



## Promoting CSR Activities in Our Supply Chain

We will extend our supply chain from a global perspective and strengthen partnerships with our business partners.

### Basic Policy for Material Procurement

The Hitachi Hokusai Electric Group procures materials, services, and other commodities necessary for production and supply from global markets with appropriate prices, delivery dates, and qualities in order to provide products that are valuable and satisfactory to its customers.

The group also emphasizes strict compliance with laws and environmental considerations, engages in fair and open transactions, and promotes the buildup of partnerships with its suppliers.

#### ■ Partnership

We will build even better partnerships with all our suppliers, thereby deepening mutual understanding and fully utilizing relationships based on trust.

#### ■ Open Door

We will base ourselves on the principles of free competition and engage in fair and just transactions with suppliers both inside and outside the country.

#### ■ Selection of Suppliers

Suppliers will be selected based on a sufficient evaluation and appropriate procedures regarding material quality, prices, delivery dates, material reliability, environmental considerations, and technical development ability.

#### ■ Supply of Information

We respond in good faith to supplier requests and notify our suppliers of any information required in transactions. At the same time, we seek useful information from our suppliers as well.

#### ■ Observation of Trade Secrets

All trade secrets provided by any supplier will be strictly controlled in an attempt to ensure confidentiality.

### Promotion of Globalization

For globalization, the Group expanded its operation to Brazil in 2011 and to Turkey in 2013. With cooperative efforts of the procurement sites, including those in the U.S. and Korea, we engage in activities for improving global competitiveness.

As global procurement measures, we share global procurement strategies, fortify the collaboration with overseas procurement sites, assist them in procurement, glean and share the information on global suppliers, establish and strengthen the global partnership for procurement. In order to realize global procurement for local production for local consumption in places more closely accessible to customers, we will develop an optimal global procurement system satisfying customers with respect to prices, quality, turnaround times, CSR, etc.

### Addressing the CSR Activity

We cooperate with Hitachi, Ltd. to promote CSR reinforcement activities in our supply chain. We disseminate our "Hitachi Group Supply-Chain CSR Deployment Guidebook" compliant with the guidelines of the Japan Electronics and Information Technology Industries Association (JEITA) to our business partners in order to share our CSR awareness with the whole supply chain.

In 2012, we initiated a document survey of our main business partners in China and Asia with regard to CSR. This allowed us to evaluate the environment, safety and health, human rights and labor, conflict mineral problems, fair trade and ethics, quality and safety, information security, contribution to society, and the status of other CSR risks.

In 2013, we started surveying major business partners in Japan, to further clarify the identification of CSR issues with supply chains and share the awareness.

From then on, we continue the survey once a year in principle and will keep regularly upgrading our CSR efforts throughout supply chains.

### Measures against the problem of conflict minerals

Some of minerals mined in the Democratic Republic of the Congo and neighboring 9 countries (DRC countries) are considered to be the source of funding armed groups, which are gravely abusing human rights through atrocities, etc. This is now a global issue regarding human rights.

The U.S. Dodd-Frank Act defines gold, tantalum, tin, and tungsten as "conflict minerals."

Although our Company is not accountable in accordance with the Dodd-Frank Act, we have no intention to countenance the violation of human rights in DRC countries. To persist with responsible procurement, going forward, we strive to enhance the transparency of supply chains and procure minerals that do not benefit armed groups encroaching on human rights, in cooperation with Group companies, our suppliers, and Hitachi, Ltd.

### Collaboration with Our Business Partners

The Company promotes the development of the reciprocal relationship with business partners.

Through our business partner meetings (BPMs), we work to maintain fair trade relations and cultivate even better partnerships.

We will strengthen the mutually beneficial, "win-win" relations with business partners, through proactive communication efforts with regard to our business policy, CSR activities, etc.

#### VOICE

Business partners who received the Fiscal 2013 Excellent Performance Award

#### Ogata Kogyo Co., Ltd.

Thank you for your commendation this time.

As a plastic molding and processing maker, our company has made efforts to improve product quality under your instruction. In fiscal 2013, the quality improvement efforts bore fruit, and we received a commendation.



Commendation by the Video & Communication Systems Division

In fiscal 2014, we will continue the quality improvement efforts, to achieve "zero defects." We will keep efforts to improve QCD (quality, cost, and delivery) and E (environment), to contribute to the growth of your company. We would appreciate your advice and guidance.

#### Kitamura Kiki Seisakusho Co., Ltd.

We are honored to receive a commendation as the most excellent business partner in 2013. We would like to express thanks to you for instructing us on a daily basis and enabling us to conduct our business with a passion for success.

Our company will respond to the changes of the times swiftly, think and act positively to meet the requirements of "delivery," "quality,"



Commendation by the Semiconductor Equipment Division

"cost," and "environment." We will forge a closer relation with your company, and make efforts to contribute to the growth of your company.

We would appreciate your continued advice and guidance.



Website for our business partners:

Home Page of Hitachi Kokusai Electric Inc.

<http://www.hitachi-kokusai.co.jp/global/csr/procurement/index.html>

OR

Hitachi Kokusai Electric Inc. CSR information

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