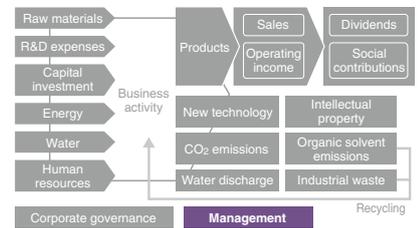
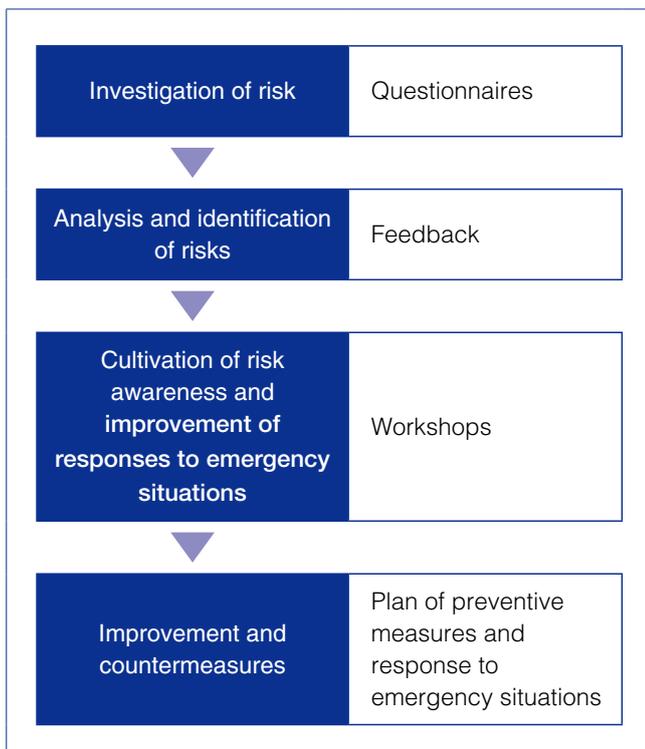


Broadening risk awareness and addressing the improvement of preventive measures and response to emergency situations



Risk Management

With the global development of our business, the Nitto Group is exposed to increased risk of labor difficulties, information leaks, law violations, natural disasters, accidents and crime. So far, we have investigated any risk areas that might present as serious concerns to management and business activities. Any potential risk areas have been prioritized and countermeasures aimed at the prevention, avoidance, measurement and transformation of incidents have been taken.



Since fiscal 2011, in order to enhance risk awareness among management-level employees, we have distributed questionnaires on the business risk of 42 items to more than 2,000 such personnel throughout the whole group. With feedback from the questionnaires in CSR workshops for those employees, we discuss unique risks in each base and group company. We expect that we will reduce risk if not only top management and related parties, but also every management-level employee has an awareness of it and small units such as divisions and teams take the

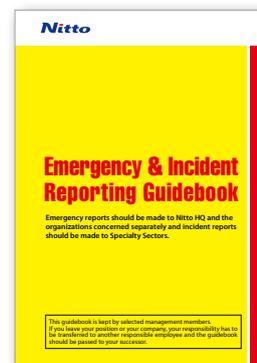
initiative in introducing preventive measures. In workshops, we consider together how to deal with risks and countermeasures for problems by examining case studies in order to cultivate response capabilities. We will continue to raise the skills of more than 2,000 management-level employees in order for them to respond quickly and properly to unexpected problems.

In the fiscal 2014 plan, we will investigate risk through questionnaires and provide opportunities for discussion on the results among all management-level employees.

Responses to Emergency Situations

We maintain reporting systems that with a prompt and appropriate initial response, allow a coordinated effort by the entire Group. This includes the Emergency Reporting System, which operates 24 hours a day, every day and immediately contacts top management in the case of an emergency.

In addition, a copy of our *Emergency & Incident Reporting Guidebook* is distributed to 330 employees in positions of responsibility at every base and group company to allow the Nitto Group to react swiftly. The guidebook clearly describes to whom and when an employee should report in an emergency.



Emergency & Incident Reporting Guidebook

As for earthquakes and pandemics, which are expected to exert considerable influence on our business, we prepare for a contingency by introducing our way of thinking on both business continuity management and risk management. (Refer to the next page.)

