

# Promoting Diversity and Inclusion

## Hitachi's Approach

Hitachi believes that building a corporate culture that fully draws on the diversity of human capital, in terms of gender, age, and values, not only offers employees an opportunity to approach their work with enthusiasm but also contributes to enhancing competitiveness through the provision of solutions that incorporate diverse perspectives. In recent years, with the growing interest among stakeholders for personnel policies enabling flexible workstyles, we are taking a proactive stance toward implementing this approach.

Hitachi has recognized the importance of diversity since the 1990s and has built its management systems accordingly, listening closely to employee feedback. As our Statement on Diversity and Inclusion explains, we view diversity as our growth engine. We pay particular attention to career development for women by actively encouraging the promotion of female and non-Japanese employees in accordance with trends both within Japan and worldwide and by establishing key performance indicators to track our success. Our other efforts to promote diversity include work-life management policies that enable employees at any life stage to find fulfillment in their work and initiatives to encourage the hiring of people with disabilities in line with the work style reform promoted by the Japanese government. With the

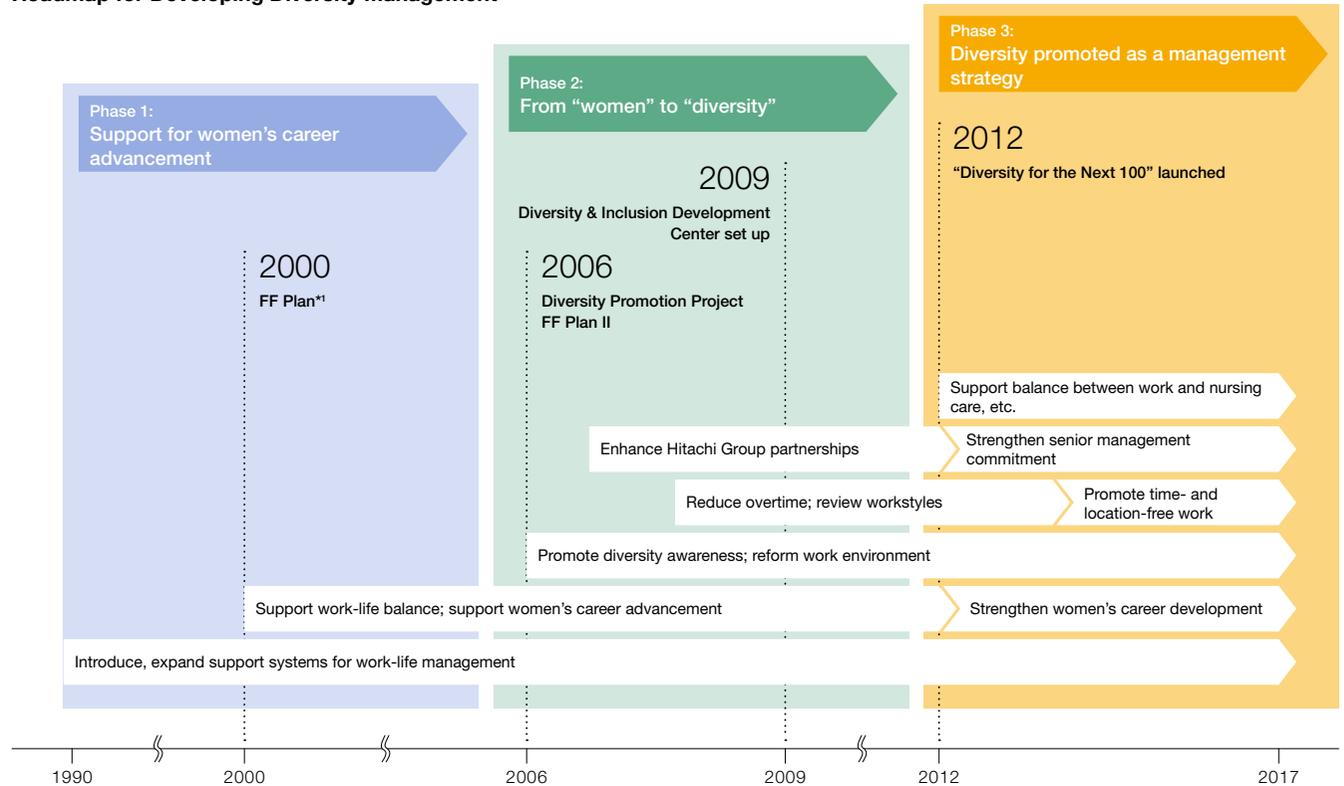
strong commitment of top management, we aim to make a significant contribution through the efforts of our diverse human capital to the building of a more sustainable society for all.

