



MATERIALITY BOOK 2020

Hitachi High-Tech Group's Materiality

Hitachi High-Tech Group has identified five themes of Materiality, which are important issues to address in order to solve social issues. Our Materiality topics are based on the SDGs, a set of international common rules and targets to be achieved in the 21st Century.

Under the 2021 Mid-Term Management Strategy, Hitachi High-Tech group sets specific action plans and targets to achieve these Materiality topics, and we will develop business activities.



Materiality and Activity Goals

Materiality	Activity Goals
1 Contributing to a sustainable global environment	<ol style="list-style-type: none"> 1. Realize a decarbonized society 2. Realize a recycling-oriented society 3. Realize a society in harmony with nature
2 Contributing to healthy, safe, secure lives	<ol style="list-style-type: none"> 1. Expand access to preventive medicine 2. Ensure the safety of water and food 3. Ensure the safety of social infrastructure
3 Contributing to the sustained development of science and industry	<ol style="list-style-type: none"> 1. Development of science and technology 2. High-efficiency production sites 3. Global development of production technology
4 Establishing a sound management foundation	<ol style="list-style-type: none"> 1. Realize sound governance 2. Ensure product safety 3. Realize a CSR-based supply chain
5 Developing and utilizing diverse human resources	<ol style="list-style-type: none"> 1. Promote diversity management 2. Promote diverse cultivation of human resources 3. Ensure healthy, safe workplace environments

Note: Of the 17 goals and 169 targets of the SDGs, we have selected those to which the activity goals of Materiality can contribute directly. We will also contribute indirectly to other goals.

Process of Identifying Materiality

STEP 1 Identifying Social Issues

Prepare a list of social issues taking into account the SDGs, ISO 26000*¹ and results of in-house surveys, etc.

STEP 2 Evaluating the Importance of Social Issues

Prioritize social issues identified in Step 1 from the perspective of societal demands and their importance to business.

STEP 3 Preparing the Draft Materiality

Collate and prioritize the social issues and prepare a draft of materiality that the Hitachi High-Tech Group should address, incorporating a social issue orientation and a view to what is optimal for the Group.

STEP 4 Assessing the Validity of the Draft Materiality

To ensure objectivity of draft materiality, conduct an exchange of opinions with outside experts in assessing its validity.

STEP 5 Identifying Materiality

Submit the draft materiality to the CSR Promotion Committee*², in which management participates, and identify Materiality.

[Participants in the discussion sessions]

The heads of each business group, planning and development divisions, and the general managers and managers of other relevant corporate divisions



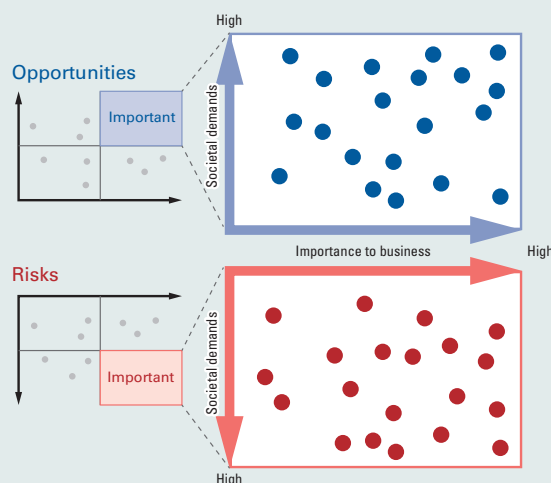
Discussion session



Examples of materiality evaluation maps organizing social issues made by groups in terms of opportunities and risks

[Participants in the discussion sessions]

The general managers and managers of the strategy divisions of each business group and relevant corporate divisions



The materiality evaluation maps created in Step 2 were discussed again, with social issues identified as particularly important in terms of opportunities and risks serving as the base for preparing the draft materiality.

