Management
Support people's quality of life with data and technology that fosters a sustainable society

In the wake of the financial crisis following the collapse of Lehman Brothers, Hitachi made a major shift to the Social Innovation Business, which aims to solve social issues through co-creation with customers, leveraging our core strengths in IT (Information Technology) × OT (Operational Technology) × Products. For about 10 years until last fiscal year, as one CEO passed the baton to another, we have been on a transformational journey to reform our business structure to further expand our Social Innovation Business.

The three-year term of our Mid-term Management Plan 2021 was, in a sense, about putting the finishing touches on this process of structural reform. Our key objective to become a global leader in the Social Innovation Business guided us to focus our resources on building a global business foundation. Acquiring global leader ABB’s Power Grids business (currently Hitachi Energy) provided us with core infrastructure in the environmental business that is essential for renewable energy use. Further, our acquisition of GlobalLogic, a leading-edge digital engineering firm that is growing rapidly on its strength in collaborating with customers, gave us the global base needed for our Lumada-focused digital business.

In the Mid-term Management Plan 2024, Hitachi aspires to “support people’s quality of life with data and technology that fosters a sustainable society.” In our business activities, we must be mindful of planetary boundaries—tipping points for destructive changes to the global environment—and act to protect the planet. In the social aspect, our next major objective is “wellbeing”—where every individual can fully express their individuality and play an active role. Hitachi focuses on research and development that will enable us to use data and technology to build a sustainable society that does not exceed planetary boundaries while realizing wellbeing. We have set an overall theme for our Mid-term Management Plan 2024—“From structural reform to organic growth”—which will pave the way for growth over the next ten years by earning the trust of our customers as their partner in finding solutions to issues.

To meet expectations from global initiatives and stakeholders, we have identified six key material...
We will leverage this new framework to achieve the targets of contributing to reduce CO2 emissions by 100 million metric tons annually by fiscal 2024 and also achieving carbon neutrality in the value chain by fiscal 2050.

We must not lose sight of the fact that the most important factor in continuing to provide value to our customers and the broader society to build a sustainable world is our people. The driving force behind the evolution of our Social Innovation Business is the talents from all over the world who identify with our purpose of solving social issues.

Solving increasingly complex social issues requires creativity that goes beyond conventional thinking. Diversity, Equity and Inclusion is the key to achieving this. It is crucial that we encourage collaboration across organizations, regions and generations, and build an equitable and inclusive organization where our diverse talents are able to play an active role. We will develop talents and foster a corporate culture that enables each and every employee to see social issues as their own and to fulfill their best with passion, thereby improving engagement with employees.

To address environmental challenges such as climate change, social issues such as urban population growth, and new social issues that we cannot even predict at this time, Hitachi will take on the challenges and grow through co-creation with our customers and other stakeholders. I invite you to keep your eyes on Hitachi, as we move into the future.
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Hitachi believes a strong commitment to sustainability will be the Growth Driver. Sustainability is not a cost nor is it for compliance. It is a value creation for the business first, and as a consequence, for society. It is important to clarify that sustainability is not a concept up in the air, something nice to have, but it's a key driver for any business to survive in the mid-to-long term future. It has become increasingly accepted that the objective of maximizing shareholder value requires not only top competitive performance, but also the attention to a variety of sustainability's issues.

As indicated in the Mid-term Management Plan 2024, we aim to enhance our corporate value through sustainability with a focus on planetary boundaries and wellbeing.

Speaking to the environment, to accelerate and promote the achievement of Hitachi’s long-term environmental targets as measures, Hitachi developed two business strategies, GX for GROWTH (customer and society decarbonization) and GX for CORE (Hitachi decarbonization). Under GX for GROWTH, we will support customers in reducing CO2 emissions by expanding Hitachi’s greener and more efficient product portfolio and providing customers with End to End (E2E) solutions across sectors. By fiscal 2024, we aim to contribute to reduce CO2 emissions by approximately 100 million metric tons per year. We will accelerate the development of various solutions realizing energy transition, the electrification of mobility and the energy saving. GX for CORE aims to decarbonize our own operations. We aim to achieve reductions in Scope 1 and 2 by investing approximately 37 billion yen over the next three years to meet the carbon neutrality target in fiscal 2030 and 50% CO2 emissions reduction throughout the value chain by the same fiscal year. In addition, we launched a framework for issuing green bonds to mobilize more funds to accelerate activities toward carbon neutrality. Based on these efforts, including preparation of SBTi net zero certification, we aim to improve ESG evaluation.

At the same time, we are also looking to the future by investing in the R&D of green technologies, such as hydrogen, methanation, and Direct Air Capture (DAC).

Hitachi supported COP26 held on November 2021 as 1st Principal Partner in Japanese companies. In COP26, Hitachi had opportunities to discuss with VIPs such as Ministers and present our activities in several events. Through these activities in COP26, we developed good
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relationships with stakeholders including government. We recognize that we have a role to play as part of the global community. Through COP26, we were able to demonstrate our strong commitment to climate action. We will focus on advancing decarbonization with our clients and partners to deliver our commitment pledged in COP26. We will continue to monitor the development in COP27.

In terms of society, Hitachi believes that, through the inclusion of diverse talents, we will be able to collaborate and create innovation in data and technology in the digital age to realize a sustainable society and support people’s wellbeing. In addition to strengthening the acquisition and development of digital talents, we aim to enhance employee engagement by creating a culture in which every employee can contribute in solving social issues, and a work environment in which Diversity, Equity and Inclusion (DEI) are fostered on a global scale, thereby achieving both business growth and a sustainable society.

All of the above are in line with Hitachi’s mission to contribute to society but respecting human rights is essential. It is indispensable for the development and sustainability of the company. In accordance with the Hitachi Group Human Rights Policy, we are promoting human rights due diligence (HRDD) and other efforts to embed human rights risk management into our operation and too see that people’s rights and dignity are respected throughout the value chain.

