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Creating New Social Value with a Unique Vision for the Future

In 2020 and 2021, people's lives were dramatically impacted everywhere by the COVID-19 pandemic, which made existing social and economic challenges all the more apparent. Meanwhile, efforts to address climate change have accelerated significantly as the world acknowledges the urgency of this issue for sustainability, and glaring human rights issues have also been in the spotlight. It is clear that companies today must provide not only economic value, but also environmental and social value.

At Hitachi, we have been making the most of our strengths in operational technology (OT), IT, and products (OT × IT × Products) under our 2021 Mid-term Management Plan. We have sought to improve the quality of life for people everywhere while enhancing value for customers with our Lumada suite of digital solutions, services, and technologies. We are also determined to create new social value with our Social Innovation Business. We are doing this by defining the kind of future value we would like to create. For example, we envision the kind of thriving world we would like to see by 2050 and then backcast from there to determine what we need to do now. As part of this effort, we have defined three areas where Hitachi will focus its growth: Environment, Resilience, and Security & Safety.

In the area of Environment, we will help build a decarbonized, resource efficient society. In the area of Resilience, we want to promote a society that can handle any disruption to public services and systems caused by a natural disaster or resource shortage. In the area of Security & Safety, we aim to help prepare for an era when the average person will live to be

100 by helping to make it possible for everyone to grow older while enjoying good physical and mental health. At Hitachi, we are committed to developing and providing solutions for social issues in order to help build a world that is sustainable, resilient, secure and safe.

Maximizing human resource value is one of the keys to our Social Innovation Business. We want every Hitachi employee to view social issues as part of their own personal agenda. We are also shifting to job-based human capital management. This ensures the right people are in the right jobs taking into careful account the abilities and motivation of each individual. I want to see the power of each autonomous individual taking the initiative to generate a collective force that drives the growth of the entire Hitachi Group. We are also making a range of efforts to improve workplace environments in a way that will foster more independent thinking by employees. These include asking employees to consider which business fields we want to strengthen and to look at how we can bring products to market over the medium and long term based on next-generation technology trends as well as social changes. These efforts are led by our Future Investment Division. In addition, we hold the "Make a Difference!" in-house idea contest.

I have also been emphasizing dialogue and

engagement with shareholders and investors. Fortunately, there have been greater opportunities recently to engage in broad discussions with these stakeholders on environmental issues and human resource development. Environmental, social, and governance (ESG) measures are top priorities for corporate management, and these are inherent responsibilities for every good corporate citizen. In the area of human resources management, we will pursue globally optimized deployment of human resources and improve engagement with employees while fostering diversity and inclusion. We also aim to increase the ratios for female and non-Japanese executive and corporate officers to 30% by fiscal 2030. In the area of governance, we are preparing to introduce new environmental indicators as part of the package for determining executive compensation evaluation, and we will continue to strengthen our risk management.

Hitachi will keep striving to meet the expectations of all stakeholders by practicing openness and transparency. Our goal is to address social issues with a unique vision for an even better future and we do this by considering every perspective including the timeframe, region, and value. I look forward to your continued support going forward.



Executive Chairman and CEO Hitachi, Ltd.

T. Higashihara