

Relationships with Suppliers

Basic Approach

The Minebea Group's business is supported by relationships with numerous suppliers. The Minebea Group has adopted Basic Procurement Policies* on which healthy partnerships are built. We also ask our suppliers to comply with the Minebea Group Code of Conduct, which includes provisions regarding respect for human rights, and we aim to encourage environmentally friendly business practices by promoting cooperation for green procurement.

In FY2011, in order to promote CSR throughout the supply chain, we added "CSR Procurement" as the sixth item to our Basic Procurement Policies. In line with this approach, we also established the Minebea Group CSR Procurement Guidelines.

*The Basic Procurement Policies and Minebea Group CSR Procurement Guidelines are published on the Group website.

■ Basic Procurement Policies

<http://www.minebea.co.jp/english/procurements/policy/index.html>

■ Minebea Group CSR Procurement Guidelines

<http://www.minebea.co.jp/english/procurements/csr/index.html>

Supplier Selection Policy

Whenever the Minebea Group initiates a relationship with a new supplier, we ask the supplier to confirm its agreement with our approach to materials procurement and to proceed in accordance with our New Supplier Certification Standards to ensure strict compliance with our Basic Procurement Policies. In particular, we assess suppliers on the basis of ten attributes, including whether or not the company in question will be able to conduct business in a stable, continuous manner, satisfies the Minebea Group Green Procurement Standard, and agrees to abide by the Minebea Group Code of Conduct. Where necessary, we conduct inspections of the supplier's production facilities. In FY2011, we certified a total of 64 suppliers in this manner.

Green Procurement

In July 2004, we established the Minebea Group Green Procurement Standard in response to international laws and directives, to satisfy our customers, and to reduce the use of substances having an environmental impact. Under these guidelines, we require our suppliers to provide products (raw materials, parts, components, and packaging materials) that are free of hazardous substances, and also to submit safety certifications, analysis reports, and other similar documentation. In FY2011, 1,861 suppliers to the overall Minebea Group were cooperating with our Green Procurement policies.

Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors

To ensure the establishment of fair and equitable trading relations with suppliers, in FY2011 the Minebea Group's domestic sites implemented self-auditing of compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. The audits verified that there are no significant violations of the act.

Training was also held at domestic sites to promote a better understanding of the act, with 217 employees participating.



Training session on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors

Response to Conflict Minerals from the Democratic Republic of the Congo

Such raw materials as gold, tantalum, tin and tungsten are contained in Minebea Group products, and in some cases such materials may have been extracted in a conflict zone and sold to perpetuate that conflict. The Minebea Group is monitoring U.S. regulatory developments. We have already established a research database and are taking action to respond to this issue, but any formal action, including action by our suppliers, is pending the issuance of guidelines by the U.S. government.

Communication with Suppliers

● CSR Report Distribution

The Minebea Group distributes this CSR report to domestic suppliers to communicate our CSR views. In FY2011, we sent the reports together with questionnaires to 1,641 suppliers and received responses from 69 companies. Questionnaire responses are utilized in the next fiscal year's CSR activities.

Future Issues and Goals

We are striving to establish a CSR procurement framework in order to promote CSR activities throughout the supply chain. As part of the initiative, we plan to distribute a newly created CSR self-assessment checklist to our domestic suppliers and analyze the feedback. We also plan to promote activities through overseas sites.