Sekison-tei

Sekison-tei was the beloved villa of a great 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 stroll style garden with pond made it a favorite of Tanizaki. He passed over the residence to Nissin in 1956 when he left Kyoto. At that time, he requested that the villa be maintained in the same condition since he wanted to see it on his visits to Kyoto. The name Sekison-tei was given by Tanizaki, and a framed calligraphy piece written by Tanizaki bearing this name hangs in the main house.

The Nissin Electric Group continues to conserve Sekison-tei in the same condition as Tanizaki handed it over some 57 years ago as a symbol of its code of conduct “Integrity, Trust and Long-term Relationships.”
Sharing our commitment to fulfill our role as a contributing member of society to stakeholders

Starting this year, Nissin Electric will begin publishing the Nissin Report, which combines our company profile and sustainability report into a single concise report.

Our company profile has traditionally been used to introduce the Nissin Electric Group by showing the types of products we manufacture. Whereas, our sustainability report highlighted not only our business activities, but also our community fellowship activities to emphasize our connections with society. While the company profile did provide an overview of our products and businesses, I could not help but feel that the content lacked a certain degree of warmth. The sustainability report conveyed to readers not only our business activities, but also the achievements we made through our business activities as a contributing member of society, as well as any areas where we were unable to achieve our targets. In this regard, I feel that the sustainability report provides the human aspects of our commitments and trial and error approaches.

Whenever I meet with a new company I always read their company profile, but now that I think about it, their sustainability report may have enabled me to better understand that particular company because it provides a more human touch to presenting its culture, character, and background.

With this in mind, we believe that combining the company profile with the sustainability report will help us to more accurately convey our businesses, culture, and personality to our stakeholders, which served as the impetus behind the decision to publish only the Nissin Report from now on.

Through this new integrated Nissin Report, we hope to present an overview of our business activities and products as well as our commitment to fulfill our role as a contributing member of society. I also hope that you read about our challenges and struggles as well, so that you can gain a better understanding of our vision for the future, stance, and business activities in a more approachable manner.

I conclude my message for this first-ever Nissin Report by humbly asking for your continued support and patronage of the Nissin Electric Group as we move forward.

June 2013

Hideaki Obata, President
Aspiring for greater growth as a multinational company that supports society and industry

Company Outline (as of March 31, 2013)

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Nissin Electric Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporated</td>
<td>April 11, 1917</td>
</tr>
<tr>
<td>Stated Capital</td>
<td>10,252,840,000 yen</td>
</tr>
<tr>
<td>Employees</td>
<td>4,971 (Consolidated)</td>
</tr>
<tr>
<td>Issued Shares</td>
<td>107,832,446 shares</td>
</tr>
<tr>
<td>Stock Code</td>
<td>6641 (First Section of the Tokyo Stock Exchange)</td>
</tr>
<tr>
<td>Operations</td>
<td>Manufacture and sales of electrical equipment and instruments as well as ancillary construction works</td>
</tr>
<tr>
<td>Corporate Logo</td>
<td>(A unified corporate logo for all Nissin Electric Group companies)</td>
</tr>
</tbody>
</table>

History

1910: Founded as Nissin Kogyo.
1917: Incorporated as Nissin Electric Co., Ltd.
1937: Began cooperation with Sumitomo Electric Industries, Ltd.
1946: Took over the capacitor production business of Sumitomo Electric Industries, Ltd.
1968: Built the Maebashi works.
2003: NHV Corporation, took over the business of Nissin High Voltage.
2005: Nippon IT Inc., an affiliated company conducting thin-film coating services, became a subsidiary of Nissin.
2006: Established Nissin Ion Implantation Equipment Co., Ltd., and began the manufacture, installation, and servicing of ion implanters.
2009: Established Nissin Advanced Coating (Dongguan) Co., Ltd.
2010: Established Nissin Ion Engineering USA, Inc.
2011: Established Nissin High Voltage.
2013: Established Arteche Nissin, Sociedad Limitada in Spain.

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 exhaust 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.

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 CO2 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.