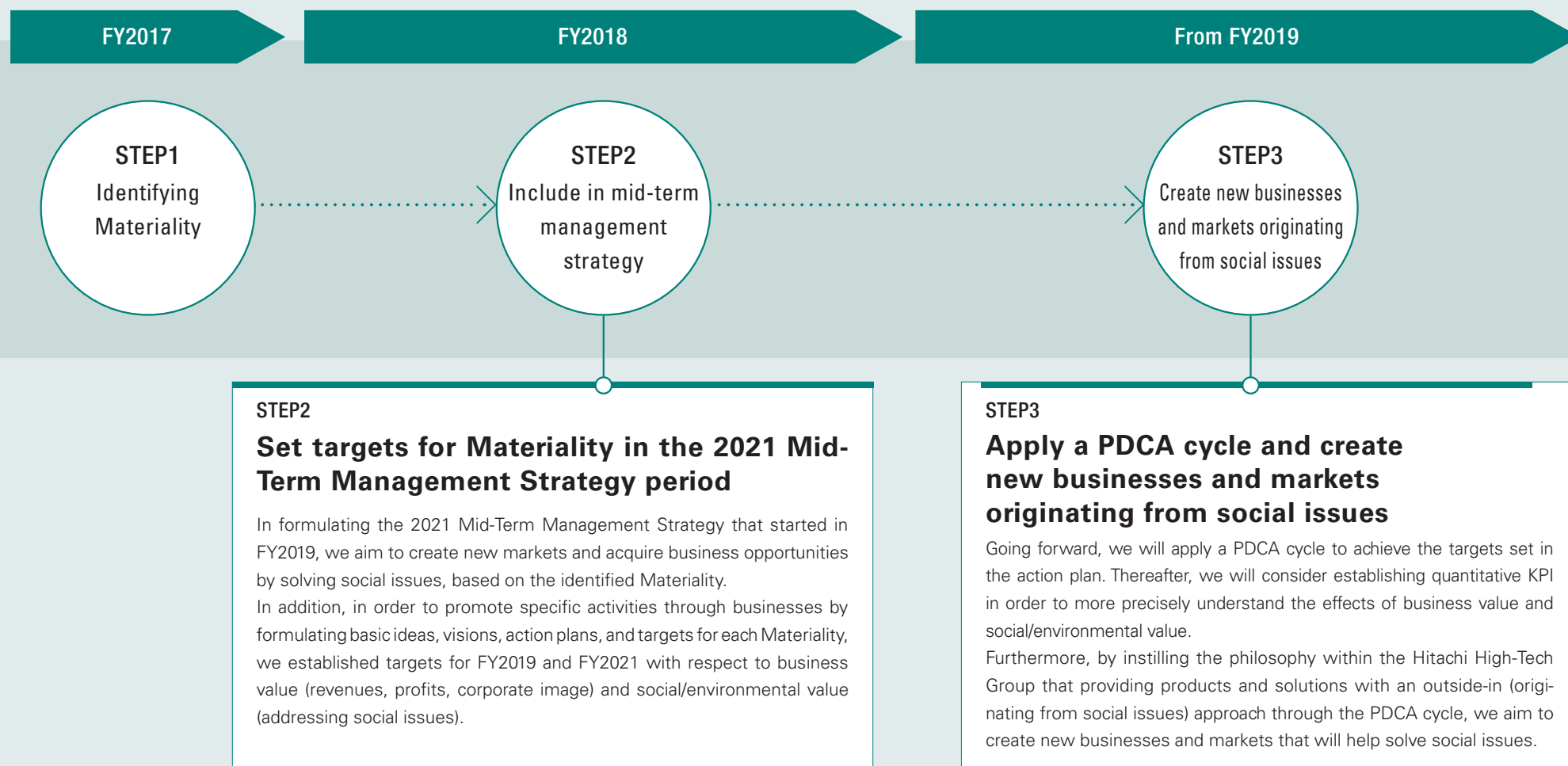


*1 ISO 26000: An international standard regarding the social responsibilities of organizations, published by the International Standards Organization (ISO) in 2010.

*2 CSR Promotion Committee: The committee responsible for discussing the Hitachi High-Tech Group's CSR activities in general and deliberating CSR measures.

Significance of Identifying Materiality

In identifying Materiality, there is utmost consideration to resolving environmental issues from the perspective of the global environment being the foundation for a sound society and business. Hitachi High-Tech Group provides products and services that are crucial to an array of fields including the environment, biotechnology and healthcare, information and communications, and social infrastructure. By continuing to expand our business in these fields, we will contribute to society and our customers while laying a path for our own substantial growth. Initiatives in five areas of Materiality that we have identified are crucial for us to grow while continually enhancing our corporate value.



Materiality 1

Contributing to a sustainable global environment

[Basic Ideas and Visions]

Corporate management in harmony with the global environment plays an important role in the sustainable development of society and companies. In addition to reducing resource and energy consumption as well as the environmental impact associated with business activities, the Hitachi High-Tech Group aims to achieve sustainable consumption and production through the provision of environmentally-conscious products and services as well as initiatives throughout the value chain.



[Action Targets]

1 Realize a decarbonized society



In order to reduce CO₂ emissions arising from energy consumption associated with business activities, we will systematically make environmental investments that have a significant impact on reducing CO₂ emissions and promote the proactive use of renewable energy. In providing products and services, we will also work to contribute through our business, such as selling LiB*¹ production equipment that will help reduce CO₂ emissions.

Specific Actions

- Draft and execute CO₂ emissions reduction plan
1. Environmental investments
 2. Use renewable energy
 3. Enhance electricity visualization monitoring function

2 Realize a recycling oriented society



We will make efforts to effectively use water resources, conserve resources, and reduce waste in business activities. Specifically, we will work to reduce the amount of water used by using the equipment cooling water in our factories more efficiently. In addition, we will introduce environmentally conscious design (eco-design) for our products and work to reduce the resources used to manufacture our products, and thereby reduce the amount of waste generated and recycle resources.

Specific Actions

1. Reduce water consumption by using equipment cooling water more efficiently
2. Curb the volume of waste generated by using eco-design for our products

3 Realize a society in harmony with nature



In order to reduce the negative impact of business activities on natural capital, we will work to reduce the negative impact of chemical substance emissions, and aim to realize a future that enriches both people and nature. We will work on biodiversity conservation activities such as forest conservation activities that will increase the positive impact.

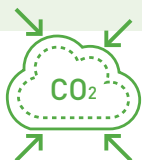
Specific Actions

1. Increase the positive impact such as CO₂ absorption by promoting forest conservation activities
2. Secure new activity bases for biodiversity conservation activities (Japan and overseas)

[Action Plan]

