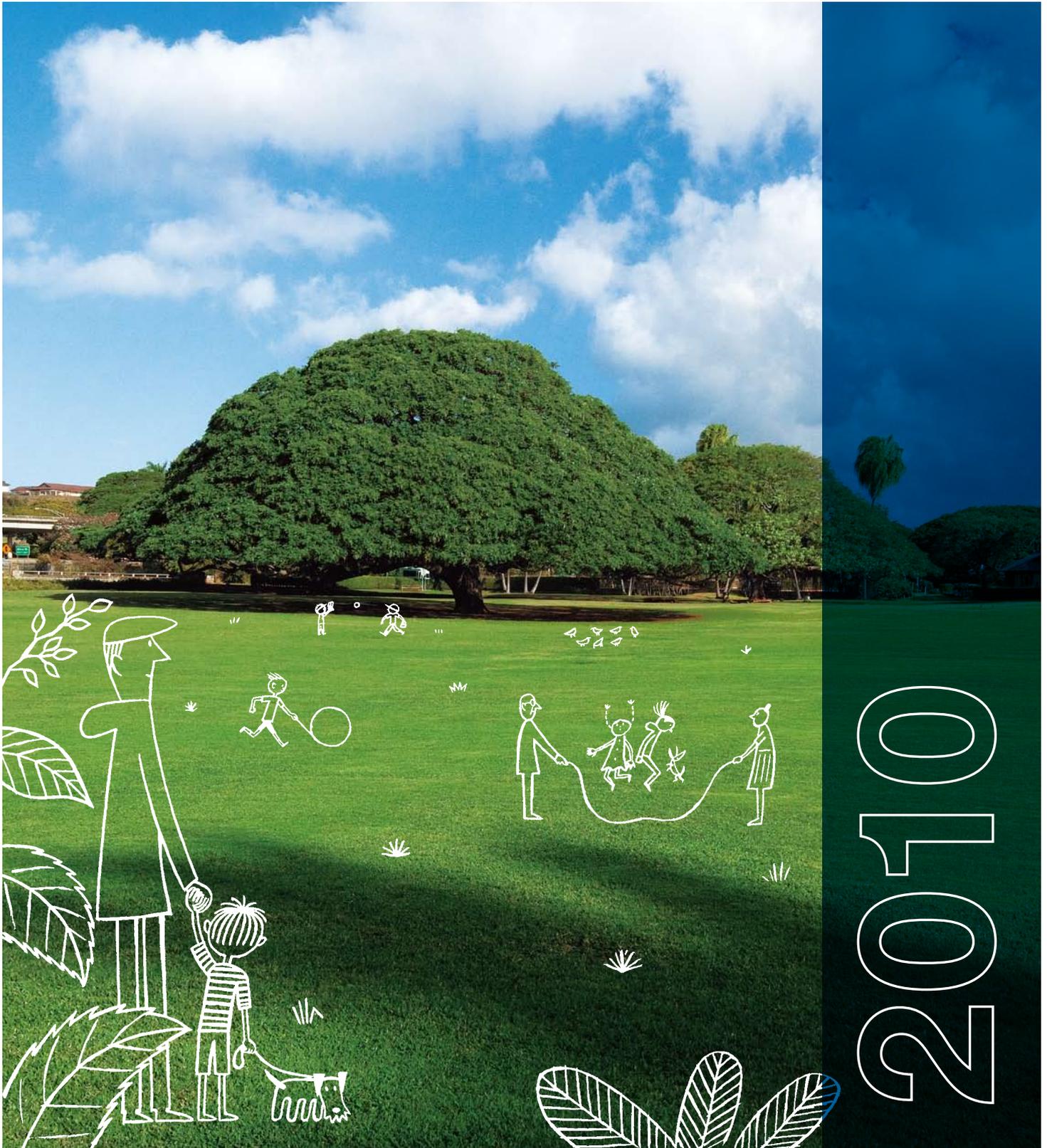


Hitachi Group Corporate Sustainability Report 2010



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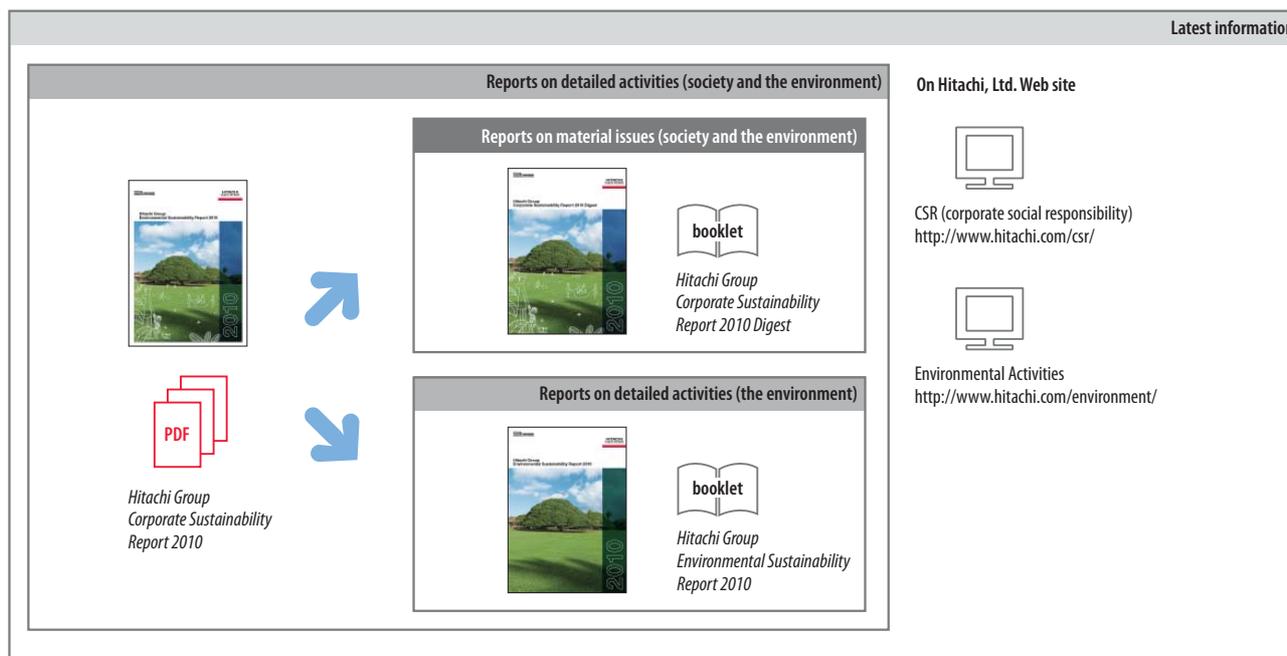
Symbol Marks Used in This Booklet

† Technical terms, proper nouns, etc., in the text requiring explanation

* Additional explanation of terms, etc., in tables or diagrams

 Full texts of policies or guidelines, details of activities, numerical data, etc., are included in the Hitachi Group Corporate Sustainability Report 2010 (PDF)

 Indicates the title and URL of the Web page related to the article. The environmental action report (*Hitachi's Environmental Conservation*; pages 65–103) can be downloaded as a file from the Web site below
<http://www.hitachi.com/environment/data/>



The Hitachi Group gathers and discloses issues relating to CSR activities that might interest readers. We issue the *Hitachi Group Corporate Sustainability Report 2010 Digest* (booklet) to present crucial management issues that are of particular social interest; the *Hitachi Group Corporate Sustainability Report 2010* (PDF), which offers more detailed information; and the *Hitachi Group Environmental Sustainability Report 2010* (booklet), for stakeholders tracking our environmental activities. We also disclose the latest information on our Web site.

Scope of Reporting

[Period]

The main period covered is fiscal 2009 (April 1, 2009 through March 31, 2010)

[Companies]

Hitachi, Ltd. and 900 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 901 companies

[Scope of data]

Financial data Hitachi, Ltd. and 900 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies) and 157 affiliated companies that use the equity method

Social data Scope of data indicated under each item

Environmental data Hitachi, Ltd. and 900 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 901 companies. However, for environmental load data generated through business operations, companies that cover 90% of the load (based on Hitachi calculations)

Related Reports

We report on the financial performance of Hitachi, Ltd. in the “Financial Highlights” and Annual Report.

Guidelines Referred to in Preparing This Report

“Environmental Reporting Guidelines” (FY 2007 version), Ministry of the Environment, Japan

“Environmental Reporting Guidelines 2001—With Focus on Stakeholders,” Ministry of Economy, Trade and Industry; Japan

GRI Sustainability Reporting Guidelines (G3), Global Reporting Initiative

*This CSR report is published annually.

Initiatives That We Participate in

We have been a member of the United Nations Global Compact since February 2009.



We have been a member of the World Business Council for Sustainable Development since 1995.



World Business Council for Sustainable Development

External Evaluations

We were selected in September 2009 for the Dow Jones Sustainability World Indexes (DJSI World), one of the world's leading sustainability investment fund indexes. We were also awarded the Silver Class in the Sustainable Asset Management (SAM) *Sustainability Yearbook 2010*.



A Message from Management



Takashi Kawamura
Chairman
Hitachi, Ltd.

At Hitachi, Ltd., we celebrate our centennial in 2010. On behalf of the Hitachi Group, I would like to express my gratitude to all who have supported us over the years. The Company started out by championing the cause of Japanese technology at the Hitachi Mine. We have adhered to our founding concepts of harmony, sincerity and pioneering spirit to overcome various adversities and to contribute to social progress. In response to serious issues, such as climate change and the financial crisis, the world has been working to establish new approaches in every field. We will remain true to our roots over the next century by renewing our determination to continue evolving as a company that can contribute to a better world.

The business climate has been extremely tough for Hitachi in recent years. We took immediate steps to overcome these challenges in fiscal 2009, notably by improving our cost structure, by slashing fixed expenses, and by increasing our capitalization to reinforce our financial position. At the same time, we made social innovation our operational focus. We are therefore overhauling our business portfolio, including the integration of the information and telecommunications operations with the power and electronics operations.

We will pursue sustainable growth in fiscal 2010, shifting to the offensive from our current defensive approach, and I will strive with our new president to decisively accelerate our global expansion. With our motto “moving into the next 100 years with reliable technology,” we aim to be the company of choice for social innovation solutions throughout the world.

We will redouble our commitment to all our stakeholders—from customers and business partners to shareholders and other investors, non-governmental organizations, and communities—in fulfilling our social responsibilities as a global enterprise. We look forward to your ongoing support and encouragement for these endeavors.

Harnessing Comprehensive Strengths to Contribute to Environmental and Social Progress as a Truly Global Enterprise

Hiroaki Nakanishi, *President, Hitachi, Ltd.*

Aron Cramer, *President and CEO, Business for Social Responsibility (BSR)*

BSR

Headquartered in the United States, BSR has been a leader in CSR since 1992. It serves a network of more than 250 companies around the world from offices in Asia, Europe, and America, and advises companies on their CSR management and the development of sustainable business strategies and solutions.

Cramer: How are you positioning Hitachi for success in the context of a stagnating global economy?

Nakanishi: Since 1910, Hitachi has grown and contributed to human progress by meeting society's needs through technology and innovation, and we will remain firmly committed to that approach. Today, our world is changing dramatically, driven by events



that have become increasingly important on a global scale. I think we can overcome or mitigate challenges such as climate change through alliances and multilateral approaches. Public and private partnerships that leverage knowledge-based and technology-based business innovation are crucial. That is where Hitachi can add real value, by providing truly innovative social and environmental solutions that address fundamental global issues. To that end, Hitachi can support sustainable economic development and human progress across countries through total system solutions, or what we're calling Social Innovation. To improve lifestyles and stability, we must work with government and society to create a safe, secure, and environmentally sustainable social infrastructure. I believe Hitachi will be one of the most trusted and important companies of this decade and beyond because we are now poised to play a tremendous role in helping countries become more sustainable through Social Innovation. But it is important for our employees to capitalize on these opportunities by clearly understanding what society needs from us, and then we must tackle those issues and engage in a Group-wide effort to deliver on society's requirements that benefit both Hitachi and society.

Cramer: Does that mean it's important for your engineers to consider social acceptance when pursuing technological development?

Nakanishi: Exactly. But this goes beyond engineers. All Hitachi employees play a role and should share the same

awareness. If we look at the social infrastructure of emerging countries, where markets and customer needs are incredibly diverse, our engineers must identify needs with those considerations in mind and develop technologies that win social acceptance. On top of that, our sales and planning people must operate on the frontlines to relay their understanding of what society expects and needs. These attitudes and actions will be vital for our growth.

Optimizing the Global Social Infrastructure

Cramer: Hitachi will celebrate its centennial this year. What lessons from your history are most relevant for the future?

Nakanishi: Our founder, Namihei Odaira, was determined to help drive social progress by taking it upon himself to revive a struggling Japanese industry and outdated economy. His philosophy was to contribute to society through innovative technologies and product development. Hitachi overcame numerous challenges early on through adaptive leadership that enhanced technologies and quality, cultivated human resources, demanded high ethical standards, and improved market and customer trust. We have much to learn from such leadership behavior.

Cramer: The world must tackle the challenges of securing energy and water resources. How can Hitachi help resolve these issues?

Nakanishi: As a Social Innovation Business the environment is an essential platform for all our operations and thinking. We have accumulated a diverse portfolio of environmental technologies for creating smarter, more sustainable equipment and systems in everything from power to transportation to water systems. Our greatest strength is that we can deliver comprehensive solutions for the entire social infrastructure. Take Tokyo, for example, where natural resources are limited but energy and water demand is high, Hitachi has





played a leading role to optimize the social infrastructure of the city so that it is smarter and more sustainable. As I look out globally, the opportunities have increased greatly for us to help governments fulfill their missions of accomplishing economic growth while safeguarding the environment and supporting healthy lifestyles. We can thus optimize societies as a whole to be more sustainable, and that is Hitachi's real strength and differentiating value.

Cramer: Considering the nature of the sustainability challenge, it sounds like social optimization will become increasingly important.

Employing Borderless Partnerships to Drive Dynamic Global Management

Cramer: What challenges does Hitachi face in promoting globalization?

Nakanishi: At Hitachi, all employees need to understand that we seek resources internationally to serve the needs of the world marketplace. We want them to remain aware that our markets are global and to refine their skills. Our employees must identify the true needs of our customers from a global perspective and meet those needs to satisfy expectations locally. It is critical for us, where needed, to form government and regional partnerships to undertake projects that create sustainable economic development supported by Hitachi innovation. However, borders between countries and industries are eroding, so we can only succeed if our employees improve their skills to work in the global economy, while we, as a business, partner with governments

and build borderless alliances.

Cramer: At the same time, it will become important to globalize the mindsets of decision makers at headquarters.

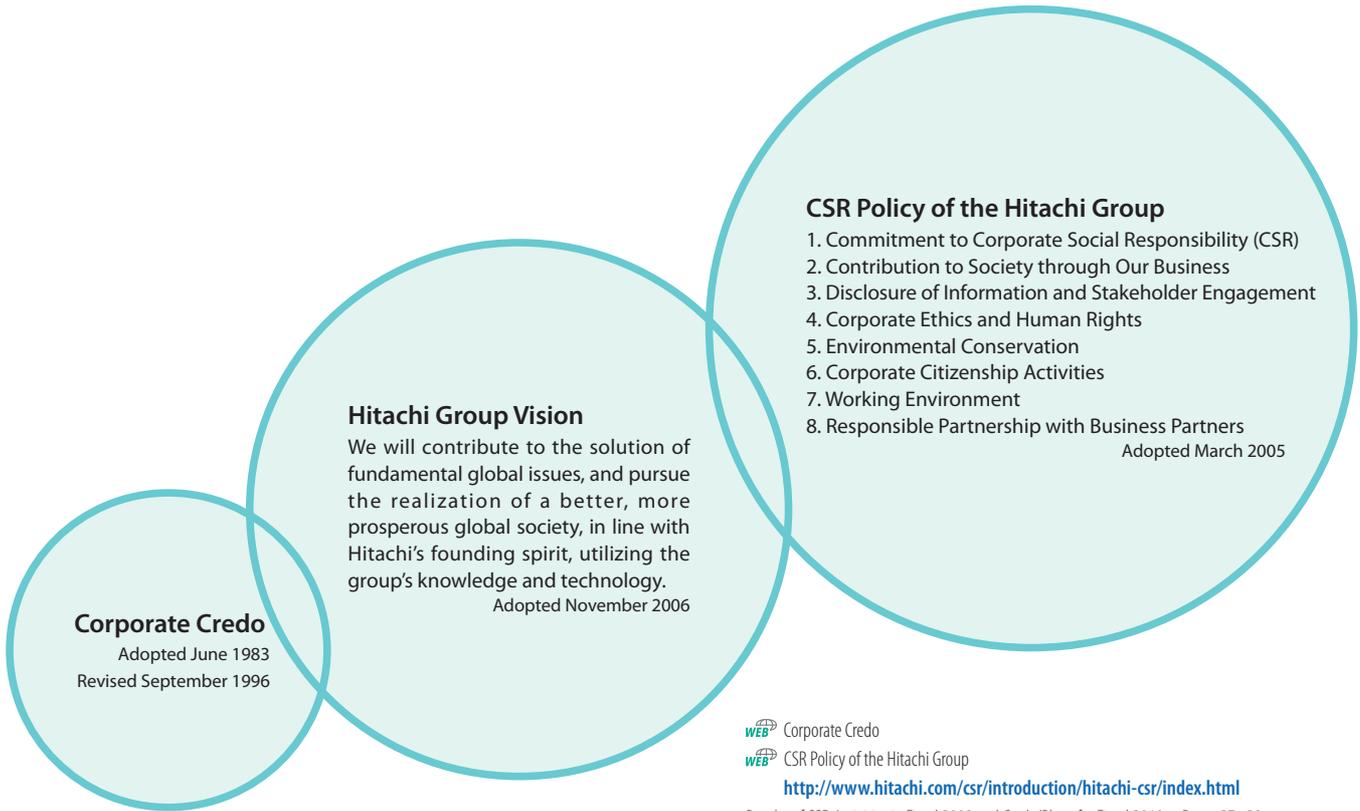
Nakanishi: Certainly. To become a global company, we need globally minded leaders. One of my missions is indeed to reform the mindsets of senior executives. Management diversity is a key factor for Hitachi's success. To be global, we must think locally at the market level and reflect global perspectives at headquarters. When you operate globally you have to empower those closer to the customer or market to make swift decisions. So our business "control towers" need to be near our markets. Also, headquarters must become global through the diversity of people and ideas. By getting top managers of businesses to focus more on markets, while headquarters becomes more global through diverse people and perspectives, we will operate more dynamically worldwide.

Cramer: I agree. Lastly, what role do you think CSR will play in helping Hitachi to achieve further success?

Nakanishi: I think that CSR is the foundation of global operations. CSR relates directly to the course we ought to take in serving social needs and cultivating the markets through which we deliver the products and services that customers want. It is important for top managers in each business unit to properly understand the regionally specific values and needs of Hitachi's stakeholders, then share them within the Group to operate globally. It is crucial for Hitachi to take action to ensure healthy social progress worldwide.

CSR at Hitachi

We formulated a Group vision to foster a prosperity-based corporate credo of contributing to society through the development of superior, original technology and products



Corporate Credo

CSR Policy of the Hitachi Group

<http://www.hitachi.com/csr/introduction/hitachi-csr/index.html>

Results of CSR Activities in Fiscal 2009 and Goals/Plans for Fiscal 2010 → Pages 27–29

We celebrate our centennial in 2010. In globalizing our operations over the past 100 years, we have addressed such United Nations Millennium Development Goals as ending poverty and hunger, providing universal education, combating diseases, and ensuring environmental sustainability. We will continue to contribute to a healthy, safe, and

comfortable lifestyle and environment around the globe by drawing on our accumulated expertise and technologies to produce innovations. We will also engage with stakeholders, reflecting social feedback in our strategy, product development, and operations to help resolve the social, economic and environmental issues confronting society.

Five-Year CSR Roadmap



CSR Roadmap

Hitachi produced its Three-Year CSR Roadmap, a medium-term plan for CSR activities, in fiscal 2006. We drew on this roadmap to review our various activities on society from a global perspective, and sought to resolve the resulting challenges. In fiscal 2009, these efforts included our selection in the Dow Jones Sustainability World Indexes (DJSI World).^{†1} We also made the Silver Class in the *Sustainability Yearbook 2010* of Swiss firm Sustainable Asset Management^{†2} and PricewaterhouseCoopers published in January 2010.

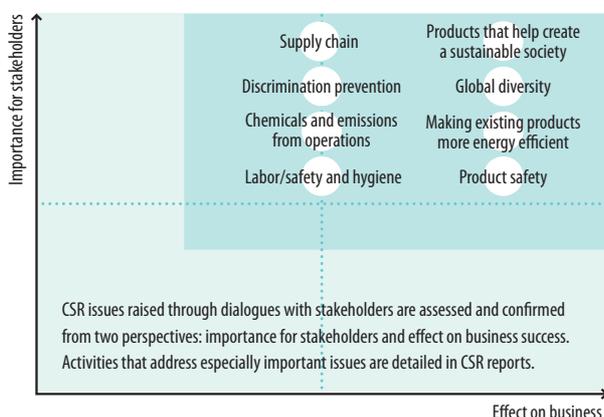
We have formulated a new Five-Year CSR Roadmap from fiscal 2010 and beyond. We will strive under this initiative to become a truly global corporation, reinforce Group operational foundations, quantitatively assess our CSR efforts, and function more transparently.

Materiality Process

We include stakeholders in our CSR decision-making process. We engage with them worldwide on key strategic issues, evaluating global social problems requiring our attention from the perspectives of community and business sustainability. The CSR Promotion Committee deliberates on matters raised in stakeholder dialogues. This body of Hitachi executive officers incorporates the most significant ones into CSR initiatives for subsequent fiscal years and presents information on important social issues in the *Corporate Sustainability Report*.

In fiscal 2009, Hitachi representatives met in Brussels with officials from the European Union and non-governmental organizations and with socially responsible investors to discuss regional environmental policies and businesses.

Summary of Issues That Hitachi Considers Important



Employing CSR Self-Assessment Tools

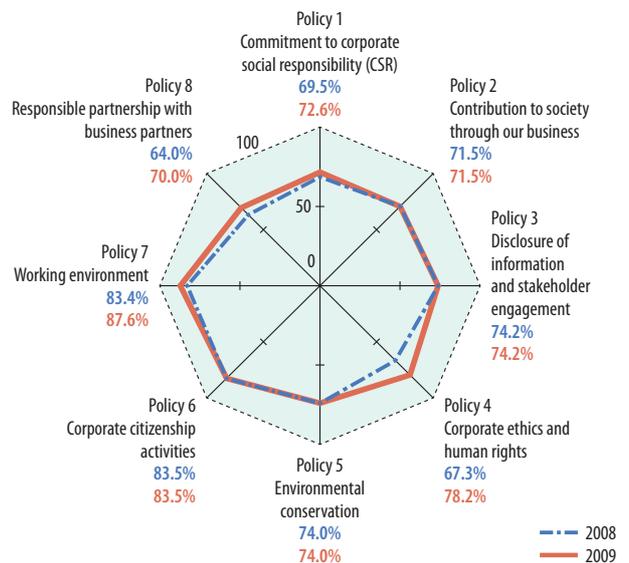
We use the CSR self-assessment tools that we developed in fiscal 2008 to clarify and strengthen our Group-wide CSR initiatives. We produced an English-language version of

the tools in fiscal 2009, testing them in North America and then supplying them to operations throughout Europe and Asia. Hitachi, Ltd. and 23 other Japanese and eight Group companies outside Japan employ these tools.

Results of Fiscal 2009 Self-Assessment

Hitachi's self-assessment for fiscal 2009 scored higher than in the previous year, particularly for corporate ethics, human rights, and procurement. The gains were the fruit of a code of conduct and procurement guidelines based on the 10 principles of the United Nations Global Compact and efforts to strengthen our compliance system and engage with external experts. We aim to boost our score in fiscal 2010 by bolstering such areas as risk management, CSR education, and disclosure.

FY 2009 Self-Assessment Results (Hitachi, Ltd.)



Main Topics Covered in Each Policy of the CSR Self-Assessment Tool

- Policy 1: CSR vision; CSR education; risk management
- Policy 2: Coordination with business strategies; sustainable designs; customer satisfaction
- Policy 3: Information disclosure; dialogue with stakeholders
- Policy 4: Corporate governance structure; awareness of ethics; compliance; human rights
- Policy 5: Carbon management strategies; resource recycling; ecosystem conservation
- Policy 6: Strategic social contribution; participation in local communities; social enlightenment
- Policy 7: Respecting diversity; fulfilling work environments; work-life balance
- Policy 8: CSR procurement; communication with suppliers

^{†1} Dow Jones & Company and Sustainable Asset Management codeveloped this benchmark for assessing companies from economic, environmental, and social perspectives.

^{†2} This Swiss entity is a socially responsible investment assessment and asset management firm.

Ensuring Strict Compliance

The Hitachi Group is reinforcing employee compliance, while taking steps to address risk

Establishing and Implementing Corporate Ethics Month

Corporate ethics and compliance form the bedrock of all our activities. Starting from October 2009, October is Hitachi Group Corporate Ethics Month. This initiative highlights the need for executives and employees to always consider compliance in their actions, with top management taking the lead to enhance corporate ethics and adherence to legal requirements.

In the past, compliance officers were mainly stationed in sales divisions. Today, the general managers of all divisions and presidents or directors of Group companies concurrently serve as such officials.

In fiscal 2009, we distributed top management messages on compliance to all Group company employees and implemented workplace activities based on Hitachi's *Corporate Ethics and Compliance Handbook*. Other initiatives are displaying compliance messages on computer screens, ensuring awareness of our internal whistleblower system, and arranging presentations by external lawyers and compliance experts.

All business sites identified compliance risks and made improvements, if needed. With 15,000 employees attending, seminars were given by in-house and outside experts.

Formulating the Hitachi Group Code of Conduct

Hitachi, Ltd. formulated the Hitachi Group Code of Conduct in August 2010 as part of a shift to a new Group management structure to mark Hitachi's centennial. This document prescribes specific requirements for all Hitachi Group employees from corporate ethics and compliance perspectives. The code applies to all officers and employees of Hitachi, Ltd. and its consolidated subsidiaries.

Hitachi Group Code of Conduct Web site:
http://www.hitachi.com/csr/csr_images/codeofconduct.pdf

Global Push to Stop Corruption

Japanese corporations outside Japan face tighter bribery controls and stronger provisions under competition laws. The U.S. Foreign Corrupt Practices Act has exposed an increasing number of cases. In August 2008, Hitachi, Ltd. formulated internal rules to prevent bribery of public officials in and outside Japan. We also established global guidelines on entertaining and exchanging gifts, detailing procedures and standards for assessing employee propriety. All Group companies have implemented similar regulations. In October 2008, an independent U.S. attorney delivered an anticorruption presentation to 212

VOICES **Strengthening Compliance with U.S. Antitrust Laws**

Craig P. Seebald
 Partner, McDermott Will & Emery LLP



It is more important than ever that Hitachi employees respect U.S. antitrust laws as U.S. antitrust enforcement continues to be a priority, and penalties are severe. U.S. antitrust laws

restrict companies and individuals from entering into anticompetitive agreements,

such as market allocation, price fixing and bid rigging agreements.

The best way to avoid antitrust risk is to follow Hitachi's policies and avoid communications with competitors unless there is a legitimate reason for the communication, such as negotiating business transactions (joint venture or a buy-sell relationship), participating in a trade association and/or engaging in standard setting activities. It is generally never acceptable to exchange

pricing, supply or customer information with a competitor. If you have any questions regarding competitor communications, please consult the Legal Department.

Antitrust compliance is not just for U.S. employees. Any employee who makes decisions that impact the U.S. market must comply with U.S. antitrust laws.

Group compliance officers.

In October 2009, we arranged for American and European outside lawyers to lecture 286 Group compliance officers about worldwide anticorruption trends, including U.S. and European competition laws.



Lecture on U.S. and European competition law trends

Deploying e-Learning Tools to Reinforce Compliance in Asia

Group companies in seven Asian countries outside Japan and China strive constantly to boost corporate governance and compliance.

Hitachi Asia Ltd. developed the e-Learning System, which features modules for such risk areas as contracts, intellectual property, export controls, and anticorruption and antitrust laws. More than 1,000 employees registered to use these modules by the end of fiscal 2009.

To complement online learning, 90 employees from Singaporean and Indian Group companies attended seminars on contractual issues, legal systems, and export controls.



Compliance seminar in Asia

Risk Management

All Hitachi divisions manage business risks, and then audit areas with potential issues. If problems do arise, divisions collect reports and formulate emergency plans to prevent recurrences.

Risks are increasingly global and complex. They now encompass everything from natural disasters and other traditional concerns to climate change, employee diversity, and human rights issues such as poor working conditions in the supply chain.

We are working across the company, by collaborating with in-house companies as well as Group companies, to rebuild our risk assessment standards. We audited the risks of headquarters operations and regional offices in the Americas, Europe, and Asia, assessing significant business and company-wide risks.

We will broaden risk audits to comprehensively reinforce our risk management framework. At the same time, we will improve risk awareness among all employees, notably through information sharing and education.

VOICES

Complying with European Commission Competition Law

Michael Reynolds
Partner, Allen & Overy LLP

Philip Mansfield
Partner, Allen & Overy LLP

Through working with Hitachi, Ltd. and various subsidiaries in connection with several European Commission investigations of alleged infringements of European competition rules, we found that each company has taken the investigations very seriously, not least because the Commission can impose significant fines for proven infringements, based partly on the volume of affected sales and the duration of a conspiracy. Since January 2007, the

Commission has imposed fines totaling over €800 million on Japanese companies for participating in cartels in breach of EU competition rules.

Compliance with the EU competition rules is therefore a key consideration for Hitachi. Its antitrust compliance program and a presentation on EU competition rules on Compliance Month on October, 2009, underscored that commitment.



Hitachi's Worldwide Reach

The United Nations Millennium Development Goals, adopted in 2000, seek to address numerous global issues. They include poverty, education, and healthcare, and extend to dealing with aging populations and deteriorating social infrastructures in advanced nations.

The Hitachi Group is taking advantage of its diverse businesses and activities in 40 countries to help society resolve such fundamental issues.

1 Advanced high-speed trains  *in the United Kingdom*

Hitachi, Ltd.
(detailed on page 10)



2 EU-Hitachi Science & Technology Forum  *in Europe*

Hitachi, Ltd.



3 Hitachi-DST Scholarship Program  *for South African Engineers*

Hitachi, Ltd.
We joined hands with that nation's Department of Science and Technology to create a training program in Japan for young South African electric power engineers. The curriculum includes practical training at our plants and visits to electric power company facilities.
(detailed on page 49)



4 Supporting information and communication technology training  *in Saudi Arabia and other nations*

Hitachi Software Engineering Co., Ltd. and other Group companies

5 Water recycling systems  *in the United Arab Emirates*

Hitachi Plant Technologies, Ltd.
We built and commercialized a new business model for purifying household sewage and selling the recycled water in Dubai, which depends heavily on desalination.



6 Providing electricity to Neemrana Industrial Park  *in India*

Hitachi, Ltd.

7 Supplying advanced medical equipment  *in Mongolia* ^{†1}

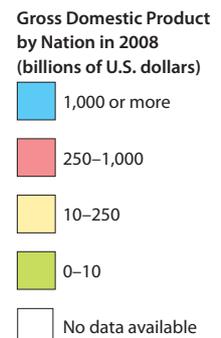
Hitachi Medical Corporation

8 Visiting Chinese elementary schools and kindergartens to hold environmental classes 

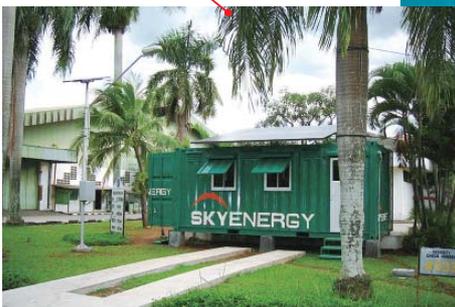
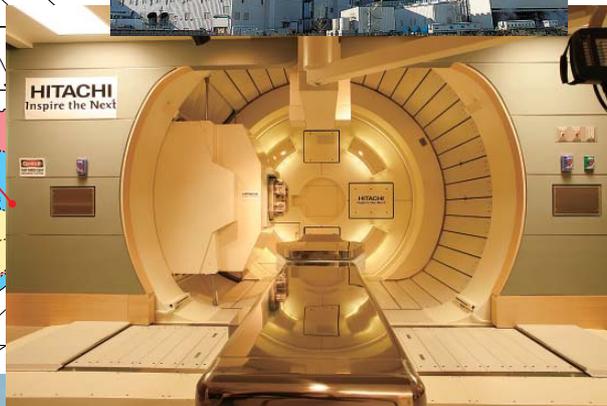
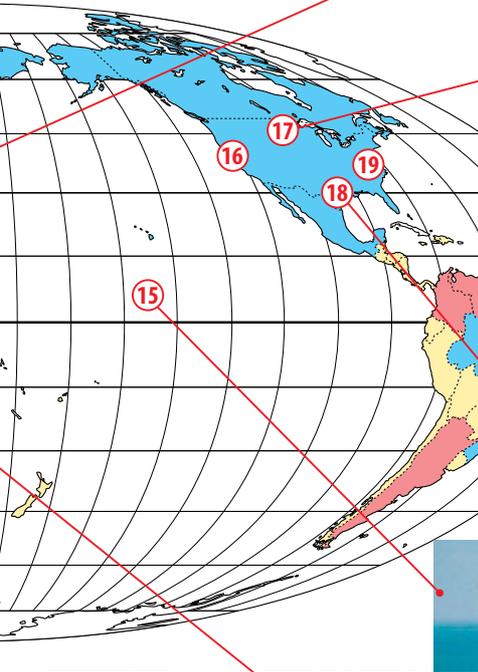
Hitachi (China) Ltd.
We have run such classes continually in China since fiscal 2008.
(detailed on pages 46–49)

9 Donating a dormitory to Hitachi Hope Elementary School  *in China*

Hitachi (China) Ltd.



GDP data source: International Monetary Fund
<http://www.imf.org/external/>



10 Model project for energy conservation in China  **Hitachi (China) Ltd.**

We launched the Cooperation Project for Energy-saving and Emission Reduction among SMEs with the China Center for Business Cooperation and Coordination and the Ningbo Municipal People's Government.

11 Global caravan activities in China, Thailand, and other countries  **Hitachi, Ltd.**

(detailed on page 57)

12 Removing antipersonnel mines in Asia and other regions  **Hitachi Construction Machinery Co., Ltd.**

(detailed on page 14)

13 Hitachi Young Leaders Initiative in Southeast Asia  **Hitachi, Ltd. and Hitachi Asia Ltd.**

14 Installing photovoltaic power systems in areas without electricity in Indonesia  **Hitachi High-Technologies Corporation**

(detailed on page 14)

15 Providing ballast water purification system in all regions  **Hitachi Plant Technologies, Ltd.**

Tankers affect aquatic life because they repeatedly take on and discharge ballast water to adjust for cargo loads. We can swiftly purify this water through a technique that collects and magnetically separates organisms.

16 Providing water pumping systems to California, U.S.A.  **Hitachi Plant Technologies, Ltd.**

17 Constructing ultra-supercritical pressure thermal power stations in the United States and elsewhere 

Hitachi, Ltd.
We have built numerous such world-class coal-fired facilities in the United States, Europe, and other countries.

18 Supplying proton therapy system in the United States  **Hitachi, Ltd.**

We developed a discrete spot scanning proton therapy technique to minimize damage to normal tissues, becoming the first to achieve Food and Drug Administration 510(k) clearance.

19 Managing Hitachi North American Food Drive in the United States  **Hitachi Group (North America)**

t1 Including magnetic resonance imaging, computed tomography, and x-ray systems
t2 This program instructs local manufacturing sites on ways to improve productivity and save energy
t3 Donating food to charities assisting low-income earners

Supplying Advanced Railway Systems to the World

Leveraging advanced technologies and expertise to provide environmentally conscious and safe transportation



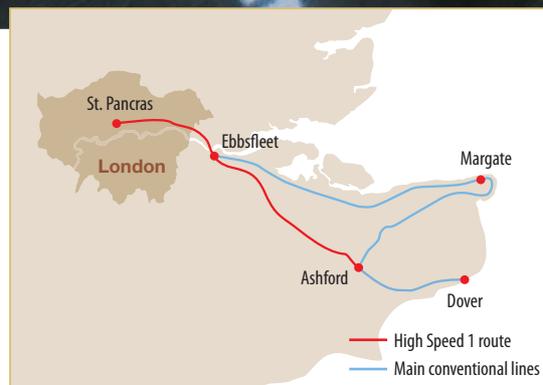
Ashford Train Maintenance Center

Modal shift has recently gained attention as a concept for transporting people and goods by alternative means to reduce environmental burdens. Ships and railways generate significantly less CO₂ per transportation unit than counterpart modes.

Making Railways More Environmentally Conscious

Hitachi is building on its long involvement with *Shinkansen* (bullet train) and other railway projects to pursue technological advances. Work with East Japan Railway Company on a hybrid drive system that combines diesel engines and storage batteries is a good example.

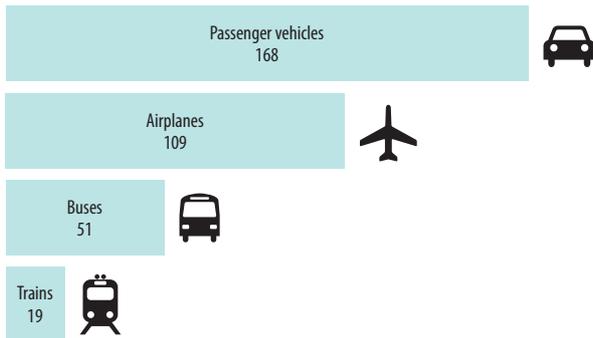
The A-train is one of Hitachi's railway systems. This rail vehicle system employs lightweight aluminum to slash operational energy consumption and simplify recycling, thereby minimizing ecological impact. The A-train's manufacture is dramatically more productive and



High Speed 1 route and main conventional lines on which British Rail Class 395 trains run

environmentally conscious than conventional models. That is because Hitachi can easily collect and recycle aluminum scrap during production and can automate fabrication because the train cars do not have frames. Friction stir welding, an innovative joining technology, minimizes warping and eliminates the need for painting. Modular construction slashes part numbers. Computers replace

CO₂ Emissions from Different Means of Transportation



Grams of CO₂ per passenger kilometer in fiscal 2007
 Source: Countermeasures against Global Warming in the Transport Sector (in Japanese), Ministry of Land, Infrastructure, Transport and Tourism

many of the tasks of skilled engineers, ensuring high quality and safety, even with short delivery schedules.

Hitachi Train Well Received in the United Kingdom

Hitachi's Class 395 high-speed train debuted on High Speed 1, the United Kingdom's first high-speed railway line. Regular passenger service began in December 2009. We won the contract to supply these trains because we pledged to deliver six months ahead of schedule and because of the proven reliability of the technologies.

High Speed 1 connects London and Ashford in just 37 minutes, down from 80 minutes before. Sir Stephen Gomersall, Chief Executive for Europe, Hitachi Ltd., commented that, "The first domestic high speed train service in the UK has been a great success since its inauguration. South Eastern Railway Ltd. was pleased by the early delivery

and minimal disruption when starting the regular service. The Class 395 also won in the Rolling Stock Excellence category of the Eversholt Rail Business Awards 2009, recognizing that the 174 cars that Hitachi delivered are among the best in the UK." He added that, "Hitachi is handling up-keep at the newly constructed Ashford Train Maintenance Center, which hired most of its staff locally. Employees benefit from excellent training opportunities that enable them to keep refining their skills. The fast service into London has regenerated Ashford and the entire region of Kent. Hitachi is looking for further opportunities to serve potential growth in railway demand throughout Europe."

Such a renewed interest in railways is spreading around the world, notably through the emergence of U.S. plans for a high-speed railway network. Hitachi is contributing to such planning in the United States, in Brazil, which is planning its setup ahead of the Rio 2016 Olympic Games, and in India. Contributions to modal shifts are yet another example of how Hitachi helps combat climate change.

Hitachi's Railway Technology

Highly efficient	Accelerates modal shift	<ul style="list-style-type: none"> A-train (aluminum train cars) High-speed train
Environmentally conscious	Further reduces environmental load of railways	<ul style="list-style-type: none"> Small, lightweight inverter Hybrid drive system
Highly reliable	Contributes to safe, stable, and high-density transportation	<ul style="list-style-type: none"> Signaling and train control systems Traffic system Operations systems

VOICES Class 395 Proves the Advantages of High-Speed Rail

Charles Horton

Managing Director of London & South Eastern Railway Ltd.

The introduction of the UK's first high-speed trains has been a great success. The new Class 395 trains have meant that commuters in parts of the South East have been able to reduce their journey times by half. As important though, is the effect the new services are having on the local economy with businesses moving to the South East and likewise commuters moving to the area.

Throughout the program we have felt reassured and confident in (Hitachi's) abilities.

We think their particular strengths are their emphasis on process, commitment to on time delivery and focus on reliability, enabling us to run "preview" services six months early.

With all big complicated railway projects there are always going to be challenges along the way, but it is testament to the strong partnership we have working with Hitachi that these have all been overcome.

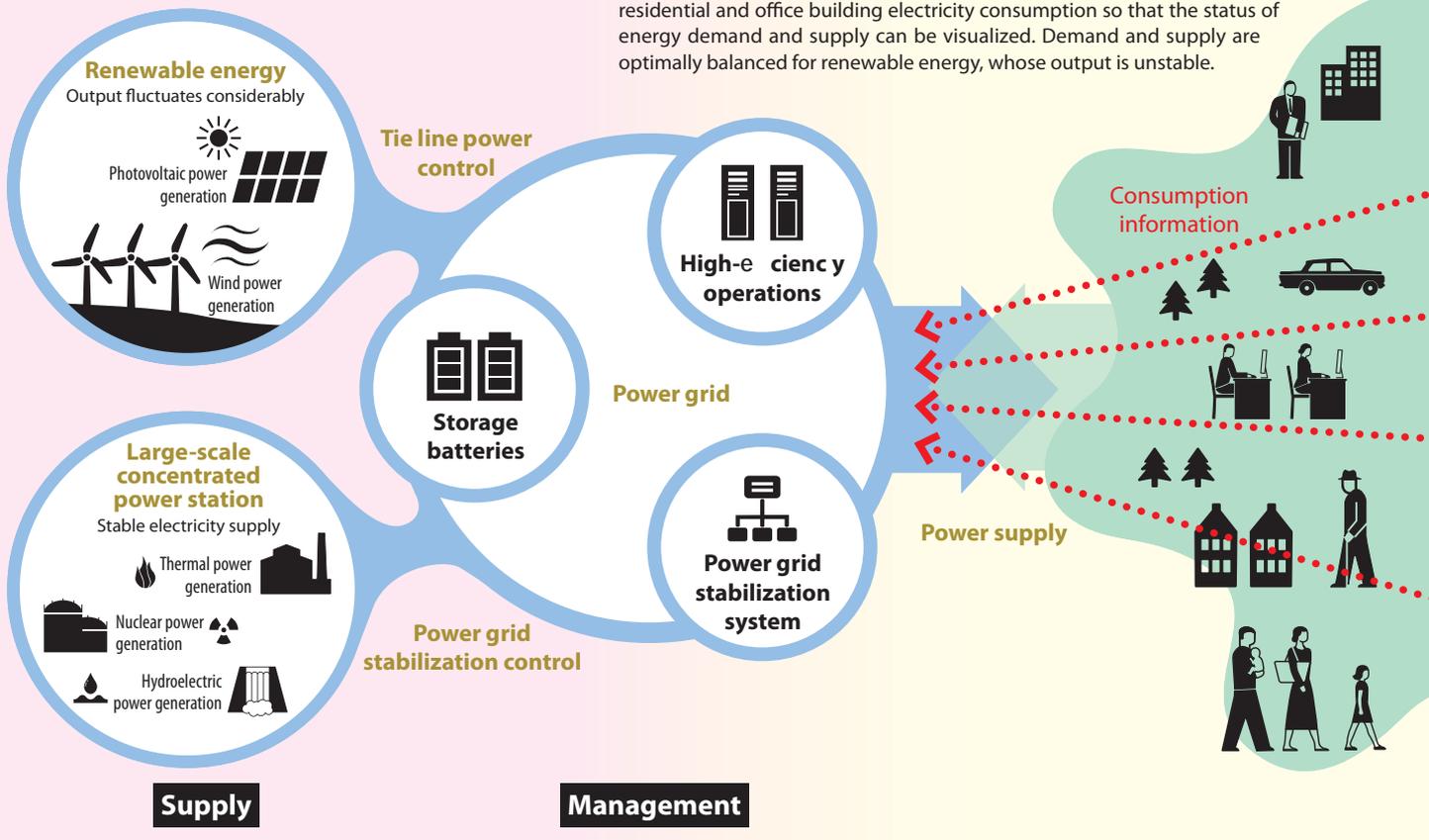


Fusing Technologies to Create Smart Energy Solutions

Harnessing our strengths in electric power and information technology to create smart grids that transform energy use

Hitachi's Smart Grid Concept

We supply power grid stabilization systems and advanced metering infrastructure systems that provide detailed assessments and management of residential and office building electricity consumption so that the status of energy demand and supply can be visualized. Demand and supply are optimally balanced for renewable energy, whose output is unstable.



