



Respect for Human Rights, Basics and Ethics

We respect human rights, observe laws and ethics, and establish a clean corporate culture that is admired by society.

Respect for Human Rights

Our commitment to human rights is clearly stated in Hitachi Kokusai Electric Group Codes of Conduct. To complement the Group Codes of Conduct, we established the Hitachi Kokusai Electric Group Human Rights Policy in fiscal 2013.

The basic concept of our Human Rights Policy and detailed information on our related activities, including human rights seminars, are available on our website.

 Website including the details of the respect for human rights
<http://www.hitachi-kokusai.co.jp/global/en/csr/respect/index.html>
 Or

Identifying and Addressing Risks

Compliance

Bid rigging and the formation of cartels are criminal acts against society, and it is the responsibility of all companies to comply with all relevant laws and regulations. Moreover, there is growing social interest in the prevention of bribery to public officials, etc. inside and outside Japan. In reflecting elements that raise anxiety in the international arena such as the issue of the nuclear development, export control is also assuming greater importance. For these risks, with the Legal Center of the Company taking the lead, we are implementing education and conducting periodic audits targeted at the entire Group while updating the contents thereof, and we maintain a system in which any incidents incurring risk are reported to the top management swiftly. Through all these, we are working to ensure that the strong interests of top management concerning compliance, that is, to live up to society's trust are thoroughly implemented in all corners of the Group, with both top-down and bottom-up measures.

As for the proper management and handling of confidential information of the Company and other firms, the protection of personal information, etc., the Company's Information Security Committee educates and enlightens employees regularly and when necessary. As for the observance of other laws and company rules and the prevention of disgraceful affairs, the relevant sections, the legal affairs section and the Human Resources & Corporate Administration Division jointly educate and enlighten employees regularly and when necessary. Meanwhile, the Internal Auditing Office audits the entire Group on a regular basis.

Collaboration with Stakeholders

The Group promotes positive dialogue with all stakeholders, including customers, builds relationships based on mutual trust, and engages them in value creation.

	Our commitments to stakeholders	Examples of dialogue	Responsible departments
Customers	Obtain the trust and confidence of customers and society.	Customer visits by sales personnel, business negotiations at exhibitions, response to inquiries, and consultations from customers	Each sales department, quality assurance department
Employees	Provide a mentally and physically rewarding, safe and healthy work environment as well as opportunities for further training and growth.	Labor-management council, small-group suggestion activities/presentation sessions, sharing of employee survey (awareness survey) results and follow-up activities, use of intranet and in-house social network	Human Resources & Corporate Administration Division
Business partners	Engage in fair and transparent competition and business transactions activities on a commitment to high ethical standards, and implement appropriate internal controls.	Business partner meetings, individual material purchasing negotiations, CSR survey of business partners	Group Procurement Division, procurement department at each works
Communities	Respect local laws, cultures, practices and customs and always strive to contribute to local progress and development.	Participation in local activities, joint disaster drills with local fire stations	Administration department at each business site
Shareholders/ investors	Provide all stakeholders including shareholders with full and fair disclosure of corporate information.	General Meeting of Shareholders, briefings on financial results, IR activities, information disclosure via website	Legal Center, CSR Center

Establishment of the Compliance Committee

In response to an on-site inspection by the Japan Fair Trade Commission in 2014, the Company has worked to strengthen its level of compliance by reviewing its structure/business management methods and re-training employees, as well as by listening to the opinions of experts outside.

As part of these efforts, we have set up a new Compliance Committee, which includes among its members an independent lawyer from outside the Company. We will take all possible measures to ensure we are thoroughly compliant with the law by periodically undergoing inspections and receiving advice from a global perspective about the Group's compliance policies and adherence situation.

Ensuring the Reliability of Financial Information

Concerning the internal control system for the main purpose of securing the reliability of financial information, we collaborate with our parent company, Hitachi, Ltd., in order to maintain the system by using the framework and tools for internal control of the Hitachi Group, and make evaluations and improvements.

Internal Reporting System "Ethical Helpline of the Hitachi Kokusai Electric Group"

We have an internal reporting system so that an employee or a business partner of the Group can report the incident, when discovering any illegal acts related to our businesses, any improper acts violating our company rules, or any problems regarding human rights, and finding these cannot be solved with ordinary methods. When a report is received, the fact will be investigated and necessary corrective measures are implemented.

We ensure that the employees including those of each Group company are informed of this reporting system as well as the principles of "keeping secrets," "not mistreating informants," and "responding with good faith" through internal gazettes, seminars and intranet. This system is operated under advice of a lawyer as an outside committee member in order to earn the trust of informants through appropriate response.

Ethical Helpline of the Hitachi Kokusai Electric Group

e-mail to: rinri.helpline@h-kokusai.com

Postal mail : Representatives of the Ethical Helpline
Hitachi Kokusai Electric Inc.

Akihabara UDX Building 11th floor, 4-14-1, Soto-kan-
 da, Chiyoda-ku, Tokyo 101-8980, Japan

Note : The Helpline accepts reports not only from employees of the entire Group but also from its business partners.

Corporate Governance

Corporate Governance Structure

The Company has adopted the “three committees” system to ensure timely decision-making and transparent management.

