

Corporate Ethics and Compliance Handbook of Hitachi

Chapter 1 Sincere and Fair Business Activities

1.1 Sales Activities

(1) We will pursue customer satisfaction and build customer feedback into our products

We will precisely grasp what customers seek from the customer's viewpoint, and provide reliable, satisfactory products and services.

(2) We will observe the Antimonopoly Law and the foreign competition laws

In accordance with the concerned laws and the Hitachi Standards of Corporate Conduct, we will observe the Antimonopoly Law as a matter of course and act under the basic principles of "act according to the rule of law and ethical corporate rectitude" and "fair and orderly competition."

(3) We will not engage in sales activities that place unreasonable pressure on customers

In selling and providing Hitachi, Ltd. and Hitachi Group products and services, we will not engage in activities that place unreasonable pressure on customers, such as forcing customers to engage in transactions with the Hitachi Group as a condition for providing products and services.

(4) We will build up appropriate relations and deal correctly with retailers, authorized dealers and other sales channels

To ensure free and fair competition, we will not conduct trade with retailers, authorized dealers or other sales channels under conditions that differ, without good reason, from our terms of trade with other parties, or place any restraints on the sales prices of goods that we have supplied.

(5) We will use appropriate representations and expressions in our advertising and publicity activities and in our sales activities

We will observe laws and internal company regulations, eliminate improper expressions from advertising and publicity activities of company and products, and sales activities, and use fair and appropriate representations and expressions in accordance with social justice and public order and good morals.

(6) We will collect information using proper means and manage information appropriately

When we collect other companies' information for sales activities, we will use proper means and act fairly and appropriately. We will strive to maintain the confidentiality of customers' confidential and personal information.

(7) We will conclude precise, lawful contracts appropriately and rationally

We recognize the importance of contracts in business activities, and we will conclude precise, lawful contracts that are appropriate and rational for the concerned transaction.

(8) We will carry out sufficient examinations and follow the required internal company procedures when concluding contracts

We recognize that the conclusion of contracts constitutes the core of business itself, and we will fully examine contract stipulations based on a solid understanding of the risks and costs. We will examine individual transaction terms with the assistance of concerned personnel and experts as necessary, and carry out the contract conclusion process in accordance with company procedural rules.

1.2 Provision of Safe High-quality Products and Services

(1) We will satisfy customer needs and specifications, and work to realize zero accidents

We will provide safe high-quality products and services that satisfy customer needs and specifications. We will not only obey domestic and foreign quality, safety and environmental laws and standards, but also set our own voluntary standards when necessary to ensure the quality of our products and services. We will strive to guarantee safety and realize the goal of zero accidents so that customers can use our products with a sense of security.

(2) We will respond quickly and sincerely to defects and customer complaints, and strive to prevent recurrence

We will respond quickly and sincerely to customer complaints. In the unlikely event of any defects in our products or services, we will determine the causes and implement thorough measures to prevent recurrence.

(3) We will construct and administer appropriate quality management systems

To provide the market with safe high-quality products, we will introduce ISO 9000 international quality management systems standards to our manufacturing sites, and administer them properly for constant efforts to improve quality. We will also periodically conduct quality management reviews to improve our quality management systems.

1.3 Observance of Engineering Ethics

(1) As engineers, we will give top priority to public safety, health and welfare

If we are ever confronted in the course of executing our work duties with conditions we judge to violate our mission as engineers, we will give top priority to public safety, health and welfare beyond personal and company interests. We will make every possible effort to guarantee product safety to ensure that product liability problems caused by products and systems do not occur, and strive to secure superior functions, performance and reliability.

(2) As engineers, we will work for global environmental protection and the effective utilization of resources to maximize the sustainability of human society

We will use limited resources efficiently to maximize continuation of a healthy and happy life for all humanity including our descendants, address global warming, air pollution and other environmental problems, and strive to protect the global environment.

(3) As engineers, we will always exercise judgment based on the facts from an objective perspective with honest, sincere and impartial responsibility

We will strive to exercise strict self-control based on conscience and common sense, reach correct conclusions on our own responsibilities, and act accordingly. When we find it difficult to resolve problems as individual engineers, we will seek opinions from customers and concerned personnel inside the company, and jointly work to resolve the problems.

(4) As engineers, we will always strive to increase the transparency of information that affects the public, in cooperation with concerned parties inside and outside the company

We will explain to the general public the social necessity and utility of our products, systems and services in an easy-to-understand manner, and strive to swiftly provide accurate information regarding their effects on the public and the environment, in cooperation with the concerned parties inside and outside the company.

