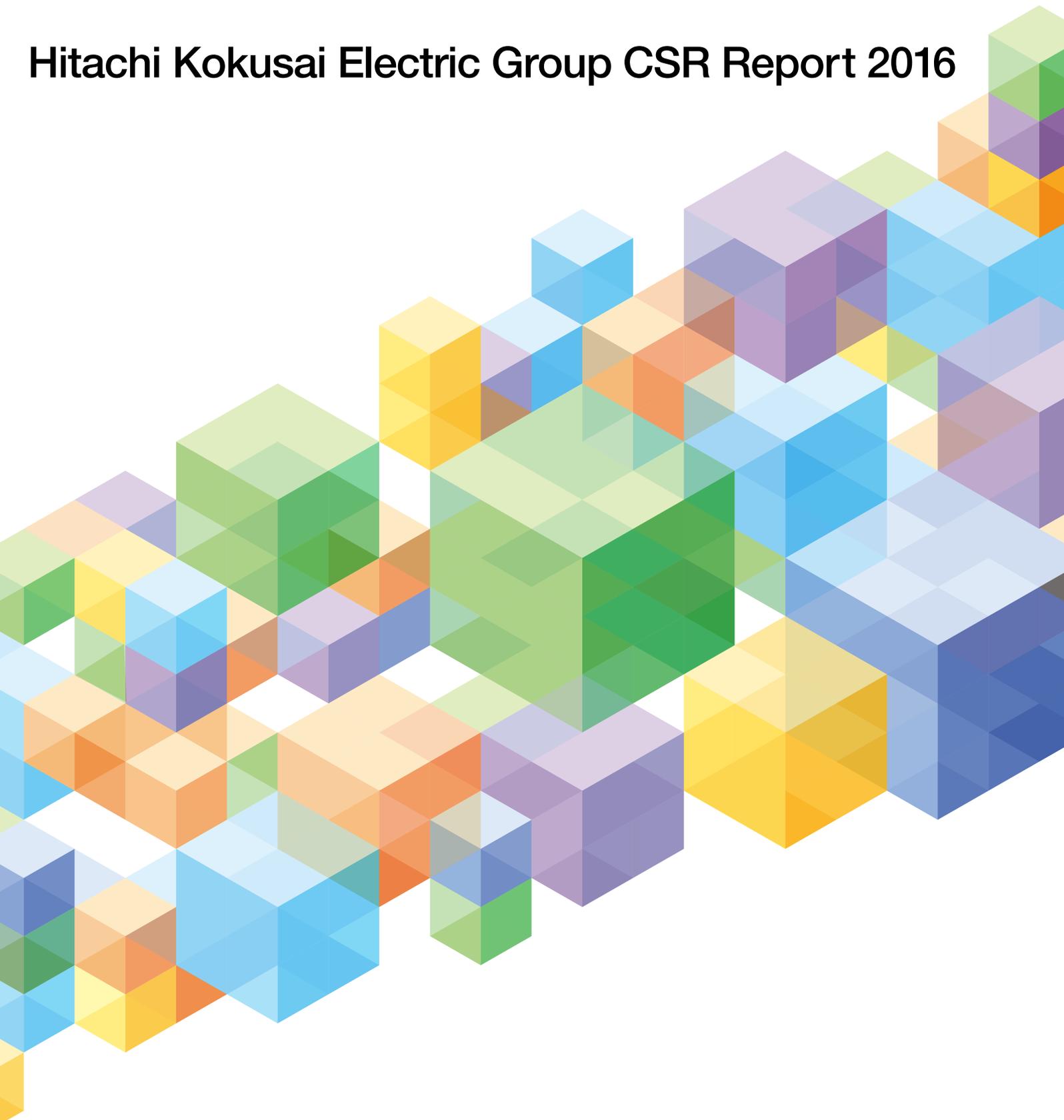


Hitachi Kokusai Electric

HITACHI
Inspire the Next

Hitachi Kokusai Electric Group CSR Report 2016



Commitment of the President and Chief Executive Officer

We will create value with the aim of creating an affluent and sustainable future.

I thank you for the ongoing support you have given to the business of the Hitachi Kokusai Electric Group.

I would like to extend my deep sympathy to those who have been affected by the Kumamoto Earthquakes. I sincerely hope that affected areas will recover as soon as possible.

In fiscal 2015, although the U.S. economy remained steady, the global economy on the whole experienced continued uncertainty due to an economic slowdown in China and economic stagnation in emerging markets such as Brazil. The Japanese economy was on a slow recovery track, but business confidence deteriorated due to the strong yen and weak stock prices from the beginning of the year.

Under these circumstances, in addition to implementing various measures aimed at global expansion and at launching new businesses, the Group worked aggressively to boost orders in Japan and overseas.

Breaking down the business overview by segment, the Video and Communication Solutions segment*¹ saw a decrease in both revenues and operating income, due to the occurrence of unprofitable projects in addition to major changes in the market environment, such as the fading of reconstruction demand from the Great East Japan Earthquake in the domestic market, investment shifts in the defense sector and communications infrastructure, and an economic slump in emerging markets. As for the Thin Film Process Solutions segment*¹, despite a contraction in DRAM-related investment, the segment took steady orders for products against a backdrop of robust capital investment by semiconductor manufacturers in Asia, and the service businesses remained strong. As a result, the segment achieved record-high revenues. However, its operating income decreased from the high base set by aggressive prior investment.

During the period of the previous Medium-term Management Plan, the final year of which is fiscal 2015,

both segments pursued business structural reforms and were able to create products and systems that have captured a high market share. As a result, we achieved an operating income rate of more than 10% for two consecutive years in fiscal 2013 and fiscal 2014. However, in fiscal 2015, although we recorded our highest-ever revenues in the Thin Film Process Solutions*¹ segment, we failed to meet our targets in the Video and Communication Solutions*¹ segment because of rapid changes in the business environment and other factors.

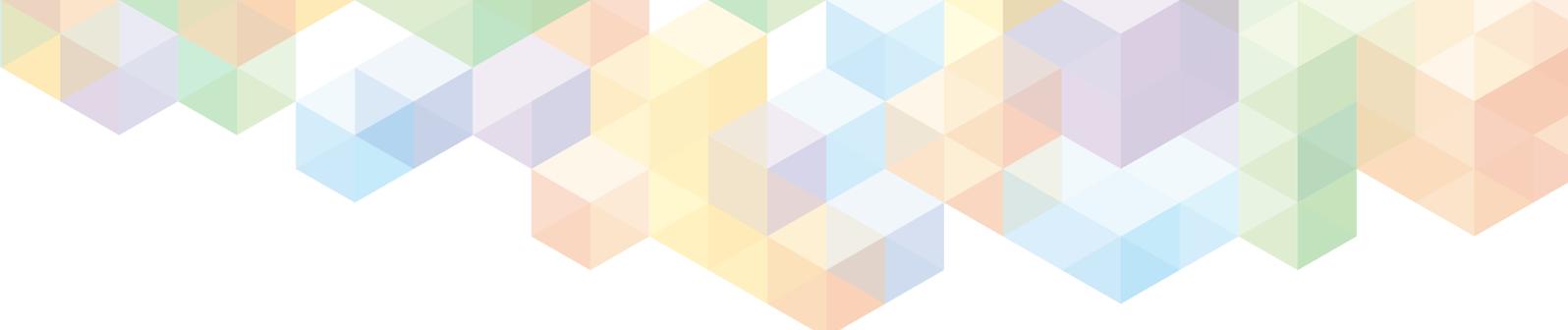
As for the future outlook of the business environment surrounding our Group, it is expected that despite steady growth in the U.S. economy, the global economy on the whole will remain unpredictable in light of China's worrisome economic slowdown and the prolonged stagnation in resource prices. As for the Japanese economy, due to the saturation in reconstruction demand from the Great East Japan Earthquake, our related markets will enter a leveling-off phase. We will be exposed to increasingly fierce competition both domestically and internationally.

In this business environment, the Group has formulated a new Medium-term Management Plan. In our new Plan, we will strive to respond to the qualitative changes occurring in social infrastructure as well as the innovations in the semiconductor industry brought about by the arrival of the smart society. We will do this by leveraging the technologies that we have accumulated over the years, working in cooperation with the Hitachi Group, and engaging in "collaborative creation" projects with customers. Toward the goal of achieving an adjusted operating income*² rate of 12% in fiscal 2018, we will implement the measures set out below.

In the Video and Communication Solutions segment, centered on video and wireless technologies, we will shift our focus from system-type products to solutions businesses, with a plan to expand our global business and establish new businesses. We will also further strengthen the businesses related to our core competencies including Public Protection & Disaster Relief (PPDR) Systems and surveillance systems, and create new businesses through cooperation with the Hitachi Group as well as collaborative creation projects with customers. By working with the Hitachi Group, we will promote total-solution businesses, such as video security solutions and solutions for disaster prevention, disaster risk reduction, and risk management.

In the Thin Film Process Solutions segment, we will continue to enhance the vertical semiconductor manufacturing systems that make up our core business in order to create cutting-edge thermal processes as well as sophisticate product life cycle business. We will aim to expand our market share in the provision of mass-production lines for advanced devices by strengthening our capabilities to develop new vertical semiconductor manufacturing systems and new types of films. In an effort





to advance into new fields, we will develop treatment equipment for improving the film quality of wafers processed at low temperatures and will establish a new business based on work in this area as soon as possible. Furthermore, to further strengthen our service businesses, which have experienced steady growth, in addition to expanding our parts and retrofitting businesses, we will also expand the range of services we offer to support our customers' operations, such as diagnostic services to help customers prevent accidents and improve their processes.

As part of efforts to reinforce our business structure, we will continue to pursue cost structure reforms through the "Hitachi Smart Transformation Project," aiming to win the fierce global competition. Furthermore, to drive further growth of our business, we will aggressively promote efforts to increase product competitiveness and to develop new products and new business fields. As part of such efforts, we will actively conduct research and development in promising fields with high growth potential.

In its Corporate Statement, the Group stipulates the role it seeks to play to help realize a sustainable society as follows: "The Hitachi Kokusai Electric Group strives to realize a society of security, safety and happiness, creates value by applying advanced technologies, and pushes the boundaries of tomorrow." Realizing a safe and secure society by responding to natural disasters, crime, the threat of terrorism, and increased risks associated with transportation and industrial development—and pursuing technological innovation to that end—as well as supporting people everywhere to live happy and affluent lives are the major issues the Group seeks to address.

From a medium- to long-term perspective focused on achieving a sustainable society, the Group will, in accordance with the internationally recognized ISO 26000 guidelines, continue its efforts to: reduce environmental impacts resulting from production activities undertaken in implementing the business strategies mentioned above, respect human rights, pursue diversity in regard to employment and training, observe laws and regulations, and foster a clean corporate culture, as set out in the Hitachi Kokusai Electric Way and the Guidelines and Commitments. The Group has communicated related efforts to all directors and employees, as well as established an internal control system. The Group will also deepen dialogues with stakeholders in each region and promote "collaborative creation" to realize a sustainable future.

We sincerely ask for your continued guidance and support.

June 24, 2016

Kaichiro Sakuma
President and Chief Executive Officer

CONTENTS

Commitment of the President and Chief Executive Officer	1
What Hitachi Kokusai Electric Considers Important	3
Our Communication Tools, Editorial Policy	4
Company Outline, Main Products	5
Main Centers for Development, Design and Production, Group Network	6
Special Report	
Value Created through Dialogue with Customers	
We develop advanced technologies as a world pioneer with the aim of creating an affluent and sustainable future.	7
Social Report	
Pursuing Quality, HiKQ Innovation Activities	9
Promoting CSR Activities in Our Supply Chain	10
Respect for Human Rights, Basics and Ethics, Corporate Governance	11
Respecting and Enhancing Human Assets	13
Living Together with Communities	16
Environmental Reports	
Eco-Mind & Global Environmental Management	18
Eco-Factories & Offices	20
Eco-Friendly, Next-Generation Products	22

*1 Looking to the future business direction of the Group, we have changed the segment names from fiscal 2016. "Video and Wireless Network" has been changed to "Video and Communication Solutions," and "Eco- and Thin Film Processing" has been changed to "Thin Film Process Solutions." The new names are used throughout this report.

