

Procurement departments are windows for business associates. We must constantly be wary of buyer's logic, or the logic of the party in a stronger position. To consistently engage in fair purchasing activities, we have adopted the following rationale: "Purchasing is Company's face. Be fair always Let's become a reliable and valuable Purchasing Group by gratitude toward others, humble reflection to our behaviors and additionally best efforts all the times"

### Relations with Business Associates

Kyocera regards business associates as "valued partners" and places great importance on growing together and on mutual improvement achieved through learning from each other. With business associates actively suggesting diverse improvements, for instance, both parties are applying knowledge and insight toward bettering the quality, environment, delivery time and cost. Additionally, to foster a better understanding of Kyocera's basic approach to business transactions, we actively visit suppliers and use various opportunities to build communication. In this way, we build partnerships based on mutual trust.

### Supplier Selection Policy

Kyocera adheres to the Supplier Selection Policy outlined below. If a new supplier seeks to conduct business with Kyocera, that prospective supplier is asked for a report giving a general overview of the company, and to complete a Questionnaire about Environment-Related Activities. The supplier is assessed and selected or denied based on these materials and various findings as established in the Supplier Selection Policy. Similarly, established suppliers are periodically surveyed, assessed and reviewed.

- Whether the fundamental thinking of the Kyocera Group is understood.
- Whether the thinking of the business operator and the management rationale of the prospective supplier are acceptable to Kyocera.
- Whether the company aims to improve management ability, technological strength and manufacturing ability; and whether business management is appropriate and stable in terms of scale and finances. (e.g.: VA/VE\* proposal strength)
- Whether the company is generally outstanding, in such areas as quality, price, delivery time, service response, etc. (e.g.: ISO 9000 series or equivalent quality management systems; lead-time reduction activity)
- Whether the company is seriously involved in global environmental conservation activity (e.g.: ISO 14001 certification)

\* VA: Value Analysis  
VE: Value Engineering

### Supplier Seminars

Each year, business associates are invited to supplier seminars at Kyocera. The purpose is to give suppliers a better understanding of the Management Direction, business policies and other facets of the Kyocera Group, and to appeal for even greater cooperation in the future. In FY2008, the number of seminar days was increased to enable participation by greater numbers of suppliers. Nine seminars were held at two venues, in Yokohama and Kyoto. They were attended by 863 people representing 571 companies. During the seminars, top management explained the Management Direction, future goals, measures for dealing with management issues, as well as policies of the procurement departments and details of business development in the various business fields. A social gathering held after each seminar provides an ideal opportunity for exchange of opinion with business associates and for building relationships based on trust.



#### ► Main Responses from Participating Business Associates

- "I was very interested in learning about market trends and new product development."
- "The explanation on growth forecasts was very useful."
- "I was very impressed by the attitude of the general manager — the confidence with which he is engaging in business plans."
- "I would like to see these held in other regions every few years, combined with plant tours."
- "The meeting was attended by people from plant production departments as well as the headquarters procurement department. Information exchange was therefore especially useful."