

The Nitto Group thoroughly conducts product management in every value chain from planning to disposal in order to offer safe and reliable products for our stakeholders.

Chemical Substance Management Policy

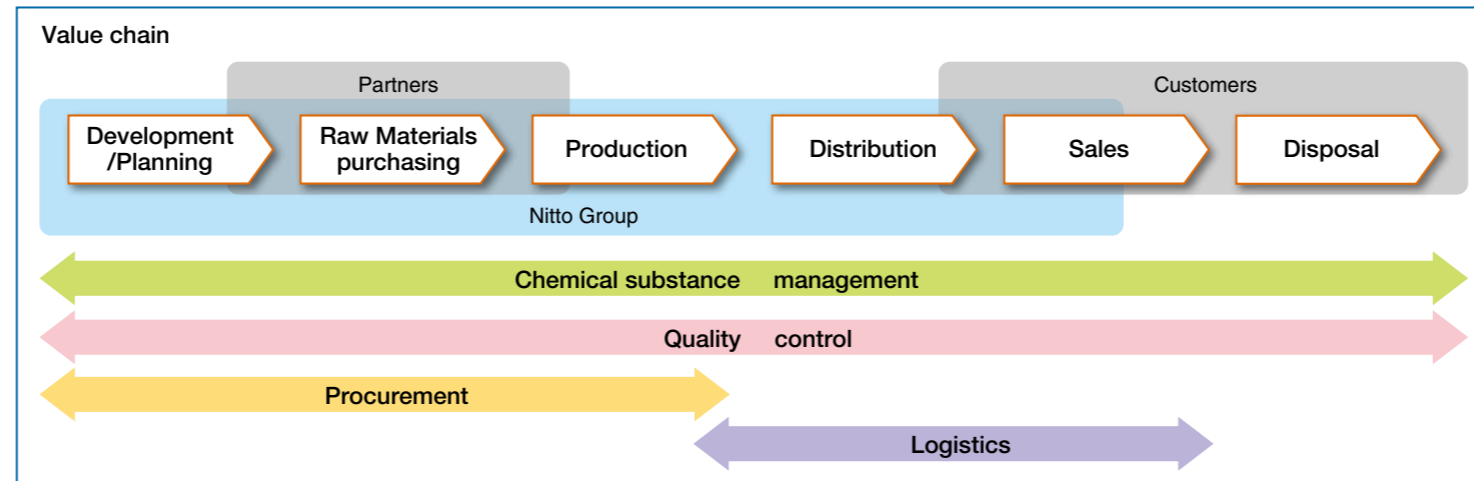
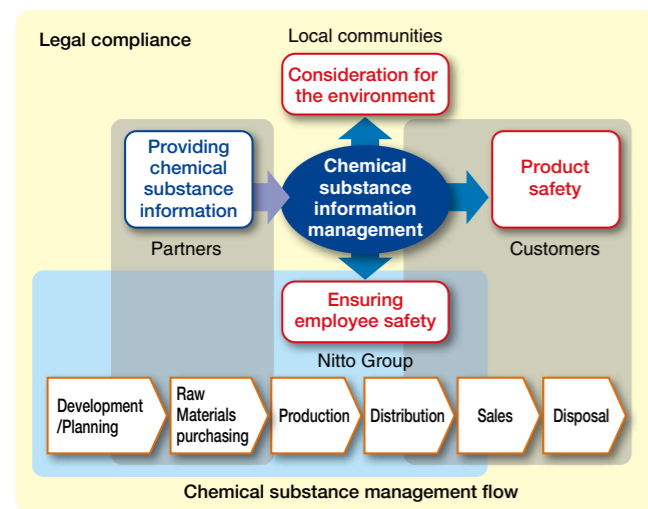
We conduct chemical substance management with the aim of providing our customers and employees with safety and confidence. In order to fulfill our social responsibilities as an enterprise, we anticipate social changes while complying with the letter and spirit of the law in every country where we are developing our business.

Chemical Substance Management Policy
 “Offering safety and confidence to our customers and employees”

Our Approach to Chemical Substance Management

In line with the international movement towards “aiming at the minimization of the adverse impacts of the production and use of chemical substances on human health and the environment by 2020,” we fully understand the risks of chemical substances and are engaged in reducing them.

With a harmonious exchange of information with our partners, we properly manage information on the chemical substances contained in raw materials, and promote green procurement, procuring environmentally-friendly materials throughout the entire group. In this way, we give consideration to the environment, while ensuring the safety of our products and our employees.



Ensuring Product Safety

In order to provide our customers with peace of mind, we have not only constructed a regulatory management system, but also control chemical substances contained in our products. Furthermore, we ensure the safety of our products through disclosing information to our customers accurately and promptly.

Recently, against a background of heightened public concern about chemical substances and globalization, prompt responses to the establishment of new or changes in the laws and regulations of each country and area are required. In order to obtain information on laws and regulations in a timely manner, we will continue to strengthen our management system in every area in the future.

Ensuring Employee Safety

In order to provide our employees with peace of mind, we implement chemical risk assessment and abstract every hazard source which may occur in using chemical substances. This allows us to continue to reduce risks and prevent accidents and disasters from occurring through thoroughly implementing proper handling.

Consideration for the Environment

In order to provide society with peace of mind, we implement proper management of chemical substances, aiming to keep the impact on the environment to a minimum. We not only voluntarily forbid the use of some chemical substances thought to have an environmental load, but are also reducing the amount of chemical substances used. Furthermore, we are advancing the development of both alternative materials and alternative technologies.

Quality Policy

We have developed quality control in order to offer safe products and services satisfying our customers' demands under our philosophy “Amaze and inspire our customers.”

