

# Management

To enhance the transparency of our management structure, we have adopted a committee-based system of corporate governance. Through continual improvement of our compliance risk management, and internal control systems, we are working to earn the trust of society and our stakeholders.

## Corporate Governance

Hitachi High-Technologies has adopted the so-called “company with committees” style of corporate governance. In a committee-based company, most of the authority for business operations is largely delegated from the Board of Directors to the Executive Officers. This enables speedy decision making and rapid execution, but also makes it essential to reinforce the supervision of business execution.

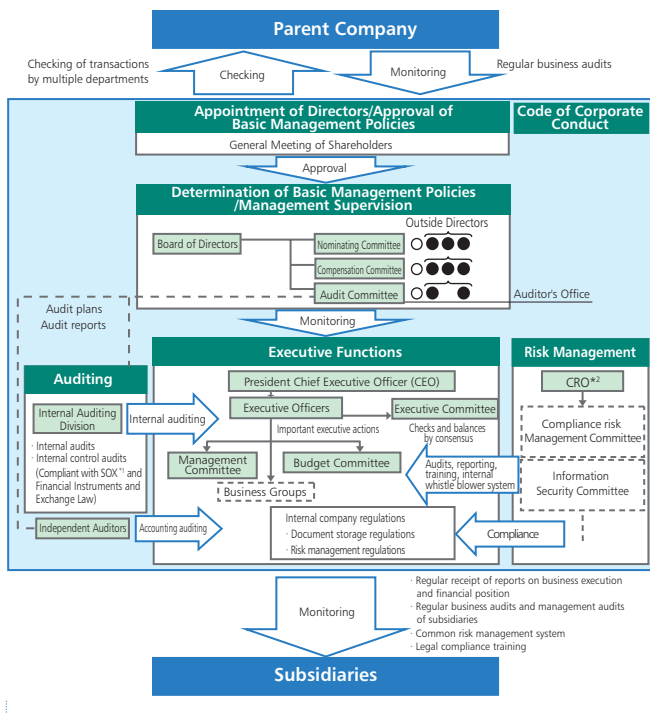
At Hitachi High-Technologies, the most important management issues are dealt with by the Executive Committee, enabling mutual checks by executive officers. The role of the Board of Directors is to decide basic management policy and supervise the execution of business activities. In its supervisory role, the Board receives reports from the Nominating Committee, the Audit Committee, the Compensation Committee, and the executive officers.

To reinforce the group’s management foundation, we have established an internal control system in accordance with the Corporation Law, the Financial Instruments and Exchange Law, and the SOX Act \*1 of the United States. 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. The Audit Committee cooperates closely with independent auditors to ensure proper accounting.

\*1: The Sarbanes-Oxley (SOX) Act of 2002 set new standards for accounting controls and corporate governance. We are required to comply with this law because our parent company, Hitachi Corporation, is registered on the New York Stock Exchange.

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

## Business Execution, Management Oversight and Internal Control System (As of April 1, 2009)



## Compliance risk Management

Hitachi High-Technologies has established a Compliance risk Management Committee. Under the leadership of the CRO, this committee conducts regular assessments of risks that affect the company as a whole. In particular, we regard information security as a high risk issue. To ensure that all employees are aware of the importance of information security, we hold case study workshops and encourage all employees to perform their own information security audits.

In fiscal 2008, we conducted group-wide compliance training based on the results of a fiscal 2007 compliance questionnaire. First, 125 people responsible for compliance in each Division attended training sessions led by outside instructors. Next, about 2000 management level employees attended study sessions to identify, assess, and prioritize risks in each department and to formulate action plans, which were communicated to all employees. In fiscal 2009, we intend to conduct another compliance questionnaire of all employees to gauge the effectiveness of these actions.