Company Data and Management Policy

Company that supports society and industry

Aspiring for greater growth as a multinational company

Company Name: Nissin Electric Co., Ltd.
Incorporated: April 11, 1917
Stated Capital: 10,252,840,000 yen
Employees: 4,971 (Consolidated)
Issued Shares: 107,832,446 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
Corporate Logo: (A unified corporate logo for all Nissin Electric Group companies)
Delivering Satisfaction to Customers through Optimized and Localized Production and Sales Structures

Manufacturing Sites in Japan

<table>
<thead>
<tr>
<th>Site Name</th>
<th>Location</th>
<th>Major Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office &amp; Works</td>
<td>Ukyo-ku, Kyoto</td>
<td>Switchgears, transformers, capacitor, power conditioners for photovoltaic systems, photovoltaic systems, reactors, voltage dip compensators, supervisory control systems, vehicle recognition system, electron-beam processing systems, electron-beam processing services, and thin-film coating services</td>
</tr>
<tr>
<td>Kuze Works</td>
<td>Minami-ku, Kyoto</td>
<td>Gas insulated switchgears, circuit breakers, instrument transformers, voltage transformers, current transformers, combined instrument transformers, etc., electron-beam processing services, and thin-film coating services</td>
</tr>
<tr>
<td>Kujo Works</td>
<td>Minami-ku, Kyoto</td>
<td>Switchgears and power conditioners for photovoltaic systems</td>
</tr>
<tr>
<td>Maebashi Works</td>
<td>Maebashi City, Gunma</td>
<td>Major products: Ion implanters for semiconductors and ion implanters for Flat Panel Displays (FPDs)</td>
</tr>
</tbody>
</table>

Service Sites

We have established an extensive field service network staffed with expert after-sales service personnel in order to determine the needs of our customers and provide the best solutions. This network spans from Hokkaido in the north to Okinawa in the south, covering every region in Japan. Engineers from our core Kyoto, Maebashi, and Tokyo sites as well as partners from each region also closely work together to ensure an immediate response if any problem were to occur in one of our products.

List of Group Companies

Overseas

- Nissin Electric (Thailand) Co., Ltd.
- Nissin Ion Equipment Co., Ltd. Singapore Branch
- Nissin Ion Equipment Co., Ltd.
- Nissin Advanced Technology (Dongguan) Co., Ltd.
- Nissin Hengtong Electric Co., Ltd.
- Nissin Advanced Coating (Shenzen) Co., Ltd.
- yiling Hongfa Nissin Electric Co., Ltd.
- Nissin Advanced Coating (Tianjin) Co., Ltd.
- Nissin Ion Hightech (Yangzhou) Co., Ltd.
- Nissin Electric (Mae) Co., Ltd.
- Nissin Electric (Wuxi) Co., Ltd.
- Nissin Allis Ion Equipment (Shanghai) Co., Ltd.
- NHV Accelerator Technologies Shanghai
- Nissin Advanced Technology Co., Ltd.
- Nissin Business Promote Co., Ltd.
- Nissin TIP Co., Ltd.
- Nissin Denki Shouji Co., Ltd.
- Nissin Pulse Electronics Co., Ltd.

Japan

- NHV Corporation
- Nissin Ion Equipment Co., Ltd.
- Nissin Systems Co., Ltd.
- Nissin Business Promote Co., Ltd.
- Nissin TIP Inc.
- Nissin Denki (Shou) Co., Ltd.
- Nissin Advanced Coating Inds Co., Ltd.
- Nissin Advanced Coating Inds Co., Ltd.
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- Nissin Advanced Coating Inds Co., Ltd.
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 almost 100-year history.

