

Passing Beautiful Earth and Local Environment onto Next Generation

In conformity with our corporate vision and the Nitto Denko Group's Environmental Policy, we implement environmental management to protect the local and global environment through two approaches: a "reduction of environmental load associated with our business activity"; and the "development of business conducive to environmental conservation".

Concept of Environmental Management

Now that environmental conservation is necessary, we believe that as a member of society, we have a responsibility to minimize the environmental load resulting from our business activity. Therefore, by means of assessing the relationship between the added value created from our corporate activity and environmental load, we implement measures such as a reduction in energy used in production and industrial waste, aiming to reduce environmental load.

We promote the development of environmentally-conscious products in order for our products and

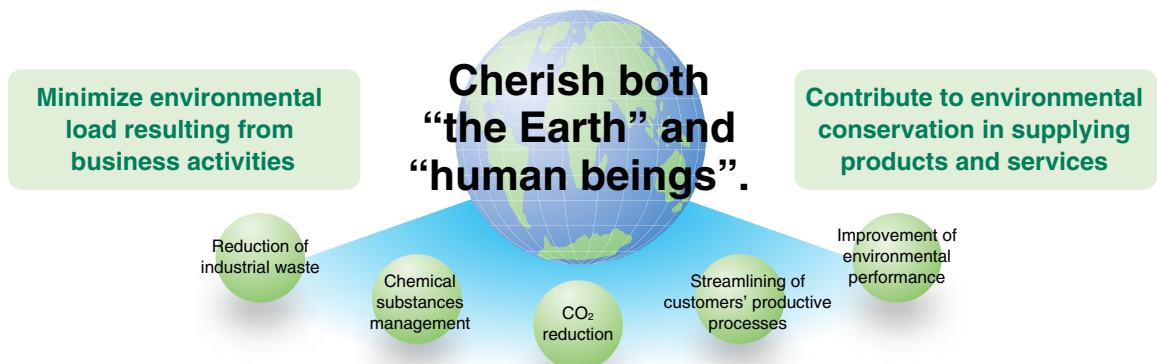
services to realize an overall reduction in the environmental load of our customers' production processes and, in their end products.

Environmental Management Index






The Nitto Denko Group is implementing environmental load reduction activities aimed primarily at the prevention of global warming. An example of this is the establishment of a unique environmental efficiency index and its target values.

The "Environmental Management Index" (Environmental Impact Value-added Productivity) established by the Nitto Denko Group is an index

Nitto Denko Group's Approach toward Environment



Products contributing to environmental conservation

Industrial products		Vehicle-related products		Membrane products		Electronics-related products	
 <p>Environmental conservation</p> <p>Non-halogen/T No.2400 series vehicle wire harness</p>	 <p>Environmental conservation</p> <p>Energy conservation</p> <p>Solvent-free double-coated adhesive tape (No.5000E)</p>	 <p>Energy conservation</p> <p>Resource conservation</p> <p>Contributing to weight reductions in vehicle bodies - NITOHARD™ reinforcing material</p>	 <p>Environmental conservation</p> <p>Recycling resources</p> <p>Converting seawater efficiently into fresh water - Reverse osmosis membrane element</p>	 <p>Energy conservation</p> <p>Contributing to enhanced brightness of LCDs - Polarizing film with brightness enhancement film</p>			

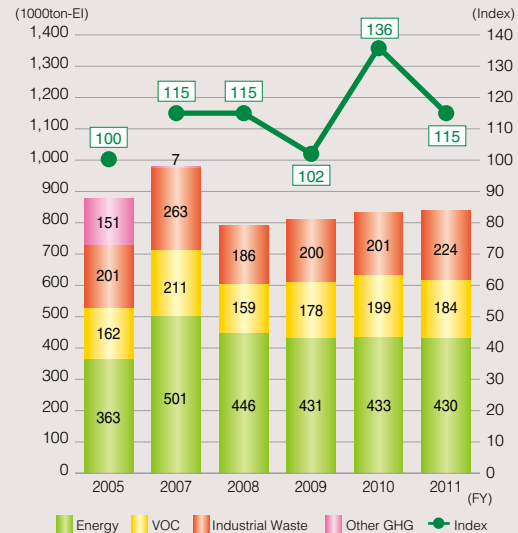
which indicates the environmental load from corporate activity vis-a-vis the added value created from that activity. It is obtained by dividing the added value*1 created from corporate activity by Environmental Impact *2 entailed in the creation of the added value. By using the fiscal 2005 Environmental Management Index level as a benchmark, we aim to double our environmental efficiency by fiscal 2015.

