

1 HCM ST CG HCM Policy - Codes of Conduct	
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Authorised by: GM People and Communications	



HCM POLICY: CODES OF CONDUCT

The HCM Group Codes of Conduct have been established as specific codes of conduct that apply to all companies of the HCM Group. Under the leadership of top management, we will thoroughly implement the Codes of Conduct to ensure that all our business activities are conducted on the basis of corporate ethics and compliance, in accordance with “Basics and Ethics.”

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CHAPTER 1: TOWARD A SUSTAINABLE SOCIETY

- (1) We will make efforts to build rapport with communities and contribute to their development, working together to resolve social issues by promoting innovative solutions, collaborating with partners and stakeholders, and continuing to integrate social and environmental responsibility into our business activities.
- (2) We will strive to develop technologies that contribute to social development and use them with due consideration of their impact on society. To this end, we will strive to reduce our impact on the environment by reducing CO2 emissions, water use and using other resources efficiently.

CHAPTER 2: SINCERE AND FAIR BUSINESS ACTIVITIES

2.1 Provision of Safe High-Quality Products and Services

- (1) We will satisfy customer needs and specifications. We will not only obey quality, safety and environmental laws and standards, but also set our own voluntary standards when necessary to ensure the quality of our products and services. We will strive to guarantee safety and realize the goal of zero product defects so that customers can use our products and services with a sense of security.
- (2) We will respond quickly and sincerely to defects and customer complaints, and strive to determine the causes and implement thorough measures to prevent recurrence.
- (3) We will construct and administer appropriate quality management systems.

2.2 Sales Activities

- (1) We will carefully understand what customers seek from the customer's viewpoint, and provide reliable, satisfactory products and services.
- (2) We will observe domestic and overseas competition laws and regulations as a matter of course and act appropriately as a member of society under the basic principles of conduct according to the rule of law and ethical corporate integrity and fair, transparent and free competition.
- (3) We will not engage in sales activities that place unreasonable pressure on customers, such as forcing customers to engage in transactions with the company or the Hitachi Group.
- (4) We will build appropriate relations with retailers and other sales channels. We will not conduct trade under conditions that differ, without good reason, from our terms of trade with other parties, place any unlawful restraints on the sales prices of goods that we have supplied, or engage in any other unfair trading practices.
- (5) We will observe laws and internal company regulations, avoid improper expressions in advertising and publicity activities of the company and our products and services, and use fair and appropriate representations and expressions in accordance with social justice and public order and good morals.
- (6) When we collect information, we will use proper means and act fairly and appropriately in accordance with the applicable laws and regulations. We will strive to maintain the confidentiality of customers' confidential and personal information.
- (7) We will enter clear and lawful contracts in an appropriate and rational manner.
- (8) When we enter contracts, we will examine individual transaction terms based on a solid understanding of the risks and costs with the assistance of relevant personnel and experts as necessary, and carry out the contract process in accordance with company procedural rules.

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2.3 Procurement Activities

- (1) We will strive to build good partnerships with suppliers, and to maintain and improve long-term relationships of mutual understanding and trust.
- (2) We will strive to develop optimal suppliers from a broad view worldwide, and to maintain competition.
- (3) We will select suppliers appropriately and fairly. In selecting suppliers, in addition to considering the quality, reliability, delivery dates and prices of materials as well as the management stability and technological development strengths of the suppliers, we will also give due consideration to their fulfilment of social responsibility including fair and highly transparent information disclosure, observance of laws and social norms, respect of human rights, elimination of unfair discrimination concerning employment and workplaces, elimination of child labour and forced labour, environmental protection activities, social contribution activities, creation of pleasant workplaces, and sharing of awareness about social responsibility with business partners.
- (4) We will not accept any personal benefits from suppliers concerning procurement transactions.
- (5) We will deal impartially and fairly with all suppliers. We will also strive to maintain the confidentiality of suppliers' confidential and personal information.
- (6) We will manage procurement activities through appropriate procedures in accordance with internal company regulations.

2.4 Respect of the Hitachi Brand

- (1) We will position the brand as an important management asset, and take actions to protect and enhance the value of the Hitachi brand and have it recognized by society.

