



## Nisshin Steel Sustainability Report 2011

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## Mission Statement

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The Nisshin Steel Group believes that its social responsibility is to develop and supply value products, technologies and services and create new markets so that we may help our customers accomplish their missions and goals through duly performing our corporate activities amid the globalizing economy.

Our vision is to evolve and be better as a materials manufacturer.

In order to realize our vision;

We strive to be a company preferred by customers, shareholders, and employees of today and tomorrow.

We also strive to be a company harmonious with other stakeholders and society.

## Top Commitment

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### Toward Fulfilling Our Social Responsibilities

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Please allow us to express our heartfelt sympathy to all the victims of the Great East Japan Earthquake that occurred on March 11, 2011, along with our sincere wishes that the affected areas recover as early as possible.

The massive earthquake and resulting tsunamis, which caused unprecedented devastation and suffering in the Tohoku region of Japan, also inflicted damage on Ichikawa Works and other production facilities under our group. We have strived to achieve the early restoration of operations at these facilities, and at the same time have made concentrated efforts to secure steel materials for the construction of temporary housing and other restoration purposes as well as otherwise normalize economic activities that were disrupted as a consequence of the disaster. With restoration work expected to proceed in genuine fashion from here on out, the Nisshin Steel Group will continue our efforts to contribute to whatever extent we are able as a constituent member of society.

Having placed the issue of environmental preservation as one of the top priorities of our management policy, the Nisshin Steel Group is currently focusing on environmental management. In order to gain strength in this area, we are applying our accumulated technical capabilities and human resources to such activities as the promotion of a low-carbon society, the formation of a recycling-oriented society, the mitigation of our environmental footprint in production processes, and the development of products (eco-materials) that are friendly to both the environment and people. In particular, we are actively working to cut back on our use of electricity and save energy in response to recent societal demands, and at the same time are vigorously pushing forward the reinforced development of high-function eco-materials capable of meeting the demands of a new age.

Without support from society, our customers, shareholders and investors, people in the local community, our employees and all our other stakeholders, our group's business activities would be impossible to perform. With this in mind, our group must always continue to engender trust from all stakeholders. We wish to grow into a firm whose existence has genuine meaning by addressing in earnest environmental preservation and other social responsibilities of ours through conducting business activities in harmony with society. To this end, we intend to establish a corporate culture of "Compliance First" as well as continue to strengthen corporate governance and risk management and otherwise promote the development of a relevant framework.

With the hope that more people will understand the abovementioned vision and efforts of ours, since the year 2000, we have published an annual "Environment Report" that contains a summary of one year of related initiatives. Last year, we revised this report and decided to continuously issue it as the "Nisshin Steel Sustainability Report", which also offers a broad introduction of our engagement with social responsibilities. Through this new version of the report, we hope that you will become familiar with the various aspects of our group and provide us with your candid opinion of our business activities.

Your ongoing understanding and support of the Nisshin Steel Group is highly appreciated. Thank you very much.

*Toshinori Miki*

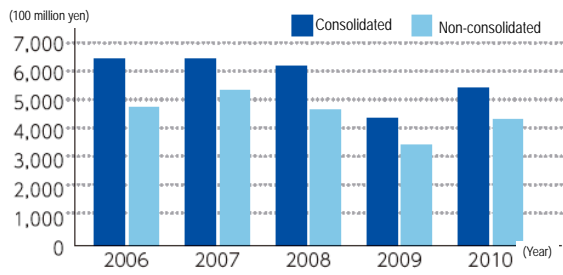
*Toshinori Miki*

President and Chief Executive Officer

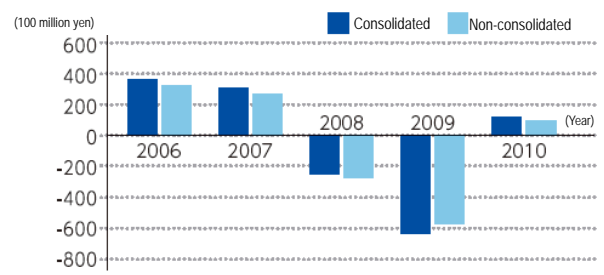
## Corporate Profile

Corporate Name	Nisshin Steel Co., Ltd.
Registered Head Office	Shin Kokusai Building, 4-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8366, Japan
Representative Director	Toshinori Miki, President & Chief Executive Officer
Year of Establishment	February 15, 1928 〔New incorporation through merger : April 1, 1959〕
Paid-in capital (As of March 31, 2011)	79.9 billion yen
Net sales (As of March 31, 2011)	545.3 billion yen (Consolidated - Nisshin Steel Co., Ltd. and Subsidiaries) 437.0 billion yen (Unconsolidated)
Employees (As of March 31, 2011)	6,074 (Nisshin Steel Co., Ltd. and Subsidiaries) 3,665 (Nisshin Steel Co.,Ltd. only)
Main Business	Production, processing and sales of Steel & Nonferrous metals
Subsidiaries and Affiliates	<p>〈Manufacturing &amp; Processing〉</p> <p>Nisshin A &amp; C Co., Ltd., Nissin Kokan Co., Ltd., Nihon Pipe System Co., Ltd., Tsukiboshi Art Co., Ltd., Nikken Stainless Fitting Co., Ltd., Mizukami Metal Industry Co., Ltd., Sun Wave Corporation, Sanko Metal Industrial Co., Ltd., Chugoku Kogyo Co., Ltd., Molitec Steel Co., Ltd., Hisaka Works, Ltd.</p> <p>〈Trading &amp; Processing〉</p> <p>Nihon Teppan Co., Ltd., Tsukiboshi Shoji Co., Ltd., Canox Corporation, Osaka Stainless Center Co., Ltd., Stainless One Corporation, Nitirin Metal Co., Ltd., Ishida Kinzoku Co., Ltd., MSS Stainless Steel Center Co., Ltd., Iwata Koutetsu Co., Ltd., Prosteel Co., Ltd.</p> <p>〈Material Supply〉</p> <p>Nisshin Sanso Co., Ltd., Shunan Shigyo Co., Ltd., Ube Nisshin Lime Co., Ltd., Shunan Sanso Co., Ltd.</p> <p>〈Transportation〉</p> <p>Tsukiboshi Logistics Co., Ltd., Shinbishi Kaiun K.K.</p> <p>〈Maintenance and Service〉</p> <p>Nisshin Koki Co., Ltd., Shinwa Kigyo Co., Ltd., NI information System Co., Ltd.</p>

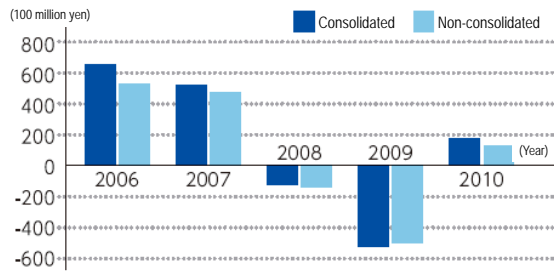
### Net sales



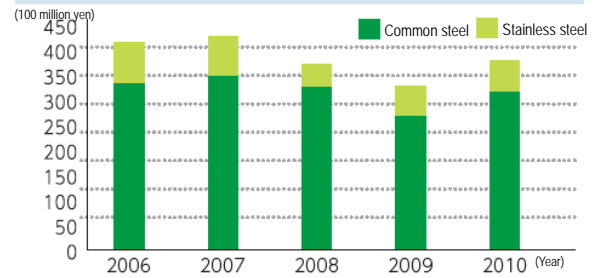
### Net income



### Ordinary income



### Movement in production volume of crude steel



## Corporate Governance

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**Under the themes of improving the credibility of management, promoting rapid decision-making, and carrying out appropriate business operations, Nisshin Steel focuses on the enhancement of its corporate governance as one of the most important issues for management.**

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### Management Decision-Making Process

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Nisshin Steel positions the enhancement of corporate governance as one of the most important challenges for its management. Aiming to become a company that will be preferred by customers, shareholders, and employees of today and tomorrow as well as be harmonious with other stakeholders and society, we respect social norms, act in a sensible manner, and endeavor to maximize our corporate value through further enhancing the efficiency and credibility (transparency, fairness and responsibility) of our whole management structure. Under this basic concept, with the aim of further enhancing our corporate competitiveness through the execution of rapid and sound decision-making and operations, we have introduced an operating officer system to promote the separation of management and operations and pursue the clarification of responsibility and authority.

As a result, the Board of Directors concentrates on the primary task of developing management strategies and supervising the execution of operations, and the President and other members of the Executive Office accomplish their assigned tasks in accordance with the management principles and policies formulated by the Board of Directors. Matters of importance in the execution of operations are discussed and finalized by the Executive Committee chaired by the President, the chief executive responsible for the daily operation of the company.

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### Management Auditing

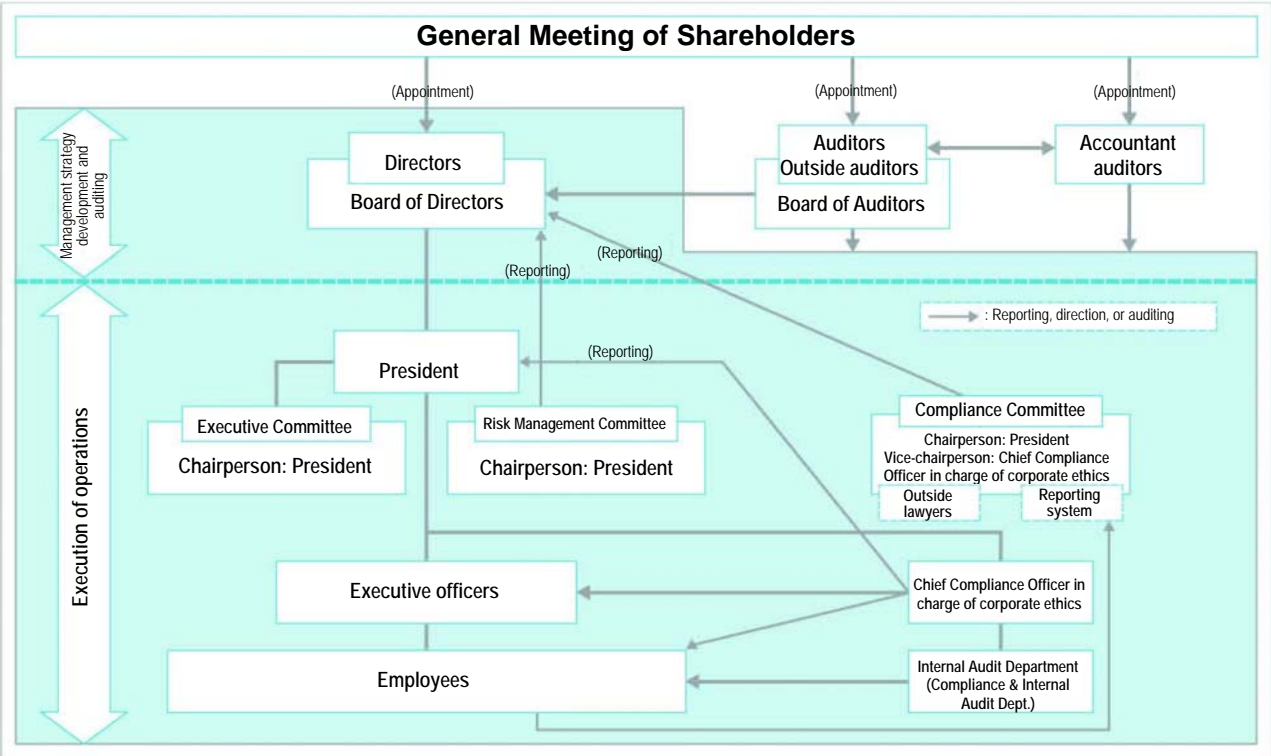
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The Board of Auditors, the majority of which is made up of outside auditors, audits the legality of operations executed by the Board of Directors and its members. It is particularly worth noting that outside auditors are also assigned to serve as full-time auditors to enhance audit functions for ensuring objectivity and neutrality.

