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# Management

## Aiming to Build a Resilient Company Structure

To develop Hitachi's Social Innovation Business, building a resilient company structure is essential. By executing highly effective management and all executives and employees acting as good corporate citizens with the Hitachi Group Code of Conducts, we will fulfill our responsibilities. This will help to address social issues called for in Society 5.0 and SDGs.

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## CEO's Message GRI 102-14/102-15

### 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*

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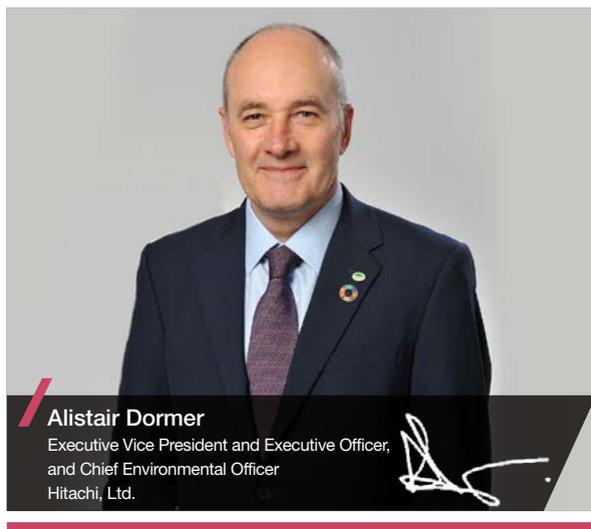
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## Message from the Chief Environmental Officer GRI 102-14/102-15

### A Company That Contributes to Environmental Impact Reductions and the Realization of a Decarbonized Society



**Alistair Dormer**  
Executive Vice President and Executive Officer,  
and Chief Environmental Officer  
Hitachi, Ltd.

Countries worldwide are currently working to further bolster climate change countermeasures. The European Union has announced updates to its 2020 NDCs (nationally determined contributions to reduce greenhouse gas emissions) of now achieving climate neutrality by 2050 and reducing greenhouse gas emissions by at least 55% by 2030 compared to 1990. Japan has announced it too shares the goal of carbon neutrality by 2050 as well. In responding to environmental issues, and particularly to climate change, the implementation of specific initiatives has become essential, as has technological development with a medium- to long-term perspective.

Hitachi aims to become a Climate Change Innovator helping to support governments', cities', and companies' efforts to reduce greenhouse gas emissions. Hitachi is proud to be the first Japanese company to join the group of Principal Partners for COP26, the 26th United Nations Climate Change Conference, to be held in Glasgow, the United Kingdom, in November 2021. For over 110 years since the company's foundation, Hitachi has been putting the Hitachi Mission—"Contribute to society through the development of superior, original technology and products"—into practice, contributing to the realization of a decarbonized society through our operations. Our aim is to achieve a decarbonized society, a resource efficient society and a harmonized society with nature. Our participation in COP26, I feel, constitutes a major step toward the realization of a decarbonized society.

Our 2021 Mid-term Management Plan places an emphasis on environmental value, and clearly indicates our commitment to focus our efforts on environmental activities. Having taken the post of chief environmental officer in April 2021, I will work to accelerate the pace of our environmental initiatives.

In 2020 we announced the aim for our business sites (factories and offices) to become carbon neutral by fiscal 2030. And in September 2021, we also declared that we will work toward achieving carbon neutrality throughout our value chain by fiscal 2050, further enhancing our existing goals. In December 2020, Hitachi obtained accreditation from the Science Based Targets initiative (SBTi) for its efforts to reduce greenhouse gas emissions and also recognition

that it is a signatory to the Business Ambition for 1.5°C commitment, which seeks to limit the global temperature increase to 1.5°C above pre-industrial levels, one of the aims of the Paris Agreement. Having also joined the UN Race to Zero campaign, we will work to make contributions to the realization of a net zero society.

Furthermore, as of April 2021, we have also incorporated environmental value as a criteria to be evaluated in the executive officer compensation system, with the aim of strengthening our governance.

Having Hitachi ABB Power Grid\*1, who has the world's No. 1 technology and market share in the power grid business field, joining our group, we now possess the technology to efficiently provide energy from generating stations to points of consumption. Additionally, we have established Hitachi Astemo, through a merger of Hitachi Automotive Systems with three Honda-affiliated companies, to realize the creation of core components and solutions that advance motorization and hold the key to the future of next-generation automobiles. Hitachi will leverage such new business portfolios to the utmost and utilize the power of our many businesses and digital innovations, particularly in our IT, Energy, Industry, and Mobility sectors in working toward a decarbonized society. Through these efforts I am confident that Hitachi will be able to make contributions to activities such as the reduction of governments', cities', and companies' environmental impacts, as well as the realization of a decarbonized society.

\*1 In October 2021, the company's name was changed to Hitachi Energy, to show a strengthened commitment to sustainable energy in the future.

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## Hitachi's Environmental Strategy

In fiscal 2016, toward building a low-carbon society, Hitachi set the target of reducing CO<sub>2</sub> emissions through its value chain by 80% by fiscal 2050 compared to emissions in fiscal 2010, in order to achieve our long-term environmental targets called Hitachi Environmental Innovation 2050. After releasing the targets, the IPCC 1.5°C Special Report was published in 2018 stating that further measures are needed to limit global warming to 1.5°C. Each country has strengthened its measures when resubmitting NDCs (nationally determined contributions to reducing greenhouse gas emissions determined by a country/region) in 2020. The world is rapidly moving toward a decarbonized society with the EU announcing its goal of achieving climate neutrality in 2050 and reducing GHG emissions by at least 55% compared to 1990, and Japan also announcing its goal of achieving carbon neutrality in 2050.

In the 2021 Mid-term Management Plan, Hitachi has clearly stated its commitment to focusing on the creation of environmental value. In terms of business, we are working to strengthen sectors including our railway business (a means of transportation with a small environmental impact) and our grid solutions business which plays an important role in electrification and decarbonization of the energy sector. We continue to make progress with such efforts, building business portfolios able to further contribute to the achievement of a decarbonized society. Looking forward, Hitachi will remain committed to working together as one and combining innovative products and services to contribute to our customers' decarbonization as well. In 2021, Hitachi became the first Japanese company to take on the role of a Principal Partner for COP26.

Based on these internal and external changes, Hitachi has promoted aiming for a decarbonized society, one of the long-term environmental targets set out in Hitachi Environmental Innovation 2050, with the goal of leading climate change measures committed to achieving a decarbonized society.

Toward a  
Decarbonized  
Society

- Achieve carbon neutrality by 2050 through the value chain and reduce CO<sub>2</sub> emissions by 50% by fiscal 2030 (compared to fiscal 2010)
- Achieve carbon neutrality in business sites (factories and offices) by fiscal 2030

We will implement the following initiatives companywide to achieve our new long-term environmental goals:

**(1) Achieve carbon neutrality in business sites (factories and offices) by fiscal 2030**

- We will further improve production efficiency and energy use efficiency during the production by using production technology developed over a long time and the Lumada platform and by adopting and updating highly efficient equipment in our business sites (factories and offices). We will also acquire renewable energy and adopt equipment for it to effectively promote carbon neutrality at our business sites.
- We will encourage use of our Hitachi Internal Carbon Pricing (HICP) system which was introduced to provide incentives for capital investments that contribute to CO<sub>2</sub> reductions. HICP is an in-house system to visualize the amount of CO<sub>2</sub> reductions from capital investments in factories and offices, and then convert it into costs and apply it to investment decisions.

