

**Hitachi Group
Corporate Social Responsibility Report 2008 Digest**



To Our Stakeholders



Etsuhiko Shoyama
Chairman of the Board



Kazuo Furukawa
President and
Chief Executive Officer

Using the Corporate Credo “contributing to society through the development of superior original technology and products,” Hitachi has contributed to the resolution of various social problems—with the support of our stakeholders—from our foundation to the present. Now that social issues, like corporate activities, have become global, corporations are playing an increasingly important role in the realization of a sustainable society. Hitachi aims to bring about a society where people can live in comfort and safety within a better global environment. To realize this type of society, we will continue to take up the challenge of resolving the fundamental problems of a global society, making full use of the Hitachi Group’s knowledge, know-how, and experience.

This report provides our stakeholders with an account of the activities and initiatives that Hitachi considers most important for a company with a deep sense of social concern and responsibility. In particular, we focus on global environmental problems of great concern throughout the world, describing Hitachi’s initiatives and future direction. In addition to this report, we have posted more detailed information on the Web site to promote a deeper understanding of these issues and our role in their resolution.

Through this report and the Web site, we hope to engage in an ongoing dialogue with you.

July 2008

Scope of This Report

Period: The main period covered is fiscal 2007 (April 1, 2007 through March 31, 2008)

Companies: Companies covered under consolidated reporting of the Hitachi Group

Scope of data:

Financial data	Hitachi, Ltd. and 911 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies) and 171 affiliated companies that use the equity method
Social data	Scope of data indicated under each item
Environmental data	Hitachi, Ltd. and 249 consolidated subsidiaries (including companies outside Japan)

Related Reports

We report on the financial performance of Hitachi, Ltd. in the “Financial Highlights” and Annual Report. Research and development and intellectual property (intellectual property rights and brands), which are major aspects of the technology management of Hitachi, Ltd. and its major subsidiaries, are covered in the “R&D and Intellectual Property Report.”

Twenty-one Hitachi Group companies and 13 business divisions and production facilities publish their own reports on environmental and social contribution activities. In addition, 44 Hitachi Group companies and 8 business divisions and production facilities provide information on their Web sites.

Guidelines Referred to in Preparing This Report

“Environmental Reporting Guidelines” (FY 2007 version), Ministry of the Environment, Japan

“Environmental Reporting Guidelines 2001—With Focus on Stakeholders,” Ministry of Economy, Trade and Industry, Japan

GRI Sustainability Reporting Guidelines 2006, Global Reporting Initiative

* This CSR Report is published on an annual basis.

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Reporting the CSR Activities of the Hitachi Group

The screenshot shows the CSR section of the Hitachi, Ltd. website. At the top left, it says "CSR (corporate social responsibility) section of the Hitachi, Ltd. Web site" with the URL <http://www.hitachi.com/csr/>. On the right, there is a "Latest information" button with a computer monitor icon. Below this, there is a "Detailed information" button with a PDF icon. The main content area features a large graphic for the "Hitachi Group Corporate Responsibility Report 2008 Digest". The graphic includes the text "This booklet" and "Hitachi Group Corporate Responsibility Report 2008 Digest" over an image of an open book.

Reporting the CSR Activities of the Hitachi Group

Information about CSR activities in fiscal 2007 (April 2007–March 2008) is available in two formats: *Hitachi Group Corporate Social Responsibility Report 2008*, a PDF that can be accessed on the Web, and this booklet, *Hitachi Group Corporate Social Responsibility Report 2008 Digest*. The PDF edition contains comprehensive information on policies, actual programs, and quantifiable results. This digest focuses on reporting areas of activity the Hitachi Group has particularly emphasized. Specific subjects not covered in the digest are listed on pages 12, 18, and 26.

The address of the CSR section of the Hitachi, Ltd. Web site is: www.hitachi.com/csr/

The PDF of the *Hitachi Group Corporate Responsibility Report 2008* is available for download at: www.hitachi.com/csr/download/index.html

Charts, graphs, and other illustrative materials have, based on the concept of Universal Design, been presented for optimum legibility by people who have difficulty with color perception.

Looking to Tomorrow, Hitachi Works to Address the Issues of Today

Some 40 years ago, when the telephone network in Japan was limited, I worked as a new Hitachi employee on developing the country's automated telephone switching systems. Installing automatic switchboards took me to places all over Japan, and waiting at the end of my stay at each job were the happy smiles of people who could now connect calls without a switchboard operator. This unforgettable experience was the starting point of my commitment to CSR.

Recently, I have made frequent visits to nations throughout Africa and Asia. Many times I have seen people suffering there because of poverty, especially the problems these communities face with the lack of food and water resources. Looking across the world, I see many regions that lack an adequate social infrastructure. When I remember those happy smiles some 40 years ago, I am committed now more than ever that in countries where Hitachi is expanding I would like to contribute—if only in a small way—to efforts that solve these problems. I firmly believe that our corporate management will enable us to pursue the sustainable development of society and our company as complementary goals.

Using Our Combined Resources to Lessen Environmental Problems

I believe that CSR has three core components: sustainable development, the environment, and human welfare. If problems associated with these three components are not solved in a balanced way, I think true happiness and sustainability for humankind as a whole cannot occur. As the world's population has grown dramatically over the past 100 years, the concentration of CO₂ in the atmosphere has similarly increased. I feel strongly that today—when it is clear that climate change resulting from increased CO₂ emissions presents serious challenges to sustainable social and economic development—the time has come for us to



combine our resources to work for the protection of the global environment.

The Intergovernmental Panel on Climate Change (IPCC) has said that if global temperatures rise by 2050 to a level that exceeds temperatures in the pre-Industrial era by 2°C, there will be a profoundly negative impact on the Earth's climate. To prevent this, the IPCC believes it will be necessary by 2050 to stabilize CO₂ concentrations to below 450 ppm.

In December 2007, the Hitachi Group announced Environmental Vision 2025, a plan that set the ambitious goal of contributing to the IPCC target by helping to reduce CO₂ emissions from the use of Hitachi Group products worldwide by 100 million tons before 2025. Reaching this goal will require us to vigorously promote *monozukuri* (manufacturing that combines innovative technologies with experience gained over many years) and to convert—to a high degree—all of our products into solutions that are compatible with the environment and confront the greatest ecological challenge of our time.

The Hitachi Group has already provided the world with a large number of technologies that meet this standard, including technologies for nuclear power generation, as well as for supercritical pressure coal-fired power generation that is highly effective at reducing a coal power plant's negative environmental impact. Additional examples of environmental protection solutions from Hitachi include superconducting high-efficiency power transmission using amorphous transformers, hybrid drive systems that reduce CO₂ emissions from diesel rail engines, lithium-ion batteries for hybrid cars, and power saving innovations for energy-intensive data centers.

The rate of increase for global warming is exceeding projections. To protect the environment, including reducing global warming, I would like, as quickly as possible,

to execute our plan so that the world will say, "Hitachi's determination and actions have indeed positively altered the course of current trends."

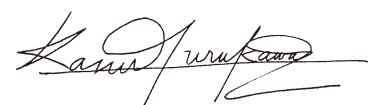
Toward a Sustainable Society: Social Trends and Management Approach

As globalization progresses, there are many Group employees working in every region of the world. At the same time, the number of stakeholders has increased, making it more important than ever to have dialogues with them and to enhance management transparency. I will align the Group's management approach with social trends and stakeholder needs, and by doing this, build the foundation for both business and society to achieve sustainable development.

I would also like to work to ensure that Hitachi employees worldwide, who support both the company's businesses and their families, can lead happy lives now and in the future. To accomplish these goals, I hope to promote the creation of a workplace environment where every employee can be healthy in body and mind, make full use of their talents, and appreciate the challenges and rewards of social activities, such as work- and community-based volunteering.

History will come to recognize the value of what we do. It is with this sense of conviction and urgency that I wish to take on these challenges and enthusiastically move forward with my work, while cherishing the feeling of joy that comes from seeing the smiling faces of happy people.

July 2008



President and Chief Executive Officer
Hitachi, Ltd.

Hitachi Is Tackling the Basic Issues Faced by Global Society, Aiming to Realize a Sustainable World through Innovation

The vision of the Hitachi Group is to realize a world that is safer and more comfortable to live in by harnessing our knowledge and technologies to resolve the basic issues facing global society, based on the Fundamental Credo.

In fiscal 2007, referring to the social issues being discussed in Japan and around the world, including the United Nations Millennium Development Goals and the World Business Council for Sustainable Development, we conducted a review of the relationship between the problems faced by global society and Hitachi's business and social contribution activities. We identified areas

where our strengths could be fully utilized, including the global environment, safety, and health and medicine. In response to global environmental issues, we formulated Environmental Vision 2025, and members of the Hitachi Group resolved to work closely together to achieve our objectives.

In fiscal 2008, through dialogue with our diverse range of stakeholders, we will strive to have more stakeholders' voices reflected in our management approach and projects in order to promote CSR activities that accord with the best direction for society as a whole.

Hitachi Group Vision

We will contribute to the solution of fundamental global issues, and pursue the realization of a better, more prosperous global society, in line with Hitachi's founding spirit, utilizing the group's knowledge and technology.

(Adopted November 2006)

Fundamental Credo

The basic credo of Hitachi is to further elevate its founding concepts of harmony, sincerity and pioneering spirit, to instill a resolute pride in being a member of Hitachi, and thereby to contribute to society through the development of superior, original technology and products. Deeply aware that a business enterprise is itself a member of society, Hitachi is also resolved to strive as a good citizen of the community towards the realization of a truly prosperous society and, to this end, to conduct its corporate activities in a fair and open manner, promote harmony with the natural environment, and engage vigorously in activities that contribute to social progress.

(Adopted June 1983, revised September 1996)

CSR Policy of the Hitachi Group

1 Commitment to Corporate Social Responsibility (CSR)

The Hitachi Group, including all its executives and employees, recognizes CSR as a vital part of corporate activity and is therefore committed to a course of social responsibility in accordance with this CSR policy for the sustainable development of society and business.

2 Contribution to Society through Our Business

The Hitachi Group will contribute to the building of a prosperous and vibrant society by providing safe, high-quality products and services through business activities based on its excellent research, technology and product development.

3 Disclosure of Information and Stakeholder Engagement

The Hitachi Group will disclose information openly and transparently in order to maintain and develop a relationship of trust with its various stakeholders, and act responsibly towards them through various means of communication.

4 Corporate Ethics and Human Rights

The Hitachi Group will undertake its business based on the principles of fairness and sincerity, act with the utmost respect for human rights and pursue a high sense of corporate ethics in the global business market which encompasses diverse cultures, morals, ethics, and legal systems.

5 Environmental Conservation

The Hitachi Group will strive to minimize environmental effects and utilize resources towards the development of a sustainable society that is in harmony with the environment.

6 Corporate Citizenship Activities

The Hitachi Group will promote social contribution activities as a good corporate citizen in order to realize a better society.

7 Working Environment

The Hitachi Group will make every effort to create a pleasant and motivating working environment for all its employees and to fully support those employees who desire self-fulfillment and self-development through their work.

8 Responsible Partnership with Business Partners

The Hitachi Group will make every effort to promote fair and sound business practices among our business partners by fostering a common awareness of social responsibility.

Adopted March 2005
(For the specific plans and achievements of each policy, see page 15)

Hitachi's Response to a Third-Party Expert Opinion on Our CSR Activities



Essential "Communication Reform"

Peter D. Pedersen
Chief Executive, E-Square Incorporated

First, as part of Hitachi's promotion of CSR communication, I appreciate the idea of dividing the information provided between the printed medium with a limited number of pages and the electronic medium, where more detailed information is provided. Furthermore, I enjoyed the organization of the printed report, which is simple and easy to understand and contains many officers' and stakeholders' opinions. While I also appreciate the description of how Hitachi is tackling its most important CSR tasks, I would like to know more about the actual investigation process and what role the opinions of stakeholders play in the identification of issues. I think Hitachi is required to show clearly how it views our greatly changing world, avoiding risks and turning them into business opportunities. I understand that this year's report is in the process of change, but I think more essential "communication reform" may be needed. If Hitachi adopts the approach of determining its methods based on each target, I believe the quality of its CSR communication will improve.



Raising the Quality of Dialogue with Society

Masahiro Hayashi
Executive Vice President and Executive Officer,
and Chair of the CSR Promotion Committee, Hitachi, Ltd.

For last year's CSR Report we received various opinions from readers, saying that there were too many pages, that the important message was difficult to understand, or that the information disclosed was not enough. Based on this feedback, in addition to reducing the number of pages by half and making the report easier to understand, we produced this digest featuring the global environmental problems that Hitachi is particularly focusing on, while providing more detailed information in a PDF file. We are developing new systems that address these issues: the process for investigating important issues reflecting the opinions of stakeholders, as well as the risk avoidance and converting risk into business opportunities pointed out by Peter D. Pedersen. We hope to report the results from next year onwards. For example, we are promoting dialogues with society on a global level and investigating important issues that have a deep impact on society and management. We are also striving to have this information reflected in management decision making and to disclose related information.

Thinking about the Future of the Environment— Hitachi Contributes to Reducing CO₂ Emissions by 100 Million Tons in at Least One Year by 2025

[Dialogue]

Junko Edahiro

President, e's Inc.

Takashi Hatchoji

Hitachi Group Chief Environmental Strategy Officer (CEnO)

Bringing Environmental Vision 2025 into the Actions of Every Hitachi Employee

Hatchoji: Ms. Edahiro, you are well known as the Japanese translator of Al Gore's *An Inconvenient Truth*, and you have consistently offered proposals to address global environmental problems from the citizens' perspective. To begin with, please tell us what is expected of corporations.

Edahiro: I see the global environmental problem as a problem of human happiness. Our way of life has been to work at companies, receive money for our labor, and use this to buy things to realize happiness. But today, the more we buy the worse the global environment becomes, and that leads to unhappiness for ourselves and for our descendants. I want enterprises to deeply consider what actions they should take to create happiness for both present and future generations. In that sense, Environmental Vision 2025 draws my attention as a longer-term plan for the Hitachi Group.

Hatchoji: The Japanese government is advocating the Cool Earth 50 initiative to halve CO₂ emissions and other greenhouse gases by 2050. From the perspective of corporate activities, however, nearly 50 years is too long a time. So Hitachi prepared Environmental Vision 2025 to set interim goals for the year 2025, focusing on three approaches: First, we want to contribute to society through our business activities. Specifically, Hitachi contributes to reducing CO₂ emissions from the use of our products by 100 million tons a year. Next, we intend to strengthen management to build more harmonious relations with society. Finally, we want to share our environmental understanding through active communications.

Edahiro: Reducing CO₂ emissions by 100 million tons a year is symbolically important, but that figure is difficult for the average person to grasp. Also, to really establish your plan as a vision shared throughout your organization you may find it necessary to speed up building a

Key Points of Hitachi's Environmental Vision 2025

Strengthening Measures to Counter Global Warming

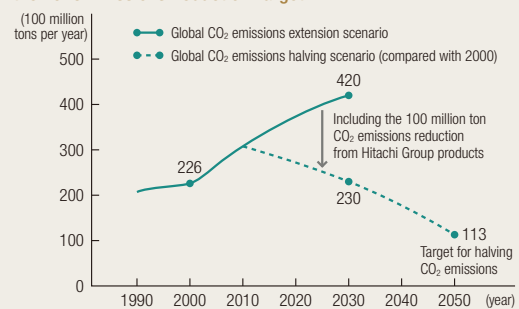
- Contribute to reducing CO₂ emissions from the use of Hitachi products by 100 million tons in at least one year before 2025

Strengthening Hitachi's Environmental Businesses

- Work to make all Hitachi Group products Eco-Products by 2025
- Use the Hitachi Group's total technological strengths to pursue environmental efficiency for all aspects of our business including materials, parts, components, products, systems, services and solutions
- With the global market in mind, develop global warming prevention technologies, invest to strengthen businesses, and promote collaborative projects with other organizations

Reinforcing overall CSR activities by integrating environmental efforts with other aspects of social contribution activities

Hitachi's Approach to Achieving the 2025 Emissions Reduction Target





Junko Eda is an environmental journalist and translator engaged in speaking, writing and translating on environmental issues. Ms. Eda is a member of the Cabinet Secretariat's Council on the Global Warming Issue and a visiting researcher at the University of Tokyo's Research into Artifacts, Center for Engineering (RACE).

framework for every employee to adopt CO₂ reductions as their own issue.