The members of the Board also execute mutual supervision and surveillance of their performance of duties, while receiving reports on the status of the execution of operations, in order to ensure effective supervision and surveillance of the execution of management and operations.

Furthermore, the Compliance & Internal Audit Dept., which, as an internal audit department, is independent from the Executive Office, periodically conducts an internal audit, and the Compliance Committee, chaired by the President and co-chaired by the Chief compliance officer in charge of corporate ethics, audits the company's observance of compliance.

# Corporate Governance System



# Compliance

The Nisshin Steel Group considers it important to comply with not only laws and regulations but also social norms that represent public decency. Based on this common understanding, all employees of the group make concentrated efforts together to build a compliance-oriented corporate culture.

## Initiatives for Compliance

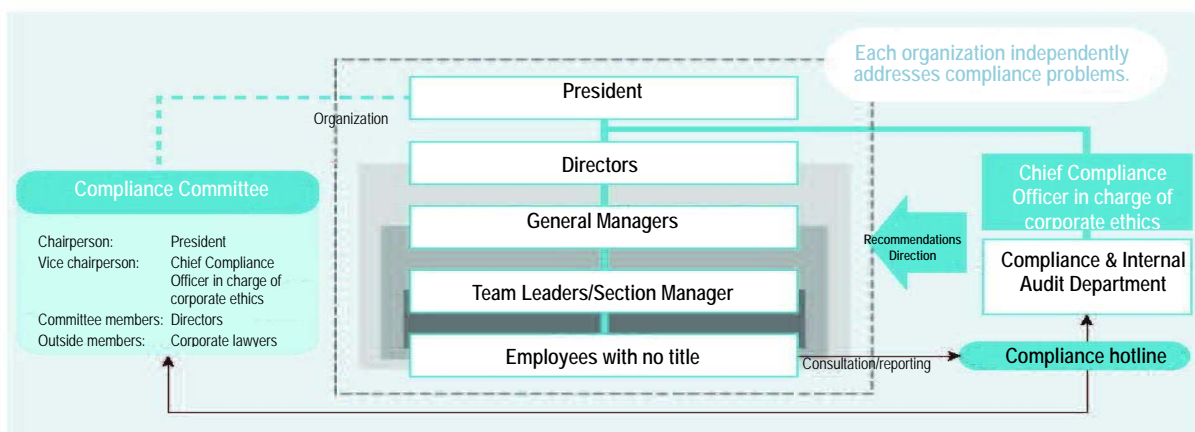
In 2009 Nisshin Steel had the regrettable experience of being prosecuted for violating the guidelines concerning the selling of hot-dip galvanized steel sheet products under the Antimonopoly Act. Taking this situation with utmost solemnity and seriousness and having a strong determination never to forget the experience, we have been steadily engaged in the prevention of recurrence of such violation under the advice of an independent committee comprised of outside experts.

In addition, in our Compliance Declaration adopted as part of preventive measures, we advocated the idea of “Compliance First,” which represents the concept that one should give more priority to compliance than to any other concept of values in business activities, and are actively putting forth efforts to establish this as our corporate culture.

## Compliance Promotion System

Nisshin Steel has established a Compliance Declaration, Corporate Behavior Standards, and a Code of Conduct, and considers these to be an important groundwork for an enterprise to act in a sensible manner with full respect for social norms as well as laws and regulations. In order to improve corporate governance associated with compliance, we are also working to strengthen our compliance promotion system.

## Compliance Promotion Framework



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## Internal Report System

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An internal report system (compliance hot-line) has been created to find and solve problems associated with compliance as early as possible. This system is available to all employees (regular or temporary) belonging to our group\*. For users' convenience, both internal and outside lawyers and experts are available for consultation.

\*Our group : Nisshin A & C Co., Ltd., Nissin Kokan Co., Ltd., Nisshin Koki Co., Ltd., Shinwa Kigyo Co., Ltd., Tsukiboshi Logistics Co., Ltd., Tsukiboshi Shoji Co., Ltd.,

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## Compliance Promotion Activities

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- ★ Distributing copies of the “Compliance Declaration,” “Corporate Behavior Standards”, and “Code of Conduct” handbooks to all employees
- ★ Distributing to all employees copies of the “Compliance Handbook” which describes appropriate behavior along with some rationale, using 40 familiar examples of compliance cases
- ★ Enforcement of compliance education (About 1,450 employees belonging to the planning and other related departments, about 600 production site managers, and about 500 group company employees participated in the course in 2010)
- ★ Provision of training for ethical decision-making by Mitsuhiro Umezu, Keio University Associate Professor, who is a renowned researcher working in the field of business ethics (In 2010, the course was conducted eight times at factories and branch offices, and a total of 133 employees participated)
- ★ Provision of “Ethical Decision-Making Training” at the workplace (Each trainee conducted case-based training at his/her workplace, taking on a leadership role. The course was conducted 39 times in total, and a total of about 330 employees participated in the course)
- ★ Conducting compliance awareness surveys (About 1,264 employees belonging to the planning and other related departments responded (the response rate was 85%) in 2010)



“Compliance handbooks

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## Initiatives for Information Management

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Responding to the social demand for the stringent protection and management of trade secrets and personal information, Nisshin Steel has built up an information management system through establishing Information Management Standards, Personal Information Handling Rules, and Personal Information Handling Guidelines, and will work toward strengthening our information management system in response to changes in the business environment.

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## Coping with Antisocial Forces

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Nisshin Steel resolutely opposes antisocial forces and severs any connection with them in accordance with clear stipulations in our Corporate Behavior Standards and Code of Conduct. In 2008 we established our Rules for Dealing with Antisocial Forces, which define a system for opposing such forces and the persons responsible for doing so, and in 2011 we revised these rules to further reinforce provisions against them. Through cooperating with outside organizations/experts such as police and lawyers, we will take appropriate actions on a group-wide level.

# Risk Management

In order to implement our basic management policy of becoming a company that is preferred by customers, shareholders, and employees of today and tomorrow, as well as maintain harmony with other stakeholders and society, Nisshin Steel has created a system for preventing risk and appropriately responding to an emergency in the event of risk detection.

## Risk Management System

We have built a risk management framework centered on the President-chaired Risk Management Committee for the promotion of company-wide risk management activities. This enables us to unify management of all possible risks, including those respectively inherent in environment conservation, safety/disaster prevention, quality control, information management, and other sectors, that could have a significant impact on group operations.

## Emergency Response

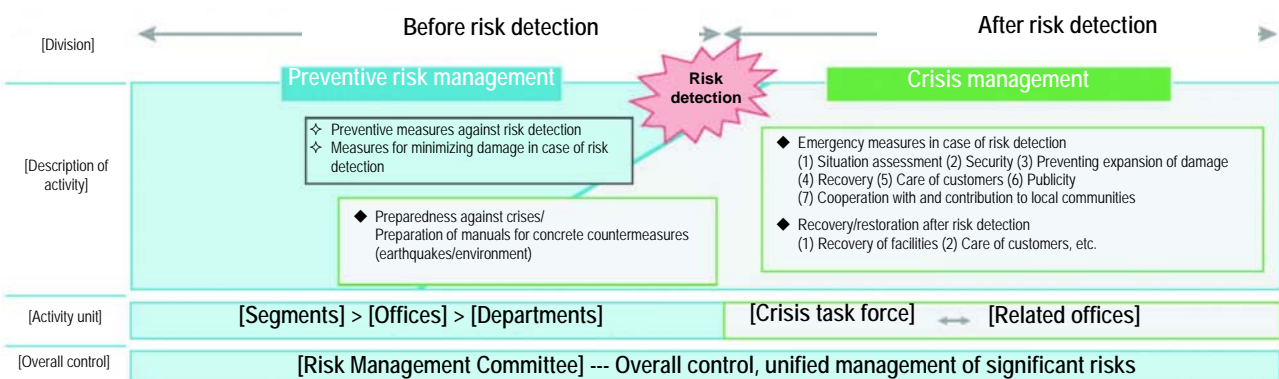
In the event that a significant risk such as an earthquake or a major disaster arises, making a material influence over the continuation of our business, we will immediately create a crisis task force to cope with the situation.

In response to the Great East Japan Earthquake that occurred on March 11, Nisshin Steel established at the Head Office a crisis task force led by President Toshinori Miki, and implemented company-wide emergency response measures with regard to procurement, production, sales, distribution, and others.

## Types of Risks

Type of Risk	Description	Controller
Strategic risk	A risk that can occur when making a strategic business management decision	Board of Directors, Executive Committee
Compliance risk	A risk of seriously damaging the company's profit or confidence due to violation of laws or social norms or company regulations founded on said laws or social norms	Compliance Committee
Business process risk	A risk associated with ordinary business activities	Risk Management Committee

## Risk Management Framework



# Environment Report

**Concerted efforts to create earth-friendly products and develop eco-materials that serve to preserve the global environment**

**Having established environmental preservation as our basis of management, the Nisshin Steel Group practices environment-conscious management that leads to a better future.**

# Environmental Management

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In order to reduce the effects of any corporate activities on the environment and provide products contributing to environment conservation, Nisshin Steel has constructed an environmental management system through the acquisition of ISO14001, the international standard for industry environmental management systems, and the operation of the environmental assessment system.

