

To Be a Fair Company to People and Society

Recruitment policy

Criteria of selection are personal ability and character. Nitto Denko strongly seeks self-motivated people

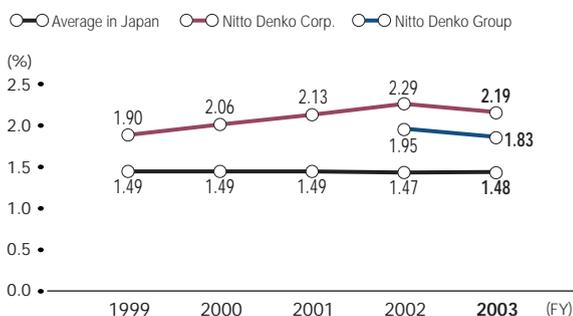
The company wants self-motivated people who can drive for innovation, creation, and independence to join us. This is because we believe that only self-motivated employees are able to enrich their own life and thus develop the business of the company. For this reason, our selection for employment values personal ability and character; also, we put priority on the interview. The interview is an opportunity where we try matching between what applicants can and want to do for Nitto Denko and the company's ideal human resource with self-motivation.

Employment of handicapped people

A subsidiary under the auspices of government scheme for the employment of handicapped people was established

Nitto Denko Himawari (meaning "sunflower") was established in May 2000 to offer opportunities where handicapped and elderly people work to live a meaningful life, as a subsidiary under the auspices of a government scheme aimed at promoting the employment of handicapped and elderly people (Please see page 37).

Changes in ratio of handicapped employees



Policy and education to eliminate discrimination

The Nitto Denko Group promotes human rights enlightenment

To keep being a respectful existence in society, the Nitto Denko Group promotes the activities for enlightening employees on human rights based on its fundamental policy. We have established the Promotion Committee for Enlightening Human Rights and Promotion Secretariat Meeting for Enlightening Human Rights in our group companies. We draw up an annual plan to include measures for human rights such as training and implement the measures.

All executives and employees in the Group shall review their daily practices by following the action rules in "the Guideline for compliance with legal and ethical rules" as well as conducting mutual enlightenment activities in their workplaces.

Education system

Supporting carrier development of each employee

Nitto Denko's education system is roughly divided into three categories:

Carrier support training aims to improve the abilities required for each stage (performance grade) beyond the border of job categories such as research and development, production, and sales.

Specialty educational training is provided for each job category such as research and development, production, and sales to improve its expertise in each category.

Life stage seminar is something different from the previous two trainings. It helps employees to look back their lives when they turn the definite years (30,40 and 55 years old) to consider their careers and life in their future.

Through these three educational programs, the company supports each employee's career development to help them lead meaningful lives.

Establishing "Juninkan"

A training facility, "Juninkan," was completed

The sixth building at the headquarters in Japan was renovated to be a training facility, Juninkan, which was completed in January 2004. It is equipped with a lecture amphitheater and other facilities and used for a variety of training and educational opportunities including training for new employees. The facility was named by Hideki Yamamoto, chairman of Nitto Denko, and the name derives from a passage of a Chinese classic ("Kanshi") that explains the importance of cultivation of human resources. It says, "When you form a plan for the year, grow grain. When you form a plan for the next decade, plant trees. When you form a lifetime plan, cultivate human resources." The embedded meaning indicates the Nitto Denko's fundamental philosophy for cultivation of human resources.



Juninkan

Personnel system

“Realizing compensation commensurate with contribution” Establishing a personnel system based on a performance-oriented system

The company aims to create a working environment full of motivation and vigor by realizing compensation commensurate with the contribution. Therefore, a personnel system based on a performance-oriented system that is no discrimination by sex was introduced.

“Evaluation system for personnel based on the performance-oriented system”

The performance-oriented system evaluates the specific actions, or exhibition of ability, and the results of the actions, while the ability-oriented system evaluates even potential ability. The result consists of the “final results,” which can be stated in figures as the performance of the company, and the “interim results,” which cannot be expressed in figures. This performance-oriented system is totally different from a result-oriented system that only the final results are evaluated.

