

Social Report

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 our products and services through continuous provision of products and services that consistently satisfy customers. In order to ensure that our manufacturing systems do not produce defective products, the TEL Group has acquired ISO9001 certification and works to ensure that our product quality management system operates appropriately.

■ 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. Employees responsibilities

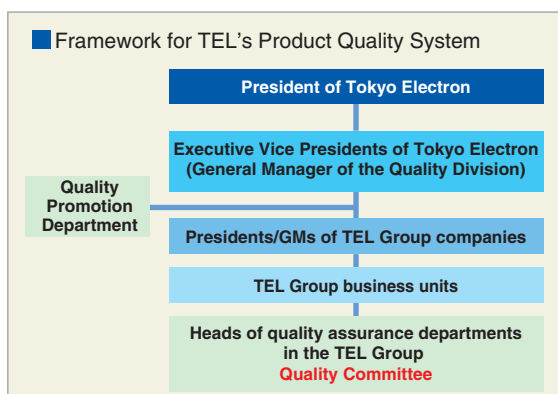
Employees are responsible for making product quality their top priority. They must remain aware of potential problems, actively identify and analyze them, and take necessary action for improvement.

5. Managers' responsibilities

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 customer's 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 department 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 TEL Group.



Approaches to Procurement

The basic philosophy of the TEL Group includes "providing high-value products and services around the world that help people to lead healthy and enriched lives, and demonstrating consistent leadership as a world-class company by creating hope for the future and addressing environmental problems." In order to realize this philosophy, it is vital that we build strong partnerships with our suppliers.

Based on this basic philosophy, we have established the following Basic Procurement Policy and continue to work proactively to fulfill its goals.

■ Procurement Policy of the TEL Group

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| 1. Partnerships | 6. Compliance with legal and social codes |
| 2. Cost reduction | 7. Product quality/safety assurance |
| 3. Lead time reduction | 8. Information management |
| 4. Coexistence with the global environment | |
| 5. Global procurement activities | |

Communicating 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. The website can be linked to the internal systems of both the TEL Group and the supplier.

In order to strengthen our supply chain, the TEL Group has launched joint projects with our suppliers, including annual meetings with numerous suppliers. The fiscal 2010 meeting featured the theme of "Aiming at medium- to long-term growth together in a significantly evolving market," and presentations and discussions were held on growth strategies and environmental initiatives under this topic. This event helped to reaffirm the importance of the supply chain.

* EDI (Electronic Data Interchange) is a framework to electronically exchange information related to commercial transactions among corporations in a unified standard format.



Suppliers are invited to participate in meetings.