



Relationship with Customers and Suppliers

The TEL Group sets honest policies for product quality and procurement aimed at satisfying customers and enhancing growth with suppliers.

Approach to Product Quality

The TEL Group aims for product quality that generates customer trust in its products and services through continuous provision of products and services that consistently satisfy its customers. In order to ensure that our manufacturing systems do not produce defective products, we have acquired ISO9001 certification and also work to ensure that our product quality management system operates effectively.

■ TEL's Commitment to Quality

1. Quality is our top priority

TEL's goal is to achieve the highest quality in the world.

2. Product quality awareness

All employees must understand the importance of product quality to TEL's business. Quality must always be given priority, even if profits are temporarily affected. That is how we build long-term trust, and contribute to society.

3. Observing company rules

Employees must observe the rules stipulated by each TEL organization to ensure that quality remains our top priority and continues to improve. These rules and regulations are reviewed regularly to ensure that they are appropriate and effective in our effort to improve quality.

4. Employee responsibility

Employees are responsible for making product quality their top priority. They must remain aware of potential problems, actively identify and analyze them, and take necessary action for improvement.

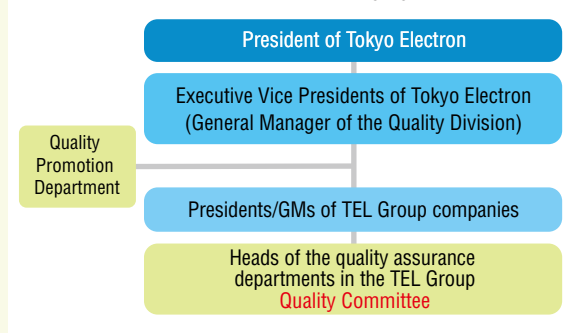
5. Managers' responsibility

Managers must monitor on-site conditions at all times, spot problem areas, and give instructions for improvement. Managers must ensure that their subordinates have a good understanding of the overall TEL business environment, including customers' requirements, and must make employees aware of the importance of enhancing the quality of all TEL products and services.

Quality Assurance System

The TEL Group has established a quality committee comprising heads of the quality assurance departments of each business unit. The committee meets regularly to oversee efforts to enhance product quality and address priority issues, thus promoting improvement and enhancement of product quality for the entire Group.

■ Framework for TEL's Product Quality System



Approaches to Procurement

In accordance with its corporate philosophy, the TEL Group believes in the importance of growing its business together with its suppliers through building partnerships based on mutual trust.

■ Procurement Policy of the TEL Group

1. Partnerships

Suppliers represent a key business partner to developing products that can gain the true satisfaction of customers. The TEL Group selects its suppliers in accordance with its selection criteria in a fair and equitable manner based on the precondition of free competition and that suppliers continue to pursue high value-added technologies. We will continue to build relationships with our business partners that enable both parties to grow and that are based on mutual trust.

2. Cost reduction

The TEL Group will reduce its total costs in order to provide products aligned to market needs at satisfactory prices.

3. Lead time reduction

The TEL Group will reduce product delivery lead time and ensure stable supplies of its products to customers in order to agilely respond to market needs.

4. Coexistence with the global environment

The TEL Group will proactively employ components and technologies that are considerate of the global environment (promotion of green procurement) and undertake product manufacturing with a reduced impact on the environment.

5. Global procurement activities

The TEL Group will flexibly and speedily promote global procurement activities in order to provide to its customers components and technologies that conform to market needs.

6. Compliance with legal and social codes

The TEL Group will adhere to the laws, regulations and social codes of the countries and regions in which it operates, and will undertake honest procurement activities grounded in sound corporate ethics so that it can be recognized as a leading company globally.

7. Product quality/safety assurance

Under the management policies "safety first" and "quality is our top priority," the TEL Group will continue to seek quality and safety in its components and products on a global level.

8. Information management

The TEL Group will rigorously manage and safeguard confidential information from its customers and suppliers obtained through its business activities.

Communication with Suppliers

The TEL Group not only uses EDI* for procuring parts and materials, but also operates its own website as a two-way tool for communicating with suppliers.

We make daily efforts to address a variety of challenges faced by our suppliers, and we seek to share the values set out in our corporate philosophy using various platforms, including the Production Update Briefing held semiannually by the Group's manufacturing companies and the annual TEL Partners Day.

* EDI (Electronic Data Interchange):

A framework to electronically exchange information related to commercial transactions among corporations in a unified standard format.



TEL Partners Day held in fiscal 2011