

Hitachi High-Tech

Corporate Social
Responsibility Report
2012



Hitachi High-Technologies' CSR Vision

Corporate social responsibility (CSR) at the Hitachi High-Tech Group is guided by a basic philosophy shared by all officers and employees, and implemented in corporate activities. Based on the CSR policy of the Hitachi High-Tech Group, we promote CSR activities on a Group-wide basis, paying close attention to the themes of “Environment,” “Society,” “Economy,” and “Human Rights,” in fulfilling our social responsibilities as a corporation.

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.

Themes in Fulfilling Our Social Responsibilities

The Hitachi High-Tech Group positions four specific fields as themes for implementing its basic philosophy and fulfilling its responsibilities to society.



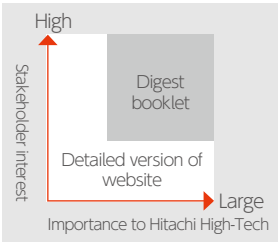
CSR Policy of the Hitachi High-Tech Group

The CSR policy of the Hitachi High-Tech Group, applicable to CSR efforts across the entire Group, embodies activities designed to put our basic CSR philosophy and mission into practice.

1. Commitment to Corporate Social Responsibility (CSR)
2. Contribution to Society through Our Business
3. Disclosure of Information and Stakeholder Engagement
4. Corporate Ethics and Human Rights
5. Environmental Conservation
6. Corporate Citizenship Activities
7. Working Environment
8. Responsible Partnership with Business Partners

Editorial Policy

The purpose of this report is to promote better understanding among stakeholders of the Group’s basic approach to CSR, achievements in this area in fiscal 2011, and future initiatives. With respect to editing, there has been a change in the relative positioning given to the website versus the booklet. The website now features a comprehensive posting of CSR activities. The booklet, meanwhile, will be a digest version, and will consist of readable prose that intuitively lays out information that the Hitachi High-Tech Group wants to convey to readers.



- CSR Report 2012 Digest Booklet → Report of key examples of CSR activities
- Detailed website “CSR Initiatives” → Report of data and updated information on CSR activities
- Annual reports → Report of financial information, primarily

Scope of this Report

This is a report of activities primarily for fiscal 2011 (from April 2011 to March 2012). Please note that some content reported may fall beyond this scope.

Organizations

Although the primary focus is the reported activities of Hitachi High-Technologies, the activities of the Hitachi High-Tech Group as a whole or individual Group companies are also reported for certain categories.

*Note regarding subject expressions
When Hitachi High-Technologies alone is indicated, the expressions “Hitachi High-Tech,” “the Company” or “non-consolidated” are used. In contrast, the expressions “the Hitachi High-Tech Group,” “the Group,” and “consolidated” are used to refer to the Hitachi High-Tech Group as a whole.

Date of publication

June 2012 (Next report to be published in June 2013, previous report was published in June 2011)

Expected readership of the report

This report was produced for readership by all stakeholders, including customers, procurement sources and suppliers, shareholders and investors, employees, and local communities and society members, as well as by CSR research institutions and other specialists.

Reference guidelines

- Sustainability Reporting Guidelines version 3.1
- “Environmental Reporting Guidelines 2012,” Ministry of the Environment, Japan
- ISO26000

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Affiliated Companies

Area	Types of Businesses	Company Name
Domestic	Sales	Hitachi High-Tech Solutions Corporation Hitachi High-Tech Materials Corporation Hitachi High-Tech Support Corporation Giesecke & Devrient Kabushiki Kaisha
	Service & Manufacturing	Hitachi High-Tech Fielding Corporation Hitachi High-Tech Engineering Service Corporation Hitachi High-Tech Control Systems Corporation Hitachi High-Tech Manufacturing & Service Corporation Hitachi High-Tech Instruments Co., Ltd.
Overseas	Sales & Service	Hitachi High Technologies America, Inc. Hitachi High-Technologies Canada, Inc. Hitachi High-Technologies do Brasil Ltda. Hitachi High-Technologies Europe GmbH Hitachi High Technologies Ireland Limited H.H.T.A. Semiconductor Equipment Israel, Ltd. Hitachi High-Technologies (Singapore) Pte. Ltd. Hitachi High-Technologies IPC (Malaysia) Sdn. Bhd. Hitachi High-Technologies (Thailand) Ltd. PT. Hitachi High-Technologies Indonesia 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.

(As of April 2012)

Leadership Commitment



Bringing CS11 to Fruition to Achieve a Sustainable Society

President, Chief Executive Officer and Director

A handwritten signature in black ink, appearing to read 'Masada', with a long horizontal flourish extending to the right.

A Year of Challenge for the Next Decade

In 2011 when the economy had finally begun recovering from the global financial crisis, the Great East Japan Earthquake and resulting nuclear crisis struck in March and conspired with historic yen appreciation, financial system insecurity in Europe, flooding in Thailand and other events to deal a major blow to Japan and the rest of the global economy. It was therefore an extremely challenging year for business.

Amidst such adversity, the Hitachi High-Tech Group commemorated its tenth anniversary in October and embarked on a new beginning. The Group's corporate vision calls on us to "become a Global Leader in high-tech solutions," and to fulfill this vision we have drawn up the Long-term Management Strategy (CS11: Corporate Strategy 2011), a strategy for our next decade, and the Medium-term Management Plan, which covers through fiscal 2013. Since the integration in 2001 we have focused on reinforcing frameworks and platforms, and have successfully solidified our foundation by applying greater selectivity and focus to our business portfolio. We intend to make 2012 a year of execution and challenge directed at actualizing the objectives of CS11 and the medium-term plan.

We will take on challenges like never before, with each and every member of the Group taking the initiative with a fighting spirit—in other words, a sense of ownership.

Generating New Value for Society

"Lead the way for our customers' future as a fast-moving creator of cutting-edge business." This strategic statement from CS11 will be put into practice by the Group to achieve sustained growth and development. For the Hitachi High-Tech Group, CSR-based management is none other than creating new value for society. This is done by anticipating market changes and constantly delving into fresh fields of growth together with customers to continually meet the future needs of customers and other stakeholders.

"Cutting-edge business" refers to the Group's promising new business fields, which are, specifically, next-generation electronics, life sciences, the environment and new energy, and social innovation. "Fast-moving creator" refers in part to our overseas development in the Asian belt zone and emerging countries. Moreover, the creation of new business, as a core competence of the Group, means fusing the Group's unique strengths of trading capabilities and manufacturing capabilities and combining these strengths with the comprehensive capabilities of the Hitachi Group to create true "high-tech solutions." We are committed to bringing about a sustainable society through realization of CS11.

Promoting the Hitachi High-Tech WAY Worldwide

The Group has grown into a global enterprise that links together some 10,000 employees. Going forward we must create new businesses with synergies from close collaboration and communication across divisions in order to grow and develop and realize our corporate vision. It will therefore be necessary for all executives and employees to share in the Group's philosophy, values and strategy.

To accomplish this we have established the Hitachi High-Tech WAY and launched a worldwide internal communication initiative. The Hitachi High-Tech WAY unifies the Hitachi High-Tech SPIRIT (the values of "challenge," "speed," "openness" and "teamwork") our corporate vision and the CS11 strategy. The initiative seeks to provide the Group's distinctive value to customers by promoting the values, vision and strategy as an integrated practice.

The Hitachi High-Tech WAY serves as an important indicator for maximizing stakeholder value. At both the individual and organizational levels, the Group will engage in daily operations while thinking closely about what the Hitachi High-Tech identity is, and about what the value is that we can provide for our customers.

Harmonizing Environmental Conservation with Economic Development

Addressing environmental issues is an important task of corporate management. The Hitachi High-Tech Group's approach to the environment seeks to harmonize conservation with economic development. As a member of the Hitachi Group, we are committed to reducing CO₂ emissions in product use through development and promotion of eco-products, and to promoting eco-factories and offices through use of renewable energy.

