

# Sustainability Strategy PLEDGES



## PLEDGES: aspirations and progress

We analyzed and assessed the relationship between Hitachi business activities and sustainability issues from the perspectives of both social impacts and business risks and opportunities. Based on our findings, we formulated the sustainability strategy PLEDGES under the management plan Inspire 2027. For each strategic pillar, we have defined our aspirations, KPIs and targets, and are working to advance sustainable management.

\*1 All manufacturing sites and non-manufacturing sites in categories A and B are covered

\*2 Per gross profit

\*3 All manufacturing sites

\*4 Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

\*5 A program to support bottom-up idea proposals and implementation aimed at Hitachi Group employees

\*6 At or above the benchmark score established for similarly situated companies utilizing external institute's (Ethisphere) ethical culture and compliance perceptions assessment

\*7 Number of recordable injuries per 200,000 work hours

\*8 Based on METI Cyber Security Management Guidelines created with reference to globally recognized standards (ISO/IEC 27000 series) and frameworks (NIST Cybersecurity Framework, etc.)

\*9 Forecast of FY2025–FY2027 average

### Overview of PLEDGES and KPI/targets/results for each strategy

| Strategic pillars      | Aspirations                                                                                                   | Included themes                                                  | KPIs                                                                                                                                                            | FY2027 targets                          | FY2025 results                      | Linked to executive compensation |
|------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------|----------------------------------|
| Planet                 | Lead green transformation (GX) globally to achieve decarbonization                                            | Decarbonization                                                  | GHG emissions reduction rate at business sites (factories and offices)* <sup>1</sup> (compared to FY2019)                                                       | 75%                                     | 64%                                 | STI                              |
|                        |                                                                                                               |                                                                  | Number of procurement partners that set GHG reduction plans and targets                                                                                         | 700 procurement partners                | 428 procurement partners            |                                  |
|                        |                                                                                                               |                                                                  | Reduction in GHG emissions intensity through products and services* <sup>2</sup> (compared to FY2022)                                                           | 40%                                     | 41%                                 |                                  |
|                        |                                                                                                               | Circular economy                                                 | Application rate of environmental conscious design for new product development                                                                                  | 100%                                    | 100%                                |                                  |
|                        |                                                                                                               |                                                                  | Waste landfill rate* <sup>3</sup>                                                                                                                               | 2%                                      | 1.8%                                |                                  |
|                        |                                                                                                               | Nature Positive                                                  | Effective utilization rate of plastic waste* <sup>3</sup>                                                                                                       | 92.5%                                   | 99.1%                               |                                  |
|                        |                                                                                                               |                                                                  | Reduction rate in water use per unit* <sup>3</sup> (compared to FY2019)                                                                                         | 8%                                      | 22%                                 |                                  |
| Leadership             | Lead transformation with people who can boldly take on societal issues and pave the way for a brighter future | Human capital acquisition and development, individual leadership | Reduction rate of water usage at manufacturing sites located in water-stressed areas                                                                            | 1%                                      | (0.4)%                              |                                  |
|                        |                                                                                                               |                                                                  | Number of global leaders who realize growth strategy                                                                                                            | 1,000 people                            | 550 people                          |                                  |
|                        |                                                                                                               |                                                                  | Number of AI professional talents                                                                                                                               | 50,000 people                           | 39,000 people                       |                                  |
| Empowerment            | Build a culture that praises learning and encourages challenges and growth                                    | Employee engagement, Organizational culture                      | Employee growth mindset score                                                                                                                                   | 70 points                               | 69.2 points                         | LTI                              |
|                        |                                                                                                               |                                                                  | Employee engagement score                                                                                                                                       | 80 points* <sup>4</sup>                 | 73.3 points                         | STI/LTI                          |
|                        |                                                                                                               |                                                                  | Number of people who receive allotment of Restricted Stock Unit                                                                                                 | 1,500 people                            | 1,800 people                        |                                  |
| Diverse perspectives   | Drive innovation by maximizing capabilities and performance of diverse talents                                | Inclusive workplace and opportunities for all                    | Number of people eligible for Employee Stock Purchase Plan globally                                                                                             | 150,000 people                          | 130,000 people                      |                                  |
|                        |                                                                                                               |                                                                  | Realize innovative ideas through the new “Make a Difference!” program* <sup>5</sup>                                                                             |                                         |                                     |                                  |
|                        |                                                                                                               |                                                                  |                                                                                                                                                                 |                                         |                                     |                                  |
| Governance             | Build a resilient foundation with safety and ethics as a priority                                             | Business ethics and compliance                                   | Ethical culture and compliance perceptions assessment score                                                                                                     | 85 points* <sup>6</sup>                 | 82.4 points                         |                                  |
|                        |                                                                                                               |                                                                  | Total recordable injury frequency rate* <sup>7</sup>                                                                                                            | 0.1 or lower                            | 0.15                                | STI                              |
|                        |                                                                                                               | Health and safety                                                | Number of fatal incidents                                                                                                                                       | 0                                       | 4                                   |                                  |
|                        |                                                                                                               |                                                                  |                                                                                                                                                                 |                                         |                                     |                                  |
|                        |                                                                                                               | Quality and product safety                                       | Executive participation rate (including Hitachi executives and business site senior management) in review sessions for product-related incidents (OCHIBO-HIROI) | 100%                                    | 100%                                |                                  |
|                        |                                                                                                               |                                                                  |                                                                                                                                                                 |                                         |                                     |                                  |
|                        |                                                                                                               | Information security                                             | Ensure and enhance information security by implementing measures based on the annual cybersecurity score Monitoring* <sup>8</sup>                               |                                         |                                     |                                  |
| Engagement             | Build a sustainable value chain along with stakeholders                                                       | AI governance                                                    | Implement risk management for applying AI to products, services and systems                                                                                     |                                         |                                     |                                  |
|                        |                                                                                                               | Risk management                                                  | Strengthen process and talent of our global operation to foster effective risk management for growth                                                            |                                         |                                     |                                  |
|                        |                                                                                                               | Sustainable procurement                                          | Number of procurement partners taking action on environment and human rights (compared to FY2024)                                                               | 1.5 times (6,000+ procurement partners) | 5,232 procurement partners          | STI                              |
| Sustainability for all | Accelerate value delivery to society and Hitachi's sustainable growth through PLEDGE                          | Human rights                                                     | Work to remediate the specific human rights risks identified                                                                                                    |                                         |                                     |                                  |
|                        |                                                                                                               | Delivering value to society                                      | Avoided emissions from the use of products and service per year (FY2025–FY2027 average)                                                                         | 100 million tons/year                   | 280 million tons/year* <sup>9</sup> |                                  |
|                        |                                                                                                               |                                                                  | Revenues of products, services and solutions contributing to GX per year (FY2025–FY2027 average)                                                                | ¥4.6 trillion/year                      | ¥4.7 trillion/year* <sup>9</sup>    |                                  |