

Evaluation of Environmental Activities

By setting quantitative assessment standards for environmental activities, and monitoring and analyzing such activities, we work continuously to upgrade environmental management, reduce environmental risks, and increase efficiency in environmental investment and environmental activities.

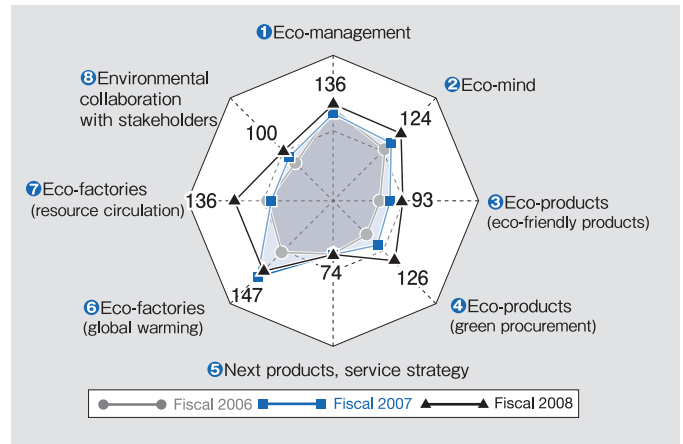
"GREEN 21" Ver. 3 Activities and Fiscal 2008 Evaluation Results

To continuously improve its environmental campaigns and upgrade its activities, the Hitachi Group uses its GREEN 21 assessment system to score the mechanism for its activities designed to achieve the targets of the Hitachi Group, as well as the contents and achievement rates of the targets set.

With our environmental activities classified into eight categories, we assess ourselves based on certain assessment criteria in an attempt to continuously improve and enhance our environmental activities. These categories are based on a scale of up to 200 GP (green points) and, for the grand total, are assessed on a scale of 1,600 GP. Our company works with a target of 1,024 GP set for fiscal 2010.

Result Reporting

Our green points for fiscal 2008 amounted to 936 GP on average, and therefore exceeded the 820 GP targeted for fiscal 2008. The effects of reducing wastes generated in comparison with the base year increased the score of eco-factories (as pertaining to resource circulation). We will continue improving the item of eco-products, which obtain low scores.



GREEN 21 evaluation items

| Category | Main evaluation items |
|---|--|
| 1 Eco-management | Environmental action plan, environmental accounting, risk management |
| 2 Eco-mind | Environmental education for employees |
| 3 Eco-products (eco-friendly products) | Eco-friendly products, control of chemical substances contained in products |
| 4 Eco-products (green procurement) | Green procurement, green purchase |
| 5 Next products, service strategy | Business/product strategy, sustainable business model, external publicity |
| 6 Eco-factories (global warming) | Energy-saving in places of business, environmental response in physical distribution |
| 7 Eco-factories (resource circulation) | Waste reduction, management of chemical substances |
| 8 Environmental collaboration with stakeholders | Information disclosure, communication activities, global citizen activities |

Environmental Accounting

According to the Hitachi Environmental Accounting Guidelines, we monitor the costs and effects of environmental activities quantitatively. Costs are considered to comprise plant investments in environmental activities, along with expenses for developing and designing eco-friendly products, and expenses for the operation management of environmental conservation facilities. The effects determined involve economic effects calculated based on such secure grounds as the profits on sale for recycling and the reduction of material costs.

Result Reporting

Fiscal 2008 saw lower investments being made in environmental preservation.

We devoted our energy to developing eco-friendly products, and consequently incurred higher research and development costs, though with lower material expenses.

We continue efforts to increase the return on investment.

Costs (in millions of yen)

| | FY 2006 | FY 2007 | FY 2008 | Main contents |
|---------------------------------------|--------------|--------------|--------------|--|
| Costs within factory areas | 163.9 | 248.8 | 175.3 | Costs for maintenance and management of environmental load reduction facilities |
| Upstream and downstream costs | 0.2 | 0.4 | 0.4 | Costs for green procurement and recycling Personnel expenditures for environmental management |
| Management activity costs | 89.3 | 77.4 | 72.3 | Maintenance costs for environmental management system |
| Design costs | 191.0 | 115.5 | 188.6 | Expenses for developing and designing eco-friendly products |
| Social activity costs | 2.1 | 2.0 | 2.1 | Costs for environment improvements such as greening and landscaping, PR, and publicity |
| Costs related to environmental damage | 1.2 | 0 | 0 | Environment-related compensation, contributory money and surcharges |
| Total cost | 447.8 | 444.1 | 438.7 | |

Investments (in millions of yen)

| | FY 2006 | FY 2007 | FY 2008 | Main contents |
|---|---------|---------|---------|---|
| Investments in environmental conservation | 31.0 | 341.3 | 64.4 | Investments in environmental load reduction facilities such as energy conservation facilities |

Economic effects (in millions of yen)

| | FY 2006 | FY 2007 | FY 2008 | Main contents |
|-------------------------|-------------|--------------|--------------|---|
| Effects on real income | 9.9 | 13.6 | 28.3 | Profit on sale of recycled waste, etc. |
| Expenditure reduction | 17.5 | 5.5 | 58.1 | Cost-saving effects, etc. by saving energy |
| Material cost reduction | 61.6 | 102.4 | 340.0 | Reducing materials and parts expenses, etc. by resource-saving design, etc. |
| Total cost | 89.0 | 121.5 | 426.4 | |