

If you have any feedback, please feel free to contact us from below.

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CSR Report 2010

- Corporate Social Responsibility -

NPC Incorporated

Editorial Policy, Company Logo, and Slogan

Editorial Policy

Why We Aim to Communicate in This Report.

NPC Incorporated has published this first edition of CSR Report (Corporate Social Responsibility Report) to provide readers with deeper understanding on the company's concept of CSR and its activities.

We would like to improve the content of this report and continuously promote our CSR activities. Therefore, your opinions or comments on this report would be appreciated.

Scope of coverage :

This report is based on the data of the whole NPC Group.

Period covered :

This report is mainly based on topics and data from fiscal year 2010. (September 1, 2009 through August 31, 2010). However, it is noted that it includes some important topics and data from fiscal year 2009 (September 1, 2008 through August 31, 2009).

Publication date : November, 2010

Reference guidelines :

Ministry of the Environment:
"Environmental Report Guidelines," 2007
GRI:"Sustainability Reporting Guidelines,"
Version 3.9"

*GRI
Abbreviation for "Global Reporting Initiative". GRI is an international organization established in 1997 to draft a sustainability report framework that can be applied to organizations worldwide.

Logo



The company name "NPC" placed in the center in red represents the "Sun" and "Energy". The sun is enclosed by the azurine and mazarine frames which represent the "Solar system" and the "Earth," respectively.

Also, in our domain "npcgroup.net," the part of ".net (dot net)" is shown in red. This expresses the global network of our group.

Slogan

Beyond The Best

"Always aim forward to make the best"

This slogan appeals to the outside entities including our customers our continuous effort to make the best, never being content with our current situation.

And this slogan was set to encourage our employees to always raise their knowledge, ability, and experience.

Message from the President

Relationship with Stakeholders

It has been 18 years since NPC Incorporated was established in 1992. During this period, not only we, but also the entire economic situation and society itself has changed dramatically. After the bubble economy burst in the early 1990's, Japan was beset by a long-term serious depression and stagnation known as the "lost decades," in which we managed to survive. During this period, we believe that what changed the most was the relationship between the companies and stakeholders. Furthermore, it was during this period that the word "stakeholders" became widely known in Japan.

Now, how did the relationship between the companies and stakeholders change? We believe that it was from "promised relations" to "preferred relations". In other words, before the change, stakeholders, employees, customers and business partners of the companies were mostly fixed. The shareholder composition hardly ever changed and neither did the employees, who were guaranteed a life-long employment. Customers and business partners also remained unchanged. It was believed that maintaining these relationships was the source of profit and a tradition to be preserved. That is what we call "promised relations".

However, over the last 20 years, shareholders have started to thoroughly choose companies with profitability and growth potential. Customers and business partners have stopped choosing companies just because they had had a long-term relationship. Furthermore, employees changed their attitude towards companies, since labor flexibility increased while life-long employment and promotion by seniority were no longer guaranteed. The relationship between employees and companies changed to "preferred relations".

What does CSR require us?

We are surrounded by various stakeholders, such as shareholders, employees, customers, business partners, local communities, nations, international societies, nature and the global environment.

We would like to be a "preferred company" for every stakeholder, and we believe that it is our mission and responsibility to keep trying to be one. This mission, as well as fulfilling our responsibilities, is what we call the Corporate Social Responsibility.

We will persevere with our mission and responsibility to be the "preferred company" for shareholders, employees, customers and business partners. We will also keep trying to be preferred by local communities, nations, global society, the entire world and the earth which nurtures nature. We appreciate your continuing assistance for our activities.