Hitachi Should Take the Position of Going beyond Technology

Hitchoji: The Japanese government has made innovation one of the main pillars for addressing global environmental problems, and has identified 21 revolutionary technologies required to achieve CO₂ emission targets. Hitachi has experience and knowledge in most of these technologies. I am always keenly aware that, in addition to technological progress, the most important thing is to have new technologies adopted by society.

Eda: The first point I want to make is that there are limits to what technology can do to solve environmental problems. People's expectations for technology have been growing every year, but it is important to explain the distinction between what technology can and cannot accomplish. Otherwise, there is a real risk that people will eventually lose their trust in corporations pursuing technological development. From now on, companies should work to accurately convey both the potential and the limits of technology. What's more, from the perspective of spreading technology, it will become necessary to change the assumptions that technologies are based on.

Hitchoji: What do you mean by changing the assumptions?

Eda: One example is viewing carbon emissions as liabilities, which began as a proposal by European financial institutions. Japanese enterprises often say "the customer

is king," but in some cases seeing only from the customer's viewpoint results in a short-term perspective that will not move society forward. I think we need to make an effort to change the viewpoint of society itself by asking such questions as, "What do we want for the future of the earth?" and "What must we do now to achieve it?"

Hitchoji: Given the demands for greater corporate interaction with society, we need to view and promote our corporate statement "Inspire the Next" with renewed feeling. I also think that "co-creative partnerships," in other words collaboration across organizations, will become immensely important in the future. It should be possible to accomplish a great deal through collaboration that transcends enterprise boundaries. I expect breakthroughs by working together with external research institutes and rival companies, as well as the spread of technology through teamwork with customers and research centers.

Eda: Yes, there are times when one times one equals three or even four. I expect Hitachi to continue building up such strategic relationships.

After the Dialogue

Hitchoji: I found Ms. Eda's opinions on what the public expects from corporations to be very helpful. I was reminded of our responsibility as a global corporation to propose new business models in line with our vision for the future of society, and the importance of broadly conveying our corporate approach from the perspectives of our stakeholders. Hitachi will continue pursuing ideal environmental management while advancing our environmental strategies.



activities

Hitachi Embraces the Challenge of Reducing CO₂ Emissions

Hitachi's Approach 1

Generating Electricity

Clean Coal-Fired Thermal Power Generation to Support Tomorrow's Electricity Supply



Walter Scott, Jr. Energy Center Unit 4

Coal Attracts Renewed Interest as an Energy Resource

The IEA (International Energy Agency) estimates that about 1.6 billion people still live without electricity. Total electricity consumption is projected to rise sharply with the economic growth and insatiable demand of developing nations.

So, what types of energy will support this increase in global energy consumption? The IEA, estimating future electric power generation by energy source, projects that coal-fired thermal power generation will continue to rise and reach 46 percent of total electric power generation in 2030.

The greatest reason for this growth is that coal is a resource with a stable supply. Coal reserves are plentiful and distributed across many regions. If resource extraction continues at today's rate, we may run out of oil in 41 years and natural gas in 61 years, but there are coal reserves for 155 more years, providing a stable supply into the future. With advances in denitrification and desulfurization technologies, which remove the nitrogen oxides (NO_x) and sulfur oxides (SO_x) that cause acid rain, coal has been attracting renewed attention as a resource for the stable supply of comparatively low-priced electricity.

Toward More Efficient Coal-Fired Electric Power Generation

It is, however, also essential to address the emissions issue because large quantities of CO₂ are released when generating electric power from coal, which is a fossil fuel. Hitachi has been working to improve the efficiency of coal-fired thermal power, seeking to reduce CO₂ emissions by generating more electricity from a smaller amount of coal.

Coal-fired thermal power plants burn pulverized coal inside boilers to generate steam, providing pressure to rotate steam turbine generators. In this process, the electricity generation efficiency increases as the steam temperature and pressure rises. The technology called supercritical pressure thermal power generation is based on this fact. Hitachi has succeeded in commercializing *ultra-supercritical* pressure thermal power generation with steam at a world-record temperature and pressure of 620°C and 25 MPa (250 times atmospheric pressure).

This technology has improved transmission end (net) efficiency (an indicator of the percentage of input energy converted into electric power) from 30 percent to 42 percent, reducing CO₂ emissions by approximately 20 percent



R&D staff at the integrated research facility for combustion and flue gas treatment research, Babcock-Hitachi K.K. Kure Division, Akitsu Works, Hiroshima Prefecture, Japan

compared with conventional power plants. Hitachi is now working to further increase the steam temperature to 700°C to achieve a transmission end efficiency of 48 percent.

Analysis Technologies Support Reliability

It normally takes 36 months from the start of construction to completing a thermal power plant. In other words, three years is needed to prove new technologies. To overcome this limitation, Hitachi has been developing analysis technologies for computer simulations of the combustion conditions inside boilers. Hitachi's simulations showing the combustion of pulverized coal are among the most precise in the world. Extremely reliable boilers that can withstand ultra-high pressures are a key component for *ultra*-supercritical pressure steam power generation. These analysis technologies have made Hitachi a pioneer in this field.

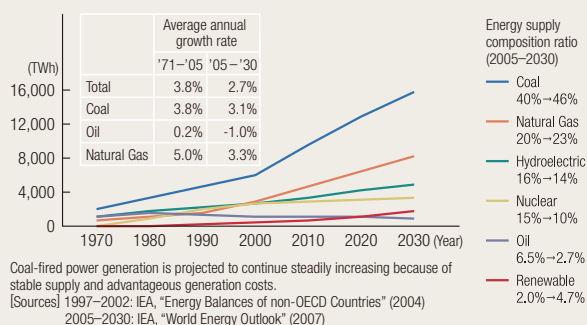
Since the early 1980s, Hitachi has been accumulating technologies for future coal-fired thermal power

generation. Hitachi's 40 percent market share for denitrification and desulfurization equipment demonstrates this. The Hitachi Group has constructed eight *ultra*-supercritical pressure thermal power generation plants in Japan and 21 overseas, including the Walter Scott, Jr. Energy Center Unit 4 in the U.S., making Hitachi a world leader.

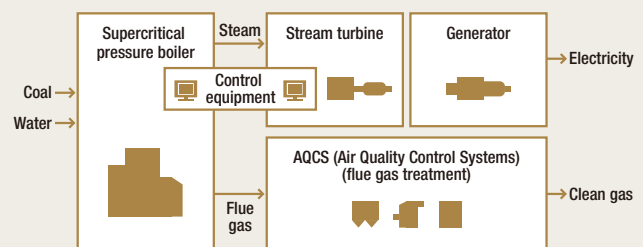
Together with J-POWER and the Chugoku Electric Power Co., Inc., we have begun working on the commercialization of integrated coal gasification combined-cycle power generation, which gasifies coal as a fuel to turn gas turbines but also turns steam turbines using exhaust heat. We are also working to develop exhaust gas CO₂ recovery technologies through this joint project.

Coal burning technologies brought about the Industrial Revolution and remain indispensable for our daily lives. Hitachi will continue striving to develop innovative technologies for the future, sustainable use of coal consistent with the needs and expectations of our stakeholders.

Electric Power Generation Plants (1970–2030)



High Efficiency Coal-Fired Power Plant



The basic process of coal-fired thermal power generation is to burn pulverized coal inside a boiler and generate the steam to rotate a turbine. The combustion exhaust gas is eliminated after cleaning using desulfurization and desulfurization equipment. Hitachi has developed all of the technologies needed for more environmentally friendly coal-fired thermal power plants.

Hitachi's Approach 2

Using Electricity

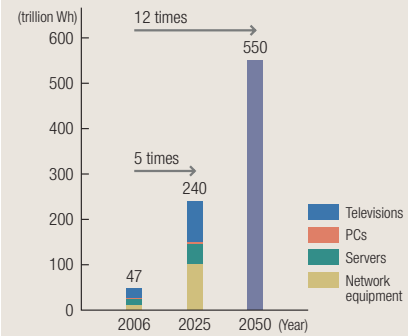
Greatly Reducing Electric Power Consumption at Data Centers by Completely Redesigning Facilities



Hitachi Universal Storage Platform



Estimated IT Equipment Electric Power Consumption



Above: The Ministry of Economy, Trade and Industry projects that electric power consumption from IT equipment will increase to five times the 2006 level by 2025 and 12 times by 2050.

Left: Katsuya Koda (General Manager, Strategy Planning & Development Office, Information and Telecommunications Systems Group, Hitachi, Ltd.) is in charge of the data center energy reduction project

While the IT revolution is improving efficiencies in such diverse areas as production, distribution and communications, increasing electric consumption by IT equipment is emerging as a new energy problem. This is most conspicuous at data centers, which house company servers^{†1} and storage devices, and provide maintenance and operation services. In recent years, along with the dramatic advances in IT equipment integration and performance, the heat generated by servers and storage devices is sharply up. Consequently, data centers now need a great deal of energy to reduce the heat from IT equipment.

To address this problem, in October 2007 Hitachi launched the Cool Center 50 data center energy reduction project, with the goal of reducing data center electricity consumption by up to 50 percent over the next five years. Hitachi will also build a world-class environmentally friendly data center fully adopting state-of-the-art green IT technology^{†2} in 2009.

Investigation of the electricity consumed at data centers tells us that the IT equipment itself consumes less than half of the total power. Most of the rest is used by facilities such as air conditioning, power supply units, and other peripheral equipment. The Hitachi Group has accumulated broad know-how about power-saving IT equipment, highly efficient air conditioning especially designed

for data centers, uninterruptible power supplies (UPSs), electric power transformers, and large-scale plant construction. Making use of all this expertise, we are aggressively going ahead with the Cool Center 50 project.

To achieve the goal of up to a 50 percent reduction in data center electric power consumption, Hitachi is going to introduce highly efficient air conditioners and electrical equipment that Hitachi has developed, and will optimize the placement of IT devices and air conditioners. These activities are expected to achieve a 20 percent reduction in electric power consumption. We will realize the full 50 percent reduction by introducing servers and other IT equipment that conserve energy, and by using other energy conservation operating technologies.

Our new data center will also function as a prototype test bed. We intend to broadly disseminate the technologies developed by the Cool Center 50 project to the world at large as one of our contributions to global environmental conservation.

†1 Servers
Computers for business use.

†2 Green IT Technology
Reduction of the environmental load from IT equipment, and IT use linked to environmental conservation.

Hitachi's Approach 3

Controlling Electricity

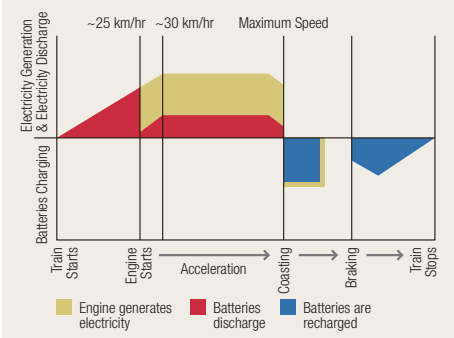
Commercialization of Hybrid Drive Ecology Trains



Kiha E200 operating on the Koumi Line



Hybrid Drive System Electricity Control



Above: The hybrid drive system starts the train using batteries, and recharges the batteries using electricity from braking and from the engine while the train is running.

Left: Staff of the Hitachi, Ltd. Industrial Systems Group, Transportation Systems Division who developed the hybrid drive technology (standing in front of the first electric locomotive manufactured in Japan).

Today, railroads are considered to be very energy efficient transportation systems. However, compared with electric trains, the diesel trains that run on non-electrified lines have low energy efficiency, and their exhaust gases contain large quantities of nitrogen oxides (NO_x) and other hazardous substances. Nevertheless, considering the construction costs of electric lines and other above-ground equipment, in practical terms it would be difficult to electrify the non-electrified segments of the Japanese railway network, which are mostly local branch lines. Presently, there are approximately 3,000 diesel railcars running in Japan, and they account for less than 6 percent of the nation's total rolling stock.

The energy efficiency of electric trains has been greatly increased through the introduction of electrical regenerative brakes, which feed energy generated from braking back into the electric lines for use by other trains. Capturing the braking energy generated by diesel trains—which run on engine power—is more difficult, and that has been one of the main reasons for their relatively poor energy efficiency.

To solve this problem, Hitachi has been jointly working, since 2001, on the commercialization of a hybrid drive system with the East Japan Railway Co. (JR East). One easy way to understand this approach is to imagine

trains that carry their own electric power plants. The system's basic configuration is to use the diesel engine to produce electricity and then use that electricity to drive the motor. Lithium-ion batteries are placed in between the generator and the motor, enabling the reuse of energy generated from braking, just as in hybrid cars.

Of course, this configuration has different problems than those associated with hybrid cars. To eliminate noise inside train stations, the engines are stopped and the motor runs on batteries alone until a speed of 25 km per hour is reached. For that reason, the batteries must be charged when the trains arrive at train stations. To make this possible, Hitachi has developed battery charge management control technologies that make detailed assessments based on such factors as train running speed and the slope of the railway tracks.

JR East's Kiha E200 hybrid railcar series, the world's first in commercial use, have been in operation on the Koumi Line in Nagano, Japan since the summer of 2007. Compared with conventional diesel trains running on the same line, the Kiha E200 railcars reduce fuel consumption by 10 percent and emissions of harmful substances by 60 percent. Hitachi will continue striving to improve efficient electricity control technologies to further reduce the environmental impact from railways.

CSR Management

CSR Activities of the Hitachi Group

The CSR activities of the Hitachi Group are following a roadmap to a better, more affluent society for all humankind



A CSR group meeting

For more information in PDF file format, please visit the following Web site:

<http://www.hitachi.com/csr/>

* : Topics not covered in this digest + : Topics covered in greater detail in related PDF files

Corporate Governance

Strengthening Governance +
Internal Control
Group Management *

CSR Promotion Activities

Toward Realization of the Three-Year CSR Roadmap
Full Implementation of the CSR Policy

Compliance and Risk Management

Compliance Framework *

Compliance Education +
Information Security and the Protection of Personal Information +
Export Management *
Risk Management +
Protecting Intellectual Property *

Respect for Human Rights

Human Rights Policy
A Total Commitment to Human Rights Awareness

Three-Year CSR Roadmap Concept



Achieving Conscientious Corporate Management Backed by Transparency

Toshiaki Kuzuoka

Vice President and Executive Officer,
in Charge of Legal & Corporate Communications,
Corporate Brand Management, and Management Audit, Hitachi, Ltd.

