Striving to Increase Social Value

In order to grow sustainably and improve social value, Hitachi must meet a range of social expectations. As well as creating the innovation sought by society, we need to establish a working environment where diverse talent can shine, and rigorously implement fair business practices and respect for human rights throughout the value chain. We also aim for greater involvement in and development of the communities related to our businesses.

Our third Global Women’s Summit had the theme “Leading Through Diversity & Inclusion” (October 2018, Singapore).
Innovation Management

**Hitachi’s Approach**

Hitachi will strengthen its Social Innovation Business, which has been the key focus under Hitachi’s Corporate Credo “to contribute to society through the development of superior, original technology and products,” and will contribute to the sustainable development of society by utilizing its internet of things (IoT) and artificial intelligence (AI) capabilities, thus helping to achieve the Sustainable Development Goals (SDGs) through the realization of Society 5.0. To this end, we will help resolve customer issues by further enhancing Lumada and NEXPERIENCE, a methodology for collaborative creation with customers. “Kyōsō-no-Mori,” a new research initiative for open collaborative creation, will also support our customers in resolving their challenges, and we will promote open innovation through vigorous activity in the field of intellectual property (IP).

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**Research and Development (R&D)**

**Hitachi’s R&D Initiatives and R&D Policy for Fiscal 2019**

Hitachi has established an R&D policy for fiscal 2019 of becoming a global innovation leader in the fields of SDGs and Society 5.0. With Lumada as a base, we will fully utilize our expertise in operational technology (OT), IT, and products, along with the technological foundation established by our R&D department, to create solutions through collaborative creation with customers in the five sectors of mobility, smart life, industry, energy, and IT. We will create social, environmental, and economic value for our customers, as well as improving people’s quality of life.

In order to accelerate collaborative creation with customers, in fiscal 2015 we realigned our R&D structure under a customer driven model, developed NEXPERIENCE, and strengthened our digital solutions development.

NEXPERIENCE is a systematized methodology for collaborative creation that allows us to precisely identify social challenges in business areas, design business models based on incubated ideas, and assess profitability. It helps expand solution core templates based on Lumada customer cases and selected OT- and IT-based customer cases. In fiscal 2018 we released a tool that uses AI to identify the most appropriate stored customer cases for resolving a given customer’s issues, and we will continue to evolve NEXPERIENCE to create new value.

In April 2019 we opened “Kyōsō-no-Mori,” a facility for global collaborative creation in harmony with the surrounding environment, within our Central Research Laboratory. Kyōsō-no-Mori aims to develop open innovation ecosystems through open collaborative creation, connecting our researchers and designers to stakeholders including customers and academic research institutions around the world. We also concluded a comprehensive partnership agreement with Kokubunji City, where Kyōsō-no-Mori is located, to explore future societal systems supporting the sustainable development of regional communities.

In pursuing our R&D policy to become a global innovation leader in the fields of SDGs and Society 5.0, we will focus on three areas: the Global Center for Social Innovation (CSI) will take the lead in enhancing co-creation of global solutions, the Center for Technology Innovation (CTI)
will be primarily responsible for creating the world’s No. 1 technologies for solutions and products, and the Center for Exploratory Research (CER) will promote basic exploratory research to resolve issues in society.

R&D Policy for Fiscal 2019

**Become a global innovation leader in the fields of SDGs and Society 5.0**

- **CSI**
  - Global Center for Social Innovation
  - Co-creation of global solutions
    - Develop business models by means of CV, ideathons/hackathons
    - Promote open co-creation in solution priorities & focus regions

- **CTI**
  - Center for Technology Innovation
  - Creation of world’s No. 1 technologies for solutions and products
    - Value-based creation of world’s No. 1 technologies
    - Build Lumada ecosystem, including OT, IT, and products

- **CER**
  - Center for Exploratory Research
  - Basic exploratory research to resolve social issues
    - Generate human-centric value through research resolving social issues
    - Promote Society 5.0 concept worldwide

**Enhancing Co-Creation of Global Solutions**

As part of its efforts to promote initiatives in growth areas and social challenges in its regions of focus, Hitachi has expanded open collaborative creation spaces to a global level and accelerated the pace of innovation. Outside Japan, R&D centers are located in Silicon Valley and Detroit in the United States; in London, Cambridge, Copenhagen, Sophia Antipolis, and Munich in Europe; in Beijing, Shanghai, and Guangzhou in China; and in other cities across India, Singapore, and Australia. These regional centers aim to contribute to global society by collaboratively resolving regional and customer issues.

Also, in May 2019, the Hitachi America R&D division was relocated to Hitachi Vantara’s new office in Santa Clara, California, to strengthen collaboration and provide a development center for digital solutions to improve people’s quality of life through open collaborative creation.

In addition to the current approach of industry-academia-government cooperation to create vision and develop rules, initiatives such as open forums and ideathons are being used to create new services and ideas, as well as hackathons to develop solutions and real-world verification, in our efforts to promote collaborative creation through open innovation.

Events held in fiscal 2018 included an event in Singapore to generate ideas based on advanced FinTech initiatives and trends in related businesses, and a hackathon with Chinese startups and academia to identify blockchain application ideas. We will further promote such activities globally to evolve collaborative creation through open innovation with stakeholders.

**Creating the World’s No. 1 Technologies for Solutions and Products**

In order to achieve our R&D policy goals, we believe it is indispensable to create the world’s No. 1 technologies for solutions and products. We have been bringing new value to society by developing globally top-level products and systems such as high-speed, low-noise trains; the world’s fastest elevators; particle beam therapy equipment that helps to improve patients’ quality of life; semiconductor testing and biochemical/immunological analysis devices with top global market share; industrial machinery such as air compressors and motors; and energy and storage systems. In fiscal 2019, our high-speed train for the UK market was recognized with the Imperial Invention Prize in the National Commendation for Invention, and the Medal with Purple Ribbon was bestowed on Kazuo Hiramoto of our Research & Development Group for inventing innovative particle beam therapy equipment.

We are also advancing our technological developments in each of the five sectors specified in the 2021 Mid-term Management Plan. In the industry sector, we launched the “Hitachi Digital Solution for Retail,” an integrated service for the retail distribution industry that collects and stores data from customers, analyzes it with AI, and proposes measures to optimize the value chain. For the manufacturing industry, we launched the “IoT Compass,” a solution developed through
collaborative creation with a car manufacturer. This solution facilitates seamless and timely AI analysis and simulation by combining operational and environmental OT data from production equipment with IT data such as production plans and inventory management, thus optimizing the entire production process.

In the IT sector, we developed and deployed solutions for digital administration and cashless settlement in India and North America. India saw the launch of Hitachi MGRM Net, which will help digitalize a broad range of administration services, from education and healthcare to agriculture and insurance, under the Digital India project led by the Indian government. Hitachi America’s Financial Innovation Laboratory is participating in the Hyperledger project to jointly develop and standardize OSS blockchain technologies and develop control and management systems for financial institutions.

Moving forward, we will invest intensively in technologies including these, as well as others combining the five sectors of mobility, smart life, industry, energy, and IT with Lumada. Also, by drawing on our combined expertise in OT, IT, and products, we will strive to develop the world’s No. 1 technology and provide high value to our customers.

Promoting Basic Exploratory Research to Resolve Social Issues

In order to create economic, environmental, and social value for our customers as specified in the 2021 Mid-term Management Plan, and for the continued growth as a company, we believe we must create new value in harmony with a human-centric society and environment. To meet this challenge, the mission of the Center for Exploratory Research (CER) is to generate human-centric value through basic exploratory research to resolve social issues and promote such concepts to the world, and they are accelerating the development of disruptive technologies to lead Society 5.0 through vision-creating open innovation. To this end, we will continue our cooperation with academic research institutions at our collaborative research bases, such as the Hitachi-UTokyo Laboratory, the Hitachi Hokkaido University Laboratory, the Hitachi Kyoto University Laboratory, and the Hitachi Kobe Laboratory.

In the matter of creating human-centric value with the aim of realizing a society in which all people can fully participate in, the Hitachi Kobe Laboratory succeeded for the first time in the world in automatically culturing human iPSC cells into sheets of retinal pigment epithelial cells. Additionally, the Hitachi Cambridge Laboratory developed the world’s first technique for selectively controlling silicon quantum bits using hybrid circuits, as part of their efforts toward creating a data processing environment that can support future societies.

The Hitachi-UTokyo Laboratory promotes “Habitat Innovation,” aiming to design cities that strike a balance between efficient urban infrastructure and improved quality of life, alongside energy system projects supporting data-driven society. The laboratory is working with other academic research institutions to prepare policy recommendations and build social consensus toward achieving the SDGs and Society 5.0. At Hitachi Kyoto University Laboratory, in response to Crisis 5.0, a work released in 2017 depicting future challenges in 2050, we have been working with Kyoto University on global public policy recommendations using AI to improve social sustainability.

We will continue to promote these initiatives, grow our open innovation ecosystems, and explore new business opportunities and disruptive technologies through basic exploratory research to resolve social issues.

R&D Investment and Digital Human Capital

Hitachi allocates about 4% of revenue to R&D aimed to strengthen our capabilities in the five core sectors of our Social Innovation Business. We invested approximately one trillion yen under the 2018 Mid-term Management Plan, but will strengthen our R&D by increasing that amount to 1.2 trillion yen under the 2021 Mid-term Management Plan. Regarding corporate-led R&D, we will invest in collaborative creation with customers, developing world-leading technologies, and basic exploratory research. We will also expand our digital common platform and enhance R&D resources outside Japan to ensure the N-fold expansion of our growth engine, the Lumada business, and to expand our global footprint.

At the same time, we are working to develop digital human capital, including top-class digital talent in AI-related areas, to respond to society’s needs accompanying recent advancement in
digitalization. The R&D group is focusing on developing digital talent in the field of AI, and plans to increase its headcount from 226 in fiscal 2018 to 350 by fiscal 2021.

R&D Investment (Hitachi Group)

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Investment (billion yen)</th>
<th>R&amp;D as % of Revenue (%)</th>
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<tr>
<td>2016</td>
<td>323.9</td>
<td>3.5%</td>
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<tr>
<td>2017</td>
<td>332.9</td>
<td>3.6%</td>
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<tr>
<td>2018</td>
<td>323.1</td>
<td>3.4%</td>
</tr>
<tr>
<td>2021*</td>
<td></td>
<td></td>
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</tbody>
</table>

*Forecast

Intellectual Property

Hitachi’s IP Strategy and Vision

Intellectual property (IP) is a key element of Hitachi’s business strategy. From fiscal 2019, Hitachi will promote IP activities to create solutions that enhance value for customers in line with the 2021 Mid-term Management Plan and resolve social issues in line with initiatives like the SDGs and Society 5.0.

We have made a shift in recent years from IP strategy designed to enhance our competitiveness in the product business to IP strategy designed to promote partnerships centered on our digital solution business. This has advanced our collaborative creation strategy focused on IP in the broader sense, including data, putting us ahead of other companies. Based on this collaborative creation strategy, we have engaged in more than 300 business cases of collaborative creation with our customers annually. Through these cases we have recognized the importance of developing an IP management framework for establishing win-win relationships with our customers while respecting their IP rights.

Globally, however, the situation around IP has been changing and the change is accelerating. Attention has been drawn to liabilities and ethical issues arising from the application of AI, robots, autonomous driving, and other advanced technologies. The issuance of AI Ethics Guidelines in Japan, the United States, and Europe is just one example of the growing demand for a response to these new technologies. There is also a growing trend toward data localization, as seen in the European General Data Protection Regulation (GDPR). And, of course, handling IP has become one of the issues in the trade war between the United States and China. Under the circumstances, we must consider the geopolitical risks when we engage in IP activities. In addition, we are prompted to develop IP strategies based on a balance between competition and collaboration, responding to the rise of IT platform giants, increasing global M&As, and the advance of open innovation.

With all this in the background, we will accelerate our IP activities for a new era by accumulating findings and knowledge about new technologies and national and regional rules and regulations, aiming to create solutions that will deliver value to customers and resolve social issues in line with initiatives like the SDGs and Society 5.0. Regarding IP highly public in nature, for example, we will actively work on making it more publicly accessible, contributing to designing a future society in order to establish “IP for Society,” a new IP strategy for a new era.

Hitachi’s IP Activities for a New Era

In the Social Innovation Business, Hitachi plans and implements IP strategies appropriate to each area of its product and digital solution businesses.

In the product business, where IP strategies are crucial for competitiveness, we are actively working toward obtaining and using patent and other intellectual property rights (IPRs), and enhancing our competitive edge by planning and implementing an “IP Master Plan” customized to the nature of our business.

In the digital solution business, on the other hand, we have promoted collaborative IP strategies. As opportunities to co-create with our customers and partners using the Lumada IoT platform...
increase, we believe it is important to use IP to promote partnerships and to build ecosystems. In order to leverage our IP activities and create solutions, we take a broader view of “intellectual property,” which goes beyond patents, copyrights, and trade secrets to include data and information assets as well.

Moving forward, we will make continued efforts to create solutions through IP activities. Our Intellectual Property Division will participate in developing ways to promote new methods of collaborative creation, turning patent information into new technologies and cultivating data scientists capable of utilizing data for IP activities.

Additionally, in order to advance our open innovation activities designed to create solutions, such as the Ideathon and Hackathon, we have formulated the “Kyōsō-no-Mori” IP Guidelines, and will further evolve our IP Master Plan with the aim of combining our product and digital solution businesses.

Protecting Hitachi’s designs and brand is crucial for promoting our Social Innovation Business and supporting our global operations. We operate a rigorous regime against such infringements as making and selling counterfeit goods copying our designs or carrying the Hitachi brand and illegally applying for or registering trademarks similar to the Hitachi brand.

Until recently, most counterfeit goods were manufactured in China, but over the past several years manufacturing methods and sales routes have become more sophisticated and diverse, which has spurred us to take further action.

Framework for IP Activities

As of fiscal 2018, we had IP offices in New York and Santa Clara, California, in the United States, Beijing and Shanghai in China, and London in the United Kingdom to cover our globalized business. As a “control tower” for reviewing and implementing new IP activities based on the focus sectors and regions for investment under the 2021 Mid-term Management Plan, in fiscal 2019 we established the IP Strategy Department within the Intellectual Property Division.

Going forward, we will make efforts to seek cooperation with major sites around the world, forming global human capital networks in which the new department plays a central role, and building close ties with our newly established Corporate Venturing Office in addition to our strategy planning division and the government and external relations division in Hitachi, Ltd.

To develop globally minded IP human capital, since fiscal 1964 the Intellectual Property Division of Hitachi, Ltd. has operated an international job training system, sending trainees to IP law firms and Group companies in Europe and the United States to study abroad. In fiscal 2018, one employee went to the United Kingdom and one to Singapore for business training, while one employee was sent to Hong Kong in China to study.

