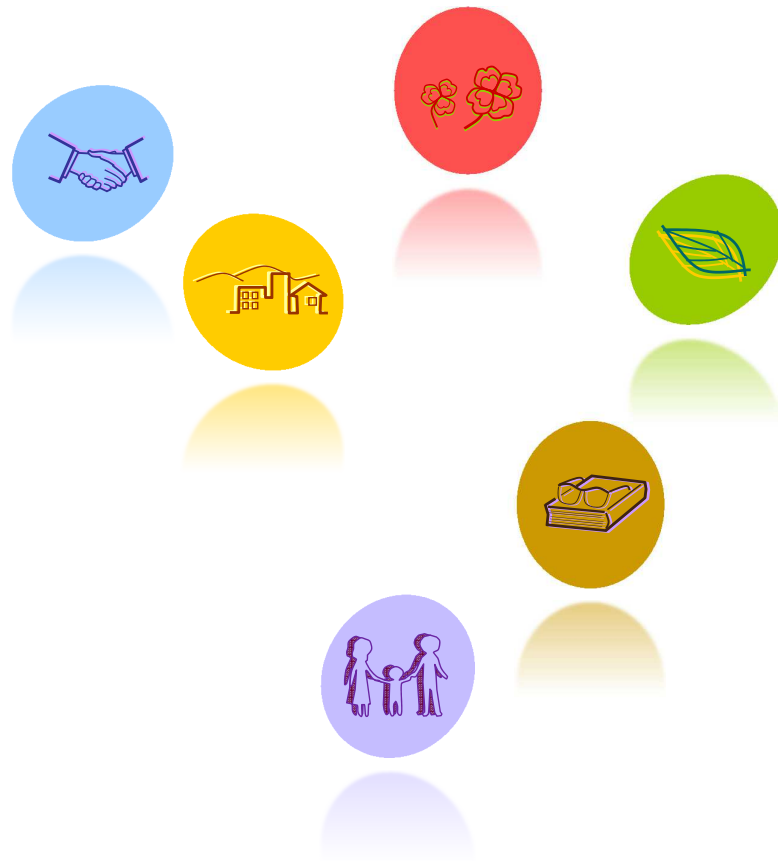


CSR Report 2015

- 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 2015 (September 1, 2014 through August 31, 2015). However, it is noted that it includes some important topics and data after fiscal year 2015.

Date of publication: November, 2015
(Next publication: November, 2016)

Reference guidelines :

Ministry of the Environment: "Environmental Report Guidelines," 2012
GRI: "Sustainability Reporting Guidelines," Version 4," 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.

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Message from the President

NPC Incorporated started its operation for the purpose of production and sales of vacuum packing machines in 1992 and entered photovoltaic (PV) industry in 1994, by developing module laminator utilizing vacuum technology. We are leading pioneers who have a high reputation from worldwide PV manufacturers and are the world No.1 with regards to equipment sales. This is due to our manufacturing by capturing market needs in the early days. About 5 years ago, however, the global PV market experienced temporary stagnation, which caused our unsatisfactory financial results. Since I received the baton as president & CEO under such circumstances, I have dealt with restructuring the existing businesses, the development of new businesses, and improvement of organizational power for around 4 years. As a result, we have succeeded in the roll-out of the contract module assembly business (OEM) and the panel inspection service. The intense efforts made by the entire company were rewarded by way of profitability for the last 2 financial years.

In the equipment related business, we will proactively enhance sales to new regions as business between major PV manufacturers has been stabilized under long-term, reliable relationships. In the contract module assembly business, we will continue manufacturing high-quality panels and utilize the knowhow accumulated in this business to launch manufacturing bi-facial panels of our own brand. In the panel inspection service, we will develop "Solar Wellness," the inspection network and aim at prevalence of our unique inspection methods, in cooperation with our partner companies for the sound operation of PV systems throughout Japan. We have moved on to a new step in the R&D of recycling panels for the business roll-out in the near future. Thus, we understand CSR activities as business development while understanding essentially what is required as a company by the environment and society.