We look forward to co-creating solutions with our customers, partners, and the global community to solve sustainable issues. Together, we will innovate for a sustainable society.

Mid-term Management Plan 2024

Consolidated Financial Results for the Year Ended March 31, 2022 and Mid-term Management Plan 2024
https://www.hitachi.com/New/cnews/month/2022/04/220428.html

Green Strategy

https://www.hitachi.com/IR-e/library/presentation/webcast/220613_01_gis.html
CEO's Message

Chief Sustainability Officer’s Message

Hitachi Group Identity

Hitachi's Mission is to “contribute to society through the development of superior, original technology and products.” To fulfill our Mission, we adhere to our Values, which reflect the Hitachi Founding Spirit of “Harmony, Sincerity and Pioneering Spirit.” Under our Mission and Value, we have added the Hitachi Group Vision, which describes what the Hitachi Group aims to become in the future. These elements together make up the Hitachi Group Identity. Based on the Hitachi Group Identity, continuously considering the next generation, we carry out corporate activities from a medium- to long-term perspective informed by sensitivity to the changing needs of society. The Mid-term Management Plan is our action plan to realize the Hitachi Group Vision; by integrating our management and sustainability strategies, we seek to enhance the effectiveness of this approach.

By implementing the plan, the Hitachi Group seeks to fulfill its responsibilities as a good corporate citizen and member of the global community which provides value to customers and society leveraging robust, diverse governance; the Pioneering Spirit and strong ethical stance of our employees; and operations that help address social issues. We operate and pursue our activities in line with the Hitachi Group Codes of Conduct, which are the guidelines for ethical behavior and decision-making shared by all executives and employees of the Hitachi Group.

Solidifying the Hitachi Group Identity

Hitachi promotes brand education using training tools and courses, based on the idea that social issues can be solved if each and every one of its employees understands and practices the Hitachi Group Identity.

One way we promote understanding of and familiarity with the Hitachi Group Identity and the Hitachi Brand is with the annual Inspiration of the Year Global Award, which recognizes remarkable activities that contribute to enhancing the value of the Hitachi Brand by demonstrating the Hitachi Group Identity. In fiscal 2021, the award saw 307 applications from Hitachi Group employees around the world. Projects that utilized data and technology to help create a sustainable society while supporting people's happiness were selected from various regions for the Grand Prix. One such award went to a project in Europe working to promote the transition to electric vehicles and to co-create technological and commercial innovations. The Grand Prix-winning projects were recognized at the Global Awards Ceremony and shared with all employees through our intranet.

“Hitachi Group Identity Movie - I am Hitachi,” a movie featuring the award winners, is released on our website, allowing a wide range of people inside and outside the Group to see how Hitachi Group employees around the world are endeavoring to realize a better society.
**Sustainability Management**

**Sustainability Roadmap**

- **Environment**
  - 2019: Commenced operation of the Hitachi Internal Carbon Pricing (HICP) system
  - 2018: Announced endorsement of Task Force on Climate-related Financial Disclosures (TCFD) recommendations
  - 2016: Formulated Hitachi Environmental Innovation 2050
  - 2013: Instituted the Hitachi Group Global Procurement Code, Enhanced digital talent
  - 2011: Formulated Hitachi Group Human Rights Policy, Launched Human Rights Due Diligence (HRDD) initiative

- **Social**
  - 2017: Set diversity targets
  - 2016: Promoted workstyle reforms
  - 2012: Increased number of independent directors, including non-Japanese directors
  - 2010: Enhancement of interactions with Capital Markets, Hitachi IR Day was launched
  - 2003: Shifted to a company with committees (currently a company with a nominating committee, etc.)

- **Governance**
  - 2021: Set Diversity, Equity and Inclusion (DEI) targets
    - Ratio of female and non-Japanese executives and corporate officers
      - FY2024: 15% each
      - FY2030: 30% each
  - 2022: Set the target of contributing to CO2 emission reductions through business (100 million metric tons in fiscal 2024)
  - 2020: Set the target of achieving carbon neutrality at Hitachi business sites by fiscal 2030
  - 2019: Formulated Hitachi Environmental Innovation 2050
  - 2016: Set the target of contributing to CO2 emission reductions through business (100 million metric tons in fiscal 2024)
  - 2012: Enhanced dissemination of information about medium- to long-term sustainable growth
  - 2011: Introduced global HR management
  - 2010: Enhancement of interactions with Capital Markets, Hitachi IR Day was launched
  - 2003: Increased number of independent directors, including non-Japanese directors

Mid-term Management Plan 2024 and Sustainability

Towards a Sustainable Society: Mid-term Management Plan 2024

In accordance with Hitachi’s Mission to “contribute to society through the development of superior, original technology and products,” we have been working to promote Social Innovation Business leveraging its core strengths in IT (Information Technology) × OT (Operational Technology) × Products, and Lumada*1 to help build a sustainable society.

In order to respond to the increasingly complex global issues of recent years, it is essential that we promote management with a long-term perspective and maximally utilize Hitachi’s diverse management resources to achieve further evolution of the Social Innovation Business.

Hitachi has responded by imagining the future—what the earth, society, and people will look and act like in 2050—and back-casting to determine new business opportunities that should be undertaken now and in the medium-to-long term to help realize a better future. In April 2022, we established the Mid-term Management Plan 2024 to clarify this vision.

*1 Lumada: Solutions, services, and technologies that leverage Hitachi’s digital technology and are offered to customers to accelerate the digitization of customers’ businesses.

Vision Targets of Mid-term Management Plan 2024

Today and tomorrow, the various stakeholders and social challenges that surround us are growing more complex. On a global scale, the environment is reaching its limit to accommodate lives of abundance and safety for humans, as the thresholds of several of the nine planetary boundaries have already been crossed. Recent changes to workstyles and the diversification of personal values have made wellbeing (physical, mental, and social) a vital part of how we choose to live and work.

