

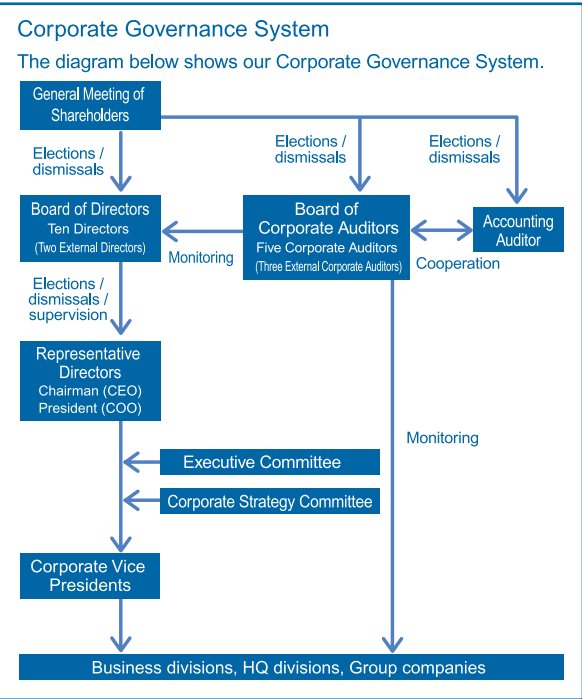
Corporate Governance

The Nitto Denko Group Is Aiming for Transparent Management

News relating to examples of misconduct and/or other scandals has been reported regularly. As the enhancement of internal control mechanisms and the improvement of financial systems become obligatory under both the new Company Law and the Financial Products Trading Law, the notion of “corporate governance” has taken root in our society. The Nitto Denko Group has established a basic corporate policy relating to internal control and has already completed the formulation stage of a system which will allow for the policy to be practically implemented. In attempting to work as “One-NITTO”, we shall devote ourselves to the ongoing further development of this system, aiming to improve its affectivity whilst respecting that with change, any system needs to be organic and flexible in nature if it is to retain its relevance and suitability.

What Constitutes Good Governance

When considering corporate governance the Nitto Denko Group prioritizes keeping every stakeholder in mind, given the support they all show for our business activities whether directly or indirectly. We aim at providing both sound and transparent management through promoting the sharing of information, reflecting on the way we carry out our business and through being open to fair external judgment. The Nitto Denko Group aims to foster and encourage a corporate spirit centered on “Open, Fair and Best”. We strive to do our best in working towards achieving our business goals in accordance with good governance practices.



Notice : CEO (Chief Executive Officer)
COO (Chief Operating Officer)
Executive Committee provides an opportunity for managerial discussions.

Executives and Corporate Auditors of Nitto Denko Corporation (as of 1 July 2008)

Chairman	Masamichi Takemoto (CEO)
President	Yukio Nagira (COO)
Senior Executive Corporate Vice President and Director	Yoshiyasu Kamiyama
Executive Corporate Vice President and Directors	Yasuo Ninomiya (CTO) Tatsunosuke Fujiwara (CFO) Tetsuo Horiuchi Kaoru Aizawa
Corporate Vice President and Director	Hideo Takasaki
Outside Directors	Yoichiro Furuse Kunio Ito
Corporate Auditors	Ryoichi Ota Takashi Awazu
Outside Corporate Auditors	Hisashi Hosokawa Norio Akai Masashi Teranishi
Senior Corporate Vice Presidents	Wataru Kitao Yoshihiko Chikuma Koichi Nishikawa Yasuo Yoneda Kenji Matsumoto Hongin Kim Yoji Munakata Minoru Sano
Corporate Vice Presidents	Tomio Sakka Yoichiro Sakuma Takeshi Nasu Toshihiko Omote Tagayasu Ishida Masashi Iida Masami Kanzaki Masahiko Arimoto

CEO : Chief Executive Officer
COO : Chief Operating Officer
CTO : Chief Technology Officer
CFO : Chief Financial Officer

