

Guidelines for Procurement Activities

These guidelines define business transaction standards which shall be applied to all Hitachi Construction Machinery, Procurement Center members in connection with their activities purchasing necessary materials, products, services, and information from outside sources.

1. Overall procurement activities of Hitachi Construction Machinery shall adhere to the 「Hitachi Construction Machinery Standards of Corporate Conduct」.
2. Hitachi Construction Machinery shall maintain proper partnerships, mutual understanding, and reliable relationships with suppliers with a view to the long term results.
 - (1) Hitachi Construction Machinery shall treat all suppliers impartially and be prohibited from favoritism such as giving unfair priority to any specific suppliers.
 - (2) Hitachi Construction Machinery respects fair business dealings with suppliers and will avoid any improper act which might cause a loss to a supplier apart from normal and customary business transactions.
 - (3) Hitachi Construction Machinery shall keep suppliers' trade secrets strictly confidential and prevent them from being revealed or improperly used.
3. Hitachi Construction Machinery develops suppliers to maintain competitiveness from a worldwide point of view.
 - (1) Hitachi Construction Machinery responds to all suppliers' offers sincerely, and is always willing to offer the information necessary for suppliers to compete on an even playing field.
 - (2) Hitachi Construction Machinery shall periodically check and review suppliers' performance and will consider offering more advantageous business opportunities when comparison with other resources allows.
4. Through a designated selection process, suppliers shall be evaluated by product quality, reliability, delivery, price, suppliers' business stability, technical development ability, fair and transparent information release, compliance with societies' rules, regulation compliance, respect for human rights, elimination of discrimination in respect of employment and occupation, elimination of all forms of forced and compulsory labor, environmental preservation activities, social contributions, good working environment, and recognition of social responsibilities with business partners.
 - (1) Hitachi Construction Machinery shall not request quotations from suppliers with whom there is no intention to enter into a future business relationship.
 - (2) In accordance with specified internal procedures, the role and responsible people for specifications, terms and conditions, product acceptance and inspection belongs to each Requester, Procurement Center and Inspection Department.
 - (3) Procurement Center shall be a representative of Hitachi Construction Machinery when

contracting with suppliers.

5. Procurement Center members are prohibited from getting any benefits from suppliers and potential suppliers.
 - (1) Procurement Center members are prohibited from taking any bribes such as rewards, and accepting entertainment and gifts beyond the bound of common sense from suppliers and potential suppliers.
 - (2) Procurement Center members are prohibited from soliciting contributions to suppliers and potential suppliers.