



Hitachi's Aims: Developing Efficient and Transparent Corporate Governance

“Sustainability management” is expected to play an array of roles in realizing a sustainable society, a key component of the Sustainable Development Goals (SDGs)—the centerpiece of the 2030 Agenda for Sustainable Development, adopted by the United Nations in 2015. We believe that meeting society’s expectations requires a corporate culture that unflinchingly contributes to the resolution of social issues through the creation of products and services and that ensures ethical and fair business activities.

We are cultivating a self-directed corporate culture where

sustainability perspectives are reflected in management decision making and a common identity is shared throughout the Hitachi Group. In addition to pursuing greater management efficiency and transparency, we have identified the main themes of this effort as sharing our Codes of Conduct and values throughout the Group and promoting multifaceted risk management. In these ways we are accelerating the development of corporate governance that incorporates sustainability into our decision making and operations across our business activities.

Corporate Governance

Hitachi and Society

Our Impact on Society

No. of employees (consolidated)

307,275

Our Performance

Translation of the Hitachi Group Codes of Conduct

21 languages

Pursuing Management Efficiency and Transparency

Hitachi's Approach

We not only strive to ensure the legality, soundness, and transparency of our business but also endeavor to respond rapidly to constantly changing economic and social conditions and efficiently conduct operations. At the same time we are bolstering management oversight and monitoring capabilities and clearly defining managerial responsibilities with a view to sustainably enhancing our corporate value by forging ever-stronger corporate governance.

Worldwide social and environmental megatrends, such as population growth and climate change, have reached a point in recent years where they are having a bigger impact on corporate management decisions. As a global company that contributes to society through our Social Innovation Business, we are working to ensure that environmental and social issues are at the heart of decision-making at the highest levels of corporate governance.

We give great importance to management efficiency and transparency and appropriate organizational control and are firmly maintaining and reinforcing a management structure enabling us to strengthen our efforts to fulfill our social responsibilities on multiple fronts, such as through proper information disclosure and tripartite audits.

Corporate Governance

Driving Hitachi's Governance

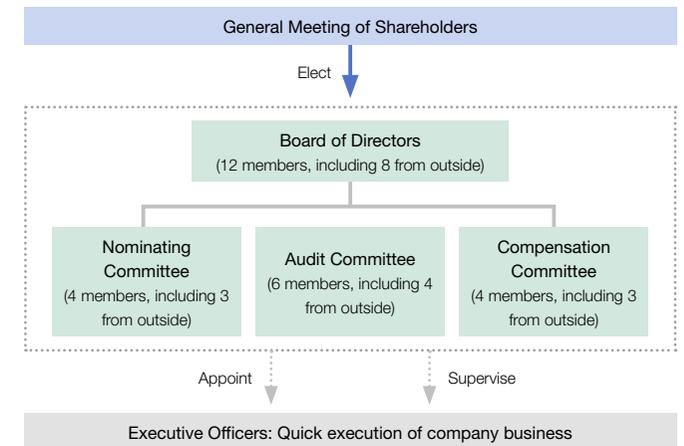
Hitachi, Ltd. has adopted the committee system, which has nominating, audit, and compensation committees.*1 We aim to establish a framework for quick business operations and to realize highly transparent management by separating the responsibilities for management oversight from the execution of business operations. The majority of our Board of Directors are independent outside directors, including non-Japanese. Our goals are to reflect diverse and global viewpoints as well as to reinforce management supervisory functions. We have formulated and published Corporate Governance Guidelines outlining the framework of corporate governance, such as the function and composition of the Board of Directors, qualifications for independent outside directors, and the criteria for assessing the independence of these directors.

*1 A corporate governance system under the Companies Act of Japan, where a board of directors makes basic policy decisions and oversees the execution of business by executive officers, while the executive officers, appointed by the board of directors, execute the company's business affairs via a set of statutory committees.



► Governance Structure of Hitachi, Ltd.

The Board of Directors comprises a majority of independent outside directors and includes four non-Japanese directors, two of whom are women. This represents an effort to reflect global, diverse viewpoints in company management, as well as to reinforce management supervisory functions.



Strengthening Structures to Expand Our Social Innovation Business

Hitachi is continuing efforts to strengthen its business structures in order to accelerate collaborative creation with customers and develop value-creating innovations through services and products. In April 2016, we transitioned to a market-driven business structure with three levels—namely, “Front,” “Platform,” and “Products.” Starting in April 2018, this structure has been reinforced to promote global development of digital solutions.

► **Strengthening Frontline Functions of Focus Business Domains**

Our frontline function businesses include 10 Front business units (BUs) and other functions with strengthened capabilities in sales, engineering, and consulting. These functions target our four focus business domains of “power and energy”; “industry, distribution, and water”; “urban”; and “finance, social, and healthcare.” Each will provide innovation as a service to customers in their region, and we will create synergies in each focus domain in order to globally develop our digital-driven Social Innovation Business.

