

**Hideto Suzuki**  
Corporate Safety Promotion Dept.

**Hideki Suehiro**  
Quality Assurance Dept.  
Quality System Development Section

**Wataru Nakao**  
Human Resource Dept.

**Toshimichi Hata**  
Human Resource Dept.

**Yoshiyuki Shimizu**  
Corporate Communication Dept.  
Compliance Group



# Under the slogan of “Open, Fair and Best”

## Compliance policy

Compliance with laws and ethics is the most fundamental social responsibility imposed on private enterprises. Nitto Denko Group wants to contribute to the sound development of society by creating new value and being a good corporate citizen.

### Guidelines for compliance with legal and ethical rules

#### 1. Along with the Society

- Companies shall be alive along with the society.
- All companies are socially responsible to comply with legal and ethical rules. On the premises of such social responsibility and respecting different regional and national cultures, we are committed to working as good corporate citizens to optimize the benefits of both our company and society as a whole, and to contribute to the healthy development of society.
- We also remain focused on the pursuit of technological excellence and committed to developing new products and new technologies, and we will, through creation of technology, contribute to the well-being of society and global environmental protection.

#### 2. Principles

- We will base our corporate activities on the management concept and behavioral norm of the Nitto Denko Group and the policy of the President, “Open, Fair, Best” to win greater trust from our customers, local communities, shareholders, and other stakeholders in both domestic and foreign countries.
- We will work to firmly establish the corporate culture in which we are allowed to fully implement the management concept, the behavioral norm and “Open, Fair, Best” routinely.

#### 3. Responsibility for stakeholders

- Stakeholders are those who have an interest in our corporate activities, including but not limited to, customers, employees, community members, shareholders, and investors. We will fulfill our responsibilities to these stakeholders with recognition that:
- Customers are our reason for existence; we will remain committed to enhancing customer satisfaction through our efforts to create new values.
  - By enhancing customer satisfaction, we can also enhance our own satisfaction; we believe that only satisfied employees can contribute to the development of good products.
  - We are also members of the local community; we will lose our *raison d'être* if our corporate activities fail to contribute to the well-being of the local community.
  - By fulfilling the above responsibilities, we can optimize the benefits for shareholders and other stakeholders and build greater trust in society.

#### 4. Behavioral norm and basic policies

- In our effort to “offer the highest quality and service,” we will

strictly comply with our basic quality assurance policy to maintain the ISO 9000 accreditation and further enhance our quality assurance system.

- In our effort to “ensure safety and contribute to natural environmental preservation and resource saving,” we will strictly comply with our basic environmental policy to maintain the ISO 14000 and OHSMS accreditations and further promote environment-friendly practices and safety measures.
- In our effort to “foster challenging spirit,” we will, on the bases our motto “change is an asset” break through conventional thinking, and place greater emphasis on rationality and speed to maximize outcome. Also, we will act with vigor and never-fading enthusiasm to open up new possibilities.

#### 5. Legal and ethical rules

<General rules>

It is a matter of course that all the officers and employees of the Nitto Denko Group strictly comply with laws and ordinances both publicly and privately. However, this does not mean that we can do anything we want as long as we abide by applicable laws and ordinances. We should be able to judge what is good and right, and base all our behaviors on such judgment.

- We will not discriminate against people on the grounds of race, creed, sense of value, personality, sex, religion, age, nationality, origin, physical handicap, or for any other reason.
- We prohibit dealings and interactions with organized crime groups, right-wing extremists, corporate extortionists, and other people involved in anti-social activities.
- We prohibit extending and accepting personal interests and favors that are illegal or that are not socially acceptable.
- We will dispense with meaningless formalities and prohibit excessive gift-giving and entertainment.

<Fair and free competition>

We will respect the legal rights of our business partners (customers and suppliers) and engage in competition that is fair, transparent and free in terms of quality, price, delivery, service, stable supply, environment, and safety.

- We will not allow any bid-rigging practices such as improper production adjustments and price agreements, which are obstacles to fair competition.
- We will comply with export provisions to maintain international peace and safety.
- We will not exploit or infringe rights and/or properties of any

other persons unreasonably. Especially, we will not attempt to obtain confidential information of other parties whether directly or indirectly without rightful reason.

