

**Hitachi Group
Sustainability Report 2013 Digest**

VALUE CREATION
FOR A SUSTAINABLE
SOCIETY



Our Key Business Challenges Are Social Contribution and Reducing the Environmental Burden



The Hitachi Group has positioned the Social Innovation Business as our core business emphasis, and we work as a group to expand that business globally. There are several reasons why we call what we do *Social Innovation Business*.

Resolving Social Issues

First, continuing to simply supply the equipment and systems needed for the social infrastructure would not be enough to overcome the trials faced by society. Carefully honing and perfecting the functionality and performance of individual products and systems is of course an extremely important responsibility for a manufacturer. However, the issues facing many countries and regions around the world are becoming too complex to be resolved with equipment and systems alone. Take energy issues, for example. In many regions, economic development has brought power shortages. One solution is to build large, high-efficiency thermal power stations, but at the same time, because thermal power stations emit gases that cause environmental problems, we also need to look closely at these problems and strive to minimize the environmental burden so that we can be in harmony with the environment. If the environmental burden goes beyond tolerable limits, it will be necessary to use renewable energy such as solar and wind power. However, renewable energy relies on the weather, and the power that is produced fluctuates enormously. Robust management must be used to deal with the impact on power transmission and distribution systems for a stable, reliable supply of power. Many of these complex issues will not be easily resolved by the Hitachi Group alone, but the basic approach of our Social Innovation Business is to deepen our understanding of the particular issues to the greatest extent possible and to seek solutions together with our customers and partners. Engaging in close dialogue with people around the world, we will use Hitachi technologies to the full to help resolve social issues.

Using Innovation to Build a Sustainable Society

The second challenge is innovation. To deal with the complex issues facing society, we need to clarify these issues to the maximum extent possible—not an easy task. Many social issues by their nature have political, economic, and historical dimensions. We are developing certain technologies, including big data and data analytics, to gather a wide range of social phenomena from many perspectives into databases and to analyze that data. To bring about social and business innovations, we need to overcome many hurdles as we mobilize these technologies and apply methods for the experiential and objective analysis of social behavior. We believe that by taking on these challenges as a group, we can earn the trust of many people worldwide through our commerce, and that this will in turn grow our business. The Hitachi Group is committed to contributing to society through Social Innovation Business. In other words, we view our Social Innovation Business as the business of creating a sustainable society.

This sustainability report presents the many activities that the Hitachi Group carried out with a view to creating a sustainable society. As you will see, we operate around the world in a huge range of capacities. This report also lays out Hitachi's management strategies and CSR, a diverse array of solutions showing how Hitachi contributes to society through business, respects human rights, promotes diversity, and helps to reduce the environmental burden from production, as we become a corporate citizen through our activities around the world.

As we have done in the past, in the years ahead we will position our business operations with a firm emphasis on the creation of a sustainable society.

A handwritten signature in black ink, appearing to read "H. Nakanishi". The signature is fluid and cursive, written over a horizontal line.

Hiroaki Nakanishi
President, Hitachi, Ltd.

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Hiroaki Nakanishi, President, Hitachi, Ltd.

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Items included in Hitachi Group Sustainability Report 2013 (PDF)

The following items can be viewed on the website:
<http://www.hitachi.com/csr/download/>

Management Strategies and CSR

Governance Report

Message from the Executive Officer for Management Audits / Corporate Governance / CSR Management / Risk Management / Compliance / Innovation Management / Intellectual Property / Brand Management

Environmental Report

Message from the Chief Environmental Strategy Officer / Environmental Activities Worldwide / Environmental Management Strategies and Initiatives / Environmentally Conscious Products and Services / Environmentally Conscious Production / Environmental Management Framework and Communication

Social Report

Message from the Executive Officer for Procurement / Message from the Executive Officer for Human Capital Group / Respect for Human Rights / Supply Chain Management / Diversity Management / Public Policy Initiatives / Quality Assurance Activities / Customer Satisfaction / Communication with Shareholders and Investors / Employee Health and Safety / Global Human Capital Development / Social Contribution Activities

List of Key Indicators / Independent Assurance

Symbol Marks Used in This Booklet

- * Technical terms, proper nouns, etc., in the text requiring explanation
- † Tables or diagrams, etc., requiring explanation
- WEB** Indicates the title and URL of the web page related to the article.

Editorial Policy

The *Hitachi Group Sustainability Report 2013* presents the basic policies, promotion systems, measures, and key performance indicators for each initiative in keeping with reporting guidelines. This approach maintains an honest and transparent disclosure of information for fiscal 2012 initiatives and Hitachi's approach to addressing the social and environmental issues that are vital to the sustainability of corporate management and society.

Scope of Reporting

- [Period]** The main period covered is fiscal 2012 (April 1, 2012 to March 31, 2013)
- [Companies]** Hitachi, Ltd. and 963 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 964 companies
- [Scope of data]**
- Financial data:** Hitachi, Ltd. and 963 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 964 companies and 215 affiliated companies that use the equity method
- Social data:** Scope of data indicated under each item
- Environmental data:** Hitachi, Ltd. and 963 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 964 companies. However, for environmental load data generated through business operations, companies that cover 90 percent of the load (based on Hitachi calculations) are included.
- The data for each fiscal year indicates the results according to the scope of data in that fiscal year.
- The base fiscal year data has been revised to match the scope of data for fiscal 2012.

Key Guidelines Referred to in Preparing this Report

- Environmental Reporting Guidelines (FY 2012 version), Ministry of the Environment, Japan
- Environmental Reporting Guidelines 2001—With Focus on Stakeholders, Ministry of Economy, Trade and Industry, Japan
- GRI Sustainability Reporting Guidelines (G3.1), Global Reporting Initiative
- ISO 26000: 2010, International Organization for Standardization

The *Hitachi Group Sustainability Report* is published annually.

Disclosure of Financial and Non-Financial Information

Hitachi Ltd. presents information to match the needs of stakeholders reading this report. While financial information is in the *Annual Report*, the *Hitachi Group Sustainability Report* presents non-financial information. The *Hitachi Group Sustainability Report 2013* presents comprehensive non-financial information as a PDF file (A4, 194 pages). Key issues are covered in the *Hitachi Group Sustainability Report 2013 Digest*, a 12-page A4 booklet. Our website also provides up-to-date Hitachi Group information.

WEB CSR (Corporate Social Responsibility) <http://www.hitachi.com/csr/>

WEB Environmental Activities <http://www.hitachi.com/environment/>

WEB Social Contribution Activities <http://www.hitachi.com/csr/sc/>

WEB Investor Relations <http://www.hitachi.com/IR-e/>

External Evaluations

We were selected in September 2012 for the Dow Jones Sustainability World Indexes (DJSI World), one of the world's leading sustainability investment fund indexes.



Initiatives That We Participate in

We have been a member of the World Business Council for Sustainable Development (WBCSD) since 1995.



We have been a member of the United Nations Global Compact since February 2009.



