



May ... Posted advertisement in Shinosaka Station



Oct. ... Made e-Globaledge Corp. a consolidated subsidiary



Dec. ... Made Suda Shoji, Inc. a consolidated subsidiary



Feb. ... Feted 10th year of business at Wuxi Plant (China)



Mar. ... Built daycare center at Nabari Plant



2015 CSR Report

April 2014 - March 2015 Activities Report

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NKC is always looking ahead; we never accept things as they are.

• Quick rundown

About 10 years ago, we started CSR activities for and with our stakeholders and, as of 2015, we are participating in the United Nations Global Compact and throwing our support behind their principles and activities. Our CSR efforts have been ranked AA -- the second highest grade possible -- by major banks in Japan. I am greatly pleased by such an assessment because, for one, it is hard for even large listed companies to attain this kind of ranking and, two, they have objectively judged our efforts as heading in the right direction both in terms of benefitting society and growing our organization.

• Results of CSR activities and future topics

For some time now, we have been pushing energy conservation as part of our CSR in relation to the environment, but what should be pointed out is that, through those efforts, we managed to keep the rise in energy costs, which came because of the power shortages after the Great East Japan Earthquake, to about 25%.

Also, we have begun looking inward at ourselves, rather than just outside the company, for ways to improve our CSR. At our Head Office, while incessantly working to improve the workplace environment, we are consolidating and outsourcing non-core operations and concentrating our workforce in core operations. With regards to shorter working hours, we analyzed the situation in Sweden where people work 1,500 hr/year and starting promoting efforts to eliminate overtime so that employees at NKC work less than 1,900 hr/year. Then, we are encouraging our workforce to use the free time they are gaining to bettering themselves through study that can improve their lives.

All of the CSR activities mentioned above are, when looked at individually, rather simple and plain and certainly not anything that will revolutionize the workplace, but if you compare things to how they were 10 years ago, you can see just how big of a change has been made.

• Final word

In FY2014, we added new members to the NKC Group through M&A. Each of these companies has built a distinctive corporate culture and has much to teach us, so our job is to share and permeate that throughout the group so as to enhance our corporate value.

In our midterm business plans, we are targeting sales of 100 billion JPY. We

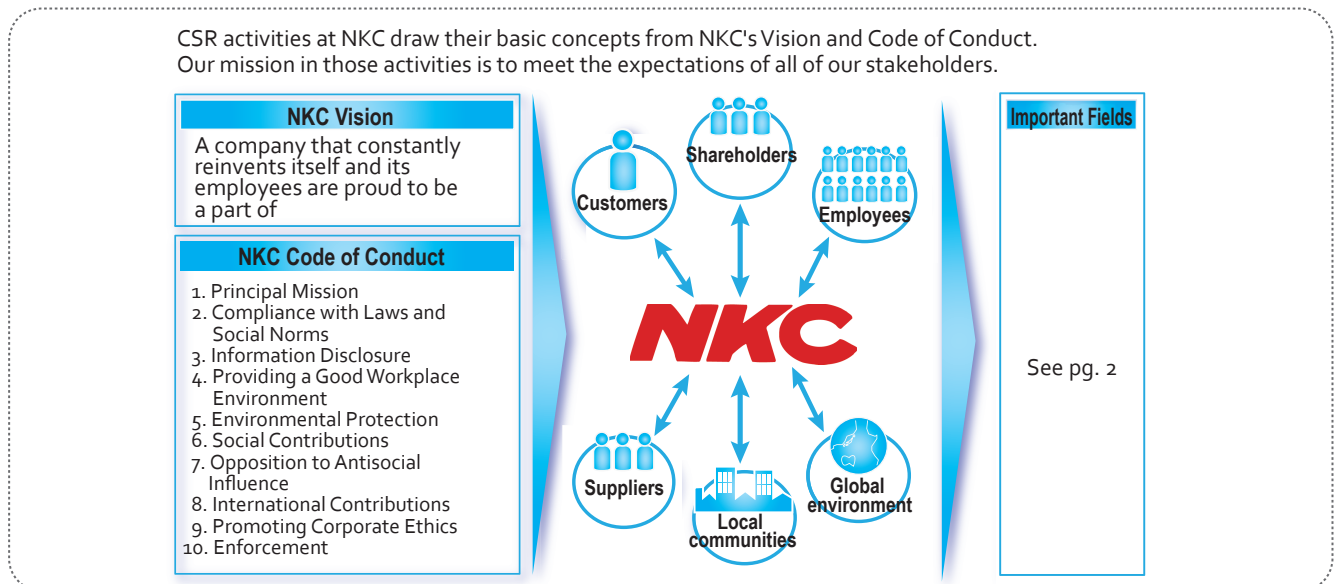


Tatsuo Nakanishi, President

<<NKC's CSR Policy>>

CSR is formulated on the idea that a company can contribute to the sustainable development of society by responsibly and faithfully conducting business activities with regards to their stakeholders, i.e., shareholders, employees, customers, etc. (See below figure.)

At NKC, we conduct activities based on the flowing CSR policy.



In order to meet the expectations of our stakeholders, NKC sets targets every year for the following CSR activities.

