

Corporate Governance, Compliance, and Communication

All laws and regulations should be complied with. We also ensure checking of whether we make the right decisions and whether we observe what should be observed to satisfy the expectations of society.

Management Check

In June 2003, we adopted Committee system in which the board of directors supervises executive officers.

Since then, checking has worked well by taking advantage of objective views from outside directors.

Prevention of Collusion and other unfair business practices

The Compliance Office regularly offers education and audits. In Fiscal 2005 we newly formulated the rule by

which a manager shall be reported in a written form if a competitive company call us with an unfair offer.

Protection of Personal Information

All companies of the Hitachi Kokusai Electric group have developed a system for protecting personal information and disclosed the policy for protecting personal

information on the Internet. The Kokusai Electric Techno Service Co., Ltd., which handles a large volume of personal information has acquired the Privacy Mark.

Internal Reporting Desk

The Hitachi Kokusai Electric Group Helpline established in October 2003 has been independently operated by the committee including an outside lawyer, protected reporting persons, and fairly handled problems. We also

started to accept reports from our business partners referring to the Whistleblower Protection Act enforced from April 2006. (Refer to page 5.)

Information Disclosure

We try to give our investors a deeper insight of our business through quarterly financial briefings, subject-specific meetings, specific interview sessions, factory tours, presentation on TV programs for investors, and

other methods. We advertise in newspapers and magazines to let a wide range of readers know about the Hitachi Kokusai Electric brand.

Ad in newspaper (Nihon Keizai and Nikkei Sangyo Shimbum)



Ad in magazine (Nikkei Business)



Q. At Hitachi Kokusai Electric, what do you do?

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| <p>① Companywide We tackle three kinds of work: wireless, video, and semiconductor areas.</p> | <p>② Wireless For example, we produce wireless systems that allow you to use your mobile phones underground.</p> | <p>③ Broadcast For example, we produce highly sensitive cameras that allow you to take pictures of an aurora.</p> | <p>④ Video For example, we produce image-monitoring systems that help you live more safely.</p> | <p>⑤ Semiconductor For example, we produce equipment that allows you to produce high-performance semiconductors in large quantities.</p> |
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Continuing to the future. **Hitachi Kokusai Electric**

Reliability of Financial Information

We are moving forward with reforms of our business administration system as well as standardizing the business process using the SAP R/3 system as a core in order to make the business process more efficient

and promote business among divisions. We secure the transparency and reliability of financial information by further promoting these reforms and respond to the trend of legislative audit requirement for internal control.

Export Control Management

We must conduct export procedures such as destination checks and end-use of the products in an appropriate manner to prevent our technology or products from becoming assistance or components of weapons of mass-destruction. The Corporate Export

Regulation Office leads the entire group to improve the efficiency and effectiveness of our checking system through regular domestic training and audit, after establishment of company rules based on the latest applicable laws and regulations.