The increasing deployment of power systems that harness solar and other renewable energy is helping reduce carbon emissions and society's dependence on fossil fuels. But there are numerous challenges in producing electricity from these resources. Weather conditions cause dramatic fluctuations in output from solar and wind power, increasing the potential for the entire power supply system to become unstable.

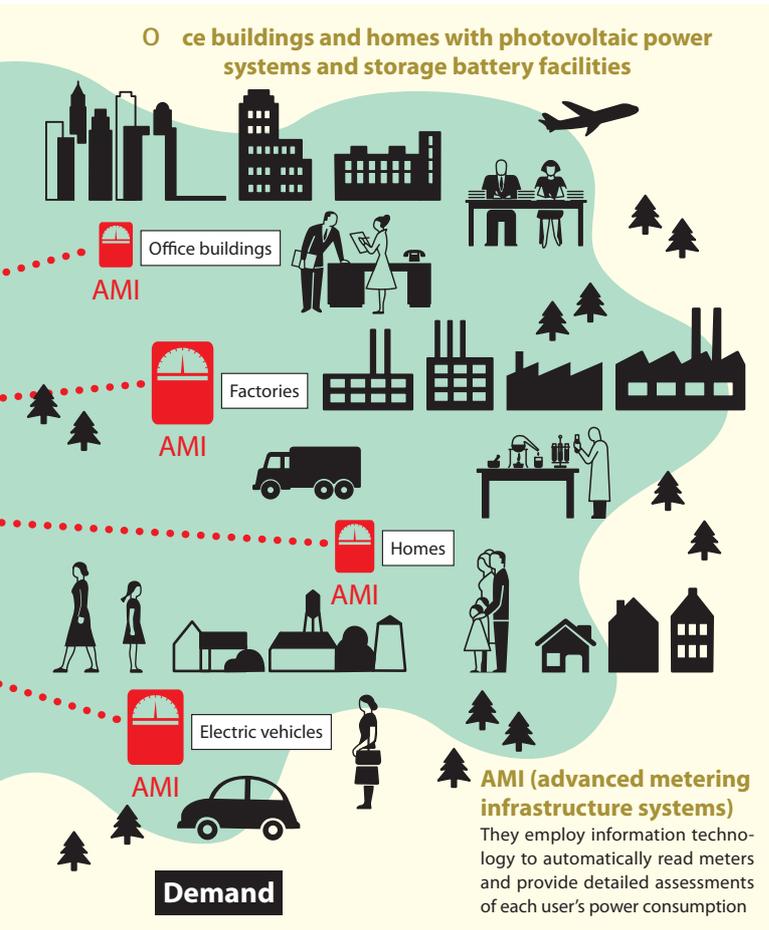
Toward Smart Grid Installations

Smart grids are vital for stabilizing and securing the power supply. During transmission from unstable sources of electricity or disruptions, smart grids can swiftly obtain and process output and demand data, then automatically optimize or secure the demand and supply balance. This is why there is such great worldwide interest in smart grids, although it is important to note that local transmission and distribution network requirements currently determine setups.

Japan, for example, has already completed some of the power generation and transmission stages of a smart grid. Hitachi is working on the next step, which will be the installation of a smart grid for the entire power network, encompassing residential and office building electricity consumption.

Linking Homes and Electric Power Companies with Information

Expanding an advanced metering infrastructure will be the first step toward a truly smart grid and a smarter city that links homes and electric power companies through information and communications. Once in service, this infrastructure enables utilities to remotely monitor and deal with customers who relocate. Another advantage is that those companies would get the details on how much electricity home users consume or send to the grid from their residential photovoltaic power systems. Kansai



Electric Power Co., Inc. and Kyushu Electric Power Co., Inc. have already begun on-site assessments of advanced metering infrastructure systems. The two utilities have installed Japan's first telecommunications-equipped watt-hour meters in homes as part of those trials. The data that they collect should help stabilize the power grid.

Linking homes and electric power companies through an information and communications infrastructure would enable all residential users to streamline power consumption in line with generation from renewable energy sources.

Hitachi will join hands with Japan Wind Development Co., Ltd., Toyota Motor Corporation, and Panasonic Electric Works Co., Ltd., and several other companies to launch the Smart Grid Demonstration Site at Rokkasho Village in Aomori Prefecture, Japan in August 2010. Testing will include charging electric vehicles from wind and photovoltaic sources, with batteries storing surplus power. Trials will also cover residential electricity consumption.

Making Our Environmental Technologies Available to the World

In many countries, transmission and distribution networks are either aging or underdeveloped. Supplying networks that draw on renewable energy could significantly alleviate global warming.

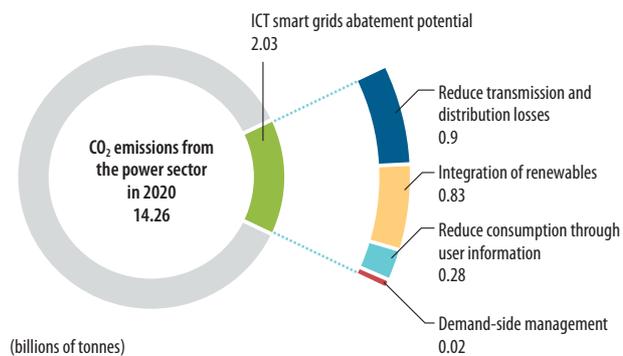
We will supply advanced environmental technologies, tailoring them to local conditions and accumulating new knowledge. These priorities will be central to our involvement in a Japan-U.S. smart grid trial that will begin in New Mexico during 2010. Another project will be a collaborative initiative in China to lower that nation's reliance on carbon fuels and to foster recycling. We will inevitably need to tackle the challenges of creating international standards for technologies and will therefore participate in multi-government and private-sector initiatives.

The involvement of all key stakeholders will be essential for realizing our smart grid concept. They include national and local governments, electric power companies, automakers, appliance manufacturers, and commercial and residential power consumers.

We will maintain open relationships with all these stakeholders while contributing to smart grid development that effectively harnesses renewable energy, such as solar and wind.

Smart Grids: The Global Impact in 2020

The global deployment of smart grids would lower CO₂ emissions an estimated 2.03 billion tonnes worldwide by 2020. That saving would represent 4 percent of the 51.9 billion tonnes of emissions forecast for that year.



Source: SMART 2020, published by The Climate Group

Improving Lives One Person at a Time

Continuing to Pursue United Nations Millennium Development Goals



We collaborate with local enterprises and support non-profit organizations as part of ongoing efforts to help resolve local community issues.

Improving Quality of Life after Demining

The land mine clearing equipment that Yamanashi Hitachi Construction Machinery Co., Ltd.^{†1} developed in 2000 is operating in civil war-ravaged Cambodia. However, engineers from Hitachi Construction Machinery Co., Ltd. who were in Cambodia realized that clearing land mines alone would not resolve difficulties in the communities.

People who lost their homes and work during the civil war set about cultivating the cleared land and rebuilding their lives. However, such work is tough without basic infrastructure such as roads and water, or even farming techniques. As a result, engineers noticed that people frequently abandoned their land.

This situation prompted former Hitachi Construction

Machinery employees to establish the non-profit Good Earth Japan in March 2007. Since its creation, this non-profit organization has provided agricultural training and plowed paddy fields. It has also built schools to help farmers get back on their feet. Hitachi Construction Machinery and the rest of the Hitachi Group are fully funding these efforts, with numerous employees assisting.

Brightening Communities with Electricity

Around 230 million people live on Indonesia's more than 17,000 islands. Yet, only about 60 percent of the population has access to electricity. Approximately 60 percent of Indonesians live on Java, which represents 7 percent of the nation's land area and accounts for 80 percent of its energy consumption. The population density of Jakarta is similar to that of Tokyo's 23 wards. But there the comparisons end, as Jakarta residents suffer from constant planned and unplanned power outages.

The Indonesian government takes this social issue seriously, but it has experienced significant delays in its plans to deliver 95 percent electricity access by 2025. So, Hitachi High-Technologies joined hands with a local business partner that makes storage batteries to electrify districts with photovoltaic power systems.

Indonesia gets around double Japan's sunshine hours and solar radiation. The government has already installed compact solar systems to power homes without access to the grid, but the need to place such systems in each home caused power efficiency to deteriorate and made it hard to set up a proper maintenance and management structure.

Hitachi High-Technologies therefore chose to set up large photovoltaic power systems to serve entire villages by charging residents' batteries as needed. Villages without electricity traditionally comprise 50 to 100 households, so the company concluded that coordinating closely with

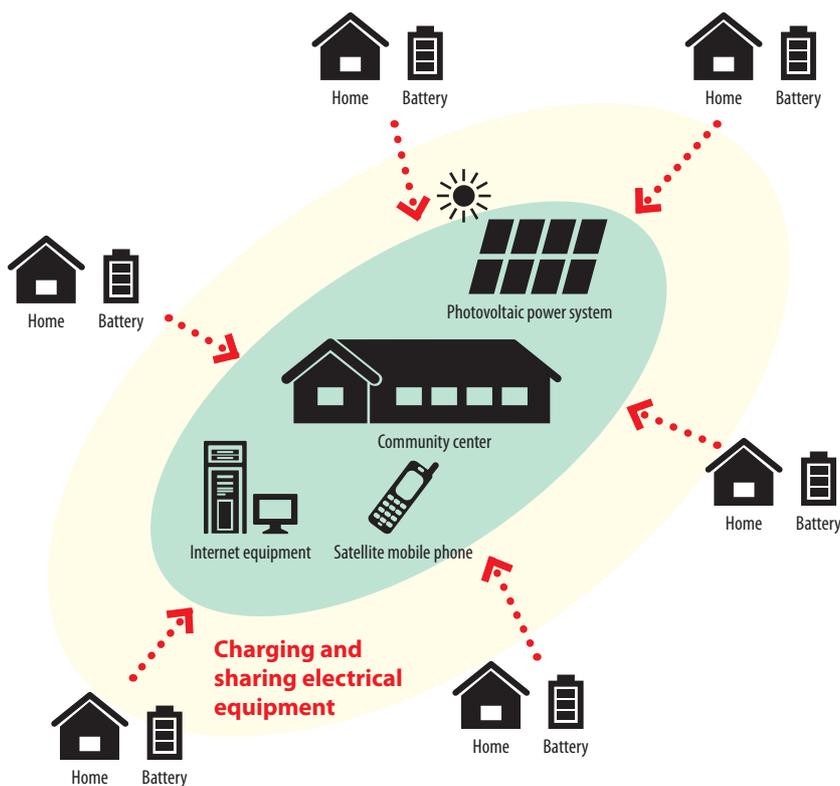
these communities would improve the generating, maintenance, and management efficiency of these systems.

Another benefit is that residents can take advantage of stable electricity supplies to do business. Ventures under consideration include Internet cafés offering refrigeration and access to mobile communication-equipped PCs and the industrial production of silk and tapioca.

In response to strong demand from Indonesia's central and local governments, Hitachi High-Technologies plans to install battery recharging stations in three villages in fiscal 2010. Training teams of residents to maintain and manage the equipment will be crucial to ensuring that villages widely adopt these systems.

^{†1} An exclusive dealer and authorized factory for Hitachi Construction Machinery since 1980, Yamanashi Hitachi Construction Machinery developed the world's first remote-controlled land mine removal machine, which is based on a Hitachi Construction Machinery hydraulic excavator. Currently, 70 units operate in Cambodia as well as six other countries (Vietnam, Afghanistan, Nicaragua, Angola, Thailand, and Colombia).

Indonesian Village Electrification





Living Together with Society 1

Procurement, the Supply Chain, and Respect for Human Rights

We center our corporate activities around the concept of cherishing humanity. We respect the human rights of stakeholders in every aspect of our business and the supply chain, including in terms of product safety, environmental conservation, disclosure, anti-corruption, and employment practices.

1923

A Century of Service

Helping Rebuild Tokyo after the Great Kanto Earthquake

The Great Kanto Earthquake of 1923 devastated the Keihin industrial zone, which was the heart of Japanese manufacturing, surrounding the ports of Tokyo and of Yokohama. Orders from around the nation poured into the Hitachi Works in Hitachi, Ibaraki Prefecture, Japan, as it was unscathed. But Hitachi rejected such opportunities for profit, preferring to devote all its production capacity to help rebuild Tokyo. Hitachi became renowned for excellence in the process, and demand for its products subsequently soared.



Photograph courtesy of the National Museum of Nature and Science (Japan)

Raising Awareness of Human Rights

We reviewed all internal corporate ethics and compliance rules and developed or overhauled our training programs to enhance human rights awareness Group-wide. Almost 80 percent of our 260,000 Group employees in Japan took our related e-learning course in fiscal 2009. We are working on an English version of this program for Group companies outside Japan.



Participating in Supply Chain Sustainability Team

The United Nations Global Compact Advisory Group on Supply Chain Sustainability chose Hitachi, Ltd. as a member in fiscal 2009. That body focuses on encouraging adherence to human rights, labor, environment, and anti-corruption principles. We will draw on our expertise in these global social issues to support the UN's efforts and similarly we will draw upon best practices resulting from the UN Global Compact's recommendations on implementing supply chain sustainability programs.

Implementing European Human Rights Project

We launched a human rights project in Europe in fiscal 2009, the purpose of which is to ensure that human rights are fully respected in all aspects of our operations. As part of this, we hold awareness seminars, develop tools for in-house education, and improve our internal mechanisms. We aim to use this project as a model for supporting human rights issues around the world.

Collaboration with Suppliers

The Hitachi Group values partnerships and openness with suppliers. We accordingly strive to maintain and improve mutual understanding, offering equal business opportunities and choosing suppliers in keeping with the principle of free competition.

We publish and disseminate the *Hitachi Supply-Chain CSR Deployment Guidebook* throughout the Group. This document conforms with the guidelines of the Japan Electronics and Information Technology Industries Association. We recommend our suppliers to use this guidebook for self-evaluation, a process that improves mutual understanding and communications about CSR issues. We revised the *Hitachi Guidelines for Procurement Activities* in June 2009 in line with United Nations Global Compact principles.

Surveying CSR Implementation

In fiscal 2009, we surveyed CSR implementation at 255

TOPICS

Exchanging Opinions on Human Rights Issues

Hitachi, Ltd. representatives met with officials from Amnesty International Japan in fiscal 2009 to gain further insights into human rights issues and how companies should address them. Makoto Teranaka, secretary general of the organization, advised Hitachi to be aware of human rights issues beyond permanent employees to encompass contract workers, suppliers, and other parties. We will draw on such suggestions to become even more sensitive to human rights, focusing particularly on improving our supply chain management in that regard by collaborating with relevant parties.

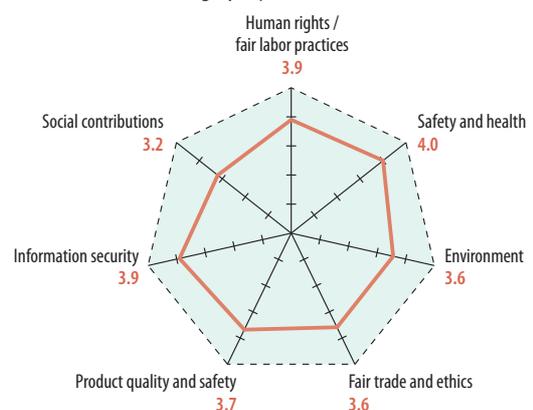


Makoto Teranaka, Secretary General, Amnesty International Japan

suppliers in line with the *Hitachi Supply-Chain CSR Deployment Guidebook*, analyzing the results and providing feedback. Respondents generally paid more attention to human rights, labor practices, safety and health, and fair trade and ethics issues than a year earlier. Such surveys aim to ensure a shared understanding of CSR while encouraging suppliers to further improve their efforts. We are building a results database for sharing throughout the Group.

Results of Surveys Conducted to Promote CSR among Suppliers

Maximum score for each category: 5 points



(132 companies responded as of the end of March 2010)

United Nations Global Compact

<http://www.unglobalcompact.org/>

Hitachi Group Supply-Chain CSR Deployment Guidebook

http://www.hitachi.com/procurement/policy/_icsFiles/afidfile/2010/08/30/SC_CSR_E_2.pdf

Hitachi Guidelines for Procurement Activities

http://www.hitachi.com/procurement/policy/_icsFiles/afidfile/2010/08/30/guidelines.pdf



Living Together with Society 2

Providing Supportive and Diverse Workplaces

At Hitachi, we believe that respecting and valuing the diversity of our employees creates synergy and adds new value.

1910

A Century of Service

Cultivating People since Our Inception

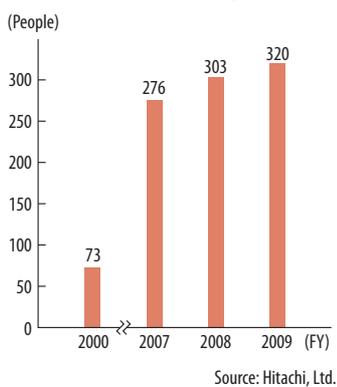
At a time when many children entered the workforce right after completing elementary school, Hitachi, Ltd. set up the Apprenticeship Training School inside its factory in April 1910, its founding year. The school provided general and technical instruction. Although many students joined other companies after graduating, Hitachi founder Namihei Odaira said, "I'm satisfied if they contribute to Japanese industry." The school later became the Hitachi Technical High School, which has graduated numerous technicians as custodians of Hitachi's tradition of *monozukuri* (designing, manufacturing, or repairing of products) craftsmanship, including WorldSkills International gold medalists.



Diversity Embodies Our Respect for Individuality

The Diversity Development Project spearheads our drive for workplaces that empower our diverse people to realize their potential. We inaugurated the Diversity Development Group Council in fiscal 2009 to complement our efforts. Council members from 19 Hitachi Group

Number of Female Managers



companies gathered quarterly during the year to share successes and discuss issues. We have continually held a diversity forum, assisted in the creation of employee networks, and disseminated more information through our intranet.

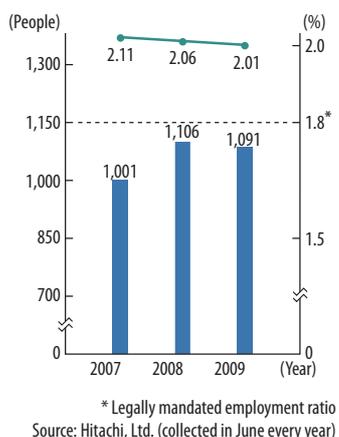
European Diversity Project

We launched the European Diversity Project in June 2009. With gender diversity as the main focus, a tools package which includes internal awareness-raising tools such as training materials, Group-wide policies, and a comprehensive e-learning program has been developed. The package is accessed and widely used by all Hitachi's European employees. We perceive diversity not in isolation, but closely linked with human rights, namely the right to non-discrimination and equal opportunities. Diversity will therefore remain a top priority for the Hitachi Group.

Employing People with Disabilities

The Hitachi Group employs around 3,000 people with disabilities, and 180 work for four special subsidiaries. Every year, we hold a job interview fair, in collaboration with Public Employment Security Offices, for disabled job seekers. We also exchange information within and outside the Group to help maintain ongoing employment for these people. Group companies provide internships in association with schools and local support organizations, educate personnel about mental illnesses, and otherwise

Employment Ratio of People with Disabilities



TOPICS

Opening Attractive Employment for People with Mental Disabilities



Ritsuko Gomibuchi
Psychiatric Social Worker

Satoshi Fujiwara
Supervisor,
Employee Relations &
Human Resources Dept.,
Hitachi, Ltd.

Hitachi, Ltd. began participating in the Ministry of Health, Labour and Welfare's Model Project to Promote Employment of Persons with Mental Disabilities^{†1} in May 2009. As part of its involvement in that project, Hitachi arranges seminars and trains personnel in-house to help enhance workplaces for employees with mental disabilities. Hitachi hired three such people in fiscal 2009. Project leader Satoshi Fujiwara says, "We want to create bright new vistas for people with disabilities, expand employment opportunities for them throughout Hitachi, and share our expertise in this area with as many companies as possible."

strive to offer more employment and responsibilities for people with disabilities.

Work-Life Balance

Physical and mental health is vital for balancing professional and personal life. Hitachi improved and expanded its childcare and nursing care support systems while offering family leave and reduced working hour programs to create more attractive workplace environments. We also improve processes to prevent traditionally long working hours, deploy initiatives to promote physical and mental health, and provide training to enhance workplace communications.

		FY 2007	FY 2008	FY 2009
Employees taking childcare leave	Female	436	451	504
	Male	2	8	6
Employees taking nursing care leave	Female	10	8	6
	Male	10	10	5
Employees using reduced working hour program	Female	349	381	287
	Male	1	2	1

Source: Hitachi, Ltd.
Number of people who used system at least once during period in question

^{†1} Hitachi, Ltd. is one of 10 companies participating in the Model Project to Promote Employment of Persons with Mental Disabilities. This project strives to improve workplace understanding of people with such disabilities and develop attractive career opportunities for them.



Hitachi's Environmental Conservation

Environmental Management toward a Sustainable Society

Our goal is to achieve a more sustainable society by promoting production that reduces the environmental burden of products throughout their life cycle.

1942

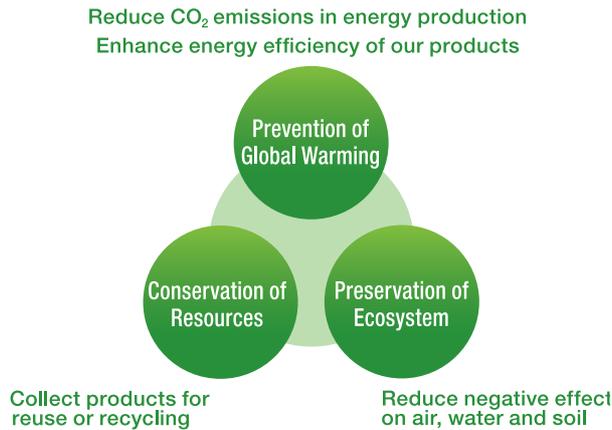
A Century of Service

Pioneering Effort in Environmental Conservation

In 1942, when Hitachi's Central Research Laboratory (HCRL) was established in Kokubunji in Tokyo, Namihei Odaira, founder of Hitachi, Ltd., gave instructions not to cut down good trees but build around them, in order to preserve the natural beauty of the Musashino area. This lush natural environment, which can still be found today near the laboratory, continues to bring tranquility and refresh the hearts of researchers and visitors alike; and is treasured by local residents who visit the laboratory grounds during the open days held each year in spring and fall. Inheriting the spirit of our far-sighted founder, we continue to pursue a policy of harmony with the environment in building facilities and laboratories in various locations.



Dr. Kumeo Baba, first general manager of HCRL



Towards a Sustainable Society

Hitachi's Environmental Vision

The quest for a comfortable existence has led humankind to create a highly convenient society. Today's society, however, requires a vast amount of energy, and this is causing problems such as global warming, resource depletion and environmental damage. We must work to provide solutions to these issues if we are to assist society in maintaining a comfortable existence into the future.

We are committed to the prevention of global warming, the conservation of resources, and the preservation of the ecosystem as the three pillars of our vision. Our goal is to achieve a more sustainable society by promoting global production that reduces the environmental burden of a product throughout its life cycle.

Achieving Environmental Vision 2025

Hitachi's long-term plan Environmental Vision 2025, created in 2007, sets the goal of helping reduce annual CO₂ emissions by 100 million tonnes by 2025 through Hitachi products and services.

Seventy percent, or 70 million of those 100 million tonnes, comes from electric power generation and other aspects of the energy supply, while 30 percent, or 30 million tonnes, is associated with energy consumption, including industry, transportation, commercial, and residential uses.

In fiscal 2009, to ensure the reliability of our calculations on reduced CO₂ emissions, we introduced a standard calculation method. We also had a third party review the method and the results obtained for nuclear, coal-fired, thermal, hydraulic and wind power generation, as well as for an energy-saving service using inverters and 10 products including servers.

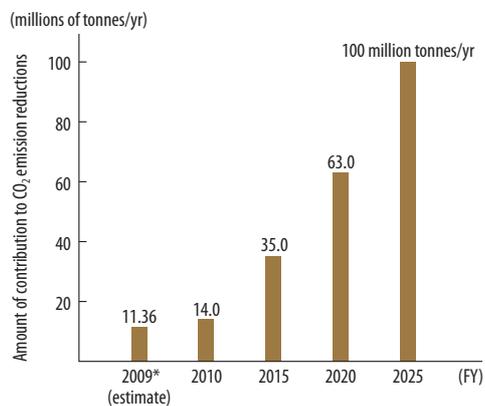
Our contribution to CO₂ emission reduction in fiscal 2009 was 11.36 million tonnes (estimate).

To achieve our Environmental Vision goals, we aim to make all of our products environmentally conscious Eco-Products^{t1} through our technology.



Hitachi Group product models registered as Eco-Products reached 8,387 during fiscal 2009, lifting the ratio to 53 percent of all Group revenues. As this attained the fiscal 2010 goal of a 50 percent ratio, the 2010 goal was raised to 55 percent.

Amount of Contribution to CO₂ Emission Reduction (Base: FY 2005)



*CO₂ emission coefficients were calculated using fiscal 2007 figures from the International Energy Agency's (IEA) *CO₂ Emissions from Fuel Combustion Highlights (2009 Edition)*.

^{t1} **Eco-Products:** Products that meet certain standards under the Assessment for DfE (Design for Environment) system, which uses criteria such as material reduction and longevity to provide a quantitative assessment of the environmental burden.

Prevention of Global Warming

The IEA's *World Energy Outlook 2009* listed fiscal 2007 world energy-related CO₂ emissions at 28.8 billion tonnes, and estimated that this would reach 52.2 billion tonnes by 2050 if the current trend continues. The IEA has therefore called on governments to cut these emissions.

To meet our Environmental Vision goal—helping reduce annual CO₂ emissions by 100 million tonnes by 2025 through Hitachi products and services—we are working to cut greenhouse gases emitted at each of the three stages: manufacturing, transporting, and using products. We are also employing our technologies and knowhow to provide customers with energy-saving services.

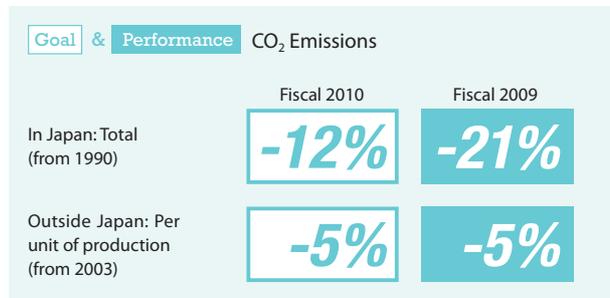
Reducing CO₂ in Plants and Offices

In fiscal 2009, we invested 5.2 billion yen to save energy across our operations in Japan, reducing annual CO₂ emissions by 43,000 tonnes from fiscal 1990 levels. We will introduce more energy-saving equipment into Group operations and boost switching to natural gas in areas such as materials processing, where a great deal of heavy fuel oil is used. Switching from heavy oil to natural gas would cut CO₂ emissions by around 30 percent, so

we plan to reduce Group-wide heavy oil use to below 10 percent of the fiscal 2005 figure in 2012.

To save even more energy in Hitachi offices, sales offices, data centers and other non-manufacturing operations, we have created management standards to measure energy use. We have also built a system for gathering electronic data on energy use by operational unit, enabling us to analyze energy use and facility inspections, which are now revealing areas for improvement.

Outside Japan, despite production increases, CO₂ emissions in fiscal 2009 were cut by 22,000 tonnes, a five percent reduction per unit of production from 2003. In countries such as China with rising CO₂ emissions, we are promoting energy savings by having experts analyze energy use at every plant and manufacturing center. These experts are making energy reduction proposals. We are also using energy-saving technologies developed in-house to increase business with other companies.



TOPICS 1

Technology Exchange Conference in China

We are cooperating with China on energy saving and environmental protection projects, focusing particularly on the social infrastructure development that the Chinese government is advocating. In November 2009, Japan-China joint projects were launched in five areas: smart grids, new energies, rail systems, water resources, and recycling. As part of these initiatives, in March 2010 we joined with the National Development and Reform Commission, China's economic policy-making body, to hold the Green Economy and Technology Exchange Conference in Beijing to introduce Hitachi's cutting-edge technologies to China. We will continue to introduce the latest environmental technologies and leading-edge cases to China, collaborating with China on joint ventures, joint research, and other projects.



Conservation of Resources

To address the global problems of resource depletion and environmental pollution, we urgently need to develop a material-cycle society that will lower natural resource consumption and reduce the impact on the environment. In response, we are consuming fewer resources during product manufacturing. We are also boosting resource recycling by cutting emissions during production and converting waste into raw materials and energy, as well as reusing end-of-life products.

Developing Technologies for Rare Metal Recovery

We will soon be recycling scarce or difficult-to-extract rare metals. In particular, rare earths used in energy-saving air conditioners, washing machine motors, and hybrid cars are being recovered using acids and alkalines and other technologies with a heavy environmental burden. Additionally, we are developing technologies that will further reduce or eliminate that burden and its associated costs, by enabling more efficient separation and recovery. We plan to have these recycling operations running by 2013, recovering around 10 percent of the rare metals used annually by the Group.

Ecosystem Assessment Guidelines at Hitachi Chemical

Reducing Waste Emissions

To reduce the amount of both valuable and non-valuable wastes, we have been improving production and manufacturing processes, recycling raw materials and changing packaging specifications. In fiscal 2009, we achieved a 33 percent reduction in waste emissions from 2000 within the total-waste reduction group.^{†1}

We recycle resources through methods such as reuse, material recycling, and thermal recycling (recovering and using heat energy from incineration), while also reducing the environmental burden.



Result from the total-waste reduction group

Preservation of Ecosystem

The UN Millennium Ecosystem Assessment shows that the rapid changes that people have made to the earth's ecosystem are reducing the benefits supplied by this ecosystem.

To lighten the ecosystem burden imposed by our own social and corporate activities, we are contributing to the preservation of the ecosystem and biological diversity in the three areas shown below.

Reducing VOC Emissions

We are cutting emissions of the volatile organic

<p>Contribution through business</p> <p>Supply products and services that protect the ecosystem through air, water, and soil purification.</p>	<p>Water treatment system for ship ballast water (seawater used as weight to keep a ship balanced) / advanced sewage processing system / denitration catalyst for separating nitrogen oxides from boiler and power plant exhaust gases / management system for chemicals contained within products</p>
<p>Contribution through environmental management</p> <p>Gauge and reduce the ecosystem burden from corporate activities</p>	<p>Wastewater outflow reduction / reduced chemical substance use / recognition of the biogenic nature of raw materials / greenhouse gas emission reduction / material-cycle promotion</p>
<p>Nature protection activities</p> <p>Contribute to ecosystem recovery through afforestation, etc.</p>	<p>Afforestation by Hitachi employees / management of more than 800,000 trees within Hitachi grounds / support for endangered species protection</p>



Ayako Kohno, Hitachi Chemical

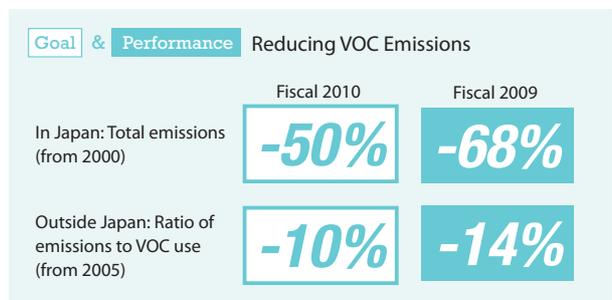
The Corporate Ecosystem Services Review (ESR) is a structured methodology for understanding the impact of companies on ecosystems, as well as corporate dependence on ecosystems, and identifying business risks and opportunities. The World Business Council for Sustainable Development designed this evaluation tool in collaboration with the World Resources Institute and the Meridian Institute.

Hitachi Chemical provides a Japanese translation of the ESR on the Internet in order to promote the use of this method among Japanese companies. As well, we are using the ESR methodology ourselves to deepen our understanding of the impact of business activities on ecosystems.

The Corporate Ecosystem Services Review (ESR)

<http://www.wbcsd.org/Plugins/DocSearch/details.asp?DocTypeld=25&Objectld=Mjg5NjQ>

compounds (VOCs) that cause air pollution. Based on a program from the Ministry of the Environment to reduce VOC emissions, our own emission reduction plan covers 41 VOCs, replacing them with alternative substances and installing equipment to recover and neutralize VOCs. In fiscal 2009, we reduced our VOC emissions in Japan to 68 percent of the year 2000 level. Outside Japan, given that manufacturing is relocating there and production is rising, goals for these plants have been set using an index of the ratio of emissions to VOC use. In fiscal 2009, we cut this emission ratio^{†2} by 14 percent from the 2005 level.



^{†1} **Total-waste-reduction group:** Group of business sites using a fixed amount of waste as a reduction goal. The other group of business sites uses the amount of waste per unit of production as the reduction goal because of the particular characteristics of the waste generated by those sites.

^{†2} **Emission ratio** = VOC emissions/total VOCs handled



CSR Management at Hitachi

Following a roadmap to support a better, more affluent society for all humankind

1935

A Century of Service

Welcome Speech to New Employees

When addressing new employees, Hitachi founder Namihei Odaira would state, "I want you to contribute more to national (social) progress than profits." His statement remains integral to Hitachi's corporate credo of "contributing to society through the development of superior, original technology and products," a sentiment that is shared around the globe.

"I intend and wish to contribute to the development of Japan's machinery industry and to a prosperous destiny for the nation.

All should know that working for the company is not merely about making profits. I believe that you well understand that this is the essence of Hitachi's Founding Spirit, which has been cultivated."

Namihei Odaira's address to new employees in 1935

Corporate Governance

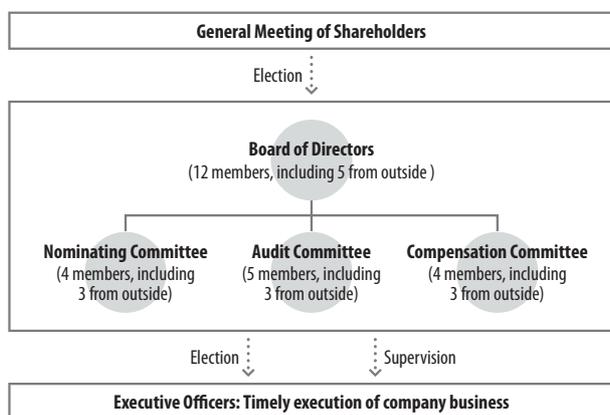
By enhancing corporate governance, the Hitachi Group is promoting speedier, more efficient management and is meeting the expectations of stakeholders as a business that merits the public's trust

Strengthening Governance

We operate on the committee system¹¹ to more effectively manage oversight by bringing in outside directors and to speed up decision making by giving executive officers broader powers. We have also set up a Group-wide system of internal controls, strengthened governance and management efficiency, and will continue to work hard to earn the trust of all stakeholders.

To reinforce the role of the Group headquarters, we have strengthened guidelines on the environment, compliance, and risk management, and internal audits. In addition, we have implemented Group-wide audits of our Group companies. We are striving to enhance corporate value through close communications with all stakeholders.

Governance Structure of Hitachi, Ltd.



Executive Compensation

Compensation for every director and executive officer is set by the Compensation Committee based on the Japanese corporate law governing companies with committees.

Compensation for directors and executive officers consists of monthly salaries together with year-end allowances for directors and performance-based bonuses for executive officers. While compensation for directors is generally fixed, performance-based bonuses for executive officers are set at around 30 percent of annual compensation. Bonuses are determined individually according to business performance and the outcome of work carried out under the officers' management.

Monetary compensation is the basis of the compensation system. Beginning with compensation for fiscal 2008, the scheme for directors and executive officers was revised to eliminate retirement allowances. In fiscal 2009, executives were compensated as follows:

Director Compensation

Category	Salaries and year-end allowances or performance-based bonuses	
	Recipients (number)	Total amount (millions of yen)
Directors (outside directors)	11 (5)	246 (87)
Executive officers	28	1,076
Total	39	1,322

* The number of directors indicated excludes the four directors who serve concurrently as executive officers.

* Compensation to directors includes the monthly salary, from April 2009 to the time of retirement, of the one director who retired on the expiration of his term, effective at the close of the 140th Ordinary General Meeting of Shareholders on June 23, 2009.

* Compensation to executive officers includes the monthly salary, from April 2009 to the time of retirement, of the one executive officer who retired on the expiration of his term, effective June 23, 2009.

Internal Control

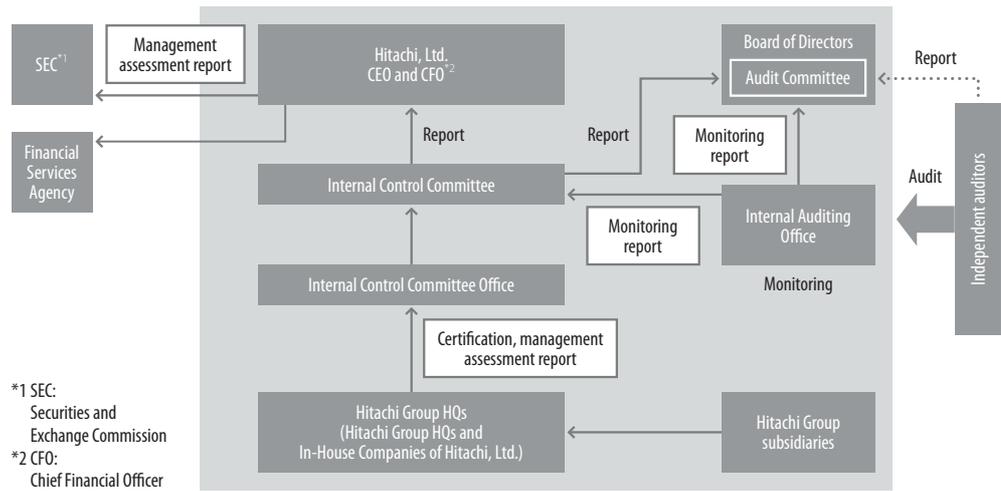
As a public company listed on the New York Stock Exchange, Hitachi, Ltd. is registered with the U.S. Securities and Exchange Commission and is subject to the Sarbanes-Oxley Act.¹² A comparable internal control evaluation and reporting system (J-SOX¹³) came into effect in Japan at the beginning of fiscal 2008. Accordingly, the Hitachi Group as a whole and all listed Group companies now evaluate internal control systems and report the results on a consolidated basis.

We are committed to full compliance with these and other applicable laws and regulations. Beyond that, we consider it an important social responsibility to re-engineer our internal control systems, to improve the transparency and credibility of our businesses, and to strengthen our management structure by clarifying, examining, and visualizing our management and operational frameworks.



Internal Control Handbook

Hitachi Internal Control Assessment Framework



*1 SEC: Securities and Exchange Commission
 *2 CFO: Chief Financial Officer

As a conglomerate of many companies, we have adopted a framework that assigns accountability at the Group level, including responsibilities for the design and operation of internal controls. Therefore, Hitachi Group companies are required to revise, document, and evaluate the effectiveness of their operations in line with guidelines determined by specific levels of corporate scale and business content. Management assessment of each company is collected at the Group level, and is reported to Hitachi, Ltd. along with certifications.

Group Management

In the Hitachi Group, we strive for a management approach that fosters synergy among companies by nurturing connections while respecting each company's independent creativity. To maximize Group synergy and make optimal use of Group management resources, we are currently developing whole Group management policies through the Group Strategy Committee that was established in April 2006.

Hitachi, Ltd. instituted an in-house company system in October 2009 to encourage businesses to assume responsibility for swift management action and to become more competitive by restructuring, particularly in the social innovation businesses. These six in-house companies (businesses) are Power Systems, Industrial & Social Infrastructure Systems, Urban Planning and Development Systems, Information & Control Systems, Information & Telecommunication Systems, and Defense Systems.

t1 **Committee system:** A corporate governance system where a board of directors makes basic policy decisions and oversees the execution of business by executive officers, while the executive officers, appointed by the board of directors, execute the company's business affairs
 t2 **Sarbanes-Oxley Act (SOX):** Section 404 of this act, enacted in July 2002, mandates company management with the responsibility of establishing, maintaining, and evaluating internal control over financial reporting, and requires that control be assessed by independent auditors.

t3 **J-SOX:** A framework for evaluating and reporting internal control over financial reporting under the Japanese Financial Products Transaction Law. It came into effect with the promulgation of the Financial Instruments and Exchange Law in June 2006 and has been applied since April 2008.

CSR Promotion Activities

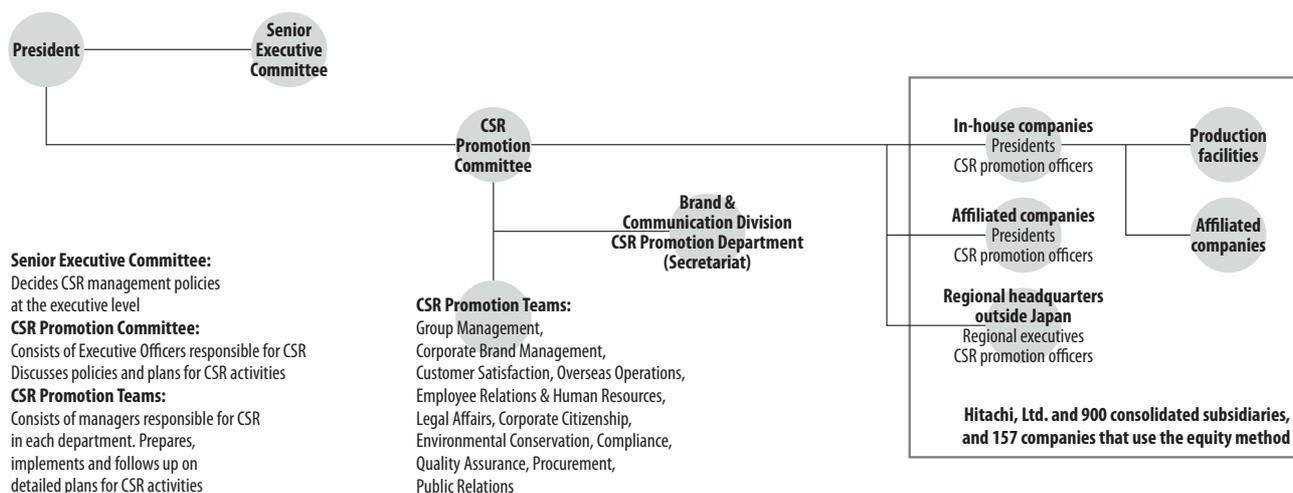
Objective view to strengthening CSR management

Striving to Be a Global Leader in CSR

In fiscal 2006, we established a three-year roadmap to guide us in becoming a global leader in CSR. The following are the fiscal 2009 results of the implementation plans for each item of the CSR Policy of the Hitachi Group. Implementation plans for fiscal 2010 are also shared below.

In fiscal 2010, we created a new Five-Year CSR Roadmap with the goal of becoming a truly global enterprise by 2015. The new roadmap uses key performance indicators to guide our efforts in the effective implementation of that goal.

