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.

Stakeholder Engagement

- Approach
- Activities

Stakeholders

Main Initiatives and Groups Hitachi Is Involved With

Industry Leadership and Policy Recommendations

Leadership in International Standardization Activities

External Assessments and Awards

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
Engagement and Initiatives

Stakeholders

National Governments, Municipalities, Industrial Associations
- Compliance with domestic and foreign laws and regulations, policy recommendations, participation in industry-government-academia collaborative projects

Local Communities
- Fulfillment of responsibilities as a corporate citizen, involvement in local communities

Academic Associations and Research Institutions
- Promotion of technological innovations, participation in industry-government-academia collaborative projects

NGOs and NPOs
- Incorporation of diverse public opinions, promotion of stakeholder-focused management, social contributions through nonprofit activities

The Environment
- Realization of a decarbonized society, a resource efficient society, a harmonized society with nature

Main Roles

Government and External Relations
- Academic research for policy recommendations to international organizations and national governments, lobbying activities
- Policy council participation
- Participation in business and industry associations (Japan)

Social Contributions/All Business Divisions
- Contribution to local communities through business
- Participation in volunteer activities

Research and Development
- Open innovation (joint research)

Sustainability Promotion
- Stakeholder dialogues (annual)
- Dialogue through collaboration

Stakeholder Engagement
- Stakeholder Engagement P020-021
- Main Initiatives and Groups Hitachi Is Involved with P022
- Industry Leadership and Policy Recommendations P023

Social Contribution Activities P143-146

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.
Main Initiatives and Groups Hitachi Is Involved with

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.

<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 SOS 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 2019 and disclosed climate-related information based on the TCFD recommendations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initiative or Group</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Climate Initiative (JCI)</td>
<td>Became a member in 2016 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>
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, Hitachi contributes 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 SDGs” 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 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 evaluation, 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>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</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

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/WA* 39), 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 TC: Technical Committee
*5 IWA: International Workshop Agreement
*6 SC: Subcommittee

External Recognition of Hitachi’s International Standardization 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

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.
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.