Our Services and Platforms Business Unit offers a shared platform aggregating and integrating technologies essential for advanced services, including artificial intelligence, analytics, and control technologies.

Our product-focused businesses include the companies within the Hitachi Group that handle product businesses and our Industrial Products Business Unit. These provide customers and Front BUs with innovative, globally competitive products, parts, and materials, all while pursuing synergies as a Group.

Because BUs are under the direct control of the president, each unit’s CEO has investment authority and responsibility for profit and earnings. They work in partnership with other BUs, comprehensively and organically leveraging the resources of the entire Hitachi Group and creating innovations quickly and flexibly in order to provide optimum products and services to customers.

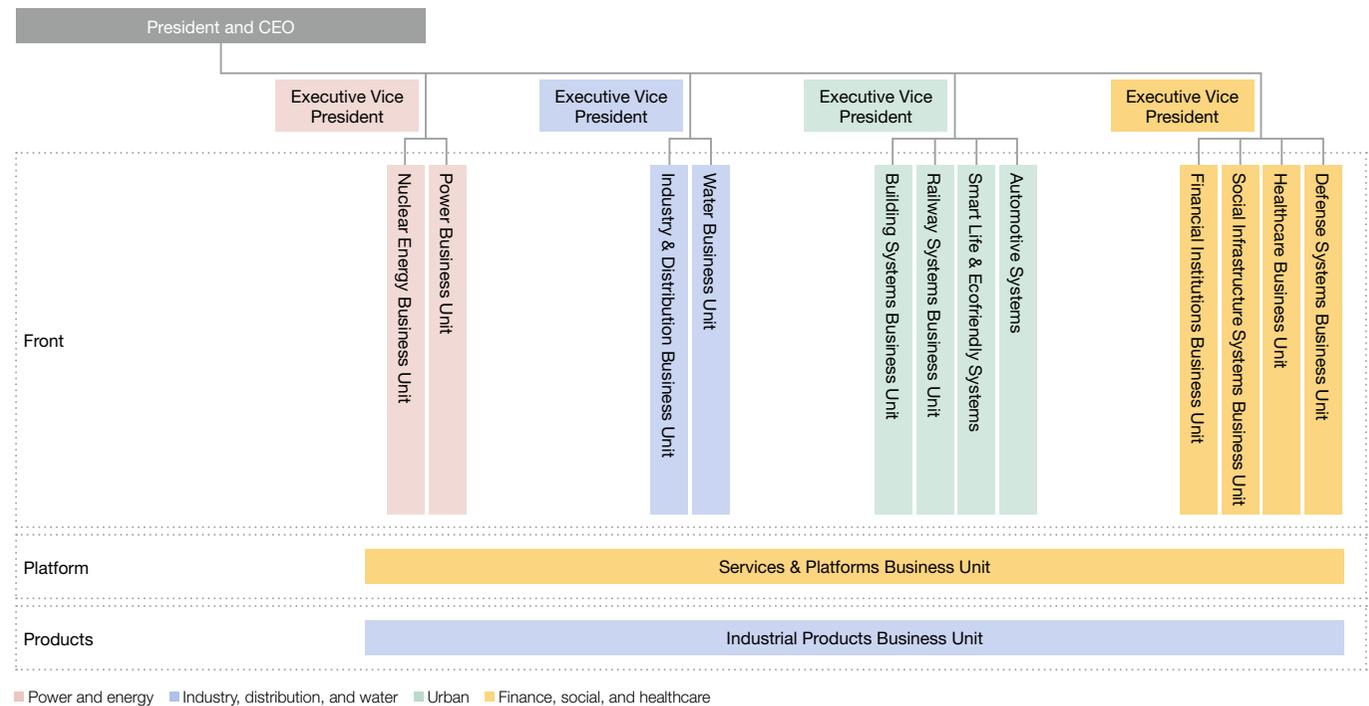
Our business model aims to sustainably create value. Through our Social Innovation Business, we contribute to improving people’s quality of life by addressing on an ongoing basis the issues society and our customers face.

► **Strengthening Structures to Promote Digital Solutions**

Digital solutions are a growth driver for the Social Innovation Business. To accelerate them globally, since April 2018 the executive vice president and head of the Systems & Services Business has held an additional role as head of the Social Innovation Business to supervise strategic planning for digital solutions as well as customer approach and new strategic projects. By placing the Social Innovation Business Division

and Hitachi Digital Global Holdings under unified control and enhancing cooperation among the two as well as other business units, Hitachi aims to promote the use of digital technologies in the Social Innovation Business. Hitachi Global Digital Holdings has brought together under its umbrella Hitachi Vantara, which develops and provides IoT platforms and data analytics services, and the Hitachi Consulting Corporation, which is headquartered in the Unites States and provides consulting services.