Structure of Hitachi Group CSR Promotion



Fiscal 2009 Results and Fiscal 2010 Plans

CSR Policy of the Hitachi Group	Hitachi Group Activities in Fiscal 2009	Results in Fiscal 2009	Achievement Level	Page(s)	Fiscal 2010 Goals / Plans
1. Commitment to corporate social responsibility	• Implement CSR e-learning courses in Asian countries	• Implemented CSR e-learning courses in Singapore, Malaysia, Thailand, the Philippines, Indonesia, India, and Vietnam (average attendance rate was 80 percent)	***	—	• Increase number of companies worldwide using the Hitachi Group CSR Self-Assessment Tool • Strengthen risk management system
	• Increase the number of Group companies using Hitachi Group CSR Self-Assessment Tool globally	• Twenty-four Group companies in Japan used our CSR Self-Assessment Tool in fiscal 2009 (up from 22 in fiscal 2008) • Produced an English version that eight Group companies outside Japan used (four each in North America and India)	***	p. 5	

2. Contribution to society through our business	<ul style="list-style-type: none"> Introduce materiality process¹ and incorporate it into corporate strategy, business operations, and management decision making 	<ul style="list-style-type: none"> Launched projects to assess businesses from CSR perspective 	★★	p. 5	<ul style="list-style-type: none"> Implement CSR-oriented business assessments and reflect the results in business strategy, operations, and/or management issues Continue to implement process improvement for business divisions prioritized by the need for quality improvement and to reinforce <i>OCHIBO HIROF</i>² activities Increase sales ratio of Eco-Products Help reduce CO₂ emissions through Hitachi products and services Set up global, Group-wide Internet inquiry response network Expand access to and enhance “Web Inquiry Responsiveness Improvement Course”
	<ul style="list-style-type: none"> Put a stop to serious accidents and foster global QA (quality assurance) leaders 	<ul style="list-style-type: none"> Continued to implement process improvement for business divisions, prioritized by the need for quality improvement Conducted reliability courses to educate quality assurance staff in China and Thailand (basic course four times and intermediate course once) 	★★★	pp. 37–39	
	<ul style="list-style-type: none"> Strengthen Group network of Web sites for general customer inquiries 	<ul style="list-style-type: none"> In fiscal 2009, launched “Web Inquiry Responsiveness Improvement Course,” with 76 Group employees participating 	★★	p. 39	
3. Disclosure of information and stakeholder engagement	<ul style="list-style-type: none"> Issue clear, concise <i>Environmental Sustainability Report</i> 	<ul style="list-style-type: none"> Published <i>Hitachi Group Environmental Sustainability Report 2009</i> (in Japanese and English), focusing on environmental reporting Began using third-party reviews of environmental performance data in fiscal 2009 	★★★	1–iii p. 103	<ul style="list-style-type: none"> Engage in global stakeholder dialogues Strengthen internal dissemination of CSR information
	<ul style="list-style-type: none"> Conduct dialogues with stakeholders in all overseas regions 	<ul style="list-style-type: none"> Engaged in dialogue with stakeholders, particularly with EU policymakers 	★★	p. 5	
	<ul style="list-style-type: none"> Improve transparency and disclose more information on CSR Web site 	<ul style="list-style-type: none"> Disclosed details of progress on causes and responses to an issue that arose in fiscal 2009: misleading representations of refrigerators Improved disclosure of diversity initiatives 	★★	pp. 30–31 p. 19 pp. 58–61	
4. Corporate ethics and human rights	<ul style="list-style-type: none"> Develop a global education program on human rights 	<ul style="list-style-type: none"> Implemented e-learning courses on human rights for all 260,000 Group employees in Japan (more than 207,000 employees, or around 80 percent, participated) 	★★	p. 17	<ul style="list-style-type: none"> Expand global human rights initiatives Continue to hold Hitachi Group Corporate Ethics Month every October Raise compliance awareness relating to operations outside Japan
	<ul style="list-style-type: none"> Implement e-learning compliance programs in Asian countries 	<ul style="list-style-type: none"> Implemented compliance e-learning courses in Malaysia, Thailand, the Philippines, and Indonesia (average attendance rate was 80 percent) 	★★★	—	
5. Environmental conservation	<ul style="list-style-type: none"> Promote and expand integrated EMS certification 	<ul style="list-style-type: none"> Certification acquired: Industrial & Social Infrastructure Systems Company of Hitachi, Ltd.; Hitachi Industrial Equipment Systems Co., Ltd.; Hitachi Life, Ltd.; Hitachi Intermedix Co., Ltd.; and Hitachi Consumer Electronics Co., Ltd. (Five Group companies certified, compared with a target of three.) 	★★★	pp. 79–80	<ul style="list-style-type: none"> Help reduce CO₂ emissions through Hitachi products and services Target amount for the year: 14 million tonnes Increase Super Eco-Product ratio to 30 percent
	<ul style="list-style-type: none"> Increase Super Eco-Product ratio to 22 percent Register eight more Super Eco-Factories and Offices (for a total of 24) 	<ul style="list-style-type: none"> Achieved Super Eco-Product ratio of 22 percent Registered seven more Super Eco-Factories and Offices (accumulated number of sites reached to 32, exceeding fiscal 2010 target of 30) 	★★★	p. 85 p. 91	
6. Corporate citizenship activities	<ul style="list-style-type: none"> Continue implementing programs on global environmental themes 	<ul style="list-style-type: none"> Continued tree planting and other programs in China, Thailand, the Philippines, and Japan 	★★★	pp. 49–51	<ul style="list-style-type: none"> Deploy programs where employees contribute to society, focusing on biodiversity Implement social contribution programs in emerging countries and markets to meet their social needs Undertake social contribution programs covering the environment, energy, and other areas
	<ul style="list-style-type: none"> Continue implementing programs for emerging countries and markets to meet their social needs 	<ul style="list-style-type: none"> Undertook programs to support training for young South African and Indian engineers Implemented educational support programs for children in China 	★★★	pp. 48–49	
	<ul style="list-style-type: none"> Expand educational support programs (further improve visiting lectures on Universal Design) 	<ul style="list-style-type: none"> Held Universal Design (UD) classes at 18 schools Strengthened and improved programs for volunteers to raise the quality of their activities 	★★★	—	

7. Working environment	<ul style="list-style-type: none"> Promote diversity awareness in the Hitachi Group (encourage information exchange and development of shared tools through the Diversity Development Group Committee) 	<ul style="list-style-type: none"> Held Diversity Development Group Committee meetings, sharing information on best practices and Group examples (19 Group companies participated in four gatherings in fiscal 2009) Continued to participate in Work-Life Balance Promotion Project of the Ministry of Health, Labour and Welfare 	★★★	p. 19 p. 59	<ul style="list-style-type: none"> Promote more female employees as executives and managers Encourage employment of more people with disabilities within the Hitachi Group
	<ul style="list-style-type: none"> Develop a training curriculum for confirming and learning through experience the values and conduct shared by all Hitachi employees 	<ul style="list-style-type: none"> Completed Hitachi Basis, a shared basic education program, and deployed it throughout the Group Produced 80 different videos to train and re-educate employees in the Hitachi Founding Spirit and Corporate Credo Established Web portal to enhance sharing and access to educational programs among Group company employees and education officers 	★★★	pp. 56–57	
8. Responsible partnership with business partners	<ul style="list-style-type: none"> Revise the Guidelines for Procurement Activities and publish <i>Hitachi Group Supply-Chain CSR Deployment Guidebook</i> and implement it among suppliers 	<ul style="list-style-type: none"> Completed revisions of Hitachi Guidelines for Procurement Activities and <i>Hitachi Group Supply-Chain CSR Deployment Guidebook</i> and shared them with Group companies 	★★	p. 17	<ul style="list-style-type: none"> Rebuild supply chain from global perspective Support voluntary environmental management initiatives by suppliers through New MMM Club³
	<ul style="list-style-type: none"> Expand the scope of monitoring of suppliers 	<ul style="list-style-type: none"> Surveyed 255 companies to monitor suppliers (compared with 100 in fiscal 2008), with 132 companies responding 	★★	p. 17	

*1 The materiality process includes activities where stakeholders participate to clarify important issues influencing society and management.

*2 *OCHIBO HIROI* (gleaning) is Hitachi's program for adopting the customer's perspective when reflecting on past incidents and working to prevent recurrences.

*3 MMM Club is an organization run primarily by suppliers who have acquired environmental certification through Hitachi's activities to support suppliers' environmental safety programs. The three Ms come from the first letter of *mottainai* (regrettable waste), now an international environmental term.

★★★ Achieved

★★ Partially achieved

Compliance and Risk Management

Raising employee awareness and understanding to strengthen compliance

Preventing the Recurrence of Misleading Representation

In April 2009, Hitachi Appliances, Inc. was found to have misrepresented facts in its Refrigerator General Catalog, in newspaper advertisements and posters, as well as on its Web site. As a result, Hitachi Appliances received a cease and desist order from the Japan Fair Trade Commission under the Act against Unjustifiable Premiums and Misleading Representations. The misrepresentations included statements that recycled resin was used in the flexible vacuum insulation panels for all nine of the company's main refrigerator models that went on sale after September 2008. In fact, the recycled resin was only used in some of these models.

In addition, Hitachi Appliances returned the 2008 Energy Conservation Grand Prize (ECCJ Chairman's Prize) that was received for its nine refrigerator products on February 10, 2009.

To prevent misrepresentations and improve transparency in product information, Hitachi Appliances established product-specific working teams made up of persons in charge of design and development, product planning and advertising. These teams are responsible for adding environmental information to existing specifications and for ensuring that advertising is fully in line with specification descriptions.

External Document Management Offices have been created in all Hitachi Appliances production facilities, and a Documents and Expression Auditing Office was set up within the head office. These enforcement offices examine product representations and monitor their operation.

Home appliance catalogs were comprehensively reviewed, not only checking specifications and catalog representations but also checking, for example, that expressions could not be misunderstood, that the basis for figures had been confirmed, that notes were sized and placed for visibility, and that font colors were easy to see. Consideration went so far as including whether or not expressions were customer friendly and easily understood. It was decided that the traditional table format listing all functions made it difficult for customers to understand

product features and customer benefits. As a result, catalogs published in and after fall 2009 have offered only three key recommendations, presenting these on the cover and opening page.



Revision Point 1
Catalog cover provides key product information to better inform the customer

Refrigerator General Catalog (Fall 2009)
Some content has been changed in the current catalog

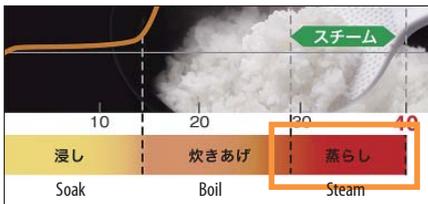
In addition to sustaining the above activities, we will work to produce easily understood catalogs that cater to all types of customers, using the principle of Universal Design to redesign language and boost visibility and readability.

We have been examining misrepresentations and similar cases across the Hitachi Group, identifying common issues and taking steps to prevent recurrences of similar mistakes and/or improve transparency.

Hitachi Group companies have clarified their provisions for handling product environmental information, instituted employee education based on these provisions, and conducted internal audits to enforce proper implementation of the provisions.

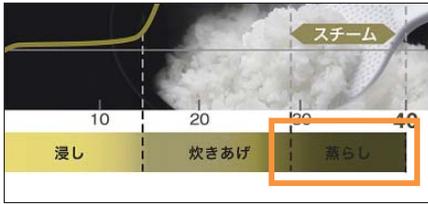
An advisory group on product environmental information and expression has now been established with the cooperation of non-Hitachi experts. The group regularly checks whether the product environmental information disclosed by Group companies is appropriate and provides guidance. In fiscal 2009, the group engaged in three such checking exercises.

In December 2009, Hitachi Appliances' Tochigi Works,

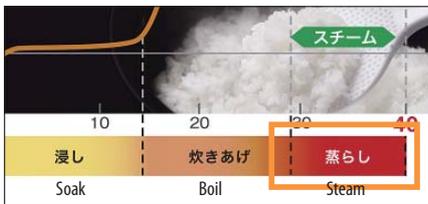


Before revision

Rice Cooker Catalog
(June 2009)

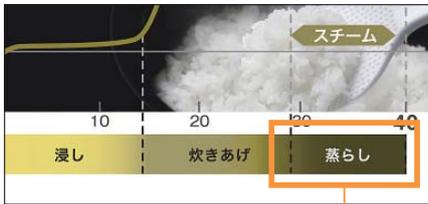


Color-blind simulation



After revision

Rice Cooker Catalog
(October 2009)



Color-blind simulation

Revision Point 2

Color use was improved to bring Universal Design to catalogs

which manufactures products such as refrigerators and air conditioners, was opened to the media. An exchange of views was also held with consumer groups and NGOs, explaining efforts to date and gathering valuable input for further action.

Continuing Activities with a Consumer Perspective

External Advisors, Advisory Group on Product Environmental Information and Expression

Yukiko Furuya, Board Member, Nippon Association of Consumer Specialists
Hideto Kawakita, CEO, International Institute for Human, Organization and the Earth

We appraise the Group-wide approach to preventing a recurrence of the recent product misrepresentation incident, as well as efforts to design catalog language—not limited to environmental information—more easily understood by consumers.

For consumers, product descriptions provide basic information for their buying choices. We look forward to the Hitachi Group making further progress in changing employee mindsets and pursuing, as a management mechanism, sustained and effective action that incorporates a consumer perspective. This should include disclosing information not only through catalogs but also various other media, and contributing to environmental load reduction in partnership with consumers.



Violations on Bidding for Public Contracts and Initiatives for Prevention

Action (in Japan)	Period	Punishment	Steps for Prevention
Bidding on contract for electrical instruments and construction of mechanical facilities for the Kohoku Water Supply Bureau's new Tamari waterworks	March 1999	Interference with competitive bidding Court ruling: Sept. 2002 Business suspension order: Oct. 2002	Established Compliance Division / carry out audits and guidance on business activities / thorough sales education / improved work process / established advisory committee of outside members for oversight
Bidding on special pump facility construction for Tokyo Bureau of Sewerage	April 1999–July 2003	Violation of Antimonopoly Law Order for payment of fine: Aug. 2008 Business suspension order: Nov. 2008	Established a compliance division within the Social Solutions Business Division to strengthen training and guidance
Bidding on construction of tunnel ventilation equipment on the Shinjuku route of the Metropolitan Expressway, Tokyo	2004	Violation of Antimonopoly Law Order for payment of fine: Sept. 2006 Business suspension order: Feb. 2007	Expanded use of notebooks for recording compliance data,* strengthened training and audits
Bidding on a City of Sapporo contract for electrical equipment construction related to a sewage disposal facility	April 2003–Dec. 2005	Violation of Antimonopoly Law Order for payment of fine Cease and desist order: Oct. 2008 Business suspension order: March 2009	Interviews conducted by executives of all sales employees involved / request for signed pledges / additional expansion of training and audits

* In these notebooks employees keep a record by themselves that they avoided situations that would have been illegal or that they suspected may have been illegal.

Preventing Recurrences of Antimonopoly Law Violations

We act in harmony with our basic principles of “conduct in accord with the rule of law and ethical corporate integrity” and “fair and orderly competition.”

Regrettably, criminal penalties were imposed on employees who engaged in bid rigging on a government contract in September 2002, and administrative dispositions were issued against Hitachi, Ltd. in September 2006, and in August and October 2008 for violating the Antimonopoly Law.

We reflected deeply on these cases, having senior executives communicate with employees about them and the executive in charge interviewing all the sales representatives, as part of many steps to strengthen compliance awareness.

In June and July 2009, we responded to the revision of the Antimonopoly Law by educating all sales division heads about this legislation, and required them to convey those messages throughout their divisions. In January 2010, we disseminated executive messages and updated our *Antimonopoly Law Handbook*, distributing around 55,000 copies, including to Group companies. We will continue to improve compliance awareness among all employees by strengthening and being more thorough with audits and training.

Compliance Reporting System

To prevent illegal or unethical behavior, to promptly address infractions, and to enhance the ability to self-regulate, we instituted a company-wide compliance reporting system. Employees can now report directly to the division responsible at Hitachi (Compliance Division) or to an outside attorney. This system can be used not only by our employees but also by employees of Group companies, former employees, suppliers, and temporary staff. Another system—Channel to the Board of Directors—has been introduced to allow employees to report problems anonymously straight to Hitachi’s board of directors.

Report Flow



Protecting Personal Information and Information Security

The Hitachi Group emphasizes two points in policies to protect personal information and information security:

(1) Precautionary measures and prompt security responses

Hitachi clearly classifies information assets to be protected and takes safeguarding measures based on vulnerability and risk analysis. We also have an emergency manual for security breaches, based on the assumption that these are inevitable, not just possible.

(2) Promotion of stronger ethical and security awareness among data users

Hitachi has prepared a curriculum tailored to various personnel levels—staff, managers, etc.—and is working to raise the prevailing sense of ethics and security awareness through Group-wide education using e-learning. We are also working on the use of audits to identify and address problems early on.

Protecting Personal Information

We established a personal information protection management system based on our Personal Information Protection Policy. With this system, through e-learning courses for all employees and through periodic audits, we ensure the protection and safe handling of personal information.

In March 2009, we renewed Privacy Mark^{†1} certifications earned in March 2007. As of March 2010, 71 Hitachi Group companies had received Privacy Mark certifications.

Odaira Memorial Tokyo Hitachi Hospital earned the Privacy Mark certification in July 2007, renewing it in July 2009. Hitachi Yokohama Hospital and Ibaraki Hospital Center were certified in June and July 2009, and they are taking measures for the protection and handling of the personal information of patients and other individuals.

Personal Information Protection Policy

<http://www.hitachi.com/privacy-e/index.html>



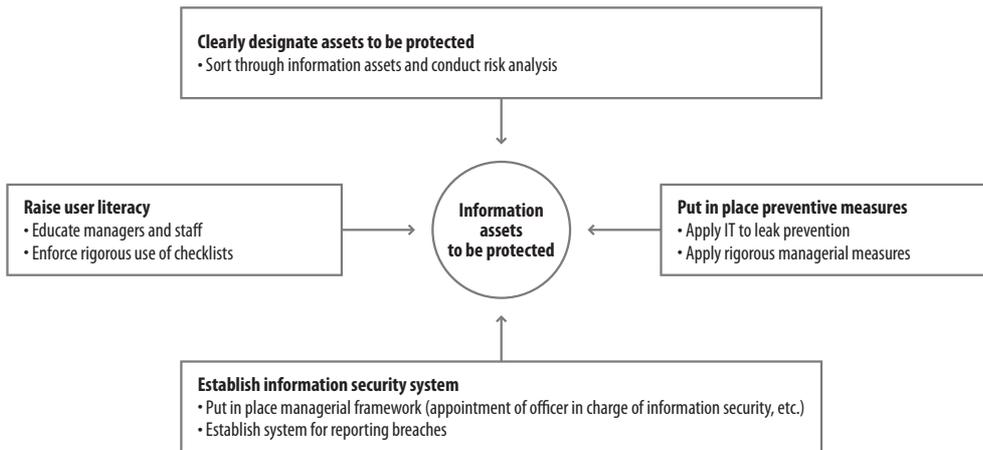
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Privacy Mark

Information Security Initiatives

The rapid spread of digital information and computer networks has made it crucial for businesses to strengthen information security to maintain public trust. We are constantly working to prevent security breaches by applying the Three Principles for Preventing Leakage of Confidential Information. Using this system to minimize damage in the event of a breach, we promptly contact customers, report to the government agency responsible, investigate the cause, and take steps to prevent a reoccurrence.

Basic Approach to Information Security Governance



Other measures are taken to prevent unauthorized information disclosure throughout the Group. These measures include: *Hibun* encryption software; security PCs that do not store data; document access control and *Kat-subun* data handling software; and filtering systems for unauthorized or malicious e-mail and/or Web sites.

In line with the Global Information Security Administration Standards, Group companies outside Japan are also making every effort to strengthen information security. Details regarding information security are provided in the Information Security Report.

Three Principles for Preventing Leakage of Confidential Information

Rule 1.

In principle, confidential information cannot be taken from the workplace.

Rule 2.

Permission must be obtained from an information assets administrator when employees are required to take confidential information from the workplace for business.

Rule 3.

Necessary and appropriate measures to prevent information leaks are mandatory for confidential information that needs to be taken from the workplace for business.

Notes:

1. Confidential information includes all trade information for which access is restricted to internal areas and relevant third parties.
2. These rules also apply to confidential information taken from customer business sites.

Export Control

For basic export control, we use the Hitachi Standards of Corporate Conduct, which states that we “shall help maintain international peace and security through compliance with trade laws and regulations.” We adopted rules for controlling security exports based on this policy in 1987, and we continue to strive for the strictest possible export controls.

This means screening the destination, end-use, and end-user of all goods and technologies intended for export and promoting all legal compliance. In addition, we are promoting Group-wide export controls by providing guidance to all Hitachi Group companies on rules and a framework for export control, as well as supporting education and compliance training to ensure that every Hitachi employee and business follows the same export control policies.

In fiscal 2009, we provided a basic e-learning course in response to the introduction of border controls associated with the revision of the Foreign Exchange and Foreign Trade Control Law. We also continue to hold workshops for export control practitioners in China, and have started a basic Chinese-language e-learning course on these controls.

Respect for Intellectual Property

Our basic policy is to respect intellectual property rights (IPR). We respect the IPR of other companies, just as we expect them to respect ours. To be certain of honoring other companies’ IPR, we work hard to avoid patent infringements during product development, stipulating in Group regulations that preliminary surveys must be carried out to determine the coverage of other companies’ patents. Before using another company’s intellectual property, we negotiate and obtain a license. For our own intellectual property, we provide licenses to businesses wishing to make use of these assets, operating on the principle of compensated sharing. If another business is found to have violated our IPR, we encourage that business to acquire the necessary licensing, and we will take legal action, if necessary. The Hitachi Group periodically holds intellectual property conferences and shares information about the Group’s intellectual property policy and intellectual assets.

We are also taking proactive steps to stamp out counterfeit goods around the world, including those from China and other parts of East Asia, the Middle East, and Africa. We work with local authorities to protect the Hitachi brand by uncovering infringements of trademarks, cybersquatting, as well as other intellectual assets. Through these measures, we earn the confidence of markets, consumers, and government agencies, maintain order in markets where our products circulate, and protect consumer trust in the Hitachi brand.

We make considerable ongoing effort to increase awareness of the importance of respecting intellectual property. We provide regular training programs on the subject by career stage (e.g., new and midcareer employees and executives). External initiatives include dispatching employees to teach university classes and industry organization seminars on intellectual property issues.

Business Continuity Plans (BCPs)¹²⁾

To guard against risks, and being deeply committed to the social infrastructure, we are enhancing our BCPs to minimize the impact on society of any interruption to business operations.

Novel Strain of Influenza Action Plan and BCPs

Since December 2006, the Hitachi Group has disseminated the Guidelines for Formulation of BCPs to all Group companies to mitigate risks such as major natural disasters. In April 2008, as a precaution against a novel strain of influenza that gave rise to fears of a pandemic disease, we set up a special organization called the Risk Management Headquarters, headed by the president. In the event of a pandemic outbreak, the Risk Management Headquarters will take the lead in securing the safety of all Hitachi Group employees and their families. Every effort will be made to ensure that operations essential for maintaining social functions, such as medical services, public security, and lifelines, are continued without interruption.

As part of these preparations, we formulated the Guidelines for Pandemic Influenza Preparedness in June 2009 and distributed them to all Group companies. These guidelines include specific criteria for action in the event of a pandemic as well as pilot BCPs covering the maintenance of power plants, financial services, and elevators to ensure the continuity of essential services.

Based on the Guidelines for Formulation of BCPs and the Guidelines for Pandemic Influenza Preparedness, all Hitachi Group companies are formulating BCPs for their operations so that they are fully prepared for emergencies.

Table Top Exercise to Prepare for Large-Scale Disaster

In June 2010, Hitachi Works held a table top exercise based on a large earthquake. The goals of this exercise were to swiftly restore generator manufacturing and maintenance and other social infrastructure operations and to contribute to the recovery of the social infrastructure after major damage. This was their second such exercise since 2001 and it was more realistic, as it took into account climate changes over the years. The roughly 50 employees taking part provided information, requested assistance, and took other response measures. They learned through this emergency simulation to make decisions calmly and to act quickly.

We have held disaster simulation exercises annually since 1998—so far at 17 sites throughout Japan. In addition, we check disaster response preparedness with monthly drills that use a satellite communications system.



The disaster simulation exercise

Providing Information through Our Intranet

The Hitachi Group intranet has included a risk response page since April 1997. This Web page features information from wire services and Japan's Ministry of Foreign Affairs as well as problems that Hitachi Group employees have experienced. If emergencies arise, this page presents responses and alerts based on top management policies



Risk response page on intranet

and disseminates information on damage.

This Web page also adds or updates around 80 news items every day, and the average access count is about 400,000 every month. The number of monthly page views exceeded one million in 2009, when the H1N1 novel influenza spread worldwide, underscoring the essential role that the intranet risk response page plays in our risk response activities.

†1 **Privacy Mark:** Certification awarded by the Japan Information Processing Development Corporation to companies and organizations to recognize effective personal information management

†2 **Business Continuity Plan (BCP):** A plan for ensuring the continuation of core operations and for promptly restoring operations in the event of a disaster or accident



Living Together with Society

We help customers, suppliers, employees, and local communities pursue social prosperity through our products and activities

1953

A Century of Service

Hitachi Henjin-kai

Dr. Kumeo Baba, one of the founding members of Hitachi, Ltd., was devoted to developing highly skilled engineers. He established the predecessor to the current Henjin-kai in commemoration of reaching a target of 30 doctoral degree holders. In the early days, the association was called Henjin-kai using the *kanji* (Chinese characters) that mean “eccentric person,” based on Dr. Baba’s statement that, “truly advanced discoveries can be expected from eccentrics who have escaped from the norm. Don’t be ordinary or even talented—be eccentric.” Later on the association changed the characters to encompass the idea of returning to the pure human state of love and benevolence. Today, the association has over 2,000 members including former employees active in their respective fields, and many in mentoring their successors.



Improving *Monozukuri* and Service

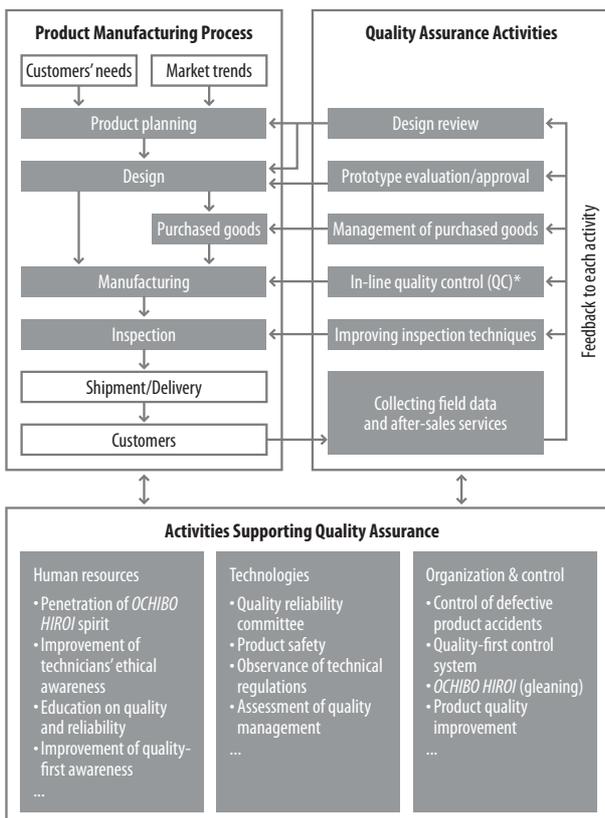
Protecting our tradition of *monozukuri* craftsmanship while improving product and service quality worldwide

Ensuring Product and Service Quality

With our tradition of *monozukuri* craftsmanship that places top priority on quality and our motto of “providing customers with the highest quality products and services,” we conduct thorough quality assurance activities in everything from product planning and delivery through after-sales service.

As part of our painstaking work to ensure product safety and compliance, and to cultivate human resources, we recently began focusing on raising the quality of products and services outside Japan, with a particular focus in China and throughout Asia.

Quality Assurance Flow Chart



* In-line QC: Review and verification for identifying potential defects at the development and prototype stages of the product life cycle.

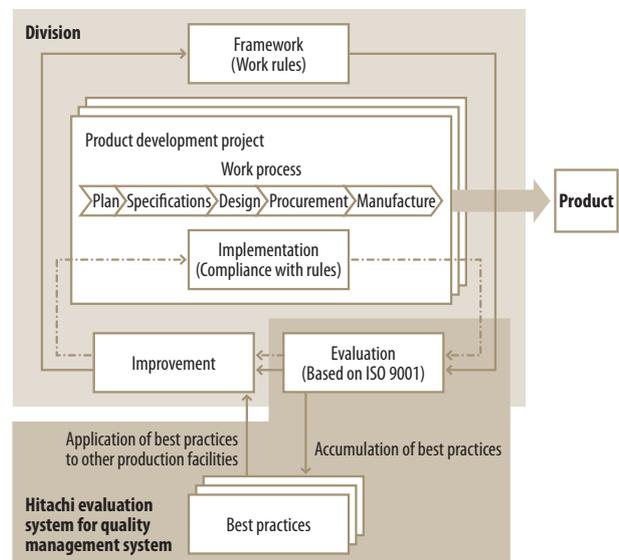
High-Quality *Monozukuri* through Improved Work Processes

To provide high-quality products and services, it is vital

to continually improve the quality of planning, design, manufacturing and other processes. To ensure ongoing improvement while implementing the PDCA (plan-do-check-act) cycle, we use the internally developed Hitachi Evaluation System for Quality Management.

This system quantifies the extent to which a project follows procedures and whether there are process issues. Staff can address problems by referring to a database of examples of advanced responses at other divisions. In fiscal 2009, this system was used at 45 divisions of Hitachi, Ltd. and 21 Group companies. Teams from the Corporate Quality Assurance Division regularly visit divisions requiring considerable improvement to assess work processes, focusing on improvement.

Hitachi Evaluation System for Quality Management



Training to Boost Quality and Reliability

We develop training courses for all technical and skill levels at divisions engaged in design and quality assurance. The courses include “Reliability: Fundamentals and Applications,” “Product Safety,” and “Engineering Ethics.” The “Engineering Ethics” course, for example, introduces managers to the views of experts and presents case studies, with participants discussing workplace issues while recognizing the importance of individual commitment to

ethical thinking, leadership and action.

More than 50,000 employees have taken the "Introduction to Engineering Ethics" e-learning course since its 2004 debut. In fiscal 2009, we augmented general management training with a course that reaffirms the attitude of a Hitachi engineer and solidifies *monozukuri*.

Hitachi Works, located in Hitachi City, Ibaraki Prefecture, Japan, maintains a quality assurance training center to boost production, inspection, and maintenance skills. Other locations and manufacturing sites offer their own specialized technical courses.

Handling Product Accidents

Safety is our top priority. When products malfunction, we swiftly resolve the problem by drawing on division assets and by coordinating with other business units. In especially serious cases, we evaluate the scope of the damage, carefully investigate the cause, submit a status report to top management, and take fast remedial action. At the same time, we promptly comply with legal requirements to report to government agencies, and we then publish information on the incident on our Web site to inform the public in a timely manner.

When we respond to possible product accidents, we

notify the public through newspaper advertisements, press releases, our Web site, and/or other means and then repair or replace the affected products. Our Web site is used to provide detailed product safety information.

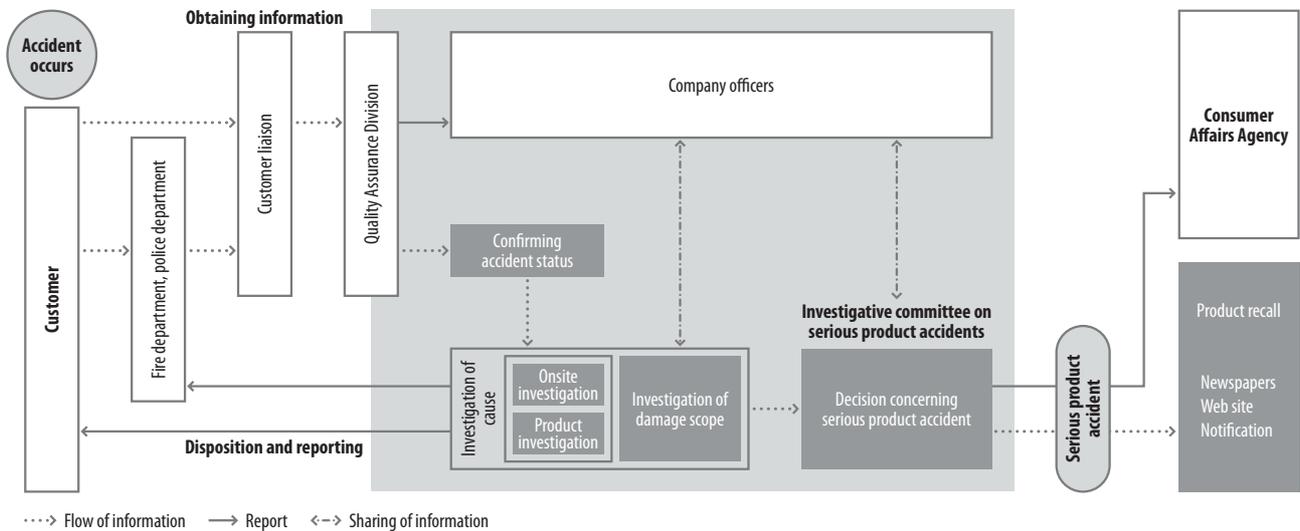
Strengthening Quality Assurance (QA) Systems in China and throughout Asia

China and other Asian nations account for much of our offshore production. We are therefore reinforcing systems and training to improve quality there. One example is the Shanghai Product Quality Assurance Center. It hosts the annual Conference for QA Managers at Hitachi Group



"Basic Reliability Course" in Thailand

Response Flow in the Event of Product Malfunction



Other Key Quality Assurance Programs

	Overview
OCHIBO HIROI	This program name means "gleaning" in English, and focuses—from the customer's perspective—on ways to prevent product accidents from recurring. Quality assurance executives and officials hold large conferences to identify the motivational factors in major accidents as well as technical causes of those accidents, and then they take preventive measures. We use their findings to enhance product quality, improve safety and ensure reliability.
Product Safety Initiatives	To deliver safe products and services, we combine expertise and technologies from such diverse areas as planning, research, design, manufacturing, quality assurance, and maintenance. The safety of life, body, and property are the top priorities in product development. Therefore, we verify design safety with divisions and research laboratories by collaborating on risk assessments.
Technical Law Compliance Activities	We take the initiative to ensure compliance with product liability, environmental, and other technical laws related to <i>monozukuri</i> . We distribute information on product regulations with amendment trends and enforcement dates in and outside Japan. We are also building a compliance management system for production plants. This approach allows us to focus on clarifying product-specific laws, to refine <i>monozukuri</i> compliance processes to satisfy ISO 9001 requirements, and to raise overall compliance awareness. In fiscal 2009, we conducted self-assessments under new compliance guidelines based on 2008 edition of ISO 9001 standards.

Companies to increase quality awareness and to share information. There were 40 key QA leaders from 29 Group companies at the January 2010 gathering.

We launched the "Basic Reliability Course" in fiscal 2008 for all divisional engineers with less than five years of service to raise quality awareness and improve their technical skills. In fiscal 2009, 53 people from 24 Chinese Group companies participated in classes in Shanghai, Beijing, and Guangzhou; 11 section chiefs from 7 other Group companies took the "Intermediate Reliability Course" in Shanghai. We began offering the "Basic Reliability Course" in Thailand in fiscal 2009, with 17 people participating from 10 local Group companies.

Building Customer Feedback into Our Products

Using the Customer Satisfaction (CS) Management Guidelines, one of the pillars of Hitachi's business management, we continue to improve CS with the goal of "creating innovation through collaboration with customers." We use CS surveys tailored to each business operation. In addition, we analyze customer opinions submitted to the Hitachi Customer Answer Center.

Customer Satisfaction Management Guidelines

- Our customers determine the value of products and services
- Information from our customers is the source of improvement
- Offer prices and quality that are competitive
- Respond rapidly to keep our promises to our customers
- Adopt systems that prevent accidents and minimize their impact

Formulated in 1994

Web Site Customer Support

Our Web site provides comprehensive customer support. It enables us to process customer inquiries, opinions, requests, and complaints in collaboration with the customer support units of Group companies to improve our products and services. We also use educational and other initiatives to speed up and improve our response to these inquiries.

In fiscal 2009, we set up the "Web Inquiry Responsiveness Improvement Course," which highlighted case studies and rules for handling inquiries for 76 CS repre-

Breakdown of Inquiries Received from Hitachi Web Site Customer Support



January through December 2009

*Managerial policy, television commercials, requests for donations and support, Web site, etc.

sentatives from Group companies.

Going forward, we will collaborate with Group companies to respond more quickly and effectively to customer inquiries, using this Web site as an important point of contact.

CS Activities of the Urban Planning and Development Systems Group

Ever-taller buildings and barrier-free requirements are some of the challenges of designing and building elevators and escalators. So, while we develop the technologies needed to maintain safety, we also make technical improvements—based on user feedback—to ensure complete comfort. Our focus is on three items: drive control systems that suppress vibration and shaking; brakes that operate automatically during power outages and earthquakes; and evacuation instructions.

Hitachi Building Systems Co., Ltd. provides maintenance services through 350 sites around Japan. Our speedy 24-hour, year-round response uses state-of-the-art remote monitoring and diagnostic systems to prevent accidents and failures.

The speed, safety and carrying capacity of elevators are becoming more important, amid a global rush to construct taller skyscrapers. To address the technical



Color LCD screen provides passengers with information.

Left: Video display

Right: Earthquake notice

"Earthquake! For safety, the elevator has stopped."



New elevator research tower at the Mito Building Systems Division of Hitachi's Urban Planning and Development Systems Company

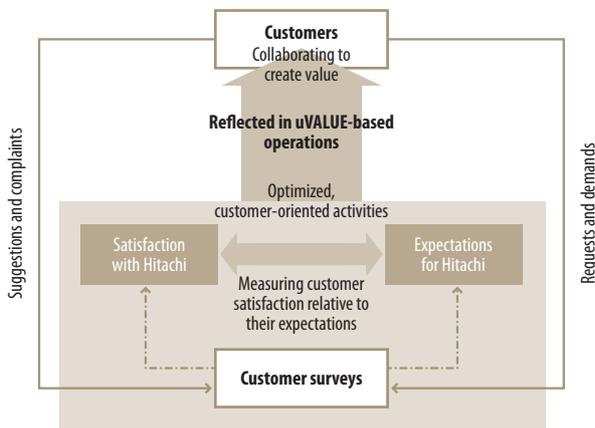
challenges and test the safety and effects on passengers, in April 2010 Hitachi, Ltd. erected a 213-meter elevator research tower at the Mito Building Systems Division of the Urban Planning and Development Systems Company in Hitachinaka, Ibaraki Prefecture, Japan. As a result, we are pursuing better and more reliable consumer safety and comfort.

CS Activities of the Information and Telecommunications Systems Group

The IT Systems Group harnesses the uVALUE concept¹¹ for collaborative creation with customers to help them with business innovation. Collaborative creation reflects the customers' perspectives, and includes annual surveys to gauge satisfaction with Hitachi's products and services.

Another goal of the surveys is to use customer opinions, including expectations of Hitachi, to improve overall operations. We assess and respond to the needs and expectations of our customers to ensure that we are their partner of choice for collaboration to create value. Since fiscal 2007, many respondents have agreed to donate the compensation they would have received for participating in our surveys to Good Earth Japan, a non-profit organization.¹²

Overview of the Information and Telecommunications Systems Group's Customer-Oriented Activities



CS Activities of the Home Appliances Division

To ensure customer satisfaction, the Hitachi Customer Answer Center and a Web site handle customer inquiries and complaints about LCD TVs, washing machines, and other appliances. Hitachi Appliances, Inc. developed a system to reflect customer feedback in new products and services. The center's advisors respond swiftly to more than 600,000 phone calls and e-mails every year. Hitachi Appliances maintains a database of all customer communications on product purchases and repairs, questions, and complaints, so that this information can be used when needed.

Customer feedback has driven such improvements as DVD-based instruction manuals for washing machines or refrigerators and remote controllers with relocated buttons to simplify air conditioner operations.

Universal Design

The Hitachi Group Approach to Universal Design

Our operations touch on many aspects of society and daily living, and we promote Universal Design (UD) by improving the quality and ease of use, accessibility, and life span of our products.

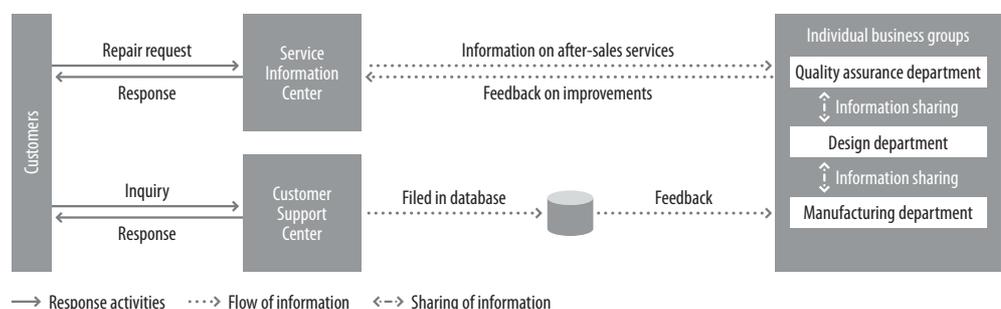
Quality of use means focusing on the traits that make people feel that the product is easy and enjoyable to use. Accessibility refers to the range of people who can use a product or service. Life span covers all the stages of the value chain from before the product is purchased through to disposal.

We are a founding member of the International Association for Universal Design,¹³ demonstrating our commitment to creating a society that improves quality of life where everyone can live with peace of mind.

Product Development Cycle and UD Guidelines

In keeping with our UD philosophy, we maintain an "upward spiraling" product development cycle that completely involves customers and experts in basic research,

Voice of the Customer Flow Chart



guideline formulation, and product development. We draw on extensive research into consumer behavior and their characteristics to formulate UD guidelines for product development. The information obtained during product development goes into a database that our businesses share, and we distribute some of this information externally to promote open-source standardization and education initiatives.

Concepts and Examples of UD in Products

Those in charge of products formulate UD concepts in each field and develop products and services based on these concepts, sharing them with development staff. *Monozukuri* is promoted taking into account a wide range of users, including the aged, people with disabilities, children, and foreigners.

1. Digital and Home Appliances

We define people as customers as soon as a product interests them, so it is essential to consider quality in everything from pre-sales to disposal. Key attributes are usability, features, harmony with the environment, safety, and maintenance. Our intention is to tailor products to people's needs and lifestyles so that they become attached to them. Good examples are refrigerators with easy-to-use freezer and vegetable compartments with electric doors, and "talking" washing machines and dryers that instruct, indicate status, and help resolve problems—at the press of a button.



Left: Refrigerator with electric freezer and vegetable compartment doors
Right: Operation panel on washing machines that "speaks" at the press of a button

2. Public Equipment and Systems

Since these are to be used in public spaces, it is vital to design public equipment and systems that even children can use while optimizing security, privacy, and safety.

A good example is Hitachi's Series 30000 commuter trains, which SEIBU Railway Co., Ltd. operates. This model features large glass doors at the ends of train cars to improve lighting and security. Playful patterns on these doors remind children not to walk into them. In 2009, Hitachi and SEIBU Railway shared the Kids Design Association's¹⁴ top prize at the Third Kids Design Awards.



SEIBU Railway Series 30000 commuter trains feature large glass doors at the ends of train cars

3. Web and Information Systems

These systems are vital for gathering information and communicating. For example, people with disabilities rely heavily on these systems and so we aim to make them more accessible, usable, and secure.

A special prototype television control system that we are researching (no plan yet for developing it into a product) illustrates these priorities, by incorporating new interface technologies and design concepts. Anyone can operate the system with hand gestures, eliminating some troublesome remote controller operations.