November, 2010

Y. Chikaki
Yoshiroh Chikaki
President & CEO

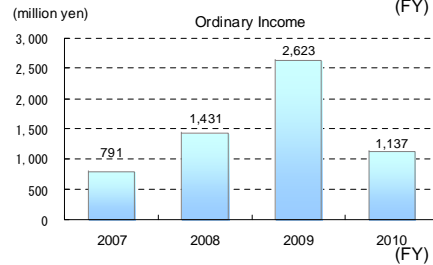
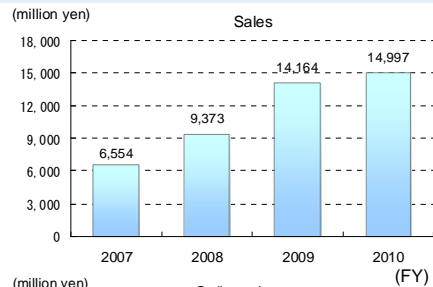
Company Outline

(as of August 31, 2010)

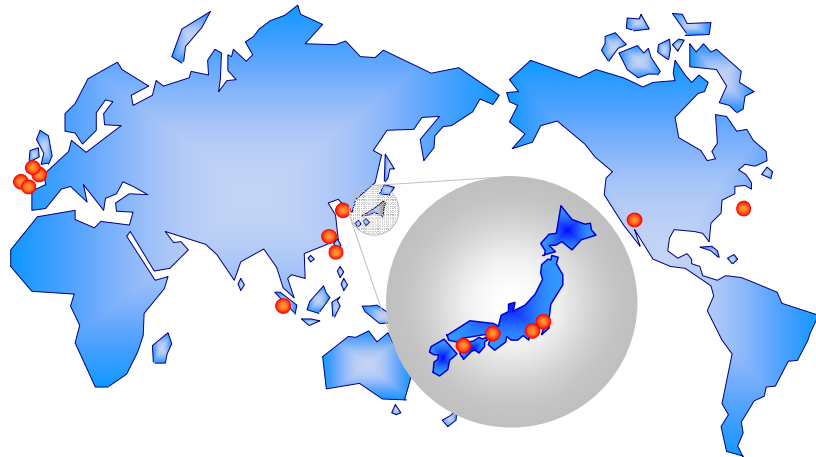
Corporate Overview

Name	NPC Incorporated
Location	1-1-20 Minami-senju, Arakawa-ku Tokyo 116-0003, Japan
Foundation	December 24, 1992
Capital	2,174 million yen
Number of employee	413 (consolidated), 395 (non-consolidated)
Fiscal Term	August 31
Business	Photovoltaic manufacturing equipment business, Vacuum packaging machine business
Management	President Yoshiroh Chikaki Director Masafumi Ito Director Hisashi Sato Director Kazuo Hirosawa Director Junichi Akita

Consolidated Financial Results



Company Network



NPC Europe GmbH

- Cologne Headquarters
- Berlin Branch

Meier Solar Solutions GmbH

Meier joined our group on September 1, 2010.

- Bocholt Headquarters / Factory
- Rossia Factory

NPC Incorporated

Domestic Offices

- Tokyo Headquarters / Factory
- Matsuyama Factory
- Osaka Office
- Yokohama Office

Overseas Offices

- Singapore Branch
- Shanghai Branch
- Taiwan Branch
- Korea Branch

NPC America Corporation

- New Jersey Headquarters
- California Branch

Being a Part of Society

Our CSR Concept

Nowadays, we believe that it is crucial to clearly show how we communicate with not only stakeholders such as shareholders, employees and business partners, but also the global environment and local communities.

We believe that sustainable growth of a company is not possible without the CSR activities, and moreover, continuous improvement of these activities is essential.

Our Stakeholders

The right scheme shows the main stakeholders of the company.

We make the best effort to meet society's needs, placing ourselves as a part of society supported by these stakeholders.

Furthermore, we consider that being trusted by society and contributing to its development eventually lead to the our development.



Details of our CSR activities towards each stakeholder are explained in the following pages.

