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Environmental

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Executive Summary

Advancing Our Environmental Vision and Long-Term Environmental Targets

> Environmental Governance

Achieving a Decarbonized Society

Achieving a Resource Efficient Society

Achieving a Harmonized Society with Nature

Environmental Data

/ Environmental Governance

Framework for Promoting Environmental Governance

Structure

GRI 102-11/102-29/102-31

To achieve our Environmental Vision and reach our long-term environmental targets called Hitachi Environmental Innovation 2050, Hitachi, Ltd., is enhancing environmental governance by building a global structure to support environmental decision making and implementation at Hitachi, Ltd. and consolidated subsidiaries (a total of 872 companies as of March 31, 2021).

Important items related to environmental initiatives in the Hitachi Group are deliberated by the Executive Sustainability Committee, chaired by the executive chairman and CEO of Hitachi, Ltd., and attended by top Hitachi executives. Members meet twice a year to discuss environment-related policies and measures, including those in response to climate change, water and other resources, and to share progress reports and achievements and set the course for further improvements and new initiatives.

In April 2021, Hitachi, Ltd. introduced evaluations that take environmental value into account in the executive compensation system with a view to accelerating the creation of environmental value. The targeted environmental value is based on dialogue between the president and each executive officer.

Hitachi, Ltd. has adopted a committee system to separate the responsibilities for management oversight from the execution of business operations. Under this system, the Audit Committee of independent directors conducts an audit of sustainability-related operations once a year. Reports on climate change and other environment-related material issues are made to the committee by executive officers of Hitachi, Ltd.

To develop ways to achieve our long-term environmental targets and reduce environmental compliance risks, the three-year Hitachi Group Environmental Action Plan is formulated in line with the Mid-term Management Plan by environmental promotion division heads from business units of Hitachi, Ltd., and major Group companies participating in Eco-Management Meetings. Targets (and measures to achieve them) in the Environmental Action Plan that affect not only our environmental strategy but also our business strategy—like those to reduce the CO₂ emissions of our products and services—are determined jointly by the Eco-Management Meetings and Sustainability Promotion Meetings, attended by business promotion division heads. A progress report concerning important targets in the Environmental Action Plan is made to the Executive Sustainability Committee, and instructions from committee members are reflected in actual environmental activities.

Group-wide efforts to advance environmental activities are undertaken outside Japan as well. Environmental officers are assigned to China, the rest of Asia, the Americas, and Europe to share information on the state of progress of our environmental activities and on the latest environmental regulations in each country and region. Respective Regional Environmental Meetings are also held once or twice a year.

Achievements in and after Fiscal 2020

In fiscal 2020, the Executive Sustainability Committee was held in April and November. The discussions included: a report on the status of plans to promote Hitachi Carbon Neutrality 2030, a measure to accelerate the long-term environmental targets called Hitachi Environmental Innovation 2050, and ways to enhance its framework; visualization of environmental value; and the approach to the 2030 objective of the phase of the use of products and services. In June 2021, it was decided to revise one of the long-term environmental targets of Hitachi Environmental Innovation 2050, aiming for a decarbonized society, to achieve carbon neutrality by fiscal 2050 through the value chain.