We made a hand gesture-based user interface to control the basic features of televisions

TOPICS

Digital Ultrasound System: HI VISION Preirus

This system is being used in many areas of healthcare: obstetrics, internal medicine, pediatrics, emergency care, and surgery, among others. Its UD features provide improved usability and comfort for both medical professionals and patients, such as pregnant women, children, the elderly, and people with disabilities.

For example, a pregnant woman can see her fetus ultrasonically on a monitor from the comfort of a



bed. The gentle contours and warm yellow color of the ultrasound unit are soothing and relaxing. The pleasing aesthetics also help with internal medicine and pediatric examinations, particularly for children and anxious parents.

To ensure swift examinations under all circumstances, the operator console and monitor move in an arc for flexible positioning, providing more comfort for operators and patients.

Hitachi Medical Corporation won accolades for the design concept of the HI VISION Preirus, receiving a Good Design Gold Award 2009 in the Society category from the Japan Industrial Design Promotion Organization,^{t5} placing in the top 15 entries. It also won a product design category award at the Third Kids Design Awards in 2009.

^{t1} **uVALUE** is an operational concept that combines the Hitachi Group's diverse business activities with IT. This approach—working toward the realization of a richer society—is intended to create value in a society characterized by ubiquitous IT.

^{t2} **Good Earth Japan** was established in March 2007 to support the independence of local residents in areas where landmines have been removed. In fiscal 2008, it established an elementary school in a Cambodian village that had been cleared of landmines, and implemented the Good Earth Japan Cambodia Study Tour.

^{t3} **International Association for Universal Design:** Founded in 2003; dedicated to the healthy development of society and the enhancement of people's lives through the dissemination and application of UD.

^{t4} **Kids Design Association:** Founded in 2006; started by companies and other organizations in Japan dedicated to creating and disseminating designs that promote the safe, secure and healthy development and growth of children.

^{t5} **The Japan Industrial Design Promotion Organization** sponsors these awards. They are Japan's premier awards for recognizing outstanding design, and were first given out in 1957 by METI's (Ministry of Economy, Trade and Industry) forerunner. The renowned G Mark goes to award winners.

Communication with Shareholders and Investors

To ensure that shareholders and investors can make sound investment decisions, we provide the information they need in a fair, transparent and appropriate way that strives to enhance communication with them

Policy on Information Disclosure

We communicate with shareholders and investors guided by our disclosure policy. We disclose not only information required by laws or regulations, but also information that promotes deeper stakeholder understanding of our management policies and business activities.

Disclosure Policy

1. Basic Policy

Hitachi's corporate credo is to contribute to society through the development of superior, original technology and products. With this in mind, Hitachi seeks to maintain and develop trust relationships with all stakeholders, including shareholders and other investors, customers, business partners, employees and regional communities. We will fulfill our responsibility to stakeholders by disclosing information in a fair and highly transparent manner, and by conducting various communication activities.

2. Information Disclosure Standards

Hitachi discloses information as appropriate in a fair and highly transparent way, in compliance with the laws and regulations of the stock exchanges on which the Company is listed.

Hitachi discloses not only information required by laws and regulations, but also management and financial information that is regarded as useful in deepening stakeholder understanding of Hitachi management policy and business activities. Hitachi also discloses non-financial information on the social and environmental impact of Hitachi Group activities. Hitachi's stance on disclosure recognizes that society regards the above information as important.

3. Disclosure Methods

Hitachi uses appropriate means to disclose the information required by laws and regulations of the stock exchanges on which the Company is listed. The Company also posts this information on Web sites immediately after it is disclosed.

Hitachi also discloses information not required by laws and regulations by distributing news releases, holding press conferences and presentations, posting information on Web sites, and conducting other disclosure activities in an appropriate, precise and timely manner.

4. Quiet Period

Hitachi stipulates a quiet period of a certain length prior to earnings announcements to prevent information leaks and to maintain disclosure fairness. During this period, Hitachi refrains from answering inquiries about business performance and related matters.

5. Forward-Looking Statements

For disclosures, Hitachi may make statements that constitute forward-looking statements that reflect management's views with respect to certain future events and financial performance at the time of disclosure and include any statement that does not directly relate to any historical or current fact. Such statements are

based on information available at the time of disclosure and are subject to various risks and uncertainties. Certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. Hitachi discloses the factors that could cause actual results to differ materially from those projected or implied in forward-looking statements.

Proactive IR Approach

Our diverse investor relations activities include business strategy meetings for institutional investors and analysts, tours of plants and R&D facilities, participation in brokerage-sponsored investor meetings, and one-on-one gatherings with investors and analysts.

In fiscal 2009, the then-chairman and president, as well as four senior executives, visited many institutional investors globally to explain Hitachi's management policy as Hitachi made a public offering. We held quarterly results briefings and a strategy meeting to strengthen Social Innovation business that explained Hitachi's new direction. We also convened gatherings to provide an overview of progress on information and telecommunication systems, power systems, and railway systems businesses and R&D. In addition, we held more than 400 one-on-one meetings with institutional investors and analysts globally. The feedback we receive is reflected in management and business policies.

We are committed to timely disclosure and we post briefings and other materials on our investor relations



The strategy meeting to strengthen Social Innovation businesses

Web site. Another Web site, specifically designed for individual investors, provides information that cultivates a deeper understanding of the Hitachi Group.

Disclosure Tools

- Financial results
- Annual and quarterly reports pursuant to the Financial Instruments and Exchange Law of Japan
- Business reports
- Form 20-F filings with the United States Securities and Exchange Commission (SEC)
- Annual reports
- Hitachi Group Corporate Sustainability reports

General Meeting of Shareholders

At the ordinary general meeting of shareholders, we offer audio-visual reports designed to give shareholders a thorough understanding of our situation. The president reports on management subjects, and some of this information is then posted on the Web site for shareholders and investors following the meeting. To ensure that shareholders and investors are able to study financial proposals in advance, in addition to sending written notices of the meetings, this information is also posted on the Web site.

Investors

<http://www.hitachi.com/IR-e/index.html>

Results of External Socially Responsible Investing (SRI) Assessments in Fiscal 2009

The Hitachi Group performed well in external assessments as a socially responsible and sustainability investment.

Basic Policy for Prevention of Takeovers

We invest considerable management resources in basic research for the future and for the development of pioneering products and businesses. To ensure that these management measures bear fruit, it is necessary to maintain the continuity of management policies over a certain

period of time. To this end, we keep shareholders and investors informed not only about management results for each term but also management measures looking ahead to the future.

We do not deny the significance of stimulating corporate activities or the economy through the transfer of management control rights. However, regarding large purchases of Hitachi and Hitachi Group companies' shares, it is necessary to cautiously assess the impact that such a purchase or purchase proposal would have on our corporate value and shareholders' joint profits, based on considerations such as the purchaser's business profile, future plans, and past investment behavior.

At present there is no imminent concern that any particular party will acquire a large amount of Hitachi's shares, and we have not established any special measures (anti-takeover measures), should such a purchaser appear. Nevertheless, as a natural duty to our shareholders and investors, we constantly monitor Hitachi share transactions and movements, and if a party appears attempting to purchase large amounts of shares, we will immediately take the measures considered appropriate. Specifically, this will mean assessing the purchase proposal with the assistance of external experts, as well as negotiating with the purchaser. In addition, when such an acquisition does

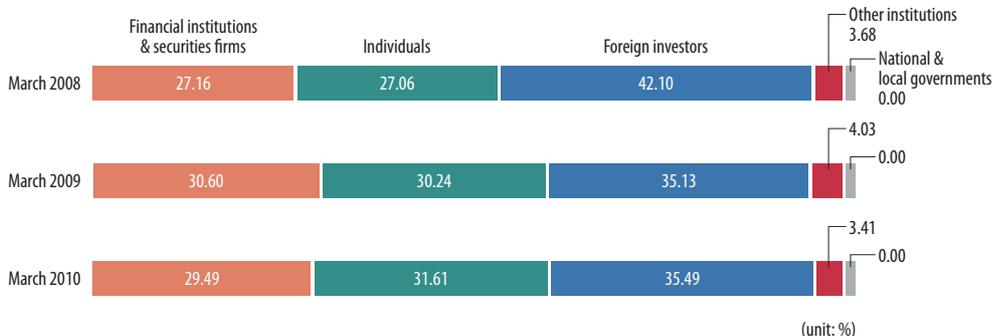
Results of External SRI Assessments in Fiscal 2009

Institution	Index	Companies selected
SAM	DJSI ^{*1} World	Hitachi, Ltd.
	DJSI Asia Pacific Index	Hitachi, Ltd. / Hitachi Chemical Co., Ltd.
EIRIS	FTSE4Good Global Index ^{*2}	Hitachi Chemical Co., Ltd. / Hitachi Capital Corp. / Hitachi Construction Machinery Co., Ltd. / Hitachi Software Engineering Co., Ltd. / Hitachi High-Technologies Corp. / Hitachi Maxell, Ltd. / Hitachi Koki Co., Ltd.
Morningstar	SRI Index	Hitachi, Ltd. / Hitachi Cable, Ltd. / Hitachi Chemical Co., Ltd. / Hitachi Construction Machinery Co., Ltd. / Hitachi High-Technologies Corp. / Hitachi Transport System, Ltd.

*1 DJSI (Dow Jones Sustainability Index): A global SRI index that was developed by Dow Jones & Company (U.S.A.) and Sustainable Asset Management (SAM) Group (Switzerland). The Asia Pacific Index—covering Japan, Asia, and Australia—was launched in 2009.

*2 FTSE4Good Global Index: An index developed in the UK by Ethical Investment Research Services (EIRS), which evaluates corporations, apart from specific industries, based on their environmental, social, and human rights performance.

Trends in Shareholder Composition



not contribute to our corporate value and the joint profits of shareholders, we will promptly determine the need for and contents of specific countermeasures, and set up a framework for their implementation. A similar response will be made in the event of any attempt to purchase large amounts of the shares of any Hitachi Group company.

Social Contribution Activities

Contributing to society in the areas of education, the environment, and social welfare through a broad range of activities

Finding Solutions for Social Issues

We are committed to resolving basic social issues in the communities where we operate. We work in cooperation with our employees, Group companies, and our six foundations, based on our Social Contribution Philosophy and Policy, always remembering our Group Vision of "tackling the basic issues faced by global society."

These activities help us to build relationships of trust with communities as a good corporate citizen and to boost community awareness of Hitachi employees working in businesses that help improve the social infrastructure of their communities to meet their social needs. Through Hitachi innovation and social contribution, we foster development of both local communities and sustainability-driven business.

Social Contribution Philosophy and Policy

Philosophy

The Hitachi Group strives to demonstrate good corporate citizenship in response to social needs and expectations, while endeavoring to enrich the quality of life and realize a better society.

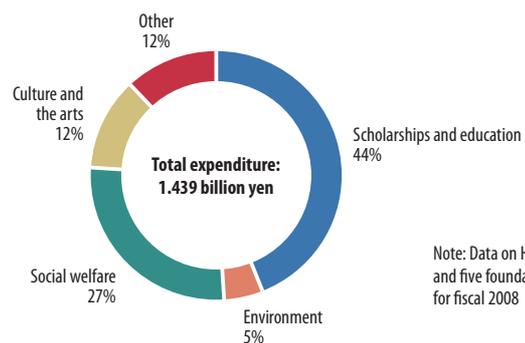
Policy

The Hitachi Group promotes various social contribution activities to build a vibrant society based on fostering leadership to implement reformation for the next era. This is achieved by making optimal use of our knowledge and information technology in three specific areas: education, the environment, and social welfare.

Adopted February 2002

Hitachi, Ltd. and its five distinct foundations in Japan contributed around 1.4 billion yen as social contributions in fiscal 2008.

Breakdown of Funding for Social Contribution Activities



Note: Data on Hitachi, Ltd. and five foundations in Japan for fiscal 2008

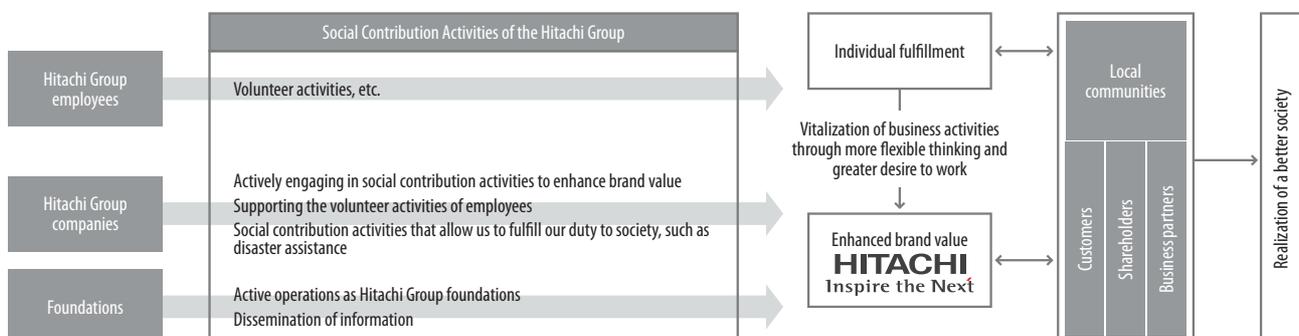
Educational Initiatives

Monozukuri, the heart of our business approach, is founded on sound human resources. We instill a keen sense of social awareness in our engineers and we nurture their ambition and technological capabilities to adapt, tackle and overcome new challenges. We do this to ensure that the technical and other expertise that our people have accumulated in the Hitachi Group is useful for development of the next generation of engineers.

Science Education

Hitachi provides children with many opportunities to

Approach to Social Contribution Activities





Community Partnership Academy of Wisdom class in the United Arab Emirates

learn about science and technology and to progress in these fields. Our goal is to overcome an increasing disinterest in science, math and technology among the young generation.

Hitachi Plant Technologies, Ltd. cultivates the Community Partnership Academy of Wisdom to teach children about the environment and science. Classes cover such diverse topics as air conditioning and water treatment. In November 2009, the first classes outside Japan were held in the United Arab Emirates (UAE). Instructors visited two



Mini science seminar at the Hitachi Research Laboratory

Japanese and three local elementary schools in the UAE to teach about the buoyancy of air, using a mock-up hot air balloon to demonstrate the principles, and to experiment with magnets to purify ballast water.^{†1} Hitachi Plant Technologies intends to continue offering these classes in the UAE's children, who are the nation's future.

In Japan, Hitachi, Ltd.'s corporate laboratories hold science seminars to promote children's interest in the sciences. Visiting the laboratory and participating in fun and interesting experiments based on the specialty and characteristics of the host laboratory, provides the students with the opportunity to experience science outside the textbook curricula and the school environment. Around 550 junior high and 60 high school pupils have taken part in these seminars to date.

†1 **Ballast water:** Seawater used for balancing a ship, harms marine ecosystems when discharged in a port.



Top: Science seminar at the Hitachi Mechanical Engineering Research Laboratory

Bottom: Science Camp program at the Central Research Laboratory (Sponsor: Japan Science and Technology Agency)

IT Education

With advances in IT, personal information leaks and underground school Web sites are just two of the increasingly complex and serious problems facing children in

Japan today. Our Information & Telecommunications Systems Group supplies information on these issues and provides IT ethics education to children.

In July 2009, Hitachi Software Engineering Co., Ltd. held a class on information ethics from the viewpoint of an IT company at Tokai Junior High School in Tokyo's Shinagawa Ward. Young engineers took students through the convenience and risks of IT by conducting a workshop on posting to a virtual Internet-based school bulletin board.



Hitachi Software Engineering employee lecturing on ethical issues with IT

Hitachi Systems & Services, Ltd. held its fifth annual Information Security Day event on February 2, 2010, to continue promoting the IT industry and cultivating human resources. For the first time, the company organized a playing card-based game on basic information security for non-profit organizations. Officials from 10 of these organizations were invited. Many non-profit organizations



IT security card-based game for non-profit organizations



"I didn't know my PC's desktop was so full of junk files."

Cards that Hitachi Systems & Services produced for game to highlight IT security issues

are keen to build IT systems but lack the expertise and training. Experts spoke about security issues, with company systems engineers presenting case studies. Organization officials aired their security concerns, and learned how to improve information security.

Providing Educational Support in Developing Nations

Developing nations where we have business operations often face educational challenges. These include too few teachers and materials, poor facilities and systemic shortfalls, as well as struggling social environments. Children are deprived of equal educational opportunities in some regions. To help out, we collaborate with national and local governments to assist them with education, as we contribute to sustainable development.



Volunteer from Hitachi Global Storage Technologies teaching English at a school in China

In fiscal 2005, Hitachi Global Storage Technologies (Hitachi GST) manufacturing sites in China launched a volunteer initiative for elementary schools in Gongbai Town, Heyuan City, in Guangdong, China. Since fiscal 2007, 36 people from Hitachi GST have volunteered to teach English to more than 1,000 students at seven schools in the town.

In fiscal 2008, Hitachi (China), Ltd. began visiting



Class held by Hitachi (China) employee at an elementary school in Beijing

elementary schools to teach children about environmental problems. In April 2009, company instructors taught about 250 children at an elementary school in Beijing. The highly entertaining classes featured ecology quizzes and writing environmental slogans, helping to raise awareness of such issues as pollution and climate change.

Helping Educate Engineers and Technicians

Emerging markets are vital to Hitachi's business strategy. These markets urgently need to create outstanding engineers and technicians to drive national development, while building power and water supply infrastructures. Hitachi invites young exchange students and researchers from these countries to Japan to take technical courses.

In fiscal 2009, Hitachi, Ltd. partnered with South Africa's Department of Science and Technology to create the Hitachi-DST Scholarship Program for South African Engineers. Young engineers working in the power industry in South Africa come to Japan for five months of technical training at Hitachi's plants in Japan, visiting electric power companies as part of the course. Reports from participants illustrate the program's usefulness: One wrote about "learning much about Hitachi and Japan's very energy-efficient and environmentally conscious power generation technologies, the need for lowering environmental impact, and precision design methodologies." We look to trainees returning to South Africa to apply their knowledge in helping to build the nation's social infrastructure.



Trainees from the Hitachi-DST Scholarship Program for South African Engineers

In fiscal 2008, Hitachi India Trading Pvt. Ltd. began coordinating educational support to students at the Indian Institute of Technology (IIT) Hyderabad, India's leading science and technology education and research institute. The company undertook a local survey in fiscal 2009 to identify and address some of IIT's requirements. In January 2010, Hitachi executives visited faculties holding

workshops to assess the curricula in light of the significance and goals of technical training programs and to recommend modifications to increase student interest. Graduates from the institute are expected to employ their technical expertise in industry, academia, and government bodies in India and around the world. We will continue our involvement to help raise India's manufacturing technology standards.



Participants in Hitachi's educational support program for the Indian Institute of Technology Hyderabad

Environmental Initiatives

The more than 400,000 Hitachi Group employees and members of their families are involved in planting trees and other earth-friendly projects in keeping with two



Hokkaido Hitachi Group employees and family members planting and tending saplings in Mukawa, Hokkaido

central Environmental Vision priorities: “Prevention of Global Warming” and “Preservation of the Ecosystem.”

Afforestation of Hokkaido by the Hitachi Group

Hokkaido Hitachi Group cooperated with the town of Mukawa in Hokkaido in its forest improvement project,

signing a five-year afforestation agreement with the town in April 2008. The goal is to reduce CO₂ emissions by planting trees, while raising awareness among employees and their families of the need to protect the global environment. In September 2008, Hokkaido Hitachi Group received a certificate from the prefectural government

Other Hitachi Group “Greenification” Initiatives

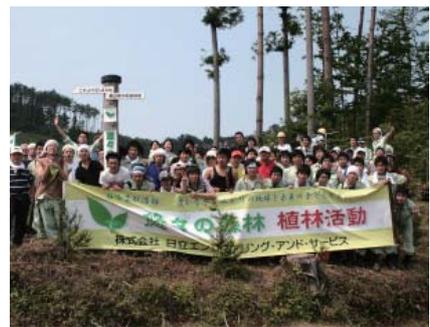
Company	Initiative	Overview
Hitachi High-Technologies Corporation	Hitachi High-Tech Yasato Forest	In May 2009, new employees removed weeds and underbrush in Ishioka, Ibaraki Prefecture, Japan, and did this again with other employees and their families in October.
Hitachi Software Engineering Co., Ltd.	Keihin Afforestation	Participated in this City of Yokohama initiative to increase greenery in an industrial district.
Hitachi Capital Corporation	Mt. Fuji Manabi no Mori natural forest	In July 2009, employees weeded the base of trees as part of this reforestation program of Sumitomo Forestry Co., Ltd.
Hitachi Kokusai Electric Inc. Kokusai Electric Semiconductor Service Inc. Kokusai Electric Techno Service Co., Ltd.	Corporate Afforestation Project	Helping conserve approximately two hectares of forest in the Yatsuo Central Industrial Park, in Toyama City, Japan, with support from the prefectural city, and environmental bodies. Undertook woodland nurturing activities seven times in fiscal 2009, including weeding, thinning out shrubs and branches, maintaining trails, and planting trees.
Hitachi Engineering & Services Co., Ltd.	Yu-Yu-no-Mori Forest	From fiscal 2007, began planting trees in national forest in Takahagi City, Ibaraki Prefecture. About 140 employees weeded and thinned out trees in June 2009.
Hitachi Electronics Services Co., Ltd.	Water Catchment Forest Project	In November 2009, thinned trees and made benches from that material under instruction from forest instructors at Densa Anshin no Mori in a water catchment forest in Kanagawa Prefecture.
Hitachi, Ltd.	Volunteer Experience Tour to the Horqin Desert Afforestation Project in China	Conducted a five-night, six-day tour with assistance from G-Net, a non-profit organization set up to support desert greening and desertification prevention. Hitachi Group employees and their families from Japan and China planted and pruned trees as part of the afforestation project in the Horqin Desert, an area that is the source of some of the yellow sand that blows to Japan.
Hitachi Terminals Mechatronics Philippines Corporation (HTMP)	Adopt-A-Forest Program	In November 2009, HTMP participated in the Adopt-A-Forest Program, a project initiated by the Subic Bay Metropolitan Authority (SBMA) Ecology Center. HTMP adopted 3,000 square meters of open land. 36 HTMP employees took part and planted 400 seedlings of fruit bearing trees like mango and santol.
Hitachi, Ltd. Thai Hitachi Group Companies	The Billion Tree Campaign	Since 2007, we have been a special sponsor for an environmental initiative called the Billion Tree Campaign that is jointly run by the Sirindhorn International Environmental Park Foundation, the United Nations Environment Programme (UNEP), the Ministry of Natural Resources and Environment of Thailand, and the Foundation for Global Peace and Environment. In fiscal 2009, more than 100 Hitachi Group employees and their family members planted trees in the Sirindhorn International Environmental Park.



Yasato Forest (Hitachi High-Technologies)



Mt. Fuji Manabi no Mori natural forest (Hitachi Capital Corporation)



Yu-Yu-no-Mori forest (Hitachi Engineering & Services Co., Ltd.)



Volunteer Experience Tour to the Horqin Desert Afforestation Project in China (Hitachi, Ltd.)



Adopt-A-Forest Program (Hitachi Terminals Mechatronics Philippines Corporation)



The Billion Tree Campaign (Hitachi, Ltd. and Thai Hitachi Group companies)

for reducing CO₂ emissions by 396 tonnes through tree planting.

In fiscal 2009, 170 employees and their families from 18 Group companies weeded the bases of 3,000 larch saplings planted a year earlier. Their afforestation project in fiscal 2010 is being called the Hokkaido Hitachi Group's 100-Year Forest to mark Hitachi's centenary.

Social Welfare Initiatives

Hitachi also provides support in the field of social welfare to ensure that various people enjoy the benefits of the rich life that technological progress brings. In these activities, we place a special priority on promoting the sound education of the young, supporting the independence of people with disabilities, and helping the elderly.

Helping Enhance the Lifestyles of Disabled People

We promote increased capabilities of disabled people so they can have more active roles and engage in society.

In December 2007, Hitachi Information Systems, Ltd. welcomed Isshu, a guide dog who helps a vision-impaired employee commute to work. It is very unusual in Japan for companies to accept guide dogs in the workplace,

Hitachi Information Systems' Web site on questions and answers about guide dogs (Japanese only)

http://www.hitachijoho.com/recruit/guide_dog.html



An employee works with Isshu



Isshu's employee ID

and some effort was necessary to address the challenges. We collaborated with the Japan Guide Dog Association to assist with this process by teaching employees the correct way of handling dogs and giving them first-hand experience walking with these dogs. Hitachi Information Systems posted what it learned on its Web site in February 2009 to encourage other businesses to consider accepting guide dogs in their workplaces.

Hitachi Display Device (Suzhou) Co., Ltd., a Chinese subsidiary of Hitachi Displays, Ltd., donates funds to nearby elementary schools and schools for disabled children and then invites the children to participate in its fall athletic meets. Friendships naturally develop as the employees take part and the children display their own skills.



Donation check presentation at Hitachi Display Device (Suzhou)

Supporting the Japan National Ice Sledge Hockey Team

We provide financial and coaching assistance for the Japan National Ice Sledge Hockey¹² Team. Kojin Nakakita of Hitachi, Ltd. coached the team at the Vancouver 2010 Winter Paralympics, which were held last March. The team won Japan's first silver medal in team sports for the disabled. Nakakita played ice hockey at high school, university, and in North America. After retiring from the sport due to injury, he was attracted to the speed and



Members of The Japan National Ice Sledge Hockey Team

excitement of ice sledge hockey, making it his goal to take a Japanese team to the Winter Paralympics.

After the silver medal game, Nakakita said, "Despite significant size differences between my players and the world's most formidable athletes in what some call 'martial arts on ice,' my guys played hard to achieve a solid result. I think that beating the favorites for the first time since I became a coach gave our players tremendous confidence."

Nakakita aims to deepen society's understanding of people with disabilities through this sport and help his team to win gold at the 2014 Winter Paralympics in Sochi, Russia.

¹² Ice sledge hockey is a modified version of ice hockey for people with lower-limb disabilities.

The Diverse Activities of Our Six Foundations

Hitachi's six foundations, in and outside Japan, give support to a wide range of programs, including promoting family education, supporting science and technology research, inviting Southeast Asian university faculty members to Japan, helping environmental conservation activities, supporting the sound development of young people and enhancing corporate citizenship activities in the United States.

Hitachi's Foundations

- The Odaira Memorial Hitachi Education Foundation
- The Hitachi Environment Foundation
- The Kurata Memorial Hitachi Science and Technology Foundation
- The Hitachi Mirai Foundation
- The Hitachi Scholarship Foundation
- The Hitachi Foundation (U.S.A.)

Hitachi's Foundations

<http://www.hitachi-zaidan.org/global/index.html>

The Hitachi Foundation Earns High Honors

The Hitachi Foundation has earned much praise over the years. In 2010, the Foundation received three awards from the Council on Foundations in the United States to recognize organizations, companies, and individuals whose initiatives are models of philanthropy. The three prizes were the Distinguished Grantmaking Award for Collaboration, the Critical Impact Award, and the Wilmer Shields Rich Award. The Hitachi Foundation was the first ever to earn three awards from the Council, a reflection of initiatives to create economic opportunities for low-income workers.

The Distinguished Grantmaking Award for Collaboration is the Council's top honor, and is given for outstanding

joint initiatives between individuals and organizations. In this case, the Hitachi Foundation collaborated with the Annie E. Casey Foundation, the Ford Foundation, Microsoft Corporation, the U.S. Department of Labor, and other partners to deploy the National Fund for Workforce Solutions. The Hitachi Foundation thus became the first body from Japan to receive the highest recognition from the Council.

The Critical Impact Award, honoring those who make a difference in their grant giving, was awarded to the Hitachi Foundation and the Robert Wood Johnson Foundation for collaborating on the Jobs to Careers initiative in the healthcare field. The awards ceremonies were held at the Council on Foundations' annual conference in Denver, Colorado, from April 25 through 27, 2010.

TOPICS 1

Celebrating 25 Years of the Hitachi Foundation

The Hitachi Foundation commemorated a quarter century of service in 2010. It started out in the United States in 1985 to foster understanding of Hitachi as a good corporate citizen and to deepen understanding between the Japanese and American people at a time of considerable bilateral economic friction.

The Foundation has since broadened its activities to encompass CSR, in the process becoming a preeminent philanthropic organization in the United States. Among the Foundation's three signature programs is the Hitachi Community Action Partnership, in which employees of Hitachi Group companies in North America participate. Another is the Yoshiyama Program, which encourages social activities of young entrepreneurs. The Foundation also fosters grant programs to forge an authentic integration of business actions and societal wellbeing in North America and creates opportunities for low-income Americans and their families to move up the economic ladder.



Commemorating the 25th Anniversary of the Hitachi Scholarship Foundation

In 2009, the Hitachi Scholarship Foundation marked 25 years of encouraging Asia's future leaders. This organization helps outstanding faculty members from Southeast Asian universities to study for a degree in Japan and also fosters bonds between research institutions.

The Foundation's key program is the Hitachi Scholarship, which supports overseas education and research for faculty members in the field of natural sciences at 15 universities in six Southeast Asian countries. Over the years, it became evident that many obtaining degrees in Japan through the program found it hard to secure adequate research funding after returning home. So, the Foundation has been providing graduate support for research and academic networking for these people.

Over the past quarter century, more than 10 percent of the Hitachi Scholarship Foundation alumni have become professors, and some are now vice chancellors or faculty heads of their alma maters.



Graduation ceremony for Hitachi Scholarship recipients

Support for Volunteer Activities

Hitachi supports employees who engage in volunteer activities by giving them information, time off, and financial assistance. We disseminate information about volunteer activities through seminars and on our intranet. In fiscal 2009, we sponsored three seminars, including one outdoors. We encourage people to use their time for volunteer initiatives, or other forms of self-growth, by providing them with special annual paid leave, which augments their regular holidays. We also sponsor The Growing Tree, a program that provides financial assistance for non-profit organizations that Hitachi employees are involved in. Assistance was given in five cases for around 1.3 million yen in fiscal 2009.

Supporting Haiti Earthquake Relief

Hitachi Group companies in the Americas donated \$393,000 in funds and goods to the American Red Cross to help the Haitian people recover from the massive earthquake that struck on January 13, 2010. Hitachi Group employees also contributed funds through their workplaces' matching programs.

Collaboration with Suppliers

Working with suppliers to promote CSR through guideline formulation, active communication, and information sharing

Global Sharing: Hitachi Guidelines for Procurement

In June 2009, we revised the Hitachi Guidelines for Procurement Activities—the basis of our procurement activities—in line with the United Nations Global Compact. Our guidelines clearly stipulate the elimination of discrimination for employment and occupation, as well as the elimination of all forms of child labor and forced labor. The revised guidelines will be distributed throughout the Hitachi Group to raise awareness of these issues.

Guidelines for Procurement Activities

These guidelines define business transaction standards which shall be applied to all HITACHI executives and employees in connection with their activities purchasing necessary materials, products, services, and information from outside sources.

1. Overall procurement activities of Hitachi shall adhere to the "HITACHI Company Conduct Standards."
2. HITACHI shall maintain proper partnerships, mutual understanding, and reliable relationships with suppliers with a view to the long term results.
 - (1) HITACHI shall treat all suppliers impartially and be prohibited from favoritism such as giving unfair priority to any specific suppliers.
 - (2) HITACHI respects fair business dealings with suppliers and will avoid any improper act which might cause a loss to a supplier apart from normal and customary business transactions.
 - (3) HITACHI shall keep suppliers' trade secrets strictly confidential and prevent them from being revealed or improperly used.
3. HITACHI develops suppliers to maintain competitiveness from a worldwide point of view.
 - (1) HITACHI responds to all suppliers' offers sincerely, and is always willing to offer the information necessary for suppliers to complete on an even playing field.
 - (2) HITACHI shall periodically check and review suppliers' performance and will consider offering more advantageous business opportunities when comparison with other resources allows.
4. Through a designated selection process, suppliers shall be evaluated by product quality, reliability, delivery, price, suppliers' business stability, technical development ability, fair and transparent information release, compliance with societies' rules, regulation compliance, respect for human rights, elimination of discrimination in respect of employment and occupation, elimination of all forms of forced and compulsory

labor, environmental preservation activities, social contributions, good working environment, and recognition of social responsibilities with business partners.

- (1) HITACHI shall not request quotations from suppliers with whom there is no intention to enter into a future business relationship.
- (2) In accordance with specified internal procedures, the role and responsibility for specifications, terms and conditions, product acceptance and inspection belongs to each Requester, Procurement Department and Inspection Department.
- (3) Procurement Departments shall be a representative of HITACHI when contracting with suppliers.

Revised in 2009

* All companies in the Hitachi Group act in accordance with these guidelines.

Promoting the Use of Environmental Management Systems

For green procurement,¹¹ we ask all suppliers to promote environmental management systems (EMSs) by acquiring certifications. We actively support the acquisition of EMS certifications, such as KES,¹² Eco Stage,¹³ and Eco-Action 21,¹⁴ mainly for SME (small and medium-sized enterprise) suppliers. We also organized the MMM Club with suppliers who have acquired certification as members, using information exchanges on activities and training courses to promote qualitative EMS improvement.

For handling chemicals, for which regulations are becoming stricter and chemical content management more complicated—throughout the world—we recommend that suppliers manage them based on the product chemical content management mechanisms drawn up by JAMP¹⁵ and promote the development of rational, efficient management systems. We also accumulate information on chemicals in Hitachi Group products in every process of corporate activities, ensuring that the product chemical content management system corresponds with the EU's REACH regulation (see page 89), and that we are able to respond flexibly to suppliers' chemical information management methods.

Partnerships

Collaboration (joint activities) with trustworthy, technologically advanced suppliers is essential for product development. We continually strengthen partnerships with sustainable suppliers. In fiscal 2009, the Hitachi Group Materials Supplier Conference was held in March 2010 (for about 90 suppliers). In fiscal 2010, the Hitachi Group Mid-Term Management Plan and Strategic Procurement Policy will be explained to the management of Hitachi's major suppliers (approximately 126) aiming at creating a global partnership.

Our Open-Door Policy

Using an open-door policy, we create opportunities to broaden our range of transactions with suppliers. We are forging links with SMEs by cooperating with local government SME-assistance organizations and by participating in tradeshow and other exhibitions. In fiscal 2009, we took part in the Tokyo Chamber of Commerce and Industry Joint Business Matching Event. This was a place for enterprises to meet new business partners, aiming to enhance their business networks and find business opportunities. We are also planning to hold tradeshow for members of the Hitachi Group in cooperation with other institutions and organizations.

With suppliers outside Japan, we focus on cultivating and expanding business in emerging countries undergoing rapid economic growth. In fiscal 2009, we held a Hitachi Group IT parts procurement fair in Seoul in cooperation with the Korea Trade Center, and we sent a new supplier sourcing team to Vietnam. To help choose companies for further study, we collected information from a wide range of sources, including the independent non-governmental agency Japan External Trade Organization (JETRO), the Vietnam Trade Promotion Agency, and the Taiwan External Trade Development Council (TAITRA).



Procurement fair in South Korea

- †1 **Green procurement:** The procuring of parts and materials with reduced environmental burden from suppliers that are actively protecting the environment
- †2 **KES:** A Japanese environmental certification system administered by the KES Environmental Organization, an NPO
- †3 **Eco Stage:** An assessment system being promoted by the Eco Stage Institute to support environmental management. Eco Stage is a registered trademark of Mitsubishi UFJ Research & Consulting Co., Ltd.
- †4 **Eco-Action 21:** An environmental certification system operated by the Institute for Global Environmental Strategies, based on the Eco-Action 21 Guidelines formulated by the Ministry of the Environment
- †5 **JAMP (Joint Article Management Promotion-consortium):** An entity that promotes cross-industry activities for establishing and disseminating specific mechanisms for appropriately managing and facilitating the disclosure and spread of information on the chemicals contained in supply chain products

Green Procurement Guidelines

http://www.hitachi.com/environment/library/pdf/green_en.pdf

Employees: The Key to Hitachi's Future

Respecting employees' individuality
and promoting activities to achieve work-life balance

Creating a Positive Work Environment and Global Corporate Culture

Hitachi, Ltd. is working hard to nurture human resources that can meet the requirements of the new age, attract global talent, and create a more positive work environment. This endeavor is guided by three key words: (1) *openness* to encourage frank communication and to provide employees with opportunities to express their full potential, (2) *challenge* to aspire to high goals and personal transformation, and (3) *diversity* to respect individuality. In the end, every employee is integral to Hitachi's success, so we are fostering an exciting and positive global work environment that is inclusive and engaging, challenging and rewarding.

Openness: Promotes the Expression of Employees' Full Potential

The Hitachi Group has instituted a range of initiatives designed to encourage frank, open communication so that employees can achieve their full potential. These include personnel system reforms, an employee awareness survey, and the 360-Degree Feedback Program.

Personnel Systems

At Hitachi, Ltd., our personnel systems are designed to assess the strengths and achievements of employees fairly and transparently and to reflect these findings in salaries and bonuses. Details of evaluation are fully disclosed as employees meet their evaluators to arrive at a shared assessment. In the course of these discussions, employees receive feedback on their strengths and weaknesses as well as guidance on achieving business goals and capacity building. An evaluation manual is used to minimize disparity. As a further step, employees are surveyed annually to review the evaluation process, and follow-up work is done to ensure proper management.

Survey of All Employees

We conduct an annual survey of all employees of Hitachi, Ltd. to check on items such as employee satisfaction, workplace culture, and views on management. Known as

the Business Process and Opinion Survey, this survey is conducted through the Hitachi intranet. The results are analyzed for each workplace, shared with employees, and used for revising personnel policies and transforming the business culture.

360-Degree Feedback Program

In this program, about 10,000 managers attend workshops and engage in e-learning to understand feedback from their superiors, colleagues, subordinates, and junior staff, with the help of expert instructors. Understanding feedback in turn enables managers to reassess their own strong points and areas needing improvement, as a capacity-building exercise.

Challenge: Supports Growth

Because we believe that maximizing employee potential is vital for continuing to provide new value, we work hard to improve employees' abilities and their careers.

Employee Capacity Building

For capacity building, we supplement in-house education based on on-the-job training with an extensive training system. This training consists of six educational programs: "Management Development," "Education for Engineers," "Production Worker Training," "Education for Internationalization," "Sales Education," and "Training by Job Function." These programs are offered across the Hitachi Group in conjunction with educational institutions, such as the Hitachi Institute of Technology, the Hitachi Institute of MONOZUKURI Skills and Engineering, and the Hitachi Institute of Management Development.

During fiscal 2009, 24,902 Hitachi Group employees attended these training programs. Hitachi has also developed unique e-learning systems (in Japanese, English, and Chinese) for information sharing and to expand educational opportunities for employees engaged in the Hitachi Group's diverse businesses. These systems are being used by Hitachi Group companies inside and outside of Japan.

We have specified the Hitachi Basis as a common basic education platform for sharing our corporate philosophy,

work approach, and way of thinking with all Hitachi Group companies worldwide. We are presently designing human resource development policies for each business field and region based on that foundation to create a two-tiered employee education system.

Supporting Career Development

We work to create an environment where employees can discuss their careers with their supervisors to deepen understanding between both parties and enable both to tackle their jobs with a clear vision.

We also operate the Career Development Workshop, a development support program designed to foster independent human resources. It helps participants achieve self-realization, enabling them to develop a deeper self-understanding, including their reasons for working, living, and their work values, as well as how to set personal career goals.

In addition, we have established the Hitachi Group Job Posting System for employees to improve their motivation for work through job transfers within Hitachi. Under this system, employees can freely apply for open positions at any Hitachi workplace. As of March 2010, 19 Group companies were participating. We have also adopted the Hitachi Free Agent (FA) System, allowing employees to apply directly for transfers to other divisions. During fiscal 2009, 79 applications were received, leading to 13 transfers.

Global Manager Training

With our operations taking on an increasingly global perspective, it is absolutely critical that all managers working on the frontlines of global business understand our history, founding spirit, company operations, common values, corporate philosophy, and basic management skills. To instill this understanding, we operate a four-day course, "Global Fundamental Course—Ready to Inspire," which offers the same training to all Hitachi managers around the world. Since fiscal 2006, when it was launched, the course has been taken by approximately 1,150 managers. We plan to continue this course from fiscal 2010 on, while broadening the regions and personnel covered, as well as the training methods.

Global Caravan

In response to the globalization of business and intensified cost competition, Hitachi is providing support to strengthen *monozukuri* craftsmanship at production plants in China and the rest of Asia. Under this program, technical staff are sent to production plants in each region, where they perform site diagnoses and energy

conservation assessments, prepare improvement proposals using Hitachi examples, and provide ongoing consulting support, as necessary.

This global caravan is intended to improve manufacturing plant QCD (quality, cost, and delivery), to promote energy conservation, and to foster the growth of local engineers. Between October 2008 and February 2010, this program was implemented at 4 companies in China, 11 in Thailand, 8 in Malaysia, and 6 in the Philippines. We now plan to expand these activities centered on China, where there are many production plants, and to step up the training of local production improvement personnel.



Giving instruction at a plant in Suzhou, China

Reward System for Employee Inventions

Many Hitachi employees are engaged in research and development, including some 1,200 with doctorates. We have developed the Reward System for Employee Inventions to stimulate research and encourage outstanding inventions.

Hitachi provides rewards for patent applications and registrations, as well as performance rewards given at the stage where revenues are drawn from patent use and/or patent licensing income. For performance rewards in particular, Hitachi works to ensure objective evaluations of the extent to which patents have contributed to Hitachi's business and to provide equitable payment for patents that have made a substantial contribution.

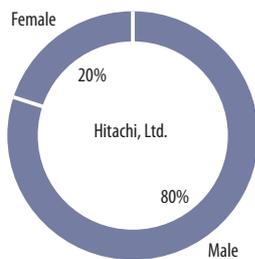
To ensure fair and transparent operation of the system, Hitachi has developed invention reward criteria and made these known to employees. An Employee Invention Rewards Internal Arbitration Committee has also been set up to receive inventors' claims and to determine the amount of payment for invention rewards that are offered. Hitachi's Invention Information system promotes communication between inventors and business divisions, enabling inventors to make inquiries themselves to business divisions for information on internal or external use of patents and to confirm the basis for payment of invention reward calculations.

The Annual Top 100 Rewards for Use of Patents presidential award was launched in fiscal 2005. In addition, since 2006, the Top 50 Rewards for Patent Applications award has been given to inventors aged 35 years and younger based on their records during their first five years at Hitachi.

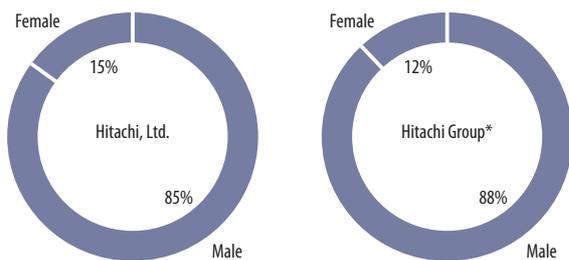
Diversity: A Base for the Healthy Expression of Individuality

At Hitachi, we are developing measures that promote diversity, based on our belief that respect for the individual and acceptance of diverse values generates synergy and creates the internal foundations for employees to make the most of their abilities. For example, by supporting the promotion of women and improving childcare, nursing care and other systems, we are creating an attractive work environment to help employees realize their full potential and capabilities.