	Targets for FY2019		FY2019 Results	Targets for FY2020		Targets for FY2021	
	Business Value	Social/Environmental Value	Content of Initiative	Business Value	Social/Environmental Value	Business Value	Social/Environmental Value
1		CO ₂ emissions: 42.6 thousand tons-CO ₂	<ul style="list-style-type: none"> • Switch to renewable energy • CO₂ emissions volume 36.2 thousand tons-CO₂ 		CO ₂ emissions: 31.0 thousand tons-CO ₂ (27% reduction compared to FY2019)		CO ₂ emissions: 30.1 thousand tons-CO ₂ (29% reduction compared to FY2019)
2	<ul style="list-style-type: none"> • Boost image as contributing to the environment • Increase efficiency and reduce costs of the production process 	<ul style="list-style-type: none"> • Water consumption: Unit consumption improvement 43%^{*2} • Waste volume generated: Unit consumption improvement 13%^{*2} 	<ul style="list-style-type: none"> • Water consumption: Unit consumption improvement 49%^{*2} • Waste volume generated: Unit consumption improvement 24%^{*2} 	<ul style="list-style-type: none"> • Boost image as contributing to the environment • Increase efficiency and reduce costs of the production process 	<ul style="list-style-type: none"> • Water consumption: Unit consumption improvement 44%^{*2} • Waste volume generated: Unit consumption improvement 11%^{*2} 	<ul style="list-style-type: none"> • Boost image as contributing to the environment • Increase efficiency and reduce costs of the production process 	<ul style="list-style-type: none"> • Water consumption: Unit consumption improvement 45%^{*2} • Waste volume generated: Unit consumption improvement 16%^{*2}
3	<ul style="list-style-type: none"> • Strengthen competitiveness with products using eco-design 	Investigate and examine new activity bases	<ul style="list-style-type: none"> • New activities studied at two sites in Japan • Promoted implementation plans at overseas sites (China and Germany) 	<ul style="list-style-type: none"> • Strengthen competitiveness with products using eco-design 	<ul style="list-style-type: none"> • New activities in Japan: Start-up at one site, continued studying implementation at one site • In-depth survey and activity proposal for overseas priority survey areas (Germany and China) 	<ul style="list-style-type: none"> • Strengthen competitiveness with products using eco-design 	<ul style="list-style-type: none"> • New activities in Japan: Continued implementation at one site, start-up at one site • Implement activities in overseas priority survey areas (Germany and China) and examine expanding to other bases

*1 LiB: Lithium-ion Battery *2 Base fiscal year: FY2010

[Action Targets] **1****Realize a decarbonized society****Promote the switch to low-carbon electric power (renewable energy, etc.) at sites inside and outside Japan**

- We are engaging in continuing investment in environmental equipment to reduce electric power usage at our manufacturing sites and offices inside and outside Japan. We are also promoting the switch to low-carbon electric power (such as power from renewable energy sources, etc.) for the electricity we use. These efforts are giving first priority to manufacturing sites in Japan, in particular, because they account for approximately 70% of the energy consumption involved in our business activities.

- Switch made at two sites in Japan, and supply of power begun (two out of eight manufacturing sites)
- Promoting switch at four sites in Japan (prospects are for power supply to a total of six out of the eight manufacturing sites)
- Renewable energy from hydroelectric power is used at four sites outside Japan
- At Hitachi High-Tech Kyushu, we are receiving power that is from 100% renewable sources and also promoting a switch of company vehicles from gasoline-fueled to electric-powered. We expect CO₂ emissions at Hitachi High-Tech Kyushu to reach zero in FY2020.
- The Hitachi High-Tech head office has begun using renewable energy value (CO₂ credits)

- As a result of these initiatives, FY2019 emissions were reduced from FY2018 by 3,500 t-CO₂. The Group's CO₂ emissions therefore came to 36,222 t-CO₂.
- We submitted responses to the CDP^{*1} climate change questionnaire and received a "B management level"^{*2} evaluation in FY2019.

^{*1} CDP: A UK-based independent non-profit organization. It receives requests from investors around the world, and investigates, evaluates, and discloses information relating to companies' effects on climate change, water security, and forests.

^{*2} B management level: Indicates that management of environmental risk and its impacts has been achieved.

Promoting widespread adoption of electric vehicles (EVs) by providing total solutions that include lithium-ion battery (LiB) research and development, manufacturing, and quality inspection processes

- We provide total solutions to manufacturers that develop and produce the LiBs used as storage batteries for EVs. These solutions realize heightened safety and quality, improved yields, and enhanced productivity. By realizing stable production of LiBs and contributing to the promotion and widespread adoption of the EVs that are the main application for these batteries, we will continue making our contributions to the prevention of global warming.

[Action Targets] **2****Realize a recycling oriented society****Reduce waste generated in manufacturing, logistics, and so on, and reduce use of water due to changes in manufacturing processes**

- We have also reduced the amount of wood waste disposed of by changing the specifications of the reusable shipping cartons used for physical distribution of parts and products with our overseas manufacturing sites.
- We adopted environmentally conscious design (eco-design) in the development of four of our product models, reducing the generation of waste during the manufacture of those products to lower levels than previous models.
- The amount of water used in part of a manufacturing process was reduced by changing from water cooling to air cooling.
- As a result of our activities, our reduction in water use per unit in FY2019 was improved by 49% over the base fiscal year and our waste generation per unit improved 24% over the base fiscal year.

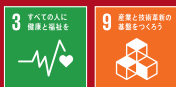
- In FY2019, we submitted responses to the CDP water security questionnaire and received an evaluation of "B (management level)."

[Action Targets] **3****Realize a society in harmony with nature****Forest conservation and other such activities carried out at each of our sites inside and outside Japan**

- We have been continuously implementing biodiversity conservation activities and afforestation activities with the aim of restoring ecosystems to their native state. These activities are underway in the Woodlands of Hitachi High-Tech Science, located in a natural area surrounding the R&D facility at the Hitachi High-Tech Science Fuji Oyama Works (Sunto-gun, Shizuoka Prefecture), and in the Hitachi High-Tech Yasato Forest, located on national forest lands that we have on loan in Ishioka City, Ibaraki Prefecture.
- As a new activity to be pursued in Japan, we are studying the implementation of activities within the programs of municipalities and other local governmental bodies and of general incorporated foundations.
- Having studied the areas of implementation at sites in other countries, we are promoting implementation plans in China and Germany.



