

Management

To create a highly transparent management structure, we have adopted the “company with committees” system. We are striving to create a trusted company by further improving our compliance and risk management and our internal control system.

Corporate Governance

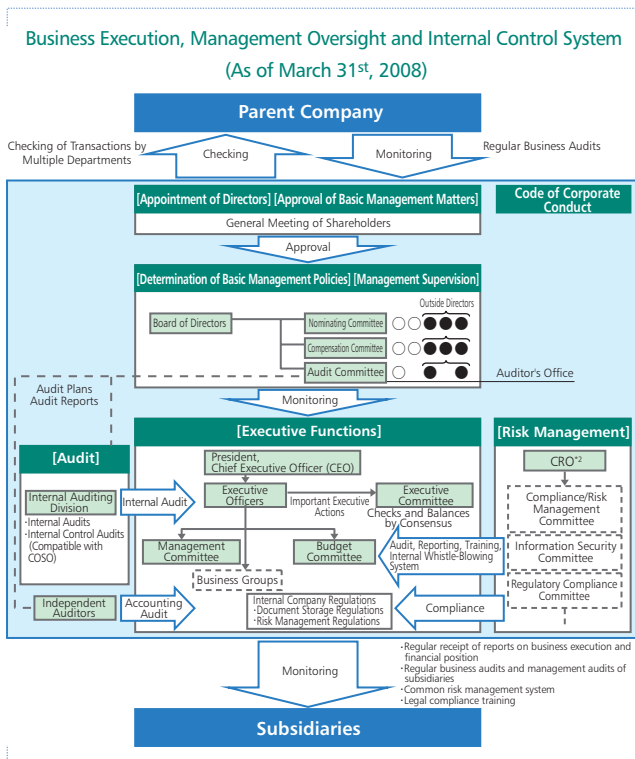
Hitachi High-Technologies has adopted the style of corporate governance called “company with committees” system. In a committee-based company, authority for business execution can be largely delegated from the Board of Directors to the Executive Officers, enabling speedy management decision-making and implementation. On the other hand, it is also essential to reinforce the supervision of business execution.

In Hitachi High-Technologies, the most important management issues are dealt with by the Executive Committee and Executive Officers are mutually responsible for the business execution. The role of the Board of Directors is to decide basic management policy and supervise the execution of business activities through receiving reports from the Nominating Committee, Audit Committee, Compensation Committee and the Executive Officers.

Moreover, based on the COSO*1 framework, we are taking measures to establish and maintain an internal control system aimed at reinforcing the Group’s management base. The Audit Committee monitors the execution of business activities through this internal control system, performs audits according to its audit plans, and reports the results to the Board of Directors. Audit Committee closely cooperates with Independent Auditors in order to ensure proper accounting.

Furthermore, from fiscal 2008 we will endeavor to develop additional internal control systems to ensure the reliability of financial reporting in compliance with the enforcement of the Financial Instruments and Exchange Law.

*1: COSO: Acronym for the Committee of Sponsoring Organizations of the Treadway Commission, which publicized the internal governance framework in 1992.



*2: CRO: The Chief Risk management Officer who is an executive officer responsible for compliance and risk management. The CRO is selected by the Board of Directors.

Compliance / Risk Management

Since fiscal 2007, Hitachi High-Technologies’ CRO has led the Compliance/Risk Management Committee in regularly investigating risks that affect the company as a whole. The committee formulates a priority activity plan for each fiscal year, and endeavors to revise and improve this plan. In particular, we are aware that information security is a high risk issue. To encourage information security awareness, we have taken relevant measures such as holding workshops to all Group employees and conducting audits.

In addition, we carried out the second compliance survey targeting all Group employees in order to check the extent of the compliance awareness, and to bring any latent problems to light. The survey results showed that awareness of compliance is steadily increasing and that communication within the workplace has also improved. On the other hand, we also identified issues that require further action.

In fiscal 2008 we intend to follow up survey results by organizing compliance training sessions for all managers.