# Hitachi High-Tech





**@**Hitachi High-Technologies Corporation

#### **Corporate Vision**

#### To consistently aim to be Global Top in high-tech solutions

The Hitachi High-Tech Group is a cutting-edge technology company with dual manufacturing and trading functions.

It is our mission to serve our customers so that they can be the best creators of cutting-edge business, by providing society with the best solutions.

#### Cover Design Concept

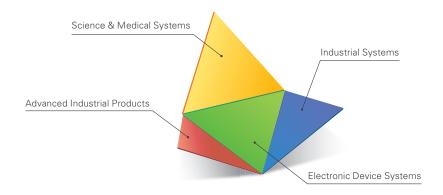
Coinciding with the formulation of the Mid-Term Management Strategy, the Hitachi High-Tech Group developed a new design concept for our corporate tools.

The symbol of our concept, the equilateral triangular pyramid, comprises four faces. The four colors of the faces represent the Hitachi High-Tech Group's business segments, while also displaying the Group's comprehensive strength by coming together to form a triangular pyramid. Thus, the triangular pyramid represents our ability to continue to provide new value to our customers.

Furthermore, the triangular pyramid looks like a triangle no matter which angle it is viewed from, and this represents our three business domains: Biotechnology and Healthcare, Social and Industrial Infrastructure, and Advanced Industrial Systems.

We hope that by allowing society and our customers to view the world through the various filters of the Hitachi High-Tech Group (triangular pyramid), as we expose you to new experiences and discoveries.

With this mindset, we will continue to challenge ourselves to build better relationships with society and our customers.



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Creating Value
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#### **Editorial Policy**

In consideration of the international trends toward business disclosure, at Hitachi High-Technologies Corporation, since FY2015 we have combined the Annual Report and CSR Report that we issued in previous years to create our "Integrated Annual Report." It is a single booklet that reports information on both financial and non-financial matters. The report is aimed at the broad range of stakeholders who support our company, and we consider it to be an important communication tool to facilitate understanding of our management policies and business strategies.

Furthermore, in FY2014, we began applying the International Financial Reporting Standards (IFRS), and the values stated in the consolidated financial statements are based on the IFRS. Unless there has been any specific objection, the values in this report include consolidated subsidiaries.

<Indication of Company Name>
In this report, "Hitachi High-Tech" refers to "Hitachi High Technologies Corporation."

#### Reporting Period

This report covers FY2015 (from April 1, 2015 to March 31, 2016). However, it includes descriptions of some activities that occurred before or after FY2015.

#### Forward-Looking Statements

Statements made in this Integrated Annual Report with respect to Hitachi High-Technologies Corporations' plans, strategies and future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Accordingly, actual performance may differ from expectations due to a range of factors including, but not limited to, changes in the Company's operating environment.

# "Challenge to Change"

# ~Toward an Affluent Society~

As advancements continue in information technology and modes of transport, etc., we are moving ever closer to the achievement of a borderless society in which people can live fulfilling lives. Meanwhile, we are seeing the actualization of social issues and global risks that have complex effects on people's lifestyles, such as climate change, and the dwindling of a number of different resources.

The Hitachi High-Tech Group aim to grow hand-in-hand with society and our customers by concentrating our management resources on our three business domains of Biotechnology and Healthcare, Social and Industrial Infrastructure, and Advanced Industrial Systems, in order to contribute to a future in which people are able to continue to lead healthy and fulfilling lives.



# **Biotechnology and Healthcare**



#### For Healthy and Fulfilling Lives

Responding to diversifying medical needs has become a social issue as aging populations in developed countries, and increasing population, particularly in developing countries.

We support clinical laboratories by providing hospitals and commercial laboratories around the world with clinical chemistry and immunodiagnostic analyzers that allows swift and accurate blood analysis. Furthermore, we are contributing to people's healthy and fulfilling lifestyles through efforts such as developing genetic analysis system using world-class analysis technology.

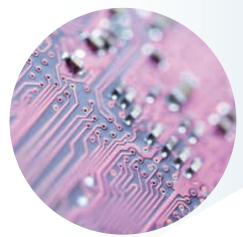
#### Supporting the Foundation of a Fulfilling Society

Creating a social and industrial infrastructure is a global challenge, given issues such as the global energy problems arising from dependence on limited resources and increasing demand as society progresses.

We support the social and industrial infrastructure that forms the foundation of personal lifestyle, as well as industry, using the exceptional technological capabilities that we have developed up to this point. We also utilize our global sales and procurement capabilities, including various scientific instruments, such as electron microscopes, a railway inspection equipment that supports the safe operation of railways, automated assembly and manufacturing system, and photovoltaic systems that use renewable energy and contribute to manufacturing, as well as value chain solutions that support corporate production systems.



# Social and Industrial Infrastructure



#### Creating the Future with Advanced Technology

Devices that connect to the Internet are not limited to smartphones and tablets, and the IoT (Internet of Things), which includes such products as automobiles and household appliances, is spreading rapidly. Coinciding with this, it has been a challenge to achieve technological innovation for semiconductor devices, for which high performance and reliability are required, in order to process, store, and analyze large quantities of information.

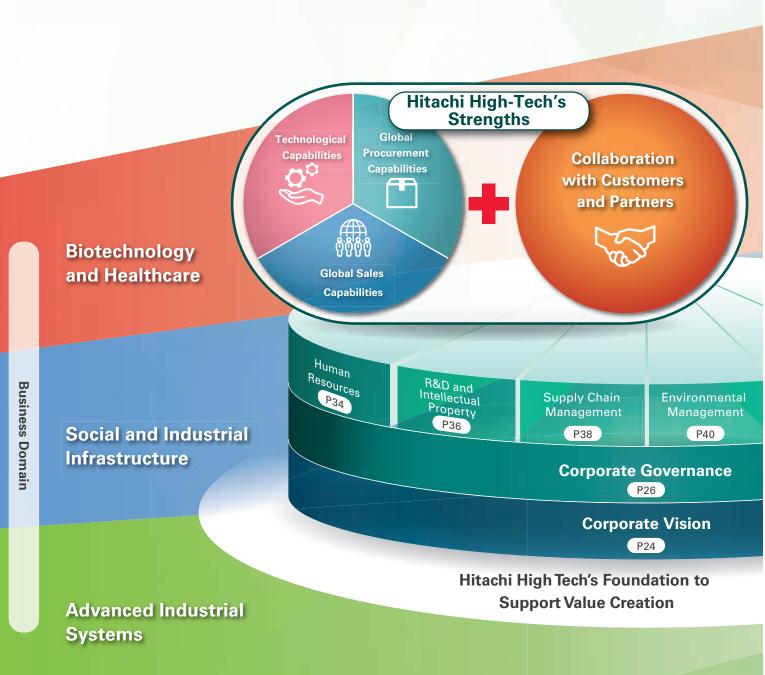
We have accumulated cutting-edge technology in the semiconductor manufacturing equipment business, as well as developing advanced process technology through collaboration with our customers, and we are contributing to the creation of a vibrant society of the future.

# **Advanced Industrial Systems**

# Hitachi High-Tech's Mechanisms for Creating Value

The Hitachi High-Tech Group provides high-tech solutions through its unique strengths of technological capabilities, global sales and procurement capabilities, through collaboration with customers and partners, and through business development that anticipates customer evolution.

Furthermore, assisting our customers to realize their maximum value leads to the solution of social issues and increased corporate value, and we are working to strengthen our management infrastructure, such as Human Resources and R&D (Research and Development), in order to achieve this value creation.



# Hitachi High-Tech's Strengths



Technological Capabilities

The technological capabilities that we have refined and accumulated over many years are the core of Hitachi High-Tech. We create a range of cutting-edge products based on the foundation of our core technologies: electron beam technology and spectroscopic analytical technology.



Global Sales and Procurement Capabilities

Hitachi High-Tech is a global company with locations in 23 countries and regions. We procure components from around the world to meet the needs of our customers, and provide high value-added solutions by utilizing the personal connections, trade relationships, and know-how that we have developed at each location.



Collaboration with
Customers and Partner

Hitachi High-Tech has built strong relationships of trust by continuing to provide our customers and partners with high-tech solutions. We grow alongside our customers and partners by creating new products and solutions through collaborations based on these solid relationships of trust.

Business
Development
Anticipating Customer
Evolution
(Mid-Term Management Strategy)



Communications with Local Communities P42



**Providing High-Tech Solutions** 

Increasing Corporate Value

Solving Social Issues

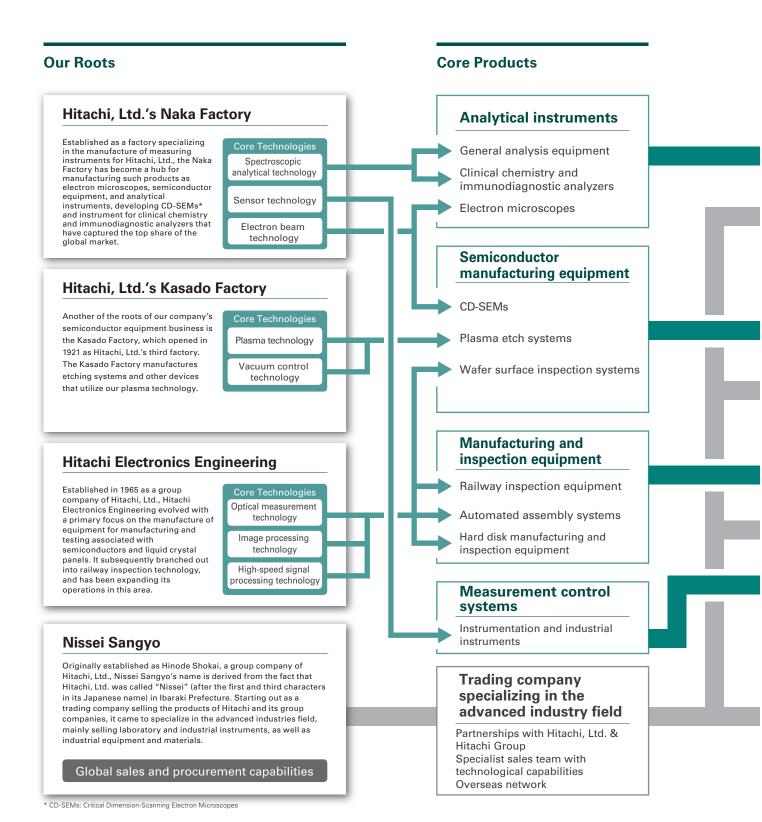
Maximizing Customer Value

**Value Creation** 

# Overview of Business

Hitachi-High Tech was created in 2001 from the merger of the Instruments Group and Semiconductor Manufacturing Equipment Group of Hitachi, Ltd. with Nissei Sangyo Co., Ltd., a trading company specializing in the field of advanced industry.

Currently we are expanding our four business segments (Science & Medical Systems, Electronic Device Systems, Industrial Systems, and Advanced Industrial Products) globally.



<sup>6</sup> 

#### **Business Segment**



These range from electron microscopes and scientific instruments used in a wide range of areas, such as in the research fields, to our clinical analyzers, the first in the world to incorporate immunodiagnostic functions into clinical chemistry analyzers. We have an excellent track record in the fields of life science and medical systems, both in Japan and globally. Our ability to offer solutions that combine our renowned base technology and applications, and our joint research and collaborations with the world's best, make us one of today's leading companies



Cutting-edge manufacturing of electronic devices requires further miniaturization, power conservation and other technological advances. Hitachi High-Tech supports these needs by supplying products that leverage its core technologies, such as process equipment and metrology and inspection equipment. Our core products include our global best-selling CD-SEMs and plasma etch systems that realize high-precision ultrafine processing. Our joint research and development with semiconductor manufacturers enables us to provide world-class solutions.



We supply a wide range of solutions in the social and industrial infrastructure fields, and these support people and society. Our core products include railway track and electrification inspection equipment essential to safe railway operation, general instrumentation systems, automobile component assembly systems, and IoT solutions. We are also involved in the environment and new energy fields, which is expected to see strong growth. In these and other ways, we are supporting people in living comfortably every day.



We make full use of our abundant trading know-how and networks, sales and procurement capabilities in industrial and electronics materials to provide value chain solution and support manufacturing in the highly competitive high-tech field. In addition, as a Hitachi Group trading company, we are making a positive contribution through global sales of group products.

# Mid-Term Management Strategy

Hitachi High-Tech has established policies for each of its three business domains of Biotechnology and Healthcare, Social and Industrial Infrastructure and Advanced Industrial Systems, based on the Long-Term Management Strategy devised in 2011, and has pursued strengthening of its business portfolio by shifting resources to growth fields.

Hitachi High-Tech has formulated a Mid-Term Management Strategy running from FY2016 to FY2018 in order to implement concrete strategies and measures based on its business portfolio strategy, and thereby accelerate further growth toward 2020.

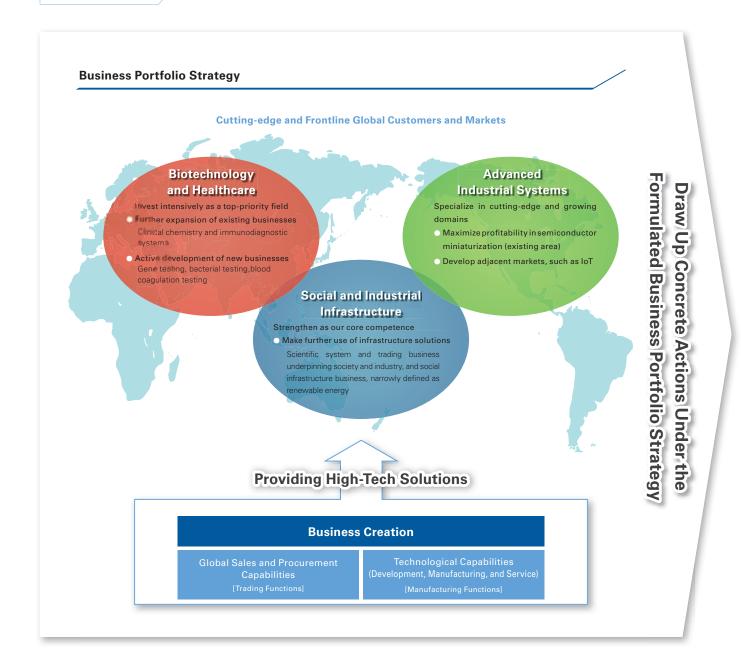


**Corporate Vision** 

To consistently aim to be Global Top in high-tech solutions

**Mission** 

To turn our customers into fast-moving, cutting-edge businesses



# ■ Mid-Term Management Strategy (FY2016 - FY2018):

#### "Move forward with the Courage to Change and Be Changed"

#### (1) Basic Policy

Hitachi High-Tech has embraced the following two themes as its Basic Policy, as part of its efforts to tackle the "Challenge to Change."

Transform to more customer-centric organization

Respond in detail to individualized needs and provide solutions with highly expertise

Transform to autonomous and decentralized organization

Promote changing awareness to "Think, Decide and Act Autonomously" with the perspective of total optimization

#### (2) Mid-Term Management Strategy Policy

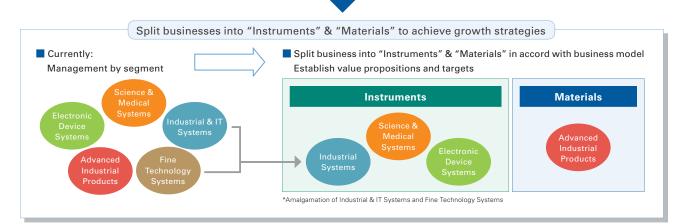
Maintain profits earned by our main business and promote resource strengthening and investments

~FY2015

Recovery from earthquake devastation (Refurbishment of buildings, etc.)
Structural reform (OLED business and chip mounter/die bonder business)

\*FY2018

Form growth cycle for 2020
(R&D, IT/service, inorganic investments\*)



#### (3) Mid-Term Management Strategy Targets

KPI\*2 Formulate and execute growth strategies to achieve targets Revenues CAGR\*3 by business > Market growth rate Instruments EBIT margin\*4 of 10% or more **Materials** Absolute EBIT of ¥5 billion or more Ratio of EBIT from service business\*5 to overall: EBIT maintain at 50% or more Investment Proactively make investments to execute growth strategies (FY2016-FY2018 cumulative) Strategy Size of Investment Increase investments centered on the biotechnology and medical products business ¥80 billion (Increase by 30% versus FY2013-FY2015) Manufacturing ability expansion, and technology strengthening to support business ¥40 billion • Strengthening collaboration with customers through demonstration facilities expansion Biotechnology and ¥30 billion Shareholder Maintain a stable dividend, targeting a dividend payout ratio of 30%

<sup>\*1</sup> Inorganic investment: Investment for the purpose of growth through alliance with other companies and M&As \*2 KPI: Key Performance Indicator \*3 CAGR: Compound Average Growth Rate \*4 EBIT (Earnings Before Interest and Taxes): Earnings after the subtraction of interest income and interest expense from income before income taxes. EBIT margin: EBIT/Revenues; Indicator of profitability, derived from the formula. \*5 Service business: Product maintenance services, IT solutions, trading services, and others.