One of Hitachi's founding spirits is sincerity. From our earliest days, we highly valued strong ethics. Yet, the standards and norms expected of us today are undergoing major changes—against a backdrop of increasingly global enterprise, coupled with more diverse stakeholders. To adapt, we must not only adhere to international standards and guidelines, but ensure management transparency and find mutual understanding with stakeholders. In addition, we will take the initiative to set new social norms and standards of expectation. As a global corporation, we want to boost every employee's ethical awareness while respecting human rights, cultural diversity and values. In addition, our other activities need to be socially beneficial and build stronger ties of trust with society as a whole.



Corporate Governance and Risk Management

Striving for Continual Enhancements

Strengthening Governance

Hitachi, Ltd., a company that operates on the committee system,^{†1} endeavors to boost the efficiency of management oversight by bringing in outside directors and speeding up decision making by giving executive officers broader powers. We have also set up a group-wide system of internal controls, strengthened governance and management efficiency, and have worked hard to earn the trust of all stakeholders.

To reinforce the Group headquarters' role, we have established guidelines on the environment, compliance, risk management, and internal audits. As well, we have implemented internal audits of Group companies. We are striving to boost corporate value through close communications with all stakeholders.

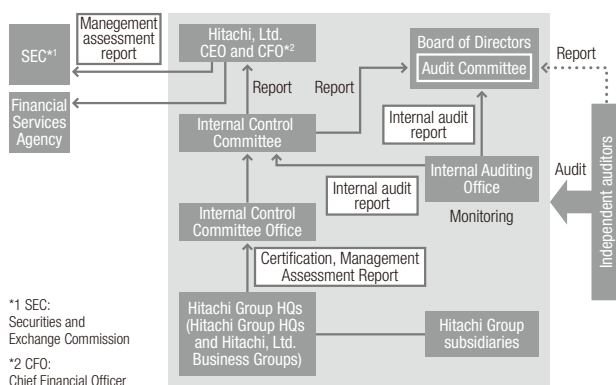
Internal Control

As a public company listed on the NYSE, Hitachi, Ltd. is registered with the U.S. Securities and Exchange Commission (SEC) and is subject to the Sarbanes-Oxley Act (SOX).^{†2} In fiscal 2008, Japan will enforce J-SOX,^{†3} a similar law for the internal control assessment and reporting.

Hitachi is committed to full compliance with all laws. But beyond that, to fulfill important social responsibilities, we are working to re-engineer internal control systems by clarifying, examining, and visualizing management and operational frameworks and taking steps to bolster transparency and business credibility, as well as reinforcing the management structure.

Hitachi, a conglomerate of many companies, has adopted a framework that assigns accountability at the group

Hitachi Group Internal Control Assessment Framework



level, including responsibilities for the design and operation of internal controls. Accordingly, Hitachi Group companies are required to revise, document, and evaluate the effectiveness of their operations in line with common guidelines for specific levels of corporate scale and business content. Management assessment of each company is collected at the group level, and is reported to Hitachi, Ltd. along with the certification.

Policy on Information Disclosure

Hitachi, Ltd. communicates with shareholders and investors in accord with a disclosure policy that sets the following basic policy: Hitachi seeks to maintain and develop trust relationships with its stakeholders, including shareholders and other investors, customers, business partners, employees and regional communities. It will fulfill its responsibility to stakeholders by disclosing information in a fair and highly transparent manner, and by conducting various communication activities. Hitachi discloses not only information required by law and/or regulation, but also management and financial information it regards as useful in deepening stakeholder understanding of Hitachi management policy and business activities.

Business Continuity Plans (BCPs)^{†4}

In August 2005, Hitachi set up an Expert BCP Promotion Panel, which in December 2006 completed the Guidelines for Developing Business Continuity Plans. Using the example of an electronic components plant hit by an earthquake, the guidelines clearly prioritizes the operations that should be restored, depending on estimated risk and impact of interruptions. Using the BCP guidelines, all production plants and offices can operate more efficiently and employ level-headed risk management procedures following an emergency.

In February 2007, representatives from 110 Group companies got a detailed briefing on BCP policy. By March 2008, major Group companies had formulated BCPs. In April 2008, for a global outbreak of avian (bird) flu and other strains of influenza, we set up a special organization called the Risk Management Headquarters. With the president serving as CEO, this organization plays a central role in ensuring the safety of Group employees and their loved ones. We are adding resources to the development of BCPs for a range of socially indispensable Group operations, including those for healthcare, security, and social emergencies.

†1 Committee system

A corporate governance system where a board of directors makes basic policy decisions and oversees the execution of business by executive officers, while the executive officers, appointed by the board of directors, execute the company's business affairs

†2 Sarbanes-Oxley Act (SOX)

Section 404 of this act, enacted in July 2002, mandates company management with the responsibility of establishing, maintaining, and evaluating internal control over financial reporting, and requires that control be assessed by independent auditors.

†3 J-SOX

A framework for evaluating and reporting internal control over financial reporting under the Japanese Financial Products Transaction Law, which came into effect in April 2008

†4 Business Continuity Plan (BCP)

A plan for ensuring the continuation of core operations and prompt restoring of operations to normal in the event of a disaster or accident.

CSR Promotion Activities

A Global Undertaking Shaped by a Strategic Perspective

Toward Realization of the Three-Year Roadmap

In 2006, the Hitachi Group created the Three-Year CSR Roadmap, a medium-term plan for CSR activities that reflects stakeholders' expectations and requirements and aims to make Hitachi an advanced global CSR company. In line with that roadmap, Hitachi has been pursuing CSR activities with goals set in a variety of fields.

In fiscal 2007, we prepared the *Corporate Ethics and Compliance Handbook* and took steps to strengthen compliance. Also, we sought to have Group companies around the world cultivate a heightened awareness of CSR. To launch an array of strategic CSR activities in fiscal 2008, we selected themes common throughout the Hitachi Group, as well as evaluation criteria tools for visualizing CSR activities.

Full Implementation of the CSR Policy

In 2006, Hitachi prepared the CSR Policy of the Hitachi Group Guidebook and distributed it to about 9,700 managers. English and Chinese language versions were also prepared and are now being used by 90 Hitachi Group companies around the world. Furthermore, CSR e-learning classes have been set up and are now in use by 68 Group companies in Japan.

For overseas Group companies, we hold workshops designed to instill a better understanding of CSR fundamentals, local social issues, and Group CSR policies. In fiscal 2007, we held workshops and seminars for more than 150 managers in

seven Asian countries, as well as in North America. In China, we integrated CSR lectures into our Group-wide training programs for new employees in an effort to ensure that they get a solid understanding of CSR from their first day. In Europe, we held "Ideas Competition" to solicit innovative ideas on CSR activities from employees and reward those who share ideas that we can use. We produced e-learning content for new ideas and drew as many as 135 candidates.

Starting in fiscal 2008, we will develop new e-learning courses in 12 languages, including English, Chinese, German, and French, and will distribute them to overseas Group companies. We have also expanded the range of our workshops and are striving to improve Group employee awareness of CSR.

Every year, Hitachi gauges employees' CSR awareness with the Business Process and Opinion Survey. In fiscal 2007, about 80 percent of surveyed employees of Hitachi, Ltd. responded that they "think Hitachi is engaged in CSR-related activities," essentially the same percentage as 2006. This indicates that Hitachi has cultivated fairly complete, widespread awareness and understanding by employees of CSR-related activities by distributing CSR reports and by publishing CSR information on internal and external Web sites. We will continue to promote awareness through ongoing employee education programs and the dissemination of extensive CSR information related to our business operations from a global perspective.



A sample e-learning screen used for "Idea Competitions" in Europe

topics Hitachi Earns Excellent Corporate Citizen in China and The Most Responsible Company Awards



Hitachi (China) Ltd. and Hitachi Elevators (China) Co., Ltd. (see page 30) won the Excellent Corporate Citizen in China Award, sponsored by China's Ministry of Civil Affairs, the Committee of Corporate Citizenship, and the China Central Television Business Channel. Chosen by experts and private citizens, companies receive this award for corporate performance and social responsibility. In fiscal 2007, about

50 companies from China and abroad were selected.

Hitachi (China) Ltd. won the third Most Responsible Company Award, becoming the first Japanese company to do so. This award is sponsored by the Chinese News Weekly, the Chinese Red Cross Foundation, and the China Consumers' Association.

Results of CSR Activities in Fiscal 2007 and Goals/Plans for Fiscal 2008

This table summarizes the main CSR activities and results based on the Hitachi Group Three-Year Roadmap in fiscal 2007 as well as plans for future activities.

CSR Policy of the Hitachi Group	Activities in Fiscal 2007	Results in Fiscal 2007	Achievement Level	Page(s)	Fiscal 2008 Goals/Plans
1. Commitment to corporate social responsibility	<ul style="list-style-type: none"> Ensure that all employees of overseas Group companies are familiar with the CSR Policy of the Hitachi Group 	<ul style="list-style-type: none"> Prepared CSR e-learning courses (in 12 languages) for use overseas and implemented them first in Europe Held CSR workshops and seminars overseas (in North America and seven Asian countries) Incorporated CSR training into the education curriculum for new company employees (in China) 	◆◆◆	P. 14	<ul style="list-style-type: none"> Implement CSR e-learning courses in the Americas as well as China and other Asian countries Continue holding CSR workshops and seminars overseas
	<ul style="list-style-type: none"> Visualize of CSR activities (development and use of evaluation tools) 	<ul style="list-style-type: none"> Organized social expectations by CSR focus and prepared (draft) evaluation tools for CSR activities 	◆◆	P. 14	<ul style="list-style-type: none"> Engineer plan-do-check-act (PDCA) cycle through the adoption of Group-shared CSR visualization tools (tentative name)
2. Contribution to society through our business	<ul style="list-style-type: none"> Select Hitachi Group's CSR activities 	<ul style="list-style-type: none"> Focused on social issues in relation to Hitachi business operations and selected the environment as a common theme 	◆◆◆	P. 4-5, 14	<ul style="list-style-type: none"> Incorporate materiality process and define the material issues
	<ul style="list-style-type: none"> Steadily implement various measures by Supervisory Office for MONOZUKURI Conduct Group-wide sharing of in-house good practices of PS risk assessment^{*1} 	<ul style="list-style-type: none"> Re-implemented exhaustive quality and reliability education through, for example, training for general managers to further strengthen <i>monozukuri</i> (manufacturing) Reorganized quality control benchmarks and standards, and promoted full compliance 	◆◆◆	P. 19-20	<ul style="list-style-type: none"> PDCA cycle-driven work process improvement and full compliance
	<ul style="list-style-type: none"> Identify themes for CS activities in each business and promote activities to improve CS 	<ul style="list-style-type: none"> Conducted field surveys of CS (customer satisfaction) activities by three business groups and two Group companies, and identified issues for attention 	◆◆	P. 20	<ul style="list-style-type: none"> Skills development of sales divisions aimed at boosting CS activities
3. Disclosure of information and stakeholder engagement	<ul style="list-style-type: none"> Formulate Global Security Guidelines Determine appropriate contents and scope of information disclosed to the media and investors Hold regular progress reports on structural reform of business, based on management policies and improvement of IR activities 	<ul style="list-style-type: none"> Formulated Global Security Guidelines Clearly documented and implemented disclosure policies Held five business group IR presentations during the year Publicized management policies using a variety of opportunities 	◆◆◆	P. 13	<ul style="list-style-type: none"> Expand the dissemination and disclosure of information highlighting priority initiatives Expand communication with stakeholders in Japan and overseas Refine CSR Web site and improve search facility
4. Corporate ethics and human rights	<ul style="list-style-type: none"> Review <i>Business Ethics Handbook</i> and promote education 	<ul style="list-style-type: none"> Revised as <i>Corporate Ethics and Compliance Handbook</i> and distributed it to employees in Japan Implemented compliance education in three Asian countries 	◆◆	P. 16-17	<ul style="list-style-type: none"> Implement corporate ethics and compliance education programs that utilize the <i>Corporate Ethics and Compliance Handbook</i> Continue implementing compliance education programs in Asia
5. Environmental conservation	<ul style="list-style-type: none"> Formulate separate integrated environmental management system (EMS) plans for business groups and for Group companies 	<ul style="list-style-type: none"> Drafted outlook and plans for the creation of an integrated environmental management system (EMS) for business groups and Group companies Hitachi Global Storage Technologies earned integrated EMS certification (for integrating 10 plants: two domestic, eight overseas) 	◆◆◆	P. 27	<ul style="list-style-type: none"> Earn integrated EMS certification for four Group companies
	<ul style="list-style-type: none"> Increase Super Eco-Product registration ratio to 8% Register 8 Super Eco-Factories 	<ul style="list-style-type: none"> Achieved 8% Super Eco-Product registration ratio Registered eight Super Eco-Factories 	◆◆◆	P. 28-29	<ul style="list-style-type: none"> Boost Super Eco-Product registration ratio to 15% Register 16 Super Eco-Factories
6. Corporate citizenship activities	<ul style="list-style-type: none"> Implement programs using the global environment as a theme Expand support programs in education (expansion of regions for promoting Universal Design) 	<ul style="list-style-type: none"> Implemented overseas programs on environmental themes (EU-Hitachi Science and Technology Forum, China Fellowship Program) Planned and implemented a reforestation volunteer tour to China Extended and implemented educational assistance programs (Universal Design) in Nagoya and Yokohama. Implemented 19 elementary school programs, including in Tokyo 	◆◆	P. 21-22	<ul style="list-style-type: none"> Commence alignment of charitable activities with business objectives Implement programs on global environmental themes Plan and pursue new social contribution programs to satisfy needs in emerging countries Plan and pursue existing social contribution programs for aging and other social issues Expand educational programs (for example, Universal Design in new regions)
7. Working environment	<ul style="list-style-type: none"> Promote HR diversification Enhance activities for diversity (Group-wide information sharing, hiring women managers) Continue implementation of global manager training (1,000 trainees) 	<ul style="list-style-type: none"> Encouraged diversity awareness at all Group companies, hosted forums for managers and HR administrators and disseminated information through Web sites and other channels Promoted active appointment of female managers 800 personnel had global manager training 	◆◆◆	P. 24-25	<ul style="list-style-type: none"> Promote improved diversity awareness Group-wide Continue encouraging active appointments of female managers Plan and pursue initiatives (develop and implement trial training curriculum) for reaffirming Hitachi founding spirit and ideals
8. Responsible partnership with business partners	<ul style="list-style-type: none"> Monitor CSR activities of business partners and establish evaluation method Qualitatively improve the environmental management systems of green suppliers through HI-KES^{*2} Develop environmental procurement courses 	<ul style="list-style-type: none"> Implemented substantive monitoring of major suppliers (140 companies) using checklists prepared by the Japan Electronics and Information Technology Industries Association (JEITA) Assorted education courses (once a month), aided small and medium-size suppliers to develop environmental management systems 	◆◆◆	P. 23	<ul style="list-style-type: none"> Have Group companies implement CSR monitoring of suppliers and share supplier information Assist small and mid-size suppliers to improve environmental management systems through MMM Club^{*3} activities

*1 PS (product safety) risk assessment: The process of assessing the extent of risk to product safety and determining whether that risk can be tolerated.

*2 HI-KES: Activities implemented by Hitachi to support the environmental safety programs of suppliers based on the Kyoto Environmental Management System Standards (KES; see page 23), a specified non-profit organization.

*3 MMM Club: An organization run primarily by suppliers who have acquired KES environmental certification through HI-KES activities. The three Ms come from the first letter of *mottainai* (reducing wastefulness).