Hitachi protects innovations generated from R&D activities under this framework. Specifically, we increased our patent application ratio outside Japan from 47% in fiscal 2009 to 58% in fiscal 2018. We will make further efforts to increase the number of solution patent applications in the United States and China during the 2021 Mid-term Management Plan, aiming to become one of the top patent holders in terms of quality and quantity in the field of social innovation. Going forward, we will continue to efficiently build and maintain our global patent portfolio.
Reward System for Employee Inventions

We motivate employees in the R&D field with an ample reward system for new inventions. To make this reward system as fair and transparent as possible, we set standards to evaluate inventions and disclose these standards to employees. We also have a mechanism for receiving inquiries about the rewards, as well as opinions on the reward system.

We have established a special division within the Intellectual Property Division to plan and operate this system, while an internal Invention Management Committee made up of R&D, legal affairs, personnel management, and IP experts ensures that the system operates effectively across the whole Group. The system includes an invention information channel to promote communication between inventors and the business divisions implementing the resulting patents. Inventors can ask the business divisions for information about patent implementation and check the evaluation standards used to calculate the rewards for their inventions. To ensure transparency and inventor satisfaction, we also set up an Arbitration Committee for Invention Rewards, composed similarly to the Invention Management Committee. Inventors can appeal to this committee if they disagree with the amount they have been awarded.

From fiscal 2005, we have given President’s Awards to the top 100 inventors. Since fiscal 2006, we have also given awards to the top 50 young inventors (under 35 years old) based on patent application rewards received within five years of their joining Hitachi.

Achievements Through IP Activities

Our active promotion of IP activities, including efforts to formulate an IP Master Plan and plan IP activities for collaborative creation with customers, have been highly acclaimed by external organizations. In recognition of these efforts, Clarivate Analytics included Hitachi in its Top 100 Global Innovators for the eighth consecutive year, and the Japan Institute of Invention and Innovation presented Hitachi with the 2019 Imperial Invention Prize for our design of the Class 800 high-speed train for the UK. This is the third consecutive year that we have received high honors from the National Commendation for Invention, a prestigious Japanese award for invention established in 1919, and the first time that the Imperial Invention Prize, the highest prize offered by the National Commendation for Invention, has been awarded in recognition of outstanding design. Hitachi, Ltd. has been honored by the organization eight times in total, more than any other recipient.
Human Capital

Hitachi’s Approach

The source of sustained growth in the global and digital era is diverse talent to engender innovation and create new value. We at Hitachi seek to attract, develop, and organize our employees by building good relations with them, respecting their fundamental rights, providing equal opportunities, ensuring occupational health and safety, and optimizing the work-life balance. We also actively engage in dialogue regarding compensation and career development.

2021 HR Strategy

With a mission to contribute to business through talent and organization, Hitachi’s human resources division formulated its 2021 HR Strategy, based on the 2021 Mid-term Management Plan that was announced in May 2018. The strategy sets out goals for our diverse employees around the world to grow through their work, to feel proud and happy about working at Hitachi, to respect diverse values, and to contribute to the creation of safe and vibrant workplaces each in their own way.

We are working to build a company where talent with diverse cultural backgrounds, experiences, and ideas can play an active role. We are cultivating a common Hitachi Group Identity in all employees worldwide so they may share the values of Harmony, Sincerity, and Pioneering Spirit that comprise the Hitachi Founding Spirit, working as One Hitachi across countries, regions, and divisions to contribute to society. We are visualizing talent and organizational data to achieve optimized placement, promoting communication and collaboration among employees, applying analytics featuring HR technology*1 to the accumulated data, and improving the efficiency of our operations.

Toward fiscal 2021, we will promote the following enhanced measures around the four key themes of “Talent,” “Culture,” “Organization,” and “HR Transformation.”

*1 Technology that creates new value by applying big data analytics, AI, and other IT approaches to the domain of human resources.

Our Impact on Society

Ratio of male to female employees

82% to 18%

Our Performance

No. and % of female managers (Hitachi, Ltd.)

635 (4.8%)
Developing Global Human Capital

Hitachi’s Approach to Global Human Capital Management

The source of innovation and corporate growth is human capital. In seeking to become a world leader in the Social Innovation Business, we at Hitachi implement a global, Group-wide strategy for the management of our diverse and highly engaged human capital, encouraging them to work across countries and regions and companies and maximize both personal and organizational performance. Further growing the Social Innovation Business on a global basis requires an optimized system for the hiring, promotion, and development of human capital. We thus have globally unified criteria for the evaluation of performance and offer a common leadership development program for employees around the world. In 2015 we announced a new theme for our efforts to build a corporate culture leading to enhanced global competitiveness that focuses on stirring the mindset and heightening awareness of each and every employee.

Developing Global Human Capital

Frameworks and Systems

A major component of our strategy for managing global human capital is the Global Human Capital Database of full-time, regular Hitachi Group employees. This database enables us to visualize our worldwide Group human capital and to understand the human resources data in macro terms. We have also built a grading system that applies to all managers and higher, using it as a common platform for job evaluations throughout the Group and as a common standard for assessing the value of management duties. In addition, we are implementing a global performance management system to align business objectives with individual goals and to promote the sustained improvement and growth of both individuals and businesses.

We are also working to develop the human capital to drive global business growth. We implemented “Hitachi University,” the global common platform for learning opportunities throughout the Group, where everyone is encouraged to learn for growth. In addition, with an eye to supporting the recruitment of full-time, regular employees as our operations expand globally, we have adopted a common recruitment support system worldwide to secure talented human capital, boost efficiency, and reduce hiring costs.

In addition, as a way of integrating the various existing measures for the management of global human capital, we have built a platform containing an array of information about the skills, career orientations, and other aspects of our human capital. The platform will enhance the visualization of our organization and human capital, leading to globally optimized placement, the identification and nurturing of management leaders of the future, and stronger manager-employee communication. This will help us build a human capital management system more aligned with the career and skills development orientation of individual employees.

Ensuring Fair Evaluation and Compensation

Frameworks and Systems

With the globalization of business, there is an increasing need to establish a fair system of employee evaluation and compensation on a worldwide basis. Hitachi is building a management system based on consistent principles across all areas to attract diverse and highly engaged human capital regardless of nationality. In terms of compensation, for example, we have established a Global Compensation Philosophy shared by all Group companies based on the principles of ensuring market competitiveness, pay for performance, and maintaining transparency.
We have developed a performance-based compensation system for full-time, regular employees that is fair and competitive in the context of the labor market for each national or region industry. Every year, the individual achievements of all employees are reviewed to set their compensation, and feedback on their evaluation results is provided to inspire them to develop and grow even further.

We ensure compliance with the laws and regulations of each country and region in which we operate when determining compensation. Starting pay for new graduates in Japan—who represent about half of all new employees hired each year across the Group’s global operations—is roughly 20% higher than the weighted average of Japan’s regional minimum wage.

**Developing Human Capital for Frontline and Digital Operations**

In order to grow the Social Innovation Business, we reorganized our operations in April 2016 to enhance frontline functions and accelerate collaborative creation with customers. Frontline personnel are expected to work closely with customers and draw on Hitachi’s technology and know-how to develop new services and facilitate their implementation. We have thus bolstered our efforts to develop the human capital needed to lead the Social Innovation Business as frontline staff.

While many companies understand the need for a digital transformation involving digital technologies like AI and IoT and the utilization of big data, there is a global shortage of data scientists with specialist knowledge of data analysis. So in addition to offering digital solutions by combining our operational technology (OT) and IT—the core strength of our Social Innovation Business—we have also launched an initiative to develop the human capital needed to drive such a digital transformation. We have set a goal of bolstering our Group-wide, worldwide force of data scientists to 3,000 by fiscal 2021 to strengthen our support for customers and to advance the global expansion of our digital solutions business.
Future Activities in Developing Human Capital for Frontline and Digital Operations

Since the fiscal 2016 launch of the Social Innovation Business Front Talent Development Program, some 1,300 employees have undergone group training in the three years up to fiscal 2018. An additional 42,000 employees have taken e-learning courses that summarize the basic concepts of the Social Innovation Business. The content of the training provided in phases III and IV will henceforth be used to give all human capital in digital operations a common, basic grounding in the Social Innovation Business. Some e-learning courses will be translated into English and Chinese and broadly made available at Group companies worldwide.

Globalizing Management Training

Along with the rollout of global human capital management, we are also globalizing our programs to develop management-level human capital.

We began to thoroughly revise our training of management candidates in fiscal 2015, implementing the Global Leadership Acceleration Program for Key Positions (GAP-K) to accelerate their development. GAP-K helps participants to look at themselves objectively through three modules and to gain a deeper understanding of the Hitachi Group Identity and their own role in maintaining it. They commit themselves to vigorously and fully resolving business issues and challenges with a sense of mission and purpose, share values and goal-oriented thinking while inspiring others, and declare, in their own words, how they will put their skills into practice. Participants also discuss strategies for global business expansion, with special reference to emerging markets, and explore how these strategies can be applied to Hitachi’s existing businesses and further growth. In fiscal 2018, 31 people were selected to participate in GAP-K over a three-month period in Japan and India.

Additionally, Hitachi has held the Global Advanced Program for Leadership Development (GAP-L) in Singapore every year since fiscal 2012. The program mainly targets local human capital with potential for leadership at the respective overseas subsidiaries. It is aimed at fostering a deeper understanding of the Hitachi Group’s global growth and developing the leadership, thinking, and skills needed for such growth. In fiscal 2018, GAP-L was expanded into a biannual program, and 52 leaders from around the world took part.

We also held the Global Leadership Acceleration Program for Managers (GAP-M) and the Ready to Lead (R2L), the standard leadership training courses for general managers and new managers that started in fiscal 2014. In fiscal 2018, around 3,100 people worldwide took part in these courses across our Group. As a result, the total number of participants has exceeded 17,000.

In fiscal 2019, we plan to launch the Global Group Executive Development Course (Global GEC) for new leaders of Hitachi subsidiaries outside Japan. This e-learning course fosters a basic understanding of Hitachi’s management and provides the latest information on relevant topics.

We will continue to cultivate global leaders to guide Hitachi’s business by strengthening and expanding training programs for management personnel.

Number of Participants of Global Management Training Programs

<table>
<thead>
<tr>
<th>(FY)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tr>
<td></td>
<td>2,496</td>
<td>3,362</td>
<td>3,530</td>
<td>3,821</td>
<td>3,844</td>
</tr>
</tbody>
</table>

In fiscal 2019, we plan to launch the Global Group Executive Development Course (Global GEC) for new leaders of Hitachi subsidiaries outside Japan. This e-learning course fosters a basic understanding of Hitachi’s management and provides the latest information on relevant topics.
**Average Amount Invested in Education per Employee**

In fiscal 2018 the average amount invested for employee education by Hitachi, Ltd. and 13 major Group companies in Japan was 127,800 yen per employee, an increase of about 8% over fiscal 2017.

**Providing Younger Employees with Overseas Experience**

Hitachi maintains a broad array of programs to systematically cultivate and secure people who can succeed in global business. To develop the careers of people capable of understanding and adapting to local cultures and lifestyles, we offer a program enabling younger employees to live outside Japan. We have dispatched around 5,000 Group employees over eight years beginning in fiscal 2011, allowing them to take part in more than 80 programs designed to promote understanding of other cultures and to engage in language studies, local field studies, and internships, as well as to provide opportunities to work with local people to resolve social issues. In fiscal 2015, we shifted our focus to a practical, work-related model of overseas postings instead of the former emphasis on language learning and cross-cultural activities. And in fiscal 2019, we moved to encouraging employees to engage in opportunities for leadership training to accelerate the development of employees ready to take on global challenges.

**Skills Development of Chinese Employees**

The Hitachi Group in China is working to improve the expertise and overall skills of local employees through the Hitachi University curriculum, on-the-job training, and e-learning. The content and timing of the training program is determined scientifically in accordance with employee workplace and job classification. In addition to these programs, in fiscal 2018, the Hitachi Group conducted 60 group training sessions in China to improve and develop the skills of its employees; over 1,000 people participated in these sessions.

**Hitachi's Approach to Career Development Support**

There are differences among individual employees with regard to what they find fulfilling in their lives and careers. Bearing this in mind, Hitachi has developed a broad range of career development support that focuses on employees’ “internal careers,” namely, their individual values and views on the significance and meaning of their work. In addition to ensuring that these individuals can fulfill their potential and maximize their creativity, our aim is also to link that individual growth to the positive outcomes and growth of the organization, thereby enhancing our corporate value. Along with promoting self-understanding and fostering strong individuals with the independence and autonomy to think and act for themselves, we are also providing support to create a framework that will capitalize on the engagement and motivation of individual employees and to enhance mutual understanding as a way of fostering the teamwork needed to enhance organizational strength and performance.

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

**Career Development Management**

For Hitachi, the center of career development is the work that employees perform daily in the workplace. Based on GPM, we implement a cycle aimed at the growth of each employee through a process in which goals for daily tasks are set and then pursued, followed by the evaluation of the results to formulate the next objectives. Every fiscal year we also conduct “performance planning,” in which individual employees work with supervisor guidance and support, consulting with their supervisors to reach a consensus regarding short-term objectives. These consultations include discussions about past work and evaluations of the content of the work performed to
date and the degree to which employee goals were met, followed by the setting of goals for
the next fiscal year. Repeating the GPM cycle improves individual performance and further
increases motivation and creativity, spurring individual growth and improving organizational
results. Along with GPM, employees also take part in career consultations with their superiors
to discuss their medium- and long-term career plans regarding such matters as requests for
transfers or overseas postings.

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

**Conducting Career Development Workshops**

Along with our workplace career development, we also provide direct support for individual
career development through our career development programs. Our key program is the Hitachi
Career Development Workshop (H-CDW), launched in fiscal 2002 as a Group-wide initiative in
Japan. Around 12,600 people have participated in the program so far (as of March 31, 2019),
with a focus on technicians, managers, and researchers in their 30s. Participants use self-analysis
to deepen their self-understanding with an emphasis on their “internal careers,” affirming their
career direction, goals, and paths so that they can direct the development of their own career
and skills. H-CDW has gained recognition as a high-quality program for in-house career
development that has built up research and improvements during a period of over 40 years.

According to the survey conducted of the participants for fiscal 2018, about 90% of the
answers agreed that “H-CDW has been helpful to my career development and work.” Specific
responses received include “Reflecting on my inner career reaffirmed my view of career development
(working life) and the meaning of the work I do,” “I learned more about myself and began to
seriously think about where I want to be 5 or 10 years from now,” “I gained a renewed awareness
of the importance of my position and responsibilities,” and “I was able to make concrete plans
for my future steps.”

In addition to those programs, Hitachi also offers programs targeting specific age groups,
such as career education for younger employees and training for middle-aged or older employees
to help them prepare for the changes ahead in their careers. Regarding training for employees
aged 50 and over, a survey conducted between October 2017 and March 2019 found that 90%
of participants felt that the training had been beneficial. One respondent noted, “I was able to
grasp my current situation and look at myself with fresh eyes,” while others said, “It was a good
opportunity to rethink my attitude toward work and financial planning” and “I would like to make
the most of and nurture my career and strengths.”