**(2) World-class energy efficiency of products**

- We will promote world-class energy efficiency in our products provided to our customers by considering reductions in environmental impacts from the design stage.

**(3) Active promotion of projects that contribute to society's overall shift to carbon neutrality**

- In order to speed up the shift to carbon-neutral energy systems, we will combine power grids (transmission/distribution networks) that support the expansion of renewable energy with state-of-the-art intelligent control systems which will serve as stronger, more reliable, and more secure energy systems that contribute to a decarbonized society.
- We will contribute to popularizing decarbonized mobility by encouraging the spread of highly energy-efficient high-speed railcars and hybrid railcars with storage batteries, providing EV systems to expand the EV market, and creating and enhancing EV value chains to help promote the spread of EVs.
- We will contribute to the decarbonized operations of our customers by providing Lumada-powered solution services which help reduce CO<sub>2</sub> emissions by advancing the digitalization of society.

**(4) Develop technology that paves the way for transitioning to a decarbonized society**

- Hitachi is taking the approach of backcasting from 2050 and promoting research and development that can respond to the rapid changes in society. Hitachi plans to set the amount of R&D investments at ¥1.5 trillion over a three year period. In the environmental field that includes promoting research and development in areas such as grid control technology that would bring about the mass adoption of renewable energy, electrification/motorization and operation management technology, state-of-the-art materials, and CO<sub>2</sub> absorption and utilization and thus contribute to a net zero society.

**(5) Work with suppliers toward a decarbonized society**

- As part of the initiatives to promote carbon neutrality in our supply chain, starting in fiscal 2021 we plan to request that 70% of our suppliers (based on the total amount of our transactions and does not include publicly listed subsidiaries) formulate CO<sub>2</sub> reduction plans.

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## / Corporate Credo

### Hitachi Group Identity Approach GRI 102-16

Hitachi's Mission is to contribute to society through the development of superior, original technology and products. This Mission has been carefully passed on to generations of employees and stakeholders throughout our 110-year history. Our Values reflect the Hitachi Founding Spirit of Harmony, Sincerity and Pioneering Spirit, which was shaped by the achievements of our predecessors in the company as they worked hard to fulfill the Mission. Our Vision was created based on our Mission and Values. It is an expression of what Hitachi Group aims to become in the future as it advances in its next stage of growth. Our Mission, Values, and Vision combine to form the Hitachi Group Identity. Based on the Hitachi Group Identity, and continuously considering the next generation, we promote corporate activities with a

view to the medium and long term informed by sensitivity to the needs of a changing 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.

The implementation of the plan is a way for us to fulfill our responsibilities as a good corporate citizen through 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, the guidelines for ethical behavior and decision-making shared by all executives and employees of the Hitachi Group.

### Solidifying the Hitachi Group Identity

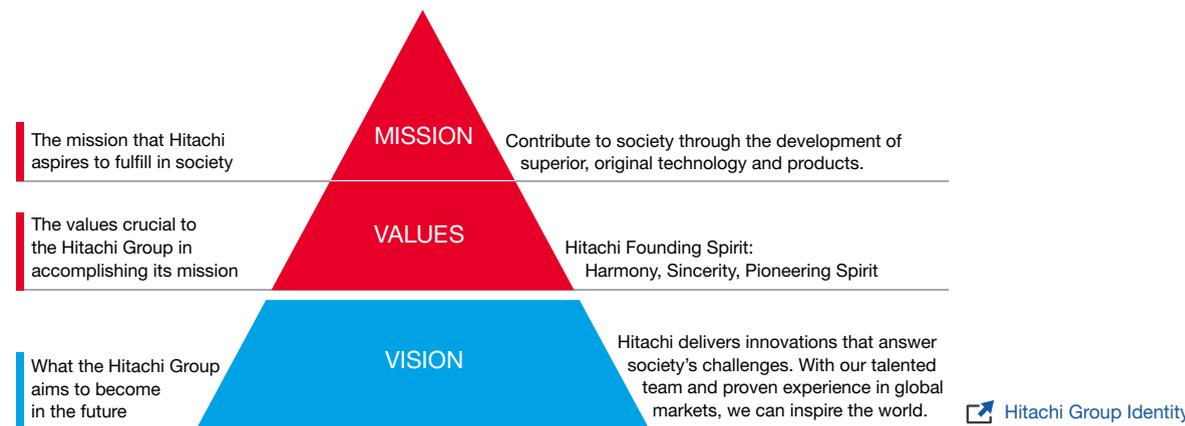
#### Employee Engagement

Hitachi promotes brand education through 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 through 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 2020, the award saw 275 applications from Hitachi Group employees around the world. Projects that represented the practice of the Hitachi Group Identity and contributed to a sustainable society by increasing social, environmental, and economic value were selected from various regions for the Grand Prix, including the Green & Digital Hospitals for the energy saving project in India. 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 award winning projects, was unveiled 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 improve people's quality of life every day while holding the Hitachi Group Identity close to their heart.

#### Hitachi Group Identity



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# / Sustainability Management

## The 2021 Mid-term Management Plan and Sustainability Approach

Hitachi practices sustainable management and places sustainability at the center of our business strategy and—in our 2021 Mid-term Management Plan ending in fiscal 2021—setting ourselves the goal of contributing to the realization of a sustainable world as a global leader of our Social Innovation Business. In working toward realization of this goal, Hitachi is focusing efforts on the three key areas of Environment, Resilience, and Security & Safety to contribute to the resolution of social and management issues. We remain committed to improving people's Quality of Life (QoL), as well as improving the value for customers.

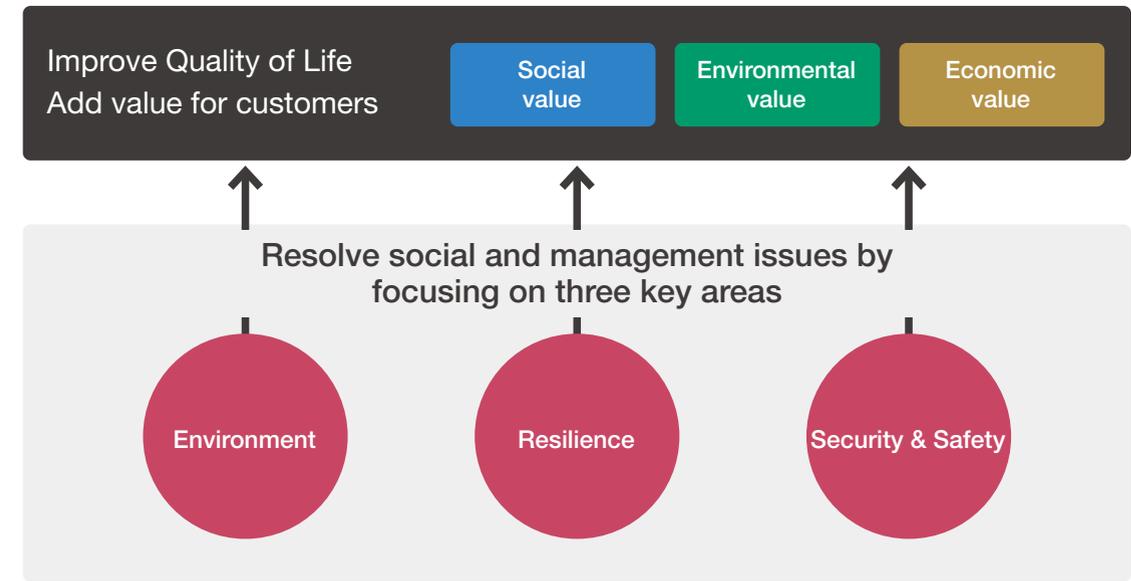
We will expand our Social Innovation Business through collaborative creation using the knowledge in our business areas and our partners around the world and by providing Lumada, a solution that accelerates digital innovation as a cyber-physical system that allows the cyber and physical spaces to interact.