# President's Message



Hitachi High-Tech Group has embraced the corporate vision of "To consistently aim to be Global Top in hightech solutions." Guided by this vision, the company has been advancing businesses with a mission of "To Turn our Customers into Fast-moving, Cutting-edge Businesses."

As the global economy and the business environment changes at a dizzying pace, we have taken a new step forward by formulating our Mid-Term Management Strategy running from FY2016 to FY2018, in order to accelerate growth and realize our corporate vision.

The President and CEO will now report our results for FY2015, as well as present an outline of the "Mid-Term Management Strategy" and "Corporate Vision."

President and CEO



### Activities and Results of Business in FY2015

In the business environment in FY2015, the Japanese economy during the period under review continued to show signs of gradual recovery, with improvements in business performance particularly that of large corporations. However, the future remained uncertain due to the economic slowdown in China and other emerging countries as well as resource rich countries, the continuing strong yen and a global trend toward declining share prices in the last half of the period.

Under such circumstances, we have strengthened our business portfolio with an eye to realizing the corporate vision. In the Biotechnology and Healthcare, we have actively expanded business into new fields, as seen in a successful increase in sales of clinical analyzers and the formation of business collaboration with a major overseas company in the genetic testing field. In the Social and Industrial Infrastructure, we increased sales primarily by strategically injecting new products such as electron microscopes

and railway inspection equipment into the market. In the Advanced Industrial Systems, we realized through collaboration with major customers, the expansion of application of semiconductor process manufacturing equipment to the next generation process and the introduction of optical inspection equipment to new customers. In order to enhance its cost-competitiveness, the Group continued to promote thorough streamlining of business processes through Company-wide operational reform activities, named the Smart Transformation Project, in addition to activities to reduce expenses

As a result, we achieved an increase in revenues and profits, with revenues rising 2% year on year (the same applies hereinafter) to 629 billion yen, while the EBIT rose 8% to 48.2 billion yen. Net income attributable to Hitachi High-Technologies Corporation stockholders rose 16% to 36 billion yen.

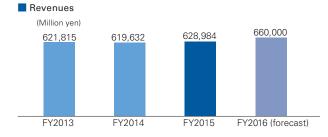


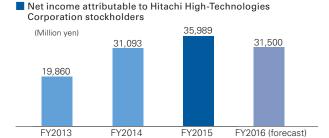
### Business Environment and Forecasts for FY2016

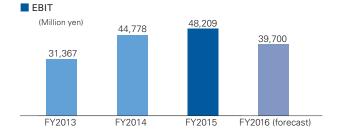
As for the business environment for FY2016, in Japan, even after the introduction of negative interest, share prices continue to be low and the yen continues to be high, giving a sense of uncertainty about its economic future, despite signs of gradual economic recovery, such as strong consumer spending due to improved employment situation and increase in capital investment by corporations. In the US, with improved employment, consumer spending continues to grow and the US economy is expected to make a mild recovery. Meanwhile, due to financial uncertainty in Europe, continuous geopolitical risks, the slowdown of Chinese economy, financial deterioration of resource rich countries and materialization of other risks, deteriorating economic conditions at a global scale is also a growing concern, making the situation unpredictable.

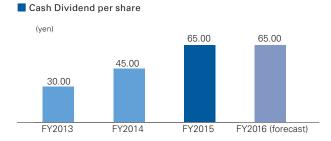
With regard to business conditions in each segment, in the Science & Medical Systems market, overseas demand for Scientific Systems is expected to increase. In the Biotechnology & Medical Products, there are concerns about changes in Chinese market conditions, despite the expectations of the growth of the overall market. Furthermore, in the semiconductor manufacturing equipment market, although there is a sense of uncertainty regarding future investment trends, investment in advanced logic, foundries, and memory is expected to firm. In the Industrial Systems market, it is expected that capital investment for social and industrial infrastructure will pick up. In the Advanced Industrial Products market, there are concerns about a slowdown in smartphones and other mobile communications equipment and the impact of low commodities prices, in spite of the firming of automotive components.

Under these circumstances, we promoted revenue increases and reductions of expenses, and worked to secure EBIT through the thorough implementation of the business strategies of individual business segments. Forecasts for FY2016 are for revenues to rise 5% year on year (the same applies hereinafter) to 660 billion yen, for EBIT to fall 18% to 39.7 billion yen, and for Net income attributable to Hitachi High-Technologies Corporation stockholders to fall 12% to 31.5 billion yen, due to the effects of exchange rates, with the yen's continuous appreciation and the aggressive investment provided for in the "Mid-Term Management Strategy."











### Formulation of the Mid-Term Management Strategy

#### Taking a New Step Toward Becoming a Company that Continues to Grow

As mentioned above, the business environment in which we operate is changing on a daily basis, and as the pace of change is becoming exceedingly rapid, we must "Challenge to change."

The Hitachi High-Tech Group has established policies for each of its three business domains of Biotechnology and Healthcare, Social and Industrial Infrastructure, and Advanced Industrial Systems, based on the Long-term Management Strategy devised in October 2011, and has pursued strengthening of its business portfolio by shifting resources to growth fields. Hitachi High-Tech has formulated a Mid-Term Management Strategy running from FY2016 to FY2018 in order to implement concrete strategies and measures based on its business portfolio strategy, and thereby accelerate further growth toward 2020.

Until FY2015, the Company was going through a period of consolidation, with resources being directed to the repair of factories that had been damaged in the Great East Japan Earthquake, and structural reform of underperforming business. Looking forward, we consider the 3-year period from FY2016 to FY2018 to be an important period for the formation of the growth cycle leading up to 2020. We are taking an aggressive stance through such means as actively making strategic investments in research and development, with a Mid-Term Management Policy of keeping profits earned by our main business and promoting resource strengthening and investments.

Furthermore, we will challenge ourselves to have the courage to change and be changed, under our "Mid-Term Management Strategy's" Basic Policies; (1) Transform into a more customer-centric organization, in order to respond in detail to individualized customer needs, and provide solutions based on sophisticated expertise, and (2) Transforms to autonomous and decentralized organization, in order to promote a change in awareness to "Think, Decide, and Act Autonomously" based on the perspective of total optimization.



### Outline of the "Mid-Term Management Strategy"

#### Providing Higher Value Through Appropriate **Management of Each Business**

In the course of executing the Mid-Term Management Strategy, we will embrace a management approach that classifies business into "Instruments" and "Materials" according to business model characteristics, instead of the traditional approach of management by segment. Hitachi High-Tech will establish value propositions and targets in both of these two new categories in conjunction with advancing business in each area. This is in order to manage each business segment in the most appropriate manner, with the aim of providing our customers with even greater value.

Three segments have been classified as Instruments - that is, Science & Medical Systems, Electronic Device Systems, and Industrial Systems - we will conduct business that start with equipment and instruments, whether products are manufactured inhouse or are trading items. However, we will not provide customers only with equipment and instruments; we will think "what customers intend to achieve by purchasing those equipment and instruments" and will strive to provide solutions that combine applications and services, such as adding new value.

The segment that has been classified as "Materials" is the Advanced Industrial Products. As globalization has progressed, the needs of customers have changed, so that conventional procurement of components is no longer sufficient. Customers now seek support that includes maintenance, and occasionally total management that includes infrastructure, financing, and even distribution for the customer's overseas expansion. We aim to contribute to our customers as a full-value-chain organizer that provides a complete value chain from planning and development of products required by our customers to procurement, manufacture, sales, and servicing, leveraging the network we have developed as a trading company.

#### Steadily Investing in an Active Growth Strategy While Increasing Revenues

In the Mid-Term Management Strategy, with regard to Revenues, we aim for growth that exceeds the market in both Instruments and Materials. With regard to profitability, we aim for an EBIT margin of 10% or more in Instruments and a total EBIT of 5 billion yen or more in Materials. Furthermore, we aim to stabilize our revenue base by having service businesses, such as product maintenance services and trading services, account for 50% or more of EBIT in each business segment.

With regard to research and development, we plan to invest 80 billion yen during the three-year period from FY2016 to FY2018, focusing on the Biotechnology and Medical Products. This is approximately 30% more than the amount invested in the three-year period from FY2013 to FY2015. With regard to capital investment, we intend to invest 40 billion yen for the purpose of deepening collaborations with customers through expansion, such as extension of production capabilities and enhancement of industrial technology, as well as the expansion of demonstration facilities, with a focus on Electronic Device Systems and Science & Medical Systems. As for business investment, we intend to invest 30 billion yen, with a focus on Biotechnology and Healthcare and Social and Industrial Infrastructure. Furthermore, we will promote further business investment, such as by conducting M&A using

The central pillar of the targets in the Mid-Term Management Strategy is to steadily increase the revenues and EBIT of each business segment while actively investing in these growth strategies. Thus the Hitachi High-Tech Group adopts an aggressive stance



Also regarding shareholder returns, it is our basic policy to return a suitable amount of profit to shareholders while strengthening our financial position and management base. Specifically, we strive to

pay a stable dividend of 30%, while striking a balance with internal reserves.



### As a Trusted Company by Society

#### Contribution to the Growth of Society and Company Together with Our Stakeholders

The Hitachi High-Tech Group's corporate philosophy is to "become a successful enterprise trusted by all our stakeholders and contributing to the social progress through business activities that emphasize value creation through high-tech solutions."

As the basis of our business activities, we consider it important to ensure thorough corporate governance to enhance the transparency of management and conduct management that fulfills our corporate social responsibility. We are enhancing our functions for the supervision of business execution as a company with a nominating committee, etc., and are actively implementing the Corporate Governance Code on this basis. Furthermore, as we expand our business activities into the global market, we are actively engaging

in diversity management. That helps produce innovation and create an environment that is conducive for our employees to work, while gaining an understanding of diverse viewpoints and cultures. Welcoming a diverse range of sensibilities and values, producing new ideas, and creating a strong organizational framework to outperform global competition, while fostering a corporate culture that respects the diversity of society will lead to the growth of the Hitachi High-Tech Group. We will also continue to communicate with all Hitachi High-Tech Group stakeholders, including customers, suppliers, employees, local communities, shareholders, and investors, while contributing to the realization of a vibrant society through the provision of products and services. We believe that being useful to society and contributing to society are our raison d'etre. Accordingly, we will contribute to the solution of a range of social issues as a company that is trusted by society.

# Supervisory Disposition and Suspension of Designation Under the Construction Business Act

On January 13, 2016, instructions under Article 28, Paragraph 1 of the Construction Business Act, business suspension order under the provision of Article 28, Paragraph 3 of the Construction Business Act and suspension of designation were given or ordered to Company by the Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau in relation to pile work of a condominium located in Yokohama City. The Company gravely accepts these dispositions, and strives to ensure that all laws and regulation are strictly complied with and to strengthen relevant systems to prevent similar incidents in the future.



# Message from General Manager



Toshiyuki Ikeda Senior Vice President and Executive General Manager, Science & Medical Systems Business Group

#### Continuous Contributions to the Furtherance of Science and Society in the Field of Observing, Measuring, and Analyzing

In Science & Medical Systems, we contribute to the furtherance of society with the development of high value-added products using a spectroscopic analytical technology and an electron beam technology. These are our core technologies, which we developed at our design and manufacturing site in the Naka Division. In the Biotechnology and Medical Products Business, we leveraged our strength of being able to customize spectroscopic analysis technology to specific purposes in order to develop the world's first clinical analyzer that combines a clinical analyzer with immunoassay functions. This analyzer has contributed to the improvement of people's lifestyles by supporting the development of an innovative diagnostic technology and has been installed at hospitals and commercial laboratories around the world. Furthermore, in the Scientific Systems Business, we contribute to materials and devices engineering through highresolution inspection and analysis of materials and also play a major role in the furtherance of experiment of scientific theories and scientific research by developing electron microscopes that lead the field of cutting-edge technologies, applying the electron beam technology that we have been developing over many years. The strengths driving value creation of Science & Medical Systems are our world-leading technological capabilities to customize aforementioned core technologies to specific applications, as well as our application development capabilities to produce highly original solutions by deepening joint research and collaboration with cuttingedge customers, universities and research institutions, and lastly our marketing capabilities tailored to our customers add to the strengths. In the field of observing, measuring, and analyzing, we will continue to contribute to the furtherance of science and society by providing high-quality products.

#### Active Growth Strategic Investment and Enhancing Business Infrastructure

In both Biotechnology and Medical Products Business and Scientific Systems Business, although there are ongoing fluctuations in demand for equipment due to the economic conditions in each country, going forward, we anticipate that the need for high-precision analysis will

increase in cutting-edge fields, such as the environment, new energy, new materials, and life sciences, resulting in market expansion in new fields of business. Under these conditions, the business sector that we will be focusing on in the three years from FY2016, in order to speed up growth leading up to 2020, is Biotechnology and Medical Products Business. Through the synergy of our core analytic technologies and biotechnology and medical products, we aim to actively invest and create new business, and thereby further enhance our business. To that end, in FY2016, we created a separate management division for biotechnology and analysis, and we are expanding our business portfolios in the three sectors of medical systems, bio analytical systems, and science systems.

#### Science & Medical Systems is the Key to Group-Wide Growth

In addition to reaching the targets set in the Mid-Term Management Strategy, looking forward, the Hitachi High-Tech Group feels that growth in Science & Medical Systems is the key to sustainable group-wide growth. In this industry, where there is intense technological competition, if you are unable to demonstrate to the market that you are able to create new products, there will be limited market uptake of your new technologies and information. In order to further improve our position in the market, we have expanded our portfolio by merging with SII Nanotechnology Inc. to create Hitachi High-Tech Science Corporation. Furthermore, by maximizing and optimizing our manufacturing, sales, and marketing functions on a global scale, we aim to adopt a structure that allows us to expand our business scale and maintain a growth trajectory.

#### Growing as One While Continuing to Respond to the Demands of Society

The thing that we value most is to remain as a company that can provide society and our customers with what they require. We grow along with society and our customers by responding to their requirements throughout the value chain from development to marketing and support, such as through daily technological research, understanding our customers' needs, and after-sale support. Our growth model, with this kind of beneficial cycle, is the most important thing to us. In order to achieve this, we must construct a framework that enables us to take on board the opinions of our cutting-edge customers as quickly as possible. Furthermore, in order to respond to these opinions, it is now even more important than it has been in the past to deepen joint research and collaborations with customers, universities, and research institutions, and further promote open innovation. We will continue to evolve our growth model, which is rooted in our technological capabilities and product development capabilities. In addition, we will create new value by responding appropriately to the needs of all industrial sectors, such as the nanotechnology and biotechnology, and by providing products and solutions, such as rapid commercialization of new products in the in-vitro diagnostics market and the development of new dedicated machines.

# Biotechnology and Medical Products Business

Vision

Become a Global Player in All In-vitro Diagnostics Markets

# **Business Environment**

Out of all the in-vitro diagnostics markets, the 2016 to 2018 average annual growth rates in the clinical chemistry and immunoassays market (combined equipment and reagents) in which the Hitachi High-Tech Group boasts the top share, are expected to be 2% for the biochemical testing market, and 5% for the immunodiagnostics market. It indicates that these are mature markets. Conversely, in the genetic and bacterial testing markets, the growth rate is expected to be 10% in the genetic testing market, and 7% in the bacterial testing market, giving these business sectors the highest growth rates in the in-vitro diagnostics markets.

- Clinical Chemistry and Immunoassays Market (Combined **Equipment and Reagents)** 
  - > Although in developed countries, impact on market growth of regulatory policies over medical expenditures are concerned. stable market growth is expected in China and emerging countries due to reforms of medical systems etc.
  - Investment in equipment and reagents are being retrained while the number of clinical tests is on an upward trajectory.

#### Genetic and Bacterial Testing Market

In the field of genetic research and diagnostic, the capillary electrophoresis (CE) sequencer market experienced negative growth; however, double-digit growth is expected for nextgeneration sequencers, particularly cancer panels, etc., for clinical research.

# **Business Strategy**

#### Investment for Realizing Growth in 2020

Prioritized Investment in Existing and New Businesses

Business Unit	Market	Strategy			
Existing Businesses	Clinical Chemistry and Immunoassays	Further cultivation of System Collaboration Business (SCB) with our partners     Continued investments for strengthening the manufacturing platform, such as expansion of production capabilities			
New Businesses	Genetic and Bacterial Testing	Promotion of investment for developing a SCB with a competitive reagent companies Starting a genetic and bacterial testing business			

#### Leveraging Core Analytic Technologies to Strengthen the Biotechnology and Medical Products Business

By adapting the core analytic technologies developed in the Scientific Systems Business into biotechnology and medical products, we aim to develop new products and create new businesses and solutions.

Spectroscopic/chromatography/ mass spectroscopy/ X-ray analysis/fluid control



### Biotechnology and Medical

- Develop dedicated machines · High-sensitivity
- hematological analyzers · Genetic testing, etc.