Hitachi aims to resolve the increasingly complex social issues through its business, while respecting planetary boundaries and realizing wellbeing for all individuals. To achieve these goals, we will expand Lumada business through even greater utilization of data and technology and achieve further evolution of Social Innovation Business with our three growth drivers: “Digital,” “Green,” and “Innovation.”

Supporting people’s quality of life with data and technology that foster a sustainable society

Planetary Boundaries

Protect the earth while maintaining social infrastructure

Wellbeing

A society where every individual is comfortable and active

People

Green Energy & Mobility

Digital Systems & Services

Connective Industries
Management

Three Growth Drivers

Digital
With an understanding of management issues faced by customers, Hitachi will contribute to the enhancement of customer business value through a cycle of co-creation with customers, which involves designing, implementing, managing and maintaining solutions, while working to resolve subsequent issues. We will expand earnings and achieve global growth by leveraging digital technologies to drive the value co-creation cycle.

Green
Hitachi will lead global GX (Green Transformation) by switching to renewable energy, electrification, energy conservation and automation, and contribute to the realization of a sustainable society. We will proactively invest in the green field to contribute to an annual reduction in CO2 emissions of approximately 100 million metric tons by fiscal 2024. Additionally, we will promote decarbonization in order to realize Hitachi Environmental Innovation 2050, which aims to achieve carbon neutrality throughout the value chain by fiscal 2050. Leveraging knowledge gained through this process and providing environmental value tailored to each business domain and region, we aim to realize both a sustainable society and growth of the Hitachi Group.

Innovation
Focusing on its vision for the world in 2050, Hitachi will identify areas where R&D is required while striving to create innovative technologies and products contributing to the resolution of social challenges. At the same time, we will increase the speed of innovation by further accelerating collaborations with promising startups, government and academia.

In April 2022, Hitachi simplified its structure, grouping together businesses with similar characteristics organized into three sectors: Digital Systems & Services (DSS), Green Energy & Mobility (GEM) and Connective Industries (CI) to streamline and speed up its management function. With the addition of the Automotive Systems Business (Hitachi Astemo), we will leverage our three growth drivers—Digital, Green, and Innovation—to provide value to our customers and society, and to promote sustainability management.

Contribution to the SDGs

Hitachi’s Social Innovation Business aims to realize a sustainable society through contributing to the resolution of global social and environmental issues as defined by the SDGs, and we consider it to be a source of sustainable growth for us. We are striving to create social, environmental, and economic value through our Social Innovation Business, as well as working to reduce negative social and environmental impacts. We are also seeking a deeper understanding of business risks arising from social and environmental changes to ensure business continuity with greater resilience.

In 2016, we examined the relationship between the opportunities and risks associated with the SDGs and our businesses to identify 11 goals as Hitachi’s priority SDG issues: five goals where we can make particularly significant impacts through our key businesses and six goals that we can contribute to through our entire corporate activities. In 2022, based on the 2024 Mid-term Management Plan, we added two more goals, Goal 10: Reduced Inequalities and Goal 16: Peace, Justice, and Strong Institutions, expanding our list of priority SDG issues to 13.

Through our active involvement in a broad range of business fields, we believe we can contribute extensively to the achievement of SDGs beyond the 13 goals identified, and we will strive to contribute to the achievement of all 17 SDGs.
## Materiality

**GRI 102-15/102-32**

### Toward a Sustainable Society: Hitachi’s Materiality

Hitachi practices sustainable management, which positions sustainability as the core of its business strategy, and is working toward realizing a sustainable society through the Social Innovation Business.

In the Mid-term Management Plan 2024, we declared our new aspiration of "supporting people's quality of life with data and technology that fosters a sustainable society." While some of the nine planetary boundaries have already been exceeded, Hitachi is aware of each one and works to protect the planet and maintain society. Hitachi aims to solve social challenges to realize a future that balances protection of the planet and people's individual wellbeing.

#### The materiality analysis process

With a comprehensive understanding of social issues, Hitachi has identified six material topics and 15 sub-material topics based on an analysis of risks and opportunities from a sustainability perspective as well as feedback from stakeholders.

Based on these material topics, Hitachi will monitor measures as well as discuss the progress of, and new initiatives for, each materiality at the Senior Executive Committee and the Board of Directors.

Further, Hitachi's materiality was developed based on backcasting from 2050 and input from stakeholder dialogue in Japan and Europe, based on the Strategic Focus Area disclosed in the Hitachi Integrated Report 2021 published last year.

### Materiality

<table>
<thead>
<tr>
<th>Environment</th>
<th>Contributing to decarbonization and resource circulation efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resilience</td>
<td>Contributing to the maintenance and rapid recovery of social infrastructure</td>
</tr>
<tr>
<td>Safety &amp; Security</td>
<td>Contributing to safe and secure society-building</td>
</tr>
<tr>
<td>Quality of Life</td>
<td>Contributing to physical and mental wellness and a prosperous life</td>
</tr>
<tr>
<td>Business with Integrity</td>
<td>Adhering to ethical standards as well as respect human rights</td>
</tr>
<tr>
<td>Diversity, Equity and Inclusion (DEI)</td>
<td>Contributing to a society where everyone can shine</td>
</tr>
</tbody>
</table>

**Target**

**Activities**

GRI 102-47/102-49/103-1/103-2

Comprehensive understanding of social issues
- Identifying social issues from the SDGs, GRI standards, SASB standards, ESG external evaluation items, etc.