Important fields		Target	Result	Self-grade	Page	FY2015 Target
CSR management	Internal controls	Improve operational efficiency and build a compliance system by implementing internal controls.	Conducted internal audits of group company payment practices.	△	3	<ul style="list-style-type: none"> Improve operational efficiency and build a compliance system by conducting internal audits. (Manage trade secrets. Comply with Subcontractor Act.) Ensure the appropriateness of business by putting internal controls in place.
	Compliance	Educate workforce in work-related legalities.	<ul style="list-style-type: none"> Imparted training for new recruits Educated persons in charge on work-related laws (Security export controls, Subcontractor Act). 	○	3	Educate workforce in work-related legalities.
	Risk management	Establish BCPs for natural disasters at offices/plants in Japan. Start developing BCPs at overseas offices/plants.	<ul style="list-style-type: none"> BCPs established by local offices and group companies. BCP development started at 2 sites in the Philippines. Continued activities for enhancing resilience to disasters. (Purchased additional emergency supplies, conducted internal audit of appendices and circulated awareness information.) 	○	4	<ul style="list-style-type: none"> Conduct activities for making BCPs a regular practice at offices/plants in Japan. Continue to encourage group companies to develop BCPs. Continue to encourage overseas offices/plants to develop BCPs.
Work customs and practices	Human resource utilization	Improve information security and maintain/improve office equipment/environment.	Adopted flash drive management policy.	○	4	Improve information security and maintain/improve office equipment/environment.
	Workforce training	Provide forms of employment/treatment that consent various ways of working.	<ul style="list-style-type: none"> Started encouraging working from early morning. Promoted diversity in our workforce. (Certified as "Leading Company for Women," Registered "Declaration of Gender Equality.") 	△	5	Provide forms of employment/treatment and environments that consent various ways of working.
Work safety and health	Workforce training	Plan and implement level-based and elective internal training.	<ul style="list-style-type: none"> Imparted training to new recruits in the Philippines. Imparted follow-up training for 2nd and 5th year employees. Expanded target management system. Started training for new managers/supervisors. 	○	6	Plan and implement level-based and elective internal training.
	Work safety/health management	Promote a system of work safety/health management. Document NKC work safety/health standards.	<ul style="list-style-type: none"> Launched general commission on work safety/health/environment. Launched overseas commission on work safety/health/environment. Applied safety standards. 	○	7	<ul style="list-style-type: none"> Promote a system of work safety/health management. Document and apply NKC work safety/health standards.
	Accident prevention	Remove unsafe equipment and eliminate unsafe behavior.	<ul style="list-style-type: none"> Stepped up work safety/health training for 7 important jobs at NKC. Conferred Zero Accident Awards to Kawachi Plant and the Shiga Plant. Analyzed alertness and near misses. Commended the Mie Plant. Conducted internal audit of work safety/health. 	○	7	Remove unsafe equipment and eliminate unsafe behavior.
	Regulatory compliance	Verify the state of regulatory compliance via internal audits.	Verified regulatory compliance using government-issued check list, and collected information on regulatory updates, etc.	○	7	Verify the state of regulatory compliance via internal audits.
	Fire prevention	Conduct fire safety inspections. Implement fire patrols. Conduct fire drills.	<ul style="list-style-type: none"> Implement fire patrols. (Verified use of electrical equipment, wiring, etc.) Conducted fire drills (alarms, firefighting and evacuation). 	○	8	<ul style="list-style-type: none"> Conduct fire safety inspections. Implement fire patrols. Conduct fire drills.
	Road safety	Provide instruction in safe driving. Promote safe-driving awareness activities.	<ul style="list-style-type: none"> Implemented awareness activities on driving etiquette. Took part in safe-driving contest sponsored by Osaka Pref. 	○	8	<ul style="list-style-type: none"> Provide instruction in safe driving. Promote safe-driving awareness activities.
	Personal health management	Provide regular/special health exams. Provide mental health exams. Conduct environmental health patrols. Conduct follow-up interviews on lifestyle-related diseases.	<ul style="list-style-type: none"> Provided regular health exams and personal interviews. Promoted mental health awareness via training, etc. Improved workplace environments. 	○	8	<ul style="list-style-type: none"> Provide regular/special health exams. Provide mental health exams. Conduct environmental health patrols. Conduct follow-up interviews on lifestyle-related diseases.
	Creating comfortable workplaces	Improve workplace environments. Improve work methods.	<ul style="list-style-type: none"> Developed workplace environments for less fatigue/stress by adding rest areas, improving, staircase handrails, etc. 	○	8	<ul style="list-style-type: none"> Improve workplace environments. Improve work methods.
	Environmental management	Accept audits to update ISO14001 certification. Conduct internal audits. Propose improvements.	<ul style="list-style-type: none"> Underwent environmental audits (ISO14001 recertification/internal). Sabari Plant was conferred MOE award. Centrally managed licensed personnel in a database. 	○	9	<ul style="list-style-type: none"> Accept periodic audits for ISO14001 certification. Conduct internal audits. Propose improvements.
	Regulatory compliance	Evaluate compliance with environmental regulations. Take preventative measures to protect the environment.	<ul style="list-style-type: none"> Compliant with noise/vibration regulations. Verified operations of industrial waste handlers at their sites. Used public certification system for selecting industrial waste handlers. 	○	10	<ul style="list-style-type: none"> Evaluate compliance with environmental regulations. Take preventative measures to protect the environment.
Environmental protection	Environmental education	Impart general environmental education. Impart advanced environmental education. Impart education and training aimed at acquiring environmental licenses.	Imparted general/field-specific environmental education.	○	11	<ul style="list-style-type: none"> Impart general environmental education. Impart advanced environmental education. Impart education and training aimed at acquiring environmental licenses.
	Environmental load reduction	Reduce CO2 emissions. Reduce waste.	<ul style="list-style-type: none"> Introduced LED lighting and took other energy-conservation measures. Reduced metallic waste, etc. 	○	11-12	<ul style="list-style-type: none"> Reduce CO2 emissions. Reduce waste.
	Environmental protection	Take part in Fun to Share campaign. Create food recycling group.	<ul style="list-style-type: none"> Took part in Fun to Share campaign. Created food recycling group. 	○	12	<ul style="list-style-type: none"> Take part in Fun to Share campaign.
	Interaction with hosting local communities	Support social contribution activities implemented by governments and other organizations. Increase social welfare for the elderly and handicapped.	<ul style="list-style-type: none"> Donated money and services to hosting local communities. Supported blood-drive and fundraising activities of charity organizations. Cleaned up and beautified local areas. Hired elderly/handicapped persons and accepted interns. Donated cakes to the needy. 	○		<ul style="list-style-type: none"> Support social contribution activities implemented by governments and other organizations. Increase social welfare for the elderly and handicapped.
Social contributions	Promotion of learning	Continually implement and improve an internship program. Provide student aid via fundraising.	<ul style="list-style-type: none"> Cooperated in environmental education events organized by NPOs. Managed a scholarship fund for internships and plant tours. 	○		<ul style="list-style-type: none"> Continually implement and improve an internship program. Provide student aid via fundraising.
	Disaster relief	Strengthen disaster preparedness and cooperate in emergencies both in Japan and overseas.	<ul style="list-style-type: none"> Strengthened disaster preparedness of local hosting communities. Provided relief to disaster-stricken areas. 	◎		<ul style="list-style-type: none"> Strengthen disaster preparedness and cooperate in emergencies both in Japan and overseas.

