

Business Activity

Aiming to Develop a Work Environment that Reflects, Encourages and Supports Our People whilst Adding “New Value” to Our Business

The Nitto Denko Group has a very high regard for its employees. It is understood that “New Value” is created directly through the contributions that our employees make. The Nitto Denko Group believes that every employee has a tremendous amount of potential regardless of their gender, race or religion. The Nitto Denko Group respects its employees and aims to share the “New Value” that employees bring to the organization with all that are associated with doing business with the Group.

Ensuring Proper Wages

Recently many manufacturing companies have expanded their business into China or South Asian nations being in pursuit of the abundant labor resource that is available. A good number of our overseas affiliated companies are located in such countries. The Nitto Denko Group considers all of its employees whether domestically or internationally based as equally valued employees.

For example, in China minimum wages are set in provinces, autonomous regions and municipalities under their minimum wage system. In rapidly developing cities, laws or ordinances are often changing, so care needs to be taken to ensure that we keep abreast of any changes. The Nitto Denko Group is leading the way, paying at the very least minimum wages but often paying beyond base wages dependent on each employee’s job performance.

The same is equally true of Vietnam. Ho Chi Minh City has the highest minimum wage in the country. The minimum wage of the rural district of Ho Chi Minh City is lower than that of the urban district of the city, and beyond the rural district it is much lower again. Nitto Denko Vietnam Co., Ltd. is located in the rural district. Due to the priority that we place on securing capable and reliable employees, we have set the wages at a rate higher than those paid out in the urban district.

Despite this, it has been difficult to reduce the labor turnover rate. We believe this is partly due to traffic infrastructure in rural areas not improving. Many people move to urban area in order to find employment, but for some people it may take up to four days to travel from work to the family home and back making it a challenging exercise to return to the family home for important events like the New Year’s celebration. Therefore, in addition to wages paid, we support and where possible encourage employees to take long holidays.

Employment Issues in Japan

In relation to the standards set by the international community, especially those of developing countries, the delay of women’s social advancement in Japan is noted as being a major employment issues which should be ameliorated. In overseas Nitto Denko Group companies many women attain management status and are acknowledged for their ability in discharging their duties. Unfortunately this is not the case in Japan. Nitto Denko Corporation, which celebrated its 88th year in business in 2006, has to admit that it too has historically hindered the progression of women in the workforce like so many other companies in Japan.

Recently we have made efforts to shift the business culture to one that pays greater regard to equality between the sexes. An example of this has been to ensure that all employees whether male or female have the opportunity to be exposed to professional development activities. Nitto University, an internal institution focusing on professional development and succession planning is proud to acknowledge that many of its members are motivated and talented women. It may take a while for the cultural changes that have been implemented within the Nitto Denko Group domestically to be noticeably evident in the public arena, but it is expected that the day that the Nitto Denko Group has female leaders will be in the not so distant future.



Training taking place at Nitto University

Ideal Working Conditions

Each domestic company of the Nitto Denko Group has introduced an Employee Assistance Program (EAP), a program available to all employees whether male or female. EAP provides advice and/or services relating to Life Support, Learning and Life Planning. Employees are able to confidentially discuss with experts either via e-mail or through telephone consultations any worries and concerns that they may have whether work or private life related. In addition employees are able to make use of other supportive services provided relating to childbearing, child rearing, financial and banking management and insurance matters.

Nominating Locally-hired Employees as Directors

Throughout overseas operations in South Asia, East Asia, Europe and the Americas some locally-hired employees hold senior management positions above that of General Manager.

Employee-employer Relations within Nitto Denko Corporation

To date within Nitto Denko Corporation (non-consolidated) significant labor disputes have not occurred. Nitto Denko Corporation Labor Union has adopted a basic philosophy of “mutual trust,” “partnership” and “prosperous coexistence.” Forty-three years have passed since 1963. In July 2006 Nitto Denko Central Labor-Management Council convened for the 500th time. Throughout this period the company president has been absent only twice, both times the respected presidents were in hospital and unable to attend. On both these occasions senior executive directors attended the council meetings by proxy.

The council meetings are prioritized as they allow information to be disseminated throughout the whole company. This forum allows for the exchange of opinions and concerns between company employee representatives and management has been held every month for forty-three years without a single interruption to date.

Every business enterprise has a history which strongly shapes its business culture. The positive relationship that exists between the labor unions and management is tribute to the focus that Nitto Denko places on maintaining a corporate culture that prioritizes the building of co-operative relations between employees and management encouraging a spirit of prosperous coexistence and a shared vision of creating “New Value.”

Implementation of “Global Human Resources’ Education” in fiscal 2006

The Employees Education System initiated in 2006 was established to assist those employees who had been dispatched to domestic and overseas Nitto Denko Group companies learn about business and culture in those countries. This program has served as a wonderful opportunity to allow for the interaction of our people globally.

Dispatching Trainees Overseas

Target	Employees approximately 30 years old	Sales staff of overseas subsidiaries
Details	Dispatched to overseas subsidiaries and local language schools for improving communication ability and international business sense.	Take part in actual operations at Nitto Denko’s Sales Department. Provided business experience to prospective managers.
Participants in FY 2006	9	8