*2 To appropriately express actual business conditions, from fiscal 2016 the Company uses adjusted operating income as a performance indicator. Adjusted operating income is calculated by subtracting the cost of sales plus selling, general and administrative expenses from revenue.

What Hitachi Kokusai Electric Considers Important

Hitachi Kokusai Electric Inc. (the "Company") and its Group companies consider earning the confidence and meeting the expectations of society through all business activities to be its corporate social responsibility (CSR).

■ Our Business Management and CSR

In defining the Corporate Statement, the Hitachi Kokusai Electric Way, and its Guidelines and Commitments, which collectively form the basis of its business management and CSR, the Company thoroughly discussed and considered both the expectations of society toward the Group and important management-related issues.

Corporate Statement and Management Policy

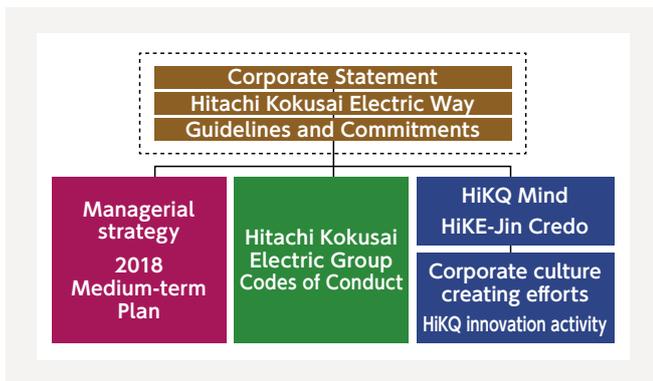
Corporate Statement : How our Group should function and significance of its existence

Hitachi Kokusai Electric Way : Basics of the corporate management, the will and value of the Group

Guidelines and Commitments : What is considered important in conducting business activities

Hitachi Kokusai Electric Group Codes of Conduct : Specific standards of behavior that should be observed by officers and employees to realize the Corporate Statement

In addition to the Corporate Statement, the Hitachi Kokusai Electric Way, and the Guidelines and Commitments, we disclose specific management visions and strategies to provide a basis for the broad promotion of dialogue concerning the management of our Group. Such strategies can be found in, among others, our Medium-term Management Plan, the Group Codes of Conduct (as global standards of behavior), and the progress reports on the HiKQ innovation activities for the creation of a vibrant corporate culture. When evaluating and improving our overall CSR promotion efforts, we refer to the CSR management framework of our parent company, Hitachi, Ltd.



 **Introductory website of Corporate Statement**
<http://www.hitachi-kokusai.co.jp/global/en/corporate/standard.html>
 OR

 **Introductory website of Group Codes of Conduct**
<http://www.hitachi-kokusai.co.jp/global/en/corporate/action.html>
 OR

Corporate Statement, Hitachi Kokusai Electric Way and Guidelines and Commitments

Corporate Statement

Hitachi Kokusai Electric Group strives to realize a society of security, safety and happiness, creates value by applying advanced technologies and pushes the boundaries of tomorrow.

Hitachi Kokusai Electric Way

1. Customers First : By pursuing *Monozukuri*, Hitachi Kokusai Electric Group provides true value to the customers and society.
2. Global Leader : It develops advanced technologies as a world pioneer with the aim of creating an affluent and sustainable future.
3. Human Assets : It respects the diversity of its human resources and provides them with the opportunity and environment to enhance and perform their abilities.
4. Basics and Ethics : It respects human rights, observes laws and ethics and establishes a clean corporate culture that is admired by society.
5. Harmony, Sincerity and Pioneering Spirit : It esteems harmony, acts with sincerity and promotes business with a pioneering spirit.

Note : *Monozukuri* is defined as all creative activities carried out by the Hitachi Kokusai Electric Group, including the development and provision of products and services, among others.

Guidelines and Commitments

For the purpose of implementing the Corporate Statement, in accordance with the Hitachi Kokusai Electric Way, Hitachi Kokusai Electric Group pledges to the dissemination of the following Guidelines and Commitments and to the maintenance of its internal systems.

1. Obtain the trust and confidence of customers and society by developing and providing products and services in which the emphasis is on safety, quality and environmental soundness.
2. Engage in fair and transparent competition and business activities that are based on a commitment to high ethical standards; observe the spirit as well as the letter of international norms of behavior, national laws and regulations; and implement appropriate internal controls that reflect these considerations.
3. Respect the diversity, character and individuality of all employees; provide a mentally and physically rewarding, safe and healthy work environment as well as opportunities for further training and growth.
4. Provide all the stakeholders including customers, employees, business partners, communities and shareholders with full and fair disclosure of corporate information.
5. Endeavor to protect the global environment, local living environments and biodiversity with a view toward realizing a sustainable society.
6. As a good corporate citizen, engage proactively in philanthropic activities and other activities that benefit society.
7. In global business activities, respect local laws, cultures, practices and customs and always strive to contribute to local progress and development.
8. Respect the value of other companies' business and technology information as well as our own, and implement proper controls regarding such confidential information, including individual and customer information.
9. Comply with trade-related laws and regulations in order to contribute to the maintenance of international peace and security.
10. Should a situation arise that runs counter to these Guidelines and Commitments, managers shall endeavor to resolve the matter, establish the cause and take steps to prevent a reoccurrence. They shall also endeavor to provide a prompt and accurate disclosure and explanation of the facts of the matter, clarify where the responsibility lies and deal strictly with those concerned, including with respect to their own activities.

Our Communication Tools

On our website, information about our Group's business activities is regularly disclosed either in the form of our annual reports, which focus on providing a business overview and financial information, or our CSR reports, which cover non-financial information such as details of our social and environmental conservation activities.

The Company's website provides detailed information that cannot be included in the reports mentioned above, as well as information that we wish to provide on an ongoing basis.

■ Business Reports

To disclose business overview/corporate finance information as well as details of our corporate governance, we provide a PDF version of our Annual Report on our global site, where we also disclose quarterly reports on a quarterly basis.

Our Japanese website alternatively provides equivalent financial and other reports and interim reports in Japanese.



Annual report



Website

■ Website

In addition to offering information useful to our customers, our website makes available financial and non-financial information, including the reports mentioned above, in the "About Hitachi Kokusai Electric" section.

■ Fair and Active Disclosure of Group Information Briefing on financial results and other sessions

For institutional investors and security analysts, we organize quarterly briefings on financial results, meetings on individual matters, and other sessions to increase their understanding of our Group.



Briefing on the financial results for the term ended March 2016

Editorial Policy

■ Basic Concept

We wish to make this report an opportunity to communicate and deepen mutual understanding with — and encourage the participation of — our customers, business partners, colleagues, neighbors, stockholders and many other stakeholders. To that end, we selectively determine the contents and topics for inclusion so as to ensure the report remains readable and easy to understand.

■ Referenced Guidelines

- Global Reporting Initiative (GRI)*
Sustainability Reporting Guidelines Version 4

Our content index as per the GRI Guidelines is posted on the "CSR information" page of our website at the same time as the publication of this English version of our CSR report.

- Other
 - ISO (International Organization for Standardization) 26000 (issued in November 2010)
 - Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (revised in May 2011)
 - IR Framework of IIRC (International Integrated Reporting Council) (issued in December 2013)

* GRI: A nonprofit organization (NPO) located in the Netherlands. Under a strategic partnership with the United Nations Environment Programme, the GRI helps corporations and public organizations to prepare their environmental reports and has been issuing guidelines since 2000.

■ Scope of this Report

Period: The main period covered is fiscal 2015 (from April 1, 2015 to March 31, 2016)

Companies: The Company and its Group companies

Note: Important organizational changes during the period covered are described in footnotes in the section on Group Network on page 6 of this report.

Scope of Data: Indicated under each item

Note on Figures:

Financial values are rounded down to the unit indicated as per the accepted practices of financial reporting. Figures for environmental and other non-financial data are rounded to the nearest unit indicated.

Note: The consolidated revenues reported on pages 5 and 6 are calculated and presented in accordance with the IFRS*. Our past CSR reports, including last year's version, presented consolidated sales in accordance with the Japanese Standards. However, from the financial statement for the term ended March 2015, the Company voluntarily adopted the IFRS global standards. Therefore, in this CSR Report 2016, consolidated revenues are presented in accordance with the IFRS, including revenues for past years.

* IFRS: International Financial Reporting Standards

■ Next Issue

The next report is planned to be issued in September 2017.

 To search the Company's website:
<http://www.hitachi-kokusai.co.jp/global/en/index.html>
OR

■ Company Outline (as of March 31, 2016)



Head Office
(Akihabara UDX Building, 11th floor)

Name
Hitachi Kokusai Electric Inc.

Address of Head office
4-14-1, Soto-kanda,
Chiyoda-ku, Tokyo
101-8980, Japan

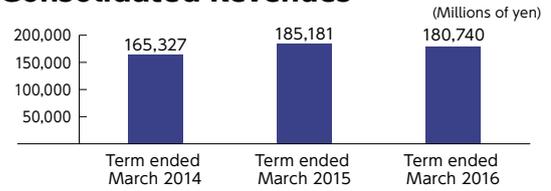
Established
November 17, 1949

Paid-in Capital
¥10,058 million

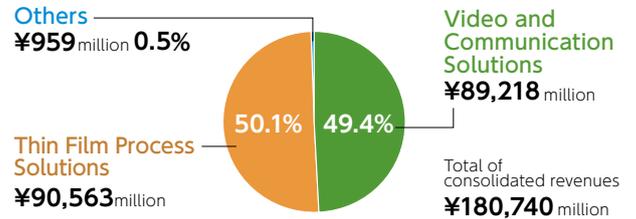
Revenues
¥180,740 million
(consolidated)

Employees
4,980 (consolidated)

■ Consolidated Revenues



■ Consolidated Revenues by Segment



Note: Until March 2016, the above segments were respectively called the "Video and Wireless Network" and the "Eco- and Thin Film Processing" segments. The new names, which were adopted in April 2016, are used throughout this report.

■ Main Products

Video and Communication Solutions

Wireless Communication Systems, Information Solutions, Broadcasting Systems, Surveillance Cameras and Video Processing Systems



Wireless Packet Communication Unit for Cellular System



Land Mobile Radio Communication Product



Broadcasting Camera



High-speed Wireless Repeater



Radio Communication System for Disaster Preventive Administration



Tapeless Servers System
(Server system for broadcasting station operation)



Digital TV Transmitter



Industrial Video Camera



Digital FPU* System
*FPU: Field Pick-up Unit



HD-SDI-type Monitor Camera



Full-HD Monitor Camera



Full-HD Integrated Pan-Tilt Camera

Thin Film Process Solutions

Semiconductor Manufacturing Equipment



Batch SiGe/Si Epitaxial Growth Equipment



Single Wafer Plasma Nitridation/Oxidation Equipment



Batch Thermal Process Equipment



Single Wafer Ashing Equipment

■ Main Centers for Development, Design and Production



Toyama Technology & Manufacturing Center*1
Main products : Semiconductor manufacturing equipment

Located in Yatsuo-machi, Toyama, viewing Tateyama mountain range, this factory has a special-purpose clean room where semiconductor manufacturing equipment for the next-generation processes is developed, designed, and produced to meet the demanding needs of major users worldwide.



Tokyo Works
Main products : Video and communications solutions

Located in Kodaira, Tokyo, a district that retains the character of old Musashino, this factory is a core site for developing and designing wireless communication and information systems as well as broadcasting and video systems. It provides solutions for a secure, safe, comfortable society through video and radio communication technologies.



Head Office, Main Factory of Kokusai Electric Korea Co., Ltd.
Main products : Semiconductor manufacturing equipment

Located in Cheonan-si, Chungnam, about 100 km south of Seoul, the capital of South Korea, Kokusai Electric Korea Co., Ltd. designs, produces and retrofits semiconductor manufacturing systems, supplying products mainly to users in South Korea. Also, the Pyeongtaek Factory in Pyeongtaek-si, Gyeonggi-do is located close to major users and provides services such as process evaluation, improvement and repair of parts, and equipment operation training while deepening relationships with customers.