◆◆◆: Achieved

◆◆: Partially achieved

Total Commitment to Compliance

A Stronger Ethical and Legal Compliance-Oriented Awareness

Compliance Education

Raising Compliance Awareness

To have a stronger CSR focus and to account for recent changes in the law, Hitachi, Ltd. has completely revised the *Business Ethics Handbook* that all employees—including temporary staff—relied on as a code of conduct and reissued it as the *Corporate Ethics and Compliance Handbook* of Hitachi. Specifically, we expanded the sections on human rights, information disclosure, and contributions to local societies, and made other subjects easier to understand. In fiscal 2008, we will use this revised handbook for training and education programs and will have all Group companies strive for heightened ethical awareness and renewed commitment to total compliance.

Seminars in Asia

Over 100 Hitachi Group companies are operating throughout Asia (in seven countries excluding Japan and China). Ensuring that every employee has strong ethical standards requires special emphasis on local laws and regulations.

Hitachi Asia, responsible for operations in the Asian region, has been holding Corporate Ethics and Compliance Seminars for Group companies. In fiscal 2007, around 100 managers participated in seminars held in the Philippines, Indonesia, and India.



A corporate ethics and compliance seminar in Asia

The *Corporate Ethics and Compliance Handbook* Table of Contents

Sincere and Fair Business Activities

- Sales Activities
- Provision of Safe High-Quality Products and Services
- Observance of Engineering Ethics
- Procurement Activities
- Respect of the Hitachi Brand

Environmental Protection

Relations with Society

- Disclosure of Company Information
- Use of Inside Information and Prevention of Insider Trading
- Contribution to Local Communities
- Relations with Politics and Government Administration
- Prevention of Anti-social Transactions
- Observance of Laws Governing Imports and Exports
- Observance of Laws and Respect of the Culture and Customs of Each Nation and Region
- Regarding Gifts, Business Entertainment, Etc.

Respect of Human Rights

Management Foundations

- Management and Use of Information
- Management and Preservation of Company Assets
- Arranging a Work Environment That Draws Out Employee Strengths

Revised February 2008.

In fiscal 2008, we plan to increase education by holding seminars in more Asian countries. While respecting the local laws and regulations, we will strive to develop employees with high ethical standards.

Protecting Personal Information

In line with our Policy for Information Security and Standards on Information Security Measures, we have worked hard to prevent information leaks and unauthorized disclosure of information by holding e-learning courses for all employees, including temporary workers, and by implementing periodic audits. In February 2007, we earned Japan's Privacy Mark certification.^{†1} In July 2007, Odaira Memorial Tokyo Hitachi Hospital became the first corporate-affiliated hospital in Japan to obtain that certification, following an examination by a screening organization specialized in healthcare.

In 2007 alone, 17 Hitachi Group companies earned Privacy Mark certifications, and as of March 2008, the total rose to 58. Additional Hitachi-affiliated hospitals are seeking certification in fiscal 2008 and will reinforce personal information management as they prepare for the scheduled renewal of the Privacy Mark in February 2009.



^{†1} Privacy Mark

Certification awarded by the Japan Information Processing Development Corporation (JIPDEC) to companies and organizations recognized for properly managing personal information.

Respect for Human Rights

Social Contributions Backed by a Humanitarian Philosophy

Human Rights Policy

In the global business arena, it is vital that companies respect cultural diversity and conduct themselves with integrity and honesty, backed by a strong respect for human rights. Supported by a humanitarian philosophy, Hitachi respects the human rights of all its stakeholders. We also respect the international ideals of the Universal Declaration of Human Rights, the International Covenants on Human Rights, and the United Nations Global Compact†1 and we are striving to improve the general level of awareness with all Hitachi stakeholders.

A Total Commitment to Human Rights Awareness

We link awareness of human rights to actions by highlighting human rights in the *Corporate Ethics and Compliance Handbook of Hitachi* (see page 16), making certain that all employees are aware of these issues.

To assess how far awareness of human rights has spread, we conduct internal audits of Hitachi Group companies throughout the world, verify education programs, and monitor complaints and requests for counseling. In fiscal 2007, we sought the views and recommendations of human rights

Provisions declaring respect for human rights

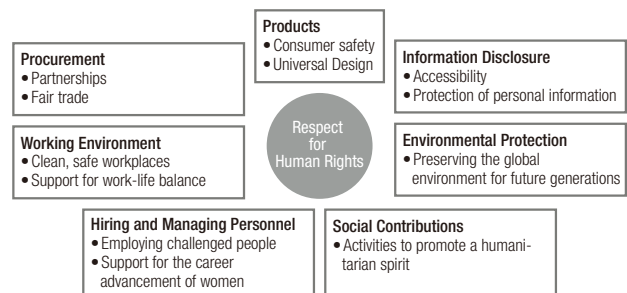
(1) We will respect every person's character and individuality
We will respect every person's character and individuality in the recruitment and treatment of employees, the conduct of commercial transactions, and all other company activities, and not engage in any acts that impair individual dignity or discriminate on the basis of sex, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, disability, etc.

(2) We will establish information ethics
We will establish information ethics in respect of human rights and the maintenance of security in information handling, to prevent in advance the emergence of problems from personal information leaks, computer viruses, and unauthorized access.

(3) We will advance employment and commercial transactions with proper consideration to corporate social responsibility
We will hire employees in accordance with the governing domestic, foreign and local laws in each country and region. For example, we will not use child labor which employs children below the minimum working age or coerced labor that is against the will of the workers. Moreover, we will not procure goods or services from enterprises that utilize child labor or forced labor.

Excerpted from the *Corporate Ethics and Compliance Handbook*

Respect for Human Rights in the Pursuit of Business



experts. In the future, we will act on these views and publish the progress made on respect for human rights.

†1 Global Compact
Universal principles relating to human rights, labor, and the environment proposed by then-UN Secretary-General Kofi Annan at the World Economic Forum in January 1999.



voices Human Rights at the Core of CSR

Makoto Teranaka
Secretary-General, Amnesty International Japan

To date, corporate violations of human rights have been seen in many areas of Africa, Asia, and elsewhere. Moreover, with globalization, the human rights gap between companies and society has widened. To close this gap, it is crucial to make respect for human rights a core part of corporate social responsibility. Many companies have been urged to show more consideration for human rights during procurement. I urge you, instead of viewing it as a procurement issue, to consider respect for human rights as a management policy.

Hitachi's CSR reports address the issue of human rights. However, they should detail specific efforts, along with progress. It is necessary also to measure the effectiveness of those efforts through dialogues with independent organizations and to put their conclusions and recommendations into action. In particular, I would like to see Hitachi disclose more information about how it addresses human rights issues as they relate to employees, suppliers, and regions of operation.

Next Society

Hitachi: Living Together with Society

Hitachi's innovations and activities are creating a rich society together with our customers, suppliers, employees and local communities



Genki Club—an in-company day care center supporting a balance between work and family

For more information in PDF file format, please visit the following Web site:

<http://www.hitachi.com/csr/>

* : Topics not covered in this digest + : Topics covered in greater detail in related PDF files

Monozukuri and Services from the Customer's Perspective

Toward the Strengthening of Monozukuri *

- Quality Assurance (QA) Activities +
- Building customer feedback into our products +
- Universal Design +

Communication with Shareholders and Investors

- Policy on Information Disclosure +
- Proactive IR Approach *
- General Meeting of Shareholders *
- Basic Policy for Prevention of Takeovers *
- Results of External SRI Assessments in Fiscal 2007 *

Working in Harmony with Local Communities

- Awareness of social issues +
- Educational initiatives +
- Environmental initiatives +
- Social welfare initiatives *
- Six Foundations Promote Diverse Activities *
- Collaboration with NPOs
- Support for volunteer activities *

Overseas Social Contribution Activities +

Collaborative Creation with Suppliers

- Guidelines for Procurement Activities *
- Sharing CSR awareness +
- Partnership *
- Improving Supplier Relations with an Open-Door Policy *

Employees, the Key to Hitachi's Future

- Creating a work-friendly corporate culture *
- Openness: Promotes the Expression of Employees' Full Potential *
- Challenge: Supports Growth *
- Diversity: A Base for the Healthy Expression of Individuality +
- Securing the Health and Safety of Employees +
- Supporting enriched lives for employees and their families *

Building a Corporate Culture of Tackling Problems

Masahiro Hayashi

Executive Vice President and Executive Officer of Hitachi, Ltd., and Chair of the CSR Promotion Committee (in charge of sales and global business management)

Hitachi is engaged in a wide range of projects and activities throughout the world. Therefore, I believe it is Hitachi's responsibility to contribute to local communities—around the globe—by responding to the problems faced by all regions, countries, and people. As a corporation that pursues *monozukuri*, we have an immense responsibility for the quality and reliability of our products and services.

It is Hitachi's mission to create new value by providing innovative products and services intended to help realize a sustainable society. To fulfill this mission, we must reconsider the origins of *monozukuri* and further promote initiatives for the diversification of employees and ways of working. This will enable us to build a corporate culture where all employees can create new value, as well as tackle difficult problems facing current and future generations.



Monozukuri and Services from the Customer's Perspective

Quality First to Take First Priority

Improving Product Safety

The Hitachi Group is dedicated to providing safe products and services by combining wide-ranging expertise with technologies covering planning, research, design, manufacturing, quality assurance and maintenance.

When developing products, our top design and verification priority is the safety of life, health and property. For example, we design consumer electronics with safety mechanisms to prevent, if a component fails, serious injury due to fire or

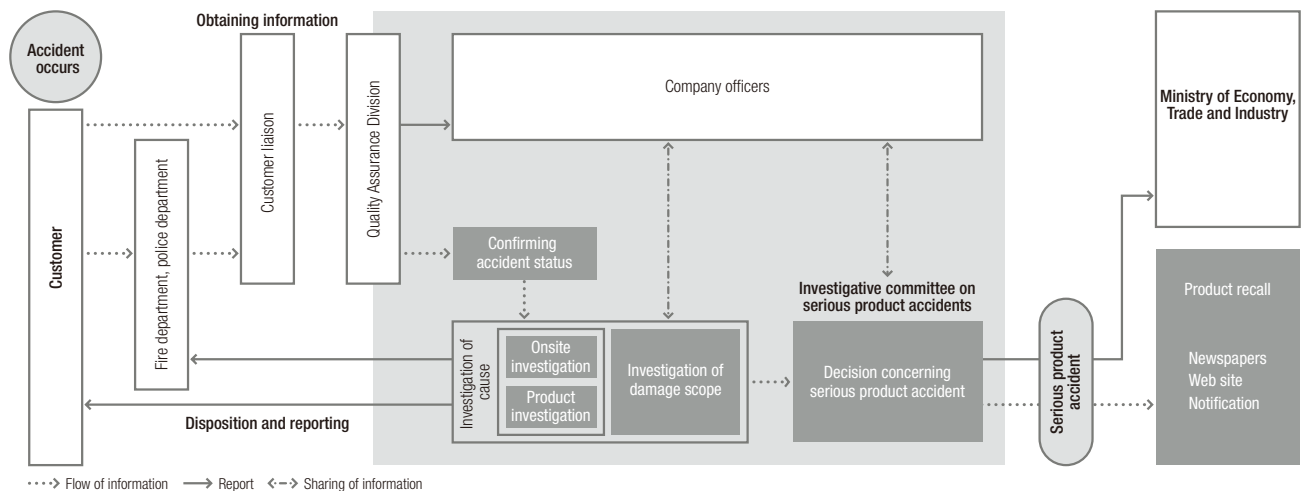
electric shock.. We also do forced ignition testing to confirm product safety in the unlikely event that a product catches on fire, and take other steps to ensure thorough safety precautions. Risk assessments are done based on broad-based co-operation among Hitachi divisions and research laboratories.

Response in Case of Product Accidents

If any of our products malfunction, we work to minimize adverse effects for consumers, mobilizing all divisions affected to mount a rapid response. In serious cases, where consumer safety is involved, we assess the scope of damage and thoroughly investigate the cause of the accident. We then submit a status report to top management within 24 hours of the incident. Therefore, we strive to implement a quick, appropriate response, while simultaneously sending timely reports to the Ministry of Economy, Trade and Industry (METI) and publishing information about the incident on our Web site.

If necessary, we recall a product over concern about possible malfunctions or accident, then we make a public announcement through newspaper advertisements and/or Web site announcements to inform consumers about repairs or exchanges.

Response Flow in the Event of Product Malfunction



topics

Hitachi Appliances Wins METI First-Place Award for Companies That Have Contributed to Product Safety



Hitachi Appliances, Inc., a Group company that makes home electronics, won METI's first Award for Companies That Have Contributed to Product Safety, placing first in the Large Manufacturers and Large Importers Division. This award, established during 2007, was presented by METI Minister Akira Amari last November. It encourages independent action that promotes product safety, fostering a safer, more secure society.

Hitachi Appliances received the award for many safety-related activities, including using systems that gauge acceptable levels of risk and systems that recognize employees who discover faulty products, as well as educational programs that help employees identify, assess and experience incidents related to product safety.



Response to Product Defects: Free Repair of Electric Heating Coils

Some of the 177,073 single and multiple electric heating coils that Hitachi manufactured from 1984 through 2004 unintentionally caused fires. The fires were caused because the ON switch protruded from the coil body, and therefore was prone to inadvertent contact with objects and people. The coils turned on accidentally, and in some cases, ignited material placed on top of them.

In response, Hitachi Appliances and Hitachi Houseteck, both manufacturers and sellers of the coils, set up an electric heating coil countermeasures headquarters, and, through TV and newspaper ads, gathered information from consumers and are now making improvements in the switch design.

In addition, 13 companies in the electric heating coil industry (including the two Hitachi companies) established the Council on Electric Heating Coils for Small Kitchen Units in June 2007, which jointly published newspaper ads, and investigated and implemented measures to prevent a reoccurrence. As of January 2008, 61.2 percent of the Hitachi-manufactured units had been repaired or recalled. To prevent further accidents and strengthen product safety, these efforts will continue.

Building Customer Feedback into Our Products

We made our Customer Satisfaction (CS) Management Guidelines one of the pillars of business management, and we continue to improve CS, with the goal of "creating innovation through collaboration with customers." We use customer satisfaction surveys tailored to each business operation, then analyze the opinions submitted, and incorporate this information into product development and business activities.

Using the concept of uVALUE,^{†1} the Information and Telecommunications Systems Group is working to bring about a more prosperous society by "collaborating to create the best value for our customers." Beginning with the customer's perspective, we take annual surveys to evaluate our products and services. Within the company, employees make evaluations

to better understand customer needs and issues, as well as the quality and speed of our response to requests. We also survey employee opinions on the workplace environment, which includes internal communications and decision-making speed. The results are combined with the customer surveys and analyzed from many perspectives to assess how Hitachi's activities are reflected in customer satisfaction, with the goal of making improvements.

The customer surveys for fiscal 2007 were reorganized to help customers respond more easily to the Information & Telecommunications Systems Group, and we have begun to send to customers any findings that they might find interesting or useful.

Through these efforts, we are raising employee awareness, promoting communication within the Hitachi Group, and incorporating the customer's viewpoint into our operations.

For the fiscal 2007 customer survey, we obtained customer understanding and cooperation for giving, in an amount equivalent to the compensation that would have gone to survey respondents, a donation to the non-profit organization Good Earth Japan (see page 22).

Universal Design

Universal Design (UD) is the concept that all products and services should be useable by anyone, regardless of age, gender, nationality, or disability.

The UD perspective is essential because Hitachi is deeply involved in society and in people's daily lives in wide-ranging ways: consumer electronics, information services and public systems. In order to offer better products and services, we continually make improvements through a three-step process of basic research, product development, and information/educational programs.