**“Make a Difference!” Project**

Hitachi believes that raising awareness of each and every employee holds the key to achieving
the corporate reforms needed today to remain strong 10 years from now. We thus launched a
three-year “Make a Difference!” project in fiscal 2015 involving all Group employee to cultivate an
“I will” mindset in line with the 2018 Mid-term Management Plan. In fiscal 2015, the first year of
the project, we organized a contest for new business and internal-reform ideas with the aim of
encouraging employees to think and act independently. More than 600 entries were submitted
from around the world. In fiscal 2016, the second year, the contest evolved into one of proposing
business plans, as many expressed a desire to actually implement their ideas. We believe this
helps employees gain new insights as they put their ideas into action, and the experience can be
an opportunity to think on one’s own, make decisions, and see a project through to completion.
Even those applications that did not pass the screening stage were given feedback on how they
could be improved to encourage further growth in the applicant.

We received numerous applications from within and outside Japan during the three-year
project, including proposals from teams spanning business units and divisions. Some
award-winning projects have actually been adopted as in-house pilot programs. Examples
include Mobile Subscriber Analytics, a cellphone analytics program that can help carriers acquire
or retain customers; and MyLifePal, a healthcare app that not only manages sleep and diet data
but can also measure pulse and stress level by analyzing facial images.
In fiscal 2019, we launched “Make a Difference! 2.0” in line with the 2021 Mid-term Management Plan that retains the focus on cultivating an “I will” mindset and the framework of the business plan contest while seeking to expand the number of participants who have a strong desire to rise to stimulating challenges.

<table>
<thead>
<tr>
<th>Number of Applications for the “Make a Difference!” Contest</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015 (idea contest)</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Outside Japan</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note: The contest was not held in fiscal 2018 while the project was under review. It was resumed in fiscal 2019.

Conducting a Global Employee Survey

Since fiscal 2013, we have been conducting the annual global employee survey, Hitachi Insights, as a way of measuring employee engagement.*1 In September 2018, the survey was administered for the sixth time. Around 210,000 employees worldwide were sent the survey in one of 14 different languages, and roughly 180,000 responses were received.

According to the aggregate results, the overall rating has improved for the fifth consecutive year. Scores were particularly high for “pride in your company,” “delegation of authority,” and “management of supervisors,” suggesting that employees are proud to be part of a company that is aiming to digitally transform the social and business infrastructure and advance the Social Innovation Business to become a global leader. On the other hand, scores for “resources and support” remained low from fiscal 2017, although there was a slight improvement. We will continue to address this issue through work-life reforms, introduction of new tools, and deepening of communication with employees.

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

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

Diversity and Inclusion

Statement on Diversity and Inclusion

Diversity and Inclusion Open Our Future

Diversity is the wellspring of our innovation and our growth engine. Hitachi regards personal differences such as—gender, nationality, race, religion, background, age, and sexual orientation—as well as other differences, as facets of people’s individuality. By respecting our employees’ individualities and positioning them as an advantage, Hitachi frames its diversity and inclusion as conducive to both the individual’s and the company’s sustainable growth. With a diverse workforce, strong teamwork and broad experience in the global market, we will meet our customers’ needs.
**Roadmap for Developing Diversity Management**

**Phase 1:** Support for women’s career advancement
- **2000:** FF Plan*1
- **2006:** Diversity Promotion Project FF Plan II

**Phase 2:** From “women” to “diversity”
- **2009:** Diversity & Inclusion Development Center set up
- **2006:** Diversity Promotion Project FF Plan II

**Phase 3:** Diversity promoted as a management strategy
- **2012:** "Diversity for the Next 100" launched

- Support balance between work and nursing care, etc.
- Strengthen senior management commitment
- Promote time- and location-free work
- Improve workstyles; promote work-life balance

**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 15 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.

Alongside diversity management promotion within each Group company according to its individual challenges and circumstances, we are also accelerating Group-wide global initiatives such as the Global Women’s Summit.

We also hold regular meetings to exchange opinions on diversity with labor unions.

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

**Widening Scope of Diversity**

- **Gender, etc.**
  - Men and women, family composition, marital status
- **Nationality, etc.**
  - Nationality, race, ethnicity, language
- **Disabilities**
  - Physical, intellectual, mental disability
- **LGBT**
  - Lesbian, gay, bisexual, transgender status

**Step 1** Integration
- Minorities integrated into existing organizational culture, systems, methods, customs

**Step 2** Legal Compliance
- Discrimination banned through force of law (Japan’s Equal Employment Opportunity Act)

**Step 3** Respect for Diversity
- Companies, organizations educate staff about discrimination so differences are actively embraced, respected

**Step 4** Competitive Advantage
- Evolution from respect for differences to organizational reform as part of strategy to forge varied strengths into competitive advantage

Deepening Diversity Management

Hitachi Group Diversity Structure

- **Hitachi, Ltd. President**
- **Advisory Committees:**
  - Chief Human Resource Officer (CHRO)
  - Executive officers and general managers in charge of personnel affairs and labor administration in group companies
  - General managers in charge of personnel affairs and labor administration in business units

- **Hitachi Group Diversity Development Council**
  - Section managers in charge of personnel affairs and labor administration in Group companies, business units, and business groups/sites

- **Advisors:**
  - External directors

- **Diversity & Inclusion Development Center** (dedicated organization)
  - Human Capital Group

- **Hitachi Group Diversity Development Council**
  - Organizations and projects at companies and business groups/sites to advance diversity (including issues related to women in workplace)
  - Around 50 projects

KPIs to Develop 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 division and to set numerical targets for each division, 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.

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).

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

<table>
<thead>
<tr>
<th>Item</th>
<th>June 2017</th>
<th>June 2018</th>
<th>June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of female executive and corporate officers</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Ratio of female executive and corporate officers</td>
<td>2.4%</td>
<td>2.6%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Number of non-Japanese executive and corporate officers</td>
<td>3</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Ratio of non-Japanese executive and corporate officers</td>
<td>3.7%</td>
<td>6.4%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Ratios for Male/Female and Japanese/Non-Japanese Directors (Hitachi, Ltd.)
(as of June 2019)

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>Japanese</th>
<th>Non-Japanese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>11</td>
<td>9</td>
<td>2</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Ratio (%)</td>
<td>81.8%</td>
<td>18.2%</td>
<td>63.6%</td>
<td>36.4%</td>
<td></td>
</tr>
</tbody>
</table>
Basic Salary and Total Individual Compensation for Female and Male Managers at Hitachi, Ltd. (Fiscal 2018)

<table>
<thead>
<tr>
<th>Basic Salary</th>
<th>Total Individual Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>100:113</td>
<td>100:103</td>
</tr>
</tbody>
</table>

Note: Benefits for men and women are identical. Differences between male and female salary and compensation are due to age distribution, grade distribution, etc.

Global Women’s Summit

In October 2018, we hosted our third Global Women’s Summit with the theme “Leading Through Diversity & Inclusion.” Held in Singapore, the event was attended by around 170 female employees from Group companies in 17 countries and regions around the world, from junior staff to executives, and featured a keynote speech by an external speaker and messages from President and CEO Toshiaki Higashihara and outside director Cynthia Carroll. There was also a lively exchange of opinions at a panel discussion among female leaders from the Hitachi Group, and three different workshops on unconscious bias, career development, and leadership. A subsequent networking reception gave the participants an opportunity to share stories about their careers and the challenges at their workplace and deepen mutual relationships. At this Global Women’s Summit, not only did the participants realize a range of challenges, but they also gained a better understanding of the Hitachi Group’s firm commitment to diversity and inclusion initiatives and of diversity management by the executives. The next summit, the fourth, is scheduled to be held in Tokyo in fiscal 2019.

Recruiting Local Human Capital for Senior Management Positions

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

Global Recruiting and Globalizing Human Capital

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

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

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. We have also worked to expand the range of employment opportunities for people with disabilities, coordinating with special subsidiaries to develop new positions for such individuals in IT—specifically, robot process automation (RPA). As a result, as of June 2019 the employment ratio of people with disabilities was 2.26% at Hitachi, Ltd.*1 and 2.33% for the entire Group in Japan. Both of these figures exceed Japan’s legally required employment rate of 2.2%. We will maintain our Group-wide drive to hire more people with disabilities.

*1 Includes two special subsidiaries and 17 related Group companies.
Human Capital

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

![Employment of people with disabilities](people) (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment of people with disabilities</th>
<th>Employment ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,850</td>
<td>1.8%</td>
</tr>
<tr>
<td>2005</td>
<td>2,085</td>
<td>2.0%</td>
</tr>
<tr>
<td>2015</td>
<td>2,110</td>
<td>2.1%</td>
</tr>
<tr>
<td>2016</td>
<td>2,150</td>
<td>2.2%</td>
</tr>
<tr>
<td>2017</td>
<td>2,230</td>
<td>2.3%</td>
</tr>
<tr>
<td>2018</td>
<td>2,260</td>
<td>2.4%</td>
</tr>
<tr>
<td>2019</td>
<td>2,230</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Notes:
- *1 Includes special subsidiaries and related Group companies. (Two special subsidiaries and 17 related Group companies in fiscal 2019.)
- *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.

B-BBEE Initiatives in South Africa

As Hitachi expands its business in South Africa, it pursues activities aligned with the country’s Broad-Based Black Economic Empowerment (B-BBEE)*1 policies to create employment and economic development. As of the end of fiscal 2018, Hitachi Vantara has achieved a B-BBEE rating of level 4, while Hitachi Construction Machinery Southern Africa has reached level 8.

*1 B-BBEE: Companies and organizations in South Africa are scored on their B-BBEE initiatives and contributions and rated on a scale from level 1 (highest) to 8 or as being “non-compliant.”

Work-Life Management

Hitachi’s Work-Life Management Approach

The aim of Diversity & Inclusion is to maximize our employees’ performance, and to enhance our organizational capabilities as well as to create new synergies, thereby improving productivity and expanding our business. It is necessary to have a comfortable working environment that embraces flexible and diverse workstyles, allowing our diverse workforce to perform at their best.

Hitachi has built on its work-life balance initiative, which promoted a balanced lifestyle, and now promotes work-life management, which encourages employees to proactively take charge of improving the quality of both their work and private lives. We believe that practicing work-life management will enrich employees’ work and private lives, enhance professionalism and build personal character, resulting in both individual and organizational growth over the long term.

B-BBEE Initiatives in South Africa

As Hitachi expands its business in South Africa, it pursues activities aligned with the country’s Broad-Based Black Economic Empowerment (B-BBEE)*1 policies to create employment and economic development. As of the end of fiscal 2018, Hitachi Vantara has achieved a B-BBEE rating of level 4, while Hitachi Construction Machinery Southern Africa has reached level 8.

*1 B-BBEE: Companies and organizations in South Africa are scored on their B-BBEE initiatives and contributions and rated on a scale from level 1 (highest) to 8 or as being “non-compliant.”

Hitachi’s Work-Life Reform Approach

In December 2016, Hitachi, Ltd. launched a companywide work-life reform initiative, “Hitachi Work Life Innovation,” to promote workstyles allowing talent from diverse backgrounds to work with enthusiasm and demonstrate strong performance.

Hitachi seeks to expand its Social Innovation Business, which aims to resolve its customers’ and society’s increasingly diverse and complex challenges, and to improve people’s quality of life on a global scale. In order to realize this, we need to have talented, active human capital with diverse values.
With the decline in the working-age population due to low birthrates and aging, as well as workers’ diversifying needs, work-life reform is a pressing issue across all of Japan. We too are striving to realize our vision of Hitachi’s future by promoting work-life reform.

**Framework for Work-Life Reform**

Under the Hitachi Work Life Innovation initiative, labor and management at Hitachi, Ltd. work together to realize work-life reform. In the 2018 spring labor-management negotiations, it was decided to promote time- and location-independent working practices, and we are moving forward creating systems and working environments in which employees can continue producing results while maintaining work-life balance.

In order to put work-life reform into practice, it was determined that reform of administrative operations at the company’s headquarters was necessary. Based on requests from business units and departments and other considerations, Hitachi created three subcommittees to review both its headquarters’ business operations and processes that affect the whole company: the Budget Innovation Subcommittee, the Internal Audit Innovation Subcommittee, and the Meeting/Reporting Innovation Subcommittee.

In 1999, Hitachi implemented telecommuting and satellite office work programs. Today, 70% of all full-time, regular employees are covered, including managerial-level employees, flex workers, and career-track employees who need to balance work with child care or nursing care. The programs do not require the applicants to come into the office for a certain amount of time, nor are there any limitations on the number of times for doing so, allowing employees to work from wherever they need to be for child care, nursing care; or, if posted away from their families, they can work from their family home. We are also rolling out location-free work for managerial-level employees, allowing them to perform their duties from anywhere when approved by the company. Security environments equivalent to the company’s are being prepared at multiple business sites in the Tokyo metropolitan area as we expand our satellite office facilities for the use of business units, departments, and Group companies.

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**Work-Life Reform Initiatives**

Hitachi, Ltd. is currently addressing work-life reform in three areas: improving work processes, augmenting management, and promoting time- and location-independent work practices.

Regarding improving work processes, the Meeting/Reporting Innovation Subcommittee has reduced meeting time by about 60% by cutting down on the number and duration of regular meetings attended by business units and general meetings. It has also begun using a support tool designed to improve meeting efficiency and optimize meeting durations and numbers of participants.

On augmenting management, the company is increasing operational transparency using in-house consultants and an experience-oriented approach to discover issues. Countermeasures are taken and results are being produced. In fiscal 2017, the experience-oriented approach was applied to about 80 teams prone to excessive working hours, resulting not only in fewer overtime hours but also improvements in such areas as collaboration among team members and work instructions from team leaders to staff. In fiscal 2018, the initiative was scaled up to about 260 teams. The company is also improving its attendance management system for compliance enforcement.

As for promoting time- and location-independent work practices, the company is promoting use of its telecommuting program and has distributed around 30,000 IT tools such as headsets, mic speakers, and LCD monitors to create environments where the in-house wireless local area network (LAN) can be accessed safely, as well as holding paperless and online meetings. Since 2016, we have been expanding the number of our satellite offices, and as of March 31, 2019, we have 49 business sites used by more than 50,000 people from across the Group each month.

Additionally, in July 2018, some 2,750 employees participated in Telework Days 2018, a national event sponsored by the Ministry of Internal Affairs and Communications to promote work-life reform.
Work-Life Innovation Initiatives at Hitachi, Ltd.