The “Environmental Management Index” declined to 115 in fiscal 2011, compared to 136 in fiscal 2010. The ratio of sales to Environmental Impact was almost unchanged, but the added value decreased compared to the previous year because material and energy costs increased. We will seriously address the deterioration in the index. Moreover, in order to realize the target value for fiscal 2015, we will improve the development of more energy-efficient processes and products not using organic solvents and of those low in their generation of industrial waste. In addition, we will increase our efforts to create high value-added products.

*1 Added value (unit: million yen) = sales amounts – (material costs+outside order expenses+energy costs)

*2 A unique unit utilized by the Nitto Denko Group, indicating Environmental Impact (quantity of CO₂ emission equivalent), into which we convert energy purchased, industrial waste generated, VOC purchased and the like through the use of a coefficient.(unit: ton-EI)

Environmental Impact and Environmental Management Index (consolidated)

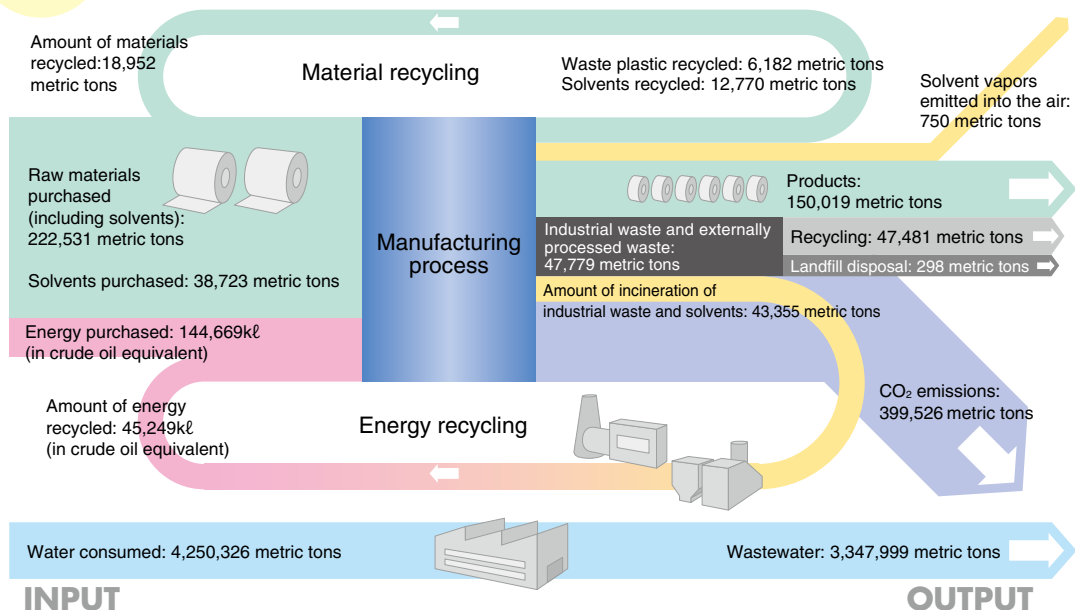


Environmental Management Index* (consolidated)

FY	2005	2007	2008	2009	2010	2011
Added Value (million yen)	318,098	410,835	328,264	298,890	409,971	348,278
Environmental Impact (ton-EI)	876,846	980,608	790,200	809,100	832,300	837,900
Index	0.363	0.419	0.415	0.369	0.493	0.416
Relative Index	100	115	115	102	136	115

*Added Value / Environmental Impact

Material Flows in Business Activities (non-consolidated)



