

To Fulfill Our CSR,

We Will Achieve Our One-NITTO Goal and Improve Our Quality



We will focus on improving corporate quality to become a global excellent company

The Nitto Denko Group started its mid-term management plan, named One-NITTO Dream Plan Step 2, in fiscal 2005 and implemented measures for the first year of the plan.

The mid-term plan, under which Group companies will need to improve their corporate quality in addition to achieving their financial targets, is designed to make the Nitto Denko Group a global excellent company by fiscal 2007. I believe it is necessary for all Group companies to take global measures to improve their corporate brand

value and conduct CSR activities, aiming to increase their intangible assets while bolstering and expanding their business in terms of quantity.

We will support all employees in their efforts to improve themselves to create an open corporate culture

As a premise for improving corporate quality, the first requirement is to raise the excellence of employees, who support the Nitto Denko Group. Highly competent *human assets*—who continuously pursue and expand their possibilities, are highly motivated, and have high moral standards—are the driving force behind a company's attempt to further improve its quality.

Accordingly, we have established Nitto University and provide various educational training opportunities to employees in order to develop human assets. At the same time, we encourage employees to strive to become invaluable human assets by improving their quality on their own.

As president of Nitto Denko Corporation, I am responsible for developing human assets. Wishing to fulfill that responsibility by meeting and speaking directly to as many employees as possible, I set out to talk directly with approximately 400 employees around 30 years old in fiscal 2005. In talking with those employees, I conveyed my ideas as president and, in turn, listened to their ideas and comments about their daily work. I, myself, was able to learn a lot through those opportunities.

It takes time and effort to talk with employees

Mid-Term Management Plan: One-Nitto Dream Plan Step2

To be a Global Excellent Company in fiscal 2007

“Quality-driven growth” above and beyond future-focused investments and social costs.



Enhance the One-NITTO Business and Management Infrastructure for Sustaining Growth

- Share information for consolidated management
- Develop and use human resources Group-wide
- Optimize organizational structure

At Moments of Change, with Brilliant Technology, and Flexible Attitude

"Moments of Change" are our Opportunities, the very time to initiate growth.
"Brilliant Technology" is our Confidence.
"Flexibility" is our Attitude.



We continue to advance globally in harmony with the society and the environment as we integrate each and everyone's capabilities into a single powerful thrust.
We, Nitto Denko Group, are your "Flexible Technology Company."

individually, but I believe it is very meaningful to talk with someone candidly in order to reach a mutual understanding.

It is my duty to create a corporate culture that allows management and employees to talk with one another openly, and I believe that it will strengthen the Nitto Denko Group to continue these direct talks with the employees.

The Nitto Denko Group will promote CSR activities in unison

In fiscal 2005, we conducted CSR activities, giving priority to compliance; improvements in the environment, safety, and quality; and social contribution.

As for compliance, we started formulating the Nitto Denko Group Business Conduct Guidelines, targeting all employees—approximately 27,000 people Groupwide. We plan to implement the guidelines in fiscal 2006.

Regarding improvements in the environment, safety, and quality, we set common indicators for the Group, and each Group company is endeavoring to achieve its predefined goals.

It is an essential condition for a manufacturer to establish a reliable quality assurance system, develop products that have low environmental impact, and build manufacturing processes that ensure environmental conservation and high-quality output, while continuing to provide employees with a safe workplace. To meet these requirements, all Group companies, including both direct and indirect departments, will strive to upgrade their daily operations, paying special attention to correcting their

weak points.

In fiscal 2006, we started working under a new slogan, "Break the n-fold barrier." We tend to think that in order to double production, time or labor would also have to double, as would the amount of waste generated. Instead of thinking this way, we need to drastically reform our work quality and efficiency. We are determined to respond to any problem with the idea that nothing will be solved if we continue doing things the way we have always done them.

Corporate activities are supported by a wide spectrum of stakeholders, and a company cannot survive or achieve sustainable growth if it pursues profits only. I am convinced that the fundamental key to our business success is responding to stakeholders' requests and opinions sincerely, with a spirit characterized by the *open* sharing of information, *fair* discussion, and *best* efforts toward attaining the predefined targets, thereby earnestly fulfilling our responsibility to the stakeholders.

It would be one of my greatest pleasures if this CSR report helps readers deepen their understanding about the ideas and activities of the Nitto Denko Group, and I solicit their frank opinions and comments.

July 2006

Masamichi Takemoto
CEO, Nitto Denko Group
President, Nitto Denko Corporation

Corporate Vision and Guiding Principles

Corporate Vision

"Creation of New Value"

Guided by "Open, Fair and Best" as the very foundation of corporate activities, Nitto Denko Group will contribute to human living and industry's future with its power to generate innovative and unique ideas.

Nitto Denko Group will:

- Swiftly create products and services offering new functions that give satisfaction to customers
- Honor autonomy and originality to enhance the working environment with the total freedom for the employees to face their challenges
- Pursue sound business activities and continually earn shareholders' trust through appropriate information disclosure and communications
- Always be mindful of corporate social responsibility including sustainability and community relations

Guiding Principles

Leveraging our pride and resolve as a Nitto Denko Group member, we will always act with integrity in accordance with "Open, Fair and Best."

We will:

1. Provide our customers with the highest-quality product and service
2. Place safety before everything else
3. Always act with a challenging spirit
4. Conduct ourselves guided by laws and ethics
5. Keep in mind to help protect the global environment and conserve resources