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Recognition of Social Responsibility ⊗ Understanding Issues Through Dialogue and Taking Part in Initiatives

Understanding Issues Through Dialogue and Taking Part in Initiatives

Hitachi's Approach

Hitachi promotes its Social Innovation Business with efforts to accurately perceive the social issues in each country or region, followed by collaborative work with customers and other stakeholders to resolve them. In conducting this business, we place importance on two-way communication with stakeholders and active participation in various initiatives in coordination with various groups.

Stakeholder Engagement

Communication with Stakeholders

The outcomes of communication with stakeholders are shared with respective divisions and actively utilized as valuable insights into our business. Public interest is growing in how corporations are taking in stakeholders' voices to improve their businesses, and we will continue to globally develop and promote ways of capitalizing on the opinions of the members of society with whom we engage in our business activities.

Stakeholders	Main Roles	Main Divisions	Means of Communication	Pages
Customers	Creation of better products and services, response to complaints, appropriate disclosure of information on products and services	<ul style="list-style-type: none"> Quality Assurance Sales 	<ul style="list-style-type: none"> Customer satisfaction activities Marketing Website Advertisement activities 	<ul style="list-style-type: none"> Customer Satisfaction pp. 59–60 Universal Design pp. 61–62 Product Information Disclosure pp. 63 Adaption for Emerging Markets pp. 63 Quality Assurance Activities pp. 63–65 Rigorous Information Management pp. 65
Shareholders and Investors	Timely and proper information disclosure, fair assessment and support from capital markets, reflection of shareholder and investor viewpoints in corporate management	<ul style="list-style-type: none"> Public Relations and IR 	<ul style="list-style-type: none"> Announcements of financial results (quarterly) General shareholders' meetings (annual) IR events, one-on-one meetings (about 740 times/year) IR tools: <i>Integrated Report</i>, business reports, etc. 	<ul style="list-style-type: none"> Stakeholder Engagement pp. 19–22
Suppliers	Building of fair and sound business relations, smooth information sharing toward better partnerships	<ul style="list-style-type: none"> Procurement 	<ul style="list-style-type: none"> Procurement activities Supplier meetings CSR monitoring (218 companies/year) CSR audits (20 companies/year, annual) 	<ul style="list-style-type: none"> Supply Chain Management pp. 54–57
Employees	Active utilization, proper treatment, promotion of occupational health and safety of human capital	<ul style="list-style-type: none"> Public Relations Human Capital 	<ul style="list-style-type: none"> Intranet, in-house newsletters Training Town hall meetings between senior management and employees (21 times/year) Employee surveys (annual) 	<ul style="list-style-type: none"> Diversity and Inclusion pp. 42–44 Developing Women's Careers pp. 44 Work-Life Management pp. 45–46 Employing People with Disabilities pp. 46 Diverse Support Systems for Employees pp. 46 Occupational Health and Safety pp. 47–48 Global Human Capital Development pp. 49–51 Stakeholder Engagement pp. 19–22
National and Local Governments, Industrial Associations	Compliance with domestic and foreign laws and regulations, policy recommendations, participation in industry-government-academia collaborative projects	<ul style="list-style-type: none"> Government & External Relations 	<ul style="list-style-type: none"> Policy council participation Participation in business and industry associations 	<ul style="list-style-type: none"> Stakeholder Engagement pp. 19–22
Local Communities	Fulfillment of responsibilities as corporate citizen, involvement in local communities	<ul style="list-style-type: none"> Social Contribution All Business Divisions 	<ul style="list-style-type: none"> Contribution to local communities through business Participation in volunteer activities 	<ul style="list-style-type: none"> Social Contribution Activities pp. 67
Academic Associations and Research Institutions	Promotion of technological innovations, participation in industry-government-academia collaborative projects	<ul style="list-style-type: none"> Research and Development 	<ul style="list-style-type: none"> Open innovation (joint research) 	<ul style="list-style-type: none"> Innovation Management pp. 15–18
NGOs and NPOs	Incorporation of diverse public opinions, promotion of stakeholder-focused management, social contribution through nonprofit activities	<ul style="list-style-type: none"> CSR Promotion 	<ul style="list-style-type: none"> Stakeholder dialogue (4 times/year) Dialogue through collaboration 	<ul style="list-style-type: none"> Social Contribution Activities pp. 67
Global Environment	Global warming prevention, resource conservation, ecosystem preservation	<ul style="list-style-type: none"> Environment All Business Divisions 		<ul style="list-style-type: none"> Environment pp. 68–92



