

Supplier Relations

Corporate Profile → CSR Activities → Supplier Relations http://www.tdk.co.jp/csr_e/csr02200.htm

Purchasing Policy

Under its "Global Partnership Purchasing" principle, TDK strives to build strong relations with suppliers on a win-win basis that benefits both sides. Global Partnership Purchasing means that TDK not only has manufacturing bases in Japan, the rest of Asia, as well as in North America and Europe, we also build our supplier network with a global outlook. Close collaboration with

quality-oriented suppliers allows us to speedily develop the products that our customers need, and to ensure that these products are up to our high standards for customer satisfaction.

Based on these principles, we actively pursue the following objectives.

Global Partnership Purchasing Principle

TDK's Purchasing Principles

Compliance

All applicable laws and regulations are followed in purchasing activities. Moreover, TDK strives not only to follow the letter of the law, but its spirit as well.

Respect for Human Dignity

TDK respects the human dignity of workers who are active in all stages of the supply chain.

CSR

The procurement divisions of the TDK Group implement CSR activities on a continuous basis, while performing evaluations of suppliers at regular intervals using the CSR Check Sheet, to promote understanding of our CSR concept and raise recognition of our initiatives.

Green Procurement

As one aspect of its company wide environmental protection activities and in the pursuit of harmony with the global environment, TDK engages in green procurement, i.e., the purchase of environment-conscious products.

Fair and Open Business

TDK conducts fair business regardless of company size or nationality. TDK bases its purchasing decisions on comprehensive evaluations of quality, price, delivery time, ability to provide a stable supply, and other factors.

Partnership

TDK seeks to build mutually beneficial relationships with suppliers based on shared goals.

VA* Activities

TDK recognizes suppliers that can lower costs and provide new materials and technologies through VA activities.

IT Utilization

Information exchanges with suppliers using IT and networks are essential for accelerating the pace of business and reinforcing ties.

Quality, Delivery Time and Stable Supply

TDK always considers quality, delivery time and stable supply by establishing solid partnerships with its suppliers.

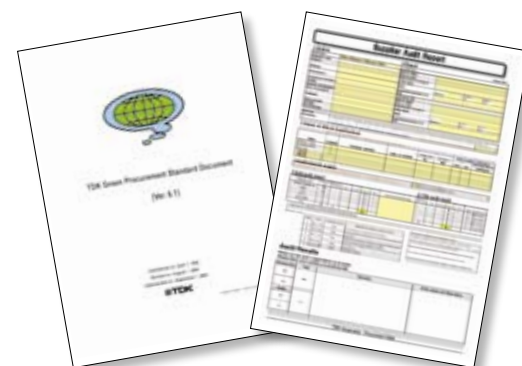
*VA: Abbreviation of "Value Analysis," often used in a similar meaning as "Value Engineering" (VE). Describes a new methodical approach to reducing costs, formulated in the U.S. in 1946. Product value is analyzed from various angles in order to obtain the desired functionality while minimizing the cost of materials and resources.

Supplier Evaluations

As a rule, supplier evaluations are carried out once every three years, in order to ascertain that the relationship is sound and should be continued. This is based on a diagnostic approach. First, the supplier is asked to provide self-evaluation on 89 items, divided into the categories "Chemical Substances*," "Quality," "Cost," "Delivery Time," "Environmental Conservation," and "Management." After receiving the responses, our staff members visit the supplier and carry out their own evaluation. If any problems are detected, we provide proposals for corrective actions and required action items, in order to work towards a solution.

In 2008, TDK evaluated 184 supplier companies in Japan and 146 companies overseas.

