

Relationship with Customers

The Nitto Denko Group is committed to providing customers with satisfactory products. Based on the concept of advanced quality management, we train employees to maintain quality and improve and expand our information system and other infrastructure to increase customer satisfaction.

Annual Quality Policy

Promoting Advanced Quality Management

In the Nitto Denko Group's annual quality policy formulated in fiscal 2004, the Group sets priority measures and targets based on the following two indicators: customer satisfaction and percentage of customer returns and compensation.

In fiscal 2005, under the slogan "Developing human assets and achieving advanced quality management," we implemented measures intended to raise customer satisfaction, to ensure consistent quality, and to improve the infrastructure. At the end of fiscal 2005, departments in charge of quality and other related departments cooperated together to formulate a specific action plan to achieve advanced quality management.

Fiscal 2006 will be the year we further enhance cooperation between these departments to implement advanced quality management on a full scale.

Advanced quality management

Advanced quality management means to design and develop products that focus on quality assurance to prevent the generation of defective products.

Quality Management System

Acquiring ISO/TS 16949 at the Toyohashi Plant

The Nitto Denko Group has acquired ISO 9001 and other quality-related certifications at its approximately 80 manufacturing and processing sites. The Medical Related Products Division, which manufactures transdermal drug delivery patches and other medical products, has built a quality management system based on the Good Manufacturing Practice (GMP) requirements as well as on ISO 13485, which is an international standard for the quality management of medical devices.

In January 2006, the Toyohashi Plant of Nitto Denko Corporation acquired ISO/TS 16949 certification, which is said to be the strictest standard for quality management in the world. As a result, a total of 13 Nitto Denko Group sites are ISO/TS 16949 certified as of July 2006. These sites give great satisfaction to the Nitto Denko Group's customers in the automobile, semiconductor, and electric and electronic industries, who want their suppliers to be ISO/TS 16949 certified.

In internal audits of quality, the environment, and safety (QES audits), which have been conducted since fiscal 2004, situations concerning the introduction and promotion of advanced quality assurance are intensively audited, and specific advice and examples of how to improve are provided to relevant departments so that they can achieve better results in the future.

Education on Quality

Providing Education on Quality at Home and Abroad

The Nitto Denko Group provides employees in charge of quality, product development, and manufacturing with education on quality so that the Group can constantly deliver high-quality products to customers. We have various levels of seminars on quality for employees, including new comers and those versed in quality, and hold the appropriate seminar according to the expertise of the participants and the departments to which they belong.

Instead of implementing measures to deal with defective products that have already been manufactured—for which it is essential to have developers who have expertise on quality issues—we are committed to product design that will not produce defective products in the first place. We therefore focus on training those engaged in product development on quality.

In fiscal 2005, we completely revised our seminar texts and prepared both Japanese and English versions to provide education on quality at Nitto Denko Group companies throughout the world. In fiscal 2006, we will provide the appropriate level of education based on the level of knowledge (of quality) identified at each Group site to eventually improve the quality level of the entire Group.



Seminar on quality

comment



Chakapan Lohavisavapanich

Manager, Quality Assurance Department,
Nitto Denko Material (Thailand) Co., Ltd.

**Aiming to provide products of
the highest quality in the world**

In the Quality Assurance Department, to which I belong, I promote activities that prevent defective products from being delivered to customers through data analysis and quality management. Through these measures, we try to always provide customers with satisfactory products. What is important in our job is detecting the risk of delivering low-quality products, implementing countermeasures promptly within the company, and continuously providing all employees with education to raise their awareness of quality.

Our goal is to make our company an even more reliable manufacturer, one that provides products of the highest quality in the world and will never receive any complaints on product quality from customers.

Product Safety

Providing Consumers with Safe Products

The Nitto Denko Group has focused on product safety for consumers since before the enforcement of the Product Liability Act of Japan. We pay special attention to the safety of medical products used directly by general consumers, such as surgical tapes and cultured panax ginseng products provided by Nitto Medical as well as tapes and various household goods for consumers provided by Nitoms.