Fiscal 2018 New Business Structure



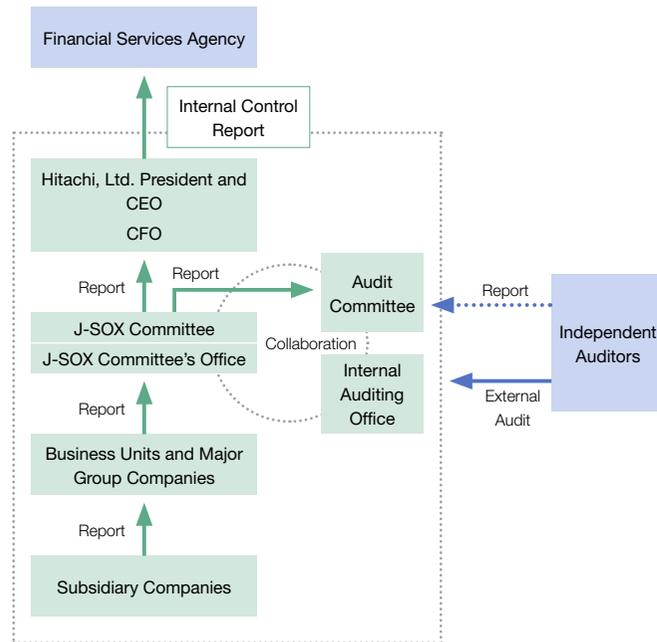
Hitachi to Make a Transition to a Market-Specific Business Structure with Strengthened Frontline Functions

Hitachi to Strengthen Business Structures for Global Expansion of the Social Innovation Business

Internal Control over Financial Reporting

To ensure the reliability of consolidated financial reporting, the Group develops and uses control documents ranging from company-level to business process controls based on the guidelines determined by our J-SOX Committee. Business units within Hitachi, Ltd. and major Group companies have developed mechanisms to objectively perform assessments. The J-SOX Committee office collects the results of the assessments performed by each business unit and company, and assesses the effectiveness of internal control across the entire Group.

Hitachi Group Internal Control Assessment Framework



Toward a More Integrated “Tripartite Audit” Function

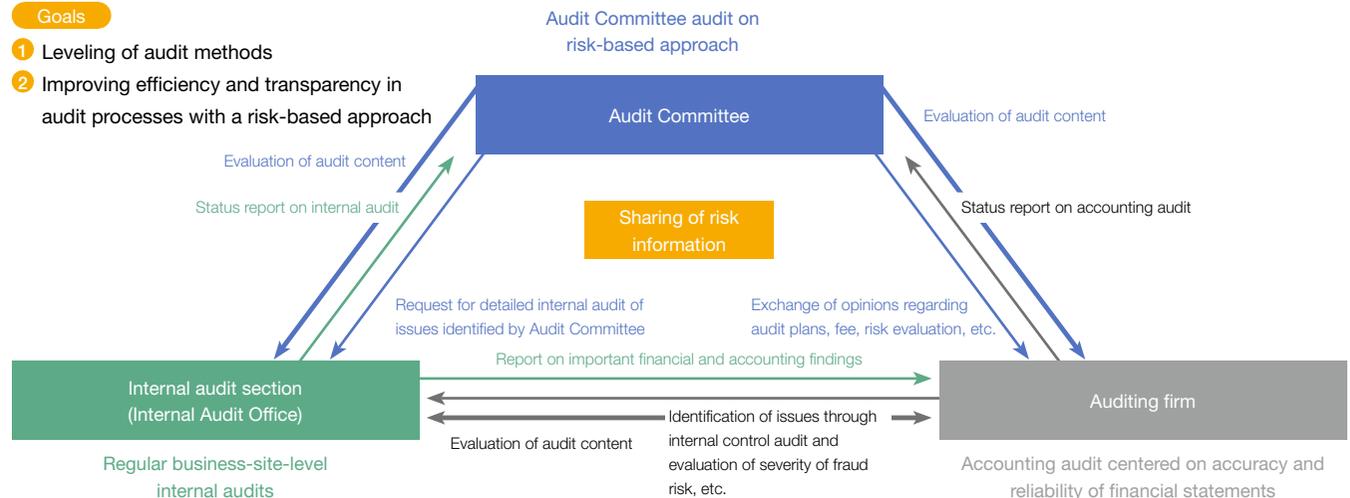
We are working to further enhance the effectiveness of the internal control exerted through the integrated work of a “tripartite audit” function comprising the Audit Committee; our internal audit sections, principally, the Internal Audit Office; and

external auditing firm. Through close communication, the three functions share information about risks and evaluation of risk responses; ensure the audit process is transparent with appropriate checks and balances; and improve the effectiveness of internal control systems.

