

Leadership

CEO's Message



HITACHI
Inspire the Next

Social Innovations to Ensure the Sustainability of Society

Even as remarkable advances in digitization have transformed our society and the structure of industry in recent years, many of the challenges confronting our world today remain unresolved in such areas as energy and the environment, water scarcity, rapid urbanization, insufficient infrastructure, and security issues. In the light of the accelerating global drive to ensure the sustainability of our society, private companies will need to play an increasingly important role. Hitachi, as a company with operations worldwide, surely has a responsibility to contribute to this effort.

Hitachi's Corporate Credo is to contribute to society through the development of superior, original technology and products. This has remained at the heart of our operations since our founding and informs our current Hitachi Group Identity, which is to become a company that "delivers innovations that answer society's challenges." Our management strategy seeks to offer innovative solutions and products in our Social Innovation

Business by combining various digital technologies and to create economic, social, and environmental value. We also strive to enhance the robustness of our operations and to reduce their negative social and environmental impact.

In fiscal 2017, the Executive Sustainability Committee, which I chair, examined the opportunities and risks presented by the 17 Sustainable Development Goals (SDGs), a task that enabled us to better understand the contributions our business activities are making to the achievement of each goal. Given the broad range of businesses in which we are engaged, including "power and energy," "industry, distribution, and water," "urban," and "finance, social, and healthcare," I believe that we are uniquely positioned to make wide-ranging contributions to the achievement of the SDGs.

Of these social challenges, Goal 13—which calls for urgent action to combat climate change—is a particularly important management issue for us. For our customers and society,

we will strive to create more energy-efficient, value-laden solutions to further reduce CO₂ emissions throughout the value chain of products and services.

A key component of advancing sustainable management is raising awareness of each and every employee. In April 2018, therefore, we revised the Hitachi Group Codes of Conduct that provides guidelines for the decisions to be made and action to be taken by both management and employees so they may better contribute to the achievement of the SDGs and the resolution of issues faced by global society.

Hitachi will continue to work toward a sustainable society in which all people can live in safety, security, and comfort by pursuing management in conformity with the ESG criteria for the "environmental," "social," and "governance" and by advancing collaborative creation with our customers and business partners.

Toshiaki Higashihara
President & CEO
Hitachi, Ltd.

Executive Officer's Message: CSR and the Environment



Osamu Naito

Hitachi, Ltd.
Vice President and Executive Officer
Head of Executive Officer Support
and General Manager of
Government & External
Relations Group

Sustainable Development for Business and Society

Since the United Nations' announcement of the Sustainable Development Goals (SDGs) in 2015, movements around social sustainability have accelerated worldwide. Corporations are no longer judged by their finances alone, but closely scrutinized in the three areas of "environmental," "social," and "governance" (ESG), and management is expected to

recognize the importance of sustainability as a matter of course.

In fiscal 2017, Hitachi, Ltd. formed an Executive Sustainability Committee chaired by the president to develop policies addressing the social issues that the SDGs represent as part of Hitachi's long-term business strategy. Identifying the various opportunities and risks of our businesses, we summarized our planned contributions to achieving the SDGs in a report entitled *Onward to 2030: Hitachi's Road to Sustainability*. Building on this initiative, our division responsible for CSR, the environment, and social contribution—which I manage—was renamed the Sustainability Promotion Division in April 2018, and has since pursued an even closer integration of sustainability with business strategy even as we meet our responsibilities as a global business.

Around the world, the push to reduce carbon emissions and even fully decarbonize is also gathering momentum. Climate change is a key management issue for Hitachi—a challenge that we must actively contribute to resolving through innovation and business solutions. Announced in fiscal 2016, Hitachi Environmental Innovation 2050 includes the long-term environmental target of reducing CO₂ emissions throughout our global value chain 80% by fiscal 2050 (compared to fiscal 2010 levels), along with an interim target of a 50% reduction by 2030.

Recognizing the demand from investors and other stakeholders for information disclosure regarding climate change, in June

2018 we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures, and the following month we joined the Japan Climate Initiative, which brings corporations and public entities together to address this vital issue.

We consider respect for human rights the highest priority for a global corporation. In accordance with the Hitachi Group Human Rights Policy that was adopted in 2013, we have begun human rights due diligence and promote various initiatives to ensure respect for the human rights of all stakeholders across our entire value chain.

Developing human capital has been part of Hitachi's mission since its founding, and we continue to collaborate with a wide range of stakeholders on fostering the next generation and supporting local communities.

Moving forward, we will continue to pursue the sustainable development of society and our company through dialogue with and proactive information disclosure to our stakeholders. In that spirit, I urge all stakeholders to read this report for more details about our activities in relation to ESG.