Ranking issues by priority from Hitachi's point of view
- Identifying innovation areas where Hitachi should contribute based on backcasting from 2050
- Analyzing risks and opportunities

Ranking issues by priority from stakeholders’ point of view
- Evaluating material topics based on assessments and comments from investors, NGOs, and ESG evaluation organizations
- Evaluation through dialogue with investors, NGOs, and sustainability experts

Identifying Materiality

**As a climate change innovator, Hitachi will contribute to the realization of a carbon neutral society with Hitachi’s superior green technologies, by providing value to customers in all business segments. We will also promote resource efficiency toward the transition to a circular economy.**

**Hitachi helps people live safely by contributing to the rapid recovery of supply chains and the maintenance of social infrastructure by providing system solutions that can respond immediately to risks, such as natural disasters, pandemics, and cyberattacks.**

**Hitachi contributes to the realization of comfortable and active lifestyles for people by providing solutions in the building, mobility, and security fields that support urban development for safe and secure living.**

**As a Group responsible for social infrastructure around the world, Hitachi will manage its business with honesty and integrity, trusted by society, respect human rights and provide a safe workplace. We will reflect a system of ethical and responsible business conduct, including respect for human rights, in our business activities and decision-making standards, working together with our employees, collaborative partners and communities throughout the supply chain.**

**Hitachi has a place for everyone, welcoming differences in colleagues' background, age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. At Hitachi, we treat everyone fairly, recognizing differences to allow everyone to perform at their full potential. We respect and value these and other differences because only through them we can understand our markets, create better ideas and drive innovation.**
## Management

### Material topics

#### Environment
- **Decarbonization**
  - Carbon neutrality through the value chain
    - **Target**: FY2030: Achieve carbon neutrality in business sites (factories and offices)
    - FY2050: Achieve carbon neutrality through the value chain
  - Contributing to CO2 reduction through business
    - **Target**: FY2024: 100 million metric tons/year

#### Resource circulation
- **Transition to a circular economy**
  - **Target**: FY2024: Full application Eco-Design for new product development
  - FY2030: Zero*2 waste to landfill*1 from manufacturing sites
- **Effective use of water**
  - **Target**: FY2024: 24%, FY2050: 50%

#### Resilience
- **Contributing to the maintenance and rapid recovery of social infrastructure**
  - **Target**: Strengthening supply chains
    - Build flexible supply chains capable of responding to disasters and risks
  - **Target**: Maintaining social infrastructure
    - Resilience and sophistication of maintenance through DX of social infrastructure
    - Contribute to stable energy supply through substation management
    - Approx. 1.9 billion people*3

#### Safety & Security
- **Contributing to safe and secure society-building**
  - **Target**: Safe and secure urban environments
    - Safe and comfortable transportation
      - **Target**: A total of 15 billion people use railway services annually*3
  - **Target**: Ensuring cyber security
    - Secure cybersecurity for social infrastructure and business systems

#### Quality of Life
- **Contributing to physical and mental wellness and a prosperous life**
  - **Target**: Connected and prosperous society
    - Increase healthy life expectancy and wellbeing
    - **Target**: Users of happiness service (10 thousand in FY2022) → 90 thousand in FY2024
  - **Target**: Employee happiness
    - More flexible working styles to increase engagement
    - **Target**: Employee engagement score (FY2021: 65.0% → FY2024: 68.3%)

#### Business with Integrity
- **Adhering to ethical standards as well as respect human rights**
  - **Target**: Business ethics and compliance
    - Encourage employees to apply ethical standards in day-to-day work
    - Achieve a score of at least 60 (out of 100) in FY2022, the first year of results from Ethical Culture & Perceptions Assessment, improving it every year
  - **Target**: Respect for human rights
    - Promote human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights
  - **Target**: Occupational safety
    - Creating a safe working environment without accidents
    - **Target**: Zero fatal accidents
  - **Target**: Safe and secure products and services
    - Ensure products and services safety while putting customers first

#### Diversity, Equity and Inclusion (DEI)
- **Contributing to a society where everyone can shine**
  - **Target**: Diverse organization that fosters innovation
    - Strengthen diversity in management
    - **Target**: Ratio of female and non-Japanese executive and corporate officers (30% in FY2030)
  - **Target**: Acquiring and developing digital talent
    - **Target**: FY2021: 67,000 persons → FY2024: 98,000 persons
  - **Target**: Contribution to a diverse and equitable society
    - Empower DEI of society through community relationship programs
    - **Target**: Support young generations in Asia through the Hitachi Young Leaders Initiative
      - A total of 405 students participating (as of end of July 2022)

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*1 Wherever this is compatible with local conditions and regulations  *2 Less than 0.5%  *3 FY2021 results
Hitachi has mapped the 15 sub-material topics in terms of importance for Hitachi and stakeholders. The level of importance to Hitachi is defined as the gap between our goals and our current initiatives.

**Stakeholder dialogue about the materiality**

We held a stakeholder dialogue with on the theme of materiality in Japan and Europe in fiscal 2021. We received feedback on Hitachi’s proposed materiality and measures for each materiality from disclosure experts, leading sustainability companies, European Commission, NGOs, international organizations, and institutional investors. In Europe, we divided the dialogue into a planet session and a people session, with Hitachi explaining its measures for the environment, human capital, and respecting human rights, while participants gave suggestions for new perspectives and improvements.

**Principal comments from stakeholders**

- Hitachi should indicate the direction society wants Hitachi to move along or the goals that Hitachi itself has.
- When it comes to diversity and inclusion, it would be better to include "equity" and make it "diversity, equity, and inclusion."
- For the circular economy, the approach shouldn’t just be to reduce materials and waste but also to think about new business models.
- With human rights and decent work, Hitachi should go beyond conventional monitoring, audit, and other compliance approaches to engage with all aspects of supply chains through partnerships with external stakeholders.
Framework for Promoting Sustainability Strategy

Establish a System to Promote Sustainability

Hitachi is working to promote sustainability strategy, including the Hitachi GX Strategy, under the guidance of Vice President and Executive Officer Lorena Dellagiovanna, who was appointed to the newly established position of Chief Sustainability Officer on April 1, 2022.