Management Strategies and CSR

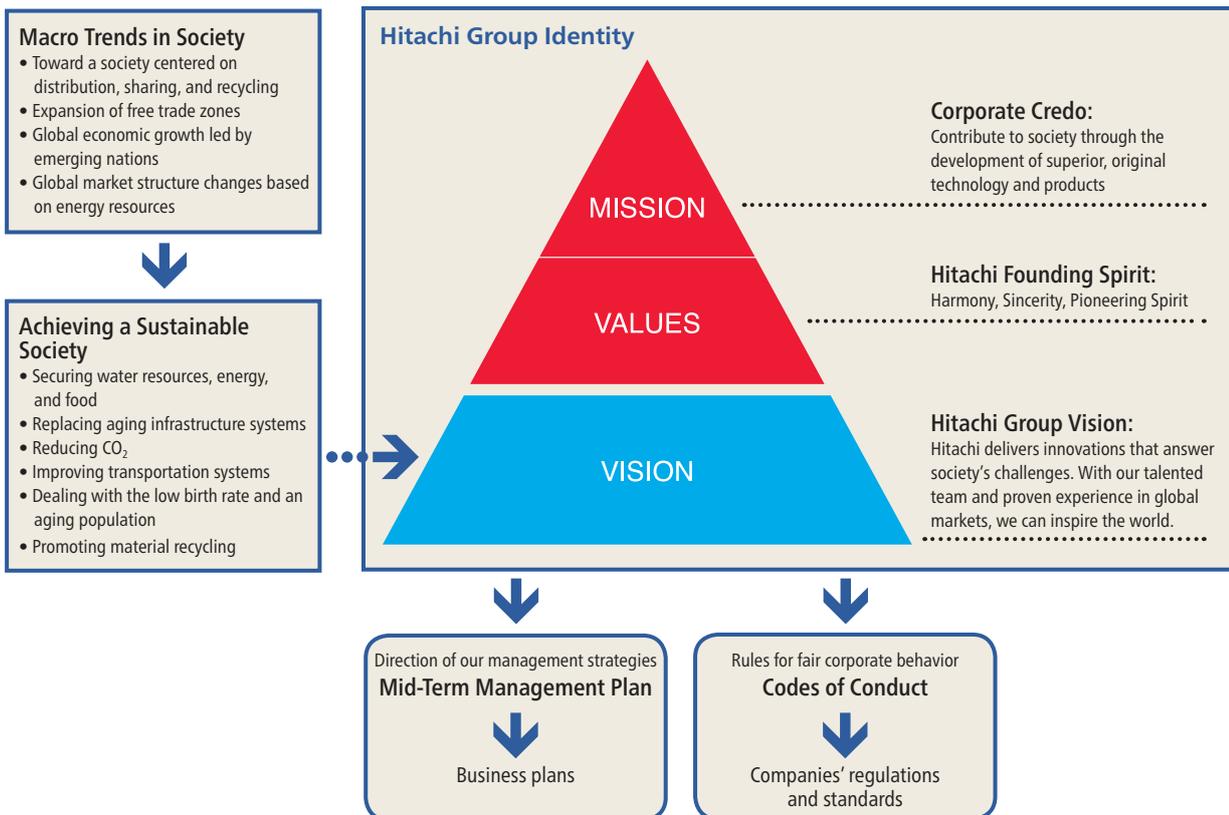
As a global enterprise, we share society's values and pursue sustainable growth by integrating management strategies and CSR. Our challenge is to match our CSR activities with our Mid-Term Management Plan goals to achieve the Hitachi Group Vision, creating both social and economic value.

For us, CSR is about making our Group Vision a reality. Our purpose is to contribute through innovation to both realizing a safe, secure, comfortable society and helping to tackle global challenges: poverty, inequality in education, the spread of diseases, resource and energy issues, population concentration in cities, and other global environmental issues.

The Mid-Term Management Plan is our action plan for realizing the Group Vision. Our CSR activities help to achieve the goals set out in

this plan. By implementing the plan, we are creating robust, diverse governance, as well as strong ethical behavior from and a sense of challenge for our employees. Additional benefits include promoting business that helps to resolve environmental problems and other issues facing society as a good corporate citizen in global society. While implementing the Mid-Term Management Plan, Group employees comply with national laws and, wherever they are in the world, they work with a strong sense of ethics in line with the Hitachi Group Codes of Conduct.

Trends in Society and Hitachi Group Identity



In April 2013, as we began on a new Mid-Term Management Plan, we created the Hitachi Group Vision to show what the Hitachi Group intends to become. The Vision draws on the ethics and values that the Group has developed over the past 100 years—encapsulated in our Corporate Credo and Founding Spirit—to lay out a new medium- to long-term vision for

the Hitachi Group. Recognizing the changing macro trends in society, the Vision embodies our firm commitment to help resolve the challenges facing the global community and to realize a sustainable society. Together with creating our Vision, we have also merged the Corporate Credo, Founding Spirit, and Hitachi Group Vision into the Hitachi Group Identity.

2015 Mid-Term Management Plan to Realize the Hitachi Group Vision

Our action plan for realizing the Hitachi Group Vision is the 2015 Mid-Term Management Plan.

Management Targets

To achieve our management targets, we will grow and transform through our Social Innovation Business.

Management Focus

In the 2015 Mid-Term Management Plan, our key management policies focus on *innovation, a global emphasis, and transformation*.

Summary of Key Management Policies

I. Global Expansion of the Social Innovation Business

In our Social Innovation Business, we work as *One Hitachi* with society and our customers to identify their issues, creating innovation through Group teamwork. We provide global solutions combining products, services, and IT (cloud) platforms.

II. Promoting Transformation

Bold structural reforms will fulfill the 2015 Mid-Term Management Plan. Our supply chain management will be rebuilt to quickly respond to markets and boost management efficiency, leverage business intelligence to speed up our response to environmental changes, improve our balance sheets, and upgrade our operations globally.

We will better utilize our human capital—our most critical resource—using a global strategy. Our global grading system and human capital database help to optimize personnel deployment worldwide. Our human capital development promotes diversity at all levels, including management, to maximize organizational and individual performance. Human capital is the foundation of our growth strategy.

Other steps include creating a market-driven organization, speedily transforming our business portfolio, and reviewing our cost structure.

FY 2015 Targets

Management Targets	
	FY 2015 Target* ¹
Revenues	10 trillion yen
EBIT* ² (operating income) ratio	Over 7% (over 7%)
Net income attributable to Hitachi, Ltd. shareholders	Over 350 billion yen
Net income attributable to Hitachi, Ltd. shareholders per share	Over 70 yen
Total Hitachi, Ltd. Shareholders' equity ratio (manufacturing, services & others)	Over 30%
Service Revenue Ratio, Overseas Revenue Ratio, Employees	
	FY 2015 Target
Service revenue ratio (including systems solutions)	Over 40%
Employees in Japan	200,000
Employees outside Japan	150,000
Expected Cost Reduction Effects of Hitachi Smart Transformation Project	
FY 2013 forecast	Total up to FY 2015
100 billion yen	400 billion yen

*¹ Assumed exchange rate: 90 yen/US dollar, 115 yen/euro

*² EBIT: Earnings before interest and taxes

2015 Mid-Term Management Plan Management Focus

1. Innovation

Strengthen service businesses that maximize the utilization of IT and bring about innovation

2. Global

Deliver innovation to customers and society globally

3. Transformation

Transform Hitachi: To deliver innovation by standardized and speedy operation

Realizing the Hitachi Group Vision

Social Innovation Business

Identify issues faced by society and customers while working together on solutions as *One Hitachi*
 Innovate by providing solutions that combine products, services, and IT (cloud computing)

Solutions

Services

Support customers from maintenance through to operation, outsourcing and management support

Cloud-based service platform

Create knowledge by analyzing and assessing data collected and accumulated using cutting-edge IT

Products

Use wide-ranging systems expertise and technologies to provide products responding to regional needs

2015 Mid-Term Management Plan and Related Non-Financial Activities

In addition to financial activities, non-financial activities play a crucial role in achieving the 2015 Mid-Term Management Plan goals. We set targets for non-financial activities related to key management policies and started these activities in fiscal 2013.

