

Safety First, Profits Second

The Nitto Denko Group considers that distinct gains come from employees working hard in an environment that is not over anxious about quantities manufactured. We believe that “creating safe workplaces” is the most significant starting point of all.

We Give Priority to Employees' Safety whilst Also Focusing on Profit

The Nitto Denko Group aims at establishing and maintaining a workplace environment that allows employees to work safely without having undue worries about the safety of their work environment, under our policy of “safety first, profits second”.

Through analysis of industrial accidents which have occurred at Nitto Denko Group facilities, it has turned out that in many cases employees were injured because they touched moving equipment. Given this we are strongly promoting what we call a “Shut-off-Culture”, which recommends stopping equipment when an accident occurs to fully understand the cause and to assess if any necessary changes need to be made or any further preventative measures need to be put in place. Our aim is to be fatality and accident free.

In addition to implementing our “Training for the Foreseeing of Danger” program and 5S, namely *seiri* (arrangement), *seiton* (fixing), *seiketsu* (purity), *seisou* (cleaning) and *shitsuke* (discipline), we have implemented a virtual education tool which cultivates employees' sensitivity towards detecting danger through the use of Virtual Risk Experience Apparatus.

Furthermore, we have introduced risk assessment throughout the whole group. As a part of this strategy, we have implemented our “Prior Examination System for Equipment”, which aims to ensure that any equipment that is about to be used is safe to use. When introducing equipment its safety is evaluated from a technical standpoint and any identified problems are rectified prior to usage. This system incorporates recommendations made by those in charge of our manufacturing, production engineering and environment safety departments.

In order for such a system to take root, we have taken steps to ensure that employees comply with our safety rules.

Looking historically at each group company, the safety standards and the locations at which industrial accidents occur vary. The sector managing environment and

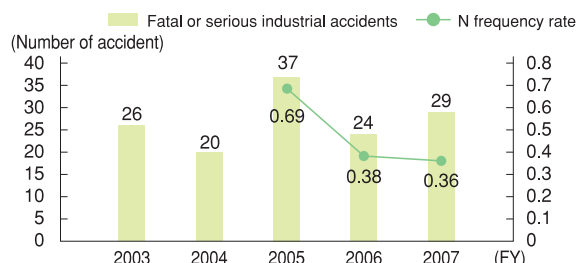
safety within the whole group are implementing consistent strategies aimed at raising safety awareness. Such strategies include involving employees in many learning and safety promotional activities.

With respect to compliance with existing laws, the sector managing environment and safety within the whole group gathers up to date information regarding any new regulations both domestically and abroad that relates to their business and shares such information among group companies. We have an improved information infrastructure which allows each group base to link up with each other as a means of better managing information relating to environment and safety. This should allow us to have a consistent and integrated approach in this area.

In line with our policy concerning the development of the Nitto Denko Group's human resources, we are implementing management training relating to environment and safety, targeting not only employees in charge of environment and safety but also newly appointed administrative managerial staff and management executives within our group companies.

Through making use of information acquired through the implementation of such approaches, we have drawn each employee's attention towards the importance of acting in a safe manner.

Fatal or Serious Industrial Accidents



Fatal industrial accidents: Industrial accidents with after effects
 Serious industrial accidents: Industrial accidents with the potential for after effects

(Annotation)

1. Since fiscal 2005 we have put in place official criteria which clearly clarify the difference between serious accidents and fatal accidents.
2. Prior accidents have been reexamined having the contents of their “accident prompt reports” assessed against our new safety criteria.
 The N frequency rate of industrial accidents is an original figure and differs from the general indicator.