



Promoting Responsible Procurement Activities

We will promote CSR procurement from a global perspective in cooperation with our business partners.

Basic Policy for Material Procurement

The KOKUSAI ELECTRIC Group procures materials, commodities and services necessary for production and supply from global markets, ensuring appropriate prices, delivery dates and quality in order to provide its customers with products that are valuable and satisfactory.

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

CSR-Oriented Procurement Activities

The Company is working to promote CSR supply chain management. As part of such efforts, we have posted the “Supply-Chain CSR Procurement Guidebook” on a net-site just for our business partners in order to share CSR awareness with major suppliers in Japan.

As business operations become increasingly global, the possibility that a procurement risk in the supply chain may cause a management problem to the Company is increasing. We select suppliers in a fair manner through appropriate procedures, taking into consideration material quality, delivery dates, prices, and the technological development capabilities of the suppliers. Moreover, we examine whether they are fulfilling their social responsibilities regarding human rights, labor practices, ethics, and legal compliance based on the RBA* Code of Conduct.

* RBA stands for Responsible Business Alliance, which is a federation established by the electronics industry in 2004. A total of 120 companies, mainly from the U.S., have joined the federation, including retailers, automakers and toy manufacturers. Since it was formed largely for the fulfillment of social responsibilities, the RBA has been promoting the Code of Conduct that it formulated, which includes suppliers in its target.

Reinforcement of Partnerships

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

In the New Year reception held in January, we share our medium- to long-term business policies with executives of our business partners and give commendations to excellent partners. In the biannual BPM, we brief attendees on our business policies and trends as well as our procurement, production, quality and CSR measures. We also ask them to inform us of any findings they have made about our compliance and other issues by using the [inquiry form](#) available at our website.

We will thereby strengthen mutually beneficial “win-win” relationships with our business partners.



BPM held on April 12, 2019 with the participation of 173 people from 131 business partners

Deployment of Procurement BCP

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 been formulating 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 updating the registered information (including information at domestic Group companies) to keep it current and regularly verifying its effectiveness.

Promotion of Globalization

As global procurement measures, we share procurement strategies with overseas production bases and assist them in procurement so as to strengthen our global partnerships for procurement. Procurement staff members from the Company were stationed in South Korea from 2016 to 2017 to promote local-production-for-local-consumption-oriented global procurement and develop and train local staff. Presently, dedicated staff members appointed by the Company are working in close cooperation with local procurement staff in South Korea and the U.S. We will continue to further promote integrated global procurement.

Furthermore, we establish our “procurement booth” at semiconductor-related international exhibitions as a contact for suppliers who want to start dealing with us, including overseas companies.

Measures against the Issue of Conflict Minerals

The Company is committed to the responsible sourcing of minerals (conflict minerals) from the 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 that encroach upon human rights.

VOICE

Fujikin Incorporated

Business partner who received the Fiscal 2018 Most Excellent Performance Award

Thank you so much for honoring us with the most excellent performance award in this commemorative year, which is the last year of the Heisei period and the first year of the Reiwa period. We will continue to evolve as the No. 1 supplier to support your company and become a “total solution company” for gas supply systems. I would ask for your continued advice.



Mr. Shinya Nojima, President and COO of Fujikin Incorporated (left)