

Corporate Governance

Strengthening of Corporate Governance

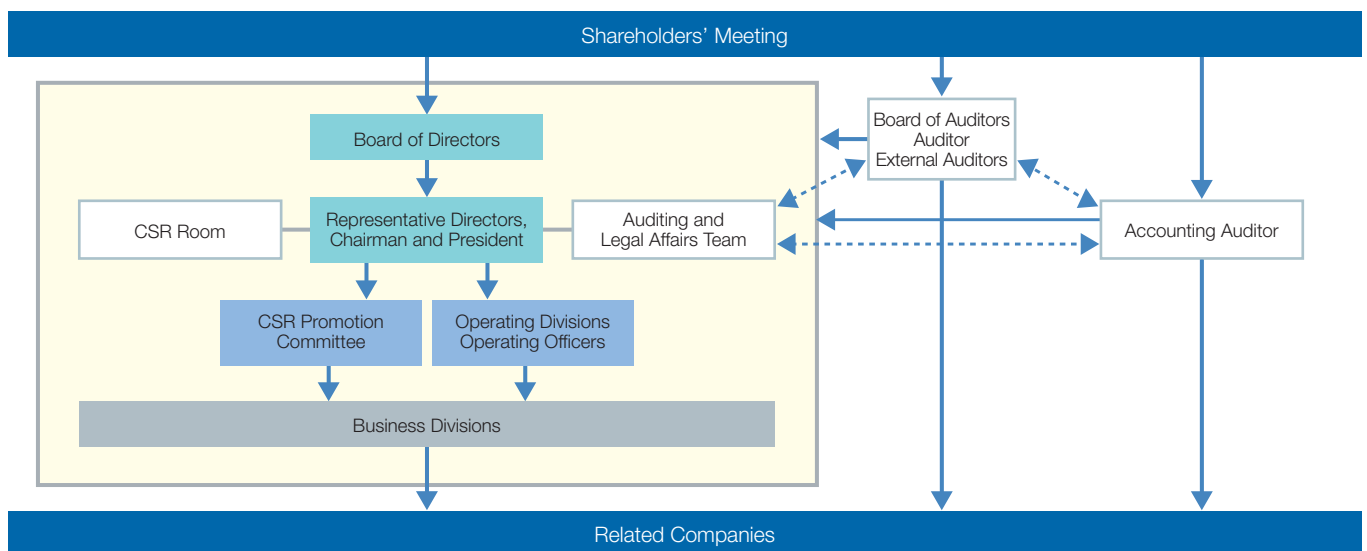
Nichicon has been establishing organizational structures by positioning the strengthening of corporate governance as one of the top priority issues in order to secure efficient, sound, and transparent business management, as well as to continually enhance our corporate value and fulfill our social responsibilities.

The role of making decisions on important matters related to corporate management is borne by the Board of Directors, and the role of making decisions on specific matters is borne mainly by the Directors. The role of auditing the Board of Directors is borne by the Board of Auditors comprised of Auditors.

The number of Directors comprising the Board of Directors is kept to a minimum at Nichicon in order to enable swift decision-making. Board of Directors' meetings are held as needed, and policy decisions are made pursuant to thorough discussions. The Board of Directors oversees status of the business operations managed by each Director.

In order to respond promptly to changes in the business environment, we introduced the Operating Officer system in June 2003, assigning the role of Operating Officer to Business Division Managers and others who are responsible for the various business divisions. The Operating Officers and Directors communicate closely with each other to establish organizational structures necessary for the smooth promotion of business operations, as well as hold individual consultations as needed for the execution of duties, in managing each business division.

Meanwhile, Auditors perform legality audits of the execution of duties by the Directors and the operations of each business department, as well as track the management status of business facilities and Group companies through audits, in addition to attending the Board of Directors' meetings and expressing their opinions. We have also established an alternate auditor system in preparation for situations where the number of auditors falls short of the statutory number.



Establishment of Internal Control System

As regards the internal control system, a project team comprised mainly of the CSR Room, General Affairs Division, Accounting Division, EDP system Division and the Auditing and Legal Affairs Team is working on establishing a system.

