

# Labor Practices

## Hitachi's Aims: A Global Work Environment Rewarding Individuality and Diversity



Employees are valued partners who play a vital role in sustaining our business. The cornerstone of a sound and mutually beneficial relationship between employees and the company, and the motive force for sustainable growth, is to provide proper working conditions for employees and build a framework for the maximization of their potential. By complying with all work-related laws and regulations and creating a work environment that maintains and develops fair employment relations and makes full use of the abilities of its diverse human capital, Hitachi aims to be a company in which all employees can engage in safe and fulfilling work.

Hitachi strives to remain in dialogue with each individual employee about their basic rights and career development. Systems are in place for employees to discuss matters with human resources at the level of the business unit, and a variety of other contact points, such as a health and safety committee and labor unions, are available to employees as well. When necessary, we encourage employees to use the Compliance Reporting System, which is designed to ensure a careful and thorough response to all issues raised.

## Fiscal 2016 Overview of Activities



In fiscal 2016, in addition to our continuing efforts to promote the career development of female employees, build a work environment that embraces diversity in our human capital, and employ people with disabilities, we conducted various training sessions that are aligned with employees' respective career paths. Furthermore, as part of our undertaking in the area of occupational health and safety, from fiscal 2017, we will launch a new initiative under the theme of "health and productivity management."

### Main Plans and Results

#### Promoting Diversity and Inclusion

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Creation of a work environment that embraces diversity in human capital (promotion of work-life management)	<ul style="list-style-type: none"> <li>Help employees balance work with child- and nursing care</li> <li>Realize flexible workstyle</li> </ul>	<ul style="list-style-type: none"> <li>Introduced an Allowance for Balancing Child Care and Work in October 2016</li> <li>Launched workstyle reforms (Hitachi Work-Life Innovation) in December 2016</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Continue to help employees balance work with child- and nursing care</li> <li>Promote workstyle reforms (Hitachi Work-Life Innovation)                             <ol style="list-style-type: none"> <li>Raise awareness</li> <li>Promote flexible workstyles</li> <li>Promote operational reforms</li> <li>Realize health and productivity management</li> </ol> </li> </ul>

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Support of female employees' career development	<ul style="list-style-type: none"> <li>Support female employees' career development</li> <li>Raise awareness of male employees and managers; transform workplace culture</li> </ul>	<ul style="list-style-type: none"> <li>Supported female employees' career development                             <ol style="list-style-type: none"> <li>169 female employees participated in the Women Leaders' Meeting</li> <li>155 female employees participated in the career seminar for junior-level female employees (including Group companies)</li> <li>485 female employees took part in the pre-maternity leave and back-to-work support seminar</li> </ol> </li> <li>Efforts made to raise awareness of male employees and management and to transform workplace culture                             <ol style="list-style-type: none"> <li>Held diversity workshops at multiple business sites</li> <li>153 employees participated in management seminar for managers with female subordinates (open seminar held at Hitachi, Ltd.); individual seminars were held at each business site</li> </ol> </li> </ul>	★★★	<ul style="list-style-type: none"> <li>Continue with support of female employees' career development                             <ol style="list-style-type: none"> <li>Implement Hitachi Group Women's Career Success Survey</li> <li>Promote participation of female employees in management trainings and selective training courses</li> <li>Hold Women Leaders' Meeting</li> <li>Hold career seminar geared for junior-level female employees</li> <li>Hold pre-maternity leave and back-to-work support seminar</li> </ol> </li> <li>Continue with efforts to raise awareness of male employees and managers                             <ol style="list-style-type: none"> <li>Hold diversity workshop</li> <li>Hold management seminar for managers with female subordinates</li> </ol> </li> </ul>
Promotion of employment of people with disabilities within the Group	<ul style="list-style-type: none"> <li>Achieve Japan's legally required employment rate at Hitachi, Ltd.</li> <li>Ensure strict compliance with legal employment rate at all Hitachi Group companies in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 2.15% employment rate at Hitachi, Ltd. and 2.25% at Group companies in Japan; seven companies still below the legal rate (as of June 2017)</li> <li>Held a special hiring fair for people with disabilities</li> <li>Held study sessions concerning employment of people with disabilities</li> <li>Held group interviews for people with disabilities in conjunction with employment support services</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Expand hiring through the founding of a special subsidiary</li> <li>Encourage responsive measures from companies that have not met Japan's newly stipulated legally required employment rate</li> <li>Hold Hitachi Group job fair for people with disabilities</li> </ul>

**Promoting Occupational Health and Safety**

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Raising of health and safety management levels across the Group through promotion of global health and safety management	<ul style="list-style-type: none"> <li>Continue to implement and review minimum Group-wide health and safety standards</li> <li>Implement preventive measures by utilizing best practices and accident cases</li> <li>Introduce measures in response to new laws and regulations in Japan</li> </ul>	<ul style="list-style-type: none"> <li>Shared best practices and knowledge on the topic at Group-wide occupational health and safety conference</li> <li>Put in place stress-check system stipulated by law</li> </ul>	★★	<ul style="list-style-type: none"> <li>Continue to implement preventive measures by utilizing best practices and accident cases</li> <li>Grasp the safety status by collecting Global Safety Figures</li> <li>Promote office well-being by utilizing the findings from the collective analysis of the stress check</li> <li>Introduce support system for employees returning to work from leave of absence</li> </ul>

