



# Developing CSR Together with Suppliers

*The Minebea Group established its CSR Procurement Guidelines in 2012 in order to promote CSR in its procurement activities.*

*Exactly how should Minebea instill its CSR approach widely among suppliers and encourage them to put the approach into practice? Minebea held a dialogue with suppliers to discuss this very issue on April 26, 2012.*

## Introduction: Minebea's CSR Procurement Policy

**Minebea (Mr. Imanaka):** I would like to thank everyone for coming today. Two years ago, Minebea established the CSR Promotion Office and announced that it would heavily promote CSR as part of the our management policy. Today marks our first supplier dialogue and we look forward to receiving your forthright opinions about our CSR initiatives. Your remarks will support the overall promotion of CSR at Minebea and the development of our CSR procurement activities.



Mr. Masayuki Imanaka, Minebea

**Minebea (Mr. Iwatani):** First, I'd like to explain the Minebea Group's approach to CSR procurement.

No company can fulfill its social responsibility on its own. The same is true of CSR procurement. We must gain the understanding of our suppliers and carry out initiatives with their collaboration.

This is why we decided to establish the Minebea Group CSR Procurement Guidelines for our suppliers in 2012 on the basis of the Minebea Group Code of Conduct. The guidelines are comprised of 29 items grouped into the four sections of "Labor," "Health and Safety," "Environment," and "Ethics and Business Practice." Additionally, with regard to our Basic Procurement Policies, we have added "CSR Procurement" to supplement the five existing areas of "Compliance with Laws and Regulations," "Open Door Policy," "Equity and Fairness," "Green Procurement,"

and "Maintaining Confidentiality." Both the CSR Procurement Guidelines and the Basic Procurement Policies will be posted on our website between May and June, and we plan to distribute them to our domestic suppliers.

We also plan to create a CSR Self-Evaluation Check Sheet to promote self-evaluations among our suppliers. We plan to begin distributing this check sheet among suppliers in April 2013, and develop a firm grasp of the CSR status among suppliers by 2015.



Mr. Mamoru Iwatani, Minebea

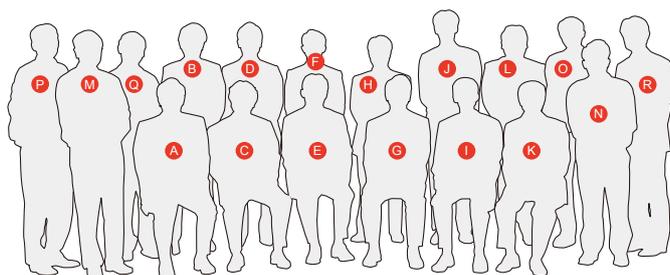
## Status of CSR Activities among Suppliers

**Mr. Mizukami, CSR Consultant:** I'd like to proceed with the dialogue by having each of the participating suppliers give an overview of their CSR activities.

**Kyodo Yushi (Mr. Watanabe):** As a grease and lubricants manufacturer, Kyodo Yushi aims to make a contribution to industry through the implementation of our spirit of Tribology (friction). This is the core of our social responsibility. We do not have a CSR framework, but we do operate the Tribology Study Group as a bridge between industry and academia, and we are promoting various initiatives in the areas of environmental management, energy-efficient products, employment of people with disabilities, and compliance.

