

## With Our Business Partners

Hitachi Kokusai Electric engages in fair and open transaction with our business partners, with whom we develop equal partnerships. This will bring an appropriate price and lead time as well as material, parts, and services with high quality. This

### Procurement Policy

#### 1.Partnership

We develop good partnerships with all our business partners and maintain clear and trusting relationships.

#### 2.Open-door

Regardless of whether our business partners are domestic or overseas companies, we proactively disclose information on procurement items and more, based on the principle of free competition.

#### 3.CSR (Corporate Social Responsibility)

Hitachi Group has adopted the CSR Policy of the Hitachi Group. Based on this policy, Hitachi Kokusai Electric is committed to carrying out our social responsibilities with all employees under a common understanding. We request the assistance of our business partners in understanding and supporting the policy in pursuing the social responsibilities.

#### 4.Sharing Information and Maintaining Confidentiality

We attend to all our business partners' offers sincerely, and are willing to provide the necessary information. We always endeavor to strictly maintain confidentiality concerning the information our business partners provide us.

## Collaboration of CSR under the Supply Chain

Hitachi Kokusai Electric regards it as indispensable to share CSR with our business partners, in order to develop a business model for the future growth of both parties. Specifically, the factors to choose our business

partners may include respect for human rights, environment protection, social contributions, and maintenance of a good working environment.

## Quality Control and VEC

We are always asking our business partners to improve quality and cost performance, in order for us to keep providing our products with high trustworthiness and quality. We conduct assessment tests and inspections to assure the required functions and quality, both when selecting and receiving material and parts. We promote

our VEC (Value Engineering for Customers) work, which is improvement from various aspects such as designing, materials, and processing in order to provide our customers with higher performance in our products and services.

### Hitachi Kokusai Electric Group Helpline

Hitachi Kokusai Electric Group Helpline is the channel for our business partners, if they should find any illegal matters in our work. This is highly improbable as it is our policy that our group procurement division and the procurement section of our factories work with business partners in a fair and legitimate manner. The helpline is independently handled by staff and a committee including an outside lawyer, protecting the caller and assuring fair treatment.



Whistle blowing channel for business partners:

Phone : +81-3-3254-7391

email : rinri.helpline@h-kokusai.com

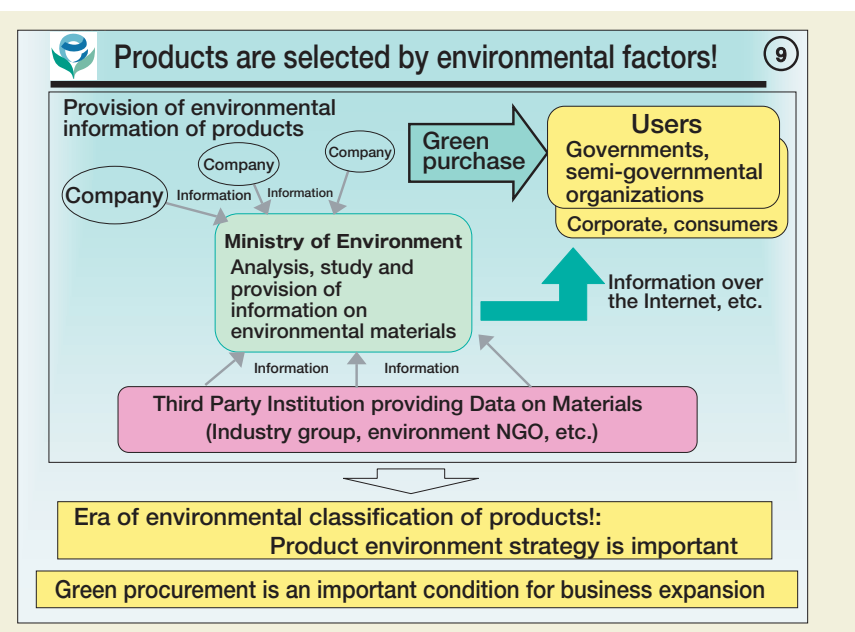
Post : Akihabara UDX Building 11th floor  
4-14-1 Soto-Kanda, Chiyoda-ku, Tokyo, 101-8980

The Ethics Helpline Service  
of Hitachi Kokusai Electric, Inc.

will also help us observe the laws and regulations, consider our environment, and respond to social expectations. Collaborating with our business partners, we will keep creating valuable products which impress our customers.

## Green Procurement

Hitachi Kokusai Electric Group promotes green procurement, which is the procurement of material and parts with less environmental load.



From the material to explain green procurement to our business partners

## BPM

Hitachi Kokusai Electric Group promotes BPM (Business Partner Meetings) at each site of our works in order to effectively implement the above mentioned policies and concepts with our business partners. Participants include those involved with electronic parts, machine processing, design outsourcing, assembling and adjustments, and finishing. The total number of firms is more than 150, with a business volume of more than 70% of the total procurement amount of the entire Hitachi Kokusai Electric Group. In the meetings, we explain the semiannual budgets and business strategies; request proposals on cost,

lead time, and quality; split into small meetings to discuss cooperative VEC and specific transactions; and move to site visiting sessions to view the manufacturing work. Our entire group staff and BPM are working together to make this even more effective in the future.

The picture below shows the BPM general meeting at the new East Wing of the Koganei Works on April 13, 2006. There were 176 partners from 115 firms attending.



There were 176 partners attending the Business Partner Meeting on April, 2006.