Under the Global Environment Division, which is managed by the Chief Sustainability Officer, as a framework for implementing the Hitachi GX Strategy, we have established the Internal Environment Initiatives Division to promote efforts to achieve carbon neutrality throughout our in-house production activities and the value chain, 3R activities, and the Global Environment Business Division to lead growth in our environmental business.

In fiscal 2022, we established a new Sustainability Promotion Meeting, with members that include the Chief Sustainability Officer, business promotion division heads at Business Units (BUs) and key Group companies, and RHQ Sustainability Officers, to discuss important measures concerning sustainability, conduct monitoring of progress in reaching targets, and more. Important matters aimed at achieving the Mid-term Management Plan are also discussed or decided on by the Senior Executive Committee and presented to the Board of Directors.

In addition, for important themes such as carbon neutrality, the circular economy, human rights due diligence (HRDD), and Diversity, Equity and Inclusion (DEI), we are working to promote sustainability throughout the Hitachi Group by setting up separate meetings composed of responsible officers from individual BUs and major Group companies to consider Group-wide policies, share information, and so on.
## Management

### Overview of Sustainability Related Conference Bodies

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Attendees</th>
<th>Purpose</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainability Promotion Meeting</strong></td>
<td>Chief Sustainability Officer, Business promotion division heads at BUs &amp; key Group companies and RHQ Sustainability Officers</td>
<td>Deliberation, implementation and monitoring of material sustainability initiatives</td>
<td>Twice per year</td>
</tr>
<tr>
<td><strong>Internal Environment Initiatives Division Progress Meeting</strong></td>
<td>Heads of Business promotion/Environment-related/ MONOZUKURI(production)/Procurement divisions from BUs and key Group companies</td>
<td>Formulating and implementing plans based on the environmental action plan</td>
<td>Twice per year</td>
</tr>
<tr>
<td><strong>Eco-Management Meeting</strong></td>
<td>Heads of Environment-related divisions from BUs and key Group companies</td>
<td>Deliberation and implementation of actual action plan to achieve Hitachi Environmental Long-term goals</td>
<td>Twice per year</td>
</tr>
<tr>
<td><strong>CN2030 Promotion Project Meeting</strong></td>
<td>Heads and members of Environment-related/ MONOZUKURI(production) divisions from BUs and key Group companies</td>
<td>Monitoring and implementation of CNi action plan and discussion of acceleration</td>
<td>Every quarter</td>
</tr>
<tr>
<td><strong>3R Promotion Project Meeting</strong></td>
<td>Heads and members of Environment-related/ MONOZUKURI(production) divisions from BUs and key Group companies</td>
<td>Promotion of actions for 3R activities toward realizing CE</td>
<td>Every quarter</td>
</tr>
<tr>
<td><strong>Procurement related Meeting (Group Procurement Strategy Meeting etc.)</strong></td>
<td>Chief Procurement Officer, heads of the procurement divisions at BUs and key Group companies</td>
<td>Disseminating Hitachi group global procurement policy and strategy, and discussion on the framework of Sustainable Procurement</td>
<td>Twice or more per year</td>
</tr>
<tr>
<td><strong>HRDD Execution Managers Meeting</strong></td>
<td>HRDD execution managers from BUs and key Group companies</td>
<td>Provide information and knowledge necessary for HRDD implementation, and share status of implementation in BUs and key Group companies</td>
<td>Once or twice per year</td>
</tr>
<tr>
<td><strong>Global DEI Council</strong></td>
<td>DEI promotion leaders from BUs and key Group companies</td>
<td>Implement DEI promotion policies and initiatives, and share best practices</td>
<td>Once or twice per year</td>
</tr>
</tbody>
</table>

### Fiscal 2021 Executive Sustainability Committee* Agenda Items

<table>
<thead>
<tr>
<th>Term</th>
<th>Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2021</td>
<td>New DEI-related targets, issues associated with reaching targets, action plans, etc.</td>
</tr>
<tr>
<td>June 2021</td>
<td>New DEI-related targets, issues associated with reaching targets, action plans, etc. New initiatives for promoting DEI, supporting initiatives, etc.</td>
</tr>
<tr>
<td>July 2021</td>
<td>Hitachi Group priority human rights risk survey results (concerning migrant workers and forced labor), framework for managing human rights risks, etc.</td>
</tr>
<tr>
<td>December 2021</td>
<td>Progress reports for DEI-related activities, future measures necessary to link DEI to growth, etc.</td>
</tr>
<tr>
<td>January 2022</td>
<td>Materiality plans aimed at achieving the next Mid-term Management Plan and approaches to advancing the circular economy, etc.</td>
</tr>
</tbody>
</table>
Engagement and Initiatives

Stakeholder Engagement

In its commitment to promoting the Social Innovation Business, Hitachi endeavors to accurately identify the various social issues facing each country and region, and to work toward resolution of these issues through engagement in collaborative creation with a wide range of stakeholders, including customers, governments and municipalities, as well as academic and research institutions. In addition, with the goal of enhancing the value of our human capital, we work to promote activities with an emphasis on maintaining direct dialogues between the management and employees as an essential management resource in the promotion of business. Furthermore, with the recent rise in ESG investment, we actively engage in dialogues with shareholders and investors as well.

Hitachi organizes stakeholder dialogues to invite opinions on social challenges from stakeholders representing specialized knowledge platforms, and it ensures that their insights are reflected in the business activities. In fiscal 2021, Hitachi, Ltd. held stakeholder dialogues on the theme of “materiality” in Japan and Europe with the formulation of the Mid-term Management Plan 2024. We received feedback on Hitachi’s proposed materiality and measures for each materiality from disclosure experts, leading sustainability companies, the European Commission, NGOs, international organizations, and institutional investors.

