

Nitto Denko Group Green Procurement Standards

Fourth Edition
Revised on February 10, 2011

Nitto Denko Group

Nitto Denko Group Green Procurement Standards

Introduction

The Nitto Denko Group has been making untiring efforts to carry out corporate activities in harmony with the global environment, in keeping with its Corporate Environmental Policy.

As part of these efforts, we, at the Nitto Denko Group, have been promoting the acquisition of ISO 14001 certification, which is a standard for environmental management systems, and we have been implementing the procurement of materials in compliance with this standard.

We are committed to the promotion of green procurement in accordance with the “Nitto Denko Group Green Procurement Standards” which are based on our fundamental policy for green procurement – “priority procurement of selected materials with less environmental load (concerning all items from raw materials through to production equipment) from suppliers actively participating in environmental conservation.” We ask that our suppliers take note of this commitment prior to entering into business relationships with us, and fully cooperate with the Nitto Denko Group’s green procurement activities.

February 10, 2011
Procurement Business Division, Corporate Sector
Quality, Environment & Safety Management Sector
Nitto Denko Corporation

If you have any inquiries regarding the Nitto Denko Group’s green procurement standards, please contact the procurement divisions of the respective companies and operating entities in the Nitto Denko Group. Group companies’ green procurement standards may differ from Nitto Denko Group Green Procurement Standards. For inquiry regarding the Group companies’ standards, please visit the homepage of the Group company concerned or contact its procurement division. Information regarding the Group companies is available from Nitto Denko’s website at <http://www.nitto.com/company/group/index.html>.

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Document 1: Green Procurement Supplier's Evaluation Checklist

Please refer to the "Green Procurement Checklist" page in the "Company Information" section of Nitto Denko's website.

(URL: <http://www.nitto.com/company/materials/checklist.html>)

Document 2-1: JAMP MSDSplus

Document 2-2: JAMP AIS

Both 2-1 and 2-2 forms are available from JAMP's website. Please download these forms for your use.

(URL: <http://www.jamp-info.com/english/>)

Document 3: Laws/Regulations Compliance Table

Please refer to the "Laws/Regulations Compliance Table" available on the "Green Procurement Checklist" page in the "Company Information" section of Nitto Denko's website.

(URL: <http://www.nitto.com/company/materials/checklist.html>)

Document 4: Certificate of Non-Use of Prohibited Chemical Substances Contained in Delivered Products

As in the case of Form 3, please refer to the "Green Procurement Checklist" page in the "Company Information" section of Nitto Denko's website.

Exhibit 1: Criteria for threshold values

1. Nitto Denko Group Corporate Environmental Policy (Extract)

[Basic Philosophy]

At Nitto Denko Group, we recognize that maintaining the health of the earth for coming generations requires that humanity seriously address the issue of global environmental conservation. Consequently, the Nitto Group, through its adoptions of the corporate vision “Creating New Value,” is committed to respecting and acting in the best interests of the environment, both locally and globally, in all its operations.

- We continue our efforts to conserve resources and energy, reduce industrial waste, and promote recycling in all aspects of our operations.
- Our technical and product development will focus on the reduction of environmental load.
- As part of our dedication to reducing the load on the environment, we will develop alternative technologies intended to reduce consumption of the sources of environmental pollution as well as to control emissions of environmental pollutants to the greatest extent feasible.

2. Objective of Green Procurement

In order to minimize the environmental loads generated by our business activities, and to provide customers with environmentally friendly products, the Nitto Denko Group promotes the procurement of materials with less environmental impact (concerning all items from raw materials through to production equipment) from suppliers actively participating in environmental conservation. By so doing, the Group seeks to fulfill its corporate social responsibility.

3. Policy for Green Procurement

When selecting materials to be procured, the Nitto Denko Group takes both the “results of evaluation of each supplier’s environmental conservation initiatives” and the “results of evaluation of environmental aspects of the materials to be procured” into consideration.

4. Scope of Green Procurement

The Green Procurement Standards apply to all materials (from raw materials through to production equipment) procured by the Nitto Denko Group.