We continue to further merge sustainability and business to contribute to the resolution of social issues through initiatives like Society 5.0 and Sustainable Development Goals (SDGs).

[2021 Mid-Term Management Plan](#)

[Social Innovation Business](#)

### ▶ Hitachi's Business Vision



Provide OT×IT×Products as a Package



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## Sustainability Strategy Promotion Structure

Structure GRI 102-18/102-19/102-20/102-21/102-26/102-27/102-30/102-31/102-32/102-33/102-34/103-3

Hitachi, Ltd.'s Executive Sustainability Committee, which is held twice a year, comprises Executive Chairman & CEO Toshiaki Higashihara, and other members of the Senior Executive Committee, along with the CEOs of every business unit. The committee discusses and reaches decisions on important policies and measures related to sustainability, shares progress and results, and finds ways to connect these to further improvements and new initiatives.

Sustainability Promotion Meetings holds twice a year that attended by sustainability strategy promotion officers from business units (business promotion division head-class), also established under the committee, formulate long-term corporate strategies focusing on ESG (environmental, social, and governance) to promote specific measures for advancing sustainability, including contribution to achieving the SDGs.

To review and discuss CSR initiatives, CSR Manager Meetings are regularly held by CSR and social contribution officers from business units and Group companies. Additionally, CSR officers at regional headquarters in the United States, Europe, China, Southeast Asia, India, and Australia, as well as environmental officers in the United States, Europe, and China work daily to cultivate mutual understanding and provide opportunities for general meetings in order to achieve cross-regional information sharing and cooperation.

To discuss and implement specific measures to achieve long-term environmental targets, the Eco-Management Meetings, whose members are environmental promotion officers from business units and Group companies, work

together with Sustainability Promotion Meetings. Global and Regional Environmental Meetings are also held regularly, allowing environmental initiative officers from regional headquarters outside Japan to share common practices and promote environmental initiatives.

Additionally, starting in fiscal 2021, in order to further accelerate human rights and diversity initiatives, newly established Human Rights Due Diligence (HRDD) Manager Meetings are held twice yearly to promote human rights due diligence. Also, the Diversity Development Council meets once or twice a year, along with periodic reporting and deliberations by the Executive Sustainability Committee on progress being made toward these efforts. We have worked with business units and key Group companies to strengthen our structure to promote human rights and diversity initiatives.

The Sustainability Promotion Division holds regular dialogue with stakeholders in each region in cooperation with regional headquarters. Through such dialogues,

we endeavor to grasp global social issues promptly, extensively, and deeply, incorporating them into the issues our management deals with. At the same time, this dialogue lets us safeguard our corporate responsibility in a global society and make continued efforts to improve as we strive to achieve sustainable management and a sustainable society.

As a company that maintains committees, including a Nominating Committee, Hitachi has an Audit Committee that conducts business auditing. The committee is made up of directors selected as Audit Committee members. Yearly reports concerning important matters related to sustainability are made by executive officers in charge, and feedback from the Audit Committee is put to advantageous use in the work of promoting sustainability.

### ▶ Fiscal 2020 Executive Sustainability Committee Agenda Items

Term	Agenda Items
April 2020	<ul style="list-style-type: none"> <li>● Hitachi Environmental Innovation 2050                             <ul style="list-style-type: none"> <li>- Achieve Carbon Neutrality by 2030 at business sites (factories and offices) [below, Hitachi Carbon Neutrality 2030]</li> <li>- Cooperation with suppliers to promote CO<sub>2</sub> reduction in the upstream value chain</li> </ul> </li> </ul>
November 2020	<ul style="list-style-type: none"> <li>● Reporting and structural enhancements related to the status of plans for achieving Hitachi Carbon Neutrality 2030</li> <li>● Approaches regarding goals for 2030 at the stage of product and service utilization</li> </ul>

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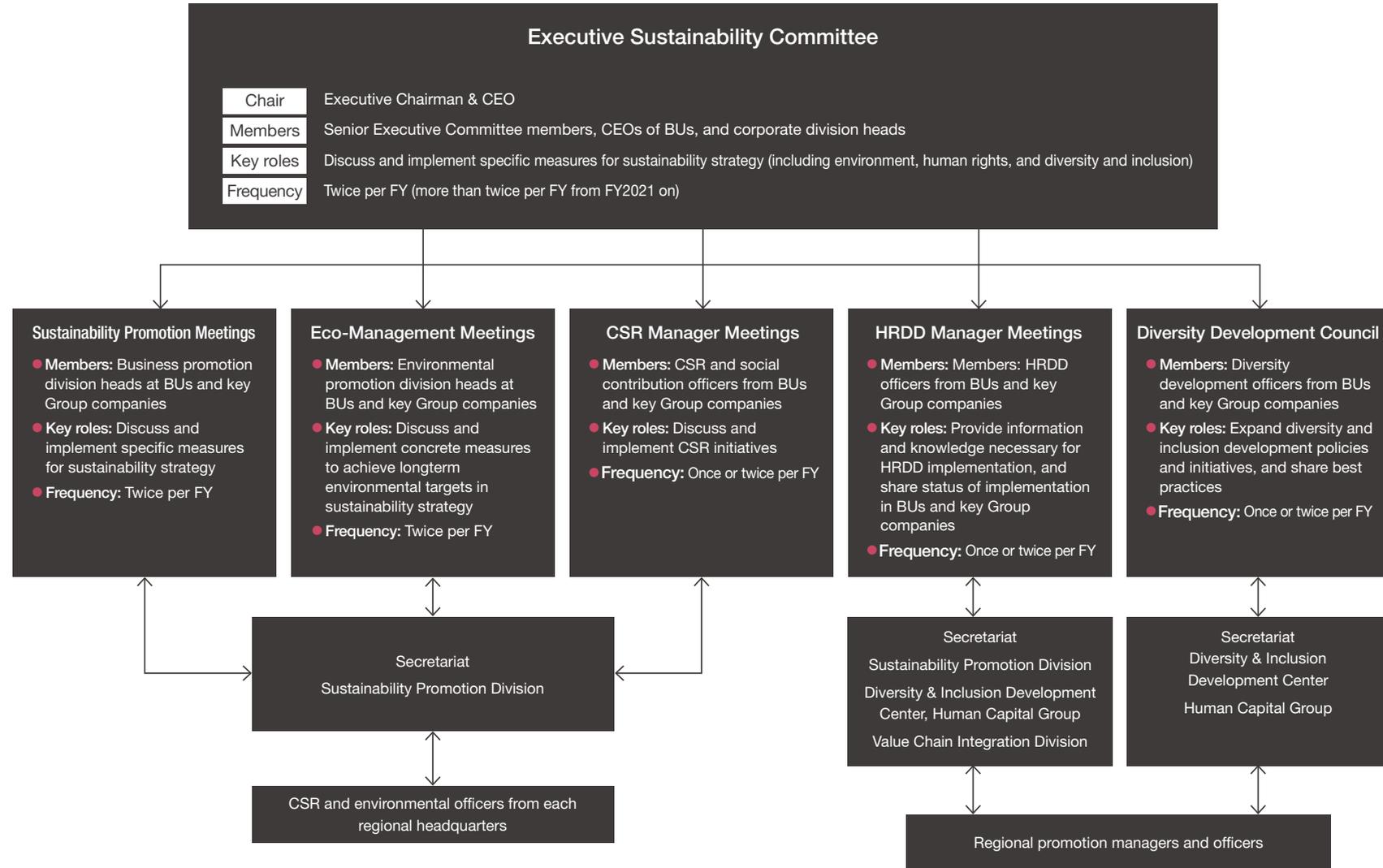
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### Bolstering the Environmental Business Promotion Structure