Establishment of the Internal Control Committee

The Nitto Denko Group established the Internal Control Committee (ICC) as a means of ensuring accurate and informative financial reporting and as a means of assessing the appropriateness of our business. This committee is comprised of the Chairman of the Board, the President and the CFO (both of whom are responsible for signing internal control reports required under the Financial Instruments and Exchange Law), the head of the Corporate Sector, the heads of the Operating Entities responsible for the preparation of internal control reports, the department head responsible for carrying out independent evaluations, the department head responsible for company-wide evaluations and the Secretariat. The committee meeting is held annually in principle under the chairmanship of the President. Whenever the need arises, the chairperson may call a committee meeting.

Establishment of the Timely Disclosure Committee

The Nitto Denko Group established the Timely Disclosure Committee as a scheme which in line with our corporate vision and guiding principles provides stakeholders including shareholders and investors with timely, continuous and transparent information relating to the Group's activities. This committee is composed of department heads from corporate planning, accounting, legal work, general affairs, coordination of group companies and publicity and IR with the CFO chairing the committee. In accordance with the rules of the securities market this committee determines the disclosure of decisions, incidents and accounting information relating to the Nitto Denko Group's activities.

Disclosure Policy

The Nitto Denko Group has posted its disclosure policy including its timely disclosure policy on the web with the hope that interested parties can understand the sincere efforts that we are making in policy development in this area.

Disclosure Policy

- 1 Basic Disclosure Policy**

Nitto Denko Corporation's disclosure policy is intrinsically connected to our corporate vision and guiding principles. Our corporate vision is to “pursue sound business activities and continually earn shareholders’ trust through appropriate information disclosure and communications”. We aim to achieve this through following our principle that “we will conduct ourselves guided by laws and ethics.” We will continuously disclose important information relating to our group activities to every stakeholder, including shareholders and investors. The information that we provide will be of a timely and transparent nature and will be made available in a fair manner.
- 2 Standard and Method of Disclosure**

Nitto Denko Corporation has adopted a timely disclosure system called TDnet in accordance with the timely disclosure regulations set by both the Tokyo Stock Exchange and Osaka Securities Exchange on which Nitto Denko Corporation is listed. We promptly post publicly disclosed information on our website. We always attempt to provide and disclose information which we consider will be valuable and relevant for our stakeholders to better understand our group and our overall business activities.
- 3 Silent Period**

Nitto Denko Corporation has specified that the period between the days after the close of each fiscal quarter to the time that our business results are announced will be a “silent period”. The aim of this freeze on information is to prevent any leakage of business results so as to ensure fairness for all stakeholders. During this period, we refrain from responding to any inquiries or making any comments concerning any business results. However, if we anticipate a significant difference to occur between the original forecasts and the actual results during the silent period, we will disclose such information in a timely fashion as per the disclosure regulations.
- <Cautionary Statement>**

Forecasts concerning the corporation's future business performance are based on information available at the time of disclosure and certain assumptions that we consider to be reasonable. Actual performance may differ significantly from the business forecasts due to various risk factors and uncertainties.

Work Contract and Dispatch Issues

In Japan, following amendments made to the Worker Dispatch Law the media has highlighted many problems relating to the current employment market. In view of the current social situation, the Nitto Denko Group has made investigations into all domestic group companies to assess company practices relating to work contracts and dispatching.

Business Conduct Guidelines

In 2006 we established the *Nitto Denko Group Business Conduct Guidelines*, which were made available in twelve different languages so that Nitto Denko Group employees globally were able to share a common set of values. The guidelines exist as a tool to assist employees conduct business activities in a consistent manner conforming to law and business ethics. In time for the business launch of an overseas subsidiary company in the Czech Republic in 2008 we added a Czech version to the list. We are preparing to distribute the guidelines to all new employees soon after they are hired before the plant begins operating.