5. Evaluation of Suppliers’ Environmental Conservation Initiatives

The Nitto Denko Group employs a system which evaluates the quality, pricing, delivery time, services, etc. offered by each supplier, and reflects the results of this evaluation in all its future transactions. In the case of environmental initiatives, in particular, a “Green Procurement Supplier’s Evaluation Checklist” is used to assess each supplier’s management level.

Suppliers are asked to promptly fill in and submit the Checklist whenever requested.

Based on our survey results, we may provide guidance/advice or submit a request for improvement to suppliers. We ask for the cooperation of suppliers in such cases.

For information on the Checklist, please refer to the “Green Procurement Checklist” page in the “Company Information” section of Nitto Denko’s website.

(URL: <http://www.nitto.com/company/materials/checklist.html>)

6. Policies for Each Procurement Item and Requests to Suppliers

6.1. Materials to be purchased and used in the Nitto Denko Group's products (raw materials, parts/components, sub-materials such as packaging materials, contract manufacturing items, etc., hereinafter referred to as "Purchased Materials").

6.1.1. Policy on procurement of Purchased Materials

We want to ensure that Purchased Materials procured by the Nitto Denko Group do not have any adverse impact on the global environment and the work environment, and that they are manufactured in consideration of the global environment.

- Reduce the adverse impact on the global environment resulting from the procurement of Purchased Materials
- Minimize workers' safety and health risks
- Observe all laws related to the environment, safety and health

The Nitto Denko Group decides whether or not to procure Purchased Materials on the basis of an evaluation of their environmental impact as well as their quality, function and economic rationality. The Group also restricts and controls materials to be used in accordance with its own rules. To facilitate these efforts, we ask for the cooperation of all suppliers that deliver Purchased Materials.

6.1.2. Request for cooperation for the control of contained chemical substances

Worldwide, the requirements for the control of chemical substances are becoming increasingly demanding.

Suppliers are requested to establish a system to correctly identify the chemical substances contained in their products.

Also, in order to ensure the proper management of contained chemical substances throughout the Nitto Denko Group, suppliers may be requested to submit the documents, etc., listed below. Suppliers are asked to promptly submit documents whenever requested.

- a. MSDS (material safety data sheet)
- b. Survey sheet for contained chemical substances using the JAMP MSDSplus or JAMP AIS form
- c. Laws/Regulations Compliance Table
- d. Certificate of Non-Use of Prohibited Chemical Substances in Delivered Products (hereinafter referred to as "Certificate of Non-Use")
- e. Analysis data for contained chemical substances such as ICP Analysis (hereinafter referred to as "Analysis Data")
- f. Chemical content survey reports requested by the Nitto Denko Group
- g. Documents which the respective companies and operating entities in the Nitto Denko Group

may independently request, such as chemical content survey reports, or a non-inclusion guarantee

- h. Survey reports on chemical contents which we will request on a case-by-case basis in response to changing situations such as in the case where a chemical substance has recently been identified as hazardous

Document forms to be submitted may be revised. Please make sure to use updated versions for your submission.

Supplementary notes on documents to be submitted

a. MSDS (material safety data sheet)

- Please submit a MSDS regardless of whether regulatory requirements for submission exist.
- In particular, please include in the MSDS all substances for which control is obligatory in Japan under the Industrial Safety and Health Act, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law), the Poisonous and Deleterious Substances Control Act,.

b. Contained Chemical Substance Survey Sheet using the JAMP MSDSplus or JAMP AIS form

- JAMP stands for the Joint Article Management Promotion-consortium. For definitions of the terminology, entry forms, etc., please refer to JAMP's website at the URL below. (<http://www.jamp-info.com/english/>)
- Please use MSDSplus for substances and preparations, and AIS for articles
- Please download blank forms from JAMP's website, and submit your data in an xml file.
- The substances indicated in JAMP's Control List (refer to JAMP's website; available only in Japanese) should be covered regardless of whether they are corporate secrets or not.
- Please enter the content rare in accordance with the criteria for threshold values in Exhibit 1.

c. Laws/Regulations Compliance Table

- This is a questionnaire developed independently by the Nitto Denko Group for Purchased Materials subject to regulatory requirements.

d. Certificate of Non-Use

- Please refer to the "Green Procurement Checklist" page in the "Company Information" section of Nitto Denko's website for the form of the Certificate. (URL: <http://www.nitto.com/company/materials/checklist.html>)
- The Certificate of Non-Use must guarantee that the prohibited substances listed in the Certificate of Non-Use must not be added to Purchased Materials, and that for substances

for which threshold values exist, the concentration is lower than the threshold values.