#### Structure

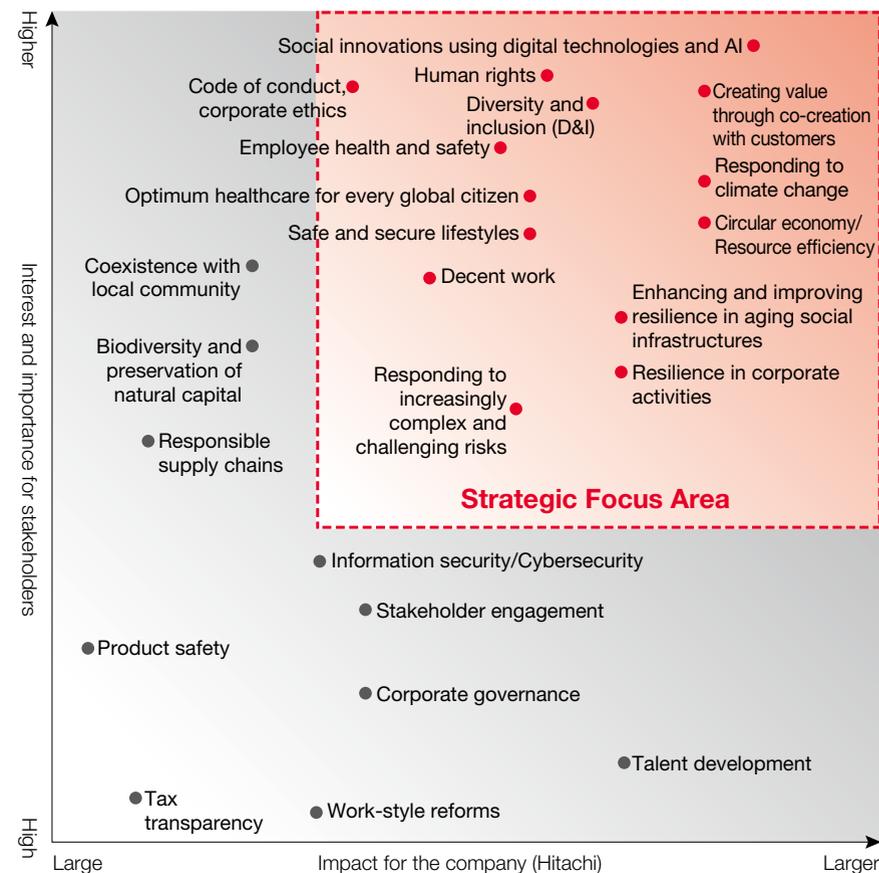
In April 2021, Hitachi appointed Executive Vice President Alistair Dormer to Chief Environmental Officer, and established the Environment Business Growth Strategy Division. These steps will enable us to accelerate the pace of environmental value creation achieved through business.

### Identifying Priority Initiatives as Strategic Focus Areas

#### Activities

GRI102-47

Looking forward to 2030 and what we aim for society and our company to become by then, Hitachi is focusing efforts on value creation in areas we consider to be of key importance. In working to realize Hitachi's goals of improving people's QoL and increasing our customers' corporate value, we have mapped out focus initiatives taking into account the degree of impact for Hitachi and the degree of interest and importance for all our stakeholders in order to make society and Hitachi's management sustainable. We have identified particularly high-priority initiatives among these as Strategic Focus Areas.



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Strategic Focus Area	Recognition of Issues and Strategies	Initiatives/KPIs	Relevant SDGs
Social innovations using digital technologies and AI	<p>The world is undergoing a variety of changes, such as climate change and resource shortages, aging populations and urbanization. Furthermore, society and the economy have changed dramatically amid the global COVID-19 pandemic.</p> <p>Hitachi creates new value for society by providing solutions that respond to a variety of challenges faced by society and the customers who are being confronted by these changes. This is the essence of Hitachi's Social Innovation Business.</p> <p>Co-creation with customers and partners is essential in responding to these changes quickly and efficiently. Through collaboration, we will expand social innovations that leverage Lumada. As a result, Hitachi will help realize a sustainable society.</p>	<ul style="list-style-type: none"> <li>● Expansion of the Lumada business</li> <li>● Increase Lumada revenues and adjusted operating income</li> <li>● Utilize the Lumada Solution Hub</li> </ul>	
Creating value through co-creation with customers	<p>Hitachi's mission in the Social Innovation Business is to achieve a sustainable society by taking on the challenges of climate change, a circular economy and the efficient use of resources. In response to climate change, which is a particularly urgent issue, we will expand solutions for targeting decarbonization.</p> <p>We have set the targets of achieving carbon neutrality within Hitachi by fiscal 2030 and achieving carbon neutrality through the value chain by fiscal 2050. As a leading company in the creation of environmental value, we will further accelerate our initiatives aimed at realizing these goals.</p>	<ul style="list-style-type: none"> <li>● Enhance human resources and technologies that support the growth of Lumada</li> <li>● Develop digital talent, and encourage participation of diverse human resource (D&amp;I)</li> <li>● Create learning opportunities</li> <li>● Strengthen R&amp;D</li> </ul>	
Responding to climate change	<p>Hitachi's mission in the Social Innovation Business is to achieve a sustainable society by taking on the challenges of climate change, a circular economy and the efficient use of resources. In response to climate change, which is a particularly urgent issue, we will expand solutions for targeting decarbonization.</p> <p>We have set the targets of achieving carbon neutrality within Hitachi by fiscal 2030 and achieving carbon neutrality through the value chain by fiscal 2050. As a leading company in the creation of environmental value, we will further accelerate our initiatives aimed at realizing these goals.</p>	<ul style="list-style-type: none"> <li>● Expand value and innovation from co-creation, and entrench this approach inside and outside of the Company</li> <li>● Expand co-creation centers</li> <li>● Expand partners in the Lumada Alliance Program</li> <li>● Increase awareness and understanding of the Hitachi Group identity</li> </ul>	
Circular economy/Resource efficiency	<p>Hitachi's mission in the Social Innovation Business is to achieve a sustainable society by taking on the challenges of climate change, a circular economy and the efficient use of resources. In response to climate change, which is a particularly urgent issue, we will expand solutions for targeting decarbonization.</p> <p>We have set the targets of achieving carbon neutrality within Hitachi by fiscal 2030 and achieving carbon neutrality through the value chain by fiscal 2050. As a leading company in the creation of environmental value, we will further accelerate our initiatives aimed at realizing these goals.</p>	<ul style="list-style-type: none"> <li>● Promote "Hitachi Environmental Innovation 2050"</li> <li>● Expand the environmental contribution business</li> <li>● Reduction in CO<sub>2</sub> emissions at workplaces</li> <li>● Reduction in CO<sub>2</sub> emissions from products and services</li> <li>● Reduction rate in water use per unit</li> <li>● Reduction rate in waste and valuables generation per unit</li> <li>● Value creation story in five sectors and the Automotive Systems business</li> </ul> <p><a href="#">Hitachi Integrated Report 2021(P52-69)</a></p>	
Optimum healthcare for every global citizen	<p>In a society characterized by rapid digitalization, urbanization and a growing senior population, it is important that we enable people to enjoy comfortable, energetic lifestyles, within a safe and secure living environment. To do this, Hitachi provides city building solutions that support safe and secure living for people everywhere, as well as optimum healthcare for individuals.</p> <p>In the healthcare field, we support a society in which more and more people are living past the age of 100 through the development and provision of solutions that extend from prevention of illnesses in the pre-symptomatic phase to testing, diagnostics, treatment and support for long-term care.</p>	<ul style="list-style-type: none"> <li>● Expand the Healthcare business</li> <li>● Value creation story in the Mobility and Smart Life sectors</li> <li>● Expand businesses that support safe and secure transportation and lifestyles</li> </ul> <p><a href="#">Hitachi Integrated Report 2021(P61, 64)</a></p>	
Safe and secure lifestyles			

