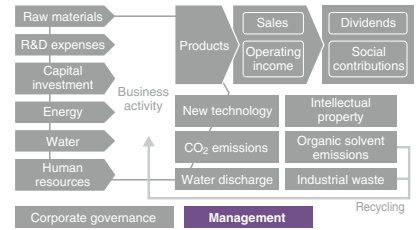


The Nitto Group pursues a concept of compliance not limited to obeying the relevant laws, but one that also adheres to broad societal norms and ethical behavior.



Structure and Implementation of Compliance

With the progress of globalization in business, we continue to observe an increase in the diversity of people employed by the Nitto Group. Even with differing cultures, customs and regions, we believe that it is indispensable for our employees to understand compliance at a certain level. In the Nitto Group we translate our *Business Conduct Guidelines*, starting with a commitment by the CEO, into 16 different languages and distribute and explain them to all employees to enhance their awareness of compliance.



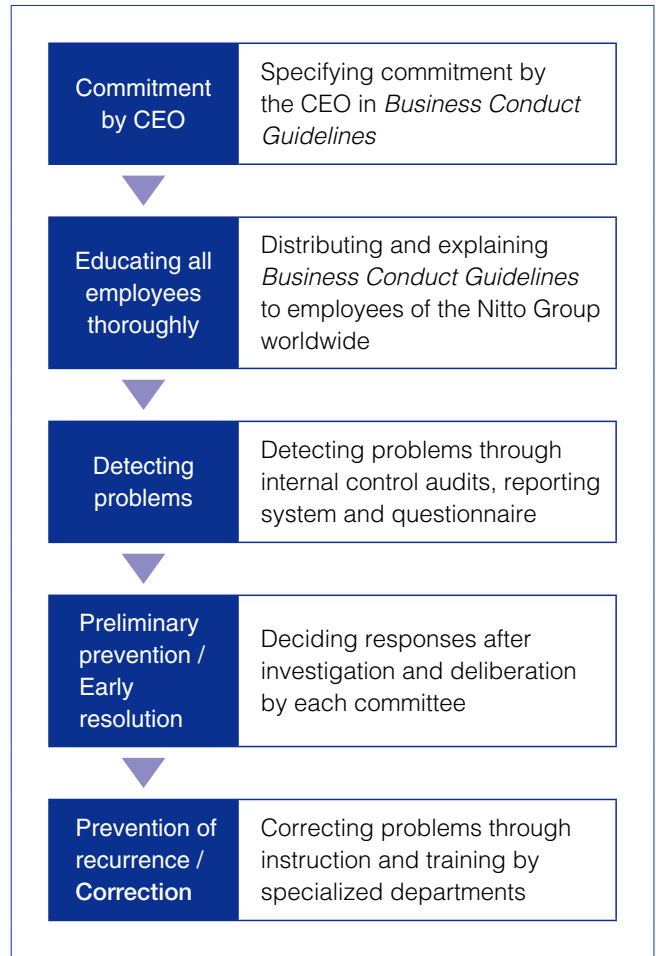
Business Conduct Guidelines

Furthermore, by detecting problems in a timely manner with our reporting system and audits, we attempt to forestall and solve any issues. In addition, we endeavor to take preventive steps through training sessions.

CSR workshops held every year offer a forum for each management level employee to consider compliance issues with regard to the results of and examples in our questionnaire on compliance and business risks. In fiscal 2013, the workshops were held at a total of 128 bases in 29 countries and territories, with 2,120 management level employees participating in them.



Enhancing awareness by sharing information at a workshop in East China



Reporting and Counseling System on Corporate Ethics

To facilitate the early detection of violations of the law and ethics issues, we have a reporting and counseling system that allows employees to contact the CSR Department directly, and an independent reporting system. In fiscal 2013, we received 14 reports through these systems. We settle issues while ensuring the protection of all whistleblowers.

Approach to compliance with FCPA

The U.S. Foreign Corrupt Practices Act (FCPA) is an anti-bribery provision for foreign government officials. Corporations which have overseas affiliated companies in the U.S. such as the Nitto Group, are also covered, as are individuals.

In the *Nitto Group Business Conduct Guidelines*, some points to keep in mind when associating with government officials are explicitly stated. We approach this issue by conducting study sessions and the like.

