



# 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 Kokusai 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.

## Promotion of Globalization

The Company is promoting the establishment of a global-network-driven business model, in which manufacturing is performed at appropriate locations around the world and sales are promoted in cooperation with each region. In line with this, we expanded our operation to Turkey in 2013, to the U.S. in 2014, and to Singapore in 2015. With our global network including Brazil and Korea, we are working to reinforce our global competitiveness.

As global procurement measures, we share global procurement strategies, assist overseas procurement sites in procurement, glean and share information on global suppliers, and establish and strengthen our global partnerships for procurement.

## Deployment of procurement BCP

If a business partner is affected by a natural disaster such as a large-scale earthquake, it may have an impact on the business operations of the Company and other business partners.

To minimize such an impact, we have formulated a procurement BCP\* (thorough standardization, promotion of multi-sourcing, consideration of alternatives, etc.). We also conducted a desktop exercise (in which participants estimate the extent of damage and discuss in groups the actions they should take in a particular emergency situation) to verify the effectiveness of the procurement BCP, which was developed in cooperation with Hitachi, Ltd.

In fiscal 2015, we will roll out our procurement BCP to overseas Group companies and work to enhance our procurement BCP to enable an effective global response to emergency situations.

\*BCP : Business continuity plan

## Addressing the CSR Activity

As a member of the Hitachi Group, we distribute the "Hitachi Group Supply-Chain CSR Deployment Guidebook" (which conforms to the guidelines of the Japan Electronics and Information Technology Industries Association [JEITA]) to our business partners in order to share CSR awareness and ensure effective risk management across the supply chain.

We conducted a written survey regarding CSR activities with our major business partners in China and Asia in 2012, and with those in Japan in 2013.

Furthermore, with the support of Hitachi, Ltd. and an external auditing organization, we are examining the two business partners in China and Asia upon which we conducted the written survey, focusing on their practices in regard to human rights and labor, the environment, safety and health, fair trade, ethics, quality, safety, information security, and social contribution.

## Measures against the problem of conflict minerals

We are committed to the responsible sourcing of minerals (conflict minerals) from the Democratic Republic of the Congo (DRC) and nine adjoining countries.

We will continue striving to enhance the transparency of supply chains and conduct procurement activities that do not benefit armed groups encroaching on human rights.

## 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 2014 Excellent Performance Award

We are honored to receive a commendation as the most excellent business partner. Through business partner meetings (BPMs), you clearly communicate the direction of your business and promote QCD (quality, cost and delivery) improvement activities. We believe that sectional meetings and related activities are also very constructive and help improve the overall level of BPMs.

As a manufacturer specializing in high-frequency and optical transmission technologies, we will continue efforts to contribute to the growth of your business.

We would appreciate your continued guidance and advice.

**Stack Electronics Co., Ltd.**



Commendation by the Video & Communication Systems Division

It is both an honor and a surprise to receive the Fiscal 2014 Excellent Performance Award. Now that the pressure is on, we are determined to remain your most reliable business partner. Your guidance and support over the years has enabled us to win this award. Thank you very much.

Recognizing this commendation as vigorous encouragement, we will continue efforts to improve QCD in close cooperation with you, so as to meet and exceed customer expectations in this age of globalization. We ask for your continued advice and guidance. We wish for the further development of your company.

**Oriental Kikoh Co., Ltd.**



Commendation by the Semiconductor Equipment Division



Website for our business partners:

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