environment**

Nissin Electric Co., Ltd. and the following five affiliates in Japan  
 NHV Corporation/Nissin Business Promote Co., Ltd./  
 Nissin Ion Equipment Co., Ltd./Nippon ITF Inc./  
 Nissin Pulse Electronics Co., Ltd.

\*The initiatives of certain overseas affiliates are also highlighted.

**GLOBAL** This mark denotes a section on our overseas initiatives.

**Reference Guidelines**

Environmental Reporting Guidelines 2012 by the Ministry of the Environment, Japan

Sustainability Reporting Guidelines G3.1 by the Global Reporting Initiative (GRI)

**Origin of Company Name**

湯之盤銘曰 苟日新 日日新 又日新

Source: *Great Learning, one of the Four Books of Confucianism*

The name “Nissin” is derived from the inscription on the basin used by Emperor Tang, the founder of the Yin Dynasty (17th – 11th century B.C.). This inscription means: “Truly new each day. New each and every day. Again, new each day.” According to the Great Learning, one of the Confucian classics known as the Four Books, the noble and benevolent ruler engraved these words on the basin, which he used every morning, as a constant reminder of the importance of making continuous and untiring efforts to improve himself every day.

Combining the two Chinese characters, *nichi* (day) and *shin* (new), used in this inscription, the company name was created so that, following this precept, we would strive to develop original and innovative techniques each and every day to forge a bright future for both people and technology.



Conjectural replica of Emperor Tang's basin

## We will continue to contribute to society as a “company with integrity”

The Nissin Electric Group has a guesthouse, called Sekison-tei, near the Shimogamo Shrine in Kyoto. Sekison-tei was the private residence of Junichiro Tanizaki, a noted modern Japanese novelist. He lived there for seven years from 1949, and worked on such books as “*Junichiro Shinyaku Genji Monogatari*” (a modern translation of *The Tale of Genji*), and “*Kagi*” (*The Key*). Bound by fate, Tanizaki passed the residence over to Nissin in 1956 when he left Kyoto for Atami. The site is about 600 tsubo large (one tsubo is approximately 3.30 m<sup>2</sup>), and consists of the main house where Tanizaki lived and the annex he used as a study room. In between, there is a garden with a waterfall and a pond. Tanizaki was known for his love of changing abode, moving as many as 43 times during his life. However, he loved Sekison-tei so much and continued to reside there for as long as seven years. When Nissin took over the residence, he attached one condition: “Keep it in the same condition, because I want to see it on my visits to Kyoto.” For some 60 years since then, Nissin has kept its promise with Tanizaki, and maintained the residence in the same condition it had been in the days he had lived there.

Sekison-tei reflects the Nissin Electric Group’s corporate way of life in the dual sense that Nissin has preserved the cultural asset where Junichiro Tanizaki, the literary legend, had lived and wrote books for a long period of time, and also that Nissin has, for 60 years, kept the promise made to Tanizaki when the residence was passed down. This asset symbolizes the whole concept of the Nissin Electric Group’s CSR activities.

The Nissin Electric Group hopes to continue to grow while making contributions to society as a “company with integrity” and as a company that preserves cultural assets with loving care.

I conclude my message by humbly asking for continued warm support and patronage of our stakeholders.

June 2015



Hideaki Obata  
President



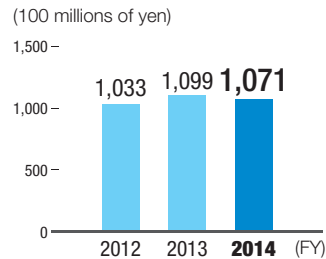
A *chisen kaiyu-shiki* garden with a waterfall and a pond at the center

# Aspiring for greater growth as a multinational company

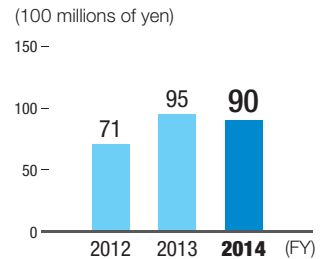
## Company Outline (as of March 31, 2015)

Company Name	Nissin Electric Co., Ltd.
Incorporated	April 11, 1917
Stated Capital	10,252,840,000 yen
Employees	4,845 (consolidated)
Issued Shares	107,832,445 shares
Stock Code	6641(First Section of the Tokyo Stock Exchange)
Operations	Manufacture and sales of electrical equipment and instruments as well as ancillary construction works

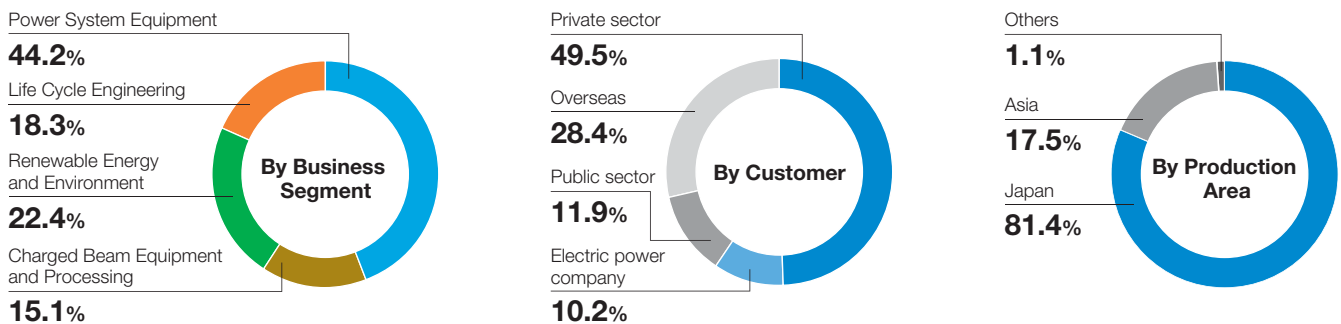
### Net Sales (Consolidated)



### Operating Income (Consolidated)



### Composition of Net Sales (Consolidated; fiscal 2014)

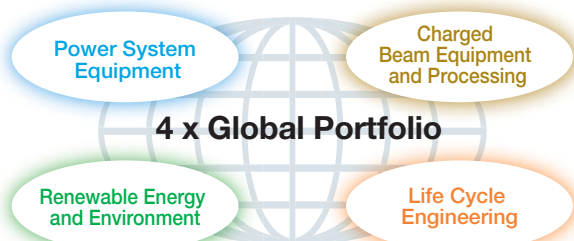


## Medium-to-Long-Term Business Plan "VISION 2015"

The Nissin Electric Group is currently implementing initiatives under a five-year medium-to-long-term business plan called "VISION 2015" that was launched in fiscal 2011. Under this plan, we are working to achieve the numerical targets of 150 billion yen in net sales and 12 billion yen in operating income by fiscal 2015, marking a 150% increase, respectively, over the five-year period. The main focus of this plan is to leverage our core technologies to make our operations more multifaceted and more global in nature. To that end, we have added two

new segments, Renewable Energy and Environment, and Life Cycle Engineering, to our existing core businesses of Power System Equipment, and Charged Beam Equipment and Processing. We will take a balanced approach to growing each of these four segments and exert our best efforts to expand each segment globally. By doing so, our aim will be to transform ourselves into a group of companies that can achieve more stable and sustainable growth.

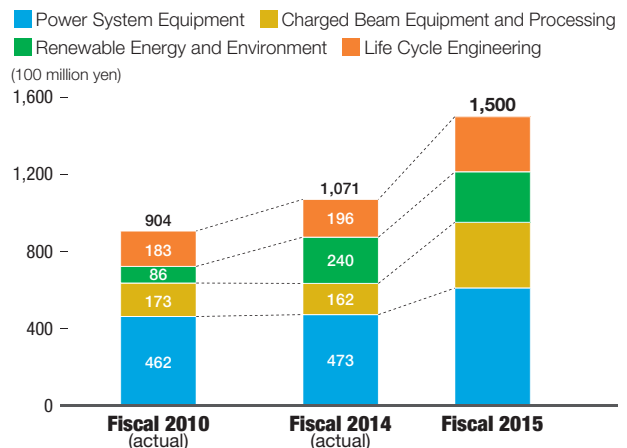
### Global Expansion in 4 Business Segments



### Numerical Targets for Fiscal 2015

Consolidated Net Sales	Consolidated Operating Income	Consolidated ROA	Dividend per Share
<b>150</b> billion yen	<b>12</b> billion yen	<b>8</b> % or above	<b>15</b> yen or more per year

