Realizing a Sustainable Society with Data and Technology

I would like to thank you for your ongoing support of Hitachi Group activities.

While abnormal weather events and other natural disasters continue to occur around the world, the COVID-19 pandemic, rising prices, and heightened geopolitical risks are creating a state of uncertainty both in people's lives and in corporate activities. In terms of the economic outlook, many countries are facing a downturn with rapid inflation and difficult conditions which appear likely to continue for some time yet. On the other hand, once we make it through these challenging times, we can look forward to a new era of growth. For this to happen, however, it is essential that we acquire an accurate understanding of how society and the world around us are changing, and that we share a clear view of how we can reach the future to which we aspire.

In 2022, Hitachi published its Mid-term Management Plan 2024, which positions the following three years as a "mode change for growth." Along with pursuing growth through innovation with a view to society of the future, creating value through "digital and green," our goal also involves supporting people's quality of life with data and technology that fosters a sustainable society. In other words, to realize both the sustenance of society within planetary boundaries and the wellbeing of every individual living in that society.

Hitachi's operations are divided into three sectors: the Digital Systems & Services Sector, which is working to resolve the challenges faces by our customers using digital technologies; the Green Energy & Mobility Sector, which is pursuing a transformation in the area of railway systems, and energy including power grids; and the Connective Industries Sector, which provides industry and other markets with solutions that combine products with digital technology. None of these businesses, however, can achieve sustainable growth on their own. For example, achieving carbon neutrality in manufacturing plants requires that they come together to combine their skills in energy, digital, and industry. Along with supporting our customers to realize their own digital transformation (DX) and green transformation (GX), Hitachi will continue with its group-wide efforts to realize a sustainable society.

In the area of research and development, Hitachi is looking past our immediate challenges to consider what lies beyond. To resolve the increasingly complex societal challenges, it is important that our actions are guided by a backcasting approach based on an innovation strategy that looks ahead to 2050, and that we ask what we need to do now if we are to realize this vision. 2022 is said to be the first year of Web 3.0, the third evolutionary form of the Internet, and with further development of next-generation digital technologies such as the metaverse and generative artificial intelligence (AI), it is anticipated that new market needs will arise. To drive disruptive innovation, Hitachi will be strengthening investment in growth areas such as hydrogen, cell, and quantum technologies as well as in these digital technologies, to focus our efforts on developing new technologies and solutions that will contribute to resolving societal challenges.

Since its foundation, Hitachi has overcome adversity through a commitment to harmony and sincerity, adopting a pioneering spirit in its efforts to resolve the societal challenges of each era. Given the difficult times we are currently experiencing, it is essential that we combine our strengths to address the challenges we face. In this issue of *Hitachi Review*, we present examples of collaborative creation with a diverse range of stakeholders including customers and corporate partners, and new technologies and solutions from a wide range of fields. We ask for your continued patronage as the Hitachi Group undertakes the challenge to realize a sustainable society through its Social Innovation Business.

President & CEO
Hitachi, Ltd.