

Promoting Sincere Compliance and Environmental Protection Activities

We acknowledge that compliance management and environmental protection activities are key issues in ensuring sound corporate activities. Based on this belief, we make diverse efforts aimed at being a company that society can trust and have confidence in. The following outlines key compliance and environment-related initiatives.

Bolstering Compliance Management

As a good corporate citizen and member of society, Clarion not only observes laws but also promotes Group-wide awareness of business ethics. As the foundation of such activities, we established compliance guidelines (“Guiding Principles of Conducts and Behaviors” in July 2003 and “Basic Regulations for Compliance Management” in March 2007) to which employees must adhere in conducting business activities. Deployed on a global scale, our compliance program has now been introduced at six Group companies in Japan and 15 overseas. Each of these companies formulated their own “Guiding Principles of Conducts and Behaviors” in compliance with the Headquarters’ guidelines. Overseas, these guiding principles have been created in a total of eight languages, including English, Chinese and Malay. Compliance audits and compliance awareness surveys have been conducted since 2004 to regularly check and ensure these guiding principles are being observed and no compliance-related problems have arisen. Through these periodic audits, we issue directions for improvement when deemed necessary.

Compliance Promotion Framework

Clarion has established the Compliance Committee, chaired by the President. Regular meetings are held, with the CSR Group of the Personnel and Administration Department acting as secretariat. In these sessions, reports are made on the compliance activities of each department, and ideas and opinions on compliance-related issues are exchanged and shared by the members.

Promotional Framework of Environmental Management System

At Clarion, we engage in business activities aimed at a sustainable enterprise seeking harmony among people, society and nature. We are committed to striving for corporate activities with consideration to the environment, including the effective utilization of the Earth’s finite resources and the efficient use of energy.

A Standing Committee on the Environment, chaired by the President, has been set up in order to advance environmental protection activities throughout the Company. Within the Committee are six subcommittees to address environmental protection issues in each specific field from a Company-wide perspective.

ISO 14001 Certification

Clarion completed establishment of a Company-wide environmental management system, and ISO 14001 certification was awarded to the entire Company in April 2000. At our overseas affiliates and subsidiaries, 11 sites, mainly production sites, have successfully been certified.

Mid-term Environmental Plan

In order to reduce environmental impact to the greatest extent possible, every year Clarion reviews its mid-term environmental plan based on an evaluation of environmental performance in the previous year. In fiscal 2007, we reviewed the mid-term environmental plan created in fiscal 2006 and formulated a new three-year environmental plan covering the period through March 2010 based on the Hitachi Group’s environmental action plan. The new plan sets ambitious objectives covering the diverse fields of our activities, from promoting resource conservation and recycling-oriented design, management and reduction of harmful substances in developed products, and the application of lead-free solders to a 10% reduction in energy usage by the end of March 2011 compared with 1990 levels, reduction of waste, expansion of recycling activities and the promotion and continuance of zero waste output.

Promoting Communication with Stakeholders

The Clarion Report is published annually, detailing initiatives and results concerning environmental protection and social contribution activities as one measure to maintain communications with a wide range of stakeholders. The report can also be viewed on the Company’s Website.

Clarion Report 2008



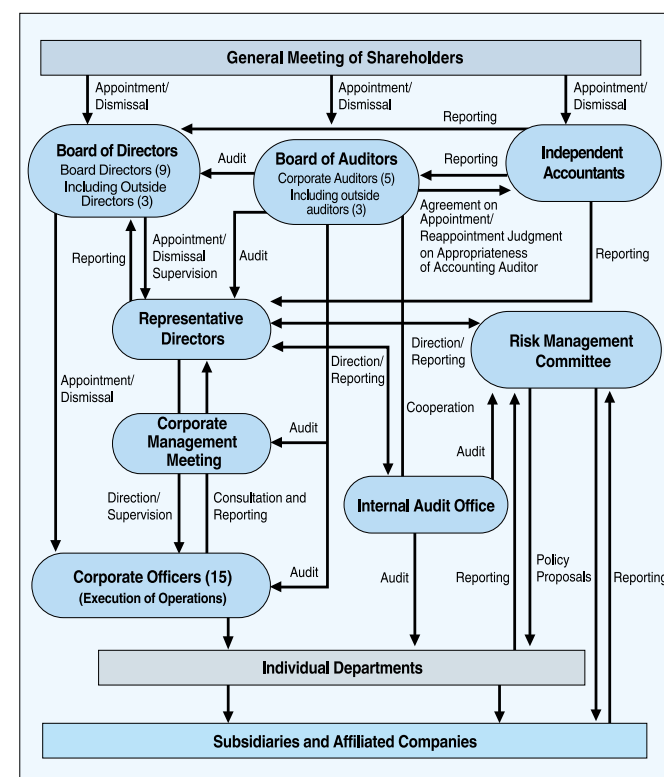
Pursuing Sound and Highly Transparent Management

Clarion places importance on corporate governance and has developed a system that embodies that awareness. Through its efforts to develop a risk management system and redevelop internal controls, Clarion is striving to ensure the transparency of management at all times and respond promptly and appropriately to risks.

Corporate Governance Structure

Clarion operates under an auditor system. The Board of Directors consists of nine directors (including three outside directors) and the Board of Corporate Auditors has five corporate auditors (including three outside auditors). The Board of Directors sets basic management policies from a Group-wide perspective and supervises important managerial decision-making and other business administration matters. An executive officer system has been instituted to facilitate the quick execution of business. The Corporate Management Meeting, comprised of directors and corporate officers, has been created as a consultative body to assist the Board. It is here that management direction and policies are clarified. The term of office for directors and corporate officers has been set at one year to clarify responsibilities and enable greater flexibility.

Corporate Governance System



Efforts to Enhance the Internal Control System

The Internal Audit Office conducts regular audits of all the Company’s departments and Group companies. The Office verifies business activities in terms of efficiency, conformity and compliance with laws and internal regulations. The findings are reported to the President, and corrective actions are taken if found necessary.

We reviewed our internal control system in line with the May 2006 enactment of the Corporate Law of Japan. As a member of the Hitachi Group, we redeveloped the internal control system in fiscal 2007 at 23 subsidiaries in Japan and overseas in compliance with the U.S. Sarbanes-Oxley (SOX) Act. In fiscal 2008 (ending March 31, 2009), we will promote compliance with the Financial Instruments and Exchange Law (Japanese version of the SOX Act) throughout the Clarion Group as a means to improve the quality of internal controls.

Enhancing Risk Management

Clarion formulated “Regulations for Risk Management” to identify the various risks we face in business in order to maintain/increase corporate value. The Risk Management Committee oversees and responds to risks encountered in general management. Under the umbrella of this body, various committees respond to risks in specific areas such as crisis management, compliance, information disclosure, information security, security trade control and the environment. The Internal Audit Office regularly monitors these efforts and implements the PDCA (Plan-Do-Check-Act) cycle to drive ongoing improvement.

Information Disclosure

Clarion strives to fulfill its accountability to stakeholders and raise management transparency. As part of these efforts, we deliver Shareholders Bulletins (in Japanese) twice a year, while annual reports and Clarion Reports are published every year and the Company’s Website is regularly updated. Through these activities, we ensure that fair and accurate corporate information is disclosed in a timely manner. In relation, the Information Disclosure Committee has been established to guarantee the appropriateness of information and the method of disclosure.