

CSR Report 2014
- Corporate Social Responsibility -

NPC Incorporated

What we aim to communicate in this report.

NPC Incorporated has published this 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 whole NPC Group.

Period covered :

This report is mainly based on topics and data from fiscal year 2014 (September 1, 2013 through August 31, 2014). However, it is noted that it includes some important topics and data before fiscal year 2014.

Date of publication: November, 2014
(Next publication: November, 2015)

Reference guidelines :

Ministry of the Environment: "Environmental Report Guidelines," 2012
GRI*: "Sustainability Reporting Guidelines," Version 3.1, ISO26000.

*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.

Contents

Message from The President	2
Company Outline	3
Relationship with Stakeholders	4

Environmental Report

For Environment	5
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Social Report

For Customers	7
For Business Partners	9
For Local Communities	9
For Shareholders and Investors	10
For Employees	11
Corporate Management	13



Message from the President

NPC Incorporated was established for production and sales of vacuum packing machines in 1992. In the early days I was directly involved in manufacturing through R&D of vacuum packing machines. Anchored in the commitment to manufacturing, we have worked on development of photovoltaic (PV) module manufacturing equipment utilizing our vacuum technology, aiming at improvement in the global environment. By the expansion of our business in the world, we have correctly understood our customers' needs and provided the products and services meeting their request, which brought us the world No.1 market share. I think we have contributed to the global environment indirectly through provision of equipment as well as to our stakeholders through improvement in our employees' skills and our business expansion.

In the global PV industry, PV panel manufacturers with competitive advantages have been clarified due to further consolidation of manufacturers in recent years. We will thrive to improve our technologies to provide module manufacturing machines for mass production of high-quality modules based on the long-term, reliable relationship with such manufacturers. We will also provide even more reliable PV modules based on the knowhow accumulated in 1-year experience in contract module assembly service and launch manufacturing special PV panels that match the needs of the environment and society. In the PV system related business, we have developed and sold the latest original inspection machine, utilizing the PV inspection technologies. We have already started R&D on PV panels recycling, that is sure to be required in the near future. Through such actions, we will contribute to the improvement in values of PV power generation, helping its healthier growth, and its prevalence.

I believe that it is a role of a company to provide excellent products or services matching social needs and continue to be profitable while adapting to the changes in the environment and that playing this role results in increase in satisfaction of our shareholders, our employees, our customers, and our business partners, and even contribution to sustainability of the earth and society. We will make further efforts to carry out the company responsibility. We appreciate your continued support for our activities.



November, 2014

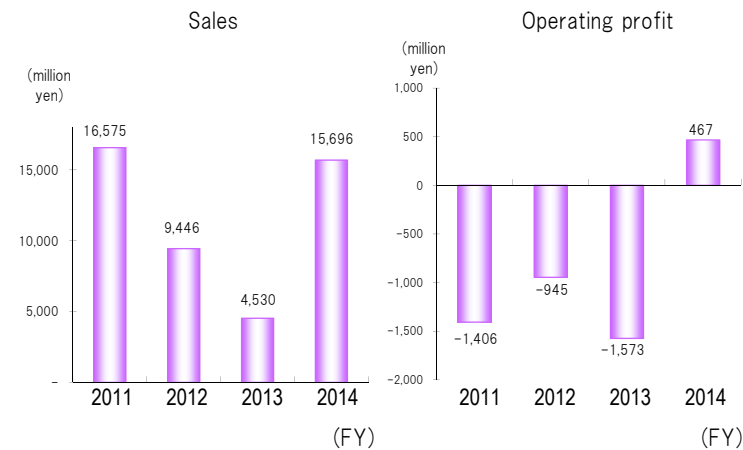
Masafumi Ito
President & CEO

Company Outline

Corporate Overview

Name	NPC Incorporated
Location	1-1-20 Minami-senju, Arakawa-ku Tokyo 116-0003, Japan
Foundation	December 24, 1992
Capital	2,812 million yen
Number of employee	189 (Consolidated) 184 (Non-consolidated)
Fiscal Term	August 31
Web page	https://www.npcgroup.net/eng/

Consolidated Financial Results



Business and Products

We provide R&D, designing, manufacturing, sales and support for PV manufacturing equipment and vacuum packing machines, sales of PV system/environment related products and services, and contract module assembly service.