Ratio of New Male and Female Graduate Recruits in FY 2009

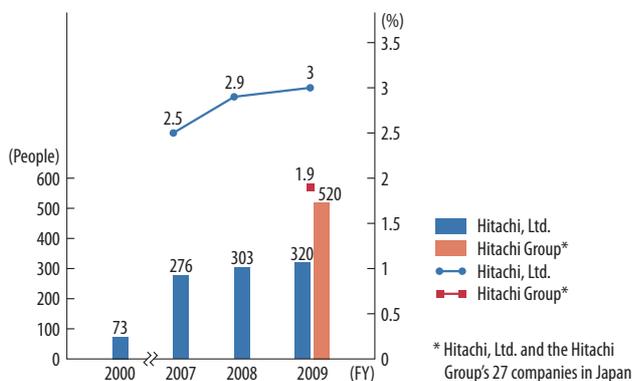


Ratio of Male and Female Employees in FY 2009



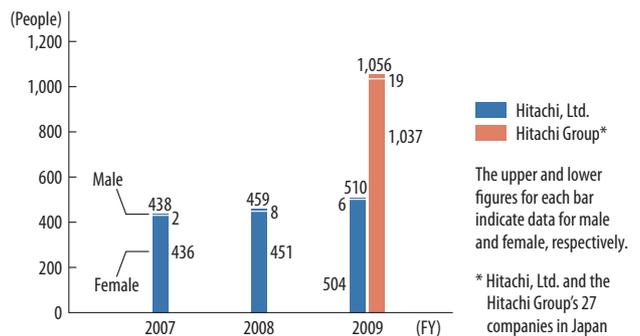
* Hitachi, Ltd. and the Hitachi Group's 27 companies in Japan

Trend in the Number of Female Managers



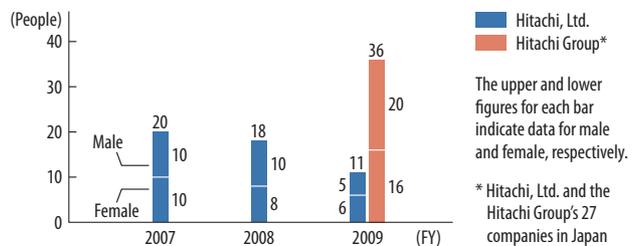
* Hitachi, Ltd. and the Hitachi Group's 27 companies in Japan

Trend in the Number of Employees Taking Childcare Leave



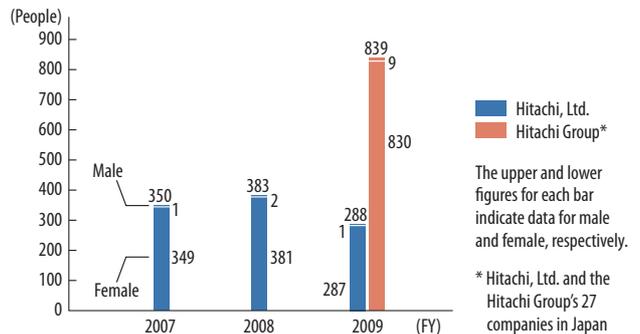
The upper and lower figures for each bar indicate data for male and female, respectively.
* Hitachi, Ltd. and the Hitachi Group's 27 companies in Japan

Trend in the Number of Employees Taking Nursing Care Leave



The upper and lower figures for each bar indicate data for male and female, respectively.
* Hitachi, Ltd. and the Hitachi Group's 27 companies in Japan

Trend in the Number of Employees Working Shorter Hours



The upper and lower figures for each bar indicate data for male and female, respectively.
* Hitachi, Ltd. and the Hitachi Group's 27 companies in Japan

Women's Summit Tokyo 2009

In December 2009, we co-sponsored a cross-industry exchange event, Women's Summit Tokyo 2009, together with three other companies (Aozora Bank, Ltd., NTT DATA CORPORATION, and Hewlett-Packard Japan Ltd.) that promote diversity. As the lead organizer this year, we worked to increase the number of participating companies and we called for participation from men.

Overall, 180 employees from 46 companies, including 12 men, attended the Summit. With the theme "Inspire your career—using soft power in business," the event featured lectures, group discussions, and lively exchanges of opinions. Women's Summit Tokyo 2009 promoted exchanges among different industries, and provided an opportunity for the participants to think about their own leadership skills. Hitachi and the three other co-sponsors will hold this event annually, supporting more dynamic activities by women, and further promoting the value of management diversity.



An employee from Hitachi Transport System, Ltd. making a presentation at Women's Summit Tokyo 2009

Work-Life Balance Promotion Project

We are participating in the Work-Life Balance Promotion Project launched in 2008 by the Ministry of Health, Labour and Welfare. This project aims to foster a balance between work and life by widely publicizing specific activities and their results from 10 leading companies in different business fields. Based on the Charter for Work-Life Balance and the Action Policy for Promoting Work-Life Balance, these companies advocate activities using their respective independent action plans.

During fiscal 2009, we introduced Hitachi Group examples at Work-Life Balance public lectures sponsored by the ministry in Tokyo and Osaka, and via our participation in the production of a television program. We will continue to actively promote work-life balance through collaborations with enterprises in other industries.

Hitachi, Ltd. FY 2009 Action Plan Fostering a Dynamic Workplace Environment

- (1) Boost productivity by reforming how employees work
- (2) Promote physical and mental health
- (3) Strengthen workplace communication skills



Work-Life Balance Public Lecture (Osaka)

Publishing a Message from Working Women (Japan)

In response to comments by female employees on the lack of nearby role models, a questionnaire on careers

was distributed to female managers. These women work for the 19 Hitachi Group companies participating in the Diversity Development Group Council, which was launched in fiscal 2009 (see page 19). The questionnaire, completed by about 440 working women, surveyed experiences and comments on such topics as the rewards of leadership and ways to balance work and private life. The results were compiled into a pamphlet, *Tips for Enjoying Work*, and were distributed via the Hitachi intranet. This pamphlet will aid employees at Hitachi to think about their careers while choosing a varied lifestyle. It is also expected to be a reference to help managers foster the growth of their subordinates.



Tips for Enjoying Work

Women's Leadership Network in the U.S.

Hitachi Data Systems (HDS), based in Santa Clara, California, launched the Women's Leadership Network (WLN) in November 2008 to develop women's leadership and networking skills. Three female HDS managers are on the WLN executive committee. The WLN promotes diversity through activities, such as a series of lectures by executive committee members entitled "Simple Rules for Becoming a Great Leader." In 2009, the WLN arranged for 50 women to attend the Professional Business Women of California (PBWC) conference, which featured renowned speakers on career and leadership development.

The WLN, which began with just 50 members, now



Lecture given by WLN executive committee member Nancy Long

has 250. Members have commented that they “feel reassured when they meet other members with the same worries,” and that “Hitachi Data Systems has been greatly changed by the WLN.”

Company Day Care Center: Sakura Hiroba

In April 2008, the Hitachi Chemical Co., Ltd. Yamazaki Works (Ibaraki Prefecture in Japan) and Hitachi Chemical Techno Service Co., Ltd. established a new company day care center, Sakura Hiroba, near their plants. The center creates a way for employees’ children on public day care waiting lists to receive care. This is part of the Work and Childcare Support Initiative being promoted by the entire Hitachi Chemical Group. As of January 2010, Sakura Hiroba had 18 children on monthly contracts and 13 drop-in children. It is open to children—from birth up to elementary school—of Hitachi Chemical Group employees who work in the area.

The center, which stays open past 8 p.m., considers employees’ working hours, and provides drop-in day care for employees when they work on holidays. Parents say that the center is both convenient and supportive.

In January 2009, the Hitachi Chemical Co., Ltd. Yamazaki Works and Hitachi Techno Service Co., Ltd. were presented the Award for Excellence in the Support for Both Work and Childrearing category at the Childrearing



Sakura Hiroba company day care center



Childrearing Support Companies Awards prize ceremony

Support Companies Awards sponsored by Ibaraki Prefecture. In addition to opening Sakura Hiroba, the companies were recognized for a series of initiatives by the Hitachi Chemical Group. These include improvements to childcare leave, childcare allowance and other support systems; distributing information on various events and systems; and the development of a support Web site for female employees that gives examples of how Hitachi workers are successfully managing their work while raising children.

Employing Retirees (Japan)

Hitachi and Hitachi Group companies have adopted a life plan selection framework, designed to re-employ people aged 60 who want to continue working and are suited to company-designated positions. We strive to make full use of older people with deep experience, technical expertise, and skills.

Nichiwa Service Opens Social Welfare Recycling Center

In April 2009, Nichiwa Service, Ltd., a Hitachi Life Group company, opened Nichiwa Service Social Welfare Recycling Center with support from Hitachi City, Ibaraki Prefecture in Japan. This center was created—in cooperation with local social welfare facilities—by renovating (for confidentiality, safety, and other measures) an idle facility at Hitachi, Ltd.’s Kokubu Production Headquarters. It is now a workplace for people with mental disabilities: The workers at the Social Welfare Recycling Center dismantle used electronic equipment and sort the materials for recycling.



An employee working at the Nichiwa Service Social Welfare Recycling Center

From the first month, three workers with mental disabilities took apart used PCs, copy machines, cell phones, printers, and other electronic equipment collected from Hitachi Group companies, nearby firms, and local government bodies. They sorted the materials for recycling, and learned other work skills under the guidance of Hitachi retirees. The recovered materials are then sent to refineries

to be recycled as resources. For example, hard disk drives are crushed and transported to Tokyo Eco Recycle Co., Ltd., a Hitachi Plant Technologies Group company. This contributes to the Hitachi Group's materials cycle.

Three trainees were hired in November. Today, a team of six employees dismantles about 600 electronic devices every month. It is now easier for them to carry out their tasks because they have visual representations—pictures and photographs—of work procedures. We plan to enhance this business model to include small household appliances, to establish additional locations where individuals with disabilities can be active, and to increase employment.

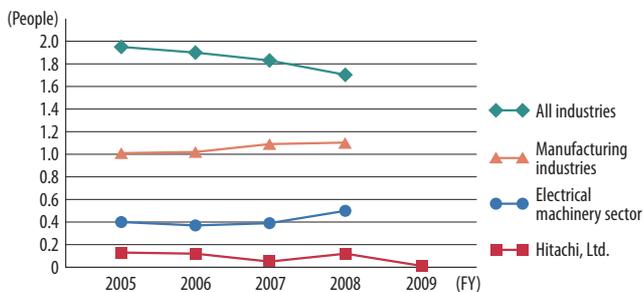
A Safe, Pleasant Workplace

We encourage all activities that ensure workplace safety, as well as those that maintain and promote employee health. This is based on the common group belief that ensuring the health and safety of employees is our highest priority. We are determined to continually improve the level of health and safety throughout the Hitachi Group.

Workplace Health and Safety

With all safety procedures, we make every effort—based on the principle of self-management—to ensure safety at every worksite. Our goal is zero serious mishaps and zero accidents. Regardless of the industry, we work to steadily reduce the causes of accidents through consistent regular inspections, safety education and other basic measures, combined with active risk assessment and other hazard prediction systems. As a result of these safety activities, several Hitachi Group workplaces have been given the Prime Minister's Award for Safety in Japan.

Occupational Accident Rate



As of May 30, 2010, FY 2009 figures are not available, except for Hitachi, Ltd.

The Hitachi Group Health and Safety Research Presentation Meeting is also held every year to improve the level of health and safety throughout the Hitachi Group. The fiscal 2009 event attracted 250 participants from 70 companies, and featured special lectures by outside experts; the sharing of accident cases, health and safety issues; and new approaches to health management.



Hitachi Group Health and Safety Research Presentation Meeting

Division Extends Zero-Accident Record

In July 2009, Hitachi, Ltd.'s Telecommunications & Network Systems Division (located in Totsuka Ward, Yokohama) received a certificate for the longest zero-accident record in manufacturing from Japan Industrial Safety and Health Association for the twenty-first consecutive year. Moreover, the record has been extended to 139,744,244 hours (as of March 31, 2010) with no accidents that result in at least one day's injury leave. This no-accident record continues to be the top of the industry in Japan. As this shows, the division has been working hard to boost safety awareness and carry out comprehensive measures through ongoing programs such as conferences by a health and safety committee, safety education, month-long enhancement activities called "health and safety months" and regular safety inspections.



Longest Zero-Accident Record by Industry certificate and plaque

Ensuring Better Work Hours

To improve productivity and operational efficiency, we return to the basics in our reviews of how managers and other employees work.

We encourage employees to reduce overtime and take annual paid holidays. In this way, we try to ensure appropriate work hours and help employees maintain a good work-life balance, which ultimately strengthens

them and the organization as a whole.

Promoting Mental Health

With an eye on creating the conditions where every employee works in a healthy environment, we promote the maintenance and improvement of everyone's physical and mental health. This is one part of our employment reforms. We have strengthened our industrial health system, provided education on ways to deal with stress, encouraged health promotion movements, and have otherwise improved preventive measures. We also support greater workplace communications, including helping managers to further develop their communication skills.

One example of a health program is the EAP¹¹ Center, which has been set up to help employees resolve their worries and concerns via person-to-person, telephone, and online counseling. Through the EAP Center, mental health experts provide support for human relations concerns, work-related problems, life plans and other questions and concerns. After understanding the situation and condition of the employee seeking advice, and once privacy has been assured, the information is relayed to management for use in improving the work environment.

Training for Strengthening Communication Skills

To revitalize workplace communications, we started a training program in 2008 for managers to strengthen their communication skills. To promote diversity and good interpersonal relations based on trust—as well as to achieve organizational goals—we stress respect for individuality and differences of opinion and culture, while seeking a full consensus.

The hands-on instruction during the two-day, role-playing training course focuses on communication skills that are the basis of all interactive skills: active listening, essential for mutual understanding; and assertion, which allows people—after opinions and ideas are expressed—to reach a conclusion that all parties can accept. About 2,600 managers have taken communication skills training as of March 2010.

Encouraging Better Health in the U.S.

Hitachi Automotive Products (USA), Inc., in Harrodsburg, Kentucky, is promoting employee health. They hold a health fair every year for employee education on preventing adult-onset and lifestyle-related diseases. They publish articles on health and disease treatment in their monthly health, safety, and environmental newsletter. The company offers workplace health education classes, including the ten-week course "Weight—The Reality

Series" where employees learn about nutrition, centered on the relationship between health and food, leading to weight management and disease treatments. They also offer courses on the Cooper/Clayton Method smoking cessation program twice a year.

Hitachi Automotive Products (USA) also campaigns to spread healthy lifestyle habits in their community. The company supports games at local "Second Sunday" sports events held on the second Sunday of each month. These include the tennis and ping-pong hybrid game called pang-pong,¹² which was originally created at a Hitachi, Ltd. factory.



A spirited game of pang-pong in the U.S.

Mentor Program

In fiscal 2008, Hitachi Systems & Services, Ltd. introduced a mentor program to address the career anxiety of new employees and support their adaptation to work, workplaces, and society. Under this program, in addition to receiving guidance from their supervisors, new employees (mentees) can talk about their work and company life concerns with senior employees from other workplaces who serve as their mentors through face-to-face meetings and e-mail. This system is available to new hires during their first two years of employment. Presently some 180 mentors are providing support to about 400 junior employees. Mentees who have used the program indicate changes in their awareness as members of society through such comments as "I came to understand what types of abilities and knowledge are required to improve my skills for my work" and "I learned the knowledge and ways of thinking required to build up personal relations with other workers." Mentors have also reported benefits, such as gaining new values and diverse perspectives. The mentor system is leading to better employee motivation and bringing renewed vitality to the company.

Basic Attitudes to HIV/AIDS

Since 1995, Hitachi, Ltd. has promoted an understanding within the Hitachi Group of HIV/AIDS based on the following three points.

Basic Attitudes Concerning HIV/AIDS

1. We will actively build AIDS awareness in keeping with the understanding that the most important thing is “to cultivate accurate knowledge and understanding of HIV/AIDS on the part of every employee.”
2. We will respond to known cases of infection by giving the highest consideration to respecting the human rights of those infected, and consider how to delay the onset of illness.
3. With a view to protecting the privacy of individuals, no testing for HIV/AIDS will be conducted as a part of any routine physical examinations for employees done within the company, whether the physical examination is legally sanctioned or not (i.e., voluntary).

Enriching the Lives of Employees and Their Families

Hitachi has instituted a range of measures designed to support richer, more stable lives for employees and their families.

Supporting Employee Self-Help and Independence

We employ measures designed to support an employee's self-reliance and independence. These include housing support such as dormitories, company housing, and a housing allowance system, as well as other measures such as an asset-building savings program, an employee stock ownership program, group insurance, and consolation payments. In 2000, a new “cafeteria plan” system was introduced that allows employees to select the benefits they will receive. Choosing from a list of options, such as skills development, childcare, nursing care, health promotion and donations, allows employees to tailor a program to their individual lifestyles and needs. Employees can select the support that they need—when they need it—according to their “cafeteria points.”

Employee Life-Planning Support through Corporate Pensions

With Japan's declining birth rate, the aging of society, and the growing diversity of post-retirement lifestyles, corporate pensions seem positioned to play an increasingly important role.

In response to the diversification of post-retirement lifestyles, changes in the employment system, and revisions to legal systems, the Hitachi Group has fundamentally revamped retirement allowances and pensions. Defined contribution and defined benefit plans have been introduced within the systemic infrastructure—

across the Group—to provide life planning support for employees. For defined contribution plans, we encourage the active participation of employees in their post-retirement planning through, for example, education on asset management and investments. For defined benefit plans, we have boosted the number of benefit options in response to employees' diverse needs.

Hitachi Company Hospitals

In 1938, Hitachi, Ltd. founded the Hitachi Hospital (now the Hitachi General Hospital) as the first corporate-affiliated hospital, with the fundamental philosophy of contributing to factory hygiene and public medicine. Hitachi has now established six company hospitals, centered on regions where our production plants and businesses are located. In addition to providing social welfare and health management services to Hitachi Group employees and their families, all six hospitals are also open to local residents. These hospitals strive to provide high-quality, safe healthcare services using the latest medical treatment technologies and expertise. They also cooperate with the local healthcare community by forming ties with major local hospitals and medical institutions as well as the Hitachi Group's medical businesses by sharing information on medical treatments.

The Six Hitachi Company Hospitals

Name	Location	Year Established
Hitachi General Hospital	Hitachi City, Ibaraki Prefecture	1938
Taga General Hospital	Hitachi City, Ibaraki Prefecture	1942
Hitachinaka General Hospital	Hitachinaka City, Ibaraki Prefecture	1945
Odaira Memorial Tokyo Hitachi Hospital	Bunkyo Ward, Tokyo	1960
Hitachi Yokohama Hospital	Yokohama City, Kanagawa Prefecture	1942
Hitachi Kasado Hospital	Kudamatsu City, Yamaguchi Prefecture	1941



The Hitachi General Hospital today



The Hitachi Hospital when it was founded in 1938

Main Assessments & Awards

Hitachi, Ltd. has received the following assessments and awards from the media and related organizations to recognize employee-friendly workplaces.

- Nihon Keizai Shimbun, Inc., 2009 Ranking of Companies with the Best Working Conditions: fourth place
- NPO Fathering Japan, 2009 Survey of Fathering-Friendly Companies: top three
- NPO Japan Mothers Society, third Best Mother Awards, Corporate Prize: 2010 prize winner

-
- †1 **EAP (Employee Assistance Program):** Provides employees with psychological, physical, and social support
 - †2 **Pang-Pong:** Game combining aspects of tennis and ping-pong played using wooden rackets, a wooden net and a soft tennis ball, developed at the Hitachi Plant (Ibaraki Prefecture in Japan) of Hitachi, Ltd. in 1922 to make use of scrap materials. The game has since spread as a sport among employees in the U.S., as well as the public and at schools in the Hitachi City area.



Hitachi's Environmental Conservation

We aim to realize a more sustainable society by promoting *monozukuri* that reduces the environmental burden of a product throughout its life cycle

1940

A Century of Service

Construction of the Hitachi Industrial Water Facility

In Hitachi's early days, we drew water from the Hitachi Mine, but local population growth had left the entire area with a serious water shortage. Concerned about this, Kumeo Baba, then the general manager of the Hitachi Works located in Hitachi City, Ibaraki Prefecture, Japan, proposed not only collecting industrial water but also supplying water to local residents. In 1940, Hitachi built a water collection and pumping station on Kujigawa River in Hitachi City and also established Hitachi Waterworks Co. (later to become the Hitachi City Waterworks Department) to supply some industrial water to town residents for domestic use. This facility is still used for industrial water.



Kujigawa River Water Tower today

A More Sustainable Society through Our Actions, Products and Services

Environmentally Conscious Management

The Hitachi Group's environmental management aims to mitigate climate change, resource depletion, ecosystem destruction and other increasingly serious global-scale threats to the environment. Pursuing our Environmental Vision based on three pillars—*prevention of global warming, conservation of resources, and preservation of ecosystem*—we are providing the world with products and services that contribute to environmental conservation, while conducting business globally in ways that reduce our environmental burden.

In a major management restructuring in October 2009, we introduced an in-house company system that gives business groups and subsidiaries the same responsibilities and authority as listed Group companies. Under the new structure, each in-house company and Group company is putting its own strengths to work, with the Hitachi, Ltd. Group corporate divisions exercising leadership, as we take environmentally conscious corporate action.

Sustainable corporate management cannot be achieved by our efforts alone. It can only be realized by building a solid partnership with our stakeholders. Through dialogue and collaboration with stakeholders, we are discovering what is expected of the Hitachi Group, and we are working to propose and provide the best solutions globally.

Our Achievements in 2009

Undaunted by the difficult economic situation during fiscal 2009, we combined the strengths of the Group to realize our Environmental Vision, as outlined below.

Contributing to Environmental Conservation through Business

In November 2009, China's National Development and Reform Commission (NDRC) and the Hitachi Group signed a memorandum of agreement on "friendly collaboration for the establishment of a low-carbon society and resource recycling." Hitachi will cooperate with China in such areas as power generation, smart grids, water treatment and recycling, and urban transportation, to help China with its energy-saving and environmental conservation initiatives. In the UK in December, Hitachi's aluminum rolling stock—achieving high energy efficiency through reduced weight and other improvements—went into operation on a high-speed railway line. Also, we reached an agreement with a Canadian electric power company in February 2010 for research and development, cooperating with them on carbon capture and storage (CCS) and other low-carbon technologies. These are a few examples of how we are providing environmental solutions for our customers.

Promoting Sustainable Corporate Activities

We have achieved all the targets in our Environmental Action Plan for fiscal 2009. Sales of environmentally conscious Eco-Products were 53 percent of all sales, bettering the 48 percent target. We reduced the levels of CO₂ emissions from our corporate activities by 21 percent in Japan (from fiscal 1990 levels) and by 5 percent outside of Japan (per unit of production, compared with fiscal 2003 levels). We are also improving the effectiveness of global environmental management by

holding working-level regional environmental conferences in Europe and China.

Centennial Year Emphasis: Social Innovation Business

The year 2010 is our centennial year. As we take the initial steps toward the next 100 years, we would like to make major contributions to society through our social infrastructure projects and our technology, in keeping with the original purpose of the company. This year will see the global deployment of what we call “social innovation business,” or providing environmentally conscious, highly advanced public infrastructure based on information and communication systems technology.

In October 2010, the 10th Conference of Parties (COP 10) to the Convention on Biological Diversity will meet in Nagoya; while the 16th COP on the United Nations Framework Convention on Climate Change (COP 16) will meet in Mexico later in the year. The discussions at these conferences will focus on global initiatives and goals for preserving biological diversity, as well as the international framework and targets for reducing CO₂ emissions in 2013 and after.

Ever mindful of these international concerns, we will finalize our third environmental strategy during fiscal 2010 and draw up environmental action plans for the five years from fiscal 2011. Based on our Environmental Vision, we pledge to renew our commitment to implementing world-leading, assertive plans for managing the environment.

July 2010



Takashi Hatchoji
Executive Vice President, Hitachi, Ltd.
Hitachi Group Chief Environmental Strategy Officer

Toward the Resolution of Global Environmental Issues

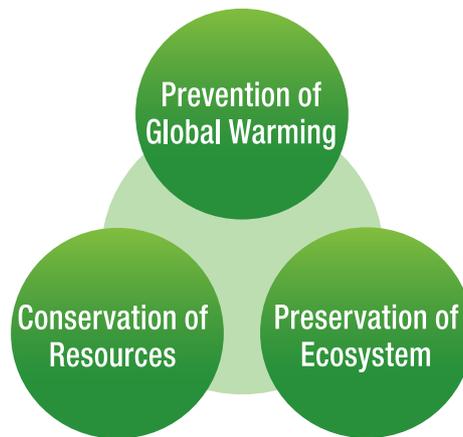
Three Environmental Pillars of Our Vision: Prevention of Global Warming, Conservation of Resources, and Preservation of Ecosystem

The quest for a comfortable life has led humankind to create a society based on convenience. However, environmental problems have surfaced, such as climate change, resource depletion, and ecosystem destruction. To realize a material-cycle society in harmony with the earth, we must share our vision and promote environmental conservation.

We have created an environmental vision to achieve a more sustainable society by promoting global production that reduces the environmental burden of a product throughout its life cycle. We have formulated Environmental Vision 2025, a long-term plan placing priority on preventing global warming, and we are conducting our business activities accordingly.

The Hitachi Environmental Vision

Reduce CO₂ emissions in energy production
Enhance energy efficiency of our products



Collect products for reuse or recycling

Reduce negative effect on air, water and soil

Towards a Sustainable Society

Standards of Corporate Conduct—Fundamental Credo

Adopted June 1983



CSR Policy of the Hitachi Group

Adopted March 2005



Hitachi Action Guidelines for Environmental Conservation (Summary)

1. Assist to realize a sustainable society as a management priority.
2. Contribute to society through technologies and products taking into account the prevention of global warming, conservation of resources, and preservation of the ecosystem.
3. Members of the board in charge of environmental conservation are responsible for promoting appropriate environmental conservation activities.
4. Promote globally applicable *monozukuri* with the aim of reducing environmental burdens.
5. Introduce excellent technologies and materials useful for safeguarding the environment, i.e. in terms of energy and resource saving, recycling, consideration for the ecosystem, etc.
6. Conserve the environment by observing environmental regulations and implementing voluntary environmental standards.
7. Regarding globally applicable *monozukuri* activities, consider the environmental impact on the local community.
8. Educate employees regarding global environmental conservation activities.
9. Evaluate potential environmental problems and prevent them from occurring.
10. Make efforts to disclose information on environmental conservation activities to stakeholders.

Adopted March 1993 (revised July 2010)

To realize our Environmental Vision, we promote activities in accord with the Hitachi Action Guidelines for Environmental Conservation. These guidelines are based on the corporate credo of contributing to society through the development of superior, original technology and products as stated in the Standards of Corporate Conduct.

Standards of Corporate Conduct—Fundamental Credo

CSR Policy of the Hitachi Group

Hitachi Action Guidelines for Environmental Conservation

Environmental Vision 2025

We will help reduce annual CO₂ emissions by 100 million tonnes by 2025 through Hitachi products and services for the prevention of global warming.

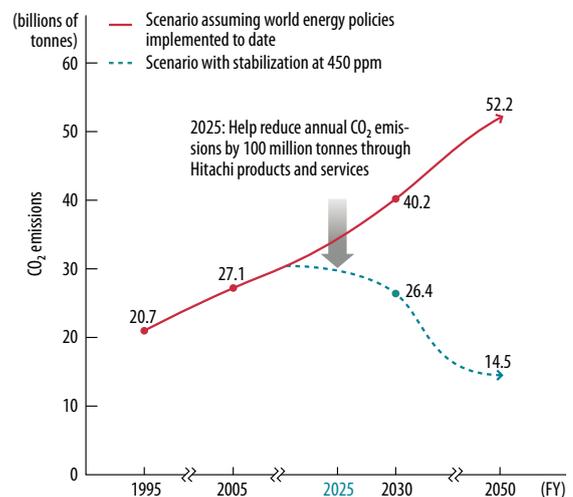
Philosophy of Environmental Vision 2025

The Fourth Assessment Report of the IPCC^{†1} states that it is necessary to maintain greenhouse gas emissions at about 450 ppm (parts per million) to keep global temperatures from rising two degrees or higher than before the Industrial Revolution. To meet this goal, the International Energy Agency has presented a scenario for halving CO₂ emissions by 2050 compared with 2005 levels and stabilizing them at 450 ppm.

To contribute to the prevention of global warming, we created Environmental Vision 2025 as a long-term plan for our business activities. With 2005 as the base fiscal year, our goal is to help reduce annual CO₂ emissions by 100 million tonnes by 2025 through Hitachi products and services. To this end, we will boost the environmental efficiency of Hitachi Group products and aim to make them all Hitachi Eco-Products (see page 85).

†1 Intergovernmental Panel on Climate Change

Concept behind Hitachi's Fiscal 2025 CO₂ Emission Reduction Goal



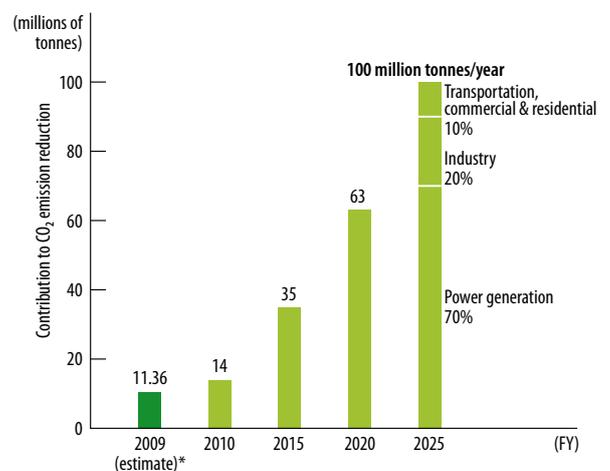
Based on energy-related CO₂ emissions in the International Energy Agency's World Energy Outlook 2009

Reducing CO₂ Emissions through Products and Services

To help reduce annual CO₂ emissions by 100 million tonnes, we will cut emissions by 70 million tonnes in the power sector by building nuclear power plants, improving the efficiency of coal-fired power generation, and promoting more renewable energy. For industries, we will reduce emissions by 20 million tonnes by introducing products such as high-efficiency inverters and transformers and by conserving energy such as in data centers. For the transportation, commercial, and residential sectors, we will reduce emissions by 10 million tonnes by developing lithium batteries for industry and cars and by reducing the energy used by home appliances.

In fiscal 2009, we formulated a calculation policy to reliably measure reduced CO₂ emissions within the Hitachi Group. Also, we received third-party reviews on our methods for calculating reduced CO₂ emissions and their results for 10 products, such as nuclear, coal-fired, and hydroelectric power generation products, servers, and energy-saving services using inverters (see page 103).

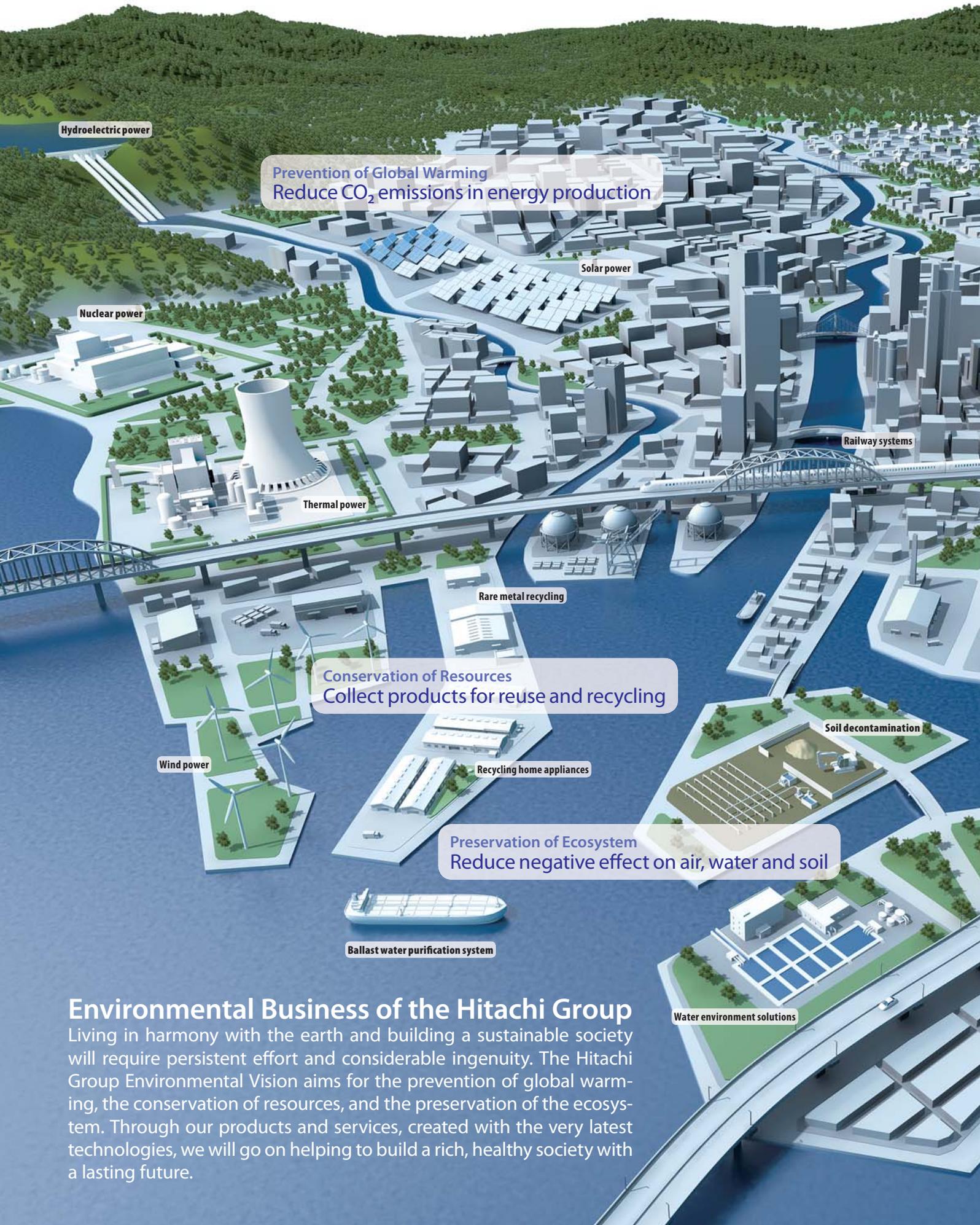
Contributions to CO₂ Emission Reduction (Base: FY 2005)



* CO₂ emission coefficients were calculated using 2007 figures from the International Energy Agency's CO₂ Emissions from Fuel Combustion Highlights (2009 Edition)

◆ Highlights ◆

Contributing to Environmental Conservation



Prevention of Global Warming
Reduce CO₂ emissions in energy production

Conservation of Resources
Collect products for reuse and recycling

Preservation of Ecosystem
Reduce negative effect on air, water and soil

Environmental Business of the Hitachi Group

Living in harmony with the earth and building a sustainable society will require persistent effort and considerable ingenuity. The Hitachi Group Environmental Vision aims for the prevention of global warming, the conservation of resources, and the preservation of the ecosystem. Through our products and services, created with the very latest technologies, we will go on helping to build a rich, healthy society with a lasting future.

through Business



Prevention of Global Warming
Enhance energy efficiency of our products

Prevention of Global Warming

Nuclear power
→ Page 72



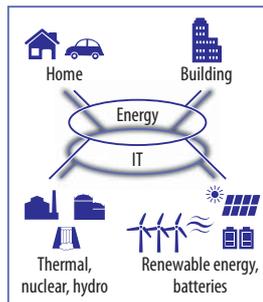
Chugoku Electric Power Company's Shimane Nuclear Power Station Unit 3

Thermal power
In addition to building supercritical and ultra-supercritical pressure thermal power plants with improved generating efficiency, we are developing CO₂ capture and storage (CCS) and other low-carbon technologies



Evonik Steag GmbH Walsum Power Station Unit 10 (Germany)

Smart grids
Building next-generation power transmission and distribution systems (smart grids) that use information technology to monitor power demand and supply, enabling effective use of renewable energy sources regardless of weather conditions



Renewable energy
Involved in wind, solar, and hydro power generation equipment to control systems for stable distribution
→ Page 72



Tokyo Electric Power Company Ohshima Solar Power Plant (tentative name) Artist rendering of completed plant

Railway systems
→ Page 73



Class 395 (UK)

Batteries
Batteries, including lithium-ion batteries for hybrid vehicles and lead batteries used for both industry and renewable energy applications



Lithium-ion battery for hybrid vehicles

IT platforms
→ Page 73



Modular data center

Consumer Products
Creating high value-added products—from consumer appliances to digital media products—with energy-saving and environmental technologies at the core



Front-loading washer-dryer

Conservation of Resources

Rare metal recycling
→ Page 74



Magnetic parts after dismantling

Home appliance recycling
End-of-life appliances are dismantled and recycled to reuse resources



Air conditioner recycling

Water environment solutions
→ Page 75



Bunus sewage treatment plant in Malaysia

Ballast water purification system
→ Page 75



Test device onboard a tanker

Soil decontamination
Cleaning contaminated sites using microorganisms to decompose hazardous substances naturally or using additives for a chemical reaction



Soil excavation

Preservation of Ecosystem

Prevention of Global Warming

Helping to reduce annual CO₂ emissions by 100 million tonnes by 2025 through products and services

Nuclear Power

Generating electricity by nuclear power results in far fewer CO₂ emissions than burning fossil fuels at thermal power plants, proving nuclear power to be effective at preventing global warming. Using technologies accumulated from our involvement in nuclear power projects since 1957, we are taking part in the building and preventive maintenance of highly safe, reliable nuclear power plants in and outside Japan.

In fiscal 2009, we delivered a reactor pressure vessel and turbine to Chugoku Electric for Shimane Nuclear Power Station Unit 3. At the J-POWER Ohma Nuclear Power Station, set to begin operating in 2014, we are laying the foundations and making other preparations to install a reactor pressure vessel. We are also developing nuclear fuel cycle technology: recovering usable fuel from spent fuel and reusing it.



Chugoku Electric Power Company's Shimane Nuclear Power Station Unit 3

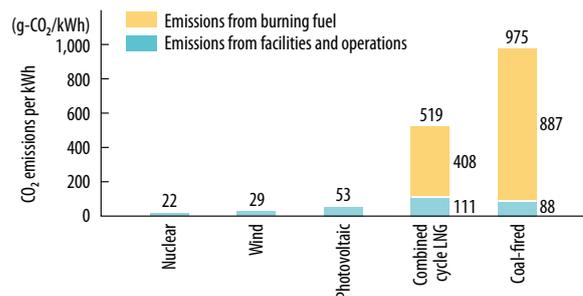
Wind Power

Wind power is widely seen as clean, since it generates electricity without emitting CO₂. To take advantage of terrain updrafts, we developed the world's largest downwind turbines. Also, our technology has more stable output in variable winds. Our strengths include having a wide range of technologies and equipment, as well as being a system integrator, to use these in products and services. In fiscal 2009, we delivered seven turbines for Wind Power Kamisu, an offshore wind farm owned by Wind Power Ibaraki Co., Ltd.



Wind Power Ibaraki Co., Ltd's Wind Power Kamisu

CO₂ Emissions from Main Power Generation Methods



Sources: Central Research Institute of Electric Power Industry and others



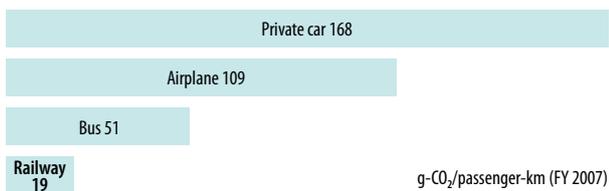
Class 395 high-speed train operating in the UK

Railway Systems

Railways will continue to be seen as an environmentally important means of transportation. As a total railway systems integrator, we operate in a wide range of railway system businesses from rolling stocks and traction system to traffic management, signaling, and power supply, as well as information services.

Railway companies in and outside Japan have praised our hybrid traction system—combining a diesel engine with storage batteries to improve fuel efficiency and reduce harmful emissions—and our A-train, which uses aluminum to reduce weight and save energy. In fiscal 2009, toward more global operations, a Hitachi high-speed train based on the A-train began running in the UK; while in China, among other developments, we are delivering a train control system.

CO₂ Emissions from Various Forms of Transportation



Source: Ministry of Land, Infrastructure, Transport and Tourism (Japan), *Reducing Global Warming in Transportation* (in Japanese)

IT Platforms

With the increase in IT equipment, energy use by data centers has skyrocketed. We are tackling this issue in various ways: Our Harmonious Green Plan aims to reduce CO₂ emissions by 330,000 tonnes^{t1} over the five years from fiscal 2008 by making IT equipment more energy efficient. Furthermore, the CoolCenter50 Project seeks to reduce data center power use by as much as 50 percent from 2007 levels by 2012. As part of these initiative, we have developed a modular data center that optimizes the layout of air conditioners and IT equipment for both cooling efficiency and space savings. Power use by air conditioners that cool servers is cut by up to 67 percent^{t2} and CO₂ emissions are reduced. After completing test operations in fiscal 2009, we have started marketing this new data center solution to corporate customers.



Modular data center

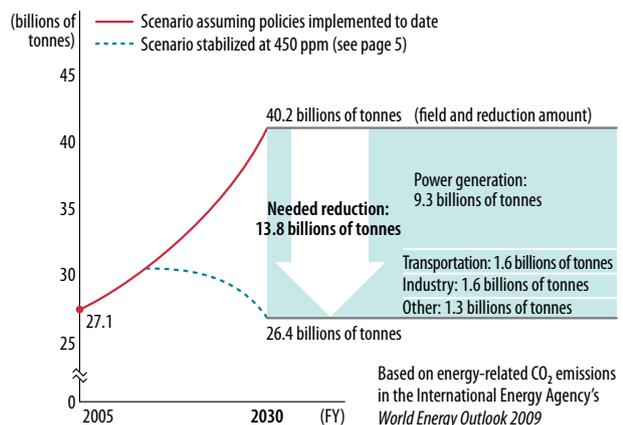
- ^{t1} This calculation is based on the assumption that the annual number of IT appliances that Hitachi will ship is equal to the actual figure for fiscal 2007 every year, staying unchanged over the five-year period from fiscal 2008. This figure shows the difference in the amount of CO₂ emissions from the total amount that would be emitted if this plan were not implemented.
- ^{t2} Calculations are based on survey data in the Japan Electronics and Information Technology Industries Association (JEITA), Survey Report on IT Trends (June 2009) (in Japanese)

Present State of the Environment

Curbing Global Warming

In tandem with the economic development of nations and regions around the world, CO₂ emissions—a major cause of global warming—have been increasing. According to the International Energy Agency (IEA), these emissions are on pace to reach 40.2 billion tonnes annually by 2030. Global warming can cause drought, severe heat, floods and other problems. If it worsens, abnormal weather patterns may lead to rising disease and death rates. To avoid these consequences, technological innovation is needed to reduce energy-related CO₂ emissions in such fields as the power generation and transportation systems that support everyday life.

Scenarios for World Energy-Related CO₂ Emissions



Conservation of Resources

Reinforcing recycling of rare metals and other mineral resources as well as R&D for alternative materials

Rare Metals Recycling

Among rare metals, rare earths^{†1} are widely used in high-tech and energy-saving products—such as electric motors in hybrid cars and hard disk drives—due to their ability to generate strong magnetic power; they can also be used at very high temperatures. Today, stable supply of rare earths is becoming a problem: China produces approximately 97 percent of these and demand continues to grow. We manufacture products such as home appliances and medical equipment that use the rare earth neodymium (Nd). In fiscal 2009, with assistance from METI,^{†3} we began developing technology for separating and recovering rare earth magnets from end-of-life products. Following feasibility tests, we hope to start full recycling operations by 2013.



†1 **Rare earths:** 17 elements including lanthanum and scandium. Rare earth magnets are magnetic alloys of rare earth elements such as neodymium and dysprosium.
 †2 Calculated using data from U.S. Geological Survey, *Mineral Commodity Summaries 2010*
 †3 Japan's Ministry of Economy, Trade and Industry launched a project to promote recycling of resources in fiscal 2009. The project's goal is to find technology for recycling rare earth metals from "urban mines," such as high-performance magnets from motors.
 †4 Permanent magnet motor

Hitachi Group Products That Use Neodymium Magnets



Air conditioners* (compressor)



Washing machines (drum motor)



Refrigerators* (compressor)



Hard disk drives (voice coil motor, spindle motor)



Industrial motors (PM motor^{†4})



Permanent magnet open MRI scanner (gantry: ring where magnetic field is generated)

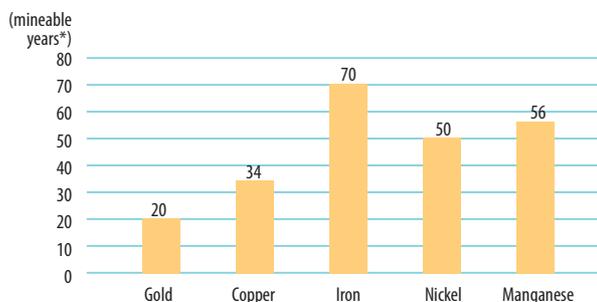
Parts in () use magnet materials
 * Not all models

Present State of the Environment

Risk of Resource Depletion

Reserves of metals, which are natural resources, are limited. Given their increasing use due to global economic development, shortages are likely to get worse in the near future. The inability to obtain stable supplies of resources will affect industry in many ways, including price hikes, making resource recycling all the more important.