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Health and productivity management		<ul style="list-style-type: none"> <li>Prepared and streamlined specific action policies for fiscal 2017</li> <li>Acquired 2017 Certified Health and Productivity Management Organization Recognition Program</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Strengthen efforts for health and productivity management through workstyle reforms as well as health promotion by collaborating with Hitachi's Health Insurance Society</li> </ul>

**A Strategy for Growing Together with Our Global Human Capital**

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Implementation of career training for employees, young and old, at various stages in their careers	<ul style="list-style-type: none"> <li>Hold career training for 660 new employees</li> <li>Hold Hitachi Career Development Workshop (H-CDW) for 800 new assistant managers</li> <li>Provide Life Plan Training, including participation in (1) e-learning program; (2) seminars for 50-year-old employees on annual contracts; and (3) Life Plan Briefing for 500 employees at age 58</li> </ul>	<ul style="list-style-type: none"> <li>Held career training for 660 new employees</li> <li>Held H-CDW for 832 new assistant managers</li> <li>Provided Life Plan Training, including (1) e-learning program with 1,808 registered employees that started in June; (2) seminars for 738 50-year-old employees on annual contracts; and (3) Life Plan Briefing for 506 employees at age 58</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Hold career training for 650 new employees</li> <li>Hold H-CDW for 700 assistant managers</li> <li>Provide Life Plan Training, including participation in (1) e-learning program for 1,000 employees; (2) seminars for 700 50-year-old employees on annual contracts; and (3) Life Plan Briefing for 500 employees at age 58</li> <li>Build workplace structures to promote self-directed career development</li> </ul>

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

## 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.

Hitachi's policies toward realizing this ideal of decent work go beyond promotion of diversity and inclusion among our human capital around the world to include a variety of other initiatives reflecting the globalization of business, from worldwide implementation of fair employee evaluation systems and working conditions to ensuring that executive positions are open to employees from all regions. We will continue to promote the creation of open, fair work environments that provide greater job satisfaction, in accordance with the business conditions and economic environment of each individual country and region.

### 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 our 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.

#### Ensuring Fair Evaluation and Compensation

With the globalization of business, business frameworks with a global outlook have become increasingly important. Hitachi is working to establish management systems based on consistent

principles across all areas, including compensation, so that our diverse human capital around the world can engage at a high level.

We are developing Group-wide compensation systems that are fair and competitive in the context of each country or region's labor market. Individual performance is also assessed against evaluation criteria that are disclosed to all employees. Every year, the individual achievements of all employees are reviewed to set their compensation, and feedback on their evaluation results is provided to inspire them to develop and grow even further.

We ensure compliance with the laws and regulations of each country in which we operate when determining compensation. In Japan, starting pay for new graduates—representing about half of all new graduates recruited each year across the Group's global operations—was roughly 20% higher than the weighted average of Japan's regional minimum wages.



#### Recruiting Human Capital in Europe

The railway business is an important business field for which growth is expected in overseas markets, particularly Europe and Asia. To further solidify our position in this industry, we shifted the primary site of our railway business to London in 2014 and built a global operations framework managed by Hitachi, Ltd. and several other Group companies, with 40% of senior management positions held by European personnel. The CEO of global operations is a London local who previously served as president of a Group company in the United Kingdom and has since become an executive officer at Hitachi, Ltd. as well. Our railway business is a crucial one, driving Hitachi's growth, and we have grown it steadily through M&A and other strategic activities.

## 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.

Hitachi has recognized the importance of diversity since the 1990s and has built its management systems accordingly, listening closely to employee feedback. As our Statement on Diversity and Inclusion explains, we view diversity as our growth engine. We pay particular attention to career development for women, not only through strict policies on equal pay but also by actively encouraging the promotion of female employees in accordance with trends both within Japan and worldwide and by establishing key performance indicators to track our success. Our other efforts to promote diversity include work-life management policies that enable employees at any life stage to find fulfillment in their work and initiatives to promote the hiring of people with disabilities. With the strong commitment of top management, we aim to make a significant contribution through the efforts of our diverse human capital to the building of a more sustainable society for all.