Equipment Related Business

PV Module Manufacturing Equipment

We provide all the manufacturing equipment necessary to manufacture PV modules and a total assembly line. We are a globally leading company in this field.



Vacuum Packing Machines

We provide special vacuum packing machines for manufacturing vacuum insulation panels. We also provide a variety of machines for food, electronic components, automobile components industries, etc.



PV System/Environment Related Products

We started sales of PV system/environment related products in 2014 to contribute to healthy growth of PV power generation. We provide wide range of products and services such as on-site EL/PL inspection machine, current and voltage measurement system, maintenance service using such products, and coating agent for PV panels.



Contract Module Assembly Business



We have been providing high-quality PV modules according to our customers' specifications. Relationship based on reliability with customers have been further strengthened as we have already established steady production structure and reduced the loss rate through knowhow accumulated.

We will utilize manufacturing knowhow acquired in this business to new business.

Relationship with Stakeholders

Company Policy

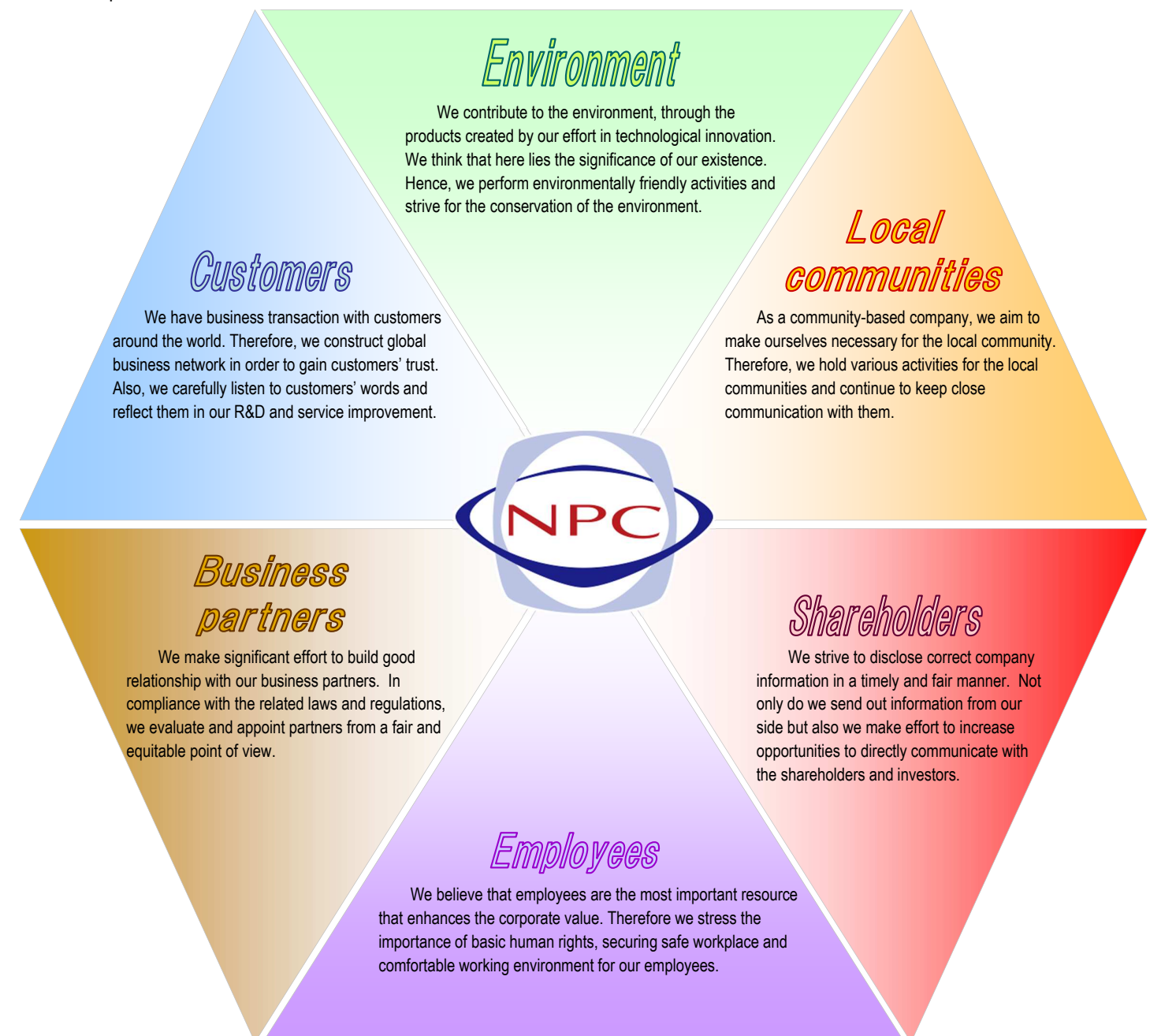
**“We, through creation of products,
aim to be a company needed by nature, society and people.”**