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## Basic Policies for Environment Conservation

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### 1. Environmental load-reducing activities in production processes

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With a central focus on the ISO14001 certified environmental management system, we strive to reduce the effects on the environment (atmosphere, water quality, soil, etc.) and at the same time work to promote resource saving, energy saving, and recycling during all phases of business activities.

### 2. Providing products contributing to environment conservation (eco-materials)

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We contribute to the construction of an environment-conscious, recycling-based society by developing environment-conscious products (eco-materials) based on customer needs, social trends, and a viewpoint of LCA.

### 3. Full participation of the Nisshin Steel Group

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Our group companies work in concert with each other to reduce environmental burdens in all phases of business, including procurement of raw materials, transportation of products, recycling of byproducts, and development of environment-conscious plants. In addition, acknowledging the importance of environmental problems, we, as a member of the regional community, work on environment conservation and regional development while communicating with citizens, the government, and other companies.

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## Action guideline for Environment Conservation

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- (1) Contributing to society through independent technologies and product development
  - (2) Enhancement of the environment assessment system
  - (3) Promotion of energy saving (for the prevention of global warming)
  - (4) Raising employees' aware of the global environment
  - (5) Persistent voluntary improvement of the environment management system
  - (6) Maintaining harmony with the regional community
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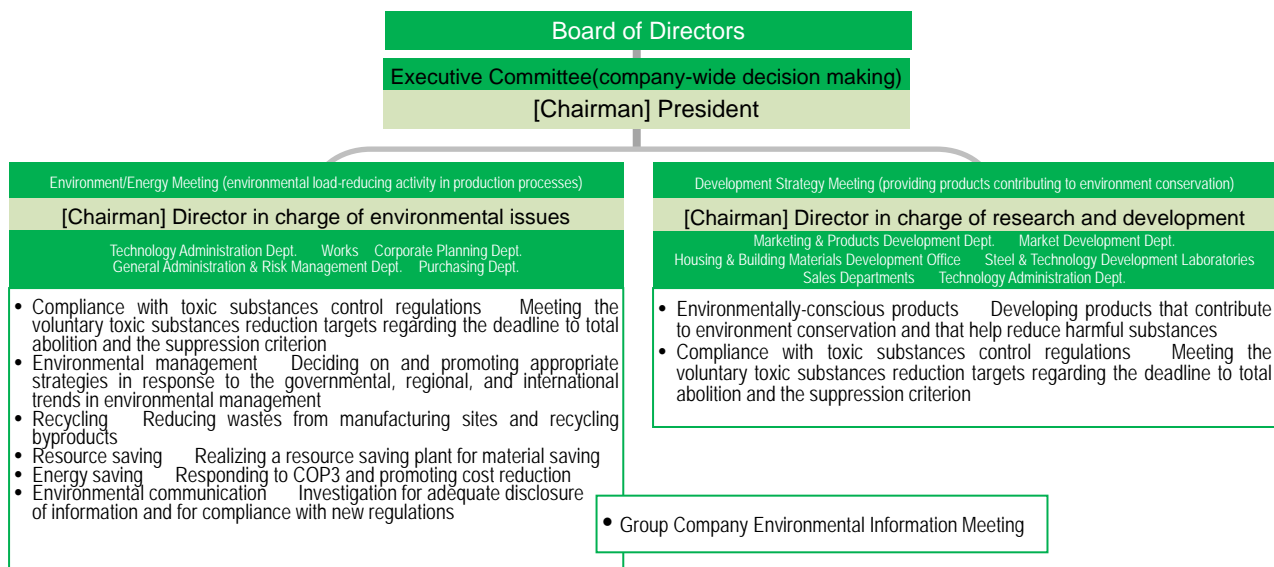
## System for Promotion of Environment Management

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Nisshin Steel is improving its environment management promotion system for the promotion of environment management. Its company-wide policies are decided on by the Executive Committee. The environmental load-reducing activity in production processes is promoted by the

Environment/Energy Meeting, and the development of products contributing to environment conservation by the Development Strategy Meeting.

In April 2010, we set up an Environment & Resource Conservation Office in the Technology Administration Dept. to step up our environment improvement and resource saving efforts.



## Acquisition of ISO14001 Certification

We obtained ISO14001 certification for all of our seven manufacturing works by September 2001, and are working on environment conservation based on an environment management system. In 2010, we updated our ISO14001 certification after undergoing examination at five manufacturing sites including the Kure Works. Further, our group companies have also been making efforts to acquire certification; for instance, Nisshin A&C Co. Ltd. has successfully updated its certification.

## State of Acquisition of ISO14001 Certification

### ● Nisshin Steel's Acquisition of ISO14001 Certification

Place of Business	Acquisition Date	Scope of Registration	Registration No.
Sakai Works	March 2, 1998	Business activities concerning the manufacture of steel sheets and steel strips (hot-rolled, cold-rolled, and surface-treated steel sheet products)	E-027
Kure Works	January 25, 1999	Business activities concerning steelmaking, waste disposal (mixing/granulation), and recycling	E-054
Osaka Works	March 5, 1999	Business activities concerning the manufacture of steel sheets and steel strips	E-061
Shunan Works	March 5, 1999	Business activities concerning the manufacture of stainless steel sheets and strips and heat-resistant steel sheets and strips	E-064
Ichikawa Works	March 5, 1999	Business activities concerning the manufacture of hot-dip products, coated products, and stainless steel foil products	E-066
Amagasaki Works	June 22, 2000	Business activities concerning the manufacture of welded stainless steel pipes and tubes	E-146
Toyo Works	September 20, 2001	Business activities concerning the manufacture of steel sheet and steel strip products (hot-rolled, cold-rolled, and hot-dip products)	E-326

### ● Group Companies' Acquisition of ISO14001 Certification

Place of Business	Acquisition Date	Scope of Registration	Registration No.
Nisshin A&C Co., Ltd.	May 25, 2001	An environment management system that promotes (1) energy conservation (reduction in the amount of electricity and gas used), (2) resource conservation (improved product yield), (3) the reduction and recycling of waste products in the processing (rolling, cutting, press stamping, making composites with resins, etc.) and surface treatment (coating, hot-dip galvanization) of metal plates and sheets and in the assembly of processed products	JSAE381
Tsukiboshi Art Co., Ltd.	January 21, 2006	Design, manufacture and processing, and management of design products using stainless steel sheets and other metal members	YKA400 3540/J
Nihon Teppan Co., Ltd.	April 23, 2004	Sale of steel sheet products, metals, construction materials, metal processing machinery, and electric and electronic products, and the development, sale, and repair of computer systems	C2007-00701
Tsukiboshi Shoji Ltd.	March 24, 2006	Wholesale and office activities for steel products and construction structural members	MSA-ES-507
Nisshin Kokan Co., Ltd.	March 25, 2010	Business activities concerning the manufacture and sale of steel pipes	E-2086

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## Environment Assessment System

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Nisshin Steel has built an environment assessment system for environmental/disaster prevention assessment applied to production processes. With regard to purchasing, manufacture, selling, and recycling, assessments are conducted based on this environment management system. In the process of product development, product assessments are carried out to develop products that will contribute to environment conservation and improvement. In order to develop products that conform to an environment-conscious society, we are also considering the use of LCA.

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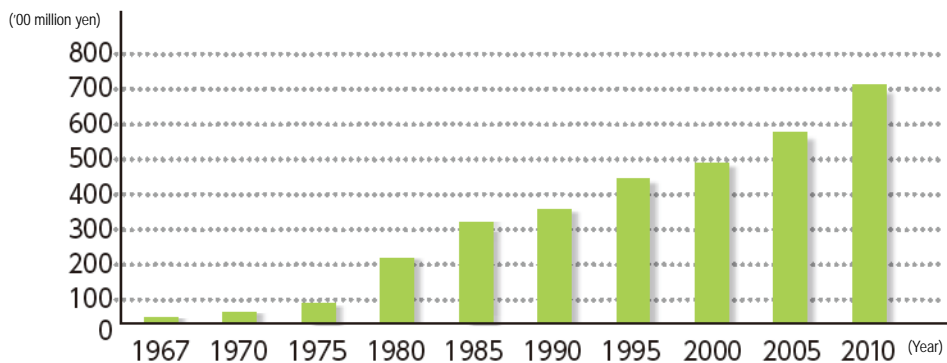
## Environmental Accounting

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Nisshin Steel has actively made investments to promote measures for the prevention of air pollution and water contamination. Since 1967, when the Basic Act for Environmental Pollution Control was established, the total amount that we have invested in such activities has reached 70.4 billion yen. We have also actively promoted measures for energy saving, with the cumulative of investment that we have made in energy conservation since the first oil crisis in 1973 amounting to 185.0 billion yen.

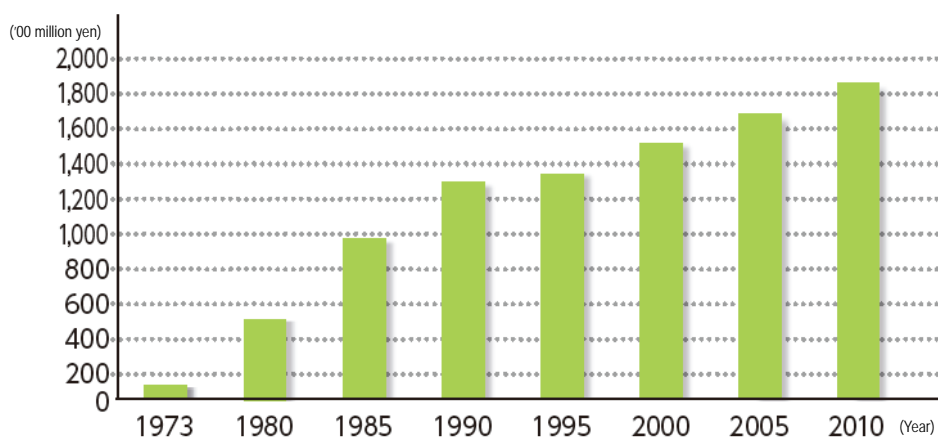
### ■ Cumulative Investment in the Environment (Company-Wide)

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### ■ Cumulative Investment in Energy Conservation (Company-Wide)

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● **Effect of Investment in Energy Conservation (Our Past Performance)**

Energy Conservation Measures		Energy Reduction		CO <sub>2</sub> Reduction
		Type of Energy	TJ/Year	'000 Tons of CO <sub>2</sub> /year
Blast furnace top gas pressure recovery power generation equipment (2 units; total of 24 MW)		Electric power	1,670	70
Converter gas waste heat recovery equipment (Converter 18 ton/heat)		Steam	430	26
Conversion into regeneration burners (Improvement due to conversion from conventional burners)	Molten pig iron and steel pan refractory materials drying	Heavy oil A	77	5
	Dry exhaust gas combustion	City gas	37	2
Heating furnace high-temperature slab insertion (Hot charge rate of 75%)		Heavy oil C	1,210	86

\* TJ (Terajoules): T (Tera) represents 10<sup>12</sup>. J (Joule) is a unit of energy.

