

A-d Integrated Management System (IMS)

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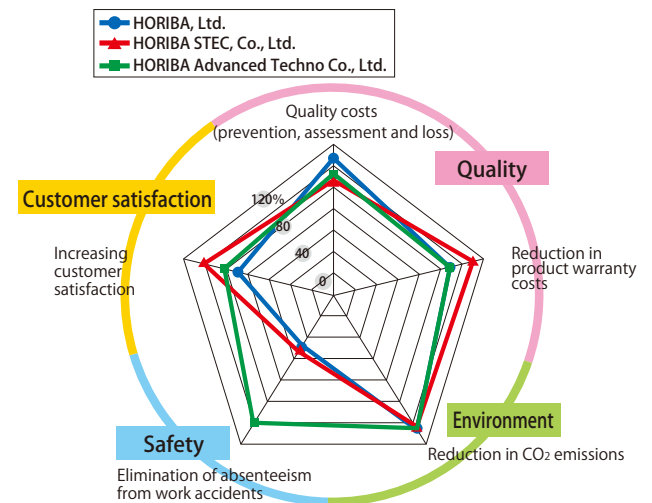


IMS (Integrated Management System) is a management system that integrates the ISO9001 quality standard, the ISO14001 environmental standard and the occupational health and safety certification OHSAS18001. HORIBA, Ltd. and HORIBA STEC Inc. employ IMS in combination with the ISO13485 quality management system for medical devices.

In April 2011, the Japan Quality Assurance Organization (JQA) granted the JQA Integrated Management System Certification (JQA-IG0001-07) to the HORIBA Group in the group IMS* category. We are aiming to have our major overseas production bases obtain accreditation for ISO9001 (quality) and ISO14001 (environmental) standards.

In addition, the Kyoto Analysis Center of HORIBA, Ltd. was approved by the Japan Accreditation Board as a test station for ISO/IEC 17025:2005 (RTL00880) (chemical testing) in June 2001. Also the CS of the HQ at HORIBA Techno Service Co., Ltd., one of our group company, was accredited by the National Institute of Technology and Evaluation as a CAB for ISO/IEC 17025:2005 (ASNITE 0033C) Calibration of Emission Test Facilities in August 2009.

IMS Target Achievement Radar Chart for 2011



A-d Results of IMS Initiatives for 2011 (1)

Results of IMS Initiatives for 2011

Quality

At HORIBA, we place high priority on improving quality and strive to increase customer satisfaction in product performance, delivery, pricing, and services. We also exchange information with partner companies at the HORIBA Group Meeting for Production Partner Companies to improve the quality of our design, manufacturing, and purchasing processes with the goal of reducing the percentage of faulty products.

Environment

Our environmental initiatives included reducing CO₂ emissions at business sites by replacing old devices with more energy-efficient models and shifting to high-efficiency lighting.

Moreover, in addition to responding to the 2010 Revised Energy Conservation Act, we carried out in-house power- and energy-saving activities through our Energy Conservation Committee in response to the government's and electric power companies' requests for electricity conservation, such as controlling room temperatures during summer and winter, removing some lamps, turning off unnecessary lighting, stopping some elevators, and switching off equipment not in use.

These activities helped reduce total CO₂

emissions compared to 2010 levels, enabling the company to achieve its IMS objectives which were established based on the Energy Conservation Act.

Other ongoing initiatives include promoting modal shifts in transportation, incorporating more eco-friendly designs in new products, and giving concrete form to some of the ideas submitted during our in-house 2010 Energy Conservation Idea Contest and applying them to the HORIBA Group.

Occupational health and safety

Despite our efforts to implement a smooth PDCA cycle through risk assessment initiatives aimed at occupational safety leading to eliminating employment injuries, we had two accidents (without temporary absence from work) this year. We implemented measures to share knowledge about these accidents among all HORIBA Group mainly by providing related divisions with training intended to prevent future accidents.

Health management

We expanded the functions of the Health Management Office, which is a department for health support. In this office, a full-time occupational physician and a public health nurse interview and provide guidance to employees based on the results of periodic

medical examinations of lifestyle-related illnesses. In addition, mental health promotions that focus on manager and employee training aim to realize a comfortable work environment for all employees so that our company motto of "Joy and Fun" may be realized. We are also implementing an employee health promotion project organized by cross-sectional members aiming to promote employees' physical and mental health in order to help employees maintain and promote their overall health further.

In order to maintain a balance between our goals for quality, environment, and occupational health and safety, we implement quality improvement measures after carefully examining their impact on the environment and occupational health and safety and considering any trade-offs, endeavoring for a consistent implementation.

For example, product quality improvements gained by reducing the percentage of faulty products will lead to decreased waste emissions and environmental impact. These actions will also decrease production time, thereby reduce the amount of time to expose employees to various risks, which produces positive effects in occupational health and safety. Thus, our initiatives are designed to have synergistic effects.