Our CSR Concept

We believe that it is crucial to clearly show how we communicate with not only our stakeholders such as shareholders, employees and business partners, but also the environment and local communities. We believe that working on CSR activities is essential for sustainability of the society and the environment as well as for that of our 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 ourselves to further development.





Our company policy is “We, through creation of products, aim to be a company needed by nature, society and people.” Under this policy, we contribute to the global environment, through the products created by our relentless effort in technological innovation and make efforts to become a company that is needed by every stakeholder. Hence, we perform environmentally friendly activities and strive for the conservation of the environment.

Environmental Management System

In order to contribute to conservation of the environment, we have been working on improving our environmental management system and governance since our environmental management system was ISO14001 certified in 2005.



“Environment Policy” is displayed at many places in the office. We also disclose our environment policy on our web site.

Revised Items for 2014 (June, 2013~May, 2014)

- Changes in procedure documents and applicable scope
 - We have revised manuals and documented procedures according to reorganization (establishment of Environmental Products Sales Department), personnel reshuffle, etc.
 - We have removed Matsuyama factory No.1 (former name) from the applicable scope as a result of its sales.
 - In accordance with the start of the contract module assembly business, we have added “working environment measurement” and “special health check” as environment related acts to be obeyed.

Changes in certification body

After having had the assessment by the same certification body for the last 9 years, we changed it in order to prevent routinization and promote improvement in environmental management system.

Targets and Results for 2014 (June, 2013~May, 2014)

Yearly Targets

We set yearly targets of 2014 as below, most of which were stricter than those of the previous year, and tackled them to achieve all of them except for one.

The target of improvement in fuel efficiency of gasoline company cars in Tokyo HQ was not achieved because we strictly limited the cars use for sales activities in Tokyo/Kanto area and utilized public transportation and agents for other areas. Therefore, gasoline consumption was reduced by around 30%.

Environmental Targets for 2014		Department	Result
Improvement in fuel efficiency of company cars	Gasoline: 14.9km/ℓ	Tokyo HQ	×
	Diesel: 9.4km/ℓ		○
Reduction in OA paper printing errors (<1.0%)		Tokyo HQ	○
Improvement in fuel efficiency of company cars	Gasoline: 12.0km/ℓ	Matsuyama Factory	○
	Diesel: 5.4km/ℓ		○
Reduction in the number of OA paper disposal		Business Management Group	○
		Designing Dept.	○
Reduction in design mistakes		Electrical Designing Dept.	○
Prevention of extra components usage		Engineering Management Dept.	○
Reduction in the number of CD disposal		Engineering Management Dept.	○
Reduction in damage on components		Module Assembly Dept.	○
Reduction in the number of electric cable disposal		Production Dept. 2	○
Reduction in equipment size/weight and power consumption		R&D Dept.	○

Compliance of environmental laws and rules

Throughout this period, we did not have any accidents, emergency situations nor law violation which would severely impact the environment. We did not have any communication from stakeholders including claims nor any non-conformity as a result of employees' activities complying with the environmental management.

Assessment result by internal control and outer associations

In the conformity assessment, it was concluded that we had conformed to and properly maintained the requirements in applicable standards, with only minor indications. Therefore, our environmental management system was judged to be functioning effectively and certificate renewal was approved.

