

Community Involvement and Development

Hitachi's Aims: Building a Better Future Through Collaborative Creation



Corporations interact with a diverse community of stakeholders through their on-site operations. In working toward a sustainable society, modern corporations are expected to recognize the value of community interaction and utilize their operational strengths in actively supporting the local community through projects that bolster involvement and development at the local level.

As a good corporate citizen, Hitachi is collaborating with various stakeholders in carrying out a diverse range of community activities with the aim of achieving coexistence with society, such as through youth development, creation of cultural diversity, assistance for local community development, and environmental preservation.

Fiscal 2016 Overview of Activities



In fiscal 2016, we implemented a survey on community engagement using the LBG guidelines and moved forward with community investment. We continued to support community engagement by our employees and to implement human resources development measures in developing countries, as well as cultivating STEM human resources.

Main Plans and Results

Promoting Sustainable Community Involvement and Development

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Examination and implementation of measures to establish longer-term relationship with communities in which Hitachi operates	<ul style="list-style-type: none"> Organize approaches to implementing strategic community engagement 	<ul style="list-style-type: none"> Appointed CSR promotion officers at Group companies to reinforce North American CSR network Globally shared information on community investment ratios and major case studies Systematized surveys of community engagement, conducted assessments of such activities, and considered establishment of KPIs 	★★★	<ul style="list-style-type: none"> Conduct hearings on and determine guidelines for Hitachi's community engagement Establish assessment methods and KPIs

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Implementation of community support activities	<ul style="list-style-type: none"> Conduct programs by or for Group employees Conduct independent programs in collaboration with Group companies Have each Group company and business unit conduct independent community support programs 	<ul style="list-style-type: none"> Organized volunteer festival (though postponed until next fiscal year due to circumstances of a cosponsor) Surveyed other companies' employee donation (matching gift) systems and considered own approaches Implemented approximately 120 activities on Hitachi Volunteer Day 	★★★	<ul style="list-style-type: none"> Continue with and expand Hitachi Volunteer Day activities
<p>Implementation of policies to cultivate STEM human resources (Japan)</p> <p>Implementation of new businesses of value to the local community (global)</p>	<ul style="list-style-type: none"> Develop and implement program to cultivate STEM human resources (Japan) Plan and design new businesses of value to the local community (global) 	<ul style="list-style-type: none"> Implemented a pilot class as part of Science and Technology Human Resource Development Support Program (Hitachi Future Innovator Program) Conducted dialogue with experts and interview with director general of Gender Equality Bureau, Cabinet Office, as part of the Female Engineer Encouragement Project Launched Female Engineer Encouragement website Implemented Hitachi Science Seminar Published <i>Mirai</i> ("Future") web magazine Hosted symposium on socially disadvantaged groups and implemented workshop on new businesses of value to the local community 	★★★	<ul style="list-style-type: none"> Launch Science and Technology Human Resource Development Support Program on a Group-wide basis Host a mini workshop for female high school students as part of the Female Engineer Encouragement Project Continue with Hitachi Science Seminar Publish second issue of web magazine and host symposium on socially disadvantaged groups (Japan) Build hypothesis on and conduct analysis of new businesses of value to the local community (global)
Implementation of human resources development measures in developing countries	<ul style="list-style-type: none"> Hold 14th Hitachi Young Leaders Initiative (HYLI) 	<ul style="list-style-type: none"> Prepared to host 14th HYLI 	★★★	<ul style="list-style-type: none"> Host 14th HYLI and implement Reporting Meeting in each country Come up with KPIs for each program Determine areas requiring Hitachi's community engagement through the perspectives of SDGs

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

Promoting Sustainable Community Involvement and Development

Hitachi's Approach

Our diverse operations span the globe and involve a wide range of communities. In order to participate in a community, establish a long-term relationship with it, and contribute to its development, we feel it is important to strategically pursue social contribution activities and to establish sustainable goals. We have formulated a policy on social contribution activities and are carrying out a wide variety of activities across the Group.

The results of these activities are monitored using internationally recognized methods for measuring effectiveness, and improvements are made as needed. The Hitachi Global Foundation will further accelerate these initiatives by examining optimum approaches to Hitachi's community engagement.

Social Contribution Activities

Policy on Social Contribution Activities

Hitachi's Group-wide policy on social contribution activities guides our promotion of a range of socially responsible initiatives. The engine of our various businesses including social innovation is driven not only by Hitachi's efforts to build a relationship with communities as a corporate citizen but also by our employees' flexible mindset and motivation brought about by volunteer activities. We believe that these initiatives enable us to contribute to the development of sustainability in both our business and society as a whole.

As one of Hitachi's global efforts, we introduced the Hitachi Volunteer Day in 2012. To mark the International Volunteer Day on December 5 each year, we set every November and December as a period during which we further encourage our employees to organize and take part in a broad range of volunteer activities to contribute to their communities. In fiscal 2016, approximately 7,540 employees and family members participated in 115 separate activities rooted in local communities, from environmental initiatives carried out together with local residents and students to support for welfare and educational facilities.

These activities are promoted by our CSR and Environmental Strategy Division in conjunction with the CSR and social contribution departments of business units and major Group companies, planning and carrying out initiatives as appropriate to the nature of their business and the needs and challenges of the regions they operate in.