# History of Environmental Preservation Activities and Achievements in 2010

Based on our environmental preservation activities over the years, Nisshin Steel makes concrete efforts to achieve our goals established under our basic policies for environmental preservation.

Year	Environmental Contribution through Products (Eco-Materials)	Creation of an Environmental Management System	Developments in Society	
			Overseas	Domestic
1967			●	●
1969		Agreement on environmental pollution control concluded between Amagasaki and Kanzaki Works (Amagasaki City, Hyogo Prefecture)		
1970	Alstar steel sheet (high corrosion resistance, long life, high heat shielding)	Environmental Pollution Control Committee established for group	●	●
1971	Bainite steel (energy-saving)	Agreement on environmental pollution control concluded by Ichikawa Works (Ichikawa City) Environment management division established in all places of business Pollution Prevention Regulations and Environmental Management Regulations enacted Environment and Materials Recycling Meetings initiated	●	●
1972		Agreement on environmental pollution control concluded by Kure Works (Kure City, Hiroshima Prefecture) Plant greening project launched for group	■	
1973		Agreement on environmental pollution control concluded by Shunan Works (Shunan City) Internal NOx Control Committee launched	■	●
1976		Participated in Steel Slag Recycling Committee		
1977	Special steel for fine blanking (processing load reduction)			
1979			■	●
1982	Weather-resistant Alstar steel sheet (for long-life structures)			
1987	PPC (Pin Point Carbide) steel (energy-saving)		■	
1988			■	
1989		Kure "Fureai No Mori/Forest of Interaction" Project launched	■	
1990	Stainless steel for high-temperature waste incinerators			
1991	High tensile strength steel sheet for automobiles (reduction in weight, energy-saving)		●	●
1992			■	●
1993		Action Guidelines for Environmental Problems established	●	
1994	Stainless steel for exhaust manifolds (automobile emission gas purification) Highly corrosion-resistant stainless steel (for long-life structures)	Action Program for Environment Conservation formulated	●	
1995	Zn-AL alloy-plated steel sheet (prolonged life) Non-heat-treated high-strength stainless steel (energy-saving)		■	●
1996		Voluntary action plan for environment conservation by steelmakers formulated by Japan Iron and Steel Federation	■	
1997	W-coat stainless steel (waste reduction), antibacterial stainless steel		■	

## Notes:

Materials: Recycling of slag, co-products, etc.  
 NOx: Nitrogen oxides in gas emissions  
 Intergovernment Panel on Climate Change  
 COP: (& MOP): Conference of the Parties (and Meeting of the Parties)  
 JISF: The Japan Iron and Steel Federation

Year	Environmental Contribution through Products (Eco-Materials)	Creation of an Environmental Management System	Developments in Society	
			Overseas	Domestic
1998	Non-intermediate annealing stainless steel for high processing (energy-saving) Special steel for high processing (omission of processes)	Sakai Works receives ISO14001 certification PRTR investigation commenced Agreement on Environment Conservation concluded by Toyo Works (Saijo City, Ehime Prefecture)	●	●
1999	Chromium-free coated steel sheet U-coated stainless steel (waste reduction)	Kure Works, Shunan Works, Osaka Works and Ichikawa Works receive ISO14001 certification	●	●
2000	Alstar applied to lead-free fuel tanks Zn-AL-Mg composite-plated steel sheet (ZAM) Diesel emission gas purifier	Toyo Works completed Issuance of product MSDS started Amagasaki Works receives ISO14001 certification	●	
2001	Chromium-free electrogalvanized steel sheets developed ZAM chromium-free steel sheet developed	Toyo Works receives ISO14001 certification	■	●
2002	"Ryokun" solar heat-reflective coated steel sheet (energy-saving) Tsukiboshi cycle skid (recycling) ZAM compost plant (composting) Chromium-free coated steel sheet for high processing Chromium-free hot-dipped steel sheet		■	●
2003	Steel pipe expansion type lock bolt made of ZAM (prolonged life)	Nitrogen and phosphorus measurement devices installed in response to the Fifth Total Emission Control System of Water Quality	●	●
2004	Panlite B chromium-free lubricant-coated steel sheet	Second-step goal for voluntary activities for harmful air pollutant management attained	●	
2005	Alstar chromium-free lubricant-coated steel sheet Galvastar chromium-free lubricant-coated steel sheet	Voluntary Action Plan for VOC emission reduction formulated (JISF)	■	●
2006	Highly corrosion-resistant stainless steel sheet for EcoCute hot water tank	Environment management WG activities (JISF)	●	●
2007	ZAM chromium-free phosphate-treated steel sheet Panlite inorganic chromium-free treated steel sheet Panlite B organic chromium-free treated steel sheet	First Environmental Exchange Meeting (JISF)	●	●
2008		Second Environmental Exchange Meeting (JISF) Group Companies' Environmental Information Liaison Conference initiated	●	●
2009	Tsukiboshi GL color steel sheet/SELIOS	Third Environmental Exchange Meeting (JISF) Third party certification acquired for Steel Slag Product Management Manual		
2010		Fourth Environmental Exchange Meeting (JISF)	●	■
2011		Fifth Environmental Exchange Meeting (JISF)	●	■

PRTR: Pollutant Release and Transfer Registers: determination, etc. and manufacturing of the quantity of specified chemical substances released into the environment  
 MSDS: Material Safety Data Sheet  
 RoHS Directive: EU Directive concerning Restriction of Hazardous Substances  
 POPs Convention: Stockholm Convention on Persistent Organic Pollutants  
 VOC: Volatile Organic Compounds  
 REACH: Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals

## ● Targets and Actual Achievements in 2010

Basic Policy for Environmental Preservation	Approach	Targets in 2010	Actual Achievements in 2010	Evaluation
Activities to Reduce Environmental Load in Production Processes	Efforts to realize a low carbon society	<ul style="list-style-type: none"> <li>● Reduce the average energy consumption for the period between 2008 and 2012 by 10% relative to 1990 (Voluntary action plan of the Japan Iron and Steel Federation)</li> </ul>	<ul style="list-style-type: none"> <li>- Energy consumption increased by 0.8% (relative to 1990)</li> <li>- CO<sub>2</sub> emissions decreased by 1.0%(relative to 1990)</li> </ul>	△
	Efforts to create a recycling-oriented society	<ul style="list-style-type: none"> <li>● Promote efforts toward zero emissions</li> </ul>	<ul style="list-style-type: none"> <li>- Steel slag recycling rate reached nearly 100%</li> </ul>	○
	Efforts to reduce environmental load	<ul style="list-style-type: none"> <li>● Reduce volatile organic compound (VOC) emissions (Steel industry's target: 30% reduction compared to 2000)</li> </ul>	<ul style="list-style-type: none"> <li>- 84% reduction (relative to 2000)</li> </ul>	◎
	Promotion of environmental management systems	<ul style="list-style-type: none"> <li>● ISO14001 certification update</li> <li>● Environmental management through cooperation with group companies</li> </ul>	<ul style="list-style-type: none"> <li>- Five of our manufacturing works and Nisshin A&amp;C Co. Ltd. updated their certificate.</li> <li>- Nissin Steel Group Companies' Environment Information Liaison Conference was convened in August and February.</li> </ul>	○ ○
Provision of Products that Help Protect the Environment	Contribution to environmental preservation through products	<ul style="list-style-type: none"> <li>● Plan, research, develop, and sell environmentally-friendly products and technologies</li> </ul>	<ul style="list-style-type: none"> <li>- Sale of "SELiOS" heat-shielding GL color steel sheet, etc.</li> </ul>	○
	Environmental consideration within supply chains	<ul style="list-style-type: none"> <li>● Respond to inquiries about chemical substances contained in products</li> </ul>	<ul style="list-style-type: none"> <li>- Customer inquiries attended to</li> </ul>	○
Participation of Everyone in the Nisshin Steel Group	Environment communication	<ul style="list-style-type: none"> <li>● Participate in regional environmental practices</li> </ul>	<ul style="list-style-type: none"> <li>- 7 works participated in cleaning activities and environmental events (11 cleaning activities and 6 environmental events in 2010)</li> </ul>	○
	Efforts to preserve biodiversity	<ul style="list-style-type: none"> <li>● Participate in volunteer activities in forests</li> <li>● Maintain the "Fureai No Mori/Forest of Interaction"</li> <li>● Maintain the Biotope</li> </ul> <p>●"Life Allying, Earth, Biodiversity" Exhibition</p>	<ul style="list-style-type: none"> <li>- Volunteer activities conducted at Shunan Works (56 persons participated on November 6)</li> <li>- Forest of Interaction was maintained by Shunan Works</li> <li>- The Biotope was maintained by Sakai Works</li> <li>- The exhibit was run at the Nisshin Gallery (Head Office) during the period from October 27 to December 24.</li> </ul>	○ ○ ○ ○

[Evaluation] ◎: Attained ○: Nearly attained △: Not yet attained

# Toward Realizing a Low-Carbon Society

In order to promote our measures for preventing global warming, the Nisshin Steel Group makes concentrated efforts to promote energy saving and the cutting of CO<sub>2</sub> and other greenhouse gases in accordance with the “Voluntary Action Program for Energy Savings by Japan’s Steelmakers” formulated by the Japan Iron and Steel Federation.

