

# Supplier Relations

Corporate Profile → CSR Activities → Supplier Relations [http://www.tdk.co.jp/csr\\_e/csr02200.htm](http://www.tdk.co.jp/csr_e/csr02200.htm)

## Purchasing Policy

TDK aims to build solid partnerships with its suppliers and maintain a win-win relationship that benefits both guided by our "Global partnership purchasing principles." Global partnership purchasing refers to the practice of procurement worldwide that ensures rapid product development, essential to a company with manufacturing bases in Japan, Asia,

North America, and Europe like TDK. Global partnership purchasing also emphasizes the crucial importance of close collaboration with our suppliers to TDK product quality and raising customer satisfaction. TDK has established the TDK purchasing policies to guide the Company's purchasing and put this principle into practice.

## 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 values 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.

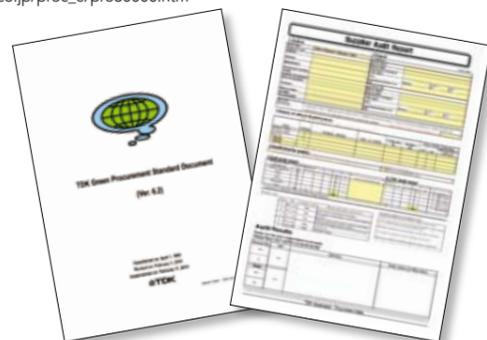
\*VA: Abbreviation of "Value Analysis," often used in a similar meaning as "Value Engineering" (VE). Describes a new methodical approach to reducing costs, formulated in the U.S. in 1946. Product value is analyzed from various angles in order to obtain the desired functionality while minimizing the cost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

## Supplier Evaluations

To maintain robust relationships with its suppliers, TDK conducts periodic supplier audits, as a rule once every 3 years, to determine whether or not to continue with a given supplier. The audit begins with having the supplier conduct a self-audit covering 89 items organized into the categories of chemical substances\*, quality, cost, delivery, environment, and operations. After the self-audit, a TDK representative visits the supplier to conduct a supplier audit. Issues brought to light by the audit are then presented to the supplier prioritized as "must be improved" or "recommended to improve."

In FY2010, audits were conducted for 137 companies in Japan and 117 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](http://www.tdk.co.jp/proc_e/pro30000.htm)



## CSR and Procurement

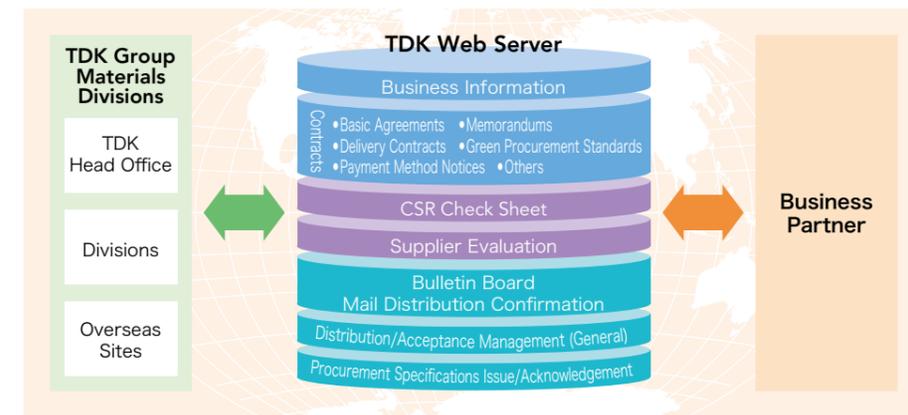
"CSR Procurement" as described in the TDK Purchasing Policy represents an important aspect of our procurement activities. Because we are a manufacturer of parts and components, we implement CSR from the point of view of a supplier. Similarly, we expect our suppliers and business partners to meet their 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 March 31, 2010 we have received responses from some 2,000 companies in Japan and 2,000 overseas. Based on the results, the suppliers and TDK work together on formulating action plans and other measures for improvement.

## Supplier Partnership System



\*Supplier Partnership System: A web-based system for consolidated management of business information, distribution of procurement specifications, and shared management of contracts and other data which conventionally were kept as paper-based documents or stored on magnetic media. This enables the implementation of speedier and more efficient business processes.

## 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 (Revised Ver. 6.2 in February 2010) 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, the

main 34 chemical substance groups have been 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

Consolidations guided by our business strategy also change the number of suppliers that we do business with. So that the TDK Group achieves joint and optimal purchasing overall, TDK informs every supplier throughout the Group of the company's purchasing principles and guidelines and requires that all suppliers practice them.

Moreover, as a way to emphasize the importance of CSR to suppliers, suppliers fill out an ongoing CSR Check Sheet. Obtaining accurate information about the manufacturing environment of suppliers will continue to be a TDK priority.