

Review and Improvement of CSR Activities

Hitachi's Aims: Improving the Quality of Management Through Integration with CSR



Our society faces a wide range of problems, including global warming, poverty, and social discrimination, and demand is growing for corporations to address these problems.

To meet these expectations, Hitachi is integrating its management and CSR, incorporating CSR into routine business practices throughout the organization and improving the quality of management by implementing the PDCA cycle. By communicating with our stakeholders, we are affirming our relationship of trust with society, and by sharing values with stakeholders, we aim to achieve both the sustainable development of society and our economic growth as a global company. Senior management will play a leadership role in advancing measures to contribute to the resolution of global-scale societal issues through our business operations.

Fiscal 2016 Overview of Activities



In fiscal 2016, we prepared to set up the Executive Sustainability Committee, and the new framework was launched in April 2017. We are continuing to hold global and regional CSR meetings to share our CSR activities on a worldwide basis.

Main Plans and Results

Continuous Enhancement of CSR Management

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Pursuit of management strategy incorporating CSR into organizational activities through structural and governance-related measures	· Promote CSR activities throughout the corporate division	· Shared each division's latest activities at CSR Promotion Team Meeting (brand communication strategy in achieving 2018 Mid-term Management Plan; 2016 R&D strategy; workstyle reforms; and revision of compliance regulations)	★★★	· Formulate fiscal 2017 CSR Activity Plan and share results
	· Promote understanding of CSR among senior management	· Deliberated and approval granted for long-term environmental targets by Senior Executive Committee and Board of Directors · Proposed launch of Executive Sustainability Committee from fiscal 2017 to the CEO, and received approval	★★★	· Hold lectures on sustainability for senior management at Executive Sustainability Committee

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Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Development of CSR network on Group-wide, global basis	<ul style="list-style-type: none"> Hold Hitachi Group CSR meeting in each country and region 	<ul style="list-style-type: none"> Held regional CSR meetings in India, Europe, and Australia 	★★★	<ul style="list-style-type: none"> Hold Hitachi Group CSR meetings at six locations
Improvement and enhancement of management quality through the PDCA cycle based on third-party assessments	<ul style="list-style-type: none"> Have DJSI World select Hitachi, Ltd. for its index Bolster response to global assessment 	<ul style="list-style-type: none"> Hitachi Ltd. selected by DJSI eight years in a row Took measures in response to CDP criteria for climate change and water, as well as for supply chain Responded to EIRIS, MSCI, and Sustainalytics Implemented analysis of required disclosure levels and shared results with relevant parties 	★★★	<ul style="list-style-type: none"> Continue with bolstered response to the global assessments by DJSI, CDP, EIRIS, and MSCI
Promotion of company-wide CSR awareness through education and volunteering	<ul style="list-style-type: none"> Promote Hitachi Volunteer Day Advocate employee volunteer activities 	<ul style="list-style-type: none"> Inspected activities implemented on Hitachi Volunteer Day, and collected and tallied data Resumed distribution of e-mail newsletters to employees 	★★★	<ul style="list-style-type: none"> Implement Hitachi Volunteer Day Implement employee-participatory social contribution program, such as the "Buy and Help Society! Bazaar"
	<ul style="list-style-type: none"> Facilitate worldwide environmental e-learning (fiscal 2016 version) in Japanese, English, and Chinese 	<ul style="list-style-type: none"> Implemented Hitachi University, Hitachi's e-learning system, with more than 140,000 enrolling 	★★★	<ul style="list-style-type: none"> Continue to promote enrollment, as courses last for three years
	<ul style="list-style-type: none"> Facilitate worldwide CSR e-learning (revised version) in Japanese, English, and Chinese 	<ul style="list-style-type: none"> Implemented Hitachi University, Hitachi's e-learning system; more than 120,000 enrolled 	★★★	<ul style="list-style-type: none"> Add CSR to items covered in training for employees at various levels
Communication with stakeholders through information disclosure	<ul style="list-style-type: none"> Publish integrated report, sustainability report, and company outline and structurally reinforce the project team for next year's publications Obtain feedback from stakeholders 	<ul style="list-style-type: none"> Published <i>Hitachi Integrated Report 2016</i>, identified key issues, and reviewed items for publication in 2017 edition Published <i>Hitachi Sustainability Report 2016</i> and revised website; considered items to be disclosed in light of GRI Standards and analysis of required disclosure levels for 2017 edition 	★★★	<ul style="list-style-type: none"> Expand scope of information disclosed based on GRI Standards and analysis of required disclosure levels

