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Labor Practices  Achieving a Fair and Equitable Work Environment, Promoting Diversity and Inclusion

## Achieving a Fair and Equitable Work Environment

### Hitachi's Approach

Ensuring that hiring and promotions, as well as worker assessment and compensation, are fair is not only a duty that companies must fulfill toward their employees but also an important means of building a healthy relationship with outstanding human capital. Hitachi has a human resource strategy that emphasizes the concept of “decent work” (that is, work that is humane and fulfilling). This concept has taken on increased importance globally as a standard for labor practices, with the International Labour Organization, for example, positioning the concept as an important objective of its activities. Companies are expected to ensure decent work through policies appropriate to their businesses.

### Decent Work

#### Hitachi's Thinking on Decent Work

Human resources are key to Hitachi's ability to adapt to rapid social and environmental change and continue providing new value to customers. Diversity and inclusion are crucial to our strategy, and throughout the Hitachi Group

we promote HR management practices that maximize the strength we can draw from a diverse, highly engaged workforce transcending national and corporate boundaries. Our globally shared leadership development program fosters leaders who champion our Social Innovation Business around the world, while a range of other training programs help employees obtain the knowledge and skills they need to provide innovative solutions to our customers.

Hitachi also views it as crucial to create a work environment in which each employee can engage meaningfully in productive work. As part of efforts in this area, we have unified performance review standards worldwide in a highly transparent and fair system for evaluating each employee's achievements. We have also enacted safety policies that apply across the entire Hitachi Group, and continue striving globally to create workplaces that offer safety and peace of mind to those who work there. Other initiatives aim to make it easier to achieve work-life balance, reduce work hours, and promote healthy lifestyles among employees. Additionally, we conduct an annual survey of employee engagement levels across the Group, using the results as the basis for further improvement in management practices.

## Promoting Diversity and Inclusion

### Hitachi's Approach

Hitachi believes that building a corporate culture that fully draws on the diversity of human capital, in terms of gender, age, and values, not only offers employees an opportunity to approach their work with enthusiasm but also contributes to enhancing competitiveness through the provision of solutions that incorporate diverse perspectives. In recent years, with the growing interest among stakeholders for personnel policies enabling flexible workstyles, we are taking a proactive stance toward implementing this approach. We are also establishing key performance indicators to help expand career options for female employees.

With the strong commitment of top management, we aim to promote diversity as part of our management strategy and become a company that makes full use of our diverse human capital.

### Diversity and Inclusion

#### Statement on Diversity and Inclusion

Diversity is the wellspring of our innovation and our growth engine. Hitachi regards personal differences—gender, nationality, work history, age, sexual orientation, and philosophy—as facets of people's individuality. By respecting our employees' individualities and positioning them as an advantage, Hitachi frames its diversity and inclusion as conducive to both the individual's and the company's sustainable growth. With strong teamwork and broad experience in the global market, we will meet our customers' needs.

#### Diversity Management Initiative: “Diversity for the Next 100”

Since the 1990s, we have been at the social forefront, supporting women and other members of our multifaceted workforce. This includes setting up systems to help balance work with child and nursing care. Entering Phase 3 of our diversity management roadmap, we are embracing diversity as