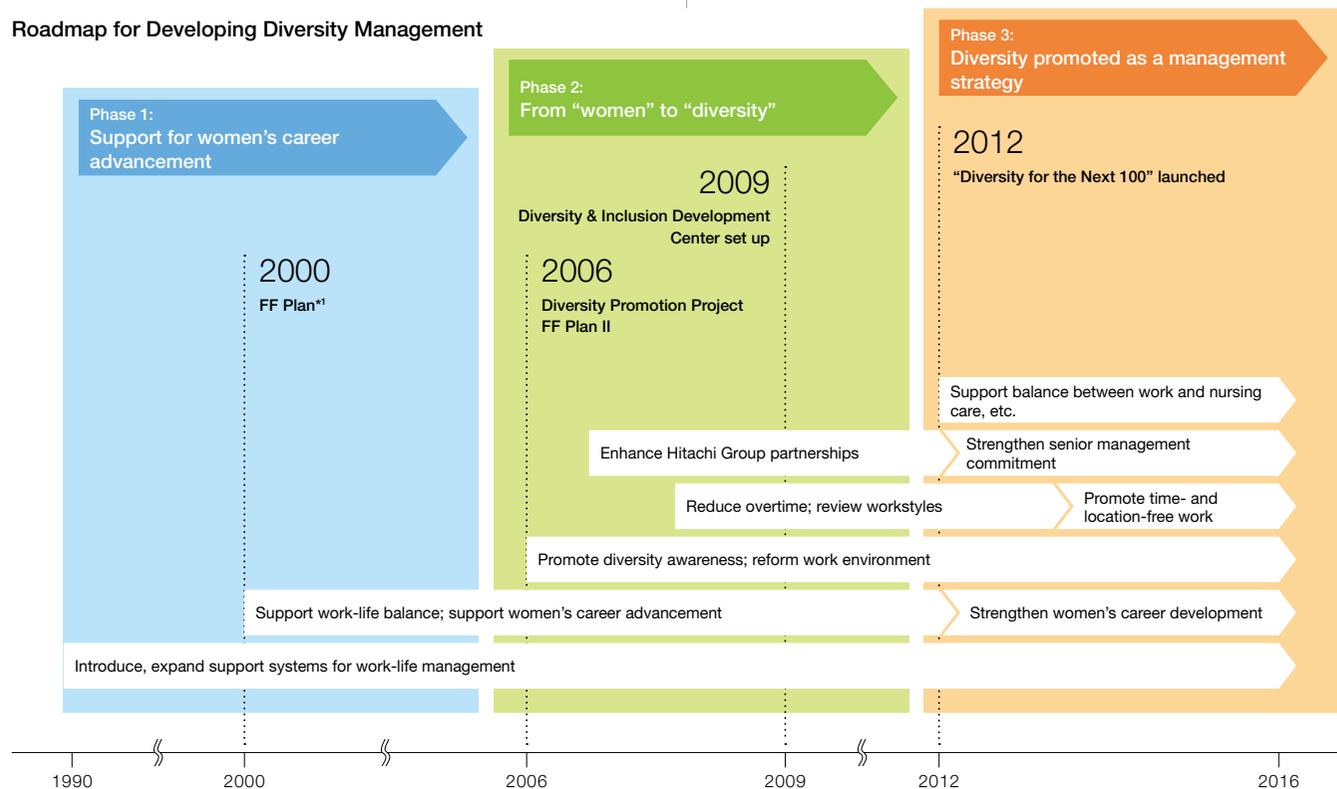
### Diversity and Inclusion

#### 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.

#### Roadmap for Developing Diversity Management



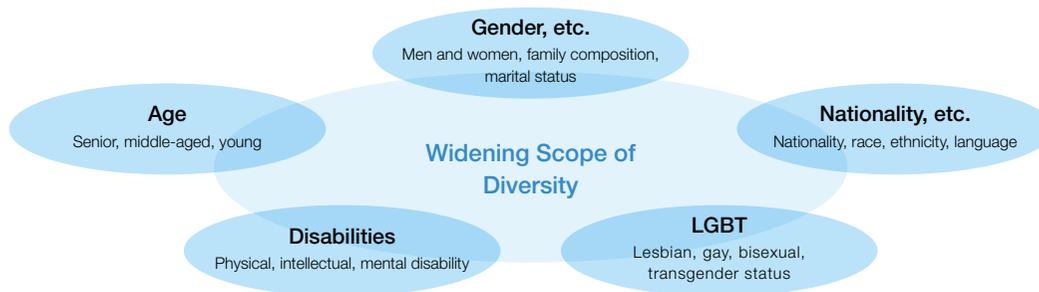
\*1 The Gender-Free and Family-Friendly (FF) Plan is an initiative to create a better work environment by supporting efforts to balance work and family life and supporting women in the workplace.

### 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 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.

### Expanding the Scope of Diversity Management



### Deepening Diversity Management

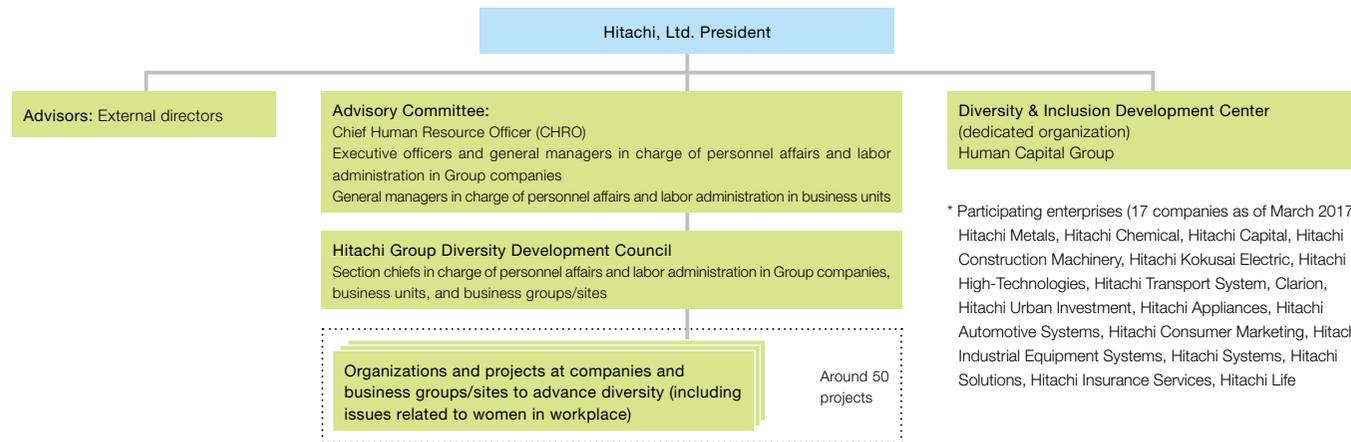
### Development Structure of Diversity Management

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 of Hitachi, Ltd.

Hitachi, Ltd. and 17 Group companies 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.