†1 uVALUE

uVALUE is an operational concept that combines the Hitachi Group's diverse business activities with IT. This approach—working toward the realization of a richer society—is intended to create value in a society characterized by ubiquitous IT.

topics Status Display System for Train Stations That Monitors Operational Anomalies



Status display system for train stations in Tokyo Station

Universal Design is being used in many ways, including in foreign languages and Braille in ticket machines at railway stations.

When an accident or delay occurs in the railway system, information is usually given out only through PA announcements or in written messages. To convey this information in an easier way to understand, Hitachi has developed a status display system that converts written information into graphic form, showing information on train delays on a map. This system was designed through repeated experiments

based on opinions received from station employees and train passengers, with the goal of making it as convenient as possible. A glance at the display provides accurate information about train locations and delays, helping non-Japanese speakers, the hearing challenged and others to grasp the situation—even if they cannot understand or hear public announcements. By March 2008, 150 systems had been installed in 27 East Japan Railway stations. Plans are to install systems in all Tokyo metropolitan stations that have 50,000 or more passengers a day.

Working in Harmony with Local Communities

Confronting Social Issues on a Global Scale as a Good Corporate Citizen

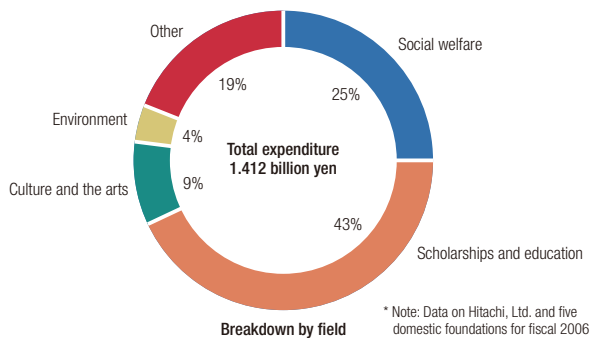


Afforestation project in China's Horqin Desert

Awareness of Social Issues

From global warming—and other environmental problems—to poverty and hunger, social issues are intensifying. As a good corporate citizen, Hitachi looks for ways to help and take action. Using our Social Contribution Philosophy and Policy, we have prioritized education, the environment, and social welfare. Making full use of human and physical resources, finances, and technology, we take wide-reaching action: fostering family education and the healthy growth of children and teens; fostering young researchers; sponsoring international student and teacher exchanges; educating people about the environment; assisting environmental NGOs; narrowing the digital divide; and helping people with disabilities.

Breakdown of Funding for Social Contribution Activities



Hitachi, Ltd. and five domestic foundations have donated over 1.4 billion yen to fund such social programs.

Hitachi is committed to a broad range of initiatives that build a brighter future, while developing our enterprise in harmony with society.

The Environment: Promoting Afforestation around the Globe

In September 2007, in cooperation with Green Network, a non-profit organization (NPO), 19 Group employees and family members volunteered for an afforestation project in the Horqin Desert in China's Inner Mongolian Autonomous Region. They learned about desertification there—thought to be one of the sources for dust and sand blown as far as Japan—and about the importance of restoring desert plant life. Then, cooperating with Japanese language students from the Inner Mongolian University for the Nationalities, they planted poplar and elm trees and cared for trees that had been planted before. Together, they deepened communication and friendship with the local people, and raised awareness among Hitachi employees about the value of volunteering.

Hitachi, Ltd. is a special sponsor of the Forests for the Future Project in Thailand organized by the Foundation for Global Peace and Environment. This project, part of the Billion Tree Campaign, is a global initiative proposed by the UN Environment Programme (UNEP). During 2008, employees and family members of local Hitachi Group companies will plant trees in Thailand's Sirindhorn International Environmental Park.

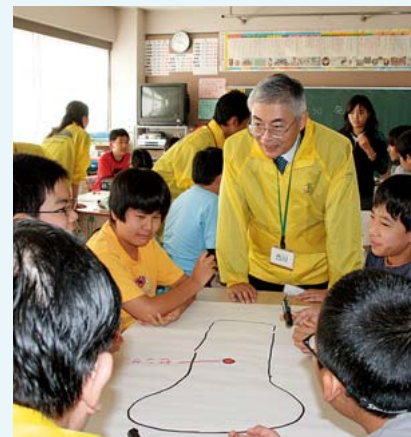
voices President Furukawa Joins Volunteer Classes

Volunteer classes on Universal Design given by Hitachi Group employees just celebrated their third year. In fiscal 2007, 38 classes were held in 19 locations in Tokyo, Nagoya, and Yokohama.

President and CEO Kazuo Furukawa, addressing a class on October 12 at Komagome Public Elementary School in Tokyo's Toshima Ward, said, "Hitachi has worked to create products that are easy for everyone to use since the days before television, when an icebox was used to keep things cool instead of a refrigerator.

Universal Design is a very important part of designing for people."

After the class, President Furukawa said, "I was excited by the flexibility and richness of the children's imaginations. I hope they will learn the importance of looking at things from the users' point of view, being considerate of others, and appreciating the passion that we put into making things. This experience reaffirms my belief in the value of fostering the development of children, the standard-bearers of the next generation."



President Furukawa with students



Left: Mine-clearing machinery at work in Cambodia
Right: An agricultural training class

Collaboration with NPOs: Hitachi Construction Machinery Supports Good Earth Japan

Hitachi Construction Machinery and Yamanashi Hitachi Construction Machinery have been manufacturing anti-personnel land mine clearance equipment. Simple clearance of land mines does not help the living conditions of local people in developing countries. From the years of civil war, land mines still buried under the ground, together with the poor agricultural environment, have destroyed the lives of local people throughout Cambodia. Hitachi's goal is to make ex-mine-fields safe so children can play with happy smiles. In March 2007, the NGO Good Earth Japan was established to help Cambodian people achieve self-reliance. Hitachi Construction Machinery gives great support to Good Earth Japan. Good Earth Japan

Social Contribution Activities Overseas

North American Hitachi Group	The city of Tarrytown, New York established the "Hitachi Community Action Partnership Day."	Hitachi America, Ltd. is based in Tarrytown, NY, and the city has designated May 11 as "Hitachi Community Action Partnership Day" to recognize the many years of service to the community by Hitachi's CAC. ^{†1}
Hitachi Europe Ltd.	Employees dressed in special campaign attire: jeans on "Genes Day" and, on "Wear It Pink Day," pink clothing, for charities	In 2007, more than 1,060 pounds (about 230,000 yen) was collected to aid children suffering from genetic disorders, a campaign to eliminate breast cancer, and the promotion of a better understanding of prostate cancer.
Hitachi Asia Ltd.	Recipient of Investment in People Award at first Asia Pacific Entrepreneurship Awards	The Foreign Affairs Minister of Malaysia presented Hitachi Asia (Malaysia) Sdn. Bhd. with an award acknowledging the Hitachi Scholarship Program and Hitachi Young Leaders Initiative, which is a program to foster next-generation leadership.
Hitachi (China) Ltd.	Donation of a dormitory to the Hitachi Hope Elementary School	A dormitory building for students from distant locations was completed in November 2007 and donated to this Hitachi-supported school in the suburbs of Shanghai.

started with agricultural training and built schools at Slab Pang village, Battambang province.

Education: The EU Hitachi Science & Technology Forum

The tenth EU Hitachi Science & Technology Forum was held in Paris in May 2007. This was a venue for experts from government, the private sector, and academia to debate and propose ways for science and technology to help resolve European issues. Each year there is a different theme in a different country. This tenth anniversary forum, for about 150 people, had the theme "Energy, Environment, and Sustainable Society." Presenters included Neil Hirst, director of Energy Technology and R&D at the International Energy Agency; Kathryn S. Fuller, chair of the Ford Foundation Board of Trustees; and the University of Tokyo's Professor Ryoichi Yamamoto. The proceedings report was distributed to the European Commission and the European Parliament.



A photograph of the forum

†1 CACs (Community Action Committees)

Local volunteer organizations formed by Hitachi Group employees in North America

†2 C's (Coalition for Legislation to Support Citizens' Organizations)

An independent non-profit organization established in 1994, C's was instrumental in passing, and have been played a main role in revising the NPO Law and the system for certified non-profit organizations. C's has continued to play a key role promoting the creation of institutional support for civic action.

voices Supporting NPO Activities with Information Technology

The Information and Telecommunications Systems Group of Hitachi, Ltd. is participating in the NPO-IT Promotion Council, created at the instigation of Microsoft Corporation and the NPO C's (Coalition for Legislation to Support Citizens' Organizations).^{†2} The council, with participants from IT companies, NPO support organizations, and the community of IT engineers, assists in the effective use of information technology by NPOs, and is sponsoring a variety of events and seminars for that purpose.

According to Masaatsu Takehara of Microsoft, "As part of our global CSR activities, we've begun to give assistance with information technology to NPOs, which tend to have meager operational bases and IT infrastructures. By pooling the resources of a lot of organizations and results, we hope to expand our partnership and give

employees of our member companies an opportunity to get involved with NPOs."

Akira Matsubara of C's had this to say: "NPOs in general are not strong in disseminating information, so they have high hopes for contacting people from the corporate world and getting some advice at seminars and at other venues. In order to create new relations for cooperation and mutual benefit among the member companies and participating NPOs, we are asking everyone to keep cooperating by sharing their know-how and experience by taking the opportunity to pass on information."

Through these activities, we are studying the best ways for us to connect and cooperate with NPOs.



Masaatsu Takehara (right)
Manager, Corporate Social Responsibility Office
Strategic Planning Department
Legal Affairs and Strategic Planning Headquarters
Microsoft Japan

Akira Matsubara
Executive Director
C's (Coalition for Legislation to Support
Citizens' Organizations)

Collaborative Creation with Suppliers

For Making Reliable Products

Sharing CSR Awareness

The Hitachi Group values partnership and openness with suppliers. We are committed to maintaining and improving the mutual understanding and trust of our suppliers over the long term. While providing equal business opportunities, we select suppliers from around the globe based on the principle of open competition.

In 2005, we revised the Guidelines for Procurement and Business Transactions—the basis of our business transactions—and asked about 5,000 suppliers worldwide to conduct CSR activities in line with these guidelines. In 2007, using the *Supply Chain CSR Deployment Guidebook* created by Japan Electronic and Information Technology Industries Association (JEITA), we issued a questionnaire on CSR promotion by our main suppliers (about 140, including global corporations). We will build a database of the results of this survey and share this information throughout the Group. We have also asked our suppliers to perform information security audits.

For green procurement,^{†1} we encourage all suppliers that are using environment management systems (EMSs) to

Guidelines for Procurement Activities (excerpt)

- Hitachi shall maintain proper partnerships, mutual understanding, and reliable relationships with suppliers with a view to the long term results.
- Hitachi develops suppliers to maintain competitiveness from a worldwide point of view.
- Through a designated selection process, suppliers shall be evaluated by product quality, reliability, delivery, price, suppliers' business stability, technical development ability, fair and transparent information release, compliance with societies' rules, regulation compliance, respect for human rights, environmental preservation activities, social contributions, good working environment, and recognition of social responsibilities with business partners.

Revised in 2005

acquire certifications. For small- and medium-sized suppliers using EMS, we support the acquisition of simpler EMS certification, such as KES,^{†2} Eco Stage and Eco-Action 21. In partnership with suppliers, we organized the MMM Club^{†3} with these suppliers as members, using information exchanges and training courses to promote qualitative improvements.

For handling chemicals, on which regulations are becoming stricter throughout the world, we require suppliers to manage them meticulously and to record all information on the product chemical content management system. This information is shared and used within the Group (see page 29).

†1 Green procurement

Green procurement is the procuring of parts and materials with reduced environmental impact from suppliers that are actively protecting the environment.

†2 KES

KES is a Japanese environmental certification system administered by the KES Environmental Organization, an NPO.

†3 MMM Club

MMM Club: An organization run primarily by suppliers who have acquired KES environmental certification through Hi-KES activities. The three Ms come from the first letter of *mottainai* (reducing wastefulness).

voices Employees' Environmental Awareness Improved by KES Acquisition



Kazushi Watanabe

President and CEO, Taiyo Kogyo Co., Ltd.

Based in Ibaraki Prefecture, Japan, Taiyo Kogyo uses precision sheet metal processing technology to produce enclosures for large-capacity data storage devices and automotive devices. The company had been promoting environmental activities since the 1990s. After taking part in a Hitachi environmental seminar for suppliers, the company applied for KES Step 2 and obtained certification in 2005.

President and CEO Kazushi Watanabe commented: "With improving employee awareness as our theme, we have been using employees' ideas and steadily working toward our goal as an extension of the small-scale group activities we have been conducting for the past 40 years. These activities include saving energy by hav-

ing each division draw up an electricity management chart and sorting trash using colored labels. We have always engaged in dialogue with Hitachi and they have advised us on how to conduct environmental activities. I gave a report on these achievements at an MMM Club meeting."



Trash bins with colored labels

Employees: The Key to Hitachi's Future

Building Workplaces with Favorable Working Conditions: Fostering Sustainable Growth and Enabling Employees to Use Their Skills

Diversity: A Base for the Healthy Expression of Individuality

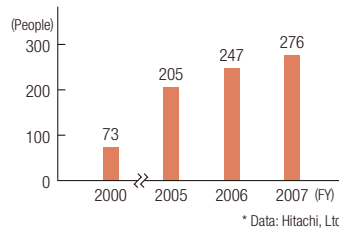
Hitachi believes that people are our most important resource, and therefore we respect individuality and embrace diverse values to let employees harness their abilities as well as build on the synergistic benefits that this base creates. We pursue a range of activities that promote diversity, and aim to capitalize on the proven increased effectiveness of diverse teams in the achievement of business goals.

Work-Life Balance and Support for the Career Advancement of Women

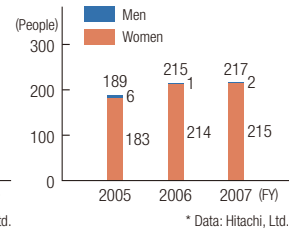
Since 2000, Hitachi has hired more female employees and expanded assistance for child and nursing care. We encourage and assist female employees with their career development and support the balancing of the demands at work and home. In 2006, we launched the Diversity Promotion Project, reporting directly to the President and CEO, and began building a workplace where everyone can fully apply their skills. One outcome of the Diversity Promotion Project was the promotion of more women into management positions, and as a result, by the end of fiscal 2007, Hitachi, Ltd. had 276 female managers—almost a fourfold increase from fiscal 2000. While

the percentage increase is large, the number of female managers needs to continuously grow. We also explored ways to develop a workplace that empowers women who are mothers and are raising children. In essence, we have embarked on a quest to create energetic and fulfilling workplaces for all employees, both male and female.

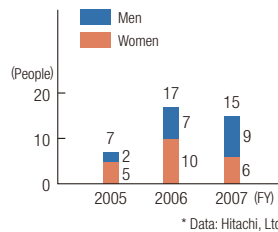
Trend in the Number of Female Managers



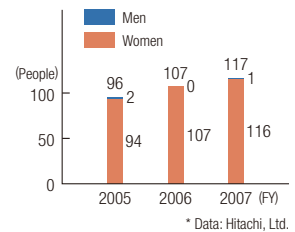
Trend in the Number of Employees Using Child Care Leave



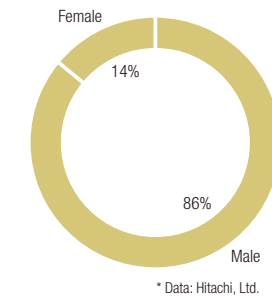
Trend in the Number of Employees Using Nursing Care Leave



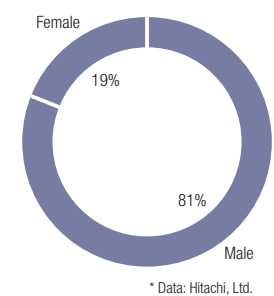
Trend in the Number of Employees Working Shorter Hours



Male/Female Employee Ratio (March 2008)



Number of New Graduate Recruits in Fiscal 2007



voices Workplace Improvements through Peer Networking by Women



Masayo Fujimoto

Senior Manager, Financial Information Systems Dept. I, Financial Information Systems Division, Hitachi, Ltd.