### Power System Equipment
- **Ultrahigh Voltage Substation**
- **Primary Substation**
- **66kV Oil Filled Transformer**
- **77kV Gas Insulated Transformer**
- **Ultrahigh Voltage Substation Primary Substation Equipment**
- **Shunt Reactor**
- **Power Capacitor**
- **Voltage Dip Compensator**

### Charged Beam Equipment and Processing
- **Ion Implanter for FPD**
- **Ion Implanter for Semiconductors**
- **Electron-beam Processing System**
- **Thin-film Coating Equipment**

### Renewable Energy and Environment
- **Renewable energy Islanding Phenomenon Detection System**
- **Photovoltaic System**
- **Power Conditioner for Photovoltaic System**
- **Power Conditioning System for Photovoltaic System**

### Life Cycle Engineering
- **Life Cycle Engineering of Ultrahigh Voltage Substation Primary Substation Equipment**
- **Supervisory Control System for Waterworks**
- **Supervisory Control System for Expressways**
- **Vehicle Recognition System**

### Businesses and Products
- **Home Energy Management System**
- **Office Building**
- **Expressway**
- **Automobile**
- **Thin-film Coating Service**

Pursuing safety, stability, and efficiency as a leader in the electrical infrastructure supporting industry and society.
Ensuring safe and efficient supply of electricity

**Segment Overview**

Making contributions to society by ensuring a stable supply of electricity

This business segment focuses mainly on substation facilities which convert power voltage to a level suitable for equipment. The equipment monitors and controls the voltage level to ensure safe and efficient electric energy supply from a power station. Our 66/77kV Gas Insulated Switchgear, which enjoys a large share of the domestic market, demonstrates unparalleled compactness thanks to Nissin Electric’s unique high-voltage technology. Power capacitors designed for use by electric companies have been dominating an almost 100% domestic market share recently, for which our company is called “Nissin for Power Capacitors.”

We have also established a production site in China and built up a solid track record in the country. Going forward, we will expand our business footprint in the ASEAN region, which is expected to see further economic growth and an influx of Japanese companies, and contribute to the development of local industry in the process.

Maximizing space in substations and reducing energy usage during the manufacturing stage

Gas insulated switchgears switch power sources at substations and break circuit in the event of an accident or emergency. By using sulfur hexafluoride (SF6) gas as an insulator, we are able to enclose high-voltage power equipment in compact and airtight cases, reducing the overall size of this power system equipment. Smaller equipment means that it can now be installed in limited spaces, which not only meets the needs of our customers, but also reduces the amount of materials and energy used during the manufacturing process. In turn, this also reduces CO2 emissions.

Charged Beam Equipment and Processing

**Segment Overview**

Strengthening global product supply capabilities

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: various types of equipment used for manufacturing semi-conductors and flat panel displays, 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.

In fiscal 2012, we commenced operations at new manufacturing sites built in China for electron-beam processing systems and for ion implanters for semiconductors and for Flat Panel Displays (FPDs). Going forward, this segment will focus on delivering a wider range of services to customers in China and the ASEAN region as well as on the development of new thin-film coating applications.

**World’s first equipment compliant with sixth generation glass substrates (1,500mm x 1,800mm)**

Our ion implanter for small/medium high-definition Flat Panel Displays (FPDs) is a critical piece of manufacturing equipment for small/medium high-definition displays used in smartphones and other high-end mobile devices. The electrical properties of semiconductor devices and FPDs are brought to life after a mixture of gases including phosphorous and boron is transformed into plasma, from which ion beams are extracted and accelerated using direct-current voltage and then injected into a wafer or glass substrate under careful control.

**Segment Overview**

Power System Equipment

- **Capacitor Voltage Transformer (CVT)**
- **Power Capacitor**
- **Shunt Reactor**

Instrument Transformers are installed to accurately convert high voltage and large currents into the applicable voltage and current for electric instruments or relays. Power capacitors are placed in parallel with leads for power factor correction or voltage regulations in power transmission and distribution systems. Power capacitors help to promote the effective use of energy by improving the quality and reliability of power systems. Shunt reactors are a type of phase modifying equipment that functions in the exact opposite as a power capacitor, consuming phase advancing reactive power. Shunt reactors also help to promote the effective use of energy by improving quality and reliability of power systems.

**Charged Beam Equipment and Processing**

- **Ion Implanter for Semiconductor**
- **Electron-Beam Processing System**
- **Thin-film Coating Service**

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. 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.