In fiscal 2011 we formulated calculation standards for the differing contributions of eco-products to CO₂ emissions reductions, and then developed and implemented a system to actually calculate the contributions. We are also currently working to expand business operations in the field of the environment and new energy, starting with solar power. At the same time, we believe there are still many untapped areas suited to our strengths, especially in measurement and analysis technologies. Moving forward, we plan to also critically consider how we can contribute to the conservation of biodiversity.

Earning Empathy and Trust

An essential precondition of the new initiatives discussed thus far is being a trustworthy company and an organization filled with trustworthily individuals. This starts with a firm commitment by each individual to integrity and ethics and to putting right and wrong before profit and loss. Making this commitment will enable us to earn the understanding and trust of the public and achieve sustained growth in step with customers and society as a whole.

Last year we administered a compliance questionnaire for all Group employees. It was the fourth such survey, but the number of this year's responses was the highest to date, suggesting our compliance policy has penetrated more deeply into the organization. In recent years though other companies have been hit with major compliance-related scandals, so the Group will once again redouble its efforts while learning from these incidents and committing itself to ethics and integrity, to putting right and wrong before profit and loss.

For the Group to achieve sustained growth, we will continue asking ourselves what kind of value our products and services can provide society while maintaining close communications with stakeholders. Specifically, since fiscal 2011 corporate divisions have spearheaded efforts to formulate CSR initiatives and implement PDCA cycles in accordance with the CSR policy of the Hitachi High-Tech Group.

Going forward, the initiatives will be extended to business divisions and CSR-based management will be promoted in an effort to contribute solutions to economic, environmental and social issues through our main business operations.

June 2012

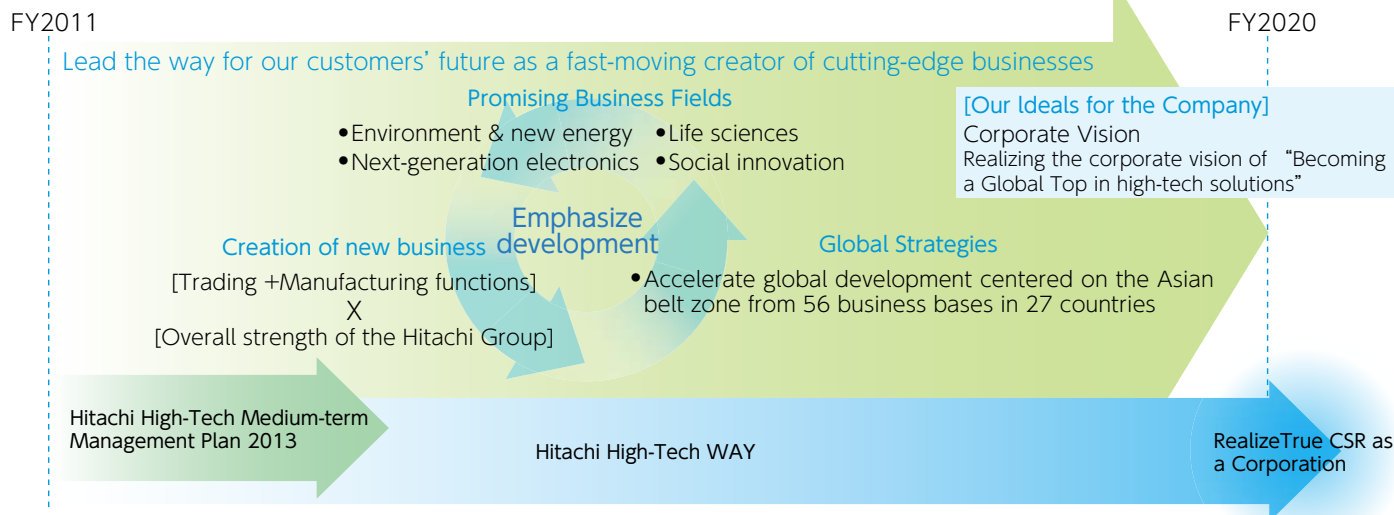
Long-term Management Strategy (CS11) and the Hitachi High-Tech WAY

Formulation of the “CS11” Long-term Management Strategy for realizing our corporate vision

In October 2011, the Hitachi High-Tech Group marked the tenth anniversary of its founding. To mark this milestone, the Group formulated and set as its guiding policy a Long-term Management Strategy (CS11: Corporate Strategy 2011). Serving as a roadmap for its next decade, CS11 is designed to realize the Group’s corporate

vision of “Becoming a Global Top in high-tech solutions.” With CS11 shared by all of its members, the Hitachi High-Tech Group is working as a business creation enterprise to realize a sustainable society.

Overview of Long-term Management Strategy (CS11: Corporate Strategy 2011)



Scope of Activity: Bringing the Cutting Edge to the Forefront

Leveraging its strengths in technology development, global sales and procurement, and manufacturing and services, the Hitachi High-Tech Group has selected four business fields that are expected to become growth markets in the future. Using our worldwide network as a spring board, the Group will expand overseas, focusing on the Asian belt zone†.

Core competence: Creation of New Business

The Group leverages its functional capabilities as both a trading company and a manufacturer, fusing these functions together and combining them with the strength of the Hitachi Group. This combination allows the Group to provide the optimal combination of hardware, systems, IT, and services to match customers' needs. This is the very definition of a true high-tech solution.

Objective: Leading the Way for Our Customers' Future

The Hitachi High-Tech Group is committed to the constant and continuous pursuit of added value from the customer's perspective, as well as a thorough emphasis on development. We will set ourselves high performance targets that reflect this stance, and will take up the challenge of business expansion.

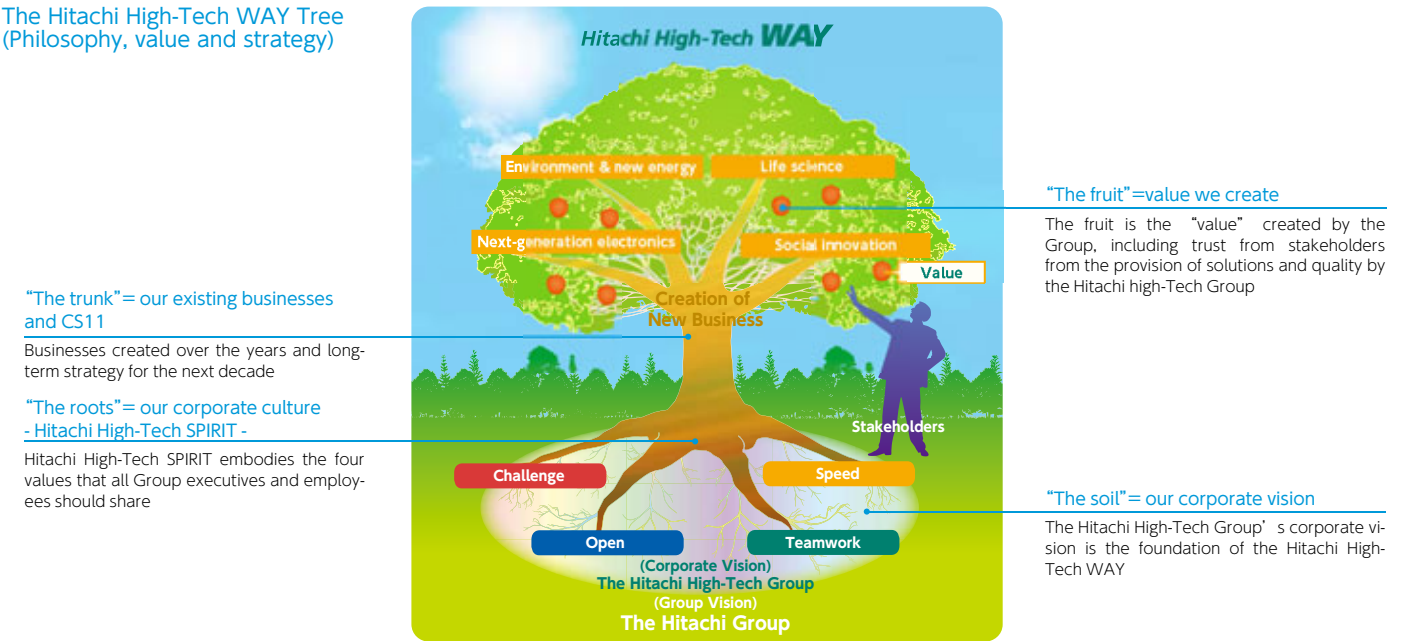
† 24 countries and regions across coastal areas of Asia spanning from Japan to the Arabian Peninsula