For Global Environment P.5

- Photovoltaic Module Manufacturing Equipment
- Energy-saving Products
- Installation of Solar Systems
- Recycling of Vacuum Packaging Machines
- Registration of ISO14001 Certificate
- "Vacuum Insulation Panel" Manufacturing Equipment

For Local Communities P.6

- Futsal Pitches for Local Residents
- Factory Tour
- Participating in the Local Industry Exhibition
- Lectures at the Universities
- Agreement on Factory Location and Job Creation
- Contribution to the Local Career Guidebook

For Business Partners P.7

- Registration of ISO9001 Certificate
- Global Customer Support Network
- Long-lasting Relationship with Business Partners
- Strengthening of R&D
- Vertical Integration of Business Functions
- Enhancement in Quality Control
- Strong Management for Intellectual Property Rights

For Shareholders and Investors P.8

- Corporate Governance
- Conference for Shareholders
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- Company Trip

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- Elimination of Insider Trading Risks
- Awareness Campaign of the Code of Conduct
- Antisocial Forces
- Opening of a Harassment Prevention Hotline
- Elimination of Gender and Racial Discrimination



For Global Environment

We pursue the theme “**relationship between vacuum technologies and environmental issues**”. We believe that we will be able to make social contributions. We will grow into a socially recognized corporation by helping to resolve some environmental issues through our commitment using technologies we have cultivated and the applied technologies based on them. We think that here lays the significance of our existence. We will put effort into conserving the environment and carry out environmentally friendly corporate activities.

■ Photovoltaic Manufacturing Equipment

We manufacture and sell manufacturing equipment for photovoltaic modules. We have obtained more than 50% of the world share in the photovoltaic manufacturing equipment market and have delivered our products to most of module manufacturers all around the world. We, as an equipment manufacturer, are pressing forward our contribution to an industry's target to the “Grid Parity” by increasing performance and cutting cost, in order to allow the market to grow without subsidies from government or local authorities.



Module Laminator

*The point at which solar generating electricity cost is equal to the cost of electricity on grid

■ Energy-saving Products

In terms of lowering power consumptions and improving the lifetime of consumable goods, we develop energy-saving models with a low running cost. As for the photovoltaic module manufacturing equipment, we have developed a new model of module tester, which can keep energy consumption low when irradiating with artificial sunlight. As for vacuum packaging machines, we have developed equipment using a low power pump.

■ Installation of Solar Systems

On the roof of Matsuyama Factory No.3, there are solar panels from all the 9 Japanese module manufacturers, installed for in-house power generation. The generation capacity is 90kW, about 30 times more than that of the systems for standard households, and they contribute greatly to cut CO₂ emissions.



Solar panels on the roof of Matsuyama Factory No.3

■ Recycling of Vacuum Packaging Machines

We accept returns of vacuum packaging machines, no longer needed by customers and resell them as second hand machinery after refurbishment.

■ Registration of ISO14001 Certificate

In August 2005, we obtained ISO14001 certificate at Tokyo HQ/Factory and Matsuyama Factory. We set yearly targets on major activity items based on our “Environment Policy”. We have been working on improving our performance to achieve these targets.

Targets and Results for 2010 (June, 2009 ~ May, 2010)

Environmental Targets for 2010	Results	Marks
Improvement of fuel efficiency of company car (Tokyo HQ) • Gasoline : 10.1km/l • Light diesel oil : 8.8km/l	Gasoline : 10.6km/l Light diesel oil : 8.8km/l	○
Setting upper limit to electricity consumption (Tokyo HQ) • Low-tension power : 24,744kWh • Meter rate lighting : 80,232kWh	Low-tension power : 28,274kWh Meter rate lighting : 81,578kWh	×
Improvement of fuel efficiency of company car (Matsuyama Factory) • Gasoline : 8.7km/l	Gasoline : 9.3km/l	○
Compliance of RoHS Directive(*) (Matsuyama Factory)	Accomplished	○

Because of personnel increase, we could not accomplish our goal of reducing electrical usage at Tokyo HQ. However, we continued to work on cutting electricity consumption by turning off lights and air-conditioners during lunch break and after office hours. We continue to put effort on reducing electricity consumption by setting an upper limit for 2011. We hold section meetings, consisting of one staff member from each department, for ISO14001 every month. The yearly action plan to achieve the environmental targets is set up in the meeting. Other than the targets, a reduction of paper usage is also encouraged through the meeting.

