

# Corporate Governance

## Fundamental Policy on Corporate Governance

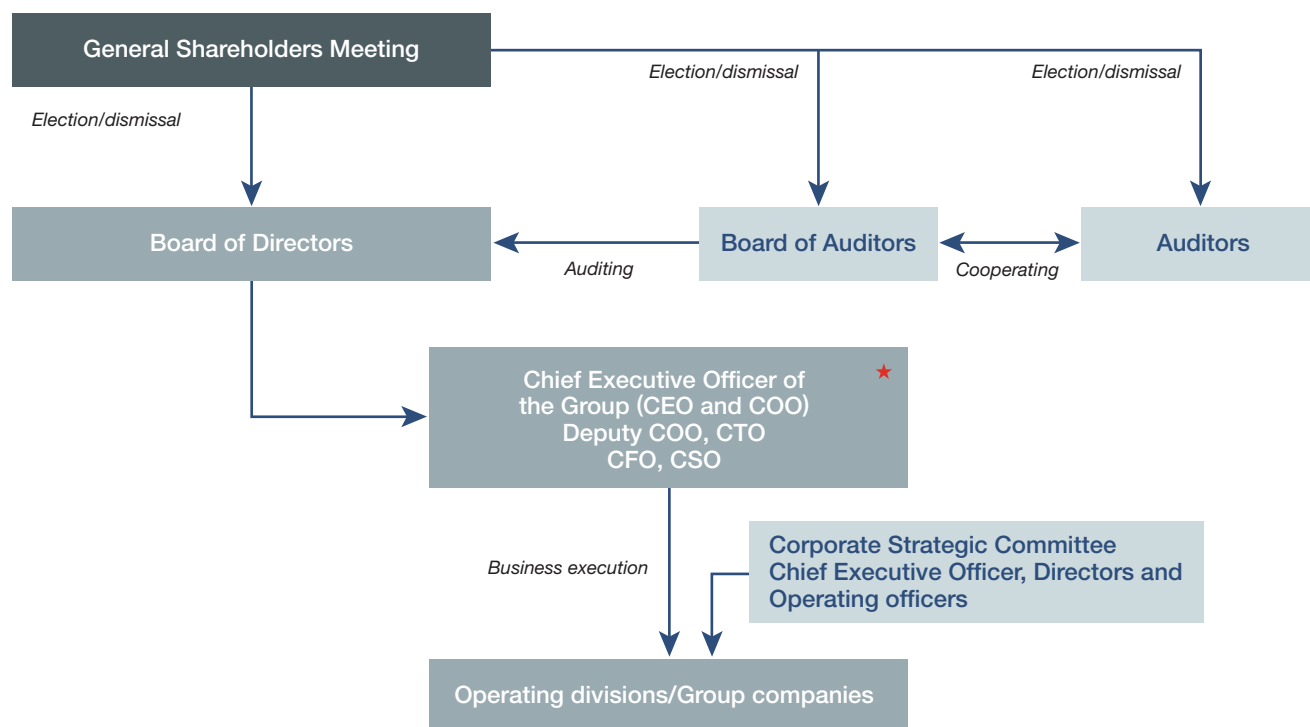
Corporate governance is an extremely important issue to Nitto Denko, as it impacts the interests of all stakeholders who support our activities and is closely related to the continuous and long-term maximization of shareholder value. The Nitto Denko Group is dedicated to sound and transparent management based on the fundamental principles of “open, fair and best”: to share information openly, to judge fairly and to do our best based on what has been decided.

## Board of Directors, Operating Officers

The Company’s Board of Directors makes decisions on important management issues and supervises the execution of duties by directors and operating officers (corporate vice presidents). To accelerate business and management action, we have introduced a Chief Officer System, under which directors who are chief officers execute Group management functions in addition to performing their regular duties. At the same time, we introduced the Operating Officer System to clarify management roles and the operational functions.

We have reduced the number of directors to ensure that the monthly Board of Directors meeting reaches appropriate and accurate decisions following adequate discussion. The Board of Directors consisted of five directors during fiscal 2005. We have also set one year as the term of office

### > Governance Structure



★ Note

**CEO** (Chief Executive Officer): Chief Executive Officer of the Group  
**COO** (Chief Operating Officer): Chief Operating Officer of the Group  
**CTO** (Chief Technology Officer): Chief Technology Officer of the Group

**CFO** (Chief Financial Officer): Chief Financial Officer of the Group  
**CSO** (Chief Strategy Officer): Chief Strategy Officer of the Group

for directors and operating officers. Our Corporate Strategy Committee, a forum for sharing information between management and operating officers and making decisions, is held once every month.

## Auditors, Board of Auditors

The Board of Auditors comprises five auditors, including three outside auditors and two full-time auditors consisting of persons who were previously in the Company's employ. The Auditors' activities include holding periodic Board of Auditors meetings and attending monthly Board of Directors meetings to monitor the directors' discharge of executive duties through active discussions. The auditors also execute their auditing duties by attending other important meetings, holding sessions to exchange opinions with representative directors, hearing business reports from directors and employees, viewing decision-making and other important documents,

and investigating business departments, factories and research labs, as well as subsidiaries in Japan and overseas. The auditors also receive audit reports from financial auditors, attend information exchange meetings with them, and hold liaison meetings with auditors of affiliated companies in Japan. Furthermore, the auditors strive to improve audit effectiveness by coordinating with the Corporate Governance Dept. There are no special-interest relationships between the Company and its outside auditors.

## Internal Audit Office

We have established an Internal Audit Office to inspect the thoroughness and appropriateness of business processes of affiliated companies in Japan and overseas. Furthermore, specialist groups conduct environmental, safety, quality and export management audits in cooperation with the Internal Audit Office.

## > Executives and Their Roles (As of June 23, 2006)

President, Board Member: **Masamichi Takemoto (CEO/COO)**

Senior Corporate Vice Presidents: **Ryoichi Ota**  
**Setsuo Watanabe**

Directors, Board Members: **Yukio Nagira (Deputy COO)**  
**Yoshiyasu Kamiyama (Deputy COO)**  
**Yasuo Ninomiya (CTO)**  
**Tatsunosuke Fujiwara (CFO)**  
**Wataru Kitao (CSO)**

Corporate Vice Presidents: **William J. Hayes**  
**Yoshihiko Chikuma**  
**Tomio Sakka**  
**Masakazu Ozawa**  
**Kenji Matsumoto**  
**Hongin Kim**  
**Koichi Nishikawa**  
**Yoichiro Sakuma**

Corporate Auditors: **Nobuyuki Tanioka**  
**Shigeru Hozan**  
**Hisashi Hosokawa (part time)**  
**Kazuo Kumagai (part time)**  
**Kosuke Kimura (part time)**

Executive Corporate  
Vice Presidents: **Katsuhiko Akamatsu**  
**Tetsuo Horiuchi**  
**Kaoru Aizawa**  
**Hideo Abe**