



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 by shifting away from its conventional export-oriented business. In line with this, we expanded our operations to Turkey in 2013, to the U.S. in 2014, and to Singapore in 2015 to reinforce our competitiveness in the global market.

As global procurement measures, we share procurement strategies with overseas production, sales and service bases and assist them in procurement so as to strengthen our global partnerships for procurement. Since October last year, employees from the Company have been stationed in Brazil to promote local-production-for-local-consumption-oriented global procurement and develop local staff. We will work to further promote integrated global procurement.

Deployment of Procurement BCP

Our Group's business is closely entwined with social infrastructure. Therefore, if a business partner with whom we cooperate is affected by a natural disaster, such as a large-scale earthquake, it could have a major impact not only on our own business operations and those of our partners, but also on the broader society.

To minimize such an impact, we have formulated a Procurement Business Continuity Plan ("BCP") (thorough standardization, promotion of multi-sourcing, consideration of alternative materials, etc.). We are now working to improve and strengthen the BCP by constantly updating the registered information (including information at domestic Group companies) to keep it current and regularly verifying its effectiveness.

In fiscal 2015, we rolled out the BCP to some of our overseas procurement bases. We will roll it out to more procurement bases on and on.

Addressing CSR Activities

The Company is working in cooperation with Hitachi, Ltd. to strengthen CSR activities in the supply chain. As part of such efforts, we distribute the "Hitachi Group Supply-Chain CSR Deployment Guidebook" (which conforms to the guidelines of the Japan Electronics and Information Technology Industries Association) to our business partners in order to share CSR awareness across the supply chain.

By the end of fiscal 2015, we had implemented a written survey regarding CSR activities of our 512 main business partners, of which two companies were examined by an external auditing organization. Going forward, we will expand survey targets and work to ensure regular checks take root across the supply chain.

In starting business with new suppliers, our Company emphasizes their CSR procurement capabilities and examines their human rights and labor practices along with the status of their corporate ethics and legal compliance. We aim to realize stable global procurement by taking control of risk management throughout the entire supply chain.

Measures against the Issue of Conflict Minerals

As a member of the Hitachi Group, the Company is committed to the responsible sourcing of minerals (conflict minerals) from the Democratic Republic of the Congo (DRC) and 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.

Reinforcement of Partnerships

The Company promotes the development of reciprocal relationships with business partners. Through our business partner meetings (BPMs), we work to maintain fair trade relations and reinforce partnerships.

We will strengthen mutually beneficial "win-win" relationships with business partners by pursuing proactive communication and interaction through business policy briefing sessions, CSR activities, and technology exchanges.

VOICE

Business Partners who received the Fiscal 2015 Excellent Performance Award

We are honored to receive a commendation as the most excellent business partner in fiscal 2015. Our employees are very pleased with and greatly encouraged by this commendation. We would like to express our sincere thanks. To live up to our corporate motto of pursuing technological excellence, we are working hard on a daily basis to improve our technological capabilities.

Under the guidance of your company, we will make further efforts to contribute to your global expansion while swiftly adapting to changing circumstances. In addition to improving delivery, quality and cost performance, we will actively make proposals for new products so as to further contribute to your product development. This commendation has given all our employees the opportunity to renew their determination to do their best. We would appreciate your continued advice and guidance.



Dynax Engineering Inc.

Commendation by the Video & Communication Systems Division

It is an honor to receive the Fiscal 2015 Best Supplier Award, which we could not have won without your guidance and support over the years. Thank you very much. Viewing this commendation as a vigorous encouragement for our company, a manufacturer of quartz parts that are mounted into the heart of equipment produced by your company, we will continue efforts to improve QCD, so as to meet and exceed the expectations of customers in the global market and thereby contribute to the further development of your company. We ask for your continued advice and guidance.



Shin-Etsu Quartz Products Co., Ltd.

Commendation by the Semiconductor Process Engineering Division

Website for our business partners:
<http://www.hitachi-kokusai.co.jp/global/en/csr/procurement/index.html>
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