Medical products

Customer Center (Nitto Denko on a Non-Consolidated Basis)

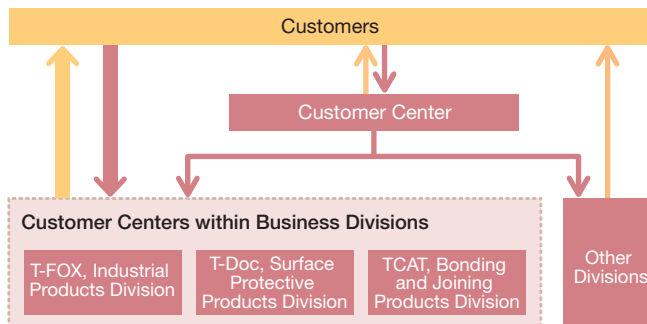
Establishing T-FOX as a Customer Center for the Industrial Products Division

Nitto Denko Corporation's customer center accepts orders and inquiries from customers by phone and through its Web site based on the principle of responding promptly to customers.

Business divisions that receive a large number of inquiries from customers have their own customer center, and staff members of these centers respond promptly to people's inquiries. In addition to TCAT, a customer center in the Bonding and Joining Products Division that deals in double-coated adhesive tapes, and T-Doc, a customer center in the Surface Protective Products Division that handles surface protective materials, the Company established T-FOX, a customer center in the Industrial Products Division that deals in foam sealing materials.

We will continue to respond to inquiries from customers promptly and appropriately and analyze these inquiries so that they may be reflected in the formulation of our business strategies.

Customer Center



Contacts

TCAT, Bonding and Joining Products Division	T-Doc, Surface Protective Products Division	T-FOX, Industrial Products Division
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Quality-Related Information System

Sharing Quality-Related Information within the Group While Giving Due Consideration to Security

The Nitto Denko Group built a system to share customers' quality-related information on its intranet and utilizes it across the Group while giving due consideration to the security of the system. Information stored in the system is protected by login IDs and passwords, which authorized employees are allowed to use at any time to access information required to provide the proper response to customers.

In fiscal 2005, we improved the system by making it possible to promptly display major analysis items in a graph.

Responsibility for the Stable Supply of Products

Procuring Raw Materials in a Stable Manner under a Changing Market Environment

Due to hikes in oil prices that have been occurring since fiscal 2003 as a result of the emergence of BRICs¹, other geopolitical factors, and speculative investments made by oil money, it is becoming increasingly difficult to procure petrochemical products. Under this severe procurement condition, Nitto Denko Corporation is strengthening its relationship with suppliers to stabilize the procurement of raw materials.

In July 2005, the Company dispatched two employees from the Procurement Department to Shanghai to ensure stable procurement and carry out countermeasures against steep rises in the unit price of materials. They survey and visit a wide range of material manufacturers in China. Through these measures, Nitto Denko Corporation supports its domestic sites, local subsidiaries in China, and other Group companies in procurement activities. In fiscal 2005, the Company started conducting a survey on manufacturers in India.

1. BRICs stands for Brazil, Russia, India, and China—four major emerging markets.

comment



Shuyin Teo

Senior Researcher, Research & Development Division, Nitto Denko Electronics (Malaysia) Sdn. Bhd.

In our division, CSR means complying with laws and regulations and responding to customer needs

I am a research and development (R&D) engineer for epoxy molding compound, which is used for encapsulation of semiconductor devices. Corporate social responsibility related to R&D is met by satisfying customers' needs and complying with environmental regulations. Recently, in line with the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, we have developed environment-friendly or "green" series of epoxy molding compound and successfully launched them into the market. Response from our customers has been tremendous.

We will continue to delight our customers with our products by developing those that will meet the requirements of future laws and regulations as well as customers' needs.