



# 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 distributed the “Group Supply-Chain CSR Procurement Guidelines” to 260 suppliers in order to share CSR awareness across the supply chain.

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 not only material quality, delivery dates and prices, and the technological development capabilities of the suppliers, but also examining their human rights and labor practices along with their status in terms of corporate ethics and legal compliance to determine whether they fulfill their social responsibility.

## 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 to strengthen mutually beneficial “win-win” relationships with business partners by pursuing proactive communication and interaction.



BPM held on April 13, 2018 with the participation of 164 people from 121 business partners

## 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. Furthermore, to support procurement operations at business bases outside Japan, we have appointed dedicated staff members within the Company to work in close collaboration with local procurement staff. We will work to further promote integrated global procurement.

## 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.

## 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

### Business Partner who received the Fiscal 2017 Most Excellent Performance Award

We are honored to receive a commendation as the most excellent business partner for fiscal 2017.

I would like to thank all our business partners for the support they have given to our production activities, which we conducted under the instruction of your company.

Every member of our team will continue to make a concerted effort to make more contributions to the growth of your company by establishing a production system that meets the needs of the growing semiconductor market. I would ask for your continued advice and pray for the further development of your company.

Mr. Kaneyoshi Miyano, President of Tateyama Machine (left)



Tateyama Machine Co., Ltd.