### Sales Targets by Business Segment



# that supports society and industry

## History

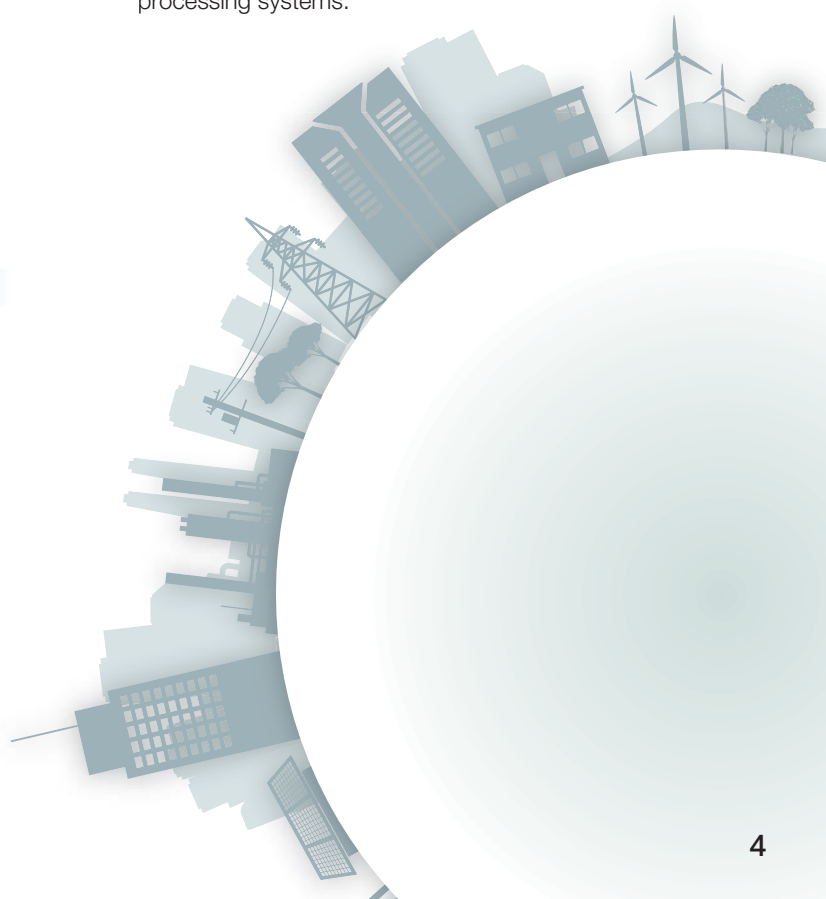
- 1910:** Founded as Nissin Kogyo.
- 1917:** Incorporated as Nissin Electric Co., Ltd.
- 1937:** Constructed head office plant in Ukyo-ku, Kyoto (current location)
- 1945:** Took over the capacitor production business of Sumitomo Electric Industries, Ltd.
- 1963:** Built the Maebashi Works.
- 1968:** Merged with Rissei Electric Co., Ltd. Built new works at Kuze and Kujo.
- 1970:** Started business of charged particle accelerators, and established Nissin High Voltage. (2003, NHV Corporation, took over the business of Nissin High Voltage.)
- 1984:** Established Nissin Systems Co., Ltd. for software development and systems design.
- 1987:** Established Nissin Electric (Thailand) Co., Ltd. to manufacture and sell medium-voltage capacitors and electronic components.
- 1991:** Established Nissin Allis Electric Co., Ltd. in Taiwan to manufacture and sell gas insulated capacitors and gas insulated switchgears.
- 1995:** Established Nissin Electric Wuxi Co., Ltd., the company's first joint venture in China, and commenced manufacturing and sales of capacitor voltage transformers.
- 1999:** Established Nissin Ion Equipment Co., Ltd. for the manufacture, installation, and adjustment of ion implanters for semiconductors and FPD.
- 2001:** Established Nissin Electric Wuxi Power Capacitor Co., Ltd. in China to manufacture and sell power capacitors. (2004, Changed name to the Nissin Electric (Wuxi) Co., Ltd.)
- 2001:** Established Beijing Beikai Nissin Electric HV Switchgear Equipment Co., Ltd. in China to manufacture and sell gas insulated switchgears. (2006, Changed the name to Beijing Hongda Nissin Electric Co., Ltd.)
- 2002:** Established Nissin Electric Wuxi Co., Ltd. in China to manufacture and sell voltage transformers for gas insulated switchgears.
- 2005:** Nippon ITF Inc., an affiliated company conducting thin-film coating services, became a subsidiary of Nissin.
- 2005:** Established Nissin Ion Equipment Co., Ltd. Shiga Plant / Plasma Technology R&D Center in Shiga Prefecture.
- 2005:** Established Nissin Electric Vietnam Co., Ltd. as a subsidiary for subcontracting the manufacturing and processing of industrial components.
- 2007:** Became a consolidated subsidiary of Sumitomo Electric Industries, Ltd.
- 2010:** Established Nissin Ion Equipment USA, Inc. to carry out installation, adjustment, modification, maintenance and inspection work for semiconductor manufacturing equipment.
- 2011:** Established Nissin Ion Hightech (Yangzhou) Co., Ltd. in China to manufacture and sell semiconductor manufacturing equipment.
- 2011:** Established NHV Accelerator Technologies Shanghai in China to manufacture and sell electron-beam processing systems.

## Research and Development (R&D)

Making use of the R&D results that we have accumulated over a long period, we are working to create stable energy systems, manufacture products that contribute to reductions in CO<sub>2</sub> emissions and develop next generation products applying our charged particle beam-oriented techniques. We are also committed to developing new techniques on a daily basis so that we can continue to grow as a global company that provides environmental and energy solutions while contributing to society.



A unified corporate logo  
for all Nissin Electric Group companies



# Expanding globally by establishing manufacturing sites in can contribute to the development of the local economy

## List of Group Companies

- Nissin Hengtong Electric Co., Ltd.
- Nissin Advanced Coating (Shenyang) Co., Ltd.
- Beijing Hongda Nissin Electric Co., Ltd.
- Nissin Advanced Coating (Tianjin) Co., Ltd.
- Nissin Ion Hightech (Yangzhou) Co., Ltd.
- Nissin Electric (Wuxi) Co., Ltd.
- Nissin Electric Wuxi Co., Ltd.
- ◆ Nissin Allis Ion Equipment (Shanghai) Co., Ltd.
- NHV Accelerator Technologies Shanghai

● Nissin Advanced Coating Indo Co., Private Ltd.

● Nissin Electric (Thailand) Co., Ltd.

◆ Nissin Ion Equipment Co., Ltd., Singapore Branch

● Nissin Electric Vietnam Co., Ltd.

◆ Nissin Ion Korea Co., Ltd.

● Nissin Allis Electric Co., Ltd.

◆ Nissin Allis Union Ion Equipment Co., Ltd.

\*Core businesses of each company denoted by color.

- Manufacturing companies
- ◆ Service companies
- Research laboratories
- ◆ Power System Equipment
- ◆ Charged Beam Equipment and Processing
- ◆ Renewable Energy and Environment

## Manufacturing Sites in Japan

### 1 Head Office & Works (Ukyo-ku, Kyoto)

(Nissin Electric Co., Ltd.)  
(NHV Corporation)  
(Nippon ITF, Inc.)

#### Major Products:

Switchgear, power transformer, capacitor, power conditioner for photovoltaic system, photovoltaic system, reactor, voltage dip compensator, supervisory control system, vehicle recognition system, electron-beam processing system, electron-beam processing service, thin-film coating system, and thin-film coating service

### 2 Maebashi Works

(Maebashi City, Gunma Prefecture)

(Nissin Electric Co., Ltd.)  
(NHV Corporation)  
(Nippon ITF, Inc.)

#### Major Products:

Gas insulated switchgear, circuit breaker, instrument transformer (voltage transformer, current transformer, combined instrument transformer, etc.), electron-beam processing service, and thin-film coating service

### 3 Kuze Works (Minami-ku, Kyoto)

(Nissin Ion Equipment Co., Ltd.)  
(Nippon ITF Inc.)

#### Major Products:

Ion implanters for semiconductor, ion implanter for Flat Panel Display (FPD), and thin-film coating service

### 4 Kujo Works (Minami-ku, Kyoto)

#### Major Products:

Switchgear and power conditioner for photovoltaic system

### 5 Nissin Ion Equipment Co., Ltd. Shiga Plant / Plasma Technology R&D Center (Koka City, Shiga Prefecture)

#### Major Products:

Ion implanter for semiconductor and ion implanter for Flat Panel Display (FPD)

# areas where our core technologies

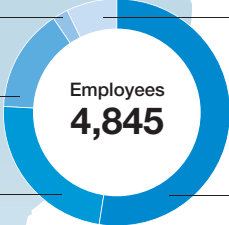
- NHV Corporation
- Nissin Ion Equipment Co., Ltd.
- Nissin Systems Co., Ltd.
- ◆ Nissin Business Promote Co., Ltd.
- Nippon ITF Inc.
- ◆ Nissin Denki Shouji Co., Ltd.
- Nissin Pulse Electronics Co., Ltd.

◆ Nissin Ion Equipment USA, Inc.,  
Texas Customer Service Center

● NHV America Inc.

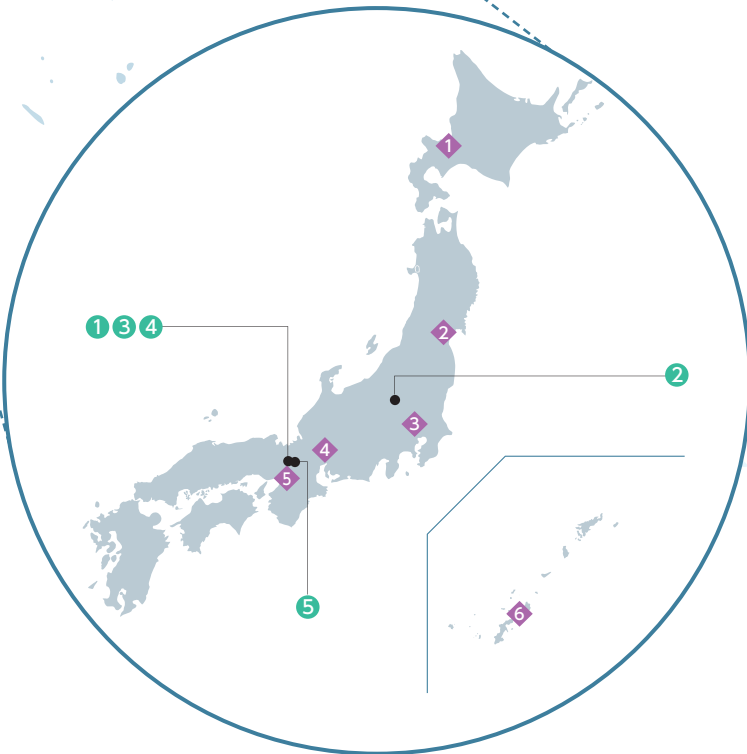
■ Nissin Ion Equipment USA, Inc.,  
Massachusetts R&D Center

## ■ Employees by Location (consolidated)

Taiwan	111	2.3%	Others	339	7.0%
Thailand	713	14.7%			
China	1,133	23.4%			
			Japan	2,549	52.6%
 <p>Employees <b>4,845</b></p>					