<table>
<thead>
<tr>
<th>Items</th>
<th>Key components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top commitment</td>
<td>* Send top commitment message within company</td>
</tr>
<tr>
<td>Improving work processes</td>
<td>* Reform headquarters’ administrative operations</td>
</tr>
<tr>
<td></td>
<td>* Imposed restricted-hour rules for outgoing emails</td>
</tr>
<tr>
<td>Augmenting management</td>
<td>* Increase operational transparency using in-house consultants</td>
</tr>
<tr>
<td></td>
<td>* Experience-oriented approach</td>
</tr>
<tr>
<td></td>
<td>* Improve attendance management system for compliance enforcement</td>
</tr>
<tr>
<td>Promoting time- and location-independent work practices</td>
<td>* Expand telecommuting program to allow locations where employees need to be for child care, nursing care, etc., as well as their homes</td>
</tr>
<tr>
<td></td>
<td>* Roll out location-independent work for managerial-level employees</td>
</tr>
<tr>
<td></td>
<td>* Expand satellite offices (49 sites as of March 2019, with over 50,000 monthly users across the entire Hitachi Group)</td>
</tr>
<tr>
<td></td>
<td>* 2,750 people participating in Telework Days</td>
</tr>
<tr>
<td>Companywide promotion</td>
<td>* Put up posters, create intranet site</td>
</tr>
<tr>
<td></td>
<td>* Share best practices by giving awards</td>
</tr>
</tbody>
</table>

Enhancing Work-Life Management Support Systems

Since the 1990s, Hitachi, Ltd. has been introducing and expanding an array of programs to support work-life balance, striving to create a more friendly working environment.

Following the introduction of our Allowance for Balancing Child Care and Work in fiscal 2016, in fiscal 2018, we launched “Hokatsu Concierge,” the information-providing service supporting the search for a nursery. With the rise in nursery schools’ waiting lists being a social issue, by providing this kind of support, the aim is to smooth the path for employees return from maternity and parental leave and create an environment where work and parenting can be balanced with peace of mind.

Additionally, with Japan’s society continuing to age, it is expected that more employees will be involved in caring for their elderly family members. We have, therefore, declared the years from fiscal 2018 to fiscal 2020 a period to focus on reinforcement of work and nursing care balance support, and are expanding programs. In fiscal 2018, we established a new “Points for Balancing Nursing Care and Work” system strengthening financial support for employees balancing work with nursing care. We also conducted awareness surveys and work-life balance seminars to encourage employees to prepare for this issue, emphasizing the importance of balancing work with nursing care and conveying practical know-how on the topic.

Work-Life Management Support System at Hitachi, Ltd.

**Child-Care Support System**

- For women:
  - Fertility treatment leave (1 year total)
  - Leave for prenatal medical appointments, pregnancy problem leave, etc.
  - Maternity leave (8 weeks before and 8 weeks after childbirth)
  - Leave for overseas spouse transfers (3 years or less)
  - Allowance for Balancing Child Care and Work (up to 100,000 yen per year per child)
- For men:
  - Paternity leave (5 days total)
  - Child-care leave (up to 3 years, until the child completes the first grade of elementary school; can be taken on nonconsecutive days)
  - Child-care leave (5 days per year)
  - Family-nursing leave (5 days per year), child-nursing leave (5 days per child per year)
  - Half-day leave (unlimited)

**Nursing-Care Support System**

- Nursing-care leave (up to 1 year can be taken on nonconsecutive days)
- Shorter working hours:
  - Work from home (career-track employees)
  - Child-nursing leave (5 days per child per year)
  - Half-day leave (unlimited)
  - Allowance for Balancing Child Care and Work (100,000 yen per person receiving care per year)

*1 Flexible 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.”
Human Capital

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return rate (%)</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>94.3</td>
</tr>
<tr>
<td>Female</td>
<td>97.4</td>
</tr>
<tr>
<td>Retention rate (%)</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>90.9</td>
</tr>
<tr>
<td>Female</td>
<td>99.4</td>
</tr>
</tbody>
</table>

In-House Child-Care Centers

Hitachi, Ltd., in collaboration with its labor union, has set up in-house child-care facilities as a way to support employees in balancing work with child care.

<table>
<thead>
<tr>
<th>Genki Club</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>April 2003</td>
</tr>
<tr>
<td>Location</td>
<td>292 Yoshida-cho, Totsuka-ku, Yokohama-shi, Kanagawa, Japan (Yokohama Office, Hitachi, Ltd.)</td>
</tr>
<tr>
<td>Capacity</td>
<td>Approximately 70 children</td>
</tr>
<tr>
<td>Ages eligible</td>
<td>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</td>
</tr>
<tr>
<td>Operating hours</td>
<td>7:30-20:00</td>
</tr>
</tbody>
</table>

Sakura Hiroba (Hitachi Chemical Group)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>April 2008</td>
</tr>
<tr>
<td>Location</td>
<td>2-27-22 Higashi-cho, Hitachi-shi, Ibaraki, Japan (near Yamazaki Division, Hitachi Chemical)</td>
</tr>
<tr>
<td>Capacity</td>
<td>23 children</td>
</tr>
<tr>
<td>Ages eligible</td>
<td>Children aged several months up to 6 years old (who have not yet entered elementary school) of Hitachi Chemical Group employees</td>
</tr>
<tr>
<td>Operating hours</td>
<td>7:20-20:20</td>
</tr>
</tbody>
</table>

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 that include housing support, such as dormitories, company housing, and a housing allowance system, as well as group insurance, a consolation payment system, internal sales, cultural and physical education activities, and employee cafeterias.

Full-time, regular employees of Hitachi, Ltd. also enjoy an asset-building savings program, an employee stock ownership program, a Cafeteria Plan program, allowances for balancing work with child and nursing care, and retirement and pension plans.

The Cafeteria Plan allows employees to select the benefits they receive, depending on individual lifestyles and needs, from a list of options, such as skills development, child care, nursing care, health promotion, and donations. Employees can use their 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.
Creating Friendly Working Environments in China

In fiscal 2018, Hitachi (China) supported its employees’ work-life balance with leisure activities such as outdoor experiences, health seminars, photography contests, and a healthy walking meet. Hitachi (China) has also signed a female employee special protection agreement to protect its female employees. The agreement is reviewed every three years to take current circumstances into account, and has resulted in the enhancement of facilities for women based on the agreement, such as building a milk expression room for lactating female employees. In addition to this, the company is developing systems such as medical relief grants and compassion fund to help employees facing difficulties.

Occupational Health and Safety

Basic Principle for Occupational Health and Safety

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

Hitachi Group Health and Safety Policy

“Health and Safety Always Comes First.”

Policies

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

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

Revised November 2013

Establishing the Safety Management Division

In April 2019, aiming to become an organization whose employees spontaneously promote safety activities with the direct participation of management, Hitachi, Ltd. established the Safety Management Division, which reports directly to the president on matters of safety management. This division will hold an annual Safety Strategy Congress, attended by safety officers from each Group company and representatives from each division. The congress will set budgets and objectives for companywide safety strategy and review the structural situation of the Hitachi Group’s safety management systems, making them an opportunity for top management to share its own commitment to safety as the highest priority. The Safety Strategy Promotion Council, attended by safety department managers from each business unit and Group company, is held monthly and examines the promotional frameworks for safety activities and education in each division alongside standards to be shared across the Group.
Hitachi views occupational health and safety as vital employment conditions for advancing its business. Based on the policy above, to prevent work-related accidents among our roughly 300,000 Group employees worldwide, we set and apply our own safety standards to be observed at manufacturing sites around the globe, where the risks of work-related accidents are high, as well as advancing health and safety measures tailored to the operations of individual companies. In particular, since the establishment in April 2019 of the Safety Management Division, we have worked to improve our safety measures in terms of both policy, by examining and improving our risk assessment frameworks, and technology, by using IT and digital technology to prevent accidents.

We had already introduced the Hitachi Group Key Safety Management Designation System, which promotes the improvement of safety measures and reinforcement of safety activities at Hitachi Group companies and business sites that have experienced serious work-related accidents. Under the leadership of top executives, these companies and business sites take on both management-driven and bottom-up initiatives to formulate specific plans, and the progress of these plans is monitored by safety officers, who also lead initiatives to prevent recurrence.

Additionally, because the risk of accident is higher for workers not yet accustomed to their work or environment, employees and temporary workers receive individual health and safety training and on-the-job training before work begins, to help prevent accidents by ensuring that they understand work procedures and dangers. At the same time, on occasions of business restructuring, we share the details of the health and safety management frameworks and initiatives of the organizations to be merged in advance, and, paying all due respect for the safety cultures on both sides, ensure that safety is always preserved during the execution of a smooth business launch.

**Sharing and Using Information to Prevent Accidents**

Since 2012, the Hitachi Group Health and Safety Portal System has allowed every Hitachi Group company in Japan to track the occupational health and safety performance of the entire Hitachi Group.

When a work-related accident occurs in Japan, depending on its level, the results of analysis on its causes and examples of countermeasures are registered in the system and shared with the entire Group as part of the knowledge base. Know-how gained in this way is used globally. By analyzing from many angles the detailed information about accidents gathered in the system, similar accidents can be prevented. In 2014, we also began surveying the number of accidents outside Japan in order to grasp the global situation regarding accidents. We intend to expand the use of the Hitachi Group Health and Safety Portal System globally in future.

Since 2018, in order to promote the management-driven reinforcement of Group-wide occupational health and safety activities, the state of occupational health and safety management has been reported regularly to the Senior Executive Committee and meetings of business unit and Group company presidents.

Additionally, the Safety Strategy Congress for safety officers from each Group company and representatives from each division has so far seen around 350 attendees in all. Activity promoters
from all areas have shared information and exchanged opinions about policy details, allowing the congress to serve as a forum for discussion of Group-wide initiatives.

**Actions and Achievements**

In Japan, a health and safety commission—composed of business owners, labor union officials, and employees—is convened at each business site every month to discuss and share information related to such issues as work-related accident cause analysis and countermeasures and health and safety activities in light of the situation regarding employees who have taken sick leave.

This initiative allowed us to achieve zero fatal work-related accidents worldwide in 2018, but we have not yet eliminated accidents altogether. Taking an honest view of our present situation, we are continuously striving to improve our safety management system, making use of external consultants to bring in objective, third-party perspectives, improving our ability to determine the cause of accidents, and reviewing our risk assessments.

### Occupational Accident Frequency Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>All industries</th>
<th>Manufacturing industries</th>
<th>Electrical machinery sector</th>
<th>Hitachi Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.06</td>
<td>0.41</td>
<td>0.27</td>
<td>0.22</td>
</tr>
<tr>
<td>2015</td>
<td>1.06</td>
<td>0.54</td>
<td>0.22</td>
<td>0.20</td>
</tr>
<tr>
<td>2016</td>
<td>1.61</td>
<td>0.51</td>
<td>0.18</td>
<td>0.23</td>
</tr>
<tr>
<td>2017</td>
<td>1.63</td>
<td>0.45</td>
<td>0.25</td>
<td>0.20</td>
</tr>
<tr>
<td>2018</td>
<td>1.60</td>
<td>0.58</td>
<td>0.20</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Occupational accidents are defined as those involving fatality or work-time loss of one day or more. Hitachi Group figures for Japan, including Hitachi, Ltd., are for 251 Group companies in 2014; for 240 Group companies in 2015; for 200 Group companies in 2016; for 201 Group companies in 2017; and for 188 Group companies in 2018.

### Hitachi Group’s Global Safety Figures (Occurrence Rate*)

<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>27.65</td>
<td>24.33</td>
<td>27.96</td>
</tr>
<tr>
<td>Central and South America</td>
<td>2.33</td>
<td>1.62</td>
<td>0.44</td>
</tr>
<tr>
<td>Europe</td>
<td>10.70</td>
<td>10.32</td>
<td>6.08</td>
</tr>
<tr>
<td>India</td>
<td>2.07</td>
<td>1.44</td>
<td>1.44</td>
</tr>
<tr>
<td>China</td>
<td>1.59</td>
<td>1.53</td>
<td>1.46</td>
</tr>
<tr>
<td>Asia (excluding India, China, and Japan)</td>
<td>5.43</td>
<td>4.41</td>
<td>3.34</td>
</tr>
<tr>
<td>Oceania</td>
<td>39.07</td>
<td>24.41</td>
<td>21.94</td>
</tr>
<tr>
<td>Africa</td>
<td>17.26</td>
<td>9.93</td>
<td>11.76</td>
</tr>
<tr>
<td>Overseas total</td>
<td>7.76</td>
<td>7.42</td>
<td>7.43</td>
</tr>
<tr>
<td>Japan</td>
<td>1.57</td>
<td>1.85</td>
<td>1.64</td>
</tr>
<tr>
<td>Global total</td>
<td>3.95</td>
<td>4.22</td>
<td>4.20</td>
</tr>
</tbody>
</table>

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

### Approach to Improving Employee Health

Hitachi believes that health is the foundation for employees being able to work with energy and peace of mind. The basic principle of the Hitachi Group Health and Safety Policy, shared by all Group companies globally, is that “Health and Safety Always Comes First.” Based on this principle, we strive as one to create working environments that allow workers to do their jobs without anxiety over their mental or physical health. In particular, within Japan, we are promoting support for identifying employees struggling with physical and mental issues, not just work-related but also private, and work with the Health Insurance Society to promote the individual support provided to each employee.
Framework for Promoting Health and Productivity Management

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

In Ibaraki, Tokyo, and Kanagawa Prefectures, where many Hitachi Group business sites are concentrated, a system of health-management centers has been put in place, staffed with occupational doctors, nurses, and other occupational healthcare personnel. The center promotes occupational healthcare activities unified at the regional level. In other location, occupational doctors and nurses work in cooperation with human resources divisions to maintain and improve the health of employees.

Additionally, Hitachi Group occupational healthcare workers and human resources officers provide opportunities for the qualitative improvement of occupational healthcare activities and the human capital development of occupational healthcare workers at all sites by regularly holding meetings, study groups, and training sessions to hold debates and report research results on the theme of maintaining and improving the health of employees.

Raising Health Awareness in Conjunction with Work-Life Reform

Hitachi is conscious of the importance of employee health and the health of their families as the foundation of employee self-development in both their private and working life. This thinking has been refined within the concept of our “Hitachi Work Life Innovation” activities so that both the company and its employees can work to implement work-life management and improve their productivity with shared awareness of the importance of health.

Initiatives Toward Improving Employee Health

At each Hitachi Group company in Japan, the health maintenance of employees is supported through the provision of health maintenance measures based on periodic medical exams and other examinations to prevent serious disease, as well as medical interviews and advice to prevent mental and physical disorders among employees working long hours.

We are also taking steps to improve health awareness through consultations and guidance by occupational healthcare workers that can help relieve employees’ health concerns and encourage regular exercise.

In addition, we are proactively implementing the stress checks specified by law at all business sites in Japan—even those employing fewer than 50 employees, which are only required to make efforts toward compliance—to promote awareness of stress among all employees. Group analysis results from these stress checks will also be used by workplace health and safety committee members, occupational healthcare workers, and human resources divisions to improve work environments. In combination, these efforts are expected to help prevent mental health issues and revitalize workplaces.
**Addressing Mental Health**

Hitachi has established measures addressing mental health to be taken by employees, workplace managers, occupational healthcare workers, and human resources divisions, and is working to spread basic mental health knowledge and understanding of ways to deal with stress, as well as to reinforce the ability of those in each position to respond to these issues.