Targets for 2011 (June, 2010 ~ May, 2011)

Environmental Targets for 2011
Improvement of fuel efficiency of company car (Tokyo HQ) • Gas : 10.1km/l • Light diesel oil : 8.5km/l
Setting upper limit to electricity consumption (Tokyo HQ) • Low-tension power : 32,520kWh • Meter rate lighting : 89,760kWh
Improvement of fuel efficiency of company car (Matsuyama Factory) • Gas : 9.3km/l
Compliance of RoHS Directive(*) (Matsuyama Factory)
Development of environmentally friendly equipment (2 projects) (Matsuyama Factory)

※RoHS Directive : Restriction of Hazardous Substances. A regulation set by EU to restrict the use of hazardous substances.

■ “Vacuum Insulation Panel” Manufacturing Equipment

The “Vacuum Insulation Panel” is under the spot light due to the high heat insulation properties. We manufacture and sell manufacturing equipment for these panels. This material is already applied to energy saving refrigerators and vending machines, being of some help to reduce environmental impact. Moreover, research on using the material for buildings is progressing. We believe the material has a high potential to become an eco-related material in the near future.

For Local Communities



As a community-based company, we aim to make ourselves necessary for the local residents. Therefore, we hold various activities for the local communities and continue to keep close communication.

■ Futsal Pitches for Local Residents

There are 2 futsal pitches in Matsuyama Factory No.3. The natural turf pitches are open to local residents free of charge on weekends and holidays. The number of people enjoying them is increasing and as of August 31, 2010, we have had 75 registered teams. We have recently opened a dedicated website to simplify procedures for use of the pitch. Futsal website: <http://www.npcgroup.net/futsal/index.html>



Futsal pitch is called “Habu-Sal,” named after the factory location “Nishi-Habu” and “Futsal”.

■ Factory Tour

To strengthen the relationship with the local communities, we held a factory tour in Matsuyama Factory No.3 on November 2009, and invited staff of Ehime prefectural government. The Ehime governor “Moriyuki Kato,” joined the tour and observed the solar panels on the roof of the office building and our equipment demonstration. It was a very fruitful tour with many questions received. We display solar panels of every generation and exhibit panels explaining our business domain in the Matsuyama Factory No.3. We regularly hold factory tours for local residents.



Factory Tour

■ Participating in the Local Industry Exhibition

Arakawa city, where the Tokyo Headquarters are located, held the 31st Industry Exhibition on March 13 and 14, 2010. We exhibited our company information in the “Eco-Business” section. As we started the company in that city, we are willing to continue supporting industrial development in Arakawa city.

■ Lecture at the Universities

In response to requests from universities, we send our directors to each university to give students lectures about the basic knowledge of solar market and panels. In 2009, we gave lectures in Matsuyama University, Waseda University and Tokyo Institute of Technology. The lecture in Matsuyama University was part of the “Sunshine Project,” a project of Matsuyama city to push forward the development of solar related industry and the local installation of solar systems.

■ Agreement on Factory Location and Job Creation

At the project start-up of Matsuyama Factory No.3 in 2008, we were the first company to obtain an approval over “A Plan for Establishment in New Business” in Ehime prefecture. For the expansion of this time at Matsuyama Factory No.3, we concluded the same agreement with Ehime prefecture and Matsuyama city on June 22, 2010, supporting mutually for smooth business activities, promotion of local industries, and activation of the local economy. The signing ceremony of this agreement made headlines in the local medias.



Signing ceremony between Ehime prefecture, Matsuyama city and NPC

One of the points in the agreement was the creation of job opportunities. At Matsuyama Factory, we have 306 people as of August 31, 2010. In addition, we have a plan to employ 120 more for the newly constructed factories, starting operations from December 2010 and onwards.

■ Contribution to the Local Career Guidebook

We take part in support activities for careers and job creations in Ehime prefecture. Articles of our employees explaining about their job in the company contributed to employment guide book published by Matsuyama city and employment-related brochures by the local universities.



For Business Partners

We have business partners, not only in Japan but all over the world. Therefore, we constructed global business framework in order to win partners' trust.