## Major Sales Sites in Japan

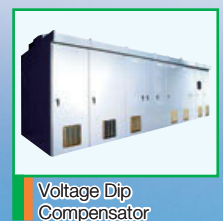
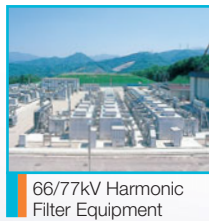
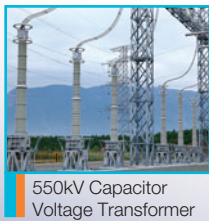
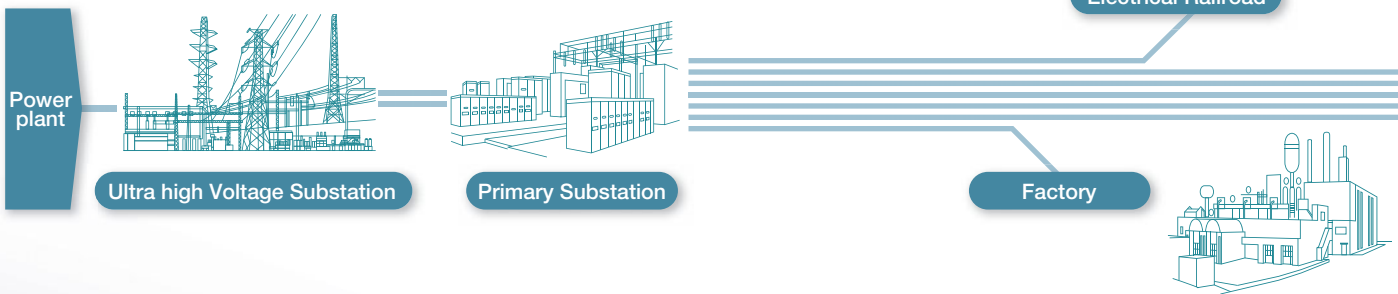
- ◆ 1 Hokkaido Office
- ◆ 2 Tohoku Office
- ◆ 3 Tokyo Office
- ◆ 4 Chubu Office
- ◆ 5 Kansai Office
- ◆ 6 Okinawa Office



# Pursuing safety, stability, and efficiency as a leader in the

The Nissin Electric Group supplies a wide range of products and services that support well-rounded social and industrial infrastructure, with an emphasis on power system and energy equipment. We will constantly create products and technologies essential for the world by leveraging our proprietary high voltage, vacuum, as well as monitoring and control technologies developed over the course of our more than 100-year history.

- Power System Equipment** P.9
- Charged Beam Equipment and Processing** P.10
- Renewable Energy and Environment** P.11
- Life Cycle Engineering** P.12





# electrical infrastructure supporting industry and society



Supervisory Control System for Waterworks



Ion Implanter for FPD



Ion Implanter for Semiconductor



Electron-beam Processing System



Thin-film Coating Equipment



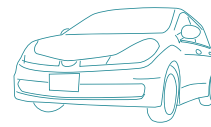
Control Center



Smartphones



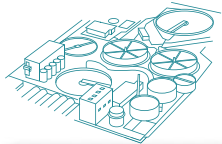
Tablet PC



Automobile



Thin-film Coating Service



Water and Sewerage



Home

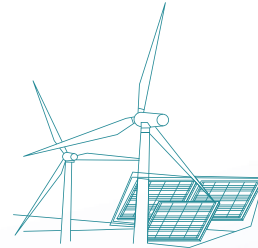
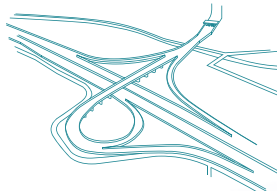


Home Energy Management System

Renewable Energy

Office Building

Expressways



Photovoltaic System



66/77kV Gas Insulated Switchgear (indoor type)



Supervisory Control System for Expressways



Islanding Phenomenon Detection System



Power Conditioner for Photovoltaic System



6.6kV Switchgear



22/33kV Spot Network Substation Equipment



Vehicle Recognition System



# Power System Equipment

Ensuring safe and efficient supply of electricity



66kV Substation Equipment



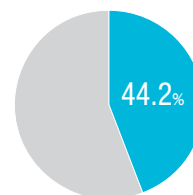
## Segment Overview

### Pursuing stable supply systems and thriving in renewable energy segment

This business segment focuses mainly on substation equipment, which converts power voltage to a level suitable for equipment. The equipment monitors and controls the voltage level to ensure safe and efficient energy supply from a power station. Our 66/77kV Gas Insulated Switchgear, which enjoys the top market share in Japan for ten consecutive years, demonstrates unparalleled compactness thanks to Nissin Electric's unique high-voltage technology. Power capacitors designed for use by electric power companies have in recent years accounted for close to a 100% share of the domestic market, for which the company is called "Nissin for Power Capacitors."

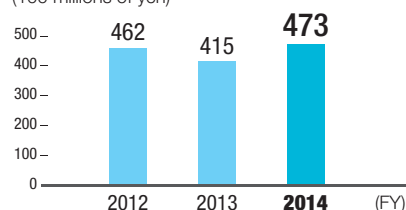
In fiscal 2014, we delivered a large amount of grid connection equipment used for connecting electricity generated by mega-solar systems to electric power companies in response to the further acceleration of the introduction of renewable energy. Our compact substation equipment, with its high levels of safety, economic efficiency and environmental consciousness, also contributes to the stable supply of electricity at a time when a lot of substation equipment which was installed during the high growth period is coming up for renewal.

### Share of Total Sales



### Net Sales

(100 millions of yen)



### Gas Insulated Switchgear (GIS)

GIS receive incoming electricity from electric power companies and protect electrical equipment inside substations. GIS have become even more compact and space saving because they are directly connected to transformers.



### Power Capacitor

Power capacitors are connected to power grids for power factor corrections or voltage regulations. Power capacitors help to promote the effective use of energy by improving the quality and reliability of power systems.



### Switchgear (SWG)

Switchgears deliver electricity throughout a substation by switching power sources and protecting equipment. We supply a broad range of switchgears ideally suited to each individual installation site.



### Capacitor Voltage Transformer (CVT)

A CVT is installed to accurately convert high voltage and large current into the applicable voltage and current for electric instruments or relays.

# Charged Beam Equipment and Processing

Contributing to higher performance of state-of-the-art equipment



Arc Ionplating System (iDS500)



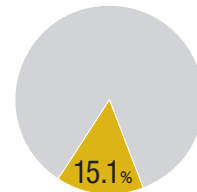
## Segment Overview

### Supplying amassed technologies to global growth markets

In the charged beam equipment and processing business, we apply our long nurtured high-voltage and charged particle technologies to manufacturing equipment for cutting edge products. These include ion implanters used for manufacturing semiconductors and small/medium high-definition Flat Panel Displays (FPDs), electron-beam processing systems used for improving the quality of automobile tires and electric wires, and thin-film coating services designed to improve the performance of tools and automobile parts. This business segment offers potential for future growth.

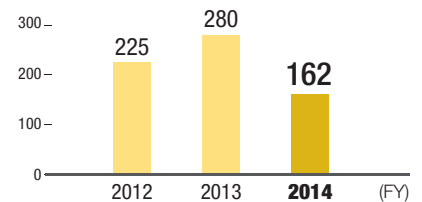
By upgrading various functions in response to enhanced maintenance and other requests from customers, we have managed to maintain a 100% market share for ion implanters for Flat Panel Displays (FPDs) in fiscal 2014. We also expanded customers for our electron-beam processing systems to 30 countries around the world against the backdrop of the rising equipment investment demand associated with the automobile-related industry's advance into the global market. For coating services, we developed a mass-production line for parts in Thailand, and also commercialized the new film-forming equipment, iDS500.

### Share of Total Sales



### Net Sales

(100 millions of yen)



#### Ion Implanter for FPD

Ion implanters for small/medium high-definition FPD are essential for manufacturing small/medium high-definition displays used in high end mobile devices such as smartphones.



#### Electron-beam Processing System

An electron-beam processing system is used to manufacture heat resistant coated electric wires, heat-shrinkable tubing, polyethylene foam, and automobile tires. Electron-beam processing systems are also being widely used in an increasing number of other applications, such as for sterilization of medical equipment, and in environmental protection.



#### Ion Implanter for Semiconductor

An ion implanter for semiconductors is an essential piece of manufacturing equipment used to make semiconductor devices found in computers, mobile devices, and a host of other digital products. They use the same technologies as an ion implanter for FPDs.



#### Thin-film Coating Service

Thin-film coating services are provided using equipment designed for surface coating work on automobile parts, tools and molds, among others. The latest equipment is able to form coatings quicker and at a lower cost than conventional equipment, enabling roughly double the production volume.

# Renewable Energy and Environment

Coping with global social needs



Photovoltaic System



## Segment Overview

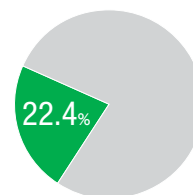
### Exceeding the expectations of users with our technological prowess

This business segment addresses social needs which are increasing on a global scale, such as use of renewable energy sources, subsequent need for more stable electric power systems, electricity infrastructure improvement and prevention of environmental pollution.

In the renewable energy business, we provide power conditioners and photovoltaic generation systems with them as the core, as well as products used for construction of next-generation power transmission and distribution systems (Smart Grid). In the environment business, we offer electrical equipment and supervisory control systems for water treatment facilities as well as products related to energy management systems (EMS) for water treatment plants, factory facilities and households.

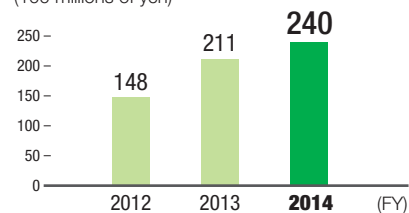
In fiscal 2014, in addition to electrical equipment for water treatment facilities which is in growing demand, we responded to the demands for power conditioners for photovoltaic systems on the back of the feed-in tariff system for renewable energy, and also delivered power conditioners for storage batteries, for which demand is expected to expand in the future.

### Share of Total Sales



### Net Sales

(100 millions of yen)



### Power Conditioner for Photovoltaic System



A power conditioner transforms direct current electricity generated in the photovoltaic module into alternating current electricity. Our newly developed outdoor power conditioners are easy to install, which facilitates the photovoltaic system installation process and reduces costs.