Mineable Years of Metal Resources (based on fiscal 2009 data)



Based on data from U.S. Geological Survey, *Mineral Commodity Summaries 2010*
 * Mineable years = reserves/annual production

Preservation of Ecosystem

Helping preserve the ecosystem by cleaning air, water, and soil



Bunus sewage treatment plant in Malaysia



ClearBallast system being tested on an oil tanker

Water Environment Solutions

Conserving the water environment is essential for protecting the ecosystems that can be affected by human water use and disposal. In addition, since many countries face severe water shortages, providing water and sewage facilities, as well as water treatment is an international issue. As a comprehensive water environment solution provider, we work on the wider availability of sewage treatment systems—restoring water to its natural state—as well as circulating systems for water regeneration. Examples include participating in large sewage treatment plants in Malaysia, helping improve their water supply, and working on a pilot water circulation project in the United Arab Emirates. Our water solutions extend to local flood control and water treatment systems for removing toxic substances.

Ballast Water Purification System

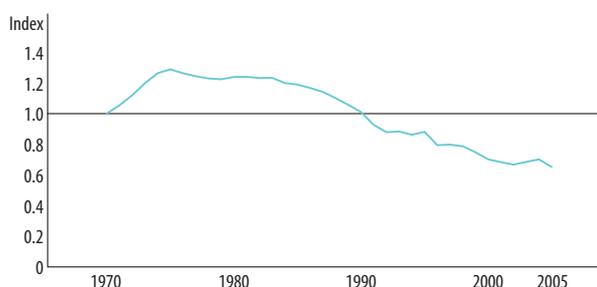
Ballast water—seawater that keeps ships stable—contains plankton and other organisms. They are transported by ships and can harm the local ecosystem when discharged in a port. For this problem, the International Maritime Organization adopted an international convention on ballast water in 2004. (Conditions for putting it into effect are unmet, as of June 2010). According to the convention, ballast water treatment equipment should be installed on all ocean-going vessels by 2017. We developed technology in this area early on, and in 2009, Hitachi Plant Technologies' non-sterilization system ClearBallast became the first in Japan to win IMO approval. Only about ten companies in the world have received approval. ClearBallast's coagulation and magnetic separation are attracting wide attention.

Present State of the Environment

Threat of Ecosystem Destruction

Populations of freshwater animal species that live in lakes, rivers, marshes and other inland waters are said to have declined by approximately 35 percent between 1970 and 2005. The causes include over-fishing, invasive non-native species, and water pollution. Among these reasons, water pollution by industry is especially serious as a direct cause of destruction of ecosystems. One of the "ecosystem services" that nature provides is water purification, but its capacity is limited. Effective treatment of wastewater is necessary to help preserve ecosystems.

Trends in Populations of Freshwater Animal Species*



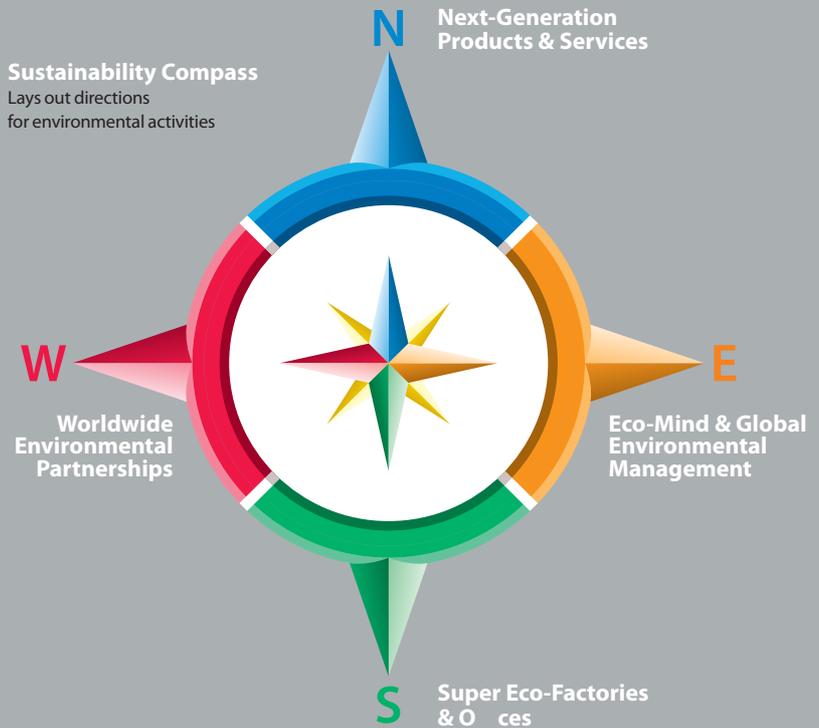
* An index showing changes in populations of more than 300 species living in inland waters, with the 1970 level as 1.0.

Source: World Wildlife Foundation (WWF) *Living Planet Report 2008*

Environmental Action Plan

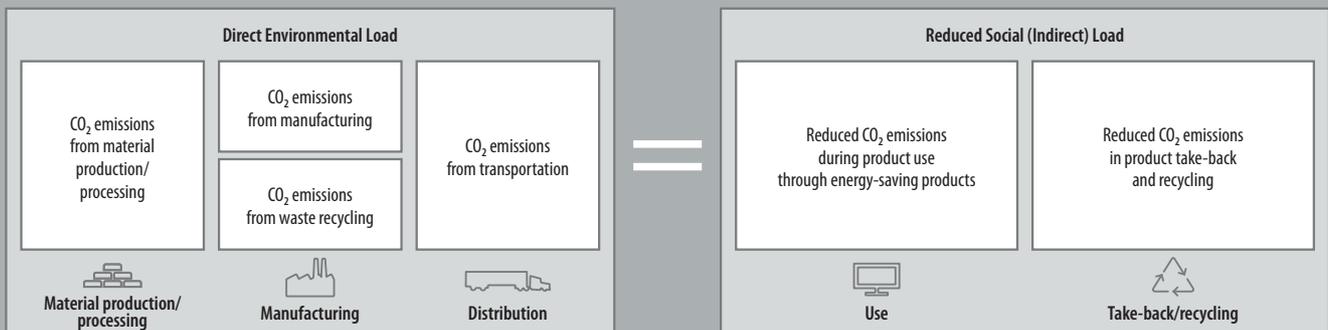
Promoting Environmental Action; Setting Targets for every Fiscal Year

The four directions for our environmental activities are depicted in the Sustainability Compass. The specific action items and the targets for each direction are outlined in the Environmental Action Plan, for which the final year is fiscal 2010. The achievement level of each year's target is evaluated and continual improvements are made. The Environmental Action Plan is also optimized by adding action items and reviewing targets in response to, for example, changes in the global environment, requests from stakeholders, or early target achievement. By implementing the Environmental Action Plan and promoting *monozukuri* through which we reduce the environmental burden of a product throughout its life cycle, we intend to achieve *emission neutral* status by fiscal 2015.



The Concept of *Emission Neutral*

Emission neutral means making the direct environmental load and the reduction of the social environmental load equal. Direct environmental load includes material production/processing, manufacturing, and transportation, while the reduction of the social environmental load is the amount reduced through energy- and resource-saving products compared with the base year of fiscal 2005.





Hitachi Group Fiscal 2009 Environmental Action Plan: Targets and Results

Item	Page(s)	Action goal	Index	Fiscal 2009 target	Fiscal 2009 results	Achievement level	Fiscal 2010 target	
Eco-Mind & Global Environmental Management								
Establish environmental management systems (EMSs)	pp. 79–80	Set up an integrated environmental management system in every in-house company/ Group company	Integrated EMS certification	Promotion/expansion	Certification acquisition in five companies	◆◆◆	Integrated EMSs certified	
Nurture environmental literacy	p. 82	Boost percentage of employees receiving Hitachi Group-wide training (environmental e-learning)	Percentage of employees receiving training	85%	93%	◆◆◆	90%	
Green purchasing	p. 82	Purchase products such as environmentally conscious office products	Green purchasing percentage	86%	89%	◆◆◆	90%	
Next-Generation Products & Services								
Promote Eco-Products	pp. 85–86	Expand Eco-Product lineup	Percentage of sales	48%	53%	◆◆◆	55%	
			Percentage of registered products	ICT systems, digital media, consumer products, etc.	98%	98%	◆◆◆	100%
				Power systems, social/industrial systems, high functional materials & components, etc.	80% or more	85%	◆◆◆	80% or more
			Percentage of Super Eco-Products	22%	22%	◆◆◆	30%	
Environmentally Conscious Factories & Offices								
Promote Super Eco-Factories & Offices	p. 91	Build industry's most advanced factories and offices	Certification of Super Eco-Factories & Offices	24 production facilities (total)	32 production facilities (total)	◆◆◆	30 production facilities (total)	
Prevent global warming	pp. 92–93	Reduce CO ₂ emissions from energy sources	CO ₂ emission reduction rate (base: FY 1990, Japan)	12%	21%	◆◆◆	12%	
			Rate of reduction in CO ₂ emissions per unit production (base: FY 2003, outside Japan)	4%	5%	◆◆◆	5%	
	p. 93	Reduce energy used in transportation	Rate of reduction in energy for shipping per real unit output (base: FY 2006, Japan)	10%	26%	◆◆◆	11%	
Use resources efficiently	pp. 94–95	Reduce waste	Rate of waste volume reduction (base: FY 2000)	24%	33% (total reduction) 24% (per unit production reduction)	◆◆◆	25%	
	pp. 94–95	Promote resource recycling	Resource recycling rate (base: FY 2005, Japan)	8%	19%	◆◆◆	10%	
	p. 95	Use water effectively	Rate of reduction in water used (base: FY 2005, outside Japan)	8%	20%	◆◆◆	10%	
Chemical substance management	p. 96	Reduce chemical substance emissions	Rate of reduction in VOC emissions into the atmosphere (base: FY 2000, Japan)	49%	68%	◆◆◆	50%	
			Rate of reduction in VOC emissions into the atmosphere (base: FY 2005, outside Japan)	8%	14%	◆◆◆	10%	
Worldwide Environmental Partnerships								
Environmental communication	pp. 99–102	Enhance environmental activities through more two-way communication	Improve dissemination of environmental action	Planned implementation	Environmental communication through media mix of TV commercials, newspaper advertisements, advertorials, Internet, etc.	◆◆◆	Continue to improve dissemination	
			Participate in eco-product exhibitions		Participation in Eco-Products Tokyo	◆◆◆	Continue to participate in exhibitions	

◆◆◆ Achieved
◆◆◆ Partially achieved

Eco-Mind & Global Environmental Management

Implementing environmental programs consistently

Under a system for global corporate management, we use environmental management systems to meet the targets of our Environmental Action Plan, while working hard to instill "Eco-Mind" in all our employees

Targets and FY 2009 Results

	Target	Result	Further info
1	Build EMSs and improve the quality of activities	5 companies were certified for integrated EMSs	p.79
2	Instill "Eco-Mind" in employees through environmental education	93% of employees completed environmental e-learning courses	p.82



Environmental Management Structure

Building a global network to put our environmental strategies to work

Environmental Management Framework

The Hitachi Group is made up of Hitachi, Ltd.'s in-house companies and Group companies. We are building a global environmental management system to support environmental decision making and action at Hitachi, Ltd., 900 consolidated subsidiaries, and 157 equity-method affiliates.

The Hitachi, Ltd. Environmental Strategy Office is responsible for developing Group-wide environmental policies. It drafts basic management policies and action plans that are deliberated on and approved by the Senior Executive Committee for Environmental Policy, chaired by the president. The Environmental Strategy Officers Meeting, made up of representatives from in-house companies and major Group companies, ensures that environmental strategies are implemented throughout the Group. We also have an Environmental Committee and subcommittees of working level employees in each policy area who develop specific targets and measures for achieving them.

Outside Japan, we are building networks to promote environmental action. Regional environmental committees promote understanding and disseminate Group policies, while seeking solutions to local environmental issues.

In fiscal 2009, we held regional environmental meetings in Shanghai and Belgium. Participants discussed the latest environmental regulations and exchanged views on environmental issues. We will continue to use these regional networks to improve our global activities—with the special character of each region in mind.

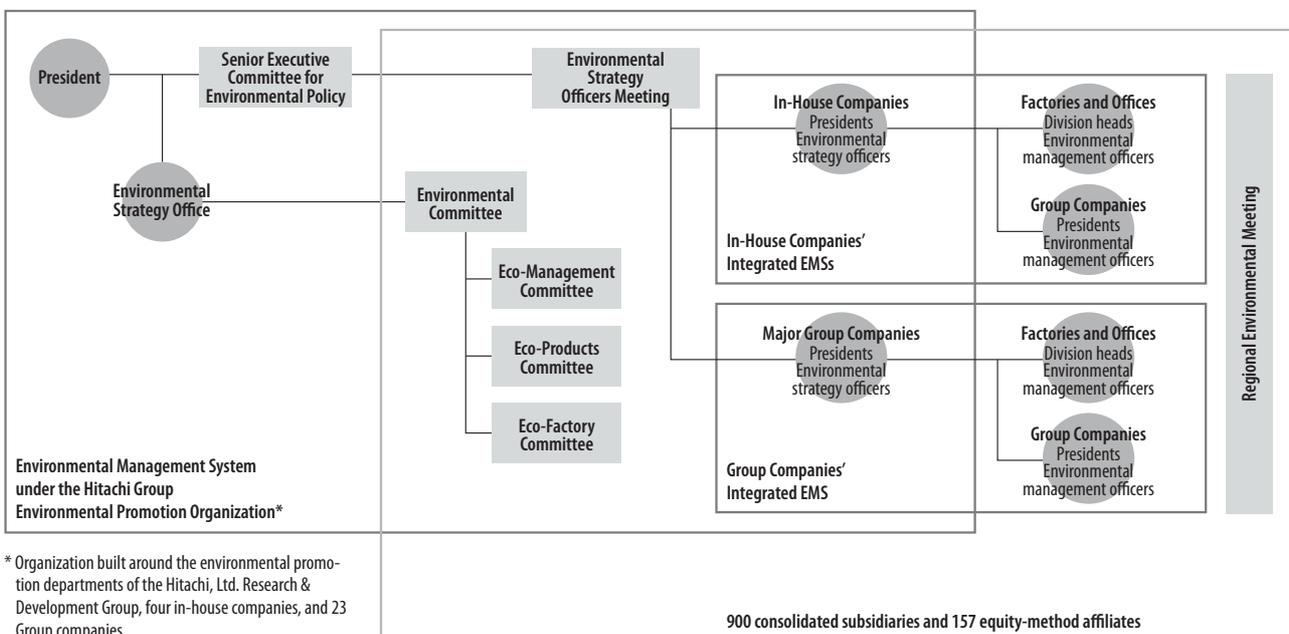
Building Environmental Management Systems

The criteria for environmental management at each business site are determined by the environmental load. Approximately 300 sites meet these criteria, and the 28 business units to which these sites belong—the R&D Group, four in-house companies, and 23 Group companies—have together developed and implemented the Hitachi Group Environmental Promotion Organization

Criteria for Environmental Management Level (major items)

Employees	≥ 500
Electric power consumption	≥ 6,000 MWh/year
Waste generated	≥ 500 tonnes/year
Water used	≥ 600 m ³ /day
Paper purchased	≥ 50 tonnes/year

Environmental Management System (EMS)



* Organization built around the environmental promotion departments of the Hitachi, Ltd. Research & Development Group, four in-house companies, and 23 Group companies

Environmental Management Structure

EMS to consistently promote the implementation of environmental policies.

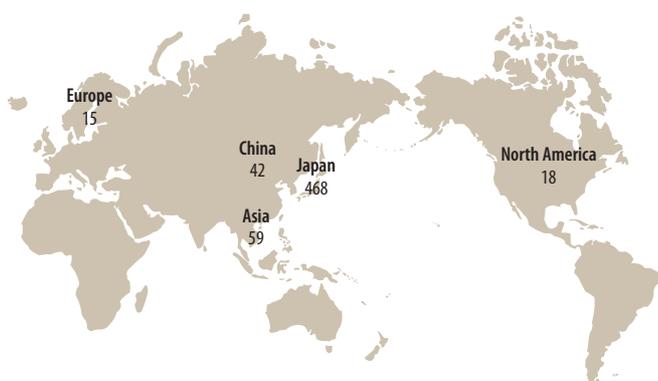
In fiscal 2009, the Hitachi Group Environmental Promotion Organization EMS had its first audit for renewal of ISO 14001 certification. No corrective action was required, and renewal was granted.

Also, the in-house companies and Group companies of the Hitachi Group Environmental Promotion Organization EMS are each working on their own EMSs to improve environmental activities and to streamline management. In fiscal 2009, one in-house and four Group companies carried out EMS integration of their business sites.

At the same time, every business site meeting the criteria for environmental management continues to maintain ISO 14001 certification. We also extended the EMS campaign to sites that do not meet the criteria. As of March 2010, 602 Hitachi Group business sites were certified.

Status of ISO 14001 Certifications (As of March 2010)

	Japan		Outside Japan		Total
	Production Sites	Non-Production Sites	Production Sites	Non-Production Sites	
No. of certified sites	240	228	111	23	602



Monitoring Environmental Performance Data

For effective environmental management, we collect environmental performance data on business operations using the Environmental Load Evaluation System. This system collects environmental load data from 300 Hitachi business sites worldwide on such items as energy use, CO₂ emissions, and waste generated, together with

information on outside complaints, honors received, and other items. By analyzing this information, we identify environmental management issues and share instructive examples within the Group. We are expanding this system to keep pace with new laws and policies. For example, we added a new function for registration to the electronic manifest system promoted by the government to prevent inappropriate disposal of wastes. Also, in fiscal 2009, we upgraded our system to collect and analyze energy-use data from all domestic sites in response to Japan's amended Energy Saving Law.^{†1}

Managing Environmental Risk

In the Hitachi Group, we go the extra mile in environmental management by considering the environmental burden of all our business activities and setting voluntary management criteria that exceed regulations. At every business site, we monitor water quality and noise, for example, and work to minimize environmental risk. We also share information on environmental regulations and violations to prevent recurrences and to strengthen management.

In fiscal 2009, four incidents exceeded statutory environmental standards and there were five noise complaints, and all were promptly resolved. We will continue to audit and monitor data to prevent recurrences.

To prevent soil and groundwater contamination caused by chemical leaks, we inspect underground tanks ultrasonically and replace underground pipes, pits, and tanks with ones above ground. At the end of fiscal 2009, approximately 90 percent of all sites where chemical substances were used had completed soil and groundwater decontamination or were contamination free. At the remaining sites, cleanups are taking place, and monitoring will continue.

Violations of Statutory Standards

	Water quality	Air	Total
Japan	0	0	0
Outside Japan	2	2	4

(Fiscal 2009)

†1 The Act on the Rational Use of Energy

 List of ISO 14001-certified sites



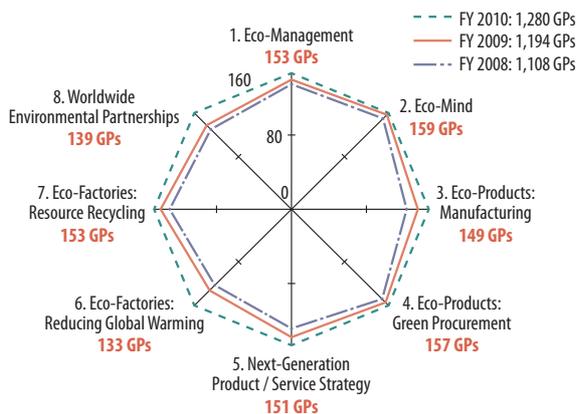
Improving on Environmental Initiatives

Working hard to meet the targets of our Environmental Action Plan through continuous improvement and education

Environmental Activity Evaluation System

Our environmental activities are based on the action items and targets in our Environmental Action Plan. To enhance the level and quality of these activities, we use

Green Point Average: Results and Targets



Categories and Evaluation Items

1. Environmental management action plan, environmental accounting, risk management, and statutory compliance
2. Environmental training and education for employees (general education, specialized education, auditor training)
3. Ecodesign, Eco-Products, management of chemical substances in products
4. Green procurement, green purchasing
5. Next-generation Eco-Product strategy, sustainable business
6. Energy conservation at business sites, environmentally responsible transportation
7. Waste reduction, chemical substance management
8. Stakeholder-oriented information disclosure, communications, global citizenship activities

our own evaluation system, GREEN 21. It divides environmental activities into eight categories and evaluates achievements and progress toward Action Plan targets by rating 55 items from one to five, then visualizing the results on radar charts. For any category, a perfect score is 200 green points (GPs). Interim evaluations are made during the year to identify weaknesses and make improvements in categories with low scores. The annual evaluations are also reflected in business performance evaluation of Group and in-house companies. In fiscal 2009, the Group achieved a score of 1,194 GPs, surpassing the target of 1,152. For fiscal 2010, the target is 1,280 GPs, or a Group average of four points or more on all 55 items.

GREEN 21 Awards

The GREEN 21 Award program was set up to encourage environmental activities and disseminate best practices. It honors the best environmentally conscious products and technologies as well as activities that have yielded outstanding results, based on the combined scores for overall environmental activities (using GREEN 21) and outstanding individual achievements. In fiscal 2009, a grand prize winner, four division awards, and four honorable mentions were selected from 35 entries, including nine from outside Japan.

Fiscal 2009 Green 21 Awards

Category	Recipient	Achievement
Grand Prize	Hitachi Works, Power Systems Co. (Hitachi, Ltd.)	Contributing to CO ₂ emission reduction by joint development and marketing (with Kansai Electric Co.) of adjustable-speed pumped storage system enabling regulation of input power according to demand; winner of 2009 Minister of the Environment Award for Activities to Prevent Global Warming, technology and product development division
Division Awards	Eco-Mind & Global Environmental Management Hitachi Global Storage Technologies (Thailand) Ltd.	Forming an energy conservation team and reducing electricity and fuel consumption; winner of Prime Minister Industry Award
	Next-Generation Products & Services Alaxala Networks Corp.	Developing dynamic energy-saving system for networks (see page 87)
	Worldwide Environmental Partnerships Hitachi Global Storage Technologies Philippines Corp.	Activities to raise environmental awareness and preserve the environment
	Super Eco-Factories & Offices Kasado Works, Industrial & Social Infrastructure Systems Co. (Hitachi, Ltd.)	Making production process more energy efficient, using recycled water, promoting waste recycling (see page 91)
Honorable Mentions	Toyama Works, Hitachi Kokusai Electric Inc.	Improving quality in management of chemical substances in products; ongoing afforestation activities
	Kansai Area Operation, Hitachi, Ltd.	Developing and marketing environmental information management system in partnership with customers
	Hitachi Software Engineering Co., Ltd.	Activities to promote community relations, biodiversity
	Tohoku Rubber Co., Ltd.	Boosting efficiency of energy use in production processes (see page 91)

Improving on Environmental Initiatives

Participating in the Development of International Standards

We work with the following international standards organizations for environmental issues and environmentally conscious product technology: the International Organization for Standardization (ISO), Ecma International, the International Telecommunications Union (ITU-T), the World Business Council for Sustainable Development (WBCSD), and the International Electrochemical Commission (IEC). This helps us discover global business opportunities and ensure our products' competitiveness. On the IEC's technical committee 111, we served as international project leader for IEC 62430—generic procedural standards for environmentally conscious design—published in fiscal 2008. In fiscal 2009, Ecma International began working on standards for collaborative control of IT equipment and facilities for energy-efficient data centers, a project that we proposed.



An IEC meeting in the Netherlands

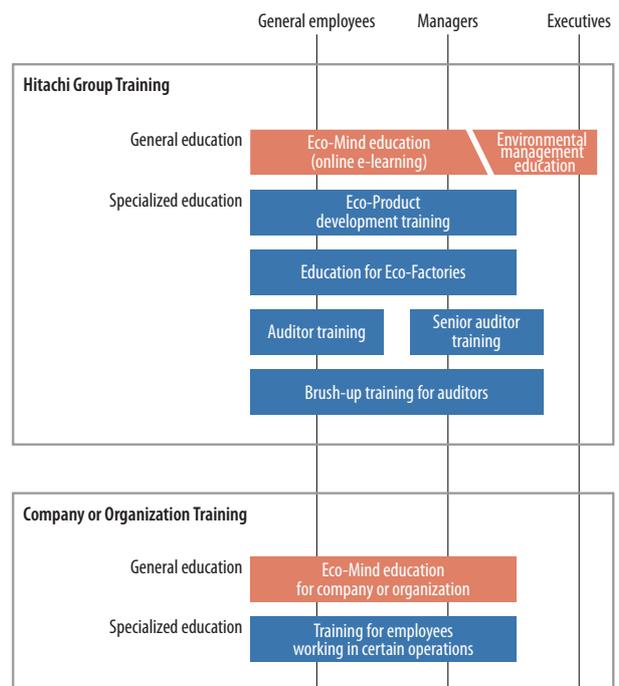
Environmental Education

For better employee understanding and awareness of the environment, we developed Hitachi Group Training, a Group-wide environmental education program. It is divided into general education—covering subjects such as Hitachi's Environmental Vision and environmental strategies—and specialized expert training.

For all employees, a general Internet-based e-learning course is offered in three languages: Japanese, English, and Chinese. By connecting our global production sites to the Internet, 163,894 Group employees took the course in fiscal 2009, a completion rate of 93 percent.

Specialized training includes advanced education for staff directly engaged in product development, factory management, and other areas. In addition to Hitachi Group Training, individual companies and units provide special education and training tailored to their own business area. ^{WEBP}

Hitachi Group Education and Training System



Promoting Green Purchasing

We are improving our green purchasing rate—the ratio of environmentally conscious products purchased to total office supplies—by using a Group-wide online purchasing system, the e-sourcingMall. This system has a range of recyclable products and goods made with recycled materials. It promotes purchasing by clearly labeling environmentally conscious products. For fiscal 2009, our green purchasing rate reached 89 percent. In fiscal 2010, we plan to both lower costs and increase purchasing of environmentally conscious products through Group-wide bulk purchasing of office supplies, with the goal of reaching 90 percent green purchasing.

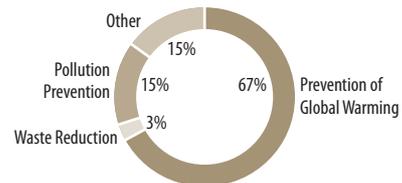
^{WEBP} Required and actual numbers of legally certified staff



Environmental Accounting

We have adopted, and are making public, environmental accounting conforming to Japan's Environmental Accounting Guidelines. The results help us to raise the efficiency of environmental investments and activities.

Investment Ratio by Countermeasure



Environmental Protection Costs

Item	Costs (billions of yen)			Overview
	FY 2007	FY 2008	FY 2009	
Expenses				
Business area	39.72	33.31	28.2	Costs of maintenance of equipment with low environmental burden, depreciation, etc.
Upstream/downstream	2.79	1.97	1.70	Green procurement expenses, recovery and recycling of products and packaging, recycling expenses
Management activities	11.30	11.20	8.92	Labor costs of environmental management, implementation and maintenance of environmental management system
Research and development	46.63	50.25	52.81	R&D for the reduction of environmental burden caused by products and production processes, product design expenses
Social activity	0.48	0.35	0.25	Planting, beautification, and other environmental improvement expenses
Environmental damage	0.80	0.99	0.68	Environmental mitigation costs, contributions, and assessments
Total	101.72	98.06	92.56	
Total investment	15.38	10.17	7.95	Investment in energy-saving equipment and equipment that directly reduces environmental load

Equipment depreciation costs are calculated using the straight-line method over five years.

Environmental Protection Effects

Economic Effects ^{*1}				
Item	Costs (billions of yen)			Major FY 2009 Activities
	FY 2007	FY 2008	FY 2009	
Net income effects	14.50	10.90	8.30	Finding value from waste by sorting and recycling
Reduced expenses effects	22.02	18.24	15.00	Reducing resource costs through resource and energy conservation; reducing waste disposal costs through waste reduction
Total	36.52	29.14	23.30	

Physical Effects				
Item	Amount Reduced (parentheses: equivalent number of households) ^{*2,3}			Major FY 2009 Activities
	FY 2007	FY 2008	FY 2009	
Reduction in the amount of energy used during production	161 million kWh (34,000)	158 million kWh (33,000)	191 million kWh (40,000)	Reviewing clean room operating conditions; consolidating worksites and facilities (relocation of production bases); limiting the number of refrigerator units and switching to inverter technology; partnering with electric supply companies to save energy
Reduction in the amount of final waste disposal	7,361 t (53,000)	6,752 t (48,000)	5,955 t (43,000)	Switching to PRF (solid waste fuel); recycling grinding sludge and slag; reducing effluent volumes; reducing packaging materials for goods received

Benefits on equipment investment are calculated using the straight-line method over five years, as with costs.

*1 Economic effects include the following items:

- Net income effects: benefits for which there is real income, including income from the sale of resalable material and income from environmental technology patents
- Reduced expenses effects: reduction in electricity and waste treatment expenses arising from environmental load reduction activities

*2 Calculation for household-number equivalent for energy-use reduction: decrease in energy used during production (or during product use) ÷ total annual power consumption per household. Source: The Energy Conservation Center, Japan, *Survey on Standby Power Consumption* (FY 2008). (only in Japanese)

*3 Calculation for household-number equivalent for final-waste disposal reduction: decrease in final waste generated during production ÷ (total annual volume of non-industrial final waste ÷ number of households). Sources: Ministry of the Environment, *Annual Report on the Environment in Japan 2009*; Statistics Bureau, *2005 Population Census*.

Efficiency of Environmental Load Reduction^{*4}

Item	FY 2007	FY 2008	FY 2009
Reduction in energy used during production (million kWh/billion yen)	28	33	42
Reduction in amount of waste for final disposal (t/billion yen)	2,000	1,940	2,290

*4 This is an indicator of the efficiency of environmental load reduction, calculated as the amount of environmental load reduction divided by expenses needed for the reduction.

Next-Generation Products & Services

Providing products with a reduced environmental burden

We are committed to preventing global warming and recycling resources, and helping to protect the global environment through our products and services. To reduce the environmental burden across the product life cycle, we are developing Eco-Products that meet rigorous requirements.

Targets and FY 2009 Results

	Target	Result	Further info
1	To help reduce annual CO ₂ emissions by 100 million tonnes by 2025 through Hitachi products and services	Contributing to 11.36 million fewer tonnes of emissions	p.69
2	To develop and promote environmentally conscious products and services	Eco-Products achieved a 53% sales ratio	p.86



Developing Environmentally Conscious Products

We develop and design products that minimize the environmental burden

Environmentally Conscious Design

In 1999, we introduced a Design for Environment (DfE) assessment system that sets specific environmentally conscious criteria for the design and development of products and services—at all stages, from material procurement to production, distribution, use, and disposal. This system helps reduce the environmental burden throughout the life cycle of products and services. We designate those products that meet DfE requirements as Eco-Products.

Where DfE assessment initially focused on consumer electronics, industrial machinery and other hardware, we have now widened the scope of DfE by developing methods that apply to software and IT-based services. In fiscal 2009, we developed assessment methods for plant products such as wind power generation systems, as well as housing. This assessment has also been tailored to comply with the European Eco-design Directive^{†1} and other environmental product regulations. We aim to make all Group products Eco-Products by fiscal 2025.

Development of Super Eco-Products

Eco-Products that meet even more demanding requirements are designated Super Eco-Products. Aiming to minimize the environmental burden, the global warming prevention efficiency or resource efficiency (see pages

87–88) of these products must be at least ten times more than reference products (factor 10), or they must be leaders in their industry for their energy efficiency standard achievement rate^{†2} or other similar factors, or must be highly rated outside the company. As of March 2010, 539 models, or 22 percent of Eco-Products sales, had been registered as Super Eco-Products.

Hitachi's Eco-Product System



Disclosure of Environmental Information

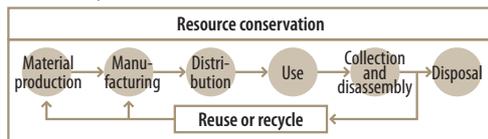
In 1999, Hitachi introduced an environmental information labeling system that uses symbols and data sheets to provide environmental information on environmentally conscious products. The mark in page 86 indicates

How a DfE Assessment Is Performed

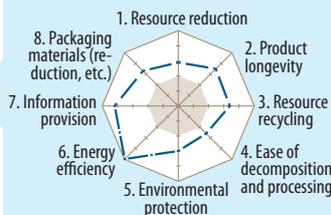
During product design, the environmental load is assessed quantitatively for each product life cycle stage using the eight DfE assessment criteria. If a product scores at least equal to or more than level 2 (the reference level before the latest major model change) in all eight criteria and its average over all the criteria is level 3 or more, it is designated an Eco-Product.



Product Life Cycle



Eight assessment criteria (example)



The environmental burden is quantitatively assessed at each product life cycle stage.

DfE assessment criteria (examples):

1. Size and weight reduction, resource reduction
2. Durability, reliability
3. Use of materials that can be reused and recycled
4. Ease of disassembly and material separation
5. Environmentally conscious parts and units
6. Energy efficiency in production, distribution and use
7. Provision of suitable environmental information
8. Reduced packaging and recycling

Developing Environmentally Conscious Products

that a DfE assessment has found the product to be an Eco-Product, letting stakeholders know that the product's environmental burden has been highly improved. We also use our Web site to disclose environmental information, such as data sheets for each environmentally conscious product and case studies of products that helped improve environmental efficiency. 



Management of the Whole Development Process

We drew up the Hitachi Group Ecodesign Management Guidelines to establish environmentally conscious design procedures for the development of both products and services. Based on the IEC 62430 international standard on generic procedures for environmentally conscious design, the guidelines require divisions, such as business planning, design, procurement, manufacturing, and quality control, to be environmentally conscious and keep records on processes and results. Divisions then incorporate these guidelines into their environmental management and quality control management systems based on the ISO 14001 and ISO 9001 international standards, pursuing product and service development in a PDCA (plan-do-check-act) cycle. First, legal and stakeholder requirements are analyzed and specifications created for products with a minimal environmental burden (plan). This is followed by environmentally conscious development and design using Hitachi's DfE assessment system (do), and then review and ongoing improvement (check and act).

^{f1} **Eco-design Directive:** A framework directive on the ecodesign of energy-related products (EU Directive)

^{f2} **Energy efficiency standard achievement rate:** Based on the Act on the Rational Use of Energy (also known as the energy saving law), this value indicates the rate of achievement for energy efficiency targets of certain home appliances. The target values are defined using the most energy efficient products available at the time.

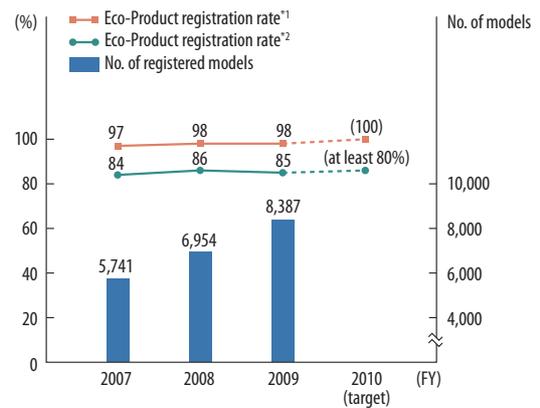
 Environmental Efficiency of Hitachi Products based on Factor X

Goal & Performance

Eco-Product Increase

Goal 100%^{f1}/at least 80%^{f2} in fiscal 2010

Performance In fiscal 2009, the Eco-Product registration rate was 98 percent for product categories of information and telecommunications systems, and consumer products; 85 percent for product categories of power systems, high functional materials and components and others. Both categories cleared their goals for the fiscal year (98 percent and at least 80 percent, respectively).



Registration rate is the ratio of Eco-Product sales to sales of all products for which ecodesign is applicable.

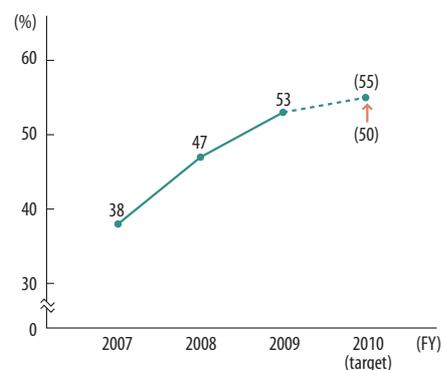
*1 Product categories: Information and telecommunications systems, digital media and consumer products

*2 Product categories: Power systems, social infrastructure and industrial systems, high functional materials and components and others

Increase in Eco-Product Sales

Goal 50%→55% in fiscal 2010

Performance In fiscal 2009, the sales ratio rose to 53 percent, clearing the fiscal 2009 goal of 48 percent. As it also topped the fiscal 2010 goal of 50 percent, the fiscal 2010 goal was raised to 55 percent.





Prevention of Global Warming

Looking for greater energy conservation and energy efficiency in our products

Making Products More Energy Efficient

The energy used to power our products is an indirect cause of greenhouse gas emissions. We are helping to prevent global warming by cutting the amount of energy used during product manufacturing and distribution. As well, we are saving indirect energy by making our products more efficient and by reducing their power consumption by, for example, adding a power-saving mode. We use DfE assessments (see page 85) for product and service development and design. In this way, we make improvements at all stages of the product life cycle, including manufacturing, shipping, and use.

Improving the Efficiency of Global Warming Prevention

To measure how effectively energy is used during a product's life cycle, we introduced *efficiency of global warming prevention*. This measurement is based on the concept of environmental efficiency that balances the value of products contributing to the quality of life and the reduction of their environmental load. We gauge the improvement

in product value by function and life span, using the amount of greenhouse gases emitted over the product life cycle to calculate the reduced environmental load. By raising the *efficiency of global warming prevention*, we increase a product's value and reduce greenhouse gas emissions. In addition, the *factor of global warming prevention* indicates the amount of improvement in *efficiency of global warming prevention* compared with a reference product. Products with a factor of ten or more, or at least ten times greater efficiency than reference products (fiscal 2000 products), are designated Super Eco-Products.

Global Warming Prevention Factor Calculation

Definition of efficiency of global warming prevention

Efficiency of Global Warming Prevention

Product function × Product life span

Volume of greenhouse gas emissions throughout the product life span

Definition of factor of global warming prevention

Factor of Global Warming Prevention

Efficiency of global warming prevention of evaluated product

Efficiency of global warming prevention of reference product

Energy Savings in Telecommunication Equipment



- **Product:** Dynamic Power Saving System (AX6700S series, AX6600S series and AX1240S series LAN switches^{*1})
ALAXALA Networks Corporation
- **Environmentally conscious feature:** A power-saving function dynamically regulates energy used by networks
 - Controls performance and cuts the amount of power used
 - Cuts power to areas not in use without affecting communications
- **Environmental load reduction:** Power consumption is deliberately reduced when network traffic is low (at night, on holidays, etc.)
- **Third-party evaluation:** Japan's Ministry of Economy, Trade and Industry (METI) Commerce and Information Policy Bureau Director-General's Awards at Green IT Award 2009^{*2}

*1 A communication device that exchanges multiple data simultaneously based on destination information within local area networks

*2 Awarded to IT products and services with outstanding energy savings (organized by the Green IT Promotion Council, backed by METI)



経済産業省 商務情報政策局長賞 受賞

Hybrid Drive Systems: Energy Savings for Train Engines



- **Product:** Hybrid Active Shift Transmission (HAST drive) for train engines
Hitachi Nico Transmission Co., Ltd.
(jointly developed with Hokkaido Railway Company)
- **Environmentally conscious feature:** Regenerative braking captures the energy from braking and stores it to be later fed back through the transmission to assist the engine, saving energy and boosting performance
- **Environmental load reduction:** Recovered energy is used when the train accelerates, cutting fuel consumption
 - The engine stops running when the train stops, and the train uses only the electric motor to start moving again, reducing noise
- **Third-party evaluation:** Environmental Award at 36th Environment Prize^{*1}

*1 Awarded for outstanding achievements in R&D, studies, and other research related to sustainable development that reduces the environmental load (organized by the Hitachi Environment Foundation and Nikkan Kogyo Shimbun, Ltd., and backed by the Ministry of the Environment)

Conservation of Resources

We are recycling resources and making products more resource efficient

Recycling Resources and Making Products More Resource Efficient

Most natural resources not consumed as energy or food are used as materials for products and services, and later discarded.

To conserve resources, we reduce the amount used during production by making smaller and lighter products (resource reduction) and reduce waste by lengthening product life cycles (longevity). At the same time, we use recycled resources or parts and materials that can be reused or recycled (recyclability), and make products so that materials and parts can be easily reused or recycled (ease of disassembly and disposal). We use DfE assessments (see page 85) to monitor and improve conservation during all stages of the product life cycle, including manufacturing, shipping, and use. ^{WEB}

Boosting Resource Efficiency

We measure *resource efficiency* to evaluate how effectively resources are being used during the product life cycle. This measurement is based on the concept of environmental efficiency that balances the value of products contributing to the quality of life and the reduction

of their environmental load. This measure also guides us to improve product value by function and life span; we gauge the amount of resources used over the product life cycle^{*1} to calculate the reduced environmental load. By working to boost *resource efficiency*, we increase product value while promoting resource conservation. In addition, a *resource factor* is used to indicate the amount of improvement in *resource efficiency* compared with a reference product. Products with a factor of ten or more, or at least 10 times greater efficiency than reference products (fiscal 2000 products), are designated Super Eco-Products.

Resource Factor Calculation

Definition of resource efficiency

$$\text{Resource Efficiency} = \frac{\text{Product function} \times \text{Product life span}}{\sum (\text{life cycle resource use} \times \text{value coefficient of each resource})}$$

Definition of resource factor

$$\text{Resource Factor} = \frac{\text{Resource efficiency of evaluated product}}{\text{Resource efficiency of reference product}}$$

^{*1} Amount of resource use over life cycle: Newly used resource amount + discarded resource amount
^{WEB} Product and package recycling

Reducing the Environmental Load of Small Batteries

- **Product:** Small batteries (alkaline and lithium-ion batteries, etc.) Hitachi Maxell, Ltd.
- **Environmentally conscious features:** Developing innovative small battery technologies opens the way for products with a lower environmental load
 - Silver oxide batteries
 - A battery with no mercury or lead that is made using anti-corrosion technology based on a corrosion-resistant zinc alloy and a new electrolyte solution
 - Alkaline batteries
 - Expiry date is extended—from two to five years—by a proprietary additive and conductive agent
 - An anti-leak design^{*1} boosts AA and AAA battery reliability
 - Lithium-ion batteries
 - A proprietary electrode technology and new materials cut size by around 33 percent (compared with similar batteries in 2000)
 - A new electrode uses less lithium and cobalt
- **Environmental load reduction:** Reducing a battery's size and extending its life cuts down on resources used and reduces waste
- **Third-party evaluation:** Minister of Economy, Trade and Industry Award at the 19th Global Environment Awards^{*2}



^{*1} Overdischarge electrolyte leak-proof design using patented technology
^{*2} Awarded for the development of products, services, and technologies that contribute to a sustainable material-cycle society, environmental protection, and business (organized by Fujisankei Communications Group, and backed by METI; the Ministry of the Environment; the Ministry of Education, Culture, Sports, Science and Technology; and the Ministry of Land, Infrastructure, Transport and Tourism)



Preservation of Ecosystem

We are determined to control and reduce the amount of harmful chemical substances contained in products

Controlling Chemical Substances Contained in Products

As one corporate initiative to protect the ecosystem and maintain biodiversity, we need to both consider the impact of manmade chemicals on biodiversity and manage the risks.

To control the chemical substances contained in products, we created Regulations for Environmental CSR-Compliant *Monozukuri* in 2005. This helps us to manage chemical substances—across the product life cycle from development and design to procurement, production, use, and disposal. To voluntarily control chemical substances, we defined 13 prohibited substances (Level 1) and 12 controlled substances (Level 2) and created guidelines for their control and handling.