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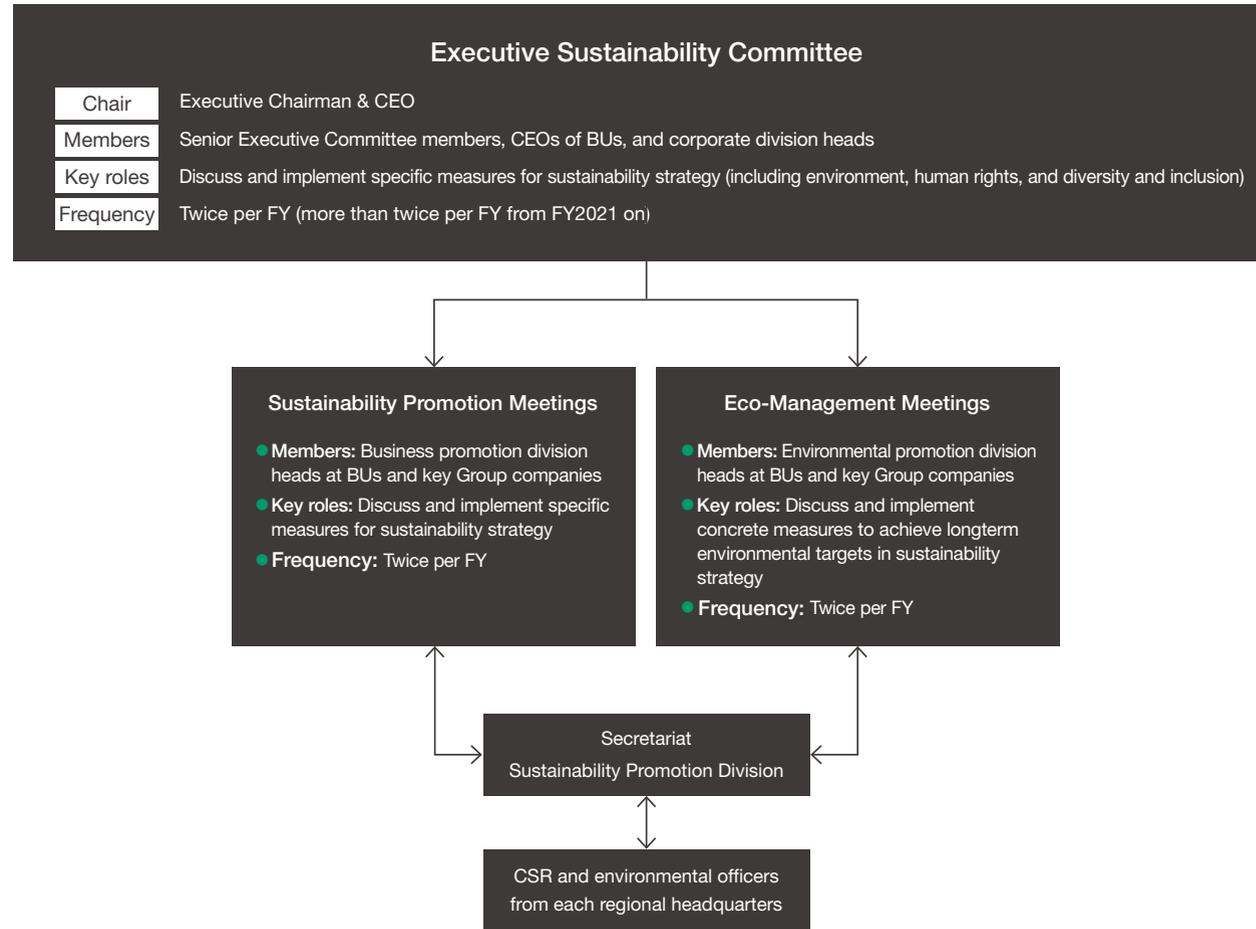
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Environmental Management System

Enhancing Our Environmental Management System

System

Hitachi has globally applicable criteria for environmental management classification to conduct environmental management properly and efficiently in accordance with the environmental load and compliance risk levels of Group business sites, both large and small. We assign a score for each classification item, such as the amount of power consumed, the volume of waste generated, and whether or not legal restrictions apply. All Group business sites are classified into one of three categories: A, B, and C, and environmental management is then conducted based on the respective level of risk. Of our approximately 1,000 business sites, about 160 major sites are classified as category A. These sites account for more than 90% of the Group's total environmental load.

The business units and Group companies that manages A sites participate as members of Eco-Management Meetings to draw up the Environmental Action Plan, which is then disseminated throughout the entire Hitachi Group by environmental strategy officers, chosen from among the heads and general managers of those organizations. These business units and Group companies also formulate their own environmental action plans based on Hitachi Group's Environmental Action Plan and strive to achieve their targets.

In addition to adhering to the in-house environmental management system, all our global category A manufacturing sites have acquired third-party certification, such as ISO 14001.

[List of ISO 14001-Certified Companies](#)

▶ Categories by Criteria for Classification of Environmental Management

	Setting targets based on the Environmental Action Plan and reporting environmental load data to Hitachi, Ltd. headquarters	Reporting environmental load data to environmental strategy officers within their own group	Reporting violations of environmental laws and regulations to Hitachi, Ltd. headquarters and responding to the management classification survey
Category A	○	○	○
Category B	—	○	○
Category C	—	—	○

Collecting and Monitoring Environmental Load Data to Improve Environmental Practices

Activities

To conduct environmental management efficiently and effectively, Hitachi collects environmental load data using the Environmental Data Collection System (Eco-DS). The system, which is in Japanese, English, and Chinese, monitors and registers items in about 20 categories, ranging from environmental load data on items such as energy use, water use, and waste generation, to whether an item falls under relevant environmental laws and regulations, and environmental accounting. We have also set up an international help desk to support the system's operation and promote understanding of environmental management.

