

Procurement Initiatives

Our approach to procurement

The high-value manufacturing that the TEL Group strives for is based on the functions of all materials and components that make up the products and the pursuit of high quality.

We value communications with suppliers and seek to grow manufacturing on a global scale with our suppliers based on ongoing trusting relationships.

Procurement Policy

1. Compliance with Applicable Laws and Social Norms

We engage in procurement activities with integrity in compliance with the laws and regulations of each country and social norms based on our corporate ethics.

2. Priority on the Environment

We conduct procurement with full consideration for reduction of environmental impact and protection of the global environment.

3. Fair Business Practices

We continuously seek high-value technologies and create broad opportunities for their business transactions based on the precondition of open competition.

4. Partnership

We prioritize relationships of trust based on mutual understanding with suppliers and conduct activities in the pursuit of mutual continuous growth.

5. Information Management

We properly manage the confidential information of suppliers that we obtain in the course of business.

Communication with suppliers

The TEL Group not only uses electronic data interchange (EDI)*1 for procuring parts and materials online, but also operates its own website to promote efficient two-way communication with suppliers.

We share our business overview and policies through the semiannual Production Update Briefing held by the Group's manufacturing companies and the annual TEL Partners Day as well as daily communication.



TEL Partners Day held in fiscal 2013

Working together with suppliers

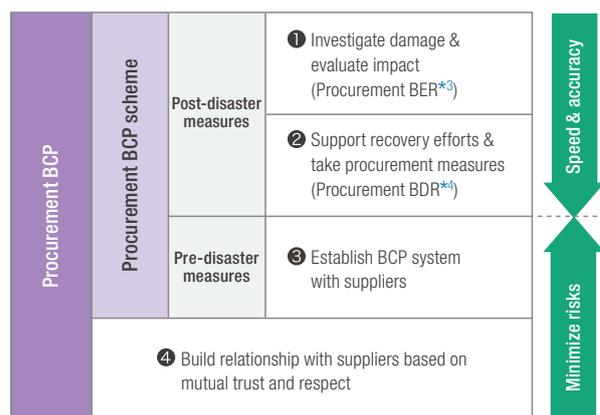
The TEL Group calls for the cooperation of its suppliers with regard to compliance with labor-related laws, including those on child labor and forced labor. Specifically, this means we expect our suppliers to respect fundamental human rights, protect intellectual property rights, comply with import/export-related laws and regulations, prohibit the involvement with antisocial forces and take measures in regard to conflict minerals*2. With regard to specific requests, such as requests to respond to chemical substance regulations, we hold briefing sessions for suppliers so that we can work together with them.

Meanwhile, in order to reduce environmental impacts and logistics costs, we cooperate with our suppliers to conduct joint operations for highly efficient pick-up and delivery at two locations, namely, Tohoku and Kyushu.

Business Continuity Plan (BCP)

The TEL Group is formulating disaster mitigation programs in cooperation with our suppliers. In order to promptly identify damage and take steps for recovery following a disaster, we have built a database of suppliers' production sites. We also conduct an annual survey and use the results to carry out activities aimed at reducing risks together with suppliers.

Initiatives for procurement BCP



Glossary

*1 **Electronic data interchange (EDI):** A framework to facilitate the electronic exchange of information related to commercial transactions among corporations in a unified standard format

*2 **Conflict minerals:** Four minerals (tantalum, tin, gold and tungsten) mined or traded in the Democratic Republic of the Congo or its neighboring countries that form a source of funds for armed groups, and give rise to violations of human rights or labor problems.

*3 **BER:** Business Emergency Response. First response taken immediately after a disaster

*4 **BDR:** Business Disaster Recovery. Recovery effort that is made according to the results of the damage investigation