# Issues and Initiatives in FY2016

#### Strengthen Competitiveness of Existing Businesses

Promote model change from existing products (e602) in conjunction with launching sales of the e801 high-speed immunoassays module to the cobas 8000 series in Europe



- Expand of sales of the cobas c513 dedicated diabetes (HbA1c)
- Provide in-vitro diagnostic testing analyzers and reagents as well as establish a service joint venture in China

#### Proactive Investments for Strengthening the Business Base

Strengthen manufacturing capability through the establishment of Hitachi High-Tech Kyushu Corporation

Hitachi High-Tech Kyushu Corporation will be established for the purpose of upgrading and expanding its production capabilities for clinical analyzers and biotechnology instruments and further enhancing operating efficiency across the entire Hitachi High-Tech Group, Hitachi

High-Tech Group will work on achieving speedy product development and enhancing its technology development capabilities in the highly competitive and fast-changing Biotechnology and Healthcare field.

#### Early Setting Up of New Businesses

Beginning sales of simultaneous multiple gene testing reagents as in-vitro diagnostic products

Hitachi High-Tech has marketed the equipment and reagents that comprise the Verigene automated simultaneous multiple gene testing system, which is produced by the US company Nanosphere, Inc., for research purposes in Japan. On July 1, 2016, we began sales of the simultaneous multiple gene testing reagents from the system as in-vitro diagnostic products. Greatly reducing the time required for testing enables the swift prescription of an effective and appropriate antibiotic for treatment.

Beginning with the provision of the equipment and reagents in this system, we are promoting active business expansion in the genetic and bacterial testing market, for which future growth is expected.



Verigene rapid bacterial testing systems by

# Scientific Systems Business

Vision

Aiming to Be a Global Major Player in Analytical Instruments Markets

### **Business Environment**

#### Electron Microscope Market

- In the electron microscope market, an average annual growth rate of 2 to 3% is expected in the period from 2015 to 2018.
- Increasing following observation needs in Environment and Energy. (High resolution, high precision, reaction process analysis).
- Increasing three-dimensional analysis needs from advanced materials to bio-sample.

#### Scientific Instruments Market

- In the scientific instruments market, the average annual growth rate is expected to continue to increase by 2 to 3% in the period from 2015 to 2018.
- Demand for high-precision, high-throughput dedicated machines is forecast to rise in cutting-edge fields, such as life science, environment and new energy, and new materials.

# Business Strategy

- Become a global leader in electron microscopes by 2020
- Leverage in-house development, alliances and M&As to strengthen technologies, products, and sales network, and provide solutions
- Expand the Electron Microscopes and Scientific Instruments Business by Completing the Product Lineup and Strategically Moving into Each Field



Strategically Move into Each Field · Provide Solution · Application and dedicated machines

#### Promote to Provide Solutions to Each Field

- In-situ observation for automobile\*1
   Positive electrode material evaluation in battery (SEM\*2/
- SPM\*3 synergy)

   Mineral evaluation for natural resources (Particle analysis)

- Dedicated metal particle contamination inspection equipment for fuel cells and LiBs'
- Develop dedicated machines centered on mass spectrometers
- \*1 In-situ observation: Observation of the specimen in the environment in which it is used
- \*2 SEM: Scanning Electron Microscope \*3 SPM: Scanning Probe Microscope
- \*4 LiB: Lithium-ion Battery

# Issues and Initiatives in FY2016

- Strengthen the Global Sales Network and Marketing **Functions** 
  - Strengthen the sales networks, particularly in Europe and South Korea (electron microscopes)
  - > Strengthen the sales agent networks, particularly in China and ASEAN (scientific instruments)
- Continuously Introduce New Products for the Volume Zone
  - ▶ FlexSEM 1000 Scanning Electron Microscope

This new model of scanning electron microscope caters to the need for equipment that can conduct highmagnification and high-resolution observation of surface structures, and easily and quickly acquire high-definition data. In addition to miniaturization of the equipment so that it can fit on a tabletop, we have also achieved observation at equivalent resolution to top-end models, as well as improvements in operability.



AFM5500M Scanning Probe Microscope SPM instruments make it possible to observe and measure the surface of the specimen at a nano level. They have been mainly used for nano-scale fundamental research in a wide range of fields, including organic chemistry, polymer science, electronics, etc. AFM5500M has improved measurement precision and operability, so that it greatly reduces stress on the operator while achieving a high level of precision.



#### Provide Solutions and Expand Sales of Dedicated Machines

- Strengthen sales of SEM/SPM as systems
- Sell liquid chromatography and mass spectrometry equipment as systems
- Sell in-line metal particle contamination inspection equipment for fuel cell and LiBs



#### Hitachi High-Tech and QIAGEN enter into long-term strategic collaboration for molecular testing

The German company QIAGEN N.V. possesses the highest level of 'DNA extraction technology, reagent development and manufacturing technology, and test analysis methods in the industry. Hitachi High-Tech will pursue joint development and sale of products through collaboration with QIAGEN, which has fostered development of equipment and manufacturing technology in its invitro diagnostics business.



#### Establish a Marketing and Servicing Joint Venture for In-Vitro Diagnostics Analyzers and Reagents in China

A new company, Hitachi High-Tech Diagnostics (Shanghai) Ltd., was established in September 2016 through a joint venture between Hitachi High-Technologies (Shanghai) Co., Ltd. and Shanghai Nichiwa Trading Co., Ltd. which is one of Hitachi High-Tech's major medical equipment sales agents in China.

It is rolling out one-stop total solutions with sales of analyzers and reagents for carrying out the blood tests crucial for conducting clinical chemistry diagnostics, as well as services providing daily support for the tests throughout China.



#### Tabletop Atmospheric Scanning Electron Microscope, AeroSurf 1500, for Observation of Wet Specimens at Atmospheric Pressure

The AeroSurf 1500 is capable of SEM observation of specimens at atmospheric pressure rather than in a vacuum. It can conduct SEM observation of high-moisture specimens, such as biological specimens, without troublesome pre-processing, such as securing, dehydration, and drying.



#### Promotion of Open Innovation

In recent years, the technology to directly observe cells and proteins, etc., with electron microscopes has been sought after in the medical field. In the Scientific Systems Business, Hitachi High-Tech and Nagoya University jointly developed technology to refrigerate living cells and eliminate damage from electron beams. Furthermore, we aim to contribute to the progress of science and society by swiftly responding to the needs of advanced markets through collaboration with over 20 customers at the forefront of their respective fields (universities, research institutions, and corporations) in a range of sectors, such as the environment and new energy sources, new materials, life sciences, and electronics, in addition to conducting R&D in conjunction with the Hitachi Group.

# Electronic Device Systems

Vision

Pursuit and Creation of New Value in Partnership with Customers

### Message from General Manager



Katsutaka Kimura Senior Vice President and Executive Officer. General Manager, Electronic Device

Systems Business Group

#### Pursuit and Creation of New Value in Partnership with Customers

The Electronic Device Systems arose from Instruments Group and Semiconductor Manufacturing Equipment Group of Hitachi, Ltd.. We have developed pioneering products by accumulating superior core technologies, such as electron beam technology, plasma technology, and vacuum control technology through collaboration with Hitachi Ltd.'s research laboratories and strategic partnerships with external research institutions. We successfully adapted these core technologies conventionally used in scientific analysis observation to industrial high-precision measurements. By providing products, such as metrology and inspection systems in the semiconductor field, we have held the top global market share for more than 30 years, and have contributed to cuttingedge processing technology over the long term. The strengths that are the source of value creation in Electronic Device Systems are our technological capabilities developed through continuously challenging ourselves, our research capabilities that connect this exceptional technology to industrial uses, and collaboration with cutting-edge customers. The semiconductor market is subject to constant technological innovation and huge changes in the market environment. However, we will continue to search for and create new value in partnership with our customers by leveraging the strengths that we have fostered up to this point and looking even further ahead to identify trends in end products and conduct business development for semiconductor manufacturers that undertake development of semiconductor devices (customers).

Expand Foundational Businesses and Promote Business Development in Response to New Needs and in New Markets As social lifestyle changes greatly due to the evolution of mobile communication, there is a growing demand for the ability to propose solutions that meet diverse needs, such as advanced performance and reliability optimized for the application and low energy products to reduce environmental impact, in addition to the scaling of semiconductor circuits, for the electronic devices, such as semiconductors that support social infrastructure. In Electronic Device Systems, in addition to maintaining and expanding the scale of our business in the field of semiconductor scaling, which is the foundational business, we will also accelerate growth by expanding our business portfolio in the three areas; (1) new structures and technologies (2), semiconductor peripheral market, and (3) new fields, in order to respond to new needs.

#### Achieving Growth in Excess of CAGR in the Semiconductor Manufacturing Equipment Market

The most important element of maintaining and increasing our foundational business is deepening so-called early collaboration by getting involved with our customers from the beginning of the device development stage. With that in mind, in FY2014, we established engineering sites adjacent to the development sites of our cutting-edge customers. This fiscal year, we will shift resources to conduct even more development with close ties to our customers, by expanding functionality at our overseas sites and increasing the number of engineers. Furthermore, we have established the Customer Solutions Div. as a specialist organization to respond to the diverse range of customer needs, with the aim of creating new businesses that are independent of the existing semiconductor manufacturing equipment business. We then aim to expand our service business by applying knowledge that we have gained through this on a worldwide scale, and by providing additional solutions for equipment that has already been delivered. By ensuring the implementation of this strategy, we will achieve growth in excess of CAGR (compound annual growth rate) in the semiconductor manufacturing equipment market (front-end).

#### Aiming to Create Innovative One-of-a-Kind Products

Semiconductors and semiconductor manufacturing equipment are expected to continue to be growth industries. However, as the world of the IoT continues to expand, the applications of semiconductors are surely changing, and the needs of customers are expected to further diversify. We will invest even more heavily in R&D in peripheral markets and new fields, etc., and to create innovative one-of-a-kind products in order to adapt steadily and proactively to these changes. In order to do this, we will further strengthen relations with our customers, in addition to partnering with Hitachi Ltd.'s research laboratories and external research institutions to make maximum contributions to turn our customers into fast-moving, cutting-edge business.



# Business Strategy

#### Promote Business Development in Response to New Needs and New Markets

**Business Expansion in** 

- Etching systems: Strengthen development structures at overseas sites to boost customer response capabilities
- Metrology and inspection systems: Supply products in a timely manner through development in close contact with customers

Respond to Diverse Needs Such as New • Strengthen the new product lineup Developing products that are customized to each platform, and providing solutions that are appropriate for changing manufacturing, metrology, and inspection needs such as three-dimensional structure and new materials

**Business Development** into Peripheral Markets  Responding to new needs in the cutting-edge process market Developing cutting-edge semiconductor packages (wafer level packages: WLP) and semiconductor devices of small-diameter wafer sizes that support the IoT market

In April 2016, we established the Customer Solutions Div. as a specialist organization to accelerate our initiatives.

**Expand Service Business** 

 Expand service business with worldwide Promoting business expansion by extending our service menus



- Expand and Enhance the Functions of R&D Sites Around the World to Deepen Early Collaboration
  - Increase the headcount of engineers at overseas engineering sites to strengthen development in close contact with customers
- Accelerate Growth by Launching New Businesses and Expanding the Service Business
  - ▶ Customer Solutions Div. was established as a new organization for responding to the changing customer needs

▶ Reinforce the facilities of engineering sites around the world (Japan (Naka and Kasado Division), US, and Taiwan)

- · Successive rollout of new products aimed at peripheral markets to existing businesses, such as IoT, automotive, power devices, and WLP
- · Proposing new solutions such as upgrading previously delivered equipment and improving productivity of existing production lines (Continued Improvement Plan: CIP)

#### Advanced CD-SEM CS4800

(A sustainable CD measurement solution to a wide range of 4, 6, and 8 inch wafer Fabs)

CS4800 is a CD-SEM for 4, 6, and 8 inch wafer sizes, and we have achieved improvements in resolution of secondary election image and measurement reproducibility by including the cutting-edge measurement technology that Hitachi High-Tech has developed. The CS4800 contributes to stable production and the development and manufacture of new devices, as semiconductor devices such as wireless communication devices or MEMS sensors that use wafers of 8 inches or smaller become increasingly important in supporting the IoT market, which is expected to grow.





# Message from General Manager



Hiroshi Tajima Executive Officer, General Manager, Industrial Systems Business Group

#### Contributing to the Creation of Maximum Value for Customers Through New Business Operation System

In the Social and Industrial Infrastructure Business, we aim to strengthen and solidify our business foundation. From FY2016, we have combined Industrial & IT Systems and Fine Technology Systems, creating the new Industrial Systems Business Group. Through this, we will be able to provide system solutions that fully maximize resources by incorporating added value to each business using the sales and technological capabilities developed through the Social Infrastructure and Industrial Infrastructure Businesses, supported by our ICT Solutions Business, which provides IoT platforms and cloud computing solutions.

# Aiming to Be a One-of-a-Kind Solution Provider in the Industrial

Industrial Systems is a unique segment, covering an extremely broad range of business fields and stocked products, producing in-house products such as industrial instruments and railway inspection equipment, and continuing the trading functions of Nissei Sangyo. We believe that in order to achieve sustainable growth, we must conduct investment to thoroughly strengthen our business if we determine that we are able to secure the market share, even in niche markets. For markets in which we have already secured a share, for example, production equipment for lithium-ion rechargeable batteries aimed at the electric vehicle market and railway inspection equipment, we will promote product development and ensure complete product lineups to secure our market share against other companies. Additionally, we aim to be a "One-of-a-Kind Solution Provider" that creates high-value-added businesses by being thought of as synonymous with certain products.

#### Further Strengthening Sales Capabilities in Close Contact with Customers

In order to be truly one-of-a-kind, the most important thing is to further strengthen sales capabilities which one of our strengths. We mostly handle products through a direct sales framework. Since up to this point, we have developed our sales activities in close consultation with our customers, our sales team has been able to fully understand the issues that our customers are dealing with, which our customers' factories and partners (supplying manufacturers) cannot be aware of. Thus, we have provided the best solutions such as ensuring that we reflected these issues in our customers' subsequent manufacturing, and searching for new partners. By further enhancing these sales capabilities that promote close ties with our customers, we seek to improve customer satisfaction.

#### Contributing to the Development of Society by Providing Creative and Innovative Value

In FY2016, we started afresh, with new organizations and structures. Going forward, we will thoroughly expand the scale of our businesses. The automotive field is one of the pillars of the Industrial Infrastructure Business. We will expand sales of manufacturing equipment, as well as solutions and key devices, targeting everything from functional components for conventional automobiles to parts for electric vehicles and parts that are necessary for advanced driver assistance systems. In the Social Infrastructure Business, we will expand our renewable energy business, which includes solar power generation, in addition to enhancing product development for industrial instruments and control systems and railway inspection equipment. For more than 40 years, the Company has leveraged its strength of being the only company in the Hitachi Group with a site in Cuba to develop the Cuban market. In the ICT Solutions Business, we aim to provide solutions with maximum added value by improving the quality of service, and leveraging our IoT platforms and analysis solutions for the Social Infrastructure and Industrial Infrastructure Business.

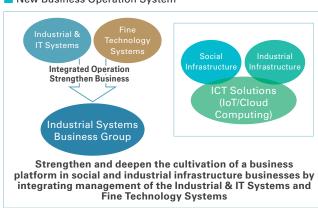
In order to globally spread businesses that leverage the strengths of Japan, which is a nation known for science and technology, we will pursue technology and fields in which Japan has the global top share. We will contribute to the development of society by providing the creative and innovative value that has come to symbolize Hitachi High-Tech.



# Business Strategy

#### Integrated Operation of Social and Industrial Infrastructure Business Operation

New Business Operation System



- Optimize the mix of technological and marketing capabilities by integrating management in each business domain
- Provide optimal solutions that help maximize customers' value

#### Social Infrastructure

Railway	
Inopostion	

- Expand our inspection equipment business and promote overseas business development
   Develop applications for imaging technology
- Systems
- Strengthen product development of general control systems and industrial instruments
   Strengthen business overseas, particularly in Asia
- Renewable energy business expansion Strengthen the power systems business targeting emerging countries
- Industrial Infrastructure
- Strengthen dedicated marketing to expand sales of automobile component assembly systems
- Provide LiB manufacturing solutions
- Develop new products and engineering methods in thin-film manufacturing systems
- JP\* for Industry Start up businesses in collaboration with strategic partners
- ICT Solutions
- Strengthen engineering that utilize IoT data and development structures
- Construct the IoT cloud and strengthen security

# Issues and Initiatives in FY2016

#### Social Infrastructure

- Expand business in railway inspection equipment mounted on operating railcars
- ▶ Promote new product development of general control systems and industrial instruments
- ▶ Promote joint mega-solar businesses (EPC\*) (Komatsu City Ishikawa Pref., Misawa City Aomori Pref., etc.)
- Develop the Cuban market centered around power generation
- \*EPC: Engineering, Procurement, and Construction

#### Industrial Infrastructure

- Expand the business in automobile component assembly system, and develop advanced fields
- Expand mass-production facilities for LiBs for electric vehicles
- Start up new businesses, including in thin-film systems and industrial ink-jet printers

#### ICT Solutions

- Create value-added solutions for issues confronting customers
- Provide IoT solutions in collaboration with the Hitachi Group

#### Pick-Up Topic

#### **Beginning Provision of Financing** Services that Utilize the IoT

We began pay-as-you-go financing services that utilize the IoT for machinery and facilities. There are, for instance, industrial machinery, medical devices, and laboratory and analytical equipment, through the combination of financial service functions. These are Hitachi Capital's leasing and asset management functions and Hitachi High-Tech Solutions' IoT platform.