Thin-film coating services significantly improves the life and performance of machine tools, metallic molds, and various machinery parts by providing superior surface smoothness, high temperature endurance, and wear resistance. These services are helping industry in a variety of ways, including extending product life, and helping to reduce the use of materials.
Coping with global social needs

Contributing to the greater popularization of photovoltaic systems

This business segment addresses social needs identified on a global scale, such as use of renewable energy sources, subsequent need for more stable electric power systems, electricity infrastructure improvement and shortage of water resources. In the renewable energy business, we provide power conditioners and photovoltaic generation systems, 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 energy management system (EMS) related products for water treatment facilities.

In fiscal 2012, we expanded our lineup of photovoltaic system products, centered on power conditions, given rising awareness toward renewable energy solutions. Going forward, we will continue to expand the number of products we offer not only to Japan, but also to markets around the world.

Leading conversion efficiency in power conditioners for photovoltaic systems

A power conditioner converts direct current electricity produced from a photovoltaic system into alternating current electricity.

Our SOLARPACK power conditioner, which achieved a conversion efficiency of greater than 95% (including gas insulated transformer), can reduce conversion loss and maximize the use of generated electricity. Using a parallel running system, our power conditioners can also be used in large, megawatt-class photovoltaic arrays as well.

Providing support at every stage of the equipment life cycle for customers

Supporting customer facilities in a host of stages

Over the entire life cycle of Nissin Electric Group products delivered to our customers, we provide comprehensive support services, including installation, adjustment, inspection and maintenance. Our product life cycle management solutions include product life assessment by inspecting the equipment and analyzing measurement data, product life cycle extension by monitoring operational status and taking necessary measures, and management of operations.

We focus on inspections and repair work for aging equipment to help customers ensure safe operations by prolonging service life, and also propose rational replacement schedules. Going forward, we will seek to expand our life cycle engineering business and further enhance customer satisfaction by developing new services.

Prolonging service life and proposing repair and replacement schedules through facility inspections

We propose the best ways to prolong the service life of equipment as well as repair and replacement schedules after carefully checking the conditions of substation equipment currently in use, and for any abnormalities.

We provide services under four fundamental principles: (1) always give priority to safety and quality; (2) earn customer trust and peace of mind; (3) act as a sound life cycle consultant; and (4) develop and grow together with the customer.

We perform regularly scheduled maintenance to ensure that our customers can use their equipment safely for extended periods of time. This maintenance is conducted based on when the equipment was first manufactured and include checking for abnormalities, cleaning, and part changes.
Japan has been plagued with chronic power shortages following the Great East Japan Earthquake, and this experience is heightening demand for the utilization of renewable energy, electricity conservation, and solutions for avoiding risks associated with power outages.

In order to satisfy these needs, the Nissin Electric Group has developed a Smart Power Supply Systems (SPSS) that simultaneously balances electricity conservation with a stable power supply for customers with extra-high-voltage power system equipment. Today, verification is currently taking place at our head office and Maebashi works aimed at the eventual commercialization of this solution.

The key to achieving the SPSS solution lies in the visualization and control of electricity usage through an Energy Management System (EMS). An EMS is a system that controls and optimizes energy usage in buildings and factories using information communication technology. The Nissin Electric Group not only aims to optimize electricity use, but also to visualize the aging conditions of equipment, and to reduce risks associated with power outages through the use of power equipment monitoring technologies.

**Conserving energy with an optimum mix of power sources**

One of the features of SPSS is that it provides an optimum mix of power sources. Power can be used more efficiently by controlling the mix of power sources, including grid power provided by power companies, and the power generated by a customer’s own systems. Equipment owned by customers may include a photovoltaic system which generates power during the day time, a privately-owned generator, or power storage unit for emergencies. Our aim is to create the most optimum mix of power sources to conserve energy as well as supply power during a power outage.

**Preventing power outages through monitoring and inspecting power equipment**

Equipment status monitoring is another unique feature of SPSS. With factories and buildings becoming more computerized in recent years, wherever a problem occurs with power equipment, it could lead to suspended factory production or impact social activities. The deterioration of power equipment that has been in use over a long period of time increases the risk for sudden accidents or failures to occur. Through the use of our proprietary monitoring technology, the Nissin Electric Group’s SPSS aims to prevent power outages due to accidents, as well as help customers formulate their Business Continuity Plan (BCP).

