

## Social Report

## With Our Business Partners

## Basic Principles for Procuring Materials at the Hitachi Kokusai Electric Group

The Hitachi Kokusai Electric Group procures materials, services, and other items necessary for production and supply in appropriate qualities, under specified delivery terms, and at reasonable prices from global markets to provide products that its customers will appreciate and be satisfied with. The Group also emphasizes the need to observe relevant laws, be eco-friendly, and engage in fair and open trading in order to form close partnerships with its business partners.

**[Partnership]** We forge better partnerships with all our business partners, and thus deepen our mutual understanding and maximize the effects of such relationships built based on confidence.

**[Open door]** We base ourselves on the principle of free competition, and therefore engage in fair and equal trading, whether at home or abroad.

**[Choosing business partners]** We choose business partners based on a sufficient evaluation and appropriate formalities regarding the qualities, delivery dates, and prices of procured products, management reliability, eco-friendliness, and expertise in technical development.

**[Provision of information]** We respond in good faith to the requirements of our business partners and provide them with information necessary for trading. We also seek useful information from our business partners.

**[Protection of trade secrets]** We will strictly control all trade secrets made available to us and strive to keep such secrets in strictest confidence.

## Sharing of CSR in the supply chain

The Hitachi Kokusai Electric Group considers sharing CSR indispensable in order to build a business model with which to grow together with its business partners. More specifically, the Group positions the respect of human rights, environmental conservation, contributions to society, the building of worker-friendly workplaces, and similar factors as among the indicators with which to choose suppliers.

## Collaboration with our business partners

The Hitachi Kokusai Electric Group is promoting **VEC** (Value Engineering for Customers) activities designed to improve design, materials, processing, and other operations for providing its customers with high-performance products and services. The Group also responds positively to proposals from our business partners for creating high-quality products in collaboration with the business partners.

## Green procurement

The Hitachi Kokusai Electric Group positively promotes the procurement of more eco-friendly materials and parts. More specifically, the Group regards business partners who have obtained certification under the **ISO14000** series and other specified environmental standards as "green suppliers," and as of April 2007 has registered more than 200 business partners as "green suppliers." For unregistered corporations, the Group provides assistance to help them obtain certification by using the Hitachi Group's assistance system.

## BPM (Business Partner Meeting) activities

The Hitachi Kokusai Electric Group promotes **BPM** activities on a factory-by-factory basis in promoting the various principles described thus far by joining forces with its business partners as a single unit. These activities offer an opportunity not only to promote the Group's business principles and offer various other kinds of information, but also to respond to the requirements of business partners and answer their questions in an effort to share information with our business partners.

The photos presented here show scenes from the BPM General Assembly held at the Toyama and Koganei Works in March this year.



Toyama Works: 130 representatives from 78 corporations



Koganei Works: 160 representatives from 110 corporations

## Contacts for business partners

We make it a rule to interact with our business partners fairly and in good faith. Just in case anything happens that may cause any doubt, we have established the "Ethical Helpline of the Hitachi Kokusai Electric Group" to receive reports from our business partners. For the e-mail address, and geographical address of the contact, please refer to the "Ethical Helpline of the Hitachi Kokusai Electric Group" at the bottom of page 16 in this report.

## Glossary

\*1 **VEC**: Stands for "Value Engineering for Customers." Improvement activities for design, materials, processing, and other operations to match the functions of products and services meeting customer expectations

\*2 **ISO14000**: International standards regarding management systems that allow corporations and other organizations to continue environmental improvement activities

\*3 **BPM**: Stands for "Business Partner Meeting." A meeting at which the Group shares a variety of information with its business partners