Offering high value as a group united together under the Hitachi High-Tech WAY

From business integration in fiscal 2001 to the reshuffling of Group companies and mergers with other enterprises, the Hitachi High-Tech Group has grown over roughly a decade into a corporate group with a 10,000-person workforce with a variety of corporate cultures. A unifying force of some kind binding the entire Group together will be essential to swift realization of the Group’s corporate vision and further capitalizing on its comprehensive strengths

and synergies going forward.
To fulfill this role, in October 2011, the Group encapsulated the necessary philosophy, values and strategy together in the Hitachi High-Tech WAY. All Hitachi High-Tech Group executives and employees share a common commitment to the Hitachi High-Tech WAY, which they put into practice in their activities each day in a bid to improve the value they provide to stakeholders.

The Hitachi High-Tech WAY Tree
(Philosophy, value and strategy)



Activities to promote penetration of the Hitachi High-Tech WAY

The Group promotes a range of activities to promote penetration of the Hitachi High-Tech WAY as a means to encourage sharing of the philosophy among all Group executives and employees and fostering a sense of unity. Starting with an explanatory meeting for employees hosted by senior management in October 2011, the Group has distributed Japanese and English versions of the WAY book, which offers a breakdown of the Hitachi High-Tech WAY, to

employees in Japan and overseas. E-learning courses are also available in Japanese, English, and Chinese (traditional and simplified), and related posters have been hung in worksites. Plans going forward call for formally organizing a promotion structure for the WAY at each worksite to ensure further penetration and enactment at the frontlines of business.

Report on the Great East Japan Earthquake

Over one year has passed since the Great East Japan Earthquake. We offer another prayer for all those who lost their lives. And we extend our heartfelt sympathies to all those people whose lives continue to be disrupted.

The Hitachi High-Tech Group worked to quickly restore manufacturing facilities that were damaged by the earthquake while also taking part in the region's recovery. We intend to continue activities in the region to speed the recovery as soon as possible.

■ Helping Customers Recover Quickly

Hitachi High-Tech's Naka Division and Hitachi High-Tech Manufacturing & Service Corp. (both located in Hitachinaka, Ibaraki Prefecture) were affected the most among Group companies. Damage to buildings and production facilities forced operations to be shut down. Shutting down operations at the facilities, which produce products for semiconductor measurement, testing, and science and medical systems, did not only affect the Group but also substantially impacted on hospitals, testing centers, universities, research institutes and other customers. Therefore, all our employees collectively worked to restore the sites as quickly as possible.

The procurement division was moved to our plant in Kudamatsu, Yamaguchi Prefecture, and quality assurance and service operations were transferred to Tokyo as priority was placed on procurement, production and logistics functions. As a result of these efforts, on March 22, 2011, electricity and other infrastructure were restored, and production recommenced on March 29. By June operations had returned to their pre-earthquake status.

We put special priority on quickly re-launching products used in medicine given the fact that these products directly involve human life. We succeeded in recommencing shipments of clinical analyzers on April 5. The following words of appreciation were received from Roche Diagnostics (Head Office: Switzerland), a medical

systems partner in our System Collaboration Business. "We would like to express our appreciation to Hitachi High-Tech for taking on and successfully overcoming the extremely difficult challenge of not only quickly recovering from major damage suffered in the earthquake but actually substantially increasing production."

40,000 m² of building space that was heavily damaged and difficult to restore (26% of the total) was torn down, and new buildings are planned for construction. A new gymnasium planned before the earthquake was completed in September 2011 and stocked with water, food and other emergencies supplies to make it available for use by the local community as an evacuation center.

Loading clinical analyzers for shipping



Earthquake-Damaged Buildings



□ Tear down □ Reinforce

Reconstructed Naka Division (as of Feb. 2012)



40,000 m² torn down (26% of total floor space)

■ Radiation Measures

An independent system for measuring radiation levels was built for the Group's Naka Division manufacturing facilities. It consists of radiation sensors installed at primary shipping locations to accommodate customer requirements for radiation measurement. Our shipping partners are also taking part in the process by conducting measurements at airports and other locations.

■ Conserving Electricity in Summer

At sites within the service areas of Tokyo Electric and Tohoku Electric, we worked to reduce maximum power use by 15% or more in accordance with the government's action plan for electricity conservation. At sales and service locations, we instituted rotating days off, dispersed summer vacation days among employees, and turned off rows of air conditioners and lights. Manufacturing sites also instituted rotating days off while consolidating production areas and reducing operating terminals, among other measures. At the Naka Division and Hitachi High-Tech Manufacturing & Service Corp., temporary day care facilities were set up during the period of rotating days off (July to September) out of consideration for employee working conditions by labor and management together.



Children spending time at the temporary daycare center

■ Business Continuity Planning

The Group had a business continuity plan based on potential events such as earthquakes and worldwide outbreaks of infectious diseases, but the plan had to be revised in light of the unanticipated level of damage caused by the earthquake. We are currently strengthening business continuity planning throughout the Group and intend to conduct training and drills in fiscal 2012 to increase understanding of the concept and raise contingency readiness.

■ Support Through Business Activities

Hitachi High-Tech Fielding Corp., a maintenance service company in the Hitachi High-Tech Group, had its vehicles certified for emer-

gency use by the Japanese Red Cross Society on March 12, 2011, the day after the earthquake, and its service engineers travelled to the disaster region carrying relief provisions. The engineers conducted maintenance services locally, with priority on hospitals and other critical facilities, while also helping customers in their restoration efforts. A total of twelve video conferencing systems, imported and sold by Hitachi High-Tech, were donated to elementary and middle schools in Miyagi Prefecture and community centers and other institutions in Iwate Prefecture. The systems were intended for use in educational activities and for mental health care, remote medical consultations and communication between evacuees in the region.



Hitachi High-Tech Fielding's sales vehicles transporting relief provisions



Video conferencing systems installed at community center in Ofunato, Iwate Prefecture

■ Recruiting Activities

The start of recruiting activities was postponed from April 1 to June 1 to help engineering students at universities and technical high schools in the disaster area in their job searches. We also further opened the door to students by holding engineer screenings at our Tohoku Branch Office in Sendai, Miyagi Prefecture.

■ Relief Donations

Hitachi High-Tech and its Group companies in Japan donated ¥18 million to the Japanese Red Cross Society, and overseas Group companies collectively donated ¥5.48 million to their countries' Red Cross organizations to help evacuees and contribute to the region's recovery. Employees in Japan and overseas also raised funds and donated a total of ¥1.69 million, organized jointly by labor and management.



- ① Power generation/charging system and water purifier. The system is perfect for small villages since it costs almost nothing to operate.
- ② Operating committee formed and training provided to enable residents to manage and operate the system themselves.
- ③④ Getting people and supplies to outlying islands is no easy task.
- ⑤ Residents no longer have to go to town to buy drinking water

Indonesia BOP Project: Solving Societal Issues with Technology

—Feature1—

Delivering Light



Shinichi Umeda

Manager
Energy & Environmental
Solutions Dept.
Industrial Solutions 1st
Business Div.