Environment-related Products

It is an important mission for us as a manufacturer to provide environment-conscious products with low power consumption. We contribute to the protection of environment by introducing many types of these products.

PV Manufacturing Equipment

We manufacture and sell equipment for manufacturing PV modules, one of major clean energy products. We have coped with performance increase and cost reduction in order to promote the industry growth.

Maintenance of PV system

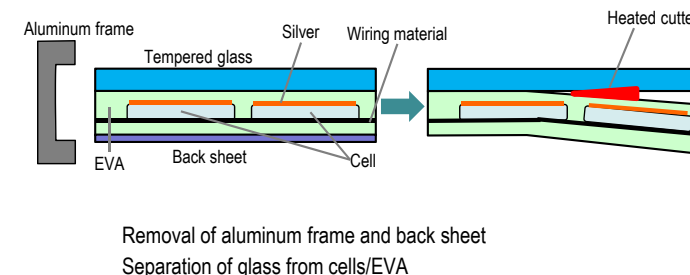
Since PV panels are exposed to snow, strong wind, etc. for a long time, maintenance is very important to keep their quality or efficiencies. We provide the inspection machine that visualizes inner conditions of PV panels, the measurement system that measures currency and voltage of a PV system and issues a report in a short time, PV system maintenance service, etc. We contribute to maintaining soundness of PV systems and conservation of environment through these products.

R&D on PV Panels Recycling Technology

Recently a great number of PV systems have been rapidly installed in Japan, where we foresee a new social problem of recycling PV panels to be disposed of. We have been proceeding R&D on PV panel recycling technologies to tackle this problem.

In May 2014, National Institute of Advanced Industrial Science and Technology, the Nihon Superior, and NPC applied for a PV panel recycling project publicly sought by New Energy and Industry Technology Development Organization, and our application was adopted as an official project in July. We have been proceeding with its R&D as a socially valuable technology, aiming at commercialization in or after 2017.

[Development of recycling process NPC is in charge of]



Removal of aluminum frame and back sheet
Separation of glass from cells/EVA

Environmental Load Reducing Activities

We make efforts on saving resources and energy, proactively pushing forward activities to reduce environmental load.

Efforts in Saving Power

Matsuyama factory is equipped with the demand monitoring systems in the factory buildings for efficient operation and management of energy such as finding energy-saving points, offsetting demand-peak of each building, etc. We also added the automatic control systems of air-conditioners to switch compressors on and off automatically. This year we added air-conditioners, which resulted in increase in electricity usage from the previous year. However, peak shaving at maximum power supply contributed to limiting power consumption.

We also continued energy-saving actions such as thinning out lights, refraining from using hand dryers and toilet seat warming function, etc.



Compressors and automatic control system of air-conditioners



Automatic control system of air-conditioners

Installation of PV Systems

In addition to the PV system of generation capacity of 90kW, about 30 times more than that of a standard residential system, on rooftop of Matsuyama factory office building, we are preparing for around 300kW PV system to be installed on rooftop of the building C. Ministry of Economy, Trade and Industry has already approved the system: we will start installation immediately after we receive the grid connection approval from the power company.

Reduction of Paper Usage and Proactive Use of Environmentally-conscious Materials

We continued a postcard type “Business Report,” which we send to shareholders annually. We have reduced use of paper for environmentally-friendly reason by summarizing sufficient and necessary information in a postcard.

Also, when outsourcing printing booklets such as Corporate Profile, we proactively use environmentally-conscious materials such as paper made from woods certified by Japan Forest Stewardship Council, vegetable-oil-based ink, etc.





We carefully listen to customers around the world, reflect their requests or opinions to our R&D and service improvement through business transactions with customers.

Product Enhancement through R&D

New Businesses

We have been expanding new businesses related to entire PV system, based on the technologies and know-how accumulated in PV equipment manufacturing business. In 2014, we started sales of on-site EL/PL inspection machines, electric current and voltage measurement system, maintenance service using these products, coating agent to be applied onto PV panel surfaces, etc. We have received many inquiries and orders especially for the maintenance service.

In 2015, we are pushing forward expansion into downstream business and are thriving to establish the maintenance network throughout Japan in cooperation with other companies.