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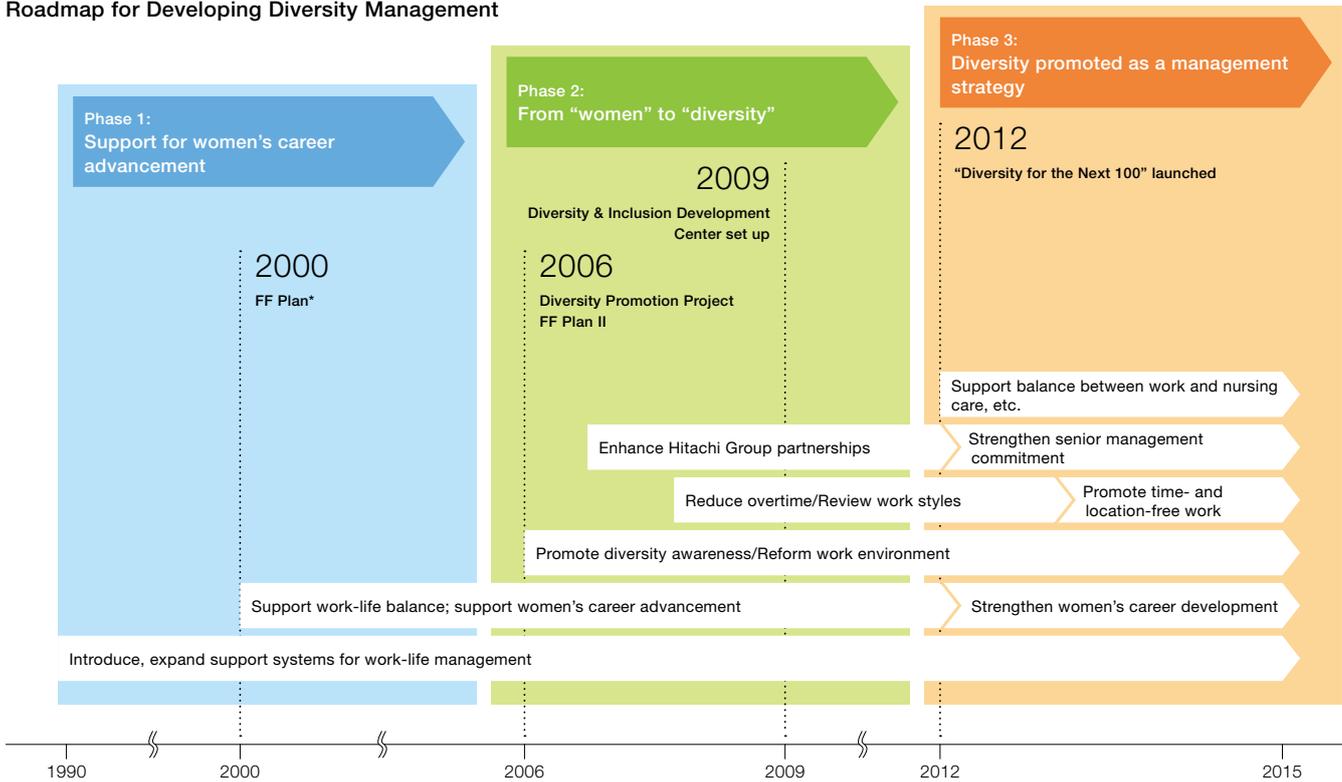
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a management strategy under the initiative slogan “Diversity for the Next 100.” This means creating an environment where

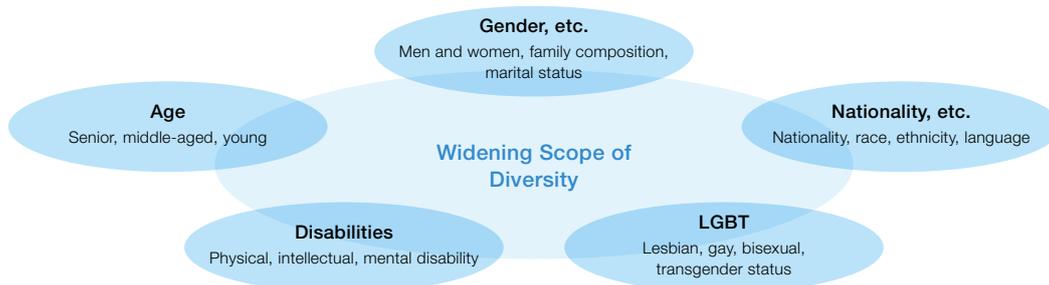
women and other members of our varied workforce can use their skills in leadership and business management.

### Roadmap for Developing Diversity Management



\* The Gender-Free and Family-Friendly (FF) Plan is an initiative to create a better work environment by supporting efforts to balance work and family life and supporting women in the workplace.

### Expanding the Scope of Diversity Management



### Deepening Diversity Management



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### Development Structure of Diversity Management

The Diversity Development Project, launched in fiscal 2006 under the president's direct control, was replaced in fiscal 2009 with the Diversity & Inclusion Development Center, which currently operates under the direct supervision of the Human Capital Group.