### Supervisory Control System for Waterworks

A supervisory control system for waterworks monitors and controls the operations of waterworks facilities, which are key lifelines in society, to support their management and operation through use of various applications for improving water quality and reducing energy consumption. Supervisory control systems for rainwater storage facilities used to combat flooding also help protect urban areas from floods.

### Photovoltaic System



A photovoltaic system comprises of a photovoltaic module, power conditioner, grid connection equipment, and instrumentation for monitoring generation and operation statuses. We deliver photovoltaic systems that more effectively make use of energy from the sun by optimizing the installation conditions and configuration of equipment.



### HEMS (Home Energy Management System)

A Home Energy Management System, or HEMS, can display total power usage at home, and can also control electric appliances such as air conditioners using a tablet. Going forward, we will address automatic power saving as well as the control of power consumption at peak demand.

# Life Cycle Engineering

Delivering trust and peace of mind with a focus on the customer



Assessment staff



## Segment Overview

### Providing support at every stage of the equipment life cycle

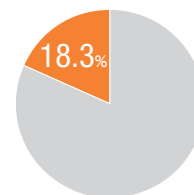
Over the entire life cycle of Nissin Electric Group products delivered to our customers, we provide comprehensive support services, spanning from installation work to on-site testing, testing, maintenance, facility assessment, and renewal.



Life Cycle Map

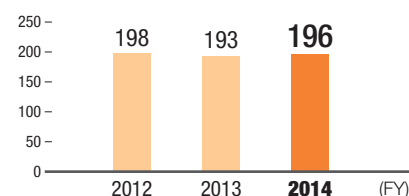
Our basic philosophy is defined by the phrases “safety and quality first,” “trust and peace of mind from the customer,” “good advisor for the customer (life consultant)” and “grow and develop to meet customer needs.” Our many years of experience and excellent technological prowess enable us to supply the optimal service to each individual customer. Going forward, we will expand our life cycle engineering business and further enhance customer satisfaction by developing new services.

### Share of Total Sales



### Net Sales

(100 millions of yen)



## 1. Installation work

With safety and quality being our number one priorities, paying heed to the environment and in full compliance with various standards, laws and regulations, we carry out delivery, installation, assembly, and cable connection work.



## 3. Maintenance

We carry out regular maintenance inspections and replace parts at the end of their life to prevent damage or accidents before they happen and to extend service life. Our commitment to the customer covers the entire life cycle of their equipment.



## 2. On-site testing

We carry out testing and adjustments for each facility and also comprehensive adjustment testing of all plant facilities to ensure our electrical equipment is installed and used correctly. Our equipment is then handed over to the customer after ascertaining that we have fulfilled all customer requests for systemization.



## 4. Facility assessment

Facility assessments are carried out to evaluate the entire equipment system to check for aging electrical equipment after a prolonged period of use. This enables us to propose renewal plans, replace parts and extend service life, while coordinating with the service life of plant facilities.



# Realize a smart community with SPSS<sup>®</sup> that makes use of various power sources

**We will build and propose an optimal power supply system after real-scale verification at the Maebashi Works.**

After the Great East Japan Earthquake, needs have increasingly been rising for efficient utilization of renewable energy, power saving and avoidance of power outages. Under these circumstances, we have taken advantage of our long-nurtured grid connection technology, substation system technology, and supervisory control and data acquisition technology, and developed the Smart Power Supply Systems (SPSS), which simultaneously saves power and achieves a stable power supply by combining various dispersed power sources, including photovoltaic systems, power generators and storage batteries.

Beginning with the commencement of operation of the photovoltaic system at the Maebashi Works (in Maebashi City, Gunma Prefecture) in April 2013, we introduced the cogeneration system, battery energy storage system and the energy management system (EMS), etc. by March 2014 to launch full-scale verification.

Through this verification process, we realized the visualization of the operation statuses of respective power sources and loads, and forecasts of power output and loads as well as the optimal operation planning and control of various dispersed power sources. Going forward, we will continue with verification at the Maebashi Works in order to deepen our knowledge for achieving the best mix of dispersed power sources and operational control, with the ultimate goal of commercialization.

## SPSS Real-Scale Verification System (Maebashi Works)



## Annual power rate reductions at the maebashi works (estimates)

Calculated on the assumption of the basic rate of ¥1,600 and the unit price of power consumed of ¥18

<p style="text-align: center; background-color: #4CAF50; color: white; border-radius: 5px; padding: 5px;">Reduction in the annual basic rate</p> <p>Contract power<sup>*1</sup> Reduced by <b>1,200kW</b></p> <p>¥1,600/kW × 1,200kW × 12 months</p> <p>= <b>About ¥23 million/year</b></p>	+	<p style="text-align: center; background-color: #4CAF50; color: white; border-radius: 5px; padding: 5px;">Reduction in annual rates of power consumed</p> <p>Power consumed<sup>*2</sup> Reduced by <b>1.6 million kW</b></p> <p>¥18/kW × 1.6 million kW/year</p> <p>= <b>About ¥29 million/year</b></p>	=	<p style="text-align: center; background-color: #4CAF50; color: white; border-radius: 5px; padding: 5px;">Combined reduction in power rates</p> <p style="text-align: center; font-size: 1.5em;"><b>About</b></p> <p style="text-align: center; font-size: 1.5em; color: #4CAF50;"><b>¥52 million/year</b></p>
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<sup>\*1</sup> Contract power: Demand power under a one-month contract with an electric power company, which sets the highest level of wattage that can be used during 30 minutes.  
<sup>\*2</sup> Power consumed: An amount of power actually consumed in a month.

# Nissin Electric's SPSS at play in various scenes

Industrial plants and power stations are not the only places that require the SPSS, which secures a stable supply of electricity and realizes energy-saving, cost saving and CO<sub>2</sub> emission reductions. The Nissin Electric Group sees the five major markets for the SPSS by adding water treatment facilities, residential areas/homes and remote islands to the above two, and will contribute to building a smart community that realizes a comfortable and fulfilling society.

Recently, rising energy costs and the stability of electricity supply through increased renewable energy output are emerging as major challenges. The SPSS has the potential to solve these problems.

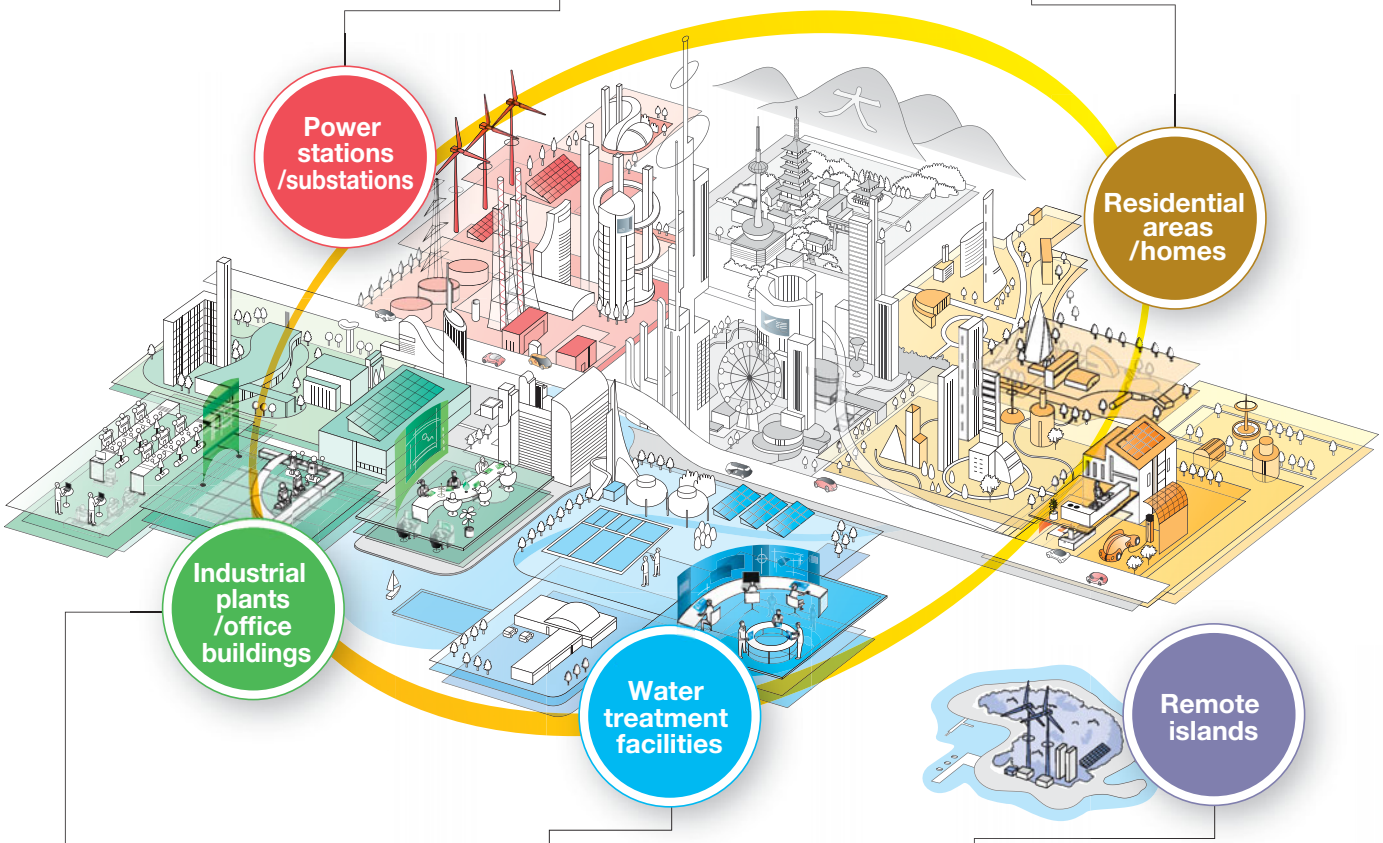
## Power stations/substations

We will contribute to grid connection and power system stabilization in response to power supply systems incorporating renewable energy.



## Residential areas/homes

We will contribute to power-saving at home through a mechanism to regulate excessive power consumption and visualize power used.



