

To Fulfill Corporate Social Responsibility

By Properly Recognizing Problems in Our Business Operations, We Will Conduct Ourselves in a Responsible Manner

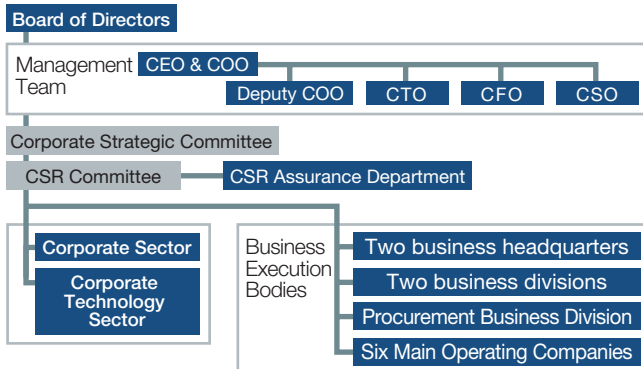
CSR Management

Continuing CSR Activities Based on Compliance and Information Disclosure

We defined fiscal 2005 as the first year of CSR Awareness Activities for the Nitto Denko Group and founded the CSR Committee and CSR Assurance Department, the former as an organization that manages CSR activities and the latter as a secretariat for promoting the activities.

Furthermore, we have set six priority CSR items (as described in the table below) and started conducting CSR activities that focus on these items. For compliance in particular, we provided training at our sites in Japan and promoted the formulation of the Nitto Denko Group Business Conduct Guidelines. We plan to implement the guidelines in fiscal 2006. (see pages 13 and 14 for details.)

CSR Assurance System (as of July 2006)



Business Execution Bodies

The Nitto Denko Group has the following business execution bodies: two business headquarters (Industrial Business Headquarters, including seven business divisions, and Optical Business Headquarters), two business divisions, the Procurement Business Division, and Six Main Operating Companies (Nitto Shinko, Nitto Denko CS System, Nitoms, Nissho, Kyoshin, and Nitto Denko Matex). The Group's overseas manufacturing companies belong to relevant business headquarters and divisions.

Priority CSR Activities Conducted and Planned

Item	Conducted in Fiscal 2005	Planned for Fiscal 2006
Risk Identification	<ul style="list-style-type: none"> Conducted joint firefighting training at the Onomichi Plant Identified labor-, tax-, and trade-related problems as global risks 	<ul style="list-style-type: none"> Strengthen business continuity management (BCM) for times of earthquakes
Creation of a Compliance-Based Culture	<ul style="list-style-type: none"> Provided domestic compliance training Formulated the Nitto Denko Group Business Conduct Guidelines 	<ul style="list-style-type: none"> Implement the Nitto Denko Group Business Conduct Guidelines
Information Disclosure	<ul style="list-style-type: none"> Published a CSR report, replacing the traditional environmental and social report 	<ul style="list-style-type: none"> Continue the fair disclosure of information
Higher Motivation of Employees	<ul style="list-style-type: none"> Supported the Osaka International Ladies Marathon (employees participated in the event as volunteers) Employees and their families participated in a half marathon 	<ul style="list-style-type: none"> Continue supporting the Osaka International Ladies Marathon
Environmental Measures against Global Warming	<ul style="list-style-type: none"> Achieved targets in the Voluntary Environmental Plan (for industrial waste, energy, and organic solvents) 	<ul style="list-style-type: none"> Renew targets and add a global warming indicator
Safe and Secure Workplace	<ul style="list-style-type: none"> Opened facilities where employees can learn about accident risks (Kameyama and Toyohashi Plants) 	<ul style="list-style-type: none"> Will expand facilities where employees can experience pseudo-accidents to learn the importance of establishing a "shut-off-culture" and promoting the introduction of "automatically-stoppable equipment."

CSR Education for Overseas Group Companies

Holding CSR Briefing Sessions in Four Overseas Regions

For the period from September 5 to October 28, 2005, the Nitto Denko Group held briefing sessions on CSR and its corporate brand (CB) at 16 of its sites in the following four regions: the Americas, Europe, South Asia, and East Asia. At the briefing sessions, the background and objectives of CSR activities were explained to make the target audience, approximately 300 managers in total, more aware of CSR. Participants shared in the idea that each employee is to conduct himself/herself with the importance of CSR in mind. According to the results of surveys conducted after the briefing sessions, approximately 75% of the participants had a clear understanding of CSR issues.

Based on the idea that a company can fulfill its CSR only when its employees support the company in the process, we will continue to educate employees on CSR in combination with various other educational training programs to make them more aware of the importance of CSR.



