

With Business Partners

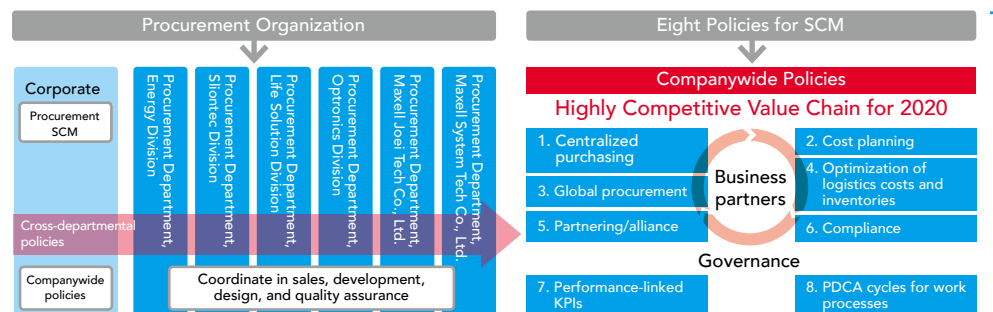
Related SDGs



Our business partners include suppliers of raw materials, components, indirect materials, and equipment; contract manufacturers; and logistics providers. In addition to recognizing their importance to our operations, we also view business partners as our allies in efforts to meet social responsibilities. Reflecting this mind-set, our businesses meet society's expectations by advancing CSR initiatives in close collaboration with business partners.

▲ Pursuing Key SCM Measures

The Maxell Group has overhauled procurement, which was previously conducted independently by each division. This realignment entailed establishing the Procurement & SCM Department as an organization tasked with implementing the Eight Policies for SCM (supply chain management) across all divisions. As a result, we are benefiting from utilizing the procurement activities that are directly linked to the products of each division but also based on a unified Groupwide policy. We are also benefiting from being able to adjust procurement to reflect changes in market conditions.



▲ Advancing CSR-Oriented Procurement

The Maxell Group promotes CSR-oriented procurement across its entire supply chain in accordance with the Supply-Chain CSR Guidelines. In advancing initiatives, we strengthen partnerships by using a range of different methods to share with business partners our views on CSR as well as other stances and policies. These include direct communication through day-to-day procurement activities, business policy briefings at the beginning of each fiscal year, and the Maxell Partners Day as well as notification via dedicated procurement websites.

In fiscal year 2017, the business partner management subcommittee of the Maxell Group Procurement Risk Management Committee sought the cooperation of business partners with initiatives aimed at reviewing the emergency preparation measures coordinated with business partners, identifying the chemical substances being used, and building a supply chain based on social responsibility in relation to conflict minerals.



In October 2017, we invited 93 major suppliers to the fiscal year 2017 Maxell Partners Day.

We emphasized to business partners that the aim of establishing Maxell Holdings, Ltd. is to realize co-creation and co-prosperity through the growth strategies and the highly competitive value chain of a rejuvenated Maxell Group.

1. Centralized purchasing	The Procurement & SCM Department is centralizing the procurement of indirect and common materials, which was previously conducted independently by each division. A particular benefit of this change is that it has allowed us to take advantage of the full deregulation of electric utilities. For example, we reduced the power suppliers of our manufacturing bases in Honshu and Kyushu from six to two in fiscal year 2017. Continuing this strategy, in fiscal year 2018 we put our power supply contract out to tender, enabling us to conclude contracts with optimal suppliers.
2. Cost planning	In fiscal year 2018, the Maxell Group launched a project to enhance profitability by product category and began measures to improve products with low profitability. As part of these efforts, we are further evolving Value Engineering for Customers (VEC), which enhances the value of products from the viewpoints of customers. This involves promoting activities that take into account procurement at the concept design stage, where we analyze demand for new products, a process which is carried out in cooperation with personnel responsible for cost planning engineering in each business division. Through collaboration between related divisions, which includes corporate procurement and procurement for business divisions, we are then able to realize appropriate sales prices and costs by simulating market trends and incorporating added value, improvements, and new ideas from business partners.
3. Global procurement	We are taking various steps to strengthen global procurement. Twice a year, procurement managers, including those from overseas operating bases, meet to share information and know-how related to reducing costs and selecting optimal suppliers. To hedge yen appreciation risk, we have shifted the manufacture of shavers and dryers overseas, and we are importing more original equipment manufacturer (OEM) products. Consequently, about half of our procurement is overseas. With this in mind, we are considering development of overseas procurement capabilities by conducting procurement training for procurement managers at overseas bases in the current fiscal year. The roles of such training will be to foster overseas procurement managers, acquire the latest information on business partners in Japan, and advance global procurement that leverages overseas trade channels.
4. Optimization of logistics costs and inventories	We are lowering logistics costs as a percentage of net sales by improving logistics and visualizing inventories. This involves analyzing our supply chain to shorten the cash conversion cycle, wherein funds invested in raw materials and other goods are recovered through sales. We are making improvements in collaboration with personnel in each business division.
5. Partnering/alliance	Also, we reinforce alliances with business partners by inviting suppliers—who help us on a day-to-day basis in relation to quality, prices, and lead times—to the annual Maxell Partners Day. At these events, we share our views on CSR as well as other stances and policies.
6. Compliance	We rigorously inform employees about and emphasize the importance of guidelines for conducting material procurement as well as compliance with ethical practices and fundamental principles. In fiscal year 2017, we established the Maxell Group Procurement Risk Management Committee, which includes a compliance measures subcommittee that conducts training and issues guidance aimed at ensuring compliance with respective laws and regulations.

To coordinate procurement with business partners based on the six Companywide Policies above, the Maxell Group's procurement departments conduct anticipatory management of "7. Performance-linked KPIs (key performance indicators)" and "8. PDCA (plan-do-check-act) cycles for work processes/operations." We focus on seeking the cooperation of business partners in a timely manner to reflect changes in market conditions.

The Maxell Group drives cost planning development, which anticipates changes in market conditions. Moreover, by having business partners offer new proposals for original technologies, advanced development, and new materials that match our needs, we will increase "engineering-based cost planning" and thereby promote co-creation and co-prosperity.