**SPSS verification currently underway in-house**

The EMS essential for our SPSS solution is made possible with equipment that generates, stores, and conserves energy by utilizing our strengths in system technologies and power quality enhancement technologies. We are currently conducting verification for the SPSS solution by connecting this equipment with our on-site systems.

We installed a 110kW photovoltaic system at the company head office and began the visualization of electric power load using our own EMS in fiscal 2011. In fiscal 2012, we began collecting information on the status of power equipment deterioration through the installation of a supervisory system for factory power equipment. Furthermore, a 550kW photovoltaic system was installed at the Maebashi works. In fiscal 2013, we plan on starting the verification of operations using an optimum mix of power sources with a cogeneration system, and battery energy storage system installed at the Maebashi works.

We hope to compile examples following the verification process, and eventually provide new value to our customers who receive power through extra-high voltage by enabling them to achieve a balance between stable power supply and energy conservation.

**SPSS developed by combining our proprietary monitoring technology with visualization and control of electricity usage through an EMS**

Pursuing a systematic approach to CSR activities with a focus on the autonomous involvement of each and every employee

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.

Five Trusts

- Customer Trust
- Shareholder Trust
- Partner Trust
- Societal Trust
- Employee Mutual Trust

Domains of CSR Activities

- Trust
- Corporate Management
- The Environment

The Nissin Electric Group’s Basic Policies for CSR Activities


(2) Empower each and every employee to get involved willingly and steadily in CSR activities, based on the approach above.

Domains of CSR Activities

- Customer Trust
- Shareholder Trust
- Partner Trust
- Societal Trust
- Employee Mutual Trust

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

Responsibilities

- Customer Trust
- Shareholder Trust
- Partner Trust
- Societal Trust
- Employee Mutual Trust

The Environment

- Corporate Principles
- Five Trusts

CSR Activities

- Domains of CSR Activities
- Trust
- Corporate Management
- The Environment

Environmental Initiatives

- Develop and supply environmentally conscious products
- Implement activities to reduce carbon footprint
- Support environmental protection activities

- Implement green procurement
- Support the activities of the Kyoto Model Forest Association

Corporate Management

- Corporate Principles
- Five Trusts

Trust

- Promote co-existence and co-prosperity
- Proactive information disclosure

The Environment

- Support development of the next generation
- Support sports and cultural activities

The Environment

- Sound compliance practices
- Sound risk management practices
- Sound information security measures

The Environment

- Disclosed information in line with Medium-to-Long-term Business Plan “VISION 2015” and published a fact book on the corporate website

Governance

- Sound governance practices
- Sound risk management practices
- Sound information security measures

Governance

- Disclosed information in line with Medium-to-Long-term Business Plan “VISION 2015” and published a fact book on the corporate website

Glossary

- Area Compliance Manager: A person from each workplace who is in charge of ensuring sound compliance practices are followed.
- Business Continuity Plan (BCP): A plan for ensuring the continuity and quick restoration of business operations during an emergency.
Life Cycle Engineering

Delivering a trusted support system that includes onsite testing after delivery and maintenance inspections

Photovoltaic systems are garnering much attention as interest grows in renewable energy solutions. In addition, there has been a significant increase in the number of systems being built since Japan began its feed-in tariff program in July 2012.

The Nissin Electric Group has augmented its production system, and is shipping more and more products to accommodate the sharp increase in demand for power conditioners that form the heart of any photovoltaic system. After the installment of our power conditioners, our testing engineers check to see if the product meets its design specifications and set up various settings including protective functions before the final handover is made to the customer.

The Nissin Electric Group also provides an extensive offering of inspections for photovoltaic systems after they are fully operational. Based on this, we propose improvements to quality through Kaizen activities and regularly scheduled maintenance inspections for our customers. We have also established a nationwide service network (see page 5) to respond to unexpected troubles.