(5) As engineers, we will observe our duty to maintain confidentiality

We will observe the duty to maintain confidentiality stipulated in our contracts. In cases when confidential information includes information that might have a material effect on the public, society or the environment, however, we will work to disclose the information with the consent of the

contract parties.

(6) As engineers, we will respect other companies' intellectual properties as well as our own intellectual properties

We will respect intellectual properties. We will build up smooth cooperative relations with other companies, and work to establish a fair market environment.

(7) As engineers, we will respect the cultures and diversity of sense of values of other people and countries, and strive to share joy with the people of the world through technology

To be actively engaged in international markets, we will respect the cultures, religions, customs and systems of other people and countries, understand the diversity of sense of values, and try to consider things from the perspectives of other people and other countries.

(8) As engineers, we will pursue self-improvement and continue to lead the world with technology in the future

Given the swift changes in the global market environment and the rapid advances of technology, we will always strive to obtain new knowledge and enhance the level of our expertise, and continue to lead the world with technology in the future.

1.4 Procurement Activities

(1) We will select suppliers fairly, based on appropriate judgments

In selecting suppliers, in addition to considering the quality, reliability, delivery dates and prices of items being procured as well as the management stability and technological development strengths of the suppliers, we will also give due consideration to their fulfillment of social responsibility including fair and highly transparent information disclosure, observance of laws and social norms, respect of human rights, environmental protection activities, social contribution activities, creation of pleasant workplaces, and sharing of awareness about social responsibility with business partners.

(2) We will deal impartially and fairly with all suppliers

We will deal impartially with all suppliers and not give advantageous or disadvantageous treatment to specific suppliers. We will respect fair trading relations with suppliers and not impose disadvantages on them through improper acts in light of business practices. We will also strive to maintain the confidentiality of suppliers' confidential and personal information.

(3) We will manage procurement activities under a tripartite separation of powers

To prevent improprieties, we will approve, check and implement procurement activities under a tripartite separation of powers (separation of order request, order approval, and order receipt inspection works) in accordance with internal company regulations. No single business unit will be given two or more of these powers.

1.5 Respect of the Hitachi Brand

(1) Each and every one of us will take action to protect and enhance the value of the Hitachi Brand

We will position the brand as an important management asset, and advance activities to protect and enhance its value and have it recognized by society.

Chapter 2 Environmental Protection

(1) We will promote environmental management

The entire Hitachi Group will work as one to promote environmental activities toward realizing a

sustainable society in harmony with the environment. We will engage in efforts to reduce environmental load throughout the chain of business activities including procurement, production, sales, use, disposal, recycling and distribution. These efforts will include energy conservation measures to prevent global warming, management of chemical substances, effective use of resources, and reduction of waste products.

(2) We will actively develop environmentally conscious products

We will propose a wide range of products that conserve energy, conserve resources, prevent global warming, reduce chemical substances, and otherwise reduce environmental load, with the theme of contributing to the realization of a sustainable recycling-oriented society.

(3) We will actively pursue energy conservation at our plants and offices

We will actively pursue energy conservation through fuel conversion and the introduction of superior energy efficient equipments and global warming prevention technologies, toward realizing plants and offices that give a high level of consideration to the environment.

(4) We will actively promote efforts to recycle resources

We will restrict the generation of wastes, use wastes efficiently, collect and separate wastes, and otherwise actively advance recycling efforts for efficient resource use toward the establishment of a recycling-oriented society.

(5) We will manage chemical substances appropriately

We will implement appropriate management of chemical substances content and emissions volumes at each stage of product life-cycles including production, purchasing and disposal.

(6) We will respond quickly when environmental problems occur

We will evaluate the potential for environmental problems, strive to prevent the occurrence of environmental problems, and quickly implement appropriate measures which minimize the environmental load whenever environmental problems occur.

(7) We will observe environmental laws and voluntary standards

We will respond to the tightening regulations on product and manufacturing concerning resources, waste, global warming and chemical substances, and pursue voluntary efforts with higher goals.

(8) We will advance environmental communication

We will pursue information disclosure and dialog regarding environmental activities to create a sustainable society together with customers, local communities, shareholders and investors, suppliers, employees, and other stakeholders.

Chapter 3 Relations with Society

3.1 Disclosure of Company Information

(1) We will conduct appropriate and timely information disclosure, and promote two-way communication with society

We will go beyond the information disclosure mandated by laws to disclose information required by society in an appropriate and timely manner. We will listen to opinions that are based on different sense of values and negative information about Hitachi, Ltd. and Hitachi Group companies, and respond to them sincerely on our own initiative.

