

“Made by HITACHI” at all the plants and factories throughout the world

We have implemented a strict quality assurance system to ensure that products manufactured at any plant or factory in the world are of identical quality, with the slogan “Made by HITACHI”.

Global quality assurance activities

The proportion of products manufactured overseas is rising every year to offer quality, low-priced products. Therefore, it is most important to maintain a quality worthy of “Made by HITACHI” at all plants and factories throughout the world. To ensure quality, we perform “quality gleaning”, global production examinations and product safety (PS) examinations at overseas factories and factories of group companies in Japan.

In quality gleaning, similar to the scene depicted in the painting Gleaning by the artist Millet, accidents, faults or errors for which countermeasures have already been taken are further reviewed to remove latent causes and to perfectly prevent reoccurrences. In FY2006, quality gleaning was performed at six group companies in Australia and southeast Asia (including Hitachi Construction Machinery (Australia) and Hitachi Construction Machinery (Indonesia) and group companies in Japan (including Hitachi Construction Machinery Tierra and TCM).

Global production examination is conducted to raise skills by assessing skills in welding, machining, assembling, painting, quality management, etc., using five skill levels for ease of understanding, and by providing practical advice for improvements. Global production examination was conducted at Hitachi Construction Machinery (China) in FY2006.

Product Safety (PS) is critical. During the design and development phase, we perform PS check, risk assessment, various safety tests and safety assessment of major parts. We also share major accident information. In FY2006, PS was examined at Hitachi Construction Truck Manufacturing in Canada.



Quality gleaning at PT. Hitachi Construction Machinery (Indonesia)*

Quality assurance system enables rapid response to requirements of overseas customers

Lack of accurate information sometimes hindered our response to accidents overseas.

Accesses to the e-service which started in October 2005 for the parts catalogue (HOP), machinery search (M-Find), etc., have reached 450,000 a month, and e-service is now a vital tool in rapid response to customer requirements. Also, we are now able to obtain accurate operation information of machines we have supplied in Japan and overseas, by satellite. A quality assurance system (QAS) we developed, which presents the accumulative accident rate, accident list, detailed accident information and statistical load conditions in a short time based on the information acquired by satellite, was implemented in March 2007. We will use this system to appropriately respond to the requirements of overseas customers, to improve existing products and to develop new products.

3rd international skills contest

The 3rd international skills contest was held at Tsuchiura Works on October 31 and November 1, 2006. Improving skills is important in maintaining quality. At the contest 23 employees from fourteen Hitachi Construction Machinery Group companies in Japan and overseas competed in welding, using pressure vessels. We will raise skills by appraising and succeeding to the skills of experts in various fields such as machining, assembling and painting, because improvements in skills are becoming increasingly important.



Partnership contributing to mutual corporate value enhancement

We have more than 100 suppliers of parts and materials. We promote CSR by striving to establish trade and relationships with suppliers, aiming to raise the corporate values of the company and of the suppliers, through information exchange and discussions.

Trusted partnership, Tokiwa-kai and Chikuhokai

We request regular suppliers, to join the Chikuhokai group (72 corporate members) or the Tokiwa-kai group (41 corporate members) to establish and maintain partnerships with suppliers. The groups organize joint seminars, rationalization case study meetings, skills contests and safety patrols between members to deepen understanding of our policies and to progress projects for safety, quality and environmental improvements. At a joint seminar in FY2006, Mr. Kikawa, the president of Hitachi Construction Machinery, explained our medium-term management plan.

Explanation of procurement policy

We explain our procurement policy half-yearly to suppliers. At a meeting with suppliers in October 2006, We announced our material procurement basic policy, which includes CSR policy, and requested the cooperation of suppliers. We will train suppliers in CSR.

CSR policy added to the materials procurement basic policy

1. Statutory compliance

We will procure parts and materials in compliance with laws and social norms.

2. Environmental conservation activities

We will make efforts to conserve the environment.

3. Consideration to human rights and working conditions

We will respect human rights and endeavor to ensure the health and safety of employees.

Human rights: We will not use forced labor or child labor.

Employee health and safety: We will implement measures for a safe working environment.

Announcement of detailed order plan to suppliers

Tsuchiura Works increased production from August 2006 in response to a rapid rise in worldwide demand for construction machinery. We decided to announce a detailed order plan to suppliers in advance, to cope with the production increase. In addition to a production plan by model, which we provided earlier, we announced our parts requirements using common part numbers to assist suppliers in their production planning — which may include recruitment and investment in plant or equipment. This announcement aims to maintain the quality of materials and parts and to procure steady supplies.

Projects to raise the green supplier rate

The green supplier rate is the percentage of suppliers who have implemented the environmental management system (EMS)*1. A rise in the green supplier rate is a major CSR target. Due to our promotion of EMS to our suppliers, by FY2006, 85 (71%) are using it. Our goal is for all of our suppliers to be using EMS by 2010.

*1 EMS (environmental management system): ISO14001, HI-KES, Eco Stage, Eco Action 21, etc.

EMS Acquisition Results and Plans by suppliers

FY	'04	'05	'06	'07	'08	'09	'10
Results and plans	58 companies (49%)	70 companies (59%)	85 companies (71%)	95 companies (80%)	100 companies (84%)	110 companies (92%)	119 companies (100%)

REC Chubu inspects facilities of waste disposal contractors

REC Chubu examined whether waste disposal contractors appropriately managed the facilities at premises of the contractors, in addition to their usual waste disposal management based on their manifesto. REC Chubu revised contractors accordingly.