I regard aggressive development of various businesses related to the PV industry, where our strength lies, will lead to the contribution of sound growth of the PV market and establishment of a sustainable society. Also, to promote business activities required by the society now will result in our business continuity, and will lead to an increase in satisfaction of our employees, our shareholders, our business partners, and all the other stakeholders. We will make further efforts to carry out the sustainability-conscious company management. We appreciate your continued support for our activities.



November, 2015

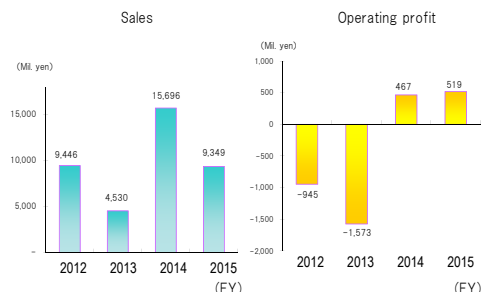
Masafumi Ito
President & CEO

Company Outline

Corporate Overview

Name	NPC Incorporated
Location	1-7-15 Higashi-ueno, Taito-ku, Tokyo 110-0015, Japan
Foundation	December 24, 1992
Capital	2,812 million yen
Number of employee	177 (Consolidated) 172 (Non-consolidated)
Fiscal Term	August 31
Web page	https://www.npcgroup.net/eng/

Consolidated Financial Results



Business and Products

We run 5 businesses related to the PV panels. Business segments are the equipment related business and the contract module assembly business.

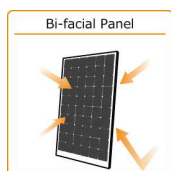
Equipment Related Business



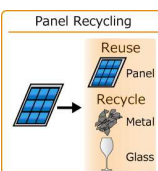
We provide all the manufacturing equipment necessary to manufacture PV modules and a total assembly line. We are a globally leading company in this field.



In addition to providing our unique inspection equipment and service, we started organizing the nationwide panel maintenance network for contribution to the sound growth of PV. We will aim at permeation of the useful and reliable inspection method.



We develop high-quality bi-facial panels with the output of 340W. In FY2016, we will start pilot production and sales under NPC brand. The expected applications in a niche market such as solar carports, systems in snowy area.



We continue the development of PV panels recycling technology. R&D has been proceeding under NEDO project, in order to develop equipment to remove unnecessary remains and effectively disassemble panels without breaking glass

Contract Module Assembly Business



According to the specifications of our customers, we provide high-quality PV panels. We will contribute to an increase in customer satisfaction with our "made in Japan" quality through establishing the stable production structure and accumulating various know-how. We will also launch pilot manufacturing and sales of bi-facial panels of our own brand, utilizing experience and achievement in this 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 in 2015 (June, 2014~May, 2015)

Changes in applicable scope

- For management rationalization, etc. we sold the previous headquarters building where production and maintenance equipment still remained. As there are administrative departments only at the new office, the headquarters was removed from the applicable scope.
- Along with expansion of our business domain, "business activities related to provision of PV system maintenance service and inspection equipment" was added in the scope.

Changes in manuals, outside environments, etc.

- In accordance with the scope change above, we have properly revised various manuals including the environment manual.
- We have added inspection of air conditioners and compressors to the environmental laws list to be assessed along with the "fluorocarbons emission control law" revised as of April 1, 2015.

Targets and Results for 2015 (June, 2014~May, 2015)

Yearly Targets

We set yearly targets of 2015 as below, and made efforts to improve performance based on the plans.

2 targets set at a very high level were not achieved unfortunately, however, the rest of the targets were all achieved, which were set at the stricter level than the previous year.