2.5 Observance of Engineering Ethics

- (1) As engineers, when faced with a situation deemed contrary to our mission in the course of carrying out our work, we will give top priority to public safety, health and welfare. We will make every possible effort to guarantee product safety to ensure that product liability problems caused by products, systems and services do not occur, and strive to secure superior functions, performance and reliability.
- (2) As engineers, we will work for global environmental protection and the effective utilization of resources to maximize the sustainability of human society.
- (3) As engineers, we will always exercise judgment based on the facts from an objective perspective with honest, sincere and impartial responsibility. When we find it difficult to resolve problems as individual engineers, we will seek opinions from relevant persons inside and outside the company and knowledgeable third parties and experts, and jointly work to resolve the problems.
- (4) As engineers, we will always strive to increase the transparency of information that affects the public, society and the environment, and to swiftly provide accurate information in cooperation with the relevant parties inside and outside the company.
- (5) As engineers, we will observe our duty to maintain confidentiality. When confidential information includes information that might have a material effect on the public, society or the environment, however, we will work to disclose the information in a timely and appropriate manner.
- (6) As engineers, we will respect other parties' intellectual properties as well as our own intellectual properties. We will build smooth cooperative relations with other parties and work to establish a fair market environment.

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- (7) As engineers, we will respect the cultures, religions, customs, systems and diversity of value systems of other peoples, nations and regions, and strive to share joy with the people of the world through technology.
- (8) As engineers, we will pursue self-improvement and continue to lead the world with technology in the future.

CHAPTER 3: ENVIRONMENTAL PROTECTION

3.1 Promoting Environmental Management

- (1) We recognize the roles we should play and will carry out each of them to conduct *monozukuri* aimed at reducing the environmental burden of a product throughout its life cycle—from procurement of materials to production, distribution, use, and appropriate disposal—in order to realize a sustainable society in harmony with the environment.
- (2) We will strive to conduct business management and operations observing environmental laws and regulations, as well as voluntary standards.

3.2 Promoting Environmentally Conscious Business Activities and Environmental Management

- (1) We will actively develop environmentally conscious products and services that give consideration to the prevention of global warming, cyclical use of resources, and the preservation of ecosystems.
- (2) We will actively pursue the prevention of global warming, cyclical use of resources, and the preservation of ecosystems at our plants and offices.
- (3) We will evaluate the potential for environmental problems, strive to prevent the occurrence of environmental problems, and quickly implement appropriate measures that minimize the environmental load whenever environmental problems occur.

3.3 Communication with Stakeholders

- (1) We will pursue information disclosure and dialogue regarding environmental activities to create a sustainable society together with stakeholders.

CHAPTER 4: RELATIONS WITH SOCIETY

4.1 Disclosure of Company Information

- (1) We will place importance on the process of dialogue with a wide range of stakeholders regarding information required by society, listen to various opinions and negative information about the company and Hitachi Group companies, respond to them sincerely on our own initiative, and promote two-way communication with society.
- (2) We will respond sincerely to crises that occur and disclose information in a timely and appropriate manner, even when this information is negative or disadvantageous to the company.

4.2 Contribution to Local Communities

- (1) We will carry out social contribution activities, centred on activities to foster personnel who will lead the reforms of the next era, to realize a vibrant society by making the greatest possible use of our resources. By implementing social contribution activities, we aim to be a respected and trusted global enterprise of the 21st century.

4.3 Relations with Politics and Government Administration

- (1) We will establish sound relations with politics and government administration. In particular, we will observe ethical regulations concerning public servants.

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- (2) We will not engage in any bribery of public servants (including foreign public servants and parties legally regarded as public servants), or engage in any similar activities to propose, promise or provide unfair profits. We will also refrain from any conduct that might be construed as constituting bribery or similar activities.
- (3) We will not engage in any activities that impair the fairness of public tenders.
- (4) We will make donations and join outside organizations fairly and appropriately.