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Strategic Focus Area	Recognition of Issues and Strategies	Initiatives/KPIs	Relevant SDGs	
Enhancing and improving resilience in aging social infrastructures	Society and the economy are always potentially susceptible to highly unpredictable risks such as natural disasters, pandemics and cyberattacks. Public services and corporate activities must be able to recover quickly even in times of disaster. We face also the urgent need to create a society in which everyone can benefit equally from the public services delivered by rapid digitalization. Hitachi provides systems and solutions to that make society and corporate activities more robust, thereby contributing to a more resilient society.	<ul style="list-style-type: none"> <li>Expand businesses that support public infrastructure and services</li> <li>Expand businesses that support business operations such as finances, industry, logistics, and cybersecurity</li> </ul>	<ul style="list-style-type: none"> <li>Value creation story in five sectors and the Automotive Systems business</li> <li><a href="#">Hitachi Integrated Report 2021(P52-69)</a></li> </ul>	  
Resilience in corporate activities				
Human Rights	Hitachi's Social Innovation Business adds to the vitality of society and people's lives. Hitachi is managing its workplaces and maximizing the potential of its diverse talent pool in line with our basic philosophy that "Health and Safety Always Come First." We respect all people, including co-creation partners and those who support the value chain, contributing to a society in which everyone can work safely and with peace of mind.	<ul style="list-style-type: none"> <li>Respect human rights</li> </ul>	<ul style="list-style-type: none"> <li>Training completion ratio</li> <li>Auditing of supply chains</li> </ul>	
Employee health and safety		<ul style="list-style-type: none"> <li>Thorough work safety and hygiene</li> </ul>	<ul style="list-style-type: none"> <li>Reduce work-related accidents</li> <li>Promote health</li> </ul>	  
Diversity and inclusion (D&I)	By encouraging the participation of diverse talent, we will promote active co-creation between Hitachi and its partners and accelerate the creation of new value through the Social Innovation Business.	<ul style="list-style-type: none"> <li>Promote diversity and inclusion (D&amp;I)</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of non-Japanese and female executives and corporate officers</li> <li>Number of non-Japanese and female employees</li> <li>Number of female managers</li> <li>Employment of people with disabilities</li> </ul>	
Decent work		<ul style="list-style-type: none"> <li>Put in place and promote workplace environments that are comfortable and satisfying for employees</li> </ul>	<ul style="list-style-type: none"> <li>Participation rate in Global employee survey/engagement index</li> <li>Create learning opportunities</li> <li>Autonomous career support through HR management initiatives</li> <li>Put in place a remote working environment</li> <li>Promote social contributions</li> </ul>	
Code of conduct, corporate ethics	Amid the rapid growth of Hitachi's businesses and partners on a global scale, the effective management of corporate compliance, geopolitical risks and business risks is essential to the continuation of highly reliable business activities.	<ul style="list-style-type: none"> <li>Compliance</li> </ul>		   
Responding to increasingly complex and challenging risks	Hitachi recognizes that sharing codes of conduct, ensuring thorough compliance with laws and regulations and promoting risk management are particularly important to sustainable growth. We are also undertaking initiatives to augment our corporate governance function.	<ul style="list-style-type: none"> <li>Build and operate risk management systems</li> </ul>	<ul style="list-style-type: none"> <li>Respond to risks and opportunities</li> </ul>	      

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# Hitachi Sustainability Report 2021

### Establishment of Principal ESG-Related KPIs and Linking It with Executive Officers' Compensation

**Goals**   **Activities**

As part of promoting sustainability, we have established KPIs for key ESG challenges, and promote activities to help achieve them. In addition, ESG-related KPIs corresponding to executive officers' scope of work are set as criteria for evaluation regarding appropriate compensation for their duties.

#### Achievements in and after Fiscal 2020

In May 2020, we declared a target: to achieve carbon neutrality in our business sites (factories and offices) by fiscal 2030. Following this, we created a new target in September 2021: to achieve carbon neutrality through entire value chain by 2050.

Additionally, in order to accelerate environmental value creation, we have incorporated environmental value as part of the executive officer compensation system from April 2021. The targeted environmental value is determined through dialogues between the president and executive officers.

#### Key ESG-Related KPIs

✓ Achievement of goal, or progress being made toward achievement  
 × Goal not achieved (for fiscal 2020 goals)  
 [ ] Bracketed items in the Achievements column show initial fiscal 2020 targets

	KPI	Achievements in FY 2020	Progress made toward the goal and achievements in made	Target		Relevant Page
Environment	Business Sites (Factories and Offices) Reduction rate of CO <sub>2</sub> emissions (base: FY 2010)	39%	✓	FY 2021	20% or higher	P031
				FY 2030	100% (carbon neutrality)	
				FY 2050	(Maintain 100%)	
Environment	Reduction rate in water use per unit (Hitachi Group) (base: FY 2010)	24%	✓	FY 2021	26% or higher	P057
				FY2050	50%	
Environment	Reduction rate in waste and valuables generation per unit (Hitachi Group) [Base: FY 2010]	14%	✓	FY 2021	12% or higher	P062
				FY 2050	50%	
Society	Digital talent (Hitachi Group)	Approx. 35,000 people	✓	FY 2021	37,000 people	P102
	Number of Data scientists (Hitachi Group)	Approx. 3,000 people (Achieved ahead of schedule)	✓	FY 2021	3,000 people	
	Number of Top-class AI talent (Hitachi Group)	356 people (Achieved ahead of schedule)	✓	FY 2021	350 people	P086
	Ratio of female executives and corporate officers (Hitachi, Ltd.)	10.1%*1 [10%]	✓	FY 2024	15%*1	P106
				FY 2030	30%*1	
	Ratio of non-Japanese executives and corporate officers (Hitachi, Ltd.)	11.6%*1 [10%]	✓	FY 2024	15%*1	P106
				FY 2030	30%*1	
	Number of female managers in Japan (Hitachi, Ltd.)	800 people*2 [800 people]	✓	—	—	
	Fatal accidents (Hitachi Group)	3 cases	—	2021	0	
	Fatal accidents (Hitachi, Ltd.)	0 cases	✓	2021	0	
Lost time accidents (Hitachi Group)	314 cases	—	2021	Halve the number compared to 2018 (253 cases)	P116	
Lost time accidents (Hitachi, Ltd.)	4cases	—	2021	Halve the number compared to 2018 (3 cases)		

\*1 Personnel reassignments are included as of April 1, 2021, for FY 2020, April 1, 2025, for FY 2024, and April 1, 2031, for FY 2030

\*2 The number of female managers in Japan is as of October 2020

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# Hitachi Sustainability Report 2021

## Contribution to the SDGs

### The SDGs and Hitachi's Social Innovation Business

#### Approach

GRI 102-11

We consider the Sustainable Development Goals (SDGs) an important initiative for realizing a sustainable society and improving people's Quality of Life (QoL) through solving global social and environmental issues. We have significantly contributed to achieving the SDGs through our Social Innovation Business which also serves as a source of sustainable growth for us.

