

## Management

CEO's Message

> **Chief Sustainability Officer's Message**

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## Chief Sustainability Officer's Message GRI 2-22

# Making solid progress toward our fiscal 2024 sustainability targets

### My Mission

The Hitachi Group is a multinational enterprise with a global network of operations, an extraordinarily wide range of products, and a century of know-how and capabilities spanning many different industries. As Chief Sustainability Officer, my overarching mission is to leverage and align these strengths in ways that enable the Group to effectively tackle the big issues confronting the world today.

I am responsible for assessing the Group's impact on the environment and society and making decisions on appropriate actions to take, to make sure to meet the needs of the present without compromising the ability of future generations to meet their own needs. However, to successfully implement these actions, the Group will need to transform on a deep, structural level. Therefore, part of my job is to firmly integrate sustainability into our business models, operations, and decision-making. People are the critical element of this transformation, of course, so leadership and engagement are vital to encourage all members of the Group to be part of this journey.

### Sustainability is Opportunity for Hitachi

Sustainability is not a new concept for Hitachi—it is rooted in the Company's corporate philosophy and identity. Sustainability is also a central element of our Mid-term Management Plan 2024, which focuses on sustainable growth while respecting planetary boundaries and enhancing people's wellbeing. The key to the realization of the plan is our Social Innovation Business and to offer practical solutions for environmental and societal issues that impact the sustainability of our planet.

Today, customers increasingly want to work with companies that are committed to sustainability rather than purely financial performance. Investors, too, are using environmental, social and corporate governance (ESG) criteria when choosing where to put their money. Young people especially, prefer to work for companies that have a broader purpose. We see these trends as opportunities for Hitachi to attract customers, investors and talent, and to contribute to sustainable economic growth in every country where we operate.

## Lorena Dellagiovanna

Senior Vice President and Executive Officer,  
Chief Sustainability Officer,  
General Manager of Sustainability Group, and CDEIO  
Hitachi, Ltd.



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### Progress of Materiality and Sustainability

To demonstrate Hitachi's strong commitment to sustainability with transparency, we worked closely with various stakeholders, NGOs, and other external organizations and identified six issues that are critical for the Group's future—namely: the environment; resilience; safety and security; quality of life; business with integrity; and diversity, equity and inclusion (DEI). In this process, we examined current and prospective business opportunities and assessed impacts for stakeholders.

Thanks to the dedicated efforts of the Group's employees around the world, we have been making steady progress toward achieving the targets. On our decarbonization efforts, for example, we are aiming to achieve carbon neutrality within our business sites by fiscal 2030. Our target for the current Mid-term Management Plan is to reduce this by 50% against the base year of 2010 by fiscal 2024, and our current projection shows that we are expecting to reach 64% of CO<sub>2</sub> emission reductions. On the other hand, we are also working with our customers to reduce the society's CO<sub>2</sub> emissions through Social Innovation Business. In fiscal 2022, we were able to contribute to approximately 126 million metric tons of avoided emissions against our target of 100 million metric tons.

On circular economy, we are on track to achieve our target of reduction rate in water use per unit by 24%, by fiscal 2024 compared with the base year 2010. As part of our efforts to promote a circular economy, we're also aiming to virtually eliminate waste sent to landfill by fiscal 2030 and apply eco-design to all newly developed products by fiscal 2024. Hitachi registered 357 new products using this approach in fiscal 2022, which will significantly reduce the environmental impact throughout the product life cycle.

Turning to human capital, we set ourselves the target of increasing our digital talent to 97,000 people group-wide by fiscal 2024 (excluding Hitachi Astemo), recognizing that digital capabilities are not only important to the Hitachi Group but for society in general. Thanks to Hitachi's acquisition of GlobalLogic, a leading digital engineering services company,

we have been able to grow and will continue to strengthen our digital capabilities.

DEI is also at the core of our sustainability strategy, and we will drive our efforts to strengthen sustainability management going forward. For example, we have been strengthening diversity in our senior management layer and this is indicated by the percentages of female and non-Japanese executive and corporate officers. In fiscal 2022, women and non-Japanese nationals appointed to these positions reached 11% and 20% respectively, making headway toward our targets of 30% by fiscal 2030.

More importantly, however, we have been making diversity an integral part of our workplace by giving every member an active role to play. Reflecting this approach, our employee engagement score in fiscal 2022 surpassed the target we set for fiscal 2024. Diversity can generate new ideas, but for people to have a platform for voicing those ideas and creating solutions, measures must also be in place to ensure equity and inclusion. In other words, the interplay between all three components of DEI is the key to unlocking innovation and the potential of human capital.

As a group-wide voluntary initiative, our Hitachi Voice of Youth Programme provides opportunities for young employees to talk about sustainability with peers across different businesses, regions, and with our leadership team. I have had numerous conversations with the participants, and I am very excited about how these young people are bringing new energy and passion to the Group from the bottom up.

I believe that Hitachi will have a greater opportunity to rapidly evolve by leveraging its collective capabilities, know-how, technologies, and diversity in ways that provide valuable solutions for people throughout society. By having all our businesses around the world join forces as One Hitachi, every member of the Group can play an active and a vital role and make a difference.

Lastly, we regard external evaluations as important feedback for strengthening sustainability management.

Hitachi has been selected for various ESG indices and was ranked as a "leader" (AA) in the MSCI ESG Ratings in 2023. MSCI gave Hitachi high marks for its sustainability initiatives, such as compliance training and disclosure of R&D investments to create green value. In addition, in 2022, Hitachi was selected as a CDP A list company (the highest rating) in the areas of Climate Change and Water Security. Moreover, Hitachi also received CDP's Supplier Engagement Leader (the highest rating for supplier engagement) for its efforts to achieve a net-zero society, including reductions in CO<sub>2</sub> emissions throughout its value chain, and we are very proud of these achievements.

### Message to Stakeholders

While the Hitachi Group is a vast global enterprise with leading-edge technologies and expertise, given the scale of the problems facing the world today, we understand the necessity for external collaboration. Therefore, we are actively seeking out opportunities to work with governments, academia, organizations, and companies, including customers, suppliers, and even our competitors. Our sustainability initiatives are directly related to 13 of the UN Sustainable Development Goals, but we intend to contribute to the achievement of all 17 goals by expanding our activities through these partnerships.

I look forward to working alongside our stakeholders as we pursue this ambitious endeavor in the years ahead.