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*1 EAP: Employee Assistance Program.
*2 360FBP: 360-degree Feedback Program.
Health Promotion Initiatives for Employees and Their Families
To encourage healthy lifestyles among employees and their families, the Hitachi Health Insurance Society has established a portal site for individuals entitled “My Health Web.”

By providing information on health exam results and a system of incentive points allowing employees to receive rewards for entering health-related activities, the site raises health awareness, helps employees understand the state of their own health, and offers a range of support for adopting a healthier lifestyle.

Promoting Collabo-Health*1
As well as carrying out individual health improvement initiatives according to their own unique characteristics, Group companies in Japan strive to maintain and improve the health of employees by taking full advantage of the services offered by the Health Insurance Society. Initiatives are evaluated on an annual basis, with recognition of the most accomplished companies and business sites within the Group heightening the motivation among business owners and employees to pursue such activities.

We are also actively engaging with the Certified Health and Productivity Management Organization Recognition Program promoted within Japan. In February 2019, the program granted recognition to 21 Group companies in the large enterprise category and 27 in the SME category.

*1 Collabo-Health: A concept involving insurers like the Health Insurance Society proactively working with business owners, with a clear division of labor and a good working environment, to effectively and efficiently improve the health of insured persons (employees and their families), including with preventive strategies.
Encouraging Employees to Receive Medical Exams and Vaccinations

In Japan, Hitachi has established a system offering financial support for medical exams by the Health Insurance Society, and encourages employees aged 35 and over in particular to receive the general physical and other exams specified in law, as well as targeted screening based on their age, in order to promote early diagnosis and treatment.

Furthermore, as a response to metabolic syndrome, in addition to special health guidance made compulsory for the Health Insurance Society, we actively promote policies to prevent and control conditions such as diabetes, cerebral strokes, and myocardial infarctions. Additionally, each year on May 31, World No Tobacco Day, we run an anti-smoking campaign aimed at employees.

To prevent employees from infectious diseases at overseas destinations, the Health Insurance Society has established financial support frameworks for vaccinations against conditions such as hepatitis A, tetanus, and cholera, as well as flu vaccinations for employees and their families to prevent the flu spreading in workplaces. As an initiative to prevent employees falling ill or suffering from serious conditions, we encourage vaccination in the early stage of each illness’s spread. These programs are used by around 120,000 employees and family members each year.

### Medical Exam and Screening Attendance Rates

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>General physical exam**</td>
<td>78.1%</td>
<td>78.5%</td>
<td>79.3%</td>
</tr>
<tr>
<td>Breast cancer screening*</td>
<td>50.0%</td>
<td>51.1%</td>
<td>53.2%</td>
</tr>
<tr>
<td>Uterine cancer screening**</td>
<td>35.3%</td>
<td>35.6%</td>
<td>37.1%</td>
</tr>
<tr>
<td>Stomach cancer screening**</td>
<td>78.4%</td>
<td>80.7%</td>
<td>80.6%</td>
</tr>
<tr>
<td>Intestinal cancer screening**</td>
<td>79.0%</td>
<td>81.4%</td>
<td>81.3%</td>
</tr>
<tr>
<td>Lung cancer screening**</td>
<td>90.2%</td>
<td>92.9%</td>
<td>93.2%</td>
</tr>
</tbody>
</table>

*1 Men and women aged 35 and over.
*2 Women aged 30 and over.
*3 Women aged 25 and over.
*4 Men and women aged 30 and over.
*5 In FY 2016–2017, men and women aged 50 and over; from FY 2018, changed to men and women aged 35 and over.

Health and Safety Considerations for Nuclear Businesses

In 2008, Hitachi began working with the world’s leading nuclear power plant vendors to develop voluntary, private principles of conduct covering the exportation of nuclear power plants and reactors. The “Nuclear Power Plant and Reactor Exporters’ Principles of Conduct” were formally revealed on September 15, 2011. They were adopted by all involved in its development, and we have also indicated our adherence to them.

Regarding our employees and other persons employed at nuclear sites under the Hitachi Group umbrella, we perform exposure management based on our internal management systems, and perform evaluation of radiation damage (dose management).

For health management in particular, our management indicators for radiation exposure are stricter than those set by Japan’s Ministry of Health, Labor, and Welfare. We monitor physical and mental health along with exposure dose even for employees of partner companies, and an occupational doctor from Hitachi visits sites to perform examinations and offer health advice.

Nuclear Power Plant and Reactor Exporters’ Principles of Conduct
In order to ensure respect for human rights not just among Hitachi’s employees but throughout its supply chain and among other stakeholders, Hitachi formulated the Hitachi Group Human Rights Policy, created an accompanying framework, and promotes educational and awareness-raising activities as well as the use of grievance mechanisms to address employee concerns throughout the Hitachi Group. In recent years, Hitachi has focused on human rights due diligence and continues to construct and refine systems for accurately grasping and minimizing risk. In fiscal 2018, too, we expanded our business and human rights initiatives both inside and outside Japan.

Hitachi’s Approach

Respect for Human Rights Throughout the Value Chain

Hitachi Group Human Rights Policy

Hitachi believes that respecting human rights is our responsibility as a global company and indispensable in conducting business. To this end, in May 2013 we formulated the Hitachi Group Human Rights Policy. In this policy, we clarify our understanding of human rights as being, at a minimum, those outlined in the International Bill of Human Rights*1 and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. This policy shapes Hitachi’s approach to meeting the responsibility to respect human rights, including implementing human rights due diligence*2 in line with the UN Guiding Principles on Business and Human Rights,*3 providing appropriate education to employees, adhering to laws and regulations in all the regions and countries where we operate, and seeking ways to honor the principles of international human rights when faced with conflicts between internationally recognized human rights standards and national laws.

In fiscal 2014, Hitachi added the perspective of business and human rights to its existing structures and policies and developed guidelines on human rights due diligence that explain procedures for everyday business practices. Based on these guidelines, we initiated human rights due diligence in such areas as procurement in fiscal 2015 and human resources in fiscal 2016, assessing and prioritizing the risks of human rights that Group employees and people in the supply chain are likely to confront as well as reviewing measures to reduce such risks.

We recognize the importance of risk assessment based on individual business environments, including business types and models, alongside cross-sectional risk assessment at the Group level. Accordingly, in fiscal 2018 we assessed and prioritized human rights risks at some business units and Group companies and laid the groundwork for a mid-term action plan.
We will continue to incorporate the results of human rights due diligence assessments into the specific measures we take regarding CSR procurement and human resources, as well as promoting human rights due diligence across the Group.

2 Human rights due diligence: An ongoing process to identify and assess potential and actual human rights negative impacts, take appropriate action to prevent or mitigate potential impacts, track the effectiveness of actions to address impacts and communicating externally.

Hitachi Group Codes of Conduct
Hitachi Group Human Rights Policy

**Respect for the Rights of Children**


Hitachi Group Codes of Conduct
Work-Life Management
Applying Advertisement Guidelines

**Framework for Human Rights**

Hitachi, Ltd. established the Corporate Human Rights Promotion Committee in fiscal 1981 to gauge the impact of business activities on stakeholders’ human rights and to deliberate on mechanisms and policies for preventing human rights violations. The executive officer in charge of human capital chairs this body, whose members include representatives from sales, procurement, human resources, CSR, and other corporate units. Hitachi is improving its Group-wide human rights awareness based on the guidelines discussed and written by the Corporate Human Rights Promotion Committee. Policies decided through these deliberations are shared with business unit and business site committees, led by business unit presidents and division heads. Each business site provides consultation services through which employees can seek consultation on issues such as sexual harassment and works to ensure that those who come forward are treated with respect and dignity.

As a result of initiating human rights due diligence in our human resources divisions, we reconfirmed the importance of grievance mechanisms. Not only do such mechanisms encourage employees to express concerns over working environments, they also help Hitachi grasp and identify violations of human rights and prevent the recurrence of such violations. In fiscal 2018 we explored ways of streamlining grievance mechanisms based on the common requirements across the Group in accordance with international standards, and from fiscal 2019 we will begin the process of rolling out changes globally.

In a practice launched in fiscal 2014, we distribute a human rights message by President and CEO Toshiaki Higashihara every year on December 10, Human Rights Day. In fiscal 2018, approximately 258,000 executives and employees at Hitachi, Ltd. and Group companies in and outside Japan received an e-mail message regarding global trends in human rights, Hitachi’s human rights policy and activities, and the importance of individual employees respecting human rights in their work.
Hitachi, Ltd. Framework for Promoting Respect for Human Rights

Corporate Human Rights Promotion Committee
- Chairperson: Executive officer in charge of human capital
- Vice-Chairperson: Executive officer in charge of legal affairs and risk management
- Members: Personnel in charge of corporate divisions such as sales, procurement, human resources and CSR

Business Unit and Business Site Committee
- Chairperson: Business unit presidents and division heads
- Members: Division managers

Raising Human Rights Awareness Among Executives and Employees

Hitachi conducts regular group training and seminars and uses videos to educate employees in each business site and Group company. The target is for each employee to attend these sessions at least once every three years (equivalent to a yearly participation rate of 33.3%). In fiscal 2018, the participation rate came to 66.3% at Hitachi, Ltd. and 49.3% among Group companies. We provide employees at the levels of section manager and above with education for creating a workplace free from harassment. In addition to these group sessions, we launched an e-learning program on business and human rights in October 2016, in which a total of more than 200,000 Group executives and employees globally had participated by March 2019. Using educational materials developed in line with the Hitachi Group Human Rights Policy, adopted in May 2013, the program aims to ensure that employees understand Hitachi’s human rights policy and act accordingly. In accordance with these goals, the training is provided to all employees every three years on average and regularly revised based on human rights trends worldwide.

Executive officers from Hitachi, Ltd. participate in annual officer training sessions on human rights. In July 2018, 32 executive officers participated in a session titled “From CSR as an Ethics to ESG as a Strategy — Based on the Perspective of Human Rights,” led by Mariko Kawaguchi, chief researcher, Research Division, Daiwa Institute of Research Ltd. The session covered a wide range of issues from an investor’s viewpoint, including the importance of human rights in the new framework of international society, the global-level challenges that we face, and the background to the growing ESG investment movement.

Human Rights Due Diligence Initiatives

In our Hitachi Group Human Rights Policy, we pledged to develop mechanisms for and to continue the implementation of human rights due diligence. Toward that end, in fiscal 2013 some business sites launched pilot programs for human rights due diligence to identify key issues that need to be clarified for Group-wide implementation while also analyzing and evaluating human rights risks in six ASEAN countries. Based on the results of these pilot programs, in fiscal 2014...
we developed a document offering guidelines for implementing human rights due diligence in collaboration with the nonprofit organization Shift.

In fiscal 2015, we initiated human rights due diligence in the procurement divisions, whose activities are at risk of negatively impacting the human rights of workers in the supply chain and local communities. In fiscal 2017, we incorporated the results of human rights due diligence into the revision of our CSR procurement guidelines for suppliers while also thoroughly revising the questions on the check sheet used in supplier CSR monitoring (self-checks), to better grasp the issues related to workers’ rights at suppliers as well as health and safety and the environment.

Fiscal 2016 also saw the launch of human rights due diligence for human resources divisions at Hitachi. The operations in those divisions touch on many issues connected to human rights for employees, including working hours, employee treatment, and health and safety. Human rights risks for employees were assessed and prioritized, and mitigation strategies were explored. They also investigated grievance mechanisms, analyzing existing procedures and exploring ideas for improvement. In fiscal 2018 we initiated human rights due diligence in some business units and Group companies, assessing the risks of human rights violations for each operation, prioritizing action points, and reviewing measures to reduce such risks. Going forward, Hitachi will further promote human rights due diligence across the Group.

**Addressing the Risks of Child and Forced Labor**

The Hitachi Group Codes of Conduct clearly express Hitachi’s firm stance against the use of child labor or forced labor either in Group companies or along our supply chain. The company president’s human rights message for fiscal 2017 also addressed the issues of forced labor and human trafficking, clearly stating that Hitachi as a global company must take preventive measures in its business and supply chain. Recognizing the growing risks of forced labor amid the ongoing globalization of business, Hitachi also developed an e-learning program for all Group executives and employees on the subject of human rights. The program draws on specific case studies to convey the importance of preventing forced labor and human trafficking problems before they occur.

Hitachi’s CSR procurement guidelines for suppliers also clearly forbid the use of child labor or forced labor. As part of our efforts to raise awareness all along the supply chain, these guidelines are distributed to tier 1 suppliers of business units and Group companies. In fiscal 2016, a four-part webinar*1 series was also held for employees responsible for procurement and human resources in Southeast Asia, where the risk of forced labor is expected to be higher. Speakers from nongovernmental organizations and businesses implementing advanced countermeasures were invited to lead the webinars.

In fiscal 2017, we visited one of our suppliers in Malaysia with the US nonprofit organization BSR (Business for Social Responsibility) to conduct an assessment on migrant workers, who are socially vulnerable and often said to be exploited by forced labor. The assessment was based on interviews with managers of human resources and production divisions, recruitment agencies, and migrant workers, along with inspection of the factories and dormitories.

In fiscal 2018 we assessed the risks of forced labor at about 100 offices of Hitachi Group companies located in seven Southeast Asian countries (Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam). The assessment was conducted with the cooperation of Verité Southeast Asia (VSEA), an internationally active nonprofit organization, using a checklist for suppliers revised in fiscal 2017 based on the Responsible Business Alliance (RBA) Code of Conduct, formerly the Electronic Industry Citizenship Coalition (EICC). The results
of the assessment will be used to strengthen measures against human rights violations and improve the quality of the checklist.

*1 Webinar: A portmanteau word combining “web” and “seminar,” used to refer to an interactive seminar held online.

Response to Technical Intern Training Program Issues

In 2018, the Organization for Technical Intern Training conducted on-site inspections at Hitachi, Ltd. and 10 Group companies. These inspections identified violations of the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees, and the relevant companies were provided with recommendations for improvement regarding intern training. Additionally, in September 2019, Hitachi, Ltd. received an order for improvement regarding the construction of its systems for carrying out proper technical intern training according to authorized plans. Companies that received recommendations or orders for improvement have already taken corrective measures. We have taken strict measures to ensure that no further violations will take place throughout the entire Group, such as constructing Group-wide policies, guidelines, and check systems for technical intern training, and we continue to strive to carry out appropriate technical intern training in accordance with relevant laws and the aims of the Technical Intern Training Program.

Freedom of Association and Collective Bargaining

Respecting the Rights of Employees

The Hitachi Group Codes of Conduct were approved by the Senior Executive Committee to specify the standards of behavior applicable throughout the Hitachi Group. It calls for the upholding of the fundamental rights of employees in line with the principles of the United Nations Global Compact.