★★★: Achieved ★★: Partially achieved ★: Not achieved

Enhancing CSR Management

Hitachi's Approach

We have been building our CSR policy on a framework based on ISO 26000 to promote the integration of our management and CSR. In 2017, we reorganized our Group-wide sustainability structure by launching the Executive Sustainability Committee, whose members are Hitachi's senior executives and the CEOs of various business units. The committee is playing a central role in advancing Hitachi's sustainability strategy. In addition, we are actively organizing global CSR meetings and undertaking initiatives at the national and regional levels, with the aim of further strengthening our global, Group-wide CSR network. We attach importance to information disclosure, on which communication with stakeholders is based, and are responding to stakeholder needs through the *Hitachi Sustainability Report*, meeting disclosure requirements of the GRI Standards.

a framework of nine key themes based on ISO 26000 with the aim of further integrating management and CSR and continually improving our CSR activities by running the PDCA cycle.

CSR Management Framework



Hitachi's CSR Management Framework

To realize the Hitachi Group Vision, which draws on our Corporate Credo and Founding Spirit that form the core of our CSR, we have been sharing throughout the Group our CSR Policy, created in 2005, as the basis of our CSR activities. In keeping with a management strategy of actively advancing our Social Innovation Business, we have, since fiscal 2014, adopted

Hitachi's Engagement with Material Issues

Hitachi's CSR activities are premised on an accurate perception of changing social issues and expectations. To strengthen the integration of management and CSR, from fiscal 2015 to the first quarter of fiscal 2016, Hitachi, Ltd. prioritized, from its own perspective, its CSR initiatives in accordance with the 2018 Mid-term Management Plan. As a result, three material issues were identified, namely, social innovation, collaborative creation, and the environment. Our aims for each item were formulated, and initiatives are being actively advanced using the CSR management framework as the foundation for the achievement of those aims.

Hitachi's Material Issues

Material issues	Aims for each issue
Social innovation	Utilize digital technology, which can connect all things, to offer optimum solutions to social issues
Collaborative creation	Share understanding of issues and ideals with various stakeholders, suggesting and implementing solutions with them, to create new social value and minimize adverse risks
Environment	Resolve environmental issues involving climate change, resources, and ecosystems throughout the value chain

Material Issues and Boundaries

In reporting the achievements of its CSR initiatives, Hitachi seeks to identify issues that are of interest to its stakeholders. To ascertain the ever-changing interests of stakeholders in the light of fluctuating economic and social conditions, we have endeavored since fiscal 2014 to give specific examples of our initiatives under a nine-item CSR management framework. We take note of stakeholders' own priorities, analysis conducted by outside consultants, and the opinions of experts in choosing initiatives that correspond to our nine framework items. These are further screened with reference to the ESG (environmental, social, and governance) investment indexes and SASB (Sustainability Accounting Standards Board) standards, reviewed by the executive officer in charge of CSR, and reflected—starting this year—in *Hitachi Sustainability Report 2016*.

We also aim to provide a more detailed account of the topics' social impact by clarifying the boundaries (importance to internal and external stakeholders) of each topic.