Management Focus	Material Issues for Hitachi	
	Related Non-Financial Activities	
Innovation: Strengthen service businesses that maximize the utilization of IT and bring about innovation	Sustainable Business	
	Expand R&D centers outside Japan	Promote R&D in 7 areas globally (as of June 2013)
		Increase R&D staff FY 2013 Result approx. 280 people → FY 2015 Target 400 people
	Strengthen Open Innovation	
	Service business sales ratio	FY 2012 Result 30% → FY 2015 Target Over 40%
	Caring for the Environment	
Eco-Product sales ratio	FY 2012 Result 84% → FY 2015 Target 88%	
Global: Deliver innovation to customers and society globally	Diversity Management	
	Diversity in directors (as of June 2013, out of 14 directors) • Outside directors: 8 people • Non-Japanese: 4 people • Females: 2 people	
	Female managers (Hitachi, Ltd.)	FY 2020 Target 1,000 women (2.5 times more; compared with the number at the end of FY 2012)
	Female senior executives	Target to be assigned by FY 2015
	Respect for Human Rights	
	Business and human rights	May 2013: Global roll out of the Hitachi Group Human Rights Policy
	Public Policy Initiatives	
	Stakeholder dialogue	FY 2012 Result: Held in two regions → Expand regions and themes
Transformation: Transform Hitachi: To deliver innovation by standardized and speedy operation	Diversity Management	
	Promotion of global human capital management strategy <ul style="list-style-type: none"> • Introduction of performance management • Talent development for global executives • Introduction of Global Leadership Development program 	
	Sustainable Business	
Promotion of Hitachi Smart Transformation Project Target outcome (aggregated FY 2011 – FY 2015) 400 billion yen		

Material Issues for Hitachi

Hitachi uses a materiality process based on dialogue with stakeholders to identify material issues. To integrate our management strategies and CSR, we reflect in our CSR activities material issues closely related to the key management policies in our Mid-Term Management Plan. The content of this report also reflects Hitachi's material issues supporting the improvement of the quality of our management.



Selection Process for Material Issues

We evaluate and verify issues identified through stakeholder dialogues with international organizations, and we identify sustainability issues in public policy trends from the standpoints of importance for stakeholders and the influence on business. The importance for stakeholders includes human rights, international development, the environment, reporting, ethics, and regional and international requirements. The influences on business are assessed from the perspectives of the global, fusion, and environmental focuses of our 2012 Mid-Term Management Plan, as well as the perspectives of innovation, risk, reputation, and cost effectiveness. This digest report presents these important issues in the two assessment areas.

Performance Overview of 2012 Mid-Term Management Plan

We have revised our business portfolio to reflect the shift in focus to Social Innovation Business. While we did not reach our overall revenue target, we did achieve most of our profit targets. We also realized our D/E ratio and equity ratio targets, enabling us to strengthen our foundation for further growth.

FY 2012 Performance

	FY 2011 Results	FY 2012 Results	FY 2012 Target*1
Revenues	9,665.8 billion yen	9,041.0 billion yen	10 trillion yen
Operating income ratio	4.3%	4.7%	Over 5%
Net income attributable to Hitachi, Ltd. shareholders	347.1 billion yen	175.3 billion yen	Consistently generate at least 200 billion yen
D/E ratio*2 (manufacturing, services & others)	0.86 times (0.56 times)	0.75 times (0.47 times)	0.8 times or below
Total Hitachi, Ltd. shareholders equity ratio (manufacturing, services & others)	18.8% (20.5%)	21.2% (23.2%)	20%
Exchange rate	79 yen/US dollar 109 yen/euro	83 yen/US dollar 107 yen/euro	80 yen/US dollar 110 yen/euro

*1 As of June 9, 2011 (revised to reflect HDD business transfer), assumed exchange rate

*2 Including noncontrolling interests and liabilities associated with the consolidation of securitized entities.

2012 Mid-Term Management Plan: Key Management Policies and Related CSR Activities

CSR activities related to our key management policies and Hitachi's material issues played a crucial role in achieving 2012 Mid-Term Management Plan goals.

2012 Mid-Term Management Plan Key Management Policies	Material Issues for Hitachi				Relevant Section
	CSR Initiatives and Results				
I. Strengthen Management Base (1) Cost structure reforms • Execute the Hitachi Smart Transformation Project (2) Strengthen financial position • Increase profitability and reinforce financial position • Focus management resources	Supply Chain Management				Supply Chain Management
	Rate of procurement outside Japan	FY 2010 36%	FY 2011 38%	FY 2012 38%	
	Cost-cutting effect of Hitachi Smart Transformation Project		FY 2011 35 billion yen	FY 2012 75 billion yen	
	Supplier audits in emerging countries		FY 2012	12	
II. Global Growth Strategies (1) Expand investment in key regions • Globalize corporate functions and promote China Business Strategy 2015 • Expand business in ASEAN countries as a new key region and establish business in Myanmar (2) Optimize use of human resources and increase efficiency • Pursue global human resource strategies • Launch Global Management Human Resources Development and Allocation Program in Fiscal 2012 (3) Strengthen global governance • Strengthen response to globalized management and supervisory functions (4) Value creation and CSR • Pursue contributions to the environment and regional social contribution activities • Respect human rights and implement stakeholder dialogues	Diversity Management				Global Human Capital Development
	Non-Japanese employees in Japan	FY 2010 230 people	FY 2011 239 people	FY 2012 257 people	
	Ratio of female managers (Hitachi, Ltd.)	FY 2010 3.3%	FY 2011 3.4%	FY 2012 3.5%	
	Employment ratio of people with disabilities (Hitachi, Ltd. in Japan)	FY 2010 2.05%	FY 2011 2.00%	FY 2012 2.02%	Diversity Management
	Caring for the Environment				Environmentally Conscious Products and Services
	Contributions to CO ₂ emission reduction	FY 2010 15.51 million tonnes	FY 2011 19.04 million tonnes	FY 2012 (estimate) 22.74 million tonnes	
	Rate of reduction in CO ₂ emissions per unit production*1 (global)	FY 2010 -	FY 2011 21%	FY 2012 22%	Environmentally Conscious Production
	Respect for Human Rights				Respect for Human Rights
	Creation of the Hitachi Group Human Rights Policy	Announcement of the Hitachi Group Human Rights Policy (May 2013)			
	Occupational accident rates*2	2010 0.20	2011 0.15	2012 0.19	Measures for Improving Health and Safety
	Products That Create a Sustainable Society				Increasing the Ratio of Eco-Products
	Eco-Product sales ratio	FY 2010 78%	FY 2011 80%	FY 2012 84%	
	Public Policy Initiatives				Public Policy Initiatives
Stakeholder dialogues	FY 2010 3	FY 2011 3	FY 2012 2		
Funding for Social Contribution Activities	FY 2010 1.6 billion yen	FY 2011 3.5 billion yen	FY 2012 3.3 billion yen	Social Contribution Activities	

*1 Base year 2005

*2 Up to 2011, 90 major Hitachi Group companies in Japan including Hitachi, Ltd.; in 2012, 175 Hitachi Group companies in Japan, including Hitachi, Ltd.

FEATURE

Contributing to Society through Business

Creating value to fulfill our Corporate Credo is the basis of the development of our Social Innovation Business which helps resolve environmental issues such as: energy, water, resource and food shortages, urban population growth, and the graying of societies.