The collected data is aggregated and analyzed to implement a PDCA cycle for environmental measures, such as environmental management classification into the categories A, B, and C; identifying environmental management issues; and sharing instructive examples within the Group. GREEN 21 uses the data registered in the system to calculate green points (GPs) for evaluating the level of target achievements. Approximately 160 major sites classified as category A aggregate and analyze data biannually on such key items as energy, water, and waste materials.

Achievements in Fiscal 2020

In fiscal 2020, data from about 1,000 business sites in 63 countries, including factories, research laboratories, and offices, was registered in the system to estimate the environmental load of the entire Hitachi Group.

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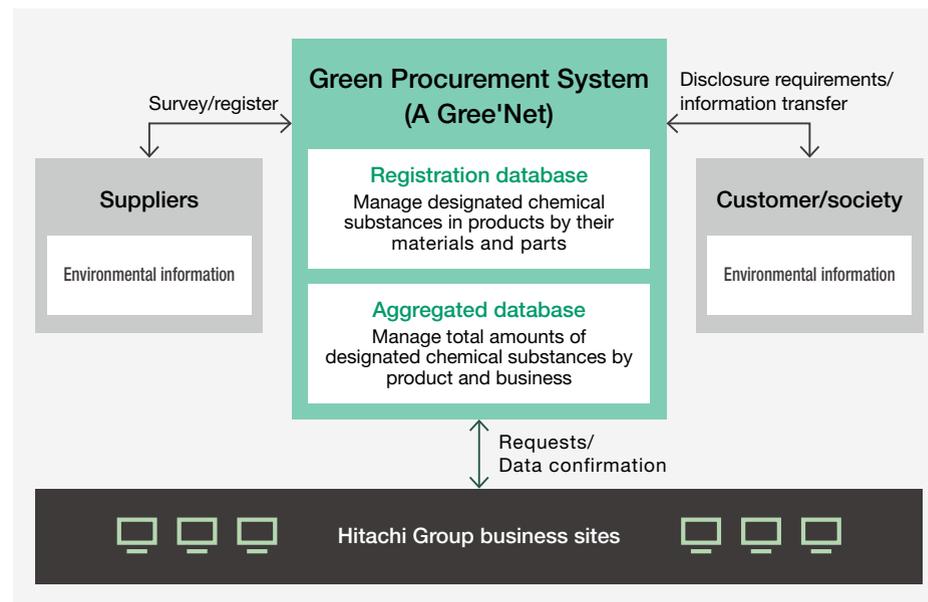
Chemical Substance Management System

To collect and manage data on chemical substances in materials, parts, and products from our suppliers, Hitachi operates A Gree'Net, a green procurement system compatible with the chemSHERPA*1 format, to grasp what chemical substances are used in our products—from design and development, procurement, and production to quality assurance and shipping—and to respond to legal and regulatory frameworks at shipping destinations.

To properly manage chemical substances used in our business operations, we have introduced a database for chemical substance management called CEGNET, which keeps track of the latest laws and regulations and our own voluntary regulations and supports searches for new substance risks. The system also collects and aggregates data on the amount of chemical substances handled, emitted, and transferred in our operations, helping to reduce the volume of chemicals that we handle and emit to the environment.

*1 chemSHERPA: A shared transmission scheme throughout the supply chain to ensure proper management of chemical substances in products and continuing compliance with the ever-growing requirements of major global laws and regulations like the REACH regulation (EU regulation of Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS directive RoHS directive (EU rules restricting the use of hazardous substances in electrical and electronic equipment).