We have been also preparing for manufacturing and introducing special PV panels of our own in the Japanese market. Our product portfolio will include high-quality PV panels such as double-glass panels and bifacial panels, suitable for the Japanese climate with typhoons and snow; see-through panels optimized for solar sharing.

We have already started R&D on recycling PV panels related to separating glass from cells/EVA: now we are ready to move forward from "manufacturing PV panels" to "recycling PV panels."

With the development of the wide range of businesses stated above, we will establish the more stable business platform that will not be easily affected by market situation.

Enhancing Products Matching Demand Trends

Our basic policy of R&D is "to reflect customers' needs appropriately and immediately to our products."

PV systems only started prevailing in the world. Our customers, PV module manufacturers, have been striving to reduce cost of PV modules or develop highly efficient modules to expand PV usage in both existing and emerging markets. Therefore, we have developed both low-price equipment with minimum specs and equipment with high function and efficiency to provide product line-up meeting the whole demand trends.



Contract Module Assembly Business

1 year has passed since we started contract module assembly business to support our customers in 2013. In the Japanese PV market, an enormous amount of PV systems will be continuously installed.

We will continue to develop new customers and to provide high-quality PV panels made in Japan that satisfy our customers.



Enhancement and Promotion of Quality Control

Quality Control Complying with Standard

We have many business transactions with overseas customers. Therefore, it is crucial to follow the standards and practice of each country or region. Information regarding standards and practice, including the CE marking of Europe, the UL certification of North America, the RoHS directive and other specifications and regulations are collected and organized by the Designing Management Group to apply to our products.

Quality Check

We carry out Design Review, hereinafter referred to as "DR", between all the personnel related, to discuss the concepts and designs of orders. In DRs at early stages, requirements of each customer are checked and conceptual design is discussed. After the concept is shared with customers, details are decided in DRs at later stage. Through these steady checks at each development stage, we aim at quality improvement.

Establishing Quality Control Structure

Engineering Management Department in charge of quality control holds quality control meetings regularly which all the related parties attend. They circulate customer's requests in "Quality Control Information Sheet," study them in the meeting, and decide how to meet the requests or solve problem.

Registration of ISO9001 Certificate

To continuously improve customer satisfaction and quality management systems, we obtained ISO9001 certificate in 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.



"Quality Policy" is displayed at many places in the office. It is notified to employees through company's website.

Global Support System

We will continuously recognize that customer service after installation is the key to customer satisfaction and that we will improve our equipment listening to customers. We will provide support and service including maintenance from the existing bases.



Participation in Exhibition

Every year we participate in exhibitions to introduce the latest products and services to our customers.

In 2014, we participated in 3 exhibitions held in Japan to appeal our new PV system related products, etc. We displayed the on-site EL/PL inspection system, the high-speed currency and voltage measurement system, the PV panels coating agent and welcomed a number of visitors from business fields different from module manufacturing equipment field to our booth.



July, 2014 PV JAPAN 2014



September, 2014 PV SYSTEM EXPO, OSAKA



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July, 2014 PV JAPAN 2014



September, 2014 PV SYSTEM EXPO, OSAKA



We make significant efforts to build good relationship with our business partners. In compliance with the related laws and regulations, we evaluate and appoint partners from a fair and equitable point of view.

● Fair Trading with Business Partners

Appointment and Evaluation of Business Partners

In accordance with the internal "Purchase Management Regulation", we evaluate business partners on the points such as quality control, price advantage and certainty of lead time. When commencing the business and on a regular basis afterwards, we conduct surveys for continuous relationship on their credit check and relations with antisocial forces.

Compliance with the "Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors"

Related employees regularly participate in study sessions on "Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors" outside the company. We use those information in internal study sessions to brush up our knowledge.

Fair Business Transactions

The person in charge for each business partner rotates regularly to maintain robust relations and fair business transactions.

● Communication with Business Partners

Visiting Business Partners

To continue our business, we sometimes visit business partners and confirm the situation. At the same time, we listen to their requests and opinions. What we think important is that both parties are fully satisfied with each other as business partners.



We aim to be a company that is required by local communities as a locally oriented company. For that purpose, we have participated in various activities and forwarded communications for local communities. We would like to continue our efforts to realize even better mutual understanding.