**Nichia (Mr. Akagi):** At Nichia, our code of conduct promotes research, a thoughtful and industrious work

## ▶ Supplier Dialogue Participants



|   |                                 |   |                       |
|---|---------------------------------|---|-----------------------|
| A | Kyodo Yushi Co., Ltd.           | General Manager, Sales Department No. 1   | Mr. Kazuhiko Watanabe |
| B | Kyodo Yushi Co., Ltd.           | Supervisor, Sales Department No. 1  | Mr. Yuji Ito          |
| C | Sumitomo Metal Industries, Ltd. | Deputy General Manager, General Affairs Dept.   | Mr. Ritsu Haga        |
| D | Sumitomo Metal Industries, Ltd. | Manager, Export Section, Steel Sheet Sales Department   | Mr. Tadashi Adachi    |
| E | Nichia Corporation              | Deputy Executive General Manager, Optoelectronics Production Division, Optoelectronics Products BU. | Mr. Masao Akagi       |
| F | Nichia Corporation              | Assistant Manager, Nagoya Sales Department, Optoelectronics Products BU.                            | Mr. Nobuyasu Kogure   |
| G | Fujikura Ltd.                   | General Manager, Corporate Strategy Planning Division   | Mr. Hideki Takimoto   |
| H | Fujikura Ltd.                   | Assistant Manager, Electronics And Automotive, Global Marketing Department 1                        | Mr. Atsushi Wasa      |
| I | Fuji Print Industrial Co. Ltd.  | Director Business Headquarters Division   | Mr. Noriyuki Tomita   |
| J | Fuji Print Industrial Co. Ltd.  | Assistant Manager, Sales Department No. 1, Business Headquarters                                    | Mr. Mamoru Shimagami  |
| K | Porite Corporation              | Manager, General Affairs Dept., Head Office & Factory   | Mr. Shinkichi Ooshima |
| L | Porite Corporation              | Manager, Sales Department, Kumagaya Plant   | Mr. Takeshi Hasegawa  |
| M | Minebea Co., Ltd.               | Managing Executive Officer, Officer in charge of Finance & Compliance Promotion Division            | Mr. Masayuki Imanaka  |
| N | Minebea Co., Ltd.               | Managing Executive Officer, Officer in charge of Procurement & Logistics Division                   | Mr. Takashi Aiba      |
| O | Minebea Co., Ltd.               | Head of Procurement Department, Procurement & Logistics Division                                    | Mr. Mamoru Iwatani    |
| P | Minebea Co., Ltd.               | General Manager, CSR Promotion Office   | Mr. Masaki Ishikawa   |
| Q | Minebea Co., Ltd.               | CSR Promotion Office  | Mr. Hideki Kobayashi  |
| R | Cre-en Inc.                     | CSR Consultant  | Mr. Takehiko Mizukami |

ethic, and the creation of the world's best products. We have put great value on the continued creation of fine and elaborate products in Japan. One of our mottos is that companies which are not beloved by their suppliers will not endure. Based on that motto, we aim to expand together with collaborating companies and companies in our local community.

**Porite (Mr. Ooshima):** This year marks our 60th anniversary, and for the occasion we have established Employee Guiding Principles and a Porite Corporate Code of Conduct. Though we are making contributions to society through our business activities, there are human resource and financial limitations on what we can do in addition to that. We are expanding our business overseas and debating whether or not we can implement the principles and code of conduct at overseas offices. So, we have not yet disclosed them outside the company.

**Fuji Print Industrial (Mr. Tomita):**

In May 2011, we established a new corporate philosophy and we are fulfilling our social responsibility by executing the philosophy. We have set goals to achieve with each of our stakeholder groups, and we have a very strong awareness of the importance of communication. For example, we hold regular social events with our suppliers, and our 10 major suppliers are all shareholders in our company, making it possible for us to better reflect their views in our management.



Mr. Noriyuki Tomita,  
Fuji Print Industrial

**Mr. Mizukami:** In order to achieve the goals you have set for each stakeholder group, have you established a CSR promotion committee or some other kind of organization to facilitate the activities?

**Fuji Print Industrial (Mr. Tomita):** We do not have any such organization. We do, however, hold a management policy conference at the start of each fiscal year at which the president, myself, and group managers explain the current year's CSR policies for each of their groups. Thereafter, we have monthly business conferences at which we report on the progress and outlook of measures. CSR is treated as one

management issue and we review CSR measures using the PDCA cycle approach.

**Sumitomo Metal Industries (Mr. Haga):** At Sumitomo Metal Industries, we established a CSR Committee in 2010 with the president as the committee chair. In March 2011, we established a Corporate Philosophy and revised the Code of Conduct. We are now working to instill these within the company and the entire group. Our aim is to enhance our value through technology, quality, service and CSR, and we will continue to take measures to become a company trusted by society.

**Mr. Mizukami:** Was there a particular occasion for establishing the committee?

**Sumitomo Metal Industries (Mr. Haga):** There was nothing particular. But in the General Affairs Department, we believed that despite the fact that we were taking various CSR initiatives, it was hard for people in and outside the company to see the whole picture behind our CSR effort, and we decided this was something we should do properly.