## Diversity and Inclusion

### Statement on Diversity and Inclusion

Diversity is the wellspring of our innovation and our growth engine. Hitachi regards personal differences—gender, nationality, work history, age, sexual orientation, and philosophy—as

### Roadmap for Developing Diversity Management



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

facets of people's individuality. By respecting our employees' individualities and positioning them as an advantage, Hitachi frames its diversity and inclusion as conducive to both the individual's and the company's sustainable growth. With strong teamwork and broad experience in the global market, we will meet our customers' needs.

### Diversity Management Initiative: "Diversity for the Next 100"

Since the 1990s, we have been at the social forefront, supporting women and other members of our multifaceted workforce. This includes setting up systems to help balance work with child and nursing care. Entering Phase 3 of our

diversity management roadmap, we are embracing diversity as a management strategy under the initiative slogan "Diversity for the Next 100." This means creating an environment where women and other members of our varied workforce can use their skills in leadership and business management.

#### Expanding the Scope of Diversity Management



#### Deepening Diversity Management

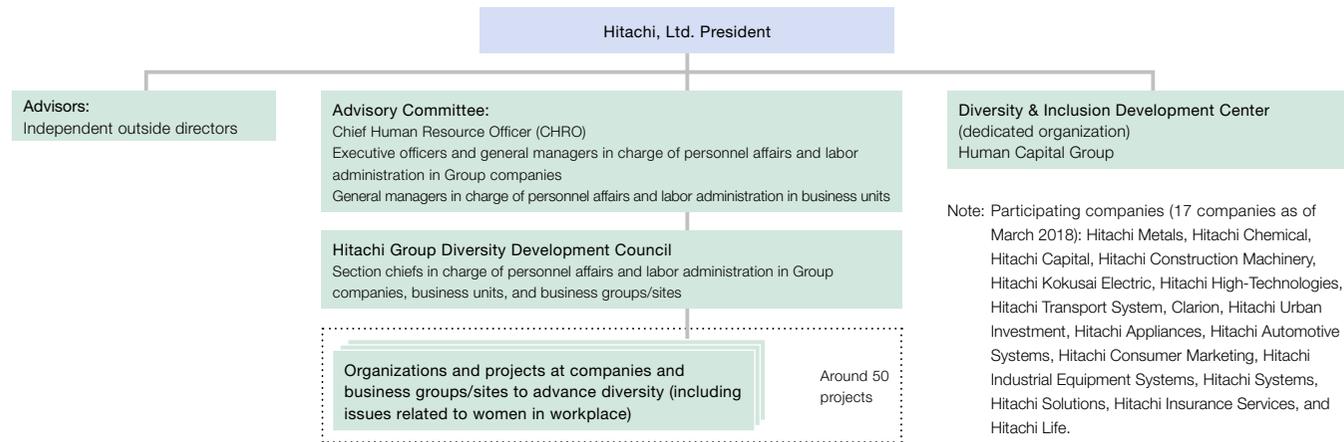
#### Development Structure of Diversity Management

The Diversity Development Project, launched in fiscal 2006 under the president's direct control, was replaced in fiscal 2009 with the Diversity & Inclusion Development Center, which currently operates under the direct supervision of the Human Capital Group of Hitachi, Ltd.

Hitachi, Ltd. and 17 Group companies jointly operate the Advisory Committee and the Diversity Development Council to accelerate awareness across Hitachi as a whole, including support for diverse human resources and work-life management. The Advisory Committee ensures follow-through on our diversity management policy, while the Diversity Development Council discusses specific activities and shares best practices. Both meet every six months.

Group companies and business groups/sites have also set up their own diversity-promotion organizations and projects, such as those to help develop women's careers, in order to enhance initiatives geared to the challenges faced by individual workplaces. We also hold regular meetings to exchange opinions on diversity with labor unions.