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Engagement with Customers

Global Campaign Rollout

It is critical for Hitachi to gain stakeholders' understanding of its Social Innovation Business and corporate vision, which aspire to realize a sustainable society. Continuing from fiscal 2014, we conducted the Global Brand Campaign in 19 countries and regions. The campaign uses the slogan "SOCIAL INNOVATION—It's Our Future," presenting examples of how Hitachi's Social Innovation Business is helping to address the many issues societies now face globally, such as energy issues, depletion of water resources, transportation issues linked to urbanization, healthcare issues associated with the graying of society, advancement of big data and other information technologies, food safety, and information security.

To globally enhance the Hitachi brand, we have held the Hitachi Social Innovation Forum in locations worldwide, including Brazil, Germany, India, Japan, Myanmar, Turkey, the United Kingdom, and the United States, showcasing examples of the Social Innovation Business being conducted in each region. Through keynote speeches, panel discussions, and exhibits, we present a wide range of stakeholders—including customers and government officials—with solutions to social issues that countries and regions around the world face today.

Engagement with Employees

Enhancing Management-Employee Communication

Since fiscal 2012, we have been organizing town hall meetings bringing together senior management and employees. We held around 130 town hall meetings at operations in and outside Japan during the first three years, and in fiscal 2015, the Chairman and CEO and the President and COO attended 21 meetings in the United States and China, as well as in Japan and elsewhere.

Ordinary business meetings and conferences are limited in agenda, and company communications with employees via our intranet and other channels tend to be one-way. Town hall meetings, meanwhile, are intended as forums for direct dialogue where employees can gain a real sense of the senior management's way of thinking and what is needed for Hitachi to make the next leap forward, as well as occasions for reaching a shared understanding of the work in which everyone is involved.

In the town hall meetings, we believe that it is important for senior management to hear the thoughts of frontline employees and for both sides to share their awareness as they engage in dialogue on diverse topics, such as how we can grow our business.

Promoting a Proactive IR Approach

Our investor relations (IR) activities broadly include business strategy meetings, tours of plants and R&D facilities for institutional investors and analysts, participation in

brokerage-sponsored investor meetings, and one-on-one meetings with institutional investors and analysts.

In fiscal 2015, we held quarterly financial results briefings and corporate strategy meetings on our progress with the 2015 Mid-term Management Plan. Following on from fiscal 2014, we hosted Hitachi IR Day 2015, where senior management explained their business strategies and management policies under the plan. Feedback from institutional investors and analysts was positive. Their comments included, "I was struck by the companywide efforts to generate cash flows," and "This was a valuable once a year opportunity to update our understanding of the company's various businesses—one that I very much hope will continue."

We also conducted tours of the Nakajo Division of Hitachi Industrial Equipment Systems and Hitachi Consumer Products (Thailand), a consumer electronics production site, to deepen understanding of our product businesses, in addition to conducting about 740 one-on-one meetings with institutional investors and analysts worldwide. Members of senior management visit institutional investors in North America, Europe, and Asia twice a year to explain corporate management policies and business directions. We are doing our best to share IR feedback in-house and reflect this in management and operations.

We also post briefing materials and business performance as well as stock price trend charts in a timely manner on our IR website. We aim to continuously enhance our information disclosure. In fiscal 2015 we introduced a new responsive design on our website for improved browsing convenience from smartphones and tablets.

[Investor Relations](#)

[Disclosure Policy](#)



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Working with Governments and Public Policymakers

External Relations Initiatives

The social infrastructure field draws particularly strong interest from the public sector. In the task of globally expanding our Social Innovation Business, government institutions in Japan and other countries around the world are important partners to Hitachi, both as customers and as backers.

The Japanese government has implemented a support structure for fields including the internet of things (IoT), artificial intelligence (AI), and infrastructure system export projects to raise industrial competitiveness. Effective use of these structures and advice from the government is enormously helpful to us in advancing our Social Innovation Business. We also increasingly receive requests for policy proposals from government authorities when they are looking into social issues and infrastructure support policies. In responding to these requests, Hitachi contributes to a better society.

We also cooperate with government-related organizations in other countries while addressing local social issues and the forms of society envisioned by the people there with the aim of creating the best possible societies.