Accordingly, through the provision of innovative solutions and products in our Social Innovation Business, we will strive to create social, environmental, and economic value as part of our management strategy. We will also endeavor to reduce negative social and environmental impacts resulting from our business and seek a deeper understanding of business risks arising from social and environmental changes to ensure greater resilience against negative impacts.

### Hitachi's Priority SDG Issues

#### Policy

At the Executive Sustainability Committee chaired by Executive Chairman & CEO Toshiaki Higashihara, the committee members considered the 17 SDGs and the opportunities and risks they presented. After this, they identified five goals where we can make a particularly significant impact through our key businesses and six goals that we can contribute to through our entire corporate

activities. We view the latter six goals as relevant to our entire business and management strategies and that make an impact on corporate sustainability.

Because we are active in a broad range of business fields, we believe we can contribute extensively to the

achievement of SDGs in addition to the 11 goals identified. Understanding that all SDGs are mutually related, we will endeavor to contribute to the achievement of all 17 SDGs both directly and indirectly.

**By proactively responding to social issues, Hitachi contributes to the achievement of all SDGs through its responsible corporate conduct and its Social Innovation Business.**



**SUSTAINABLE DEVELOPMENT GOALS**

Hitachi contributes to the achievement of all SDGs both directly and indirectly through its business activities.

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### Road Map to Achieve Hitachi's Priority SDG Issues

**Goals**   **Activities**

Developing a sustainable society as defined by the SDGs will also lead to sustainable growth for Hitachi. We believe that we are providing value not only to the companies and consumers that are our direct customers but also to society more broadly. This is the essence of our Social Innovation Business. The products and services that we provide are all closely linked to social sustainability. We aim to be a global leader in sustainability through our efforts to help achieve the SDGs.

### Specifying the Social Impacts of the Goals of the SDGs Will Contribute to Hitachi's Business Strategy

**Activities**

GRI 102-47/103-1

Since fiscal 2019, Hitachi has urged business units and Group companies to promote visualization of social and environmental impacts in order to create the social, environmental, and economic value called for in the 2021 Mid-term Management Plan.

Specifically, after selecting their key businesses, each business unit and Group company chose the relevant items from the list of social and environmental impacts and sorted them by positive and negative impacts. They then identified the stakeholders involved in each impact and summarized

them in a logic model.

This helped not only to visualize what kind of impacts Hitachi and its customers have on society but also enabled them to maximize positive impacts while minimizing negative ones.



- Increase understanding through sustainability messages from the CEO, symposiums, workshops, newsletters, etc.
- Work with planning divisions and other relevant departments at business units and key Group companies to clarify how their businesses are linked to the SDGs in terms of business opportunities and risks.

- Incorporate the vision of Hitachi's future business and growth originating from achieving the SDGs and sustainability (solving social issues) in the 2021 Mid-term Management Plan business strategy, based on the knowledge that realizing a sustainable society will make sustainable growth possible for Hitachi.

- Promote management focusing on social, environmental, and economic value.
- Explore building a framework for assessing the impact of non-financial value created by the five focus sectors set out in the 2021 Mid-term Management Plan.

- Expand application to consideration of new businesses and impact evaluation for existing businesses.
- Promote establishment of a collaborative system with sales divisions to enhance sustainability.

**The measures will be taken in collaboration with business units, major Group companies, corporate-related departments, and global sites (regional strategies).**

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# / Engagement and Initiatives

## Stakeholder Engagement GRI 102-40/102-43

### Approaches to Engagement

#### Approach

[Investors Relations](#) [Disclosure Policy](#)

In our commitment to promoting our Social Innovation Business, we endeavor 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.

Stakeholders	Main Roles	Main Divisions	Means of Communication (Results in FY 2020)		Pages
Customers	Creation of better products and services, response to complaints, appropriate disclosure of information on products and services	Quality Assurance/Sales	<ul style="list-style-type: none"> <li>● Customer satisfaction activities</li> <li>● Marketing</li> <li>● Website</li> </ul>	<ul style="list-style-type: none"> <li>● Advertising activities</li> <li>● "Global Brand Campaign" (14 locations)</li> <li>● Holding the Hitachi Social Innovation Forum (9 countries in 3 regions)</li> </ul>	Quality and Product Safety Management P137-138 Information Management P181-182 Customer Satisfaction P139-140
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	<ul style="list-style-type: none"> <li>● Financial results briefings (quarterly)</li> <li>● General shareholders' meeting (annual)</li> <li>● Business strategy briefing "Hitachi Investor Day" (annual)</li> <li>● Stakeholder dialogue (annual)</li> </ul>	<ul style="list-style-type: none"> <li>● One-on-one meetings with institutional investors and analysts (approx. 660 meetings)</li> <li>● IR tools: Integrated Report, business reports, etc.</li> <li>● Information disclosure on website for stakeholders and investors</li> </ul>	Stakeholder Engagement P019-020
Suppliers	Building fair and sound business relations, smooth information sharing toward better partnerships	Procurement	<ul style="list-style-type: none"> <li>● Procurement activities</li> <li>● CSR monitoring (271 companies)</li> <li>● CSR audits (27 companies)</li> <li>● CSR procurement seminars (450 companies)</li> </ul>		Responsible Procurement P132-136 Respect for Human Rights Throughout the Value Chain P125-129
Employees	Proper treatment, promotion of occupational health and safety of human capital	Public Relations/ Human Capital	<ul style="list-style-type: none"> <li>● Intranet, in-house newsletters</li> <li>● Training</li> <li>● Town hall meetings between senior management and employees (President &amp; CEO: 7 meetings, executive vice presidents: 8 meetings)</li> <li>● Employee survey (annual)</li> <li>● "Make a Difference!" idea contest</li> </ul>		Stakeholder Engagement P019-020 Global Human Capital Management P094-100 Diversity and Inclusion P105-109 Work-Life Management P110-113 Occupational Health and Safety P114-122 Freedom of Association and Collective Bargaining P123
National and Local Governments, Industrial Associations	Compliance with domestic and foreign laws and regulations, policy recommendations, participation in industry-government-academia collaborative projects	Government and External Relations	<ul style="list-style-type: none"> <li>● Academic research for policy recommendations to international organizations and national governments, lobbying activities</li> <li>● Policy council participation (Japan)</li> <li>● Participation in business and industry associations (Japan)</li> </ul>		Stakeholder Engagement P019-020 Main Initiatives and Groups Hitachi Is Involved with P021 Main Groups in Which Hitachi Participates P024