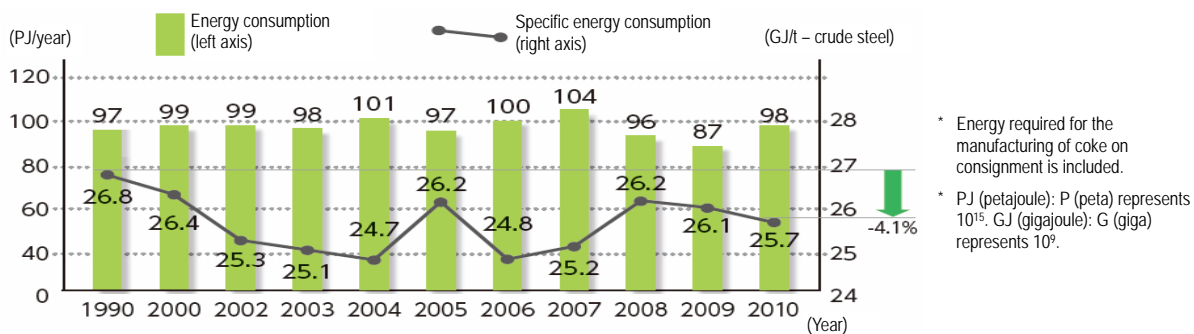
## Efforts to Reduce Energy Consumption and CO<sub>2</sub> Emissions in Production Processes and Actual Achievements

Nisshin Steel has actively promoted measures to conserve energy based on our Energy Conservation Master Plan.

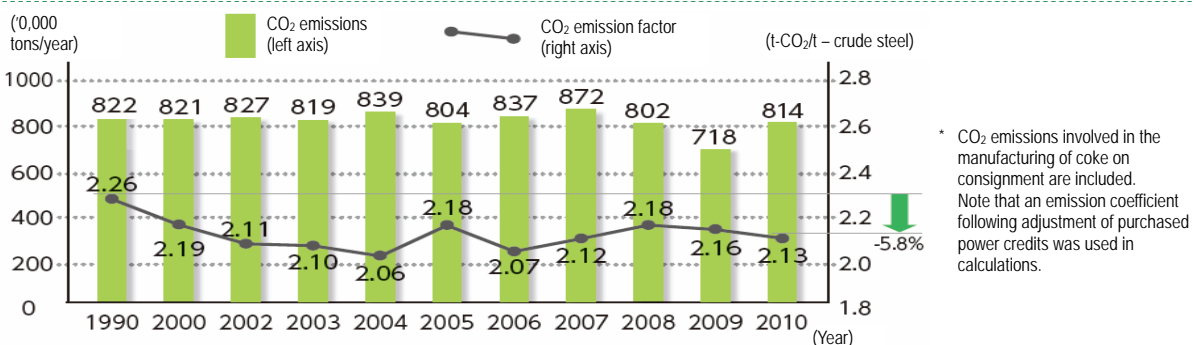
Despite the presence of factors driving up energy consumption, such as the manufacture of high-function materials, we successfully achieved a 4.1% reduction in specific energy consumption (relative to 1990) by implementing measures such as waste energy recovery, the adoption of continuous processes, operational improvement, and the introduction of high-efficiency equipment.

In addition, we have also achieved a 5.8% reduction in carbon dioxide emission intensity (relative to 1990).

### Changes in Our Energy Consumption



### Change in Our CO<sub>2</sub> emissions Originating from Energy



## Example of Recent Energy Saving Measures (1)

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### Introduction of regenerative burners

#### [Applicable equipment] Steelmaking plant at Kure Works

Receiving subsidies from the NEDO\*, we introduced regenerative burners into the ladle heating device to make effective use of exhaust heat radiated from the furnace. As a result, a significant reduction of approximately 40% has been achieved in the amount of A heavy oil used as fuel.



## Example of Recent Energy Saving Measures (2)

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### No.12 hot-blast stove

#### [Applicable equipment] 1 blast furnace at Kure Works

An additional hot-blast stove for generating hot air for the blast furnace was installed. This facility expansion increases hot-blast stove thermal efficiency by about 5%.



No.12 hot-blast stove

## Example of Recent Energy Saving Measures (3)

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### Exhaust heat recovering boiler

#### [Applicable equipment] Continuous galvanizing and aluminizing line at Toyo Works

Receiving subsidies from the NEDO\*, we installed an exhaust heat recovering boiler for the heating furnace. The effective use of exhaust heat has made it possible to reduce use of LPG by 1,450 tons/year.



Exhaust heat recovering boiler

\*NEDO: New Energy and Industrial Technology Development Organization

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## Various Efforts to Prevent Global Warming

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To achieve our voluntary action program, in addition to introducing the use of large-scale energy-saving equipment, we promote the development of operational improvement techniques, including minimizing the rate of use of reduction materials for blast furnaces. In 2010, we completed the construction of a galvanizing line exhaust heat recovery boiler.

We participate in joint research on COURSE50 to develop techniques for dramatically decreasing greenhouse gas emissions in the steelmaking process. Currently, we are developing techniques for utilizing hydrogen-rich gases as reduction materials for blast furnaces and for separating CO<sub>2</sub> from gases generated in blast furnaces.

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## Efforts to Streamline the Distribution System

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At our distribution department, we are working to rationalize our distribution system for the purpose of reducing CO<sub>2</sub> emissions by taking full advantage of our distribution network for marine- and land-based transport and warehousing, with a particular focus on the transport of steel stock and raw materials for steelmaking. In particular, for marine transport using domestic vessels, we collaborated with Tsukiboshi Logistics Co. in 2010 to carry out the joint transport of 800,000 tons of materials with other steel companies. This yielded a shortening of transportation distance by about 370,000 km and, in the process, a reduction in transportation fuel equivalent to a 7,300-ton reduction in CO<sub>2</sub> emissions.

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## Efforts at Offices and Homes

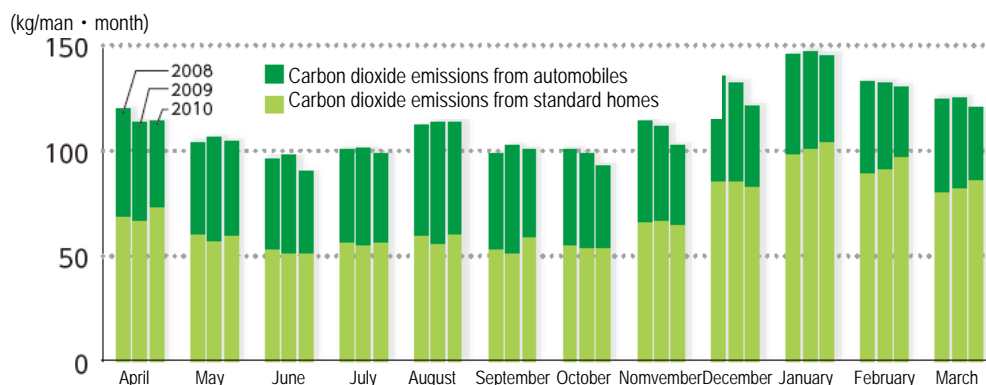
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We also actively promote energy conservation at our offices. Related activities include lights-out during lunchtime, cutting down on air conditioning through the introduction of “Cool Biz,” switching off of personal computers not in use, using of recycled paper, and dual-sided copying.

At homes, since 2005, 100 employee households have participated in an “environmentally conscious housekeeping book campaign” in which they calculate the amount of CO<sub>2</sub> emissions stemming from their electricity, kerosene, and gasoline usage every month.

### ■ Summary of the environmentally conscious housekeeping book

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## International Activities

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It is expected that promoting the transfer of Japan's superior energy-saving technology overseas will result in a significant reduction in greenhouse gas emissions. In order to promote effective reductions in greenhouse gas emissions as a steelmaker, we participate in APP and sectoral approach activities led by the Meeting for Environmental Protection and Energy-Saving by CISA and JISF.

\* APP (Asia-Pacific Partnership on Clean Development and Climate) Steel Task Force

# Toward Creating a Recycling-Based Society

In order to create a recycling-based society, Nisshin Steel actively promotes not only the recycling of steel slag and byproducts that are generated in our production processes, but also the recycling of byproducts of other industries into steel.

## Promoting the Recycling of Byproducts

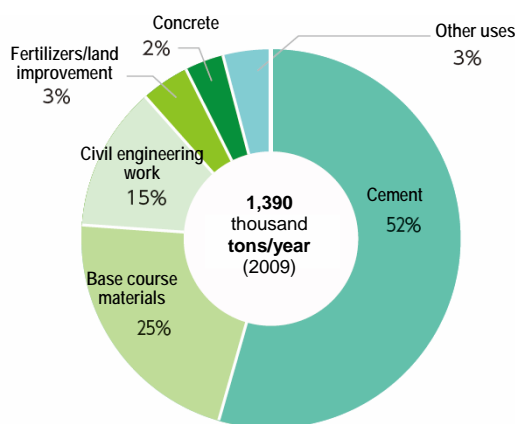
Byproducts generated at a manufacturing site include steel slag\*<sup>1</sup>, dust\*<sup>2</sup>, sludge\*<sup>3</sup>, and waste oil. Steel slag products consisting primarily of lime and silica are effectively used as cement ingredients, base course materials, aggregates, and other natural resource substitutions. Portland blast-furnace slag cement made from blast furnace slag is stipulated as “designated procurement item” under the Law on Promoting Green Purchasing. Nearly 100% of steel slag is utilized for these applications, and other materials are also recycled at a rate of 87%.

\*1 Steel slag: A stony material generated from ore gangue and limestone (auxiliary material) when melting or smelting metals.

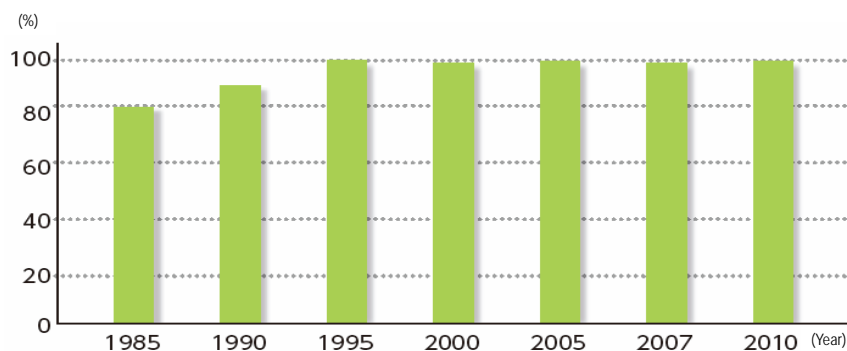
\*2 Dust: A material consisting primarily of iron oxide that is recovered from exhaust gas dust collectors.