Environmental Targets for 2015		Department	Result
Improvement in fuel efficiency of company cars	Gasoline: 12.0km/ℓ Diesel: 5.4km/ℓ	Matsuyama Factory	○
Reduction in the number of OA paper disposal		Business Management Group	○
Reduction in fuel costs related to changes at site		Designing Dept.	○
Prevention of extra components usage		Electrical Designing Dept.	○
Reduction in the number of CD disposal		Engineering Management Dept.	○
Reduction in scrap components by improved yield rate		Engineering Management Dept.	○
Reduction in damaged components of equipment		Module Assembly Dept.	×
Reduction in damaged components of equipment		Equipment Manufacturing Dept.	○
Establishment of PV panel recycling technology		R&D Dept.	○
30 PV plants maintenance		Environmental Products Sales Dept.	×

Compliance of environmental laws and rules

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

Assessment result by outer associations

As a minor non-conformance, bad smell at the water-purifier tank was indicated. As the dirty tank caused this problem with no defect found in water quality and transparency, we changed components and cleaned the tank. We have also made the "water-purifier tank maintenance manual" to prevent recurrence.

It was concluded that we had conformed to and properly maintained all the requirements in applicable standards except for the above, 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.

Pilot production and sales of bi-facial panels

We will manufacture and sell bi-facial panels on a trial basis, which generate power on both front and back sides, under NPC brand. This type of panels are particularly suitable for snowy areas or narrow space, due to their efficient power generation. We expect they cover the needs in niche market.



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.

Inspection/Maintenance of PV system

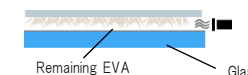
Since PV panels are exposed to snow, strong wind, etc. for a long time, maintenance is very important to keep their quality or efficiency. We provide "EPTiF," the inspection machine that visualizes inner conditions of PV panels, "Rakit," the measurement system that measures currency and voltage of a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



R&D on PV Panels Recycling Technology

We have been continuously proceeding R&D on PV panel recycling technologies to tackle the massive waste problem.

In September 2015, Hamada (HQ in Osaka) 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 addition to the glass and encapsulant separating machine, which we finished R&D last year, we have been developing the machine that can recycle useful components more efficiently.



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 the compressors on and off automatically. In FY2015, power consumption at the Matsuyama factory decreased compared to the previous year.

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

Installation of PV Systems

We have safely completed installation of the PV system with around 300kW capacity on the rooftop of the building C and started generation and transmission of electricity on August 18, 2015. About 96 tons of CO₂ is expected to be reduced. We also make the most of the system by using it in starter trainings for panel maintenance network partners, continuously storing data related to degradation by aging, verifying the coating agent effectiveness, etc.



PV system on rooftop of building C



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

Providing Our Own Products/Services

We have been expanding new businesses related to entire PV system, based on the technologies and know-how accumulated in the PV equipment manufacturing business.

In FY2015, we further expanded downstream business to start "Solar Wellness," the nationwide panel maintenance network. By establishing this network, we strive to permeate our unique, highly reliable panel inspection methods using "EPTiF" and "Rakit." In FY2016, we plan to increase partner companies up to 30.

In panel recycling technology, we have continued R&D related to separation of glass from cells/encapsulant, challenging a difficult theme of recycling panels without breaking glass.

We will establish even further stable business platforms which will not be easily affected by market trends, through business development related to panels such as panel manufacturing equipment, panel manufacturing, and panel inspection.



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

The Japanese PV market is expected to steadily grow in residential systems category.

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

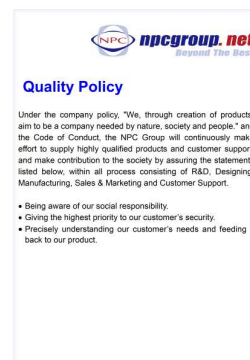
We carry out Design Review (DR), to discuss the concepts and designs of orders among all the personnel related. In DRs at early stages, requirements of each customer are checked and conceptual design is discussed. After the concept is shared with customers, details are decided in DRs at later stage. 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 problems.

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.

● Participation in Exhibition

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

In FY2015, we participated in 3 domestic exhibitions to appeal our PV system related products and service. In addition to the on-site EL/PL inspection system and the high-speed currency and voltage measurement system, we started accepting applications to our PV panels maintenance network, "Solar Wellness." These exhibitions provided us with excellent opportunities to meet with many new customers.

In FY2016 we will continue to attend exhibitions and obtain more business chances.