◎ : Achieved better than expected results / ○ : Achieved target as stated / △ : Greater efforts needed to achieve target / × : Not implemented

Internal Controls

内部統制

●Internal audits

At NKC, we place importance on operating audits as an internal control tool and use them to check and monitor the operations and organizational structures of departments. On a particular note, because of increasingly stiffer regulations in Japan's Subcontractor Act that have emerged in recent years, we have been making sure that payment practices are appropriate. During the subject fiscal year, we followed up on payment operations of a group company to verify their regulatory compliance and correct any irregularities, if necessary.

FY2014 internal audits

<Subject>

Payment practices of 1 group company

<Findings>

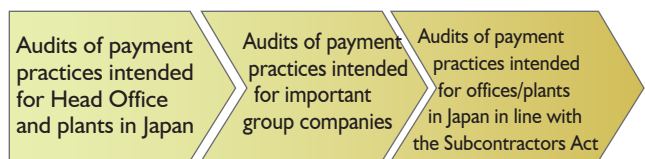
Issues were detected and the below improvements were verified.

- Operating flow was changed to ensure smooth transactions.
- The operations manual was revised to prevent business operations from being dependent on any single person.

Internal Audit Plans

The scope of internal audits, past and present, are as follows.

<Until FY2013> <FY2014> <After FY2015>



Compliance

コンプライアンス

●New recruit training

raining that new recruits undergo every year when joining the company was imparted during this subject fiscal year to 32 high school and college graduates. The program lasts 5 days and serves to familiarize recruits with corporate systems at NKC and teach them about important legal matters related to their duties as a member of society and the bare minimum that they need to know to engage in work. After completing this initial training, new recruits are taught more basics via foreign language training overseas and/or job training at plants in Japan, and are then assigned to a department.

Training program

- Explanation of corporate rules
- Safety and environmental education
- CSR training
- English language training
- Mental health training, etc.



English class at the Head Office

●Internal training in work related laws and regulations

There are numerous laws and regulations that have to be upheld when performing one's duties, but particularly in regards to subcontractor business transactions and security export controls, we believe that continuing education for persons engaged in those areas of operation is necessary to ensure appropriate handling and, therefore, encourage participation in outside learning opportunities. As a result, not only has there been an increase in the number of inquiries from persons in charge asking how to do things properly but also internal audits have shown improved understanding of indicated matters. Nonetheless, for a company doing business globally via multiple offices just in Japan, it is important to conduct business not only in line with laws and regulations but also with a high standard of ethics. Therefore, we will be working to improve awareness in this area through internal training

Participation in outside seminars

<Subcontractor business transactions>

- FY2012 ... 13 persons
- FY2013 ... 12 persons
- FY2014 ... 4 persons

<Security export controls>

- FY2013 ... 9 persons
- FY2014 ... 8 persons

Starting in 2015, we are stepping up internal training and periodically checking its effectiveness in penetrating the necessary mindset.

We conduct business through sound practices, in full compliance with the law and with a high standard of ethics.

Risk Management リスク管理

[Special Feature] BCP for natural disasters



"Harada-kun," BCP awareness mascot

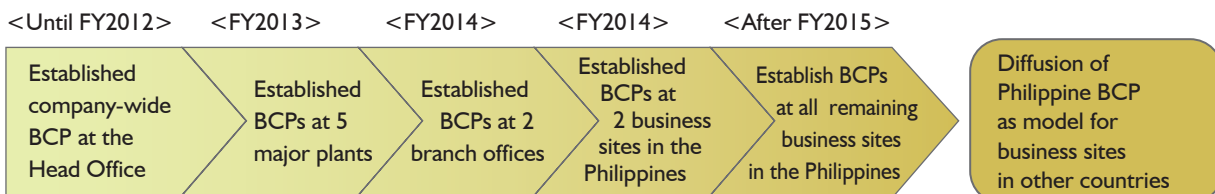
[What does "BCP" mean?]
 BCP is short for "Business Continuity Plan."
 "It is what businesses use to plot contingencies against foreseeable risks that could shut down their operations like natural disasters, epidemics and serious accidents, and quickly recover business in the event thereof."
 At NKC, we have formulated and adopted a BCP on natural disaster hypotheticals, though earthquakes are obviously our first concern.