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Stakeholders	Main Roles	Main Divisions	Means of Communication (Results in FY 2020)	Pages
Local Communities	Fulfillment of responsibilities as a corporate citizen, involvement in local communities	Social Contributions/All Business Divisions	<ul style="list-style-type: none"> <li>● Contribution to local communities through business</li> <li>● Participation in volunteer activities</li> </ul>	Social Contribution Activities P142-145
Academic Associations and Research Institutions	Promotion of technological innovations, participation in industry-government-academia collaborative projects	Research and Development	<ul style="list-style-type: none"> <li>● Open innovation (joint research)</li> </ul>	Innovation Management P083-090
NGOs and NPOs	Incorporation of diverse public opinions, promotion of stakeholder-focused management, social contributions through nonprofit activities	Sustainability Promotion	<ul style="list-style-type: none"> <li>● Stakeholder dialogues (annual)</li> <li>● Dialogue through collaboration</li> </ul>	Stakeholder Engagement P019-020 Social Contribution Activities P142-145
Global Environment	Realization of a decarbonized society, a resource efficient society, a harmonized society with nature	Environment/All Business Divisions	<ul style="list-style-type: none"> <li>● Stakeholder dialogues about environment (annual)</li> </ul>	Stakeholder dialogues P020 Environment P027-079

### Promoting Engagement

#### Structure

The outcomes of communication with stakeholders are shared with the respective divisions and actively utilized as valuable insights into our business. Public interest is growing in how corporations are taking in stakeholders' voices to improve their businesses, and we will continue to globally develop and promote ways of capitalizing on the opinions of the members of society with whom we engage with in our business activities.

### Stakeholder Dialogues

#### Activities Case Study

GRI 102-42/102-44

Hitachi organizes stakeholder dialogues in countries and regions around the world to invite opinions on social challenges from stakeholders representing specialized knowledge platforms, and it ensures that their insights are reflected in the business activities conducted at each of Hitachi's global businesses and business units.

#### Achievements in Fiscal 2020

In March 2021, Hitachi Europe held a two-day online dialogue on the theme of Hitachi's approach toward a zero-carbon society with stakeholders. The event was attended by 29 participants including company management executives, managers involved with sustainability, policy makers, investors and NGOs.

Over the course of the two-day event, the participants engaged in wide-ranging and lively discussions covering everything from sharing issues for the promotion of carbon neutrality with one another from their various perspectives to their expectations of companies from the viewpoint of policy and what information companies are expected to disclose. In addition to this, Alistair Dormer, Hitachi, Ltd.'s executive vice president, expounded on Hitachi's environmental strategy and received a great deal of feedback from the participants.

Looking forward, we will continue to promote active dialogues with stakeholders and work to improve social and environmental value by putting what we learn through this process to advantageous use in the management of the company.

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## Main Initiatives and Groups Hitachi Is Involved with

Activities GRI 102-11/102-12

Based on its corporate credo of “contribute to society through the development of superior, original technology and products,” Hitachi has advanced its Social Innovation Business in order to help realize a sustainable society. As part of this, to play its proper role as a global corporation, Hitachi actively participates in international initiatives addressing social issues on a global scale.

Initiative/Group	Logo	Activities	Initiative/Group	Logo	Activities
United Nations Global Compact		Officially became a participant in 2009. Joined workshops organized by the Global Compact Network Japan on ten different topics including supply chain management, ESG, and SDGs in fiscal 2020	Race To Zero campaign		Joined in 2020, along with Business Ambition for 1.5°C commitment
World Business Council for Sustainable Development (WBCSD)		Became a member in 1995 Adopted SOS 1.5 project in 2020	Business Ambition for 1.5°C		Became a member in 2020, along with SBT1.5°C certification
Business for Social Responsibility (BSR)		Became a member in 2007 and have participated in the Human Rights Working Group (HRWG) since 2016	Japan Climate Initiative (JCI)		Became a member in 2018. Also a member of the JCI Race to Zero Circle established in 2021
World Economic Forum (WEF)		Participated in Davos Forum since 2014	The Valuable 500		Participated in 2021
Task Force on Climate-related Financial Disclosures (TCFD)		Announced its support for TCFD in 2018 and disclosed climate-related information based on the TCFD recommendations	Tokyo Zero-emission Innovation Bay		Became an organizing institution in conjunction with its establishment in 2020

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## International Standardization Activities

## Hitachi's 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, and end 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, 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. In order to fulfill our duties as a global company, Hitachi actively participates in associations involved with standardization activities in various industries and regions.

\*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 Assessment of Hitachi's International Standardization Activities

## Activities

Hitachi's international standardization activities have been receiving favorable appraisals from outside the company. In fiscal 2020, we received public recognition from the Ministry of Economy, Trade and Industry (METI), the IEC Activities Promotion Committee of Japan, the Telecommunication Technology Committee (TTC), and the Information Technology Standards Commission of Japan (ITSCJ), among other organizations.

## Structure for Promoting International Standardization Activities

## Structure

As part of the initiatives related to 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, 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

\*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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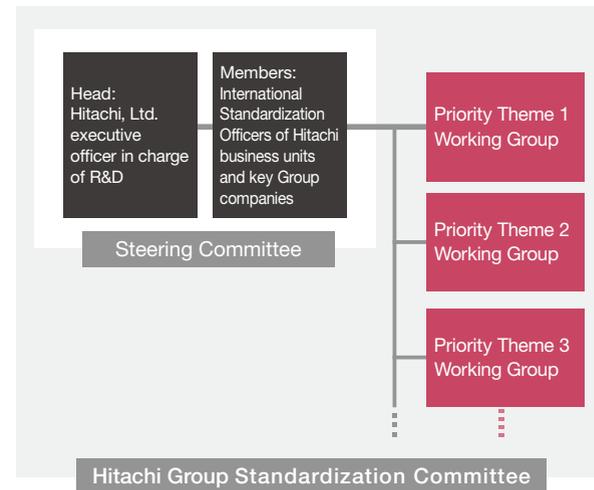
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the Standardization Committee selects themes for Hitachi to prioritize in the medium- to long-term with regard to important issues. Detailed discussions are held in working groups for each theme to promote standardization activities.

### Achievements in Fiscal 2020

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 of sustainable and human-centered societies enabled with cyber-physical systems).

### ▶ Hitachi Group Standardization Committee



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Main Groups in Which Hitachi Participates Activities GRI 102-13/203-2

As part of developing Hitachi's Social Innovation Business on a global scale, we view government institutions and related organizations in Japan and other countries around the world as important partners both as customers and supporters. Our Government & External Relations Group leads our efforts to strengthen ties with these bodies. The Government & External Relations Group seeks to collaborate with local communities by making Group-wide efforts to work with governments and international organizations in each country, and at the same time, they also work to discover new business opportunities for Hitachi in response to 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 help build a better society.