Scene of tree planting in the Woodlands of Hitachi High-Tech Science



Materiality 2

Contributing to healthy, safe, secure lives

[Basic Ideas and Visions]

“Healthy, safe and secure lives” is a common desire for all people. By further mastering the “Observation, Measurement, and Analysis” (measurement and analysis technology) that we have cultivated up until now, the Hitachi High-Tech Group will contribute to a future where people can continue to live healthy and fulfilling lives, centered on three fields of medicine, water/food, and social infrastructure.

[Action Targets]

1 Expand access to preventive medicine



By developing and providing testing systems that enable highly-efficient diagnoses, we will help to shorten testing times, increase the number of people who receive health checkups, and reduce testing fees. In addition, by developing and providing clinical analyzers and genetic analysis systems, we will respond to the higher needs for personalized medicine and contribute to the promotion of preventive medicine and to curbing medical expenditures.

Specific Actions

Provide devices and services to reduce the amount of specimens and reagents and speed up testing: Contribute to an increase in the number of people who receive health checkups

2 Ensure the safety of water and food



We will help prevent the accumulation of hazardous substances in water, food, the human body, and elsewhere by developing and providing testing systems specialized for specific markets. In addition, we will supply safe water and support people’s safe lives by providing measurement systems for filtered water and drainage in water and sewage systems.

Specific Actions

Manufacturing and sales of equipment that detect hazardous substances to water, food and the human body

3 Ensure the safety of social infrastructure



By realizing non-destructive rapid diagnosis and predictive diagnosis for structures such as roadways, tunnels, railways, and airports, we will contribute to ensuring the safety of social infrastructure and support the safe lives of people.

Specific Actions

1. Manufacturing and sales of equipment that detect hazardous materials such as explosives and harmful gases, etc.
2. Sales of optical telecommunications components that serve as the foundation of communications infrastructure

[Action Plan]

	Targets for FY2019		FY2019 Results	Targets for FY2020		Targets for FY2021	
	Business Value	Social/Environmental Value	Content of Initiative	Business Value	Social/Environmental Value	Business Value	Social/Environmental Value
1	Number of analytical instruments sold	Increase in number of people who can be tested: Approximately 60 million more people than the former product	<ul style="list-style-type: none"> • We placed new testing equipment on the market in addition to next-generation large-scale immunoassay devices • Increased number of people who can be tested : Increase of approximately 45 million people over previous product 	Number of analytical instruments sold (5% increase compared to FY2019)	Increase in number of people who can be tested due to higher test throughput capabilities: Approximately 69 million more people than former product	Number of analytical instruments sold (10% increase compared to FY2019)	Increase in number of people who can be tested due to higher test throughput capabilities: Approximately 72 million more people than former product
2	Number of detection devices sold	Contribute to preventing the accumulation of hazardous substances in water and people's bodies in Europe by detecting hazardous substances	Manufactured and sold detection equipment for hazardous substance detection	Number of detection devices sold (15% increase compared to FY2019)	Contributed to preventing accumulation of toxic substances in the water and in human bodies in the European region and other regions by means of toxic substance detection	Number of detection devices sold (40% increase compared to FY2019)	Contributed to preventing accumulation of toxic substances in the water and in human bodies in the European region and other regions by means of toxic substance detection
3	Strengthen Analytical Systems Business	Contribute to ensuring the safety of airports, etc. by detecting hazardous materials	Manufactured and sold devices to detect hazardous substances	Strengthen Analytical Systems Business	Contribute to ensuring the safety of airports, etc. by detecting hazardous materials	Strengthen Analytical Systems Business	Contribute to ensuring the safety of airports, etc. by detecting hazardous materials
	Revenues from the sales of components	Contribute to the development of, and ensuring the safety of communications infrastructure	Our company's optical communications components, which are used in high-speed, long-distance transmission equipment and large-scale data centers, were adopted	Revenues from the sales of components (20% increase compared to FY2019)	Contribute to the development of, and ensuring the safety of communications infrastructure	Revenues from the sales of components (40% increase compared to FY2019)	Contribute to the development of, and ensuring the safety of communications infrastructure

[Action Targets] **1****Expand access to preventive medicine**

Contribute to expansion in the number of people who can be tested by providing products and services that support the increased efficiency and speed of testing operations

- We are contributing to increased speed in testing at hospitals and testing organizations by placing new testing equipment on the market in addition to next-generation large-scale immunoassay devices. In FY2019, the number of people who can be tested increased by 45 million over the number using our old equipment.
- We are contributing to expansion of the number of people who can be tested by aiding in the improved efficiency of hospital operation by supplying multi-function devices for biochemical, immunological, and blood coagulation testing.
- We have established a research center within the Fujita Academy, and there we are promoting coordinated research that contributes to solutions for issues of technology, devices, and operational efficiency in the front lines of healthcare. Realizing heightened sophistication and efficiency of clinical laboratory tests, we are aiming to provide healthcare with safety and security based on high-quality test data as well as to reduce the burden of testing tasks on healthcare practitioners.



Clinical test devices used at hospitals, testing organizations, and so on

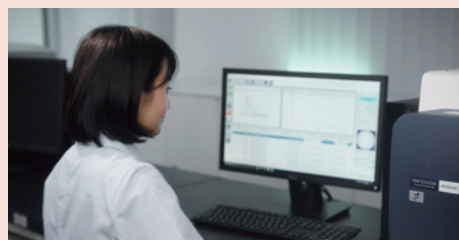
[Action Targets] **2****Ensure the safety of water and food**

Contribute to preventing the accumulation of toxic substances in the soil, the water, the human body, and so on by developing and providing analytical devices and testing equipment

- Screening equipment for phthalates*¹ that complies with the amended RoHS Directive*² prevent inclusion of these substances in products marketed in Europe and other regions where they are regulated under national laws and regulations. In this way, we are contributing to the prevention of damage to health. In addition, these testing devices realize simplified operation and reduced testing time, which makes it possible to increase shipping speed for equipment that complies with the amended RoHS Directive and contributes to the changeover to safe products.
- We developed the AN710 type reagent-less water quality monitor for water supply systems that speeds up the detection of irregularities by improving the response to water quality fluctuations, and we are providing it to municipalities and other such organizations in Japan. This is contributing to the maintenance management of safe, delicious water by means of solutions for daily testing and reporting of the quality of drinking water distributed from water treatment plants to local communities.