\*3 Sludge: A muddy material consisting primarily of metal oxides that remain after plant effluent processing.

## ■ Applications of Steel Slag Products



## ■ Recycling Rate for Steel Slag (Company-Wide)



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## Recycling Process for Byproducts

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The major byproducts generated at Kure and Shunan Works, namely, steel slag, dust, and sludge, contain 15% to 65% iron. In order to recover iron from these byproducts and reuse it as a raw material for steel, we have installed a recycling plant within each of our manufacturing sites, and have successfully achieved close to a 100% recycling rate. Nisshin Steel was among the first to establish a recycling process: Kure Works' dust recycling plant and Shunan Works' MRS (raw material preprocessing process) became operational in 1983 and 1975, respectively. Furthermore, in 2006, we put a refractory recycling center for recycling waste bricks into operation.



Refractory Recycling Center

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## Selling of Steel Slag Products

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Steel slag products are in demand in areas such as cement, base course materials for roads, and civil engineering work, and are used as substitutes for natural resources. The utilization of these materials contributes significantly to the prevention of global warming as well as the protection of natural resources.

In order to ensure that these steel slag products are appropriately used in a manner that takes advantage of their characteristics, we have compiled a sales management manual in line with the Guidelines for the Management of Steel Slag Products established by the Nippon Slag Association.

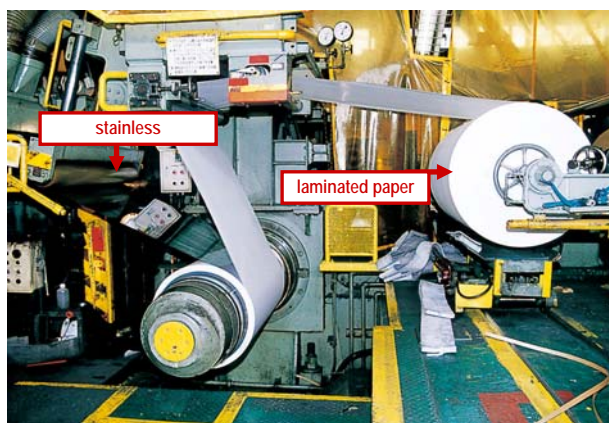
Kure and Shunan Works underwent a third-party review on the observance of this manual to ensure the proper management of these products. The steel slag products produced by Shunan Works are registered as Recycled Products Certified by Yamaguchi Prefecture.

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## Recycling of Laminated Paper

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In the rolling/forming process for the manufacture of stainless steel sheets, laminated paper is inserted between steel sheets in order to prevent scratching during the process. Although repeatedly-used laminated paper is usually disposed of as a waste material, Shunan Shigyo Co. recycles it into reclaimed laminated paper.



Insertion of laminated paper into a stainless steel coil

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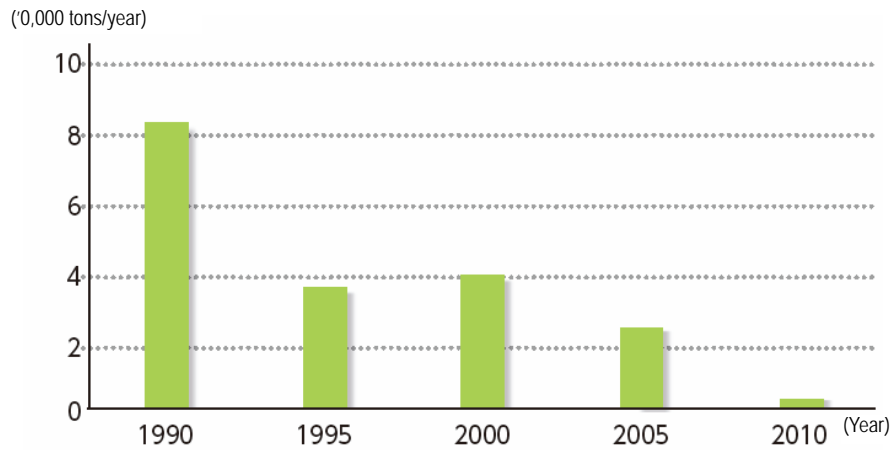
## Change in Final Disposal Volumes

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In order to achieve reduction targets set by the Japan Iron and Steel Federation, we are working to not only minimize the generation of steel slag, dust, sludge, and other waste, but also reduce final disposal volumes through the promotion of recycling and the development of recycled products.

### ■ Change in Final Disposal Volumes (Steel Slag, Dust and Sludge)

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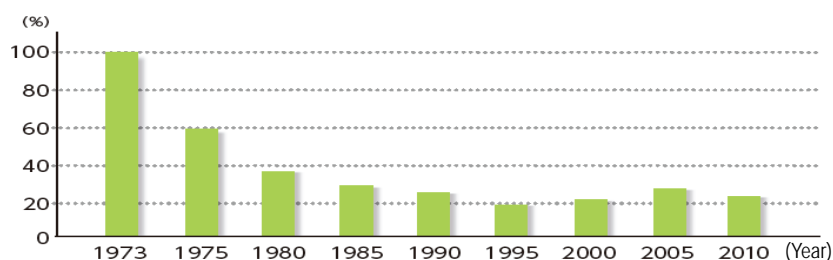
# Toward Reducing Environmental Burden

Nisshin Steel is working to appropriately cope with new environment-burdening substances and grasp and control the amount of specific chemical substance emissions while complying with the environmental standards stipulated under agreements or laws, including the Air Pollution Control Act and the Water Quality Pollution Control Act.

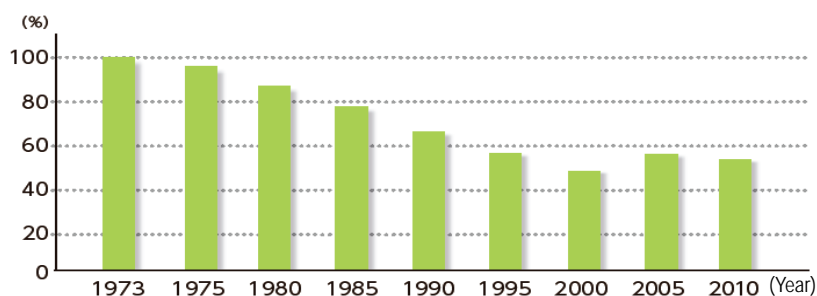
## Efforts toward the Prevention of Air Pollution

In order to reduce the amount of SOx (sulfur oxide), NOx (nitrogen oxide), and dust generated by combustion, we are implementing various measures that include the reduction of fuel usage; conversion into natural gas, LPG, and other clean fuels; the use of low-sulfur coal and heavy oil; the improvement of combustion techniques; and the adoption of low NOx burners. In addition, we monitor SOx and NOx emissions and fuel usage using our environment monitoring system and transmit relevant data to local governments using our telemeter system. At Kure Works, we have introduced additional sprinkler trucks as countermeasures against dust.

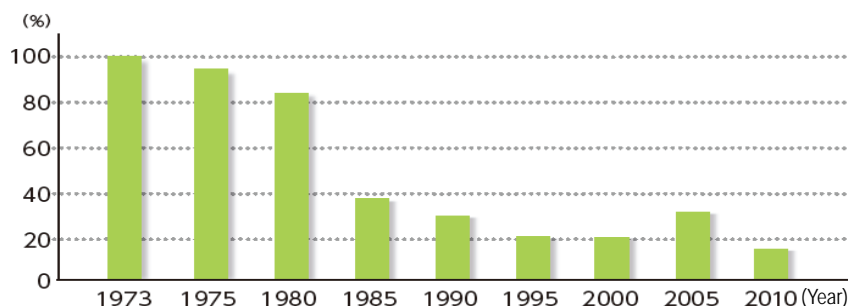
### ■ SOx Emissions



### ■ NOx Emissions



### ■ Dust Emissions



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## Efforts toward the Prevention of Water Contamination

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Discharge water from each manufacturing site is subjected to coagulation sedimentation, filtration, biotreatment, and other forms of treatment at that site's effluent treatment facilities in order to implement the improvement of water quality through the proper control of SS (suspended solids), pH, and COD (chemical oxygen demand) levels. Furthermore, using a telemeter system, major data necessary for water quality management is transmitted to local governments in real time.

At Toyo Works, used industrial water is neutralized and filtered by a water treatment plant on the premises until it becomes harmless to the environment. The water treatment plant is constantly monitored for stable operation not only onsite but also at the monitoring center through control data transmission and TV monitoring.



Utility Monitoring Center



Water treatment plant

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## Efforts toward the Prevention of Soil Contamination

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We are working to prevent the contamination of soil and groundwater through the proper management of chemical substances for use at each business site while complying with the Soil Contamination Countermeasures Act and each local government's ordinances.

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## Efforts toward Noise, Vibration and Odor Control

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We promote voluntary measures for noise, vibration, and odor control while complying with environmental laws.

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## Appropriate Control of Chemical Substances

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Based on its environment assessment system, Nisshin Steel is carrying out a series of chemical substance control operations, including acceptance and control of chemical substances, their safe handling and proper processing, acquisition of MSDS documents and other information, control of their discharge and transfer, and information notification regarding chemical substances contained in products (MSDS documents).

### (1) PRTR

We grasped and reported the release amounts of target chemical substances in the environment and their displacement from our manufacturing sites (for recycling and disposal) in 2010. Of the 462 types of target substances, we dealt with 25 kinds of materials.

### (2) VOCs (Volatile Organic Compounds)

The target substances to be controlled by our company are organic solvents used for cleaning steel sheets (trichloroethylene, dichloromethane) and paint vehicles generated in the coated steel sheet drying process (toluene, xylene, etc.). Since 2000 the amounts of VOC emissions have been significantly reduced thanks to activated charcoal absorption-type exhaust gas recovery units and other devices. In 2009, an 84% reduction was successfully achieved relative to 2010.

### (3) PCB

We store PCB wastes in an appropriate manner and report the condition of their storage to the local government based on the Act on Special Measures concerning the Promotion of Appropriate Disposal of PCB Wastes. The disposal of these materials is to be delegated to Japan Environmental Safety Corporation (JESCO) for compliance with the environmental assessment requirements regarding PCB disposal.