● BCPs established for almost all business sites in Japan

BCPs were established for important administrative and production sites such as our Head Office and plants in Japan during the course of FY2013. In FY2014, 2 branch offices in Japan established BCPs, which means that almost all of our business sites in Japan have a BCP in place. Also, in parallel with the establishment in 2 branch offices, 1 group company adopted a BCP.

● BCP development started at business sites overseas

BCPs have been sequentially established by our business sites in Japan and since we expected all domestic sites to have a BCP by the end of FY2014, we started developing plans at our business sites overseas. Outside Japan, the risks that threaten corporate operations differ according to country. For this reason, we began by identifying foreseeable risks, all the while bearing natural disasters in mind, in order to carefully develop BCPs based on a correct understanding of the situation in each country where we have operations.



Business sites with a BCP conduct preparedness activities so that plans work in an emergency. * For descriptions of these activities, see below.

● Continually planning and conducting activities for enhancing our resilience to disaster (Japan)

Since FY2013, we have been undertaking various activities to augment the effectiveness of our BCP. For example, in FY2014, we conducted activities, such as evacuation drills at the Head Office and 5 major plants, to make the workforce aware of our BCP. And, we are continuing preparedness activities on a regular basis so that, in an emergency, "lives are protected" and "business can continue" as best possible.

Main preparedness activities

- Evacuation drills
- Additional purchases of emergency supplies
- Internal audits
- Awareness-oriented publications



Fire drill at the Head Office



Emergency supplies



Awareness-oriented publication

● Information security maintain/improve office equipment/environment

At NKC, we have continually taken measures against information leaks and, in FY2014, we restricted use of flash drives. This included distributing company-issued flash drives, prohibiting the use of personal flash drives for copying data from company computers, and making these rules known to the workforce. Going forward, we will continue to take measures against information leaks.

●Encouraging early morning work

As part of the company's efforts to help employees properly balance their work and personal lives, NKC is encouraging its people to come to work early. This is being done by paying a special allowance for work done between 5:00 and 7:00 in the morning, and serving breakfast at the Head Office cafeteria to early-bird employees who cannot eat at home. This new arrangement has been introduced on a trial basis, but plans are to continue the practice if liked by those working the early morning hours. Additionally, we are taking the environmental consequences of this early morning work program into consideration by using a garbage disposer sold by the EPD Room to convert raw food waste from breakfast into bio-compost.



Example breakfast

●Promotion of diversity in our workforce

NKC has been certified twice under programs aimed at the empowerment of women in the workplace, for its efforts to promote workforce diversity. The company is also creating workplace environments that respect differing values and draw out the skill and motivation of every individual.

Certifications acquired in FY2014

- Certified as a "Leading Company for the Empowerment of Women" by Osaka City certificate
- Registered "Declaration of Equal Opportunity Employment" with Osaka Pref.certificate

<Logos and Certificate>



"Declaration of Equal Opportunity Employment" logo



"Leading Company for the Empowerment of Women" logo



"Leading Company for the Empowerment of Women" certificate

Projects launched under certification programs

- To encourage more women to join the workforce In FY2013, we began analyzing the corporate environment from the perspective of "training," "systems" and "facilities" in search of ways that would encourage more women to join the workforce. In FY2014, we updated rules on childcare leave to benefit parents more and remodeled restrooms. For FY2015 and beyond, plans have been crafted to build childcare centers at some plants, explore the possibilities of providing educational structures, and more.
 - Support for work-life balance
- Besides our efforts to bring more women into the workforce, NKC continues to push for lesser overtime work and encourage employees to take paid holidays. The shorter working hours that result from these efforts are expected to get dads more involved in raising children and family activities.

NKC is promoting diversity in its workforce and creating workplace environments where each and every employee can be who they are.

Human Resource Development

人材育成

●Training for new recruits in the Philippines

Given that continuous study and practice are instrumental to learning English, English language studies are imparted to new recruits soon after they enter the company as a part of that process.

In FY2014, a month-long training program in the Philippines was started in addition to English lessons at our Head Office.



Philippine Plant visited during training in the Philippines

●Follow-up training

<For 2nd year employees>

Every year, follow-up training is imparted to employees starting their second year with the company, to go over basic operating and communication procedures again. In the program, same-year employees form groups and together solve problems. It is meant to reinforce the importance of looking outward and working with others on the job.

<For 5th year employees>

Training for employees who have been with the company for 5 years is based on a "360° evaluation" in which the employee is evaluated by superiors, colleagues and others with whom he/she engages via work. By learning what others think of you, employees recognize their strengths and weaknesses, and learn what it takes to be a leader in the workplace.

●Expanded target management system

Target management had long been a responsibility of managers and supervisors, but in order to better understand how superiors determine work priorities and what is important, it was decided to expand target management to chief class employees starting in FY2015. But, before the new system was introduced, presentations were given 2 times at every business site in FY2014 to explain the purpose and details of the new system, how to set targets and other relevant matters.