### Hitachi Group Diversity Structure



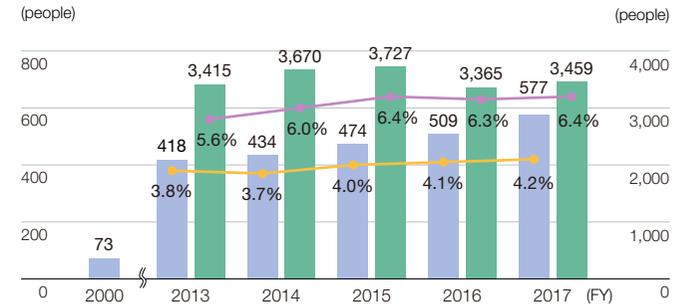
### Goals for Hitachi, Ltd. (KPIs)

- Achieve a 10% ratio of both female and non-Japanese executive officers and corporate officers by fiscal 2020 (new goal established in fiscal 2017).
- Increase the number of female managers in Japan to 800 by fiscal 2020 (twice the number at the end of fiscal 2012; goal revised in fiscal 2017).



Hitachi's Diversity Goals

### Number and Ratio of Female Managers



Legend: ■ Female managers, Hitachi, Ltd.\*1 (left scale) ■ Female managers, Hitachi Group\*2 (right scale) — Percentage of total, Hitachi, Ltd.\*1 — Percentage of total, Hitachi Group\*2

Note: Figures include section chiefs and above.

\*1 "Female managers" in fiscal 2017 include managerial employees dispatched from Hitachi, Ltd. to non-Group companies and those accepted from non-Group companies by Hitachi, Ltd. Earlier figures include regular managerial employees dispatched to non-Group companies but exclude those accepted from non-Group companies.

\*2 All full-time, regular female managers excluding those dispatched to non-Group companies. Figures for fiscal 2016 were restated following a reexamination of HR data.

### Ratios for Female and Non-Japanese Executive and Corporate Officers (Hitachi, Ltd.)

	June 2017	June 2018
Number of female executive and corporate officers	2	2
Ratio of female executive and corporate officers	2.4%	2.6%
Number of non-Japanese executive and corporate officers	3	5
Ratio of non-Japanese executive and corporate officers	3.7%	6.4%

## Developing Women's Careers

### KPI of Developing Women's Careers

Hitachi, Ltd. has created two key performance indicators (KPIs) to enable as many female employees as possible to take up leadership positions and to participate in management decision making.

In fiscal 2013, Hitachi set a goal of promoting women to executive positions by fiscal 2015. In April 2015, the company appointed its first female corporate officer, a position equivalent to the executive level. We will continue to promote this goal to ensure that diverse views and values will be reflected in our management. In fiscal 2017, we publicly announced our commitment to increasing the rate of female executive and corporate officers to 10% by fiscal 2020.\*1 We are also working to promote more female employees to managerial positions, aiming to double the number of female managers to 800 by fiscal 2020 compared with fiscal 2012. These efforts demonstrate our commitment both internally and to the world to further advance women in the

workplace and improve our diversity management.

In addition to reinforcing existing programs, we will use the Hitachi Group Women's Career Success Survey to highlight progress with initiatives and outstanding issues in each business unit and to set numerical targets for each unit, strengthening our management commitment. We will also boost women's individual ambitions and morale through programs such as the Hitachi Group Women Leaders' Meeting, which targets female employees at the supervisory level and above, and the Roundtable Conference with Female Outside Directors. We intend to create an environment where as many women as possible are able to optimize their potential in management positions. Alongside these efforts, we are working to change the mindset of managers and male staff regarding gender parity and examining our working style as a whole with the aim of transforming our corporate culture.

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

\*1 As another goal, Hitachi aims to achieve a 10% ratio of non-Japanese executive and corporate officers by fiscal 2020.

### Global Women's Summit

In September 2017, we hosted our second Global Women's Summit with a theme "United to Succeed." Held in the United States, the event was attended by more than 120 female employees from Group companies around the world and featured a keynote speech by an external speaker, a message from President and CEO Toshiaki Higashihara, and a report on the diversity and inclusion initiatives discussed at the first summit held in the United Kingdom, followed by workshops on nine topics ranging from technology to social skills to coaching. Participants learned about improving self-motivation and skill development, and at a subsequent networking reception, they shared stories about their careers and the issues they faced at their workplace, deepening exchanges with each other. The next summit is scheduled to be held in fiscal 2018.