Hitachi's Solutions for Social Problems



Clinical analyzer (Hitachi High-Technologies)

Health and Aging Issues

Responding to aging in societies worldwide, our medical solutions maintain and improve health. As well as diagnostic and testing equipment for early treatment, we supply pharmaceutical manufacturing equipment for safe, effective drugs.

Healthcare



Our R&D promotes medical innovation in such areas as ultrasound diagnostic equipment, MRI scanners for highly advanced medical care, and particle therapy equipment.



Integration through IT



Wind Power Ibaraki, Co., Ltd.'s Wind Power Kamisu 1 Offshore Wind Farm (Hitachi, Ltd.)

Environment and Energy Issues

The aim of our environmental management is to "achieve a sustainable society." For one key element of this aim, preventing global warming, we are reducing CO₂ emissions through our business operations.

Energy-Saving Products and Systems



We are helping to reduce CO₂ emissions across society as a whole by providing products and services with low energy consumption.

Power Generation Systems



We use wind and solar power and other renewable energies. Also, we reduce CO₂ emissions by improving the efficiency of power generation systems.

Advanced networks, storage, and cloud computing technologies connect infrastructures, products, and people. Our IT solutions meet society's and our customers' challenges.



Reverse osmosis desalination system (Hitachi, Ltd.)

Biodiversity, Water and Resource Issues

Ensuring biodiversity for the next generation means preserving ecosystems today. We help to protect ecosystems through business operations that clean the air, water, and soil.

Water Environment Solutions



Our various water environment solutions—purifying polluted water and desalinating seawater, for example—enable more efficient use of this limited resource.

[Case Study]

The Maldives: Water and Sewage Projects

We participate in water and sewage projects that support a stable supply, including building a pipe information management system in the island of Malé, a part of the nation's capital. We are also proposing the multi-stage use of deep sea water for air conditioning in the airport building as well as potable water from a seawater desalination unit.



Island of Malé in the Republic of the Maldives



Ashford Train Maintenance Centre (Hitachi Rail Europe)

Cities and Transportation Issues

Our infrastructure solutions boost safety and comfort in cities and remote islands with limited infrastructures. Solutions include safe, high-speed transportation networks; highly stable, efficient power source equipment and transmission networks for diverse power sources, including renewable energy; and water systems for safe, constant water.

Smart Cities



Worldwide, we propose new forms of cities that are safer, more secure, and more convenient and contribute to the standardization of smart city infrastructures.

Building Security



Our building security systems cover exit/entry as well as elevator operations and maintenance.

Transportation Systems



Our safe, convenient railway and traffic information systems help reduce the environmental burden and congestion.

[Case Study]

Maui Smart Grid Demonstration Project

This project aims to build a smart grid environment, while deepening mutual understanding with the local community through a dialogue process. Electric vehicle (EV) charging systems, ICT platforms, home gateways, and other technologies will be introduced to support EVs, make maximum use of renewable energies, and ensure a constant power supply.



EV charging at the demonstration project event

FY 2012 Environmental Report

Guided by the Environmental Vision, aimed at achieving a sustainable society, we are determined to achieve the goals of the Environmental Vision 2025 and Environmental Action Plan by developing and popularizing our environmentally conscious products and services.

The aim of our environmental management is “achieving a sustainable society.” As the world’s population increases to 9.6 billion by 2050, economic and social activities seriously affect environmental problems. We are committed to global warming prevention, resource conservation, and ecosystems preservation as the three pillars of our vision, and our goal is to achieve a more sustainable society by promoting global production that reduces the environmental burden of a product throughout its life cycle.

The Hitachi Environmental Vision

Reduce CO₂ emissions in energy production
Enhance energy efficiency of our products



Collect products for reuse or recycling

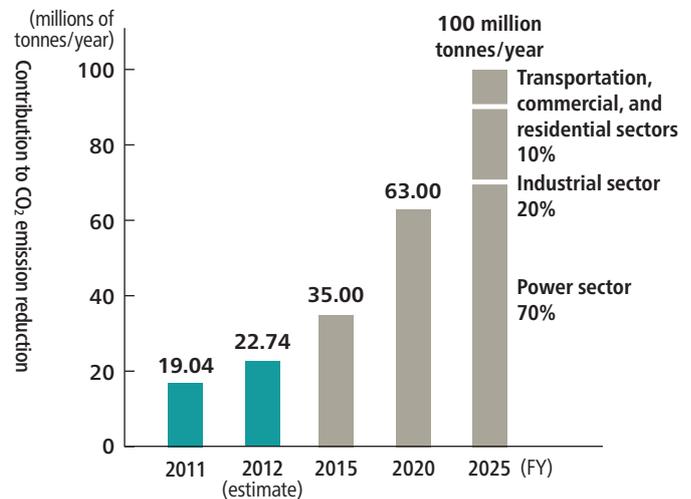
Reduce negative effects on air, water and soil

Towards a Sustainable Society

The Environmental Vision 2025 targets global warming prevention, and states our goal of helping reduce annual CO₂ emissions by 100 million tonnes by 2025 through Hitachi products and services. This means that as we reduce CO₂ emissions by improving products efficiency, our contribution to curbing CO₂ emissions through the use of our products and services will be 100 million tonnes per year by 2025 compared with 2005.

In fiscal 2012, a wide range of products and services including high-efficiency thermal power plants, energy-saving information systems and air conditioners contributed to the reduction in emissions by 22.74 million tonnes. We develop and popularize products that cut CO₂ emissions, helping to prevent global warming.

Contributions to CO₂ Emission Reduction (Base: FY 2005)



† The 2010 figures in the IEA’s *CO₂ Emissions from Fuel Combustion Highlights* (2012 Edition) are used for CO₂ emission coefficients.

WEB Details of methods for calculating the contribution of Hitachi products and services to the reduction in CO₂ emissions
<http://www.hitachi.com/environment/activities/third/method.html>

Main Products Contributing to CO₂ Emission Reductions in Fiscal 2012

High-Efficiency Gas Turbine Generators
Power Systems Company, Hitachi, Ltd.



37,000
tonnes of CO₂ reduced

Kansai Electric Himeji No. 1 Thermal Power Station

Two gas turbine generators began operating in August 2012 at Kansai Electric’s Himeji No. 1 Thermal Power Station. Using high-efficiency H-25 gas turbines, the plant was built in just four months, in time for summer power demand. The new plant’s annual contribution to CO₂ reduction is 37,000 tonnes.

Multi-Split Air Conditioning System
Hitachi Appliances, Inc.



0.9
tonnes of CO₂ reduced

Multi-Split Air Conditioning System for Buildings FLEXMULTI High Efficiency

FLEXMULTI air conditioning system integrates several indoor units with one outdoor unit. This advanced technology—high efficiency compressor at low speed and concentrated winding brushless DC motor and enhanced refrigeration cycle control—sharply reduces power consumption. For the 28.0 kW model, the annual contribution to CO₂ reduction is 0.9 tonnes per system.

PC Server
Information & Telecommunication Systems Company, Hitachi, Ltd.



14.2
tonnes of CO₂ reduced

PC Server HA8000/RS220

The high-efficient power supply module and power capping function, which manages processor performance in order not to go beyond the configured limitation, control server power consumption. The annual contribution to CO₂ reduction is 14.2 tonnes per server.

† Please see pp. 078–080 of the *Hitachi Group Sustainability Report 2013* (PDF) on the method used for calculating the contribution of Hitachi products to CO₂ emission reduction and other details.