4.4 Prevention of Anti-social Transactions*

- (1) We will have no relations whatsoever with anti-social forces such as organized crime groups, and we will never engage in anti-social transactions under any circumstances.
- (2) We will prevent anti-social transactions through self-inspection of our transactions.
- (3) We will oppose anti-social forces such as organized crime groups with firm resolve, and refuse any improper demands.

* Transactions with anti-social forces such as organized crime groups.

4.5 Regarding Gifts, Business Entertainment, Etc.

- (1) We will not ask suppliers, customers or other parties to make gifts of money or goods to employees or their families.
- (2) We will not present gifts of money or goods to suppliers, customers, the employees of other companies, or other parties that have or might be viewed as having a direct influence on trading relations with our company.
- (3) We will conduct business entertainment within the range of common practice.
- (4) We will respond cautiously to offers of business entertainment from suppliers and customers, and report all such offers to our superiors for consultation in advance. We will decline on the spot any offers of extravagant or high-priced entertainment that transcend the bounds of conventional wisdom.

4.6 Observance of Laws and Regulations and Respect of the Culture and Customs of Each Nation and Region

- (1) In our business activities in all nations and regions, we will respect the culture and customs of each nation and region, and pursue open and honest conduct in accordance with the relevant governing laws and regulations in each nation and region. We will also contribute to economic, social and environmental progress for the sustainable development of each nation and region. In nations and regions where domestic laws or their enforcement conflict with international standards of conduct, we will strive to give the greatest possible respect to international standards of conduct.
- (2) We will not engage in or be involved with any improper commercial transactions in any nation or region. We will also exercise due caution to avert any relations with organized crime, and observe the laws and regulations governing money laundering (the laundering of illicit funds gained from criminal activities, etc.).

CHAPTER 5: RESPECT OF HUMAN RIGHTS

5.1 Promoting Respect of Human Rights

- (1) We will respect international standards of conduct regarding human rights, and strive to ensure that we do not engage in any conduct that obstructs or interferes with human rights. We will implement human rights due diligence appropriate to the social circumstances of the countries and regions where we operate and the nature of our businesses, products, and services there.

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5.2 Eliminating Discrimination

- (1) We will respect every person's character and individuality in the recruitment and treatment of employees, the conduct of commercial transactions, and all other company activities, and not engage in any acts that impair individual dignity or discriminate on the basis of sex, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, disability, etc.

5.3 Respect of Human Rights in Information Management

- (1) We will establish information ethics based on consideration of human rights and the maintenance of security in information handling, to prevent in advance the emergence of problems from personal information leaks, computer viruses, and unauthorized access.

5.4 Respect of Basic Rights at Work

- (1) We will advance employment with proper consideration for corporate social responsibility. We will hire employees in accordance with the governing domestic, foreign and local laws in each country and region. We will not use child labour that employs children below the minimum working age or coerced labour that is against the will of the workers.
- (2) We will conduct procurement with proper consideration for corporate social responsibility, and will not procure goods or services from enterprises that utilize child labour or forced labour.
- (3) Considering the laws and regulations and labour practices in each nation and region, and respecting the basic rights of employees presented as the principles of the United Nations Global Compact, we will strive to have employees and managers better understand each other's problems and resolve issues jointly through genuine and constructive dialogue.

CHAPTER 6: MANAGEMENT FOUNDATIONS

6.1 Management and Use of Information

- (1) We will conduct appropriate management of all processes related to the life cycle of confidential information including information production, acquisition, confidentiality management, sharing and disclosure, storage and preservation, use, and disposal, and observe the protection of confidential Information, and appropriate use of information equipment to prevent incidents from information leaks and improper information use.
- (2) We will protect information assets in accordance with the Information Security Policy.
- (3) We will manage confidential information appropriately in accordance with internal company regulations.
- (4) We will fully respect the rights and value of confidential information that belong to the company or other parties. We will observe these Codes of Conduct and related regulations, and appropriately manage and handle the company's confidential information and confidential information disclosed to us by other parties, to prevent any information leaks that might cause damages to the company or other parties or constitute breach of contract or legal violations.
- (5) We will follow the specified procedures and arrange appropriate measures for the maintenance of confidentiality such as nondisclosure agreements when disclosing the company's confidential information to other parties.
- (6) We will acquire confidential information that belongs to other parties only when necessary for the conduct of the company's business, using fair and appropriate methods (contracts, etc.) in light of fair business practices. We absolutely will not acquire such confidential information through improper means. When we have acquired other parties' trade secrets, we will strictly manage them as stipulated by the relevant contracts and implement the necessary measures after the relevant contracts have expired.