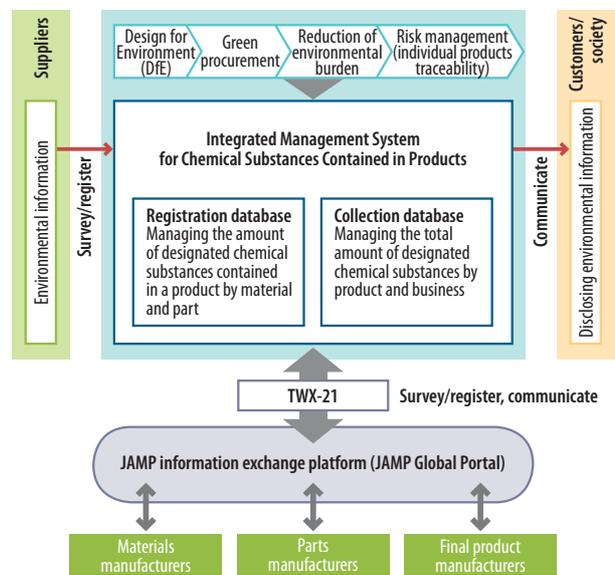
To manage the risks, we comply with REACH,^{†1} a chemical substance regulation in Europe, and we revised our regulations and product information gathering procedures in 2008. In fiscal 2009, we added potential REACH SVHC^{†2} to our voluntarily controlled chemical substances, strengthening our management structure. We identified chemical substances used in the Hitachi Group, from raw materials to end products, that should be controlled, and created a mechanism to collect, examine, and communicate information across the supply chain from procurement to production, shipping, and sales, in and outside Japan.

Covering the Entire Supply Chain

Working closely with suppliers and customers, we have been using and improving the Integrated Management System for Chemical Substances Contained in Products, created in 2005, as a way to gather and send out information about chemical substances across the supply chain.

In July 2009, we linked this management system to the cross-industry JAMP^{†3} information exchange platform via Hitachi's enterprise cloud service TWX-21.^{†4} The direct connection between customer and supplier databases has opened the way for fast, efficient information gathering and communication across the entire supply chain. At the end of March 2010, chemical substance information for 740,000 parts and products was registered in our integrated management system.

Integrated Management System for Chemical Substances Contained in Products



Linking our integrated management system with the JAMP Global Portal enables a more efficient exchange of chemical substance information over the supply chain

- †1 REACH regulation: Registration, Evaluation, Authorisation and Restriction of Chemicals (EU)
- †2 Potential REACH SVHC: More than 2,000 substances that are persistent and bio-accumulative or that have toxic or endocrine-disrupting properties
- †3 JAMP: Joint Article Management Promotion-consortium
- †4 TWX-21: Cloud-based business service providing an intercompany e-marketplace

Hitachi Group's Voluntarily Controlled Chemical Substances

Classification	Application	Substance (Group) Names
Level 1 Prohibited substances	Chemical substances that the Hitachi Group prohibits from being included in procured products (chemical substances banned or restricted for use in products (including packing materials) by domestic or foreign regulations and potentially used for procured products for the Hitachi Group)	Cadmium and its compounds, hexavalent chromium compounds, lead and its compounds, mercury and its compounds, bis (tributyltin) oxide (TBTO), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), polychlorinated biphenyls (PCB), polychlorinated naphthalene (with 3 or more chlorines), short-chain chlorinated paraffin, asbestos, azo dyes/pigments, and ozone layer depleting substances
Level 2 Controlled substances	Substances that are not restricted for inclusion in procured products but for which monitoring and control are required by domestic or foreign regulations, or for which special consideration for recycling or appropriate disposal is required	Antimony and its compounds, arsenic and its compounds, beryllium and its compounds, bismuth and its compounds, nickel and its compounds (excl. alloys), selenium and its compounds, brominated flame retardants, polyvinyl chloride (PVC), phthalate esters, tributyltins (TBT) and triphenyltins (TPT), ozone layer depleting substances (HCFC), radioactive materials, and potential REACH SVHC

Super Eco-Factories & Offices

We are reducing the environmental burden created by our business activities

We are working hard to reduce the burden on the global environment created by our own business activities.

We are rigorously cutting CO₂ emissions to help prevent global warming, reducing the amount of waste generated, using water resources more effectively, and sharply decreasing emissions from chemical substances.

Targets and FY 2009 Results

	Target	Result	Further info
1	Reduce CO ₂ emissions	Reduced 21% in Japan and 5% outside Japan* ¹	p.92
2	Reduce waste volume	30% reduction* ²	p.94
3	Reduce chemical substance emissions	Reduced 68% in Japan and 14% outside Japan* ³	p.96

*1 Total emission reduction rate for Japan (from fiscal 1990), reduction rate per unit of production for outside Japan (from fiscal 2003)

*2 Total reduction rate obtained from the sum of both groups: total-waste reduction group (33% cut from fiscal 2000) and waste-per-unit-production reduction group (24% cut from fiscal 2000)

*3 Reduction rate of total VOC emissions for Japan (from fiscal 2000), reduction rate of VOC emission ratio (emissions/total volume of VOCs handled) for outside Japan (from fiscal 2005)



Super Eco-Factories & Offices

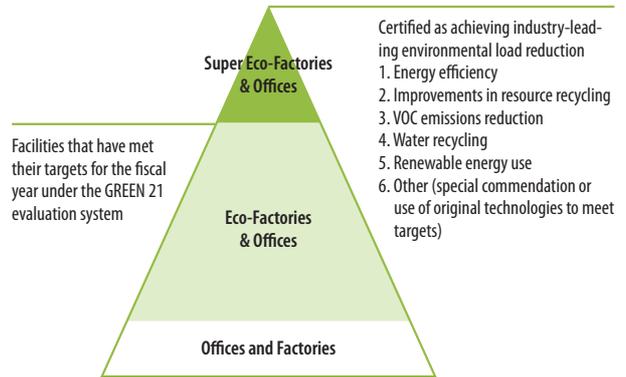
We promote the creation of pioneering facilities that reduce the environmental burden

Promoting Super Eco-Factories & Offices

To reduce the environmental burden of business activities, a Super Eco-Factory & Office certification is given to facilities that show a high level of environmental consciousness and take pioneering steps in this area. We certify those facilities as Eco-Factories & Offices that have met their targets for the fiscal year under our GREEN 21 system for comprehensively evaluating environmental action (see page 81). Facilities that have achieved an industry-leading environmental load reduction based on criteria such as energy efficiency, improvements in resource recycling, and chemical substance emission reduction are designated Super Eco-Factories & Offices. In fiscal 2009, seven more facilities were named Super Eco-Factories & Offices, bringing the total to 32.

Information on initiatives and environmental technologies at Super Eco-Factories & Offices are shared within the Group to encourage environmental activities.

Super Eco-Factory & Office Certification Criteria



Examples of Super Eco-Factories



Energy conservation and resource recycling in train car manufacturing and shipping

Kasado Works, Industrial & Social Infrastructure Systems Company, Hitachi, Ltd.

Kasado Works in Kudamatsu City, Yamaguchi Prefecture, develops and manufactures train and bullet train bodies for Japanese and international customers. By adopting friction stir welding technology for assembling train cars, this plant has cut the amount of power used for welding by more than 40 percent. The introduction of a high-speed cutting technology led to less oil-based paint being used, as well as reduced VOC emissions. In addition, all the water used during train car waterproof testing—about 120 tonnes a month—is recycled. Since fiscal 2004, all the plant's waste is being recycled in some way.

Main Works, Tohoku Rubber Co., Ltd.

A manufacturer of escalator handrails, rubber sheets and other synthetic rubber products in Sendai City, Miyagi Prefecture, Japan, Tohoku Rubber's Main Works has been conserving energy by, for example, installing solar power generation equipment and introducing ice thermal storage for air conditioning. In particular, boilers using emulsion fuel—heavy oil, water, and emulsifiers combined—to boost fuel efficiency, have cut the plant's heavy oil consumption by 80 kiloliters per year from fiscal 2005. The plant's final waste disposal rate has also been trimmed to 0.7 percent through practices such as the thermal recycling of rubber waste.



Solar power (maximum output 10 kW) is used at the plant



Designated an Environmentally Friendly Enterprise by Tianjin City, China in 2006

Hitachi Building Equipment Manufacturing (Tianjin) Co., Ltd.

Hitachi Building Equipment Manufacturing (Tianjin) makes elevators in Tianjin City, China. In 2006, the Baodi District Environmental Protection Bureau in Tianjin City named the company an Environmentally Friendly Enterprise, a designation given to model companies that achieve a balance between the environment and the economy. The company has reduced VOC emissions by using water-based paint for large parts and has upgraded the painting process. They have also switched from liquefied petroleum gas to natural gas, improving plant energy use per unit of production by 9 percent in fiscal 2009.

Prevention of Global Warming

We are working to curb greenhouse gas emissions in plants and offices and in transportation

Reducing Greenhouse Gas Emissions

Our sustained investment promotes energy conservation, and we employ highly effective CO₂ emission reduction measures in Group operations worldwide. For energy conservation diagnoses, Group engineers with advanced, broad knowledge of equipment (air conditioning and boilers, for example) diagnose energy use and propose improvements. We are also cutting greenhouse gas emissions other than CO₂ by switching to gases with low global warming coefficients and installing scrubbers. And we participated in a government program—Experimental Introduction of an Integrated Domestic Market for Emissions Trading—meeting fiscal 2008 targets and helping to identify issues.

Trend in Energy Conservation Investment in Japan

FY 2007	FY 2008	FY 2009
6.4	7.7	5.2

(billions of yen)

Renewable Energy

We are introducing wind and solar power, and other renewable energy sources. In fiscal 2009, the Narashino Division of Hitachi Industrial Equipment Systems installed a 100-kW solar power generator. Now, Group solar power has risen to 1,156 MWh and wind power to 81.7 MWh. We also buy Certification of Green Power for 1,000 MWh of natural energy every year from Japan Natural Energy Company, using this power for general shareholders meetings, fairs, and some offices.



Green Power symbol on Certification of Green Power

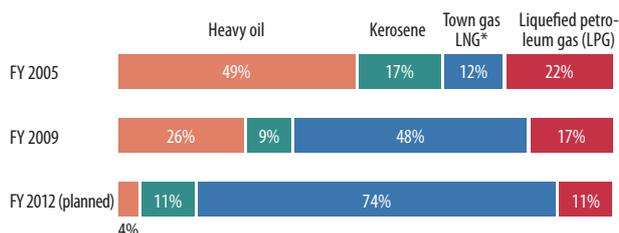
Introducing Energy Efficient Systems

Since we build transformers, air compressors, lighting, and other plant equipment, we are making them energy efficient and introducing them into our plants. We also use our environmental businesses to cut CO₂ emissions, collaborating with our energy service company (ESCO) division, a provider of comprehensive energy conservation services, to promote co-generation systems.^{†1}

Fuel Switching Initiative

We have been switching to natural gas (town gas, LNG) for materials processing, where heavy fuel oil was used. This will cut CO₂ emissions by around 30 percent by fiscal 2012, and we plan to reduce heavy oil use to below 10 percent (from fiscal 2005).

Trends in Fuel Use Ratios

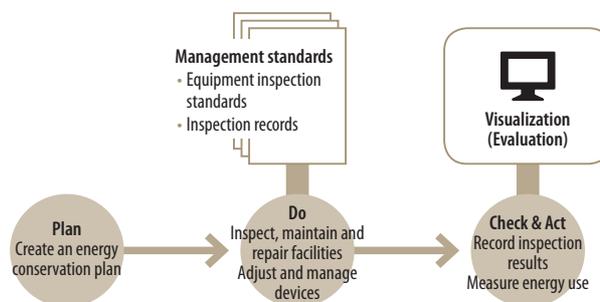


* Liquefied Natural Gas

Reducing the Energy Used in Offices and Other Business Operations

We have business operations, such as design offices, data centers, business offices, and hospitals, that together account for around 13 percent of our total CO₂ emissions. We are promoting rational energy use—to comply with Japan's amended Act on the Rational Use of Energy, in effect in fiscal 2009—by developing common management standards for the 10 operation types subject to regulation. A newly built database system also collects data on energy use for each type. These steps enable us to gauge energy use in each operation type, to analyze inspection results, and to make improvements.

Energy Management System



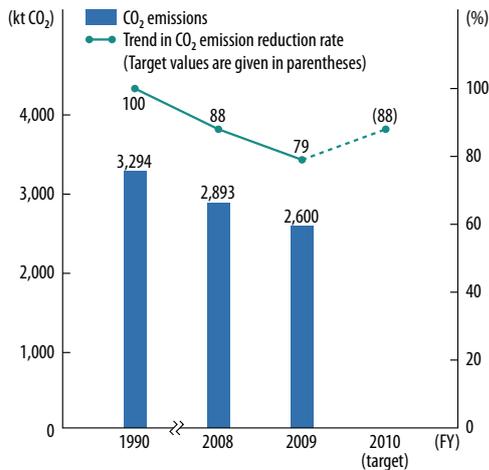


Goals & Results

Reducing CO₂ Emissions in Japan

Goal 12% reduction in fiscal 2010 (from fiscal 1990 levels)

Result In fiscal 2009, we reduced CO₂ emissions by 21 percent from the fiscal 1990 level, clearing the year's goal of 12 percent. This was achieved through steps such as switching from heavy fuel oil to natural gas and by making furnaces more energy efficient.



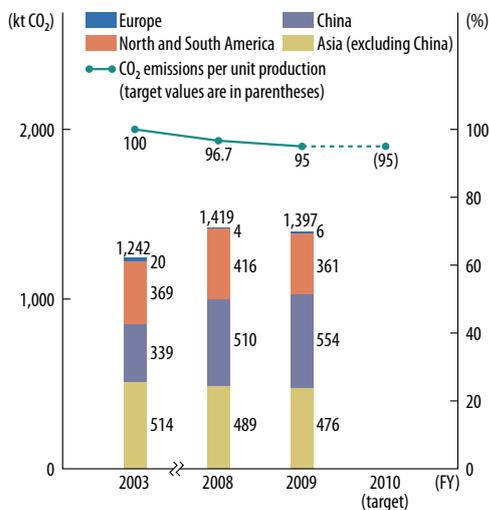
Emissions were calculated using CO₂ emission coefficients for each electric power company, as published by the Ministry of the Environment

Reducing CO₂ Emissions outside Japan

Goal 5% reduction in fiscal 2010

(per unit of production from fiscal 2003 levels)

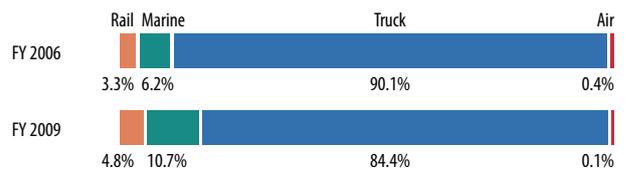
Result In fiscal 2009, we reduced CO₂ emissions by 5 percent from fiscal 2003 levels, clearing the year's goal of 4 percent. Building a new plant in China pushed up emissions, but energy-saving diagnoses helped to improve overall energy efficiency.



Reducing CO₂ Emissions from Transportation

Since we manufacture and ship a variety of products—ranging from large power plants to mass-produced items such as home appliances, we are improving transportation effectiveness by reducing size, weight, and packaging to improve truck load efficiencies. We also have made modal shifts: utilize more railways than road transportation for heavy products such as dry cells, and ships for large products assembled at the plant that were trucked in lots before.

Trends in Transportation Mode Ratios in Japan



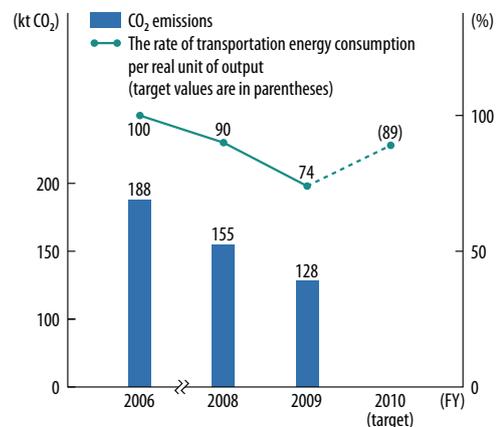
Goals & Results

Reducing CO₂ Emissions from Domestic Transportation

Goal 11% reduction in fiscal 2010

(Rate of transportation energy consumption per real unit of output from fiscal 2006 levels)

Result In fiscal 2009, we improved CO₂ emissions per unit from domestic transportation by 26 percent over 2006 levels, clearing the year's goal of 10 percent. The effect of a modal shift to ship-borne transportation in particular helped to reduce CO₂ emissions.



†1 Co-generation system: Energy-saving system making effective use of waste heat for power generation

Conservation of Resources

We promote the efficient use of waste and water

Using Waste and Valuable Resources Efficiently

The Hitachi Group is reducing and recycling waste materials generated during manufacturing, including valuable resources (reusable resources with residual value).

To use resources without generating waste, we are reusing resources from the manufacturing process by recycling material residue as raw resources or filtering cleaning oil for reuse. These technologies and measures are shared across the Group to reduce the amount of waste.

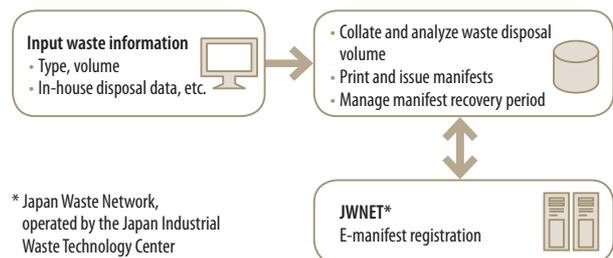
We also aim to recycle waste into resources rather than disposing of it in landfills. Using the Group's 3R load index to assess the environmental load incurred in waste disposal, we are developing technologies and applications to promote reuse and recycling. Our initiative to boost the number of zero emission^{†1} sites that have minimized landfill disposal now has 163 facilities achieving that status in fiscal 2009 (up 14 from the previous year). *WEB*

Promoting Appropriate Disposal

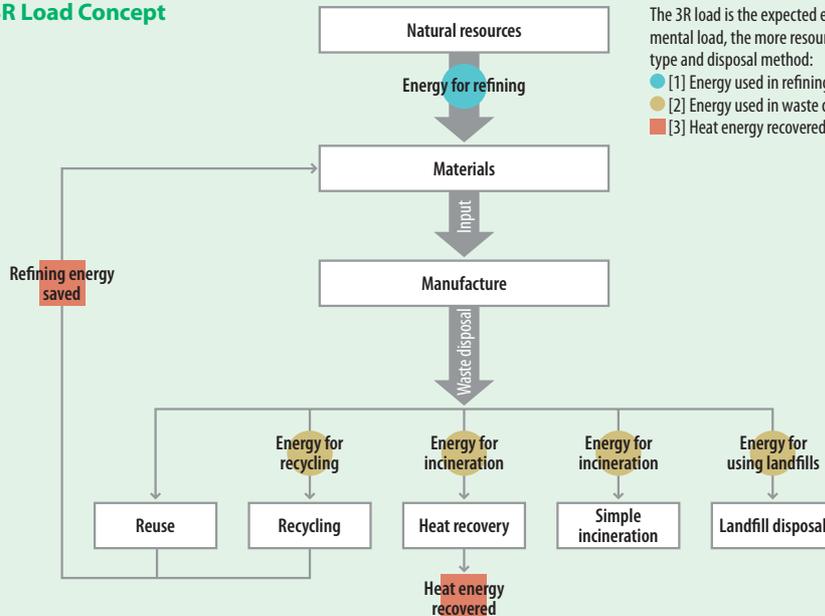
We have developed a waste management system that electronically records information from manifests^{†2} on

waste type, disposal method and disposal completion, and that can also register the e-manifests^{†3} promoted by the government to prevent inappropriate disposal. We have bolstered our mechanisms for ensuring appropriate waste disposal, with the system now issuing a warning if there are mistakes in a manifest or if disposal completion cannot be completed. A function has been added for collating data on waste volume, disposal methods, and disposal volume from electronic manifest information to boost operational efficiency and promote resource recycling. We are also working to increase e-manifest use within the Group.

Waste Management System



3R Load Concept



The 3R load is the expected environmental load from waste disposal. The smaller the environmental load, the more resources are being recycled. The following are totaled for each waste type and disposal method:

- [1] Energy used in refining natural resources into materials
- [2] Energy used in waste disposal
- [3] Heat energy recovered through waste recycling and reduction in refining energy

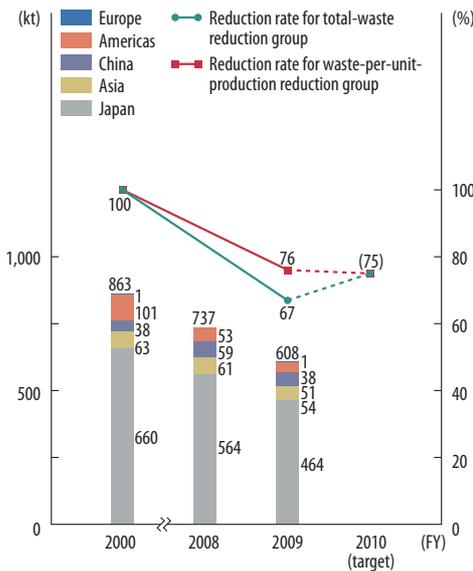


Goals & Results

Reducing Waste Generated

Goal 25% reduction in fiscal 2010 (from fiscal 2000)

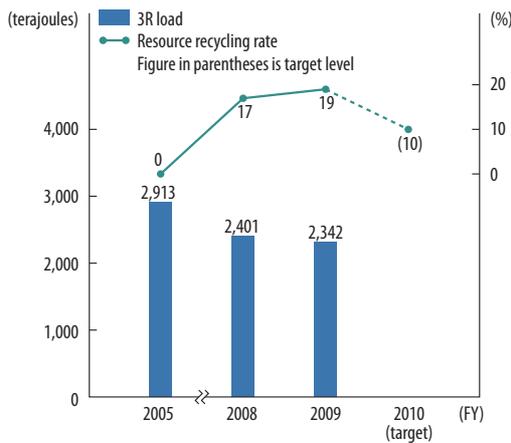
Result In fiscal 2009, the total-waste reduction group achieved a 33 percent reduction from fiscal 2000 in the amount of waste generated, and the waste-per-unit production reduction group achieved a 24 percent reduction, meeting the year's goal of a 24 percent reduction.



Boosting the Resource Recycling Rate^{†4} in Japan

Goal 10% improvement in fiscal 2010 (from fiscal 2005)

Result In fiscal 2009, we boosted our resource recycling rate in Japan by 19 percent from fiscal 2005, clearing the year's goal of an 8 percent increase. Waste generation reduction was a major contributor to the higher rate.



Water Resource Conservation

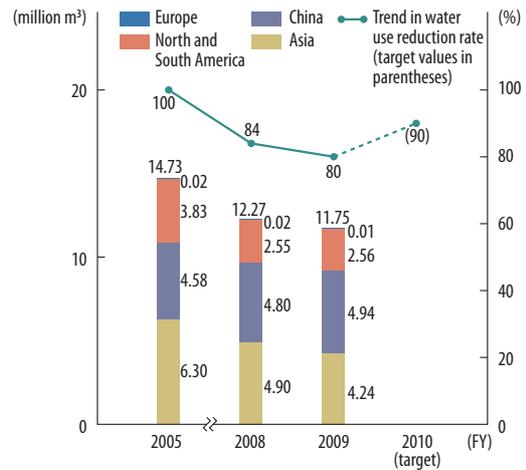
To reduce our water consumption, we are recovering and recycling water used during manufacturing or reusing it for non-technical use. A particular focus is the application of the Group's reduction initiatives to outside Japan where water resource conservation is an issue.

Goals & Results

Reducing Water Use outside Japan

Goal 10% reduction in fiscal 2010 (from fiscal 2005)

Result In fiscal 2009, we cut our water use outside Japan by 20 percent from fiscal 2005, clearing the year's goal of 8 percent. Particularly in China, recycling and reuse efforts reduced water use, despite the rise in production volume.



- †1 **Zero emission:** Defined as a final disposal rate (landfill disposal/waste) of no more than 1 percent and less than 5 tonnes of final waste in any given year
- †2 **Manifest:** An evidence document for industrial waste management issued by waste generators and relayed along the waste stream to ensure appropriate disposal
- †3 **Electronic manifest (e-manifest):** Mechanism for centralized management of digital manifests, with waste generators and waste disposal companies sharing relevant information
- †4 **Resource recycling rate:** Calculated as (base year 3R load minus subject year 3R load) divided by base year 3R load

Zero emission sites

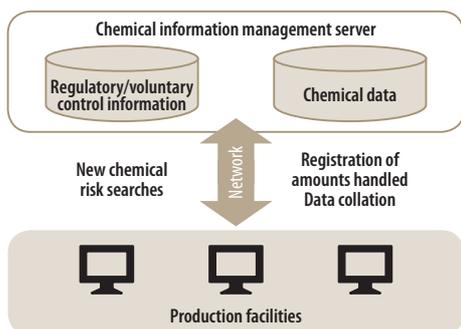
Preservation of Ecosystem

We are managing chemical risk and reducing emissions

Effective Chemical Risk Management

To deal with chemical risk and comply with laws and regulations, we assess chemical substances, managing risk in three ways: prohibition, reduction, and control. We operate an online database for chemical substance management called CEGNET, using it to check on applicable laws and regulations and our own voluntary regulations. We collect and aggregate data on chemical substances: amount used, emitted or transferred. This information helps to reduce chemical emissions. We also regularly educate chemical substance managers.

The CEGNET Chemical Substance Management System



Reducing Chemical Substances

To prevent air pollution, we cut emissions of 41 volatile organic compounds (VOCs) based on a program of the Ministry of the Environment. We improve manufacturing processes to introduce VOC alternatives and install equipment to recover and render them harmless. We comply with Japan's PRTR Law^{f1} through Group-wide monitoring of chemical substances released into the atmosphere or into public waters, or transferred outside our plants as waste, or discharged into sewage systems, reporting this to local Japanese governments. Although very small quantities need not be reported, our policy is to keep data on all PRTR substances, provided the amount is 10 kilograms or more per year, so that we can control these substances as well.

^{f1} PRTR Law: Pollutant Release and Transfer Register Law

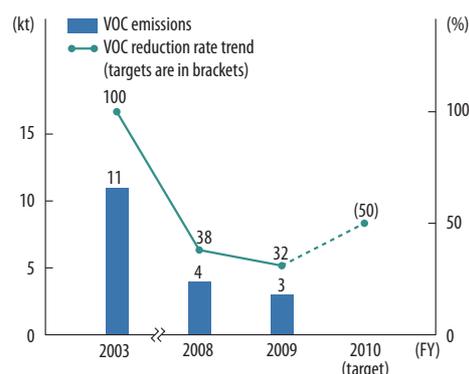
^{f2} Reduction in emission ratio: The percent difference between the 2005 emission ratio and the emission ratio in the subject year. The emission ratio is calculated as VOC emissions divided by total volume of VOCs handled.

Goals & Results

Reducing VOC Emissions in Japan

Goal Reduction of 50% in fiscal 2010 (from fiscal 2000 levels)

Result In fiscal 2009, we reduced VOC emissions by 68 percent from fiscal 2000, exceeding the year's goal of 49 percent. Hitachi Cable's Tsuchiura Works installed equipment to adsorb, recover, and reuse VOCs emitted during its copper product cleaning process, cutting emissions into the atmosphere by 53 percent over the previous year.

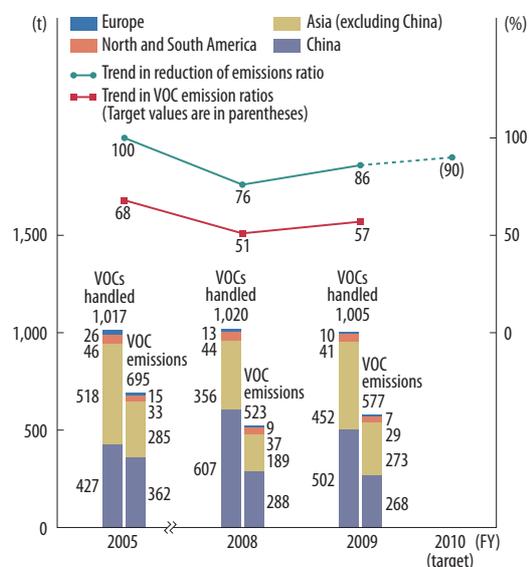


Reducing VOC Emissions outside Japan

Goal Reduction of 10% in fiscal 2010

(Rate of reduction of emissions into the atmosphere^{f2} from fiscal 2005 levels)

Result In fiscal 2009, we cut the VOC emissions ratio by 14 percent from fiscal 2005, surpassing the year's goal of 8 percent. In China, we installed VOC recovery equipment in new plants to reduce the emissions ratio there.



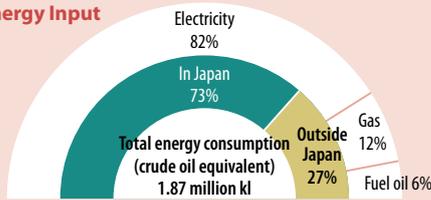


Environmental Load Data Generated through Business Operations

This chart shows resource inputs and the environmental load for Hitachi Group business activities in fiscal 2009.

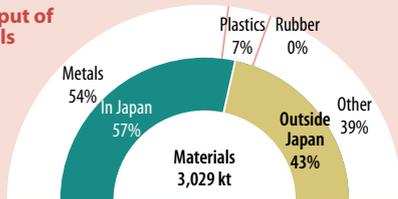
Total Input of Resources

Total Energy Input



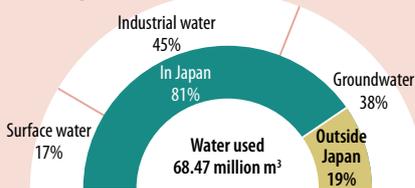
	In Japan	Outside Japan
Electricity	4.4 billion kWh	1.7 billion kWh
Gas		
Town gas, LNG	100 million m ³	24 million m ³
LPG	38,000 t	25,000 t
Fuel oil (heavy oil, kerosene, etc.)	95,000 kl	14,000 kl

Total Input of Materials

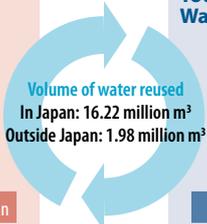


	In Japan	Outside Japan
Metals	1,087 kt	529 kt
Plastics	165 kt	49 kt
Rubber	8 kt	1 kt
Other materials	461 kt	729 kt
Chemical substances		
Handling volume for chemical substances covered under the PRTR Law†2	142 kt	17 kt
Handling volume for ozone-depleting substances	7.1 t	–
Handling volume for greenhouse gases	1,311 t	–

Total Water Input



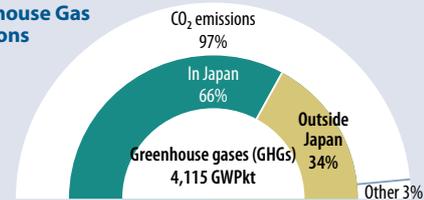
	In Japan	Outside Japan
Surface water	6.29 million m ³	5.07 million m ³
Industrial water	26.91 million m ³	3.94 million m ³
Groundwater	23.52 million m ³	2.74 million m ³



Total Output of Environmental Load

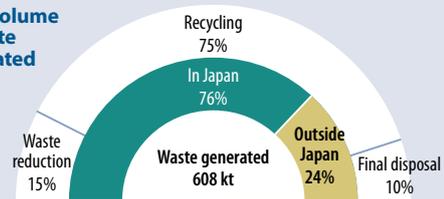
Total volume of products manufactured: 2,796 kt (in Japan); 488 kt (outside Japan)

Greenhouse Gas Emissions



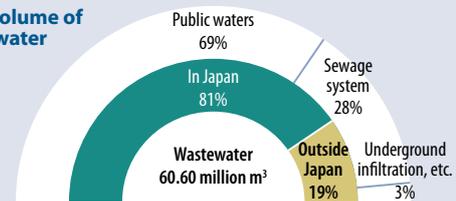
	In Japan	Outside Japan
CO ₂ emissions	2,600 GWPKt ^{†1}	1,397 GWPKt
Other GHGs		
SF ₆ (sulfur hexafluoride)	75 GWPKt	0
PFCs (perfluorocarbons)	23 GWPKt	0
HFCs (hydrofluorocarbons)	16 GWPKt	4 GWPKt

Total Volume of Waste Generated



	In Japan	Outside Japan
Waste reduction	30 kt	51 kt
Recycling	409 kt	55 kt
Volume reused	64 kt	–
Volume of material recycled	315 kt	–
Volume of thermal (heat) recycled	30 kt	–
Final disposal	25 kt	38 kt
Chemical substances		
Discharge or transfer volume of chemical substances covered under the PRTR Law	2.5 kt	0.8 kt
SO _x (sulfur oxides)	45 t	11 t
NO _x (nitrogen oxides)	460 t	29 t
Volume of discharge for ozone-depleting substances	6 t	–
	(0.3 ODPt ^{†3})	

Total Volume of Wastewater



	In Japan	Outside Japan
Public water	39.18 million m ³	2.8 million m ³
Sewerage system	8.55 million m ³	8.41 million m ³
Underground infiltration, etc.	1.45 million m ³	0.21 million m ³
Water quality		
BOD (biological oxygen demand)	263 t	308 t
COD (chemical oxygen demand)	193 t	693 t

†1 Global Warming Potential: Coefficient derived by converting the global warming potential into CO₂ equivalent tonnes

†2 The 354 chemical substances covered under Japan's PRTR Law

†3 Ozone Depletion Potential: Coefficient derived by converting the global depletion potential into trichlorofluoromethane (CHC-11) equivalent tonnes

Worldwide Environmental Partnerships

Hitachi pursues open environmental activities

We disclose information on our environmental activities to deepen stakeholders' understanding and use two-way communication to enhance that action, while working to protect the environment through our business operations

Targets and FY 2009 Results

	Target	Result	Further info
1	Widely communicate information on environmental activities	Communicate through a media mix, including our <i>Web site, advertising</i> , and <i>exhibitions</i>	p.99
2	Build environmental partnerships	Promote environmental protection in <i>partnership</i> with <i>suppliers</i> and <i>local residents</i>	p.101



Environmental Communication

We use information disclosure and dialogue to build two-way communications

Communicating Environmental Information

We publish reports every year on our environmental protection initiatives, their results, and our plans. From 2008, in addition to the *Hitachi Group Corporate Social Responsibility Report*, we issue the *Hitachi Group Environmental Sustainability Report* to enhance environmental information disclosure. The various Hitachi business sites and Group companies also issue reports. ^{WEB} Our Web site has information on environmental exhibitions, TV commercials, newspaper advertisements, and environmental awareness in key Group products, as well as the ideas of their developers.



In fiscal 2009, our TV commercial on next-generation smart grids won the outstanding performance prize in the environmental TV commercials category of the 13th Environmental Communication Awards.

Environmental Activities page on Hitachi's Web site

Promoting Dialogue

Our dialogues with stakeholders not only deepen their understanding of our environmental activities but also give us opportunities to listen to their opinions and concerns about improving that action.

Participation at Exhibitions

We have participated in the Eco-Products Exhibition—the largest on environmentally conscious products in Japan—every year since the first one in 1999. In fiscal 2009, we featured 20 environmentally conscious products and services in the energy, mobility, IT, home, and material zones based on achieving a sustainable society through social innovation business.

Around 2,300 visitors, or about 81 percent, responding to a questionnaire said that their opinion of our environmental activities had risen since viewing the exhibition. They also called for action and for initiative in realizing a low-carbon society.

Outside Japan, Hitachi participated in the World Energy Engineering Congress 2009, one of the largest U.S. expositions on saving energy and new energy sources, as well as the Business on Rails Exhibition & Conference in Brazil, focusing on environmentally conscious urban transportation. ^{WEB}



Eco-Products 2009 (December 2009, Japan)

We exhibited a model of a power generation system with less CO₂ emissions, as well as hybrid rail and other cutting-edge technologies and services. About 20,000 people visited our booth over three days.



WEEC 2009 (November 2009, U.S.A.)

Featuring a wind power generator, a factory energy management system, and air conditioners with outstanding energy-saving performance, our booth received many government and corporate visitors.

Dialogue with Stakeholders

We held a dialogue meeting with stakeholders in Belgium in September 2009 on our European environmental business, briefing participants on our environmental strategy, as well as our rail and thermal power plant businesses in Europe. We also exchanged views on stakeholders' expectations, which included a clear indication of the social benefits and the costs of environmental technologies and a demonstration of environmental leadership by Hitachi.

Responding to External Evaluations

To ensure that stakeholders receive the information that they require, we cooperate with socially responsible investment^{†1} ratings and other environmental surveys. We also apply for awards as a means of energizing our activities. 

Selection as a DJSI World Component

The Dow Jones Sustainability Index World (DJSI World) is a stock index created by U.S.-based Dow Jones and Swiss-based Sustainable Asset Management (SAM) to assess the sustainability of 2,500 companies around the world based on their economic, social and environmental performance. In fiscal 2009, Hitachi was one of the 317 companies (including 32 Japanese) selected as a DJSI World component. We were rated particularly highly for environmental initiatives, outscoring other companies with a high 85 (against an average of 38).



DJSI logo

CDP Evaluation and Selection

Backed by 475 institutional investors with 55 trillion dollars in combined assets under management, the Carbon Disclosure Project (CDP) assesses the potential risks and opportunities that climate change poses for around 3,700

of the world's leading companies. We participate in the CDP, submitting environmental strategies and greenhouse gas emission data. In fiscal 2009, we were selected out of 500 Japanese companies assessed by the CDP as one of the 31 components of the Carbon Disclosure Leadership Index for our outstanding information disclosure.

Boosting the Reliability of Environmental Information

In April 2009, one of our group companies was found to have misrepresented facts concerning its refrigerators. To prevent such incidents from recurring, our procedures for handling product environmental information have been clarified and checking systems were improved. Moreover, an advisory group on the product environmental information and expression was established in July 2009, including two external eminent figures.  This group regularly audits product environmental information by checking the procedures at Group companies, and discusses improvements to product catalogs from a consumer perspective. Through these initiatives, we will continue to boost the reliability of Hitachi Group environmental information.

^{†1} An approach to investing where shares are selected partly on the basis of criteria relating to CSR
 CSR/environmental reports published by Hitachi Group companies
 List of environmental exhibitions
 External environment awards

Enhancing Environmental Communication

External Advisors, Advisory Group on the Product Environmental Information and Expression
 Yukiko Furuya, Board Member, Nippon Association of Consumer Specialists
 Hideto Kawakita, CEO, International Institute for Human, Organization and the Earth



Corporate communication must be sufficiently clear to avoid misunderstandings, and must represent corporate philosophies and activities in a way that responds to consumer expectations and wishes. We urge the Hitachi Group to go beyond the proposal and provision of new environmentally conscious social structures and lifestyles to also demonstrate

leadership in communications, and to empower individual stakeholders to become part of realizing a sustainable society.



Building Environmental Partnerships

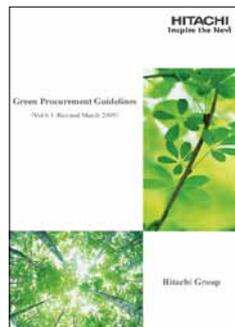
Cooperating with stakeholders to realize a sustainable society

Environmental Conservation Activities with Suppliers

Procuring materials with a low environmental load in cooperation with suppliers is an essential element of developing environmentally conscious products. We drew up the *Green Procurement Guidelines* to gain suppliers' understanding and cooperation on environmental conservation and for developing and supplying products with a lower environmental load.

Specifically, we ask suppliers to (1) conserve resources, (2) conserve energy, (3) aggressively pursue the three Rs,^{†1} (4) reduce the amount of packaging, (5) manage chemical substances used in products, and (6) provide clear information. For (1) to (4), we encourage conservation by presenting case studies and by exchanging proposals for cutting costs and improving quality. For (5), we promote sharing of detailed information (see page 89).

To encourage environmental conservation by suppliers, we recognize suppliers which established environmental management systems with third-party certifications as green suppliers. In fiscal 2009, we launched the New MMM Club,^{†2} exchanging information with the green suppliers on advanced environmental technologies and environmental regulations. We will continue to refine these environmental management techniques in cooperation with suppliers.



Green Procurement Guidelines

Contributing to Environmental Education

We promote environmental education, in and outside Japan, to raise children's eco-awareness and to help them better understand our environmental activities.

Since fiscal 2007, Hitachi Plant Technologies, Ltd. has held an environment and science class, "Community Partnership Academy of Wisdom," on themes such as water management. In fiscal 2009, they held the first environment and science classes outside Japan, mainly organized by their Middle East Regional Headquarters. Instructors visited two Japanese and three elementary schools in the United Arab Emirates, holding classes for

333 children on the themes of learning about the buoyancy of air from hot-air balloons and using magnets to clean water. Meanwhile, in Shanghai and Beijing, since fiscal 2008, Hitachi (China) Ltd. employees have visited kindergartens and elementary schools. The students learned about global warming and putting environmental awareness into practice in their daily lives. As well, we are creating learning opportunities for children throughout Japan with hands-on demonstrations and classes, and the themes are being chosen by the schools.



Employees in the United Arab Emirates hold a hands-on class, using experiments to teach about water purification (Hitachi Plant Technologies, Ltd.)



Explaining environmental activities to local children at a plant that has wind and solar power generation facilities (Onuma Works, Hitachi Engineering & Services Co., Ltd.)

†1 Three Rs: reduce, reuse, and recycle

†2 New MMM Club: An organization for exchanging information on environmental management with small and medium-sized suppliers who have acquired third-party certification in environmental management systems

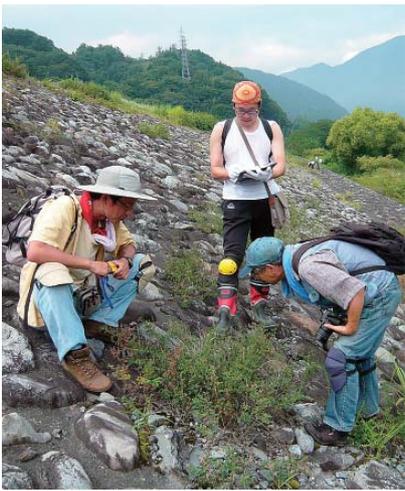
 Green Procurement Guidelines

Environmental Cooperation with Local Communities

To conserve the environment as a global citizen, we promote environmental beautification and natural conservation in and outside Japan by cooperating with employees, their families, and local residents. We also support local environmental conservation projects by

working with NGOs and NPOs that specialize in local environmental situations and activities.

To help protect biological diversity around the world, we have been conducting, among other activities, surveys of the butterfly Reverdin's Blue, an endangered species found near Mount Fuji, as well as planting trees to aid in the recovery of ecosystems.



In cooperation with the NGO Earthwatch Japan and guided by researchers, we have made annual surveys of the larvae and adult stages of the Reverdin's Blue butterfly since 2007.



In cooperation with the NPO G-Net, every year since fiscal 2005 we have assisted with afforestation and other greening projects in the Horqin Desert in the Inner Mongolia Autonomous Region of China.

Activities to Protect Ecosystems

The United Nations Millennium Ecosystem Assessment published in March 2005 states that the people of the world depend on ecosystem services such as clean water and oxygen, marine and other food resources, and a stable climate. However, as a result of rapid development, ecosystems are being quickly degraded. To protect ecosystems and maintain biological diversity, society must reduce the environmental burden on ecosystems and promote their recovery.

To protect ecosystems as a corporation, we consider it necessary to conduct our activities through business, through environmental management, and through conservation mindful of the natural environment. We are promoting activities in these three areas in an integrated way.

As a member of the World Business Council for Sustainable Development (WBCSD), Hitachi Chemical Co., Ltd. has taken part in the development of Corporate Ecosystem Services Review (ESR) guidelines and is participating in the promotion of worldwide efforts to protect ecosystems.

<p>Contribution through business</p> <p>Supply products and services that protect the ecosystem through air, water, and soil purification.</p> <p>See page 75</p>	<ul style="list-style-type: none"> • Water treatment (ballast water purification systems, advanced sewage treatment systems, etc.) • Air purification (denitrification catalyst systems, etc.) • Soil treatment projects • Product chemical substance control systems
<p>Contribution through environmental management</p> <p>Understand and reduce our burden on ecosystems through business activities.</p> <p>See pages 89 and 96</p>	<ul style="list-style-type: none"> • Controlling wastewater, controlling/reducing the use of chemical substances • Using biological raw materials • Controlling greenhouse gas emissions, promoting resource recycling
<p>Conservation activities</p> <p>Help ecosystem recovery through afforestation, etc.</p> <p>See page 102</p>	<ul style="list-style-type: none"> • Employees participate in tree planting • Protecting endangered species • Using trees and greenery at production sites to their best advantage

Independent Review

To enhance the reliability of the data disclosed in this report, we have received the review by Bureau Veritas Japan Co., Ltd.* on our fiscal 2009 performance.