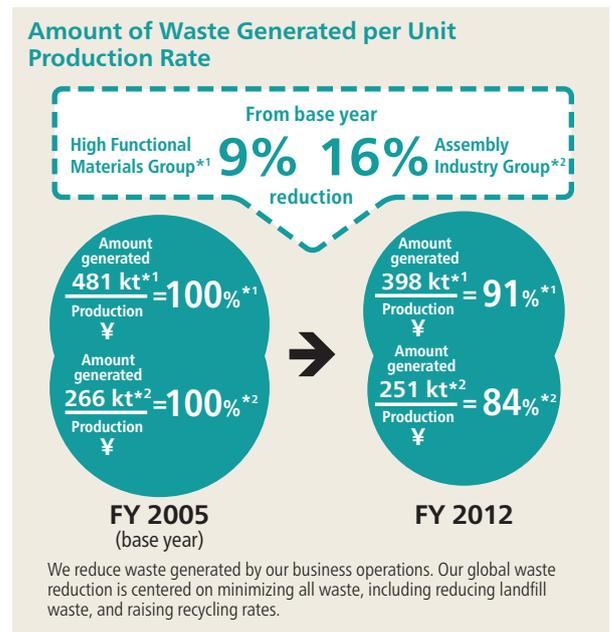
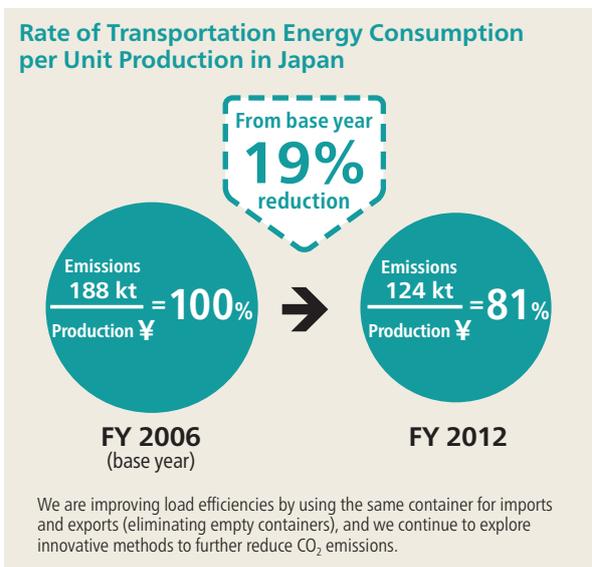
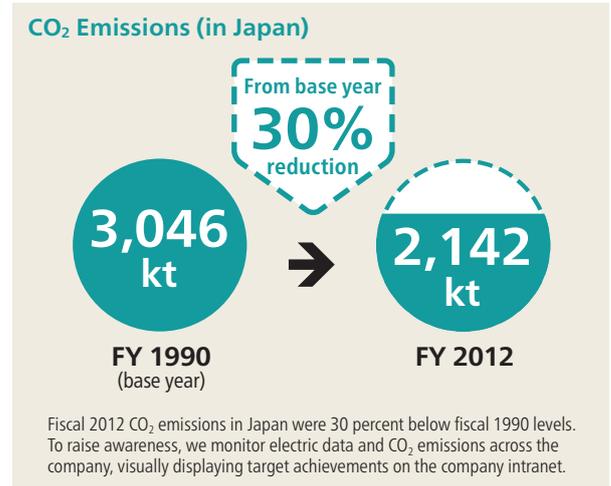
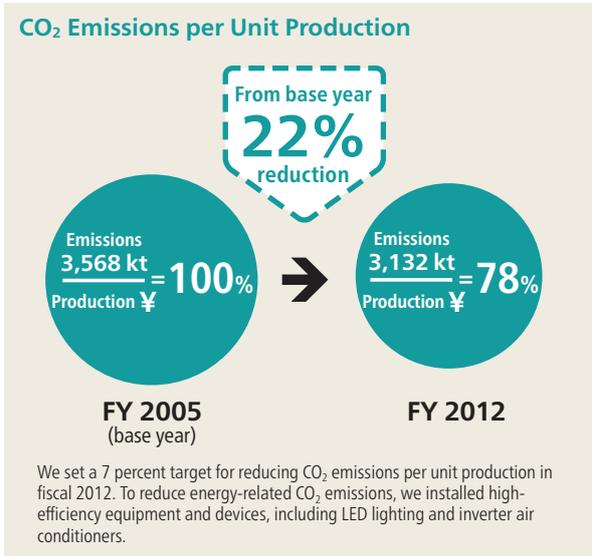
Reducing Environmental Load in Business Activities

To promote the Environmental Vision 2025, we have set targets in the Environmental Action Plan for reducing greenhouse gas and chemical substance emissions, waste (including valuable resources), and water use. The Third Environmental Action Plan launched in fiscal 2011 was revised in fiscal 2013 to respond to changes in the external environment and to carry out the plan in line with the 2015 Mid-Term Management Plan for fiscal 2013 to 2015.

† For details see the *Hitachi Group Sustainability Report 2013* (PDF), pp. 067–070.

WEB Third Environmental Action Plan in Fiscal 2012: Achievements
<http://www.hitachi.com/environment/activities/plan/actionplan/fy2012.html>

WEB Third Environmental Action Plan for 2013 to 2015: Targets
<http://www.hitachi.com/environment/activities/plan/actionplan/fy2013.html>



Examples of Eco-Products Select*¹

Refrigerator R-C6700 and 13 other Vacuum-Compartment models Hitachi Appliances, Inc.



Due to energy-saving technologies (Frost Recycle Cooling, etc.), this series as a whole has an energy efficiency standard achievement rate of 256 percent or more (FY 2010 standard).

Refrigerator R-C6700

Downwind Wind Turbine Generating System Power Systems Company, Hitachi, Ltd.



Wind Turbine Generating System

When used in mountainous or hilly regions, where updrafts are common, this downwind turbine system—the rotor is on the downwind side of the tower—can generate 2 to 8 percent more power than upwind models.

*¹ Eco-Products that meet even more demanding requirements are designated as Eco-Products Select. For details see the *Hitachi Group Sustainability Report 2013* (PDF), pp. 071–077.

FY 2012 Governance and Social Report

We constantly work to improve our corporate governance so that we can continue to grow in global markets as a good corporate citizen. To integrate our management strategies with CSR, we have identified six material issues, including respect for human rights.

Corporate Governance

By enhancing corporate governance, we promote more efficient management. In fiscal 2012, seven outside directors were the majority of our thirteen-member Board of Directors. These seven outside directors included three non-Japanese and one woman.

Our Codes of Conduct deepen awareness and instill compliance practices. Bribery prevention and other measures maintain fair trade. We audit our compliance system and promptly address breaches, promoting robust, sustainable management and business practices. Our Senior Vice President, who is also an executive officer, was appointed Chief Compliance Officer.

WEB [Corporate Governance Guidelines of Hitachi, Ltd.](http://www.hitachi.com/IR-e/corporate/governance/guidelines.html)
<http://www.hitachi.com/IR-e/corporate/governance/guidelines.html>

WEB [Hitachi Internal Control Assessment Framework](http://www.hitachi.com/csr/governance/gove/index.html#gove03)
<http://www.hitachi.com/csr/governance/gove/index.html#gove03>

WEB [Hitachi Group Codes of Conduct](http://www.hitachi.com/about/corporate/conduct/index.html)
<http://www.hitachi.com/about/corporate/conduct/index.html>

Independent
outside directors
became **majority**
CCO appointed

Innovation Management

Innovation, with R&D at its core, is the driving force of sustainable global growth. Hitachi invested 341.3 billion yen in R&D in fiscal 2012, or 3.8 percent of sales: 70 percent on sponsored and advance sponsored research and 30 percent on basic and platform research.