Management of Chemical Substances in Products

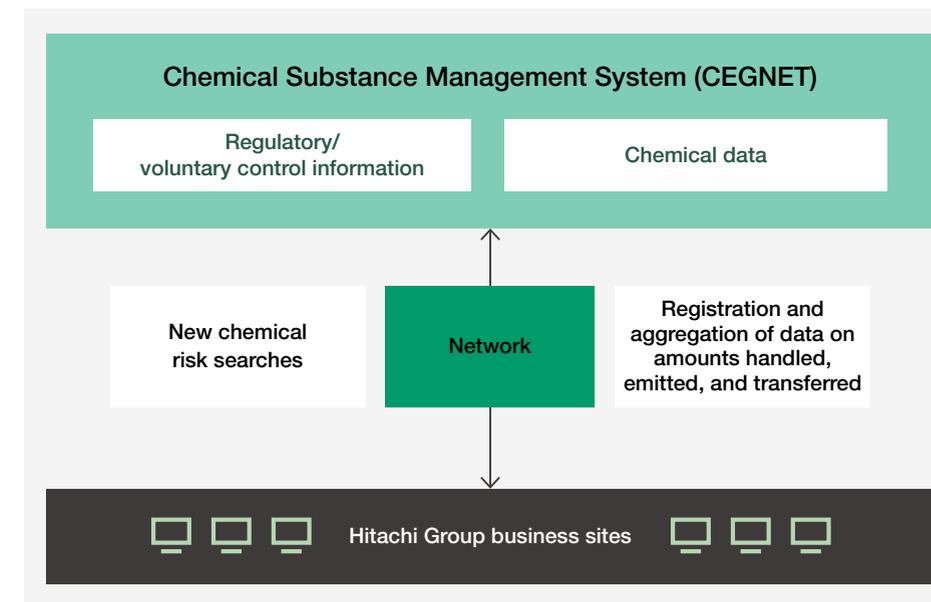


Achievements in Fiscal 2020

Approximately 1.33 million parts and products with chemical substances are registered in A Gree'Net as of March 31, 2021. This is around 10,000 less than the previous fiscal year due to a decrease in the number of Hitachi Group companies as a result of changes in our business portfolios.

We held 14 briefings via online meeting on regulatory revision trends and chemSHERPA tools, and gave instructions on how to use A Gree'Net to suppliers using the system at Omika Works, Hitachi IE Systems, the Naka area of Hitachi High-Tech, and the Kasado area of Hitachi High-Tech, and Hitachi High-Tech Science between October 2020 and March 2021. The briefings were attended by 916 people and helped to deepen understanding of regulatory revision trends, these tools, and this system.

Management of Chemical Substances in Business Operations



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Reducing the Environmental Burden Through “Eco-Factories & Offices Select” Certification

System Activities

Hitachi has implemented an “Eco-Factories & Offices Select” certification program for business sites that promote activities demonstrating a high level of environmental consciousness and produce notable results in that area. This helps raise the environmental awareness of employees and promotes environmentally conscious activities at our business sites.

Based on certification criteria that were developed for our manufacturing (factory) and nonmanufacturing (office) divisions globally, we certify factories that actively engage in improvements to achieve efficient production and offices that have been environmentally designed. Superior policies from certified factories and offices are shared with the entire Group, with other locations encouraged to implement them as well. To maintain and raise the level of environmental awareness through Eco-Factories & Offices Select, certified factories and offices are re-evaluated every fiscal year, and

only those that meet the evaluation requirements have their certification renewed.

Achievements in Fiscal 2020

In fiscal 2020, of our approximately 1,000 facilities, 13 were newly certified, and 57 had their certifications renewed. The total number of certified factories and offices was 70.

Environmental Education for Employees

Employee Engagement Activities

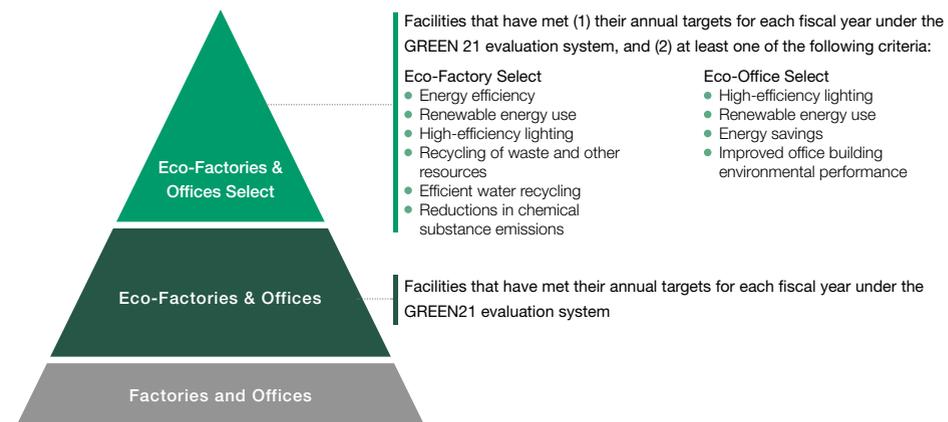
Hitachi believes that promoting greater environmental awareness and understanding among employees is essential to efforts to energize its environmental activities. Toward that end, we offer general education using e-learning for all Group employees, from new hires to executive officers. We also provide once a year specialized Hitachi Group training on environmental risks and compliance