Social Innovation through Business Activities

The Republic of Indonesia is a massive country that straddles the equator and extends 5,110 kilometers east to west. It also has the fourth largest population in the world with roughly 238 million people and is drawing increasing attention for its enormous potential among ASEAN nations. The country has been experiencing marked economic growth, at an annual real growth rate of 6.1% in 2010, but because of its geography—the fact that it is made up of some 17,500 islands—around 60% of the population lives on the island of Java and disparities with outlying islands, both economic and infrastructure, have become major societal issues. Approximately 67% of the country has electricity, meaning roughly 100 million people on outlying islands still live without electricity. Moreover, only a fraction of the population (26%) has direct access to clean, safe running water.

Hitachi High-Tech, which has a basic philosophy of contributing



Republic of Indonesia

Land: Approx. 1,890 thousand km² (5 times larger than Japan)

Population: 238 million (Government's estimate in 2010)

GDP: Approx. US\$707.1 billion (Nominal GDP in 2010)

Economic growth rate: 6.1% (real economic growth in 2010)

Capital: Jakarta

Main industries: Agriculture and forestry (coconut, coffee, rice, cocoa, rubber, etc.)

Mining resources (crude oil, natural gas, coal, gold, tin, nickel, copper, etc.)

Light industries (food, textiles, petrochemicals)

Project Timeline

2008

- Participate in Indonesia sponsored symposium on promoting solar power

2009

- Conduct one-month fact-finding visit to areas lacking electricity with government officials from the ministry in charge of developing regions
- Commence practical discussions on solar power facilities between the ODA and the Deputy Minister for the Accelerated Development of Disadvantaged Regions
- Invest in PT. Sky-Energy Indonesia, a prominent local systems integrator
- Participate in METI's BOP business feasibility study with Hitachi Research Institute

2010

- Start demonstration on feasibility of combined solar power and water purification system
- Start study on solar power project for national power companies (mega solar facility)

2011

- Establish PT. Hitachi High-Technologies Indonesia ①
- Start construction of seawater desalination system with remote satellite-based monitoring ②
- Start study on remedying disparities using information and communications technology (One Seg)
- Start project to bring information technology to BOP villages

2012

- Start demonstration project for ICT-based disaster preparedness system



for a Brighter Future

to social progress through business activities that emphasize value creation through high-tech solutions, is carrying out electricity, water and communications infrastructure projects at various locations in Indonesia. We were already laying the groundwork for solar power business activities when in 2009 a BOP business feasibility study was conducted by the Ministry of Economy, Trade and Industry. We took part in the study together with Hitachi Research Institute, and it provided the impetus for commencing actual project activities. BOP (Base of the Pyramid) refers to the world's low-income population—people subsisting on less than \$3,000 a year who make up roughly 72% of the world's total population. BOP businesses involve private-sector companies helping solve societal issues that affect this population through business activities. Such projects require a forward-looking commitment to the region and sufficient consideration for economic growth and environmental issues; they are not fixated on direct, short-term profits.

The feasibility study, conducted over six months on outlying islands in areas without electricity, found that residents had an expressed need for “electricity, water and television.” The Indonesian government has also requested assistance for three types of infrastructure, power, water and communications, for outlying islands and other areas without electricity. Given these needs, Hitachi High-Tech began testing commercialization potential with PT. Sky-Energy Indonesia, a local systems integrator and existing partner, as well as in collaboration with other Japanese companies.

Steady Progress From a Long-Term Perspective

The first demonstration project was launched in August 2010 to test the feasibility of a combined water purification and solar power system. The test specifically involved installing a water purifier from Yamaha Motor Co., Ltd. together with a solar power generation and charging system from PT. Sky-Energy Indonesia in the village of

Bekkae in South Sulawesi, Indonesia.

“Bekkae consists of about 100 households that have virtually no electrical products. Residents regularly had to move over 15 kilometers into town carrying lead batteries so that they could be charged and used to power mobile phones and lights. It proved to be more difficult than anticipated to transport the materials to the remote island. It also took much more time than initially planned due to damage from heavy rains damming up intakes. The equipment though ended up functioning without issues. Successful BOP projects require a commitment to leaving the local situation and circumstances in even better shape for the next generation while addressing immediate needs. A water and electricity operating committee made up of residents was formed, and we provided instruction to ensure water and electricity are managed and used effectively even after the system is installed. The project was completed in July 2011.” (Umeda)

Encouraged by the success of this project, Hitachi High-Tech continues to be involved in a series of studies and demonstration projects involving mega solar facilities, seawater desalination systems, terrestrial digital TV broadcasting systems (One Seg) that use solar power, ICT-based disaster preparedness systems, and other technologies.

BOP Projects Produce Major Ripple Effects

A successful demonstration was run from late December 2011 to February 2012 in the village of Bajo in the Bacan Islands, Indonesia on mobile digital TV broadcasting (“One Seg”) using solar power.

“Televisions consume a great deal of power, so people in areas



without electricity tend to congregate every now and then to watch programs on just one CRT-tube television set. The monthly income of residents is around ¥10,000, so it is difficult for a single individual to purchase a TV and parabola antenna, and even if they are somehow acquired, power is generated by a diesel generator, which is very expensive. This means that televisions are not used on a daily basis. The solution we proposed was a system to receive the satellite signal with a parabola antenna and rebroadcast the single using a One Seg transmitter driven by solar power so that residents could view programming on One Seg devices. Residents would be able to watch TV using very little power. The community was very happy to lend a hand in setting up the transmitter. Government

Projects in Indonesia

Construction of seawater desalination system with remote satellite-based monitoring
Palembang, South Sumatra

Demonstration project for ICT-based disaster preparedness system
Outskirts of Jakarta

Construction of seawater desalination system with remote satellite-based monitoring
Pakisjaya, Karawang



Study on remedying disparities using information and communications technology (One Seg)
Bajo, the Bacan Islands

Demonstration of combined solar power and water purification system
Bekkae, South Sulawesi

Study on solar power project for national power companies (mega solar facility)
Lape, Sumbawa



- ①The demonstration was conducted in Bajo, a village with roughly 500 households.
- ②The community has high expectations for One Seg TV.
- ③Parabola antenna and One Seg base station for receiving satellite broadcasting
- ④Checking One Seg signal strength
- ⑤Explaining how it works to residents
- ⑥Residents watching TV on a One Seg terminal
- ⑦⑧The Indonesian government has high expectations for the project. IT Minister Tifatur even paid a visit to the site.
- ⑨Employees of PT. Hitachi High-Technologies Indonesia provide local support.

expectations for the project are high—even the Minister of Communications and Information Technology in the Indonesian government paid a visit. The project is also very much of value to the village. Access to electricity greatly contributes to economic and industrial development, access to clean water, to the health of residents, and access to television and other communications infrastructure, raises education levels and contributes the transmission of disaster-prevention information. I came away with a strong sense for the social significance of projects like this on outlying islands and other areas without electricity.” (Hiraga)

A Coordinator of Total Solutions

The projects in Indonesia are contracted by Indonesia, Japan and government institutions in both countries and each project involves different equipment and facilities, so the companies and groups collaborating in them span a wide range and include both domestic and overseas organizations.

“Conditions differ from developed countries, where a project is finished once the system is set up. In areas with underdeveloped social infrastructure, it is necessary to provide everything, including infrastructure. Systems must utilize renewable energies or be extremely energy efficient, so technologies optimized to such conditions are essential. Hitachi High-Tech draws on its IT technologies and expertise as well as its strengths as a trading company to serve as a hub for the project and coordinate everything. Pooling the capabilities of multiple companies enables value to be provided that

would be impossible for one company alone. Projects on remote islands and other areas without electricity are never easy, but going forward we intend to accumulate further expertise to enable solutions to be provided in packages for different issues and strive for projects to be included in national budgets to contribute to Indonesia’s sustained development.” (Hiraga)



Fumiaki Hiraga

Manager
Marketing & Planning Dept.
Strategic Planning Div.

