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## Management

# // Engagement and Initiatives  GRI102-13

## Stakeholder Engagement  `Approach` `Activities`  GRI 102-40/102-42/102-43

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.

Investor Relations
https://www.hitachi.com/IR-e/index.html

Disclosure Policy
https://www.hitachi.com/IR-e/corporate/disclosure/index.html

P017  Stakeholder dialogue about the materiality

| Stakeholders | Main Roles | Main Divisions | Means of Engagement (FY 2021) | | Pages |
|---|---|---|---|---|---|
| Customers | Creation of better products and services, response to complaints, appropriate disclosure of information on products and services | Quality Assurance/ Sales | ● Customer satisfaction activities<br>● Marketing<br>● Website | ● Advertising activities<br>● "Global Brand Campaign" (14 countries)<br>● Hitachi Social Innovation Forum (2 countries) | Quality and Product Safety Management P137-139<br>Personal Information Protection P188-189<br>Customer Satisfaction (CS) P140-141 |
| Shareholders and Investors | Timely and proper information disclosure, obtaining fair recognition and support from capital markets, reflection of shareholder and investor viewpoints in corporate management | Public Relations and IR | ● Financial results briefings (quarterly)<br>● General shareholders' meetings (annual)<br>● IR event "Hitachi Investor Day" (annual)<br>● Stakeholder dialogues (annual) | ● One-on-one meetings with institutional investors and analysts (approx. 710 meetings)<br>● IR tools: Integrated Report, business reports, etc.<br>● Information disclosure on website for stakeholders and investors | Stakeholder Engagement P020-021 |
| Procurement Partners | Building fair and sound business relations, smooth information sharing toward better partnerships | Procurement | ● Procurement activities<br>● Sustainability monitoring<br>　Note: Sustainability monitoring in fiscal 2021 was focused on human rights and environmental risk assessment. (Human rights: 2,524 companies, Environment: 708 companies)<br>● Sustainability audits (25 companies)<br>● Sustainable procurement seminars (359 companies) | | Responsible Procurement P132-136<br>Respect for Human Rights Throughout the Value Chain P123-129 |
| Employees | Proper treatment, promotion of occupational health and safety of human capital, increasing employee engagement | Public Relations/ Human Capital | ● Intranet, in-house newsletters<br>● Training<br>● Town hall meetings between senior management and employees (President & CEO: 7 meetings, Vice Presidents: 19 meetings)<br>● Employee survey (annual)<br>● "Make a Difference!" idea contest | | Stakeholder Engagement P020-021<br>Global Human Capital Management P091-094<br>Diversity, Equity and Inclusion P100-105<br>Work-Life Management P106-110<br>Occupational Health and Safety P111-119<br>Freedom of Association and Collective Bargaining P120-121 |

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

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| Stakeholders | Main Roles | Main Divisions | Means of Engagement (FY 2021) | Pages |
|---|---|---|---|---|
| National Governments, Municipalities, Industrial Associations | Compliance with domestic and foreign laws and regulations, policy recommendations, participation in industry-government-academia collaborative projects | Government and External Relations | ● Academic research for policy recommendations to international organizations and national governments, lobbying activities<br>● Policy council participation<br>● Participation in business and industry associations (Japan) | Stakeholder Engagement P020-021<br>Main Initiatives and Groups Hitachi Is Involved with P022<br>Industry Leadership and Policy Recommendations P023 |
| Local Communities | Fulfillment of responsibilities as a corporate citizen, involvement in local communities | Social Contributions/ All Business Divisions | ● Contribution to local communities through business<br>● Participation in volunteer activities | Social Contribution Activities P143-146 |
| Academic Associations and Research Institutions | Promotion of technological innovations, participation in industry-government-academia collaborative projects | Research and Development | ● Open innovation (joint research) | Innovation Management P079-080 |
| NGOs and NPOs | Incorporation of diverse public opinions, promotion of stakeholder-focused management, social contributions through nonprofit activities | Sustainability Promotion | ● Stakeholder dialogues (annual)<br>● Dialogue through collaboration | Stakeholder Engagement P020-021<br>Social Contribution Activities P143-146 |
| The Environment | Realization of a decarbonized society, a resource efficient society, a harmonized society with nature | Environment/All Business Divisions | ● Participation in COP26 | Environmental P041-066 |

## 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.

General Incorporation Association of ESG Disclosure Study Group / EDSG
https://edsg.org/en/

## 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.

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## Main Initiatives and Groups Hitachi Is Involved with   Activities   GRI 102-11 102-12

Based on its corporate mission of "contribute to society through the development of superior, original technology and products," Hitachi promotes its Social Innovation Business with the aim of contributing to the realization of a sustainable society. 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.