In fiscal 2006, the Information and Telecommunications Systems Group organized the Women's Council (ITWC), and since then has been pursuing a Diversity Promotion Project. I participated from the beginning, and have been involved mainly in building awareness and creating female peer networks.

Like many workplaces, we had only a few women, but in the process of seeking their participation, we began to hear from more and more of them that they wanted access to female counselors. This led to the creation of a peer network that links female employees. We began using email

magazines and internal social networking services for more interaction and to share experiences. Through our activities, women's voices are being more clearly heard, helping us to improve the workplace.

My participation over the past two years has shown me the diversity of needs that employees have. To ensure that the benefits of networking are substantial and long-lasting, we will keep at it. The goal is to create a workplace where all employees accept one another and achieve a balance between their jobs and private lives, regardless of gender, and I want to help sustain our efforts with that in mind.

Promoting the Employment of the Physically Challenged

As of June 2007, 2,981 physically challenged people were employed by the Hitachi Group. Workplace improvements have been made so that they are able to apply their skills to the maximum. Having the physically challenged work with other employees builds mutual understanding and a wider acceptance of diversity.

While the ratio of people with physical challenges has risen to 2.11 percent of the workforce at Hitachi, Ltd., it averages 1.76 percent at Group companies in Japan—lower than the legally mandated ratio. So, Hitachi will continue to hold joint interviews and consultations, striving to create more employment opportunities for the physically challenged.

Employing Retirees (Japan)

To be a company that employees find appealing and worth working for, Hitachi chooses people with deep experience, technical expertise, and skill. All Group companies have adopted a "life plan selection framework," designed to re-employ people aged 60 who want to continue working, and are suited to company-designated positions.

Securing the Health and Safety of Employees

At Hitachi, ensuring the safety and health of employees is a top priority. We strive to maintain high health and safety standards and to make continuous improvements.

Worker Health and Safety

After many years ensuring health and safety, Hitachi has accumulated much knowledge and experience on management, education, maintenance, and the environment. It is now possible to apply the Group's "safety and hygiene knowledge" every day.

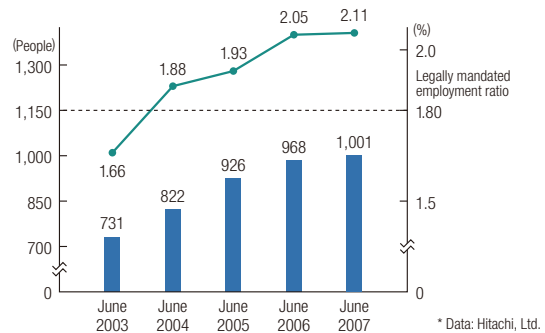
For health management, we help employees maintain good health. Employees that work extended overtime, for

example, are interviewed and examined by company physicians and given guidance.

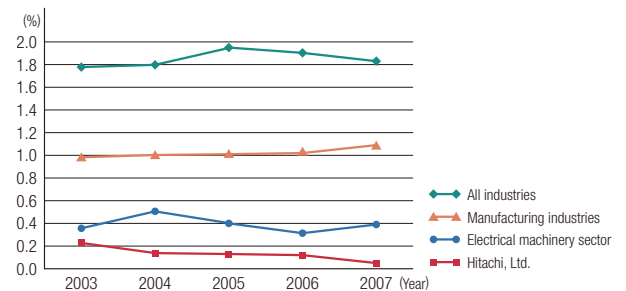
Maxell Hokuriku Seiki Earns the Prime Minister's Commendations on Contributors to Public Safety

In July 2007, the Yatsuo Plant in Toyama Prefecture (Japan) owned by Maxell Hokuriku Seiki, Ltd., a member of the Hitachi Maxell Group, received one of the Prime Minister's Commendations on Contributors to Public Safety to recognize outstanding industrial safety, including an accident-free record since startup. The Yatsuo Plant began operating in March 1981 to make videotapes and other magnetic recording media. As of June 2007, it had achieved a record 26 years and three months accident free—a cumulative 6.2 million operating hours. Labor and management have united to promote safe, healthy working conditions.

Trend in the Employment Ratio for Physically Challenged People



Trends in the Occupational Accident Rate



voices Friends Working Together for a Happier Workplace

Established as a special subsidiary in Yokohama in October 1999, Hitachi You and I Co., Ltd. has entered its ninth year of operation. Initially, 10 mentally impaired employees cleaned offices and dormitories in and around Totsuka Ward. Today, there are 73 challenged employees (as of April 2008) working at 30 locations in Kanagawa, Tokyo, and Ibaraki Prefectures performing a range of duties, from cleaning and on-site mail delivery to paper shredding/recycling, text processing, and cafeteria services. The following are two accounts provided by employees of the company.

"I perform cleaning duties at employee dormitories. For operational safety, I recommended that we always carry work gloves,

and was delighted that the company agreed to that idea." (Takahashi)

"I handle shredder operations at a company located in Shinagawa Ward. I set aside colored wastepaper, sorting the remainder by size, and removing staples and so forth. It's a demanding job but seeing a happy customer always gives me a lift." (Yamada)

Many workers feel that their own workplaces are happier and healthier thanks to the friendly demeanor and hard work of the Hitachi You and I employees.



Tomomichi Takahashi (left)
Yoshiyuki Yamada
Hitachi You and I Co., Ltd.

Next Eco

Environmental Action for a Sustainable Society

The Hitachi Group aims to reduce the environmental impact over the entire product lifecycle from a long-term perspective, based on the four points of our Sustainability Compass



The thousands of trees around the Hitachi Central Research Laboratory create a rich, natural environment.

For more information in PDF file format, please visit the following Web site:

<http://www.hitachi.com/csr/>

* : Topics not covered in this digest + : Topics covered in greater detail in related PDF files

Eco-Mind & Global Environmental Management

Awareness of Environmental Issues and Environmental Activities *

Emission Neutral

Environmental Action Plan and Achievements *

Environmental Management System +

GREEN 21 Evaluation System Activities +

Environmental Education *

Environmental Accounting *

Environmental Impact Data for Corporate Activities *

Next-Generation Products & Services

Expanding Lineup of Eco-Products +

Managing Chemical Content of Products

Supporting Global Ecodesign Sustainable Business Model *

Super Eco-Factories & Offices

Super Eco-Factories & Offices +

CO₂ Reduction in Production Processes +

CO₂ Reduction in Offices *

Increasing Transportation Efficiency *

Efficient Use of Resources +

Management of Chemicals +

Worldwide Environmental Partnerships

Environmental Communication +

Participation in Exhibitions

Environmental Vision 2015

As a global citizen, we will promote innovation throughout the world while developing the potential for future generation to pioneer next-generation products and services.

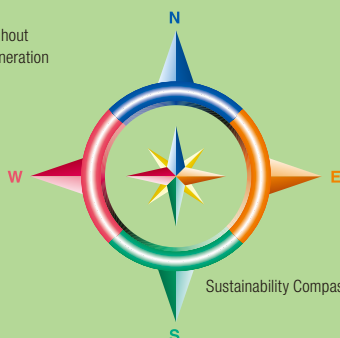
Sustainability Compass

Eco-Mind & Global Environmental Management

Next-Generation Products & Services

Super Eco-Factories & Offices

Worldwide Environmental Partnerships



Sustainability Compass

Realizing a Sustainable Society

Shozo Saito

Senior Vice President and Executive Officer in charge of Quality Assurance, Production Technology and Power Technology, Hitachi, Ltd.

Climate change is most clear in the polar regions: Arctic Sea ice is shrinking to historic lows and the Antarctic had a massive outbreak of “snow algae,” the result of rising temperatures. While humanity enjoys the benefits of the global environment, phenomena like these must be seen as warning signs.

To leave a magnificent global environment for future generations, we aspire to create an environmentally harmonious society through products and services, and to contribute to environmental conservation as a global citizen.

To achieve these goals, environmental action has been made one of the pillars of our corporate management. The Environmental Vision lays out the “blue-print” for a future society, while the Sustainability Compass (pictured left) directs our activities toward the specific targets outlined in the Environmental Action Plan. We will also use information disclosure and dialogue to continue working with our stakeholders toward a sustainable future.



Eco-Mind & Global Environmental Management

Strengthening Environmental Activities

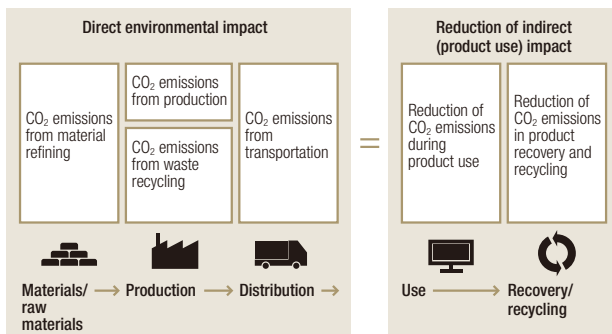


Emission Neutral

Hitachi's "emission neutral" concept was developed to promote *monozukuri* (manufacturing) that reduces the environmental impact of products during their lifecycle. We intend to be emission neutral by fiscal 2015. Emission neutral means balancing the *direct* environmental impact with suppression of the *indirect* impact. Here, *direct* environmental impact covers material production, manufacturing and distribution, while *indirect* impact covers finished products after they are sold (product use).

In fiscal 2007, we introduced systems for analyzing and evaluating our progress toward becoming emission neutral.

The "Emission Neutral" Philosophy



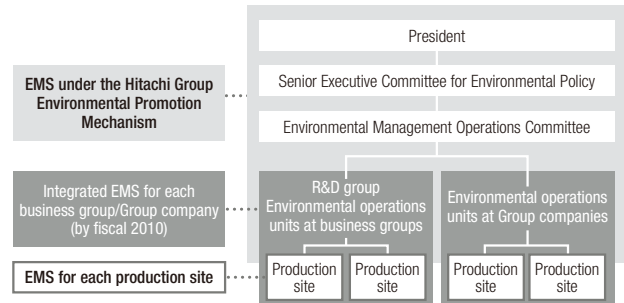
Environmental Management System

The Hitachi Group has developed an environmental management system (EMS) for 1,082 Group companies that assesses and sets environmental policies and strategies. As well, it ensures that this information is disseminated and put into action. Known as the Hitachi Group Environmental Promotion Mechanism, this EMS obtained ISO 14001 certification in September 2006. It both promotes the plan-do-check-act (PDCA) cycle of Hitachi's environmental activities and uses the combined strengths of the Group to reach environmental goals. The EMS is centered on Hitachi's R&D group, the six business groups, and the environmental operations units in the 17 main Hitachi Group companies.

To strengthen environmental management, by 2010,

we will develop an integrated EMS for each business group and Group company. In fiscal 2007, Hitachi Global Storage Technologies received worldwide integrated ISO 14001 certification for its 10 locations (two domestic, eight overseas) across seven countries—marking the completion of integrated certification by seven of Hitachi's business groups and Group companies.

Hitachi Group EMS Integration Philosophy

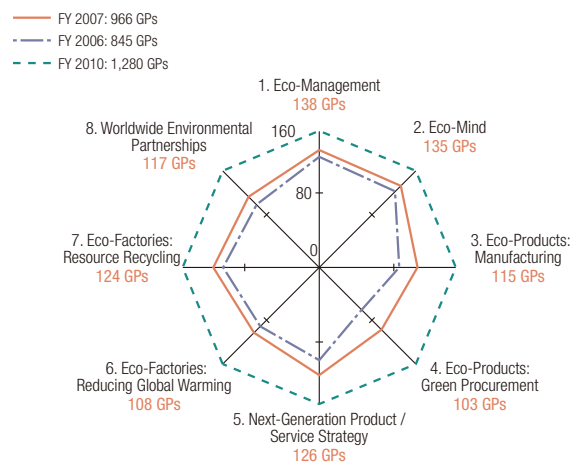


GREEN 21 Evaluation System Activities

To ensure ongoing improvements and to raise the level of environmental activities, we numerically quantify evaluations on 56 items in eight categories, assessing the degree to which that year's goals have been achieved. The results are made into radar charts for each business group and Group company for management decision making. GREEN 21 assessment results are used to evaluate each group's business performance and as an incentive to raise the level of environmental activities.

While the green procurement category scored poorly in 2006, a better score was achieved in fiscal 2007 thanks to green procurement liaison meetings to increase understanding of procurement operations.

Green Point Average: Results and Targets



Categories and Evaluation Items

1. Action plan, environmental accounting, risk management
2. Employee training and education
3. Ecodesign management system, Eco-Products, control of hazardous substances contained in products
4. Green procurement, green purchasing
5. Business and product strategy, sustainable business, publicity
6. Energy saving at production facilities, environmentally responsible distribution
7. Waste reduction, chemical substance management
8. Information disclosure, communication activities, global citizen activities

Next-Generation Products & Services

Building a Recycling-Oriented Society



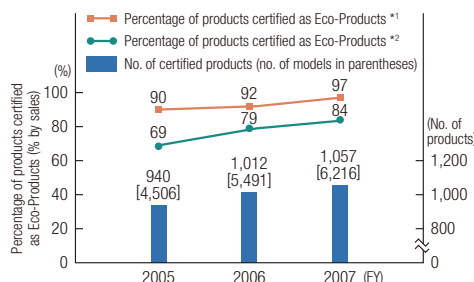
Expanding Lineup of Eco-Products

Hitachi introduced Assessment for DfE (Design for Environment) into product development as a way to reduce the environmental impact at every stage of the product lifecycle. The assessment looks at eight criteria, including resource reduction, product longevity, resource recycling, and ease of decomposition. New products that outperform existing products in these criteria are called Eco-Products.

Some Eco-Products are designated as Super Eco-Products when they achieve an environmental efficiency at least 10 times greater than existing products, or when they are

industry leaders or highly regarded. Environmental efficiency is an index of reducing greenhouse gas emissions, resource use and boosting product or service value. Hitachi is working to expand its Super Eco-Product lineup. As of March 2008, 1,057 Hitachi Group products (6,216 models) were certified as Eco-Products. The certification rates were 97 percent for Hitachi's information and telecommunications systems, digital media and consumer products, and 84 percent for electronic devices, power and industrial systems, high functional materials and components, logistics, services and others. Of these, 74 products and 184 models are Super Eco-Products, or about 12 percent of Eco-Products by sales. The intention is to boost this ratio to more than 30 percent by fiscal 2010.