Our R&D organization has seven bases: Japan, the United States, Europe, China, Singapore, India, and Brazil. To promote regional R&D (280 researchers are outside Japan), we established the European Rail Research Centre in the United Kingdom, the Hitachi China Materials Technology Innovation Center in China, and the Big Data Research Laboratory in the United States.

Seven R&D bases
worldwide
R&D spending of
341.3 billion yen
in FY 2012

Social Contribution Activities

The medium-term priorities of our 2012 Social Contribution Promotion Plan are education, the environment, and social welfare—in and outside Japan. To encourage volunteering among Group employees, more than 60 Group companies held Hitachi Volunteer Days in November and December 2012. In fiscal 2012, we funded 3.3 billion yen to support education, the environment, welfare, and disaster aid. Many business sites held local clean-ups. As a good corporate citizen, we will continue to help build a better society.

Held Hitachi
Volunteer Days

Respecting Human Rights

Cherishing humanity is fundamental to our management at Hitachi. In May 2013, we adopted the Hitachi Group Human Rights Policy, clarifying our understanding of human rights. At a minimum, those are the rights outlined in the International Bill of Human Rights and the International Labour Organization's Declaration. Our responsibilities include due diligence*1 (using the UN Guiding Principles on Business and Human Rights), training, adhering to all nations' laws and regulations, and respecting international human rights.

WEB [Hitachi Group Human Rights Policy](http://www.hitachi.com/csr/renew/pdf/human_rights_policy.pdf)
http://www.hitachi.com/csr/renew/pdf/human_rights_policy.pdf

*1 Human rights due diligence: An on-going process to identify and assess potential and actual human rights impact, integrate findings, and take action to prevent or mitigate the potential impact or to provide for or cooperate with remediation of actual impact.

**Hitachi Group
Human Rights
Policy created**

Diversity Management

Through diversity management—placing the right people, regardless of gender, nationality, career, or age—we boost global competitiveness, building a responsive workforce.

To support female employees, we have set goals of appointing a female executive by fiscal 2015 and increasing female managers in Japan to 1,000 by fiscal 2020 (a 2.5 times increase). We enhance education for female senior managers. The ratio of females has grown steadily, reaching 16 percent in fiscal 2012, with 3.5 percent of managers being women.

From fiscal 2012, our Diversity for Next 100 initiative will promote diversity management as a key management strategy in Japan.

**1,000 female
managers by FY 2020
in Japan** (Hitachi, Ltd.)

Supply Chain Management

Our basic principles on procurement call for forging long-term partnerships, mutual understanding, and reliable relationships with all suppliers. For these reasons, we share guidelines and communicate with suppliers to promote CSR. We ask key suppliers to use CSR checklists. In fiscal 2012, we collected the results from 98 suppliers—57 in Japan and 41 outside Japan. Additionally, since July 2012, we have started auditing suppliers mainly in China and the rest of Asia. In fiscal 2012, we conducted CSR audits of 12 suppliers.

WEB [Hitachi Group Supply Chain CSR Deployment Guidebook](http://www.hitachi.com/procurement/policy/_icsFiles/afildfile/2010/08/30/SC_CSR_E_2.pdf)
http://www.hitachi.com/procurement/policy/_icsFiles/afildfile/2010/08/30/SC_CSR_E_2.pdf

**Conducted supplier
CSR audits**

Public Policy

Partnerships with government agencies, policymakers and industry representatives are vital for social infrastructure projects. At international conferences, we give guidance for policymaking improvements.

In fiscal 2012, we offered our views at the Mekong-Japan Industry and Government Dialogue and at the Japan-France Energy Forum. When the EC was creating sector guidance on business and human rights, we formulated the views of the Japan Business Council in Europe (JBCE). In the US, we provide information to influential think tanks and the American Association for the Advancement of Science for their policy proposals to government.

**Contributing to
policymaking**

Hitachi Group Profile

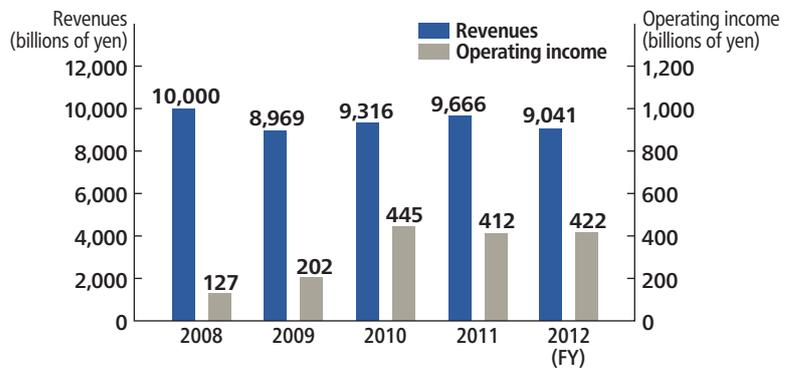
Company Profile (as of March 31, 2013)

<i>Corporate Name</i>	Hitachi, Ltd.	<i>Capital</i>	458.79 billion yen
<i>Incorporated</i>	February 1, 1920 (founded in 1910)	<i>Number of employees (unconsolidated basis)</i>	33,665
<i>Head Office</i>	1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280, Japan	<i>Number of employees (consolidated basis)</i>	326,240
<i>Representative</i>	Hiroaki Nakanishi, Representative Executive Officer and President	<i>Number of consolidated subsidiaries</i>	963 (Japan: 314, outside of Japan: 649)
		<i>Number of equity-method affiliates</i>	215 (Japan: 85, outside of Japan: 130)

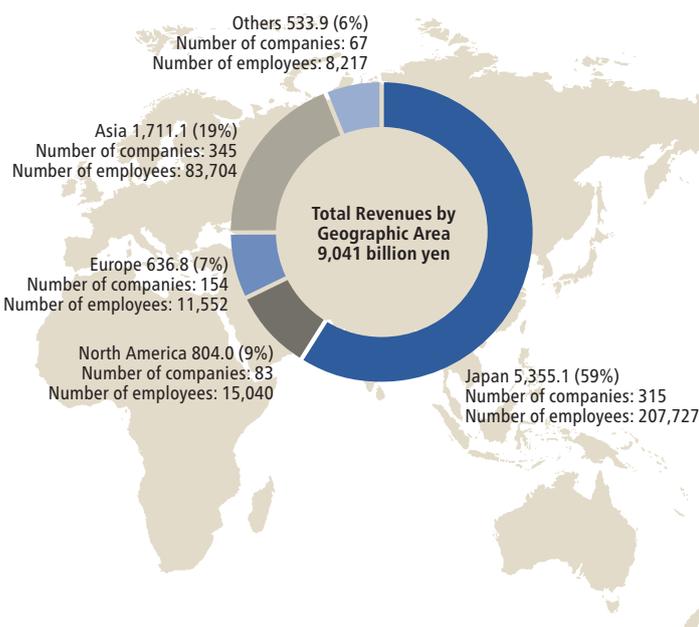
Consolidated Business Overview and Results for Fiscal 2012