*¹ Phthalates are widely used as plasticizers for softening plastic and rubber in vinyl chloride products such as wire sheaths, electrical insulation tape, and packing films. These materials are contained in a wide range of items, including toys, household appliances, electronic devices, and other consumer goods.

*² A directive by the European Union (EU) for regulating the use of specified hazardous substances contained in electrical and electronic equipment.



Testing equipment for detecting substances subject to the amended RoHS Directive

[Action Targets] **3****Ensure the safety of social infrastructure**

Contribute to maintenance of safe social infrastructure by providing detection equipment with high hazardous substance detection performance

- Detection equipment that detects hazardous substances is being actively used at airports and other such locations where large numbers of people gather together. Going forward, we will realize further improved hazardous substance detection accuracy together with heightened analysis performance, and in this way contribute to the realization of a safer, more secure society.

Contribute to the development and heightened stability of telecommunications infrastructure through the sale of optical communications components for use in high-speed, long-distance transmission equipment

- The optical communications components sold by Hitachi High-Tech are used in the high-speed, long-distance transmission equipment that supports the foundations of next-generation telecommunications infrastructure, and in the telecommunications equipment used in large-scale data centers. In this way, we provide support to make people's lives comfortable by contributing to the construction of the cloud environment needed for working at home as well as to a stable telecommunications environment for smartphones, the internet, and so on.



Optical communications components utilized in the telecommunications equipment used in high-speed, long-distance transmission equipment and in large-scale data centers

Materiality 3

Contributing to the sustained development of science and industry

[Basic Ideas and Visions]

To develop science and industry, advanced technology that supports them is essential. The Hitachi High-Tech Group supports the improvement of R&D and production sites productivity, as well as higher product quality by fully utilizing and advancing our “measurement and analysis technology,” “automation and control technology,” “manufacturing capabilities,” thereby contributing to the sustainable development of science and industry. In addition, we help develop the next generation by carrying out social contribution activities utilizing our products.



[Action Targets]

1 Development of science and technology



By developing and providing electron microscopes that enable high-precision observation and analysis, we will contribute to materials and device engineering and the advancement of testing and research of scientific theory. In addition, through science education support activities using tabletop electron microscopes, we will stimulate children's interest in science and technology through the activity and will contribute to resolution of social issues such as the loss of interest in science and the advancement of science and technology.

Specific Actions

Contribute to resolving the social issue of loss of interest in science, developing future scientists, and the advancement of science and technology

2 High-efficiency production sites



By providing digital solutions utilizing AI and IoT technologies and analytical and evaluation services, we will contribute to productivity improvement by helping manufacturers save labor and boost efficiency at their production sites.

Specific Actions

Provide solutions utilizing cutting-edge digital engineering technologies: Realize business process reforms at manufacturers

3 Global development of production technology



Leveraging IoT technology and our extensive overseas business experience cultivated as a specialized trading company, we will support the overseas production of Japanese manufacturing companies, thereby contributing to the local and global deployment of production technology.

Specific Actions

Leveraging cutting-edge IoT technology and extensive overseas business experience, we will contribute to the local deployment of production technology by supporting overseas production of Japanese manufacturing companies

[Action Plan]

	Targets for FY2019		FY2019 Results	Targets for FY2020		Targets for FY2021	
	Business Value	Social/Environmental Value	Content of Initiative	Business Value	Social/Environmental Value	Business Value	Social/Environmental Value
1	Generate future customers by early building a brand image	Provide classes to 16,000 people	Market launch of new product, a tabletop electron microscopes with augmented functionality Provided courses to approximately 15,000 people	Generate future customers by early building a brand image	Provide classes to 16,500 people Promote of research, development and manufacturing that will lead to the advancement of science and technology and medical technology	Generate future customers by early building a brand image	Provide classes to 18,000 people Promote of research, development and manufacturing that will lead to the advancement of science and technology and medical technology
2	Revenues from provision of solutions	Contribution to automation and productivity improvements at manufacturing companies	Provided digital engineering solutions utilizing 3D data and AR (augmented reality)	Revenues from provision of solutions (12% increase compared to FY2019)	Contribution to automation and productivity improvements at manufacturing companies	Revenues from provision of solutions (20% increase compared to FY2019)	Contribution to automation and productivity improvements at manufacturing companies
3	Business development combining manufacturing capabilities and trading functions	Stable employment of local employees and enhancement of manufacturing skills	No results due to reassessment of target businesses	Objectives presently being reassessed	Objectives presently being reassessed	Expansion of manufacturing solutions business leveraging IoT technology	Stable employment of local employees and enhancement of manufacturing skills

[Action Targets]

1

Development of science and technology



Contribute to research, development, and advances in manufacturing technology in a wide range of fields

- In 2019, we developed and released on the market the TM4000 II series of tabletop electron microscopes that realize even higher speed in elemental analysis together with other features. By enabling convenient operation and rapid analysis, we contribute to the evaluation of items developed in research and development efforts and to investigation and quality management in factories and other such front-line production settings. This also makes it possible to conveniently obtain transmitted electron images of microparticles, nanofiber, and other such nano materials as well as of the interior structure of cells and other such biological samples. In this way we contribute to the development of nanotechnology and to advances in pathology and regenerative medicine.
- Since 2018, we have provided the analysis center at Vietnam National University with a TM4000 Plus tabletop electron microscope on loan at no charge (for a five-year period from 2018). This is supporting the development of analysis technicians in Vietnam and contributing to the development of science and technology and research and development in that country.