Improving Internal Control through a “Tripartite Audit” Function

Goals

- 1 Leveling of audit methods
- 2 Improving efficiency and transparency in audit processes with a risk-based approach



Director and Executive Officer Compensation

The Compensation Committee, of whose members more than half are independent outside directors, sets forth the policy on the determination of compensation details for directors and executive officers and, based on this policy, the amount of compensation, etc., of each director and executive officer, pursuant to applicable provisions of the Companies Act.

Since fiscal 2008, the compensation structures for directors and executive officers has been revised to eliminate severance payments.

Basic Policy

- Compensation shall be sufficiently attractive to retain the personnel required to realize improvements in enterprise value through global business growth.
- Compensation shall be commensurate with the roles and responsibilities of directors and executive officers.
- Compensation for directors shall contribute to effective supervision of management.
- Compensation for executive officers shall provide incentives to contribute to sustained improvement in enterprise value through business execution, while striking an appropriate balance between short-term results and performance over the longer term.
- Compensation levels shall take into account remuneration at other companies, along with economic conditions and market trends.
- In considering the terms and amounts of compensation, the Compensation Committee shall seek objective advice as necessary from outside experts.

Compensation Structure

(1) Directors

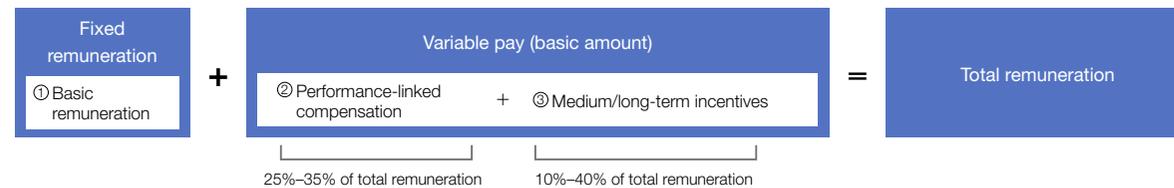
Compensation for directors consists of basic remuneration and a year-end allowance.

① Basic remuneration

Basic remuneration is decided by adjusting a basic amount to reflect full- or part-time status, committee membership and position, travel from place of residence, etc.

(2) Executive officers

Compensation for executive officers consists of basic remuneration, performance-linked compensation, and medium- and long-term incentive compensation. The higher position the executive officer holds, the higher the proportion of variable pay is as a portion of total annual compensation.



① Basic remuneration

Basic remuneration is decided by adjusting a basic amount to reflect the results of an assessment. The basic amount is set in accordance with the relevant position.

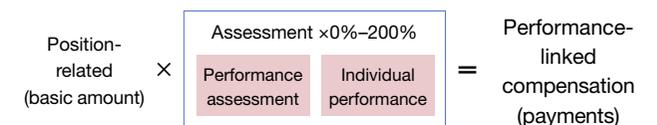
② Year-end allowance

Year-end allowance is a predetermined amount equivalent to about 20% of the director's annual basic remuneration, but may be reduced depending on financial results.

A director concurrently serving as an executive officer does not receive any compensation as a director.

② Performance-linked compensation

The performance-linked compensation is decided within the range of 0%–200% of the basic amount based on financial results and individual performance. The basic amount is set within the range of about 25%–35% of the total annual compensation of each executive officer in accordance with the relevant position.



③ Medium- and long-term incentive compensation

Medium- and long-term incentive compensation is stock options as stock-based compensation, with share price conditions (stock acquisition rights with the strike price of ¥1). The number of stock acquisition rights to be granted is determined within the range of about 10%–40% of the total annual compensation of each executive officer in accordance with the relevant position. The number of stock acquisition rights that may be exercised will be determined within the range of 0%–100% of the stock acquisition rights granted in accordance with the conditions. The proportion of the assessment (0%–100%) is determined by comparing the total shareholder return*1 for Hitachi stock against the rate of growth in the TOPIX benchmark. This is set to 0% if the TSR is less than 80% of the TOPIX growth rate, and reaches 100% once the TSR rises to at least 120% of the TOPIX growth rate, with intermediate results for figures in the 80%–120% range.

Directors or executive officers whose compensation from the company and its subsidiaries is not less than ¥100 million and the amount of their compensation are as listed at the following link:



[Annual Securities Report \(The 149th Business Term\) \(pp. 75–77\)](#)

$$\begin{array}{l}
 \text{Position-} \\
 \text{related stock} \\
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 \text{Exercisable} \\
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*1 Total Shareholder Return (TSR) includes capital gains (due to share price movements) and income (dividends).

*2 Stock options can no longer be exercised if fraud or other serious misconduct occurs during the term of office. Under a claw-back arrangement, the company can demand repayment of economic gains made from any options that have already been exercised if fraud or other serious misconduct is discovered during the term of office.