In order to avoid risks with negative impact on corporate management and maintain social credibility, Nichicon has established the CSR Promotion Committee chaired by the President (COO). The CSR Room and the General Affairs Department, which are subordinate to the Committee, are managing risks comprehensively. Specifically, they are enhancing internal regulations and otherwise establishing structures for dealing with various risks that have significant impact on corporate management, such as compliance, natural disasters, industrial safety and health, quality, information security, and credit.

Board of Directors' meetings are held as needed in the event of such problems, and appropriate measures are devised promptly based on thorough consultations. Further, issues specific to individual business divisions are discussed by operating officers, who are also business division managers, and directors who communicate closely with each other, in order to manage business operations appropriately.

In terms of internal audit functions, the Auditing and Legal Affairs Team directly under the Representative Directors are giving specific advice to each business division based on internal audits of accounting and business operations, which it conducts periodically.

Further, the Board of Auditors communicates closely with the President (COO) and Directors, as well as work in cooperation with the Auditing and Legal Affairs Team and the accounting auditor to conduct efficient and effective audits.

Compliance and Risk Management

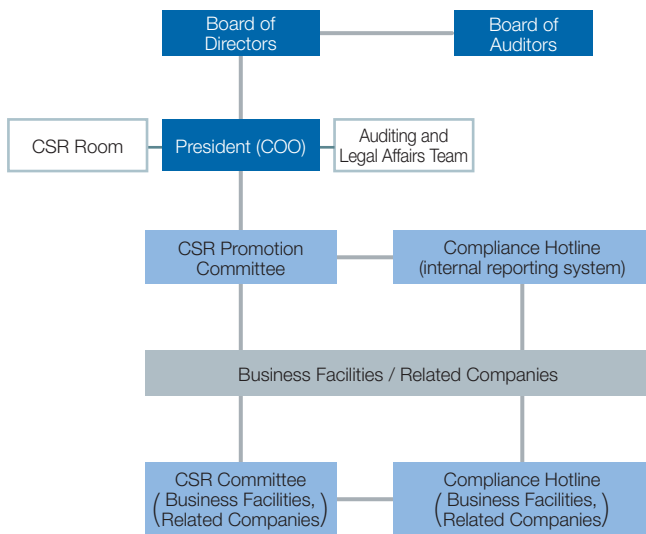
Thorough Enforcement of Compliance

In addition to Company Mottos, Nichicon has a “Mission Statement” indicating the course and social responsibilities of the Company, which is perceived by our employees as our Corporate policy in working as one to promote our business.

Furthermore, we have the Nichicon Group’s Code of Conduct, which serves as a guideline for compliance and sharing of a sense of ethics and values among our Directors and employees. The contents of the foregoing are set forth in the Nichicon Employees’ Guide on Think & Work, which the employees are to carry with them at all times and follow in performing day-to-day work. Education by class and by job type is also provided continually to thoroughly instill awareness of compliance in employees.

In terms of the system for monitoring compliance, the CSR Promotion Committee is checking as necessary to see if the Directors and employees are observing the Code of Conduct. Efforts to prevent misconducts or detect them in the early stages are also being made by implementing internal audits by the Auditing and Legal Affairs Team, audits by Auditors, and the Compliance Hotline as an internal reporting system.

CSR Promotion Committee Structural Diagram



Strengthening of Information Security

While convenience is increasing by leaps and bounds owing to the progress in computer networking, there is danger not only of suffering business losses but also of losing social credibility in the event of information leakage or falsification. In terms of information security measures, the Nichicon Group established the Basic Policies on Information Security in February 2007. The Group is working on thoroughly familiarizing employees with the rules and other matters concerning the handling of information assets by distributing the Information Security

Handbook and the Nichicon Employees’ Guide on Think & Work, in order to ensure recognition by all employees of the importance of protecting information assets, as well as the reflection thereof in their daily work.

At the same time, we believe that information assets can generate new business if our employees are able to utilize them strategically, not to mention that they must be accessible correctly to use them in performing business operations. The Nichicon Group will establish the foundation for stable and sustainable growth by continuing to utilize information assets safely and accurately.