At the “specific actions,” we clearly define what are the excellent professional actions at each job category, and based on the definition, we evaluate the “actions that are expected to produce results” are evaluated as the “action evaluation.”

For the “interim results” and “final results,” we introduce the system for management by objectives into the evaluation to set the objectives that should be achieved in the specified period of time. Then, the results are evaluated according to the degree of difficulty and achievement as the “result evaluation”. The combination of the two indices of the “action evaluation” and “results evaluation” enhances transparency and persuasiveness of the evaluation.

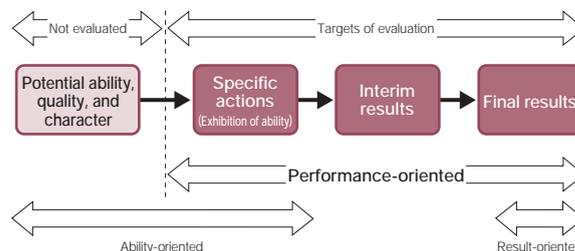
What we think the most important thing in this evaluation system is the communication between the employee and his/her supervisor. To improve the persuasiveness in the evaluation, the “evaluation interview” is held to discuss until the both reach agreement. In addition, all employees have to answer the “persuasiveness research” questionnaire, that whether the discussion at the evaluation interview and explanation of the evaluation result were appropriate or not shall be checked. The results from the questionnaire are fed back to the supervisor for improvement. Thus, the persuasiveness in the evaluation is further strengthened. On the other hand,

the appraiser training is provided for the person who evaluates employees (appraiser) to learn and improve her/his evaluation skills for executing fair evaluation.

● Definition of performance-oriented system

The performance-oriented system is clearly defined as a criterion that measures the contribution of the employees.

Targets of evaluation in the performance-oriented system

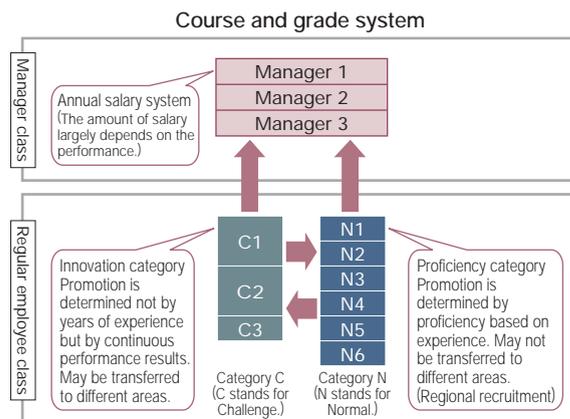


“Course and grade system”

All employees are classified into two categories: Category C for people who are expected to innovate the operation or Category N for people who are expected to acquire proficiency in the operation. The company puts a clearly different expectation and role on each category, which are reflected in the compensation scheme. Each employee has a choice between the two, which contributes to the improvement in career consciousness and responds to the variation of career style. Moreover, the category can be changed in the middle of the career by the employee’s request and the recommendation from the supervisor.

● Course and grade system

Each employee shall choose the course and aim for innovation, creation, and independence in each category.



Technique Training Course

Technician cultivation system to handover manufacturing techniques to the next generation

The Technique Training Course is a technician cultivation system that is the company established to handover the techniques used in the manufacturing processes to the next generation. Based on proficiency and the difficulty of the technique, the four technical levels from the special grade to the third grade are defined. The characteristic of the evaluation is its focus on problem-solving capability in the real fields.

The Technique Training Course was approved at a top management conference in March 1994. Three years were spent for the basic preparation, such as building the technical grade scheme and preparing textbooks. Then, the first course started in the Toyohashi Plant, where the largest amount of know-how has been accumulated. Now, we have 28 first grade technicians (cumulative total) and many other technicians improving their skills.