In carrying out the Social Innovation Business, making various types of policy proposals to the governments of Japan and other countries is becoming increasingly important. The Government & External Relations Division contributes to the creation of new social mechanisms.

Promoting External Relations

Hitachi established the Government & External Relations Division in our corporate headquarters in fiscal 2009 to guide and accelerate the external relations of the entire Hitachi Group, and we have since worked to strengthen our relationships with government and industrial organizations. In fiscal 2016, we reorganized the division to achieve our new goals of further enhancing the global expansion of our Social Innovation Business from the perspective of external relations activities.

The Government & External Relations Division works together with the Hitachi Corporate Office in Washington DC and the Hitachi Corporate Office, Europe, as well as business locations in the Americas, Europe, Asia, and Japan. By dealing with these governments and organizations, the division uncovers new business opportunities for Hitachi based on the social issues and policies in each region. The division works together with other departments in the company to further strengthen the Social Innovation Business, and to contribute to better societies in Japan and around the world.

Policy Council Participation

As part of our dialogue with government officials, Hitachi executives and other representatives participate in a range of government-sponsored policy councils. Chairman of the Board and Representative Executive Officer Hiroaki Nakanishi served from fiscal 2013 to 2015 as a member of Japan's Council for Science, Technology, and Innovation—which serves as the control tower for science, technology, and innovation policy under the prime minister—making policy planning recommendations. He also contributed to the compilation of the 5th Science and Technology Basic Plan. His current work emphasizes both resolving social issues and economic growth with the use of ICT to achieve the "Society 5.0"*¹ proposed by the Japanese government.

Since fiscal 2015 he has participated as a member of the New Industrial Structure Committee of the Ministry of Economy, Trade, and Industry in discussions for the formulation of a New Industrial Structure Vision to help Japan take the lead in innovations based on IoT, big data, and AI—the so-called fourth industrial revolution.

Staff from Hitachi headquarters and business departments have also participated in meetings and roundtable discussions that look into policy and from the standpoint of expanding businesses, as well as cooperating in planning new policies for Japan, including specific recommendations for more effective policy planning and implementation.

*1 In the 5th Science and Technology Basic Plan, "Society 5.0" refers to scientific and technical innovation that leads to transformations to bring about a new society following the evolution from a hunting society to an agricultural society, industrial society, and information society.

Government Support

As one of its infrastructure system export support measures, METI commissions the Overseas Human Resources and Development Association (HIDA) and the Japan External Trade Organization (JETRO) to conduct a Global Internship Program to support global human resource development and the creation of global networks. From fiscal 2012 through 2015, 17 young Hitachi Group employees took part in this program, which sends junior-level employees from private companies to government institutions and local companies in emerging countries for several months. Employee participation in this type of program enables Hitachi to accurately identify the needs of emerging countries and propose the optimal solutions for their particular social concerns, helping to resolve them.


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Participating in Business and Industry Associations

Membership in business and industry associations is another critical aspect of our external relations. Hitachi is a member of Keidanren (Japan Business Federation), where Chairman of the Board and Representative Executive Officer Hiroaki Nakanishi has served as vice chair since June 2014. He also chairs the Committee on South Asia, the Committee on Information and Telecommunication Policy, and the Committee on Education and Human Resources Development (as of May 2016). Other executives and employees participate in a wide range of Keidanren committees. As the planning and coordination chair for the subcommittee on Europe, we also conduct activities with Japanese and European governments to pursue early agreement during ongoing negotiations on the Japan-EU Economic Partnership Agreement, while maintaining close economic relations with European governments and economic organizations in those regions.

As a member of the Japan Electronics and Information Technology Industries Association (JEITA), we continue to participate in activities to formulate industry responses to the European Union's General Data Protection Regulation on personal data protection that was adopted in April 2016, as well as proposed amendments to Japan's Act on the Protection of Personal Information that were enacted in September 2015. We will continue similar efforts related to delegated regulations in the EU and cabinet orders and guidelines in Japan that provide more detailed regulations.

Within the Japan Electrical Manufacturers' Association (JEMA), Hitachi is surveying the status of the development of the electric power infrastructure in other countries, including power generation and transmission facilities, to promote infrastructure system exports. We are also participating in public relations activities—primarily interactions with business operators in these countries—on how Japanese technologies and products can help to solve social issues there.