#### Full Entry into the Thin-Film Solutions Field with AIMECHATEC, Ltd.

We expanded and built on sales alliance with AIMECHATEC, Ltd. (re-established as an incorporation-type company split from Hitachi, Ltd. in July 2016; hereinafter "AIMECHATEC") to enter the thin-film solutions field in the IT devices market. We will provide cuttingedge thin-film manufacturing process solutions by combining AIMECHATEC's fine printing and high-precision lamination technologies with technologies handled by Hitachi High-Tech for improving the manufacturing environment and surface modification of thin-films, as well as and the product series manufactured with photonic and laser-cutting technologies.

<sup>\*</sup>IJP: Ink-jet Printer

# **Advanced Industrial Products**

#### Vision

Become a Business Organizer that offers a Full Value Chain (FVC) as a product for Manufacturers

# Message from General Manager



Junichi Hashimoto Vice President and Executive Officer, General Manager, Advanced Industrial Products Business Group

#### Unique Strengths Developed Over 70 Years of History

Hinode Shokai (later Nissei Sangyo) established in 1947 as a trading company in the Hitachi Group was the precursor to the Advanced Industrial Products. We have supported manufacturers on the ground, leveraging our know-how with an extensive record of getting results as the specialized trading company in the advanced industrial products field as well as the company's global network. Furthermore, being part of Hitachi High-Tech that is the only company in the entire Hitachi Group to have a trading function, we also contribute to the development of the social innovation business, through global sales and procurement of the Hitachi Group's products. The strength that gives meaning to the existence of the Advanced Industrial Products with a trading function is the ability to be sensible to market trends, anticipate customer needs, and promptly provide new schemes as solutions, through partnerships with the necessary business operators.

#### Maximization of Added Value for the Customer by Providing "One Window Service" Throughout the FVC

In the future, it is anticipated that the globalization of domestic customers will advance even further. It accelerates the increasing demand for overseas procurement of high-quality materials. Additionally, we reckon the key to the success of our customers is to build a more competitive supply chain in the midst of demands for cost reductions and shortened delivery times to be pushed to the limit. Therefore, we will maximize added value for our customers and grow alongside by providing a FVC through our One Window

Service. That combines the functions of a specialist trading company in the field of globally resilient materials, with planning, development, procurement, manufacturing, sales, and service in a value chain matrix, leveraging the sales and procurement capabilities we have developed up to this point.

#### The Key to Promoting Our Business Strategy is to Further **Enhance Our Strengths**

We have gradually achieved results by strategically proposing and providing the One Window Service over the last several years. However, in order to ensure our success, we believe that we must further enhance our four main strengths: partnering with our customer base; our global business network that enables crossborder transactions; our human resources; and the resources of the Hitachi Group. In particular, strengthening our human resources is an essential element. At present, the Business Group has nearly 600 professional salespersons around the globe, and in order to provide FVCs in a number of different fields, we will need professionals equipped with wide-ranging expertise, including IT and finance. To this end, we will actively seek to employ external talent while enhancing our professional development.

#### Become a Unique Business Entity Beyond a Trading Operator Fully Utilizing the Hitachi Group's Resources

Our competitive edge, which our competitors are unable to match, is the ability to maximize the resources of the Hitachi Group (i.e. products, technology, services, and human resources). Generally, the business model of a trading company is "product distribution x finance x logistics." In contrast, we provide solutions under the model of "evaluation x product distribution x finance x logistics x IT," leveraging our ability to provide solutions that the others cannot; for instance, the Hitachi Group's consulting functions, product manufacturing know-how, and IT support infrastructure. In other words, it is no exaggeration to say that solutions that we are able to provide to resolve the business challenges of our customers are limitless. Going forward, we will make our presence felt even further by maintaining and increasing our edge over our competitors.



# Business Strategy

#### Build and Expand FVC Infrastructure

#### Strategies by Major Business

Sub- segment	Field	Initiatives			
Industrial	Functional Materials	Expand the functional materials business targeting automobiles, construction machinery, and home appliances			
Materials	Transport Systems	Expand business in sensors for transport systems, commercial vehicles, and turbocharger components	Promote business expansion while engaging in upstream		
Electronics	Electronics	Expand business in the semiconductor and automobile field, and IC card components	functional initiative in the value chain cleach fields		
Materials	Communications	Expand business in smartphones, displays, and optical telecommunications-related components	Develop FVC solutions in each field by leveraging		
VCS*	VCS	Establish a FVC platform for manufacturers and expand it exponentially by increasing sales to business partners	the platform established in the VCS field		

\*VCS: Value Chain Solution

#### Strengthening Collaboration with the Hitachi Group



#### Promote Business Investment

- Cultivate New Business Entry into the repair and maintenance business in the automotive and railway field and investment in plastic molding business in emerging markets
- Support Overseas Development Support suppliers to enter overseas markets through the FVC, including plant equipment, operation, procurement, logistics, and finance (support to construct smart factories)

# Issues and Initiatives in FY2016

#### Prompt Strategic Investment Decisions and Executions for Realizing Inorganic Growth

#### Industrial Materials

- Promote collaboration in plastic molding businesses in Latin America
- Construct a value chain for mold business in South America
- Start up the LNG tank business and strengthen collaboration with the manufacturer

#### Electronics Materials

- Strengthen the earnings platform through collaboration with business partners in the semiconductor and automobile fields
- Deepen the development of one-stop solutions by cultivating and supporting suppliers in the optical telecommunications field

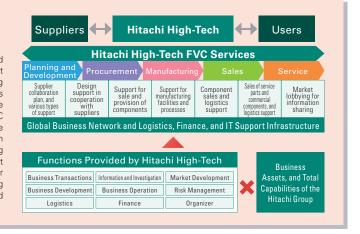
#### Value Chain Solutions

▶ Build and provide a dedicated FVC platform and services to each business field (automobile, rail transportations, home appliances, ICT, etc.)

#### Pick Up Topic

#### Full Value Chain Solutions

The production systems of businesses that aim to expand overseas are in the process of shifting away from low-cost export modes of locating major manufacturing sites in emerging countries to local production and local consumption models of manufacturing and providing products in locations that are close to the destination markets. Hitachi High-Tech's FVC service leverages our global network to provide comprehensive solutions, ranging from planning and development through manufacturing, logistics, sales, and maintenance, and including information and investigation relating to suppliers and target customers, development and operation in new markets and for new businesses, and risk management, in addition to conducting product procurement (business transactions), logistics, and finance, for businesses that are looking to expand globally.



# Hitachi High-Tech's Corporate Vision

The Hitachi High-Tech Group Corporate Vision combines our unchanging raison d'etre with our basic philosophy. It expresses the goals that all of us who work at the Hitachi High-Tech Group strive for. It also describes our vision for how the company should be developed.

It indicates the direction the company plans to go in, while also aiming for sustainable growth through sharing and implementation by all employees, and forms an important management core system to develop a range of businesses.

#### **Basic Philosophy**

Hitachi High-Technologies Corporation aims to be a successful enterprise trusted by all our stakeholders and contributing to social progress through business activities that emphasize value creation through high-tech solutions. We are committed to open, transparent, and reliable business practices. As we continue to grow, we will value the environment and strive to build a prosperous community, fulfilling our social responsibility and contributing as a corporate citizen with passion and pride in our work.



#### **Corporate Vision**

#### To consistently aim to be Global Top in high-tech solutions

#### **Business Policy**

- 1. To place the customer first, growing with our customers by providing the best solutions, consistently a step ahead of market needs.
- 2. To contribute to value creation in the global community through synergies between our strengths in cutting-edge technologies and our capabilities as an established trading company.
- 3. To aim for reliability and excellence based on our core assets of talent and technical resources, and to maximize our corporate value.

#### Corporate Culture Policy

- 1. To respect the abilities of every employee and inspire confidence to tackle new challenges.
- 2. To build a vibrant, enterprising company that is open to new ideas.
- 3. To encourage speedy and efficient performance through teamwork.

#### **Management Policy**

- 1. To aggressively disclose information and conduct business in a highly transparent manner.
- 2. To exercise social responsibility as an environmentally aware corporate citizen.
- 3. To conduct legally and ethically sound business activities.

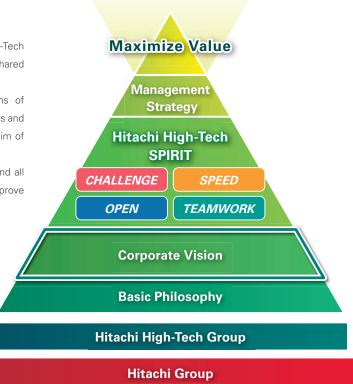
# Positioning of the Corporate Vision in the Hitachi High-Tech WAY

# Hitachi High-Tech **WAY**

The Hitachi High-Tech Group has produced the "Hitachi High-Tech WAY which sets out the values and strategies that should be shared by employees, and includes the Corporate Vision.

The WAY sets the standard for the actions and decisions of employees, while also giving consideration to desired outcomes and introducing activities for the exchange of opinions, with the aim of maximizing the value provided to society.

In the Hitachi High-Tech Group, we provide our customers and all of our stakeholders with maximum value, and work to improve corporate value, by implementing the WAY.



#### Facilitating discussions between top management and employees

We have been periodically holding WAY SESSIONs, which are meetings where employees can share opinions with top management, including the President, for the purpose of sharing awareness between top management and on-site staff, and accelerating reforms on both sides concerning workplace issues and organizational culture, etc.







# Corporate Governance

We are striving to create a company that inspires trust by putting in place an internal control system, as well as adopting the Company with Committees System established by the Companies Act to build a highly transparent management framework.



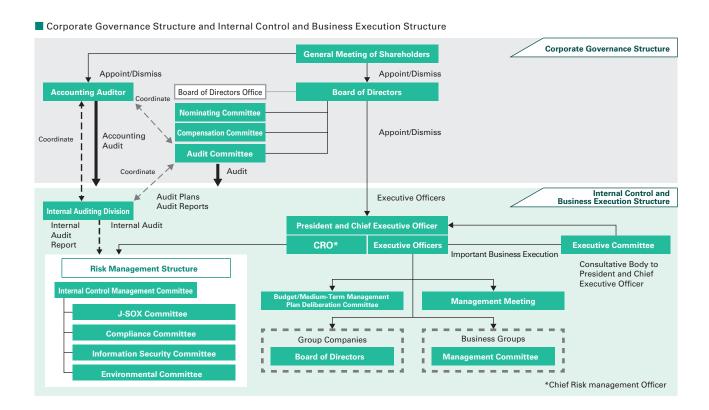
Masao Hisada Chairman of the Board

Our corporate vision is "To consistently aim to be Global Top in high-tech solutions." To ensure the implementation of this vision while maximizing possible outcomes, it is essential to effectively put corporate governance functions in place. In 2003, we transitioned into a company with committees, etc. (currently known as a company with a nominating committee, etc.) and have worked to establish and expand an appropriate corporate governance structure ever since.

In 2015, upon the introduction of the Corporate Governance Code, we once more confirmed the efficacy of our corporate governance and have drawn up and published the Corporate Governance Guideline in order to facilitate understanding of the framework. At meetings of the Board of Directors, we conduct uninhibited debates, leveraging the experience and expertise of each individual director, including outside directors, which lead to decisions that ensure that the Hitachi High-Tech Group proceeds in the right direction. We conduct yearly evaluations of the Board of Directors with the aim to achieve even higher levels of governance through more sensible discussions by solving issues that are raised.

I have been responsible for operations as President and Chief Executive Officer for the past four years since 2011, and I will leverage this experience as Chairman of the Board to make positive contributions to sustainable value creation for the Hitachi High-Tech Group.

▶ Refer to the website for the Corporate Governance Guideline.



### Corporate Governance Structure

#### **Basic Approach**

Based on our corporate vision of "To consistently aim to be Global Top in high-tech solutions," we leverage our global network to bring our customers - who are leaders in their fields - the most advanced products and solutions, as befits a cutting-edge technology company that functions as both a manufacturer and a trading company. Moreover, we believe that it is vital to increase supervision over the conduct of business in each segment and to strive to improve the transparency of management by enhancing corporate governance, managing the company with a strong awareness of our corporate social responsibility. This will enable us to gain the trust not only of our shareholders, but also of the whole of society, and to contribute to the progress and development of society through our business activities.

#### Supervisory Functions of Management and Business **Execution Functions**

In terms of our organizational system, we are a company with nominating committee, etc., as defined in Article 2 (xii) of the Companies Act. A company with a nominating committee, etc. is obliged to establish three committees: a Nominating Committee, an Audit Committee, and a Compensation Committee. This enables authority over the nomination of candidates for positions on the board of directors, audits of the legality and appropriateness of business administration, and decision-making concerning the remuneration of directors and executive officers to be separated from the executive side of the business.

#### Roles and Responsibilities of the Board of Directors

Aim to ensure thorough corporate governance and management with greater transparency, and accordingly, the Board of Directors includes three outside directors, all of which are independent directors notified to the Tokyo Stock Exchange.

Via the internal control system including the Internal Auditing Division, the Audit Committee monitors the execution of business. In addition, it draws up plans and conducts audit, after which the Audit Committee member with responsibility for the audit in question reports on the results to the Audit Committee and the Board of Directors.

Furthermore, we ensure the appropriateness of non-consolidated and consolidated financial statements as a whole via close coordination with the Audit Committee and the Accounting Auditor.

#### Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

The Company conducts analyses and evaluations of the effectiveness of the Board of Directors, as a whole, through selfevaluation by the Board of Directors, having collected opinions from each director concerning the Board of Directors' composition, roles and responsibilities, operation, and activity level.

In the previous fiscal year, the results of this evaluation found that the Board of Directors operated effectively as a whole; nonetheless, we will continuously work to further increase the effectiveness of the Board of Directors.

#### Composition of the Board of Directors and Each Committee and Attendance at Meetings of the Board of Directors

\*O: Committee member

Name	Current position	Nominating Committee	Audit Committee	Compensation Committee		nce to the Board of meetings (FY2015)
Masao Hisada	Chairman of the Board	0			100%	(13/13)
Masahiro Miyazaki	Representative Executive Officer, President and Chief Executive Officer, Board Director			0	100%	(11/11)*
Yoshikazu Dairaku	Board Director		0		100%	(13/13)
Toyoaki Nakamura	Board Director	0		0	100%	(13/13)
Hideyo Hayakawa	Board Director (Outside/Independent Director)	0		0	100%	(13/13)
Hiromichi Toda	Board Director (Outside/Independent Director)	0	0	0	100%	(13/13)
Yuji Nishimi	Board Director (Outside/Independent Director)	0	0	0	100%	(11/11)*

Masahiro Miyazaki and Yuji Nishimi were newly elected at the 96th Ordinary General Meeting of Shareholders held on June 19, 2015 and assumed the office. Therefore, the number of Board meetings they were eligible to attend is different from the other Directors'



#### Business Execution Structure and Internal Control

#### **Basic Approach**

In a company with a nominating committee, etc., matters concerning the basic framework of the company such as the formulation of the final budget target for the company's fiscal year are decided by the Board of Directors. However, decision-making concerning day-to-day operations for the execution of said resolutions, etc., is the responsibility of the executive officers. As a rule, when making decisions for the execution of business, the President and Chief Executive Officer (CEO) shall consult with the Executive Committee, which is a consultative body, in order to engage in more in-depth debate and to make the best decisions. Furthermore, the extent to which responsibility for the tasks entrusted to the President or the Executive Committee by the Board of Directors can be transferred to executive officers in order to expedite decision-making is stipulated in the Decision-Making Standards, which are internal rules. For example, with regard to business investment proposals, the standards stipulate that the executive officer in the position of the General Manager of the relevant Business Group is responsible for decision-making on the proposals with discretion unless the proposed investment exceeds a certain amount. In order to both respond to the rapidly changing business environment and market trends and to keep discipline in execution of business, we have held many discussions concerning the scope of the appropriate transfer of authority, and we undertook a substantial revision in FY2015 on the basis of these discussions.

#### **Decision-Making Process**

We have implemented several steps to achieve more efficient operation in the business execution and decision-making process. The major steps are listed below.