Sharing the Hitachi Group Identity

Hitachi's Approach

We carry out our business not only in full compliance with legal requirements but also in ways that ensure socially responsible conduct. Spreading understanding of this among all Hitachi employees is a fundamental management issue. As economic activity becomes increasingly borderless, there is a growing need for steps to eradicate bribery, corruption, and other illegal behavior in accordance with conditions in the countries and regions where we have operations. As a global company, we are implementing a consistent compliance structure across the entire Hitachi Group.

In pursuing sustainable management, we give equal importance to value creation that contributes to the resolution of social issues. This is being advanced through the dissemination and sharing among all employees of the Hitachi Group Identity—an integrated set of principles including our management vision and values—and the Hitachi Codes of Conduct, which spell out decision-making procedures and actions for all Hitachi Group executives and employees.

As our operations expand across the globe, our supply chain, too, is globalizing at an accelerating pace. This demands that we fulfill our social responsibilities not only as a Group but also in working with business partners. We thus conduct compliance risk

surveys in every region, in addition to implementing export-import controls and inspecting the content of transactions so as to ensure normative conduct—free of complicity in any illegal behavior—throughout the supply chain.

Sharing Codes of Conduct and Compliance Approaches Throughout the Group

Ensuring Awareness of the Hitachi Group Codes of Conduct

Hitachi, Ltd. is a pioneer in developing business ethics. The company formulated the Hitachi, Ltd. Standards of Corporate Conduct in 1983, followed by the Hitachi Group Codes of Conduct in 2010 that the entire Group pledges to uphold. The Hitachi Group Codes of Conduct are available in 21 languages and shared among Hitachi Group employees in the world. We also issued the *Hitachi Group Codes of Conduct Handbook* as a guidebook for all our employees to fully understand the Hitachi Group Codes of Conduct. In Japan alone, more than 260,000 copies were distributed. In addition, an e-learning tool has been made available in Japanese and nine other languages, such as English and Chinese, showing appropriate behavior and presenting specific examples for use.

In April 2018, we revised the Hitachi Group Codes of Conduct based on our philosophy that corporate activities should meet the needs of the times, such as the SDGs,

toward a sustainable society, human rights and building a work environment, and various types of crisis management.



Hitachi Group Codes of Conduct

Enhancing Our Compliance Framework

In 2016, Hitachi reviewed and reorganized the regulations and guidelines including on compliance with competition laws, prevention of antisocial transactions, and prevention of bribery and corruption that had been set independently, and established the Hitachi Global Compliance Program, a new integrated system of rules headed by the Hitachi Group Codes of Conduct. This program is being implemented seamlessly across the global organization.

To implement this program, we have appointed a senior executive as the head of risk management for the entire Hitachi Group, to supervise risk management executives from business units and key Group companies. Under this system, policies and measures are shared through the Compliance Management Conference, composed of these risk management executives. Each executive is assisted by a compliance manager who implements practical support measures. We also support Group companies outside Japan and have appointed compliance heads in 11 regions, responsible for implementing education and sharing information as well as arranging consultation services with outside attorneys and other experts.

The internal audit section regularly conducts Group-wide reviews to verify that each area of compliance is being appropriately operated. In cases where the reviews identify

necessary improvements, corrective measures are swiftly implemented. We also convene the Advisory Committee, consisting of outside experts, to gain new insights into compliance and apply them proactively in our own efforts.

Compliance Reporting System

Hitachi has instituted a Group-wide whistleblowing system to prevent illegal and unethical behavior, to promptly address infractions, and to enhance our ability to self-regulate.

In this system, reports go directly to the Compliance Department at Hitachi or to an outside attorney. This system can be used not only by employees within the Hitachi Group but also by temporary staff and business partners, such as suppliers and distributors. Fiscal 2017 saw 360 reports throughout the Group, including some related to suspected violations of competition and anti-bribery laws.

The facts related to all reports are subject to thorough investigation and checking, and people who have identified themselves in the reports are informed of the investigation results. We make every effort to deal with situations as appropriate, including taking remedial action where necessary. We will continue to maintain and review the system, prioritizing the protection of whistleblowers.

In addition, we have implemented the Channel to the Board of Directors system to allow employees to directly report problems anonymously to Hitachi directors in cases where they see any illegality or extreme inappropriateness in business conduct by division heads, executive officers, or other management personnel.

Prevention of Antisocial Transactions

To cut off all relationships with organized crime groups and other antisocial forces, in the Hitachi Group Codes of Conduct we have laid out provisions stating that we will never engage in antisocial transactions under any circumstances in any part of the world, and will refuse any improper demands and unfair deals. To this end, we conduct eligibility checks on new as well as existing business partners and include antisocial force rejection clauses in contracts so that if it is determined that a business partner belongs to an antisocial force, we can promptly void the contract and end the relationship. The entire Hitachi Group acts decisively to eliminate approaches from antisocial forces in partnership with external specialist institutions (the National Center for the Elimination of Boryokudan and the police).

