

CSR Initiative Results and Plans

The Hitachi Group has defined the Hitachi Group CSR Policy, based on ISO 26000, the global standard for corporate social responsibility, with the aim of furthering the integration of management and CSR. In accordance with this policy, the Company uses the PDCA cycle to further reinforce its activities, by steadily implementing CSR activities and continually improving its management quality.

CSR Initiative Results and Plans

FY2016 Measures (Planned)	FY2016 Measures (Results)	Self-assessment	Measures Planned for FY2017
1. Recognition of Social Responsibility			
• Seek advice on/assessment of the Company's CSR activities from outside experts (ongoing)	• Received advice on/assessment of the Company's CSR activities from a professor in Hosei University's Faculty of Sustainability Studies	★★★	• Seek advice on/assessment of the Company's CSR activities from outside experts (ongoing)
• Perform materiality analysis, identify key issues specific to the Company's business from the perspectives of medium- to long-term risk and opportunity, and begin to integrate CSR viewpoints into management	• Identified social issues that impact the Group's sustainable growth in light of future mega trends (SDGs), and evaluated the significance of opportunities and risks from an ESG perspective	★★	• Implement measures to use materiality analysis in various activities of the Group
2. Organizational Governance			
• Compliance Management Committee meets quarterly to analyze social and environmental risks, formulate preventative measures, and share information (ongoing)	• Engaged in companywide projects to further ensure thorough compliance and formulated preventative measures and shared information, etc., through steering committee meetings, etc.	★★★	• Hold regular meetings regarding compliance, formulate preventative measures, and share information (ongoing)
• Conduct CSR and compliance training at the Company and subsidiaries in Japan and overseas (ongoing)	• Conducted CSR and compliance training (at the Company and 65 subsidiaries in Japan and overseas)	★★★	• Conduct CSR and compliance training at the Company and subsidiaries in Japan and overseas (ongoing)
• Conduct environmental education at the Head Office and each company (ongoing)	• Conducted environmental e-learning (100% of employees) and environmental auditor development training (once)	★★★	• Conduct environmental e-learning (100% of employees) and environmental auditor development training (once)
• Ongoing implementation of Hitachi Insights, the Hitachi Group employee satisfaction survey targeting all back-office workers	• Conducted Hitachi Insights, the Hitachi Group employee satisfaction survey targeting all back-office workers in September (7,114 employees responded on a consolidated basis)	★★★	• Ongoing implementation of Hitachi Insights, the Hitachi Group employee satisfaction survey targeting all back-office workers
3. Human Rights			
• Carry out human rights due diligence according to Hitachi Group policies at the human resources & general administrative division	• Made all employees aware of the Hitachi Metals Group Human Rights Policy through training, etc., held at Group companies • Deepened understanding of the relationship between Business and Human Rights and the human resources & general administrative division, and strengthened the skills of the staff responsible, by participating in human rights due diligence workshops of the Hitachi Group's human resources & general administrative division	★★★	• Identify measures to deal with high-priority human rights risks and study how to firmly establish associated processes through the human rights due diligence workshops of the Hitachi Group's human resources & general administrative division, and prepare to implement human rights due diligence within the Company
• Conduct human rights training systematically throughout the entire Hitachi Metals Group (ongoing)	• Systematically conducted human rights training throughout the entire Hitachi Metals Group (5,108 employees in total)	★★★	• Conduct human rights training systematically throughout the entire Hitachi Metals Group (ongoing)
4. Labor Practices			