(2) We will respond sincerely to crises that occur, and disclose crisis information to the public

We will always strive to accurately grasp negative information, and publicly disclose information on acts that contravene laws, and crisis conditions even when those are disadvantageous to the company.

3.2 Use of Inside Information and Prevention of Insider Trading

(1) We will take care to prevent leaks of company information

We will not disclose to third parties material information regarding the company, affiliated companies, customers, or business partners.

(2) We will not engage in insider trading

We will properly manage material information regarding the company, affiliated companies, customers, and business partners, and not engage in insider trading (the purchase or sale of stocks or other securities using undisclosed material information), which is prohibited by Japanese and foreign securities exchange laws.

(3) We will practice voluntary restraint over transactions that might draw social criticism

When we learn material information regarding the company, affiliated companies, customers, or business partners, we will exercise caution in trading shares of the company, affiliated companies or business partners until the material information is disclosed. For example, we will practice voluntary restraint over trading which is not illegal at a given point in time but which might later be subject to social criticism. Employees in business units that have regular opportunities to come into contact with material information will act with even greater circumspection.

3.3 Contribution to Local Communities

(1) We will carry out social contribution activities

We will carry out social contribution activities, centered on activities to foster personnel who will lead the reforms of the next era, to realize a vibrant society by making the greatest possible use of our resources. By implementing social contribution activities, we aim to become a respected and trusted global enterprise of the century.

3.4 Relations with Politics and Government Administration

(1) We will establish sound relations with politics and government administration

We recognize the respective roles of politics, government administration, and private-sector enterprises, and we will establish sound and proper relations with politics and government administration. In particular, we will observe the ethical regulations concerning public servants.

(2) We will not engage in any bribery to public servants whatsoever

We will not engage in any bribery to public servants (including foreign public servants and parties legally regarded as public servants) to gain or uphold commercial transactions or unfair profits, or engage in any similar activities to propose, promise or provide unfair profit. We will also refrain from any conduct that might be construed as constituting bribery or similar activities.

(3) We will not engage in any activities that impair the fairness of public tenders

We will not engage in any acts which impair the fairness of public tenders implemented by the national government or public bodies such as extracting information regarding the design price or projected price, or colluding with other bidders to help a particular party win the tender.

(4) We will make donations and join outside associations fairly and appropriately

We will observe the concerned laws and follow internal company procedures when making political

contributions, and donations to state and regional public bodies and other organizations, and when joining outside associations.

3.5 Prevention of Anti-social Transactions

(1) We will not engage in anti-social transactions

We prevent anti-social transactions with firm resolve, and we do not engage in anti-social transactions under any circumstances whatsoever.

(2) We will prevent anti-social transactions through self-inspection of our transactions

We will strive to prevent anti-social transactions in advance through verifications by the Self-Inspection Committee prior to initiating any new trading relations with outside parties.

(3) We will refuse any improper demands

We will maintain a firm stance of absolutely refusing any improper demands.

3.6 Observance of Laws Governing Imports and Exports

(1) We will observe all related laws and regulations when conducting exports

We recognize export control as important work which contributes to the peace and security of the international community. We will make correct judgments in our daily works regarding which types of acts are subject to regulations, and we will observe all related Japanese and foreign laws and regulations over acts which are subject to regulatory control.

(2) We will conduct export control in accordance with internal company regulations

We will implement export control precisely in accordance with company export control regulations, including autonomous control matter.

(3) We will observe all related laws and regulations when conducting imports

We will follow import-related laws and regulations when importing goods and other items. We will correctly report the item names, prices, countries of origin, import volumes and other details.

3.7 Observance of Laws and Respect of the Culture and Customs of Each Nation and Region

(1) We will observe the laws and respect the culture and customs of each nation and region

In our overseas business activities, we will respect the culture and customs of each nation and region, and pursue open and honest conduct in accordance with the concerned governing laws in each nation and region. We will also contribute to economic, social and environmental progress for the sustainable development of each nation and region.

(2) We will not engage in or be involved with any improper commercial transactions overseas

Overseas we will not engage in any bribery or otherwise propose, promise or provide unfair profit to public servants to gain or uphold commercial transactions or unfair profits. We will exercise due caution to avert any relations with organized crime, and observe the laws governing money laundering (the laundering of illicit funds gained from criminal activities, etc.).

