

# Toward becoming a social innovator trusted by customers, creating new value in the next era.

Thank you very much for your continued support for the business of your Hitachi Kokusai Electric Group.

We have incorporated the points of our corporate social responsibility into the "Hitachi Kokusai Electric Code of Conduct" and published them as our corporate philosophy. In so doing, we aim to share our ideas on our relationships with society together with our customers, business partners, neighbors, colleagues, and all other stakeholders, thereby proceeding with our business operation while granted your wide-ranging support and cooperation.

With the world economy in recession, the first half of fiscal 2009 saw a continued regression in our performance, but the latter half saw signs of a modest recovery. Under the circumstances, following our corporate philosophy; looking to the future, in order to proceed with manufacturing products that contribute to a safe and affluent society, your group has initiated new reform activities with all group companies functioning as one unit.

To further expand the scope of the conventional *kaizen* activity, or quality improvement campaign and business process reforms thus far, we have designed a drive where all the officers and colleagues from all the divisions and positions engage in a reform of their tasks under the prerequisite condition of "Customer First". As we intend to create the "quality" of Hitachi Kokusai Electric as a brand, we named this drive "HiKQ Innovation" after HiKE Quality (i.e. Hitachi Kokusai Electric Quality). We started the drive in August 2009 and have proceeded by providing the spaces and opportunities for discussion, using intranet and other tools for sharing information. All the entire group is now involved and working on reform of their jobs, on the basis of customer satisfaction first. In April 2010, we reform the structure of our organization to reinforce our cross-divisional business and adopted a habit of

addressing each other with just the common title "-san" instead of the professional title. In so doing, we worked to reactivate in-house communications both vertically and horizontally. Going forward, we will further reactivate our communications both internally and externally, and will cultivate our corporate culture for conducting everyone's job with customer satisfaction put first.

In the meantime, having witnessed the passing of a decade as Hitachi Kokusai Electric Inc., or at the start of the next decade, we have set up a new medium-term plan called "HK-AV10" as a set of medium term managerial measures. "HK-AV10" is so named after "AV," which stands for "Advanced Vision" and expresses our intention to achieve an operating profit rate of 10% on the moving "average" despite a changing business environment. We will pursue this plan based on our unflagging resolve, by reinforcing ourselves through the HiKQ innovation activities.

Our new medium-term managerial plan, "HK-AV10" sets our mission as "to be a social innovator trusted by customers and creating new value in the next era" and our goal as to be the top global company in "video and wireless network system solutions" and "eco- and thin film processing solutions." Our specific actions and numerical targets for those purposes will be informed to you and other stakeholders through our periodic reports, electronic disclosures and various other media, thereby clarifying the progress and status of achievement whenever appropriate.

We will also disclose our social contribution activities in an even more open manner than before. These activities are significant in not only leading to reactivated communications with the relevant communities but also in bringing participants and others concerned a broader outlook, as well as a deeper

sensibility and more flexible thought. This will enable them to think of what society will need in the next era, then what to creatively manufacture in the future, and thereby developing while contributing to the creation of a sustainable society. All that will surely lead to the heart of HiKQ.

I hope that this report and our website will be positively used in communications with you and other stakeholders. I kindly request your frank comments and advice.

June 24, 2010



Manabu Shinomoto  
President and Chief Executive Officer



## Hitachi Kokusai Electric Code of Conduct

Hitachi Kokusai Electric, which respects human rights, observes the spirit as well as the letter of national and international laws and regulations, hereby adopts this Code of Conduct with a view to achieving continued growth and development while contributing to the creation of a sustainable society.

### Fundamental Philosophy

- Manufacture products that contribute to a safe and affluent society.
- Looking to the future, never stop working for continuous improvement.
- Observe fundamentals, do things the right way, and be fair and transparent in all aspects of corporate conduct.

In accordance with the Fundamental Philosophy, Hitachi Kokusai Electric commits to the dissemination of this Code of Conduct with the following Guidelines and Commitments, and to the maintenance of the related internal system.

### Guidelines and Commitments

1. Obtain customers' trust and confidence by developing and providing products and services in which the emphasis is on safety, quality and environmental soundness.
2. Engage in fair and transparent competition and business activities, comply with laws and be ethical in one's corporate conduct.
3. Respect the diversity, character and individuality of all employees, and provide a mentally and physically rewarding workplace environment.
4. Provide shareholders and other stakeholders with full and fair disclosure of corporate information.
5. Take a proactive, independent approach to protecting the global environment and improving local living environments.
6. As a good corporate citizen, engage proactively in philanthropic activities and other activities that benefit society.
7. Respect international rules and local laws, cultures, practices and customs, and always strive to contribute to local progress and development.
8. Respect the value of other companies' business and technology information as well as our own, and implement proper controls regarding such information.
9. Comply with trade-related laws and regulations in order to contribute to the maintenance of international peace and security.
10. Should a situation arise that runs counter to this Code of Conduct, managers shall endeavor to resolve the matter, establish the cause and take steps to prevent a reoccurrence. They will also endeavor to provide a prompt and accurate disclosure and explanation of the facts of the matter, clarify where the responsibility lies and deal strictly with those concerned, including with respect to their own activities.