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- (7) We recognize the importance of protecting personal information, and we will handle personal information appropriately in accordance with the company's Personal Information Protection Policy.
- (8) We will organize and store documents, electronic files, records and other types of information. We will appropriately store documents and electronic files whose processing is complete, and destroy them by suitable means when their storage periods have expired.

6.2 Use of Inside Information and Related Considerations

- (1) We will always take care to prevent leaks of company information. We will not disclose to third parties material confidential information regarding the company, our related companies or business partners (subsidiaries, affiliated companies, investee companies, contract partners, or companies with which we are negotiating contracts), or customers.
- (2) When we learn undisclosed information regarding the company, our related companies or business partners, and customers that might affect the judgment of investors (insider information), we will not trade shares of the company, our related companies or business partners, or customers until the insider information is disclosed. We will exercise discretion in stock and other transactions in cases when it is not clear if the information constitutes insider information.

6.3 Management and Preservation of Company Assets

- (1) We will actively create intellectual properties, protect them appropriately, and strive for their effective use. We recognize that the intellectual property rights to intellectual works created in relation with work duties at the company will all revert to the company as provided by the relevant laws, and we will follow the provisions of the related internal company regulations and the directions of the company for the appropriate protection of the company's rights, and for their use.
- (2) We will respect the intellectual property of other parties. We will prevent violations of other parties' intellectual property rights in advance and, for the smooth progress of business, we will investigate other parties' intellectual property rights beforehand when engaged in research, development, design, production and sales of new products or new technologies, and implement appropriate measures when any doubts arise.
- (3) We will not infringe other parties' copyrights regarding use of software and the Internet. For example, we will not install, use or duplicate software in violation of the terms of license agreements. We will manage software so that it is used correctly as a company asset.
- (4) We will use the company's tangible assets (land, buildings, facilities, equipment, products, office equipment, cash and deposits, negotiable securities, etc.) efficiently for business activities. We will observe company rules to prevent improper use, loss and theft.
- (5) We will not engage in any acts that damage the value of tangible or intangible company assets, including financial assets, through improper use, personal use, etc.
- (6) We will act to ensure that all business judgments and business activities are the best choices for the company, and we will not form any financial or other trading relations with suppliers, customers, or competitors that would conflict with the best interests of the company.
- (7) We will implement fair accounting practices and proper information recording and reporting. We will also accurately and clearly record and report research findings, inspection data, business performance and other documents on a factual basis.

6.4 Arranging a Work Environment That Draws Out Employee Strengths

- (1) We will comply with the relevant labour laws and regulations governing employment, personnel affairs, working conditions, wages and other employment terms, etc.

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- (2) We will respect the human rights of individual employees, and manage personnel records strictly with close attention to protecting personal information and privacy rights. We will absolutely refrain from any sort of sexual harassment or power harassment that violates human rights.
- (3) We will strive to secure workplace safety based on the approach of giving priority to the protection of safety and health above all else.
- (4) We will act to promote physical and mental health. We will give consideration not only to our own health, but also to the health of those around us.
- (5) We will work to create workplaces where every individual employee can work with the sense that his or her work is worthwhile. We will support a work-life balance by realizing diverse working styles and using various types of vacation systems. We will also strive to create a workplace environment where employees can take leaves for pregnancy, childbirth, child-raising, and family nursing care as necessary.
- (6) We will promote the sustainable growth of employees and the organisation. We will always strive to pursue self-improvement and make our best efforts so that we can manifest our greatest potential. Superiors will give their subordinates appropriate management, guidance, and training to extend their capabilities.