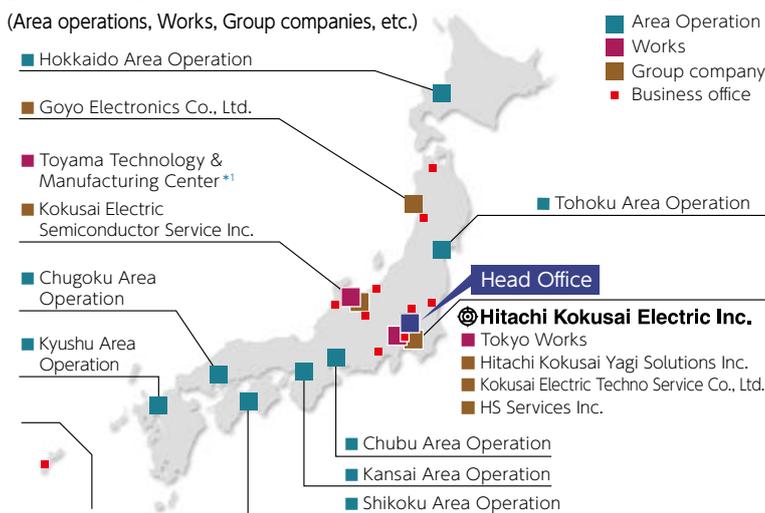
Headquarters facility of Hitachi Kokusai Linear Equipamentos Eletrônicos S/A
Main products : Broadcasting transmitters

The nature-rich city of Santa Rita do Sapucaí in the State of Minas Gerais is located in the middle of Brazil's two largest cities, São Paulo and Rio de Janeiro. The factory there develops, designs, and produces transmitters for terrestrial digital broadcasting, and provides solutions to South America, North America, Africa, and other parts of the world.

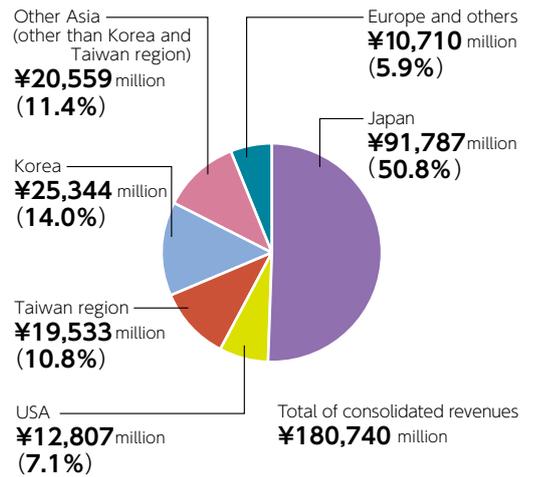
■ Group Network (as of April 1, 2016)

Domestic Network

(Area operations, Works, Group companies, etc.)



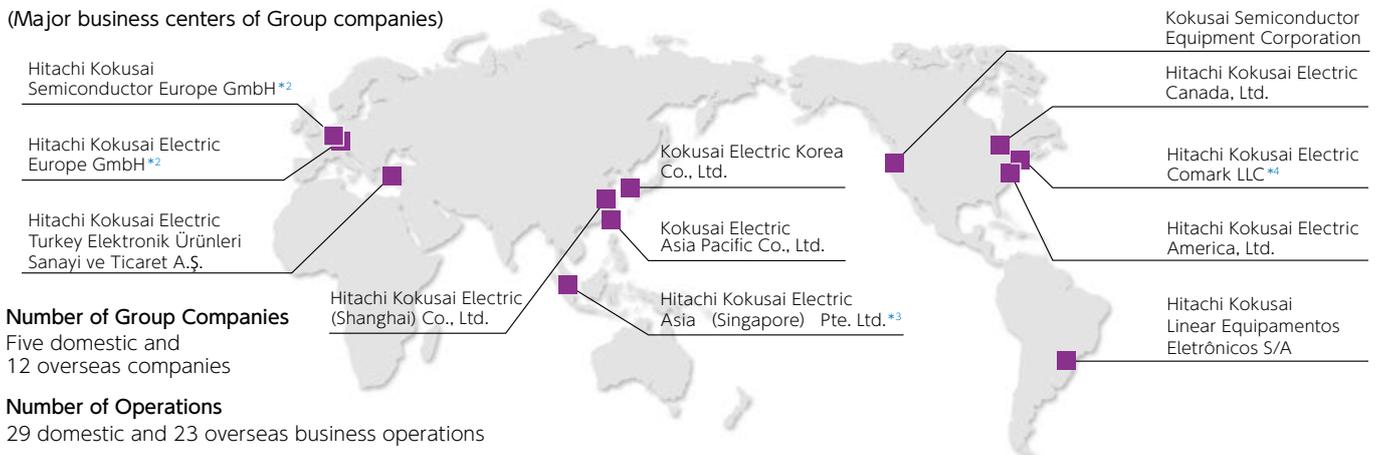
■ Revenues by Region (Term ended March 2016)



Note : The revenues are calculated based on the customers' locations.

Overseas Network

(Major business centers of Group companies)



Number of Group Companies
Five domestic and 12 overseas companies

Number of Operations
29 domestic and 23 overseas business operations

*1 On April 1, 2016, the Toyama Works was renamed the Toyama Technology & Manufacturing Center.

*2 On September 11, 2015, Hitachi Kokusai Electric Europe GmbH was separated into two companies: a new company that deals with video and communication solutions and succeeds the name, and the existing company, which specializes in thin film process solutions and was renamed Hitachi Kokusai Semiconductor Europe GmbH.

*3 On April 1, 2015, Hitachi Kokusai Electric Asia (Singapore) Pte. Ltd. was established as a consolidated subsidiary.

*4 Comark Communications LLC, in which the Company invested as of April 1, 2015, was converted into a consolidated subsidiary of Hitachi Kokusai Electric America, Ltd. as of April 27, 2015, on which date the name of the said consolidated subsidiary was changed to Hitachi Kokusai Electric Comark LLC.

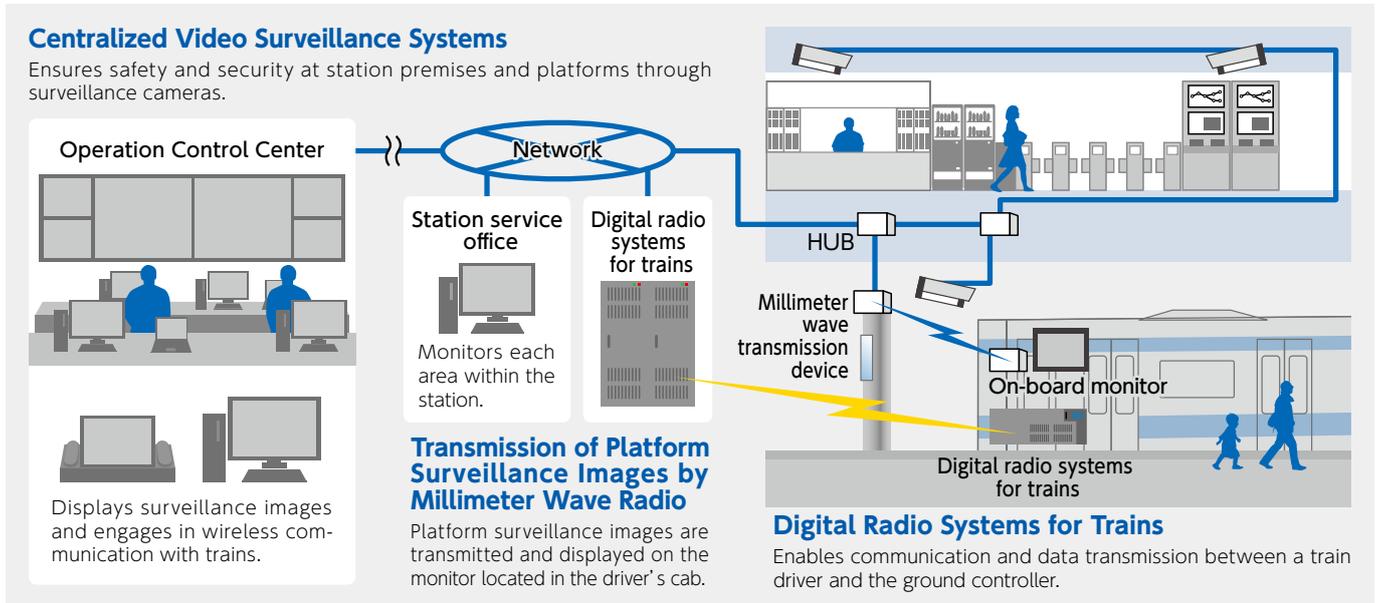


Value Created through Dialogue with Customers

We develop advanced technologies as a world pioneer with the aim of creating an affluent and sustainable future.

1 Realizing Safe and Secure Train Operations through Video and Wireless Technologies

■ Configuration example of train radio communication and video surveillance systems



As a public transportation system, railways are used by many people. The needs for terrorism countermeasures and safer train operations and transportation are expected to increase considerably in the next few years.

The Company contributes to realizing safe and secure train operation by providing train radio communication systems, which promote both security and reliability, and video surveillance systems that help protect the safety of passengers at train stations and platforms.

In recent years, in response to the conversion from analog to digital systems, we have worked to sophisticate and upgrade our systems by improving sound and image quality, increasing data transmission capacity, reducing radio wave interference, and enabling storage/analysis of large-volume video data and transmission of surveillance video images to trains. We supply our sophisticated digital radio systems for trains and

video surveillance systems to various train operators. We will strive to develop and provide high added-value solutions on a continuous basis by combining video and wireless technologies.

VOICE

For train radio systems, improved data transmission functionality is required to further increase train operation efficiency and improve passenger services. To meet these kinds of customer demands, we actively propose and provide digital radio systems suitable for data transmission and capable of multi-channel communications. We will strive in cooperation with our customers to realize a safe and secure society.

Takio Nishiwaki

Government & Public Business Sales Promotion Department,
Video & Communication Systems Division



2 Our Cameras Contribute to Production of Next-generation 4K Video Contents

Following the shift from analog to digital broadcasting, the world of video creation and broadcasting is evolving rapidly toward 4K and 8K to provide higher quality and sharper images. With the aim of getting 4K TVs into homes, the production of 4K content is now being promoted. Thirty sets of 4K cameras made by the Company were used to record a massive concert by major South Korean group BIGBANG, held in Seoul in April 2015. The client decided to use 4K cameras in order to capture beautiful, vivid images that give viewers the feeling of being right there at the venue. We provided technical support to camera operators and other staff to support the filming process.

VOICE

We built a camera system at the concert venue and conducted a number of rehearsals to make sure that everything was working properly. We were very nervous before the concert began. But the client highly appreciated our support and included the names of the Hitachi Kokusai Electric support team members in the end credits. The shift by the broadcasting and related industries toward this next-generation video technology is accelerating. We will strive to make even more beautiful images available in the home through the development of innovative cameras.

Min Hwangsoo

Global Business Center, Video &
Communication Systems Division



Min explaining to the operators at the venue how to operate the camera

3 Certificate of Appreciation Received from Hokkaido Logistics Depot of Japan Ground Self-Defense Force

On June 28, 2015, the Defense Electronics Division of the Company received a certificate of appreciation from the Hokkaido Logistics Depot of the Japan Ground Self-Defense Force (JGSDF). Since 1971 to date, our Company has continued to supply education and training systems, including training devices*, to

JGSDF logistics depots across Japan.

This award is a testament to the high appreciation that the JGSDF has for our swift and well-tailored services in support of their provision of effective and practical training, including maintenance and supply of spare parts for training devices, etc.

* Training devices: Devices attached to various types of equipment owned by the JGSDF that enable simulated combat exercises involving hundreds of military personnel using laser beams instead of live ammunition

VOICE

This commendation has made us very proud that we are involved in the supply and maintenance of training equipment for the JGSDF. The JGSDF's training covers a wide range of military exercises. As the scope of its missions expands, we will have to respond to various requests for changes and improvements. We have renewed our determination to provide equipment that will satisfy the JGSDF, based on our long-accumulated technologies.

