



Eco-Mind & Global Environmental Management

We work to cultivate an eco-mind establishing an environmental management system as the major leverage for it, according to our Guidelines and Commitments and our Environmental Conservation Action Guidelines.

Hitachi Kokusai Electric Action Guidelines for Environmental Conservation

[Purpose]

In order to realize an environmentally harmonious and sustainable society through products and services, Hitachi Kokusai Electric is committed to meeting its social responsibilities by promoting globally-applicable *Monozukuri* ("designing, manufacturing or repairing products"), which is aimed at reducing the environmental burdens of products throughout their entire life cycles, ensuring global environment conservation.



Introductory website of Action Guidelines for Environmental Conservation
<http://www.hitachi-kokusai.co.jp/global/en/csr/environment/earth.html>

Or

Hitachi Kokusai Environmental Conservation



Fostering of an Environmental Mindset

In order to nurture an environmental mindset within the Group, we produce posters and display them at our business sites both in Japan and overseas.

In fiscal 2016, posters were distributed to and displayed at 60 domestic sites and 11 overseas sites, including at the following three additional companies, which were either newly established or created through a spin-off: Hitachi Kokusai Electric Comark LLC, Hitachi Kokusai Semiconductor Europe GmbH, Hitachi Kokusai Electric Asia (Singapore) Pte. Ltd.



Left: Poster for fiscal 2015
 Right: Poster for fiscal 2016

Targets and Results of Environment Activities in Fiscal 2015

(Production sites of the Company and its Group companies in Japan)

The results and evaluation of the Environmental Action Plan in fiscal 2015 are as follows:

Fiscal 2015 is the final year of the current medium-term Environmental Action Plan, which started in fiscal 2011. From fiscal 2016, we will vigorously promote environmental activities toward the targets set for 2018 under the new medium-term plan.

Category	Main item	Action goal	Index	Final year (fiscal 2015) targets	Fiscal 2015 results	Evaluation
Eco-Mind & Global Environmental Management	Establishment of Environmental Management System	Improvement in environmental activity level (GP: Green Point)	GP of GREEN 21-2015	640GP	651GP	🌳🌳🌳
	Nurturing of Environmental Literacy	Fostering environmental minds by environmental e-learning	Participation ratio	99%	100%	🌳🌳🌳
Next-Generation Products & Services	Promotion of Eco-Products	Increasing Hitachi Eco-Products	Ratio of Eco-Product sales to total sales	95%	96%	🌳🌳🌳
Super Eco-Factories & Offices	Preventing Global Warming	Improvement of Energy Use per Unit	Improvement rate of Energy Use per Unit (reference year 2005)	17%	21%	🌳🌳🌳
	Energy Reduction during Transportation	Reduction of transportation energy per unit	Reduction rate (reference year 2006)	15%	32%	🌳🌳🌳
	Effective Use of Resources	Improvement of waste and valuables generated per unit	Improvement rate (reference year 2005)	38%	55%	🌳🌳🌳
		Promotion of electronic manifest	Increase of registration (issuance) ratio	100%	100%	🌳🌳🌳

Evaluation standard 🌳🌳🌳 : Achieved 100% 🌳🌳 : Achieved 80% or more 🌳 : Achieved less than 80%

Responding to the Revised ISO 14001: 2015

A new version of ISO 14001, with greater emphasis on strategic environmental management and improvement of environmental performance, was released on September 15, 2015.

To implement the new ISO 14001 from April 2016, the Group had been proceeding with the preparatory work for the revision of its environmental manual. As part of such preparatory work, in December 2015, persons in charge of environmental management at the Group lodged together to facilitate intensive discussions of the content of the environmental manual.

Following a trial conducted from January 2016, our revised environmental manual has been fully operational since April 1, 2016.



Team members working to revise the manual to respond to the new ISO 14001: 2015



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“GREEN 21-2015” Evaluation Results (the Company)

The Hitachi Group implements “GREEN 21,” a mechanism for self-evaluating its environmental activities in order to improve and upgrade the levels of such activities. GREEN 21 is a mechanism for classifying the areas of environmental activities into eight categories, evaluating the degree to which the targets of environmental activities were achieved and the contents of said activities, and visualizing the results in the form of radar charts.

During the period from fiscal 2011 to 2015, under the “GREEN 21-2015 program,” our Company, as a member of the Hitachi Group, strived to enhance the level of environmental activities by adding new evaluation items such as contribution to management through expansion of environmental business, ecosystem preservation, and collection/communication of environmental information across the supply chain.

In fiscal 2015, our Company surpassed the Hitachi Group's common target of 640 green points (GPs) with a score of 651.