Czech version "Nitto Denko Group Business Conduct Guidelines"

About Respect for Human Rights

The Nitto Denko Group has a Human Rights Enlightenment Agenda. We are independently programming and implementing human rights training sessions in both domestic and overseas group companies. As part of the mid-term management plan beginning in 2008 we declared "Safety first, profits second" and sincerely are attempting to continually improve the working environment of our employees.

Nitto Denko Group Human Rights Enlightenment Agenda

- The Nitto Denko Group gives consideration to our environment, human rights and local communities. As an enterprise group we fulfill our social responsibilities whilst continuing to develop our business within society.
- The Nitto Denko Group never discriminates on account of race, creed, values, character, gender, religion, age, nationality, origin nor physical handicap.
- The Nitto Denko Group prioritizes open and consistent communication to all employees and aims at providing workplaces that respect human rights through embracing a spirit of being "Open, Fair and Best."
- The Nitto Denko Group actively implements its human rights agenda in order to sustain its existence and position as a trusted enterprise within our global society.

CSR and Compliance Training Sessions

We are implementing "CSR and Compliance Training Sessions" focusing on case studies for management level employees within Nitto Denko Corporation and domestic group companies. Approximately 1,400 management level employees participated in such training held throughout fiscal 2007. The consequent training provided to other employees by management level employees resulted in approximately 5,400 employees participating. Employees of the Nitto Denko Group are obligated to participate in regular sessions as part of their induction and for future promotion purposes. The compulsory training sessions include learning about CSR, compliance and our human rights agenda.

We have set up a "help line" allowing for notifications of legal and ethical violations throughout the domestic Nitto Denko Group companies. Some notifications have been provided and punishments imposed. In order to prevent violations from occurring and to establish a corporate climate where such violations are reduced to an absolute minimum we aim to further improve overall compliance.

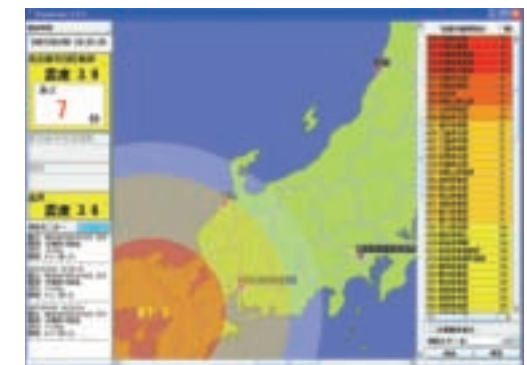
Measures to Avoid an Influenza Pandemic

Numerous reports have been made concerning a highly infectious pathogenic avian influenza in some countries where Nitto Denko Group companies are located. If human to human transmission were to break out, it may spread rapidly all over the world resulting in an influenza pandemic. Given this situation the Nitto Denko Group has ensured that all operations have a full understanding of the avian and pandemic influenza alongside strategies and practices which focus on prevention. We are currently drawing up an action plan aimed at reviewing how prepared our group companies are in relation to existing response plans if an incident or outbreak of influenza pandemic were to occur.

Provisions Taken against Earthquakes

In preparation of Miyagi Offshore, Tokai and Tonankai earthquakes which have been predicted to occur in the near future, we have drawn up Business Continuity Plans (BCPs) as contingency measures. Each BCP is specific to operations concerning our key manufacturing bases in Japan and has been in existence since fiscal 2006. Their purposes are to ensure that business property is secured and protected to a maximum and that damage to stakeholders is kept to a minimum if an earthquake were to occur. Each BCP outlines procedures to take place if an earthquake were to affect our manufacturing bases. They also clearly outline restoration procedures, priorities and timeframes if restoration were necessary.

In 2007 we introduced an Earthquake Early Warning System provided by Japan Meteorological Agency which focuses on our manufacturing bases as they operate in real time. With preliminary warnings of earthquake action we are able to take immediate action in prioritizing the protection of human life.