■ Registration of ISO9001 Certificate

To continuously improve customer satisfaction and quality management system, we obtained ISO9001 certificate in August, 2009. Each department sets yearly targets on main activity items based on the Quality Policy and conducts daily activities to improve quality according to the execution plan.



■ Global Customer Support Network

Since we are a manufacturer of manufacturing equipment, our business does not finish at the completion of sales. We have sales and customer support bases all around the world to provide support system including after-service and maintenance. Moreover, regarding the photovoltaic manufacturing equipment, we provide free on-site service for 9 times for the first 5 years after delivery. We offer training seminars for operation and maintenance. We receive a good reputation for this service as the utilization rate of our equipment at a customer site can be improved.



Staffs are maintaining equipment at a customer's site

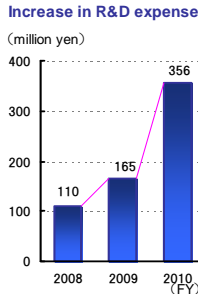
■ Long-lasting Relationship with Business Partners

We invited our business partners to our factory on the occasion of the opening ceremony of Matsuyama Factory No.3 on July 17, 2009. In order to maintain good and long-lasting relationship, we explained our current situation and aimed goals.

■ Strengthening of R&D

In the photovoltaic market, which is our business domain, technological innovation is advancing day by day. Also technological innovation is expected in the "Vacuum Insulation Panel" market which is our new target. In such circumstances, we focus on R&D. Our basic stance is "to build customer needs into the production accurately and timely".

To be more precise, we gather customers' needs through the departments in charge of sales and customer support. The collected information is analyzed carefully at the R&D meeting, which is held in cross-sectoral manner, and categorized into themes. The departments in charge of R&D, report progress of each item regularly at the meeting and an item course is corrected if necessary. Thus, the R&D activities are promoted on a company-wide basis.



■ Vertical Integration of Business Functions

We conduct all of the components of manufactures; R&D, manufacturing, sales and customer support, within the company. By establishing such structure, we can build customer needs and requests into our equipment accurately and timely. This also enables us to keep providing products with state-of-art technologies. Furthermore, when troubles occur, departments work together to take a prompt action.

■ Enhancement in Quality Control

The R&D Department used to be in charge of quality control. However, in order to enhance quality checks on receiving parts and/or materials and shipping equipment, we newly established the Quality Management Group as an independent unit. This group considers quality improvement plans and manages progress in quality improvement as well as dealing with customer requests and machine troubles. In addition, the Designing Management Group passes the CE in the Europe, the UL mark in North America, RoHS Directives and other regulations and standards in the world.

■ Strong Management for Intellectual Properties

The Designing Department used to play a coordination role in controlling intellectual properties. However, in order to enhance checking system of patent right of other companies as well as obtaining patents for new technologies on the global point of view, we newly established the Intellectual Property Management Group in July, 2009. This group works to raise the knowledge level of staff about intellectual properties, by delivering "Intellectual properties mail magazine" regularly and holding seminars.

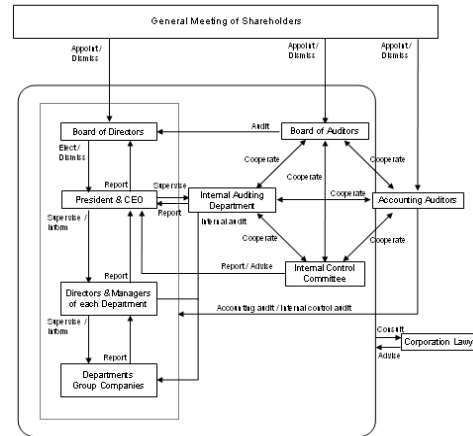
For Shareholders and Investors



We proactively promote IR activities. Since activities such as holding sessions and meetings for direct communication with shareholders and investors and disclosing timely in English and Japanese have been highly evaluated, we received the 4th place in the emerging markets section of "Awards for Excellence in Corporate Disclosure," from SAAJ in 2009.