• Set KPIs and work to achieve them through the project "work style reform" (reduction in total annual back-office working hours), the foundation of the Company's diverse human resources • Set a diversity employment target rate (the Company's own indicator) of 50% or more and actively hire diverse human resources • Establish an intranet dedicated to diversity promotion	• Launched the companywide "work style reform" project in May 2016, set KPIs, implemented measures to reduce total annual working hours companywide and improve productivity, etc. • Mostly achieved the diversity employment target rate • Set up a dedicated website for diversity management on the intranet	★★★	• Further promote "work style reform" through awareness-raising for those in management positions, measures to improve operational efficiency (reduce paperwork and meetings, etc.), a reduction in total annual working hours, and providing support through systems • Continue to set a target rate of 50% or more for diversity employment
• Formulate an action plan integrating the Act for Measures to Support the Development of the Next Generation and the Act on Promotion of Women's Participation and Advancement in the Workplace, and announce the plan to the public. Also, disclose related figures • Create opportunities for coordination and information exchange for women in career-track positions	• Formulated an integrated action plan and announced it to the public. Related figures were also disclosed as widely as possible • Creation of opportunities for coordination and information exchange for women in career-track positions was limited in scope	★★	• Formulate an action plan integrating the Act for Measures to Support the Development of the Next Generation and the Act on Promotion of Women's Participation and Advancement in the Workplace, and proactively disclose related figures to the public • Increase the ratio of women in management positions • Create opportunities for information exchange among women in career-track positions and strengthen coordination among them
• Exceed the legal employment rate of employees with disabilities, and maintain the current employment rate of 2.3%	• The actual figure for FY2016 was 2.4%, achieving the target	★★★	• Exceed the legal employment rate of 2.0% and maintain the current employment rate of 2.4%
• Perform routine and non-routine risk assessments, including risk assessments that have not yet been performed, and continue to review improvements • Continue implementing health and safety training. As the risk assessment of 640 chemical substances has been made mandatory, add health-related education	• Performed routine and non-routine risk assessments; 3,569 items were assessed (36 business offices) • Implemented health and safety training for foremen and supervisors; 359 people were trained (19 business offices) • Took actions in response to the mandatory risk assessment of chemical substances (i) Carried out training on risk assessment methods at companywide meetings for persons in charge of health and safety (ii) Completed companywide introduction of Hitachi Group risk assessment methods for chemical substances in June 2016	★★	• Perform risk assessment of work that can lead to major accidents or serious injuries • Enhance introductory education and OJT for inexperienced workers • Check that the risk assessment of chemical substances is in compliance with the Organic Solvent Ordinance and the Specified Chemical Ordinance
• Domestic business offices assess the applicable conditions of the Hitachi Group's minimum safety standards through health and safety audits, etc. • Overseas business offices aim for three offices to assess the local applicable conditions of the Hitachi Group's minimum safety standards (including overseas Group companies)	• Confirmed that business offices subject to health and safety audits met the Hitachi Group's minimum safety standards • (New) Carried out information exchanges with the Hitachi Group's business offices with high potential • Assessments were carried out at only one overseas business office (South Korea)	★★	• (New) Participate in the Hitachi Group's interactive safety inspection activities • Conduct safety inspections of manufacturing bases at overseas business offices to check safety standards
• Formulate a human resources development plan for employees representing the next generation and conduct systematic personnel rotation and training programs	• Identified outstanding human resources at the manager level and conducted training programs to develop global leaders • Focused on securing human resources through midcareer hiring to revitalize systematic personnel rotation	★★	• Examine and implement a selective development program for management candidates, targeting human resources at the general manager level • In addition to securing a certain number of human resources by hiring new graduates, continue to conduct midcareer hiring in the interest of personnel rotation and to adjust the age composition