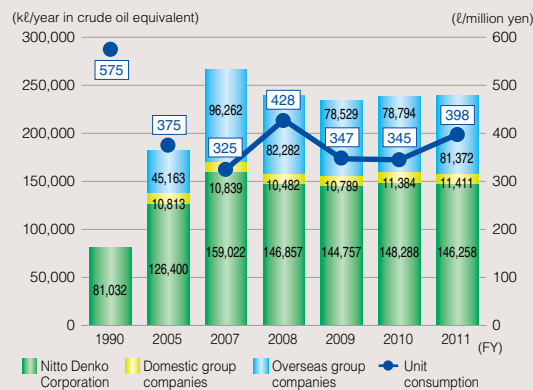
Environmental Performance Data – Working to prevent global warming –

The Nitto Denko Group is taking steps to reduce CO₂ emissions associated with our business activities in order to prevent global warming. As energy use is almost invariably accompanied by the generation of CO₂, we actively strive to improve our energy efficiency and implement energy-saving activities.

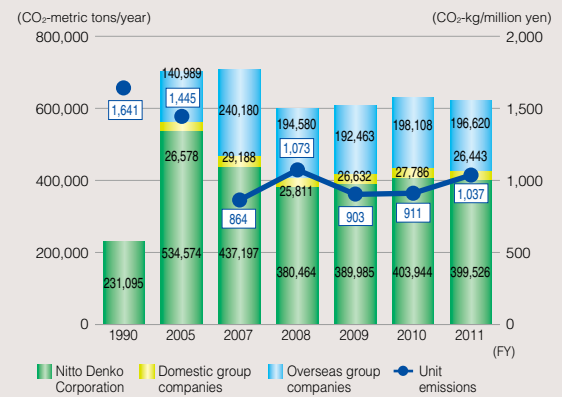
Total CO₂ emissions in fiscal 2011 remained the same level as fiscal 2010. However, our unit CO₂ emissions (CO₂ emissions per 1 million yen of production output) decreased because of a loss of production output. Compared to fiscal 2005, total CO₂ emissions declined by 11% (approximately 80,000 metric tons), but we will still have to implement further reduction activities. We are now

tackling the development of products and processes which will be energy-efficient at the time of manufacturing. UV polymerization, employed efficiently with less energy using ultraviolet light and emulsion polymerization promising an improvement in drying efficiency, are such examples. We will implement further reductions of CO₂ by means of introducing environmentally-conscious technologies.

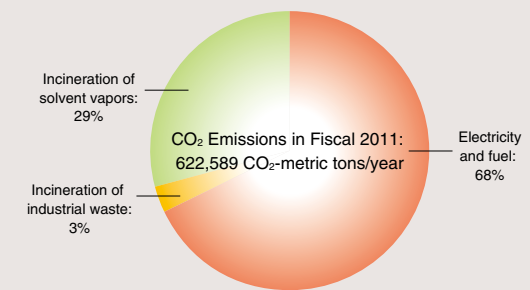
Energy Purchased and Unit Energy Consumption (consolidated)



Total and Unit CO₂ Emissions (consolidated)



CO₂ Emissions by Source (consolidated)



Approaches to Environmentally-friendly Transportation

Nitto Logi-com has been engaged in green logistics as a special distribution corporation of the Nitto Denko Group since fiscal 2007.

Nitto Logi-com aims at a "reduction of more than 1% per year of CO₂ emissions from transportation" by means of modal shifts and improving the load efficiency of its vehicles, and so on.

Furthermore, in order to impart the company's objectives to every employee, Nitto Logi-com decides on themes in each office every year. In fiscal 2011, they implemented in-house training on such issues as the legal system and introduced case examples.