The Board of Directors, the members of which are predominantly externally appointed Outside Directors, determines the Company’s basic management policies and delegates decision-making authority to Executive Officers to promote efficient operations. It also oversees and supervises the Company’s operations in unison with the Nominating Committee, the Audit Committee, and the Compensation Committee (hereinafter referred to as “each Committee”). In this way, the Company promotes management reform by placing emphasis on securing the adequacy of its operations. Within the above framework, Outside Directors remain independent from the Company, actively providing their opinions from an objective standpoint. In this regard, Outside Directors fulfill an important role and function in further enhancing the transparency and soundness of the Company’s management.

Outline of Corporate Governance Structure

1. Execution of Business

Within the scope of statutory and regulatory requirements, considerable authority is delegated to Executive Officers with respect to matters related to management decisions in an effort to accelerate the decision-making process.

While individual Executive Officers are provided with decision-making authority and execute operations for their particular areas of responsibility in accordance with the segregation of duties determined by the Board of Directors, an Executive Officers’ Meeting comprising all Executive Officers is held to deliberate matters of major importance from multifaceted perspectives, following which Executive Officers make decisions on specific matters in order to ensure the adequacy of decision-making.

All other operational matters for determination by Executive Officers are defined in the Company’s internal rules and regulations by their type and content. All necessary procedures are taken in accordance with these internal rules and regulations.

2. Monitoring and Audit Functions

The Board of Directors monitors overall management including execution of business in collaboration with each Committee, with the Board forming the central organization.

In addition, the activities of the Board of Directors and each Committee are supported by the responsible departments. A designated specialist department has been established for the Audit Committee to ensure that audits are conducted in an appropriate and effective manner. Employees within this department are not subject to the directions and instructions of Executive Officers.

(1) Board of Directors

The Board of Directors monitors management by way of receiving reports from each Committee in connection with the status of each Committee’s activities as well as reports directly from each Executive Officer outlining details of the execution of their duties.

(2) Nominating Committee

The Nominating Committee determines candidates for the position of Director, who are then proposed at the Company’s shareholder meetings for approval. In order to ensure better managerial judgments, the Nominating Committee selects Director candidates from both inside and outside the Company based on comprehensive criteria that encompass personality, experience, knowledge, ability and other factors, which are necessary for Directors of the Company to meet in order to contribute to its management.

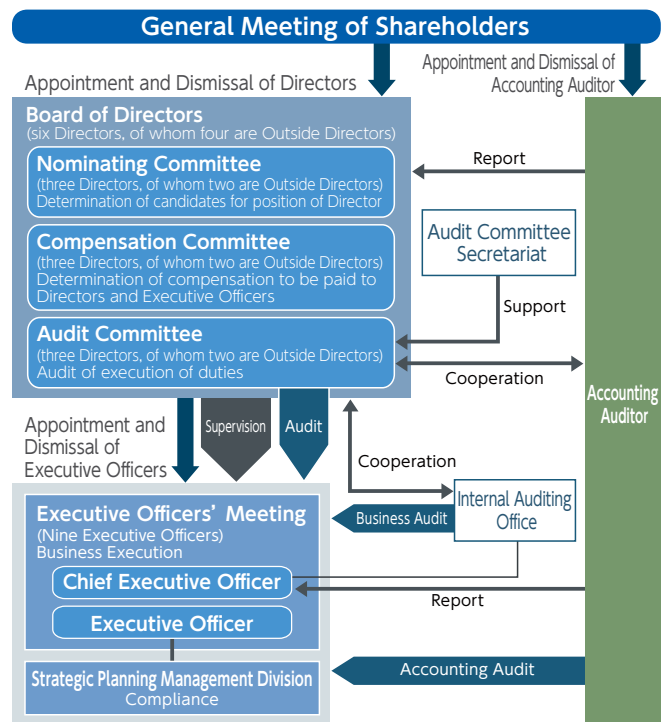
(3) Audit Committee

In addition to determining the Company’s audit policies and plans, the Audit Committee engages in follow-up activities to ensure that a designated member of the Audit Committee has conducted each audit in accordance with such audit policies and plans. In order to complement the effectiveness of audits, the Audit Committee promotes the sharing of information and other collaborative measures regarding audits conducted by the Internal Audit Department, Accounting Auditor, and audit team members of Group companies.

(4) Compensation Committee

The Compensation Committee formulates the basic policy for determining the compensation to be paid to the Company’s Directors and Executive Officers. At the same time, the Compensation Committee evaluates the performance of each Director and Executive Officer and determines the specific compensation amount.

■ Corporate Governance Structure (As of April 1, 2016)



TOPIC

In December 2015, the “Corporate Governance Guidelines of Hitachi Kokusai Electric Inc.” were established to specify the Company’s basic views on and framework of corporate governance so as to realize sustainable growth and increase the corporate value of the Hitachi Kokusai Electric Group over the medium to long term.

These Guidelines are available on the Company’s website.



Website for information on corporate governance
<http://www.hitachi-kokusai.co.jp/global/en/csr/governance/index.html>

OR

Hitachi Kokusai Electric Corporate Governance

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