*Survey items for chemical substances are based on the "TDK Green Procurement Standards." The standards are available at the following URL. http://www.tdk.co.jp/proc_e/pro30000.htm



CSR and Procurement

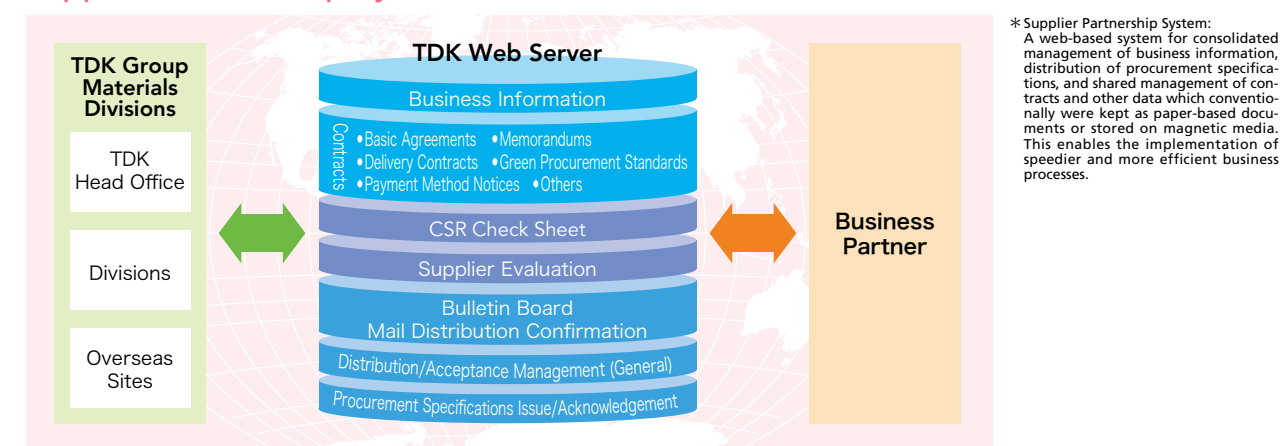
"CSR Procurement" as described in the TDK Purchasing Policy represents an important aspect of our procurement activities. Because we are a manufacturer of parts and components, we implement CSR from the point of view of a supplier. Similarly, we expect our suppliers and business partners to meet their CSR obligations as well. A supplier meeting held in September 2007 stressed the importance of CSR and promoted a thorough understanding of the concept among all participants. We also aim for recognition of and cooperation with our CSR initiatives.

Under the "Supplier Partnership System*," we obtain responses using the CSR Check Sheet. The check sheet comprises 48 points which were selected from

among 342 items in the Supply Chain CSR Promotion Guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). The points are mainly related to the areas of human rights and labor relations, safety and health, as well as fair trade and ethics, which are of special concern to us. In order to raise awareness and provide the motivation for active involvement, the check sheet is designed so that results are shown directly on screen when responding to a question.

As of the end of March 2008, about 2,300 business partners in Japan and about 1,100 business partners overseas had provided responses. In future, the results are to be shared among TDK and its business partners, in order to jointly work out action plans for making improvements.

Supplier Partnership System



Green Purchasing

In April 1999, we formulated our Green Procurement Standards. Based on these standards, we investigate the environmental management practices of suppliers and the environment friendliness of materials to be purchased, thereby promoting our green purchasing efforts. In February 2004, in an effort to adhere to various environmental measures around the world, such as the Restriction of Hazardous Substance (RoHS) Directive, as well as to better meet customer demands, we revised our Green Purchasing Standards and put them on our web site.

We issued our Green Procurement Standard Ver. 6 in June 2009 and have distributed the standard to all our suppliers. Materials to be purchased are evaluated in three categories: chemical substances, parts, and packaging materials. The revised Green Procurement



Standard Ver. 6 specifies items to be examined.

In consideration of the accuracy and effectiveness of the self-evaluation checks of our suppliers, and in compliance with the Joint Industry Guide (JIG), the result of an agreement among the industry groups of Japan, the United States, and Europe, 34 chemical substance groups are investigated in the evaluation, namely 24 Level A prohibited substances and 10 controlled substances.

Our purchased material master datasheet is linked to data conforming to our green procurement standards, to ensure that none of our products contains any hazardous substances.

Future Targets

Along with the consolidation of our strategic management objectives, the number of business partners will also undergo a change. We are making preparations to promote extended cooperation with our purchasing policy and principles also among the business partners of the TDK Group companies. This is intended to ensure that purchasing activities throughout the group are optimized with the cooperation of all parties.