●Training for newly appointed managers and supervisors

Special training in target management was imparted to employees who were newly appointed to manager and supervisor positions in FY2014. The program consisted of both theoretical and practical training in the roles of managers/supervisors, personnel evaluations, target setting and management, document preparation and more.

Work Safety & Health Management

安全衛生管理

●General commission on work safety, health and environments

Four times a year, representatives from NKC's 6 plants in Japan gather for each a general commission on work safety, health and environments and a meeting on work safety, health and environments. The commission rotates the meeting venue amongst the participating plants each time and combines the meeting with a plant tour. The purpose is to raise the bar on safety and health by sharing information, learning about and witnessing the activities of other plants.

●Overseas commission on work safety, health and environments

As a way to improve work safety and health, the 7 overseas plants of the NKC Group share information and learn about what each other is doing 6 times a year via teleconferencing. Moreover, Head Office staff visits the plants every other year to verify the situation in person.

●Use of safety standards

In compliance with occupational safety and health laws and codes, NKC prepares and applies safety standards and health protocols with content that is both standardized for the entire group and specific to individual plants.

Accident Prevention

災害の防止

●Upscaled training in work safety and health

NKC has identified 7 jobs that present a particularly high degree of risk. In addition to legally mandated employee training, NKC is required to provide work-specific safety training to persons who perform dangerous jobs at least once a year, in order to enhance safety awareness and skill. Moreover, training records are managed in a database and blocks are in place to prevent even licensed personnel from performing certain jobs if they have not completed the routine safety training.

7 risky jobs at NKC

- Operating forklifts
- Operating cranes
- Rigging slings
- Pressing work including mold mounting, adjustment and removal
- Changing out and testing grinding stones
- Gas and arch welding
- Operating industrial robots including teaching and adjustments



- (1) Forklift safety training at the Shiga Plant
- (2) Safety training for grinding stone change-out at the Nabari Plant
- (3) Welding training at the Mie Plant
- (4) Safety training for operating cranes and rigging slings at the Kawachi Plant
- (5) Press safety training at the Osaka Plant
- (6) Industrial robot safety training at the Tenma Plant

●Zero accident awards

The number of accidents that result in near-injury and worse are tabulated on an annual basis for each plant separately, and plants that attain a zero accident record for the year are given an award and all employees in their workforce are given a memento of their achievement. In FY2014, awards were given to Kawachi Plant and the Shiga Plant.

●Analyses of alertness and near misses

As part of the effort to improve work safety and health, NKC analyzes alertness and near misses. Emphasis is placed on risks that only factory workers would recognize and sampling is done on a plant basis. The plant that scores the highest is given an award and all employees in their workforce are given a memento of their achievement. In FY2014, the award went to the Mie Plant.

●Internal audits of work safety and health

Every plant in the NKC Group includes periodic workplace patrols in its annual action plan and any unsafe acts or situations discovered in patrols are noted and improved. Additionally, Head Office staff conduct an internal audit once a year to raise the bar on work safety and health across the group and in every workplace.

Regulatory compliance

法令遵守

Every plant prepares a list of safety regulations that they use to assess and verify their compliance therewith. This list is checked in internal audits, as well. Head Office staff routinely collect information on regulatory updates, which they share with the general commission on work safety, health and environments.

Safety laws and regulations that require NKC's compliance

Laws	Ordinances
Industrial Safety and Health Law/Labor Standards Act/Labor Contract Act/Health Promotion Act/Fire Services Act/Poisonous and Deleterious Substances Control Act/Electric Utility Industry Law/High Pressure Gas Safety Law/etc.	Osaka Municipal Fire Prevention Ordinance/Fire Fighting Union in Hirakata & Neyagawa Municipal/Nabari Municipal Fire Prevention Ordinance/etc.

NKC promotes activities intended to prevent accidents and disasters so that our workforce can feel safe and secure at work.

Preparedness for Emergencies

防災管理

●Fire patrols

Periodic patrols are conducted according to an annual action plan for checking how hazardous materials that could lead to fire are managed and the condition of electrical equipment and wiring. Moreover, smoking areas are routinely checked and firefighting equipment is subjected to legally mandated inspections and servicing, in an effort to prevent fires.

●Firefighting dills

Every plant in the NKC Group prepares a manual of alarm, firefighting and evacuation procedures and periodically conducts firefighting drills based on firefighting plans. At the Nabari Plant, representatives from the local fire department witness firefighting drills conducted at an employee dormitory every year. Moreover, at a contest where businesses compete to see who operates indoor fire extinguishers the best, NKC posts good results every year.



Fire hose drill at the Tenma Plant



Fire extinguisher drill at the Osaka Plant

Road Safety

交通安全

●Awareness activities

At every plant in the NKC Group, road safety seminars are periodically staged with the cooperation of local police. Moreover, driving behaviors are observed to raise awareness of the importance of road safety and improve how employees drive. Additionally, all employees who cycle to work are required to get bicycle insurance in order to make them aware of the company's concerns over road safety.

●Participation in contests

Through the Head Office, NKC takes part in safe driving contests organized by the Osaka Prefectural Police and others, to raise awareness of road safety. An award ceremony was held at the Osaka Plant in FY2014 to recognize 9 employees who exhibited exemplar driving skills and behavior during a safe driving campaign in autumn.

Health Management

健康管理

●Health management

NKC provides the regular and special health exams required by law and coordinates with physicians specialized in industrial medicine to follow-up on personal interviews and results. Moreover, as seasonal measures in health management, activities are conducted to raise awareness of ways to avoid heat exhaustion in summer and the flu in winter.

