

To Build Common Ethical Standards, We Established the Nitto Denko Group Business Conduct Guidelines

For all Nitto Denko Group employees around the world to share the Group's core values and to have common ethical standards, we newly established the Nitto Denko Group Business Conduct Guidelines. In the following pages, we introduce the background of the establishment of the guidelines and global compliance measures that we plan to implement in the future.

Against a Backdrop of Rapidly Globalizing Business Activities

The public is witnessing a series of corporate scandals that betray the trust of stakeholders, such as accounting fraud, the leaking of information, and the hiding of various other problems. A single scandal may mar all the past achievements and trust of a company, and the products and services of such a marred company will not survive the market competition.

The Nitto Denko Group believes these scandals were primarily caused by a lack of compliance awareness. Accordingly, in fiscal 2005, the Group started implementing measures that would have all Group employees be more aware of the importance of compliance as a top priority CSR item.

We formulated the Guidelines for Compliance with Legal and Ethical Rules in April 2003 and have since been distributing copies of the guidelines to the employees of domestic Group companies to raise their awareness of compliance. At present, however, the Nitto Denko Group conducts business in more than 20 countries throughout the world, and approximately 27,000 people are working for the Group. Different countries and regions naturally have different laws and customs, and it is not easy to assure all Group employees, both at home and abroad, have the same awareness of compliance. In view of the above, we thought it would be impossible to have all employees commonly aware of compliance by using guidelines written in Japanese. Therefore, we launched a project to create new guidelines that can be commonly used around the world.

Our Core Values

(excerpted from the Nitto Denko Group Business Conduct Guidelines)

Integrity

We demand of ourselves and one another the highest standards of personal and corporate integrity.

We safeguard company assets.

We comply with all company policies and laws.

We conduct ourselves as responsible corporate citizens.

Excellence

We continually challenge ourselves to innovate our products, our processes, and ourselves.

We practice self-discipline in being open, being fair, and doing our best.

We strive to always understand our customers' businesses and help them achieve their goals.

We respect the individuality of our employees and enable them to achieve personal fulfillment through their work.

We are dedicated to ensuring diversity, fair treatment, mutual respect, and mutual trust.

Accountability

We stand behind the commitments we make and take personal responsibility for all our actions and the results arising from them.

We are committed to continuous innovation that is an integral part of our culture.

We respect the environment and strive to contribute to the local and global communities' well-being.



Robin Andrew

From the Americas
(Nitto Denko America)

Having the opportunity to work with my global colleagues in creating the Nitto Denko Group Business Conduct Guidelines was a highly rewarding experience.

I am now looking forward to working with my local colleagues to talk about the new guidelines and implement them for all our U.S.-based employees to follow.

Abiding by these guidelines and committing ourselves to our Nitto core values will help assure that Nitto becomes a global excellent company.



Eric Pass

From the European area
(Nitto Europe)

Today's world has become more complex, volatile, and unpredictable. The wave of globalization is having a disruptive impact on traditional ways of thinking, ethical values, and individual behaviors. In this view, I was very glad to have been able to contribute to the creation of the Nitto Denko Group Business Conduct Guidelines. It is my hope that these guidelines will be used by all of my colleagues worldwide as a kind of "lighthouse" giving directions and advice on what is expected from all of us as employees of the Nitto Denko Group in order to become a global excellent company.



Andrew Chen

From the East Asian area
(Nitto Denko (Shanghai Song Jiang))

Now we are striving to become a global excellent company. This time employees from Japan and four other regions cooperated in formulating the guidelines on equal footing. I think this is a model of true globalization. I will continue to take pride in the Nitto Denko Group and share this pride with all Group members around the world.



Forming a Multinational Project Team

For approximately half a year, starting in May 2005, the CSR Assurance Department conducted a survey and prepared for the formulation of guidelines that can be commonly used by all Group companies around the world. Subsequently, in December 2005, a project team to formulate the Nitto Denko Group Business Conduct Guidelines was formed under the CSR Committee. This multinational team comprised five members each from the United States, Europe (Belgium), East Asia (China), South Asia (Malaysia), and Japan, all of whom were well-versed in CSR and compliance.

The project members first reviewed the Guidelines for Compliance with Legal and Ethical Rules. To formulate the Nitto Denko Group Business Conduct Guidelines so that it can be commonly used throughout the world, the members summarized the opinions of each area and discussed the items and details of the guidelines while giving consideration to the laws, regulations, and customs of each country and area. Finally, at the end of March 2006, the members decided on the final details of the Nitto Denko Group Business Conduct Guidelines.

The guidelines first list Integrity, Excellence, and Accountability as core values that employees should commit themselves to and follow. Employees, if unsure about the appropriateness or ethics of any activity, are requested to ask themselves these questions: "Is this action in line with Nitto Denko Group values of integrity, excellence, and accountability?" "Does my action comply with the guidelines, Nitto Denko Group's policies and procedures, and the law?" "How would our customers, stakeholders, the general public, or my family look upon it?" "Am I practicing the basic principle of conduct, being open, being fair, and doing my best?"



Roslan Derun

From the South Asian area
(Nitto Denko Electronics (Malaysia))

Being selected as a member of the CSR team was a big surprise and a great honor. Representing the South Asian area, I truly felt the One Nitto atmosphere when members from the Americas, European, South Asian and East Asian areas, and Japan sat in one room for four consecutive days to develop Nitto Denko's first ever Business Conduct Guidelines. By the end of the day, there was feeling of great satisfaction and a sense of pride in being able to contribute towards our dream to be a global excellent company.

Planning to Hold Briefing and Training Sessions throughout the World

The guidelines comprise the following five items: Working Environment, Protecting Assets, Conducting Business, Legal Compliancy, and On Your Own Time. Also, the guidelines assume 34 specific business cases in which employees may find it difficult to make a decision and show values to be referred to as basic principles and other useful information for each of the cases. At the end of this booklet, a space where each employee should sign his/her name to acknowledge that he/she understands the details of the guidelines and what he/she should do to fulfill his/her responsibilities is provided.

In the first half of fiscal 2006, we will finish translating the guidelines into 12 languages. Then, we will vigorously hold briefing and training sessions on those translated guidelines for all Group employees in each area of the world. The Nitto Denko Group plans to make effective use of the guidelines as a common tool for Group employees to share its core values and as common standards with which employees will be able to comply with laws, regulations, and ethical standards in their business operations.