Narihiro Shimoda

Sales Center, Defense Electronics Division



Commemorative shield presented together with the certificate of appreciation

Certificate of appreciation

4 PQS Award Received from Intel Corporation

On March 11, 2016, the Company received the Preferred Quality Supplier (PQS) award from Intel Corporation.

"In 2015, Hitachi Kokusai continued to meet and exceed Intel's expectations with their investment in quality systems and support for equipment reuse," said Mr. Shaheen Dayal, director of Global Supply Management, Business Development and Fab Strategic Sourcing at Intel. "Also, Hitachi Kokusai continued its strong commitment to velocity, safety and environmental and social governance programs. We appreciate their support and congratulate them on this well-earned award."



2015 PQS award trophy

VOICE

Our Company has won the SCQI/PQS award for 12 consecutive years, with this being the 16th time we have won it overall. We are very honored and proud to receive this award, because it acknowledges the performance and commitment we have demonstrated not only in equipment technology, quality, cost and customer service, but also in relatively new areas such as labor and ethics systems and environmental sustainability. We will continue to implement vigorous improvement activities to continue our consecutive wins next year and beyond.

Tomoki Ikeda

North America & Europe Sales Department
Semiconductor Process Engineering Division

5 Contributing to the Value Creation of Customers around the World through Development of Leading-edge Technologies

Our batch thermal process system, one of our Company's key products, is adopted by many leading-edge semiconductor manufacturers. We contribute to the evolution of electronic devices by enabling our customers to manufacture high-performance semiconductors. To help us respond to customer

needs speedily and deliver next-generation innovations, a decision has been made to construct a new production building to expand the development/evaluation area. The new production facility is planned to start operation in January 2017. By strengthening clean production and improving operational efficiency through the integration of production processes, we will promote mass production of next-generation equipment.

Located in the historically and culturally rich area of Yatsuo in Toyama City, the Toyama Technology & Manufacturing Center is blessed with fantastic employees and business partners. We will continue striving to contribute to the development of world-leading cutting-edge technologies.

VOICE

With the drive toward miniaturization, there has been an increasing customer demand for cleanliness of semiconductor manufacturing equipment. Seeing this construction project as an opportunity, we reviewed the flow of the production line and identified problems in each process to make the new plant a clean production facility (= a state-of-the-art plant for a semiconductor manufacturing equipment manufacturer). We will reflect our findings in the design of the new building. We aim to establish a plant with improved safety features and energy efficiency by particularly taking into consideration safety aspects in the assembly process and energy conservation during the production process.

Shoichi Yamazaki

Production Engineering Department,
Toyama Technology & Manufacturing Center



Conceptual image of the Toyama Technology & Manufacturing Center building with new extension
Illustration provided by Hitachi Architects & Engineers Co., Ltd.



Pursuing Quality

In accordance with Basics and Ethics, we think and act from the customer's point of view, and work hard to improve continuously for each business process.

Customer First

We devote ourselves to *Monozukuri* on a customer-first principle, and develop and provide products and services in which emphasis is placed on safety, quality, and environmental soundness, in order to earn the trust and confidence of our customers and society.

Providing Safe Products and Services

We comply not only with the Product Liability (PL) Law, domestic and international laws, and safety standards, but observe also internal standards for further safety in an attempt to improve the level of quality, thereby providing our customers with safe and high-quality products and services. Moreover, in the companywide quality assurance meeting, we share information and promote activities of preventing nonconformities based on case studies of failure occurring both internally and externally.

Policy to Improve Quality

We have certification in ISO 9001 (quality management systems) at all our production sites in Japan and at major production sites outside Japan and are continuously improving our quality management system by using the PDCA cycle in the process approach. We also work to further satisfy various requirements of customers for products and services, including acquisition of certifications applicable to specific product categories such as JIS Q 9100.

Policy to Address Quality Problems

A series of review and recurrence prevention activities based on thinking and acting from the customer's point of view is called *Ochibo Hiroi* (i.e. "gleaning"), which identifies the direct technical causes of problems and the motivational problems that led to those causes, and involves working to prevent recurrence and verifying similar products in an attempt to prevent similar problems.

Globalization Efforts

Along with the promotion of a global-network-driven business model, we work to further improve quality and service by exchanging personnel involved in quality assurance and supporting their activities.

Flows of Quality Improvements



HiKQ Innovation Activities

Fiscal 2015 marked the sixth year of the HiKQ (pronounced "high-K-Q") innovation activities, which are aimed at creating a new corporate culture. In fiscal 2015, we promoted activities common to the entire Company, such as "Work-Life Revolution (WLR) 2015," an initiative mainly undertaken by volunteers and young employees, and the Global Youth Association. This was in addition to the themes continued from the previous fiscal year, including innovation of work processes and improvement of work quality, mainly in design and production operations.

Fiscal 2015 marked the 15th anniversary of the Hitachi Kokusai Electric. To commemorate the occasion, the HiKE (pronounced "high-K-E")-Jin Credo was formulated to ensure that every member of the Group is encouraged to play their role more actively in the future. Using the results of an employee survey, volunteer project members formulated the HiKE-Jin Credo to set out the attitude that all Group members are expected to adopt so that we can realize the Corporate Statement, Hitachi Kokusai Electric Way, and Guidelines and Commitments (see the conceptual diagram "Corporate Statement and Management Policy" on page 3 of this report). The HiKE-Jin Credo has been translated into English, Chinese, Korean, Portuguese and Turkish, and small handy cards featuring the HiKE-Jin Credo in various languages have been created and distributed to all Group employees. In addition, we have also created a HiKE-Jin Credo poster to further promote the Credo among employees (see the poster below).

We will strive to strengthen HiKQ innovation activities through the voluntary involvement of employees and to nurture a corporate culture that places the utmost value on customer satisfaction.



Poster for fiscal 2015

To inquire about our products and services:
<http://www.hitachi-kokusai.co.jp/global/en/support/>
 OR Hitachi Kokusai Electric Support

Note : Usual inquiries concerning quality problems and repairs are supported by the relevant sales and service staff.



Promoting CSR Activities in Our Supply Chain

We will extend our supply chain from a global perspective and strengthen partnerships with our business partners.

Basic Policy for Material Procurement

The Hitachi Kokusai Electric Group procures materials, services, and other commodities necessary for production and supply from global markets with appropriate prices, delivery dates, and qualities in order to provide products that are valuable and satisfactory to its customers.

The Group also emphasizes strict compliance with laws and environmental considerations, engages in fair and open transactions, and promotes the buildup of partnerships with its suppliers.

Promotion of Globalization

The Company is promoting the establishment of a global-network-driven business model by shifting away from its conventional export-oriented business. In line with this, we expanded our operations to Turkey in 2013, to the U.S. in 2014, and to Singapore in 2015 to reinforce our competitiveness in the global market.

As global procurement measures, we share procurement strategies with overseas production, sales and service bases and assist them in procurement so as to strengthen our global partnerships for procurement. Since October last year, employees from the Company have been stationed in Brazil to promote local-production-for-local-consumption-oriented global procurement and develop local staff. We will work to further promote integrated global procurement.

Deployment of Procurement BCP

Our Group's business is closely entwined with social infrastructure. Therefore, if a business partner with whom we cooperate is affected by a natural disaster, such as a large-scale earthquake, it could have a major impact not only on our own business operations and those of our partners, but also on the broader society.

To minimize such an impact, we have formulated a Procurement Business Continuity Plan ("BCP") (thorough standardization, promotion of multi-sourcing, consideration of alternative materials, etc.). We are now working to improve and strengthen the BCP by constantly updating the registered information (including information at domestic Group companies) to keep it current and regularly verifying its effectiveness.

In fiscal 2015, we rolled out the BCP to some of our overseas procurement bases. We will roll it out to more procurement bases on and on.

Addressing CSR Activities

The Company is working in cooperation with Hitachi, Ltd. to strengthen CSR activities in the supply chain. As part of such efforts, we distribute the "Hitachi Group Supply-Chain CSR Deployment Guidebook" (which conforms to the guidelines of the Japan Electronics and Information Technology Industries Association) to our business partners in order to share CSR awareness across the supply chain.

By the end of fiscal 2015, we had implemented a written survey regarding CSR activities of our 512 main business partners, of which two companies were examined by an external auditing organization. Going forward, we will expand survey targets and work to ensure regular checks take root across the supply chain.

In starting business with new suppliers, our Company emphasizes their CSR procurement capabilities and examines their human rights and labor practices along with the status of their corporate ethics and legal compliance. We aim to realize stable global procurement by taking control of risk management throughout the entire supply chain.

Measures against the Issue of Conflict Minerals

As a member of the Hitachi Group, the Company is committed to the responsible sourcing of minerals (conflict minerals) from the Democratic Republic of the Congo (DRC) and adjoining countries.

We will continue striving to enhance the transparency of supply chains and conduct procurement activities that do not benefit armed groups encroaching on human rights.

Reinforcement of Partnerships

The Company promotes the development of reciprocal relationships with business partners. Through our business partner meetings (BPMs), we work to maintain fair trade relations and reinforce partnerships.

We will strengthen mutually beneficial "win-win" relationships with business partners by pursuing proactive communication and interaction through business policy briefing sessions, CSR activities, and technology exchanges.

VOICE

Business Partners who received the Fiscal 2015 Excellent Performance Award

We are honored to receive a commendation as the most excellent business partner in fiscal 2015. Our employees are very pleased with and greatly encouraged by this commendation. We would like to express our sincere thanks. To live up to our corporate motto of pursuing technological excellence, we are working hard on a daily basis to improve our technological capabilities.

Under the guidance of your company, we will make further efforts to contribute to your global expansion while swiftly adapting to changing circumstances. In addition to improving delivery, quality and cost performance, we will actively make proposals for new products so as to further contribute to your product development. This commendation has given all our employees the opportunity to renew their determination to do their best. We would appreciate your continued advice and guidance.



Dynax Engineering Inc.

Commendation by the Video & Communication Systems Division

It is an honor to receive the Fiscal 2015 Best Supplier Award, which we could not have won without your guidance and support over the years. Thank you very much. Viewing this commendation as a vigorous encouragement for our company, a manufacturer of quartz parts that are mounted into the heart of equipment produced by your company, we will continue efforts to improve QCD, so as to meet and exceed the expectations of customers in the global market and thereby contribute to the further development of your company. We ask for your continued advice and guidance.



Shin-Etsu Quartz Products Co., Ltd.

Commendation by the Semiconductor Process Engineering Division

Website for our business partners:
<http://www.hitachi-kokusai.co.jp/global/en/csr/procurement/index.html>
 OR



Respect for Human Rights, Basics and Ethics

We respect human rights, observe laws and ethics, and establish a clean corporate culture that is admired by society.

Respect for Human Rights

Our commitment to human rights is clearly stated in Hitachi Kokusai Electric Group Codes of Conduct. To complement the Group Codes of Conduct, we established the Hitachi Kokusai Electric Group Human Rights Policy in fiscal 2013.

The basic concept of our Human Rights Policy and detailed information on our related activities, including human rights seminars, are available on our website.

 Website including the details of the respect for human rights
<http://www.hitachi-kokusai.co.jp/global/en/csr/respect/index.html>
 Or

Identifying and Addressing Risks

Compliance

Bid rigging and the formation of cartels are criminal acts against society, and it is the responsibility of all companies to comply with all relevant laws and regulations. Moreover, there is growing social interest in the prevention of bribery to public officials, etc. inside and outside Japan. In reflecting elements that raise anxiety in the international arena such as the issue of the nuclear development, export control is also assuming greater importance. For these risks, with the Legal Center of the Company taking the lead, we are implementing education and conducting periodic audits targeted at the entire Group while updating the contents thereof, and we maintain a system in which any incidents incurring risk are reported to the top management swiftly. Through all these, we are working to ensure that the strong interests of top management concerning compliance, that is, to live up to society's trust are thoroughly implemented in all corners of the Group, with both top-down and bottom-up measures.