## Industrial plants/Office buildings

We will contribute to energy-saving and securing electricity in a stable manner through the optimized management of energy from a diversity of power sources, such as natural energy, storage batteries and power generators, and implementation of sophisticated control software.



## Water treatment facilities

Utilization of hydraulic power and digestive gas generated in water treatment processes, as well as optimal electric power control technology, will contribute to the realization of a safe and secure water treatment system.



## Remote islands

In power supply systems on remote islands, we will contribute to enhancing the ratio of renewable energy and stable power supply with our power system stabilization technology.



# Pursuing a systematic approach to CSR activities with a focus

## Corporate Principles and Five Trusts

### Combining our fundamental approach and unwavering commitment to business

Since its founding in 1910, the Nissin Electric Group has constantly refined its original technologies and delivered high quality products and services to its customers. Through this, we have earned the trust of customers and continually strived to make contributions to the fundamental needs of society and industry.

The Corporate Principles of the Nissin Electric Group and the Five Trusts, both drawn up in November 2005, represent the combination of our fundamental approach and unwavering commitment to business.

### Corporate Principles of the Nissin Electric Group

— Mission —  
**Forge a bright future for both people and technology**

With the aim of realizing a sustainable society, gentle to humans and the environment, Nissin Electric develops original technology to meet the fundamental needs of society and industry.

— Company Code of Conduct —  
**Integrity, Trust and Long-term Relationships**

We take the following Five Trusts as the point of origin for our activities. Through these Trusts, we strive to promote the growth of the company and foster the personal development of its employees.



## Basic Policies

### The Nissin Electric Group's Basic Policies for CSR Activities

- ① Accomplish our Mission, "Forge a bright future for both people and technology," and the Company Code of Conduct, "Integrity, Trust and Long-term Relationships."
- ② Empower each and every employee to get involved willingly and steadily in CSR activities, based on the approach above.

### Domains of CSR Activities

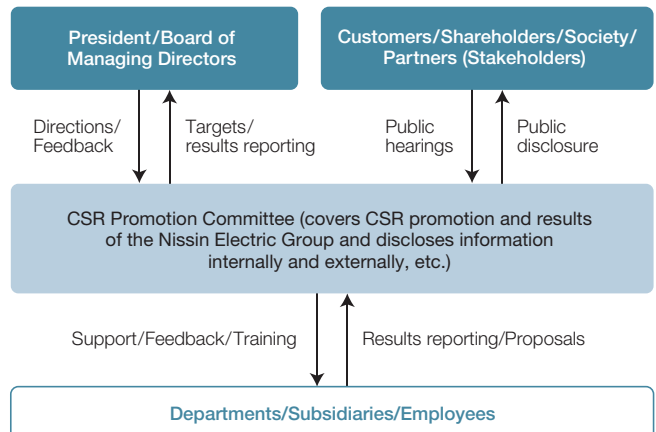
- Trust**: Earn the trust of customers, shareholders, society and partners, and employee mutual trust
- Corporate Management**: Pursue fair and transparent corporate management
- The Environment**: Take the initiative in protecting the environment through our core businesses

## Promotion Structure

### Promoting activities through the CSR Promotion Committee

The CSR Promotion Committee is a company-wide organization that forms the heart of our CSR activities. The committee exchanges information with overseas subsidiaries and implements activities tailored to individual issues found in each respective country. The results of the committee's initiatives are reported to senior management, including board of managing directors meetings, for appropriate directions and feedback, enabling the committee to conduct ongoing CSR activities.








#### Nissin Electric Group CSR Promotion Structure





# on the autonomous involvement of each and every employee

## Targets and Results of CSR Activities

	Domain/Target	Page	Core Focus Areas	Fiscal 2014 Results
Trust	 <b>Customers</b> Enhance satisfaction	P.17	Quality improvement activities	Implement and raise awareness about the 3H (Hajimete, Henkou, Hisashiburi) activities and improve quality of design reviews for each stage (specification risk, design, installation, maintenance, delivery)
			Communication with customer	Report the results of the customer questionnaire on sales departments (each branch and subsidiary), discuss improvement measures between sales departments and the Quality Administration Department
			Promotion of life cycle engineering	Create a new lineup of assessment services to expand maintenance and renewal, and introduce life cycle engineering business activities to employees
	 <b>Shareholders</b> Enhance satisfaction	P.18	Proactive information disclosure	Expand disclosure details and expand information disclosed on our corporate website
	 <b>Society</b> Help make local communities a better place	P.19	Support development of the next generation	Organize on-site science classes for elementary school students, host trainees, dispatch speakers to the Kyoto Industrial Association, donate scholarship funds to an elementary school in Hue, Vietnam, and support the activities of local elementary and junior high schools and facilities
			Support environmental protection activities	Support the activities of the Kyoto Modelforest Association and participate in clean-up activities
			Support sports and cultural activities	Sponsor Kyoto Sanga F.C. and the Kyoto Marathon, maintain Junichiro Tanizaki's Sekison-tei heritage residence and host researchers
	 <b>Partners</b> Enhance satisfaction	P.20	Promotion of CSR procurement	Thoroughly convey information about CSR procurement guidelines
	 <b>Employees</b> Foster and enhance job satisfaction	P.21	Optimize diverse workforce	Utilized job rotations, promoted employment of disabled persons, and hired talented foreign engineers
			Promote educational and training opportunities that support personal and professional growth	Increase human resource development opportunities, strengthen development of mid-career hires (including global employees), promote development through job rotations, pass down and cultivate core technologies and skills
Encourage a work-life balance			Disseminate information on smart activities and work method improvements, promote well-modulated work methods, carry out public relations activities for a work-life balance support system, and promote Eco Work Day and a company-wide "leave work on time" day	
Strengthen communication			Share information using the company newsletter, and conduct an employee satisfaction survey and utilize results	
Promote safety and health awareness			Safety and health activities and mental healthcare	
Corporate Management	 <b>Fair and Transparent Corporate Management</b>	P.22	Sound compliance practices	Build and maintain the compliance implementation system and carry out various measures, strengthen and enhance compliance at overseas subsidiaries, and raise awareness about compliance on a daily basis using the company newsletter and intranet, etc.
			Sound risk management practices	Carry out disaster preparedness drills and identify company-wide risks
			Sound information security measures	Revise measures at the head office and domestic subsidiaries and carry out various measures for overseas subsidiaries
The Environment	 <b>Environmental Initiatives</b>	P.23–		Please see pages 25 and 26.



## Customer Trust

Engaging in activities from the perspective of the customer to make sure that Nissin Electric is always helpful to and trusted by customers

**Takafumi Mishima** (Right)  
Customer Business Service Unit  
Manager

**Ryozo Maeda** (Left)  
Customer Business Service Unit

### Promotion of Life Cycle Engineering

## Minimize customer's maintenance cost by using "traveling assessment"

In our life cycle engineering business, we provide comprehensive support services over the entire life cycle of Nissin Electric Group products delivered to our customers, spanning from installation work to on-site testing, maintenance and facility assessment. As customer demands to "prolong the life of existing equipment for effective utilization to the maximum extent possible" are increasing, particularly in recent years, we newly added "traveling assessment service" to the equipment assessment menu.

On top of the conventional assessment by visual observation and measurement of abnormal temperatures or sounds, this new service is designed to help prevent trouble by detecting equipment anomaly even before the stage of abnormal sounds, etc. by making use of a variety of testing equipment using the sensor technology we have uniquely developed. The regular "traveling assessment" enables it to capture equipment degradation trends, to design and implement more efficient equipment preservation programs and to minimize maintenance costs.



"Traveling assessment" with our unique sensor technology

### Global Quality GLOBAL

#### Undertaking 3H activities in China

We regularly hold "Quality Subcommittee" meetings in China to share information on the status of quality control at Chinese subsidiaries and unify quality control methods. We are pursuing "global quality" and making efforts to stabilize the quality of our products manufactured overseas by popularizing 3H activities to incorporate the perspective of risk prevention.



A Quality Subcommittee meeting held at a Chinese subsidiary

### Enhancement of Customer Satisfaction

#### Introduction of the CS enhancement system

We introduced the "CS Enhancement System" in order to promptly and sensitively respond to trouble reports and customer inquiries via centralized information management and sophisticated search functions. At the CS Center, all staff meet twice daily to confirm and share information on the system in order to further enhance customer satisfaction.



A meeting at the CS Center

### Glossary

- 3H activities:  
3H is an acronym of "Hajimete [first time]," "Henkou [change]" and "Hisashiburi [long interval]," which refers to activities to prevent accidents or trouble under the system where employees execute their work by trying to perceive problems in advance from the perspective of "3H" and confirming that no troubles would arise.
- CS Center:  
The contact point for the entire domestic Nissin Electric Group responsible for initial responses by accepting trouble reports and inquiries from customers.



## Shareholder Trust

Maintaining an appropriate dividend in line with earnings, enhancing corporate value over the mid to long term, and strengthening direct engagement with shareholders and information disclosures

定時株主総会

**Satoshi Koshiro** (Left)  
Legal Department

**Eri Saito** (Right)  
Financial & Accounting Department



### The General Meeting of Shareholders as an “Opportunity for Dialogue”

## Facilitate dialogue and reflect shareholders’ views in management

We exercise a variety of ingenious techniques in order to make the annual general meetings of shareholders, a valuable opportunity for communication with shareholders, more meaningful.

We call the shareholders’ meetings by avoiding days when a lot of Japanese companies hold their annual shareholder meetings so that many Nissin Electric shareholders can attend our meetings. In the meetings, the President explains the company’s management policies, future challenges and plans with his own words, projecting them on monitor screens to make them easier to understand. Furthermore, starting in June 2014, the board members set aside their time to reply and respond to shareholder questions and opinions after the end of shareholders’ general meetings. We will put their valuable opinions on our agenda for consideration for the future development of the Nissin Electric Group.

We also offer plant tours to shareholders who want such opportunities after the end of general shareholder meetings. In June 2014, participating shareholders visited a training center of the NISSIN Academy for human resources development and a thin-film coating plant of Nippon ITF Inc., a group company.