— Feature2 — Stakeholder Dialogue

Top meeting on March 26, 2012

What Kind of CSR Management is Essential for a Global Company?

President Hisada talked with One Akiyama of IntegreX Inc. on the future of the Hitachi High-Tech Group.

Looking Back on 2011 and the Earthquake

Hisada: Starting with the Great East Japan Earthquake, the business world was rattled by a series of events in 2011, from flooding in Thailand to historic yen appreciation, making it an extremely challenging year.

Akiyama: The earthquake was a major cause of direct damage, but corporate supply chains were also substantially affected in the immediate aftermath, and many companies in Japan had to deal with their own severed supply chains.

Hisada: Yes, it was extremely chaotic. In terms of business continuity planning as well, the disaster shattered assumptions and brought a number of issues into relief. We have therefore quickly worked to establish and revise manuals accordingly.

Akiyama: There was also damage from the nuclear crisis on top of the earthquake, and I think Japanese companies were directly confronted with many problems that shook their long-held values. Corporate executives are now being pressed to institute reforms to address how energy supplies should be handled going forward and how to conduct corporate management from a more long-term perspective.

Also, the word “bonds” has been used quite often, and I think people have come to more highly regard CSR-type values. There is a greater desire to help others and support companies that lead the way in trying to help society.

Formulating the Hitachi High-Tech WAY on the 10th Anniversary of the Group

Hisada: When the Group was formed in 2001 it was an amalgama-



One Akiyama

President, IntegreX Inc.

Masao Hisada

President, Chief Executive Officer and Director

PROFILE

One Akiyama

One Akiyama graduated from Keio University's Faculty of Economics. After working at a U.S.-based securities company as a foreign bond trader and later at an independent securities company, she established IntegreX Inc. in 2001 to promote socially responsible investing and corporate social responsibility.

tion of companies with different corporate cultures, so having a shared set of important values was considered essential to the Group's future development. The Hitachi High-Tech SPIRIT project was therefore launched. A total of 400 employees from every country and region and every job and rank participated in small group meetings and freely discussed the direction the company should head and in general what makes people happy. These discussions were compiled into the Hitachi High-Tech SPIRIT and then in 2011 into the Hitachi High-Tech WAY (“WAY”).

Akiyama: I saw the WAY book¹ and thought it was wonderful. When employees have a common awareness of a company's direction and what it is trying to do, it is extremely important from the standpoint of business progress, and not just from a CSR perspective. The WAY carefully formulates this way of thinking in an easy-to-understand manner.

I was particularly drawn to was the basic philosophy of tying business activities themselves directly to CSR. I personally think CSR at its heart is when work itself contributes to society. This becomes a source of pride for the people doing the work and is a positive for the company as well.

Hisada: Our mission is to provide cutting-edge solutions to customers by combining our capabili-



ties as a trading company with our capabilities as a manufacturer and further leveraging the collective strength of the Hitachi Group. Social contribution activities are also important, but I think it is important to contribute to society through business.

Akiyama: Awareness is important, I think. How does my job benefit society? How does it connect to the spirit of the company? I think if we stay aware and think of these questions, then that alone will make us do things differently. Developing pride and awareness in one's work is a type of CSR initiative, I believe.

Social Responsibilities of Global Enterprises

Hisada: The Group puts the goal of globalization at the core of CS11, and as the foundation for achieving this, I travelled to our overseas sites beginning in November 2011 and personally requested local staff to take part in WAY activities.

Akiyama: Overseas expansion is a major issue for all companies, and successfully achieving globalization requires first of all that management be conducted on the premise that we are different from one another. Companies must be aware that things regarded as acceptable in Japan are at risk of being criticized in other regions.

In order to eliminate such differences, companies must look closely at local conditions, listen in detail and explain things clearly. Sufficient dialogue with stakeholders is required in Japan as well, but it is even more important when going overseas.

Hisada: I read the Electric Industry Code of Conduct when it was announced in the U.S. in 2004, and it indicated that we needed to go to suppliers and monitor local working conditions, and at the time, I was surprised and thought, is that really necessary?

Akiyama: EICC and ISO 26000² contain many provisions that seem unnecessary if doing business only in Japan, but I think the guidelines can be meaningful by reading them from the perspective of learning what people overseas regard as problems. The sections on human rights in particular can be read for insights into differences in values. We have to identify how a risk may become a problem for us.

Hisada: In Japan, there is a tendency to think some-

thing that may be a little bad is OK because the company profits from it, but I continue to state in no uncertain terms that right and wrong must be put before profit and loss.

Akiyama: That is exactly right. Corporate executives need to be emphatic on this point.

Growth as a Business Creator

Akiyama: Your BOP projects in Indonesia are a success story for businesses that utilize technology to improve the lives of local people. The direction of your company's CSR has also already been well defined, so on the other component, business process, I would like to see attention paid to both vision and process; specifically, how social responsibilities are to be fulfilled.

Hisada: That is certainly important. The Group is striving to become a business creator over the next decade, and poor processes will lead to completely different outcomes even if the direction itself is good. This is important in the execution of all our businesses.

BOP projects are certainly a new business, but trading company capabilities are currently our mainstay. Adequately leveraging strengths as a manufacturer is one of our challenges going forward. There are very few companies even in Japan with both trading company and manufacturer capabilities, so we still need to delve deeper into synergies between the two.

Akiyama: I do not know specifically how such capabilities will come together, but it is a great ideal. When you think that your job will change the world twenty or thirty years down the road and that you can do great things together with other departments, it provides a sense of "excitement" for everyone, I think.

Hisada: "Excitement" ties in with the slogan of the WAY, "Creative Minds. Innovative Solutions." Our future vision is a company where you can create this excitement. I think I'll use this way of looking at things in future talks with employees. Thank you for your time today.

¹ An internal company guide.

² "Guidance on social responsibility" issued November 2010 by the International Organization for Standardization



CSR Initiatives and Achievements

Each year, we formulate CSR initiatives and assess achievements in order to engage in effective and efficient CSR activities on the basis of the CSR Policy of the Hitachi High-Tech Group.

1 Commitment to Corporate Social Responsibility (CSR)

Main Initiatives in Fiscal 2011

- Create CSR initiatives and implement PDCA (plan-do-check-act) cycles
- Establish risk management systems at overseas Group companies

Implement PDCA Cycles by Creating CSR Initiatives

Since fiscal 2011, the Group has carried out CSR-based management by devising CSR initiatives and implementing PDCA cycles in line with the CSR Policy of the Hitachi High-Tech Group. The CSR Promotion Committee, consisting of executives serving as CSR promotion officers and a CSR working group led by corporate divisions, formulate plans, assess achievements and spearhead further improvements.

Establish Risk Management Systems at Overseas Group Companies

When laws and regulations are violated and corporate scandals come to light, it becomes exceedingly difficult to win back the trust of stakeholders and corporate value is significantly damaged. Rigorous compliance therefore is an important aspect of risk management.

In fiscal 2011, overseas Group companies were surveyed on their handling of compliance risk, reporting routes for potential incidents and other related areas. Measures to mitigate risks identified by each company will be implemented starting in fiscal 2012.