● Participating in Local Events

Holding the "Summer Holiday Parent and Child Solar Battery Class"

In 2014, we held the "Summer Holiday Parent and Child Solar Battery Class" for 3rd to 6th grade elementary school children at the Matsuyama factory. Accompanied by their parents, they attended the 2-hour class either in the morning or in the afternoon. In the class, they learned the PV structure and features, assembled solar car kits, and saw the PV system installed on the office building rooftop and a demonstration of the on-site EL/PL inspection machine. Under the fair weather they were cheering and staring at the solar cars they made running briskly in the factory field.

Although it was our first time to hold such a class inviting local children and parents, it was a great success. We will continue these kind of local events and convey the importance of electricity and the merits of PV as a renewable energy.



The Research & Planning Department is responsible for striving to disclose correct company information in a timely, precise, and fair manner and to expand communication opportunities with shareholders and investors. Not only do we send out information from our side but also we make efforts to increase opportunities to directly communicate with the shareholders and investors for building even stronger and more trusting relationship.

● Information Disclosure Basic Principles

Information Disclosure Policy

We set the "Disclosure Policy" defining standards and manners of information disclosure, quiet period, forecasts and estimates, etc. and disclose it on our homepage.

<http://www.npcgroup.net/eng/ir/>

Providing Easy-to-understand Information

We renewed our homepage in October 2014. A big banner of "For Shareholders & Investors" on the top page guides the audience to IR pages without hassle.

There financial highlights and various information materials regarding financial reports can be easily accessed. For overseas investors, we provide English translation of disclosed materials, CSR reports, and other important publication on our English homepage. We also provide the IR inquiry form to receive opinions or questions.



Various IR Materials

We strive to provide various IR information in an easy-to-understand manner to shareholders and investors. We put on our homepage various IR materials including presentation materials for financial results and send "Business Report" once a year to our shareholders by post.

● Communication with Shareholders and Investors

IR Meetings with Institutional Investors/Analysts

The president and the Research & Planning Department proactively hold many one-on-one meetings with institutional investors/analysts. In 2014, we held around 50 meetings.

Briefing Sessions for Private Investors

In 2014, we held briefing sessions for private investors in Ehime and Tokyo. We will increase the number of sessions in 2015 so that more private investors can obtain deeper understanding of NPC.

General Meeting of Shareholders

We hold a general meeting of shareholders in a convenient venue close to Yamanote-line.

Also, we have adopted fiscal period starting from August, different from most companies, to avoid the busy period of general meetings and enable more shareholders to attend our meeting. As a result, 111 shareholders attended the meeting in 2013. We study the opinions, comments, and advices received appropriately.

Company Information Conference for Shareholders

Since 2008, we have held the Conference for Shareholders after the General Meeting of Shareholders. In 2014, we will change the name to Company Information Conference so that shareholders can directly communicate with the directors and reach further understanding on our company. All of the directors attend it and answer various questions from the shareholders.



November, 2013, Conference for shareholders



We believe that employees are the most important resource that enhances the corporate value. Therefore we stress the importance of basic human rights, securing safe workplace and comfortable working environment for our employees. For smooth and efficient business operation, we allocate right personnel for right position and make efforts for employee training.

● Good Use and Development of Human Resources

Fair Assessment

Having adopted annual salary system, we review the amount of salary each year based on our original personnel assessment system. Not according to seniority system, we decide annual salary by each employee's ability, output from work, and aspirations as well as the obtained national or official qualifications.

Elimination of Gender Discrimination and Esteem of Diversity

We positively recruit foreign and female workers. The ratio of female workers at manager or higher position is about 10%, having achieved the government's goal ratio of around 10% by 2015.

● Providing Comfortable Workplace

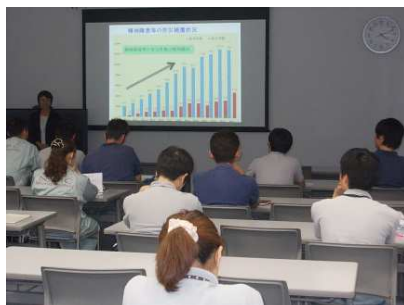
Supporting Work/Child-raising Balance

In 2014, 3 female employees took maternity leave or childcare leave. We will continue to promote short-time work system after returning to their work for realizing balance between work and child-raising without hassle.