In February 2015, at PV EXPO 2015



In July 2015, at PVJapan2015

● Demonstrations/Seminars

Since October, 2015, we have been performing inspection and maintenance demonstrations using our 2 types of inspection equipment at operational PV plants. We have also been holding seminars to introduce various trouble cases found by the inspections and "Solar Wellness" network.

So far 83 persons from 41 companies attended 3-day demonstrations/seminars in the Kanto, the Kyushu, and the Tohoku areas.

After these events, we carry out questionnaire surveys and review the feedback in order to improve the contents for our current and future customers.



October, 2015 in Ibaraki prefecture

For Business Partners



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

"Solar Wellness" starter training

For "Solar Wellness" partner companies, we carry out the starter training. In order for them to run business utilizing this network without any concerns, we provide various contents from actual inspection practices to explanation of how to run the business and analysis methods.



Solar Wellness starter training

For Local Communities



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! Eco Kids School"

In August, 2015, we held the "Summer! Eco Kids School" organized by Matsuyama city, for 4th to 6th grade elementary school children at the Matsuyama factory. During the 2-hour class, they learned the PV structure and features, assembled solar car kits, and saw the PV system installed on the office building. During the solar car race, some children were devising ways to run their own cars as fast as possible.

Under the sunny weather, they attended the watermelon splitting as a final event.



Solar car race

We will continue to hold such events that local people can attend, and strive to deepen the relationship with local communities.

Sponsoring Matsuyama Relay Marathon

We sponsored "Matsuyama Relay Marathon" held in Matsuyama city on October 10 and 11 as an "omotenashi" sponsor (sub sponsor). A relay marathon, where several people run in turn to cover 42.195km, has different aspects to enjoy from those of a usual marathon. In total 618 teams attended from various regions of Ehime and ended on a high note. From NPC, 2 teams from "Team tomorrow we really will..." the recreation group, participated in the general category and finished at good records.

This was our first sponsorship for the local events. In addition to the attendance through group activities, we value local events to promote communication.



2 teams from NPC



For Shareholders and Investors



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

On our homepage, 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.

In November, 2015, we added the pages related to shareholder meetings. We will continue to make efforts to provide easy-to-understand homepage.



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 IR materials including presentation materials for financial results and send "Business Report" once a year to our shareholders by post.

We also send the disclosed materials to those who have no access to internet as per their request.

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 FY2015, we held 42 meetings.

Briefing Sessions/Factory Tour for Private Investors

In FY2015, we held briefing sessions for private investors in Ehime, Tokyo, and Ibaraki. We will hold sessions where we have not visited yet so that more private investors can obtain deeper understanding of NPC.

In November, 2015, we also held a factory tour, where 7 private investors attended and saw our various products and services including panel manufacturing equipment, panel inspection service demonstration, etc.



November, 2015, Matsuyama factory tour

General Meeting of Shareholders

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

We also publish the convocation notice on our homepage one week before sending it out, so that the shareholders can consider attendance well in advance. In FY2014, 110 shareholders attended the meeting. We study the opinions, comments, and advices received appropriately.

Communication between Shareholders

Since 2008, we have held the Conference for Shareholders (renamed as Company Information Conference) after the general meeting so that shareholders can directly communicate with president & CEO and reach further understanding on our company. We answer various questions and listen to comments from the shareholders.

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, 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

For New Personnel System and Improvement of Welfare

We will introduce the new personnel system in FY2017 to enhance our organizational power and to improve welfare of our employees.

In FY2016, the periodical bonus system started. Based on the roadmap, we have been preparing for building the system that can lead to stronger motivation and lively organization, such as establishing a new assessment method.

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 fees for official qualifications tests such as TOEIC, accounting, pneumatic circuits and apparatus devices assembling etc. and outside trainings or seminars.

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 FY2015, 4 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.

Relocation of Headquarters

In March 2015, the headquarters was relocated from Arakawa-ku, where NPC was established, to Tait-ku. We decided the relocation aiming at more efficiency in business according to the expanding downstream business, and taking our employees' health conditions into consideration.