## Work-Life Management

### Hitachi's Work-Life Management Approach

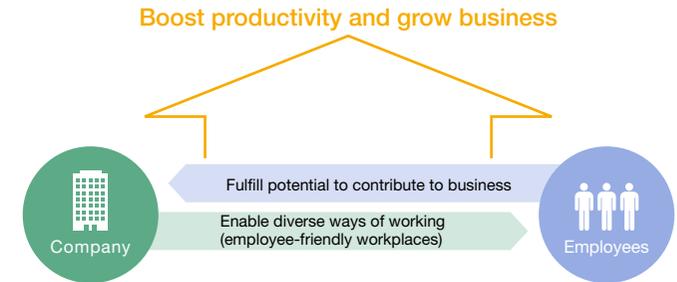
Diversity and inclusion boost productivity and grow Hitachi's business. To ensure that all employees reach their full potential, enhancing our organizational capabilities and creating new synergies, we strive to maintain a work environment that embraces human resource diversity, encourages inclusion,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

Hitachi looks beyond work-life balance, promoting work-life management that enables our employees to take charge of improving the quality of both their work and their private lives. We believe that optimizing time spent in and outside the

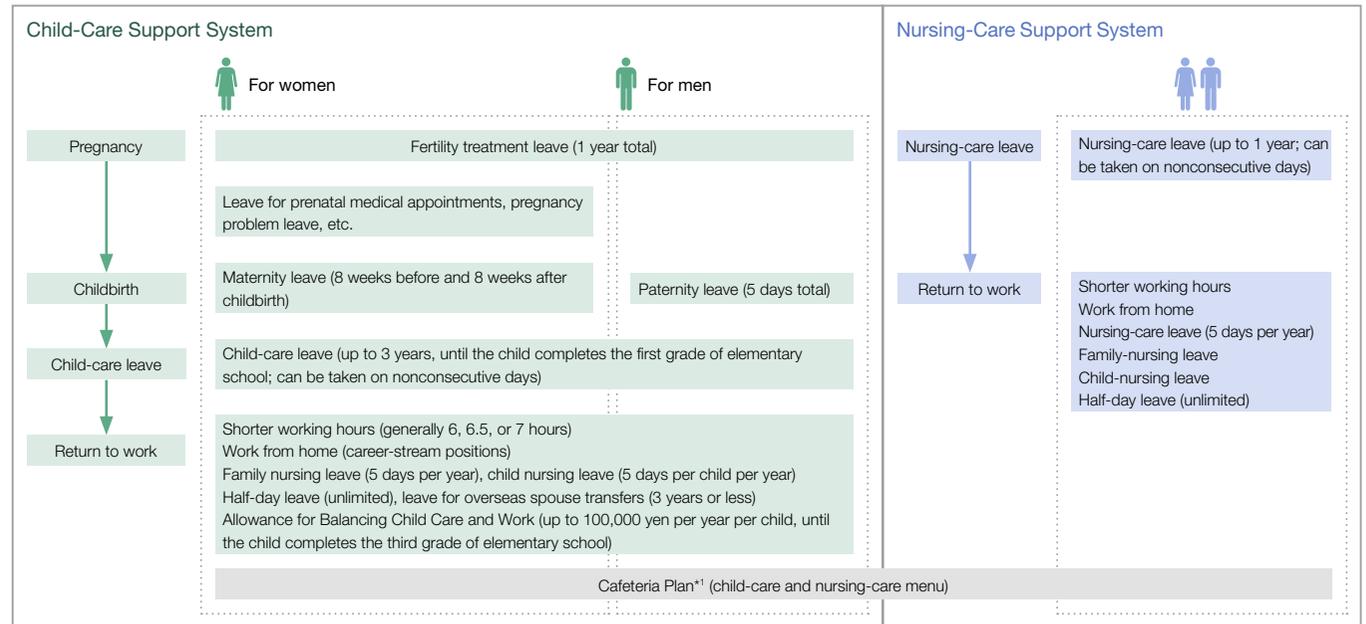
workplace through work-life management enhances our employees' professionalism and builds character, resulting in both individual and organizational growth over the long term.

In 2016, we launched "Hitachi Work Life Innovation," a company-wide initiative to accelerate our efforts toward improving work-life balance in line with the "work style reform" promoted by the Japanese government. In cooperation with its labor union, we aim to build a working environment where

diverse people with different views and perspectives can approach their work with enthusiasm and achieve great things.



### Work-Life Management Support System at Hitachi, Ltd.



\*1 Flextime and discretionary labor systems are also available. The Cafeteria Plan is a system in which employees can select the support that they need, when they need it, according to their "Cafeteria Points."

### Enhancing Work-Life Management Support Systems

Since the 1990s, we have been introducing and improving an array of programs for employees to balance work with family, aiming to create a more employee-friendly work environment.