6.5 Observance of Laws and Regulations Governing Imports and Exports

- (1) We will observe all related laws and regulations when conducting exports not only of products but also of all kinds of cargo and technologies.
- (2) We will conduct effective export control in accordance with internal company regulations by being certain to confirm the end-use and end-users, even for domestic sales.
- (3) We will observe all related laws and regulations when conducting imports.

6.6 Crisis Management

- (1) We will make concerted efforts to secure employee safety and business continuity in case of disasters and threats such as earthquakes, tsunamis and floods, cyberattacks, and terrorism.

CHAPTER 7: COMPLETE OBSERVANCE OF CODES OF CONDUCT

7.1 Complete Observance of Rules

- (1) We will strive to always provide our employees with information on the relevant laws and internal company regulations required for the conduct of business. Every section will implement employee education regarding the relevant laws and regulations. We will revise internal company regulations and inform employees when concerned laws or regulations are revised, and when the company advances into new businesses, or new nations or regions.
- (2) We will always observe laws and regulations and act fairly under any conditions, in accordance with these Codes of Conduct.
- (3) We will immediately report to or consult with our superiors or the relevant sections whenever we suspect we might be violating laws or internal company regulations, and devise the necessary corrective actions. Similarly, we will immediately report to or consult with our superiors or the relevant sections whenever we suspect that the actions of others may not be in accordance with laws or internal company regulations.
- (4) We will always note that rules change with the times, and act with good common sense under the principle of "Basics and Ethics."
- (5) We will take strict measures whenever employees act in violation of relevant laws or regulations, including disciplinary dismissal in light of the reprimand provisions of the Employment Regulations.

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7.2 Implementation of Self-Audits

- (1) We will implement self-audits to confirm that internal company procedures are being properly executed in accordance with the relevant laws and internal company regulations.

7.3 Internal Reporting System

- (1) We will establish a system for employee reporting of illegal, unfair and improper acts concerning the business of the company or its Group companies. When reports are made, we will examine the facts and implement corrective measures as necessary. We will use this system for complete observance of laws and regulations, and to conduct corporate activities with a high ethical viewpoint.
- (2) We will not engage in any prejudicial treatment of individuals who submit reports, except in cases of bad-faith reports that are malicious slander or libel. When individuals who submit reports are involved in illegal activities, the individual concerned will not be exempted from responsibility through the provision of information, but the fact that the individual has provided information will be taken into consideration as extenuating circumstances.

CHAPTER 8: RESPONSIBILITIES OF TOP MANAGEMENT

- (1) Top management will personally take the lead in striving for business operations with corporate ethics and compliance as the main axis, in accordance with these Codes of Conduct. When violations of these Codes of Conduct occur, top management will personally devise corrective measures and strive to prevent recurrence. Top management will also fulfil responsibility for explanation and for swift and accurate information disclosure, and implement strict measures against illegal acts, including measures on itself. In addition, top management will encourage suppliers and other supply chain partners to promote business operations with corporate ethics and compliance as the main axis.

SUPPLEMENTARY PROVISION HITACHI GROUP IMPLEMENTATION OF CODES OF CONDUCT

The HCM Group Codes of Conduct shall apply to all officers and employees of HCM and its consolidated subsidiaries. All subject companies shall set or revise these Codes of Conduct as the "HCM Group Codes of Conduct" or as the codes of conduct of their own company at a board of directors meeting or other decision-making organ of the company, and take appropriate measures so that all their officers and employees accurately understand these Codes of Conduct.

Companies may also enact their own individual codes of conduct, incorporating the contents of these Codes of Conduct. Such individual codes of conduct can alter the contents in accordance with the legal systems, social customs and business characteristics of their respective nations or regions, or add stipulations that are not included in these Codes of Conduct. However, those individual stipulations may not under any circumstances contradict the stipulations of these Codes of Conduct or relax their contents.

When companies do establish individual codes of conduct, those codes of conduct must expressly stipulate that they have been prepared based on or referring to the HCM Group Codes of Conduct.

REFERENCE DOCUMENTATION

2 BK SP MS

Bradken Code of Conduct and Ethics

Approved by the Board of Directors: 29 May 2017