## Hitachi Group Diversity Structure



## Developing Women's Careers

### KPI of Developing Women's Careers

Hitachi, Ltd. has created two key performance indicators (KPIs), announced 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, and the

Roundtable Conference with Female Outside Directors. We intend to create an environment where as many women as possible are able to optimize their potential in management positions. Alongside these efforts, we are working to change the mindset of managers and male staff regarding gender parity and examining our working style as a whole with the aim of transforming our corporate culture.

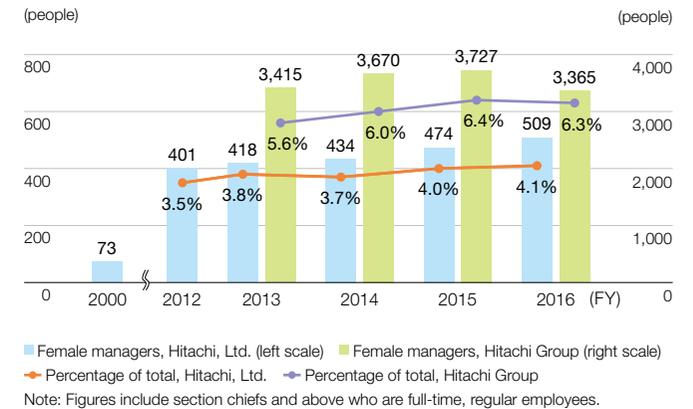
Employee compensation is set according to each individual's roles and achievements, with no divisions or differences based on gender or age.

#### 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



## Global Women's Summit

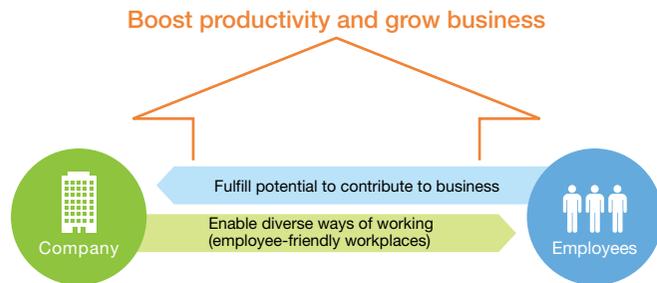
In November 2016, we hosted the first Global Women's Summit for female employees of the Hitachi Group. Held in the United Kingdom, the event was attended by more than 120 staff members from 25 Group companies around the world and featured a keynote speech from an external speaker and workshops on topics ranging from unconscious bias to individual career development. A presentation about Hitachi's efforts for the promotion of diversity and inclusion also helped attendees deepen their understanding of the topic. At a subsequent networking reception, the participants shared stories about their careers and the issues they faced at their workplace; 99% of respondents rated the summit either "Very Good" or "Good" in a follow-up questionnaire. We look forward to holding more events to promote diversity and inclusion globally.

## Work-Life Management

### Hitachi's Work-Life Management Approach

Diversity and inclusion boost productivity and grow Hitachi's business. To ensure that all employees reach their full potential, enhancing our organizational capabilities and creating new synergies, we strive to maintain a work environment that embraces human resource diversity, encourages inclusion, and promotes workstyle 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.

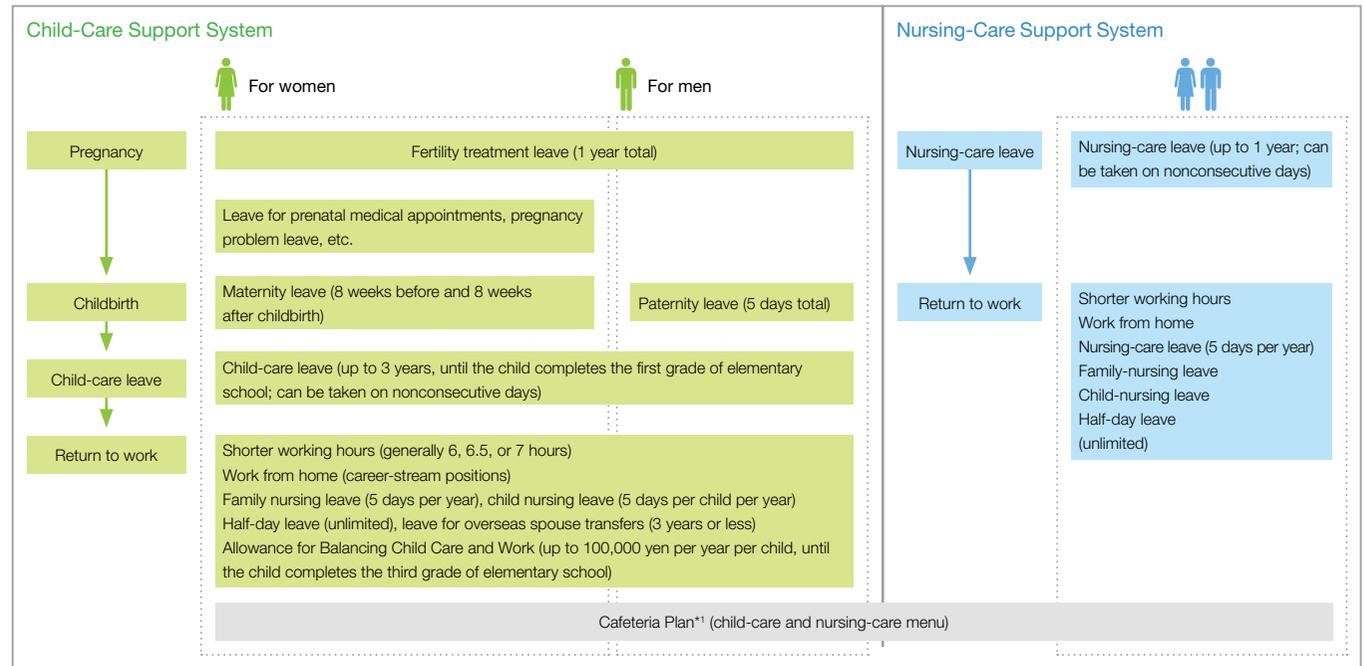


### Enhancing Work-Life Management Support Systems

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.