As for the proper management and handling of confidential information of the Company and other firms, the protection of personal information, etc., the Company's Information Security Committee educates and enlightens employees regularly and when necessary. As for the observance of other laws and company rules and the prevention of disgraceful affairs, the relevant sections, the legal affairs section and the Human Resources & Corporate Administration Division jointly educate and enlighten employees regularly and when necessary. Meanwhile, the Internal Auditing Office audits the entire Group on a regular basis.

Collaboration with Stakeholders

The Group promotes positive dialogue with all stakeholders, including customers, builds relationships based on mutual trust, and engages them in value creation.

	Our commitments to stakeholders	Examples of dialogue	Responsible departments
Customers	Obtain the trust and confidence of customers and society.	Customer visits by sales personnel, business negotiations at exhibitions, response to inquiries, and consultations from customers	Each sales department, quality assurance department
Employees	Provide a mentally and physically rewarding, safe and healthy work environment as well as opportunities for further training and growth.	Labor-management council, small-group suggestion activities/presentation sessions, sharing of employee survey (awareness survey) results and follow-up activities, use of intranet and in-house social network	Human Resources & Corporate Administration Division
Business partners	Engage in fair and transparent competition and business transactions activities on a commitment to high ethical standards, and implement appropriate internal controls.	Business partner meetings, individual material purchasing negotiations, CSR survey of business partners	Group Procurement Division, procurement department at each works
Communities	Respect local laws, cultures, practices and customs and always strive to contribute to local progress and development.	Participation in local activities, joint disaster drills with local fire stations	Administration department at each business site
Shareholders/ investors	Provide all stakeholders including shareholders with full and fair disclosure of corporate information.	General Meeting of Shareholders, briefings on financial results, IR activities, information disclosure via website	Legal Center, CSR Center

Establishment of the Compliance Committee

In response to an on-site inspection by the Japan Fair Trade Commission in 2014, the Company has worked to strengthen its level of compliance by reviewing its structure/business management methods and re-training employees, as well as by listening to the opinions of experts outside.

As part of these efforts, we have set up a new Compliance Committee, which includes among its members an independent lawyer from outside the Company. We will take all possible measures to ensure we are thoroughly compliant with the law by periodically undergoing inspections and receiving advice from a global perspective about the Group's compliance policies and adherence situation.

Ensuring the Reliability of Financial Information

Concerning the internal control system for the main purpose of securing the reliability of financial information, we collaborate with our parent company, Hitachi, Ltd., in order to maintain the system by using the framework and tools for internal control of the Hitachi Group, and make evaluations and improvements.

Internal Reporting System "Ethical Helpline of the Hitachi Kokusai Electric Group"

We have an internal reporting system so that an employee or a business partner of the Group can report the incident, when discovering any illegal acts related to our businesses, any improper acts violating our company rules, or any problems regarding human rights, and finding these cannot be solved with ordinary methods. When a report is received, the fact will be investigated and necessary corrective measures are implemented.

We ensure that the employees including those of each Group company are informed of this reporting system as well as the principles of "keeping secrets," "not mistreating informants," and "responding with good faith" through internal gazettes, seminars and intranet. This system is operated under advice of a lawyer as an outside committee member in order to earn the trust of informants through appropriate response.

Ethical Helpline of the Hitachi Kokusai Electric Group

e-mail to: rinri.helpline@h-kokusai.com

Postal mail : Representatives of the Ethical Helpline
Hitachi Kokusai Electric Inc.

Akihabara UDX Building 11th floor, 4-14-1, Soto-kan-da, Chiyoda-ku, Tokyo 101-8980, Japan

Note : The Helpline accepts reports not only from employees of the entire Group but also from its business partners.

Corporate Governance

Corporate Governance Structure

The Company has adopted the “three committees” system to ensure timely decision-making and transparent management.

The Board of Directors, the members of which are predominantly externally appointed Outside Directors, determines the Company’s basic management policies and delegates decision-making authority to Executive Officers to promote efficient operations. It also oversees and supervises the Company’s operations in unison with the Nominating Committee, the Audit Committee, and the Compensation Committee (hereinafter referred to as “each Committee”). In this way, the Company promotes management reform by placing emphasis on securing the adequacy of its operations. Within the above framework, Outside Directors remain independent from the Company, actively providing their opinions from an objective standpoint. In this regard, Outside Directors fulfill an important role and function in further enhancing the transparency and soundness of the Company’s management.

Outline of Corporate Governance Structure

1. Execution of Business

Within the scope of statutory and regulatory requirements, considerable authority is delegated to Executive Officers with respect to matters related to management decisions in an effort to accelerate the decision-making process.

While individual Executive Officers are provided with decision-making authority and execute operations for their particular areas of responsibility in accordance with the segregation of duties determined by the Board of Directors, an Executive Officers’ Meeting comprising all Executive Officers is held to deliberate matters of major importance from multifaceted perspectives, following which Executive Officers make decisions on specific matters in order to ensure the adequacy of decision-making.

All other operational matters for determination by Executive Officers are defined in the Company’s internal rules and regulations by their type and content. All necessary procedures are taken in accordance with these internal rules and regulations.

2. Monitoring and Audit Functions

The Board of Directors monitors overall management including execution of business in collaboration with each Committee, with the Board forming the central organization.

In addition, the activities of the Board of Directors and each Committee are supported by the responsible departments. A designated specialist department has been established for the Audit Committee to ensure that audits are conducted in an appropriate and effective manner. Employees within this department are not subject to the directions and instructions of Executive Officers.

(1) Board of Directors

The Board of Directors monitors management by way of receiving reports from each Committee in connection with the status of each Committee’s activities as well as reports directly from each Executive Officer outlining details of the execution of their duties.

(2) Nominating Committee

The Nominating Committee determines candidates for the position of Director, who are then proposed at the Company’s shareholder meetings for approval. In order to ensure better managerial judgments, the Nominating Committee selects Director candidates from both inside and outside the Company based on comprehensive criteria that encompass personality, experience, knowledge, ability and other factors, which are necessary for Directors of the Company to meet in order to contribute to its management.

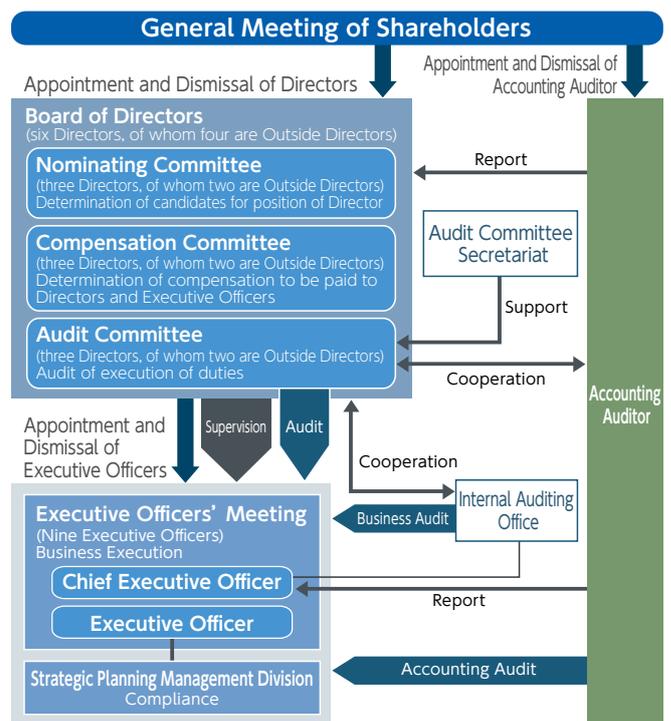
(3) Audit Committee

In addition to determining the Company’s audit policies and plans, the Audit Committee engages in follow-up activities to ensure that a designated member of the Audit Committee has conducted each audit in accordance with such audit policies and plans. In order to complement the effectiveness of audits, the Audit Committee promotes the sharing of information and other collaborative measures regarding audits conducted by the Internal Audit Department, Accounting Auditor, and audit team members of Group companies.

(4) Compensation Committee

The Compensation Committee formulates the basic policy for determining the compensation to be paid to the Company’s Directors and Executive Officers. At the same time, the Compensation Committee evaluates the performance of each Director and Executive Officer and determines the specific compensation amount.

■ Corporate Governance Structure (As of April 1, 2016)



TOPIC

In December 2015, the “Corporate Governance Guidelines of Hitachi Kokusai Electric Inc.” were established to specify the Company’s basic views on and framework of corporate governance so as to realize sustainable growth and increase the corporate value of the Hitachi Kokusai Electric Group over the medium to long term.

These Guidelines are available on the Company’s website.



Website for information on corporate governance
<http://www.hitachi-kokusai.co.jp/global/en/csr/governance/index.html>

OR

Hitachi Kokusai Electric Corporate Governance

Search



Respecting and Enhancing Human Assets

We respect the diversity of human resources, and provide them with the opportunity and environment to enhance and perform their abilities.

We take measures to develop Human Resources who can realize “HiKQ Innovation.”

1. Our Basic Philosophy on developing Human Resources and Basic Principle for the present fiscal year

Our basic philosophy is to train human resources who "learn on their own, think on their own, and act on their own." The basic principle for the present fiscal year presents the following four points in an attempt to realize HiKQ innovation:

- I . Training human resources able to create new business
- II . Training human resources with the ability of performance
- III . Training human resources able to activate the organization
- IV . Training human resources able to conduct their basic tasks securely

2. Training of Global Human Resources

We are implementing the full-scale training of human resources as geared toward expanding global business. We have set up the following measures:

(1) Training of new employees to nurture a global mindset

In order to foster a global mindset among new employees, we carry out various types of training, including English speech contests, sessions for learning about different cultures, TOEIC® tests, and support for personal development. Under the overseas dispatch program, we also send employees with a certain level of English skills overseas.

Note : TOEIC® is a registered trademark of Educational Testing Service (ETS).

(2) Overseas dispatch program for young employees

We are developing global personnel by utilizing the overseas dispatch program of Hitachi, Ltd., mostly targeting young employees. Under the program, employees are sent overseas for training for a short period of one to three months. The program includes study at overseas language schools, the opportunity to work in local firms, and volunteer activities at educational facilities. In four years from 2011, our Group dispatched a total of about 50 employees. It is our hope that these employees will invigorate our organization by helping to instill a global mindset in their workplaces.

VOICE

Because I wanted to place myself in a challenging environment, I participated in a one-month dispatch program to India.

In India, I conducted a market survey on the portable Washlet® and visited local shops to hear their opinions. And I presented the survey results at the business school.

In addition to being a hygiene product, the portable Washlet® was a new product and no one in India had any familiarity with it, so even making appointments was difficult. So I often made unannounced visits to promote the product. I think I performed very energetically and proactively.

I believe I have become more positive through my experience in India. Such positive attitude is of great help in negotiations with overseas business partners.

Note : Washlet® is a registered trademark of TOTO Co., Ltd.



Manabu Harada
Tokyo Procurement Department,
Group Procurement Division

Harada making a presentation on his experience at the fiscal 2016 new employee training

Safety and Hygiene

In fiscal 2015, the Company and its Group companies in Japan conducted the following safety and health activities.

1. Safety Activities, to Prevent Rule Breachings and Eliminate Peer Accidents

Although accident prevention efforts were being made, lost-time accidents occurred at some sites. We continued our efforts to review safety standards and work procedures and to strengthen safety education.

2. Hygiene Activities, to Promote Preventive Management in both Physical and Mental Causes.

In addition to the existing mental health training, we formulated a health promotion plan, “(Hi)KE Health Promotion Activities 2018,” to manage employees’ physical health. In accordance with the plan, we will carry out activities in a systematic way to promote employees’ health and raise their health awareness.

3. Traffic Safety Activities, to Eradicate Traffic Accidents Injuring Others

We instituted the Hitachi Kokusai Electric Group Safe Driving Month, during which we conducted various activities to eradicate traffic accidents resulting in injuries suffered by other parties, resulting in a 57% decrease compared to the previous year.