●Mental health

To prevent psychological disorders, awareness activities and mental health exercises are imparted amongst the workforce. Moreover, every employee undergoes a mental health exam as part of the company's EAP. Private counseling by an industrial health specialist is also provided as needed to help the workforce stay mentally fit.

●Environmental health activities

In an effort to improve workplace environments, NKC periodically measures noise levels, vibrations, lighting and other environmental factors that cause health damage.

Providing a Good Workplace Environment

快適環境づくり

When it comes to providing workplace environments, NKC aims at a comfortable environment where employees suffer minimally from job fatigue and stress. The company exams workplaces from the 4 perspectives of "workplace management," "improvements to work procedures," "providing and maintaining facilities and equipment that allows operators to recover from both physical and mental fatigue," and "maintaining and managing other facilities and equipment." In the process, problems are identified and corrective measures taken to fix them.

Primary action taken in FY2014 to improve workplace environments

- Lessened steel door weight to reduce the load placed on employees.
- Improved doorknobs to facilitate opening/closing.
- Added and remodeled rest areas.
- Improved water supply equipment and routing.
- Updated bulletin boards.
- Repaired and resurfaced floors and pavements.
- Improved and repaired staircase handrails.



Improved rest area at the Nabari Plant



Improved doorknob at the Shiga Plant



Improved floor at the Osaka Plant

Environmental Management 環境管理

Our environmental slogan at NKC is to "pass on a clean Earth to future generations." With this in mind, we devised an environmental policy for directing environmental efforts at protecting the entire planet and built an environmental management system to implement that policy.

NKC Environmental Policy (excerpt)

<Principle>

Protect the global environment by reducing the environmental load exerted by our products, services and business operations in Japan and abroad.

<Approach>

- (1) Build, maintain and improve an environmental management system.
- (2) Prevent pollution as required by law.
- (3) Make this environmental policy known to plant personnel via environmental training.
- (4) Build production systems of low environmental load.
- (5) Cooperate in environmental protection activities of national, regional and local governments, etc.

<Requirements placed on our workforce>

1. CO2 reduction

- (1) Turn off unnecessary lights.
- (2) Turn off lights during lunch.
- (3) Shut power off to PCs if not planning on using them for 30 min or more.

- (4) Set coolers to no lower than 28°C and heaters to no higher than 20°C.

2. Landfill waste reduction

- Separate waste by material as indicated.
- * Slogan: "When sorted, waste is a resource. When mixed, it's just trash"

●Environmental audits: ISO14001, internal audits and renewal audits

In order to verify that the environmental management system we built works properly, we have Head Office specialist do internal audits and outside certification organizations conduct renewal audits as specified in ISO14001.

FY2014 audit findings

Site	ISO14001 certification	Verification method	Result
Osaka, Mie and Nabari Plants	Acquired in 2006	Renewal audit by DNV (Third party certification organization)	Cited non-compliances: 0
Tenma Steel, EPD Room	Acquired in 2009		
Head Office, Jig Plant, Shiga Plant, Kawachi Plant	Not acquired	Internal audits by assigned department	Minor things only

●Management of licensed personnel

NKC encourages its workforce to seek licensing in pollution (noise, vibrations, and water and air pollution) prevention, energy management, designated industrial waste management, etc., and centrally manages licensed personnel in a database.

NKC is helping to protect the global environment by reducing environmental load across all business operations.

Regulatory Compliance

法令遵守

●Compliance with noise and vibration regulations

Noise and vibrations were measured at all plants subjected to regulations and all sites cleared the specified standards

Regulatory standards that plants must clear

Site	Zoning	Noise level (dB)			Vibration (dB)	
		Daytime	Early morning/ evening	Nighttime	Daytime	Nighttime
Head Office	Quasi-industrial Zone	65	60	55	65	60
Osaka Plant	Quasi-industrial Zone	65	60	55	65	60
Nabari Plant	Not Zoned	60	55	50	65	60
Mie Plant	Quasi-industrial Zone	65	60	55	65	60
Shiga Plant	Industrial Zone	70	65	60	70	65
Kawachi Plant	Quasi-industrial Zone (Plant) Category 1 Residential District (Parts Warehouse)	65	60	55	65	60
		55	50	45	60	55

●Compliance with wastewater regulations

Quality was measured of wastewater released from all plants subjected to regulations and all sites cleared the specified standards. Note that the Nabari Plant, Shiga Plant and Kawachi Plant are not subjected to these regulations.

Regulatory standards that plants must clear

Site	Standard						
	H ion concentration	BOD (mg/L)	SS (mg/L)	Dissolved Fe content (mg/L)	n-hexane (mg/L)	N content (mg/L)	P content (mg/L)
Head Office	5 ~ 9	600	600	10	None	None	None
Osaka Plant	5.7 ~ 8.7	300	300	None	5 (Mineral oil) 30 (Animal/Vegetable oil)	150	20
Mie Plant	5 ~ 9	120	600	10	5	None	None

●On-site verifications of industrial waste handlers

The biggest issue concerning industrial waste treatment for NKC is not to be embroiled in illegal dumping. We, therefore, visited all 17 industrial waste handlers with whom we contract and verified that they are treating our industrial waste properly.

●Certification system for industrial waste handlers

Under this system, prefectures and designated cities screen and certify industrial waste handlers that clear stricter standards than those of ordinary permits. NKC contracts with 12 of the 26 handlers certified under this system.