A-d Results of IMS Initiatives for 2011 (2)

HORIBA Gaiareport 2012

IMS Policy, items, Objectives and Results for 2011

Group IMS Policy	Group IMS Items	Group IMS Objectives	IMS Objectives for HORIBA, Ltd.	IMS Targets for HORIBA, Ltd.	Results	Self-evaluation
<p>1At the HORIBA Group, we meet customer needs through our first class quality products and services in countries all around the world.</p> <p>2We use our skills for the development of science and technology and for the conservation of health, energy, and the environment. At the same time, we comply with laws, regulations, and social norms, promote harmony with stakeholders and actively contribute to society.</p> <p>3We formulate plans based on the HORIBA Group management policy to increase the enterprise value of our group and we continually work to improve them.</p>	<p>HORIBA Group Policy for 2011: "HORIBA PREMIUM—Create First Class Value for MLMAP</p> <p>IMS Items</p> <p>1 Create corporate value</p> <p>1) Promote the construction of the Group IMS</p> <p>2 Enhance the HORIBA brand (Manufacturing aimed at increasing customer satisfaction)</p> <p>2) Improve overall quality</p> <p>3) Respond to customer demands quickly</p> <p>4) Observe rules and codes of ethics both inside and outside the company</p> <p>3 Promote creation of safe and efficient Clean Factories (Prevent corporate losses)</p> <p>5) Contribute to environmental protection</p> <p>6) Improve production/administrative efficiency</p> <p>7) Strive for no employment and commuting injuries</p>	<p>Reduce quality costs (prevention, assessment and loss)</p> <p>Increase rates of costs for prevention and assessment and decrease the rate of cost for loss . (Reduce warranty cost by 10% compared with last year)</p> <p>Conserve energy and resource (Reduce CO₂ basic unit by 1% or more compared with last year to comply with the revised Energy Conservation Act)</p> <p>CO₂ emissions: 70 [t-CO₂] CO₂ basic unit: 0.1 [t-CO₂] per JPY100 million</p>	Provide security and ensure safety for customers	Reduce the number of customer offers not yet completed by 20% or more (compared to that of 2010)	We accelerated handling customer offers using the Web.	Improvements are being made.
			Comply with delivery deadlines to fulfill our obligations to customers	Increase the delivery deadline compliance rate to 93% or more	We have made improvements by enhancing coordination of sales, production plans and manufacturing processes and by making necessary design changes.	Objective achieved
			Complete repairs on time	Reduce the number of repairs not yet completed to zero	We have analyzed the causes of unfinished specifications to resolve problems and achieved our objective for the most part.	Objective achieved
			Provide all customers with products with high and consistent quality	Respond 100% to suppliers' requests for changes	- We newly established a section of change order control. - Each division improved it by analyzing required processing time.	Improvements are being made.
			Improve design quality	Reduce the number of design changes due to design errors by 10% or more (compared to that of 2010)	- We helped designers improve their skills. - We conducted face-to-face design verification. - We enhanced our design reviews.	Objective achieved
			Improve production quality	Reduce the percentage of faulty products by 10% or more (compared to that of 2010)	- We carried out factor analysis. - We always gave feedback on design factors to the design sections. These sections changed the original designs as necessary. - We improved manufacturing factors in faulty products by analyzing their causes with the Five Whys Technique.	Improvements are being made.
			Ensure stable supplies of key parts	Obtain multiple suppliers to disperse risk	- We completed area surveys for suppliers by industry. - We began to obtain alternatives of key parts suppliers.	Continue implementation
			Develop new eco-friendly products	Apply eco-friendly design standards 100% to new products	We continued to incorporate eco-friendly design as an essential condition for design review.	Objective achieved
			Improve the levels of energy and resource conservation: Effective use of energy	Improve energy efficiency by 1% or more Reduce CO ₂ emissions by 1% or more (compared to 2010)	We exceeded our objectives for both total CO ₂ emissions and CO ₂ basic unit by replacing old equipment with high-efficient models, promoting in-house energy conservation efforts, and reforming our business processes.	Objective achieved
			Reduce CO ₂ emissions: Effective use of chemicals	Create a system for the effective use of chemicals	- We completed identification of actual conditions. - We completed company-wide inventory-taking of chemical reagents. - We completed inventory-taking of chemicals in storage at each group company.	Continue implementation
Eliminate employment injuries	Eliminate work-related accidents: Decrease the number of risk III level accidents	Eliminate employment injuries	We used risk assessment for eliminating temporary absence from work to zero, but had two.	We had two.		
Increase customer satisfaction	Increase customer satisfaction: effective use of questionnaire	Raise the evaluation based on questionnaire	We developed a method for collecting data through questionnaire.	Continue implementation		

A-d **IMS Priority Measures for 2012**

2012 HORIBA Group Policy

HORIBA Premium—Create First Class Value for MLMAP—
Create High Quality Value—Toward Achieving Medium- and Long-term Management Plan 2015

2012 Action Plan Basic Principles of Policies, Items, and Objectives

1. To reflect the HORIBA Group's management policies, we formulate Group IMS policies from the perspective of the group management policy, "HORIBA Group is One Company."
2. We establish Group IMS objectives while taking into consideration their compatibility with IMS policies and organization-wide goals.
3. We establish Group IMS objectives while prioritizing the building of customer confidence.