In October 2016, we introduced an Allowance for Balancing Child Care and Work to further promote work-life management.

#### Work-Life Management Support System at 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."

**Return and Retention Rates After Maternity and Child-Care Leave (Hitachi, Ltd.)**

		FY 2016
Return rate (%)	Male	96.7
	Female	97.1
Retention rate (%)	Male	100.0
	Female	98.6

**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" logo.

**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



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	23 children
Ages eligible	Children aged several months up to 6 years old (who have not yet entered elementary school) of Hitachi Chemical Group employees.
Operating hours	7:20–20:20

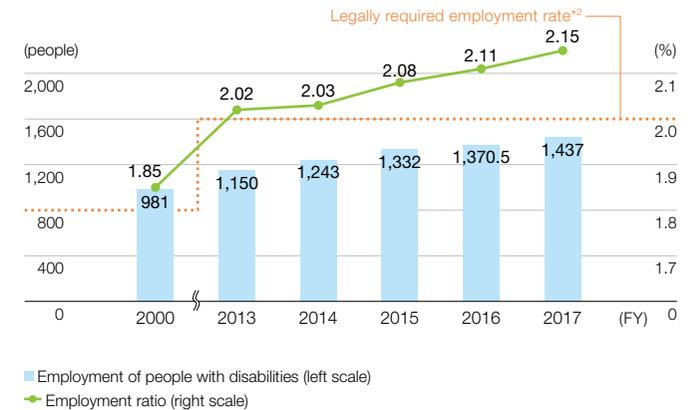
**Employing People with Disabilities**

**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 2017 the employment ratio of people with disabilities was 2.15% at Hitachi, Ltd. and 2.25% for the entire Group in Japan. Both of these figures exceed 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) ✓**



\*1 Includes 11 special subsidiaries and related Group companies.

\*2 The legally required employment rate was 1.8% up to fiscal 2012 and has been 2.0% since fiscal 2013.

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 benefits\*1 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, childcare, 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.

In October 2016, to actively support the efforts of employees with children to balance work and parenting responsibilities, Hitachi introduced a system of allowances to partially defray day-care and babysitting costs, further enhancing support for work-life management.

\*1 For full-time, regular employees.



Enhancing Work-Life Management Support Systems

## Promoting Occupational Health and Safety

### Hitachi's Approach

As a corporate group that engages in multinational business activities, building safe, healthy, and hygienic workplace environments at business sites around the world is a Group-wide management task for Hitachi. This means that we must be sure to take into careful consideration the social conditions and workplace environment of each country and region.

Hitachi has thoroughly implemented measures for occupational health and safety since its founding. Currently, we are advancing a global occupational health and safety system based on the concept of decent work while also drawing on the lessons and knowledge gained at workplaces in Japan. The measures we take go beyond simple adherence to international ethics codes and include a unique award program to publicize best practices, support for employee-run health promotion activities, and a range of other initiatives. By implementing these at business sites around the world, we seek to continue fulfilling our responsibilities as a global business by creating safe, healthy, and rewarding work environments across the entire Group.

### Occupational Health and Safety

#### Fundamental Idea for Occupational Health and Safety

Ensuring the health and safety of all employees is the basic principle underlining the Hitachi Group Health and Safety Policy. This policy is shared by all Hitachi Group companies around the world. Employees work together to create safe, secure work environments that aim to be accident free.

#### Hitachi Group Health and Safety Policy

##### Principle

"Health and Safety Always Comes First."

##### Policies

In accordance with our mission, "Contribute to society through the development of superior, original technology and products," the Hitachi Group will endeavor to ensure safe and healthy workplaces under the principle of "Health and Safety Always Comes First."

##### To accomplish this, we will:

1. Continually be involved in health and safety activities in order to prevent work-related injuries and sickness by designating the health and safety of employees as management's top priority.
2. Comply with the local laws and regulations in each company regarding health and safety.
3. Develop a safe and comfortable work environment by encouraging employees to maintain their own health and taking a proactive stance on health and safety activities in the workplace.
4. Require an understanding of Hitachi's principle and the promotion of health and safety awareness from all business partners of the Hitachi Group.
5. Contribute to the creation of a safe and pleasant society by emphasizing activities that make health and safety a top priority in all of Hitachi's business activities.

Revised November 2013

### Framework for Promoting Health and Safety

Hitachi views occupational health and safety as vital preconditions for advancing our business. Manufacturing and maintenance are particularly accident-prone lines of work, and we have around 36,000 employees performing work of this type in Japan. We promote a range of Group-wide occupational health and safety activities that include preventing workplace accidents by setting and applying minimum safety standards to be observed by Group manufacturers around the globe as well as taking additional measures tailored to the specific conditions at each company. We respond quickly when an accident occurs, using incidents to make improvements and boost our levels of health and safety management. Furthermore, we foster understanding of work procedures and workplace hazards in newly hired employees and temporary workers by providing health and safety training in advance along with guidance in the workplace.