The new headquarters, located on 5th floor of a building in Ueno area, enjoys a lot of sunshine and leads to improvement of employees' motivation.

Safety Seminar by Shikoku Electrical Safety Inspection Association

At the Matsuyama factory, the electrical maintenance committee is organized for inspection, operation, and maintenance of electrical equipment including PV systems. In August, 2015, all the committee members joined a safety seminar by Shikoku Electrical Safety Inspection Association.

They will make the most of the seminar for secure operation and maintenance of electrical equipment by learning again how to check safety precautions, and how to deal with an electrical accident.



From our employee

Already half a year has passed since the headquarters moved. My first impression of the new office was "Spacious! Bright! Nice!" Lots of sunshine beams through the large windows on the fifth floor throughout the day. The office floor is nicely covered with carpets. Bench sofas sit along the wall at the back of the room and free space of about 10m² is also available.

In the southward space, sometimes we feel a bit hot due to too much sunshine, but it is surely a good environment for greens like cacti.

In the previous office, every department cleaned the rooms in shifts, however, sometimes it was difficult to clean everywhere. In the current office, a building maintenance company cleans the entire floor and even collects everyone's dustbins. I really appreciate the service.



Tokyo HQ,
Sales Management Dept.
Tomomi Asai

● 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, entered into the 3rd year. 9 groups continued activities in FY2015 and 117 members attended, 5 members up from the previous year. 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 again.

We will continue to support these group activities.



Futsal Group



Bicycle Group "Charindar"



Golf Group



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

From our employee

"Nishihabu Iron Horses Group" is a motorcycle touring group, which started its activities 1 year ago. It is a rather small group with only 12 members, whose department and age are totally different. Thus, our activities are based on the plans that everyone can enjoy like a touring route development only experienced cyclists can think of, search for unknown delicious sweets, and so on.

Many of the members use the motorcycle on a daily basis for commuting and private life, however, I myself had rarely ridden until I started this group, which gave me the best chance to find the fun of riding again. If your motorcycle has been sitting like what mine used to be, just join us.

Through the activities, we now have a dream of owning our group motorcycle some day to join a race together, not only go on road trips.

We will continue activities under a "safety No.1" motto to live a fulfilling life both in work and group activities.



Ryota Nakamura
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 5 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 an outside director joined us in FY2014, the corporate value has been improved by his advice and proposals from an objective point of view and his proper surveillance of management.

Since the PV 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 management and to a significant loss in corporate value. The 4 directors in charge of management 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 background, 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

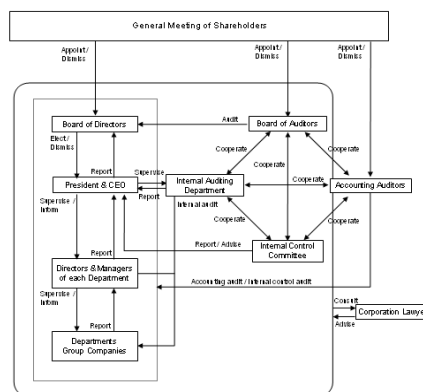
The Internal Auditing Department conducts internal audits on the status of business execution of all departments including overseas subsidiaries, based on the "Internal Auditing Regulation". The Internal Auditing Department formulates annual internal audit plans approved by the president and audits whether 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 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.

Elimination of Antisocial Forces

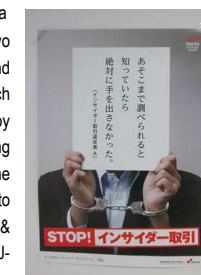
We established concrete steps in the "Operation Outline for Elimination of Relations with Antisocial Forces." This is effective in preventing involvement of directors, employees, suppliers, contractors and customers in antisocial forces. For example, whenever we start a new transaction, our inner research 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. Lectures were provided by the Research and Planning Department manager. 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

In FY2015, we obtained 3 domestic and 1 overseas patents and 4 trademarks.

The Intellectual Property Management Group strive to avoid infringement on intellectual property rights of other companies through regular checks and to protect our own rights by applying for new patents or trademarks.