In Japan, where labor unions are recognized, for example, we espouse the three fundamental rights of labor unions (to organize, to bargain collectively, and to act collectively) as seen in the collective agreement between the CEO of Hitachi, Ltd. and the representative of the Hitachi Workers Union. The union has 25,646 members out of a total of 40,430 employees as of October 31, 2018.

Employee-Management Dialogue

The relationship between employees and management at Hitachi, Ltd. and Group companies in Japan is stable with healthy ongoing dialogue. At Hitachi, Ltd., the Central Management Council, the Business Units Management Council, and the Business Sites Management Council work to enhance mutual communication between employees and management, contributing to smooth management and business development, and improving working conditions for union members.

We also hold Hitachi Group management meetings to share information and exchange views and opinions on Group business conditions among the Federation of Hitachi Group Workers Unions (FHGWU).

Group companies outside Japan also actively pursue dialogue with individual labor unions and their representatives in accordance with the laws and regulations in each country and region to deepen mutual understanding of employee working conditions and treatment as well as business conditions.
Notification of Work-related Transfers and Reassignments

The collective agreement between Hitachi, Ltd. and the Hitachi Workers Union states that any transfer or reassignment of an employee for work-related reasons should adequately take into consideration the situation of the employee, as well as requiring the company to promptly inform the Hitachi Workers Union of the decision. More specifically, in cases of large-scale transfers or reassignments, the company will consult with the labor union regarding the basic issues involved.

Cooperating to Improve Health and Safety

Hitachi, Ltd. and the Hitachi Workers Union are dedicated to improving health and safety levels through employee-management cooperation. This includes signing a collective agreement on the promotion of, among other things, health and safety mechanisms, a health and safety committee, education and training programs, and health checks for employees.

The committee works to ensure a healthy and safe work environment through initiatives that include planning and tracking health and safety activities each year, reviewing measures to prevent industrial accidents, and sharing information on whether employees have received their annual health check-ups.
Value Chain Management

Hitachi’s Approach

As an enterprise that engages in businesses activities in many regions around the world, Hitachi pays close attention to sustainability in the value chain from its suppliers to business partners and customers. Not only do we require that all suppliers strictly follow our CSR procurement policies, we also carry out CSR monitoring (self-checks) and audits to minimize procurement risks. Additionally, as well as developing products and services that all customers can feel secure using, we disclose information in a detailed and appropriate manner. We are also taking proactive steps on privacy protections for the use of personal data, a topic of much interest in recent years.

Our Impact on Society

No. of suppliers

Approx. 30,000 companies (66 countries)

Our Performance

CSR monitoring (self-checks) of suppliers

345 companies (total of 1,510 companies since FY 2011)

Responsible Procurement

Basic Procurement Guidelines

We base our procurement activities on the Hitachi Guidelines for Procurement Activities, while sharing global supply chain issues within the Group. All Group companies follow these guidelines. The guidelines were created in line with the United Nations Global Compact and include the elimination of discrimination in employment and occupation, the rejection of all forms of child and forced labor, and environmental protection activities. Suppliers are selected strictly in accordance with the Hitachi Guidelines for Procurement Activities. We intend to revise these guidelines in accordance with revisions to the Hitachi Group Codes of Conduct and the new Hitachi Group Global Procurement Code.

In fiscal 2016, based on the results of the human rights due diligence performed by procurement divisions in fiscal 2015, we released the Hitachi Group CSR Procurement Guidelines, a full revision of the 2009 Hitachi Group Supply Chain CSR Deployment Guidebook. This revision incorporates the provisions of the Hitachi Group Codes of Conduct and also makes references to version 5.1 of the Responsible Business Alliance (RBA, formerly called EICC) Code of Conduct, promulgated in January 2016. The next revision is planned for fiscal 2020 or later, with the goal of enabling even more responsible procurement.

We plan to revise these guidelines regularly in the future to ensure that they always reflect the demands of global society regarding corporate supply chain management.
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, giving due consideration to the following:
   (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, with particular attention to the following points:
   (1) HITACHI responds to all suppliers’ offers sincerely, and is always willing to offer the information necessary for suppliers to compete 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, and in compliance with the standards given below, 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, regulatory compliance, respect for human rights, elimination of discrimination in respect of employment and occupation, elimination of all forms of child and forced 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 authority and responsibility for specifications, terms and conditions, and product acceptance and inspection belong to each Requester, Procurement Department, and Inspection Department.
   (3) Procurement Departments shall represent HITACHI when contracting with suppliers.
5. HITACHI members are prohibited from receiving any personal gifts or offers from suppliers.

Revised in 2009

CSR Supply Chain Management Framework

Given the global reach of Hitachi’s business, there is a growing likelihood of supply chain risks creating management problems, and the Hitachi Group is working hard to identify and mitigate these risks beforehand as much as possible.

CSR supply chain management and green procurement policies and initiatives are discussed within Hitachi’s Value Chain Integration Division, which is headed by the chief procurement officer (CPO) and reports directly to the president of Hitachi, Ltd. Policies and initiatives adopted after this discussion are shared throughout the Group through the Hitachi Group CSR/BCP Procurement Committee, which includes members from business units and CSR/BCP Procurement Committees at key Group companies.

To address the issue of chemical substances in products, we have built A Gree’Net, an Internet-based green procurement system for collecting information about substances and other environment-related data from suppliers as soon as it becomes available. The goal is to manage chemicals carefully. Under this system, in the past, we encouraged suppliers to use the MSDSPlus*1/AIS*2 reporting templates published by the Joint Article Management Promotion Consortium*3 to achieve smoother and more efficient transmission of information.

Because the reporting templates became invalid at the end of June 2018, we currently recommend the use of chemSHERPA**4-CI/AI, a common scheme that facilitates transmission of information on chemical substances in products throughout the supply chain.

*1 MSDSPlus: A format for reporting chemical substances contained in products created by upstream companies (chemical manufacturers) for midstream companies (molded product manufacturers, etc.).
*2 AIS: A format for reporting chemical substances contained in products created by midstream companies (molded product manufacturers, etc.) for downstream companies (assembly manufacturers, etc.).
*3 Joint Article Management Promotion Consortium (JAMP): Established in September 2006 as a cross-industry promotion association of 17 companies endorsing the idea that “it is essential for the enhancement of industrial competitiveness to ensure proper management of information on chemical substances contained in articles (parts and final products), and to establish and popularize a concrete mechanism for smooth disclosure and transmission of such information in supply chains.”
*4 chemSHERPA: A standard developed by the Japanese Ministry of Economy, Trade, and Industry to facilitate the management of chemical substances in products by creating a shared transmission scheme throughout the supply chain. The chemSHERPA-CI standard is applicable to chemical substances contained in chemical products and chemSHERPA-AI to those contained in molded products.

Joint Article Management Promotion Consortium
Number of Hitachi Group suppliers
(as of December 2018):

Approx. **30,000** companies (66 countries)

Supply Chain Management Organizational Structure

**Strengthening Global Partnerships**

Objectives, Activities, and Achievements

A key element of the Hitachi Group Vision is to improve the competitiveness of our value chain based on partnerships with our suppliers. Given our business aim to expand internationally, we need to extend our procurement globally, looking toward increasing local production for local consumption.

We have appointed procurement officers to oversee local procurement in China, the rest of Asia, Europe, and the Americas. These officers carry out activities such as CSR audits, CSR monitoring (self-checks), and CSR procurement seminars in their respective regions. In this way, we are expanding our suppliers in emerging nations while also strengthening our response to CSR-related risks expected to arise from the global expansion of our supply chain.

Local procurement officers are also responsible for addressing environmental risks in China. Through the Institute of Public and Environmental Affairs, an environmental NGO, the officers obtain information about polluting enterprises made public by China’s central and regional government bodies. They use this information not only for screening businesses who have transactions with these enterprises but also for urging the enterprises themselves to make improvements.

**Rate of Local Procurement of Materials for Main Regions (Hitachi Group)**

- China: 88%
- Rest of Asia: 71%
- Europe: 81%
- Americas: 66%
Sharing Procurement Policies

To ensure that the Hitachi Group CSR Procurement Guidelines’ provisions are strictly followed, we distribute the fully revised fiscal 2016 edition to the approximately 30,000 suppliers of Hitachi business units and Group companies, from whom we request acknowledgment of suppliers’ understanding in writing. Tier 1 suppliers are further asked to confirm that tier 2 suppliers also follow the provisions in the guidelines. Additionally, recognizing the global nature of our suppliers, we make the guidelines available not only in Japanese but also in English, Chinese, and Thai, the latter language added in fiscal 2018 in response to increasing labor and human rights risks in southeast Asia.

To procure parts and materials manufactured with reduced environmental impact, so that suppliers help to protect the environment, in fiscal 1998, we led the industry in developing Green Procurement Guidelines. These define our basic position on procuring parts and products that do not have a negative impact on the global environment, as well as our requirements of suppliers, so that we can work together to promote green procurement. The guidelines set out supplier requirements for environmental conservation, including building an environmental management system and acquiring certifications. There are also requirements for reducing the environmental impact of products supplied to Hitachi, such as conserving resources and energy in production, recycling, managing chemical substances, and fully disclosing related information.

There is a global trend toward tighter regulations on chemical substances. In fiscal 2013, we reviewed our categories for controlled chemical substances in our Green Procurement Guidelines to comply with the stipulations on restricted substances, authorized substances, and substances of high concern (SVHCs) in the European Union’s Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulation for managing chemical substances in the EU. Specific changes include: (1) moving some chemicals to the prohibited substances list, (2) further breaking down the controlled substances list, and (3) adopting the industry association list. In preparation for the EU’s RoHS directive that banned four types of phthalates in July 2019, we banned their use from January of that year. We also distributed the latest version of the Green Procurement Guidelines through Group companies and business units to suppliers to ensure that they are fully informed.

Implementation of CSR Monitoring (Self-Checks)

To monitor how well Hitachi’s CSR supply chain management philosophy has been adopted by our suppliers, since fiscal 2007 we have asked key suppliers to conduct CSR Monitoring (self-checks) using the JEITA Supply Chain CSR Deployment Guidebook and detailed checklists. After collecting and analyzing the results, we provide feedback for the business operations related to the suppliers, and then work with those involved in the operations to resolve issues related to the suppliers. Since fiscal 2011, we have expanded the scope to include suppliers in China and the rest of Asia, and from fiscal 2017 all checklists were fully updated in accordance with the revisions made to the Hitachi Group CSR Procurement Guidelines. In fiscal 2018 we asked 345 suppliers inside and outside Japan to conduct CSR monitoring (self-check, although simplified in some cases) and received survey replies from them. The survey results allowed us to identify labor-related issues requiring attention, and we will take precautionary measures to prevent issues arising.

Implementation of CSR Audits

Since July 2012, Hitachi, Ltd. has been auditing the manufacturing bases of its and Group companies’ suppliers in China and the rest of Asia. In fiscal 2018, we conducted CSR and environment audits of 24 suppliers in China.

For these audits, we engaged external evaluators such as the experienced CSR auditing company Intertek Certification.*1 Our audits are based on the international SA8000 certification standard developed by Social Accountability International (SAI), an American CSR evaluation institution. These audits investigate our workplace practices, and an RBA-recognized auditor checks suppliers’ CSR initiatives from the perspectives of labor and human rights, health and safety, the environment, and ethics.

No major infringements were found at the suppliers audited in fiscal 2018, but some small areas needing improvement were noted, such as overtime work exceeding stipulated rules (18 suppliers), failure to conduct periodic inspections of machinery and equipment (5), and insufficient management of hazardous waste (3). The relevant suppliers were requested to submit
improvement actions plans, and Hitachi, Ltd., together with Group companies, will work with and advise the suppliers until they complete the planned improvements.

*1 Intertek Certification: With a presence in over 100 countries across the globe, the Intertek Group provides a wide array of certification services in every industrial field.

**CSR Procurement Activities Implementation Status**

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<tr>
<th></th>
<th>FY 2018</th>
<th>Total to date</th>
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<td>CSR monitoring (self-check)</td>
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<tr>
<td>CSR audits</td>
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<td>130*2</td>
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<tr>
<td>Supplier seminars</td>
<td>126</td>
<td>235*3</td>
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</table>

*1 Total from fiscal 2011–fiscal 2018.
*2 Total from fiscal 2012–fiscal 2018.
*3 Total from fiscal 2015–fiscal 2018.

**Holding CSR Procurement Seminars**

In order to share the philosophy of Hitachi among our suppliers, in fiscal 2015 we introduced a new initiative to provide suppliers directly with information in a face-to-face format, in addition to the information shared on the Hitachi website as well as our CSR monitoring (self-checks), CSR audits, and other measures. The most recent of these face-to-face events was held in March 2019 at our CSR and Green Procurement Seminar held for Hitachi Group partners in East and South China. The event was attended by 176 people from 126 companies. At the seminar, Hitachi explained topics including its fundamental CSR philosophy, the CSR audit situation, regulatory trends under Chinese environmental laws, and Hitachi’s related policies. Feedback from participants included a comment from one person who was “impressed by the emphasis the company places not only on monozukuri craftsmanship but also on fulfilling its social responsibility in a range of areas.” Another participant “gained a sense that profitability is not the sole aim and that it is important to adhere to environmental laws.” As reflected in the comments, the seminar served to deepen the understanding of Hitachi initiatives related to CSR and green procurement.

**Human Rights Due Diligence in Procurement**

Starting in fiscal 2015, the Hitachi Group Procurement Division began implementing human rights due diligence based on the Hitachi Group Human Rights Policy. With the assistance of the consulting services of the nonprofit organization Shift, we have created a working group centered on the procurement and CSR divisions at Hitachi, Ltd., which serve as the corporate divisions overseeing activities throughout the Group, including the procurement and CSR divisions of two in-house companies, now called business units, four Group companies and the CSR division of Hitachi Asia. The working group has evaluated human rights risks within the supply chain, set priorities, and considered measures for reducing risks.

In fiscal 2016, we published the fully revised *Hitachi Group CSR Procurement Guidelines* based on results obtained from human rights due diligence activities in fiscal 2015 as well as input from a range of sources and perspectives, including Hitachi Europe, Hitachi (China), and outside experts.

In fiscal 2017, Hitachi further incorporated input from various perspectives into the revised CSR Monitoring (self-check) checklists for suppliers to prevent supply chain risks. As well as strengthening and improving existing initiatives in this way, we used the results obtained from the checklists to deepen our communication with suppliers. As part of our efforts to eliminate the use of forced labor, we visited one of our suppliers in Malaysia with members of nonprofit organization BSR (Business for Social Responsibility) to conduct an assessment on immigrant workers, who are often subject to forced labor. The results of the assessment were shared with the supplier and related businesses, and we are urging the supplier to improve working conditions where such improvement is deemed necessary.

In fiscal 2018, procurement officers from European Group companies formed the Responsible Supply Chain Working Group, sharing perspectives and issues on human rights relevant to procurement divisions along with Hitachi’s CSR procurement policies, and discussing plans for future activity.