Environmental Education

環境教育

In FY2014, we continued to impart general and field-specific environmental education, and centrally manage those records in a database. Moreover, concerned personnel were summoned and tested on emergency response procedures in the event of a leak of spent oil, sulfuric acid, wastewater and other substances.

Environmental Load Reduction

環境負荷削減

●Measures against Climate Change

Again, in FY2014, we implemented a number of activities intended to conserve energy, but because of increased production turnout, CO2 emissions from our operations increased 7.2% from the previous year.

Activities in FY2014

Site	Main activities
Head Office	Automated annealing furnace damper control. Replaced fluorescent lighting with LED lighting. Installed double-pane windows.
Osaka Plant	Replaced high voltage transformers with amorphous models. Replaced fluorescent and mercury-vapor lighting with LED and electrode-less lighting.
Nabari Plant	Replaced hydraulic injection molding machines with all-electric machines. Eliminated surfacing for radial retainers (eliminated continuous vibration unit). Painted plant exterior walls in insulating paint. Replaced fluorescent and mercury-vapor lighting with LED and electrode-less lighting.
Mie Plant	Replaced electric and gas-burning air-conditioners with gas heat pump models. Replaced high voltage transformers with amorphous models. Replaced fluorescent and mercury-vapor lighting with LED and electrode-less lighting.
Shiga Plant	Replaced fluorescent and mercury-vapor lighting with LED and electrode-less lighting. Operated cranes using recycled energy.
Kawachi Plant	Planted vegetation and bamboo as shields. Replaced fluorescent lighting with LED lighting.



Double-pane windows at the Head Office



Plant shield at Kawachi Plant



High efficiency transformer at the Mie plant

●Waste Reduction

Like every year, we kept our waste recycling rate above 99.9% in FY2014.

Activities in FY2014

Site	Main activities
Head Office	Reduced rubber waste via process improvements. Changed packaging from wood to fiberboard. Automated waste treatment tabulations.
Osaka Plant	Reduced metallic waste via process improvements. Reduced pollution by eliminating surfacing.
Nabari Plant	Treated, recycled and reused effluent from retainer degreasing unit. Reduced pollution by eliminating surfacing.
Mie Plant	Reduced rubber waste via process improvements. Reduced pollution by eliminating surfacing.
Shiga Plant	Reduced wooden waste by modifying packaging procedures.
Kawachi Plant	Improved resin recycling rate. Reused fiberboard.

NKC is helping to protect the global environment by reducing environmental load across all business operations.

[Special Feature] Carbon Offset Program

NKC signed a purchasing agreement with Iwate Prefecture under their J-Ver Offset Credit program and was awarded a memorial plaque from them to commemorate the initiative.

Iwate Prefecture's J-Ver Offset Credit program offers businesses a way to offset CO2 emissions that they cannot reduce on their own, by letting them purchase credits against increasing CO2 levels that are resulting from lumbering. The concept is modeled after a similar program launched by Japan's Ministry of the Environment, to combat climate change and fund reconstruction efforts in areas stricken by the Great East Japan Earthquake.

By purchasing J-Ver credits, NKC was able to offset a portion of the CO2 emissions generated by lifters made by Kolec and garbage disposers sold by the EPD Room. Offsets amounted to 34t-CO2 for the lifters and 40t-CO2 for the garbage disposers.



Memorial plaque presentation ceremony

Environmental Protection

環境保全

●Participation in the MOE's "Fun to Share" program

All of NKC took part in the "Fun to Share" program promoted by Japan's Ministry of the Environment in the interest of creating a low-carbon society. Again in FY2014, NKC took simple steps to reduce its CO2 emissions by setting coolers no lower than 28°C and heaters no higher than 20°C.

●Creation of food recycling group

One very significant undertaking in building a recycle-oriented society is to recycle the vast amount of unsold foods in stores, leftover foods on plates and food discards from processing lines into feed and compost so that it can be effectively utilized.

At NKC, raw waste generated in the company cafeteria is composted with the garbage disposer and supplied to growers in Hyogo Prefecture. NKC then buys the rice grown with that compost and serves it in the company cafeteria.

This food recycling group was created in FY2014.



社会貢献

-Social Contribution-

Interaction with Hosting Local Communities 地域参画

●Community support

NKC supports local communities where we have business operations by donating money and manpower for festivals and other events near our facilities.

FY2014 community support activities (Abridged)

- ACCJ Kansai Charity Walk
(Support for workplace improvement for working women)

<Financial support>

- Tenjin-Matsuri Festival
- Tenma Music Festival
- Midosuji Illumination
- Neyagawa-Matsuri Festival
- Nabarigawa Fireworks Show
- Shimoda Dororinpic
- Nobenoinja Akimatsuri (Fall Festival)



Lion dance at Tenjin-Matsuri Festival

●Support for charity

NKC indirectly contributes to social issues that we cannot solve on our own, by making financial and in-kind donations to charity organizations involved in activities in Japan and abroad.

FY2014 charity support activities (Abridged)

<Manpower support (Employee participation)>

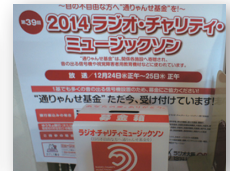
- Blood donation

<Financial support>

- Hilton Osaka Christmas Train
- Radio Charity Musicthon
- Medecins Sans Frontieres
- Green Fund



Hilton Osaka Christmas Train



Radio Charity Musicthon

●Community cleanups and beautification

Most of NKC's business sites in Japan get involved in cleanup activities in neighborhoods near them. We have been continuing these activities not only because cleaned roads and sidewalks benefit everyone but also because interacting with local residents doubly works as a pipeline of communication. These activities vary in size and scope, and some even require the business site to register with local authorities, but each business site handles the activities on its own.