Stakeholders

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Main Roles</th>
<th>Means of Engagement (FY 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Creation of better products and services, response to complaints, appropriate disclosure of information on products and services</td>
<td>Quality Assurance/ Sales: Customer satisfaction activities, Marketing, Website</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advertising activities, “Global Brand Campaign” (14 countries), Hitachi Social Innovation Forum (2 countries)</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>Timely and proper information disclosure, obtaining fair recognition and support from capital markets, reflection of shareholder and investor viewpoints in corporate management</td>
<td>Public Relations and IR: Financial results briefings (quarterly), General shareholders’ meetings (annual)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IR event “Hitachi Investor Day” (annual), Stakeholder dialogues (annual)</td>
</tr>
<tr>
<td>Procurement Partners</td>
<td>Building fair and sound business relations, smooth information sharing toward better partnerships</td>
<td>Procurement: Procurement activities, Sustainability monitoring</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Note: Sustainability monitoring in fiscal 2021 focused on human rights and environmental risk assessment. (Human rights: 2,524 companies, Environment: 708 companies)</td>
</tr>
<tr>
<td>Employees</td>
<td>Proper treatment, promotion of occupational health and safety of human capital, increasing employee engagement</td>
<td>Public Relations/ Human Capital: Intranet, in-house newsletters, Training, Towel meetings between senior management and employees (President &amp; CEO: 7 meetings, Vice Presidents: 19 meetings), Employee survey (annual), “Make a Difference!” idea contest</td>
</tr>
</tbody>
</table>

Note: Hitachi normally refers to its suppliers (including vendors or providers) as “procurement partners” who build business together on an equal footing.
# Management

## CEO’s Message

## Chief Sustainability Officer’s Message

## Hitachi Group Identity

## Sustainability Management

### Stakeholders

<table>
<thead>
<tr>
<th>National Governments, Municipalities, Industrial Associations</th>
<th>Compliance with domestic and foreign laws and regulations, policy recommendations, participation in industry-government-academia collaborative projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Communities</td>
<td>Fulfillment of responsibilities as a corporate citizen, involvement in local communities</td>
</tr>
<tr>
<td>Academic Associations and Research Institutions</td>
<td>Promotion of technological innovations, participation in industry-government-academia collaborative projects</td>
</tr>
<tr>
<td>NGOs and NPOs</td>
<td>Incorporation of diverse public opinions, promotion of stakeholder-focused management, social contributions through nonprofit activities</td>
</tr>
<tr>
<td>The Environment</td>
<td>Realization of a decarbonized society, a resource efficient society, a harmonized society with nature</td>
</tr>
</tbody>
</table>

### Main Roles

<table>
<thead>
<tr>
<th>Government and External Relations</th>
<th>Academic research for policy recommendations to international organizations and national governments, lobbying activities, policy council participation, participation in business and industry associations (Japan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Contributions/ All Business Divisions</td>
<td>Contribution to local communities through business, participation in volunteer activities</td>
</tr>
<tr>
<td>Research and Development</td>
<td>Open innovation (joint research)</td>
</tr>
<tr>
<td>Sustainability Promotion</td>
<td>Stakeholder dialogues (annual), Dialogue through collaboration</td>
</tr>
<tr>
<td>Environment/All Business Divisions</td>
<td>Participation in COP26</td>
</tr>
</tbody>
</table>

### Means of Engagement (FY 2021)

<table>
<thead>
<tr>
<th>Stakeholder Engagement P020-021</th>
<th>Main Initiatives and Groups Hitachi Is Involved with P022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Contribution Activities P143-146</td>
<td>Innovation Management P079-080</td>
</tr>
<tr>
<td>Stakeholder Engagement P020-021</td>
<td>Social Contribution Activities P143-146</td>
</tr>
</tbody>
</table>

### ESG Disclosure Study Group

How to address the rapidly changing global trend in ESG disclosure is a major challenge for many corporations and institutional investors in Japan. Hitachi, Ltd. is responding to this issue through co-creation with stakeholders. In June 2020, Hitachi took the lead in establishing the ESG Disclosure Study Group to explore ways of disclosing ESG information that contribute to long-term corporate value enhancement while also keeping an eye on global trends. The study group initially started with 19 companies, and as of June 30, 2022, more than 100 companies, institutional investors, auditing firms and public organizations are participating.

Study group activities are divided into phases according to themes, and in June 2022, the “ESG Disclosure Study Group Report 2022” was published including the results of these activities. This report contains ESG disclosure recommendations for corporations, institutional investors and standard-setting bodies and is disseminated to relevant organizations within and outside Japan. Hitachi, Ltd. serves as the co-chairman and secretariat of this study group, and leads these activities.

Kyoto University and Hitachi Joint Project

One of the key initiatives for the evolution of sustainable management is to quantitatively clarify the financial impact of non-financial values such as environmental and social values created by business activities, as well as intangible asset measures such as human resource policies. This is expected to further advance management and improve engagement with stakeholders.

Since 2021, Hitachi, Ltd. has engaged with these challenges through experimental research conducted in collaboration with Graduate School of Management, Kyoto University. Through academic and other approaches, it was quantitatively confirmed that Hitachi’s initiatives toward the environment and human resources could have a positive impact on financial indicators (ROIC and WACC). In the future, we will clarify the causal relationship between non-financial and intangible asset measures and financial indicators, as well as employee survey results, to identify measures with a high degree of causal influence and lead them to measures to improve financial performance through non-financial and intangible asset measures.

[General Incorporation Association of ESG Disclosure Study Group / EDSG](https://edsg.org/en/)
As part of this, to play its proper role as a global corporation, Hitachi actively participates in international initiatives and groups addressing social issues on a global scale.