While continuing ongoing safety and health efforts as above, the Tokyo Works, which has been operating with no accidents since November 1997, achieved the Type-5 zero-accident record* in January 2015. In April of the same year, the Tokyo Works received a certificate from the director of the Labour Standards Bureau of the Ministry of Health, Labour and Welfare.



Planting a tree at the Tokyo Works to commemorate the achievement of the Type-5 zero-accident record

* Type-5 zero-accident record : The highest ranking of the five-level zero-accident record certificates (from Type 1 to Type 5) awarded by the Ministry of Health, Labour and Welfare. The standard length of time for zero-accidents is predetermined for each industrial category. In the case of electrical machinery and apparatus manufacturing, the standard length of time for zero accidents for a Type-5 certificate is 35.5 million hours.

Anti-disaster Measures

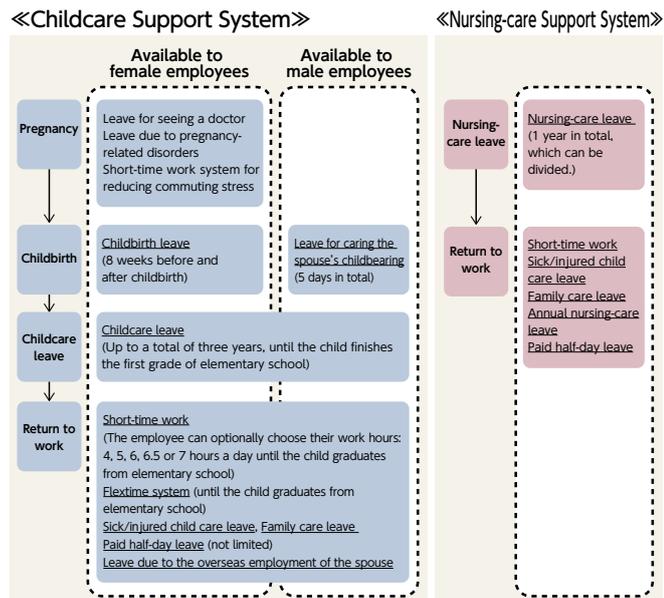
The Company and its Group companies in Japan hold a Group-wide simultaneous disaster simulation drill once a year based on a scenario of an earthquake occurring directly beneath the Greater Tokyo metropolitan area. This drill aims to strengthen information sharing and coordination between the companywide anti-disaster headquarters to be set up at the Head Office and the anti-disaster headquarters to be set up at each operation base. In the event of an earthquake, anti-disaster headquarters will be set up and confirmation of the safety of employees will be carried out as a top priority. In the past, the Group-wide drill was conducted focusing on three phases: (1) emergency phase (one day after), (2) business resumption phase (three days after), and (3) business recovery phase (one week after). Since fiscal 2015, we have shifted the focus of the drill to the next step: (4) full-recovery phase (full restoration of business operations) of the Business Continuity Plan (BCP). In the drill, we exercised the procedure for relocating affected production activities to the alternate facility. Also, on the assumption of the occurrence of IT-related damage, we confirmed system operation using the actual equipment. By exercising the business continuity procedures up to the resumption of production (three months later), we verify the effectiveness of our BCP.

Work-life Balance

Support for Balancing Work and Family Life

Recognizing the importance of achieving a good balance between “a sound and comfortable life” and “rewarding and fulfilling work,” we have been working to develop and enrich programs that help workers realize a good balance between work and family responsibilities such as child rearing and nursing care.

■ Systems for supporting child care and nursing care

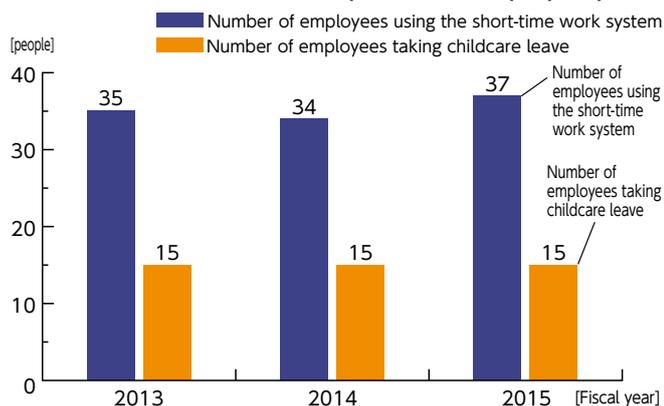


(The underline represents the contents of the system or the system itself that exceeds the provisions of law.)

Working Group to Make Work and Life Worthwhile

In fiscal 2010, we organized a working group to promote work-life balance, seeking members through open recruitment. In fiscal 2013, the working group sought new members and started anew with the mission of pursuing the promotion of “job satisfaction” and a “fulfilling life.” In fiscal 2014, the working group developed and executed more than 10 specific proposals. In fiscal 2015, the working group, with a new set of members, worked to develop new proposals. In fiscal 2016, the group will put those proposals into action.

■ The number of employees who took childcare leave and those who used the short-time work system*(the Company only)



* Employees who used the short-time work system : Those working shorter hours than normal in order to fulfill parental, nursing care or similar responsibilities

Efforts to Promote Female Empowerment in the Workplace

With the aim of raising the motivation of female employees toward career development, since fiscal 2014 the Company has held a two-day career seminar for female career-track employees. The seminar had 17 participants in fiscal 2014, and 17 again in fiscal 2015. The seminar provides participants with the opportunity to identify their own strengths and weaknesses using objective assessment tools and to think about their career development and future career path.

Based on the belief that understanding and support in the workplace is important to enable female employees to pursue their career development, in fiscal 2015 a lecture on the promotion of female empowerment in the workplace was held for managers. The lecture was attended by a total of 82 managers from the Company and its Group companies. We are working to raise the awareness of managers regarding female empowerment with the aim of furthering female participation in the workplace and in management.



Career seminar for female employees (January 8, 2015)

Employment of Diverse Human Resources

We promote the employment of people with disabilities and the reemployment of older employees.

We have adopted a reemployment system for older workers that allows employees who have reached retirement age to extend their employment to age 65. Many employees choose to utilize this system, which enables them to pass on their long-accumulated experience and professional skills to younger workers.

To promote the employment of people with disabilities, we operate an internship program for disabled job candidates that allows the Company to assess the intern's work skills and abilities while giving the intern the chance to try out the working environment, etc. We hire interns for more permanent roles after the internship is complete. As of March 1, 2016, we satisfied the mandated employment quota (2.0%). In addition to further increasing employment opportunities for disabled people, we will work to create a lively work environment in which the individuality of each employee is valued, thereby increasing their job satisfaction.

VOICE

I am performing design assistant work, including making arrangements for parts. I use an artificial leg to get around at work, but I do most of my work on the computer or at my desk and thanks to the support and consideration of my colleagues, I experience no inconvenience.

My work involves many technical terms and I find it difficult to understand them, but thanks to the guidance of experienced colleagues in the workplace, little by little I have become able to do more things. I will do my best to contribute to my workplace, even if just a little.

On holidays and after work, I do sprint training, which I started about one year ago. My goal is to participate in a track and field meet.



Tamami Watanabe

Broadcast Equipment Engineering Department
Video & Communication Systems Division



Respecting and Enhancing Human Assets

We respect the diversity of human resources, and provide them with the opportunity and environment to enhance and perform their abilities.

Aiming to Improve Operational Efficiency from a Female Perspective

The topic of female empowerment in the workplace has been much talked about in recent years. Our Group has been implementing "Step-up Activities," which promote work process reforms based on bottom-up suggestions. Against the backdrop of merger/integration and introduction of a new business system, one of our Group companies, Hitachi Kokusai Yagi Solutions Inc. (HYS), has formed a group for Step-up Activities called "Nadeshiko HYS!" with the participation of all female employees, and commenced in May 2014 cross-departmental activities based on a female perspective to strengthen networks of female employees, improve individual abilities, and improve operational efficiency. Since Nadeshiko HYS! is a cross-departmental group consisting of employees from different workplaces who are working different jobs and shifts, a questionnaire survey was first conducted to solicit members' opinions. Then opinion-exchange sessions, study sessions, and meetings were held at the Head Office. Based on the opinions obtained through the survey, as well as requests expressed in the aforementioned sessions and meetings, various theme-based activities were implemented. One of the achievements of the activities is an HYS original user manual, which was created about six months after the introduction of a new business system. To meet user needs, the manual contains know-how and practical advice on how to use the system effectively. The manual was displayed on the bulletin board so it could be shared with employees, leading to a significant reduction in work time. The secretariat members presented the achievements of their activities at the Hitachi Group Work Process Reform and Improvement Activity Convention in July 2015.



Study session held at HYS Head Office

VOICE

Through these activities, we were able to convey to the top management of the company our thoughts on what we wanted them to improve. We are happy that some of our requests were fulfilled. In the questionnaire survey, many comments were received regarding the issue of balancing work and child care and family care, which is peculiar to working women, and the workplace environment. Some of the problems were beyond what we could solve on our own through Step-up Activities but, as a secretariat, we were able to convey the concerns of female employees to the company and make proposals through the presentation session.

Rikako Watanabe
Strategy Office, Service Division

Mariko Yoshida
Material Procurement Department
Hitachi Kokusai Yagi Solutions Inc.



From left: Yoshida, Watanabe

Dialogue with the Union

The Company has concluded an agreement with the Hitachi Kokusai Electric Group Labor Union, under which labor-management conferences are held regularly to discuss labor conditions and personnel systems. Through these conferences, labor and management work together to establish disciplinary rules for the workplace and maintain and improve the workplace environment.

In the labor agreement, it is specified that the Company and union hold such labor-management conferences regularly to facilitate two-way communication, ensure smooth business operations and growth, and improve the working conditions of employees. In this way, labor and management exchange constructive opinions regarding various issues such as management policies and business operations, thereby establishing healthy and stable relations between workers and management.

Makeup of Personnel (as of March 31, 2016)

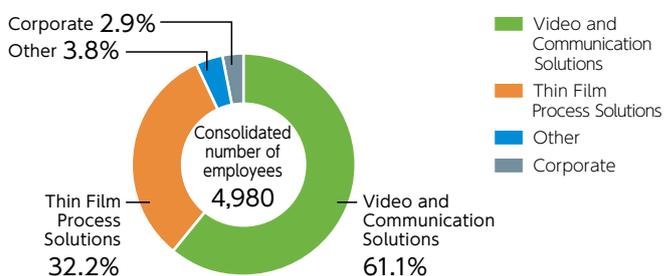
■ Makeup of personnel (the Company)

	Male	Female	Total
Number of employees	2,240	223	2,463
Number of managers	506	7	513
Number of senior managers and above	197	1	198
Directors/Executive Officers	16	0	16
Average age	44.0	40.9	43.7
Average years of service	18.8	16.7	18.6
Number of employees leaving the company	14	7	21

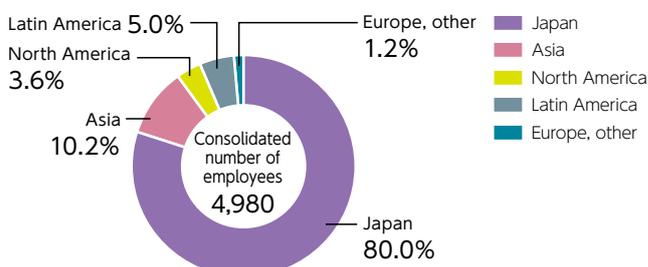
■ Number of labor union members (the Group in Japan)

Name of labor union	Number of members
Hitachi Kokusai Electric Group Labor Union	2,778

■ Percentage of personnel by business segment (the Group)



■ Percentage of personnel by region (the Group)





Living Together with Communities

We make efforts to understand the situation of the community, as well as the thinking of its people, to enhance our own awareness, and to think about future needs.
— Charity, human development support —

Participation in the TABLE FOR TWO Program to Provide School Lunches for Children in Africa

Initiated in Japan, TABLE FOR TWO (TFT) is a social contribution program seeking to share meals across distance and time between children in developing countries and people in developed countries. In support of the TFT program, in October 2015 the Toyama Technology & Manufacturing Center introduced TFT menus at its cafeteria and installed TFT beverage vending machines.