Main Initiatives in Fiscal 2012

- Conduct CSR education in rank-specific training programs
- Implement compliance risk reduction activities at overseas Group companies

2 Contribution to Society through Our Business

Main Initiatives in Fiscal 2011

- Introduce priority CSR items into the budget and medium-term plan of each business section
- Confirm and evaluate the development and progress of policies regarding quality improvement activities throughout the year
- Continually implement and improve customer satisfaction surveys
- Encourage overseas sales divisions to acquire ISO 9001 (QMS) certification

Creating a Shared Awareness to Integrate CSR Activities Into Core Business Operations

Integrating CSR into business strategy and providing new value to help solve society-wide issues is extremely important from the standpoint of the Group's sustainability. We took the first step toward this end in fiscal 2011 by holding a CSR seminar for all officers and working to create a shared awareness of CSR among members promoting our "CS11" long-term management strategy. Going forward, we will continue to promote initiatives to integrate CSR activities into core business operations.



CSR seminar for officers

Sharing Quality Improvement Measures at Company-wide Quality Strategy Meetings

The Group carries out activities to improve product and service quality in accordance with the Hitachi High-Tech Group Codes of Conduct.

In fiscal 2011, our main activities plan called for "confirming and evaluating the development and progress of policies regarding quality improvement activities throughout the year." Accordingly, measures for improving product and service quality were promoted across the organization, and product development capabilities were further strengthened through quality and reliability training.

Our quality assurance divisions report monthly on product operations and any problems that may have occurred in accordance with

Provision of Safe High-Quality Products and Services

- (1) We will satisfy customer needs and specifications. We will not only obey quality, safety and environmental laws and standards, but also set our own voluntary standards when necessary to ensure the quality of our products and services.
- (2) We will respond quickly and sincerely to defects and customer complaints, and strive to determine the causes and implement thorough measures to prevent recurrence.
- (3) We will construct and administer appropriate quality management systems.

(Excerpted from the Hitachi High-Tech Group Codes of Conduct)

quality assurance standards, a set of proprietary standards for product quality control, and the information is shared throughout the Group. This process sheds light on product- and service-related problems, which in turn helps us continually make improvements to raise quality levels for all related products.

In addition, service divisions conduct annual customer satisfaction surveys and make improvements after analyzing the findings. Hitachi High-Tech Group company-wide quality strategy meetings were held in April and October 2011. Discussions on initiatives and conditions related to these improvements helped further improve the quality of the Group's products and services.

Moreover, engineers in technical divisions involved in product design, quality assurance and related areas undergo technical and skill training on reliability, product safety and other such topics to further raise individual skill levels and bolster product development capabilities. In fiscal 2011, 3 such seminars were held and more than 1,000 people attended.



Seminars held to bolster product development capabilities

Improving Quality of Operations by Measuring Customer Satisfaction

Sales divisions within the Group are also instituting the ISO 9001 (Quality Management Systems; QMS) to raise the quality of business activities and further improve customer satisfaction. A customer satisfaction survey is also administered once a year to gauge how customers regard the Group and its products and to incorporate customer views into business activities and product development processes. Efforts are made in the administration of the survey to ensure it elicits frank and honest opinions. We visit customer

offices directly and ask for participation in the survey and otherwise work to further promote communication and mutual understanding. Survey findings are shared with relevant divisions as well as management and activities are conducted to make improvements.

Sales divisions of overseas Group companies have also been working to obtain ISO 9001 certification. In fiscal 2011, the commercial sales division of Hitachi High-Technologies Korea Co., Ltd., and Hitachi High-Technologies (Thailand) Ltd. launched certification projects, and certification was obtained in South Korea in July 2011. In Thailand, the project was postponed as operations were suspended due to flooding in October 2011, but the company is scheduled for assessment in fiscal 2012, along with Hitachi High-Technologies IPC (Malaysia) Sdn. Bhd.

Main Initiatives in Fiscal 2012

- Identify and consider measures for helping solve society-wide issues through business activities
- Assess measures for preventing accident recurrence and follow up with continuing implementation
- Maintain ISO 9001 certification and continue to make improvements based on customer satisfaction survey findings

T O P I C S

Hitachi High-Technologies Receives Intel's Supplier Continuous Quality Improvement Award

In April 2012, Hitachi High-Technologies was honored with Intel Corporation's prestigious Supplier Continuous Quality Improvement (SCQI) Award for the seventh consecutive year. The SCQI award is given to suppliers that achieve outstanding levels of quality and performance based on targets set by Intel Corporation. Suppliers are judged not only on cost, quality, supply system and technical capabilities, but also on CSR initiatives covering the environment, society and governance programs. Encouraged by the award, we intend to further promote technological innovation and CSR to continue to responsibly accommodate the needs of our customers.

3 Disclosure of Information and Stakeholder Engagement

Main Initiatives in Fiscal 2011

- Provide information disclosure on CSR activities by publishing a CSR report, posting information on the Company website, and other measures
- Maintain dialogue with institutional investors, employees and other stakeholders

CSR Activities Widely Disclosed Across Varied Media

The Hitachi High-Tech Group strives to ensure information is disclosed with a high degree of fairness and transparency and works to enhance communication through a variety of activities in an effort to maintain the trust of our diverse stakeholders. The CSR Report is published in three languages, Japanese, English and Chinese (PDF format only), as a means of making the information accessible to a global audience. CSR initiatives have been included in the report since the 2011 edition. We will continue to disclose PDCA cycles implemented for CSR activities in an easy-to-understand format.

Communicating with Shareholders/Investors and Employees

Investor relations information is posted on our website and included in e-mail newsletters in order to promptly and fairly provide information to shareholders and investors. We also hold financial results briefings, one-on-one meetings factory tours and other events for investors. In fiscal 2011, we held a company briefing for individual investors in Hiroshima in December. And in February 2012 we held factory tours for the first time in four years at the Naka Div., which has recovered from damage incurred in the Great East Japan Earthquake.

For employees, management information is disseminated using websites, the Hitachi High-Tech Group magazines, and other means to foster a sense of unity. In fiscal 2011, marking Hitachi High-Tech's 10th anniversary, the president gave presentations on our medium-term management plan and long-term management strategy (CS11) in Japan and overseas.



IR briefing at the Naka Division

Main Initiatives in Fiscal 2012

- Proactively disclose information based on CSR reporting guidelines

4 Corporate Ethics and Human Rights

Main Initiatives in Fiscal 2011

- Establish internal whistle blowing systems at overseas Group companies
- Implement training program for all Group officers and employees on the code of conduct
- Systematically conduct human rights awareness-raising training programs

Establish internal whistle blowing systems at overseas Group companies

At overseas Group companies, we are establishing internal whistle blowing systems in line with each country's legal system, each company's business format, and other factors. In fiscal 2011, the systems were put into effect, with the compliance divisions of overseas Group companies or outside institutions assigned as the point of contact for each major management site. The Compliance Hotline officers at Hitachi High-Tech also takes reports of major incidents. With the start of the systems, we are holding briefings and working to ensure full awareness of their intentions and how to use them.

Group-wide Compliance Measures

In fiscal 2011, training was held for a total of 10,959 Group officers and employees on the Hitachi High-Tech Group Codes of Conduct. The participation rate was 100%. In addition, we made October corporate ethics month and implemented the following measures.

- 1) Hitachi Group Codes of Conduct handbook distributed to all Group employees in Japan
- 2) Posted pop-up message displaying the Code of Conduct every other week when the Intranet is launched
- 3) Conducted fourth compliance questionnaire for all Group employees and achieved highest ever response rate and penetration rate (10,108 respondents; 96.5% of the total; compliance policy penetration of 99%)



Code of Conduct handbook

Fostering a Climate of Respect for Human Rights

Hitachi High-Tech works to raise awareness of human rights through training and implements measures to prevent harassment in order to create a workplace where the personality and individuality of each individual are respected and create a society free of discrimination. The Codes of Conduct, for example, admonishes employees to respect human rights and eliminate discrimination. We also hold six seminars and around eight human rights training sessions every year. In fiscal 2011, 359 employees attended human rights training.