Material Issues and GRI Standards

Themes	Material issues	GRI Standards	Reporting boundary	
			Internal	External
① Recognition of social responsibility	Realizing sustainable, innovative management	GRI 203: Indirect economic impacts	●	●
	Understanding issues through dialogue and taking part in initiatives		●	●
② Corporate governance	Pursuing management efficiency and transparency		●	●
	Sharing the Hitachi Group Identity	GRI 205: Anti-corruption GRI 419: Socioeconomic compliance	●	●
	Advancing risk management on multiple fronts		●	●
③ Human rights	Respect for human rights throughout the value chain	GRI 412: Human rights assessment GRI 408: Child labor GRI 409: Forced or compulsory labor GRI 410: Security practices GRI 411: Rights of indigenous peoples GRI 414: Supplier social assessment	●	●
	Respect for workers' rights	GRI 402: Labor/management relations GRI 406: Non-discrimination GRI 407: Freedom of association and collective bargaining	●	
④ Labor practices		GRI 401: Employment		
	Achieving a fair and equitable work environment	GRI 402: Labor/management relations GRI 202: Market presence	●	
	Promoting diversity and inclusion	GRI 405: Diversity and equal opportunity	●	
	Promoting occupational health and safety	GRI 403: Occupational health and safety	●	
⑤ Environment	A strategy for growing together with our global human capital	GRI 404: Training and education	●	
	Promoting environmental management	GRI 201: Economic performance	●	●
	Enhancing environmental management on an ongoing basis	GRI 302: Energy GRI 305: Emissions GRI 306: Effluents and waste GRI 307: Environmental compliance GRI 308: Supplier environmental assessment GRI 404: Training and education	●	●
	Responding to environmental risks and opportunities	GRI 201: Economic performance	●	●
	Achieving a low-carbon society	GRI 301: Materials GRI 302: Energy GRI 305: Emissions	●	●
	Achieving a resource efficient society	GRI 303: Water GRI 306: Effluents and waste	●	●
	Achieving a harmonized society with nature	GRI 304: Biodiversity	●	●
⑥ Fair operating practices		GRI 419: Socioeconomic compliance	●	●
	Promoting work practices in line with international ethics codes	GRI 205: Anti-corruption GRI 206: Anti-competitive behavior GRI 415: Public policy	●	●
	Engaging in responsible procurement	GRI 204: Procurement practices GRI 414: Supplier social assessment GRI 308: Supplier environmental assessment	●	●
⑦ Customers (consumer issues)	Pursuing customer satisfaction	GRI 417: Marketing and labeling	●	●
	Ensuring accessibility to products and services	GRI 417: Marketing and labeling	●	●
	Ensuring thorough management of quality and safety	GRI 416: Customer health and safety GRI 418: Customer privacy GRI 419: Socioeconomic compliance	●	●
⑧ Community involvement and development	Promoting sustainable community involvement and development	GRI 413: Local communities	●	●
⑨ Review and improvement of CSR activities	Enhancing CSR management		●	

Sustainability Management Structure

In October 2013, the CSR Division and the Environmental Strategy Office at Hitachi, Ltd. merged to form the CSR and Environmental Strategy Division. Soon afterward, we began sharing the Hitachi Group CSR Statement and Mission, created in fiscal 2014 to lay out the goals of the new organization, with business units and Group companies.

In April 2017, we created the Executive Sustainability Committee and reorganized the promotion structure it heads.

To promote sustainability policies and activities across the Group, the Sustainability Promotion Meetings were convened to work with sustainability strategy promotion officers from the various business units and Group companies using the CSR and Environmental Strategy Division as a secretariat. As well as holding regular meetings with CSR-related departments at

Hitachi, Ltd. and CSR Corporate Meetings, the Sustainability Promotion Meetings also organize CSR Manager Meetings with the CSR departments of business units and Group companies. In addition, the committee will hold regular Regional CSR Meetings for regional headquarters outside Japan to share a common direction and promote sustainability strategy.

To fulfill our social responsibilities, as well as to seek sustainable growth as a global company, we conduct stakeholder dialogue on a worldwide basis in cooperation with our regional headquarters and take a proactive approach to incorporating global social issues into our management strategy while continuously striving to improve the quality of our management.



Executive Sustainability Committee Initiatives

Hitachi Group CSR Statement and Mission

We strive to realize a sustainable society by properly understanding global social and environmental expectations through communication with our various stakeholders and integrating those expectations into our management.

- CSR and environmental initiatives that contribute to solving social issues
- Governance that realizes sustainable management
- Communication that fosters mutual understanding with stakeholders

Sustainability Strategy Promotion Structure