(1) Provision of TFT menus at the corporate cafeteria

Twice a week, the corporate cafeteria serves a limited number of healthy TFT meals. When an employee chooses a TFT meal, 20 yen is donated to provide a school meal for a child in a developing country in Africa.

(2) Installation of TFT vending machines

For each TFT beverage purchased from the vending machine, about 2 yen is donated.

For the same six-month period to March 2016, 1,187 school meals were provided.



TFT menus displayed on an intranet bulletin board in the Toyama Technology & Manufacturing Center on October 2015

Renovation of Children's Meeting Place

Located in Erkrath, Germany, Hitachi Kokusai Semiconductor Europe GmbH (HKSE), one of our Group sales/service companies for semiconductor manufacturing equipment, participated in a



local volunteer project to renovate an after-school center where local children can socialize with their friends after school. Eight HKSE employees worked with other volunteers and children to plant flowers in the garden and on the balcony, install playground equipment. (September 4, 2015)

HKSE employees planting flowers on the balcony

Welcoming a Junior High School Student for Work Experience

Goyo Electronics Co., Ltd. welcomed an eighth grader from Akita Municipal Akita North Junior High School for work experience for two days from July 7 to 8, 2015. The student was assigned to the Human Resources & Administration Department.

At first the student seemed nervous, but as he got used to the work, he gradually relaxed and made an active contribution.

He also successfully performed the important duty of making in-house announcements.



The student made an effort to make clear and easy-to-understand announcements.

TOPIC

Inviting Suggestions for Promotion of Volunteer Activities

In fiscal 2015, measures for promoting volunteer activities were discussed in small-group activities conducted voluntarily by employees. In response to the call for suggestions, a total of 45 suggestions were submitted by employees including those at Group companies in Japan. Suggestions implemented at business sites in fiscal 2015 include: "on-site cookie sale to support disabled people," "study session on assistance dogs," and "in-house sale of Tohoku products."

On-site Sale of Cookies Made at a Facility Employing People with Disabilities

The Tokyo Works held on-site sales of cookies made by a bakery operated by a charity in Kodaira City. The events were held to indirectly support disabled people by facilitating the sale of products sold by the bakery, which employs a number of disabled people.

In support of the objective of these events, many employees working at the Tokyo Works dropped by to purchase cookies, resulting in the sales being a great success, with all cookies sold out.

Representatives of the bakery came to help with sales, working at the cashier counter and calling out to welcome customers in loud and cheerful voices. Their energetic display reportedly produced warm and happy feelings in Group employees present, including the Kokusai Electric Techno Service staff members who planned the events.



At the first event, the cookies sold out in just 20 minutes! (February 5, 2016)



The second event was held in a larger space and more cookies were put on sale. (March 9, 2016)

Study Session on Assistance Dogs and Donation of Stamps, Secondhand Books and Clothing

The Tokyo Works holds Family Days to allow the families of employees to see where their loved ones work. As part of the latest Family Day, two booths were set up cooperatively by the workers and management: one for introducing assistance dogs (service dogs/hearing assistance dogs) and the other for donation of used stamps, secondhand books and clothing. At the assistance dog booth, a lecture on these helpful animals drew a crowd of keen listeners. A representative of the NPO that presented the lecture praised the program, saying, "It is very rare for a company to hold an in-house lecture about assistance dogs. It was a very ambitious initiative." The organization also expressed its thanks, saying, "We were happy that lots of small children participated. It's a great encouragement for us." At the donation booth, 81 postcards, 202 used stamps, 50 secondhand books, and 54 items of clothing were collected, all of which were donated to NPOs and other organizations deemed appropriate. (December 19, 2015)



Assistance dog taking a drink out of the fridge



Living Together with Communities

We make efforts to understand the situation of the community, as well as the thinking of its people, to enhance our own awareness, and to think about future needs.

— Support for disaster-affected areas, human development support, ecosystem preservation, global warming prevention —

In-house Exhibition and Sale of Tohoku Products

As one of the feature events on Family Day, where the families of employees are invited to the workplace, the Tokyo Works held a cooperative exhibition organized by workers and management to support the disaster-affected areas. In 2012 and 2013, the exhibition and sale of products from Rikuzentakata was organized. The exhibition and sale of products from Tohoku, meanwhile, is an ongoing Family Day event. At the 2015 "Tohoku



Exhibition & sale booth for Tohoku products

Product Exhibition," various special made-in-Tohoku products were sold, such as iburigakko (smoked pickles), gyutan (beef tongue), nanbu senbei (wheat crackers), and zunda mochi (rice cake with green soybeans). Total proceeds were 41,750 yen. (December 19, 2015)

Donating Bellmarks to support Schools in Disaster-affected Areas

Under the leadership of volunteer workers from the Tokyo Works, a Bellmark collection activity was conducted to support schools in the Tohoku region, which was affected by the March 2011 Great East Japan Earthquake. During the 2015 Volunteer Month (December), the volunteer team called for the cooperation of employees via the in-house SNS*. All Bellmarks collected from employees of the Company and its Group companies in Japan were sent by post (in an envelope marked "donation for schools in disaster-affected areas") to the Bellmark Education Aid Foundation (Bellmark Foundation) to be used for schools in the affected areas to purchase school supplies and educational materials.



A computer screen showing the in-house SNS and a Bellmark collection box (Approval from the Bellmark Foundation obtained for use of the image of the collection box featuring Bellmark-kun and collected Bellmarks, as well as for publication of this article.)

* SNS (social networking service) : a community-based membership service

Cultural Exchange in Laos

During the long holiday in September 2015, a Company employee visited Vientiane, the capital of the Lao People's Democratic Republic, to serve as a volunteer member of the orchestra performing at the commemorative concert for the 60th anniversary of the establishment of diplomatic ties between Japan and Laos. The employee enjoyed the conversation and cultural exchange with local musicians through joint practice sessions, rehearsal, and the performance itself. The orchestra musicians, invited guests and audience all enjoyed the program contents, which included pieces rarely performed in Laos, namely, a Mozart symphony and piano concerto, as well as original pieces by Japanese composers and Lao folk music arranged by Japanese musicians. This event was a truly meaningful cultural exchange opportunity.



The employee, at the right edge of the stage, played an instrument that had to be repaired after not having been played for a long time (September 21, 2015)

Photograph provided by the Organization of International Support for Dental Education

Hitachi Group Forest Development Project in Shikoku

Since 2010, Hitachi Group companies in the Shikoku area have participated in the "Forest Matching—Joint Forest Development Project" promoted by the Kagawa Prefectural Government, and have been working to create forests in cooperation with Kagawa Prefecture, Ayagawa Town, and Ayagawa Town Hayuka Property Ward. On October 17, 2015, a total of 52 people—employees from 13 Hitachi Group companies and their families—participated in activities. Two representative of our Company participated, carrying out thinning and trimming of Japanese cypress trees and cutting down bamboo. For the first time this year, participants saw acorns growing on konara oak trees that had been planted earlier on in the project and were able to get a real sense of the progress they have made in their activities over the past five years.



Participants posing at the entrance of the Shikoku Hitachi Group Kagawa Forest in Ayagawa Town

Planting Activities at the Ruins of Tateyama Castle in Shibata Town

Under the slogan, "Let's cover Shibata in flowers," Shibata Town in Miyagi Prefecture conducts flower-planting activities in the park surrounding the ruins of Tateyama Castle, an iconic feature of the town. Local residents, companies and organizations participate in the event.

The area known as Hitome Senbonzakura alongside the Shiroishi River is designated one of the 100 best spots to view cherry blossoms in Japan. Providing a view of around 1,000 trees, the spot is visited by multitude of tourists in spring. The entire town is working together to plant flowers in this area so that, in addition to the cherry blossoms, visitors can also enjoy various flowers throughout the year.

On October 31, 2015, a group of 20 employees of Goyo Electronics' Sendai Works and their families participated in the event. They planted narcissuses on the slope, which remained intact, along the promenade.



Participants planted narcissuses on the slope after cultivating it.



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

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



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.

“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.

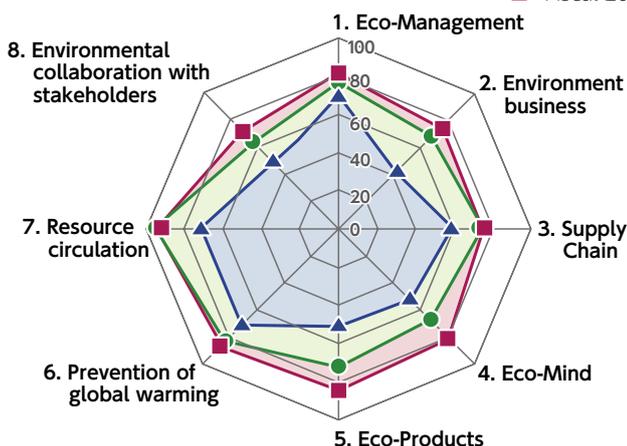
Over the past five years from fiscal 2011 through 2015, we made significant improvements in CO2 emissions reduction (in the Environmental Business category) and expansion of the range of Eco-Products (in the Eco-Products category).

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.



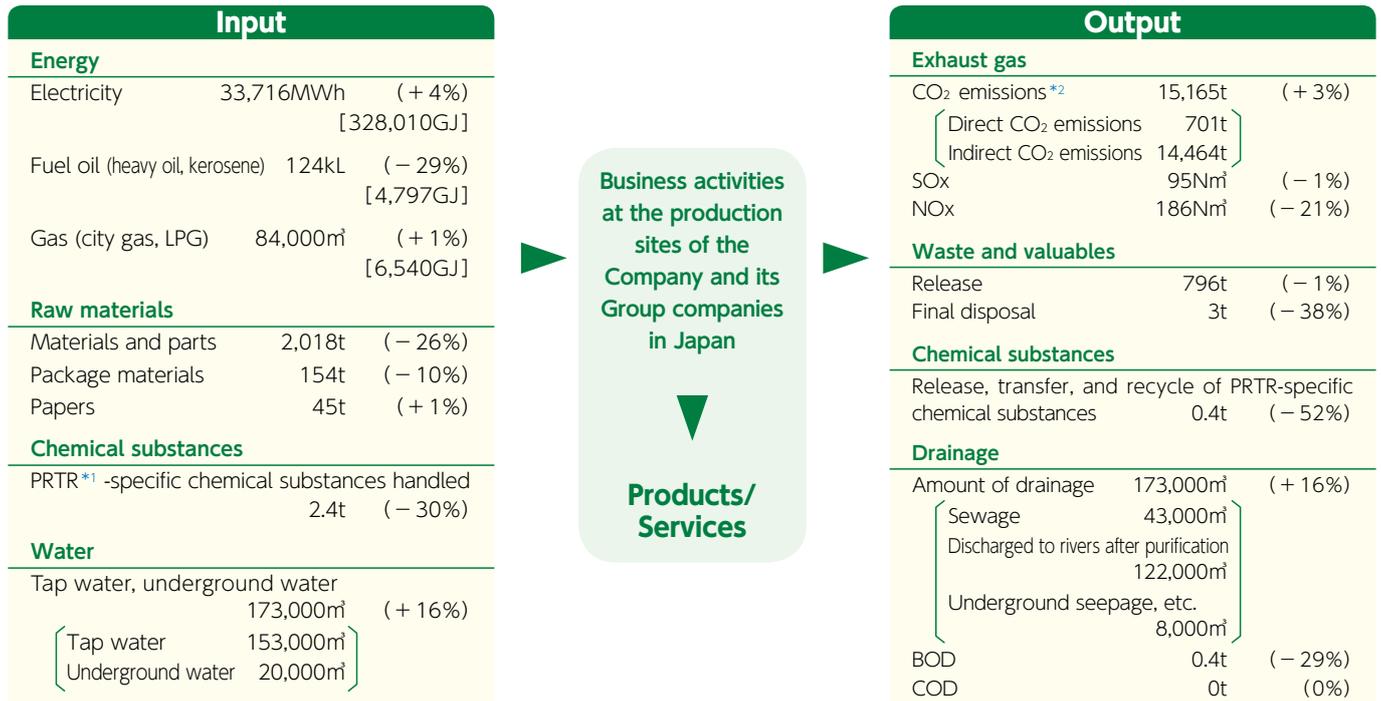
Eco-Factories & Offices

Through the entire production process of products, we work to save energy and enhance facilities in an attempt to prevent global warming and to reduce industrial waste.