Thorough Export Controls

For basic export control policies, we have adopted the Hitachi Group Codes of Conduct, which state: "We will help maintain international peace and security through compliance with all applicable laws and regulations concerning import and export, and will operate appropriately according to our internal rules and policies." We established the Corporate Regulations concerning Security Export Control based on this policy to carry out strict export control practices in line with relevant laws and regulations, screening all goods and technologies intended for export against such factors as destination countries and regions as well as intended end use and end users. We provide guidance and educational support on the formulation of regulations as well as on the establishment of frameworks to Hitachi Group companies in Japan and around the world to ensure that all Group companies follow the same export control policies.

At present, as part of our educational program for all Group

companies within and outside Japan, we host training sessions and workshops on export control in addition to the annual implementation of an e-learning program in Japanese, English, and Chinese. Moving forward, we will continue to make an effort so that export control is thoroughly enforced throughout the Group.



Measures to Prevent Bribery and Corrupt Practices



Preventing Violations of Fair Competition Laws

Sharing Values Throughout the Group

Solidifying the Hitachi Group Identity

▶ Instilling the Group Identity in Employees

To help us solve social issues through understanding and embodiment of the Hitachi Group Identity, our brand management must engage everyone in the Group. We use channels, including our intranet, to ensure that Group employees are clearly aware of what needs to be done to express the Hitachi Group Identity. To promote understanding of and familiarity with the Hitachi Group Identity and the Hitachi brand, we launched the Inspiration of the Year Awards in fiscal 2003 to share activities within Hitachi that have demonstrated the Hitachi Group Identity and made an outstanding contribution to our brand value. In fiscal 2012, we began evaluating applications globally, renaming the program the Inspiration of the Year Global Awards. In fiscal 2017, the awards saw 232 applications from various regions, including China, Europe/Africa, India, North America, Southeast Asia, and Japan. Outstanding activities from each region were highlighted on the intranet, and the president presented the awards at a ceremony held at our Tokyo headquarters.

To further instill the Hitachi Group Identity and promote understanding of the Hitachi brand among our employees globally, we held brand-training sessions utilizing the Hitachi Brand Book, a straightforward explanation of the Hitachi Group Identity and Hitachi brand, and the Hitachi Vision Movie, a visual depiction of the Hitachi Group Vision. By raising employee awareness of the Hitachi Group Identity through these activities, we continue to strive to become a company that “delivers innovations that answer society’s challenges.”



Hitachi Group Identity

Advancing Risk Management on Multiple Fronts

Hitachi's Approach

Changes to our operating environment from such factors as the globalization of the economy and advances in and spread of information and communications technology (ICT) lead not only to the expansion of business opportunities but also to the diversification of risks to our operations.

We have built a diverse risk management system under which we carry out risk analysis to accurately gauge ongoing economic and social changes and use the insights gained to take preventive measures and ensure a rapid response to issues that may arise unexpectedly.

Particularly in recent years, as a company deeply involved in infrastructure projects in countries and regions around the world, we take note of the discussions at meetings like the World Economic Forum on such international risks as the unending series of terrorist attacks, the increasing severity of abnormal weather conditions, global-scale climate change, and the growing scale and sophistication of cyberattacks.

We are reinforcing business continuity plans (BCPs) and further tightening our information security to ensure the stable supply of our products and services and to prevent threats to our networks that could severely disrupt business operations. We will continue to reinforce our risk management on a Group-wide basis and make thoroughgoing efforts to minimize risks to society from our operations.

Risk Management

Reinforcement of Risk Management System

The entire Hitachi Group is reinforcing its risk management system to address increasingly globalized and complex risks.

Under the head of risk management at Hitachi, Ltd., each business operation assigns an executive as its risk management officer to manage risks mainly concerned with compliance, export control, disasters, and crime, and to respond adequately in coordination among the entire Group. Furthermore, Hitachi is building a comprehensive risk management system that contains standards and procedures to objectively evaluate different risks that may affect business.

Stable Provision of Products and Services

Creating BCPs in Key Operations Worldwide

Given the close relation of our business to social infrastructure, we are enhancing our business continuity plans (BCPs) to ensure that the impact of risks does not disrupt our business and thereby significantly affect society. In December 2006, we issued the *Hitachi Group Guidelines for Developing Business Continuity Plans (Overview)* in Japanese. In fiscal 2010 this was translated into English and Chinese for distribution to all Hitachi Group companies worldwide to ensure our response readiness for large disasters and other risks.