<i>Revenues</i>	9,041 billion yen (down 6% year-over-year)
<i>Operating income</i>	422 billion yen (up 2%)
<i>Capital investment</i>	742.5 billion yen (up 14%)
<i>R&D expenditures</i>	341.3 billion yen (down 17%)
<i>Output outside Japan as a percentage of consolidated net sales</i>	21%

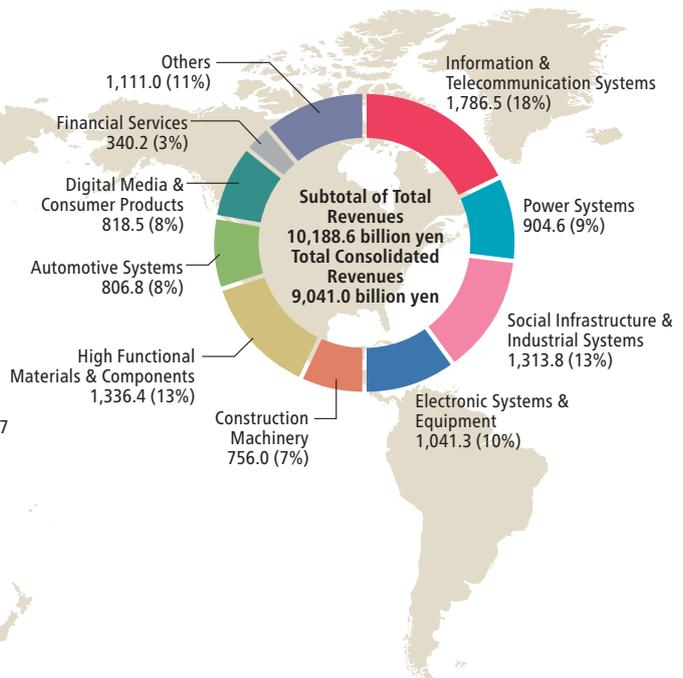
Revenues and Operating Income



Revenues by Geographic Area (billions of yen)



Revenues by Industry Segment (billions of yen)



Major Fields of Business and Products

Information & Telecommunication Systems

- System integration, outsourcing services, software, disk array subsystems, servers, mainframes, telecommunications equipment, ATMs
- Hitachi Information & Communication Engineering, Ltd., Hitachi-Omron Terminal Solutions, Corp., Hitachi Computer Products (America), Inc., Hitachi Computer Products (Europe) S.A.S., Hitachi Information & Control Solutions, Ltd., Hitachi Solutions, Ltd., Hitachi Systems, Ltd., Hitachi Consulting Corporation, Hitachi Data Systems Corporation, Hitachi Information & Telecommunication Systems Global Holding Corporation



Data center (Okayama No. 3 Center)*

Power Systems

- Thermal, nuclear, hydroelectric, and renewable energy power generation systems, power distribution systems
- Babcock-Hitachi K.K., Hitachi-GE Nuclear Energy, Ltd., Hitachi Engineering & Services Co., Ltd., Hitachi Power Europe GmbH, Hitachi Power Systems America, Ltd., Horizon Nuclear Power Ltd.



Ultra supercritical pressure coal-fired power plant*

Social Infrastructure & Industrial Systems

- Industrial machinery and plants, elevators, escalators, railway vehicles and systems
- Hitachi Industrial Equipment Systems Co., Ltd., Hitachi Elevator (China) Co., Ltd., Hitachi Building Systems Co., Ltd., Hitachi Plant Technologies, Ltd.



Wastewater recycling plant (Dubai, UAE)*

Electronic Systems & Equipment

- Semiconductor and LCD manufacturing equipment, test and measurement equipment, electronic medical equipment, power tools, electronic parts processing equipment
- Hitachi High-Technologies Corporation, Hitachi Koki Co., Ltd., Hitachi Kokusai Electric Inc., Hitachi Medical Corporation, Hitachi Via Mechanics, Ltd.



Hitachi Automatic Analyzer

Construction Machinery

- Hydraulic excavators, wheel loaders, mining machines
- Hitachi Construction Machinery Co., Ltd.



Hitachi Construction Machinery's double-arm working machine

High Functional Materials & Components

- Wires and cables, copper products, semiconductor and display-related materials, circuit boards and materials, specialty steels, magnetic materials and components, high-grade casting components and materials
- Hitachi Cable, Ltd., Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd.



Hitachi Chemical's transparent conductive transfer film

Automotive Systems

- Engine management systems, electric powertrain systems, drive control systems, car information systems
- Clarion Co., Ltd., Hitachi Automotive Systems, Ltd., Hitachi Automotive Systems Americas, Inc.



Hitachi Automotive Systems' electrically controlled brake

Digital Media & Consumer Products

- Air-conditioning equipment, room air conditioners, refrigerators, washing machines, optical disk drives, LCD projectors, flat-panel TVs
- Hitachi Appliances, Inc., Hitachi Consumer Electronics Co., Ltd., Hitachi Media Electronics Co., Ltd., Hitachi Consumer Products (Thailand), Ltd., Hitachi Consumer Marketing, Inc., Hitachi-LG Data Storage, Inc.



Hitachi Appliances' CV-SU series cyclonic vacuum cleaner for markets outside Japan

Financial Services

- Leasing, loan guarantees
- Hitachi Capital Corporation



Hitachi Capital's Hitachi Corporate Card

Others

- Logistics, information recording media, batteries, property management, regional headquarters
- Hitachi Maxell, Ltd., Hitachi Life, Ltd., Hitachi Transport System, Ltd., Hitachi Urban Investment, Ltd., Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China) Ltd., Hitachi Europe Ltd., Hitachi India Pvt. Ltd.



Hitachi Transport System's Keihin Distribution Center

● : Major Products & Services ■ : Major Consolidated Subsidiaries (as of March 31, 2013) *: Products & Services of Hitachi, Ltd.

- (Notes.) 1. Hitachi Information & Communication Engineering, Ltd. merged with another Hitachi, Ltd. Consolidated subsidiary in information and telecommunication systems and was renamed Hitachi Information & Telecommunication Engineering, Ltd. as of April 1, 2013.
 2. Hitachi, Ltd. completed acquisition of all outstanding shares of Horizon Nuclear Power on November 23, 2012, then became a Hitachi, Ltd. consolidated subsidiary.
 3. Chuo Shoji, Ltd. was renamed Hitachi Urban Investment, Ltd. as of April 1, 2012.
 4. Hitachi Engineering & Services Co., Ltd. merged with three other Hitachi, Ltd. consolidated subsidiaries in power systems and was renamed Hitachi Power Solutions Co., Ltd. as of April 1, 2013.
 5. Hitachi Plant Technologies, Ltd. merged into Hitachi, Ltd. as of April 1, 2013.

HITACHI

Inspire the Next

Inquiries:

 **Hitachi, Ltd.**

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<http://www.hitachi.com/csr/>



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Hitachi Group Sustainability Report 2013 Digest Request for Reader's Feedback

HITACHI
Inspire the Next

What were your impressions when reading the report on the Hitachi Group's CSR and environmental activities, *Hitachi Group Sustainability Report 2013 Digest*? Please answer the questionnaire on the other side of this page. We consider readers' opinions very important and want to ensure that this feedback is reflected in our various CSR activities.

The full version of the Sustainability Report can be viewed and downloaded as a PDF file from the following web page:
<http://www.hitachi.com/csr/download/>

Contact:

CSR and Environmental Strategy Division

Hitachi, Ltd.