Main Initiatives in Fiscal 2012

- Strengthen internal control
- Raise human rights awareness through systematic human rights training

5 Environmental conservation

Main Initiatives in Fiscal 2011

- Create roadmap for CO₂ emission reduction plan
- Work on a Companywide level to introduce the use of renewable energy, etc.
- Promote the public disclosure of information on the calculation of the amount of CO₂ emission reduction achieved by using eco-products
- Disseminate information on our Guidelines for Environmental Action, which incorporate conserving biodiversity, to all Group officers and employees

Promoting the Reduction of CO₂ Emissions Based on Roadmaps

A roadmap for reducing CO₂ emissions is created every year in an effort to help prevent global warming.

In fiscal 2011, primary measures were selected based on analysis of data from fiscal 2010 and included adopting solar power and upgrading to high-efficiency air conditioning facilities and equipment.

Fiscal 2011 Results (Excerpt)

Description	Targets	Results
Reduce domestic CO ₂ emissions by (compared to 1990 base level): Manufacturing companies	20% reduction	35% reduction
Reduce CO ₂ emissions per unit of domestic production by (compared to 2005 base level): Manufacturing companies	20% reduction	35% reduction

Utilization of Renewable Energy

A solar power system was installed at a newly constructed building of Hitachi High-Tech’s Naka Division in November 2011 with a view to utilizing renewable energy. And, as part of our environment strategy, we instituted a system for deliberating at the corporate level on investment in environmental facilities at each site starting with the deliberation stage for fiscal 2012 budgeting and the medium-term management plan.



New solar power system

Calculating Reductions in CO₂ Emissions by Using Eco-products

In order to monitor reductions in CO₂ emissions by using Eco-products, a major environmental initiative of the Hitachi Group, we have developed and implemented a mechanism for calculating emissions reductions from Hitachi High-Tech eco-products based on sales figures by model in accordance with rules applicable to the entire Group. In fiscal 2011, production facilities were damaged by the Great East Japan Earthquake and as a result, product shipments were affected, so emissions reductions were 97,000 tons, short of our goal of 120,000 tons.

Revising the Guidelines for Environmental Action

The Group revised its Guidelines for Environmental Action in 2011 (dated April 1, 2011) to include a section on conserving biodiversity and address the issue from the dual standpoints of business activities and environmental contribution activities. Moreover, to encourage a shared awareness of the issue among all officers and employees, information was posted on the company intranet, rank-specific training held and other activities conducted. Awareness-raising activities were also implemented for Group companies in Japan and overseas. We intend to continue corporate efforts to protect biodiversity.

Main Initiatives in Fiscal 2012

- Make CO₂ reductions in line with Hitachi’s Third Environmental Action Plan
- Monitor and manage reductions in CO₂ emissions associated with eco-products
- Promote biodiversity conservation activities linked with the EMS*

*Environmental management system

6 Corporate Citizenship Activities

Main Initiatives in Fiscal 2011

- Promote business activities that contribute to the advancement of science education

Promoting Science Education Through Business Activities

The Hitachi High-Tech Group provides ongoing support for educational programs that utilize electron microscopes as a part of its science promotion activities. In fiscal 2011, we loaned a tabletop microscope manufactured and sold by Hitachi High-Tech to the Royal Institution Christmas Lectures, sponsored by the British Council and other organizations, and helped in experiments that included observation of cell structure. In addition, Hitachi High-Technologies Europe GmbH is taking part in the German government's "nanoTruck" project. A tractor-trailer called the nanoTruck containing compact laboratory equipment, science-related books and other educational materials travels around Germany introducing the general public to nanotechnology and demonstrating its connection to everyday life using readily familiar materials. Participants have the opportunity to look at samples using the truck's tabletop microscope and experience the world at the nano level.

In October, an experiential learning program was held at a radio program event that we sponsored and which used a tabletop microscope provided by Hitachi High-Tech. Participants brought snake skin, spider thread and other small objects to observe and operated the microscope themselves. It was a very exciting experience for the children.



The Royal Institution Christmas Lectures



The "nanoTruck"



Children drawn into the world of electron microscopy

Main Initiatives in Fiscal 2012

- Promote effective use of tabletop microscopes which have been lent

7 Working Environment

Main Initiatives in Fiscal 2011

- Promote diversity management
- Promote support for the balancing of work and family
- Expand and enhance measures to cultivate global human resources
- Continually hold safety officer meetings and promote safety information sharing

Encouraging a Shared Awareness Regarding Employment of People with Disabilities

The Hitachi High-Tech Group is a proactive proponent of employee diversity and utilizes diversity as a source of competitiveness for global business expansion. We actively work to foster a corporate culture and enhance programs that allow all employees to adequately demonstrate their individuality and encourage them to respect each other's diverse personalities. Including domestic and overseas sites, we currently have 10,340 employees working around the world.

Regarding employment of people with disabilities in particular, the Group regards fulfilling the legal employment requirement as its minimum responsibility to society, so we have acquired affiliate group certification and achieved an employment rate that exceeds the legal minimum (1.8%). In recent years we have actively worked to also hire people with mental disabilities and expand the scope of applicable jobs. Efforts are also being made to create a shared awareness of the initiative. We held a training session in September 2011 on employment of people with psychiatric disorders and a seminar in March 2012 on employment of people with mental disabilities for relevant personnel.

Next-Generation Certification Mark Indicates a Company that Supports Childcare

We are currently reforming working formats and establishing a variety of programs to enable employees to balance their childcare and nursing care responsibility while working with a sense of purpose. These initiatives are helping us accommodate increasingly diverse lifestyles and changes in society being brought about by the aging population and low birthrate.

Hitachi High-Tech initiated its third action plan in April 2011 in accordance with the Act for Measures to Support the Development of the Next Generation. Our first and second action plans focused

primarily on enhancing relevant programs, such as expanding shortened work hours programs and establishing a program to provide assistance with childcare costs. Our third action plan puts emphasis on promoting work-life balance programs and raising awareness of them to facilitate more accurate understanding and appropriate utilization.

In completing the second action plan, we acquired the next-generation certification mark (“Kurumin”), which identifies us as a company that supports childcare.



The Young Employee Dispatch Program Is Launched

We believe that raising the human resources value of each and every person is directly related to the ability of Hitachi High-Tech to create value on a sustained basis. Promoting globalization and strengthening individual skills are the foundation of our human resources development policy, and we educate and train employees on this basis. Educational programs are categorized into global,

rank-specific, sales, and technical skills, and specific initiatives for each year are verified and improved on an ongoing basis through the Management Education Committee, which convenes twice a year. With regard to promoting globalization in particular, we are focusing on early training of personnel capable of doing business from a global perspective and are actively dispatching young employees overseas. Our current goal is to provide overseas experience to at least 50% of employees within seven years of their joining the company.

In 2011 we launched an overseas job-transfer program for young employees, which is in addition to our regular overseas training program. The new program gives participants flexibility in selecting the timing and location of the transfer. Twenty-eight employees participated in the program.

Continually hold safety and health officer meetings and promote safety information sharing

Based on the fundamental policy that safety and health come first, the Group works to prevent workplace accidents and maintain or improve safety and health management standards through enhanced health management and other initiatives.

For safety management, we are promoting autonomous, systematic activities through our safety and health management system, activities that include risk management and making production facilities at manufacturing sites intrinsically safe. For health management, efforts are being made to enhance measures and educational initiatives for promoting employee health. These include reducing long overtime hours, encouraging employees to receive special and general health checkups, and raising awareness of health management through educational programs. In fiscal 2011, focus was placed on 1) the Hitachi Group Health and Safety Policy, 2) rigorous reporting when major accidents occur, and 3) encouraging safe driving when using company vehicles. We provided information and raised awareness of these three points of focus throughout the Group.