In cooperation with outside experts, we will continue to enhance suppliers’ understanding of the expectations of Hitachi Group procurement departments and, at the same time, promote capacity building at suppliers and take other necessary measures.
Increasing Green Purchasing of Office Supplies

We are improving our green purchasing rate*1—the ratio of environmentally conscious products purchased to total office supplies—by using a Group-wide online procurement system called the E-sourcing Mall since fiscal 2002. This system has a range of environmentally conscious products and promotes procurement by clearly labeling these products. In fiscal 2018, our green purchasing rate reached 86%.

*1 Green purchasing rate: The ratio, by monetary value, of products with the Eco Mark among all products purchased subject to the Act on Promoting Green Procurement.

Conflict Minerals Procurement Policy

Hitachi released a Conflict Minerals Procurement Policy in September 2013. Our Request to Our Suppliers, based on this policy, is published on our website as a clear statement of our position.

In fiscal 2016, we revised this policy to ensure that procurement of components incorporating conflict minerals does not benefit armed groups in the Democratic Republic of the Congo (DRC) or adjoining countries. The policy now explicitly lays out the measures to be implemented, including inquiries based on international guidelines, to ensure responsible procurement.

Hitachi Group Conflict Minerals Procurement Policy

Conflict Minerals

There are numerous types of mineral resources buried within the lands of the Democratic Republic of the Congo, located in central Africa, and its neighbouring countries. Ores containing minerals such as tin which is used in solders to secure electronic parts to printed circuit boards, tantalum which is used in capacitors, tungsten which is used in superhard materials, and gold which is used in lead frames can be found in this region. The locals extract these ores, which traders and brokers export to other countries in order to earn valuable foreign currencies, but part of those foreign currencies are forcibly collected and used as funds to purchase weapons by armed groups that repeatedly engage in conflict and violate human rights in the same region, which has become a major problem. As such, the minerals listed above are called “conflict minerals”.

Procurement Policy

The policy for procurement departments in all Hitachi Group companies have always been and will continue to be to ensure that procurement activities do not result or aid in conflicts within the same region and that the armed groups described above do not benefit from those activities, while continuing responsible procurement activities of minerals that are not related to the conflicts in the region based on local laws. Additionally, we will continue to support the practice of due diligence based on the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” among companies. With these in mind, Hitachi Group would like to request all our suppliers to utilise the Conflict Minerals Reporting Template developed by RBA/GeSI to continue checking the country of origin and supply chain of minerals, and also to procure from the CFS (Conflict Free Smelter)*1 listed within.

*1 CFS (Conflict Free Smelter): A list of smelters who have been identified as “not being involved in the conflict within the same region” by the Responsible Minerals Initiative (RMI), an organization that was founded by the RBA/GeSI, which is a group that aims to solve the conflict minerals problem.

Conflict Minerals Response Framework

Sales divisions, business groups, plants, procurement divisions, and other divisions within individual business units and Hitachi Group companies work together to respond to investigation requests and inquiries relating to conflict minerals. We also strive to grasp developments in conflict mineral-related laws and regulations in each country and region and what global society demands of enterprises, working to share information within the Group.
**Hitachi’s Conflict Minerals Response Framework**

Based on the Guidelines for Procurement Activities, each Hitachi business unit and Group company investigates its use of conflict minerals and reports the results to customers when requested. Supply chain investigations are carried out with the cooperation of the relevant entities’ sales, procurement, and CSR divisions. In 2017, Hitachi, Ltd. and five key Group companies (Hitachi Metals, Hitachi Chemicals, Hitachi High-Technologies, Hitachi Automotive Systems, and Hitachi Industrial Equipment Systems) performed investigations and replied to a total of 1,422 requests from customers.

Additionally, as a member of the Japan Electronics and Information Technology Industries Association (JEITA)’s Responsible Minerals Trade Working Group, Hitachi, Ltd. attended JEITA’s Responsible Minerals Sourcing Inquiry Briefings for suppliers of JEITA member companies, explaining the latest trends and reporting template related to conflict minerals and responding to questions from attendees. We will continue striving to cooperate with other organizations in developing the awareness of conflict minerals among industry.

**JEITA Responsible Minerals Trade Working Group**

**Quality and Safety Management**

**Hitachi’s Approach to Quality Assurance Activities**

Providing products and services that our customers can use with confidence, along with meeting the requirements and quality standards of our customers in order to achieve this, are important values shared by all our employees and codified in the Hitachi Group Codes of Conduct. Our fundamental philosophy for quality assurance activities is outlined in the Quality Assurance Standards in our corporate regulations, and each of our employees pursues quality assurance activities according to this approach.

Maintaining the values of Harmony, Sincerity, and Pioneering Spirit that comprise the Hitachi Founding Spirit, as well as adhering to basics and ethics and putting right and wrong before profits and losses, we place great emphasis on Sincerity in quality assurance activities as part of earning trust in our products.

One integral aspect of this is our unique and longstanding practice of *ochibo hiroi*, which means “gleaning” in English and involves learning from failure to further develop our technologies. When an incident occurs, our executive officers take the lead in examining things from the customer’s perspective, not only investigating the technical causes but also thoroughly discussing the process, framework, and motivating factors leading up to occurrence, along with ways to prevent reoccurrence, in order to improve our product reliability and customer satisfaction.
Complying with Technical Laws

To supply our customers with products that they can use with confidence, we comply with all product safety and technical laws, including those covering environmental consciousness and safety labels. We distribute information on product regulations worldwide, along with amendment trends and enforcement dates, among Hitachi Group companies. We have also created guidelines for assessment of technical laws and quality assurance systems, sharing them throughout the Group. The guidelines include information on the two themes of clarifying product-specific laws (the product-specific laws map) and regulatory compliance activities and continuous improvement of processes, based on our product compliance management system.

Product Safety Activities

Hitachi’s Product Safety Assurance Guidelines state that our highest priority is the safety of our customers, and, based on these guidelines, we promote activities to ensure safety across the Group.

As changes in social norms and the environment bring about the need for higher standards of safety, we are crafting even higher safety standards through Group-wide activities to increase trust in Hitachi, sharing the latest practical cases within the Group, and cross-evaluating the product safety activities of each division.

We are also proactively working to disclose safety information on the use of our products and establish the Guide for Preparing User Instruction Manuals in order to improve risk communication with our customers.

Hitachi is committed to the delivery of safe products and services by combining expertise and technologies in such varied areas as planning, research, design, manufacturing, quality assurance, and maintenance. The safety of our customers’ life, health, and property is the top priority in product development. Therefore, we verify safety at every step, from development and production to sales and maintenance. We also conduct risk assessments from a wide perspective in collaboration with related business units and research laboratories. In responding to these risks, we ensure safety by means of measures to reduce risk through design (fundamental safety design), protective measures (safeguards), and usage information (product manuals), in order of priority.
We conduct product safety risk assessment as well as testing worst-case scenarios—for example, deliberately setting a fire inside a consumer appliance to confirm that the fire will not spread outside it. Furthermore, along with each product’s full manual, we include a quick start guide summarizing key features and operations, and make step-by-step how-to videos available on our corporate website as well.

We will continue to make all our consumer appliances even safer, using our own voluntary action plan for product safety, so that customers can use our products with confidence.

**Handling Product Accidents**

When a product accident occurs, the division responsible acts swiftly to resolve the problem and ensure absolute safety from the customer’s perspective. For an especially severe accident, we report to government agencies in line with legal requirements and publish the incident information on our website and through other channels. At the same time, we promptly submit a status report to top management, ensuring fast and appropriate action at all companies across the Group.

When we determine that retroactive action is necessary, we notify customers via newspaper advertising and websites in order to carry out the necessary repair or replacement program.

**Response Flow in the Event of Product Accident**

![Response Flow in the Event of Product Accident](flowchart.png)
Quality and Reliability Education

We conduct field-specific technical lectures for engineers engaged in monozukuri craftsmanship at a range of levels from beginner to expert. Each business unit also conducts specialized technical courses regarding manufacturing, quality assurance, and maintenance at their quality assurance training centers.

Global Quality Assurance Activities

In order to expand our fundamental principles for quality assurance activities around the globe, we have created Global Quality Assurance Standards and are strengthening global governance across the entire Group.

Specifically, we are carrying out quality activities globally by sharing our principles, as described in the Hitachi Group Codes of Conduct and the Hitachi Founding Spirit, as well as through accident prevention activities, recurrence prevention activities, and personnel training activities.

Rigorous Information Management

Information Management Policies on the Use of the Web and Social Media

Hitachi places great importance on its corporate website, social media, and other tools for promoting its activities and deepening customer understanding as part of developing its Social Innovation Business globally. Effective risk management is required when using these tools to protect our brand and avoid violating the rights of others, including human rights. To this end, we have established the Social Media Policy and other policies, which are shared globally. The Hitachi Social Media Policy is an umbrella term that includes the Communication Guidelines, which stipulate policies on the use of social media; the Communication Guidelines for Employees, which specify how employees should approach the use of social media, including rules to be followed and proscribed types of activity; and the Operation Manual, which provide specific information on the operation of social media. An e-learning tool is also available in Japanese, English, and Chinese to deepen understanding of how social media should be approached and its risks addressed.

Personal Information Protection Policy

Hitachi, Ltd. has established a personal information protection management system based on its Personal Information Protection Policy. Through the rollout of this system, as well as the safe handling of personal information, programs for all employees, and periodic audits, we are ensuring protection of personal information throughout the company.

Management Framework for Customer Information

Hitachi's customer relations management framework, HiCRM, has been applied to 195 Group companies to collect and accurately manage customer and transaction information Group-wide, in addition to serving as a marketing tool. HiCRM covers more than 80% of the orders received across the whole Group, with the database enabling us to formulate more effective sales strategies and offer collaborative solutions by multiple businesses. Going forward, we will consider rolling out the system more aggressively across the Group.

Privacy Mark*1 Certification

Hitachi, Ltd. first received Privacy Mark certification in March 2007. We have maintained the high level of privacy protection needed to renew this certification and we are working toward our sixth renewal in March 2019.
The entire Hitachi Group is committed to personal information protection, with 43 Hitachi Group companies having received the Privacy Mark as of March 31, 2019. Hitachi also strives to safeguard personal information globally at Group companies outside Japan based on each company’s personal information protection policy and compliance with all applicable laws and regulations as well as the expectations of society at large. Hitachi experienced one case of personal information leakage during fiscal 2018.

*1 Privacy Mark: A third-party certification established in April 1998 that is granted by the assessment body Japan Information Processing Development Corporation to businesses that have taken appropriate security management and protection measures related to personal information.

Responding to Personal Data Protection Laws Around the World

With the increasing risk of privacy violation in recent years due to the advent of the digital age following advances in IT and the globalization of socio-economic activities, lawmakers are actively seeking to create and modify relevant laws and legislation in countries and regions around the world. The Hitachi Group pays close attention to relevant laws and legislation on a global basis, including the European General Data Protection Regulation (GDPR), making efforts to comply with them across the Group. It also monitors relevant legislation and social trends and takes action in response when necessary.

Use of Personal Data and Protection of Privacy

Hitachi’s Approach to the Use of Data and the Protection of Privacy

The term “personal data” has come to be used to mean any data associated with individuals, such as location information and purchase history, irrespective of whether or not such data can legally be defined as “personal information.” The use of personal data can be expected to create value going forward, but the privacy of individuals must also be considered carefully. In addition, as the amount of personal data collected continues to increase in the IoT era, risks related to privacy are also likely to change.

In order to create value through safe and secure use of personal data, in 2014 we began efforts to protect privacy in the use of such data, mainly in departments related to information and telecommunications systems.

Framework for Implementing Privacy Protection

In departments related to information and telecommunications systems, which lead our digital business, we have assigned a personal data manager responsible for managing privacy protection and established a privacy protection advisory committee to support risk assessments and develop countermeasures based on knowledge and expertise of privacy protection. Under this system, our employees implement privacy impact assessments for processes where personal data will be handled and take measures to prevent privacy violations. When employees find it difficult to assess risks on their own, or conclude that risks of privacy violation are high, the privacy protection advisory committee will extend support to deal with the case and help reduce risks.
Seeking to Ensure the Safety and Security of Consumers and Customers

To meet consumers’ expectations around privacy protection, Hitachi regularly conducts consumer opinion surveys on the use of personal data in big data businesses in order to understand changing consumer perceptions and take them into consideration when updating privacy protection measures.

Hitachi has conducted privacy impact assessments in many business fields. In fiscal 2018, we conducted 180 assessments in a wide range of fields, including finance, public services, social infrastructure, and industry/logistics. In order to leverage the expertise built on these experiences when conducting business with our customers and promote social consensus on the use of personal data, we have made publicly available a whitepaper on Hitachi’s privacy protection initiatives in the use of personal data, which summarizes our privacy protection efforts.

Customer Satisfaction

Hitachi’s CS Improvement Approach

Using the Customer Satisfaction Management Guidelines, one of the pillars of the company’s business management, Hitachi continues to improve customer satisfaction (CS) with the goal of creating innovation through collaboration with customers.

Customer Satisfaction Management Guidelines

1. Listen to our customers, who determine the value of products and services
2. Review information from our customers is another source of improvement
3. Offer prices and quality that are competitive
4. Respond rapidly to keep our promises to our customers
5. Adopt systems that prevent accidents and minimize their impact

Formulated in 1994

Applying Advertisement Guidelines

Based on its Customer Satisfaction Management Guidelines, Hitachi, Ltd. applies advertisement guidelines to ensure that its advertising activities comply with laws and regulations showing proper consideration for society as a whole. We will continue to create advertisements that reflect ongoing changes in society, that provide customers with clear and concise messages, and that are appropriate for a company committed to contributing to society.

As issues that arise from advertisement activities can have broad impact on the company, we have established in each business unit a framework for constantly evaluating the acceptability of expressions used in advertisements, in collaboration with a division that stands independent of the ad production line. Following this institutional check, we also evaluate advertisements to ensure that they are socially appropriate.

We designed our advertisement guidelines to be flexibly adjusted and applied to the entire Hitachi Group’s diverse operations. At our business locations outside Japan, where languages and customs vary, we strive to ensure appropriate advertising activities by confirming all items on the checklist included in the guidelines.

Framework for Reflecting Customers’ Voices

The sales and marketing divisions at Hitachi, Ltd. use customer input in developing management, product, and solution strategies. We identify key customers who will help grow our business, then assign an account manager (AM) to each one. The AMs serve as customers’ “portals” into Hitachi Group companies in Japan, and the whole Group works with them to build closer relations with customers and to boost CS.

We hold executive seminars for local customers at our operations across Japan. Through direct dialogue with customers participating in these seminars and lectures, we incorporate their expectations for Hitachi and their opinions into product strategies.