[Case Examples]

- Improving load efficiency by "Cargo Deck*" – reduction rate of 0.6%
* Double-deck shelves for stacking freight which is unable to be stacked otherwise
- Switching from air to land delivery – reduction rate of 2.7%



Example of application of "Cargo Deck" (The blue shelf is the "Cargo Deck")

Environmental Performance Data

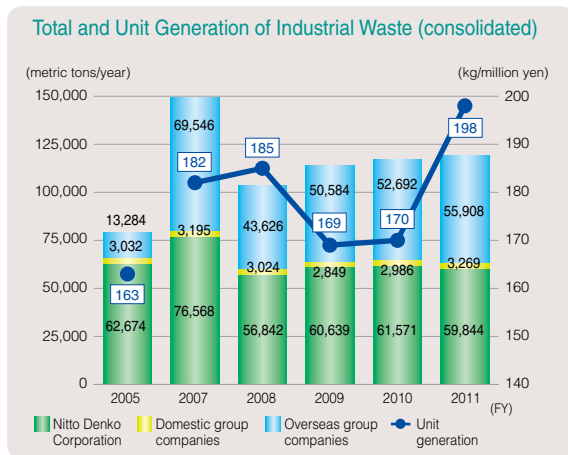
– Effective utilization of resources –

The Nitto Denko Group is implementing activities to reduce industrial waste generated from production activity. The total amount of industrial waste and unit generation of industrial waste (industrial waste per 1 million yen of production output) in fiscal 2011 increased compared to fiscal 2010. By region, the amount of industrial waste at overseas group companies increased. We will continue to reduce losses generated in the manufacturing process, aiming at the effective utilization of invested resources at all of our bases.

In consequence of our implementing the effective utilization of industrial waste with the aim of recycling, mainly at domestic bases, the effective utilization rate (the ratio of the amount of scrap materials to the total amount of industrial waste) of industrial waste remained the same level of fiscal

2010. Scrap materials which are reusable as fuels or materials are marketable. For example, Nitto Denko Toyohashi Plant has been making efforts to produce valuable resources from adhesive waste since 2010. It is an approach in which adhesive waste treated heretofore as industrial waste is reprocessed into reusable fuels. Selling such fuels as alternative fuels led to a reduction of 3,240t/year in the consumption of coal and 4,200 CO₂-metric tons/year in emissions of CO₂ by purchasers.

On the other hand, the Nitto Denko Group focuses on reducing the amount of industrial waste generated and on developing production processes in which no industrial waste is generated. Packaging and wrapping materials used in shipping become waste materials. Therefore, by means of considering every step from the procurement of materials to our customers' processes, we continue to form a supply chain in which the amount of waste materials decreases.



Establishment of Nitto Denko Group Regulations for Waste Management

Waste management laws and guidelines exist in each country where we operate, but standards vary.

At many bases in the Nitto Denko Group we implement waste management properly by means of acquiring ISO14001 certification. In order to increase the level of management, we established 'Nitto Denko Group Regulations for Waste Management', targeting all group companies, in August 2011.

Nitto Denko (Suzhou) Certified National Level Corporation in Management of Dangerous Waste

Receiving a high evaluation from the Chinese government in the proper management of dangerous waste designated by the Government, Nitto Denko (Suzhou) was certified as a national level corporation by the Environmental Protection Agency in Suzhou Industrial Park. Among 4 levels (national, provincial, city and park), the national level represents the highest level. At this time, five corporations received national level certification from the Suzhou Industrial Park and Nitto Denko (Suzhou) was the first Japanese-owned corporation to do so.

Environmental Performance Data – Reduction of organic solvents –

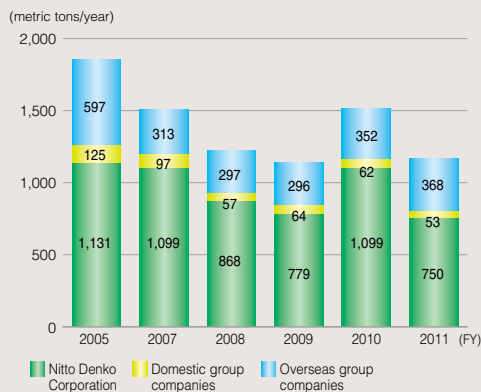
The Nitto Denko Group is implementing measures to reduce the quantity of organic solvents used in manufacturing our products. A reduction in the amount of organic solvents used helps to avoid the possibility of hazardous explosions or fire, and damage to human health, as well as to reduce environmental load.