Optimizing our diverse workforce

WING-NET – a network for female employees led by female employees

In 2008, we established WING-NET based on a suggestion from female employees. Since less than 20% of our workforce is female, we felt it was important to establish a network where our female employees could engage one another regardless of workplace or job area. Today, we plan and hold WING-NET networking events at five locations across Japan. In fiscal 2012, the number of members increased from 18 to 22, and we organized lectures by female role models, received feedback about the workplace environment, and held various workshops on our products. Members have noted that all of the activities were very worthwhile, even though they involved a great deal of effort. This has created a positive cycle where members are constantly looking forward to the next activity to organize.

GLOBAL

Enhancing customers satisfaction

Providing products and services that meet Japan’s rigorous quality requirements at all of our production sites

We actively train employees and make further improvements to quality through Kaizen activities at our overseas subsidiaries in order to ensure that all of our production sites maintain the same rigorous quality requirements as in Japan. Our goal is to deliver satisfaction, peace of mind, and reliability to our customers through our products and after-sales services.

Customer engagement

Toll free 24-hour emergency hotline for customers

We accept enquiries from our customers on any of our products over a dedicated toll free 24-hour hotline. In fiscal 2012, we set up a special team to handle a broader scope of technical enquiries following a sharp increase in our shipments of power conditioners for photovoltaic systems.

Work-life balance

Acquired right to use the next-generation Kurumin certification mark

We actively help our employees to balance their professional and family lives to achieve the optimal work-life balance. In recognition of these efforts, Nissin Electric has been certified by the Ministry of Health, Labour and Welfare in August 2012 as a business that helps its employees balance work and family lives, after having met the requirements under the Act for Measures to Support the Development of the Next Generation.

Glossary

• Testing engineer: A worker that travels to a customer’s site to check to see if an installed product is working correctly according to the customer’s specifications.
Expanding internationally and prospering together

As markets become more global, we now look at Japanese and overseas procurement as one and the same thing, and are building ongoing mutual trust with our business partners by expanding together and prospering together internationally.

Our subsidiaries in Thailand and Vietnam focus on the contract fabrication of metal components mainly ordered by Japanese companies. We help our business partners by expanding together and prospering together internationally.

A partnership more than 60 years in the making

Since its humble beginnings in 1951 during Japan’s post-war reconstruction, the Nissin Electric Cooperative Association has grown into Japan’s post-war reconstruction, the Nissin Electric Cooperative Association has grown into a group of companies with technologies that can fully satisfy the diverse needs of our customers today. Going forward, we stand committed to further refining our mutual relationship of trust.

Building trust with business partners

Glossary

• CSR Procurement/Green Procurement: A method of giving priority to the procurement of products and services that have less of an impact on the environment or that are free of or use less hazardous substances.

Relationship of trust with the Nissin Electric Cooperative Association

CSR Procurement/ Green Procurement

Collaboration in the supply chain

We are working to fulfill our responsibilities to society and help protect the environment in all of our business activities, from materials procurement to manufacturing and sales. Our business partners participate in briefings on our policies and also complete surveys on specific indicators.

Building trust with business partners

Dividend policy

Returning profits to shareholders using a stable and appropriate dividend

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

Pertinent information disclosure

We are publishing “FACT BOOK” on our corporate website

We began publishing Fact Book about Nissin Electric on our corporate website in May 2012. This Fact Book contains a summary of financial and earnings results of the past few years. It conveys information about the company to a wider audience in a more accurate and prompt manner, which is beneficial to making an informed investment decision.

Promoting direct engagement with shareholders

Nissin Electric considers general shareholders’ meetings as an ideal platform for direct engagement with its shareholders, and has implemented a variety of measures geared toward these meetings to ensure that shareholders can better understand the Nissin Electric Group. First, we schedule our general shareholders’ meetings to avoid dates when many other companies hold their meetings to ensure more of our shareholders can attend. We also use a large screen, and present our earnings and management policy in an easy-to-understand format. At our June 2012 general shareholders’ meeting, we changed the layout of the venue to provide more space for shareholders to sit, added LCD monitors on each side of the venue and small screens in the back to complement the large screen at front to make the presentations easier to see. Since our shareholders’ meetings are held at our head office and works, we decided to offer a plant tour after the end of the meeting for shareholders in attendance. In June 2012, this tour visited our new capacitor plant that came on line in the previous fiscal year and the Kyoto EB* Center, which provides electron-beam processing services.