In fiscal 2016, Hitachi and the Hitachi Global Foundation

provided 1,953 million yen in funding toward social contribution activities worldwide.

Policy on Social Contribution Activities and Statement

Policy on Social Contribution Activities

The Hitachi Group promotes interactive communication with local society through social contribution activities related to business activities, employee volunteers, and charitable activities in the key fields of human development, the environment, and community support.

Statement

"Nurturing People, Connecting to the Future"

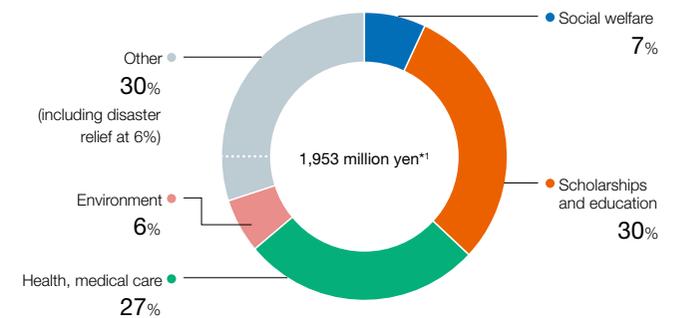
The statement was set down to succinctly express and convey the meaning of the policy to as many people as possible.



Social Contribution Activities

Key Indicators

Breakdown of Funding for Social Contribution Activities



*1 Japan: Hitachi, Ltd., 134 Group companies, and the Hitachi Global Foundation.
Outside Japan: 159 Group companies.

Classification According to LBG Guidelines

We conduct surveys of social contribution activities across all eight businesses by applying three categories of motivation based on the LBG*1 measurement framework, namely, charitable gifts, community investment, and commercial initiatives in the community.

Hitachi continues to focus on ways to strategically align its social contribution activities with business operations, with efforts toward this end including continued charitable activities and increased community investment across the Hitachi Group.

In June 2016, Hitachi, Ltd., the city of Kamaishi, and the Japan Emerging Business Development Association (JEBDA) agreed to work together to revitalize the community and promote industry in Kamaishi, Iwate Prefecture. As our contribution to addressing the needs and issues of this regional community, we applied our specialist skills in the field of IT to pro bono activities that have included building websites and upgrading business systems for a local fishing cooperative and seafood processing company.

We also seek ways to use the knowledge and technical skills we have cultivated through our business to develop the human capital that society will need in the next generation. To this end, we work with local governments and educational institutions to implement and expand activities for young people, taking advantage of each Group company's individual characteristics. To date, these activities have included science classes, IT school visits, and hands-on programs using Hitachi products.

Ratio of Social Contribution Activities Based on LBG Guidelines (monetary basis)

	FY 2014	FY 2015	FY 2016
Charitable gifts	80%	80%	75%
Community investment	18%	16%	20%
Commercial initiatives in the community	2%	4%	5%

*1 LBG (London Benchmarking Group): An internationally recognized, global network of 114 companies that provides a framework for measuring corporate community investment. Over 300 companies worldwide use the LBG model.



The Hitachi Global Foundation

In April 2015, five Japanese Hitachi foundations merged into the Hitachi Global Foundation. The newly formed Foundation began work on activities centered on three key areas: promotion of academic research, science, and technology; human development; and support for local communities. In fiscal 2016, to accelerate our work contributing to resolving the issues faced by society and responding to societal needs, we began several new initiatives.

Promotion of Academic Research, Science, and Technology: The Foundation awards Kurata Grants to support research taking place in Japan. The establishment of the Kurata Grants system was originally proposed in 1967 by Chikara Kurata, former chairman of Hitachi, Ltd., who hoped to encourage the development of science and technology in Japan. The formation of the Hitachi Global Foundation was taken as an opportunity to revise the Kurata Grants system in response to the changing times, and in fiscal 2016 the Foundation awarded 30 grants to research seeking solutions to social challenges in the three areas of energy/environment, urban development/transportation, and health/medical care.

Human Development: In fiscal 2016, as well as systematizing our Science and Technology Human Resource Development Support Program, the Foundation also launched two new programs. The Hitachi Future Innovator Program is an independently developed, four-month quest-style educational program aimed at fifth-grade elementary school students, cultivating scientific and technical thinking through training in issue-resolution skills. We intend to expand it in fiscal 2017 into a Group-wide social contribution program run with the assistance of employee volunteers. The Female Engineer Encouragement Project is an educational initiative that aims to spark interest in science and engineering among middle and high school girls and encourage them to pursue a career in the field. We also held a symposium and panel discussion on the topic of "Girls in STEM: Embracing the Future."

Support for Local Communities: The Foundation published the inaugural issue of the web magazine *Mirai* ("Future"). Written to reach a broad audience, *Mirai* addresses the problems of vulnerable members of society and other challenges from a variety of perspectives to explore solutions, alternative views, and support measures. As a further consciousness-raising activity, we also held a symposium on socially disadvantaged groups and other relevant social issues.

Moving forward, the Hitachi Global Foundation will continue to consider the needs of the times; launch new initiatives aimed at contributing to the problems faced by society; encourage dialogue, workshops, and exchange of opinion among experts; and search for ways to contribute to regional communities.