CSR briefing session

TOPICS

CB and CSR Issues Discussed in Global Conferences

Since fiscal 2004, the Nitto Denko Group has held global technology conferences (GTC) to promote global exchanges and share information among the four sectors (R&D, environment and safety, quality, and procurement).

At the GTC held in fiscal 2005, focusing on improving CB and promoting CSR, participants gave presentations on their activities and a poster session was held to make participants more aware of these two issues. Also, as the first trial, groups comprising members from different sectors discussed what was necessary to improve CB value and develop products in consideration of CSR. In addition, they searched for future tasks in consideration of customer satisfaction and discussed production processes

suitable for environment-friendly, recycling-oriented designs. They identified current problems and confirmed measures for improvement that need to be implemented in the future.





Poster session held during the global conference



Discussion at the global conference



Global conference

Risk Management

Providing Practical Training on Procedures to Follow in the Event of a Fire

The Nitto Denko Group identifies eight risks that may hinder the Group from continuing its business operations. Among these risks, fires are particularly serious and may cause especially significant damage and loss; therefore, we conducted practical training on procedures to follow in the event of a fire at the Onomichi Plant in May 2005. Focusing on information gathering, communication, and reporting, participants in the training went through the flow of events from the outbreak of a fire to in-house communication and reporting to the outside. After the simulation, the actions taken by the participants were reviewed to find out what needs to be corrected and improved. As part of the simulation, an emergency headquarters was established and a press conference was held, in which we received instructions and comments from external experts.

In fiscal 2006, we will strengthen our business continuity management (BCM) in preparation of a possible earthquake.



Practical training at the Onomichi Plant

Eight Priority Risks

- | | |
|---|-------------------------------|
| 1. Product- and manufacturing-related risks | 5. Environment-related risks |
| 2. Compliance-related risks | 6. IT-related risks |
| 3. Labor-related risks | 7. Social crime-related risks |
| 4. Accident-related risks | 8. Other risks |

Compliance

Conducting Intensive Training for Managers in an Attempt to Make Them More Aware of Compliance

The Nitto Denko Group conducts CSR activities based on compliance with laws, regulations, and social ethics.

In fiscal 2004, we conducted our first compliance survey, targeting approximately 4,000 Japanese employees working at Group companies in Japan. Of those who responded, 74% were aware of the Nitto Denko Group's Guidelines for Compliance with Legal and Ethical Rules.

In fiscal 2005, we provided managers, who should lead activities to make their staff aware of compliance at their workplace, with intensive training in addition to traditional educational courses. We held this intensive training 46 times, in which a total of 971 managers participated.

In fiscal 2006, we will provide separate training sessions for managers and general employees using case studies so that they will be more aware of compliance and more sensitive to risks.

Business Ethics Help Line

Establishing In-House and External Help Lines for Reports of Noncompliance

The Nitto Denko Group established an in-house help line, named the Business Ethics Help Line, for domestic Group companies in fiscal 2003. Employees can call this help line for consultations on cases of noncompliance with the Group's corporate vision; guiding principles; open, fair, and best policies; laws, regulations, and ethical standards as well as anti-public interest behavior.

In addition, we started providing an external help line service to employees to ensure more transparency and anonymity in reporting noncompliance. We thus have both in-house and external help lines at present. In the Guidelines for Compliance with Legal and Ethical Rules, tips on using these help lines, including specific examples of cases as well as such help line management methods as how to ensure anonymity, are described so that employees can call the help lines without hesitation and as required.

Protection of Personal Information

Strictly Managing Personal Information

The Nitto Denko Group formulated the Nitto Denko Group Regulations on the Protection of Personal Information in December 2004 and encourages all Group companies to comply with these regulations. Furthermore, we have set Technical Guidelines for the Protection of Personal Information, which shows specific methods of managing personal information on PCs, and Guidelines on the Protection of Personal Information, which clearly states how to deal with and protect personal information. We will have all Group companies fully recognize these guidelines and manage personal information in a stricter manner. In fiscal 2005, we had no problems concerning the protection of personal information.

Nitto Denko's Privacy Policy

<http://www.nitto.com/privacy/index.html>

comment



Goro Ojima

Director,
Kyoshin Co., Ltd.

I will promote the fulfillment of CSR by focusing on human resources

As the director in charge of personnel and general affairs, I am responsible for fulfilling CSR at Kyoshin. For the Nitto Denko Group to become a truly global excellent company, I believe the fulfillment of its CSR to be indispensable. To this end, there are various tasks that need to be performed by the Group, and I will focus on human resources to support the Group in fulfilling its CSR. In other words, I will strive to create a compliance-based corporate culture under the slogan "As a central player, steadily do what can be done one step at a time."