Plant tour held after the general shareholders’ meeting

We are publishing “FACT BOOK” on our corporate website

A screen shot of our online Fact Book

Dividend policy

Relationship of trust with the Nissin Electric Cooperative Association

CSR Procurement/Green Procurement

Collaboration in the supply chain

We are working to fulfill our responsibilities to society and help protect the environment in all of our business activities, from materials procurement to manufacturing and sales. Our business partners participate in briefings on our policies and also complete surveys on specific indicators.

For more information, visit our website.
Expanding Help Line Desk and Training Programs

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 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 for new managers and new hires, we also provide training for all employees on a regular basis. In fiscal 2012, human rights training was held on the importance of being aware of human rights issues in the workplace as well as on the publication released by the Ministry of Health, Labour and Welfare called “Proposals for Prevention/Settlement of Workplace Power Harassment.”

<table>
<thead>
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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 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 for new managers and new hires, we also provide training for all employees on a regular basis. In fiscal 2012, human rights training was held on the importance of being aware of human rights issues in the workplace as well as on the publication released by the Ministry of Health, Labour and Welfare called “Proposals for Prevention/Settlement of Workplace Power Harassment.”

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Developing environmentally conscious products
Compact power capacitor for energy efficient operations

A power capacitor is an essential piece of an energy conservation system. They are widely used in power factor improvement as well as phase modification for alternate current systems, including those for general consumers, and can also be applied from low-voltage to extra-high voltage circuits. Power capacitors have a long history that can be traced back to 1931 when the world's first prototype, an oil-filled (OF) capacitor (9kW/7kvar), was successfully made using OF cable technology. The first commercialized version (10kW/10kvar) was launched two years later in 1933.

The Nissin Electric Group strives to make capacitors, which have more than 80 years of history, more compact and smaller loss by developing dielectric materials and improving their manufacturing techniques. In recognition of its efforts, the Nissin Electric Co., Ltd. was honored with the 6th One Step on Electro-Technology by the Institute of Electrical Engineers of Japan. Going forward, we aim to pursue further product development and improvements.

Electricity conservation initiatives
Efficiently reducing power usage through visualization and load control

The central monitoring system located within our head office works includes an energy management system (EMS).

This system enables the visualization of power load inside the precints (for the works and business offices) as well as power consumption of each works as a whole, shedding light on the pattern of power load, thereby making it possible to estimate the effect of energy conservation in the buildings.

A page with easy-to-follow commentary on the relationship between contract demand and actual demand (instantaneous maximum power) as well as a power monitoring screen showing the status of power usage in the works is published on our intranet for all employees to access, enabling appropriate voluntary efforts to help reduce peak energy loads. As a result, the peak power usage at the head office and works in fiscal 2012 was reduced by 20% in summer and 12% in winter when compared to fiscal 2010.

The result of these initiatives will be further applied in the Smart Power Supply Systems (SPSS) that is currently under development at the Maebashi works.

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Environmental Initiatives

Committed to energy conservation and power saving through the development of environmentally conscious products and services and the utilization of the environmental management system.

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 review 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 considered 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 CO2 emissions through energy conservation activities.
   (2) Control SF6 emissions into the atmosphere
      Control the emission of electrical insulating gas (SF6) into the atmosphere. (Recovering a majority of SF6 will have a greater effect on CO2 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.

4. Discharge limitation (Resourses conservation and Recycling)
      Reduce emissions of volatile organic compounds (VOC) into the atmosphere 5% reduction compared to fiscal 2010

5. Discharge limitation (Prevent environmental pollution)
      Reduce emissions of volatile organic compounds (VOC) into the atmosphere 5% reduction compared to fiscal 2010


Targets and results

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