with environment-related laws and regulations for working-level employees in charge of environmental management and internal environmental auditors. Particularly in China, where we have more than 20 category A sites, we provide training on compliance with the country’s increasingly strict environmental laws and regulations.

Achievements in Fiscal 2020

In fiscal 2020, we created the new e-learning document Introduction to Sustainability for general education with a view to sustainability in line with the 2021 Mid-term Management Plan. It was rolled out globally in July 2020. Hitachi Group training on recent amendments to laws and operational procedures was held in Japan and China in November and September. An environmental management training program to reduce environmental risks and raise the knowledge of working-level employees was held in Shanghai, China, in September.

▶ Eco-Factories & Offices Select Certification Criteria



▶ Environmental Education

Target		Introductory	Beginning	Intermediate	Advanced
General education	All employees	Introductory training for new employees			
		Online e-learning: Eco-Mind education (General topics: Global environmental issues, environmental law, etc.)			
Specialized education	Working-level employees	Basic environmental management course for working-level employees (Management of waste, air/water quality, and hazardous materials; development and operation of management systems; etc.)			
			Education for Eco-Factories Eco-Product development training Risk communicator training		
	Internal environmental auditors			ISO 14001 auditor brush-up training ISO 14001 auditor certification training ISO 14001 senior auditor certification training	

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Environmental Education in Fiscal 2020

Contents of training	Target	Number of participants
e-learning material: Introduction to Sustainability	All employees in the Hitachi Group	133,143 people
Hitachi Group training on recent amendments to laws and operational procedures as well as basic environmental management	Employees working in air, water quality, and waste management	Japan: 307 people from 36 companies China: 52 people from 37 companies
Environmental management training program to reduce environmental risks in China and raise the knowledge of working-level employees	Working-level employees	45 people from 34 companies
Training for new employees	New employees in the China Hitachi Group	35 people from 11 companies

Environmental Compliance

Activities

In order to better ensure compliance with the laws and regulations of each country and region and minimize environmental risks, Hitachi sets and monitors compliance with voluntary management criteria that are more stringent than regulatory requirements. If we find a violation or receive a complaint, we take steps to enhance environmental risk management by sharing the causes and countermeasures throughout the Group and to prevent occurrences of similar incidents. As part of our measures to address the pollution of soil and groundwater, we are examining the soil and water for any contamination at business sites where hazardous chemical substances are being or were once used. If contamination is found, we will conduct cleaning and monitoring activities until decontamination is complete.

Achievements in Fiscal 2020

In fiscal 2020, we continued designating 15 business sites that committed environmental violations in the past three years as high-risk business sites. The relevant business units and Group companies began providing guidance to these sites to strengthen their compliance activities. Through enhanced guidance to these high-risk business sites, compliance management has improved outside Japan. However, our business activities were strongly affected by COVID-19, and the number of relevant legal and regulatory violations increased compared to the previous year due to delays in notifications, contract renewals, and poor maintenance.

Implementation Status of Internal Environmental Audits

Implementing division	Target	Frequency
Corporate division of Hitachi, Ltd. (Sustainability Promotion Division)	Business units, headquarters of Group companies, and business sites classified as category A in our environmental management classification	Usually every three years
Corporate divisions of business units and Group companies (environment divisions)	Major business sites and subsidiaries of business units and Group companies*1 Sites of business units and Group companies outside Japan that are classified as category A in our environmental management classification*2	Usually every three years
ISO 14001-certified sites (audit teams)	Divisions within business sites	Usually every three years

*1 According to the Hitachi Group Global Audit Standards, which specify matters concerning internal audits conducted by business units and Group companies.

*2 According to the Environmental Action Plan.

Number of Regulatory Violations and Complaints (Hitachi Group)