**Fujikura (Mr. Takimoto):** At Fujikura, we established a structure for CSR initiatives in 2009. A CSR Committee was established, headed by our president, and working teams on "management," "society," and "environment" were set up. Each business group sets new priorities every three years and information is shared between the groups and the initiative promotion teams in each division and group companies to ensure progress is made on the initiatives.

**Mr. Mizukami:** Was there a particular occasion for establishing the structure?

**Fujikura (Mr. Takimoto):** Each year we receive about 30 survey requests from our customers concerning our CSR initiatives. We felt that we could not respond without a proper structure in place. In that sense, there was recognition in the company that it was time for us to establish a structure and take full-fledged measures.

**Minebea (Mr. Imanaka):** Are there any full-time members of the committee?

**Fujikura (Mr. Takimoto):** There is a full-time member in the Global Environment Division. I manage initiatives in the areas of management and society.

## Minebea's CSR Procurement Guidelines

**Mr. Mizukami:** Next, I'd like the participants to ask questions or make comments on the CSR Procurement Guidelines.

**Nichia (Mr. Akagi):** It is my understanding that broadly speaking, "Compliance with Laws and Regulations," "Equity and Fairness" and some other aspects of your Basic Procurement Policies could be considered part of CSR. In that sense, how are you positioning the new guidelines with respect to the existing policies?

**Minebea (Mr. Iwatani):** As you note, some of the areas of the new guidelines are covered by the pre-existing policies, but the new guidelines put a new focus on the four CSR areas of "Labor," "Health and Safety," "Environment," and "Ethics and Business Practice."



Mr. Shinkichi Ooshima, Porite

**Porite (Mr. Ooshima):** Speaking on behalf of my company, we will be able to comply with the contents of the new guidelines and we can confirm the compliance to a certain extent with regard to our primary suppliers. But regarding our secondary and tertiary suppliers, some areas of compliance may be difficult. I would like you to consider the level of the compliance required by your suppliers.

**Fuji Print Industrial (Mr. Tomita):** We also feel this is an issue, especially regarding small-sized suppliers. Even if they have a management structure in place, many of them do not have documentation and records. It will be difficult to have them submit reports to us, and that makes us wonder exactly how to proceed.

**Minebea (Mr. Aiba):** Actually, we have the same problem at Minebea. It's very difficult for us to confirm the activities of secondary and tertiary suppliers, and providing guidance is especially difficult with regard to overseas suppliers. But we can't give up. We are aiming to deepen understanding of the guidelines among our suppliers, even in small steps, and to move in the same direction with them. Then we can expect the understanding to gradually widen.

**Nichia (Mr. Akagi):** When confirming activities, it's important that making a plan and keeping a record are not the purpose of CSR initiatives, similar to some of their ISO activities, in order to prevent compliance with guidelines from becoming a superficial activity. It's important to have each supplier constantly consider where their activities are lacking and what initiatives they need to implement to prevent self-complacency.

**Mr. Mizukami:** We heard previously that Fujikura has made strong progress with CSR procurement activities, and I'd like to know how Fujikura handles secondary, tertiary, and overseas suppliers, which present the kind of problems we've just heard.

**Fujikura (Mr. Takimoto):** Previously, the operation conditions of one of our secondary Thai suppliers presented a problem from the perspective of CSR, and a local NPO conducted on-site research into the issue.

Dealing with this issue became the impetus for my company to take full-fledged CSR procurement measures. We wondered whether we should be requesting our suppliers to take certain measures when we were not taking thorough measures ourselves, but in the end we decided that we needed to define a basic position and request our suppliers to meet certain requests. If we didn't, then nothing would change.



Mr. Hideki Takimoto, Fujikura

First, therefore, we conducted a CSR procurement survey of all of our domestic suppliers in 2010. We had planned to conduct a similar survey of overseas suppliers in 2011, but we canceled the plan due to the Thai flooding damage. The structure is in place, so we will restart the initiative when circumstances are right.

**Minebea (Mr. Kobayashi):** How many suppliers in and outside Japan are part of your survey?

**Fujikura (Mr. Takimoto):** There are about 500 domestic suppliers. Outside Japan, we plan to conduct the survey at different levels, with about 300 companies at the primary level.

**Mr. Mizukami:** What were the results of the domestic survey?

**Fujikura (Mr. Takimoto):** Of course, there were many suppliers who were very highly rated by the survey, but honestly speaking, there were many who fell short of our expectations. For those suppliers, we held follow-up meetings, and in some cases, we will visit them directly.