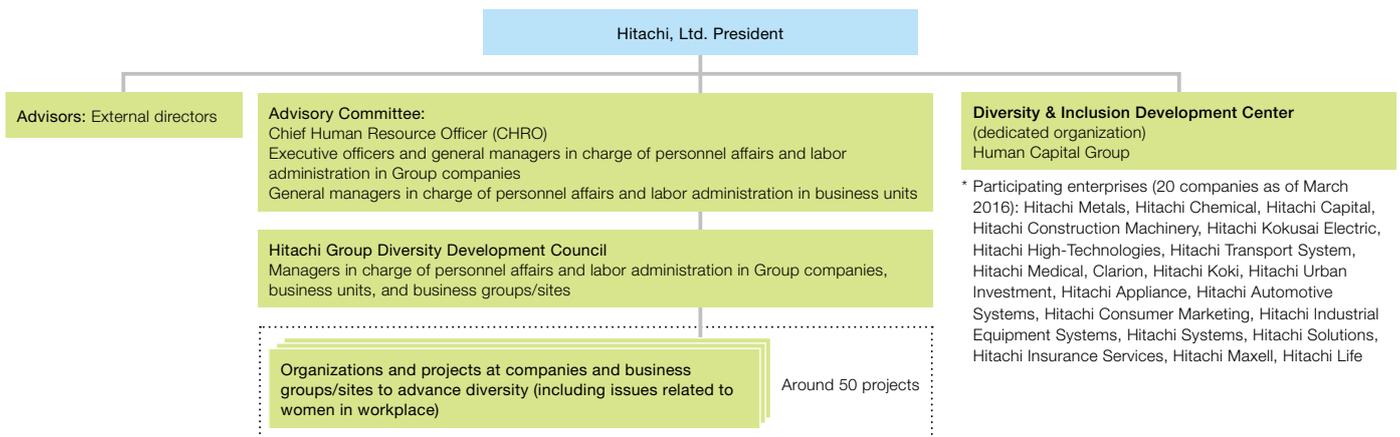
Hitachi and 20 Group companies jointly operate the Advisory Committee and the Diversity Development Council to accelerate awareness across Hitachi as a whole, including support for diverse human resources and work-life management. The Advisory Committee ensures follow-through on our diversity management policy, while the Diversity Development Council discusses specific activities and shares best practices. Both meet every six months.

Group companies and business groups/sites have also set up their own diversity-promotion organizations and projects, such as those to help develop women's careers, in

order to enhance initiatives geared to the challenges faced by individual workplaces. We also hold regular meetings to exchange opinions on diversity with labor unions.

In Europe, too, we are accelerating the pace of our diversity and inclusion initiatives on the basis of establishing the D&I Steering Committee in January 2016. The committee, which convenes every quarter, is made up of executives from the seven main Hitachi Group companies in Europe, including Hitachi Europe Ltd., Hitachi Rail Europe Ltd., and Hitachi Data Systems Corporation. The three main areas addressed are "the creation of a diversity and inclusion framework," "career development," and "communication." Members are assigned to each area and lively discussions are held in order to formulate and implement plans to promote diversity and inclusion.

### Hitachi Group Diversity Structure



### Developing Women's Careers

#### KPI of Developing Women's Careers

Hitachi, Ltd. has created two key performance indicators (KPIs), announced externally in fiscal 2013, to enable as many female employees as possible to take up leadership positions and to participate in management decision making. These KPIs signal our commitment both internally and to the world to further advance women in the workplace and to improve our diversity management.

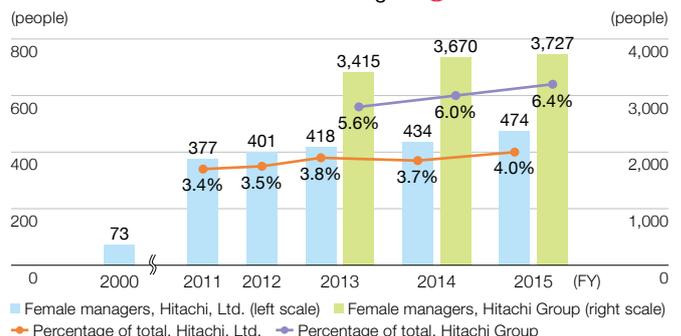
In addition to reinforcing existing programs, we will use the Hitachi Group Women's Career Success Survey to highlight progress with initiatives and outstanding issues in each business unit and to set numerical targets for each unit, strengthening our management commitment. We will also boost women's individual ambitions and morale through programs such as the Hitachi Group Women Leaders' Meeting, which targets female employees at the general manager level and above. We intend to create an environment where as many women as possible are able to optimize their potential in management positions.

#### Goals for Hitachi, Ltd. (KPIs)

- Appoint female executives by fiscal 2015 by promoting from within (including the CSR and Environmental Strategy Division chief as a corporate officer in April 2015).
- Increase the number of female managers in Japan to 1,000 by fiscal 2020 (2.5 times more than at the end of fiscal 2012).