★★★ Achieved ★★ 90% Achieved ★ Not Achieved

FY2016 Measures (Planned)	FY2016 Measures (Results)	Self-assessment	Measures Planned for FY2017
5. The Environment			
• Increase the sales ratio of key environmentally conscious products*1 (to 17% or more)	• Increased the sales ratio of key environmentally conscious products (20.8%)	★★★	• A sales ratio of key environmentally conscious products of 19%
• Reduce active mass per production unit of energy consumed 10% (compared to base year FY2005)	• Reduced active mass per production unit of energy consumed 6.5% (compared to base year FY2005)	★★★	• Reduce active mass per production unit of energy consumed 11.5% (compared to base year FY2005)
• Reduce active mass per production unit of waste/valuables generation 7% (compared to base year FY2005)	• Reduced active mass per production unit of waste/valuables generation 8.3% (compared to base year FY2005)	★★★	• Improvement ratio of waste generation per production unit of 7.5% (compared to base year) • Recycling rate of 72%
• Increase the recycling rate (to 70%)	• Increased the recycling rate (to 76%)	★★★	
• Reduce active mass per production unit of VOC emissions 22% (compared to base year FY2006)	• Reduced active mass per production unit of VOC emissions 18.2% (compared to base year FY2006)	★	• Reduce chemical substance emissions per production unit by 30% (compared to base year)
6. Fair Operating Practices			
• Conduct extraordinary compliance (Anti-Monopoly Act) audit (ongoing)	• Conducted extraordinary compliance (Anti-Monopoly Act) audit (document review, hearing with sales department managers)	★★★	• Continue to conduct audits related to compliance (including compliance with the Anti-Monopoly Act)
• Issue a revised version of the Hitachi Group's CSR procurement guidelines and plan to extend said guidelines to suppliers	• Issued a revised version of the Hitachi Group's CSR guidelines	★	• Plan to survey the status of CSR efforts by the Company's suppliers based on the Hitachi Group's CSR procurement guidelines
• Conduct Corporate Ethics Month in October (ongoing)	• Carried out various measures to ensure thorough legal compliance and ethical behavior, such as the training of management executives by external instructors, during Corporate Ethics Month in October	★★★	• Conduct Corporate Ethics Month in October (ongoing) • Audit the compliance status of compliance-related laws and regulations (ongoing)
• Audit the compliance status of corruption-related laws and regulations	• Confirmed the compliance status of compliance-related laws and regulations during an internal audit • Enhanced compliance rules in line with global standards, including the revision of the Rules on the Prevention of Corruption	★★★	
• Conduct information security education (ongoing)	• Conducted information security education	★★	• Conduct information security education (ongoing)
• Conduct information security self-audits (ongoing)	• Conducted information security self-audits	★★	• Conduct information security self-audits (ongoing)
• Confirm that business information has been erased from privately owned computers (ongoing)	• Confirmed that business information had been erased from privately owned computers	★★	• Confirm that business information has been erased from privately owned computers (ongoing)
• Conduct targeted e-mail attack simulations (ongoing)	• Conducted targeted e-mail attack simulations	★★	• Conduct targeted e-mail attack simulations (ongoing)
• Consider measures against missent e-mails and expand said measures throughout the Group (ongoing)	• Implemented measures against missent e-mails and expanded said measures throughout the Group	★★	• Conduct a survey and analysis of the status of virus elimination and disclose the information
7. Customers (Consumer Issues)			
• Conduct gleaming meetings*2 at consolidated companies (ongoing)	• Conducted gleaming meetings at consolidated companies as planned • Held company-sponsored mini gleaming meetings at three additional locations	★★★	• Conduct gleaming meetings at consolidated companies (ongoing) • Expand company-sponsored mini gleaming meetings at business offices in Japan and overseas (ongoing)
• Expand company-sponsored mini gleaming meetings at business offices in Japan and overseas (ongoing)		★★★	
• Implement tasks for the creation of new business	• Implemented tasks for the creation of new business (16 themes, continued implementation in the first half of 2017)	★★★	• Implement tasks for the creation of new business (ongoing)
• Expand new product sales ratio and develop strategic new products (new product sales ratio: 30% or higher) (ongoing)	• Expanded new product sales ratio and developed strategic new products (new product sales ratio: 31%)	★★★	• Expand new product sales ratio (new product sales ratio: 30% or higher) (ongoing)
• Update technological development medium-term road map in light of technological mega trends	• Updated our technological development medium- to long-term road map in light of technological trends (updated in 2016)	★★★	• Promote cooperation and collaboration with customers and research institutions in Japan and overseas (carry out open innovation)
8. Community Involvement and Development			
• Consider social contribution activities enabling a closer relationship with regional citizens and culture (ongoing)	• Conducted regional contribution activities mainly in regions where offices and factories are located (social contributions amounting to 390 million yen)	★★★	• Consider social contribution activities enabling a closer relationship with regional citizens and culture (ongoing)
• Contribute to material science technical research through support of Hitachi Metals - Materials Science Foundation (ongoing)	• Contributed to material science technical research through support of Hitachi Metals - Materials Science Foundation (4 million yen)	★★★	• Contribute to material science technical research through support of Hitachi Metals - Materials Science Foundation (ongoing)
• Support <i>tatara</i> method of iron manufacture (ongoing)	• Supported <i>tatara</i> method of iron manufacture (operations and personnel) conducted by the Society for Preservation of Japanese Art Swords at <i>Nittoho Tatara</i> in Okuizumo, Shimane Prefecture	★★★	• Support <i>tatara</i> method of iron manufacture (ongoing)
9. Review and Improvement of CSR Activities			
• Improve management quality using CSR research (ongoing)	• Provided feedback from the CSR research results to relevant divisions. Implemented measures to improve management quality in each division based on these results	★★★	• Improve management quality using CSR research (ongoing)
• Develop activities conforming to international standards for CSR and requests from various research and assessment institutions (ongoing)	• Applied the PDCA cycle to CSR activity issues based on ISO 26000, social responsibility guidance of the International Standard for Organization (ISO)	★★★	• Develop activities conforming to international standards for CSR and requests from various research and assessment institutions (ongoing)
• Improve responses to carbon disclosure project (CDP)*3	• Improved scope of disclosure in accordance with sustainability reporting international guideline GRI-G4 • Provided responses to carbon disclosure project (CDP)	★★★	• Improve responses to carbon disclosure project (CDP) (ongoing)

*1 Products targeted for growth based on a management strategy that makes a significant contribution to resolving environmental issues such as climate change and resource recycling.

*2 Meetings conducted from the customers' perspective to determine the primary causes of product accidents and deliberate preventative measures.

*3 Project in which institutional investors request information about climate change from major corporations.