<table>
<thead>
<tr>
<th>Initiative or Group</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Nations Global Compact (UNGC)</td>
<td>Became a participant in 2009. Joined workshops organized by the Global Compact Network Japan (GCNJ) on nine different topics in fiscal 2021, including ESG, SDGs, and WEPs (the Women’s Empowerment Principles)</td>
</tr>
<tr>
<td>World Business Council for Sustainable Development (WBCSD)</td>
<td>Became a member in 1995. Adopted SOE 1.5 project in 2020</td>
</tr>
<tr>
<td>Business for Social Responsibility (BSR)</td>
<td>Became a member in 2007 and has participated in the Human Rights Working Group (HRWG) since 2016</td>
</tr>
<tr>
<td>World Economic Forum</td>
<td>Participated in Davos Forum since 2014</td>
</tr>
<tr>
<td>Task Force on Climate-related Financial Disclosures (TCFD)</td>
<td>Announced support for TCFD in 2018 and disclosed climate-related information based on the TCFD recommendations</td>
</tr>
<tr>
<td>Japan Climate Initiative (JCI)</td>
<td>Became a member in 2018 and joined the JCI Race to Zero Circle established in 2021</td>
</tr>
<tr>
<td>The Science Based Targets Initiative (SBTi)</td>
<td>Obtained accreditation of “Targets for 1.5°C” in 2020</td>
</tr>
<tr>
<td>Business Ambition for 1.5°C</td>
<td>Became a member in 2020, along with SBT1.5°C certification</td>
</tr>
<tr>
<td>Race To Zero campaign</td>
<td>Joined in 2020, along with Business Ambition for 1.5°C commitment</td>
</tr>
<tr>
<td>The Valuable 500</td>
<td>Became a member in 2021</td>
</tr>
</tbody>
</table>
Management

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Chief Sustainability Officer’s Message
Hitachi Group Identity
Sustainability Management

Engagement and Initiatives
Stakeholder Engagement
Main Initiatives and Groups Hitachi Is Involved with
– Industry Leadership and Policy Recommendations
Leadership in International Standardisation Activities

External Assessments and Awards

Industry Leadership and Policy Recommendations

As part of developing Hitachi’s Social Innovation Business on a global scale, Hitachi views government institutions and private bodies in each country and region of the world as important partners. Our Government & External Relations Group leads our efforts to strengthen ties with these bodies. The Hitachi Group collaborates with each site in the world to seek to develop a mutual relationship with local communities by making efforts to work with governments and international organizations in each country. At the same time, the Group also works to discover new business opportunities for Hitachi, and to create value based on the various regions’ social issues and policies.

We are also more frequently being asked for opinions by governments. By making requests directly as well as proposing solutions through discussions in economic organizations and industrial bodies, we contribute to building a better society.

Major Participation in Government Councils/Business and Industry Associations

<table>
<thead>
<tr>
<th>Council/Group</th>
<th>Participant</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panel discussion regarding Infrastructure System International Expansion Strategy 2025 (Cabinet Secretariat of Japan)</td>
<td>Executive Chairman Toshiaki Higashihara (attended as a private sector member)</td>
<td>Proposals regarding appropriate concrete measures to be taken based on the Japanese government’s Infrastructure System International Expansion Strategy 2025</td>
</tr>
<tr>
<td>Japan Business Federation (Keidanren)</td>
<td>Executive Chairman Toshiaki Higashihara (attended as the Vice Chair)</td>
<td>Disseminating opinions on important issues such as digital transformation (DX) and green transformation (GX) to accelerate Keidanren’s efforts under the theme of “Society 5.0 for SX01” and to establish sustainable capitalism</td>
</tr>
<tr>
<td>Japan Electronics and Information Technology Industries Association (JEITA)</td>
<td>President &amp; CEO Keiji Kojima (attended as the Vice Chairman)</td>
<td>Examining and making proposals on the promotion of digital technology, data use, and market creation under the mission to achieve Society 5.0</td>
</tr>
<tr>
<td>Japan Electrical Manufacturers’ Association (JEMA)</td>
<td>Vice President Kenji Urase (attended as the Director)</td>
<td>Contributing to improve world affairs through discussions toward solving global, regional, and industrial challenges by cooperating with leaders from economics, politics, and academia participating in the forum</td>
</tr>
<tr>
<td>Japan Machinery Federation (JMF)</td>
<td>Executive Chairman Toshiaki Higashihara (attended as the Chairman)</td>
<td>Promoting the sustainable development of electrical manufacturing by submitting opinions on various governmental and administrative policies and promoting product safety awareness, international standardization and compatibility validation, statistical research work, and the development of human capital for STEM fields</td>
</tr>
<tr>
<td>World Economic Forum (WEF)</td>
<td>Executive Officers centered on Executive Chairman Toshiaki Higashihara and President &amp; CEO Keiji Kojima</td>
<td>Contributing to improve world affairs through discussions toward solving global, regional, and industrial challenges by cooperating with leaders from economics, politics, and academia participating in the forum</td>
</tr>
<tr>
<td>Japan-U.S. Business Council</td>
<td>Executive Chairman Toshiaki Higashihara (attended as an Executive Committee member)</td>
<td>Contributing to improve world affairs through discussions toward solving global, regional, and industrial challenges by cooperating with leaders from economics, politics, and academia participating in the forum</td>
</tr>
<tr>
<td>National Association of Manufacturers</td>
<td>Hitachi Corporate Office in Washington DC</td>
<td>Lobbying and making policy proposals, as the largest association of manufacturers in the United States, to support the international competitiveness of member corporations</td>
</tr>
<tr>
<td>Japan Business Council in Europe (JBCE)</td>
<td>Hitachi Europe Government Relations Office</td>
<td>Making policy proposals to contribute to the further development of EU-Japan relations and the EU economy as the body representing Japanese corporations in the EU</td>
</tr>
</tbody>
</table>
Leadership in International Standardization Activities

Approach to International Standardization

Approach

In order for Hitachi to contribute to the achievement of SDGs through promoting its Social Innovation Business, we believe it is extremely important to work toward the resolution of social issues from a global perspective through the collaborative creation of new social norms together with a diverse range of stakeholders, including governments and municipalities throughout the world, academic and research institutions, companies, non-governmental organizations (NGOs), non-profit organizations (NPOs), and users.