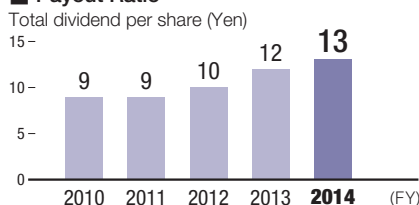
A plant tour by shareholders organized after the general shareholder meeting.

### Dividend Policy

#### Enhancing corporate value and turning profits to shareholders

Nissin Electric recognizes that one of its most important management tasks is to produce appropriate shareholder returns, while also fulfilling its responsibility to shareholders to continually enhance corporate value of the mid to long term. Our commitment is to provide a stable dividend based on our imposed payout ratio and amount of retained earnings commensurate with earnings results and future outlooks.

#### ■ Payout Ratio

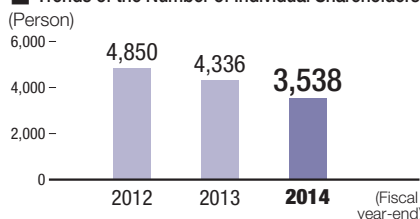


### Reduction of the Number of Shares in One Unit

#### Aiming to boost the number of individual shareholders

Effective April 1, 2015, Nissin Electric reduced “the number of shares in one unit” from 1,000 shares to 100 shares, in accordance with the unified “consolidation of trading units” policy of Japan’s stock exchanges. We hope that the lower trading unit on the stock exchanges will contribute to the reinvigoration of stock trading and lead to an increase in the number of Nissin Electric shareholders.

#### ■ Trends of the Number of Individual Shareholders





## Societal Trust

Leveraging our expertise as an electrical equipment provider, taking part in a host of community fellowship activities inside and outside of Japan to help develop the next generation and co-exist with the local community



**Hiroaki Mukainoge**  
Transformer Division

### Support for the Development of the Next Generation

## Continuously hold on-site science classes for elementary school students

Nissin Electric has been organizing science classes at elementary schools in local communities where we have operated since fiscal 2010 with the objective of “increasing the number of science-loving elementary school students by leveraging Nissin Electric’s technologies.” In fiscal 2014, we organized these science classes at a total of 15 elementary schools: 11 in the Kyoto area where our head office is located and four in the Maebashi area that hosts the Maebashi Works.

Science classes are offered to fourth graders who learned about photovoltaic power generation in the classroom, and consists of both outdoor experience with riding in solar cars and indoor classes consisting of experiments and a quiz.

In classes in fiscal 2014, students asked a lot of pure and sharp questions, such as “How do we increase the speed of a solar car?”, “What materials do you use to manufacture a solar panel?” and “Who established Nissin Electric?”

We hope that students who experienced these science classes become familiar with science and grow interested in natural energy.



A scene from an indoor science class

### Support for the Development of the Next Generation

#### We invite elementary school students to visit the plant

Each year, the Maebashi Works invites third graders from nearby Katsuyama Elementary School to visit the plant on a social studies field trip. In fiscal 2014, a total of 12 students made a tour of the plant and experienced artificial thunderbolt at the High Voltage Testing Laboratory. They appeared startled by the gigantic equipment and the loud peal of thunder. They also test-drove a solar car and had an opportunity to think about natural energy.



Elementary school students visiting the Maebashi Works

### Contribution to Local Communities **GLOBAL**

#### Cooperation with a charitable organization in Taiwan

A series of numbers are printed on shopping receipts in Taiwan, which may give you a huge sum of money in a drawing. To cooperate with the Genesis Social Welfare Foundation, a charitable organization that uses prize money to support to poor or the sick, Nissin-Allis Electric Co., Ltd. (NAC) has set up a collection box in a company cafeteria and has been sending collected receipts to the Foundation since 2006.



NAC employees holding the collection box



## Partner Trust

Striving to accommodate our business partners in a fair and honest manner, and recognizing that growing together with our business partners will help enhance customer value and our competitiveness

**Mr. Motoyuki Ando** (Front Left)  
President  
The Nissin Electric Cooperative Association

**Tadashi Takenaka** (Front Right)  
General Manager  
Procurement Department

**Mr. Hirofumi Muraki** (Rear Left)  
Vice President  
The Nissin Electric Cooperative Association

**Ms. Ayusa Toyama** (Rear Center)  
Secretariat  
The Nissin Electric Cooperative Association

**Mr. Tetsuji Inoue** (Rear Right)  
Vice President  
The Nissin Electric Cooperative Association



## Dialogue with Partners

# Bonds of trust with cooperative companies nurtured over long years

To deepen trust with processors and other cooperative companies as well as to improve ourselves by learning from others, we established the Nissin Electric Cooperative Association in 1951. Approved as a cooperative business association in 1964, the Association now has 30 member companies. The Association has been making proactive efforts toward the development of next-generation business managers, not to mention the enhancement of our technological capabilities.

In November 2014, the Association held a ceremony at Kyoto Brighton Hotel to mark its 50th anniversary. In the presence of the Vice-Governor of Kyoto Prefecture and the Mayor of Kyoto City, a total of 101 people attended the ceremony, including government officials and those from related organizations. After the ceremony, a banquet was held where Mr. Ryuho Sasaoka, the “iemoto” master of “Mibu-ryu Sasaoka” school of the art of flower arrangement, demonstrated his skills.

Participants in the event vowed anew to work together to improve themselves in order to support the foundations of industry and society through “monozukuri” manufacturing, committing themselves to the watchword of “linking the history of 50 years to the future.”



Mr. Sasaoka shows the art of flower arrangement expressing the “bond linking to the next generation” in a jinrikisha-shaped floral organ prepared by the youth group of the Nissin Electric Cooperative Association

## Communicating with Distributors

### Strengthening collaboration through detailed exchange of information

Our distributors represent an important partner who sells our products across every region of Japan. We hold nationwide meetings of our distributors in May each year where we brief them on our new technologies and product strategy, while also providing additional information on individual products. This nationwide meeting allows us to engage our distributors in detailed information exchanges and build relationships as a partner.



The 39<sup>th</sup> nationwide meeting of distributors

## Cooperation with Partners **GLOBAL**

### Mutually beneficial cooperative relationships

Nissin Electric is committed to building relationships that are beneficial to both us and our partners. For example, we introduced our group company in Vietnam to Tomizawa Tekko Co., Ltd., which cooperates in manufacturing parts for Nissin Electric products. With Tomizawa Tekko outsourcing some processing work to the group company, the arrangement made it possible for Tomizawa Tekko to reduce costs and for Nissin Electric to purchase higher-quality parts.



A scene from an on-site inspection of parts processed for a transformer



## Employee Mutual Trust

Using a cooperative framework with all the group's strength to ensure that employees, which support our growth and are our direct contact with society, can live a stable life and find purpose through their work



**Hideaki Obata**

(Center)  
President

**Yasuyo Inoue**

(Left)  
Chief, Customer Business Service Unit

**Masahiro Hitomi**

(Left-Center)  
Chief, Accelerator Division NHV Corporation

**Kaoru Taguchi**

(Right-Center)  
Chief Transformer Division

**Masayuki Neki**

(Right)  
Chief Solution System Division

### Enhancement of Communication

## The President and leading employees exchange views at the round-table

Since fiscal 2013, Nissin Electric regularly holds round-table meetings for an exchange of views between young employees in managerial positions or chiefs and the President and other executives on the future of the Nissin Electric Group.

In fiscal 2014, a total of 22 round-table meetings were held to discuss such themes as "Challenges for the achievement of the Vision 2015" and "the direction of the next medium-term business plan." The Vision 2015 itself was formulated after a dialogue consisting of over 50 meetings between the management and employees in the ranks of group chiefs and subsection chief. We hope that further discussions between the management and employees will help shed light on specific challenges we need to take on, helping us to share a consciousness of problems and make breakthroughs leading to the achievement of the medium-term business plan.

Going forward, we plan to broaden the scope of this dialogue to proactively take in the views and opinions of employees so that the management and on-site employees can get together in an effort to further improve our business structure.



The President and young employees in managerial positions engaged in discussions at a round-table meeting

### Promotion of Education/Research

#### Holding of a fellow lecture meeting

In November 2014, we held a meeting of lectures by fellows for Nissin Electric Group employees, with a total of 65 people attending. The lecturers addressed the liberalization of the electric power market and charged beam equipment and processing, and looked back into our history of core technologies and businesses, and discussed the future along with the participants.



A scene from a fellow lecture meeting

### Welfare Programs for Employees **GLOBAL**

#### Outings on employees' trips

Multiple Nissin Electric Group companies are organizing employees' trips for rewards and get-togethers. Nissin Electric (Thailand) Co., Ltd. (NET) fully paid for a two-day and one-night trip to Cha-Am, a sightseeing destination, for its employees. Employees gave a favorable review of the company trip, saying they were very satisfied with the trip staff. But some wanted food services improved.



A scene from a company trip organized by NET in October 2014



## Initiatives for Fair and Transparent Corporate Management

Committed to strict compliance with all laws and regulations as well as to enhanced corporate governance

### Corporate Governance Structure

#### Strengthening governance with audits

Nissin Electric is a company with a board of company auditors, and in June 2014, it elected an outside director on top of three outside auditors.

As the ultimate management decision-making body, the Board of Directors discusses and makes decisions on important matters, and supervises the execution of business operations. Working together with auditors and accounting auditors, the Internal Audit Department, which directly reports to the President, conducts internal audits on the entire Nissin Electric Group, including overseas units. We will make efforts to further improve corporate governance in line with the corporate governance code.

### Compliance

#### Establishing a promotion structure for compliance measures

The Compliance Committee, a company-wide cross-functional organization chaired by the President, and Area Compliance Managers (ACMs) from each workplace and domestic subsidiary work closely together to promote necessary measures for developing and strengthening systems. ACMs support the implementation of compliance measures in their respective areas and regularly check compliance with laws and corporate ethics to prevent violations before they occur. We are also proceeding with the review and development of relevant company regulations for overseas subsidiaries. The Nissin Electric Group received no penalties for any law violation in fiscal 2014.