#### Key Indicators

- Number and Ratio of Female Managers





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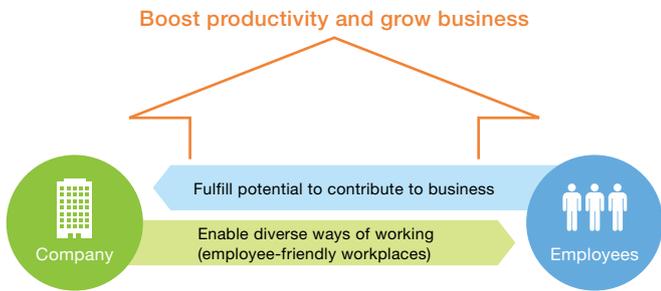
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## Work-Life Management

### Hitachi's Work-Life Management Approach

Our diversity and inclusion management initiatives are designed to enable all employees to reach their full potential, as well as to enhance our organizational capabilities and to create synergies that will boost productivity and grow our business. This requires building a work environment that embraces human resource diversity and promotes work style flexibility.

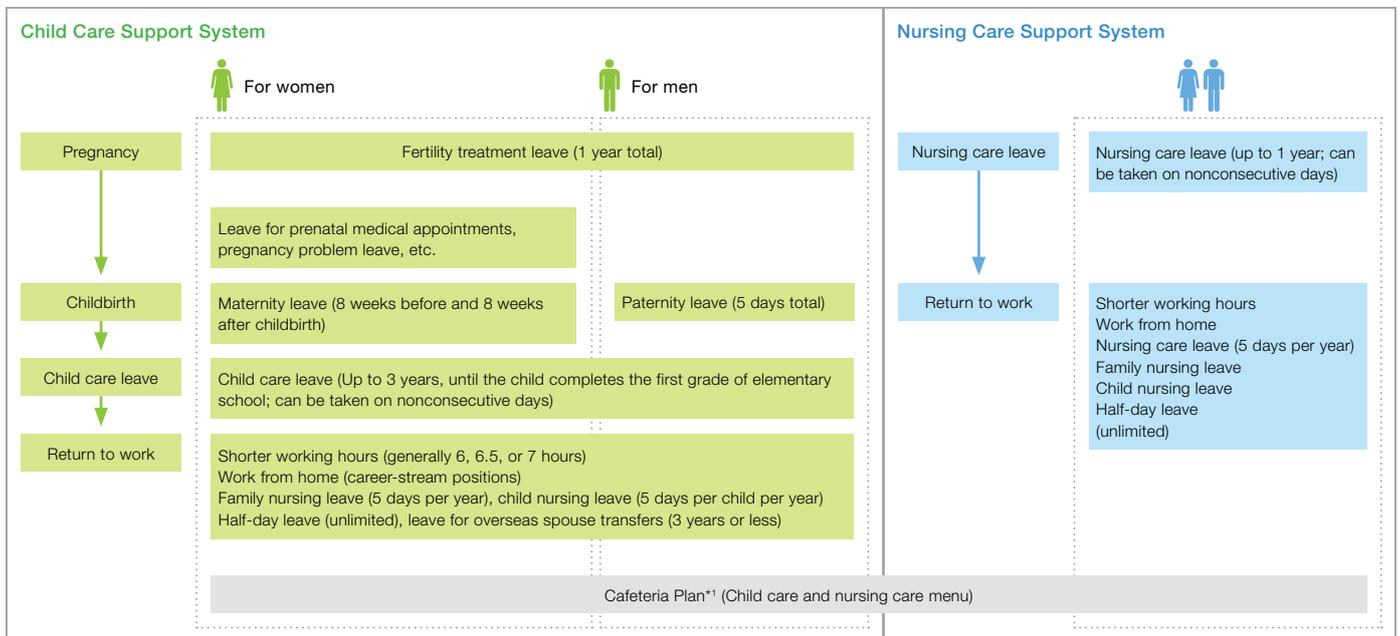


Hitachi looks beyond work-life balance, promoting work-life management that enables our employees to take charge of improving the quality of both their work and their private lives. We believe that optimizing time spent in and outside the workplace through work-life management enhances our employees' professionalism and builds character, resulting in both individual and organizational growth over the long term.

### Enhancing Work-Life Management Support Systems

Since the 1990s, we have been introducing and improving an array of programs for employees to balance work with family, aiming to create a more employee-friendly work environment.