- Please confirm the list of prohibited chemical substances and their threshold values shown in the attachment to the Certificate of Non-Use.
- Any inclusion of prohibited substances that exceed their threshold levels must be reported promptly when found.

e. Analysis Data

- When submitting a Certificate of Non-Use of Prohibited Chemical Substances in Delivered Products, suppliers are, in principle, requested to attach analysis data for the substances marked with “Required” in the “Analysis Data” column in Table 2 in the Certificate of Non-Use.
- A document file containing information on the analysis methods can be downloaded from the “Green Procurement Checklist” page in the “Corporate Information” section of Nitto Denko’s website.
(URL: <http://www.nitto.com/company/materials/checklist.html>)
- Additional analyses may be requested as needed. We ask for cooperation from all suppliers involved.

f. Chemical content survey reports requested by the Nitto Denko Group

We may ask suppliers to conduct a survey on contained chemical substances to obtain the information on such substances not provided in “a. MSDS” and “b. JAMP MSDSplus or JAMP AIS form”, using the form specified by the Nitto Denko Group, so that we, as the Nitto Denko Group, can properly manage chemical substances, or can provide customers with information on contained chemical substances.

Other

In the case of sub-materials, including packaging materials, the European Parliament and Council Directive on packaging and packaging waste (Directive 94/62/EC) stipulates that the sum of the concentration levels of lead, cadmium, hexavalent chromium, and mercury present in packaging or packaging components shall not exceed 100 ppm. We request that suppliers take this requirement into account when delivering packing materials/sub-materials (including those used in Purchased Materials) to the Nitto Denko Group.

6.1.3. Request for Reduction of Industrial Waste

While we ask suppliers to use packing materials such as metal drums, corrugated boxes, pallets, and cushion paper for delivery of raw materials, etc. procured by the Nitto Denko Group for such purposes as preserving their quality and protecting them from damage during transport, the impact of packing waste on the environment can be significant. We therefore ask suppliers to actively make proposals for the development of new packing materials, etc., while improving existing

packing specifications, based on the concept of “Reduce,” “Reuse,” “Return,” and “Recycle” in order to minimize industrial waste.

6.1.4. Request for development/introduction of raw materials with less environmental loads

The Nitto Denko Group promotes policies aimed at reducing organic solvent emissions, improving energy consumption per standard unit, etc. To this end, we are searching for raw materials, etc. that have little impact on the environment and working on the development of alternative technologies.

We request that suppliers support these efforts by providing information and suggestions on new technologies and raw materials in a proactive manner.

6.2. Production equipment, facilities, supplementary materials (process materials), etc.

Also, with regard to production equipment and supplementary materials, suppliers may be requested to submit the documents specified in Section 6.1.2 in order to ensure that the Nitto Denko Group can properly manage contained chemical substances.

In order to reduce the volume of CO₂ emissions thought to be responsible for global warming, the Nitto Denko Group has been striving to improve energy consumption per standard unit in its production equipment, etc. and develop energy-saving technologies. We will also implement measures to prevent the release of hazardous substances from the equipment and materials used in our processes, and adopt measures for noise control.

In the case where new equipment is introduced, a preliminary review will be conducted to see how the measures mentioned above have been applied to the equipment. In this regard, suppliers are asked to provide the Nitto Denko Group with related information and data, if requested.

6.3. Furniture, fixtures and general office supplies

In the case of furniture, fixtures and general office supplies, suppliers may also be requested to submit the documents specified in Section 6.1.2 in order to ensure the proper management of contained chemical substances throughout the Nitto Denko Group.