TM4000 II series of tabletop electron microscopes sees active use in a broad range of fields

Global implementation of high-quality science education support activities

- In Japan, we are cooperating with a variety of learning events, including educational outreach at elementary and junior high schools, loans of equipment to Super Science High Schools (SSH) designated by the Ministry of Education, Culture, Sports, Science and Technology, displays at science museums and special exhibitions, and so on.
- In North America, South America, Canada, and Australia, we are coordinating with dealers and NPOs to hold meetings relating to education at universities, high schools, and elementary and junior high schools in all regions, as well as teacher education. We are also cooperating on activities at other community programs. In Asia and the ASEAN region, Group companies are engaging in continuing educational outreach activities. We began educational outreach at schools in India as a new activity in FY2019.
- In FY2019, we provided courses to approximately 15,000 people worldwide.



Special lesson to junior high school students in Shanghai using a tabletop electron microscope

[Action Targets]

2

High-efficiency production sites



Contribute to heightened work efficiency in design operations and the front lines of skilled manufacturing through digital engineering solutions

- By offering solutions that actively utilize 3D data and other design data makes it possible to prepare written work instructions on the shop floor more efficiently. In this and other such ways, we are contributing to streamlining, greater efficiency, and improved operations for manufacturers in the design and production workplace.
- Solutions that make active use of AR* provide ways to combine physical information and digital information so that work instructions can be simplified. This is realizing increased speed of operation and reduced costs for the production lines at automotive, electrical and precision machinery, and other manufacturers.

*AR: Augmented reality

Support R&D operation in a wide-range field through the contract technology services in R&D evaluation

- Having concluded a general agency contract with JAPAN TESTING LABORATORIE, Inc, we provide contract technology services that evaluate the reliability of products in the research and development stage by measurement, testing, and analysis. Utilizing JTL's high-performance evaluation equipment and advanced evaluation technology, we contribute to the efficiency of evaluation work and speeding up of development in the research and development such as automobile manufacturers, by operating this business activity rapidly and with high accuracy.



Materiality 4



Establishing a sound management foundation

[Basic Ideas and Visions]

Establishing a sound management foundation is essential for the sustainable growth of a company. In order to increase corporate value over the long-term, Hitachi High-Tech Group will strive to improve the effectiveness of corporate governance and aim to be a company that is trusted and needed by society.

[Action Targets]

1 Realize sound governance



We will strive to improve the effectiveness of corporate governance by bolstering the effectiveness of the Board of Directors and strengthening and enhancing internal controls. In addition, we will endeavor to achieve sustainable growth and increase society's trust in us by implementing initiatives such as compliance risk prevention measures and conducting education, and fostering a corporate culture that is open and compliant with laws.

Specific Actions

Improve corporate governance by increasing the effectiveness of Group companies' Board of Directors and reviewing the Group's overall system of rules

2 Ensure product safety



Providing customers with safety and peace of mind is a corporate social responsibility. By providing products that comply with laws and regulations and by working to eliminate product accidents, the Group aims to provide highly-safe products and thereby enhance competitiveness and increase the level of trust from society.

Specific Actions

Firmly instill a safety-first mentality through activities to further enhance product safety

1. Implement S>>Q>D>C*
2. Pick out and remove product safety accident risks and product-related legal violation risks

3 Realize a CSR-based supply chain



By encouraging business operations with a strong awareness of corporate social responsibility, not only for the Group, but also for our partners and the entire supply chain, we aim to reduce environmental and human rights risks in the supply chain.

Specific Actions

1. Hold briefings for business partners (2 times/year)
2. Self-evaluations of new business partner using checklists

[Action Plan]

	Targets for FY2019		FY2019 Results	Targets for FY2020		Targets for FY2021	
	Business Value	Social/Environmental Value	Content of Initiative	Business Value	Social/Environmental Value	Business Value	Social/Environmental Value
1	Enhance corporate governance by appropriate attendance of directors and formulation of Group rules	Contribute to the maintenance of a healthy and orderly society by ensuring fair trading based on the laws, regulations and business practices of each country	<ul style="list-style-type: none"> • Strengthened governance of Group companies • Implemented continuous compliance education for all employees 	Enhance corporate governance by Evaluating the effectiveness of the Board of Directors	Contribute to the maintenance of a healthy and orderly society by ensuring fair trading based on the laws, regulations and business practices of each country	Enhance corporate governance by holding effective Board of Directors	Contribute to the maintenance of a healthy and orderly society by ensuring fair trading based on the laws, regulations and business practices of each country
2	Strengthen competitiveness by enhancing product quality	Eliminate product safety accidents through activities to improve required quality and prevent accidents	<ul style="list-style-type: none"> • Improved visualization of risks in product life cycles by active use of checklists • Held lectures relating to product safety • No serious product safety accidents 	Strengthen competitiveness by enhancing product quality	Eliminate product safety accidents through activities to improve required quality and prevent accidents	Strengthen competitiveness by enhancing product quality	Eliminate product safety accidents through activities to improve required quality and prevent accidents
3	<ul style="list-style-type: none"> • No CSR-related accident • Reduce impact for procurement/production/sales, avoid human rights risks 	Protect human rights in the supply chain	<ul style="list-style-type: none"> • Held briefings on CSR and related matters for partners in Japan • No CSR-related accident • Conducted CSR audits of manufacturing sites of partners in China and elsewhere in Asia 	<ul style="list-style-type: none"> • No CSR-related accident • Reduce impact for procurement/production/sales, avoid human rights risks 	Protect human rights in the supply chain	<ul style="list-style-type: none"> • No CSR-related accident • Reduce impact for procurement/production/sales, avoid human rights risks 	Protect human rights in the supply chain