FY2014 activities

<Volunteer activities>

Cleanup of roads around the business site

<Sponsorship of campaigns run by local governments, etc.>

- Osaka Marathon Cleanup (Osaka City)
- Community-driven road beautification (Neyagawa City)
- Biwako Cleanup Campaign (Shiga Pref.)
- Adopt-a-Road Program (Osaka Pref.)



Cleanup work by Tenma Steel



Cleanup work by the Shiga Plant



Biwako Cleanup Campaign



Cleanup work by the Nabari Plant

●Job creation

NKC is helping to create jobs and stimulate local economies by ordering work from local placement centers (elderly, handicapped, ex-convicts, etc.) and seeking human resources from staffing centers.

●Social welfare support

NKC donated a large quantity of Hyokkorizue canes that group company Neues handles, to local welfare centers, to assist handicapped and elderly person with walking.

We recognize the role that NKC plays as a member of the local communities that host our operations and apply our wherewithal as a business to contribute to those communities.

Promotion of Learning

学術振興

●Participation in environmental learning events organized by NPOs

The EPD Room, which deals in environmental products, provided a helping hand in the "Nushima Island Natural Energy Tours." Nushima Island is located south of Awaji Island and is striving to become 100% self-reliant on renewable energy. The tours were planned to get families from Hyogo Prefecture to think more deeply about energy by visiting demonstration facilities on the island. The EPD Room made snowballs using a mobile battery they sell, which turned out to be a big hit with the organizers and participants alike.



Snowball tent operated by the EPD Room

●Internships and plant tours

To assist young people in planning careers and hunting for jobs, NKC offers internships and plant tours.

●Management of a scholarship fund

NKC has created a scholarship fund that awards scholarships to students and provides grants to research institutes.

<Scholarships>

NKC added 45 new students to its scholarship program in FY2014. Counting scholarship recipients who were continuing their education from the previous fiscal year, a total of 37,639,000 JPY in scholarship money was provided to 105 students. Moreover, in September 2014, a get-together was held for the college and graduate school students who were awarded scholarships that year and company employees were on hand to provide advice on job hunting.



Counseling from employees to scholarship students



Commemorative photo taken at scholarship social

<Research grants>

In FY2014, a record high 7 grant applications were received for research into the industrial sciences and NKC doled out a total of 6,000,000 JPY to 6 of them (1,000,000 JPY each). The recipient institutions are required to submit reports at each the halfway point and end of the fiscal year in order for NKC to verify that the grant is being used meaningfully.

Disaster Relief

災害支援

●Strengthening of the disaster preparedness of hosting local communities

NKC donated about 2,500,000 JPY in emergencies supplies like mobile toilets to Osaka City's Kita Ward. Future plans are to equip "Tsunami Evacuation Buildings" (registered buildings where anyone can flee in the event of a tsunami) with these kinds of emergencies supplies.

●Support for disaster-stricken areas

NKC donated financial aid to victims in Fukuchiyama, Kyoto Pref. and Hiroshima, Hiroshima Pref., which were hit by flooding and landslides caused by heavy rains from a typhoon in August 2014.



Commendation received from the head of Kita Ward

[Backcover Story] Overseas Contribution Activities: The Philippines

NKC will begin using this CSR Report to introduce the activities of our overseas offices and plants via "feature articles." As the first shot at this, we want to present the bigger social contribution activities of our Philippines operations in this year's report.

●Aid for typhoon and earthquake victims

Like Japan, the Philippines live with the risk of earthquakes and typhoons. 2013, in fact, saw heavy damage from both in many locations across the country. To provide aid to the disaster victims, NKC's operating base in the Philippines conducted various activities, amongst which were a fund-raising marathon and the collection and distribution of supplies.



Participants from the charity marathon



Staff and collected relief supplies

●Donations to local elementary schools

NKC's local offices in the Philippine periodically conduct activities to help elementary schools that lack capital or materials necessary for them to operate. This includes donating books, chairs and other school items, and serving lunches.



Donated books for students



Lunch in the classroom

●Tree planting

In the interest of environmental protection, NKC's local offices in the Philippine plant mangroves and other tree species.



Volunteers after a day of tree planting



■Editorial policy

NKC prepares and releases this CSR Report in order to share information on our CSR activities with our customers, communities that host our operations and others who have a vested interest in us. If you have any thoughts or opinions about our CSR activities, please share them with us either via the questionnaire included with this report or via our corporate website, so that we can reflect them in future activities.

This report can also be viewed and downloaded from our "CSR & Environment" page, but no CSR reports for viewing or download. Their E-site has an "Environmental Policy" page, but no CSR reports for viewing or download. page of our corporate website.

- Period reported: April 2014 - March 2015
- Scope: NKC Head Office, all offices and plants in Japan, some offices and plants overseas
- Date released: 09/15/2015 (Next report slated for release in June 2016)
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URL: www.nkc-j.co.jp

■Corporate profile

NKC 中西金属工業株式会社
Nakanishi Metal Works Co., Ltd.

Established: June 19, 1941

Capital: 2,512.50 million JPY

Representative: Tatsuo Nakanishi, President

Employees; About 2,000

Line of business: Manufacture and sale of bearing retainers, conveyor systems, sash rollers, pressed metal products, etc.



Consideration for the environment was shown in the preparation of this report.