When the Great East Japan Earthquake struck in March 2011, our BCPs enabled quick responses and swift decision making. However, issues emerged, including identification of secondary and other suppliers, cloud storage and multiplexing

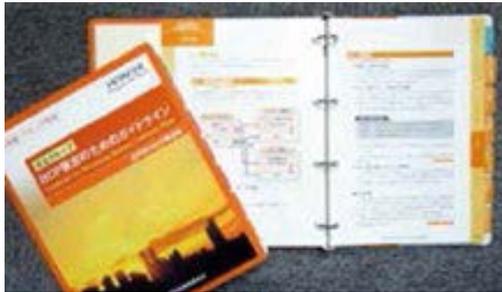
of production information, and the need to secure alternate transportation and fuel sources. Based on the lessons learned from this disaster, in October 2011 we released and distributed new versions of the *Hitachi Group Guidelines for Developing Business Continuity Plans* for individual departments to further improve our BCPs.

By the end of fiscal 2011, Hitachi Group operations in Japan had completed their preparation and review of BCPs for both large earthquakes and novel strains of influenza as appropriate to their operations.

On top of these efforts, Hitachi, Ltd. has held annual earthquake drills simulating a major seismic event at key operations in Japan since fiscal 1998. In March 2018, we held initial response drills at our headquarters under the direction of our head office general manager simulating a large earthquake in the Tokyo area, striving to promote understanding of each department's role and strengthen cooperation among departments. As part of countermeasures against large earthquakes striking the Tokyo metropolitan area, in December 2017 we developed action plans including setting up substitute headquarters in the Kansai region in case our Tokyo headquarters cease to function temporarily due to such earthquakes.

Hitachi appointed personnel with responsibility for risk-response policies at its main overseas bases in fiscal 2013. By the end of that year, around 300 companies prepared BCPs with the goal of completing them for key operations. These BCPs are aimed at strengthening our ability to respond to business risks, including large disasters, novel strains of influenza, political instability, and social disruption, as well as acts of terrorism. Moving forward, we intend to further expand the

scope of our BCPs.



Hitachi Group Guidelines for Developing Business Continuity Plans (for individual departments).



Earthquake simulation drill.

Creation of Procurement BCPs

We have a deep involvement in social infrastructures in places where the suppliers who are our business partners can be affected by major earthquakes and other natural disasters.

These disasters can heavily impact not only our business operations and those of our suppliers but also society as a whole. To minimize this impact, the procurement divisions in business units and key Group companies in Japan have created procurement BCPs that (1) standardize and use generic parts to make procurement as flexible as possible; (2) cultivate multiple suppliers; (3) distribute production across several locations; (4) budget inventory strategically; and (5)

consider substitute products. To see whether or not procurement BCPs would be effective, we held desktop exercises to discuss in a group what should be done during and after a disaster, making further improvements as a result.

In fiscal 2017, all major Group business sites with production lines (approximately 208 sites in total) took steps to maintain and strengthen the procurement BCPs they had created by the previous fiscal year, thereby contributing to the continuation of Hitachi's global operations.

Improving Safety for Employees Sent to Dangerous Regions

Responding to the hostage incident in Algeria in January 2013, then President Hiroaki Nakanishi reinforced his policy in February 2013 of ensuring the safety of employees sent to countries and areas at higher risk. Survey missions of in-house and outside experts are now sent beforehand to areas at high risk of war, terrorism, and other threats. Even after employees are dispatched to such areas, we conduct additional local surveys every six months as a means of confirming the effectiveness of our safety policies. In fiscal 2017, with the threat of terrorism expanding around the world and infectious diseases spreading regionally, we introduced a range of safety measures, including providing timely alerts to employees. This underscores our commitment to ensuring the safety of our employees working around the globe. Hitachi is also contributing to safety measures at other Japanese corporations operating outside Japan. To help enhance collaboration between the private and public sectors in this area, Hitachi executives participated in the Council for Public-Private Cooperation for Overseas Safety organized by Japan's Ministry of Foreign Affairs. Since 2014 Hitachi has taken part in public-private kidnap incident preparatory training exercises.

Promoting Information Security

Implementing Rigorous Information Security

Hitachi's chief information security officer (CISO) is appointed by the company's president and has the authority and responsibility to implement and operate an Information Security Management System (ISMS). In fiscal 2017, the role of CISO was performed by Hitachi's executive vice president and executive officer. The Information Security Committee, chaired by the CISO, determines policies and procedures for information security and personal information protection. The Information Security Promotion Council and other bodies convey decisions internally and to other companies in the Hitachi Group. Information security officers at business sites and companies ensure that these decisions are implemented in the workplace.

The Hitachi Group emphasizes two points in information security and personal information protection:

(1) Precautionary measures and prompt security responses

We clarify the principal systems and assets to be secured, using vulnerability and risk analyses to formulate companywide business continuity plans (BCPs) for cyber incidents and to implement safeguarding measures. We also have an emergency process manual for security breaches, based on the assumption that these are inevitable, and not just possible.