The Nitto Denko Group installed oxidizing equipment (incineration equipment used for solvent gases) or solvent recovery units on every production line where necessary domestically and abroad, to prevent air pollution generated from organic solvents. The amount of VOC emissions has been declining year after year, and the figure for fiscal

2011 was 1,171 metric tons. We will continue to preserve air quality by properly maintaining our equipments.

Simultaneously, we are aggressively engaged in reducing the quantity of organic solvents used. Recently, emulsion polymerization and UV polymerization technologies employed without the use of organic solvents have attracted attention. By carefully examining the characteristics of each technology, we are applying such technologies to a variety of products, with a particular focus on industrial tapes. By utilizing environmentally-friendly technologies, we will realize the development of products with superior characteristics, making use of our essential technologies and experience and disseminating our technical know-how throughout the entire Group.

Amount of VOC Emissions (consolidated)



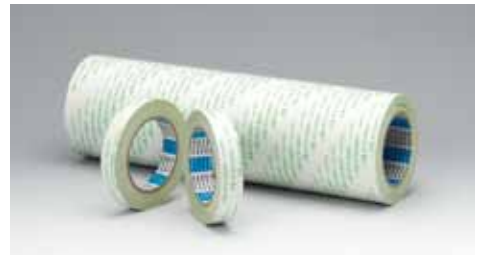
Amount of VOC Recycling (consolidated)



Low VOC Double-Coated Adhesive Tape for Rough Surfaces (EW-514)

The number of environmentally-conscious products provided by the Nitto Denko Group is increasing year by year.

Low VOC Double-Coated Adhesive Tape for Rough Surfaces (EW-514), is a product from which the amount of VOC diffused is very small. Furthermore, not only are organic solvents not used, but the residual amount of other volatile components is low. It has high adhesion properties and is used on rough surfaces of materials such as interior automotive trim where a low VOC is desirable and foams and nonwoven fabric cloth, which are used inside electrical appliances.



Contributing to the Environment

Researching Core Technologies Linked to Green Innovation – Approaches of Ecological Technology Department –

In accordance with an increase in societal concern about the environment, “eco products” have become sought after. The Nitto Denko Group has developed environmentally-friendly products. However, new fundamental technologies are necessary from the standpoint of eco in order to produce innovative products in fitting with a coming green society.

The Ecological Technology Department was inaugurated in 2010 and is a group which expertly researches fundamental technologies necessary in order to develop environmentally-friendly products at the time of manufacturing and environment-serving products. The Ecological Technology Department is presently focused on technologies to reduce energy, waste and organic solvents, which are the big three factors of contributing to environmental load generated at the time of manufacturing.

Combining new technologies with many existing technologies, we will make collective and concerted efforts to create innovative eco products.

Focusing on Next Stage in Biodiversity Conservation Activities

Biodiversity is an essential platform for a sustainable society and the Nitto Denko Group is involved in biodiversity conservation activities together with UNEP (United Nations Environment Program) and Nippon Keidanren. We consider that in order to enrich our approach it is important that our employees have a precise understanding of biodiversity. Therefore, in fiscal 2011 we created opportunities to inform our employees about biodiversity through our company magazines and information sessions.

Turn-off-the-lights Campaign and Environmental Exhibition at Every Base

In fiscal 2009, the Nitto Denko Group launched “Green Design Action” with the aim of improving employees’ awareness of the environment. Our goal is that employees will be able to adopt pro-environment behaviors in their daily lives. Thus far, we have conducted activities with the central focus on major bases. In fiscal 2011 we made efforts at every base in Japan and abroad. We made the Turn-off-the-lights Campaign held in July a trigger for employees to consider energy issues, while at the Environmental Exhibition in January, where our approaches in the Group were exhibited, we also had them gain a better understanding of the environment. Aiming at a further improvement of our employees’ awareness of the environment, we will continue to conduct such activities.



Environmental Exhibition