* A certification agency providing inspection, audit and certification services in areas such as marine; building compliance; health, safety and the environment; systems; and consumer products

The standards, guidelines and calculation methods used in collecting data appear on our Web site.

 Calculation methods for environmental load data

Hitachi Group Environmental Sustainability Report 2010 Independent Review Report

To: Hitachi, Ltd.



BUREAU
VERITAS

June 15, 2010

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters



Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by Hitachi, Ltd. (Hitachi) to conduct an independent review of its environmental data selected by Hitachi for inclusion in the Hitachi Group Environmental Sustainability Report 2010, issued under the responsibility of Hitachi. Our responsibility is to make a statement from an independent position; it is not to provide verification on the accuracy of reported data.

1. Review Outline

1) Environmental load data generated through business operations in FY2009

Data Reviewed	Site Visited	Review Methodology
90%(*1) of Environmental load data generated through business operations of Hitachi and 900 consolidated companies (*1) based on Hitachi calculations.	Hitachi Head Office	- Review of documentary evidence produced by Hitachi Head Office and the Mito division - Interviews with relevant personnel of Hitachi Head Office and the Mito division
Environmental load data reported by the Mito division to Hitachi Head Office	Hitachi Mito division	- Site inspection about data monitoring procedure - Comparison between the reported data and the supporting documentary evidences

2) Eco-Products registration data

Data Reviewed	Site Visited	Review Methodology
Data used for registration of: - 1 product in FY2008 - 4 products in FY 2009	Hitachi Head Office	- Review of documentary evidence produced by Hitachi Head Office - Interviews with relevant personnel of Hitachi Head Office - Comparison between the data used for the registration and the supporting documentary evidences
- The percentage of products registered as Eco-Products, the number of registered models, and the sales ratio of Eco-Products in FY2007, 2008, and 2009 - The percentage of Super Eco-Products and the number of registered models in FY2009		

3) Amount of contribution to CO2 emission reduction through the use of Hitachi products and services delivered to market by the end of FY2009

Data Reviewed	Site Visited	Review Methodology
The amount of contribution to CO2 emission reduction through the use of 10 different products and services	Hitachi Head Office	- Review of documentary evidence produced by Hitachi Head Office and the companies in charge of the relevant products and services - Interviews with relevant personnel of Hitachi Head Office and the companies in charge of the products and services - Comparison between the data used in the calculation of emissions reduction and the supporting documentary evidences (GHG Accounting and Reporting Principles in GHG Protocol Corporate Standard were used as review references.)

2. Findings

1) Environmental load data generated through business operations in FY2009

- According to the environmental load data that Bureau Veritas reviewed, the information stated in the Hitachi Group Environmental Sustainability Report 2010 is consistent with the data collected and consolidated by Hitachi Head Office.
- No significant error was detected in the environmental load data reported by the Mito division to Hitachi Head Office.

2) Eco-Products registration data

- The criteria applied in the registration of Eco-Products are consistent with the criteria prepared by Hitachi Head Office for the purpose.
- No significant error was detected in original data and evaluation results for Eco-Products registration..
- No significant error was detected in the percentage of products registered as Eco-Products, the number of registered models, and the sales ratio of Eco-Products.
- No significant error was detected in the percentage of Super Eco-Products and the number of registered models.

3) The amount of contribution to CO2 emission reduction through the use of Hitachi products and services delivered to market by the end of FY2009

- The criteria used in the calculation of CO2 emissions reduction are consistent with the calculation criteria prepared by Hitachi Head Office for the purpose.
- No significant error was detected in the original data and the calculation results for CO2 emissions reduction.

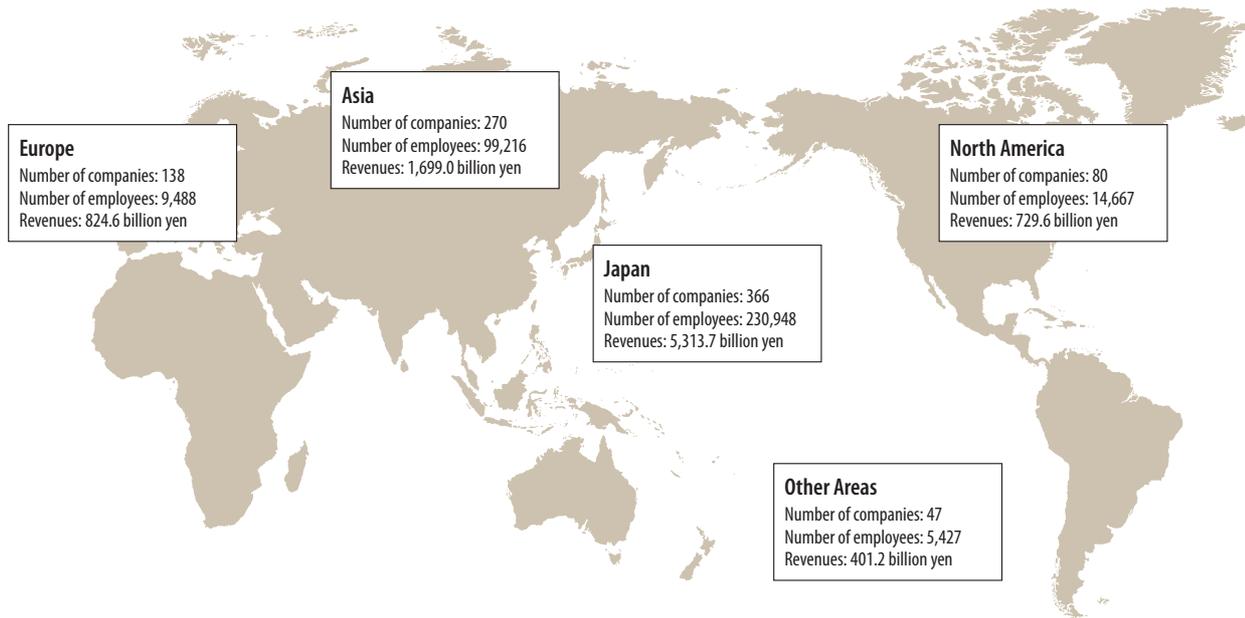
Bureau Veritas Japan review report

Company Profile

Corporate Name	Hitachi, Ltd.
Incorporated	February 1, 1920 (founded in 1910)
Head Office	1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280, Japan
Representative	Hiroaki Nakanishi, Representative Executive Officer and President

Hitachi Group Profile

Hitachi, Ltd. and the Hitachi Group make up a corporate group consisting of 1,058 companies: 365 consolidated subsidiaries within Japan and 535 outside Japan, as well as 71 equity-method affiliates in Japan and 86 outside Japan. For business activities, there are eleven business units, as indicated on the next page, with total revenues of about 9 trillion yen. The Group employs about 360,000 employees.



Economic Performance

As of March 31, 2010

Common Stock	408,810 million yen
Number of employees (unconsolidated basis)	31,065
Number of employees (consolidated basis)	359,746
Number of consolidated subsidiaries	900
	(Japan: 365, outside Japan: 535)
Number of equity-method affiliates	157
	(Japan: 71, outside Japan: 86)

Period: Fiscal year ending March 31, 2010

(consolidated basis)

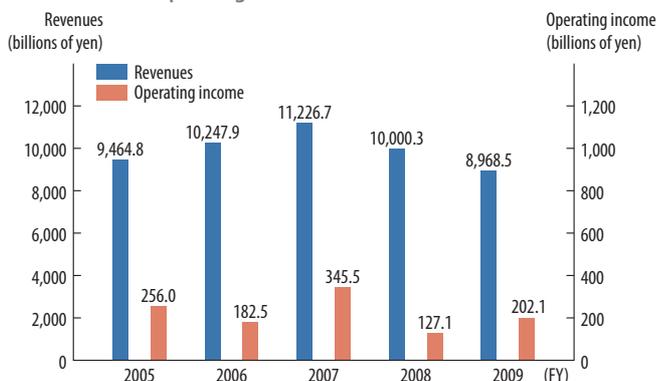
Revenues	8,968.5 billion yen
	(90% compared with the previous year)
Operating income	202.1 billion yen
	(159% compared with the previous year)
Capital investment	546.3 billion yen
	(69% compared with the previous year)
R&D expenditures	372.4 billion yen
	(89% compared with the previous year)
Overseas output as a percentage of consolidated net sales	24%

See Web site for economic performance reports.

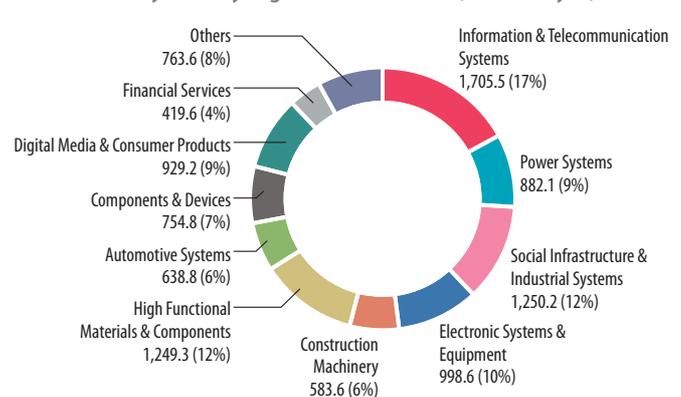
<http://www.hitachi.com/IR-e/>

Financial Results (consolidated basis)

Revenues and Operating Income



Revenues by Industry Segment in Fiscal 2009 (billions of yen)



Total Sales by Industry: 10,175 billion yen
Consolidated Net Sales: 8,968 billion yen

Major Fields of Business and Products

<p>Information & Telecommunication Systems</p> <ul style="list-style-type: none"> ● Systems integration, outsourcing services, software, disk array subsystems, servers, mainframes, telecommunications equipment, ATMs ■ Hitachi-Omron Terminal Solutions, Corp., Hitachi Computer Products (America), Inc., Hitachi Computer Products (Europe) S.A.S., Hitachi Electronics Services Co., Ltd., Hitachi Information & Control Solutions, Ltd., Hitachi Information Systems, Ltd., Hitachi Software Engineering Co., Ltd., Hitachi Systems & Services, Ltd., Hitachi Data Systems Holding Corp. (U.S.A.), Hitachi Information & Telecommunication Systems Global Holding Corporation 	 <p>Large disk array subsystem*</p>
<p>Power Systems</p> <ul style="list-style-type: none"> ● Thermal, nuclear, hydroelectric, and wind power generation systems ■ Babcock-Hitachi K.K., Hitachi-GE Nuclear Energy, Ltd., Hitachi Engineering & Services Co., Ltd., Hitachi Power Europe GmbH, Hitachi Power Systems America, Ltd. <p>Construction of Electric Power Development Company's Ohma Nuclear Power Plant*</p> 	<p>Social Infrastructure & Industrial Systems</p> <ul style="list-style-type: none"> ● Industrial machinery and plants, elevators, escalators, railway vehicles and systems ■ Hitachi Industrial Equipment Systems Co., Ltd., Hitachi Elevator (China) Co., Ltd., Hitachi Building Systems Co., Ltd., Hitachi Plant Technologies, Ltd.  <p>VX series escalator*</p>
<p>Electronic Systems & Equipment</p> <ul style="list-style-type: none"> ● Semiconductor and LCD manufacturing equipment, testing and measurement equipment, medical electronics equipment, power tools, electronic part processing equipment ■ Hitachi High-Technologies Corporation, Hitachi Koki Co., Ltd., Hitachi Kokusai Electric Inc., Hitachi Medical Corporation, Hitachi Via Mechanics, Ltd.  <p>Hitachi High-Technologies' device characterization system</p>	<p>Construction Machinery</p> <ul style="list-style-type: none"> ● Hydraulic excavators, wheel loaders, mining dump trucks ■ Hitachi Construction Machinery Co., Ltd.  <p>Hitachi Construction Machinery's hydraulic excavator</p>
<p>High Functional Materials & Components</p> <ul style="list-style-type: none"> ● Wires and cables, copper products, semiconductor and display-related materials, circuit boards and materials, specialty steels, magnetic materials and components, high-grade casting components and materials ■ Hitachi Cable, Ltd., Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd.  <p>Neodymium-iron-boron permanent magnet NEOMAX®</p>	<p>Automotive Systems</p> <ul style="list-style-type: none"> ● Engine management systems, electric powertrain systems, drive control systems, car information systems ■ Clarion Co., Ltd., Hitachi Automotive systems, Ltd., Hitachi Automotive Products (USA), Inc. Hitachi Auto Parts & Service Co., Ltd.  <p>Hitachi Automotive Systems' inverter for hybrid vehicles</p>
<p>Components & Devices</p> <ul style="list-style-type: none"> ● Hard disk drives, LCDs, information storage media, batteries ■ Hitachi Displays, Ltd., Hitachi Maxell, Ltd., Hitachi Display Device (Suzhou) Co., Ltd., Hitachi Global Storage Technologies Netherlands B.V.  <p>Hitachi Vehicle Energy's lithium-ion battery for plug-in hybrid electric vehicles</p>	<p>Digital Media & Consumer Products</p> <ul style="list-style-type: none"> ● Optical disk drives, flat-panel TVs, LCD projectors, mobile phones, room air conditioners, refrigerators, washing machines, air-conditioning equipment ■ Hitachi Appliances, Inc., Hitachi Consumer Electronics Co., Ltd., Hitachi Media Electronics Co., Ltd., Hitachi Consumer Products (Thailand), Ltd., Hitachi Consumer Marketing, Inc., Hitachi-LG Data Storage Korea, Inc.  <p>FLEXMULTI, Hitachi Appliances' multi-split air-conditioning systems for buildings</p>
<p>Financial Services</p> <ul style="list-style-type: none"> ● Leasing, loan guarantees ■ Hitachi Capital Corporation  <p>Hitachi Capital's multifunctional IC card</p>	<p>Others</p> <ul style="list-style-type: none"> ● General trading, logistics, property management ■ Chuo Shoji, Ltd., Hitachi Life, Ltd., Hitachi Transport System, Ltd., Nikkyo Create, Ltd., Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China) Ltd., Hitachi Europe Ltd.  <p>Hitachi Transport System's Keihin Distribution Center, equipped with Hitachi security systems</p>

● Major Products & Services ■ Major Consolidated Subsidiaries (as of March 31, 2010) The products marked with an asterisk (*) in the table above are those of Hitachi, Ltd.

(Notes) 1. Hitachi, Ltd. separated out the automotive systems segment to form Hitachi Automotive Systems, Ltd. on July 1, 2009.

2. Hitachi Mobile Co., Ltd. changed its name to Hitachi Auto Parts & Service Co., Ltd. as of April 1, 2009.

3. Hitachi, Ltd. separated out the consumer business, mainly digital media-related products such as flat-panel TVs, to form Hitachi Consumer Electronics Co., Ltd. on July 1, 2009.

Comparative Table with GRI Guidelines

In formulating the *Hitachi Group Corporate Sustainability Report 2010*, we used the GRI Application Levels system indicating compliance with GRI Sustainability Reporting Guidelines. This provides an objective measure of the extent to which the third generation of the guidelines (G3) and other GRI Reporting Framework elements have been applied. The GRI Secretariat recognized this year's report as achieving Application Level B+. A comparative table with GRI Guideline indexes is included below.



This report corresponds to Application Level B+ as defined in GRI G3.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1–2.10 3.1–3.8, 3.10–3.12 4.1–4.4, 4.14–4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

Item	Index	Items Disclosed	Related Pages in This Report and Other References
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	A Message from Management Top Dialogue Message from the Chief Environmental Strategy Officer	1–iv pp. 2–3 pp. 66–67
1.2	Description of key impacts, risks, and opportunities	CSR at Hitachi CSR Promotion Activities > Fiscal 2009 Results and Fiscal 2010 Plans Hitachi Group Corporate Environmental Management Hitachi Group Fiscal 2009 Environmental Action Plan: Targets and Results	pp. 4–5 pp. 27–29 pp. 68–69 p. 77
2. Organizational Profile			
2.1	Name of the organization	Company Profile	p. 104
2.2	Primary brands, products, and/or services	Major Fields of Business and Products	p. 105
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Financial Section	Form 20–F filed with the U.S. SEC
2.4	Location of organization's headquarters	Company Profile	p. 104
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Hitachi's Worldwide Reach Company Profile	pp. 8–9 p. 104
2.6	Nature of ownership and legal form	Financial Section	Form 20–F filed with the U.S. SEC
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Financial Section	Form 20–F filed with the U.S. SEC

2.8	Scale of the reporting organization, including:		
	• Number of employees	Economic Performance	p. 104
	• Net sales (for private sector organizations) or net revenues (for public sector organizations)	Financial Section	Form 20–F filed with the U.S. SEC
	• Total capitalization broken down in terms of debt and equity (for private sector organizations)	Financial Section	Form 20–F filed with the U.S. SEC
2.9	• Quantity of products or services provided	Financial Section	Form 20–F filed with the U.S. SEC
	Significant changes during the reporting period regarding size, structure, or ownership including:		
	• The location of, or changes in operations, including facility openings, closings, and expansions	Financial Section	Form 20–F filed with the U.S. SEC
2.10	Awards received in the reporting period	Communication with Shareholders and Investors > Results of External Socially Responsible Investing (SRI) Assessments in Fiscal 2009	p. 44
		Employees: The Key to Hitachi's Future > Main Assessments & Awards	p. 64
		External Environment Awards	Hitachi, Ltd. Environmental Website
3. Report Parameters			
Report Profile			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	CSR Activity Reporting Policy	p. 1–iii
3.2	Date of most recent previous report (if any)	CSR Activity Reporting Policy	p. 1–iii
3.3	Reporting cycle (annual, biennial, etc)	CSR Activity Reporting Policy	p. 1–iii
3.4	Contact point for questions regarding the report or its contents	Inquiries	p. 118
Report Scope and Boundary			
3.5	Process for defining report content, including:		
	• Determining materiality • Prioritizing topics within the report • Identifying stakeholders the organization expects to use the report	CSR at Hitachi	pp. 4–5
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	CSR Activity Reporting Policy
3.7	State any specific limitations on the scope or boundary of the report	CSR Activity Reporting Policy	p. 1–iii
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Major Fields of Business and Products	p. 105
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Bases of calculations are described if necessary	—
		Environmental Load Information Collection Methods	Hitachi, Ltd. Environmental Website
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Explanation is given if necessary to complement data descriptions	—
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	None	—
3.12	Table identifying the location of the Standard Disclosures in the report	Comparative Table with GRI Guidelines	pp. 106–115
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)	Independent Review	p. 103
4. Governance, Commitments, and Engagement			
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Corporate Governance > Strengthening Governance	p. 25
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	Corporate Governance > Strengthening Governance	p. 25
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Corporate Governance > Strengthening Governance	p. 25
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Compliance and Risk Management > Compliance Reporting System	p. 32
		Communication with Shareholders and Investors	p. 43–45

4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Corporate Governance > Strengthening Governance	p. 25
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance > Strengthening Governance Hitachi Group Code of Conduct	p. 25 p. 6
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Corporate Governance > Strengthening Governance	p. 25
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	CSR at Hitachi CSR Promotion Activities > Fiscal 2009 Results and Fiscal 2010 Plans Hitachi Group Code of Conduct Hitachi Group Corporate Environmental Management Environmental Action Plan > Hitachi Group Fiscal 2009 Environmental Action Plan: Targets and Results	pp. 4–5 pp. 27–29 p. 6 pp. 68–69 p. 77
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Initiatives That We Participate in CSR at Hitachi Corporate Governance > Strengthening Governance; Internal Control CSR Promotion Activities > Striving to Be a Global Leader in CSR Procurement, the Supply Chain, and Respect for Human Rights Hitachi Group Corporate Environmental Management Eco-Mind & Global Environmental Management	p. 1–iii pp. 4–5 pp. 25–26 pp. 27–29 p. 17 pp. 68–69 pp. 78–83
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Corporate Governance > Strengthening Governance	p. 25
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Ensuring Strict Compliance > Risk Management Compliance and Risk Management > Business Continuity Plans (BCPs) Environmental Management Structure > Managing Environmental Risk	p. 7 pp. 34–35 p. 80
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Initiatives That We Participate in Ecosystem Assessment Guidelines at Hitachi Chemical Procurement, the Supply Chain, and Respect for Human Rights > Raising Awareness of Human Rights > Participating in Supply Chain Sustainability Team	p.1–iii p.23 p. 17
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:		
	• Has positions in governance bodies	None	—
	• Participates in projects or committees	Procurement, the Supply Chain, and Respect for Human Rights > Raising Awareness of Human Rights > Participating in Supply Chain Sustainability Team Improving on Environmental Initiatives > Participating in the Development of International Standards	p.17 p. 82
	• Provides substantive funding beyond routine membership dues	None	—
	• Views membership as strategic	None	—
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization	Compliance and Risk Management > Preventing the Recurrence of Misleading Representation	pp. 30–31
4.15	Basis for identification and selection of stakeholders with whom to engage	None	—
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	CSR at Hitachi > Materiality Process Ensuring Strict Compliance > Global Push to Stop Corruption Procurement, the Supply Chain, and Respect for Human Rights > Exchanging Opinions on Human Rights Issues Providing Supportive and Diverse Workplaces > Employing People with Disabilities Compliance and Risk Management > Preventing the Recurrence of Misleading Representation Social Contribution Activities Employees: The Key to Hitachi's Future > Diversity: A Base for the Healthy Expression of Individuality > Women's Summit Tokyo 2009; Work-Life Balance Promotion Project Worldwide Environmental Partnerships	p. 5 pp. 6–7 p. 17 p. 19 pp. 30–31 pp. 46–53 pp. 58–59 pp. 98–102

4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Compliance and Risk Management > Preventing the Recurrence of Misleading Representation	pp. 30–31
		CSR at Hitachi > Materiality Process	p. 5
Management Approach and Performance Indicators			
Item	Performance Index: Core (C) / Add (A)		
Economic			
Disclosure on Management			
	Economic Performance	Financial Results for the Year ended March 31, 2010	Hitachi, Ltd. Investor Relations
	Market presence	Form 20-F filed with the U.S. SEC	Hitachi, Ltd. Investor Relations
	Indirect economic impacts	Breakdown of Funding for Social Contribution Activities	p. 46
		Environmental Load Data Generated through Business Operations	p. 97
	Goals and performance	Financial Results for the Year ended March 31, 2010	Hitachi, Ltd. Investor Relations
	Policy	2012 Mid-term Management Plan	Hitachi, Ltd. News Releases
	Additional contextual information	Hitachi Group Corporate Sustainability Report 2010	see PDF
		Hitachi Web Site	Corporate Social Responsibility (CSR) Global Community Relations and Activities Environmental Activities
Economic Performance Indicators			
C EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Economic Performance	p. 104
		Social Contribution Activities > Finding Solutions for Social Issues > Breakdown of Funding for Social Contribution Activities	p. 46
		Improving on Environmental Initiatives > Environmental Accounting	p. 83
C EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Hitachi Group Corporate Environmental Management	pp. 68–69
		Prevention of Global Warming	pp. 72–73
		Prevention of Global Warming	pp. 92–93
C EC3	Coverage of the organization's defined benefit plan obligations	None	—
C EC4	Significant financial assistance received from government	None	—
Market presence			
A EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	None	—
C EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Procurement, the Supply Chain, and Respect for Human Rights > Collaboration with Suppliers	p. 17
		Collaboration with Suppliers > Global Sharing: Hitachi Guidelines for Procurement	p. 54
		Collaboration with Suppliers > Promoting the Use of Environmental Management Systems	p. 54
		Preservation of Ecosystem > Controlling Chemical Substances Contained in Products	p. 89
		Building Environmental Partnerships > Environmental Conservation Activities with Suppliers	p. 101
C EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	None	—
Indirect economic impacts			
C EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Social Innovation Business Contributions	pp. 8–15
		Social Contribution Activities	pp. 46–53
A EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Improving on Environmental Initiatives > Environmental Accounting	p. 83
Environmental			
Disclosure on Management			
	Materials	Conservation of Resources	p. 74
		Conservation of Resources	p. 88
		Environmental Load Data Generated through Business / Total Input of Materials	p. 97
	Energy	Prevention of Global Warming	p. 87
		Prevention of Global Warming	pp. 92–93
		Environmental Load Data Generated through Business / Total Energy Input	p. 97

	Water	Conservation of Resources / Water Resource Conservation	p. 95
		Environmental Load Data Generated through Business / Total Water Input	p. 97
	Biodiversity	Building Environmental Partnerships / Activities to Protect Ecosystems	p. 102
	Emissions, effluents and waste	Conservation of Resources	pp. 94–96
		Environmental Load Data Generated through Business / Total Volume of Waste Generated, Total Volume of Wastewater	p. 97
	Products and services	Developing Environmentally Conscious Products	p. 85–86
	Compliance	Environmental Management Structure / Managing Environmental Risk	p. 80
	Transport	Prevention of Global Warming / Reducing CO ₂ Emissions from Transportation	p. 93
	Overall	Environmental Management Structure	pp. 79–80
	Goals and performance	Hitachi Group Fiscal 2009 Environmental Action Plan: Targets and Results	p. 77
	Policy	Hitachi Group Corporate Environmental Management	pp. 68–69
	Organizational responsibility	Environmental Management Structure / Environmental Management Framework	pp. 79–80
	Training and awareness	Improving on Environmental Initiatives	pp. 81–82
	Monitoring and follow-up	Environmental Management Structure / Building Environmental Management Systems	pp. 79–80
	Additional contextual information	Hitachi Group Environmental Sustainability Report 2010	see PDF
		Environmental Activities	Hitachi, Ltd. Environmental Website
Materials			
C EN1	Materials used by weight or volume	Environmental Load Data Generated through Business Operations	p. 97
C EN2	Percentage of materials used that are recycled input materials	None	—
Energy			
C EN3	Direct energy consumption by primary energy source	Environmental Load Data Generated through Business Operations	p. 97
C EN4	Indirect energy consumption by primary source	Environmental Load Data Generated through Business Operations	p. 97
A EN5	Energy saved due to conservation and efficiency improvements	Improving on Environmental Initiatives > Environmental Accounting	p. 83
		Prevention of Global Warming > Reducing Greenhouse Gas Emissions	pp. 92–93
A EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Improving on Environmental Initiatives > Environmental Accounting	p. 83
		Developing Environmentally Conscious Products	pp. 85–86
		Prevention of Global Warming	p. 87
A EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Environmental Vision	pp. 68–69
		Developing Environmentally Conscious Products	pp. 85–86
		Prevention of Global Warming	p. 87
Water			
C EN8	Total water withdrawal by source	Conservation of Resources > Water Resource Conservation	p. 95
		Environmental Load Data Generated through Business Operations	p. 97
A EN9	Water sources significantly affected by withdrawal of water	None	—
A EN10	Percentage and total volume of water recycled and reused	Conservation of Resources > Water Resource Conservation	p. 95
		Environmental Load Data Generated through Business Operations	p. 97
Biodiversity			
C EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	—
C EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Social Contribution Activities > Environmental Initiatives	pp. 49–51
		Hitachi Group Corporate Environmental Management	pp. 68–69
		Preservation of the Ecosystem	p. 89
		Building Environmental Partnerships > Environmental Cooperation with Local Communities	p. 102
A EN13	Habitats protected or restored	None	—

A EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Preservation of the Ecosystem	p. 23
		Hitachi Group Corporate Environmental Management	pp. 68–69
		Preservation of Ecosystem	p. 75
		Preservation of Ecosystem	p. 89
		Building Environmental Partnerships > Environmental Cooperation with Local Communities	p. 102
A EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	None	—
Emissions, Effluents, and Waste			
C EN16	Total direct and indirect greenhouse gas emissions by weight	Preservation of Global Warming > Reducing Greenhouse Gas Emissions	pp. 92–93
		Environmental Load Data Generated through Business Operations	p. 97
C EN17	Other relevant indirect greenhouse gas emissions by weight	Preservation of Global Warming > Reducing Greenhouse Gas Emissions	pp. 92–93
		Environmental Load Data Generated through Business Operations	p. 97
A EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Preservation of Global Warming > Reducing Greenhouse Gas Emissions	pp. 92–93
		Environmental Load Data Generated through Business Operations	p. 97
C EN19	Emissions of ozone-depleting substances by weight	Environmental Load Data Generated through Business Operations	p. 97
C EN20	NO, SO, and other significant air emissions by type and weight	Preservation of Ecosystem	p. 96
		Environmental Load Data Generated through Business Operations	p. 97
C EN21	Total water discharge by quality and destination	Conservation of Resources > Water Resource Conservation	p. 95
		Environmental Load Data Generated through Business Operations	p. 97
C EN22	Total weight of waste by type and disposal method	Conservation of Resources > Using Waste and Valuable Resources Efficiently	pp. 94–95
		Environmental Load Data Generated through Business Operations	p. 97
C EN23	Total number and volume of significant spills	Environmental Management Structure > Managing Environmental Risk	p. 80
A EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	None	—
A EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	None	—
Products and Services			
A EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Contributing to Environmental Conservation through Business	pp. 70–75
		Next-Generation Products & Services	pp. 84–89
A EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Product and Package Recycling	Hitachi, Ltd. Web site
Compliance			
C EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental Management Structure > Managing Environmental Risk	p. 80
Transport			
A EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Prevention of Global Warming > Reducing CO ₂ Emissions from Transportation	p. 93
Overall			
A EN30	Total environmental protection expenditures and investments by type	Improving on Environmental Initiatives > Environmental Accounting	p. 83
Social Performance			
Labor Practices and Decent Work			
Disclosure on Management			
	Employment	Company Profile	p. 104
	Labor / Management relations	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website
	Occupational health and safety	Employees: The Key to Hitachi's Future / A Safe, Pleasant Workplace	pp. 61–63
	Training and education	Employees: The Key to Hitachi's Future / Challenge: Supports Growth	pp. 56–58
	Diversity and equal opportunity	Employees: The Key to Hitachi's Future / Diversity: A Base for the Healthy Expression of Individuality	pp. 58–61
	Goals and performance	CSR Promotion Activities / Fiscal 2009 Results and Fiscal 2010 Plans / 7. Working environment	p. 29
		Employees: The Key to Hitachi's Future / Diversity: A Base for the Healthy Expression of Individuality	p. 58

	Policy	CSR Policy of the Hitachi Group	Hitachi, Ltd. CSR Website
	Organizational responsibility	CSR Promotion Activities / Structure of Hitachi Group CSR Promotion	p. 27
	Training and awareness	Employees: The Key to Hitachi's Future / Challenge: Supports Growth	pp. 56–58
	Monitoring and follow-up	Employees: The Key to Hitachi's Future / Openness: Promotes the Expression of Employee's Full Potential / Survey of All Employees	p. 56
	Additional contextual information	Hitachi Group Corporate Sustainability Report 2010	see PDF
		Hitachi Web Site	Hitachi, Ltd. CSR Website
Labor Practices and Decent Work Performance Indicators			
Employment			
C LA1	Total workforce by employment type, employment contract, and region	Company Profile	p. 104
C LA2	Total number and rate of employee turnover by age group, gender, and region	None	—
A LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	None	—
Labor/Management Relations			
C LA4	Percentage of employees covered by collective bargaining agreements	None	—
C LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	None	—
Occupational Health and Safety			
A LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	None	—
C LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Employees: The Key to Hitachi's Future > A Safe, Pleasant Workplace > Occupational Accident Rate	p. 61
C LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Providing Supportive and Diverse Workplaces > Employing People with Disabilities	p. 19
		Compliance and Risk Management > Business Continuity Plans (BCPs)	pp. 34–35
		Employees: The Key to Hitachi's Future > A Safe, Pleasant Workplace > Promoting Mental Health	p. 62
C LA9	Health and safety topics covered in formal agreements with trade unions	None	—
Training and Education			
C LA10	Average hours of training per year per employee by employee category	None	—
A LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employees: The Key to Hitachi's Future > Challenge: Supports Growth > Supporting Career Development	p. 57
A LA12	Percentage of employees receiving regular performance and career development reviews	Employees: The Key to Hitachi's Future > Challenge: Supports Growth	pp. 56–58
Diversity and Equal Opportunities			
C LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Providing Supportive and Diverse Workplaces	pp. 18–19
		Employees: The Key to Hitachi's Future > Diversity: A Base for the Healthy Expression of Individuality	pp. 58–61
C LA14	Ratio of basic salary of men to women by employee category	None	—
Human Rights			
Disclosure on Management			
	Investment and procurement practices	Collaboration with Suppliers / Guidelines for Procurement Activities	p. 54
		Hitachi Group Supply-Chain CSR Deployment Guidebook	Hitachi, Ltd. CSR Website
		Hitachi Group Code of Conduct 1.3 Procurement Activities	Hitachi, Ltd. CSR Website
	Non-discrimination	Hitachi Group Code of Conduct 4.2 Eliminating Discrimination	Hitachi, Ltd. CSR Website
	Freedom of association and collective bargaining	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website
	Abolition of child labor	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website
	Prevention of forced and compulsory labour	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website
	Complaints and grievance practices	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website
	Security practices	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website
	Indigenous rights	Hitachi Group Code of Conduct 4.4 Respect of Basic Rights at Work	Hitachi, Ltd. CSR Website

	Goals and performance	CSR Promotion Activities / Fiscal 2009 Results and Fiscal 2010 Plans / 4. Corporate ethics and human rights	p. 28
	Policy	Hitachi Group Code of Conduct Chapter 4 Respect of Human Rights	Hitachi, Ltd. CSR Website
		CSR Policy of the Hitachi Group	Hitachi, Ltd. CSR Website
	Organizational responsibility	CSR Promotion Activities / Structure of Hitachi Group CSR Promotion	p. 27
	Training and awareness	Procurement, the Supply Chain, and Respect for Human Rights/ Raising Awareness of Human Rights	p. 17
	Monitoring and follow-up	Procurement, the Supply Chain, and Respect for Human Rights/ Collaboration with Suppliers/ Surveying CSR Implementation	p. 17
		Procurement, the Supply Chain, and Respect for Human Rights/ Exchanging Opinions on Human Rights Issues	p. 17
	Additional contextual information	Hitachi Group Corporate Sustainability Report 2010	see PDF
		Hitachi Web Site	Hitachi, Ltd. CSR Website
Human Rights Performance Indicators			
Investment and Procurement Practices			
C HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	None	—
C HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Procurement, the Supply Chain, and Respect for Human Rights > Collaboration with Suppliers	p. 17
A HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Procurement, the Supply Chain, and Respect for Human Rights > Raising Awareness of Human Rights	p. 17
Non-Discrimination			
C HR4	Total number of incidents of discrimination and actions taken	None	—
Freedom of Association and Collective Bargaining			
C HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Hitachi Group Code of Conduct	p. 6
Child Labor			
C HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Hitachi Group Code of Conduct	p. 6
Forced and Compulsory Labor			
C HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Hitachi Group Code of Conduct	p. 6
Security Practices			
A HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	None	—
Indigenous Rights			
A HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	None	—
Society			
Disclosure on Management			
	Community	Social Contribution Activities / Finding Solutions for Social Issues	p. 46
		Hitachi Group Code of Conduct 3.2 Contribution to Local Communities, 3.6 Observance of Laws and Regulations and Respect of the Culture and Customs of Each Nation and Region	Hitachi, Ltd. CSR Website
	Corruption	Ensuring Strict Compliance / Global Push to Stop Corruption	p. 6–7
	Public Policy	None	—
	Anti-competitive behavior	Ensuring Strict Compliance / Global Push to Stop Corruption	p. 6–7
		Compliance and Risk Management / Preventing Recurrences of Antimonopoly Law Violations	p. 31–32
	Compliance	Ensuring Strict Compliance / Establishing and Implementing Corporate Ethics Month, Formulating the Hitachi Group Code of Conduct	p. 6
	Goals and performance	CSR Promotion Activities / Fiscal 2009 Results and Fiscal 2010 Plans / 4. Corporate ethics and human rights	p. 28
	Policy	Hitachi Group Code of Conduct Chapter 4 Respect of Human Rights	Hitachi, Ltd. CSR Website
		CSR Policy of the Hitachi Group	Hitachi, Ltd. CSR Website
	Organizational responsibility	CSR Promotion Activities / Structure of Hitachi Group CSR Promotion	p. 27

	Training and awareness	Ensuring Strict Compliance / Establishing and Implementing Corporate Ethics Month, Formulating the Hitachi Group Code of Conduct	p. 6
	Monitoring and follow-up	Corporate Governance / Internal Control	p. 25–26
	Additional contextual information	Hitachi Group Corporate Sustainability Report 2010	see PDF
		Hitachi Web Site	Hitachi, Ltd. CSR Website
Society Performance Indicators			
Community			
C S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Hitachi Group Code of Conduct	p. 6
		Social Contribution Activities > Finding Solutions for Social Issues > Social Contribution Philosophy and Policy	p. 46
Corruption			
C S02	Percentage and total number of business units analyzed for risks related to corruption	Compliance and Risk Management > Preventing Recurrences of Antimonopoly Law Violations	p. 32
C S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Ensuring Strict Compliance > Global Push to Stop Corruption	pp. 6–7
C S04	Actions taken in response to incidents of corruption	Compliance and Risk Management > Preventing Recurrences of Antimonopoly Law Violations	p. 32
Public Policy			
C S05	Public policy positions and participation in public policy development and lobbying	None	—
A S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None	—
Anti-Competitive Behavior			
C S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Compliance and Risk Management > Preventing Recurrences of Antimonopoly Law Violations	p. 32
Compliance			
C S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Compliance and Risk Management > Preventing the Recurrence of Misleading Representation	pp. 30–31
		Compliance and Risk Management > Preventing Recurrences of Antimonopoly Law Violations	p. 32
Product Responsibility			
Disclosure on Management			
	Customer health and safety	Improving Monozukuri and Service	pp. 37–42
	Product and service labelling	Developing Environmentally Conscious Products / Disclosure of Environmental Information	pp. 85–86
	Marketing communications	Improving Monozukuri and Service / Building Customer Feedback into Our Products	pp. 39–41
	Customer Privacy	Compliance and Risk Management / Protecting Personal Information and Information Security	pp. 32–33
	Compliance	Compliance and Risk Management / Protecting Personal Information and Information Security, Export Control, Respect Intellectual Property	pp. 32–33
	Goals and performance	CSR Promotion Activities/Fiscal 2009 Results and Fiscal 2010 Plans / 2. Contribution to society through our business	p. 28
	Policy	Hitachi Group Code of Conduct	Hitachi, Ltd. CSR Website
	Organizational responsibility	CSR Promotion Activities/ Structure of Hitachi Group CSR Promotion	p. 27
	Training and awareness	Improving Monozukuri and Service / Building Customer Feedback into Our Products	pp. 39–41
	Monitoring and follow-up	CSR Promotion Activities / Fiscal 2009 Results and Fiscal 2010 Plans / 2. Contribution to society through our business	p.28
	Additional contextual information	Hitachi Group Corporate Sustainability Report 2010	see PDF
		Hitachi Web Site	Hitachi, Ltd. CSR Website
Product Responsibility Performance Indicators			
Customer Health and Safety			
C PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Improving Monozukuri and Service > Ensuring Product and Service Quality > High-Quality Monozukuri through Improved Work Processes	p. 37
A PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Improving Monozukuri and Service > Ensuring Product and Service Quality > Handling Product Accidents; Other Key Quality Assurance Programs	p. 38

Product and Service Labeling			
C PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Developing Environmentally Conscious Products	pp. 85–86
A PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Compliance and Risk Management > Preventing the Recurrence of Misleading Representation	pp. 30–31
A PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Improving <i>Monozukuri</i> and Service > Building Customer Feedback into Our Products	pp. 39–40
Marketing Communications			
C PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Hitachi Group Code of Conduct	p. 6
A PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Compliance and Risk Management > Preventing the Recurrence of Misleading Representation	pp. 30–31
Customer Privacy			
A PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None	—
Compliance			
C PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None	—

Indexes by Category

To facilitate searching for information on CSR activities, indexes are provided according to the “Policy, Vision, and Guidelines” and “Result Data” categories.

Policy, Vision, and Guidelines

Category	Title	Items Disclosed	Related Pages in This Report and Other References
Ensuring Strict Compliance		Hitachi Group Code of Conduct	p. 6
Hitachi's CSR Management		Corporate Credo	p. 4
		Hitachi Group Vision	p. 4
		CSR Policy of the Hitachi Group	p. 4
Procurement and Respect for Human Rights		Hitachi Group Supply-Chain CSR Deployment Guidebook	p. 17
CSR Management	Compliance and Risk Management	Basic Approach to Information Security Governance	p. 33
		Personal Information Protection Policy	p. 32
		Three Principles for Preventing Leakage of Confidential Information	p. 33
		The Guidelines for Pandemic Influenza Preparedness	p. 34
Social Performance	Improving <i>Monozukuri</i> and Service	Customer Satisfaction Management Guidelines	p. 39
	Communication with Shareholders and Investors	Disclosure Policy	p. 43
		Basic Policy for Prevention of Takeovers	pp. 44–45
	Collaborative Creation with Suppliers	Social Contribution Philosophy and Policy	p. 46
		Guidelines for Procurement Activities	p. 54
		Green Procurement Guidelines	p. 55
	Employees: The Key to Hitachi's Future	Basic Attitudes Concerning HIV/AIDS	p. 63
Hitachi's Environmental Conservation		Environmental Vision	p. 68
		Hitachi Action Guidelines for Environmental Conservation	p. 68
		Environmental Vision 2025	p. 69

Result Data

Category	Title	Items Disclosed	Related Pages in This Report and Other References
CSR Management at Hitachi	Corporate Governance	Director Compensation	p. 25
	CSR Promotion Activities	Fiscal 2009 Results and Fiscal 2010 Plans	pp. 27–29
Living Together with Society	Communication with Shareholders and Investors	Trends in Shareholder Composition	p. 44
		Results of External SRI Assessments in Fiscal 2009	p. 44
	Social Initiatives	Breakdown of Funding for Social Contribution Activities	p. 46
	Employees: The Key to Hitachi's Future	Ratio of New Male and Female Graduate Recruits in Fiscal 2009	p. 58
		Ratio of Male and Female Employees in FY 2009	p. 58
		Trend in the Number of Female Managers	p. 58
		Trend in the Number of Employees Taking Childcare Leave	p. 58
		Trend in the Number of Employees Taking Nursing Care Leave	p. 58
		Trend in the Number of Employees Working Shorter Hours	p. 58
		Occupational Accident Rate	p. 61
Employment Ratio of People with Disabilities		p. 19	
Hitachi's Environmental Conservation	Hitachi Group Corporate Environmental Management	Contributions to CO ₂ Emission Reduction	p. 69
	Environmental Action Plan	Hitachi Group Fiscal 2009 Environmental Action Plan Targets and Results	p. 77
	Eco-Mind & Global Environmental Management	Status of ISO 14001 Certifications	p. 80
		Violations of Statutory Standards	p. 80
		Green Point Average: Results and Targets	p. 81
		Environmental Education Completion Rate	p. 82
		Green Purchasing Rate	p. 82
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	Next-Generation Products & Services	Eco-Product Increase	p. 86
		Increase in Eco-Product Sales	p. 86
	Super Eco-factories & Offices	Reducing CO ₂ Emissions in Japan	p. 93
		Reducing CO ₂ Emissions outside Japan	p. 93
		Reducing CO ₂ Emissions from Domestic Transportation	p. 93
		Reducing Waste Generated	p. 95
		Boosting the Resource Recycling Rate in Japan	p. 95
		Reducing Water Use outside Japan	p. 95
		Reducing VOC Emissions in Japan	p. 96
		Reducing VOC Emissions outside Japan	p. 96
Environmental Load Data Generated through Business Operations	p. 97		

Inquiries

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On the cover: The cover photo is from Moanalua Garden Park (Monkey Pod tree), Oahu Island, Hawaii.

This tree has become known as the "Hitachi Tree" through television commercials over many years.

It represents the qualities that we like to emphasize at Hitachi—synergy, growth, and strength.

(Photo: Tor Johnson; Illustration: Atsushi Hara)