



Management Approach

Activities

Performance Data

Environment Responding to Environmental Risks and Opportunities

## Responding to Environmental Risks and Opportunities

### Hitachi's Approach

From abnormal weather conditions around the world associated with global warming to resource depletion and loss of biodiversity, environmental risks that could seriously affect the future of humanity and our planet are on the rise. International calls are being made for measures to mitigate these risks, as exemplified by the Paris Agreement adopted in 2015 at the 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change and the Sustainable Development Goals (SDGs)—the centerpiece of the 2030 Agenda for Sustainable Development, adopted by the United Nations. Businesses, too, must accurately ascertain the risks they face and the opportunities that arise for the utilization of management resources.

Hitachi focuses on two particular environmental risks and opportunities—climate change and water resources—and promotes initiatives to address them in a steadfast manner.

### Climate Change: Risks and Opportunities

#### Engaging with the Risks and Opportunities of Climate Change

According to the Intergovernmental Panel on Climate Change (IPCC), there is no room for doubt that our climate is warming. The report states that the temperatures of the atmosphere and oceans are on the rise and that the volume of snow and ice has declined. It also notes a heightened tendency toward extreme climatic phenomena and indicates the strong possibility that such consequences of global warming stem from the impact of human activities.

Hitachi recognizes the risks of climate change as a vital management issue. Seeing opportunities in the mitigation of and adaptation to these risks—the former by reducing greenhouse gases and the latter by changing how society interacts with nature—we are working closely with our customers and partners to promote our Social Innovation Business, which fuses social infrastructure with information technology to tackle the many challenges facing society.

#### Regulatory Risks and Opportunities

The environmental regulations and policies of countries and regions around the world include measures that affect business activities at manufacturing sites, such as emissions trading, carbon taxes, and energy efficiency standards, and those that affect product and service conditions, such as energy efficiency standards for products, carbon footprint labeling, and the introduction of a feed-in tariff system for renewable energy. We view these regulations and policies as potential risks for the sustainability and growth of our

business. At the same time, efforts in individual countries and regions to reduce CO<sub>2</sub> emissions are helping to expand our business in the areas of energy-saving equipment and high-efficiency equipment and devices. Energy conservation initiatives are growing to encompass entire cities, as exemplified by smart cities. We will work to further expand our business by providing environmentally conscious solutions suited to the needs of each country or region.

#### Risks and Opportunities Presented by Physical Factors

Global warming is leading to extreme weather conditions, such as more powerful typhoons and heavier rainfall, causing natural disasters worldwide. Hitachi has had its share of damage, including flooding of Southeast Asian business sites and submersion of areas surrounding business sites in Japan due to river embankments giving way. We view the unavoidable damage that arises from such disasters as risks that threaten the continuity of our business operations.

Meanwhile, in response to growing worldwide demand for measures against natural disasters, business is expanding for disaster-prevention information systems and other disaster-related products and services. Hitachi is using the latest IT to analyze and evaluate the information necessary for people's daily lives, nature-related information concerning weather and other factors, and information on the operation of the social infrastructure in order to provide solutions that contribute to appropriately responding to climate change and help to create new business opportunities.

#### Other Risks and Opportunities

Risks that could threaten the continuity of our business operations might arise if our initiatives to tackle the global issue of climate change are insufficient, such as the loss of reputation and trust among stakeholders or the market rejection of products and services that are not environmentally conscious. We believe that developing and marketing Hitachi products and services with high environmental value is the way for us to help mitigate climate change and also to increase the competitiveness of those products and services, thereby contributing to increased sales as well.



Management Approach

**Activities**

Performance Data

Environment Responding to Environmental Risks and Opportunities,  
Reducing the Environmental Burden of Our Business Operations (Fiscal 2015 Results)

**Water-Related Risks and Opportunities**

**Activities for Water-Related Risks and Opportunities**

The serious crisis confronting water—the source of all life—is said to stem from increasing demand, rather than a decrease in supply. The growth in the human population has pushed up water consumption, and people have adopted lifestyles that lead to more water being wasted. Other factors behind the crisis include the supplies of products whose manufacture requires a large amount of water consumption. For all of these reasons, people today are using far greater quantities of water than their predecessors.

Along with water shortages due to rising populations and other human causes, water-related risks also include shortages stemming from natural disasters or flooding. But whatever the causes, once such water-related problems

emerge and worsen, they can seriously hinder the continuity of business activities. Hitachi surveys the locations of our various business sites to make sure that our businesses operate in areas with few water-related risks. We have ascertained the water consumption levels of around 700 of our business sites and have continued to implement measures to reduce water consumption in order to minimize these risks.

Hitachi has positioned its Water Solutions business as a key area within our Social Innovation Business. This business is contributing to preserving and improving the global water environment and creating business opportunities through activities including seawater desalination, the development of drinking water and sewage treatment systems, and the building of pumping stations to foster vegetation in desert areas.

**Reducing the Environmental Burden of Our Business Operations (Fiscal 2015 Results)**

**Hitachi's Approach**

We systematically promote efforts to reduce the environmental burden of our business activities while adhering to a PDCA cycle in line with our Group-wide environmental management system. The targets and achievements of these efforts are consolidated into our Environmental Action Plan, based on which we strive for continuous improvements in priority areas.

The Environmental Action Plan for 2013 to 2015 encompassed many themes, such as promoting Eco-Products, reducing CO<sub>2</sub> emissions, and using resources efficiently. Three years of improvement activities were concluded in fiscal 2015 with many positive results. In fiscal 2016 we are moving on to the Environmental Action Plan for 2018. We will further engage in environmental activities under the plan, not only taking into account the achievements made over the previous three years but also incorporating a more global perspective.

Environmental Action Plan for 2018

**Environmental Action Plan for 2013 to 2015**

**Environmental Action Plan for 2013 to 2015: Achievements**

In fiscal 2015, the final year of the Environmental Action Plan for 2013 to 2015, we were able to achieve our targets for all items.

Shown in the tables below are the main indicators for Hitachi's environmental activities. Initiatives corresponding to each indicator are introduced in the following pages.

**Establish Environmental Management Systems**

Items	Indicators	Fiscal 2015 targets	Fiscal 2015 results	Achievement level
Raise the level of environmental activities	GPs (green points) in GREEN 21 Environmental Activity Evaluation System	640 GPs	646 GPs	◆◆◆
Ecosystem (biodiversity) preservation	Implementation of ecosystem preservation assessment	Completion of ecosystem preservation assessment	Completed ecosystem preservation assessment	◆◆◆

**Promote Eco-Products**

Items	Indicators	Fiscal 2015 targets	Fiscal 2015 results	Achievement level
Expand Hitachi Eco-Product lineup	Percentage of Hitachi Eco-Product sales	90%	95%	◆◆◆
	Number of models in Eco-Products Select program	340 models	409 models	◆◆◆
Contribute to the reduction of CO <sub>2</sub> emissions through products and services	Volume of contribution to CO <sub>2</sub> emission reductions through products and services	35.0 million metric tons (100 million metric tons by 2025)	36.49 million metric tons	◆◆◆

**Build Industry's Most Advanced Factories and Offices**

Item	Indicator	Fiscal 2015 target	Fiscal 2015 results	Achievement level
Promote Eco-Factories & Offices Select certification	Eco-Factories & Offices Select certification	Average of at least 1 certification per in-house or Group company	New certifications: 15 Renewed certifications: 58 Total: 73	◆◆◆