Procurement of furniture, fixtures and general office supplies is determined on the basis of their environment-friendly features, and merchandise recommended by the following corporations, institutions, etc. will be given priority for use.

“Green Purchasing Guidelines issued” by the Green Purchasing Network

“Designated Procurement Items and their Evaluation Criteria provided in the Basic Policy,

which is based on the Law on Promoting Green Purchasing” by the Ministry of the Environment Environmental labeling programs, as typified by the Japan Environment Association’s “Eco Mark”

Individual Group companies in the Nitto Denko Group may have different criteria for selecting which products are to be purchased. Please contact the procurement divisions of the Group companies to confirm the criteria.

6.4. Subcontracted work

In subcontracted work (processing, etc.) commissioned by the Nitto Denko Group, proper care must be taken to ensure that materials, machines, etc. used and the operation procedures applied pose no problem from the viewpoints of environmental conservation and workers’ health and safety.

Also, if there is any change in materials, machines, etc. used and the operation procedures applied, suppliers are requested to contact the personnel in charge at the Nitto Denko Group companies involved, and discuss how best to respond to this change.

7. Other requests

7.1

In the case of any revision and/or reportable addition to the information provided to the Nitto Denko Group via the MSDS, JAMP MSDSplus, JAMP AIS, Laws/Regulations Compliance Table, Non-Use Certificate, etc., suppliers are requested to immediately contact the personnel in charge at the Group companies involved.

These documents, which need to be submitted, also differ from company to company. Please contact the person in charge at the Group company concerned or visit its home page to confirm the documents.

7.2

In the event that materials delivered to the Nitto Denko Group are found to pose a new problem in relation to the environment, suppliers are requested to contact the personnel in charge in the Group companies involved immediately for discussions on how best to deal with the problem.

7.3

If any company or operating entity in the Nitto Denko Group has its own independent green procurement standards, suppliers are requested to comply with the demands of such a company or operating entity.

Exhibit 1

Criteria for threshold values

Criteria for reporting substances subject to control are shown in Table 1.

Table 1: Criteria for reporting substances subject to control

Regulatory threshold values (Note 1)	Concentration (Note 2)	Unintentional inclusion (Note 3)	Intentional addition (Note 4)
Exist	Threshold values or higher	Reports required.	Reports required.
	Lower than threshold values	Reports not required. (Reports required in the cases specified in Note 5.)	
Do not exist	0.1wt% or higher	Reports required.	
	Lower than 0.1wt%	Reports not required. (Reports required in the cases specified in Note 5.)	

Note 1: "Regulatory threshold values" shall mean the concentration levels subject to control under the regulations referred to in the JAMP List of Target Substances under Management.

Note 2: Concentration levels shall be estimated based on analytical data, theoretical projections and past records of management.

Note 3: "Unintentional inclusion" shall refer to the state in which "inclusion is known" but is not the "intentional addition" described in Note 4.

Note 4: "Intentional addition" shall mean the state in which a substance is added to (included in) an object to provide a certain feature to the object. "Impurities, byproducts from reaction, degradation products, residual monomer in polymer," etc. not intended to be added shall not be regarded as intentional addition, but shall be regarded as unintentional inclusion.

Note 5: In the following cases, substances shall be reported as "being present."

<1> It is reasonable to assume that products are used for purposes related to food products and medical care for which a high level of control of target substances is considered to be required. (Except for general industrial products)

<2> It is reasonable to assume that when products are used, target substances will be highly concentrated and become subject to regulatory control.

<3> Control of concentrations of target substances is inadequate, and if applicable

regulatory threshold values exist, concentration levels may exceed the relevant regulatory threshold values, or if no applicable threshold values exist, concentration levels may exceed 0.1wt%.

- <4> Communication of information via the JAMP system is in a transitional stage, and adopting a conventional method of communication or using a conventional method of communication in parallel is considered to be unavoidable.
- <5> Other cases in which reports are considered to be required in the judgment of the company concerned

Source: Based on JAMP AIS/MSDSplus Instruction Manual, Version 1.0

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<http://www.nitto.com/company/materials/pdf/sizai.pdf>

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