

Responsibility to Suppliers (Nitto Denko on a non-consolidated basis)

Nitto Denko respects the supplier's legitimate rights and endeavors to conduct a fair and transparent trade. Nitto Denko and suppliers exchange opinions with each other and have continuous and close communication at suppliers meetings and other occasions for growth at both ends.

Communication with suppliers

Suppliers meetings are held to facilitate communication with suppliers.

Nitto Denko attaches importance to continuous communication with suppliers (partners).

Above all, the Kameyama Plant and the Toyohashi Plant have more than one business division and produce a wide variety of products, resulting in a large number of suppliers they deal with. This is the reason why they have an annual suppliers meeting with major suppliers. At the meeting, the company explains the business trend, quality requirements for raw materials and its quality assurance system, exchanges opinions with suppliers, and asks for cooperation in improving product quality. It is also an opportunity to recognize the contribution of suppliers in terms of technology, delivery time and quality improvement. Exhibition of posters of Nitto Denko products also deepens the exchange.

The annual meeting has been held at the Kameyama Plant since 1998 and at the Toyohashi Plant since 2001 with approximately 100 manufacturers and trading companies every year.

The Toyohashi Plant is now preparing for the meeting for fiscal 2005 to be held in June. Seventy manufacturers and eighteen trading companies will be participating in this meeting.



Suppliers meeting



Poster exhibition

Fair trade

Study meeting was held on the revision of Subcontract Laws.

No problem occurred concerning Nitto Denko's payment to suppliers in fiscal 2004.

The Law on the Promotion of Subcontracting Small and Medium Enterprises and the Law on the Prevention of Delay in the Payment of Subcontracting Charges and Related Matters were revised in June 2004. Following the revision, Nitto Denko notified all employees of the standards for selecting the targets and prevention of noncompliance, according to the guidance of Small and Medium Enterprise Agency and the Fair Trade Commission, as well as study meetings on the Subcontract Laws at all domestic plants.

In total, 237 people, not only staff in charge of procurement, but also staff at all sections who virtually place orders, participated in the meeting. The procurement department of each plant had an internal audit by the procurement sector. Procurement operations as a whole were checked, and the staff there received directions.

Hereafter, the scope of study meetings about the rules of placing/receiving orders complying with the revised Subcontract Laws as well as the target of audits will be expanded to all group companies in addition to Nitto Denko. It will be the group's principle that persons in charge of estimates, ordering, and receiving inspections should be different for the purpose of preventing illegal practices.

Procurement policy based on CSR

The procurement policy and procurement action guidelines will be stipulated in fiscal 2005.

Nitto Denko has not mapped out a concrete management policy about the elimination of inappropriate labor (child labor, forced labor, etc.) and respect for human rights within the supply chain, including sales agents. It will complete and publish the procurement policy and procurement action guidelines based on CSR in the first half period (KAMI) of fiscal 2005. As a part of the supplier evaluation, the company is also considering the implementation of questionnaires about CSR including the status of compliance and labor conditions at the supplier end.