Ratio of female and non-Japanese executives and corporate officers
FY2024: 15% each   FY2030: 30% each

Set Diversity, Equity and Inclusion (DEI) targets
2021
Set the target of contributing to CO₂ emission reductions through business (100 million metric tons in fiscal 2024)

2010
Promoted workstyle reforms
2013
Formulated Hitachi Group Human Rights Policy, Launched Human Rights Due Diligence (HRDD) initiative

2016
Enhanced digital talent
Committed to the Hitachi Group Global Procurement Code
2019
Instituted the Hitachi Group Global Procurement Code, Enhanced digital talent

Formulated Hitachi Environmental Innovation 2050
2016
Set the target of achieving carbon neutrality at Hitachi business sites by fiscal 2030

2020
Set the target of achieving carbon neutrality throughout the entire value chain by fiscal 2050

2021
Announced endorsement of Task Force on Climate-related Financial Disclosures (TCFD) recommendations

2018
Announced endorsement of Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Commenced operation of the Hitachi Internal Carbon Pricing (HICP) system
2019

Introduction of global HR management
2011

Increase the number of independent directors, including non-Japanese directors
2012

Increased dissemination of information about medium- to long-term sustainable growth
2016

Enhanced dissemination of information about medium- to long-term sustainable growth
2016

2022
Set the target of contributing to CO₂ emission reductions through business (100 million metric tons in fiscal 2024)

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Announced endorsement of Task Force on Climate-related Financial Disclosures (TCFD) recommendations

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Enhanced dissemination of information about medium- to long-term sustainable growth
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2022
Set the target of contributing to CO₂ emission reductions through business (100 million metric tons in fiscal 2024)
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
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 issues. 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 well-being.

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.

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

**STEP 1** Comprehensive understanding of social issues

**STEP 2** Ranking issues by priority from Hitachi’s point of view

**STEP 3** Ranking issues by priority from stakeholders’ point of view

**STEP 4** Identifying Materiality

**Our aspirations**

- **Environment** Contributing to decarbonization and resource circulation economy

- **Resilience** Contributing to the maintenance and rapid recovery of social infrastructure

- **Safety & Security** Contributing to safe and secure society-building

- **Quality of Life** Contributing to physical and mental wellness and a prosperous life

- **Business with Integrity** Adhering to ethical standards as well as respect human rights

- **Diversity, Equity and Inclusion (DEI)** Contributing to a society where everyone can shine
15 Sub-Material Topics and Targets

<table>
<thead>
<tr>
<th>Material topics</th>
<th>Sub-material topics</th>
<th>Target</th>
<th>Relevant SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Decarbonization</td>
<td>Carbon neutrality through the value chain</td>
<td>FY2030: Achieve carbon neutrality in business sites (factories and offices) FY2050: Achieve carbon neutrality through the value chain</td>
</tr>
<tr>
<td></td>
<td>Contributing to</td>
<td>Contributing to CO2 reduction through business</td>
<td>FY2024: 100 million metric tons/year</td>
</tr>
<tr>
<td></td>
<td>Resource circulation</td>
<td>Transition to a circular economy</td>
<td>FY2024: Full application Eco-Design for new product development FY2030: Zero<em>2 waste to landfill</em>1 from manufacturing sites</td>
</tr>
<tr>
<td></td>
<td>Effective use of water</td>
<td>FY2024: 24%, FY2050: 50%</td>
<td></td>
</tr>
<tr>
<td>Resilience</td>
<td>Strengthening supply chains</td>
<td>Build flexible supply chains capable of responding to disasters and risks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintaining social infrastructure</td>
<td>Resilience and sophistication of maintenance through DX of social infrastructure</td>
<td>Contribute to stable energy supply through substation management Approx. 1.9 billion people*3</td>
</tr>
<tr>
<td>Safety &amp; Security</td>
<td>Safe and secure urban environments</td>
<td>Safe and comfortable transportation</td>
<td>A total of 15 billion people use railway services annually*3</td>
</tr>
<tr>
<td></td>
<td>Ensuring cyber security</td>
<td>Secure cybersecurity for social infrastructure and business systems</td>
<td></td>
</tr>
<tr>
<td>Quality of Life</td>
<td>Connected and prosperous society</td>
<td>Increase healthy life expectancy and wellbeing</td>
<td>Blood tests and other physical exams: 20 billion tests/year*1</td>
</tr>
<tr>
<td></td>
<td>Employee happiness</td>
<td>Build a trustful relationship with others</td>
<td>Users of happiness service (10 thousand in FY2022 → 90 thousand in FY2024)</td>
</tr>
<tr>
<td>Business with Integrity</td>
<td>Business ethics and compliance</td>
<td>Encourage employees to apply ethical standards in day-to-day work.</td>
<td>Achieve a score of at least 60 (out of 100) in FY2022, the first year of results from Ethical Culture &amp; Perceptions Assessment, improving it every year</td>
</tr>
<tr>
<td></td>
<td>Respect for human rights</td>
<td>Promote human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Occupational safety</td>
<td>Creating a safe working environment without accidents</td>
<td>Zero fatal accidents</td>
</tr>
<tr>
<td>Diversity, Equity and Inclusion (DEI)</td>
<td>Safe and secure products and services</td>
<td>Ensure products and services safety while putting customers first</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diverse organization that fosters innovation</td>
<td>Strengthen diversity in management</td>
<td>Ratio of female and non-Japanese executive and corporate officers 30% in FY2030</td>
</tr>
<tr>
<td></td>
<td>Acquiring and developing digital talent</td>
<td></td>
<td>FY2021: 67,000 persons, FY2024: 98,000 persons</td>
</tr>
<tr>
<td></td>
<td>Contribution to a diverse and equitable society</td>
<td>Empower DEI of society through community relationship programs</td>
<td>Support young generations in Asia through the Hitachi Young Leaders Initiative A total of 405 students participating (as of end of July 2022)</td>
</tr>
</tbody>
</table>