#### Help Line Desk

In 2004, the Nissin Electric Group launched a Help Line Desk for employee comments and consultations regarding compliance issues in order to promote early detection and investigation as well as voluntary correction and resolution of compliance issues. Since 2007, we have strived to further augment this program by launching the Women's Help Line Desk staffed with dedicated female consultants, making it more approachable for female employees to seek consultation concerning harassment matters.

In fiscal 2014, we established the External Help Line Desk staffed by an external lawyer. The Nissin Electric Group will strive to further improve the consultation system by making it more accessible for any and all staff in the group.

#### Promotion of compliance training

We hold compliance training sessions every year in a bid to prevent any compliance violation.

In fiscal 2014, we held training sessions on "cartel regulations of the Antimonopoly Act" and "regulations concerning trade secrets (corporate secrets)" for employees at works, offices and subsidiaries across Japan, and on "regulations concerning trade secrets" for directors and operating officers. At "compliance meetings" for sales staff, in particular those covering the public sector, we explained about "cartel regulations" and "regulations concerning bribery of foreign government officials," and held discussions on sales activities, including regularly-held tender offers. These meetings provided insight in relevant issues through bi-directional communication.

### Risk Management

#### Making further enhancements to our risk management structure

We have the Risk Management Working Level Committee in place under the Risk Management Committee in order to establish a system for examining risk management and measures for the entire Nissin Electric Group, including business risk.

Given the basic policy stated by the Risk Management Committee, the Risk Management Working Level Committee ensures the validity of discussed matters.

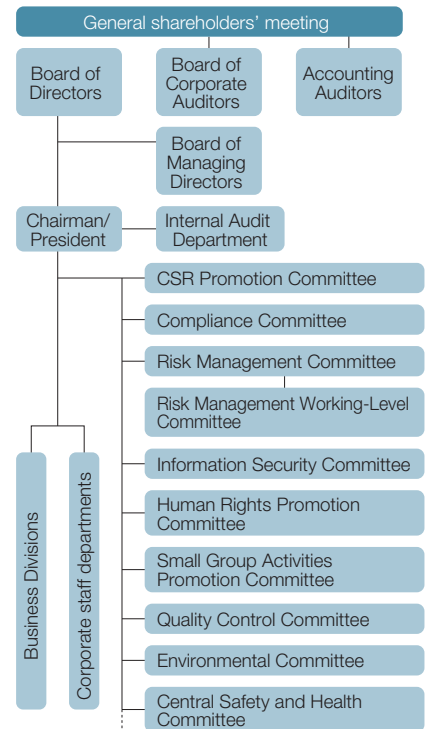
### Respect for Human Rights

#### Continuing to raise awareness and provide training

The company-wide and cross functional Human Rights Promotion Committee continually conducts human rights education and training aimed at the resolution of human rights issues.

In fiscal 2014, we conducted training sessions for newly appointed managers and new hires, as well as a training session for all employees focused on the Internet and human rights.

### Corporate Governance Structure



### Glossary

- Area Compliance Manager: A person from each workplace who is in charge of ensuring that sound compliance practices are followed. A division general manager or president of a subsidiary or affiliate is nominated for Area Compliance Manager.
- Cartel: An agreement reached between companies to set prices in order to secure profits while avoiding competition with one another. This not only damages the interests of consumers, but can also delay technological innovation and cause economic stagnation.



## Environmental Initiatives

Committed to reducing the environmental impacts of the entire Nissin Electric Group by developing environmentally conscious products and services and the utilization of the environmental management system

"Kogomi-Chan," the character for waste reduction in Kyoto City

**Mayumi Azeta**

Production Engineering Department



"Eco-Chan," the character for Kyoto City's "DO YOU KYOTO?" (Are you doing anything good for the environment?)

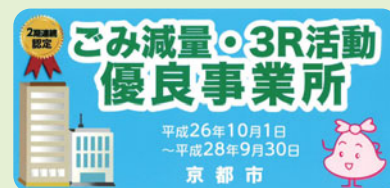
### External Assessment of Waste Reduction

## Recognized as "Works with Excellent Reduction 3Rs Initiatives" for the second consecutive term

Kyoto City's "Works with Excellent Reduction 3Rs Initiatives" system, established in 2012, is designed to commend proactive efforts toward waste recycling and reducing office waste.

Nissin Electric has been managing garbage bags discarded by each business section using barcode labels and disclosing data on amounts of waste and waste segregation mistakes across the company since 1999. We also post classified waste lists and prepare teaching materials on waste segregation for the thorough disposal of segregated waste, achieving a recycling rate of 99.6% for non-industrial waste. We have received Kyoto City's recognition for the second consecutive term for our efforts to reduce waste generation and adequate disposal of waste generated.

In a ceremony held in October 2014, we received a certificate and a sticker. We display the certificate at the reception desk of the head office and the sticker at the front gate in a bid to further enhance employee awareness about waste reduction and recycling.



The "Works with Excellent Reduction 3Rs Initiatives" sticker

### Recognition of Life Cycle Assessment Life Cycle Assessment Society of Japan (JLCA) Award

In January 2015, the Nissin Electric Group received the Incentive award at the 11th Life Cycle Assessment Society of Japan (JLCA) Award. The JLCA Award scheme commends companies making efforts to reduce environmental loads throughout the entire life cycle of products. We received the Incentive award in recognition of the development of the easy method to assess global warming.



The award certificate and the shield of the 11th Life Cycle Assessment Society of Japan (JLCA) Award

### Response to Institution to Plan Reduction of CO<sub>2</sub> Emissions from Employers

#### Recognized as the sole excellent business in the industrial division

In December 2014, Kyoto City held an awards ceremony for the Institution to Plan Reduction of CO<sub>2</sub> Emissions from Employers, and Nissin Electric was commended as the sole excellent business in the industrial division. The award is presented to companies that carried out excellent efforts that can serve as a model for others in reducing greenhouse gas emissions under the Kyoto City Code of Global Warming Countermeasure.



Honored as the excellent business by Kyoto City

### Glossary

- Life cycle assessment:  
A method of objectively and quantitatively evaluating and measuring environmental impacts through every stage of a product, from resource extraction to manufacture and final disposal.



## Reducing Greenhouse Gases

# Reduced greenhouse gas emissions by about one-third through energy recovery systems and “visualization” mechanisms

Nissin Electric has taken a variety of initiatives toward achieving greenhouse gas emission reduction targets, and is reporting on the status of efforts in each fiscal year to Kyoto City under the Kyoto City Code of Global Warming Countermeasure.

In the Kyoto region, we introduced energy recovery systems in fiscal 2012 to recover consumed electricity that had been emitted as thermal energy from testing equipment that consume a large quantity of power. Furthermore, by proceeding with “visualization” using energy management systems, we were able to reduce the average greenhouse gas emissions for fiscal 2011-2013 by approximately 35% from the average for fiscal 2008-2010.

In February 2014, Kyoto city officials visited us to observe our efforts which led to substantial reductions in greenhouse gas emissions, and the city uploaded the Nissin Electric case on its website as an example of excellent effort.



Testing equipment that introduced the energy recovery system

## Spread of Environmentally Conscious Products

### Calculating indirect greenhouse gas emissions

Since fiscal 2013, we have been calculating indirect greenhouse gas emissions by Nissin Electric Group subsidiaries in Japan in accordance with the national government’s Basic Guidelines on Calculating Greenhouse Gas Emissions in the Supply Chain Ver. 2.0.

Since our products emit a large amount of greenhouse gases when they are used, we are developing energy-saving products and are striving toward the spread of products with less greenhouse gas emissions.

### Newly select “super eco-products”

“Environmental labels,” used as a means to indicate environmental information on products, are broadly divided into three types. One of them, “Type II Environmental Label,” is the label that companies attach to their products which they claim are environmental friendly.

Nissin Electric has used the “Type II Environmental Label” for “eco-products,” which can reduce the amount of greenhouse gas emissions in their life cycles by at least 20% from the fiscal 2000 levels, and meet at least one of the environmentally conscious items, such as being compact or hazardous material free.

In fiscal 2014, we newly defined products with a reduction rate of 50% or over in greenhouse gas emissions from the fiscal 2000 level as “super eco-products,” and recognized eight products in this category. We are shipping these products with the “super eco-products” label affixed.

Going forward, we will continue to focus our efforts on the development of environmentally-friendly products.

#### <Super Eco-Products>

##### Relay products

##### D1U automatic voltage regulating relay



The automatic voltage regulating relay maintains voltage supply to load systems constantly, and adjusts voltage within a certain range by sending instructions to transformers when voltage fluctuates. With the use of digital internal circuits, the relay substantially reduced power consumption in use.

#### <Eco-Products>

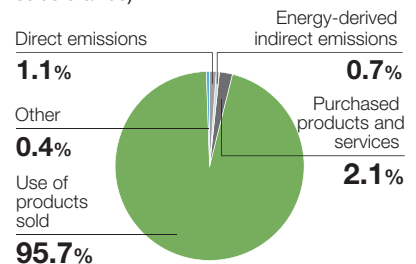
##### Switchgear

##### 7.2kV compact switchgear



Switchgear distributes electricity received from electric power companies to various locations, which is also equipped with the supervisory control function to maintain high safety. We were able to reduce greenhouse gas emissions during the life cycle of this switchgear by slimming it down.

■ CO<sub>2</sub> Emissions in the Entire Supply Chain  
Total: 1.66 million t-CO<sub>2</sub>  
(fiscal 2014; Nissin Electric and domestic subsidiaries)



The label for “super eco-products”



## Environmental Policy

In accordance with our ISO14001-compliant environmental management system, we will strive to continually reduce our environmental impacts and improve our systems as well as prevent environmental pollution. We will assess the impact that all of our business activities have on the environment, stipulate environmental objectives and targets, and regularly revise these objectives and targets. We will comply with all environmental laws, regulations, agreements and other accepted requirements, as well as manage our compliance with each using a voluntary set of standards.

We will prioritize the next activities that aim to reduce environmental impacts.

### 1. Create Environmentally Conscious Products

Develop products that are considerate of the environment throughout their entire life cycle, from product design to usage and disposal.

### 2. Mitigation of Climate Change

#### (1) Energy Conservation

Reduce energy usage and CO<sub>2</sub> emissions through energy conservation activities.