### (4) Dioxins

The facilities to which the Act on Special Measures concerning Countermeasures against Dioxins is applied are electric furnaces, sintering machines, and incinerators. The levels of dioxin from these target facilities used in our manufacturing sites are measured and reported. All of these facilities have passed the regulation standard.

### (5) Radioactive substances

Based on the Atomic Energy Fundamental Act and other laws, radioactive substances are under strict control. However, the Japan Iron and Steel Federation has drawn up detection system guidelines to prepare for emergencies such as commingling of a radioactive substance with scraps. Installing inspection machines according to these guidelines, Nisshin Steel has established a system by which any detected emergency condition can be immediately reported to the government and local public authorities.

● List of notified substances in 2010

Designated chemical substances of the first kind whose yearly transaction volume is not less than 1 ton (or specific chemical substances of the first kind whose yearly transaction volume is not less than 0.5 ton)

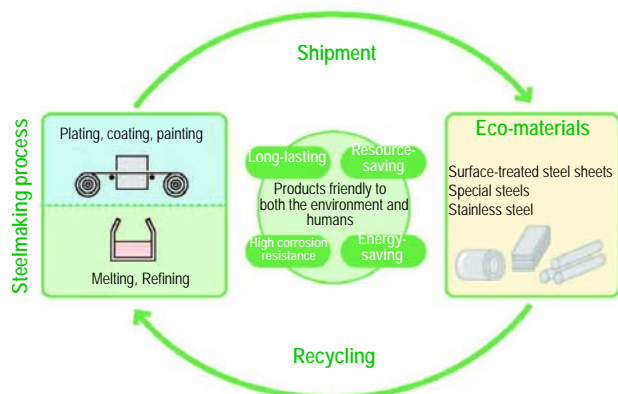
Unit: t/year (g-TEQ/year for dioxins)

PRTR No.	1	33	53	71	80	87	88	186	207	213	243	272	281	296	297	300	302	308	309	333	355	374	411	412	453
Substance name	Water-soluble compounds of zinc	Asbestos	Ethyl benzene	Ferric chloride	Xylene	Chromium and trivalent chromium compounds	Hexavalent chromium compounds	Dichloromethane	Water-soluble salt of copper	NN-dimethyl acetamide	Dioxins	Bis phthalate (2-ethylhexyl)	Trichloroethylene	1,2,4-trimethyl benzene	1,3,5-trimethyl benzene	Toluene	Naphthalene	Nickel	Nickel compounds	Hydrazine	Bis phthalate (2-ethylhexyl)	Hydrogen fluoride and water-soluble salt	Formaldehyde	Manganese and manganese compounds	Molybdenum and molybdenum compounds
Specific first kind flag		1				1				1								1							
I. Transaction volume	976.6	0.9	30.4	423.9	195.4	189,932.5	67.6	50.8	10.8	11.2	3.2	578.3	134.0	4.3	7.3	74.9	5.9	120.0	22,566.3	3.2	5.5	86.0	3.9	20,367.4	209.5
II. Discharge amount																									
1. Discharge into atmosphere	0.0	0.0	1.3	0.0	6.6	0.3	0.0	46.0	0.0	0.0	3.1	0.0	52.0	0.0	0.2	1.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.0
2. Discharge into public water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	56.9	0.0	6.4	0.0
3. Discharge into soil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. Landfill within the premises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
III. Transfer volume																									
1. Transfer into sewage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Transfer to a location other than the manufacturing site	0.0	0.9	1.1	0.0	5.3	1,157.1	0.9	4.4	11.0	0.2	0.0	1.0	82.0	0.1	0.1	0.8	0.1	0.0	31.1	0.0	0.1	0.0	0.1	241.0	1.3

# Eco-Materials

Nisshin Steel will continue to provide eco-materials in the form of environmental burden-reducing products, ranging from those made from recyclable iron to those with a long life or other value-added supplied through plating or coating processes.

## Eco-Materials



### Iron as an eco-material

Any type of iron can be recycled through the processes that span melting and refining. Remainder materials and byproducts as well as ironware are converted into resources through recycling.

To help create a recycling-based society, Nisshin Steel develops and offers eco-materials that are made from iron, to which value-added features, such as long life, high functionality, and superior design, are provided through the process of plating or coating.

### Ironware friendly to both the environment and humans

Because of their superior characteristics, our products are used as materials for a wide variety of environmental burden-reducing products, such as eco-friendly home appliances.

To contribute to the preservation of the environment, we develop products with the curtailed use of regulated chemicals in compliance with the EU RoHS Directive, REACH, EU ELV Directive, and other regulations on chemical substances, and produce products with the use of total environmentally-friendly production process. We also respond to customer inquiries regarding chemical substances contained in our products.

\* EU ELV Directive: European Union's directive for the recycling of automobiles

## “ZAM:” Highly corrosion-resistant hot-dip coated steel sheet



Cable racks



Construction materials



Wall outlets



Console box brackets (for automobiles)

### Point

#### Contributing to the creation of a recycling-based society through developing longer-lasting, higher-function products for reduced waste

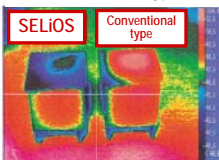
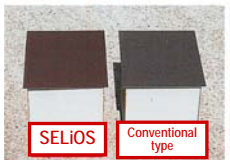
Through the presence of magnesium and aluminum contained in its plated layer, a dense, highly adherent protective coating forms on the layer surface of ZAM to inhibit corrosion of the plated layer. Another distinguished feature of the product is the excellent sacrificial anticorrosion performance of its cut end faces and worked surfaces. Because of its superior corrosion resistance, ZAM has received construction technology review and other certifications from national certification authorities.

A series of post-processed chromium-free products containing no environment-burdening chromium compounds are also available.

## “SELIOS:” Exterior coated steel sheet with high heat shielding and antifouling properties



Roof using Tsukiboshi GL color SELIOS (heat shield type)



Temperature comparison using outdoor thermographs (May, sunny weather, 24°C)

### Point

#### Contributing to the prevention of global warming by applying a heat-reflecting effect towards reducing air-conditioning cooling load

Tsukiboshi GL Color SELIOS, which is available in a total of 38 different colors, is perfect for use on roofs and exterior walls that are in harmony with nature or blend in with the scenery. Thanks to the special heat-reflective pigment added to the coating film on its steel sheet surface, the heat shield type is capable of selectively reflecting heat rays (near infrared rays), serving to curb temperature increases due to exposure to sunlight.

The antifouling type leaves no rainy trace, enabling it to retain its beautiful appearance over long periods.

## “Weather-Resistant Alstar XV:” Hot-dip aluminum coated steel sheet



Weather-Resistant Alstar XV as utilized by the International Air Cargo Terminal at Haneda Airport, Tokyo

### Point

#### Contributing to the prevention of global warming by applying a heat-reflecting effect towards reducing air-conditioning cooling load

With its superb heat-shielding function, Weather-Resistant Alstar XV prevents indoor temperatures from rising, thereby contributing to energy conservation and CO<sub>2</sub> emissions reduction. In addition to being 1.5 to 3 times more corrosion resistant than GL steel sheets (as confirmed by in-house testing), this product is complemented with a special coating to deliver superior performance even under severe environmental conditions (chloride attach, high temperature, acid rain, etc.). These features make this steel sheet a long-lasting product that contributes to the creation of a recycling-based society.

Weather-Resistant Alstar XV is also made of an earth-friendly material containing no environment-burdening substances.

## “NSS 445M2:” Highly corrosion-resistant ferritic stainless steel



EcoCute hot water tank

### Point

#### Adopted for use in EcoCute, an energy-saving household product useful in daily life

EcoCute, an electric water heater based on energy-saving technology that utilizes thermal energy in the atmosphere, recorded a total shipment volume of over two million in October 2009. Offering superior corrosion resistance in hot water (80-90°C), our NSS 445M2 product has been adopted for use in various types of hot water tanks and pipes. This product also promises to contribute to the popularization of EcoCute, for which we aim to increase total shipments to ten million units by 2020.

## “NSS SCR:” Highly corrosion-resistant austenitic stainless steel



Ecojoze secondary heat exchanger

### Point

#### Adopted for use in Ecojoze, an energy-saving household product useful in daily life

Ecojoze is a highly efficient water heater that incorporates a secondary heat exchanger for heat exchange between waste heat from the gas heater and water supplied, achieving an increase in thermal efficiency from 80% to 95%. This feature makes it possible to reduce gas consumption and cut CO<sub>2</sub> emissions by 13%. Having the advantage of being highly resistant to stress corrosion cracking,\* our NSS SCR product is employed as a material in Ecojoze's secondary heat exchanger, thereby contributing to the popularization of this water heater.

\* Stress corrosion cracking: cracking in the material due to interaction between chemical corrosion and mechanical stress

## “NSS EM-C:” Heat-resistant stainless steel



Exhaust manifold (for automobiles)

### Point

#### Employed as a material for NOx/Sox-reducing exhaust emission control systems, thereby contributing to environmental burden reduction

An exhaust manifold collectively brings exhaust gases from multiple cylinders into the catalyst on the downstream side. This automobile component contributes significantly to increasing the rate of purification of gas emissions. As the improvement of fuel efficiency yields high exhaust gas temperatures, high heat resistance is required of the materials used such components. With our newly developed NSS EM-C product, which was designed to not incorporate molybdenum, we have realized both high heat resistance and cost savings.

## “Stabilizer:” Special steel pipe



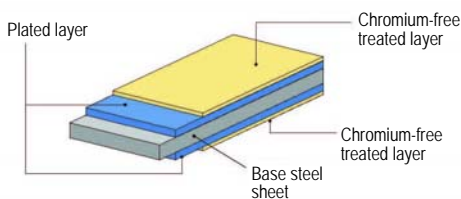
Hollow stabilizers (for automobiles)

### Point

#### Improving fuel efficiency through weight reduction, thereby contributing to the prevention of global warming

A stabilizer is a suspension component of an automobile that minimizes rolling of the car body to improve its running stability. Through changing the structure from the conventional solid (steel bar) one to a hollow (pipe) construction, we have enabled our newly developed stabilizer to reduce the weight of automobiles, thereby cutting exhaust emissions through the resulting improvements in fuel efficiency. The result is a lessened burden on the global environment. It has been proven that this weight saving presents no problem with strength or fatigue endurance.