3.8 Regarding Gifts, Business Entertainment, Etc.

(1) We will not demand gifts

We will not ask suppliers, customers or other parties to make gifts of money or goods to employees or their families.

(2) We will not present gifts

We will not present gifts of money or goods to suppliers, customers, the employees of other companies, or other parties, which has or might be viewed as having a direct influence on trading relations with our company.

(3) We will conduct business entertainment within the range of common practice

We will remain within the range of common practice and avoid extravagance when entertaining customers and other parties.

(4) We will respond cautiously to offers of business entertainment

We will respond cautiously to offers of business entertainment from suppliers and other parties, and report all such offers to our superiors for consultation in advance. We will decline on the spot any offers of extravagant or high-priced entertainment that transcend the bounds of conventional wisdom.

Chapter 4 Respect of Human Rights

(1) We will respect every person's character and individuality

We will respect every person's character and individuality in the recruitment and treatment of employees, the conduct of commercial transactions, and all other company activities, and not engage in any acts that impair individual dignity or discriminate on the basis of sex, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, disability, etc.

(2) We will establish information ethics

We will establish information ethics in respect of human rights and the maintenance of security in information handling, to prevent in advance the emergence of problems from personal information leaks, computer viruses, and unauthorized access.

(3) We will advance employment and commercial transactions with proper consideration to corporate social responsibility

We will hire employees in accordance with the governing domestic, foreign and local laws in each country and region. For example, we will not use child labor which employs children below the minimum working age or coerced labor that is against the will of the workers. Moreover, we will not procure goods or services from enterprises that utilize child labor or forced labor.

Chapter 5 Management Foundations

5.1 Management and Use of Information

(1) We will properly manage all information-related processes, and prevent incidents from information leaks and improper information use

We will conduct appropriate management of information production, confidentiality protection, sharing and disclosure, storage and preservation, use, disposal and other information-related processes, and give due consideration to protecting personal information and managing the use of information. We will also observe the "Three Principles for Preventing Leakage of Confidential Information" and the "Appropriate Use of Information Equipment" rules to prevent incidents from information leaks and improper information use.

(2) We will protect information assets in accordance with the Information Security Policy

We handle diverse information assets including internal company information, information entrusted

by customers, and the information systems that process such data. In handling such information assets, we will protect them appropriately in accordance with the company's Information Security Policy.

(3) We will manage confidential information in accordance with internal company regulations

We will appropriately manage information requiring confidential handling, designating, labeling and storing such information under the three categories of confidentiality ("Strictly Confidential," "Confidential," and "For Internal Use Only") in accordance with internal company regulations.

(4) We will manage and handle business secrets appropriately

We will fully respect the rights and value of business secrets (trade secrets) which belong to Hitachi or other companies. We will observe the Hitachi Standards of Corporate Conduct and related regulations, and appropriately manage and handle Hitachi's trade secrets and trade secrets disclosed to us by other companies, to prevent any information leaks which might cause damages to Hitachi or other companies or constitute breach of contracts or criminal violations of trade secrets.

(5) We will conclude the necessary contracts when disclosing Hitachi business secrets to other companies

When business purposes require disclosure of Hitachi trade secrets to customers, suppliers or other outside parties, we will make such disclosures following the specified procedures of the concerned division and concluding appropriate written confidentiality agreements.

(6) We will acquire and manage other companies' business secrets in an appropriate manner

We will acquire trade secrets whose rights belong to other companies only when necessary for the conduct of Hitachi's business, using fair and appropriate methods (contracts, etc.) in light of fair business practices. We absolutely will not acquire such trade secrets through improper means. When we have acquired other companies' trade secrets, we will strictly manage them as stipulated by the concerned contracts and implement the necessary measures after the concerned contracts have expired.

(7) We will handle personal information appropriately

We recognize the importance of protecting personal information, and we will handle personal information appropriately in accordance with Hitachi's Personal Information Protection Policy. For important personal information we will stipulate personal information handling standards for specific items, and steadily implement and continuously improve these standards.

(8) We will properly organize and store records and information

We will categorize, organize and store documents, electronic files and other types of information so that their location is always identified. We will appropriately store documents and electronic files whose processing is complete, and destroy them by suitable means when their storage periods have expired.

5.2 Management and Preservation of Company Assets

(1) We will actively create intellectual properties and protect them appropriately

We recognize that the intellectual property rights on intellectual works created in relation with work duties at Hitachi will all revert to the company as provided by the concerned laws, and we will follow the provisions of the related internal company regulations and the directions of the company for the appropriate protection of Hitachi's rights.