Eco-Product Certification Trends



*1 Product categories: Information and telecommunications systems, digital media and consumer products
 *2 Product categories: Electronic devices, power and industrial systems, high functional materials and components, logistics, services and others

Super Eco-Products



Annual power consumption cut by around 38 percent^{*1}

LCD Television—Wooo UT Series

- Slim and lightweight breathtaking design for 360-degree around
- Lightweight construction boosts transportation efficiency by 20 percent^{*2}

*1 Comparison between UT32-HV700B and 2004 models from the same category
 *2 Comparison between UT32-HV700B and the Hitachi L32-H01 model from the same category



Annual performance factor (APF) increased by around 50 percent^{*3}

Room Air Conditioner—Moisturizing with Ion Mist (S series)

- Recycled plastic used for fan of outdoor unit and cabinet of indoor unit
- Winner of the ECCJ (Energy Conservation Center, Japan) Chairman's Prize at the 2007 Energy Conservation Grand Awards

*3 Comparison between RAS-S40X2 and RAS-401HX2, Hitachi's model from the same category 11 years ago



Annual power consumption cut by around 20 percent^{*4}

Refrigerator—Featuring a Mid-freezer Layout and Vacuum Compartment

- Uses non-fluorocarbon refrigerant R600a (isobutane), with an extremely low global warming potential (GWP)
- Winner of the ECCJ (Energy Conservation Center, Japan) Chairman's Prize at the 2007 Energy Conservation Grand Awards

*4 Comparison between the new R-X6000 and the R-W5700, Hitachi's model from the same category one year ago

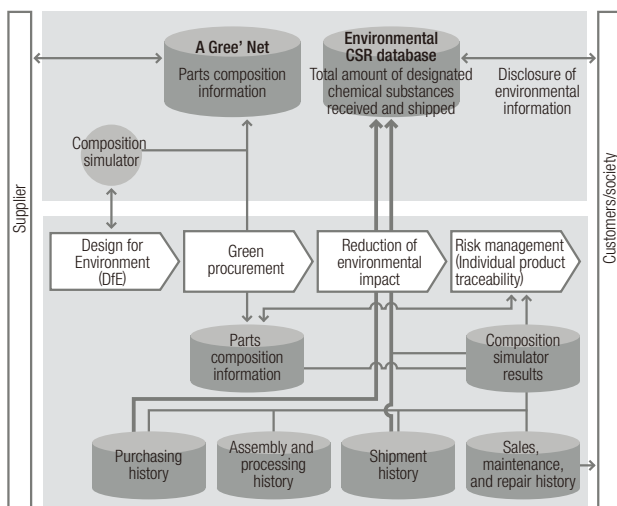


Managing Chemical Content of Products

To use chemicals safely, we comply with the REACH regulation,^{†1} which promotes the safe use of chemicals. REACH compliance means registering chemical substances exported to the European Union (EU), as well as notifying and providing information on substances contained in products covering thousands of chemical types. Because we see registration and notification under the REACH regulation as a task for the whole supply chain, we are using our participation in JAMP^{†2} to develop a more effective information exchange system.

For even better communications, we will link REACH compliance with the Group's Integrated Management System for Chemical Substances Contained in Products, which contains information on 480,000 parts (March 2008).

Integrated Management System for Chemical Substances Contained in Products



Supporting Global Ecodesign

In April 2008, we compiled ecodesign management guidelines in line with Europe's EuP Directive,^{†3} used for assessing product designs from an environmental perspective. To minimize the environmental impact, Hitachi product guidelines require every operational unit to design products with less environmental impact in all phases—including planning, design, procurement, manufacturing and quality control—and to maintain clear design records. Based on these new guidelines, we will both meet regulatory requirements and lead the industry in lowering product environmental impact.

^{†1} REACH
Registration, Evaluation, Authorisation, and Restrictions of Chemicals
This EU regulation came into force on June 1, 2007.

^{†2} JAMP
Joint Article Management Promotion-consortium

^{†3} EuP Directive
Directive on Eco Design of Energy-using Products

Super Eco-Factories & Offices

Reducing Environmental Impact



Super Eco-Factories and Offices

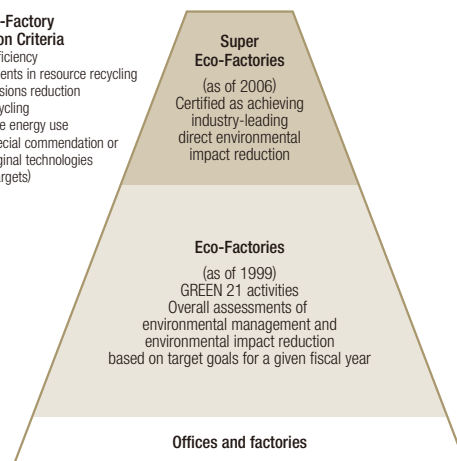
The Hitachi Group has introduced Super Eco-Factory Certification as a way to promote industry-leading environmental action and develop pioneering best practices.

In fiscal 2007, eight factories and one office were certified Super Eco-Factories. Hitachi aims to raise the total to 30 by fiscal 2010.

Super Eco-Factory System

Super Eco-Factory Certification Criteria

1. Energy efficiency
2. Improvements in resource recycling
3. VOC emissions reduction
4. Water recycling
5. Renewable energy use
6. Other (special commendation or use of original technologies to meet targets)



CO₂ Reduction in Production Processes

We are taking a global approach to reduce the amount of energy used and greenhouse gases generated in the production process, as well as transportation-related energy.

Reduction of CO₂ Emissions in Japan

The Hitachi Group is striving to achieve two CO₂ emission reduction targets: cutting total CO₂ emissions to 7 percent below the 1990 level by fiscal 2010; and in the same period, either meeting specific emission targets set by industry groups, or reducing CO₂ emissions per unit of production by 25 percent (in offices, hospitals, etc.).

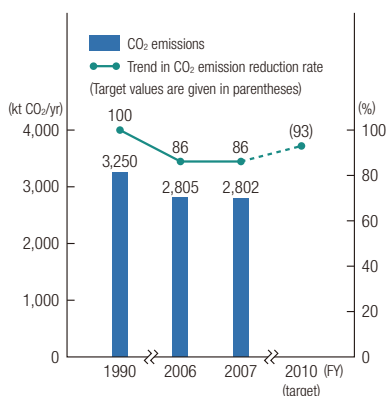
In fiscal 2007, as a result of investing 6.4 billion yen in energy saving, Hitachi reduced CO₂ emissions by 102,000 tonnes. The Group's total CO₂ emissions fell to 2.802 million tonnes, or 86 percent of the 1990 level.

Alongside energy saving, we are using alternative energy conversion as a way to cut CO₂ emissions, including reducing the use of heavy oil by changing to natural gas as a fuel. Hitachi Cable has installed a natural gas pipeline at the Tsuchiura Works, reducing CO₂ emissions by 5,000 tonnes per year.

CO₂ Emission Reduction outside Japan

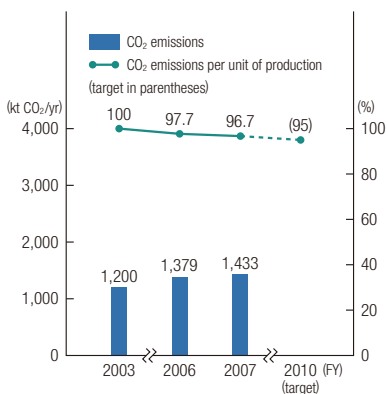
With greater production volume, the construction of new factories, and other changes in the business environment, the Hitachi Group has set the target of reducing CO₂ emissions per unit of production to 5 percent below the 2003 level by 2010. In fiscal 2007, we cut total CO₂ emissions per unit of production by 3.3 percent over the 2003 level.

Trend in CO₂ Emissions in Japan



Emissions were calculated using CO₂ emission coefficients for each electric power company, as published by the Ministry of the Environment

Trend in CO₂ Emissions outside Japan



Modal Shift Saves Energy on Transportation

The Hitachi Group is lowering the amount of resources used in product packaging and reducing transportation CO₂ by improving load efficiencies. A modal shift to more efficient rail transport increased the rate of rail shipments from 3 percent in fiscal 2006 to 16 percent in fiscal 2007.



Rail transportation of household appliances in special containers

Efficient Use of Resources

Applying the 3Rs (reduce, reuse and recycle) concept, Hitachi is working to meet the fiscal 2010 goals of cutting total waste to 20 percent below the 2000 level and increasing the resource recycling rate by 10 percent over the 2005 level.

To reduce waste, Hitachi classifies facilities into two groups based on the characteristics of their operations: One group reduces the total amount of generated waste, while the other cuts waste per unit production. In fiscal 2007, the first group cut total emissions by 22 percent, and the second cut total waste per unit production by 24 percent. The combined goal for total waste reduction across the Hitachi Group is 10 percent.

Hitachi also boosted the resource recycling rate by 5 percent by using waste disposal methods that reduce the environmental impact and by focusing on "zero emission" technology.

Management of Chemicals

By fiscal 2010, Hitachi intends to cut domestic VOC (volatile organic compound) emissions to 45 percent below 1990 levels and to lower the ratio of VOC emissions overseas by 10 percent from 2005 levels. In fiscal 2007, VOC emissions fell 49 percent in Japan and the ratio was lowered by 4.1 percent overseas.

topics Convergence of Eco-Friendly Actions



Hitachi Elevator (China) Co., Ltd. has a factory in Guangzhou, China that handles everything related to escalators and elevators—from R&D through to maintenance. A river, surrounded by lawns and mango trees, runs close by the factory. The company and the employees have taken the following steps to maintain the natural environment: the production process and factory have been improved to reduce CO₂ emissions, including converting from lique-

fied petroleum gas (LPG) to natural gas as the fuel for paint sprayers; energy-saving fluorescent lights are now used for factory illumination; and employees commute on 21 company buses to cut down on using private vehicles. The company also supports NPO-backed desert greening (afforestation) and releases a CSR report. In fiscal 2007, Hitachi Elevator (China) won an Excellent Corporate Citizen in China Award (see page 14).

Worldwide Environmental Partnerships

Tackling Issues Together



Environmental Communication

The Hitachi Group actively communicates with stakeholders, using opinions expressed to improve environmental activities and to deepen the understanding of what is being done.

Dialogue with Stakeholders

Hitachi Plasma Display Ltd., which produces panels for plasma TVs, invited people from the local community to a production site for an informal exchange. The company outlined energy-saving innovations introduced into the production process and the rigorous standards applied to water management. Questions and comments from the invitees about environmental activities followed. The local community admired the environmental concern and action, but requested that more information be made available to the public. Factory tours, such as this one, and other events have been featured on Hitachi's Web site in a series entitled "From the Forefront of Eco-Friendly Production" to promote public awareness about how we are reducing the environmental impact of our factories, as well as the eco-friendly features built into Hitachi home appliances.



Left: Explaining the energy management system at the factory (Hitachi Plasma Display Ltd.)
Center: Learning to use an energy-saving inverter (Narashino Works, Hitachi Industrial Equipment Systems Co., Ltd)
Right: Environmental message board or "eco tree" (International Eco-Products Exhibition)

International Contribution through Energy-Saving Technology

Hitachi Industrial Equipment Systems was pleased to receive 25 trainees from Thailand visiting Japan under the Japan External Trade Organization (JETRO) overseas technical scholarship program. The trainees were briefed on energy-saving measures used at plants, and were trained to use the energy-saving inverters that Hitachi makes. Coming from the Thailand government, universities, and companies, the trainees are using the knowledge gained to promote energy saving throughout Thailand.

Participation in Exhibitions

The Hitachi Group participates in exhibitions in Japan and around the world to publicize the Group's environmental activities and the strong eco-friendliness of Hitachi technologies and products.

In Japan, Hitachi took part in Eco-Products 2007, displaying 35 products and services contributing to the realization of a sustainable society based on the theme "Realizing Next Eco: Creating Eco-Cities."

Hitachi's leading-edge technology and techniques were commended at the fair, where Hitachi exhibited a hybrid railcar, winner of the Environment Minister's Prize at the Eco-Products Awards, and the "Developing and Sustaining a Middle-Distance Modal Shift" concept, winner of the Eco-Products Awards Steering Committee Chairperson's Award.

Outside of Japan, Hitachi showcased 15 products, including home appliances and industrial machinery, at the International Eco-Products Exhibition in Hanoi, Vietnam. Hitachi demonstrated innovative communication methods as well, such as having visitors write messages about the global environment and Hitachi's environmental activities on cards, which were then pinned on a board to form an "eco tree."

topics Environmental Collaboration with the Chinese Government

Hitachi launched the China Energy Conservation and Environment Commercialization Promotion Project Team to support environmental protection and energy conservation in China, identified as priorities in the 11th Five-Year Plan. In 2007, Hitachi co-hosted the Hitachi Energy Conservation and Environmental Protection Technology Exchange Conference with China's National Development and Reform Commission. This event contributes to conservation in

China by encouraging environment-related exchanges and partnerships. In May 2007, under the theme "water," Hitachi and Sichuan University agreed to share water treatment technologies.

In January 2008, a presentation on Hitachi environmental technology, with "eco-cities" as the theme, was followed by a spirited exchange of views with more than 300 participants from 160 Chinese government organizations and companies.



Company Profile

Corporate Name: Hitachi, Ltd.

Incorporated: February 1, 1920 (founded in 1910)

Head Office:

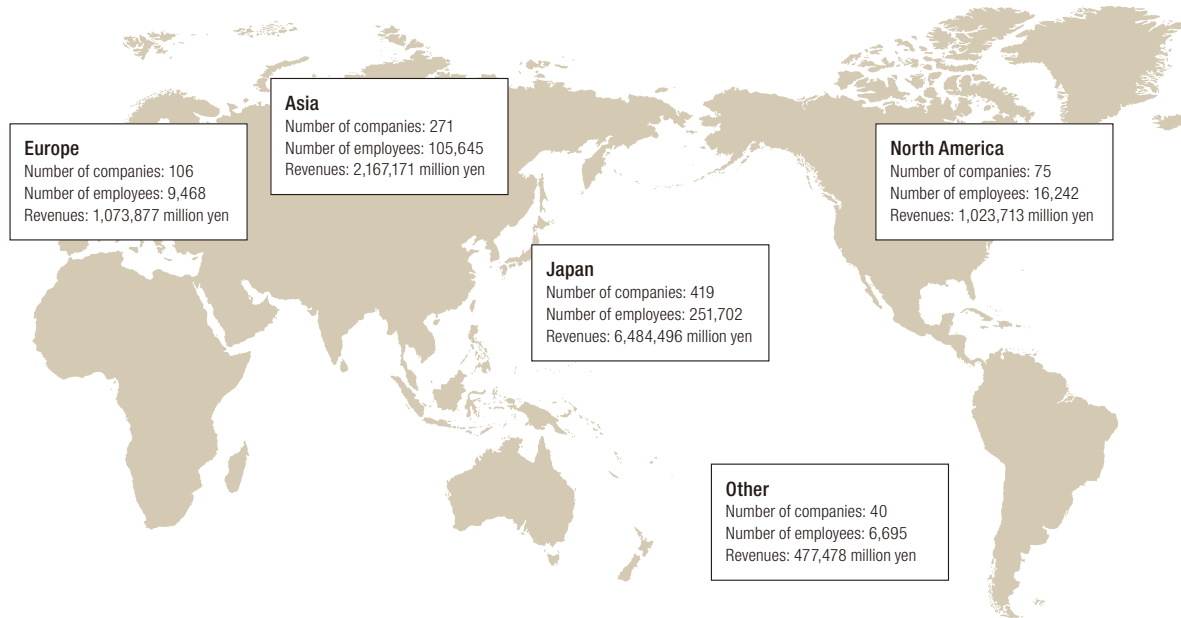
1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280, Japan

Representative:

Kazuo Furukawa, President and Chief Executive Officer

Hitachi Group Profile

Hitachi, Ltd. and the Hitachi Group make up a corporate group consisting of 1,082 companies: 418 consolidated subsidiaries within Japan and 492 overseas, as well as 83 equity-method affiliates in Japan and 88 overseas. For business activities, there are seven business units, as indicated on the next page, with total revenues of about 11.2 trillion yen. The Group employs about 390,000 employees.