United States: Hitachi Corporate Office in Washington DC

The Hitachi Corporate Office in Washington DC examines the impact of US government policies and legislation on our business activities. To promote mutual understanding and improve business opportunities, we communicate to key stakeholders on how Hitachi can contribute to the growth of US society.

For example, we share information gathered by the Washington office with Group companies, exchanging reports on key laws and regulations that impact management and business, analyzing their business impact, and responding appropriately. To increase the effectiveness of these activities, we cooperate with influential external business associations, think tanks, and academic groups, exchanging opinions with specialists and researchers in efforts that will lead to policy proposals.

As part of the global expansion of our Social Innovation Business, we provide information to policymakers and

government representatives on Hitachi's technological expertise to convey how Hitachi can contribute to the United States.

These kinds of activities allow us to foster broader understanding of Hitachi's business and technological expertise and to expand our global network.

Europe: Hitachi Corporate Office, Europe

The Hitachi Corporate Office, Europe, located in Brussels, monitors policy and legislation trends in the European Union, such as the European Commission and European Parliament, and analyzes their impact on Hitachi's business activities. It is active in European societal issues, contributing to policy development through business.

Specifically, the office actively gathers information in the fields of energy, trade, information and telecommunications, transportation, healthcare, research and development, environment, and CSR; communicates with relevant departments within the company; and makes proposals to EU institutions through business and trade associations like BUSINESSEUROPE, DigitalEurope, and the Japan Business Council in Europe (JBCE). We also participate in a European Commission Product Environmental Footprint (PEF) pilot project as part of our environmental policy activities, exchanging opinions and supporting the development of new policies.

We maintain ongoing dialogues with representatives responsible for European policy, business associations, and others, mainly via the JBCE, in the EU-Japan Working Group on Corporate Social Responsibility, organized by the European Commission and Japan's Ministry of Economy, Trade, and Industry, and the UN Asia Regional Forum on Business and Human Rights, among other organizations.

Since 1998, we have held the EU Hitachi Science & Technology Forum to deepen understanding of Hitachi's business. In fiscal 2014, the forum took place in Paris, addressing the theme of healthcare. Starting in fiscal 2016 we are focusing on the Social Innovation Business while continuing to hold these forums from the perspective of contributing to European society through business and technology. Through these activities Hitachi actively shares information with European stakeholders. We also communicate with policymakers through workshops and other activities.



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Participation in Initiatives

Main Initiatives in Which Hitachi Is Involved

United Nations Global Compact

Hitachi became a full member of the United Nations Global Compact in February 2009. Our corporate foundation is the basis for continuing growth as a global company, and it also needs to meet internationally recognized global standards that go beyond national and regional laws and regulations. We believe that respecting and implementing the 10 principles of the UN Global Compact will build a stronger foundation for our business.

Global Compact Network Japan (GCNJ)

World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) is an organization led by CEOs of forward-looking companies in more than 30 countries worldwide. Its aim is to create a sustainable future for business, society, and the environment. Hitachi has participated in the WBCSD since 1995.



International Standardization Activities

To help create and expand markets as well as to accelerate our global business expansion, we are actively involved in developing international standards and are willing to commit employees to serve as chairpersons or international secretaries or in other key positions of international standards developing organizations, such as the International Electrotechnical Commission (IEC) and the International Organization for Standardization (ISO).

The Hitachi Group Standardization Committee was established to work for coordination among the Hitachi Group toward international standardization. The Steering Committee*1 of this body determines priority themes and promotes standardization activities by creating working groups for each theme.

Hitachi's international standardization work is well regarded. In fiscal 2015, we received the Industrial Science and Technology Policy and Environment Bureau Director-General's Award in the Ministry of Economy, Trade, and Industry's Industrial Standardization Awards, and we were honored by the Telecommunication Technology Committee and the Information Technology Standards Commission of Japan.

Hitachi is committed to contributing to international standardization via standard-developing organizations like the IEC, ISO, and various consortia to facilitate innovation that resolves social issues, as well as to providing solutions consistent with international standards to support the development of sound global markets.

*1 Steering Committee: Headed by the executive officer overseeing R&D, this entity includes chief technology officers of Hitachi business units and Group companies. The committee is responsible for decisions on cross-departmental and companywide standardization projects.

Hitachi Group Standardization Committee

