Hitachi’s Value Creation Model

Hitachi creates economic, social, and environmental value and contributes to the realization of a sustainable society by tackling a variety of social issues through its Social Innovation Business.

Global Trends
- Acceleration of digitalization
- Era of uncertainty
- Paradigm shift

Object → Thing
Possession → Share
Closed → Open
Specific optimization → Total optimization

Social Issues
- Energy and environmental issues
- Water scarcity
- Rapid urbanization
- Aging society
- Lack of infrastructure
- Security

Customers

<table>
<thead>
<tr>
<th>Power and Energy</th>
<th>Industry, Distribution, and Water</th>
<th>Urban</th>
<th>Finance, Social, and Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Renewable energy</td>
<td>• Providing a safe water environment</td>
<td>• Making cities more safe and resilient</td>
<td>• Support for advanced social and financial services</td>
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<tr>
<td>• Highly efficient energy management</td>
<td>• Support for sustainable industry</td>
<td>• Comfortable and environment-friendly mobility</td>
<td>• Ensure healthy lives</td>
</tr>
</tbody>
</table>

Contribute to society through the Business Strategy

Help address various social issues and contribute to society via Social Innovation Business

Front-line

Platform

Products

Contribute to society through Corporate Commitment

Human Development & Intellectual Property
- Invest in people/Education/Intellectual property
- Human rights/Diversity
- Brand strategy

Supply Chain Management
- Sustainable procurement

Environmental Strategy
- "Hitachi Environmental Innovation 2050"

Co-creation
- Promotion of various partnerships
- Collaborative R&D with stakeholders

Compliance, etc.
- Risk management
- Fair transactions
- Quality assurance
- Information security

Hitachi Group Identity and Hitachi Group Codes of Conduct, based on the corporate mission that has been passed on since the Company’s establishment*

Realize a sustainable society and enhance the Company’s value

Economic Value (FY2017 results)
- Revenue: 9,368.6 billion yen
- Adjusted operating income: 714.6 billion yen

Social Value
Safety and security, Zero accidents, Trusted products and services, Decent work and economic growth, Healthy and prosperous lives

Environmental Value (FY2017 results)
- Reduction in CO2 emissions: 33% (base: FY2010)
- Reduction in water usage per unit: 32% (base: FY2005)

* The guidelines for ethical behavior and decision-making shared by all executives and employees of the Hitachi Group—updated in April 2018
http://www.hitachi.com/corporate/about/conduct/