A system sensing the big shock of an earthquake

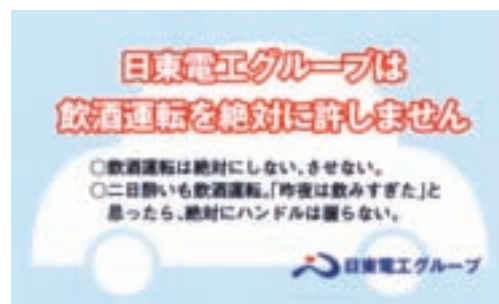
Improvement of Manners of Traffic Safety

Within the Nitto Denko Group driving to corporate offices is permitted in some regions. As traffic accidents and traffic jams have previously occurred involving employees on their way to work and given that some complaints relating to employees have been made regarding compliance of existing safety rules, the Nitto Denko Group sees that having countermeasures in place is an urgent issue. Such countermeasures would aim to provide a solution to the traffic congestion around business offices caused during peak hour times. The Nitto Denko Group would thereby come closer to meeting its aspiration of supporting community based business offices. It would hope to achieve this through the easing of traffic congestion, ensuring the safety of employees through reducing the risk of traffic accidents, reducing the environmental impact caused by employees' driving to their offices thereby promoting an earth-conscious business culture and through encouraging and supporting that employees use public transportation wherever possible.

In the Onomichi Plant, we chartered buses from Onomichi Bus Corp. and have them make more than 100 round trips a day from Onomichi Station, Higashi-Onomichi Station and Matsunaga Station to our office. In doing so we have people within the same industrial campus using the buses with no charges being applied. Since the introduction of the commuter bus, the occurrence of traffic accidents involving employees has decreased by two-thirds compared to previous years. Unfortunately at present, due to advice received, it is difficult for the public to utilize the buses, but we are considering how they may be used as a means of public transportation to athletic facilities and/or hospitals.

Crusade against Drink Driving

The Nitto Denko Group has adopted a very strong position regarding drink driving. Employees in domestic group companies are obliged to bring signed cards with them declaring that they themselves are against drink driving. Even if the amount of alcohol consumed is under the legal limit, driving after alcohol has been consumed is not permitted. If an employee is found to have been driving after drinking penalties will be imposed under company regulations.



A card used in the crusade against drink driving

Promotion of the Use of a Public Transportation System

At Hydranautics the employees are offered a monthly \$110.00 pre-tax reimbursement in exchange for receipts from public transport that they had used to commute. The commuting allowance provided is not enough if employees are required to make a number of connections so they are offered an additional \$100.00 after tax benefit per month to be used to obtain transportation from the train station to work. With a number of employees taking advantage of this benefit, there are fewer drivers on the road and more being done in an attempt to create a cleaner environment.

Start-up of New Cultivation System

The Nitto Denko Group has initiated the Nitto Denko Group Cultivation System (NCS) as a new educational system which has been in operation since July 2007. In NCS common texts are used and basic knowledge about our manufacturing business is provided with each base making their own arrangements to ensure that necessary training takes place. In the future its purpose will be to cultivate professionals who are willing and able to bring the Nitto Denko Group's vision and strategic plans into reality. From now we have chosen to adopt a corporate culture focusing on cultivating people who can "learn, assimilate, put into practice and bring results by themselves".



Issues within CSR

With enterprise competition being strong, we acknowledge that having diversified human resources is not only desired in order for our survival but is necessary. Recently labor shortages and business globalization have been occurring at accelerated rates. We aim to enhance the way that we develop our human resources so that we can ensure that we find well-qualified people who are suitable for higher duties and who potentially may become executive members.

As for disabled persons' employment, we acknowledge that what we have in place is not sufficient and that further development is both desired and required within the Nitto Denko Group. In the future we certainly hope to reinforce our commitment to workplace diversity through being able to offer more employment opportunities to disabled persons, especially through the expansion of Nitto Denko Himawari Co Ltd operations.