In our view, international standardization activities are global initiatives appropriate for the realization of a sustainable society, being based on explicitly stated standards, formulated on the basis of fair discussions involving members representing specialized fields, with international consensus, and an accurate grasp of social issues facing the world. Accordingly, we consider international standardization activities to be of importance along with research and development work and intellectual property-related activities. In order to contribute to the resolution of social issues on a global scale with a diverse range of stakeholders, Hitachi actively engages in activities with international standardization organizations, including IEC*, ISO*, and ITU-T*.

In the environmental domain, we are engaged in efforts concerning the circular economy (ISO/TC 323), and the environmental standardization for electrical and electronic products and systems (IEC/TC 111), and, with regard to social issues, Society 5.0 (ISO/W39), smart community infrastructures (ISO/TC 268/SC 1), and unmanned aircraft systems (ISO/TC 20/SC 16).

Additionally, by contributing to international standardization efforts by various consortia and other bodies, and providing solutions consistent with international standards, we support the development of sound global markets and facilitate innovation to resolve social issues.

*1 IEC: International Electrotechnical Commission. An international organization composed of member countries and regions.
*2 ISO: International Organization for Standardization. An international organization composed of member countries and regions.
*4 ISO/TC: Technical Committee
*5 ISO/W39: International Workshop Agreement
*6 ISO/TC 268/SC 1

External Assessments and Awards

Structure for Promoting International Standardization Activities

Structure

Hitachi personnel participate as members in many technical committees maintained by international standardization organizations, including IEC and ISO, and have been appointed to key positions, such as committee chairs and committee managers and secretaries, as well.

Furthermore, in order to make efforts concerned with international standardization activities involving Group-wide cooperation, we have established the Hitachi Group Standardization Committee. The Steering Committee*1 for the Standardization Committee selects themes for Hitachi to prioritize in the medium- to long-term with regard to important issues. Detailed discussions are held in working groups for each theme to promote standardization activities. In fiscal 2021, Hitachi Energy joined the Standardization Committee.

*1 Steering Committee: Headed by the executive officer overseeing R&D, this entity includes chief technology officers of Hitachi business units and key Group companies. The committee is responsible for decisions on cross-departmental and companywide standardization projects.

In fiscal 2021, we received two 1906 Awards from the IEC, an Award for Contributors to Standardization Activities from the Railway Technology Standardization Investigation Committee (Engineering Planning Division, Railway Bureau, Ministry of Land, Infrastructure, Transport and Tourism), an Encouragement Award from the ITU Association of Japan, and two Awards for Distinguished Service from the Telecommunication Technology Committee (TTC).
Achievements in Fiscal 2021

One of the principal themes selected was Society 5.0, an initiative spearheaded by the Japanese government aimed at the realization of a human-centered, sustainable society. In order to create venues in which discussions can be conducted to attain consensus among various countries and major standardization organizations looking toward realization of Society 5.0, Hitachi has actively engaged in activities related to ISO/WA 39 (gap analysis for standardization on sustainable and human-centered societies enabled with cyber physical systems) and contributed to the completion of the IWA 39 agreement based on international consensus.
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Engagement and Initiatives

External Assessments and Awards

As a corporate group that promotes sustainable management, the Hitachi Group has earned high marks from numbers of external assessment organizations.

Inclusion in ESG Indices (Hitachi, Ltd.)

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

FTSE4Good
https://www.ftserussell.com/products/indices/ftse4good
(Continued inclusion in 2022)

FTSE Blossom Japan
https://www.ftserussell.com/products/indices/blossom-japan
(Continued inclusion in 2022)

MSCI Japan ESG Select Leaders Index
(Continued inclusion in 2022)

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FTSE Blossom Japan Sector Relative Index
(Selected in 2022)

CDP
https://www.cdp.net/ja
(Rated in 2021)

Hitachi, Ltd. was selected for the A List, the highest rating given by the CDP for companies, in the two areas of climate change and water security. It was also selected as a Supplier Engagement Leader, the highest rating for supplier engagement.

Hitachi, Ltd. has also been certified as Prime in the ESG Corporate Rating by ISS ESG.

ISS ESG
https://www.issgovernance.com/esg
(Continued inclusion in 2021)
Hitachi, Ltd. has been selected by Corporate Knights and the NGO As You Sow for the Carbon Clean200 (Clean200), the largest 200 public companies ranked by clean revenue.

(Continued inclusion in 2022)

Eruboshi Certification
Hitachi, Ltd. promotes diversity as an important component of its management strategy and strives to create work environments that enable its diverse talent to play an active role. In recognition of these initiatives, we received Eruboshi certification, which is conferred to companies that are implementing exceptional measures under Japan’s Act on Promotion of Women’s Participation and Advancement in the Workplace. In addition to Hitachi, Ltd., several Group companies in Japan, including Hitachi High-Tech, Hitachi Systems, and Hitachi Solutions, have received Eruboshi certification.

Human Resources Awards and Recognition
Kurumin Certification
Hitachi, Ltd. received Kurumin certification from the Ministry of Health, Labour and Welfare in 2011. This was granted under Japan’s Act on Advancement of Measures to Support Raising Next-Generation Children, in recognition of its achievements in developing and implementing action plans supporting child care so that employees can work with the peace of mind that comes from a good work-life balance. In addition to Hitachi, Ltd., several Group companies in Japan, including Hitachi High-Tech, Hitachi Systems, and Hitachi Solutions, have received Kurumin certification.

Assessment of Reporting
The Hitachi Integrated Report 2021 received the Silver Award in the WICI Japan Integrated Reporting Awards 2021 organized by the World Intellectual Capital/Assets Initiative (WICI Japan). The report was evaluated as sufficiently incorporating important details of financial and non-financial information and having a high degree of completeness. The report was also selected as an Excellent Integrated Report by the Japanese Government Pension Investment Fund’s (GPIF) Japanese equity managers.