#### ■ Decision-Making Process

	Decision-Making Process			
Classification Characteristics				
	Executive Committee	The Executive Committee is a consultative body made up of executive officers nominated by the President and CEO. Proposals are decided after consideration by the Committee. The Committee is an accumulation of the wisdom of this Company, offering reciprocal checks and balances for each execution of business and assisting with the promotion of proposals. As a rule, it convenes twice each month.		
	Budget/ Medium-Term Management Plan Deliberation Committee	The Budget/ Medium-Term Management Plan Deliberation Committee deliberates on single-year budgets and three-year medium-term management plans and their progress. Budgets and management plans are presented to the Budget/ Medium-Term Management Plan Deliberation Committee after first being formulated by the relevant business group and then reviewed by the Budget/ Medium-Term Management Plan Deliberation Committee meetings. Because it deliberates over content that is at the core of our management, matters that are deliberated by the Committee must be authorized by a resolution of the Board of Directors after receiving final approval by the Executive Committee.		
	Management Meetings	Management Meetings conduct in-depth discussions of company-wide management issues and other important matters for the purpose of summarizing issues and clarifying the direction in which we should go. Meeting participants are Executive Committee members, and as a rule, they convene twice each month.		
	Business Groups Management Committee	The Business Groups Management Committee is a decision-making committee that convenes once each month. It is made up of executive officers who are Business Group General Managers, and who make decisions within the scope of their authority. It also conducts advance consideration of matters to be put before the Executive Committee. Furthermore, Business Group General Managers formulate internal rules for their business groups and delegate authority to lower positions within the scope allowed for by the Decision-Making Standards, in order to streamline work.		

In addition, in order to support the above, there is the Investment Committee, which provides support to departments making business investments, such as M&A, at the consideration stage. It also conducts phase-gate management after the investment has been made. There is the Business Strategy Committee, which double-checks goals under the Medium-Term Management Plan

(whole company portfolio strategy, results objectives, etc.) before Budget/ Medium-Term Management Plan Deliberation Committee meetings, and reviews strategies and policies of business groups leading up to the formation of consensus and goals.

#### **Operation of Group Companies**

The Company has a governance framework of executive officers who supervise group companies. These executive officers attend the Shareholders Meetings of each company and exercise their voting rights as agents of the Company, which is the parent company, while also consulting with group companies and providing advice as necessary. Authorization by the Executive Committee of the Company, which is the parent company, and approval of the relevant Business Group General Manager are necessary to address important matters concerning group companies; however, the Decision-Making Standards and the internal rules of each business group stipulate the extent to which decision-making authority is delegated to each company in order to streamline the decisionmaking process. Furthermore, among overseas group companies, Hitachi High-Tech nominates a regional presiding company in each major region of the globe where it operates. The presidents of said companies represent the President of the parent company, while also providing oversight and support to group companies within their respective regions.

#### Overseas Regional Presiding Companies

Region	Overseas Regional Presiding Company
North and Central America	Hitachi High Technologies America, Inc.
Europe	Hitachi High-Technologies Europe GmbH
ASEAN and India	Hitachi High-Technologies (Singapore) Pte. Ltd.
China	Hitachi High-Technologies (Shanghai) Co. Ltd.

#### Internal Control System

With regard to the establishment of legally recognized internal control system, executive officers implement appropriate and specific organization and procedures on behalf of the Company, and operate on the basis of approvals and resolutions by the Board of Directors. The Board of Directors receives reports from the executive officers concerning the operational status and outcomes of these systems, issuing instructions for their improvement if necessary. Alternatively, the executive officers may propose alterations in response to changes in the business environment, which may be approved and resolved by the Board of Directors. Through these efforts, the Company strives to maintain the vitality and effectiveness of its internal control system.

Furthermore, in order to strengthen the group-wide internal control system, we have established the Internal Control Management Committee to manage the activities of its four subcommittees, as well as the risks faced by all group companies.

#### **Internal Auditing**

The Company has placed the Internal Auditing Division, which conducts auditing of the operation of business execution under the direction of the President and CEO. Group companies are also subject to auditing. Through audit, the Internal Auditing Division also gives direction about the need for rectification and improvements, and conducts periodic follow-ups. The Internal Auditing Division promotes sharing of information through cooperation with the Audit Committee and the Accounting Auditor, and plays an important role in the Group's internal control system, such as the secretariat of the J-SOX Committee.



### Compensation for Directors and Executive Officers

#### **Basic Approach**

Directors and Executive Officers in charge of the management of the Company will be paid compensation for executing management aimed at making it an enterprise trusted by all of its stakeholders and contributing to social progress and development through business activities that emphasize value creation through high-tech solutions. The standard level of compensation for Directors and Executive Officers of the Company will be determined in consideration of each individual's duties commensurate with his/her position, the Company's business performance including the group companies, business environment, the average rate in the business world, and other such factors, based on the Policy on Determining the Nature of the Compensation Received by each Individual Director and Executive Officer by the Compensation Committee.

#### ■ Compensation Structure for Directors and Executive Officers

	Monthly Remuneration	Year-end allowance or Performance-based Compensation	Non-monetary reward
Directors	The monthly salary to be received by the Company's Directors will be fixed in amount considering that the Directors' duties are to perform supervisory functions. The level of pay will be determined by distinguishing between full-time and part-time Directors, subject to variation depending on the Committees to which they belong and the nature of their respective duties.	The amount of year-end allowance paid will be capped at 1.5 times the monthly salary; however, the amount may be cut depending on the Company's business performance.	As a nonmonetary reward, Directors in a position (with a duty) that has a major impact on management will be provided with health managemen services from a medical institution under a contract with the Company in order to avert and reduce their health risks as a part of corporate risk management.
Executive Officers	Compensation received by Executive Officers of the Company, as a general rule, will be fixed in amount by position (duty), and will be determined by adding an extra amount depending on the authorities and responsibilities.	The performance-linked component will be set within a range based on the standard bonus on a position-by-position basis, depending on the Company's business performance during the fiscal year, the business performance of the division under the control of the Executive Officer, the results of operations in his/her charge, and efforts/contributions made towards management.	

<sup>\*</sup>If a person serves concurrently as a director and an executive officer, compensation will be paid as either a director or an executive officer, depending on his/her main responsibilities

#### Amount of Compensation to Directors and Executive Officers FY2015

	Total amount of remuneration by type					
		Monthly Remuneration		Year-end Al Performance-lin	Total	
		Number	Amount (million yen)	Number	Amount (million yen)	Amount (million yen)
	Directors	8	125	7	16	141
	Outside Directors	6	50	5	6	56
Executive Officer		13	285	13	172	457

- \*1. The number of Directors and the amount do not include one Director who concurrently serves as Representative Executive Officer, Also, the number and amount of/ for Executive Officers does not include one Executive Officer who concurrently serves as the Chairman of the
- 2. The above Monthly Salary includes the monthly salary paid to one Outside Director who retired upon the expiry of term of office at the close of the 96th Ordinary General Meeting of Shareholders of the Company held on June 19, 2015.

# Risk Management System

#### **Basic Approach**

Aware of the importance of properly addressing the various risks that its business activities entail, the Group has put in place a risk management system and established the Risk Management Rules, in order to improve corporate value by achieving its business goals. These rules set out the definition of risk and our basic policy toward it, as well as prescribing the roles of the Compliance Committee and the executive officers tasked with risk management.

The Company's risk management system is overseen by the Internal Control Management Committee, which is chaired by the Chief Risk Management Officer (CRO), who is the executive officer responsible for internal controls. Under the supervision of the Internal Control Management Committee, responsibility for risk is assigned according to its nature; compliance risk is handled by the Compliance Committee, while all other forms of risk are dealt with by the executive officer in charge of the relevant division.

#### Major Risks

The eleven items listed below are risks that could affect the Group's operating results, share price, and financial position, etc.

operating results, share price, and intanetal position, etc.				
1	Market trends			
2	Technological innovation			
	Intensifying competition			
4	Soaring materials costs			
5	Risks arising from international activities and overseas expansion			
6	Disasters			
7	Pension benefit obligations			
8	Changes in exchange rates			
9	Intellectual property matters			
10	0 Information security			
11	Litigation and other legal procedures			
	-			

#### **Internal Control Management Committee**

The Internal Control Management Committee manages the risks facing the Group through the reports of the activities of its four subcommittees and the efficacy of responses by the responsible departments. It also evaluates the internal control system, including important decision-making processes, considers the content of the resolutions of the Board of Directors, and makes proposals to change in the resolution contents to meet the business environment change.

#### J-SOX Committee

The Group confirms the effectiveness of internal controls on a consolidated basis by implementing the assessment system by management based on policy decisions of the J-SOX Committee, in accordance with the Internal Control Reporting System (J-SOX) established by the Financial Instruments and Exchange Act, in order to ensure the reliability of financial reporting.

#### Compliance Committee

Based on its Risk Management Rules, the Group has established the Compliance Committee, which meets regularly to discuss the status of compliance risk, plans for measures to address this, and the implementation status of such measures. More specifically, responsibility for addressing each particular type of risk has been assigned to a specific department; the head of the department in charge of tackling a particular type of risk envisages and evaluates that risk, as well as implementing measures to deal with it, such as providing in-house education concerning relevant legislation and internal rules. In addition, the manager concerned identifies new compliance risks that are a concern. If a problem should occur, an extraordinary meeting is held, at which the Committee discusses its investigation into the facts at issue, inquires into root causes, recommends corrective action, and preposes measures to prevent reoccurrence.

#### Information Security Committee

The Group is aware that efforts to maintain information security are a high priority, and has developed regulations and organizations to facilitate such efforts, as well as ensuring awareness among all employees. The

Information Security Committee was established to promote information security management systems, and we are conducting a range of activities in accordance with the Three Principles to Prevent Leaks of Confidential Information\* as a united company from management to employees.

- \*Three Principles to Prevent Leaks of Confidential Information

  1. As a rule, it is forbidden to take confidential information outside the Company.

  2. Approval must always be received from a confidential information manager before confidential
- 2. Approximation is taken outside the Company due to business necessity.

  3. If confidential information is taken outside the Company due to business necessity, necessary and appropriate measures must be implemented to prevent the leaking of information.

#### **Environment Committee**

The Group established the Environment Committee to conduct operational management and improvement throughout the environmental sector. It also aims to minimize environmental risks and risks related to chemical substances contained in products. In addition, there are several subcommittees operating under the Environment Committee that conduct environmental activities in a more detailed manner.

\*Refer to page 40 for details on the Environmental Management System

# **Establishment of the Whistleblower Reporting**

In January 2004, we established a whistleblower reporting service to uncover and address violations of the law and incipient fraud as early as possible. In April 2004, we extended the definition of whistleblowers to include temporary agency workers, casual workers, and special fixed-term employees. Whistleblowers can choose to contact an external third-party organization and to report issues anonymously. The information provided to this reporting service is passed on to the Compliance Committee. We also operate a whistleblower system at our overseas Group companies: the division with responsibility for compliance within the overseas Group company or an external organization is assigned as the designated point of contact for each major headquarters, according to the legal system in the country concerned and the corporate structure of the company in question.

In January 2016, we established the Whistleblower Reporting Service Independent of Management, which enables to report to members of the Audit Committee with regard to breaches of laws related to conduct of business by directors and executive officers. etc. That strengthens our whistleblower system.

#### Measures to Prevent Recurrence of Supervisory Disposition, etc., Under the Construction Business Act

We are working toward prevention of recurrence of the supervisory disposition, etc., imposed by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism on January 13, 2016. We have implemented the following recurrence prevention measures as part of our risk management system, which operates under CRO.

#### (1) Measures to Strengthen the Construction Control System

On February 1, 2016, we established the Construction Control Center as a system to strengthen our legal oversight of the construction business by (i) verifying the legality of construction dealings at the initial stage of review, and (ii) ensuring implementation of procedures and business practices to verify and confirm the substantial involvement and appropriate fulfillment of duties at the worksite by assigned engineers at each stage of construction dealings, among other measures

In addition, we established the group-wide Safety Construction Management Committee, and promoted full awareness of the content of restrictions under the Construction Business Act and improvements in compliance awareness throughout the Group.

#### (2) Strengthening Development of Qualified Personnel

Every year, we allocate personnel according to future business plans. In accordance with this, we train and secure qualified personnel by devising training plans and plans to secure qualified personnel that take into account the number of qualified engineers, etc., necessary for construction projects for which we have received orders, in cooperation with each business division and the human resource division.

#### (3) Future Training and Education Plans

To prevent recurrence and in accordance with the type of a violation, we will continuously run training courses with an emphasis on the following four items: (i) prohibition of blanket subcontracting, (ii) the definition of "substantial involvement," (iii) full-time appointment of assigned engineers, and (iv) past examples of the Company being subject to disposition, for especially management and staff on the main career track, and ensure their deep awareness on compliance with construction-related laws through onsite education.



### Dialogue with Shareholders and Investors

#### Philosophy Behind Dialogue With Shareholders and Investors

We proactively engage in constructive dialogue with our shareholders and investors to achieve sustainable corporate growth and medium to long-term increases in corporate value. In order to promote dialogue with shareholders and investors, we engage in direct discussions, led by executives in charge of IR, in conjunction with our IR Division. Furthermore, the IR Division has formed the IR Information Disclosure Committee with the President and CEO as the chairman, and discusses IR activities in general, as well as working to collect information through participation in information exchanges and meetings, etc., with each division in the company, and ensures timely and appropriate transmission of information. The opinions, etc., of shareholders and investors are periodically provided as feedback to management and otherwise within the company, and they are reflected in management strategies.

#### Promoting Understanding for Analysts and Institutional Investors

As a means to promote dialogue with analysts and institutional investors, the President and CEO attends the second-quarter and year-end financial results briefings, and explains the results forecasts and management strategies himself. Furthermore, we strive to build relationships through periodic visits to Japanese institutional investors by either the President and CEO or the executive officer responsible for IR, as well as individual visits to overseas investors in the US and Europe against the backdrop of an increased proportion of shares of the Company held by overseas investors. Furthermore, the division responsible for IR actively promotes understanding of the Group, such as by holding approximately 260 meetings per year, including telephone conferences, with Japanese and foreign institutional investors.

#### Communication with Individual Investors

The Company holds company information sessions for individual investors at branches of securities companies around Japan. We promote understanding of the Company by introducing the Hitachi High-Technologies Corporate Vision and our business content. We also work to include substantial non-financial information on the website, in addition to financial information, in order to deepen understanding of the Group's business activities.

#### ■ Main IR Activities in FY2015

IR Activities Aimed at Institutional Investors	Number of Times Conducted
Financial Results Briefing	4 (including 2 briefings by the President)
Overseas IR (US and Europe)	2
Conferences Held by Securities Companies	2
Meetings with Analysts and Institutional Investors	258 in total
IR Activities Aimed at Individual Investors	Number of Times Held
Information Sessions at Branches of Securities Companies	2

#### Relationship With the Hitachi Group

#### Benefits of Being Part of the Hitachi Group

The Group actively leverages the R&D capabilities, brand power, and other management resources of the companies in the Hitachi Group. The Hitachi brand already has high-addedvalue, both domestically and abroad, and it is used throughout our product lineup. Furthermore, by leveraging the Hitachi Group's R&D capabilities and network, the Group is able to take advantage of its superiority over market competition.

With regard to the Hitachi Group's R&D activities, the direction of the entire group is considered at meetings with the Hitachi Group's CTO\*, etc., and the Company also obtains information with high-added-value, such as technological trends, through these activities. Also, in addition to conducting for-profit outsourced R&D for the companies in the Hitachi Group, the Company also conducts outsourced R&D for companies in the Hitachi Group, where compensation is ownership of the results, and we use this arrangement effectively.

Membership in the Hitachi Group has the above benefits, without the Group's business activities being greatly restricted by Hitachi Ltd. or its group companies.

\* CTO : Chief Technology Officer

#### Securing a Certain Amount of Independence from the Parent Company

At the Company, executive officers have the authority to execute the business of the Company in individual areas. Issues beyond the decision-making authority of executive officers are dealt with by order of the President and CEO after consideration by the Executive Committee. In this way, the Company ensures independence in its decisions concerning the execution of business.

Furthermore, the Company's Board of Directors only includes one member who concurrently serves as a director for the Hitachi Group, while the other three outside directors notified to the Tokyo Stock Exchange as independent directors, serve as supervisors of business execution from the standpoint of protecting the interests of general shareholders. In this way, we have a system in place to ensure independence of management.

In addition, with regard to important transactions with Hitachi, Ltd. or the Hitachi Group, similarly to other regular transactions, we work to protect minority shareholders by monitoring fairness through checks by not just the relevant division, but also by multiple divisions, such as the business administration division and the accounting division.

