

# CEO's Message

## Resolving Social Issues and Improving Quality of Life Through Social Innovations



We are today going through an era of volatility, uncertainty, complexity, and ambiguity (VUCA) in which the future of society and economy is becoming increasingly difficult to predict. Our lives are being affected by many sweeping changes, such as shifting demographics from urbanization and aging, climate change, and resource shortages. This has heightened expectations worldwide for private businesses, which are the drivers of innovation, to make a bigger contribution to the resolution of society's issues and the achievement of Society 5.0 and the Sustainable Development Goals (SDGs). There is growing global demand, in particular, for intelligent social infrastructure using digital technology—a need that Hitachi is well-positioned to meet.

In the VUCA era, we believe it is all the more important for us at Hitachi to reembrace our Corporate Credo: to contribute to society through the development of superior, original technology and products. This philosophy has remained at the heart of our operations over the 109 years since our founding, and it informs the Hitachi Group Vision to become a company that “delivers innovation that answer society's challenges.” As a global leader with business operations worldwide, we believe it is our mission to contribute to the resolution of social issues and achievement of the SDGs by accelerating our Social Innovation Business.

Our 2021 Mid-term Management Plan, announced in May 2019, outlines our aim to help bring about a sustainable society through our global leadership in the Social Innovation Business, simultaneously increasing social, environmental, and economic value, improving people's quality of life, and enhancing value for our customers. We seek to improve people's lives by providing intelligent social infrastructure globally through our digital solutions. The sources of our strength in these areas are our operational technology (OT) accumulated over a century of developing *monozukuri* excellence—starting with the five-horsepower induction motor—and our IT skills honed over the past 50 years. We can contribute to the solution of various problems facing society with our OT, IT, and high-quality products.

Among the issues facing contemporary society, climate change is regarded as being one of the most important, as reflected in the goal set in our Mid-term Management Plan of raising environmental value. Roughly 90% of CO<sub>2</sub> emissions from Hitachi's value chain come from the use of our products and services. We thus have a responsibility to help achieve a low-carbon society by prioritizing our decarbonization business, which seeks to provide more value to customers and society while using less energy.

When people hear the name Hitachi, I would like everyone to associate us with being an innovation partner. This will require that we accelerate our collaborative creation with a full range of stakeholders worldwide and to construct an "innovation ecosystem" with them.

For instance, in addressing social issues to help achieve the SDGs, we will strengthen our efforts to cultivate the "seeds" of innovation into new ideas ready for implementation through collaborative creation with universities, open innovation at "Kyōsō-no-Mori" of Hitachi's Central Research Laboratory, and venture capital investment.

Human capital is another key driver of our Social Innovation Business, and I believe it is extremely important for our employees to have an awareness in their work that all businesses relating directly to social infrastructure can be seen as contributions to society. Human capital is an important component of our efforts to create social value. In striving to achieve our goals for the medium and long term, I would like for all our employees to consider the kind of value we can provide not only to our customers but also to society so that we may make an even bigger contribution through the provision of social, environmental, and economic value.



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