※S: Safety, Q: Quality, D: Delivery, C: Cost

[Action Targets] **1****Realize sound governance****Strengthen governance and compliance for the Group as a whole**

- We have been monitoring the convening circumstances of the Boards of Directors at Group companies, including checking the status of attendance by outside board members. In addition to strengthening Group governance by such means, we have made progress in improving the framework of regulations at Group companies.
- We have implemented continuous compliance education at all levels, from newly hired employees to management personnel. In addition to furthering their understanding of the Hitachi High-Tech Group's conceptual approach to compliance, its compliance structure, its internal reporting system, and so on, we have taken steps to foster their awareness of compliance.
- Hitachi High-Tech Group has taken steps to enhance the company's self-purification function by establishing internal reporting (whistleblowing) hotlines with the aim of detecting statutory and ethical violations at the earliest stage and addressing them. The hotlines can be used by regular employees, temporary agency workers, casual workers, and fixed-term employees in Japan and overseas.
- Hitachi High-Tech was delisted in May 2020, when it became a wholly owned subsidiary of Hitachi, Ltd. We will promote our initiatives to strengthen corporate governance in accordance now with the conceptual approach to governance and compliance in the Hitachi Group.

[Action Targets] **2****Ensure product safety****Visualize the risks in each part of the product life cycle**

- In FY2019, we sought to enhance product quality and reduce product safety risks by conducting checks of the design, development, and quality assurance divisions during new product development based on the checklist for increasing the comprehensiveness of our risk assessments. In this way, we took steps to increase the visualization of risks in each part of the product life cycle.
- There were zero serious product safety accidents in FY2019.

Lectures on product safety held

- We are continually taking steps to raise the skill level of engineers in our design, product safety, and other product technology divisions. In FY2019, we held lecture sessions on product safety with outside instructors. (Participants at other sites used video conferencing systems to attend remotely.)



Scene of lecture session

[Action Targets] **3****Realize a CSR-based supply chain****Reduce environmental and human right risks in entire supply chain by collaborating with our partners (suppliers)**

- We regularly communicate with our partners(suppliers) to encourage understanding of efforts for CSR and to reduce environmental and human right risks. In FY 2019, we held three briefings as a total for the partners, covering the management of chemical substances which contained in products in addition to overall CSR.
- We promote to prevent CSR-related accidents from occurring among our partners, and to ensure that parts and materials procured from our partners comply with environmental regulations such as revised RoHS Directive and REACH Regulation*. In FY 2019, There were no CSR-related accidents.
- Overseas, in coordination with Hitachi Group's Procurement Department, we have been visiting our partners' production bases in China and other Asian countries to conduct inspections of their CSR activities. In FY2019, we have evaluated, inspecting one partner in China and recognizing no major violations.

* REACH Regulation: The system in European Union (EU) for comprehensive registration, evaluation, permission, and restriction of chemical substances.



Scene of supplier briefing



Materiality 5

Developing and utilizing diverse human resources

[Basic Ideas and Visions]

It will be crucial to continuously provide creative and innovative values to customers and society in order to succeed against competitions in the global market while realizing sustainable growth. Hitachi High-Tech Group recognizes human resources responsible for providing value as one of the most invaluable management resources, and aims to foster reform-minded human resources who are able to create continuous innovation.



[Action Targets]

1 Promote diversity management



We enhance productivity and organizational strength by promoting reforms in working styles and increasing operational efficiency. In addition, by promoting female workplace participation and development and utilization of diverse human resources, we will secure and train talented human resources who have flexible ideas and advanced technical abilities and skills.

Specific Actions

- Create an organization where diverse human resources can actively participate and thrive, thereby leading to innovation
1. Further reforms in working styles
 2. Reform actions and mindset encouraging female workplace participation
 3. Train and utilize diverse human resources

2 Promote diverse cultivation of human resources

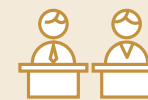


We will aim to train human resources to compete in the global market by expanding diverse education and training systems and continuing to carry out education and training.

Specific Actions

- Continue to carry out diverse education and training to develop human resources
1. Develop global human resources
 2. Maintain and improve the education system in order to develop human resources

3 Ensure healthy, safe workplace environments



We strive to ensure a healthy, safe and comfortable working environment by working on occupational safety and health with the highest priority on workplace safety and maintaining and promoting the health of each employee.

Specific Actions

- Establish an accident-free workplace
1. Eradicate accident risk through risk assessments
 2. Enhance mental healthcare
 3. Further promote health management

[Action Plan]