# Directors

As of July 1, 2016



Back row from the left: Yoshikazu Dairaku, Masahiro Miyazaki, Toyoaki Nakamura

Front row from the left: Yuji Nishimi, Hideyo Hayakawa, Masao Hisada, Hiromichi Toda

Chairman of the Board Masao Hisada Member of Nominating Committee  Director Masahiro Miyazaki	4/1972 4/2006 4/2007 4/2010 6/2010 4/2011 6/2015 4/2016 4/1977 7/2004	Joined Hitachi, Ltd. General Manager, Corporate Procurement Division, Hitachi, Ltd. Vice President and Executive Officer, Hitachi, Ltd. Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi High-Technologies Corporation Representative Executive Officer, Executive Vice President, Executive Officer and Director, Hitachi High-Technologies Corporation Representative Executive Officer, President, Chief Executive Officer and Director, Hitachi High-Technologies Corporation Chairman of the Board and Executive Officer, Hitachi High-Technologies Corporation Chairman of the Board, Hitachi High-Technologies Corporation (to date)  Joined Hitachi High-Technologies Corporation General Manager, Electronics Sales Div., Hitachi High-Technologies Corporation	Outside Director Hideyo Hayakawa Member of Nominating Committee and Compensation Committee  Outside Director Hiromichi Toda Member of Nominating Committee, Audit Committee and Compensation Committee	4/1973 10/1984 4/2006 4/2008 6/2011 4/1971 7/2002 4/2004 6/2004 4/2005 6/2005	Joined Mitsui & Co., Ltd. Registered as attorney of New York State Bar Association Managing Officer and General Manager of Legal Division, Mitsui & Co., Ltd. Executive Managing Officer, Mitsui & Co., Ltd. Director, Hitachi High-Technologies Corporation (to date)  Joined Anritsu Electric Corporation (now Anritsu Corporation) Vice President and President of Wireless Measurement Solutions, Anritsu Corporation Director and Senior Vice President, Anritsu Corporation Director and Executive Vice President, Anritsu Corporation Representative Director and President, Anritsu
Member of Compensation Committee	4/2007 4/2010 4/2014 4/2015 6/2015	Executive Officer, Hitachi High-Technologies Corporation President & CEO, Hitachi High Technologies America, Inc. Senior Vice President and Executive Officer, Hitachi High-Technologies Corporation Representative Executive Officer, President and Chief Executive Officer, Hitachi High-Technologies Corporation Representative Executive Officer, President, Chief Executive Officer and Director, Hitachi High-Technologies Corporation (to date)	Outside Director Yuji Nishimi Member of Nominating	4/2010 6/2010 6/2013 4/1970 6/2001 6/2002	Corporation Representative Director and Chairman of the Board, Anritsu Corporation Director and Chairman of the Board, Anritsu Corporation Director, Hitachi High-Technologies Corporation (to date)  Joined Asahi Glass Co., Ltd. Director, Asahi Glass Co., Ltd. Executive Officer, GM of CRT Glass Div., Display Company, Asahi Glass Co., Ltd.
Director Yoshikazu Dairaku Member of Audit Committee	4/1979 4/2003 4/2010 4/2011 4/2013 6/2014	Joined Hitachi, Ltd. General Manager, General Affairs Dept. Naka Div., Hitachi High-Technologies Corporation General Manager, Human Resources & General Affairs Div., Hitachi High-Technologies Corporation Executive Officer, Hitachi High-Technologies Corporation Vice President and Executive Officer, Hitachi High-Technologies Corporation Director, Hitachi High-Technologies Corporation (to date)	Committee, Audit Committee and Compensation Committee	3/2005 3/2008 1/2009 3/2011 6/2015	Senior Executive Officer, Asahi Glass Co., Ltd, Executive Vice President, Asahi Glass Co., Ltd. Senior Executive Vice President, Asahi Glass Co., Ltd. Representative Director, Senior Executive Vice President, Asahi Glass Co., Ltd. Director, Hitachi High-Technologies Corporation (to date)
Director Toyoaki Nakamura	4/1975 1/2006	Joined Hitachi, Ltd.  General Manager, Finance Department 1, Hitachi, Ltd.  Paragonatating Experience Officers Spring Vices			

Representative Executive Officer, Senior Vice
President and Executive Officer, Flitachi, Ltd.
Representative Executive Officer, Senior Vice
President, Executive Officer and Director, Hitachi, Ltd.

President and Executive Officer, Intachi, Ltd.

Director, Hitachi High-Technologies Corporation (to date)

Representative Executive Officer, Executive Vice

President and Executive Officer, Hitachi, Ltd.

Director, Hitachi Ltd. (to date)

Representative Executive Officer, Senior Vice President and Executive Officer, Hitachi, Ltd.

Member of Nominating Committee and

Compensation Committee

4/2007

6/2007

6/2011 4/2012 6/2016

# Executive Officers

As of April 1, 2016

Position	Name	Responsibilities	Group Companies Supervised	Concurrent Roles
Representative Executive Officer, President, Chief Executive Officer	Masahiro Miyazaki	Overall management execution	STOP STORPHING SUPERVISED	
Representative Executive Officer, Senior Vice President and Executive Officer	Toshiyuki Ikeda	Science & Medical Systems, Service, Export Control	Hitachi High-Tech Fielding Corporation Hitachi High-Tech Science Corporation Epolead Service Inc. Hitachi High-Technologies Science America Inc. Hitachi Instruments (Shanghai) Co., Ltd.	Director of Hitachi High-Tech Fielding Corporation
Senior Vice President and Executive Officer	Katsutaka Kimura	Electronic Device Systems, R&D, Intellectual Property, New Business Creation, CTO		Representative Director and Chairman of the Board of Hitachi High Technologies America, Inc.
Senior Vice President and Executive Officer	Shunichi Uno	Accounting and Finance, Trade Compliance Management, Internal Control, Compliance & Risk Management, CFO, CRO		Auditor of Hitachi High-Tech Science Corporation Auditor of Hitachi High-Technologies (Shanghai) Co., Ltd.
Vice President and Executive Officer	Shinji Sato	Corporate Planning & Planning, Marketing & Sales Strategy, Group Company Management, CSO, CMO	Hitachi High Technologies America, Inc. Hitachi High-Technologies Canada, Inc. Hitachi High-Technologies Mexico S.A. de C.V. Hitachi High-Technologies Mexico S.A. de C.V. Hitachi High-Technologies Mexico S.A. de C.V. Hitachi High-Technologies Burope GmbH Hitachi High-Technologies RUS Limited Liability Company Hitachi High-Technologies Ireland Limited H.H.T.A. Semiconductor Equipment Israel, Ltd. Hitachi High-Technologies (Singapore) Pte. Ltd. Hitachi High-Technologies (Thailand) Ltd. PT. Hitachi High-Technologies (Thailand) Ltd. PT. Hitachi High-Technologies India Private Limited Hitachi High-Technologies India Private Limited Hitachi High-Technologies (Shanghai) Co., Ltd. Hitachi High-Technologies (Shenzhen) Co., Ltd. Hitachi High-Technologies (Shenzhen) Co., Ltd. Hitachi High-Technologies Korea Co., Ltd. Hitachi High-Technologies Korea Co., Ltd.	Director of Hitachi High-Technologies (Shanghai) Co., Ltd.
Vice President and Executive Officer	Ryuichi Nakashima	IT Strategy, Smart Transformation Project Promotion, IR, CIO, CTrO		Auditor of Hitachi High-Tech Fielding Corporation Director of Hitachi High-Tech Manufacturing & Service Corporation Auditor of Hitachi High-Technologies Korea Co., Ltd.
Vice President and Executive Officer	Junichi Hashimoto	Advanced Industrial Products	Hitachi High-Tech Materials Corporation Giesecke & Devrient Kabushiki Kaisha Hitachi High-Tech AW Cryo, Inc.	Director of Giesecke & Devrient Kabushiki Kaisha Director of Hitachi High-Technologies Europe GmbH Director of Hitachi High-Technologies (Singapore) Pte. Ltd.
Vice President and Executive Officer	Joji Honda	Corporate Manufacturing, Procurement, Quality Assurance	Hitachi High-Tech Manufacturing & Service Corporation Hitachi Instrument (Suzhou), Ltd. Hitachi Instruments (Dalian) Co., Ltd.	Director of Hitachi High-Tech Manufacturing & Service Corporatio Chairman of the Board of Hitachi Instrument (Suzhou), Ltd. Director of Hitachi Instruments (Dalian) Co., Ltd.
Executive Officer	Hirohide Omoto	Electronic Device Systems		
Executive Officer	Hiroshi Tajima	Industrial Systems	Hitachi High-Tech Solutions Corporation Hitachi High-Tech Fine Systems Corporation Chorus Call Asia Corporation	Director of Hitachi High-Tech Solutions Corporation Director of Hitachi High-Tech Fine Systems Corporation Director of Chorus Call Asia Corporation
Executive Officer	Tsutomu Okada	Science & Medical Systems		Representative Director and President of Hitachi High-Tech Science Corporation
Executive Officer	Futoshi Ishiwa	Electronic Device Systems		Director of Hitachi High-Technologies Taiwan Corporation
Executive Officer	Akihiro Imanishi	Advanced Industrial Products		Director of Hitachi High-Tech Materials Corporation Representative Director and Chairman of the Board of Hitachi High-Tech AW Cryo, Inc.
Executive Officer	Shinji Sakurai	Operation Audit		
Executive Officer	Hisashi Horikoshi	Human Resources, CSR & Corporate Communications, Legal, Environmental Management, CHRO	Hitachi High-Tech Support Corporation	

CTO:Chief Technology Officer CFO:Chief Financial Officer CRO:Chief Risk management Officer

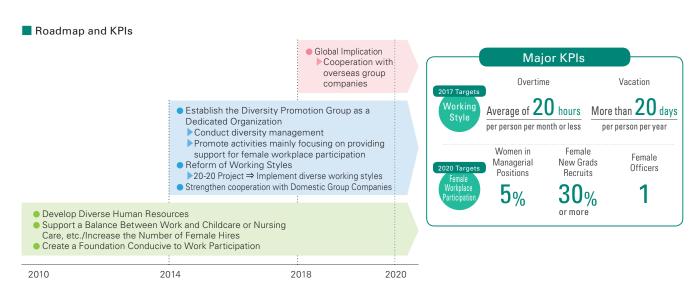
CSO:Chief Strategy Officer CMO:Chief Marketing Officer CIO:Chief Information Officer

CTrO:Chief Transformation Officer CHRO:Chief Human Resources Officer



# ➡ Hitachi High-Tech's Diversity Management

In the global marketplace, in which the Hitachi High-Tech Group operates, the changes in the business environment surrounding companies have become even severer. It is crucial that we continue to provide creative and pioneering solutions to our customers and society through continuous innovation to succeed in the competition. The Hitachi High-Tech Group respects diverse sensibilities and values and is working to incorporate them as one of our major initiatives to achieve growth. Placing "diversity management" at the core of our management practices is essential to lead us to produce organizational dynamics.



Purpose	Major Initiatives	Activities and Results for FY2015		
	Disseminate the management's messages	2 x President's messages, 5 x Town hall meetings		
	Diversity presentations	Presentations by outside experts with themes of work/life balance and female workplace participation		
Promotion of	Diversity management training	General manager training : 30 participants, Manager training : 60 participants		
Understanding	Themed workshops	Promoting understanding of the LGBT* community		
	E-learning	Working style reform e-learning		
	Information sharing with labor union and group companies	Hold the "Working Style Reform Committee" and the "Hitachi High-Tech Group Diversity Promotion Committee"		
Promotion of	Women's leadership training	Sending to external seminars and networking events Mentoring trial with officers and female managers		
Workplace Participation	Tele-working trial	Trial in FY2015 $\Rightarrow$ Full implementation in FY2016; as of July there were 23 users (childcare and nursing)		



<sup>\*</sup>LGBT: General term for sexual minorities

## **Promoting Great Place to Work**

We regard gender, nationality, career background, age, personality, values, and all other external and internal differences as part of a person's individuality. To ensure that each and every employee can make the most of his or her own individuality while respecting the diverse individualities of others, we are actively striving to foster a culture of respect and enhance mechanisms within the Group. Especially in Japan, "promotion of female workplace participation" has been prioritized the most. Under the leadership of management executives, our Diversity Promotion Committee and interdepartmental working group are playing a central role in our efforts to accelerate a variety of measures to this end. Furthermore, as part of activities to fulfill our CSR responsibilities, we are working to expand the responsibilities of employees with disabilities, led by our special subsidiary company, Hitachi High-Tech Support Corporation.

## Project to Reform Working Styles for High **Productivity**

In order to respond to demographic changes posed by aging population and declining birthrate, as well as diversifying lifestyle, we are promoting the implementation of reforms in working styles and various types of leave systems to allow employees to participate in childcare and nursing, etc., while also engaging in their jobs with enthusiasm.

Since FY2015, we have been conducting the "20-20" Project in order to achieve a highly productive working style. This project aims to bring out the abilities of each individual and improve organizational strength by effectively utilizing regular work hours and thinking creatively to come up with well-modulated working styles. The specific goal is to decrease average monthly overtime to no more than 20 hours per month and increase vacation taken to 20 days. In FY2015, we promoted increased awareness through publication of well-achieved case studies, presentations by outside experts, and e-learning, town hall meetings by the President and management executives.









## **Globalized Professional Development**

The Hitachi High-Tech Group has promoted "globalized professional development" as its main professional development policy, and is working to systematically develop and train human resources. We systematically conduct our training programs at each level, as well as in each business sales and technological sector, on the basis of developing personnel who can contribute globally. Furthermore, we conduct evaluations and remedies through the Management Training Committee, which convenes twice yearly.

## **Recruiting Diverse Employees**

Hitachi High-Tech strives to employ talented people, irrespective of their gender or nationality. Of the 62 new employees who joined the Company as regular employees, 35% were women, and 8% were from outside of Japan.

## Cultivating Talent with a Global Outlook

We actively post young employees overseas and have set a goal of ensuring that at least 50% of employees have gained some overseas experience within seven years of joining the company, with a view to cultivating personnel capable of doing business with a global perspective as soon as possible. As well as a one-year overseas training program, we launched a short-term overseas posting program for young employees that offered flexibility in the duration and location of the posting. In addition, we are striving to enhance our efforts to cultivate local staff at our overseas bases, so that they can play an active role in our business. To this end, we hold a global management training course, which brings together participants from a variety of countries and regions.

## **Developing Skilled Manufacturing Personnel**

Our ability to manufacture high-tech products is underpinned by our ceaseless development of cutting-edge technology and the highest-possible level of skill in translating this technology into products. For many years, as part of our proactive endeavors to cultivate technicians, we have taken on the challenge of entering the annual National Skills Competition and have produced many medalists, both at the national and the international level.



▶ Please refer to the website for details concerning Human Resources activities and achievement.

# **R&D** and Intellectual Property Hitachi High-Tech's activities related to R&D and intellectual property (IP) are built around a three-pronged approach, which aims to integrate our business strategy, R&D strategy, and IP strategy with the overarching management strategy of "Customers First."



The source of the Hitachi High-Tech Group's value creation and competitiveness is the development of cutting-edge technology and innovative business models. Based on our "Mid-Term Management Strategy," we are promoting cutting-edge technology, centered on Science & Medical Systems, and Electronic Device Systems, which are proprietary products businesses, while simultaneously conducting R&D that will lead to the creation of new businesses that anticipate medium- to long-term market and industrial trends.

R&D expenditure was up 3% year on year to 20.2 billion yen in FY2015. In addition to improving our existing core technologies in order to respond to evolving our customer needs, we are also making aggressive investments in technological and business development in fields in which we expect to be able to expand our business and secure revenue going forward. Under our "Mid-Term Management Strategy" which runs from FY2016, we will increase our R&D investment by 30% over the preceding three-year period to 80 billion yen.

## **Promotion of Open Innovation**

The foundation of the Hitachi High-Tech Group's manufacturing is entirely reliant on improving technology through R&D. Not only must we further enhance the core technologies and foundational technologies that we have fostered up to this point, we must also promote integration with other companies' technologies and business models through open innovation, to rapidly produce next-generation technology and solutions.

Hitachi High-Tech has ties with research institutions of Hitachi Ltd. that are conducting globally cutting-edge R&D, and we aim to conduct R&D to produce solutions to the issues faced by our customers through collaborative innovation with them, displaying the synergistic benefits of being part of the Hitachi Group.

Furthermore, in order to anticipate needs, work to lead in important technological sectors, and work to create exceptional business models, we are promoting participation in global consortiums, joint research with universities and research laboratories, and stronger partnerships with venture companies that have high levels of technology and expertise.

## Initiatives for Enhancing Business Creation Capabilities

In April 2014, the Hitachi High-Tech Group established the New Business Development Div. for the purpose of enhancing our new business creation activities. By creating a dedicated organization, we have enhanced and promoted marketing and project management to commercialize strategic top-down themes in different business domains to our existing businesses, as well as bottom-up themes, which are based on proposals from our employees.

In April 2016, we restructured this division, as well as the Research & Development Div., to create the Innovation Promotion Div. This division promotes the creation of technological solutions and service businesses, in addition to high-level product technology that is constantly growing in complexity, by playing a role as an incubator for R&D.



## Intellectual Property Strategy

The Hitachi High-Tech Group has created its R&D Roadmap premised on future market trend forecasts developed through an analysis of the latest customer needs and concerns from data collected by the sales division. Based on this roadmap and our business strategy, the business divisions and the Intellectual Property Dept. have jointly formulated our IP strategy, with promoting IP activities that contribute to business as its foundation

## Patent Generation and Development Activities and Respecting IP

We have developed our invention creation activities plan based on the development roadmap. We are making sure that we establish rights over the fruits of our development, and constructing a patent network to protect our technology.

Furthermore, based on the patent network that we have built, our basic policy is not to use the IP of other companies and not to allow other companies to use our IP. We seek to ensure that others respect our IP rights while respecting the IP rights of others.

## **Enhancing Professional Development and Ensuring** a Full IP Incentive and Award Program

At Hitachi High-Tech, we encourage training to produce staff who have high-level professional skills and are able to respond to the globalization of business, in order to promote the enhancement of IP activities. The Intellectual Property Dept. is a group of specialists, including five in-house patent attorneys and one holder of a doctorate (as of April 2016), and is working to improve the dependability of IP activities.