*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**

GRI 102-44

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.
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.
### Sustainability Management

#### Management
- CEO's Message
- Chief Sustainability Officer's Message
- Hitachi Group Identity

#### Sustainability Roadmap
- Mid-term Management Plan 2024 and Sustainability
- Materiality
  - Framework for Promoting Sustainability Strategy

#### Engagement and Initiatives
- External Assessments and Awards

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- Introduction
- Management
- Environmental
- Social
- Governance
- Assurance

### 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>Sustainability Promotion Meeting</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>Internal Environment Initiatives Division Progress Meeting</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>Eco-Management Meeting</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>CN2030 Promotion Project Meeting</td>
<td>Heads and members of Environment-related/ MONOZUKURI(Production)/key Group companies</td>
<td>Monitoring and implementation of CN action plan and discussion of acceleration</td>
<td>Every quarter</td>
</tr>
<tr>
<td>3R Promotion Project Meeting</td>
<td>Heads and members of Environment-related/ MONOZUKURI(Production)/key Group companies</td>
<td>Promotion of actions for 3R activities toward realizing CE.</td>
<td>Every quarter</td>
</tr>
<tr>
<td>Procurement related Meeting (Group Procurement Strategy Meeting etc.)</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>HRDD Execution Managers Meeting</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>Global DEI Council</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

**Term** | **Agenda Items**
|----------|--------------------------------------------------|
| May 2021 | New DEI-related targets, issues associated with reaching targets, action plans, etc.
| June 2021 | Reviewing targets and considering promotion measures for Hitachi Environmental Innovation 2050, etc.
| July 2021 | Hitachi Group priority human rights risk survey results (concerning migrant workers and forced labor), framework for managing human rights risks, etc.
| December 2021 | Progress report for DEI-related activities, future measures necessary to link DEI to growth, etc.
| January 2022 | Materiality plans aimed at achieving the next Mid-term Management Plan and approaches to advancing the circular economy, etc.

*1 Holding sustainability-related discussions under a new committee system from fiscal 2022

### Reflecting Sustainability Targets in Executive Compensation Evaluation

In fiscal 2021, Hitachi introduced evaluations that take environmental value into consideration in the executive compensation system for the first time with the aim of accelerating the creation of environmental value. All executive officers, including the CEO, set targets for environmental value and were evaluated for their achievement of individual targets.

From fiscal 2022, in addition to environmental targets such as decarbonization and resource efficiency, we introduced quantitative and qualitative target setting for occupational health and safety and product quality in the compensation evaluation of all executive officers to further advance sustainable management.

#### Examples of Sustainability Targets Reflected in Fiscal 2022 Compensation Evaluations

- **Decarbonization**
  - Efforts to realize carbon neutrality* in business sites (factories and offices) by fiscal 2030
  - Efforts to achieve carbon neutrality* by fiscal 2050 throughout the value chain

- **Resource efficiency**
  - Efforts related to resource efficiency

- **Occupational health and safety**
  - Zero fatal accidents
  - Wellbeing initiatives

- **Product quality**
  - Efforts to enhance product quality

*1 Regarding fiscal 2030 and fiscal 2050 decarbonization targets, single-year targets are set Groupwide and for each BU.