## Participation in Government Councils/Business and Industry Associations

Council/Group	Participant	Activities
Panel discussion regarding Infrastructure System International Expansion Strategy 2025 (Cabinet Secretariat)	Executive Chairman & CEO Toshiaki Higashihara attended as a private sector member	<ul style="list-style-type: none"> <li>Proposals regarding appropriate concrete measures to be taken based on the Japanese government's Infrastructure System International Expansion Strategy 2025</li> </ul>
Japan Business Federation (Keidanren)	Executive Chairman & CEO Toshiaki Higashihara attended as the vice chair	<ul style="list-style-type: none"> <li>Establishing sustainable capitalism that achieves SDGs through policy recommendations for realizing Society 5.0 under the theme of "Society 5.0 for SDGs."</li> </ul>
Japan Electronics and Information Technology Industries Association (JEITA)	Executive Chairman & CEO Toshiaki Higashihara attended as the vice chair	<ul style="list-style-type: none"> <li>Examining and making proposals on the promotion of digital technology, data use, and market creation under the mission to achieve Society 5.0</li> <li>Offering insights into paradigms of international legislation, agreements, and standards to develop digital trade and strengthen international competitiveness</li> </ul>
Japan Electrical Manufacturers' Association (JEMA)	Executive Chairman & CEO Toshiaki Higashihara attended as the chair	<ul style="list-style-type: none"> <li>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</li> </ul>
World Economic Forum (WEF)	Executive Officers centered on Executive Chairman & CEO Toshiaki Higashihara and President & COO Keiji Kojima	<ul style="list-style-type: none"> <li>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.</li> </ul>
Japan-US Business Council	Executive Chairman & CEO Toshiaki Higashihara attended as an organizing Executive Committee member	<ul style="list-style-type: none"> <li>Exchanging opinions and proposing policies regarding various issues with Japan-US economic relations from the point of view of the Japan-US business community as a whole</li> </ul>
National Association of Manufacturers	Hitachi Corporate Office in Washington DC	<ul style="list-style-type: none"> <li>Lobbying and making policy proposals, as the largest association of manufacturers in the United States, to support the international competitiveness of member corporations</li> </ul>
Japan Business Council in Europe (JBCE)	Hitachi Europe Public Relations and Sustainability Division	<ul style="list-style-type: none"> <li>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</li> </ul>

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# / External Assessments and Awards

## External Assessments and Awards Activities

Hitachi actively pursues a range of activities aimed at developing a more sustainable society. These activities have earned the Hitachi Group high marks from numerous external organizations.

### Actively Responding to ESG Assessments

The Hitachi Group is proactively responding to the external assessments that are required to be selected as a target for ESG<sup>\*1</sup> investment.

Hitachi, Ltd. received high scores from the CDP<sup>\*2</sup> which ranks companies based on their environmental practices and the quality of their disclosures. We received an A, the highest score, for water security, and an A- for climate change. We have now also been included in the FTSE4Good Index Series<sup>\*3</sup> for the first time.

Among Group companies, Hitachi Construction Machinery was selected for the Dow Jones Sustainability Asia Pacific Index (DJSI<sup>\*4</sup> Asia Pacific); Hitachi Metals was selected for the MSCI Japan Empowering Women Index (WIN)<sup>\*5</sup>, and both companies were selected for the MSCI Japan ESG Select Leaders Index<sup>\*6</sup> and the FTSE4Good Index Series.

<sup>\*1</sup> ESG stands for "environmental, social, and governance"—key factors in promoting socially responsible investment.

<sup>\*2</sup> CDP is a UK-based international nonprofit organization that rates corporate initiatives and transparency in the three areas of climate change, water security, and forests using an eight-level scale of A to D-.

<sup>\*3</sup> FTSE4Good Index Series: One of the indexes calculated by the London Stock Exchange, that is owned by the FTSE Group and which selects component stocks based on their ESG performance, specifically environmental management, climate change mitigation, human rights and workers' rights, supply chain labor standards, and bribery and corruption prevention.

<sup>\*4</sup> DJSI: A family of ESG indexes developed by Dow Jones & Company (USA) and RobecoSAM (Switzerland) that includes global and regional indexes with specific compositions. DJSI World, for example, selects on a global basis, while the DJSI Asia Pacific Index covers Japan, Asia, and Australia.

<sup>\*5</sup> MSCI Japan Empowering Women Index (WIN): A stock price index comprising companies in Japan selected for their high degree of engagement by female employees based on criteria formulated by the world-renowned index calculation company MSCI.

<sup>\*6</sup> MSCI Japan ESG Select Leaders Index: The MSCI Japan ESG Select Leaders Index targets 50% of the free float-adjusted market capitalization of each Global Industry Classification Standard (GICS®) from a free float-adjusted market capitalization weighted index based on the MSCI Japan IMI Top 700 Index, its parent index, which includes large, mid and small-cap securities in the Japanese markets and is designed to target companies that have high Environmental, Social and Governance (ESG) performance.



FTSE4Good



FTSE Blossom Japan

### CDP Scores for Fiscal 2020

Company	Score	
Hitachi, Ltd.	Climate change: A-	Water security: A
Hitachi Metals	Climate change: B-	Water security: B-
Hitachi Construction Machinery	Climate change: A-	Water security: B

### Results of ESG External Analysis in Fiscal 2020

Institution	Index	Companies selected
FTSE	FTSE4Good Index Series	Hitachi, Ltd., Hitachi Metals, Hitachi Construction Machinery
	FTSE Blossom Japan Index	
MSCI	MSCI Japan ESG Select Leaders Index	Hitachi Metals, Hitachi Construction Machinery
	MSCI Japan Empowering Women Index (WIN)	
S&P Global	Dow Jones Sustainability Asia Pacific Index	Hitachi Construction Machinery

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2021

## Diversity Management Selection 100

In 2013, Hitachi, Ltd. was included in the Diversity Management Selection 100, an initiative of Japan's Ministry of Economy, Trade, and Industry (METI). The Diversity Management Selection 100 system chooses and recognizes companies that have achieved high results in such areas as improving innovation and productivity by using the talents of diverse employees, including women, different nationalities, older employees, and people with disabilities. Hitachi was lauded for going beyond simply introducing diversity programs to promoting diversity management Group-wide as a corporate strategy backed by strong management commitment. Additionally, the Group company Hitachi High-Tech was selected to be included in the New Diversity Management Selection 100 in 2021.



## Kurumin Certification

Hitachi, Ltd. has received Kurumin certification in 2011 <sup>\*1</sup>. 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.

<sup>\*1</sup> Hitachi Group companies with Kurumin certification include Hitachi Construction Machinery Co., Ltd., Hitachi High-Tech, Hitachi Urban Investment, Ltd., Hitachi Systems, Ltd., and Hitachi Solutions, Ltd.



## Eruboshi Certification

Hitachi, Ltd. promotes diversity as an important component of its management strategy and strives to create work environments that enable its diverse human capital 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 the Act on Promotion of Women's Participation and Advancement in the Workplace. Hitachi, Ltd. was awarded class 2 (there are three categories); other Group companies receiving Eruboshi certification include Hitachi Metals, Hitachi High-Tech, Hitachi Systems, and Hitachi Solutions which were all awarded class 3 certification.



## WICI Japan Integration Reporting Awards 2020 and the 23rd Nikkei Annual Report Awards 2020

The Hitachi Integrated Report 2020 was awarded the Gold, the highest award, at the WICI Japan Integration Reporting Awards 2020.

The award was given on the basis of the integrated thinking informing our implementation of management, the way medium- to long-term value creation capabilities were indicated clearly with their relation to various stakeholders, and for our appraisal as a company with promising potential in further business value improvement, looking forward. Our report was also awarded the Semi Grand Prix at the 23rd Nikkei Annual Report Awards 2020.