

Environmental Management

In 1993, the Nitto Denko Group established a department to manage environmental issues for the entire Group and formulated the Nitto Denko Environmental Conservation Activities Plan (Voluntary Environmental Plan) to start environmental conservation activities on a full scale basis. Subsequently, in 1996, we established the Corporate Environmental Policy and announced it both internally and externally. We are making all Group companies aware of this policy.

Corporate Environmental Policy

Philosophy

At the Nitto Denko Group, we recognize that maintaining the health of the earth for coming generations requires that humanity seriously address the issue of global environmental conservation. Consequently, the Nitto Denko Group, through its adoptions of the corporate vision "Creation of New Value," is committed to respecting and acting in the best interests of the environment, both locally and globally, in all its operations.

Environmental Policies

1. We will develop an internal environmental management system that promotes effective environmental preservation.
2. With a proper understanding of the environmental impact of our operations, we will develop internal environmental objectives and targets as far as is technically and economically practicable; moreover, we will pursue these objectives and targets in an organized manner to ensure the continual improvement of our environmental preservation efforts.
3. Our technical and product development will focus on the reduction of environmental load.
4. We will continue our efforts to conserve resources and energy, reduce industrial waste, and promote recycling in all aspects of our operations.
5. As part of our dedication to reducing the load on the environment, we will develop alternative technologies intended to reduce consumption of the sources of environmental pollution as well as to control emissions of environmental pollutants to the greatest extent feasible.
6. We will comply fully with environmental laws, regulations and agreements, and will impose our own environmental criteria as required in the interests of environmental preservation.
7. We will make sure that our employees receive environmental training and information so that all understand the significance of our Corporate Environmental Policy, have increased awareness of the importance of environmental preservation, and act on our Corporate Environmental Policy.
8. We will conduct periodic environmental audits in order to monitor the effectiveness of our environmental management strategy and identify areas requiring improvement.
9. As part of our social contribution, we will publicize proprietary technologies and information that are likely to benefit the environment.

Environmental Management System

Acquiring ISO 14001 Certification at a Total of Nine Domestic and Overseas Sites

The Nitto Denko Group added "acquisition and maintenance of ISO 14001 certification for environmental protection" to the targets in its Voluntary Environmental Plan in order to conduct effective environmental conservation activities and has encouraged Group companies to acquire the certification.

As a result, one Group company in Japan, seven in East Asia, and one in South Asia acquired ISO 14001 certification in fiscal 2005. As of the end of fiscal 2005, 31 companies out of 70 manufacturing companies and 11 out of 44 nonmanufacturing companies in the Group are ISO 14001 certified (including those that are certified as a result of the Group companies to which they belong having acquired certification). We will make further efforts to increase the number of ISO 14001 certified Group companies.

Compliance with Environmental Laws and Regulations

Setting Voluntary Standards That Are Stricter Than Legal Standards

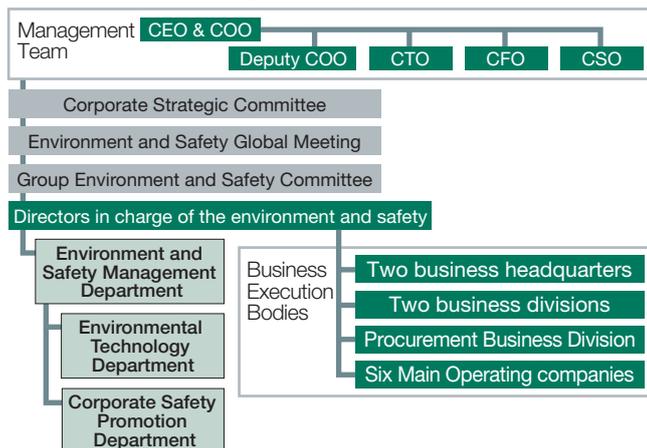
The Nitto Denko Group complies with all environmental laws, regulations, and agreements in its business operations. The sites of Nitto Denko Corporation and other Group companies have a list of requirements to be met in complying with laws, regulations, and agreements.

We manage our operating standards in line with the list and check our status of compliance through internal audits and other measures. Information on important laws and regulations to be newly applied are provided by the Environment and Safety Management Department, which manages environmental issues for the entire Group, to both domestic and overseas sites.

The Nitto Denko Group has set voluntary standards that are stricter than legal standards. In the event that it cannot meet these voluntary standards, the Group will promptly implement countermeasures and inform all Group sites of the fact for the purpose of preventing the recurrence of similar problems.

For all Nitto Denko Group products available in the United States, we provide a Proposition 65 warning. Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of the state of California, provides for the warning and emissions of chemicals known to cause cancer, birth defects, or other reproductive harm. Of all our products sold in EU countries, we identified those that contain substances prohibited under the EU directive on the restriction of hazardous substances (RoHS) and replaced those substances with alternatives. For our products distributed in countries not in the European Union, we are replacing harmful substances with alternatives in an effort to comply with regulations on chemical substances implemented in each country of the world.

Environmental Management System (as of July 2006)



Environment and Safety Global Meeting (held once a year)

At the Environment and Safety Global Meeting, the Group's environment and safety plans for the next year are conveyed to the sites of Nitto Denko Corporation and other Group companies, which are asked to incorporate the plan into their own plans.

Group Environment and Safety Committee Meeting (held four times a year)

The members of this committee discuss medium-term and fiscal year plans for the environment and safety, express problems in implementing these plans, and exchange opinions about possible solutions. Important plans that require managerial decision are referred to the Corporate Strategic Committee and will be implemented if they are approved.

Environment and Safety Management Department

This department supervises the environment and safety departments and sections of Nitto Denko Group sites around the world. The Environment and Safety Management Department collects and provides environment- and safety-related information, formulates and manages the Group's environment and safety plans, and gives relevant technical support to Group sites. This department is under the direct supervision of the directors in charge of the environment and safety and, as such, can promptly incorporate management's opinions into its plans and act according to those plans.