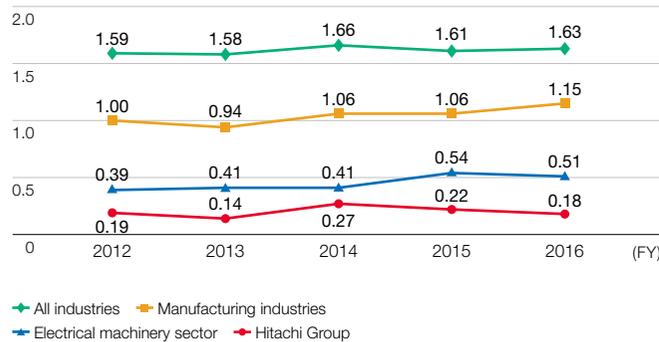
In accordance with Japanese law, a health and safety commission—composed of company representatives, labor-union officials, and employees—is convened every month to discuss and share information related to such issues as workplace accident causes and countermeasures, the situation regarding employees who have taken sick leave, and other points of concern. In 2016, we recorded one fatal workplace accident in Japan and two in the rest of Asia.

In fiscal 2011, we introduced the Hitachi Group Key Safety Management Designation System. This initiative tracks key safety management improvements at Hitachi Group companies and business sites in Japan that have experienced serious work accidents. Under the leadership of top executives, these

companies and business sites take on management-driven and bottom-up initiatives to formulate and promote specific improvement plans. We are also reshaping the Group's safety management framework and introducing targeted safety measures, including extensive investigations of the cause of serious accidents, reviews of risks to reduce potential accidents, and engagement of third parties with a high level of health and safety expertise to diagnose safety issues.

**Key Indicators**

• Occupational Accident Rates (✓)



Notes: Occupational accidents are defined as those involving fatality or work-time loss of more than one day. Hitachi Group figures for Japan, including Hitachi, Ltd., are for 175 Group companies in 2012; for 195 Group companies in 2013; for 251 Group companies in 2014; for 240 Group companies in 2015; and for 200 Group companies in 2016.

**Hitachi Group's Global Safety Figures (Occurrence rate\*\*1)**

	2014	2015	2016
Americas	2.25	4.35	6.41
Europe	3.34	2.02	5.07
China	2.38	2.10	1.26
Rest of Asia	1.65	0.80	1.72
Other	20.53	22.05	7.74
Japan	0.53	0.42	0.35
Global total	1.23	1.21	1.33

\*\*1 Occurrence rate is the rate of workplace accidents per 1,000 directly contracted employees resulting in fatality or work-time loss of more than one day.

**Sharing Health and Safety Information in the Hitachi Group**

We built the Hitachi Group Health and Safety Portal System in 2012 to ensure that every Hitachi Group company in Japan can track the health and safety performance of the entire Hitachi Group.

Group-wide information on work accidents is registered in the system so that companies can track causes and see what preventive measures have been initiated. To help prevent recurrences, statistics are kept on types of accidents. Since 2014, we have carried out initiatives to share information on workplace accidents globally, including one that tracks and provides feedback on accidents occurring at Group companies outside of Japan.

Once a year we hold the Hitachi Group Health and Safety Research Presentation Meeting for Hitachi health and safety officers. The 60th gathering, held in November 2016, attracted around 160 participants, who shared newfound knowledge from case studies and heard special lectures from outside experts on ways to improve health and safety activities at companies. Around 80 occupational healthcare workers, including physicians and public health workers, participated in the 16th Hitachi Group Industrial Health Conference in March 2017. Participants presented research results, shared information on methods for improving occupational health programs at business sites, and discussed training approaches for relevant healthcare workers.

**The Hitachi Group Health and Safety Award Program**

We have implemented the Hitachi Group Health and Safety Award Program to recognize Group companies in Japan that extend their accident-free records or that receive prizes for health and safety from external organizations.

### Initiatives to Improve Employee Health

Health is the foundation for being able to work with energy and peace of mind. The fundamental principle of the Hitachi Group Health and Safety Policy is that “Health and Safety Always Comes First.” Based on this principle, we are engaged in efforts to maintain and improve the health of employees.

In Japan, occupational healthcare workers, human resource departments, and the Hitachi Health Insurance Society work together to provide a range of health support and appropriate health management in accordance with Japan’s Industrial Safety and Health Act.

In Ibaraki, Tokyo, and Kanagawa Prefectures, where many Hitachi Group business sites are concentrated, a system of health-management centers has been put in place, staffed with occupational doctors, nurses, and other occupational healthcare personnel. The center supports the health maintenance of employees by providing them with health guidance based on periodic health checks and other examinations to prevent serious disease, while also offering medical interviews and advice to employees working long hours to head off mental and physical disorders. We are also taking steps to raise health awareness through consultations that can help relieve employees’ health concerns and promote regular exercise.

In December 2015, revisions to Japan’s Industrial Safety and Health Act took effect, requiring businesses of 50 or more employees to put in place a stress-check system. We are proactively implementing stress checks at all business sites in Japan—even those employing fewer than 50 employees, which are only required to make efforts toward compliance—to promote awareness of stress among all employees. Group analysis results from these stress checks will also be used by workplace health and safety committee members, occupational

healthcare workers, and human resource departments to improve workplace environments. In combination, these efforts are expected to help prevent mental health issues and revitalize workplaces. Recognizing that an understanding of basic mental health and stress coping skills is an effective preventive measure, we also conduct regular e-learning and other training sessions for our employees, including temporary workers.

Hitachi’s efforts in this area were recognized under the 2017 Certified Health and Productivity Management Organization Recognition Program, in the large enterprise category (White 500).