<Disclosure, use, and management of information>

We will place special emphasis on communications with society, and disclose socially required information timely to achieve higher trustworthiness and credibility in society.

- We prohibit divulging and using our confidential corporate information for personal profit.
- We will deploy more reliable measures to protect information against equipment failure, disaster, misuse, loss, destruction, theft, divulgation, and interference to build greater credibility in society.

#### 6. Measures against deviation from socially acceptable practices

Deviation of corporate and industrial practices from socially acceptable behaviors can result in corporate scandals. We the officers and employees of the Nitto Denko Group shall constantly ask the following questions to ourselves to make sure that our conduct is reasonably acceptable in society.

- Is the practice in conformity with the law?
- Is the practice in conformity with the management concept and behavioral norm?
- Is the practice in conformity with “Open, Fair, Best”?
- Is the practice acceptable in society or in conformity with ethical rules? (Am I feeling guilty?)
- Is any fact concealed?
- Can I behave confidently?
- Do I respond to the demands of society in a timely and proper manner?

#### 7. Application of these guidelines to the Nitto Denko Group companies

These guidelines shall be applied to all the Nitto Denko Group companies, with the corporate ethics “help line” shared among all the group companies. However, in case any of the Nitto Denko Group companies establishes its own norm for an individual corporate ethics help line in conformity with these guidelines, such norm shall be applied to the particular company.

## Compliance policy

### Establishing a system to promote compliance

In April 2003, the Nitto Denko Group established "Guidelines for compliance with legal and ethical rules" as concrete criteria for judgment on compliance with laws and ethics. Based on the guidelines, all employees of the group endeavor to answer to the reliance and expectation from stakeholders by behaving on the basis of the slogan "Open, fair and best," which is not merely from the standpoint of compliance with laws and ethics but from the viewpoint of corporate social responsibility (CSR).



Guidelines for compliance with legal and ethical rules (see page 30)

### Establishing a Business Ethics Help Line

The Nitto Denko Group established a business ethics help line called "BEHL" to increase the effectiveness of "Guidelines for compliance with legal and ethical rules" and to strengthen the self-purification capability of the group. Auditors, outside auditors, corporate lawyers, or General Affairs GM at the headquarters will answer the alert or inquiries from employees to BEHL. The help line is operated under the policy that the first priority should be placed on both, confidentiality of information and a ban on unfair treatment of the informer. The group endeavors to complete a mechanism where employees can report any behaviors that are not compliant with laws and ethics or represent a disservice to public welfare according to, our corporate vision, employee guideline and the slogan, "Open, fair and best."



Leaflet of Business Ethics Help Line

### Compliance training course

The Nitto Denko Group offers training opportunities which include a compliance course and a risk management course for each grade and job category. The house journal also covers compliance and risk management at times when needed, and "Guidelines for compliance with legal and ethical rules" are open on the company's Web site and the intranet to enhance recognition by employees. Top management takes every opportunity to talk about corporate social responsibility and thus helps to establish compliance within the company.

### Disclosure

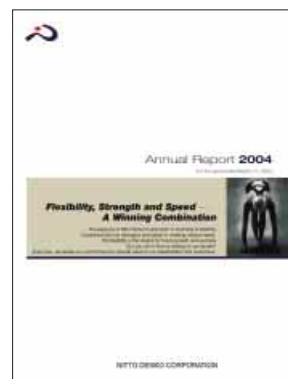
The Nitto Denko Group discloses corporate information such as the management policy, business objectives, and financial data, to the stakeholders including customers, employees, local community, shareholders, and investors at the appropriate times and in an appropriate way. We utilize a wide variety of media and tools for this purpose, including the Web site, press conferences, and explanatory meetings for analysts and investors. The Group was awarded "Excellence in IR" by the Japan Investor Relations Association (JIRA) in fiscal 2003.



Nitto Denko's website



Business Report



Annual Report

### Fair business transactions

To enhance the effectiveness of compliance, the company regulations of a ban on antisocial business transactions and export control in terms of security are set individually, and audits are conducted for that.

We make efforts to secure fair business transactions and call special attention to the Antitrust Act and prevention of delays in payment to subcontractors.