#### (2) Control SF<sub>6</sub> Emissions into the Atmosphere

Control the emission of electrical insulating gas (SF<sub>6</sub>) into the atmosphere. (Recovering a majority of SF<sub>6</sub> will have a greater effect on CO<sub>2</sub> reduction owing to equipment downsizing.)

### 3. Discharge Limitation

#### (1) Resource Conservation and Recycling

Promote conservation of resources as well as the reduction and recycling of waste for effective use of resources.

#### (2) Prevent Environmental Pollution

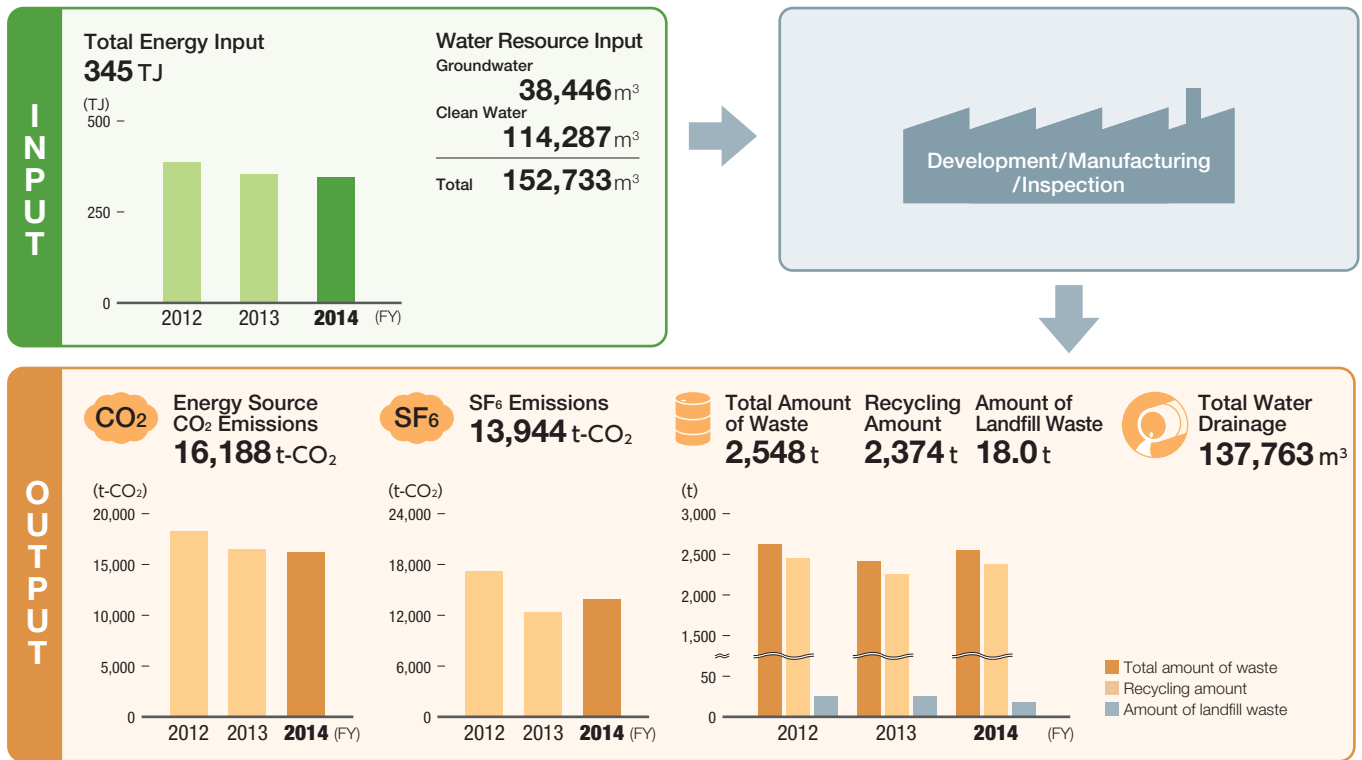
Prevent environmental pollution due to emission and leakage of volatile organic compounds (VOCs), effluent, oil, and chemical substances.

## Targets and Results

Target of Environmental Policy	Fiscal 2015	
	Mid- to Long-Term Environmental Target	Environmental Target for Fiscal Year
1. Create environmentally conscious products	Contribute to reduction in greenhouse gas emissions for society through products and services (amount of indirect emissions) ● 1% reduction in CO <sub>2</sub> emissions compared to fiscal 2014	● Reduce greenhouse gas emissions from products and services Reduce by 20% from fiscal 2000
	Maintain the green procurement structure	Maintain the green procurement structure
2. Mitigation of climate change. (Energy conservation)	Reduce greenhouse gas emissions from business activities (amount of direct emissions) ● 1% reduction in CO <sub>2</sub> emissions per unit of production compared to fiscal 2014.	Reduce greenhouse gas emissions from business activities (amount of direct emissions) ● 5% reduction in energy-derived CO <sub>2</sub> emissions compared to fiscal 2010
3. Mitigation of climate change. (Control SF <sub>6</sub> emissions into the atmosphere)	Reduce greenhouse gas emissions from business activities (amount of direct emissions) ● Keep ratio of SF <sub>6</sub> gas airborne emissions at 2.0% or below	Reduce greenhouse gas emissions from business activities (amount of direct emissions) ● Keep ratio of SF <sub>6</sub> gas airborne emissions at 2.0% or below
4. Discharge limitation (Resources conservation and Recycling)	Reduce volume of waste to total production by 5% compared to fiscal 2010	Reduce volume of waste to total production by 4% compared to fiscal 2010
	Keep ratio of land filled waste at less than 1.0%	Keep ratio of land filled waste at less than 1.0%
5. Discharge limitation (Prevent environmental pollution)	Reduce emissions of volatile organic compounds (VOC) into the atmosphere ● Maintain the fiscal 2014 level	Implement measures for 5% reduction compared to fiscal 2010
	Reduce the volume of water use by 1% from the fiscal 2014 level	Reduce the volume of water use by 4% from the fiscal 2010 level
6. Environmental preservation in general	Implement planting to maintain biodiversity	Select planting to preserve biodiversity
	Use FSC® –certified paper for printed material	Use FSC® –certified paper for printed material

\* In addition to the above, we have set the "reduction of the consumption of energy and water resources by 2.5% from the fiscal 2010 level at major overseas plants" as the fiscal 2015 medium-to-long-term environmental target. The results are posted on our website in Japanese only.

## INPUT-OUTPUT (FY2014)



### Fiscal 2014

Results	Evaluation	Example of Activities
<ul style="list-style-type: none"> <li>Reduced greenhouse gas emissions from products and services Reduced by 29% from fiscal 2000 (product energy efficiency, reduced product weight, and prepared public relations materials, etc.)</li> </ul>	○	<ul style="list-style-type: none"> <li>Manufactured high efficiency products</li> <li>Assessed capacitors impregnated with biodegradable insulating oil</li> <li>Expanded the number of products obtaining environmental labels</li> <li>Carried out sales activities for environmental products</li> <li>Carried out "Environmental" dialogue activities</li> </ul>
Maintained the green procurement structure	○	<ul style="list-style-type: none"> <li>Supported green procurement suppliers</li> </ul>
Reduced energy-derived CO <sub>2</sub> emissions by 26% compared to fiscal 2010	○	<ul style="list-style-type: none"> <li>Improved average fuel economy of company vehicles</li> <li>Turned off non-essential lighting</li> <li>Strictly managed temperature of heating and cooling</li> <li>Achieved environmentally-conscious driving practices (turn off engine when stopped and prevented sudden starts and acceleration)</li> <li>Reduced the number of times employees used automobiles to travel somewhere on company business</li> </ul>
Ratio of SF <sub>6</sub> gas airborne emissions was 1.5%	○	<ul style="list-style-type: none"> <li>Reviewed the set value for negative pressure recovery through introduction of new equipment</li> <li>Inspected and maintained recovery equipment</li> </ul>
Reduced volume of waste to total production by 4% compared to fiscal 2010	○	<ul style="list-style-type: none"> <li>Thoroughly reduced resin waste</li> <li>Effectively utilized cardboard boxes and cushioning materials</li> <li>Carried out activities to improve yields of steel plates</li> </ul>
Ratio of land filled waste was 0.7%	○	<ul style="list-style-type: none"> <li>Thoroughly sorted</li> <li>Optimized use of materials</li> </ul>
Reduced emissions of volatile organic compounds (VOC) into the atmosphere by 42% from fiscal 2010	○	<ul style="list-style-type: none"> <li>Realized proper thickness of coating film</li> <li>Reduced the use of isopropanol</li> </ul>
Reduced the volume of water use by 35% from the fiscal 2010 level	○	<ul style="list-style-type: none"> <li>Renewed the buried piping</li> </ul>
Selected planting friendly to the area's environment	○	<ul style="list-style-type: none"> <li>Participated in Kyoto City's biodiversity project</li> </ul>
Used FSC –certified paper for printed material	○	<ul style="list-style-type: none"> <li>Used FSC-certified paper for NISSIN REPORT, etc.</li> </ul>

environmental target.

○...Target achieved    △...Target not achieved (improved since previous year)    ▲...Target not achieved (declined since previous year)



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## Sekison-tei

Sekison-tei was the beloved residence of noted writer Junichiro Tanizaki, which was initially known as Senkan-tei. The almost century old compound faces the Tadasu no Mori Forest of the Shimogamo Shrine World Heritage Site, and its Sukiya-style building and pond with surrounding path made it a favorite of Tanizaki's.

When the Nissin Electric Group, bound by fate, took over the residence in 1956, Tanizaki renamed it "Sekison-tei." For over a half century until now, Nissin has kept its promise with Tanizaki to maintain the residence in the same condition as he left it, because he wanted to see it on his visits to Kyoto. In fiscal 2014, we undertook a major repair of the residence, including laying new tiles on the aging roof of the main house.

Sekison-tei is an invaluable asset, and proof that Nissin Electric Group puts its Code of Conduct of "Integrity, Trust and Long-term Relationships" into practice.