(2) Promoting stronger ethical and security awareness among data users

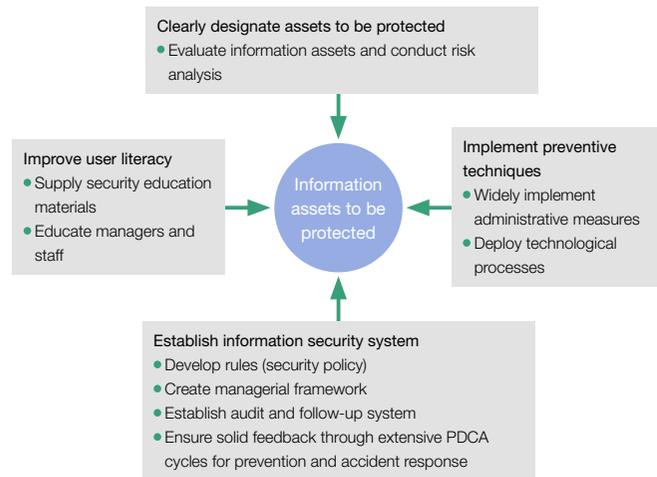
We have prepared a program tailored to Hitachi's various personnel levels and are working to raise the prevailing sense of ethics and security awareness through Group-wide e-learning. We are also conducting audits to identify and address problems early on.

Details, including a message from the CISO and a list of third-party assessments and certifications, are contained in *Information Security Report 2017*.



Information Security Report 2017

Basic Approach to Information Security Governance



Education on Information Security

Consistently maintaining information security requires all employees to continually develop their knowledge of information handling and to remain strongly aware of the issues. For this reason, we hold annual e-learning programs on information security and personal information protection for all directors, employees, and temporary employees.

Nearly all of the roughly 40,000 employees at Hitachi, Ltd. participate in these programs. We offer a variety of courses that have different goals and are tailored to different target audiences, including new employees, new managers, and information system administrators. In 2012, we also began simulation training to educate employees about the increasing trend toward malicious targeted e-mail attacks and other cyberattacks. Employees are sent examples of targeted e-mail to heighten their awareness of security through direct experience.

Our educational programs, available to Hitachi Group companies in Japan and other global regions, provide Group-wide education on information security and personal information protection.

Preventing Information Leaks

Hitachi, Ltd. has formulated the Three Principles for Preventing Leakage of Confidential Information to ensure the highest level of care for such information and to prevent leaks and other related incidents. Our policies ensure that if an incident does occur, damage is promptly minimized by contacting customers, reporting to government agencies, investigating causes, and acting to prevent any recurrence.

We take the following IT steps to prevent information leaks: using encryption software and secure PCs; employing electronic document access control and expiration processing software; maintaining ID management and access control by building an authentication infrastructure; and filtering e-mail and visited websites. In response to the recent spate of targeted e-mail attacks and other cyberattacks, we are participating in an initiative to share information between the private sector and the government. We are also enhancing our IT organization by adding more layers to our leak prevention procedures, including both entry and exit countermeasures.

To ensure the secure exchange of information with our suppliers, we review their information security measures based on Hitachi's own standards before allowing them access to confidential information. We have provided tools to suppliers (procurement partners) for security education and for checking business information on computers. In addition, we require suppliers to check and remove business information from personal computers to prevent leaks.

Three Principles for Preventing Leakage of Confidential Information

Principle 1

As a general principle nobody can take Confidential Information out of the Company's premises.

Principle 2

Any person taking Confidential Information out of the Company's premises due to business necessity shall obtain prior approval from the Information Assets Manager.

Principle 3

Any person taking Confidential Information out of the Company's premises due to business necessity shall put in place relevant and appropriate measures against information leakage.

Global Information Security Management

Hitachi Group companies worldwide reinforce their information security in line with our Global Information Security Administration Rules, which conform to the international ISO/IEC 27001 standards. These rules are distributed from the parent company in Japan to Group companies around the world. Other security measures include secure shared services and support from our regional headquarters in the Americas, Europe, Southeast Asia, China, and India.

Thorough Information Security Audits and Inspections

The Hitachi Group has developed its approach to security based on the “plan-do-check-act” (PDCA) cycle for its information security management system. We conduct annual information security and personal information protection audits at all Group companies and business units.

The president of Hitachi, Ltd. appoints officers to conduct independent audits. These officers are not allowed to audit their own units, underlining our commitment to fairness and objectivity in auditing. There are 221 Hitachi Group companies in Japan, including Hitachi, Ltd., that conduct audits in the same way as Hitachi, Ltd., and all results are subject to confirmation. For Hitachi Group companies outside Japan, we use a “common global self-check” approach to ensure Group-wide auditing and inspections. We implement Confirmation of Personal Information Protection and Information Security Management annually for the voluntary inspection of business unit workplaces. We conduct monthly Confirmation of Personal Information Protection and Information Security Management assessments at 693 operations (as of March 2018) that handle important personal information. This regular control mechanism ensures ample safety management and implementation.