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

The production sites of the Company and its Group companies expend resources and energy to provide products and consequently discharge CO₂ and waste products. They monitor the inputs and outputs of such elements, and work to reduce hazardous chemical substances and increase energy efficiency.

For information on the procurement of raw materials and the reduction of environmental impacts caused by our products, see "Promoting CSR Activities in Our Supply Chain," and "Eco-Friendly, Next-Generation Products," respectively.



*1 PRTR : Pollutant Release and Transfer Register

*2 CO₂ emissions : Emissions were calculated based on the 2005 emission coefficients for electric power by country published by IEA.

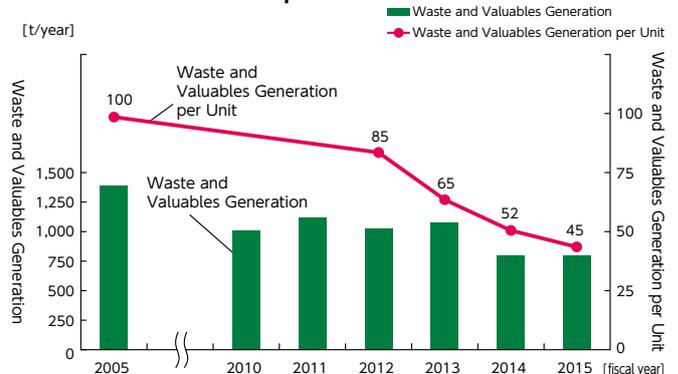
The values in parentheses show the changes from fiscal 2014.

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

The production sites of the Company and its Group companies in Japan have since fiscal 2011 worked to reduce Waste and Valuables Generation per Unit, one of the revised indices in fiscal 2013 according to the activities of the Hitachi Group, and set a goal of improving it to 62 (an improvement of 38%) in fiscal 2015, compared with fiscal 2005.

In fiscal 2015, due to various efforts such as recycling paper and magazines, and providing e-learning on waste segregation, we achieved a Waste and Valuable Generation per Unit rate of 45 (a 55% improvement), thus meeting the set goal.

Improvement in the amount of Waste and Valuables Generation and that per Unit



At the Toyama District Summer Festival (August 22, 2015), Tokyo Works Family Day (December 19, 2015), and Goyo Electronics Akita District Summer Festival (July 18, 2015), all of which were held for employees and their families, various events were staged to increase waste reduction awareness, including presentations on the Group's environmental activities, a panel exhibition on the flow of waste recycling, and a display of recycled items.



Environmental booth set up for the Tokyo Works Family Day



Eco-Factories & Offices

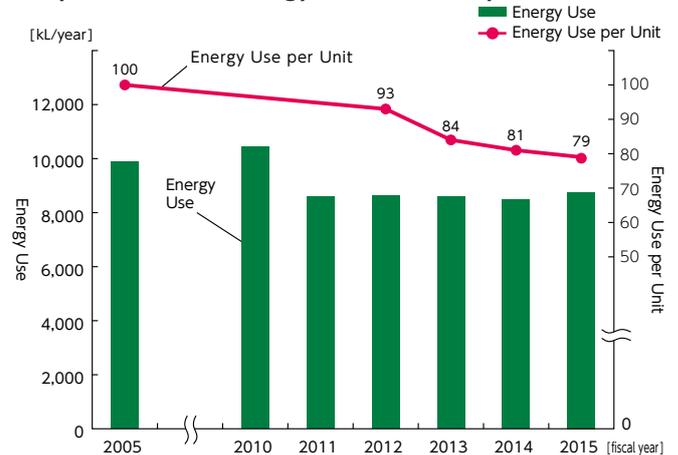
Through the entire production process of products, we work to save energy and enhance facilities in an attempt to prevent global warming and to reduce industrial waste.

Prevention of Global Warming and Energy Saving (Production sites of the Company and its Group companies in Japan)

The production sites of the Company and its Group companies in Japan conduct activities to reduce the energy used at the product manufacturing stage. In fiscal 2013, we revised the indices according to the activities of the Hitachi Group, and set a goal of improving Energy Use per Unit to 83 (a 17% improvement compared to fiscal 2005) in fiscal 2015. Since then, we have made efforts toward achieving this goal. In fiscal 2015, the last fiscal year for its achievement, our Energy Use per Unit was 79 (a 21% improvement from fiscal 2005), achieving the goal.

As efforts regarding facilities in fiscal 2015, we upgraded to high-efficiency air-conditioning equipment and switched to LED lighting. With regard to operations, in support of the National Campaign Against Global Warming promoted by the government since 2005, we implemented “Cool Biz” and “Warm Biz” at all our business establishments and continued our participation in the “Lights Out Campaign.”

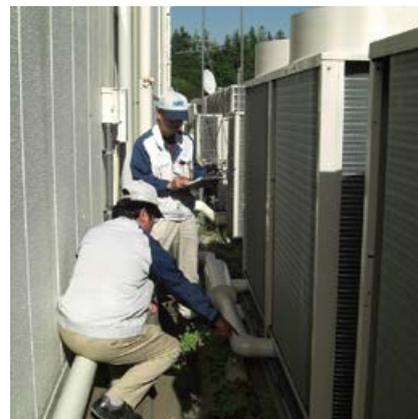
■ Improvement in Energy Use and that per Unit



Compliance with the Fluorocarbons Emission Control Law (Production sites of the Company and its Group companies in Japan)

In April 2015, the Fluorocarbons Emission Control Law entered into force to limit emissions of fluorocarbons into the atmosphere. Fluorocarbons deplete the ozone layer and contribute to global warming. The law requires users of commercial air-conditioning and refrigeration units using fluorocarbons to conduct simple inspections of the units and submit a report concerning the amount of fluorocarbons released.

Production sites of the Company and its Group companies in Japan use commercial air-conditioning and refrigeration units. To comply with the requirements of the law, they, as managers of these units, identified all the units subject to the law and created a list before the law came into effect. They also conduct simple and periodic inspections and record the inspection results, maintain and repair units, and monitor the amount of fluorocarbons released.



Workers conducting simple inspection of air conditioners (leakage inspection)

Receiving the Fiscal 2015 GREEN 21 Awards Excellence Prize in the Green Curtain Category

The Hitachi Group has established the GREEN 21 Awards program to encourage environmental activities and disseminate best practices throughout the group. The awards honor advanced environmental initiatives, environmentally friendly products/services, and environmentally conscious business sites within the group. From fiscal 2015, Green Curtain Project achievements, which had previously been recognized separately, were included as a new category at the GREEN 21 Awards.

As one of our summer power-saving measures, our Group promoted a green curtain project, under which our business sites and Group companies worked independently on green curtain activities. Since fiscal 2014, however, our Group has worked as one to further improve green curtain activities. Our activities include donating *goya* seedlings to local preschools, providing environmental education on *goya* plants to children, and publishing details of green curtain activities via the in-house SNS*. In recognition of our vigorous activities, we were awarded the Excellence Prize in the Green Curtain Category.

* SNS (social networking service) : a community-based membership service



Green curtain within the Toyama Technology & Manufacturing Center



Planting *goya* seedlings with children



Certificate of commendation for the Excellence Prize in the Green Curtain Category



Eco-Friendly, Next-Generation Products

Throughout the product life cycle, from raw materials production, manufacturing and customer use to final disposal, we work to reduce the impact of products on the environment.

Eco-Products (Hitachi Eco-Products)

As part of our initiative to minimize the environmental burden of our products and services, the Group conducts "Assessment for Design for the Environment" at the design and development stage in order to manufacture products with superior power-saving and resource-saving characteristics as compared to existing products.

In providing products and services to customers, we try to contribute to creating a low-carbon society by proposing environmentally conscious products.

Major Eco-Products in fiscal 2015

Note : Specifications and appearance are subject to change for improvement purposes without notice.

Realizing high throughput

■ Batch Thermal Process System

To meet the market needs for lower Cost of Ownership (CoO)* and higher process quality for next-generation devices, a new eco-friendly batch thermal process system has been developed. The new system realizes high-quality batch thermal processing by further enhancing the already high productivity and high reliability, which are the major advantages of the vertical system, and by applying a new film-forming technology.

While maintaining a footprint (the area occupied by a machine) equal to that of the conventional vertical system, this new system has increased the throughput (number of wafers that the system can process within a given amount of time) by about 30% and has significantly reduced power consumption per wafer. It has done this by adopting a long, high-speed temperature control furnace and wafer buffer shelf to increase the maximum throughput as well as a high-speed wafer transfer robot to shorten the wafer transfer time.

Compared with the conventional vertical system (QUIXACE-Ultimate, released in fiscal 2010), this new system reduces CO₂ emissions by 21%.

* Cost of Ownership (CoO) : All costs necessary for introduction, operation and management of a system



Batch Thermal Process System

Realizing full HD with low power consumption

■ "HC-IP3100HD" Electric Network Dome Camera for Outdoor Use

The HC-IP3100HD is a surveillance camera equipped with an electric zoom lens, an electric camera platform, and a live full-HD image transmission function to meet the needs of the surveillance video market for image signal digitization and full HD (1920 x 1080) compatibility.

While maintaining the same size as the existing camera, the HC-IP3100HD achieves high resolution by digital image processing. Moreover, thanks to the power-saving technology incorporated in the electric camera platform, the HC-IP3100HD reduces power consumption so that it can be powered through a LAN cable with PoE+* technology (IEEE802.3at compliant).

Compared with the conventional dome camera (HC-350, released in 2005), the HC-IP3100HD reduces CO₂ emissions by 58%.

* PoE+ : Standards for PoE (Power over Ethernet, a technology that uses the power inside the LAN cable to power up the device) set by the Institute of Electrical and Electronics Engineers (IEEE)



HC-IP3100HD

Proper Management of Chemical Substances Contained in Products at Overseas Production Site

To respond to global manufacturing needs, Hitachi Kokusai Linear Equipamentos Eletrônicos S/A (HKL) has established a manufacturing system fully compliant with the EU RoHS Directive ("RoHS").

Since HKL did not manufacture RoHS-compliant products in the past, the company had no know-how, so it built a RoHS-compliant manufacturing system from scratch.

The work done to establish a RoHS-compliant manufacturing system included: separating component storage areas for RoHS-compliant components and non-compliant components

and work areas, establishing an RoHS-compliant supply chain, reviewing the manufacturing process, preparing dedicated RoHS-compliant production equipment including machine tools, making preparations for the use of lead-free solders, and providing training to workers.

A local leader giving training to a worker



Editor's Postscript

In addition to making corporate donations, our Company solicits donations from employees to support the people and areas affected by the Kumamoto Earthquake, which occurred in April 2016.

In May, a series of scandals related to corporate social responsibility were reported in the media, causing us on the editorial team to often pause in our work and ponder for a while, before continuing with renewed determination.

We have been familiar with the term "CSR" for the last 10 years. However, each person has a different viewpoint and attitude toward CSR, and its breadth of scope and depth of content seem boundless, ranging from social contributions through business activities to risk management and volunteerism. Once a year, we report the major CSR activities of the Group, focusing on the activities undertaken in the previous fiscal year. We invite you to read through this English version of the CSR report and fill in and send back the questionnaire to help us understand your opinions and suggestions.

More detailed and updated information is available on our website. Please feel free to visit our website by using the links shown in each section of this report.

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Strategic Planning Management Division

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- The Head Office and CSR Center will be relocated as of October 1, 2016, and the new address and Fax number after the relocation are shown above.

As of the issuing date of this report, those are as follows:

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Issued in June 2016 (English version issued in September 2016)

- This report, issued only as a pdf file, is not printed or available as a booklet.

<http://www.hitachi-kokusai.co.jp/global/csr/er/>

or