Economic Performance

As of March 31, 2008

Common Stock: 282,033 million yen

Number of employees (unconsolidated basis): 40,223

Number of employees (consolidated basis): 389,752

Number of consolidated subsidiaries:

910 (Japan: 418, outside Japan: 492)

Number of equity-method affiliates:

171 (Japan: 83, outside Japan: 88)

Period: Fiscal year ending March 31, 2008 (consolidated basis)

Revenues:

11,226.7 billion yen (110% compared with the previous year)

Operating income:

345.5 billion yen (189% compared with the previous year)

Capital investment:

969.0 billion yen (92% compared with the previous year)

R&D expenditure:

428.1 billion yen (104% compared with the previous year)

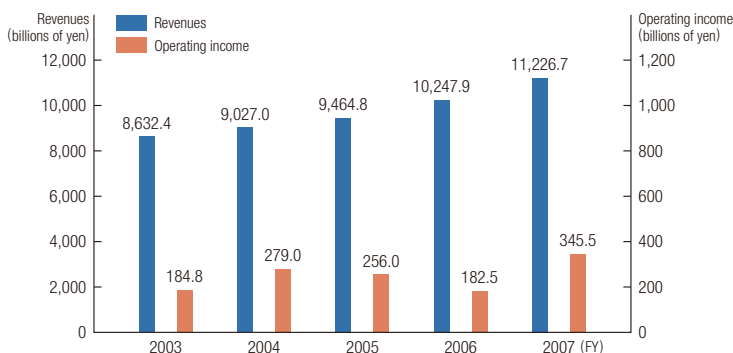
Overseas output as a percentage of consolidated net sales: 24%

See Web site for economic performance reports.

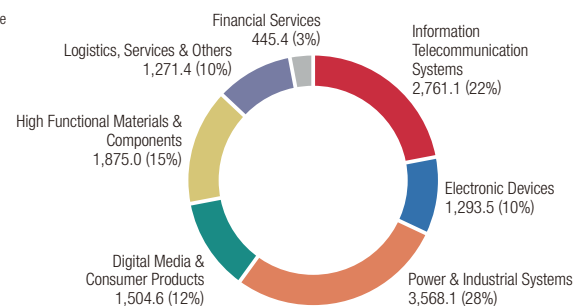
<http://www.hitachi.com/IR-e/>

Financial Results (consolidated basis)

Revenues and Operating Income



Revenues by Industry Segment in Fiscal 2007 (billions of yen)



Total Sales by Industry: 12,719 billion yen
Consolidated Net Sales: 11,226 billion yen

Information & Telecommunication Systems



Data center
(unification control center)



Hitachi Global Storage
Technologies'
500-gigabyte 2.5-inch
hard disk drive



Large disk array
subsystem

- Systems integration, outsourcing services, software, hard disk drives, disk array subsystems, servers, mainframes, PCs, telecommunication equipment, ATMs
- Hitachi Communication Technologies, Ltd., Hitachi-Omron Terminal Solutions, Corp., Hitachi Computer Products (America), Inc., Hitachi Computer Products (Europe) S.A.S., Hitachi Global Storage Technologies Netherlands B.V., Hitachi Electronics Services Co., Ltd., Hitachi Information & Control Solutions, Ltd., Hitachi Information Systems, Ltd., Hitachi Software Engineering Co., Ltd., Hitachi Systems & Services, Ltd., Hitachi Data Systems Holding Corp.

Electronic Devices



Hitachi Displays' 2.9-inch
wide and high definition (WVGA)
IPS LCD for mobile phones



Hitachi High-Technologies'
Focused Ion &
Electron Beam System



Hitachi Medical's
fluoroscopic X-ray system

- Liquid crystal displays (LCD), semiconductor manufacturing equipment, testing and measurement, medical electronics equipment, semiconductors
- Hitachi Displays, Ltd., Hitachi High-Technologies Corporation, Hitachi Medical Corporation, Hitachi Display Devices (Suzhou) Co., Ltd.

Power & Industrial Systems



Ashford Train
Maintenance Centre



Hitachi Construction
Machinery's
hydraulic excavator



Hitachi Vehicle Energy's
lithium-ion battery

- Nuclear power plants, thermal power plants, hydroelectric power plants, industrial machinery and plants, automotive products, construction machinery, elevators, escalators, railway vehicles
- Babcock-Hitachi K.K., Clarion Co., Ltd., Hitachi Construction Machinery Co., Ltd., Hitachi-GE Nuclear Energy, Ltd., Hitachi Industrial Equipment Systems Co., Ltd., Hitachi Via Mechanics, Ltd., Hitachi Automotive Products (USA), Inc., Hitachi Elevator (China) Co., Ltd., Hitachi Building Systems Co., Ltd., Hitachi Engineering & Services Co., Ltd., Hitachi Mobile., Ltd., Hitachi Plant Technologies, Ltd., Hitachi Power Europe GmbH

Digital Media & Consumer Products



UT (Ultra Thin) LCD TVs



Hitachi Appliances'
washer-dryer



Hitachi Maxell's
prismatic lithium-ion
rechargeable batteries
featuring thin type
and high capacity

- Optical disk drives, Plasma TVs, LCD TVs, LCD projectors, mobile phones, room air conditioners, refrigerators, washing machines, information storage media, batteries, air-conditioning equipment
- Fujitsu Hitachi Plasma Display Limited, Hitachi Appliances, Inc., Hitachi Maxell, Ltd., Hitachi Media Electronics Co., Ltd., Hitachi Home Electronics (America), Inc., Shanghai Hitachi Household Appliances Co., Ltd.

High Functional Materials & Components



Hitachi Chemical's
molded plastic rear
hatch door



Hitachi Metals'
amorphous alloys
for transformers



Hitachi Cable's
probe cables for
medical applications

- Wires & cables, copper products, semiconductor materials, circuit boards and materials, organic/inorganic chemical products, synthetic resin products, display related materials, specialty steels, magnetic materials and components, high-grade casting components and materials
- Hitachi Cable, Ltd., Hitachi Chemical Co., Ltd., Hitachi Metals, Ltd.

Logistics, Services & Others



Hitachi Transport System has opened a joint
distribution center for the medical industry,
Kansai Medical Distribution Center

- General trading, logistics, property management
- Chuo Shoji, Ltd., Hitachi Life, Ltd., Hitachi Transport System, Ltd., Nikkyo Create, Ltd., Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China) Ltd., Hitachi Europe Ltd.

Financial Services



Multifunctional IC card and
electronic toll collection auto card

- Leasing, loan guarantees, insurance services
- Hitachi Capital Corporation, Hitachi Insurance Services, Ltd.

● Major Products & Services ■ Major Consolidated Subsidiaries (As of March 31, 2008)

*1 Hitachi-GE Nuclear Energy, Ltd. acquired the nuclear power-related business of the company through a corporate split on July 1, 2007.

*2 Guangzhou Hitachi Elevator Co., Ltd. changed its name to Hitachi Elevator (China) Co., Ltd. on June 29, 2007.

*3 Fujitsu Hitachi Plasma Display Limited changed its name to Hitachi Plasma Display Limited on April 1, 2008.

HITACHI

Inspire the Next



This report is printed on Hitachi Recycled Paper, part of which is made from pulp recycled from business documents produced by Hitachi Group companies.



Inquiries:

 **Hitachi, Ltd.**

CSR Promotion Department, Corporate Communications Division (For inquiries on this report or CSR activities overall)
1-6-6 Marunouchi, Chiyoda-ku, Tokyo, 100-8280, Japan

Tel: +81-3-3258-1111 Fax: +81-3-4564-1454 <http://www.hitachi.com/csr/>

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1-18-13 Soto-Kanda, Chiyoda-ku, Tokyo, 101-8608, Japan

Tel: +81-3-3258-1111 Fax: +81-3-4564-4074 <http://www.hitachi.com/environment/>

On the cover: The cover photo shows a bird perched on a branch of the "Hitachi Tree," a monkey pod tree (also in the photo on the left) in Moana Loa Garden Park, Oahu Island, Hawaii.

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Printed in Japan(H)	

Hitachi Group CSR Report 2008 Digest Request for Cooperation by Questionnaire

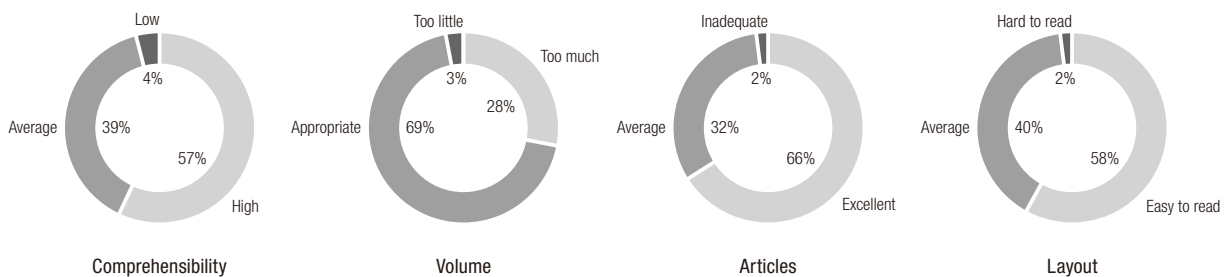
HITACHI
Inspire the Next

What were your impressions when reading the report on the Hitachi Group's CSR activities, *Hitachi Group CSR Report 2008 Digest*? Please answer the questionnaire on the other side of this page. We consider readers' frank opinions very important and want to ensure that this feedback is reflected in our various CSR activities.

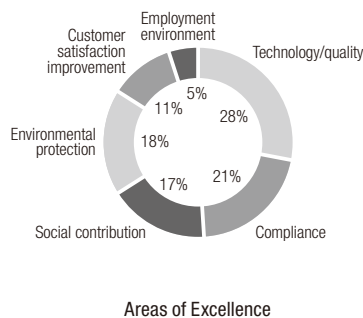
Contact:
CSR Promotion Department
Corporate Communications Division
Hitachi, Ltd.
1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280 Japan
Tel: +81-3-3258-1111 Fax: +81-3-4564-1454
<http://www.hitachi.com/csr/>

Results of Responses to Questionnaire on *Hitachi Group CSR Report 2007* (Total respondents: 99)

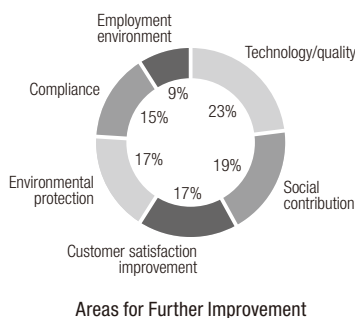
CSR Report 2007



CSR Activities

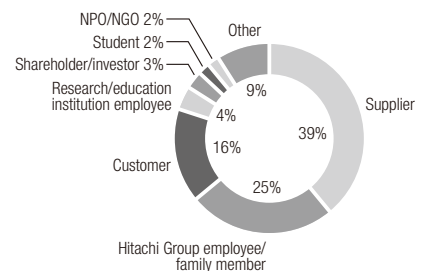


Areas of Excellence



Areas for Further Improvement

Breakdown of Responses



Main Feedback and Our Responses

Praise

- From the section "Hitachi's Response to Nuclear Reactor Turbine Problems," I could understand clearly Hitachi's *monozukuri* and quality assurance activities.
- From the examples of "CSR Activities" closely related to people's lives and positive environmental protection activities, I got a clear idea of Hitachi's approach of aiming at a sustainable society.
- The good balance between articles, tables and photographs and the notes explaining abbreviations and technical terms made it easy to read.

Suggestions

- There are too many pages and the contents are too diverse. Since the distinctive features and message are not clear, how about focusing on the main points or producing a separate booklet?
- I would like to see more comments from employees on the frontlines and from stakeholders.
- I expect Hitachi to continue conducting activities that can contribute to society, local communities, and environmental protection through its technologies.

Our Responses

- We have produced the whole CSR Report in PDF format and posted it on our Web site. This booklet is a digest outlining the main messages and topics in the Report.
- The project areas Hitachi is focusing on in the field of environmental protection are outlined under "Activities."
- Opinions of employees participating in activities and diverse stakeholders have been included in the Report in the "Voices" articles.

Please answer the Questionnaire overleaf.

Questionnaire on Hitachi Group CSR Report 2008 Digest

Please complete the questionnaire and mail or fax it to the address below.

CSR Promotion Department, Hitachi, Ltd.
1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280 Japan

Fax: +81-3-4564-1454

Q1. What were your impressions of Hitachi Group CSR Report 2008 Digest?

(Please select one only in each of the following.)

- | | | | |
|-----------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| (1) Comprehensibility | <input type="checkbox"/> High | <input type="checkbox"/> Average | <input type="checkbox"/> Low |
| (2) Volume | <input type="checkbox"/> Too much | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Too little |
| (3) Layout | <input type="checkbox"/> Easy to read | <input type="checkbox"/> Average | <input type="checkbox"/> Hard to read |
| (4) Articles | <input type="checkbox"/> Excellent | <input type="checkbox"/> Average | <input type="checkbox"/> Inadequate |

• Please explain the reasons for your selections.

Q2. Which articles in the report did you find valuable? (You may select more than one.)

- Message from the President Hitachi's CSR Vision Hitachi's Environmental Strategy

Activities

- Generating Electricity Using Electricity Controlling Electricity

CSR Management

- Corporate Governance and Risk Management CSR Promotion Activities
 Total Commitment to Compliance Respect for Human Rights

Next Society

- Monozukuri and Services from the Customer's Perspective Working in Harmony with Local Communities
 Collaborative Creation with Suppliers Employees: The Key to Hitachi's Future

Next Eco

- Eco-Mind & Global Environmental Management Next-Generation Products & Services
 Super Eco-Factories & Offices Worldwide Environmental Partnerships

Other

- Third-Party Expert Opinion Company Profile

• If any of the above articles particularly interested you, please explain why.

Q3. What is your opinion of the Hitachi Group's CSR activities and initiatives?

(You may select more than one in each of the following.)

- | | | | |
|-----------------------------------|---|---|--|
| (1) Areas of Excellence | <input type="checkbox"/> Compliance activities | <input type="checkbox"/> Technology/quality | <input type="checkbox"/> Customer satisfaction activities |
| | <input type="checkbox"/> Social contribution activities | <input type="checkbox"/> Employment environment | <input type="checkbox"/> Environmental protection activities |
| | <input type="checkbox"/> Other () | | |
| (2) Areas for Further Improvement | <input type="checkbox"/> Compliance activities | <input type="checkbox"/> Technology/quality | <input type="checkbox"/> Customer satisfaction activities |
| | <input type="checkbox"/> Social contribution activities | <input type="checkbox"/> Employment environment | <input type="checkbox"/> Environmental protection activities |
| | <input type="checkbox"/> Other () | | |

• Please write below any other comments you have regarding the Hitachi Group's CSR activities.

Q4. Which of the following best describes you or your relationship to Hitachi? (Please select one only.)

- Customer Shareholder/investor Supplier Government/public administration employee
 Research/education institution employee News/media employee Student NPO/NGO representative
 Resident near Hitachi Group facility Hitachi Group employee/family member Other ()

Q5. How did you find out about this CSR report? (Please select one only.)

- Newspaper Magazine Web site Seminar Exhibition From a Hitachi employee
 Other ()

Q6. Please write below any other comments or requests you have regarding the Hitachi Group CSR Report or the Group's CSR activities and initiatives.

Thank you for your cooperation.

We will use your feedback to improve the Hitachi Group CSR Report and our CSR activities.