■ Corporate Governance

We take initiatives to maximize corporate value, enhance business management systems with greater transparency and promptly response to business environment. The chart below shows our business operation, management monitoring and internal control system.



■ Conference for Shareholders



We have been holding a conference for shareholders after the annual general meeting since November, 2008 in order to directly communicate with shareholders and to support their further understanding on us. Each director explains about his business field and receives questions and opinions from the shareholders.

■ Quiet Period

We set the 2-week period before earnings announcement as a "Quiet period" and hold back meetings with investors and mass media in order to prevent leakage of inside information.

■ High Domestic IR Activities

We regularly hold meetings and sessions for shareholders and investors, to continuously send out timely and correct information. For example, ever since we became listed, we have been holding briefing sessions for private investors in many cities in Japan. The speaker for these sessions is our president. We continue to hold these sessions. The schedule will be updated timely on our website.

Domestic IR Activities in 2010

Activities	Times	Remarks
Briefing session for Private investors	14	Tokyo×4, Hyogo, Kanagawa, Ehime, Hokkaido, Kyoto, Shizuoka, Osaka, Nagano, Chiba, Kagawa
Large meeting	3	Briefing Session and etc
Small meeting	6	After announcement of quarterly reports
Conference	3	Arranged by securities firms
Factory Tour	4	Twice each for institutional and private investors

■ Improvement in Overseas IR Activities

We disclose English information through our website for the overseas investors for timely and fair disclosure. Also we visit the overseas investors' offices regularly. In 2010, we visited investors in the USA, Europe and Asia for 5 times. All the meetings are conducted in English to directly communicate with investors. We continue to put effort into overseas activities.

Overseas IR in 2010

Region	Number of investors	City
USA	20	New York, Boston, Denver, Los Angeles, San Francisco
Europe	23	London, Edinburgh, Paris, Zurich, Geneva
Asia	19	Singapore, Hong Kong

■ Enhancement in Internal Control

We have established the "Internal Control Committee," consisting of staff members from each department, which operates broadly across divisions so as to build, maintain and improve a compliance-risk management framework. Furthermore, we established the Internal Control group in December, 2009 to enhance this operation. By improving and operating our internal control system we continue to enhance the credibility of financial reporting.



For Employees

We believe that "employees" are the most important resource that enhances the corporate value. Therefore we stress the importance of basic human rights, secure safe workplace, and promote a comfortable working environment for our employees.

■ Support for Career Formation

We fully support our employees heading for a new challenge. For example, each employee has an opportunity of an interview with their immediate superior and directors once a year, using the "Plan & Review Report".

During this interview, their career plan and what we can do to help them are discussed, as well as their desire for reassignment or working abroad.

We respect such active commitment from the employees and many of them have applied for a job abroad. Also, we provide support for employees to advance for universities or graduate schools to brush up their knowledge and skills.

* The report regarding employee's annual action target and its result.

■ Original Award System

Employees who contribute greatly to the company's performance through the year are awarded as the "Best Player". In 2010, twenty employees were awarded and offered a plaque for remembrance and extra cash prize. Also, we provide cash prizes for ideas for patent and daily business improvements.

These award systems encourage employees to work with high motivations.



Best Player Award Ceremony

■ Original Personnel Assessment System

We apply annual salary system and review the annual amount of salary based on our original personnel assessment system. We do not apply seniority system but consider annual salary by each employee's ability, attitude towards work, and aspirations.

To be more precise, salaries are assessed based on absolute valuation such as our original qualification system and relative valuation from others. For relative valuations not only the opinion of employee's immediate superior but also that of a director and another superior are always taken into account. Moreover, in our original qualification system, we set not only external qualifications such as TOEIC and license examination for bookkeeping but also our original qualifications, aiming to raise level of knowledge and skills related to our business. The lectures for these qualifications are given by the directors.

■ NPC Futsal League

Once a month in Matsuyama Factory No.3, we hold the "NPC Futsal League" during lunch break. Ten teams, including more than 100 employees, compete in the league match. Anyone who wishes can participate and we can deepen communications regardless of divisions or positions, leading to an increase in cohesion of the whole company.