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

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

		FY 2017
Return rate (%)	Male	100.0
	Female	98.5
Retention rate (%)	Male	96.6
	Female	98.0

### In-House Child-Care Centers

The Hitachi Group, in collaboration with its labor union, has set up in-house child-care facilities as a way to help employees balance work with child-raising.



"Genki Club" logo.

#### Genki Club

Established	April 2003
Location	292 Yoshida-cho, Totsuka-ku, Yokohama-shi, Kanagawa, Japan (Yokohama Office, Hitachi, Ltd.)
Capacity	Approximately 70 children
Ages eligible	Children aged several months up to 6 years old (who have not yet entered elementary school) of Hitachi Group employees who live near or commute to the Totsuka area in Yokohama
Operating hours	7:30–20:00



Excursion (sweet potato digging).



Christmas party.

### Sakura Hiroba (Hitachi Chemical Group)

Established	April 2008
Location	2-27-22 Higashi-cho, Hitachi-shi, Ibaraki, Japan (near Yamazaki Division, Hitachi Chemical)
Capacity	23 children
Ages eligible	Children aged several months up to 6 years old (who have not yet entered elementary school) of Hitachi Chemical Group employees.
Operating hours	7:20–20:20

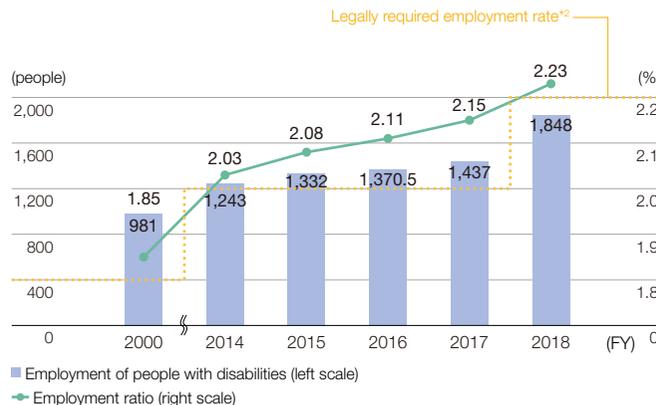
### Employing People with Disabilities

#### Expanding Hiring of People with Disabilities

Hitachi, Ltd. and Group companies in Japan have worked hard to employ people with disabilities, such as by holding a special hiring fair and study meetings for Group companies to share information. As a result, as of June 2018 the employment ratio of people with disabilities was 2.23% at Hitachi, Ltd. and 2.33% for the entire Group in Japan. Both of these figures exceed Japan's legally required employment rate of 2.2%—an increase of 0.2 percentage points compared to the previous fiscal year. We will maintain our Group-wide drive to hire more people with disabilities.

#### Key Indicators

- Employment of People with Disabilities and Employment Ratio (Hitachi, Ltd.\*1) ✓



\*1 Includes 17 special subsidiaries and related Group companies.

\*2 The legally required employment rate was 1.8% up to fiscal 2012, 2.0% between fiscal 2013 and 2017, and became 2.2% in fiscal 2018.

Notes:

- Data compiled on June 1 of each fiscal year.
- The employment ratio is calculated according to methods prescribed in the relevant laws.

### Diverse Support Systems for Employees

#### Support Systems that Meet Diverse Employee Needs

To respond to the diverse lifestyles and needs of our employees, Hitachi, Ltd. has provided a wide range of support by introducing benefits\*1 that include housing support, such as dormitories, company housing, and a housing allowance system, as well as an asset-building savings program, an employee stock ownership program, group insurance, consolation payments, a Cafeteria Plan program, and an Allowance for Balancing Child Care and Work.

The cafeteria plan allows employees to select the benefits they receive. This allows them to tailor a plan to their individual lifestyles and living needs by choosing from a list of options, such as skills development, childcare, nursing care, health promotion, and donations. Employees use Cafeteria Points to select the type of support they need when they need it.

For our retirement and pension plans, defined contribution and defined benefit plans have been introduced across the Hitachi Group in response to the diversification of lifestyles among the elderly and the changes in forms of employment.

The defined contribution pension plan encourages employees to participate in their postretirement planning by providing asset management and investment education, as well as other support. We increased the choice of benefit options and timeframes for both the defined contribution pension plan and the defined benefit pension plan in order to better meet the varied needs of employees.

\*1 For full-time, regular employees.