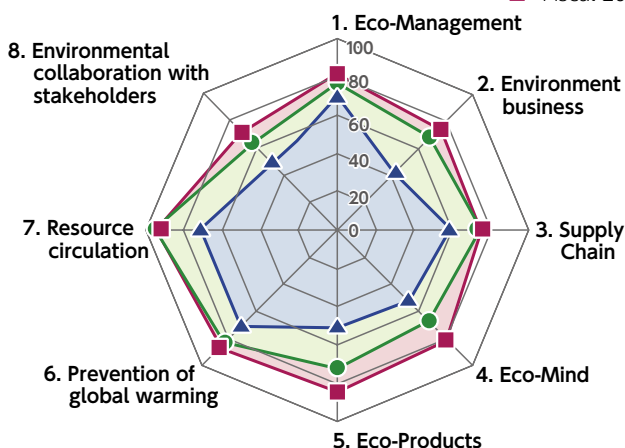
Over the past five years from fiscal 2011 through 2015, we made significant improvements in CO2 emissions reduction (in the Environmental Business category) and expansion of the range of Eco-Products (in the Eco-Products category).

GREEN 21 evaluation items

Category	Main Evaluation Indicators
1 Eco-Management	Environmental control, Environmental accounting, Observance of laws and regulations
2 Environment business	Reduction of annual CO2 emissions by 100M tons, Environment business strategy
3 Supply Chain	Collection and provision of environmental information through supply chain
4 Eco-Mind	Environmental education, Fostering of environmental expert
5 Eco-Products	Expansion of the range of Eco-Products, Promotion of evaluation of lifecycle CO2 emissions
6 Prevention of global warming	Reduction of CO2 emissions, Energy-saving effort, Energy-saving in mobility
7 Resource circulation	Resource recycling, Control of chemical substances
8 Environmental collaboration with stakeholders	Information disclosure, Communications, Activities of global citizens, Ecosystem conservation

Green point

▲ Fiscal 2011
● Fiscal 2014
■ Fiscal 2015



Environmental Accounting (the Company)

The Company calculates environmental conservation costs and environmental conservation effects according to the Japanese Ministry of the Environment's Environmental Accounting Guidelines. Environmental conservation costs include plant/equipment investments and R&D expenses related to the environment. Environmental conservation effects are determined based on profits from the sale of recycled items, expenditure reduction through investments in energy-saving equipment, etc. We use the results of environmental accounting to improve our environmental return on investment.

Environmental conservation cost

Expenses (in millions of yen)

Item	FY 2013	FY 2014	FY 2015	Overview
Business area costs	141.7	239.5	284.9	Costs of maintenance of equipment with low environmental burden, depreciation, etc.
Upstream/downstream costs	0	0	0	Costs for green procurement and recycling
Management activity costs	68.0	78.1	70.5	Personnel expenditures for environmental management, maintenance costs for environmental management system
Research and development costs	205.4	183.9	189.4	R&D for the reduction of environmental burden caused by products and production processes, product design expenses
Social activity costs	1.0	1.1	1.1	Environmental improvements such as afforestation and beautification, PR, and publicity expenses
Environmental damage costs	0	0	0	Environment-related measures, contributions, and levies
Total	416.1	502.6	545.9	

Investments (in millions of yen)

Item	FY 2013	FY 2014	FY 2015	Overview
Investments in environmental conservation	131.1	150.9	87.7	Direct investments in environmental load reduction facilities such as energy conservation facilities

Economic effects of environmental conservation

Economic effects (in millions of yen)

Item	FY 2013	FY 2014	FY 2015	Overview
Net income effects	12.7	8.4	8.8	Profit on sale of recycled waste, etc.
Expenditure reduction	4.9	4.0	3.6	Cost-saving effects, etc. by saving energy
Total	17.6	12.4	12.4	

Ecosystem Preservation Assessment

(Production sites of the Company and its Group companies in Japan)

All production sites of the Company and its Group companies in Japan evaluated their ecosystem contributions through business activities and through nature conservation activities using the assessment sheet created by the Hitachi Group for the Business Assessment on the Preservation of Ecosystems.

In an effort to contribute to environmental conservation through business activities, we promote Design for the Environment (DfE) to reduce the negative impacts of our products on ecosystems. As ecosystem preservation activities related to production processes and equipment, we have continued to work on saving energy, waste reduction, and proper management of chemical substances. In an effort to contribute to the environment through nature conservation activities, we have been engaged in forest preservation activities through the Corporate Forestry Project in Toyama.

This ecosystem preservation assessment enabled us to review our ecosystem preservation activities from different business activity perspectives and to clarify the direction we should take in the future.