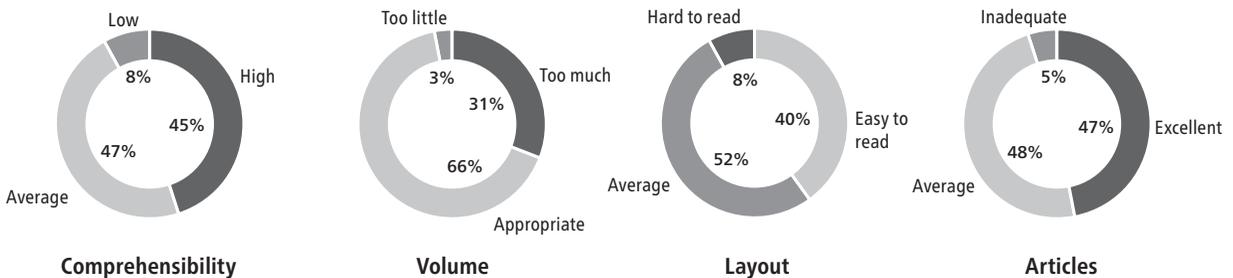
1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280 Japan

Tel: +81-3-3258-1111 Fax: +81-3-4564-1454

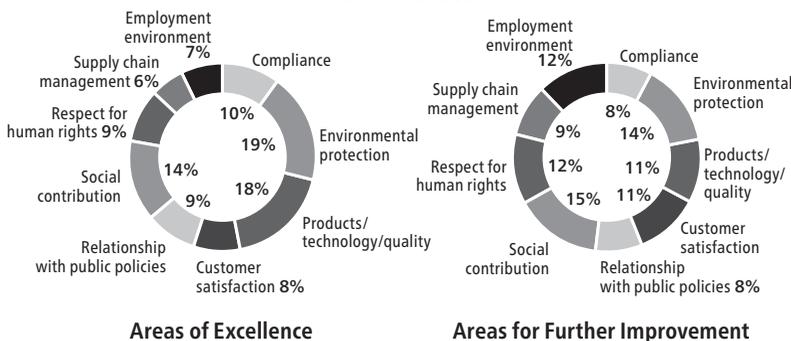
<http://www.hitachi.com/csr/>

Results of Responses to Web Questionnaire on *Hitachi Group Sustainability Report 2012 Digest* (Conducted by DFF Inc., Total respondents: 429)

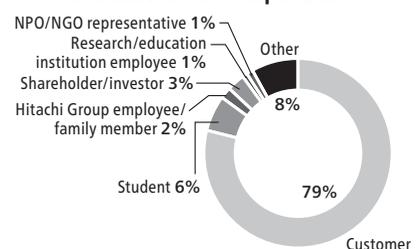
Sustainability Report 2012



CSR Activities



Breakdown of Responses



Main Feedback and Our Response

Encouragement

- The Message from Management was easier to understand than other companies'.
- The report was easy to read, without overly long sentences or an excessive number of figures and graphs.
(The comprehensibility score rose from 37 percent for the 2011 report to 45 percent for 2012.)

Suggestions

- Couldn't the digest be a bit more compact? (30 percent of respondents thought the digest was too long.)
- The digest could foster better customer satisfaction if it highlighted Hitachi's unique approach in its business activities.

Our Response

- We reduced the number of pages from 24 in the 2012 digest to 16 in this 2013 version and focused on key points, making it easier to absorb at a glance.
- We explained in more detail the relationship between our management strategy and CSR and our contribution to society through business.
- Regarding technical and other specialist terms, we appended footnotes as much as possible.

Please answer the questionnaire on the other side

Questionnaire on *Hitachi Group Sustainability Report 2013 Digest*

Please complete the questionnaire and mail or fax it to the address below:

CSR and Environmental Strategy Division, Hitachi, Ltd.
1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280 Japan

Fax: +81-3-4564-1454

Q1. What were your impressions of the *Hitachi Group Sustainability Report 2013 Digest*?

(Please select only one in each of the following categories)

- | | | | |
|-----------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| (1) Comprehensibility | <input type="checkbox"/> High | <input type="checkbox"/> Average | <input type="checkbox"/> Low |
| (2) Volume | <input type="checkbox"/> Too much | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Too little |
| (3) Layout | <input type="checkbox"/> Easy to read | <input type="checkbox"/> Average | <input type="checkbox"/> Hard to read |
| (4) Articles | <input type="checkbox"/> Excellent | <input type="checkbox"/> Average | <input type="checkbox"/> Inadequate |

- Please explain the reasons for your selections

Q2. Which articles in the report did you find valuable? (You may select more than one)

- TOP COMMITMENT: Message from Management
- VISION: Management Strategies and CSR
- Contributing to Society through Business
- FY 2012 Environmental Report
- FY 2012 Governance and Social Report
- Hitachi Group Profile

- If any of the above articles particularly interested you, please explain why

Q3. What is your opinion of the Hitachi Group's CSR activities and initiatives?

(You may select more than one in each of the following categories)

- | | | | |
|-----------------------------------|---|--|---|
| (1) Areas of Excellence | <input type="checkbox"/> Compliance | <input type="checkbox"/> Environmental protection | <input type="checkbox"/> Product/technology/quality |
| | <input type="checkbox"/> Customer satisfaction | <input type="checkbox"/> Public policy initiatives | <input type="checkbox"/> Social contribution activities |
| | <input type="checkbox"/> Respect for human rights | <input type="checkbox"/> Supply chain management | <input type="checkbox"/> Employment environment |
| | <input type="checkbox"/> Other () | | |
| (2) Areas for Further Improvement | <input type="checkbox"/> Compliance | <input type="checkbox"/> Environmental protection | <input type="checkbox"/> Product/technology/quality |
| | <input type="checkbox"/> Customer satisfaction | <input type="checkbox"/> Public policy initiatives | <input type="checkbox"/> Social contribution activities |
| | <input type="checkbox"/> Respect for human rights | <input type="checkbox"/> Supply chain management | <input type="checkbox"/> Employment environment |
| | <input type="checkbox"/> Other () | | |

- Please write below any other comments you have regarding the Hitachi Group's CSR activities

Q4. Which of the following best describes you or your relationship to Hitachi? (Please select only one)

- | | | | |
|--|---|------------------------------------|--|
| <input type="checkbox"/> Customer | <input type="checkbox"/> Shareholder/investor | <input type="checkbox"/> Supplier | <input type="checkbox"/> Government/public administration employee |
| <input type="checkbox"/> Research/education institution employee | <input type="checkbox"/> News/media employee | <input type="checkbox"/> Student | <input type="checkbox"/> NPO/NGO representative |
| <input type="checkbox"/> Resident near Hitachi Group facility | <input type="checkbox"/> Hitachi Group employee/family member | <input type="checkbox"/> Other () | |

Q5. How did you find out about this CSR report? (Please select only one)

- | | | | | | |
|------------------------------------|-----------------------------------|----------------------------------|----------------------------------|-------------------------------------|--|
| <input type="checkbox"/> Newspaper | <input type="checkbox"/> Magazine | <input type="checkbox"/> Website | <input type="checkbox"/> Seminar | <input type="checkbox"/> Exhibition | <input type="checkbox"/> From a Hitachi employee |
| <input type="checkbox"/> Other () | | | | | |

Q6. Please write below any other comments or requests you have regarding the *Hitachi Group Sustainability Report* or the Group's CSR activities.

Thank you for your cooperation.

We will use your feedback to improve the *Hitachi Group Sustainability Report* and our CSR activities.