### Work-Life Management Support System (Example of Hitachi, Ltd.)



\*1 Flextime and discretionary labor systems are also available. The cafeteria plan is a system in which employees can select the support that they need, when they need it, according to their "cafeteria points."



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**In-House Child Care Centers**

The Hitachi Group, in collaboration with its labor union, has set up in-house child care facilities as a way to help employees balance work with child raising.

**Genki Club**

|                 |   |
|-----------------|---|
| Established     | April 2003  |
| Location        | 292 Yoshida-cho, Totsuka-ku, Yokohama-shi, Kanagawa, Japan (Yokohama Office, Hitachi, Ltd.)   |
| Capacity        | Approximately 70 children   |
| Ages eligible   | Children aged several months up to 6 years old (who have not yet entered elementary school) of Hitachi Group employees who live near or commute to the Totsuka area in Yokohama |
| Operating hours | 7:30–20:00  |



"Genki Club" Logo



Excursion (sweet potato digging).



Christmas party.

**Sakura Hiroba (Hitachi Chemical Group)**

|                 |  |
|-----------------|--|
| Established     | April 2008   |
| Location        | 2-27-22 Higashi-cho, Hitachi-shi, Ibaraki, Japan (near Yamazaki Division, Hitachi Chemical)  |
| Capacity        | 20 children (can enroll a maximum of 30)   |
| Ages eligible   | Infants aged several months to children up to 6 years old who have not yet entered elementary school (children of Hitachi Chemical Group employees who commute to the city of Hitachi) |
| Operating hours | 7:30–20:00   |

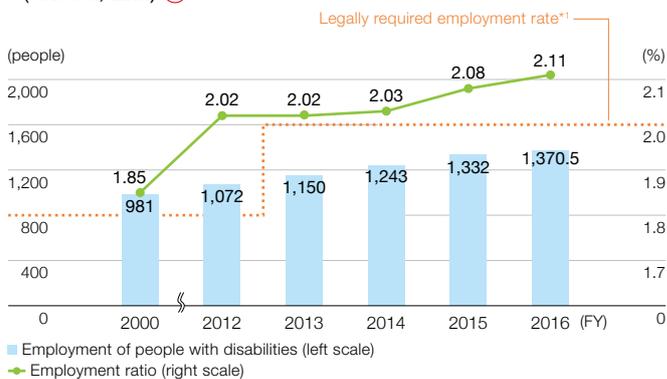
**Employing People with Disabilities**

**Expanding Hiring of People with Disabilities**

Hitachi, Ltd. and Group companies in Japan have worked hard to employ people with disabilities, such as by holding a special hiring fair and study meetings for Group companies to share information. As a result, as of June 2015 the employment ratio of people with disabilities was 2.08% at Hitachi, Ltd. and 2.14% for the entire Group in Japan. As of June 2016, the employment ratio of people with disabilities was 2.11% at Hitachi, Ltd. and 2.18% for the entire Group in Japan. All of these figures topped Japan's legally required employment rate of 2.0%. We will maintain our Group-wide drive to hire more people with disabilities.

**Key Indicators**

• Employment of People with Disabilities and Employment Ratio (Hitachi, Ltd.)



\*1 Up to fiscal 2012, the legally required employment rate was 1.8%; from fiscal 2013 it has been 2.0%.

Notes:

- Data compiled in June of each fiscal year.
- The employment ratio is calculated according to methods prescribed in the relevant laws.

**Diverse Support Systems for Employees**

**Support Systems that Meet Diverse Employee Needs**

To respond to the diverse lifestyles and needs of our employees, Hitachi, Ltd. has provided a wide range of support by introducing welfare systems that include housing support, such as dormitories, company housing, and a housing allowance system, as well as an asset-building savings program, an employee stock ownership program, group insurance, consolation payments, and a "cafeteria plan" program. The cafeteria plan allows employees to select the benefits they receive. This allows them to tailor a plan to their individual lifestyles and living needs by choosing from a list of options, such as skills development, child care, nursing care, health promotion, and donations. Employees use "cafeteria points" to select the type of support they need when they need it.

For our retirement and pension plans, defined contribution and defined benefit plans have been introduced across the Hitachi Group in response to the diversification of lifestyles among the elderly and the changes in forms of employment. The defined contribution pension plan encourages employees to participate in their postretirement planning by providing asset management and investment education, as well as other support. We increased the choice of benefit options and timeframes for both the defined contribution pension plan and the defined benefit pension plan in order to better meet the varied needs of employees.