Furthermore, we are working to increase the motivation of employees who work on the front lines of research and development to make inventions by establishing a well-developed invention incentive program, as well as an IP award program.

## Enhancing Overseas IP to Support the Globalization of our Business

59% of the Hitachi High-Tech Group's Revenues in FY2015 came from overseas, which focused on Asia. In order to adapt to this kind of globalization in our business, we are strengthening our patent applications and acquisition of grants in the West and Asia, while also continuing our measures against counterfeit products, particularly in Asia. Furthermore, we are working to improve cost efficiency. For instance, depending on business trends, we do not automatically apply for Japanese patents, something that had been done as a matter of course until now. Also, in FY2015, overseas applications accounted for 67% of our total applications.

IP Data (Units: Instanc							
FY	2013	2014	2015				
Patent Applications	1,349	1,169	1,002				
Domestic	589	402	327				
Overseas	760	767	675				
Patents Held	7,672	7,115	7,400				
Domestic	4,232	3,735	3,758				
Overseas	3,440	3,380	3,642				

<sup>\*</sup>Data for each fiscal year is collated in May of the following fiscal year

### **Topics**

## Strategic Top-down R&D Theme Accomplishment - Applied Brain Science Business-

In the area of applied Brain Science business, hardware, measureable in the daily life environment, and brain data analyze consultation are continuously expanding, after the business transfer in April 2014 from Hitachi, Ltd.

In September 2015, the development of the newly developed wearable brain measurement tool "HOT-1000" has succeeded. HOT-1000 enables the brain fitness training application development based on the smartphone or tablet.

Furthermore, in February 2016, by the joint effort with Hitachi Kokusai Yagi Solutions, WOT-HS development success was announced, which enables the measurement of hair covered portion of the side-head in addition to the forehead. In line of expansion, the top of the head measuring version will be developed, so that it will lead to the further expansion of applied Brain Science business.





# ◆ Hitachi High-Tech's Supply Chain Management

It is important to create positive partnerships with suppliers for providing better products and services reliably. On the other hand, procurement risks in the supply chain become greater as businesses expand globally. Hence, it is necessary to have an understanding of these risks from the outset and to minimize them.

In addition to the quality, delivery schedule, and price of procured products, and the technological development capability of suppliers, the Hitachi High-Tech Group also thoroughly evaluates whether a supplier fulfills its CSR to the levels of the international standards, for example, in ethical conduct, human rights protection, labor practice, and environmental issues, irrespective of whether in Japan or overseas, before selecting suppliers using fair procedures in order to build a strong supply chain.

## ■ Initiatives for CSR Procurement

Activities	Details	FY2011–FY2	2014		FY2015-FY2017	FY2018~
Ensure CSR	Establish selection standards for suppliers, and publicizing them externally	Formulate "Hitachi High Guidelines for Procurem (Domestic edition)" (20	nent Activities			
Procurement				Guideline	"Hitachi High-Technologies s for Procurement Activities" edition / English and Chinese: 2015)	
	Build positive	Hold explanator	ry sessions of the	guidelines	for major domestic suppliers	
Promote Communication with Suppliers	relationships with suppliers through cooperative relationships concerning CSR				erning common issues related to erseas manufacturing group comp	
					Share information of concernin issues related to CSR, etc., wit domestic and overseas supplie	h major
	By continuously monitoring the performance of suppliers and ensuring that they reflect our ongoing assessments in dealings and partnerships, we not only minimize procurement risks, but we have also created a system to assist in the rectification of issues.	Share the impo	rtance of the guid	elines with	domestic and overseas suppliers	
Minimize Procurement Risk			Start monitorin	ıg major do	mestic and overseas suppliers	
					Create a structur identifying and c through monitori	Ü

## **Ensuring CSR Procurement**

We refer to activities that fulfill our CSR in addition to the quality and cost of procured goods as well as delivery schedule and the technological capabilities and environmental certification of the supplier etc. as "CSR Procurement." In 2011, we created the Hitachi High-Technologies Guidelines for Procurement Activities in order to regulate activities in this area. In 2015, we released English and Chinese editions of the guidelines to facilitate global application of the guidelines and to ensure CSR procurement.

#### Hitachi High-Technologies Guidelines for Procurement Activities

These guidelines define business transaction standards which shall be applied to all Hitachi High-Technologies executives and employees in connection with their activities purchasing necessary materials, products, services, and information from outside sources

- 1. Hitachi High-Technologies shall maintain proper partnerships, mutual understanding and reliable relationships with suppliers a view to long term results.
  - (1) Hitachi High-Technologies shall treat all suppliers impartially and be prohibited from favoritism such as giving unfair priority to any specific suppliers.
  - (2) Hitachi High-Technologies 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 High-Technologies shall keep suppliers' trade secrets strictly confidential and prevent them from being revealed or improperly used.
- 2. Hitachi High-Technologies develops suppliers to maintain competitiveness from a worldwide point of view
  - (1) Hitachi High-Technologies responds to all suppliers' offers sincerely and is always willing to offer the information necessary for suppliers to complete on an even playing field.
  - (2) Hitachi High-Technologies shall periodically check and review suppliers' performance and will consider offering

- advantageous business opportunities comparison with other resources allows.
- 3. Through a designated selection process, 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, regulation compliance, respect for human right, elimination of discrimination in respect of employment and occupation, elimination of all forms of forced and compulsory labor, environmental preservation activities, social contributions, good working environment, and recognition of social responsibilities with business partners.
  - (1) Hitachi High-Technologies shall not request quotations from suppliers whom there is no intention to enter into a future business relationship.
  - (2) In accordance with specified internal procedures, the role and responsibility for specifications, terms and conditions, product acceptance and inspection belongs to each Requester, Procurement Department and Inspection Department.
  - (3) Procurement Departments shall be a representative of Hitachi High-Technologies when contracting with suppliers.
- 4. Hitachi High-Technologies members are prohibited from receiving any personal gifts or offers from suppliers.

## **Promoting Communication with Suppliers**

We believe that sharing awareness concerning CSR with cooperating suppliers and working together with the aim of promoting CSR activities throughout the supply chain will lead to mutual prosperity.



hold biannual information

sessions outlining the Group's initiatives concerning promotion of green procurement activities and supply chain CSR promotion activities for suppliers at each manufacturing site.

In our efforts to promote green procurement activities, we have adapted to increased regulations and legal restrictions such as the RoHS Directives\*1 becoming increasingly stringent by using the Hitachi Group's A Gree' Net green procurement system. This system allows us to obtain environment-related information such as chemical substances contained in products as necessary from suppliers so that we can conduct the appropriate management to cope with the increased regulation.

Furthermore, in the Naka Division, we promote the Hitachi Group's Environmental and CSR-Based MONOZUKURI activities that encourage and support suppliers to actively engage in environmental conservation activities.

In FY2015, more than 80% of the 1,000 or so companies supplying the Naka Division were verified and registered as Green Suppliers

(suppliers whose environmental systems have been verified and

\*1 RoHS directives: Directives of the EU Parliament and European Council concerning restrictions on usage of specified hazardous substances in electric and electronic devices

## Minimizing Procurement Risk

Hitachi High-Tech considers the Supply-Chain CSR Deployment Guidebook\*2 issued by the Hitachi, Ltd. to be the common standard for evaluating suppliers. With the cooperation of some suppliers, we have begun to implement sampling for CSR monitoring (selfexamination) using the Guidebook. By initially rolling this out domestically, and subsequently rolling it out overseas, we will minimize procurement risk and promote CSR procurement.

## ■ Ideal CSR Procurement



\*2 The Supply-Chain CSR Deployment Guidebook is based on the Supply-Chain CSR Deployment Guidebook produced by the Japan Electronics and Information Technology Industries Association (JEITA)

# **Environmental Management**

We have established the Hitachi High-Technologies Corporation Guidelines for Environmental Action as our medium to long-term vision and promoted environmental management throughout the Hitachi High-Tech Group in order to cherish the environment and strive to build a prosperous community, as expressed in our Basic Philosophy.

# Environmental Management

Corporate management that is in harmony with the global environment plays an important role in achieving sustainable progress for business and society. Limiting the resource and energy consumption as well as environmental burden associated with business activities throughout the lifecycles of our products, the Hitachi High-Tech Group not only reduces the environmental burden in our business area but also engages in green procurement and provides eco-friendly products and services. Through these efforts, we engage in sustainable consumption and manufacturing. Under the Environmental Action Plan shared by the entire Hitachi Group, we also promote environmental activities to fulfill our CSR in conjunction with the ISO14001 environmental management system, including CO2 reduction, waste reduction, legislative management, management of chemical substances, eco-design and lifecycle assessment, and conservation of biodiversity.



# Environmental Risk Management Structure

#### Thorough Response to Global Environmental Risk and Compliance Issues

We work toward compliance by dividing domestic divisions and group companies, including those located overseas, into business blocks, and creating internal standards for each company that are more stringent than the regulations in that country or region. In addition, we endeavor to prevent environmental accidents by identifying latent environmental risks and checking our compliance with environmental legislation through reciprocal environmental audits.

In particular, with regard to risk management for products dealt by overseas group companies, we are working to increase the accuracy of information that is produced and shared, and to reduce risk through the Global Environmental Management Sales Subcommittee, which is a corporate function. Similarly, at manufacturing sites, we conduct periodic provision of information, on-site instruction, and auditing with regard to legislation management through the Production Group Subcommittee and the Environmental Strategy Subcommittee

Environmen General Environmental Management **Production Group** Planning of environmental Management of chemical Management of chemical substances contained in

substances contained in

traded products

■ Environment Committee and Affiliated Subcommittees

activities

Environmental management

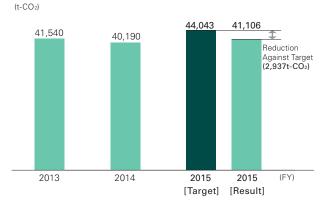
# Environmental Investment

## Improvement in Precision of Improvement Effects By Environmental Investment\*

We manage the introduction and operation of new facilities on a quarterly basis to increase the precision of improvement effects brought by environmental investment. In FY2015, we reduced our CO<sub>2</sub> emissions to 2,937t-CO<sub>2</sub> which was actually over our targets.

\*Environmental Investment: Capital investment to comply with environmental regulations (pollution prevention costs) and reduce environmental burden (global environmental conservation costs and resource recycling costs)

## ■ The Hitachi High-Tech Group's CO<sub>2</sub> Emissions



In FY2016, we established the Working Group for Considering Environmental Strategic Investment, consisting of representatives from each site. The group is working to identify the latent environmental effects of facilities that have been invested in, consider methods of calculating these effects, and improve the accuracy of environmental improvement effects when setting taraets.

Since power generation accounts for the majority of CO<sub>2</sub> emissions, we are working particularly hard to reduce electricity consumption.

#### [FY2015 Energy Saving Examples]

At the Hitachi High-Tech Group, we have worked to introduce LED floor lighting in offices and communal areas, etc. In FY2015, we transitioned to LED lighting in all working areas at the Hitachi High-Tech head office building, achieving a reduction in electricity consumption of approximately 20% (approximately 500 MWh per year).

Furthermore, we periodically update our high-efficiency electric substations and air conditioning units, etc., at manufacturing sites. In FY2015, we achieved a reduction in electricity usage that was 2.2% more than our target.

# Introduction of Eco-design

## Evaluate the Degree of Attainment of Developmental Target in Each Stage of Product Life Cycle

At the Hitachi High-Tech Group, we launched new initiatives for environmentally conscious design (eco-design) in FY2016. These initiatives are based on the IEC62430\* international standards for product development, which consider the identification of environmental burdens and improvements starting from the development stage. Eco-design evaluates the degree of attainment of developmental targets (environmental targets) for the environmental burdens produced in each stage of the product life cycle. Introducing eco-design will let us not only reduce the environmental burden of our business but also instill a product

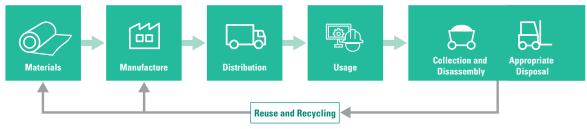
development process based on new trends in environmental consciousness, and we expect improvements in the environmental awareness of our engineers and other parties involved.

This year, which is the first year of the eco-design initiatives, we are conducting information sessions and discussion meetings at each site to promote their penetration within organizations.

The Hitachi High-Tech Group is working to reduce environmental burdens by not just reducing our own impact on the environment but also providing products with eco-design.

\* International Electrotechnical Commission Standard: This standard covers environmentally conscious design for electrical and electronic products.

## Product Life Cycle



Please refer to the website for details concerning activities and results related to Environmental Management.





## Aiming to Improve Both Social Value and Corporate Value

The Hitachi High-Tech Group has designated "human resource development," "environmental conservation," and "local contribution" as focus areas for its social contribution activities. We are pursuing CSV\* by linking these activities with our core business and applying the resources we have cultivated in that business to the resolution of social issues. We aim to be a truly socially responsible corporation by promoting activities that take an integrated approach to creating value for society and our own corporate growth.

\*CSV: Creating Shared Value



# Supporting Science Education

Loss of interest in science among children and students is a problem that is facing developed countries. It is a critical issue that leads to difficulties for corporations in securing personnel to conduct R&D and to reduced international competitiveness as a nation. With our Basic Philosophy of "value creation through high-tech solutions," we will contribute to professional development and the development of society by supporting science education, which leverages our technology and products including scientific instruments to the maximum extent possible.

## Supporting Children's Science Education Activities Using Electron Microscopes

We conduct activities to support science education, using tabletop electron microscopes that are manufactured and sold by Hitachi High-Tech. We support a range of educational events, such as special lessons for elementary and junior high schools as well as displays at science museums and exhibitions, with the aim of stimulating children's interest in science and technology through the experience of observing familiar specimens on a microscopic scale. In Japan, we enabled approximately 3,000 children to experience the microscopic world in FY2015, mostly through special lessons conducted in Tokyo and Fukushima Prefecture. We conduct these activities not only in Japan but also overseas. In North and South America, we are attempting to expand the number of activities and areas by collaborating with our distributers and establishing a dedicated website. In Europe, we provided free tabletop electron microscopes for a German education project from 2011 to 2015. Going forward, we will build collaborative relationships with relevant organizations and strategically conduct programs while expanding the areas in which we conduct these activities. We also provide value to society by contributing to the professional development of the next generation that will be leading future scientific research.







## Biodiversity Conservation

The progress of economic development, and various other developments such as urbanization underway in many regions of the world, has worsened the destruction and pollution of the natural environment and promoted excessive use of resources. The Hitachi High-Tech Group actively engages in biodiversity conservation activities in collaboration and cooperation with local communities and environmental NPOs, etc. Starting in FY2016, activities to conserve biodiversity have been included in the Environmental Action Plan of the Hitachi High-Tech Group. Thus, all group companies are working to increase their awareness of biodiversity conservation.

## Acquisition of JHEP Certification for Evaluation of Biodiversity Conservation and Restoration Activities

The Woodland of Hitachi High-Tech Science (approximately 44,000 m²), which is a natural area that surrounds the R&D facility at the Oyama Works (Sunto-gun, Shizuoka Prefecture) of Hitachi High-Tech Science Corporation, became the first facility in Japan to receive an AA+ rank under the JHEP certification system\* of the national organization "Ecosystem Conservation Society-Japan" in December 2015.



\*JHEP system: JHEP system compares biodiversity values for a habitat "in the past before a project" and "in the future after a project." It then performs an evaluation and assigns a rank based on the difference between the two values and certifies habitats. JHEP is the only certification system in Japan to demonstrate that a project either does not reduce the amount and quality of natural habitat (suffers no net loss of habitat value) or improves the habitat (provides a net gain of



A type of twayblade orchid (Liparis kumokiri) which is gradually disappearing from the Kanto region



Wild Saxifraga stolonifera at the Oyama



Lush broadleaf forest in the Woodland of Hitachi High-Tech Science (sawtooth oak, konara oak and others)



Collecting acorns

## ■ Initiatives at the Woodland of Hitachi High-Tech Science We are carrying out the following four initiatives as a member of the local community, with the aim of coexisting with nature.

## (1) Maintenance and regeneration of a vast woodland

We will continue to maintain and regenerate the woodland that takes up 87% of the total area of our premises.

## (2) Converting an artificial forest into a natural forest

Over the next 50 years, we will extensively convert the existing artificial forest consisting of cedar and cypress into a natural forest with broadleaf trees, using plants native to the region that we are growing on our premises. In October 2015 we began collecting acorns, which are the fruit of the oak tree, on our grounds and growing seedlings from them. After a few years, once they have grown to a height of around 70 cm, we intend to plant them in an area of the artificial forest that is scheduled to be cleared. By doing this, we will also improve the habitat for animals such as the Japanese tit (bird) and the Pallas' Sailer (butterfly).

## (3) Regenerating a zebra grass field where wild native grasses

Over the course of approximately five years, we will convert a portion of the lawn into a semi-natural zebra grass field full of native grasses. In April 2016, we divided zebra grass roots for replanting for the first time.