Basic Policies on Information Security

1. Nichicon Corporation and its related companies (hereinafter “Company”) shall position information and information systems (hereinafter “Information Assets”) as one of their most important business resources and work as a group to secure information security.
2. All information pertaining to Company’s business activities shall be subject to protection and security measures appropriate for their level of importance shall be instituted.
3. Company’s networked information system is now a business activity of Company in and of itself. Each individual using or accessing the system must think and act with strong security awareness in accordance with the separately established rules.
4. The implementation status of security measures shall be assessed periodically and improvements shall be made continually in order to protect and manage Company’s Information Assets, designating the CSR Promotion Committee as the supervisory organization.
5. Company shall observe laws, ordinances and other social norms, and shall establish an information security management systems in compliance therewith.
6. Violators of these basic policies and related internal regulations, rules and the like shall be punished in accordance with the Rules of Employment.

Provision of Internal and External Consultation Services

The mechanism of internal reporting (whistle blowing), such as the points of contact and protection of personal information of the reporters, is clearly set forth in the “Internal Reporting System Regulations” included in the Corporate regulations.

The Nichicon Group's CSR Charter

Enacted in December, 2005

•CSR Principles

Nichicon Group recognizes that the Group's highest priority is to fulfill CSR (Corporate Social Responsibility) in all aspects of management as a good corporate citizen and to work cooperatively with all people in the future. We fully understand and abide by the intent and spirit of all applicable laws and international regulations in our business activities, and we conform our behavior to the ethical standards of society.

•Action policy

1. As a good corporate citizen, our group will advance our business activities to harmonize with society under the motto "Whole-heartedly" "With heart and soul".

- (1) When offering our products and services, we will always keep in mind that we shall provide customer satisfaction, secure the quality/safety/reliability of our products, and consider the environmental impact.
- (2) We shall comply with the Nichicon Group Codes of Conduct enacted in October 2002; practice fair, transparent, free competition, as well as abide by applicable laws; and conduct wholesome and faithful business according to social ethics.
- (3) We shall esteem the history and culture of the local region and all countries of the world, strive to maintain good communication with all people, and contribute to

the development and the prosperity/ harmony of the regional economy through our business activities.

2. We shall aim for harmony with the environment in order to attain the goals of Harmonious Coexistence with the Global Environment and a Society Sensitive to Humankind and the Environment.

- (1) Based on the Nichicon Group's Environmental Charter enacted in December 1997, we shall strive in every aspect of our business activities to take care of this irreplaceable earth.
- (2) Not only do we advance technical development that will help us provide an ecologically friendly product but we also strive for sustainable environmental improvement.

3. With the key words, "Respect a person's life and dignity by improving his/her ability" as our fundamental policy, we shall aim for building an agreeable workplace free from discrimination.

- (1) In our business with all stakeholders, including our customers, we shall value the personality and fundamental human rights of all individuals.
- (2) Not only will we construct a work environment where employees can work safely and comfortably, but we will also aim for a workplace where employees can demonstrate their initiative and express their creativity.



Voice of CSR Room General Manager
Tatou Iwasa
General Manager of the CSR Room,
Senior Operating Officer

VOICE

Working on Educating Employees on CSR and Establishing Internal Control System

Ever since the establishing the CSR Room ahead of its time in June 2003, the Nichicon Group has been enhancing its activities in an upward spiral while promoting understanding within the Group on corporate social responsibilities to be fulfilled.

It is necessary to arouse employee awareness first in the case of CSR. It is believed that each employee acting with an understanding of the significance and importance of CSR will lead to the establishment of a better relationship with our stakeholders, and that our corporate value will increase and our credibility and trustworthiness in society will be enhanced as a result thereof.

While the major CSR activities undertaken by the Nichicon Group are as described in this report, our CSR activities have been expanding in recent years with the implementation of such things as CSR Procurement. In

order to keep pace with such developments, we are providing additional educational materials through class specific seminars and other programs.

Meanwhile, the establishment of internal control systems became mandatory with the implementation of the Corporation Law in May 2006. Further, the Financial Instruments and Exchange Law (the Japanese version of SOx Act) was legislated in June 2006 to ensure the appropriateness and trustworthiness of financial reports, and it is to be applied from the fiscal year beginning on April 1, 2008.

Internal control required by the two Laws is aimed at making companies establish compliance systems, promote business operations appropriately and efficiently, and ensure the reliability of their financial reports. In other words, this equates to establishing systems indispensable in reducing risks related to the achievement of corporate business goals and realizing sustainable growth. Nichicon, which has a CSR Promotion Committee led by President (COO) at the Head Office, is working on the establishment of internal control in close relationship with CSR activities.

Your continued support and guidance regarding our CSR activities would be greatly appreciated.