■ Matsuyama Summer Festival

In order to deepen exchanges among staff members and also to introduce the workplace to their friends and families, we held "Matsuyama Summer Festival" on August 7, 2010. Food stands made by staff members were opened and soccer and basketball tournament were held. In the evening, barbeque was held and everyone enjoyed the time together.



Enjoying barbeque

Handmade food stand

■ Company Trip



In Sendai, Miyagi

Every year we plan a company trip for refreshment to achieve a broader communication among staff members. Recently we went to Kusatsu in Gunma, Oyama in Tottori, Hida-Takayama in Gifu, and Sendai in Miyagi.

Drinking and eating delicious meals, singing karaoke, and soaking in hot spring together provide relaxing time for everyone. Also we are able to communicate with co-workers who we do not directly have relations with during work, which leads to a new cohesion.

For Laws and Regulations

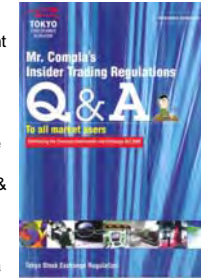


We believe that recognizing social responsibility, thoroughly complying with laws and regulations, and behaving with a public decency are essential for a company.

■ Elimination of Insider Trading Risks

We have established "Internal Information Management Regulation" for trades of the company shares to prevent the insider trading. In accordance with this regulation, all the employees and directors must submit a request document to gain the company approval, and must buy (sell) the company shares within a certain time frame after the approval. In addition, this is effective for buying (selling) shares of business partners.

In order to thoroughly implement measures to prevent the insider trading, all the employees are provided with a textbook published by the Tokyo Stock Exchange (TSE) and lectures. Furthermore, the directors have been registered to "Japan-Insider Registration & Identification Support System (J-IRISS)" of the "Japan Securities Dealer Association (JSDA)," in order to minimize a risk of the insider trading.



Textbook of the Insider Trading published by the TSE

■ Awareness Campaign of the Code of Conduct

We have established the "NPC Corporate Code of Conduct" to encourage our employees to behave with sense of society as well as to comply with laws and regulations.

For example, we regularly hold session meetings for ISO 14001 and train each department and new recruits in order to increase environmental awareness. Also, we regularly hold trainings for business manner.

■ Antisocial Forces

We have established concrete steps in the "Operation Outline for Elimination of Relations with Antisocial Forces". This is effective in preventing involvement of directors, employees, suppliers, contractors and customers in antisocial forces.

For example, whenever we start a new transaction, our inner research arm investigates the subjected company and asks for certifications which prove that they have no relationship with antisocial forces. We also investigate our main shareholders and if there should be a doubt by any possibility, we will follow procedures of the in-house reporting flow.

Furthermore, the employees and directors are obliged to submit certifications once a year, to prove that they have no relationship with antisocial forces.

■ Opening of a Harassment Prevention Hotline

We have established a hotline which directly connects between employees and corporation lawyers in order to eliminate any sexual and moral harassment. Also, we have established the "Sexual Harassment Prevention Committee" consisted of both male and female staff members.

In addition, the "Internal Reporting System" is officially enacted under Article 4 of the "Internal Control Committee Regulation," protecting inner informers including the employees and directors. This hotline is open for any report regarding violation of regulations and compliances as well as engagement in illegal activities of the employees or directors.

■ Elimination of Gender and Racial Discrimination

We take strict measures towards any kind of discriminatory behavior regarding especially for gender and race. If there should be any suspicion, an investigation will be carried out by the "Investigation Committee" taking strict measures including punitive dismissal.

We have global service network and conduct business transactions all over the world. As of August 31, 2010 we hold 4 offices in Japan, 2 in the US, 2 in Europe and 4 in Asia. The number of foreign-registered employees is 14, which is 3.3% of the whole employees and the number of female employee in management position is 8, 15.4% of the whole management positioned employees.

*The numbers do not include employees of Meier Solar Solutions GmbH which became a member of the company group in September, 2010.



Employees from 6 countries are working together.