Health committee members and healthcare workers discuss environmental improvement measures with HR staff.



Hitachi was recognized under the 2017 Certified Health and Productivity Management Organization Recognition Program.

## A Strategy for Growing Together with Our Global Human Capital

### Hitachi's Approach

The globalization of the economy has led many companies to accelerate the shift toward multinational operations. Fostering global human capital has thus become indispensable to providing common global services while at the same time meeting the needs of each country and region. Impacting heavily on the employment and human resource strategies of companies over the medium- to long-term, though, are the falling birthrates and aging populations of industrial countries and the population explosion in developing nations.

The Hitachi Group, with a combined workforce of around 340,000 people engaged together in business activities in countries and regions around the world, is promoting a global human capital management strategy. Specifically, in order to attract, promote, and develop the right human capital, we are taking proactive steps like standardizing required employee skills and evaluation standards globally and rendering human capital visible throughout the Group. We are also working to promote employee development from a global perspective by drafting measures to share values and promote mutual understanding and formulating programs to develop human capital capable of meeting the needs of global operations. Through additional initiatives such as effective implementation of Hitachi's Global Performance Management (GPM) to improve employee engagement and analysis of feedback from our global employee survey, we will continue our efforts to perfect a human capital strategy that allows us to develop along with our employees.

### Global Human Capital Development

#### Advancing Global Human Capital

Our Group-wide global human capital management strategy optimizes both human resources and organizational performance in pursuit of our goal of becoming an Innovation Partner for the IoT Era.

One example of our initiatives is the Global Human Capital Database covering all Hitachi Group employees, excluding factory workers outside Japan. This database enables us to fully ascertain the status of worldwide Group human capital and to assess macro management data, such as the allocation of human resources. We have also built a global grading system that applies to all managers in the Hitachi Group worldwide, using it as a common platform for job evaluations throughout the Group and as a common standard for assessing the value of management duties.

In addition, we introduced a performance management system at Hitachi, Ltd. and at some Group companies worldwide to link the individual and operational business goals, with the aim of promoting mutual sustained improvement and the growth of both individuals and businesses. This system will be expanded to include more companies. With an eye to supporting the advancement of employees as our global operations expand, we are introducing common global hiring systems to secure talented personnel, boost efficiency, and reduce hiring costs.

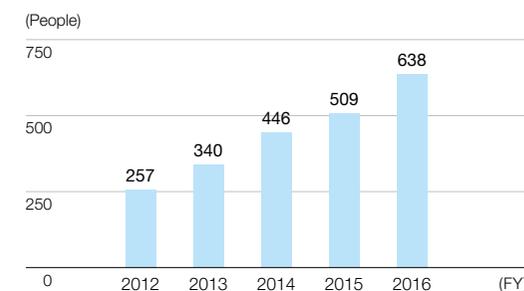
### Global Recruiting and Globalizing Human Capital

As a means of developing markets worldwide, we have been accelerating the globalization of human capital in Japan through three initiatives: (1) recruiting "global business personnel" who can promote global operations, (2) providing younger Japanese employees with experience outside Japan, and (3) providing globally unified management training.

Given the globalization of our business, our hiring activities are designed to secure the right personnel. In principle, we categorize all employees graduating from universities and technical colleges as global business personnel who can contribute to driving our global operations. Our priority in employing such personnel is to attract those who are eager to build their foreign language skills and relish the challenge of working in different cultures, social settings, and work environments.

#### Key Indicators

- Non-Japanese Employees\*1 (Hitachi, Ltd.) (✓)



\*1 Figures include contract-based technical intern trainees with fixed terms.

► **Providing Younger Employees with Overseas Experience**

Hitachi maintains broad programs to systematically cultivate and secure people who can succeed in global business. To develop the careers of people capable of understanding and adapting to local cultures and lifestyles, we have offered a program for younger employees to live outside Japan. We have sent around 8,300 Group employees over six years beginning in fiscal 2011, allowing them to take part in more than 80 programs designed to promote understanding of other cultures and to engage in language studies, local field studies, and internships, as well as to provide opportunities to work with local people to resolve social issues. In fiscal 2015, we shifted our focus to a practical, work-related model of overseas postings instead of the former emphasis on language learning and cross-cultural activities to accelerate the development of employees ready to take on global challenges. We will continue with these initiatives in fiscal 2017.

► **Globalizing Management Training**

Along with the rollout of global human capital management, we are also globalizing our human capital development programs.

We began to thoroughly revise our training of management candidates in fiscal 2015, implementing the Global Advanced Program for Key Positions (GAP-K) to accelerate their development. GAP-K helps participants to look at themselves objectively through three modules and to gain a deeper understanding of the Hitachi Group Identity and their own role in maintaining it. They commit themselves to vigorously and fully resolving business issues and challenges with a sense of mission, share values and goal-oriented thinking while inspiring others, and declare, in their own words, how they will put their skills into practice. Participants also discuss strategies for

global business expansion, with special reference to emerging markets, and explore how these strategies can be applied to Hitachi's existing businesses. In fiscal 2016, 23 people were selected to participate in GAP-K over a three-month period in Japan and India.

Additionally, Hitachi has held the Global Advanced Program for Leadership Development (GAP-L) in Singapore every year since fiscal 2012. The program mainly targets local human resources with potential for leadership at the respective overseas subsidiaries. It is aimed at fostering a deeper understanding of the Hitachi Group's global growth and developing the leadership, thinking, and skills needed for such growth. In fiscal 2016, 24 leaders from around the world took part in the program.