To accelerate collaborative creation with customers in Hitachi’s evolving Social Innovation Business, we also hold Hitachi Social Innovation Forums in and outside Japan, providing lectures, exhibits, and more. Our sales teams invite our customers to these events to deepen their understanding of Hitachi’s business. We also collect feedback from these events to improve our future operations.
Providing Customer Support Online

Hitachi offers comprehensive customer support on its website. This enables us to process customer inquiries, opinions, requests, and complaints—in collaboration with the customer support offices of Hitachi Group companies in Japan—to improve our business operations, as well as our products and services. We also conduct training courses to provide better handling of these inquiries. In fiscal 2018 we had 3,831 customer inquiries globally.

As one initiative, we have been holding the Web Inquiry Responsiveness Improvement Course since fiscal 2009. In fiscal 2018, 32 Hitachi Group company employees took the course (bringing the cumulative total to 827 participants), which features case studies on responses to inquiries. Going forward, we will strengthen coordination among Group companies to respond more quickly and effectively to customer inquiries, using the website as an important contact tool.

Customer Survey by Information and Telecommunication Business

The Systems & Services Business at Hitachi, Ltd., which provides information and telecommunication systems, has been conducting a customer survey regularly since 1995 with the aim of accelerating collaborative creation with customers and providing better solution services.

The survey seeks customers’ views and opinions on sales personnel, engineers, and maintenance staff and their expectations for Hitachi. Overall evaluation results and individual customer opinions are shared with relevant divisions centered on responsible sales divisions and used to improve daily activities and actions and build business, sales, and product strategies.

In the Customer Satisfaction Survey 2018–2019 published in the September 13, 2018, issue of Nikkei BP’s Nikkei Computer, we were ranked top in five categories: IT consulting and upper-stream design services, system development-related services, PC servers, enterprise servers, and integrated operation management software.

Improving CS in Electric Home Appliances

The Electric Home Appliances Customer Satisfaction Division provides services and solutions to improve quality of life for people of all ages—both at home and in the city. In Japan, these initiatives are carried out under the slogan, “360° Happiness: Encircling People and All Their Dreams for the Future.”

Our call center and website handle about 2.22 million customer inquiries, repair requests, and complaints about washing machines, LCD TVs, and other appliances per year.*1 We have undertaken a number of initiatives to better respond to inquiries and to reflect customer feedback in our monozukuri craftsmanship, including improving the contact success rate by using outsourcing; creating a database of customer feedback, including consultations, inquiries, and complaints; and enhancing our website’s FAQ section.

We also conduct semiannual customer service evaluation surveys at approximately 90 service centers in Japan. Based on the answers, we improve services through CS training courses and other programs.

With the expansion of Hitachi’s markets outside Japan, sales offices have been opened in ten countries in Asia and the Middle and Near East. We are also working on unifying management of operations outside Japan.

*1 Since fiscal 2013, technical inquiries from suppliers and parts orders have been excluded from these statistics.
### Customer Contact Cases, Call Completion Rate (12-Month Average)

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<th>Year</th>
<th>2014</th>
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<th>2016</th>
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</tr>
</thead>
<tbody>
<tr>
<td>White goods</td>
<td>82.1%</td>
<td>74.8%</td>
<td>76.4%</td>
<td>82.3%</td>
<td>82.3%</td>
</tr>
<tr>
<td>Brown goods</td>
<td>37,158</td>
<td>36,197</td>
<td>36,919</td>
<td>38,817</td>
<td>46,407</td>
</tr>
</tbody>
</table>

- White goods (electric home appliances and other products) (left scale)
- Brown goods (electronic equipment) (left scale)
- Call completion rate (right scale)

### Results of Evaluation Survey for Customer Repair Services (CS)

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>97.2%</td>
<td>97.3%</td>
<td>97.4%</td>
<td>97.3%</td>
<td>97.3%</td>
</tr>
</tbody>
</table>

Note: Evaluation survey for fiscal 2018 carried out in June–July 2018 (35,400 respondents; 32.8% response rate) and December 2018–January 2019 (28,800 respondents; 33.8% response rate).

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### Flow of Customer Service

- **Customers**
  - Repair request
  - Inquiry
  - Response
- **Repair Contact Center**
  - Repair
  - Information on repair service
  - Feedback on improvements
  - Input in database
- **Customer Support Contact Center (no repair)**
  - Feedback
  - Design division
  - Manufacturing division
  - Quality assurance division

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**Flow of information**: Directional arrows indicating the flow of information between departments and stakeholders.
Community

Hitachi’s Approach

Our diverse operations span the globe and involve a wide range of communities. To build long-term relationships with all communities involved in our business and to contribute to their development, we carry out various social contribution activities in the key fields of human development, the environment, and community support. In recent years, we have focused on STEM (science, technology, engineering, and mathematics) education to foster the next generation of human capital who will lead the future, and in fiscal 2018 we carried out a diverse range of activities drawing on the respective strengths of each Group company.

Social Contribution Activities

Policy on Social Contribution Activities

In an effort to achieve the 2021 Mid-term Management Plan, Hitachi is working to create social and environmental value through the Social Innovation Business. Social contribution activities lead to the creation of social and environmental value and can support the sustainable development of society and continued business growth. We thus actively promote activities in the key fields of human development, the environment, and community support, which are outlined in the policy on social contribution activities shared by the Group. As a company aiming to solve social issues through innovation, we believe we have an important mission to foster not only our own human capital but also people in the fields of science and technology more broadly. Also, as a global company, we believe it is essential for employees to actively volunteer their time to address local issues and needs, building trust with the local community as a good corporate citizen. Volunteering has benefits for employees as well, as it can heighten their awareness of social issues and—by helping resolve those issues—enhance their motivation to work. This can, in turn, become a driving force for the Social Innovation Business and our many other operations.

Our Impact on Society

Funding for social contribution activities

1,888.11 million yen

Our Performance

No. of participants

54,629 (approx. 18.5% of total employees)
Funding for Social Contribution Activities

In fiscal 2018, Hitachi and the Hitachi Global Foundation provided about 1.9 billion yen in funding toward social contribution activities worldwide. Additionally, 54,629 Hitachi Group employees (around 18.5% of the total) participated in social contribution activities.

<table>
<thead>
<tr>
<th>Breakdown of Funding for Social Contribution Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human development</td>
</tr>
<tr>
<td>Community support</td>
</tr>
<tr>
<td>Environment</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

(1,888 million yen*1 (including 6.9% for disaster relief)

*1 Japan: Hitachi, Ltd., 141 Group companies, and the Hitachi Global Foundation.

Outside Japan: 152 Group companies. Funding includes monetary and in-kind donations, independently organized programs, participation or dispatch of employees, community use of facilities, and employee donations; excludes personnel costs incurred from the participation or dispatch of employees.

Advancing STEM Education as One Hitachi

The rapid advance of AI, big data analytics, and other information technologies has made the development of IT personnel an urgent priority. There is growing worldwide recognition of the importance of STEM (science, technology, engineering, and mathematics) education to foster human resources capable of utilizing IT and other cutting-edge technologies to enhance their creativity, expressivity, and problem-solving skills. We are implementing various STEM-related social contribution activities to foster a new generation of human capital to lead the future.

STEM Education to Develop Engineers in the United Kingdom (Hitachi Rail Ltd.)

In response to a serious shortage of engineers in the United Kingdom, Hitachi Rail launched a brand new educational program in October 2018, partnering with Primary Engineer, a non-profit organization that delivers STEM educational programs for education institutions, targeted at 5- to 10-year-old primary school pupils.

The program delivers training to teachers with the company’s engineers at about 50 primary schools in Ashford, Doncaster, Bristol, Newton Aycliffe, and West London, where Hitachi’s railway business sites are located. Approximately 3,000 pupils will benefit from this educational experience in the 2018–19 academic year.

This program is funded for three years by Hitachi Rail. In year two, the existing 50 schools will be supplied with the materials to continue with the program while a new cohort of 50 schools will be trained and enabled to run the rail-oriented engineering projects in the classroom. Within the three year program, over 16,000 pupils will have engaged with this program.

Hitachi Rail recognizes the importance of working with schools to raise children’s awareness of exciting career opportunities in engineering fields. Therefore, this STEM program is linked to the school curriculum, implemented by a team of school teachers and the company’s engineers. Using rail train models, the children learn rail engineering directly from the engineers of Hitachi Rail.
Parliamentary Under Secretary of State for Transport Nusrat Ghani said that this program is a fantastic demonstration of collaboration for nurturing next-generation engineers, working in partnership with industry and the education and charity sector.

Hitachi Rail will continue to tackle the lack of skilled workers in engineering fields by delivering the STEM program, which will lead to the company’s growth and supporting the government’s Industrial Strategy in the United Kingdom.

Programming Classes for Schoolchildren (Hitachi Consulting Co., Ltd.)

There is a growing interest in programming in Japan, as courses in the subject will start in earnest at elementary and junior high schools under the education reforms of 2020.

Believing in the importance of STEM education to foster the next generation of IT personnel, Hitachi Consulting has developed an original programming curriculum that draws on the company’s IT skills and content to cultivate an ability to think logically. The classes, taught by volunteering employees, are for the children of Hitachi Group employees in grades three to six and are held at the offices of Hitachi Consulting and Hitachi, Ltd. Classes were held four times in 2018 with the participation of approximately 100 children and their parents.

Working with an original textbook, schoolchildren use tablets to learn a basic robot operating program. The program is then applied to run ball-shaped robots on a course the children themselves have created. This exercise is intended not only to stimulate interest in IT but, through the sharing of the programs the children created, to cultivate their presentation skills. Going forward, there are plans to fine tune the program for different age groups and to hold classes in cities other than Tokyo. Consideration is also being given to inviting the participation of children outside Japan by linking classrooms via the internet.

Hitachi Professional Engineers Association

The Hitachi Professional Engineers Association*1 was established in 1984 to contribute to society and business operations in many ways, such as offering society the technological expertise of its members through the Social Contribution Promotion Committee. One of the association’s activities is the Science Dream Club, aimed at cultivating an interest in science among children who will lead the next generation. Using original content, the club conducts workshops at various science-related events that allow participants to experience the mechanisms of science. In fiscal 2018, 21 workshops were held in Osaka, Hamamatsu, and the Greater Tokyo area. In December 2018, the club participated in a program organized by the University of Tokyo (with the support of the Japan Science and Technology Agency) to develop engineers of the future. Using Raspberry One aim of the program is to enhance the presentation skills of participating schoolchildren.
Pi—a business-card-sized PC—about 30 junior high school students participated in an electronic workshop at Kawaguchi Municipal High School to learn the basics of programming and IoT. Future workshops will aim to provide opportunities not just to experience programming but also to acquire practical IoT and scientific skills in line with specific goals.

*1 A group of highly qualified engineers certified by the Japanese government as either “professional engineers” or “associate professional engineers.” Chaired by the CEO of Hitachi, Ltd., it is one of the largest corporate associations of professional engineers in Japan.

**Development of Next-Generation Leaders**

One priority in Hitachi’s social contribution activities is the development of human resources. Our initiatives are not just in the field of science and technology but also focus on fostering the next generation of leaders to tackle issues at the global and local levels and bring about positive change in society.

**Hitachi Scholarship Program for the Asian University for Women (Hitachi, Ltd.)**

Hitachi, Ltd. has been providing scholarships to students at the Asian University for Women (AUW) since fiscal 2014. AUW is an international university in Chittagong, Bangladesh, that was established in 2008 to provide higher education opportunities to socially or economically disadvantaged women from South and Southeast Asia. Three students having high aspirations and a strong motivation to address such social issues as poverty, education, and gender inequality were selected as Hitachi Scholars and have been provided with scholarships and support since 2014 during their four-year undergraduate years. Six new students majoring in the fields of science and technology will be selected and provided with support from 2018.

Through our support of Asian women in higher education, we will promote greater diversity among community leaders and people with scientific or technological expertise, helping address issues in social sustainability and contributing to regional development.

**Hitachi Young Leaders Initiative (Hitachi, Ltd. and Hitachi Asia Ltd.)**

The Hitachi Young Leaders Initiative (HYLI) was launched in 1996 with the aim of nurturing the next generation of leaders in ASEAN and Japan. Held for the fifteenth time in July 2019, HYLI brings together outstanding undergraduate and graduate students from seven ASEAN countries (Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) and Japan to participate in a program featuring speeches and panel discussions by top experts, group work, and community activities. The participants come to recognize and reach a common understanding on the various issues confronting ASEAN, and they hold discussions and offer proposals on ways to address those issues. The program’s over 340 alumni through fiscal 2018 are now active in a variety of fields, including international organizations, government, corporations, and NPOs.
Contributing to Society Through the Hitachi Global Foundation

The Hitachi Global Foundation conducts social contribution activities around the three pillars of “promotion of academic research, science, and technology,” “human development,” and “support for local communities.”

Activities of the Hitachi Global Foundation

The Hitachi Global Foundation conducts 14 social contribution projects based on the three core pillars of “promotion of academic research, science, and technology,” “human development,” and “support for local communities.” Some of the most prominent projects conducted in fiscal 2018 include the following.

In the field of “promotion of academic research, science, and technology,” the foundation provides Kurata Grants, which support researchers engaged in the pursuit of solutions to global social challenges. On March 1, 2019, an award ceremony for the 50th Kurata Grants was held, with prizemoney totaling 30.8 million yen. The 30 winners in the natural sciences and engineering were 12 projects in the category of energy and the environment, 5 in urban development and transportation, and 13 in healthcare (with 7 being interdisciplinary studies incorporating research in the humanities and social sciences). To commemorate the 50th anniversary of the awards, the winners also received a booklet containing the names and photos of all grant recipients over the full history of the Kurata Grant and a crystal magnifier-paperweight inscribed with the name of the winner.

In addition, a new website called My Tomorrow aimed at female junior high and high school students was launched to raise interest in science and engineering careers. It features interviews (called Pioneer Talk) with leading women professionals, focusing on their experiences, work, and ideas. The third interview uploaded in September 2018 is a dialogue between Yuki Igarashi, PhD, Associate professor, Department of Future Media Science, School of Interdisciplinary Mathematical Sciences, Meiji University, known as a programming genius, and Yukiko Araki, Corporate Officer, Hitachi, Ltd.

In a related project, 18 junior high school girls participated in a workshop to create their own dolls using computer graphics programmed by Igarashi.

In the field of “support for local communities,” the foundation publishes Mirai (Future), a web magazine that examines regional and social issues of high public interest. The third issue focused on the issues and challenges of a declining birthrate and featured a dialogue between the foundation president and Toko Shirakawa, a journalist and book author on such topics as the declining birthrate and work-life reform. Other articles included a report on a symposium on surviving the era of a declining birthrate and opinion pieces submitted by experts, including Tomiyo Kagami, professor of comparative literature and cultures in the Graduate School of Humanities and Sciences, Ochanomizu University.

The Hitachi Global Foundation will continue to implement projects in the public interest that contribute to resolving the biggest social challenges of our time.

The Hitachi Global Foundation