## (4) Eradication of alian plants

We are continuously working to eradicate invasive plant species such as Canadian goldenrod.

# Local Contributions

## Communicating with the Local Community Through Our Bulletin

In August each year, Hitachi High-Tech holds a summer festival in the Naka Division, and we open our premises for the event. At the festival, we hold a range of activities, such as giving tours of our facilities and holding an environment quiz. Thus, we encourage participation by the local community, particularly children.

Furthermore, at Hitachi High Technologies America Inc., we hold yearly work experience days at each office, where the children of employees can participate in events such as experiencing our teleconferencing system.

## Integrating with the Local Community Through Sport

The Hitachi High-Tech women's basketball club, Cougars, contributes to the development of sport through basketball classes at local pre-schools and nationwide basketball clinics for elementary and junior high school

Furthermore, as an element of our support for people with disabilities, each year we visit the IFC Ibaraki Welfare Factory to hold a social event.



Please refer to the website for details concerning activities and results related to Communications with local communities.

# Financial Highlights

Hitachi High-Technologies Corporation and Consolidated Subsidiaries

lanan CAAB				Millions of yen
Japan GAAP	FY2010	FY2011	FY2012	FY2013
For the year:				
Net sales	653,431	645,865	575,468	639,116
Electronic Device Systems	95,899	102,386	103,919	117,263
Fine Technology Systems	38,803	22,979	14,320	17,217
Science & Medical Systems	115,377	147,055	132,919	150,360
Industrial & IT Systems	118,206	121,687	94,124	93,344
Advanced Industrial Products	295,646	261,216	236,443	267,042
Others & Adjustments	(10,500)	(9,458)	(6,257)	(6,110)
Operating income	27,893	25,459	18,951	30,431
Net income	17,752	14,265	12,166	18,032
Cash flows from operating activities	20,916	43,453	10,974	36,334
Cash flows from investing activities	1,194	(25,203)	(4,424)	(24,674)
Free cash flows	22,110	18,250	6,550	11,661
Cash flows from financing activities	(2,949)	(4,137)	(8,013)	(4,664)
Capital expenditure	8,974	17,320	11,714	18,921
Depreciation	8,960	9,072	7,823	9,365
Research and Development	20,774	23,556	21,794	21,060
At the year-end:				
Total assets	413,267	442,162	433,639	494,934
Total net assets	242,845	253,012	267,189	272,968
Cash and cash equivalents	107,704	121,598	123,485	133,599
Number of employees (Persons)	10,100	10,340	10,436	10,504
Per share data (¥):				
Net income	129.07	103.71	88.45	131.11
Net assets	1,764.66	1,837.84	1,939.81	1,981.00
Cash Dividends	20.00	30.00	20.00	30.00
Ratio:				
Operating income ratio (%)	4.3	3.9	3.3	4.8
Equity ratio (%)	58.7	57.2	61.5	55.0
Return on equity (ROE) (%)	7.5	5.8	4.7	7.0
Return on assets (ROA) (%)	7.2	6.1	4.6	6.6
Price-earnings ratio (Times)	12.9	19.0	22.4	18.3

IFRS
For the year:
Revenues
Electronic Device Systems
Fine Technology Systems
Science & Medical Systems
Industrial & IT Systems
Advanced Industrial Products
Others & Adjustments
EBIT (Earnings before interest and taxes)
Net income attributable to Hitachi High- Technologies Corporation stockholders
Cash flows from operating activities
Cash flows from investing activities
Free cash flows
Cash flows from financing activities
Capital expenditure
Depreciation
Research and Development
At the year-end:
Total assets
Total Hitachi High-Technologies Corporation stockholders' equity
Cash and cash equivalents
Number of employees (Persons)
Per share data (¥):
Earnings attributable to Hitachi High- Technologies Corporation stockholders
Total Hitachi High-Technologies Corporation stockholders' equity
Cash dividend
Ratio:
Income before income taxes ratio to revenues (%)
Total Hitachi High-Technologies Corporation stockholders' equity ratio (%)
Return on equity (ROE)*1 (%)
Return on assets (ROA)*2 (%)
Dring aggregation (Timesa)

Price-earnings ratio (Times)

Note: Starting with the securities reports for FY2014, the Company has switched to compiling IFRScompliant consolidated financial statements. For FY2013, the Company has also prepared IFRScompliant figures, as well as making the adjustments required under Japanese standards.

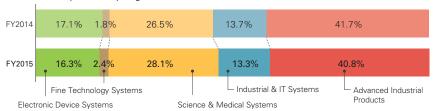
\*I Return on equity (ROE) = Net income attributable to Hitachi High-Technologies Corporation stockholders / Total Hitachi High-Technologies Corporation stockholders' equity (average of beginning and end fiscal year)

\*2: Return on assets (ROA) = Income before income taxes / Total assets (average of beginning and end fiscal year)

#### FY2013 FY2014 FY2015 621,815 619,632 628.984 103,184 105,893 102,711 16,677 11,354 15,069 150.308 164.264 176.997 93,722 84,869 83,480 263,983 258,110 256.822 (6.059)(4.857)(6.094)31,367 44.778 48.209 19,860 31,093 35,989 35,533 34,426 18,541 (24.250)(9.277)6.107 11,283 25,149 24,648 (5.662)(4.482)(7.120)18,921 14,453 12,030 9,289 10,574 10.527 20.092 19.556 20.163 494,703 536,705 531,032 270,696 301,378 320,790 132.923 153.942 169.375 10,504 10,012 9,902 226.08 144.39 261.68 1,968.19 2.191.32 2.332.50 30.00 45.00 65.00 5.1 7.3 7.7 54.7 56.2 60.4 10.9 7.7 11.6 6.8 8.8 9.1 16.6 16.2 12 11

## At a Glance

#### Revenues Composition by Segment



\*Others & adjustments are not included in total.

## ■ Electronic Device Systems



In the Process Equipment Business, there was a decline due to the impact of change of investment timing of some major customers.

In the Metrology & Inspection Equipment Business, the sales of wafer surface inspection systems decreased due to the impact of postponement in certain investments by major customers, despite the growth in the sales of CD-SEMs\* as customers' investment showed a recovery trend, resulting in a minor decrease in total sales of Electronic Device Systems.

\*SEM: Scanning Electron Microscope

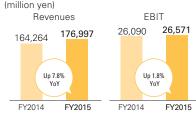
## Fine Technology Systems



In the Social Infrastructure Inspection Business, the sales of railway-related inspection equipment increased due to positive investment activities by railway companies.

In the Industrial Infrastructure Business, the sales of manufacturing equipment increased with strong capital investment by customers.

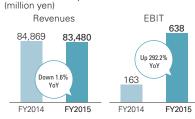
## Science & Medical Systems



In the Scientific Systems Business (electron microscopes and scientific instruments), there was an increase due to the expansion in sales of new products and solid overseas sales growth primarily sales to the Asian market.

In the Biotechnology and Medical Products Business, there was an increase thanks to large importation projects in emerging countries and strong growth of demand in the Asian market such as China.

## Industrial & IT Systems



In the Industrial Solutions Business, there was an increase derived from growth in sales of control systems due to customers' demand for renewal of systems and starting of the solar photovoltaic EPC\* projects

In the ICT Solutions Business, there was a drastic fall due to termination of mobile phone business, despite a solid increase in sales of hard-disk drive equipment for automobiles.

\*EPC: Engineering, Procurement and Construction

## Advanced Industrial Products



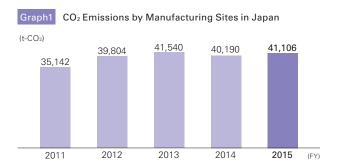
In the Automotive/Transportation Component and Material Business, there was an increase due to the strong performance of the US and Chinese markets in addition to the commencement of business toward Mexico.

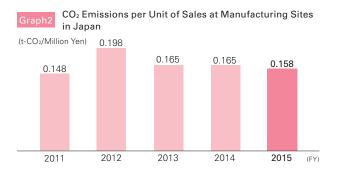
In the Industrial Component and Material, Fine Chemicals, Others Businesses, there was a decrease due to sluggish material prices.

# Non-Financial Highlights

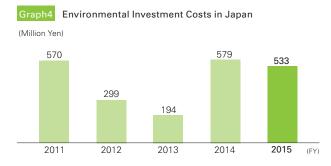
Environment						
	Unit	FY2011	FY2012	FY2013	FY2014	FY2015
Volume of CO <sub>2</sub> Emissions in Japan Graph1	t-CO <sub>2</sub>	35,142	39,804	41,540	40,190	41,106
Volume of CO <sub>2</sub> Emissions outside Japan	t-CO <sub>2</sub>	4,735	4,742	5,266	9,601*1	7,403
CO <sub>2</sub> Emissions per Unit of Sales in Japan Graph2	t-CO <sub>2</sub> / Million Yen	0.148	0.198	0.165	0.165	0.158
Reduction of $\text{CO}_2$ emissions from the manufacture of purchased or procured materials and parts etc.	t-CO <sub>2</sub>	140,000	97,000	200,000	220,000	280,000
Energy Usage in Japan (Crude Oil Equivalent)	kl	_	18,638	18,119.4	17,657.5	18,829.0
Energy Usage Improvement Rate per Unit of Sales in Japan (Crude Oil Equivalent)	%	_	26	36	36	34.6
Volume of Waste Generated in Japan Graph3	t	1,868.1	1,897.1	1,931.0	1,881.5	2,012.7
Waste Disposal Ratio in Japan	%	0.06	0.04	0.05	0.03	0.02
Volume of Waste Generated outside Japan	t	118.3	96.6	150.3	210.2*1	154.0
Water Consumption in Japan	m³	451,313	422,570	383,614	344,309	392,366
Water Consumption outside Japan	$m^3$	10,265	13,617	22,163	30,514	35,517
Volume of Atmospheric VOC emissions in Japan	t	3.9	4.7	6.3	5.7	4.4
Environmental Conservation Costs in Japan	Million Yen	2,056	2,326	2,347	2,603	2,411
Environmental Conservation Effects in Japan (Economic Effects)	Million Yen	70	29	56	85	51
Environmental Investment Costs in Japan Graph4	Million Yen	570	299	194	579	533

<sup>\*</sup> Increase in applicable sites









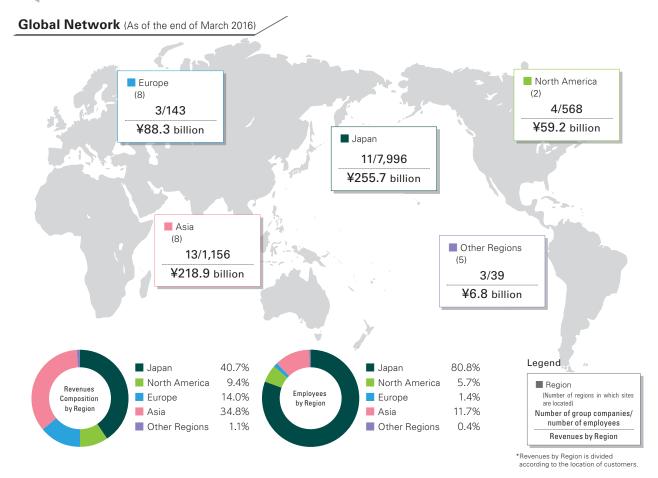
Employee Diversity	/*1						
		Unit	FY2011	FY2012	FY2013	FY2014	FY2015
Non-consolidated employe	ees	Person	4,445	4,351	3,809	3,768	3,711
Male		Person	3,852	3,762	3,267	3,213	3,161
Female		Person	593	589	542	555	550
Overseas		Person	42	35	37	34	32
Average age		Age	41.0	41.3	41.6	42.3	42.5
Years of employment		Year	18.3	18.5	18.9	20.1	19.7
Managers	Male	Person	1,126	1,149	1,024	1,027	1,029
	Female	Person	15	17	19	25	27
Managers at the level of department chief or above	Male	Person	217	216	227	189	228
above	Female	Person	2	3	4	5	5
Ratio of women in manage positions	erial	%	1.3	1.5	1.8	2.4	2.6
Ratio of employees with d	isabilities" <sup>2</sup>	%	1.93	2.02	2.06	2.19	2.36
New employees hired for regular positions <graduates></graduates>		Person	59	68	48	53	45
(Women included in above	figure)	Person	11	11	8	12	12
New employees hired for regular positions <experienced personnel=""></experienced>		Person	25	5	5	5	17

Work Style Situation*1							
	Unit	FY2011	FY2012	FY2013	FY2014	FY2015	
Reduced working hours	Person	74	81	85	90	84	
Leave of absence for childcare purposes	Person	48	38	41	41	38	
Rate of return after leave of absence for childcare purposes	%	97.9	96.9	96.0	93.0	94.7	
Leave of absence for nursing care purposes	Person	1	2	1	4	1	
Ratio of vacation taken	%	68.2	61.1	58.3	62.5	65.0	
Hours of overtime (averaged among labor union members)	Hour/ Month	25.6	27.5	22.8	29.4	27.4	

Local Community							
	Unit	FY2011	FY2012	FY2013	FY2014	FY2015	
CSR expenditures*3	Million Yen	98	34	35	43	36	
Science classes in Japan	Person	416	1,510	2,422	1,969	2,948	

<sup>\*1</sup> Individual results for Hitachi High-Tech
\*2 Consolidated domestic results
\*3 Total expenditures on operation of voluntary programs, as well as employee participation, dispatch, and donations to CSR activities (individual results for Hitachi High-Tech)

# Business Composition



## Group Companies (As of March 2016)

Japan

### **Domestic Group Companies**

Hitachi High-Technologies Corporation

Hitachi High-Tech Solutions Corporation Hitachi High-Tech Materials Corporation Hitachi High-Tech Support Corporation Hitachi High-Tech Fielding Corporation Hitachi High-Tech Fine Systems Corporation Hitachi High-Tech Manufacturing & Service Corporation

Hitachi High-Tech Science Corporation Epolead Service Inc.

Giesecke & Devrient Kabushiki Kaisha Chorus Call Asia Corporation

Europe Hitachi High-Technologies Europe GmbH

Hitachi High-Technologies RUS Limited Liability

Hitachi High Technologies Ireland Limited

Hitachi High-Technologies (Singapore) Pte. Ltd. Hitachi High-Technologies IPC (Malaysia) Sdn.

Hitachi High-Technologies (Thailand) Ltd. PT. Hitachi High-Technologies Indonesia Hitachi High-Technologies India Private Limited Hitachi High-Technologies (Shanghai) Co., Ltd. Hitachi High-Technologies Hong Kong Limited Hitachi High-Technologies (Shenzhen) Co., Ltd. Hitachi High-Technologies Korea Co., Ltd. Hitachi High-Technologies Taiwan Corporation

Hitachi Instrument (Suzhou), Ltd. Hitachi Instruments (Dalian) Co., Ltd. Hitachi Instruments (Shanghai) Co., Ltd.

North America

Asia

Hitachi High Technologies America, Inc.

Hitachi High-Technologies Science America Inc. Hitachi High-Technologies Canada, Inc.

Hitachi High-Tech AW Cryo, Inc.

Other Regions

Hitachi High-Technologies Mexico S.A. de C.V. Hitachi High-Technologies do Brasil Ltda. H.H.T.A. Semiconductor Equipment Israel, Ltd.

# Company Data/ Stock Information (As of the end of March 2016)

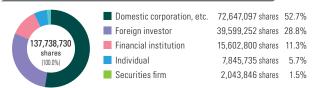
## **Company Data**

Date of Establishment April 12, 1947 Paid-in Capital ¥7.938 million Number of Employees 9,902

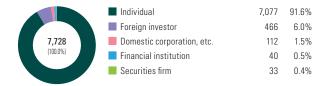
## **Stock Information**

350,000,000 shares Number of Shares Authorized 137,738,730 shares Number of Issued Shares Ordinary General Meeting of June Every Year Shareholders Tokyo Stock Exchange, Stock Exchange Listings Ernst & Young ShinNihon **Accounting Auditor** 

## **Shareholders Composition (Share Ownership)**



## **Shareholders Composition (Number of Shareholders)**



## 10 Largest Shareholders

Name	Shareholding (shares)	Shareholding Ratio (%)
Hitachi, Ltd.	71,135,619	51.72
Japan Trustee Services Bank, Ltd. (Trust Account)	3,902,300	2.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,251,300	2.36
Chase Manhattan Bank GTS Client Account Escrow	2,559,554	1.86
Goldman Sachs International	1,917,491	1.39
Hitachi High-Technologies Corp.'s Shareholding Association	1,649,619	1.20
State Street Bank and Trust Company 505001	1,436,156	1.04
Bank of New York GCM Client Account JPRD ISG (FE–AC)	1,365,794	0.99
JP Morgan Chase Bank 380684	1,212,800	0.88
Nomura Bank (Luxembourg) S.A. S/A Nomura Multi Currency Japan Stock Leaders Fund	1,134,600	0.82

<sup>\*</sup>Shareholding ratio is calculated by deducting treasury stock (208,212shares).

## Stock Price and Stock Turnover (April 2015–March 2016)



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# **®** Hitachi High-Technologies Corporation

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