	Targets for FY2019		FY2019 Results	Targets for FY2020		Targets for FY2021	
	Business Value	Social/Environmental Value	Content of Initiative	Business Value	Social/Environmental Value	Business Value	Social/Environmental Value
1	Create innovation by diverse human resources <ul style="list-style-type: none"> • Ratio of women in managerial positions: 5% • Female board members: 1 • New graduate recruits (Ratio of women: 30%, Ratio of overseas: 5%) 	Offer comfortable working environment to people with time or location restrictions due to childcare, family nursing care, etc.	<ul style="list-style-type: none"> • Percentage of women managers: 4.9% • Number of women directors: 1 • Hires of recent graduates: Percentage of women 26%, percentage of foreign nationalities 5% 	Create innovation by diverse human resources <ul style="list-style-type: none"> • Ratio of women in managerial positions: 5% • Female board members: 1 • New graduate recruits (Ratio of women: 30%, Ratio of overseas: 5%) 	Offer comfortable working environment to people with time or location restrictions due to childcare, family nursing care, etc.	Create innovation by diverse human resources <ul style="list-style-type: none"> • No more than 20 hours per person per month of overtime work • At least 20 days per person per year of paid leave taken • Ratio of women in managerial positions: 5% • Female board members: 2 • New graduate recruits (Ratio of women: 30%, Ratio of overseas: 5%) 	Offer comfortable working environment to people with time or location restrictions due to childcare, family nursing care, etc.
2	Early development of global human resources: 50% of employees have overseas experience within 7 years of joining the company	Employees contribute to mutual understanding of cultures by working in different regions	Percentage of employees who had overseas experience within seven years after joining the company: 51%	Early development of global human resources: 50% of employees have overseas experience within 7 years of joining the company	Employees contribute to mutual understanding of cultures by working in different regions	Early development of global human resources: 50% of employees have overseas experience within 7 years of joining the company	Employees contribute to mutual understanding of cultures by working in different regions
3	Ensure business continuity: <ul style="list-style-type: none"> • No accident that require time off work • 100% stress check implementation • Reduce the mental illness ratio 	Contribute to maintaining a healthy society as a member of society by having employees who are both physically and mentally healthy	Promoted health and safety activities and health promotion policies and measures for employees <ul style="list-style-type: none"> • Accidents resulting in loss of work-time: 2 cases • Stress check implementation was 100% 	Ensure business continuity: <ul style="list-style-type: none"> • No accident that require time off work • 100% stress check implementation • Mental illness ratio (2% improvement compared to FY2019) 	Contribute to maintaining a healthy society as a member of society by having employees who are both physically and mentally healthy	Ensure business continuity: <ul style="list-style-type: none"> • No accident that require time off work • 100% stress check implementation • Mental illness ratio (5% improvement compared to FY2019) 	Contribute to maintaining a healthy society as a member of society by having employees who are both physically and mentally healthy

[Action Targets] **1****Promote diversity management**

Taking steps to create innovation by going further with work style reform, developing and utilizing diverse human resources, and so on

- We took steps to foster a workplace climate and improve arrangements to enable all our employees to individually recognize each other's diversity and fully bring their own strengths to bear.

- We started the Active 20-20* activity aimed not just at improving productivity, but also at having individual employees seek their own fulfilled work style.
- Scope of working from home, working at satellite offices, and location-free work was expanded to all employees.
- We fostered career consciousness through a round table for women outside directors and young employees.
- We participated in hiring events for capable overseas personnel and exchange students who want to work in Japan, and exhibited at special events for enterprises promoting participation by women, and so on.

- We won the highest rating in "Eruboshi" certification by the Minister of Health, Labor, and Welfare.
- We received a Silver Award in the PRIDE index that rates initiatives for LGBT and other aspects of sexual materiality.

**FY2019 results for Hitachi High-Tech**

- Ratio of women in managerial positions: 4.9%
- Female board members: 1
- New graduate recruits: ratio of women 26%, ratio of overseas 5%

* Active 20-20: Initiatives that aim to realize the Company growth by leveraging the diversity of individuals to allow each person to demonstrate his or her talents and actively participate

[Action Targets] **2****Promote diverse cultivation of human resources**

Promotion of global human resource development by implementing diverse education and training

- Taking the development of human resources capable of acting globally as our basis, we organized our educational program by training category and are implementing it systematically. The following activities were implemented in FY2019.

- We defined the image of capable personnel sought by this Group and incorporated it into our educational policy and measures.
- We integrated additional new training that will contribute to reforming organizational capabilities.
- Self-assessment intended to foster autonomy in human resources was incorporated into training geared to different staff levels.
- We engaged in continuing challenges at national Skills Competition tournaments held annually as well as at national Abilympics and international meets, and won numerous medals and awards.



Silver Medalist Yuto Kikuchi, winner in the CNC milling machine category at the WorldSkills competition

- We are implementing a program to assign young employees overseas to foster the early development of human resources capable of handling business with a global perspective. We implemented the following activities in FY2019.

- We had 19 overseas trainees, including three advanced technology exchange trainees, participating in operations-based training at Group companies in other countries. We also conducted exchanges with researchers and others at overseas universities and research institutions having a relationship with Group business.
- In Japan, the Hitachi High-Tech head office accepted two people from the Hitachi High-Tech Russia and Hitachi High-Tech Mexico companies, and they engaged in practical work and training.

- In FY2019, the percentage of employees who had overseas experience within seven years after joining the company was 51%.

[Action Targets] **3****Ensure healthy, safe workplace environments**

Aiming to provide a safe, healthy working environment through systematic health and safety activities and health promotion policies and measures for each individual employee

- In 2019, safety diagnoses and safety awareness surveys of manufacturing works were carried out throughout the Group as a whole. Based on safety inspection rounds of manufacturing shop floors, we are strengthening safety management and, in light of analysis results, strengthening policies and measures to heighten safety awareness as well as strengthening activities aimed at totally eliminating industrial accidents.
- In 2019, there were two accidents (falls) resulting in loss of work-time. In addition to measures to prevent recurrence in the future, we are continuing to upgrade our measures for thoroughgoing safety management.
- Stress checks of all employees were carried out in FY2019 so that employees could determine their own stress level and do something about it. This is linked with our efforts to upgrade mental health care for employees and strengthen their self care.
- Hitachi High-Tech measures to grasp and address issues in the maintenance and promotion of employee health have been highly rated. We have been recognized as an organization "engaging in strategic health and productivity management program efforts for maintaining their employees' health from a management perspective." We were certified as a Health & Productivity Management Outstanding Organization in 2020 (large enterprise category) in our third consecutive year of recognition under the Health and Productivity Management Organization Recognition Program.



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