Mental Health Care Seminar

In July 2014, we held a mental health care seminar for health and safety committee members and managers in Matsuyama factory.

We have learned that each employee can manage stress by understanding how to handle it and acting accordingly. We give employees not only physical care but also mental care so that they can work positively.



Support for Employees Skill Improvement

We provide internal trainings for Improvement in skills or knowledge required for work such as a freshman training including machinery operation training at factory, trainings for department or group managers, etc. We help each employee's ability development by supporting official qualifications test such as TOEIC, accounting, etc. and outside trainings or seminars.

Securing Workplace Safety

As a manufacturer, we have a responsibility to secure employees' safety in the factory. We have defined rules for each working process in the "Safety Control List."

Evacuation Training and AED Seminar

In November 2013, we had an evacuation training followed by AED seminar by fire fighters in Matsuyama factory.

In each of the office building and 5 factory buildings, fire defense teams for self protection are organized for emergency. First aid party members of the teams attended the AED seminar to learn how to use AED from the fire fighters.

We will continue to take this kind of seminar as the on-site treatment greatly influences whether the person with cardiac or respiratory arrest can be saved or not.



● Support for Group Activities

Group Activities

In-house group activities, which started in 2013 aiming at promoting communication among employees and participation in regional activities, were continued in 2014. The number of the formed groups was 9, with 112 members. The activities are again full of variety from sport such as volleyball and golf to recreation like motorcycle touring. Some group members even attended several groups.

We provide an annual support fund for each group. These activities give the members a good opportunity not only to refresh themselves by activities outside workplace but also to well communicate, regardless department or age, with members who distantly know each other in a daily work by sharing the same experience. Some groups proactively participated in local community events.

We will continue to support these group activities.



Motorcycle Touring Group
"Nishihabu Iron Horses"



Futsal Group



Recreation Group
"Team Tomorrow we really will . . ."



Volleyball Group

From our employee

The name of our group, "Team Tomorrow we really will . . ." has a positive meaning that "We have practiced so hard for today. We did our best today and will do our best tomorrow! If today we fail, tomorrow is another day!"

32 employees belong to this group and enjoy various recreation activities such as tennis, badminton, cycling, bowling, marathon, relayed marathon, mountain climbing, and barbecues throughout the year.

Family members and friends of the group members participate in these activities, so I think not only communication between group members but also communication with the people outside the company has been improved. Through the activities, I feel the people around us have also understood the atmosphere within the company. We proactively attend public events in or out of the prefecture for interaction with local people.

With more events waiting for us like mountain climbing, barbecues, full marathon, etc. I would like to further my health management.



Ken Takasuka
Electrical Designing Dept.
Matsuyama factory

Corporate Management



We believe that recognizing social responsibility, thoroughly complying with laws and regulation, and behaving with a public decency are essential for a company. We aim to reinforce the management base and achieve a sustainable company by risk management.

Corporate Governance

We continuously strengthen our management system which promptly responds to business environment by taking initiatives in maximizing corporate value and enhancing business management systems with greater transparency.

Board of Directors

The Board of Directors consists of 4 directors, engaging in management policies and business planning decisions, as well as confirming the status of business execution and thorough compliance with laws and regulations. Since this market is globally expanding with technology renovation occurring night and day, insufficient knowledge and ability regarding the market and technology may lead to a misjudgment on the part of management and to a significant loss in corporate value. All of the 4 directors have been deeply involved in this market from an early stage of the industry and have thorough knowledge.

Board of Auditors

We appoint 2 out of 3 auditors from outside the company. Therefore, we consider the current auditing system fully secures the objectivity and neutrality of management surveillance against the Board of Directors. The functionality of auditing the management is satisfactory due to the attendance of highly independent outside auditors who hold profound back-ground, knowledge, and experience at the Board of Directors' meetings.

Accounting Audits

With regard to accounting audits, we contract with Ernst and Young ShinNihon LLC and receive audits based on the Financial Instruments and Exchange Law and Corporate Law. Also, Ernst and Young ShinNihon confirms accounting procedures and auditing problems and regularly holds discussion meetings with the president, ensuring and maintaining appropriateness of financial statements.