**Minebea (Mr. Imanaka):** It appears that surveys are very important. Sending out the survey provides an opportunity for the suppliers receiving them to think about CSR procurement. We also believe that a survey is the best way to begin the process, including for overseas suppliers.

## Expectations of Minebea

**Mr. Mizukami:** I'd like to hear participants' comments on what they expect of Minebea in terms of support for carrying out CSR procurement in line with the guidelines.

**Porite (Mr. Ooshima):** In regard to chemical substance regulations, for example, there are instances when it is difficult to ask small suppliers for an official product certificate. We would like some guidance on what kind of certificates would be acceptable from small suppliers. We would also like some guidance on exactly how to give advice to suppliers in order to have them smoothly comply with our requests.

**Kyodo Yushi (Mr. Watanabe):** Especially with overseas suppliers, we'd like Minebea to understand that many suppliers say they cannot disclose information regarding the use of chemical substances. In addition, when we are required to submit quantitative



Supplier dialogue

data, please consider the fact that chemical substance analysis and other fees are incurred.

**Fuji Print Industrial (Mr. Tomita):** I feel that just having these types of opportunities to meet face to face with you will make it significantly easier to carry out initiatives in the future. For us as well, while it may be impossible for all suppliers to comply with our requests, we would like to start by having these types of meetings with a select number of suppliers and then gradually expand efforts to our entire supply chain. We would like to use these human connections to make progress on CSR procurement.

**Fujikura (Mr. Takimoto):** One of the advantages of listening to the activities of companies with advanced CSR activities is that we can see, among all the possible initiatives, which ones we need to prioritize. That's why this type of dialogue today is so important.



Mr. Masao Akagi,  
Nichia

**Nichia (Mr. Akagi):** As we've heard from the discussion today, requests from outside your company can become significant opportunities to move your company in the right direction, so by all means I'd like Minebea to conduct its survey. For Nichia, we've always prided ourselves on domestic manufacturing, and consequently there are areas of doing business overseas which we have little knowledge of or experience with. We would appreciate any guidance from Minebea on expanding CSR outside Japan.

**Sumitomo Metal Industries (Mr. Haga):** With regard to your survey, I would like Minebea to share the results with all the companies that participate. Receiving feedback which shows that our efforts are lacking in certain areas compared to other companies will provide a strong motivation for promoting CSR procurement within my company.



Mr. Kazuhiko Watanabe,  
Kyodo Yushi

**Mr. Mizukami:** The comments from each of the companies here today reflect the importance of communication between companies and their customers and suppliers. I understand that Sumitomo Metal Industries' approach is to work together with each of its stakeholders and that you invest a lot of

energy in this.

**Sumitomo Metal Industries (Mr. Haga):** We pursue improvements in compliance, safety management, quality management and other areas by working closely as one team with partner companies. Our thinking is that we can help each other raise the level of activities by collaborating in the same places and on the same kinds of activities.

We regularly dispatch veteran employees from our steel mills to customer sites where our products are actually being used to verify that the products meet our quality standards. Customer feedback is then routed back to the steel mills as part of our quality assurance cycle.

### Conclusion: Exactly What Is CSR Procurement?

**Mr. Mizukami:** CSR can be defined as activities a company takes to earn the trust of its stakeholders, and primarily the assurance that its business activities will not be a detriment to society. In recent years, there has emerged a shared global awareness of the need for companies to exert influence over their supply chains as part of their CSR activities. CSR procurement is essentially working with customers and suppliers to ensure that the entire supply chain does not have a detrimental effect on society. Today's discussion reaffirmed the importance of building mutually beneficial relations with customers and suppliers and creating value for society out of the entire supply chain.

Finally, I would like to conclude the discussion with comments from Minebea on the promotion of CSR procurement.

**Minebea (Mr. Aiba):** The valuable views and suggestions that we have received today will be reflected in our manufacturing and procurement activities going forward as we aim to make even greater strides together with you. In particular, procurement issues surrounding rare earth elements are in the spotlight, and I look forward to working with everyone to address the issues while assiduously fulfilling our social responsibilities. Thank you very much for taking part in today's dialogue.



Mr. Takashi Aiba,  
Minebea