Starting in fiscal 2014, we also initiated standard training courses for general managers and new managers. Around 7,200 people worldwide have taken part in these courses across our Group. We will continue to globalize our management development programs and cultivate leaders to guide us toward further growth in line with our global human capital management strategy.

**Career Development Support**

There are differences among individual employees with regard to what they find fulfilling in their lives and careers. Bearing this in mind, Hitachi has developed a broad range of career development support that focuses on employees' "internal careers," namely, their individual values and views on the significance and meaning of their work. In addition to ensuring that these individuals can fulfill their potential and maximize their creativity, our aim is also to link that individual growth to the positive outcomes and growth of the organization, thereby enhancing

our corporate value. Along with promoting self-understanding and fostering strong individuals with the independence and autonomy to think and act for themselves, we are also providing support to create a framework that will capitalize on the engagement and motivation of individual employees and to enhance mutual understanding as a way of fostering the teamwork needed to enhance organizational strength and performance.

**Future Initiatives for Career Development**

In pursuit of becoming a major global player, we are upgrading individual and organizational performance as one of our top priorities. We create value built on employees' individuality and personal aspirations by implementing Hitachi's Global Performance Management (GPM) grounded in diversity and the individual. We are also committed to supporting career development by fostering communication and mutual understanding between employees and their organizations based on programs encouraging individual employees to take greater control of developing their own careers. In these ways, we provide the resources and tools that enable a wide range of people to work together with enthusiasm.

**Conducting a Global Employee Survey**

Since fiscal 2013, we have been conducting the annual global employee survey, Hitachi Insights, as a way of measuring employee engagement.\*1 In September 2016, the survey was administered for the fourth time. Around 210,000 employees worldwide were sent the survey in one of 14 different languages, and roughly 180,000 responses were received.

In accordance with the 2018 Mid-term Management Plan, the contents of the survey were partially revised in fiscal 2016

to measure internal awareness and understanding of the plan along with employee attitudes toward Hitachi's corporate culture. The results in all 14 categories, including those concerning targets in the plan, improved compared to the previous fiscal year's results.

Hitachi scored particularly well in "pride in your company" and "teamwork," suggesting that employees are proud to be part of a company that is aiming to grow globally as an Innovation Partner for the IoT Era. On the other hand, the low scores for "resources and support" that were observed in fiscal 2015 did not improve. Employees may have expected Hitachi to do better on the level of staffing as well as information and resource tools—a situation we will continue to address by reforming working patterns, introducing new tools, and deepening communication with employees.

Survey results are sent directly to immediate section and department heads so that they can confirm the survey results and communicate with team members. This can lead to concrete initiatives through the PDCA cycle, further enhancing the level of engagement within Hitachi as a whole.

\*1 Hitachi uses the term "engagement" to refer to employees' understanding of the company's strategies and policies, as well as their job satisfaction and desire to take actions on their own initiative to bring about results.

### Career Development in the Workplace

For Hitachi, the center of career development is the work that employees perform daily in the workplace. Based on Global Performance Management (GPM), we implement a cycle aimed at the growth of each employee through a process in which goals for daily tasks are set and then pursued, followed by the evaluation of the results to formulate the next objectives.

Every fiscal year we also conduct "performance planning," in which individual employees work with supervisor guidance and support, consulting with their supervisors to reach a consensus regarding short-term objectives. These consultations include discussions about past work and evaluations of the content of the work performed to date and the degree to which employee goals were met, followed by the setting of goals for the next fiscal year. Repeating the GPM cycle improves individual performance and further increases motivation and creativity, spurring individual growth and improving organizational results. Along with GPM, employees also take part in career consultations with their superiors to discuss their medium- and long-term career plans regarding such matters as requests for transfers or overseas postings.

In addition, Hitachi administers the Career Counseling Center as part of career development support, in order to provide employees with professional counseling services to help them proactively address concerns related to such issues as their jobs, career plans, or personal relations.

### Promoting Career Development Workshops

Along with our workplace career development, we also provide direct support for individual career development through our career development programs. Our key program is the Hitachi Career Development Workshop (H-CDW), launched in fiscal 2002 as a Group-wide initiative in Japan. Around 9,700 people have participated in the program so far (as of March 31, 2017), with a focus on technicians, managers, and researchers in their 30s. Participants use self-analysis to deepen their self-understanding with an emphasis on their "internal careers," affirming their career direction, goals, and paths so that they

can direct the development of their own career and skills. H-CDW has gained recognition as a high-quality program for in-house career development that has built up research and improvements during a period of over 40 years.

According to the January 2016 survey conducted of the most recent participants, about 80% of the 422 answers received from group managers and about 70% of the 277 answers from section chiefs agreed that "H-CDW has been helpful to my career development and work." Specific responses received include "I began to seriously examine my medium- and long-term life plan," "I gained a renewed awareness of the importance of my position and responsibilities," and "I started to think deeply about my career and became conscious of my actions." Of the responses from section chiefs, about 60% reported making use of their workshop experiences in managing subordinates. In addition to those programs, Hitachi also offers programs targeting specific age groups, such as career education for younger employees and training for middle-aged or older employees to help them prepare for the changes ahead in their careers. Regarding the training for employees aged 50 and over, a survey conducted between October 2015 and March 2016 found that 90% of participants felt that the training had been beneficial; one respondent noted, "Creating a financial plan and grasping my current situation in terms of specific numbers dispelled my anxiety," while another said, "It was a good opportunity to start thinking about my life plan from age 60 onward."