Internal Auditing Department

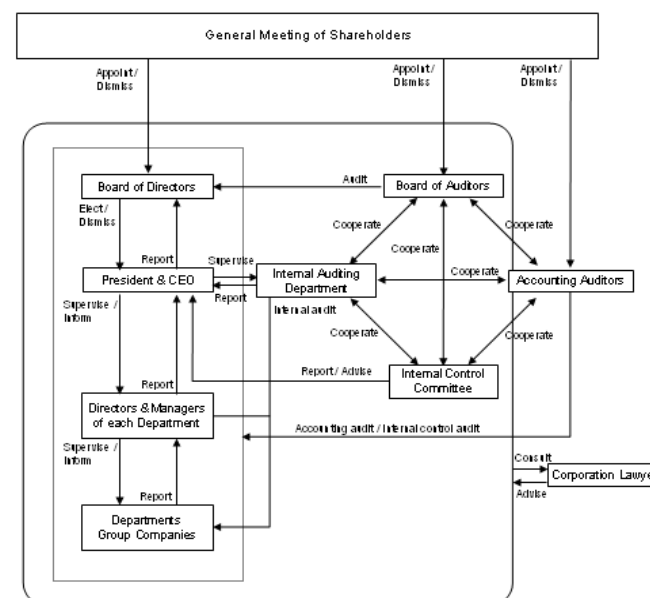
The Internal Auditing Department conducts internal audits on the status of business execution of all departments including overseas subsidiaries, based on the "Internal Auditing Regulation". The Internal Auditing Department formulates annual internal audit plans approved by the president and audits whether the business activities of each department are being implemented in compliance with laws and various regulations. In addition, specific indications and assistance are pointed out in order to improve the operation situation and operational efficiency. Additionally, efficient internal audit procedures are in performance by cooperating with the auditors and accounting auditors, receiving appropriate advices.

Strengthening of the Internal Control System

Establishing clear internal control system is essential to build, maintain and improve a compliance-risk management framework. We have established the "Internal Control Committee," for which the president is responsible and sets the "Basic Policy for Establishing Internal Control System" and the "Internal Control Committee Guideline" to further improve the system.

Corporate Governance

The chart below shows our business operation, management monitoring and internal control system.



Compliance

We not only strive to ensure compliance with laws and regulations but also place importance to establish and operate rules and systems, complying with social and ethical norms, and internal rules.

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 training for business manner.

Opening of a Harassment Prevention Hotline

We have set up a hotline which directly connects to corporation lawyers in order to eliminate any sexual or power harassment.

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.

Antisocial Forces

We 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 doubt by any possibility, we will follow procedures of the in-house reporting flow. The employees and directors are obliged to submit certifications once a year, to prove that they have no relationship with antisocial forces.

Risk Management

We make efforts towards reducing uncertainties surrounding our businesses by avoiding any assumed risks and establishing systems to minimize the damage resulting from these risks.

Elimination of Insider Trading Risks

We established the "Internal Information Management Regulation" for trades of our own shares to eliminate insider trading. In accordance with this regulation, all the employees and directors must submit an application to gain internal approval, and must buy/sell the shares within a certain time frame after the approval. This rule is also applied to buying/selling shares of business partners. In order to thoroughly implement measures to eliminate insider trading, all the employees are provided with a textbook published by the Tokyo Stock Exchange (TSE) and warning posters are put in each office. Also lectures were provided by the TSE expert. 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 the risk of Insider trading.



Warning Poster

Continuation of "Countermeasures (Takeover Defense) against Large-scale Purchases"

In November 2007, we adopted "Countermeasures (Takeover Defense) against Large-scale Purchases" to prevent damage on our company value as a global business entity related to renewable energy. Its purpose is to secure and improve our company value and shareholders' benefit in common, and its continuation was approved at the 21st General Meeting of Shareholders held in November 2013.

Strong Management for Intellectual Properties

We work to avoid infringement on intellectual property rights of the third party and to protect our own rights. The Intellectual Property Management Group is responsible for checking patent rights of other companies as well as obtaining patents for new technologies from global point of view.