| Initiative or Group | Activities | |
|---|---|---|
| United Nations Global Compact (UNGC) | 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) | WE SUPPORT UN GLOBAL COMPACT |
| World Business Council for Sustainable Development (WBCSD) | Became a member in 1995 Adopted SOS 1.5 project in 2020 | wbcsd |
| Business for Social Responsibility (BSR) | Became a member in 2007 and has participated in the Human Rights Working Group (HRWG) since 2016 | BSR |
| World Economic Forum | Participated in Davos Forum since 2014 | — |
| Task Force on Climate-related Financial Disclosures (TCFD) | Announced support for TCFD in 2018 and disclosed climate-related information based on the TCFD recommendations | TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES |

| Initiative or Group | Activities | |
|---|---|---|
| Japan Climate Initiative (JCI) | Became a member in 2018 and joined the JCI Race to Zero Circle established in 2021 | JAPAN CLIMATE INITIATIVE |
| The Science Based Targets initiative (SBTi) | Obtained accreditation of "Targets for 1.5°C" in 2020 | SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION |
| Business Ambition for 1.5°C | Became a member in 2020, along with SBT1.5°C certification | BUSINESS AMBITION FOR 1.5°C |
| Race To Zero campaign | Joined in 2020, along with Business Ambition for 1.5°C commitment | RACE TO ZERO |
| The Valuable 500 | Became a member in 2021 | Valuable 500 |

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# Industry Leadership and Policy Recommendations  `Activities`  GRI 102-13 203-2

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

| Council/Group | Participant | Activities |
|---|---|---|
| Panel discussion regarding Infrastructure System International Expansion Strategy 2025 (Cabinet Secretariat of Japan) | Executive Chairman Toshiaki Higashihara (attended as a private sector member) | ● Proposals regarding appropriate concrete measures to be taken based on the Japanese government's Infrastructure System International Expansion Strategy 2025 |
| Japan Business Federation (Keidanren) | Executive Chairman Toshiaki Higashihara (attended as the Vice Chair) | ● 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 SDGs" and to establish sustainable capitalism |
| Japan Electronics and Information Technology Industries Association (JEITA) | President & CEO Keiji Kojima (attended as the Vice Chairman) | ● Examining and making proposals on the promotion of digital technology, data use, and market creation under the mission to achieve Society 5.0<br>● Offering insights into paradigms of international legislation, agreements, and standards to develop digital trade and strengthen international competitiveness |
| Japan Electrical Manufacturers' Association (JEMA) | Vice President Kenji Urase (attended as the Director) | ● 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 evaluation, statistical research work, and the development of human capital for STEM fields |
| Japan Machinery Federation (JMF) | Executive Chairman Toshiaki Higashihara (attended as the Chairman) | ● Providing opinions to the Diet and the government, conducting surveys and research on the machinery industry, and promoting international standardization activities for the comprehensive progress and development of the machinery industry |
| World Economic Forum (WEF) | Executive Officers centered on Executive Chairman Toshiaki Higashihara and President & CEO Keiji Kojima | ● 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 |
| Japan-U.S. Business Council | Executive Chairman Toshiaki Higashihara (attended as an Executive Committee member) | ● Exchanging opinions and proposing policies regarding various issues with Japan-U.S. economic relations from the point of view of the Japan-U.S. business community as a whole |
| National Association of Manufacturers | Hitachi Corporate Office in Washington DC | ● Lobbying and making policy proposals, as the largest association of manufacturers in the United States, to support the international competitiveness of member corporations |
| Japan Business Council in Europe (JBCE) | Hitachi Europe Government Relations Office | ● 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 |

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# 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[1], ISO[2], and ITU-T[3].

In the environmental domain, we are engaged in efforts concerning the circular economy (ISO/TC[4] 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/IWA[5] 39), smart community infrastructures (ISO/TC 268/SC[6] 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.
[3] ITU-T: International Telecommunication Union Telecommunication Standardization Sector. A specialized agency of the United Nations.
[4] TC: Technical Committee
[5] IWA: International Workshop Agreement
[6] SC: Subcommittee

## External Recognition of Hitachi's International Standardization Activities

**Activities**

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).

## 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.

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### 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/IWA 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.

▶ Hitachi Group Standardization Committee

**President & CEO**

**Hitachi Group Standardization Committee**

**Steering Committee**

Head: Hitachi, Ltd. executive officer in charge of R&D

Members: International standardization officers (CTO, etc.) in BUs, key Group companies, Group corporate divisions, the R&D group, etc.

**Liaison committee**

Members: International standardization promoters in BUs, key Group companies, Group corporate divisions, the R&D group, etc.

**Global Intellectual Property Group**

**Global Strategy Department**

Secretariat

**Rule-making Promotion Group**

**Planning Working Group**

**Priority Theme 1 Working Group**

**Priority Theme 2 Working Group**