



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

# Review and Improvement of CSR Activities

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

To meet these expectations, Hitachi is integrating its management and CSR, incorporating CSR into routine business practices throughout the organization and improving the quality of management by implementing

the PDCA cycle. By communicating with our stakeholders, we are affirming our relationship of trust with society, and by sharing values with stakeholders, we aim to achieve both the sustainable development of society and our economic growth as a global company. Senior management will play a leadership role in advancing measures to contribute to the resolution of global-scale social issues through our business operations.

# Enhancing CSR Management

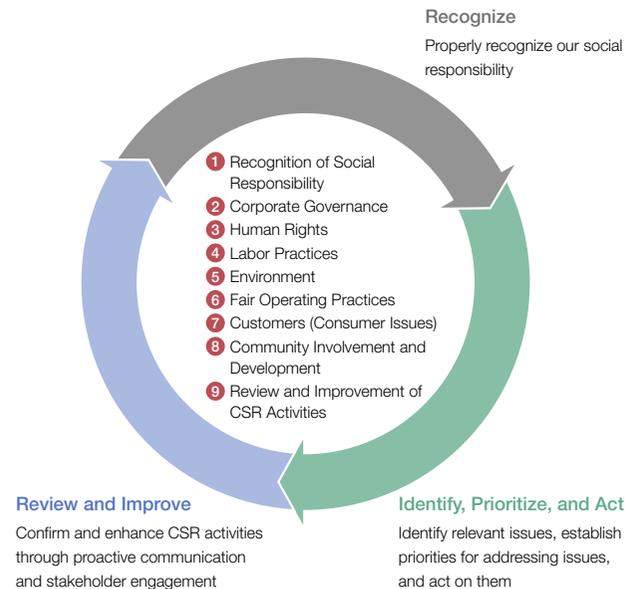
## Hitachi's Approach

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

## Hitachi's CSR Management Framework

To realize the Hitachi Group Vision, which draws on our Corporate Credo and Founding Spirit that form the core of our CSR, and in keeping with a management strategy of actively advancing our Social Innovation Business, we have adopted a framework of nine key themes based on ISO 26000 with the aim of further integrating management and CSR and continually improving our CSR activities by running the PDCA cycle.

### CSR Management Framework



## Material Issues and Boundaries

In reporting the achievements of its CSR initiatives, Hitachi seeks to identify issues that are of interest to its stakeholders. To ascertain the ever-changing interests of stakeholders in the light of fluctuating economic and social conditions, we have endeavored since fiscal 2014 to give specific examples of our initiatives under a nine-item CSR management framework. We take note of stakeholders' own priorities, analysis conducted by outside consultants, and the opinions of experts in choosing initiatives that correspond to our nine framework items. These are further screened with reference to the GRI Standards and the ESG (environmental, social, and governance) investment indexes, reviewed by the executive officer in charge of CSR, and reflected in *Hitachi Sustainability Report 2017*.

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

### Material Issues and GRI Standards

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



Comparative Tables with GRI Standards Content Index

## Incorporating Dialogue into CSR Management

### Communication in Response to Stakeholder Expectations

Hitachi incorporates feedback obtained through dialogue with stakeholders in its sustainable practices to improve CSR management.

In February 2017, we held a stakeholder dialogue in Belgium with the aim of improving our integrated reports by taking stakeholder views and opinions into consideration. In Europe, investors have more interest in non-financial information and many corporations have been publishing integrated reports for some time.

The meeting was attended by 17 representatives from such organizations and bodies as the International Integrated Reporting Council (IIRC), the World Intellectual Capital Initiative (WICI), and the Directorate-General for Financial Stability, Financial Services, and Capital Markets Union (DG FISMA), as well as corporations with experience issuing integrated reports and major European investment companies.

We received feedback from attendees such as “Identifying crucial issues makes it possible to indicate what value the business can provide in the long term,” and “Recognizing the risks that could impede the entire Group’s business operations and identifying countermeasures against them, including processes, demonstrates a corporate commitment to improving risk management and helps enhance stakeholder trust in the company.”

Based on this feedback, in fiscal 2017 we reviewed business risks and opportunities related to each of the 17 SDGs and identified 11 goals that we regard as key social issues for

us to address in light of ISO 26000, the UN Global Compact, and other environmental frameworks. In order to achieve these goals, we built the Hitachi Value Creation Model for delivering value created through our Social Innovation Business. Moreover, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, we are improving disclosure of our long-term initiatives to address business opportunities and risks posed by climate change. These initiatives are detailed for our stakeholders in the *Hitachi Integrated Report 2018*.

Moving forward, Hitachi will strive to actively engage in dialogue with stakeholders to enhance our efforts toward sustainability and information disclosure.



Participants in the February 2017 stakeholder dialogue held in Belgium.