The Nitto Group shares the value of “placing safety before everything else” and we engage in our daily business undertakings with this in mind.

We believe that it is possible to achieve our goal of zero accidents and injuries if all members of the Group unite together to create workplace environments where everyone can work in good health without anxiety.

Work-Related Accidents in FY2017

Thanks to our proactive safety activities to reduce risks associated with equipment and production processes, we have until recently been able to reduce accidents in which employees are crushed or cut by machinery.

In fiscal 2017, however, we had the largest number of critical accidents within the past five years, and we were unable to prevent the occurrence of critical accidents and serious accidents that might lead to such accidents. The number of accidents due to impacts and falling increased, accounting for 50% of all critical and serious accidents that occurred. With regard to impacts, the majority of the accidents involved vehicles, one of which was a tragic traffic accident within one of Nitto’s plants that resulted in the death of someone from outside of the Nitto Group. In response to the sudden increase in the number of accidents due to falling, we acted promptly to implement safety measures and help workers to raise their safety awareness.

In addition, we continued to promote the “Po Ke Te Na Shi Activity” not only to ensure traffic safety, but also to prevent any form of disaster. Posters prepared in different languages are displayed at all Nitto Group sites to involve everyone in this educational campaign.

Safety Training

So far, we have provided experience-based safety training through simulations in Japan, East Asia, South Asia, and elsewhere. Following a pilot study in fiscal 2017, we are introducing in steps a hazard perception training using virtual reality head-mounted displays in order to eradicate accidents caused by falling, which have increased in recent years. The training provides employees with the experience of falling, which can be difficult to simulate, and thereby helps to prevent such accidents by raising their safety awareness.

As in the previous year, we organized a safety session for our management to which we invited a visiting lecturer. We also conducted workshops for those on the management level at a total of 51 sites across the globe in order to enhance their understanding of safety.

Going forward, we at the Nitto Group will establish a new safety fund with a view toward achieving zero accidents and injuries by implementing more effective safety measures and raising safety awareness among our employees. Also, under the conviction that employees’ good health can enhance occupational safety, we will assist them in maintaining and improving their health by reminding them of the importance of good health through a variety of events and other activities.

Initiatives in FY2017

Traffic Safety

In response to the surge in the number of critical/serious accidents involving vehicles, we carefully identified related risks and introduced traffic safety measures to our plants. One such measure is to oblige all Nitto Group sites to establish pedestrian walkways to separate pedestrian traffic from vehicle traffic. We also reviewed forklift operations and specifications, as well as the specifications and driving rules of staff parking areas, and invited all employees of the Group to join “kuruma-za” face-to-face discussions held at each site to remind them of the importance of traffic safety.
The Nitto Group remains committed to its environmental policy of “Protecting our planet to pass on to future generations.” Under a full recognition of the four types of risk that our business activities can pose to the global environment, we are engaged in addressing such risks while at the same time tapping into our vast experience so that we can offer solutions to society that contribute to environmental conservation.

### Environmental Management

At the Nitto Group, as a part of the drive to integrate our management objectives with our environmental activities, environmental goals are set not only for the Group, but also for each division, and steady efforts are being made to achieve them. We have established an environmental fund to purchase state-of-the-art equipment and develop new technologies—something that had until now been difficult under the previous investment criteria. In fiscal 2017, we introduced high-efficiency solvent recovery equipment and treatment equipment for exhaust air containing toluene to the Toyohashi Plant and an advanced water purification treatment equipment for exhaust air containing toluene to the Kigashi Plant.

#### Climate Change Countermeasures

Two of the Nitto Group’s key platforms for tackling climate change are reduction of CO2 emissions and reduced use of hydrochlorofluorocarbons (HFCs).

- The amount of CO2 emissions by the Nitto Group depends on how much energy is used at production processes and how much waste and solvents are combusted. We have set up an energy-conservation strategy that includes introduction of renewable energy and cogeneration systems, with the result that our CO2 emissions in fiscal 2017 exhibited a downward trend to amount to 829,868 tons.

- Pursuant to the Montreal Protocol, the Nitto Group began abolishing equipment using HFCs and has successfully scrapped approximately 10% of such equipment over the past two years. Our goal is to abolish all such equipment in Japan, Taiwan, the U.S., and Europe by fiscal 2020 and in other regions by fiscal 2030. At the same time, according to the Kigashi Amendment, we preferentially purchase products to recycle water. We have designated our Shiga Plant as a “recycling-oriented green plant” with a plan to increase the water recycling ratio from 50% to 90% within the next five years.

### Resource Depletion Countermeasures

#### Decreased Biodiversity Countermeasures (Hazardous Chemical Substance Countermeasures)

In order to minimize any biological impact that our business activities might have, we are working to reduce atmospheric emissions of chemical substances and also to properly manage such substances. Accordingly, we have set the target of reducing our total atmospheric toluene emissions to 200 tons per year by fiscal 2020. In fiscal 2017, we implemented anti-leakage measures and switched to resources by proactively recycling waste plastics, organic solvents, and chemicals for production.