Priority Measures for 2012

① Reduce quality costs (prevention, assessment and loss)

Increase rates of costs for prevention and assessment and decrease the rate of cost for loss

- Provide safe and secure products to customers
- Ensure customers our quick responses
- Shorten periods for repairs
- Provide all customers with products with high and consistent quality
- Improve design quality (including that of outsourced designs)
- Improve manufacturing quality (including that of outsourced manufacturing)
- Improve the quality of parts

② Conserve energy and resource

- Use energy effectively by promoting energy and resource conservation
- Maintain zero emissions through the three Rs (reduce, reuse, and recycle)
- Effective use of chemicals
- Develop new eco-friendly products compliant with the RoHS Directive 2011/65/EU

③ Promote employees' health and eliminate employment injuries

- Eliminate employment injuries (reduce risk factors resulting in injury or illness)
- Promote employees' physical and mental health
- Reduce traffic accidents in the course of employment

④ Increase customer satisfaction

- Increase customer satisfaction
—Increase customer satisfaction with respect to both products and services
- Improve overall quality (increase customer satisfaction in product performance, delivery, pricing and services)

A-d 2012 IMS Action Plan

2012 Group IMS Policy, Items, and Objectives

Group IMS policy	Group IMS items	Group IMS objectives	IMS objectives for HORIBA, Ltd.	IMS targets for HORIBA, Ltd.
<p>① At the HORIBA Group, we meet customer needs through our first class quality products and services in countries all around the world.</p> <p>② We use our skills for the development of science and technology and for the conservation of health, energy, and the environment. At the same time, we comply with laws, regulations, and social norms, promote harmony with stakeholders and actively contribute to society.</p> <p>③ We formulate plans based on the HORIBA Group management policy to increase the enterprise value of our group and we continually work to improve them.</p>	<p>HORIBA Group Policy for 2012: "HORIBA PREMIUM—Create First Class Value for MLMAP</p> <p>IMS items</p> <p>① Create corporate value</p> <p>1) Promote the construction of the Group IMS</p> <p>② Enhance the HORIBA brand (Production aimed at increasing customer satisfaction)</p> <p>2) Improve overall quality</p> <p>3) Respond to customer demands promptly</p> <p>4) Observe rules and codes of ethics both inside and outside the company</p> <p>③ Promote the creation of safe and highly efficient Clean Factories (Prevent corporate losses)</p> <p>5) Contribute to environmental protection</p> <p>6) Improve production/administrative efficiency</p> <p>7) Strive for no employment and commuting injuries</p>	<p>Reduce quality costs (prevention, assessment and loss)</p> <p>Increase rates of costs for prevention and assessment and decrease the rate of cost for loss (Reduce warranty cost by 10% compared with last year)</p> <p>* Percentage of faulty products = warranty cost / sales</p> <p>Conserve energy and resources (Reduce CO₂ basic unit by 1% compared with last year to comply with the revised Energy Conservation Act) (CO₂ emissions: [t-CO₂/year]; CO₂ basic unit: [t-CO₂/JPY100 million])</p> <p>Eliminate employment injuries</p> <p>Promote employees' physical and mental health</p> <p>Reduce traffic accidents in the course of employment</p> <p>Increase customer satisfaction</p>	Provide safe and secure products to customers	Improve the completion of customer offers by 10%
			Ensure customers our quick responses	Increase the delivery deadline compliance rate to 98% or more (Delayed deliveries by no more than 14 days) Increase the rate of on-time responses made to define specifications to 80% or more
			Shorten periods for repairs	Increase the regular inspection rate by 5% Reduce the number of days for repairs by 10%
			Provide all customers with products with high and consistent quality	Ensure 100% our responses to suppliers' requests for changes on-time
			Improve design quality (including that of outsourced design)	Reduce the number of design changes due to design errors by 10%
			Improve manufacturing quality (including that of outsourced manufacturing)	Reduce the numbers of faulty products in production lines by 10% .
			Improve the quality of parts	Reduce the numbers of faulty parts purchased or machined by 10%)
			Use energy and resources effectively	Improve energy efficiency by 1% Reduce CO ₂ emissions by 1%
			Maintain zero emissions	Reduce the final waste disposal rate to 1% or less (Create a group-wide system for realizing zero emissions)
			Effective use of chemicals	Maintain the amount of stored hazardous substances to 90% of the maximum permissible levels or less
Eliminate employment injuries	Eliminate employment injuries and traffic accidents in the course of employment (with or without temporary absence from work) Continue the zero disease in the course of employment Eliminate commuting injuries (with temporary from work)			
Promote employees' physical and mental health	Increase the percentage of employees undergoing follow-up medical examinations Decrease the number of employees complaining about their mental conditions Reduce the number of physical injuries offended by employees to zero			
Reduce traffic accidents in the course of employment	Reduce the number of traffic accidents caused by employees (those offended by employees or own-injured)			
Increase customer satisfaction	Measure customer satisfaction with products and services through questionnaire Further increase current customer satisfactions			

HORIBA Gaiareport 2012

KEYWORDS

Integrated Management System | Results of IMS Initiatives | Action Plan | Priority Measures