T O P I C S

Reflections on Participating in the Youth Employee Dispatch Program

I spent eight weeks undergoing English-language training in Pune in the Indian state of Maharashtra from August 1 to September 23, 2011. English language skills and business knowledge acquired through the program have helped me more clearly understand business negotiations when going overseas, and I am able to more easily convey what I want to say. The program has helped in various ways. Living in India, where the conventional wisdom is completely different than Japan, cultivated in me the ability to persist in the face of difficulty and be flexible. This will likely prove invaluable in promoting business in emerging countries in the future. It was a just a short period of time, but there were many challenges that cannot be experienced in Japan, and I think that facing these challenges has helped me grow as a person.



Yuta Sugiyama
Marketing & Planning Dept.
Strategic Planning Div.

At the graduation ceremony

Main Initiatives in Fiscal 2012

- Continue sharing information on employment of people with disabilities and expand the scope of applicable jobs
- Support the careers of women employees
- Further enhance global human resource cultivation measures
- Promote comprehensive mental health initiatives

8 Responsible Partnership with Business Partners

Main Initiatives in Fiscal 2011

- Revise and publically disclose the procurement activities guidelines based on internationally accepted standards
- Continually provide guidance and support to suppliers for technology and quality improvements, including with regard to the environment

Revision of Hitachi High-Technologies Procurement Action Guidelines

The Hitachi High-Technologies Group is working to build favorable partnerships with its procurement sources and suppliers, and to maintain and enhance a relationship of mutual trust and understanding with them. Based on a common procurement policy for the Hitachi Group, we carefully select suppliers and procurement sources regardless of whether they are domestic or overseas companies. We go through an appropriate procedure to adequately assess quality, delivery time, price, technology development capabilities, environmental certification and other features as well as whether the suppliers and procurement sources have fulfilled their social responsibilities.

In light of the greater emphasis today on the responsibilities companies have to the global community, we revised the Hitachi High-Technologies Procurement Action Guidelines in fiscal 2011 to promote greater conformity with international standards. The content of the revisions incorporates the essence of the ILO's four strategic objectives and the UN's Global Compact, namely "the elimination of discrimination in respect of employment and occupation," "the elimination of all forms of forced and compulsory labour" and "the effective abolition of child labour." These action guidelines are listed on the materials procurement page of the Hitachi High-Technologies website for wide disclosure of this information.

Promoting Environmentally CSR Compliant Procurement

The Hitachi High-Tech Group practices green procurement, giving priority in purchasing to environmentally conscious options for the products, components and materials it procures.

To comply with RoHS Regulations and other increasingly strict regulations, the Group controls chemical substances contained in its products through its own Environment CSR Management System. Furthermore, data on the composition of procured materials and components are entered and stored in the Hitachi Group's

green procurement system "A Gree'Net." The Group is also moving to step up compliance with greater regulation of chemical substances going forward.

In fiscal 2011, we worked on behalf of and supported suppliers in a bid to spur proactive environmental protection activities in the Naka Div. As a result, the Hitachi High-Tech Group reached its target for the year of achieving Green supplier* status for 700 of its 1,000 suppliers.

With the cooperation of suppliers and procurement sources, we remain committed to moving ahead with Environmental CSR-Compliant Monozukuri championed by the Hitachi Group.

*A supplier with a recognized and registered environmental management system.

Information meetings held for business partners in each area

To ensure a common awareness of our corporate social responsibilities, which the Group views as essential, we hold regular information meetings for our suppliers, providing them with information and maintaining mutual communications. In October 2011, meetings were held at Hitachi High-Tech's Naka Manufacturing Div., Kasado Design & Production Div., and the Fine Technology Systems Business Group, Saitama. The Procurement Department explained our Group policies, such as strictly preventing information leakage and promoting green procurement activities, as well as revisions to the action guidelines. Suppliers voiced their understanding and agreement with these policies.

Going forward, supported by ties that have deepened mutual understanding with our business partners, we intend to advance CSR procurement activities by standardizing criteria within the Group for evaluating suppliers, coupled with promoting the disclosure of information to suppliers and inspections.



An information meeting for business partners at Naka Div.

Main Initiatives in Fiscal 2012

- Formulation of common evaluation standards by the Group's Procurement Department

Corporate Profile



Company Name ... Hitachi High-Technologies Corporation
 Headquarters
 Address 24-14, Nishi-Shimbashi 1-chome, Minato-ku,
 Tokyo 105-8717, Japan
 Net Sales 645.9 billion yen
 Total Assets 442.2 billion yen

Number of
 Employees Entire Group: 10,340
 Hitachi High-Technologies: 4,445

Subsidiaries and
 Affiliates 9 in Japan, 17 overseas

Offices 56 overseas in 27 countries, 25 in Japan

*These figures are as of March 31, 2012. However, the number of subsidiaries, affiliates and offices are as of April 1, 2012

Financial Report (Fiscal 2011, consolidated)

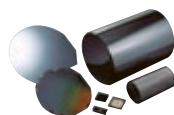
Net Sales by Business Segment

Advanced Industrial Products

Steel Products / Nonferrous Metals / Electronic Materials & Components for Semiconductors / Plastic Resins and Engineering Plastics / Solar Cell Materials / Automotive Components / Silicon Wafers / Optical Devices & Materials / Raw Materials for Optical Disks / Semiconductor Products / Electronic Products / Oil Products



Ceramic Filters for Exhaust Gas Emissions



Silicon Wafers

(Billion yen)

Industrial & IT Systems

Lithium-ion batteries Assembly Systems / Hard Disk Drives / Design and Manufacturing Solutions / TV Conferencing Systems / Telecommunications Equipment / Measuring Equipment



Automated Assembly System



Hard Disk Drive

Electronic Device Systems

Semiconductor Manufacturing Equipment (Etching Systems / CD-Measurement SEM / Inspection Systems / Die Bonders) / Chip Mounters and other Surface Mounting Systems



Plasma Etching System



CD-Measurement SEM

Fine Technology Systems

FPD Manufacturing Equipment / HD Manufacturing Equipment / Railroad Inspection Equipment



Module Assembly System



Disk Test System

Science & Medical Systems

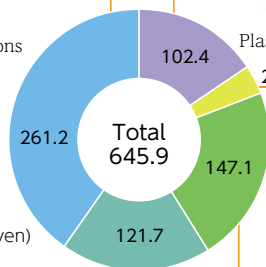
Mass Spectrometers / Spectrophotometers / Chromatographs / Electron Microscopes / Biotechnology Equipment / Clinical Analyzers



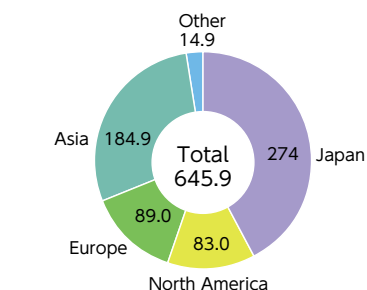
Liquid Chromatograph



Clinical Analyzer



Net Sales by Region



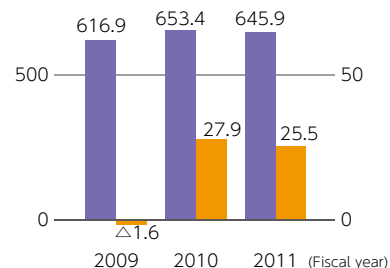
(Billion yen)

Net Sales and Operating Income

Consolidated net sales
 Consolidated operating income

Net sales (Billion yen) Operating income (Billion yen)

1,000 ————— 100



*Elimination such as subtractions in intersegment transactions, etc., are included in the totals.

Cover Photo

"Catching Dragonflies" by Toru Okiyama, winner of the Hitachi High-Technologies Award. This award is part of the Earth Photo Contest 2012, sponsored by PRESIDENT Inc. and co-sponsored by Hitachi High-Technologies Corporation, among others.

The photo was used on the cover of this report to express our desire to contribute to creating a sustainable society and to leave a rich natural legacy to the children who will follow after us in the future.

Publisher / Inquiries

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