## Chromium-free surface-treated steel sheet



Application example of chromium-free surface-treated steel sheets  
(Chasses for a car audio system)

### Point

#### Surface treatment employs no harmful substance, thereby contributing to the preservation of environment

Our diverse product lineup includes chromium-free plated steel sheets that are subjected to special post-processing without the use of environment-burdening hexavalent chromium compounds or any other chromium compounds, as well as chromium-free coated steel sheets for which no chromium compound is used in their preprocessing prior to coating or painting.

Complying with the European Union ELV Directive, RoH Directive, and other regulations on chemical substances, these products have found use in a broad range of applications, including built-in panels for home electric appliances, OA machine parts, and automobile components.

## Environmental Communication

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All employees of Nisshin Steel implement environment preservation activities while communicating effectively with stakeholders.

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### Concluding and Observing an Environment Conservation Agreement

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Each of our manufacturing sites has an environment conservation agreement (an agreement on environmental pollution control) with the local government. This agreement, which covers the atmosphere, water quality, waste substances, noise, vibration, offensive odors, and all other issues concerning the environment, stipulates tougher standards than those referenced in laws and regulations, taking the characteristics of the local area into consideration. We promote environmentally-friendly business activities while complying with these agreements as well as environmental laws and regulations.

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### Providing Environmental Education

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Nisshin Steel provides its employees with environmental education based on an annual plan. The content of this education includes general education on the concept of environmental management and related management systems, special education programs, internal environmental auditor training, and education programs for the acquisition of legal qualifications.

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### Participation in Environmental Exchange Meetings

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To exchange information on environmental management activities with other companies, we participate annually in the Environmental Exchange, which has been sponsored by the Japan Iron and Steel Federation since 2007 with the purpose of helping steelmakers improve their environmental management.

At the Fifth Environmental Exchange Meeting held on July 5-6, 2011, we discussed the current pollution control efforts in the steel industry.

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### The Nisshin Steel Group Companies' Environmental Information Liaison Conference

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The Nisshin Steel Group is addressing environment conservation activities at each stage, including raw material procurement, manufacturing, development, product distribution, byproduct recycling, and environmental plant construction. In addition to these efforts, we hold an environmental information liaison conference twice a year to exchange information on common themes, promote the application of improvements, and ensure familiarity with recent legislative trends.



The Group Companies' Environmental Information Liaison Conference

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## Participation in Local Environmental Activities

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At each of our manufacturing sites, we are working on regional contribution activities that lead to environment beautification through participation in local government-sponsored campaigns and voluntary programs for cleaning up the neighboring area. Such activity programs include “Environment Month” campaigns, regional beautification programs, and cleaning operations for industrial complex areas.

Furthermore, in order to enhance our relationships with local communities, we introduce our business activities and approaches to environmental conservation through participating in regional environment and exchange events.

In 2010, Kure Works made a presentation at “Kure Eco-Fest 2010.” “Kure Eco-Fest” is an interactive environmental exhibition that publicizes our approaches to environmental conservation, encouraging people to voluntarily adopt green lifestyle habits. We have participated in this event every year since the first festival in 2003. This year, in addition to the annual display of environmentally-friendly steel products and recycled slug, we provided exhibits on our approach to biodiversity.



Our company's booth at Kure Eco-Fest 2010

## Efforts to Preserve Biodiversity

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Based on the Action Guideline for Biodiversity Conservation in the Steel Industry established by the Japan Iron and Steel Federation, Nisshin Steel promotes the greening of areas within and outside its manufacturing sites in the hope of creating a society where a variety of living things can live together in harmony.

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### “Fureai No Mori / Forest of Interaction” Project

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With the aim of enhancing harmony with the local natural environment, we have been promoting the greening of our manufacturing sites since 1973, having built a memorial tablet entitled “Greening Start Point” to commemorate our greening project. Kure Works has been trying to create a forest within its premises since 1989. The result is the growth a forest containing as many as 30,000 trees, which are classified into about 60 different species. This forest, a meeting place for various living things, has been named “Fureai No Mori/Forest of Interaction,” and helps to preserve the local environment by absorbing carbon dioxide from the atmosphere.



“Fureai No Mori/Forest of Interaction “(Kure Works)

### Building a Biotope

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Responding to the greening project promoted by Sakai City for the preservation of the local environment, Sakai Works has built within its premises a biotope -- a living space for a specific assemblage of plants and animals (the word “biotope” being a composite term derived from the German “bio” (life) and “tope” (place)). This site of greenery, together with fish, shrimps, and shellfish released into its water areas, is constantly watched with special care.



Biotope (Sakai Works)

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## Town, Forest & Water Exchange Society

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In 2010 as well, Shunan Works participated in the “Town, Forest & Water Exchange Society,” a forest volunteer group meeting held by Yamaguchi Prefecture every year. Activities by the society aim to promote the preservation of forests as sources of water and foster an understanding of the importance of forests, contributing to the preservation of the forestry ecosystem in the process. This year, about 56 individuals worked on forest preservation activities, including tree pruning and improvement cutting.



Town, Forest & Water Exchange Society (Shunan Works)

In September 2010, Japan Iron and Steel Federation established guidelines for biodiversity.

### **Action guidelines for the protection of biodiversity in the steel industry**

1. Promote efforts to solve the global warming problem, giving special consideration to biodiversity impacts.
2. Promote the formation of a recycling-oriented society, giving special consideration to biodiversity impacts.
3. Promote environmental conservation activities, giving special consideration to biodiversity impacts.
4. Transmit information on the efforts towards biodiversity protection.

# **Sociality Report**

**We aim to become:**

**A company chosen by customers, shareholders,  
and employees, now and in the future**

**A company in harmony with other stakeholders and with  
society in general**

**Being aware of its social responsibilities**

**as a member of society,**

**the Nisshin Steel Group aspires to becoming**

**a trusted company that will advance together with all of you.**

## Together with Customers

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**In order to ensure customer satisfaction, the Nisshin Steel Group will continue to offer safe, secure, and quality products, listening humbly to every customer's opinions and requests at all times.**

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### Efforts toward Quality Assurance

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In order to provide safe and secure products that will please every customer, we have established a quality management system based on ISO9001 Certification to implement effective quality assurance activities in a continuum of sales, manufacture, and technical services. With regard to this quality management system, internal quality auditing is conducted by a third-party institution so as not only to verify its effectiveness but also to ensure its compliance with relevant laws and standards, and demands from customers.

We have also acquired New JIS Certification for each product where appropriate and, for the purpose of ensuring the observance of the certification, have provided quality control education for our employees at all levels. As just described, we have been making steady efforts to gain the trust in quality from customers.

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### Communication with Customers

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In addition to enhancing ordinary sales activities such as door-to-door visits, we have established a public information framework which allows customers to have easy access to our newest company and product information through our website. On this website is provided an enquiry form so that a customer's enquiry may be directly transmitted by e-mail to the person in charge of customer service.

Another strength of our company is that in addition to persons in sales, it has persons in charge of product development who are able to communicate with customers through technical services rather than sales activities.

In June 2009 we opened F-Tech Plaza, a meeting place where customers can freely communicate with our expert staff, while directly watching our technical and product development capabilities.

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### Efforts toward Improving Customer Satisfaction

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We are not just offering products meeting the needs of customers in terms of performance, quality, and delivery time, but actively promoting solution-suggest-type sales activities to further increase the level of customer satisfaction. In this attempt, our sales, product development, research, and manufacturing exerts try to solve problems of customers, such as those related to materials, while having close communication with them.

In the past, a survey on CS (Customer Satisfaction) was periodically conducted on a factory-by-factory basis. In order to improve the level of CS, we have established a system that allows one to periodically conduct a company-wide survey and analysis. With this system, we can obtain assessments on quality, delivery time, and cost from customers to use them for the improvement of CS and our sales activities.

A meeting place between customers and our company

# F-Tech.Plaza

F-Tech.Plaza is a showroom that helps our customers realize their dreams.

Here are a number of creative tips and suggestions for developing ideas.

The concept of F-Tech.Plaza is as follows: it serves as a starting point from which customers, together with us, can advance their development toward creating a new market; in other words, it provides opportunities for customers to have useful discussions with us, sharing the same dream toward future development.

Customers who visit here can see and directly touch various devices we provided for this showroom, and can communicate with our expert employees of various divisions. In order to satisfy these customers, we always try to make fresh proposals and devise ways to exhibit our products and technologies at the showroom.

Many customers have visited this place since it opened, the total number having exceeded 3,000 as of the end of June 2011.

F-Tch.Plaza is utilized not only for development activities with our customers but also for recruiting and publicity/IR activities, and the development of human resources through reduction according to hierarchy such as the training of employees of our group companies and the education of company staff members in charge of sales and development.



Explaining production processes to customers through movies and actual system displays

## ■ Various devices for providing customers with tips and suggestions for business solutions and development (Examples)

### (1) Introducing adoption examples

In addition to showing products/parts adoption examples, this section visualizes the features of our products adopted by customers in various industrial fields including automobiles, housing, and home electronics/electronic devices.



Automobile corner



Housing corner



## (2) Suggestion solutions

This section suggests solutions from the viewpoints of various areas of technology including materials so as to provide our customers with new ideas and tips for solving problems.



## (3) Demonstration

This section suggests processing-bonding combined solutions unique to the materials maker through providing demonstrations for customers.



## Together with Shareholders and Investors

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**The Nisshin Steel Group is promoting provision of quick and accurate information from the standpoint of shareholders and investors.**

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### IR/information Disclosure Policy

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From the standpoint of shareholders and investors, we strive to ensure quick, accurate, and fair disclosure of corporate information, including management policies and financial data, so as to be deserving of their trust. In disclosing corporate information, we comply with the official disclosure standards and the disclosure rules laid down by the securities exchange.

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### Communication with Shareholders and Investors

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We strive to provide quick, accurate, and fair information for a broad spectrum of stakeholders including shareholders and investors, ensuring timely and appropriate information disclosure, correct imparting of management strategies, and constructive feedback from the market.

Our major IR activities include shareholder meetings, quarterly profit announcements based on the disclosure rule, quarterly results briefing sessions, and meetings with analysts and home and foreign institutional investors which are held more than 180 times a year. Top management participates in the second quarter and yearly profit announcement meetings to communicate directly with shareholders and investors and reflect their opinions in company management.

We also actively present IR information through our website. Since 2004, using our website, we have carried out moving image delivery of what's going on at the profit announcement meeting, and have distributed IR news only to the registered shareholders and investors at the time of a disclosure, always trying to improve the quality of information to be provided.



A scene from a results briefing session for securities analysts