Quality Policy
 “Quality to fulfill customer satisfaction”

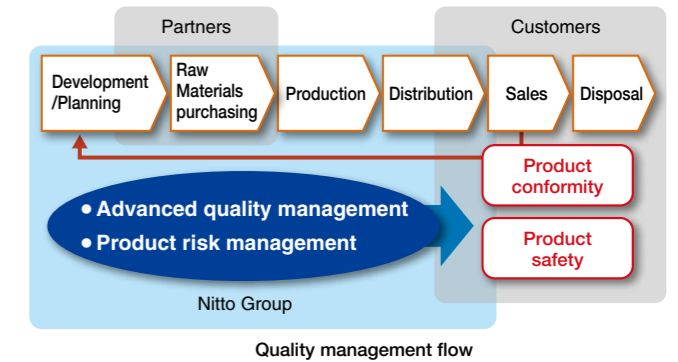
In April 2014, we newly established the Nitto Group's quality criteria. With an unwavering determination to deliver the highest quality to our customers, we provide products and services that are:

- Safe for customers, society, and the environment
- Possess functions that satisfy customer demands
- Easy to use, and appropriate for customer applications and use
- Contain clear information provided quickly upon request
- Reasonably priced with reliability of supply meeting customer-requested delivery dates

Approach to Quality Control

In order to provide a stable supply of safe, quality and reasonably-priced products as demanded by our customers, we are addressing Advanced Quality Management (AQM), which will not only obviate any issues concerning quality, but also minimize risk.

In the future, we will pre-empt changes in advance of society and markets, taking new ideas into consideration.



Advanced Quality Management

In order to ensure quality conformity, we employ FMEA (Failure Mode and Effect Analysis) to forecast any potential issues, without omission, occurring in the design and operations processes and investigate whether proper measures that should be taken in response to them are taken. In addition, we employ SBSQ (Same Brand Same Quality), maintaining the same quality standards for products of the same serial number, irrespective of production base.

Product Risk Management

By establishing an expert committee, we aim to clarify risks associated with our products and to minimize the effects of such risks. We conduct risk management in three section meetings. In the future, we will further develop our activities, aiming for speedier and more global responses.

Risk Management Section Meeting	Main Activities
Quality	<ul style="list-style-type: none"> • Review of contracts with customers • Implementation of conclusion of quality assurance agreement • Prevention of recurrence of serious complaints arising from lack of information on the part of customers
Chemicals	<ul style="list-style-type: none"> • Response to REACH (including CLP) • Response to the chemical substances control laws of each country • SDSs prepared in accordance with GHS • Review of Nitto Group Regulations on Voluntary Management of Chemicals
Logistics	<ul style="list-style-type: none"> • Response to GHS product description (including GHS in China) • Response to physical distribution risks • Establishment of Product Lot Number Standardization Guidelines • Response to indication of source • Response to indication method established by export control order



Procurement Management Policy

We approach procurement from a global point of view in order to improve our corporate value, in accordance with our spirit of being “Open, Fair and Best.” With our goal of remaining an enterprise favored not only by our customers but also by our business partners, we make efforts to build relationships of trust and conduct fair and honest transactions.

Procurement Management Approach

We have established Action Guidelines to ensure that each employee involved in procurement acts in accordance with corporate ethics and societal norms. In the event that there is, or might be a violation of the Action Guidelines, our business partners can report via Partner Hotline.

Furthermore, we respond to issues raised by society, such as the development of green procurement and disclosure of information concerning conflict minerals, and address supply chain management in order to provide products satisfying the needs of our customers.

Promotion of Green Procurement

Every year, laws and regulations concerning chemical products are being strengthened in each country and area. To reduce our environmental impact as much as possible, we promote green procurement in concert with chemical products management, providing environmentally-friendly products to our customers.

Information Disclosure on Conflict Minerals

The Nitto Group has a policy opposing the use of conflict minerals, which are an international concern. With our partners' cooperation, we continue to provide accurate information to our customers, while trying to reduce contamination risk.

Supply Chain Management

In doing business with approximately 1,700 partners in Japan, we address supply chain management, with the aim of stable procurement of raw materials. In addition, we strive to construct a system which will allow us to fulfill our procurement responsibilities in times of emergency, such as in the event of a natural disaster, fire, or equipment failure.

Logistics Policy

We address logistics globally for the purpose of efficiently delivering products and services satisfying our customers without delay.

Logistics Approach

We are constructing a system for strengthening our logistics management, ensuring safety as well as showing regard for the environment in our physical distribution. Furthermore, we are advancing supply chain management.

Construction of Logistics System

In order to improve the efficiency of our physical distribution, standardization of sales operations and the development of a system supporting such standardization are necessary. In fiscal 2014, we embarked on such standardization in Korea. In the future, we will expand standardization to China and Taiwan, aiming to construct a logistics system to improve productivity globally.

Environmental Consciousness

We are promoting modal shifts in Japan; that is, converting from long-distance road transport (between the Chubu and Kyushu areas) to rail transport capable of mass transit, and will develop the same system globally in the future. Furthermore, we have established a delivery system improving the carrying efficiency of trucks.

We have established an estimative index to properly manage these approaches. In fiscal 2014, by optimizing transportation and delivery routes, these approaches contributed to greenhouse gas (GHG) emission reduction.

Supply Chain Management

We are implementing supply chain management aiming not only for the stable procurement of raw materials, but also to fulfill our responsibility to supply our customers.

In addition, by not only preparing an emergency response manual on the assumption of a major earthquake or other large-scale disaster, but also by conducting training drills based on the manual, we are addressing the construction of a supply system for emergencies.