### Water Crisis Countermeasures

- Water is a vital resource for our business activities. At production processes where large amounts of water are used, we reduce such amounts by using our membrane products to recycle water. We have designated our Shiga Plant as a “recycling-oriented green plant” with a plan to increase the water recycling ratio from 50% to 90% within the next five years.

### Human Rights Enlightenment Activities

- The Nitto Group clearly states its ban on child labor and forced labor in its Business Conduct Guidelines and has thoroughly implemented among all Group companies. We also ask our business partners to comply with this policy in the CSR-Based Procurement Guidelines and ensure that there are no issues with child labor or forced labor during preliminary checks with new suppliers, which we began in fiscal 2017.

- Endorsing the Universal Declaration of Human Rights, the Nitto Group has established its own Basic Policy on Human Rights. Twice annually, at the beginning of each new fiscal year and on Human Rights Day, a message from the Chairman of the Nitto Group Central Human Rights Enlightenment Committee reminds the entire Group to protect human rights.

- In Japan, those in charge of human rights enlightenment at each plant/office and Group company take the lead in helping all employees to deepen their understanding of human rights. In fiscal 2017, training sessions on harassment, which included viewing of an informative DVD, were given.

- At Group companies outside of Japan, similar programs are offered to address the human rights issues unique to each country and region.
The Nitto Group considers human resources to be our most valuable assets. In order for us to sustain our growth in the global market and make new innovations as we move into the Nitto-New Century, we are developing measures aimed at cultivating our human resources, including the creation of a work environment in which employees are encouraged to continue taking on challenges and find it easy to advance their careers.

Diversity

The Nitto Group employs approximately 30,000 people across the globe, who bring diversity to the Group in terms of nationality, cultural background, gender, age, and employment type. With a view toward cultivating Nitto Persons who contribute to the organization as they develop themselves, creating new values that help us to apply diverse perspectives to business management, and enhancing productivity through work style reform, we provide a work environment in which each and every employee feels satisfied with what they do and is given equal opportunities to play an active role.

Our priorities in this regard are to "achieve work-life balance" and "support diverse human resources in playing an active role." As such, we also empower women to pursue their desired careers. Within the Nitto Group, the percentage of women in management is on the rise in both Japan and Europe. At Nitto (non-consolidated), the ratio was 4.13% at the end of fiscal 2017, having met its target of 4% one year early. With regard to our employment of individuals with disabilities, most of whom are on the payroll of Nitto Denko Himawari Group companies established at major sites in Japan, the Nitto Group in Japan maintained its percentage of such employees at 2.89% at the end of fiscal 2017, staying true to the concept of "contributing to society by realizing a company in which independence-oriented individuals with disabilities and elderly individuals who understand them can work together and take on the challenge of reaching their own limitless possibilities through their work."

In order to achieve a good work-life balance, Nitto Denko Corporation drew up a Welfare Master Plan (mid-term plan) that embodies "work style reform." To assist these individuals in developing their competency, we provide a broad spectrum of training programs so that we can better cater to their individual needs. In addition to such training opportunities, we will expedite our efforts to foster a workplace environment and culture in which the entire workplace serves as a vehicle for cultivating human resources.

At the Nitto Group, we adopt the motto of "open, fair, and best" in every personnel-related matter, including recruitment, assignment, evaluation, and training. In addition to strictly following the Equal Employment Opportunity Act of Japan, we make it a rule to treat people equally in a fair and equitable manner and manage their working lives properly in accordance with the labor laws of their respective countries and regions.

We place top priority on the maintenance of employees’ safety and health and allocate full-time health staff members to our main sites to strengthen measures designed to promote their health.

Human Resource Development

Today’s business environment is changing so rapidly that we cannot hope to recruit people who will help us to retain our competitive advantage if we continue to provide only conventional routine training. In order to build an organization flexible enough to respond to changes and sustain business growth amid the fierce competition, we are taking multifaceted approaches toward “talent management,” in which we focus on diverse “individuals” to discover and unleash their talents.

More specifically, we individually interview employees who are in important phases of their careers, namely, those who have recently joined the company, play a central role in day-to-day operations, have just been promoted, and so forth, in order to keep abreast of what is happening in the lives of those individuals and in the organization as a whole. To assist these individuals in developing their competency, we offer a wide range of training opportunities tailored for each job function, such as sales and production engineering, and let them freely choose their own training programs so that we can better cater to their individual needs. In addition to such training opportunities, we will expedite our efforts to foster a workplace environment and culture in which the entire workplace serves as a vehicle for cultivating human resources.

On the occasion of the centennial anniversary of Nitto’s foundation, the Nitto Global Business Academy (NGBA), launched in 2011 to foster future senior executives, will drive the Nitto Group forward in the area of new business creation and transform itself into a program that better caters to practical needs as a vehicle to cultivate human resources who will form Nitto’s future identity.

Training System

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<tr>
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<td>Cultivating next regional/business leaders</td>
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<td>NGBA-F</td>
<td>Cultivating next-generation leaders</td>
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