(2) We will respect other parties' intellectual property rights

We will prevent violations of other parties' intellectual property rights in advance. For the smooth

progress of business, we will investigate other parties' intellectual property rights beforehand when engaged in research, development, design, production and sales of new products or new technologies, and implement measures when any doubts arise.

(3) We will not infringe other parties' copyrights

We will not infringe other parties' copyrights regarding use of software and the Internet. For example, we will not install, use or duplicate software in violation of the terms of license agreements. We will manage software so that it is used correctly as a company asset.

(4) We will manage tangible assets appropriately

We will use the company's tangible assets (land, buildings, facilities, equipment, products, office equipment, cash and deposits, negotiable securities, corporate credit cards, etc.) efficiently for business activities. We will observe the Regulations for Carry-in and Carry-out of Goods and other company rules to prevent improper use, loss and theft. We will receive permission from the designated manager at each division when using tangible assets for non-business purposes.

(5) We will not engage in any acts that damage company assets

We will not engage in any acts that damage the value of tangible or intangible company assets, including financial assets, through improper use, personal use, etc.

(6) We will not conduct any transactions that conflict with company interests

We will act to ensure that all business judgments and business activities are for the best interest of the Hitachi Group, and we will not form any financial or other trading relations with suppliers, customers, or competitors that would conflict with the best interests of the Hitachi Group.

(7) We will implement fair accounting practices and proper information recording and reporting

We will observe accounting-related laws and standards and implement accurate, comprehensive and timely recording and reporting. We will accurately and clearly record and report research findings, inspection data, business performance and other documents on a factual basis.

5.3 Arranging a Work Environment that Draws Out Employee Strengths

(1) We will comply with labor laws and regulations

We will comply with the related labor laws and regulations governing employment, personnel affairs, working conditions, wages and other employment terms, etc.

(2) We will respect individual human rights

We will respect the human rights of individual employees, and manage personnel records strictly with close attention to protecting personal information and privacy rights. We will absolutely refrain from any sort of sexual harassment or power harassment which violates human rights.

(3) We will strive to secure workplace safety

We will work to secure workplace safety with the basic stance of giving priority to the protection of safety and health above all else.

(4) We will act to promote physical and mental health

We will pay attention to both physical and mental health. We will give consideration not only to our own health, but also to the health of those around us including co-workers, subordinates, and junior employees.

(5) We will strive to realize more pleasant work environments

We will work to create workplaces where every individual employee can work with the sense that his

or her work is worthwhile. We will support a work-life balance by realizing diverse working styles and using various types of vacation systems. We will also strive to create a workplace environment whereby employees can take leaves for pregnancy, childbirth, child-raising, and family nursing care as necessary.

(6) We will pursue human resources development

We will always strive to pursue self-improvement and make our best efforts so that we can manifest our greatest potential. Superiors will give their subordinates appropriate management, guidance, and training to extend their capabilities.

Chapter 6 Complete Observance of Rules and Implementation of Self-Audits

(1) We will completely observe all concerned laws and regulations at our workplaces

We will strive to always provide our employees with information on the concerned laws and internal company regulations required for the conduct of business. Every concerned section will implement employee education regarding the concerned laws and regulations. We will revise internal company regulations and inform employees when concerned laws or regulations are revised, and when the company advances into new businesses, or new countries or regions.

(2) We will always observe laws and regulations and act fairly under any conditions

We will always observe laws and regulations under any conditions and act fairly in accordance with the Standards of Corporate Conduct and this *Handbook*. We will not violate any laws, even when so requested by customers.

(3) We will immediately submit reports whenever we suspect a possibility that laws or regulations are being violated

We will immediately report to or consult with our superiors or the concerned sections whenever we think we might be violating laws or internal company regulations, and devise the necessary corrective actions. Similarly, we will immediately report to or consult with our superiors or the concerned sections whenever we suspect that the actions of others may not be in accordance with laws or internal company regulations.

(4) We will act with good common sense

We will always note that rules change with the times, and act with good common sense under the principle of “Basics and Ethics.”

(5) We will take strict measures whenever laws or regulations are violated

We will take strict measures whenever employees act in violation of concerned laws or regulations, including disciplinary dismissal, in light of the reprimand provisions of the Employment Regulations.

(6) We will implement self-audits

We will emphasize the self-audit function to confirm that internal company procedures are being properly executed in accordance with the concerned laws and internal company regulations, and implement self-audits on a periodic basis.