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Materiality

▶ Towards a Sustainable Society: Hitachi's Materiality ↗

Hitachi practices sustainable management, which positions sustainability as the core of its business strategy, and is working toward realizing a sustainable society through the Social Innovation Business.

In the Mid-term Management Plan 2024, we declared our aspiration of "supporting people's quality of life with data and technology that fosters a sustainable society." While some of the nine planetary boundaries ↗ have already been exceeded, Hitachi is aware of each one and works to protect the planet and maintain society. Hitachi aims to solve social challenges to realize a future that balances protection of the planet and people's individual wellbeing.

The Materiality Analysis Process

With a comprehensive understanding of social issues, Hitachi has identified six material topics and 15 sub-material topics based on an analysis of risks and opportunities from sustainability perspectives as well as feedback from stakeholders.

Based on these material topics, Hitachi is monitoring measures as well as discussing the progress, and new initiatives for each materiality at the Senior Executive Committee and the Board of Directors.

STEP 1 **Comprehensive understanding of social issues**
- Identifying social issues from the SDGs, GRI standards, SASB standards, ESG external evaluation items, etc.

STEP 2 **Ranking issues by priority from Hitachi's point of view**
- Identifying innovation areas where Hitachi should contribute based on backcasting from 2050
- Analyzing risks and opportunities

STEP 3 **Ranking issues by priority from stakeholders' point of view**
- Evaluating material topics based on assessments and comments from investors, NGOs, and ESG evaluation organizations
- Evaluating through dialogue with investors, NGOs, and sustainability experts

STEP 4 **Identifying Materiality**

Sustainability Strategy Promotion Structure

Under the leadership of Lorena Dellagiovanna, the Chief Sustainability Officer, Hitachi is promoting its sustainability initiatives on a group-wide basis. For details, please refer to page 15 of the Sustainability Report. ↗

Materiality	Our aspirations
Environment Contributing to decarbonization and resource circulation	As a climate change innovator, Hitachi will contribute to the realization of a carbon neutral society with Hitachi's superior green technologies, by providing value to customers in all business segments. We will also promote resource efficiency toward the transition to a circular economy.
Resilience Contributing to the maintenance and rapid recovery of social infrastructure	Hitachi helps people live safely by contributing to the rapid recovery of supply chains and the maintenance of social infrastructure by providing system solutions that can respond immediately to risks, such as natural disasters, pandemics, and cyberattacks.
Safety & Security Contributing to safe and secure society-building	Hitachi contributes to the realization of comfortable and active lifestyles for people by providing solutions in the building, mobility, and security fields that support urban development for safe and secure living.
Quality of Life Contributing to physical and mental wellness and a prosperous life	Hitachi is harnessing our healthcare and digital technologies to help more people develop bonds and enjoy healthier, more prosperous lives. We will also continue to pursue the happiness and wellbeing of our employees, as we believe that their happiness and wellbeing is the ground on which Hitachi's future will flourish even more fully.
Business with Integrity Adhering to ethical standards as well as respect human rights	As a Group responsible for social infrastructure around the world, Hitachi will manage its business with honesty and integrity, trusted by society, respect human rights, and provide a safe workplace. We will reflect a system of ethical and responsible business conduct, including respect for human rights, in our business activities and decision-making standards, working together with our employees, collaborative partners and communities throughout the supply chain.
Diversity, Equity and Inclusion (DEI) Contributing to a society where everyone can shine	Hitachi has a place for everyone, welcoming differences in colleagues' background, age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. At Hitachi, we treat everyone fairly, recognizing differences to allow everyone to perform at their full potential. We respect and value these and other differences because only through them we can understand our markets, create better ideas and drive innovation.

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15 Sub-Material Topics and Targets

Material topics	Sub-material topics		Targets/KPIs	FY2022 Progress	Relevant SDGs
Environment Contributing to decarbonization and resource circulation	Decarbonization	Carbon neutrality through the value chain	• FY2030: Achieve carbon neutrality in business sites (factories and offices) • FY2050: Achieve carbon neutrality through the value chain	40% of total CO_2 reduction rate at factories and offices (compared to FY2010)	
		Contributing to CO_2 reduction through business	• FY2024: 100 million metric tons of CO_2 avoided emissions per year	126.1 million metric tons per year[1] of CO_2 avoided emissions	
	Resource circulation	Transition to a circular economy	• FY2024: Full application Eco-Design for all newly developed products • FY2030: Zero[2] waste to landfill[3] from manufacturing sites	357 products identified as subject of Eco-Design 199 sites (58%) achieved zero waste to landfill	
		Effective use of water	• Reduction rate in water use per unit (compared to FY2010) FY2024: 24%, FY2050: 50%	27% reduction in water use per unit	
	Harmonize with nature	Minimize impact on natural capital		Sustainability Report 2023 P.55-57	
Resilience Contributing to the maintenance and rapid recovery of social infrastructure	Strengthening supply chains	Build flexible supply chains capable of responding to disasters and risks		Sustainability Report 2023 P.22-24	
	Maintaining social infrastructure	Resilience and sophistication of maintenance through DX of social infrastructure — Business Case	• Contribute to stable energy supply through substation management to approx. 1.9 billion people[4]		
Safety & Security Contributing to safe and secure society-building	Safe and secure urban environments	Safe and comfortable transportation — Business Case	• Contributed a total of 15 billion people annually through railway services[4]		
	Ensuring cyber security	Secure cybersecurity for social infrastructure and business systems			
Quality of Life Contributing to physical and mental wellness and a prosperous life	Connected and prosperous society	Increase healthy life expectancy and wellbeing — Business Case	• Blood tests and other physical exams: 20 billion tests/year[4]	10.0 thousand users of happiness service	
		Build a trustful relationship with others	• Users of happiness service: 90 thousand in FY2024		
	Employee happiness	More flexible working styles to increase engagement	• Employee engagement (positive response rate): FY2024 71.0%[5]	69.5% employee engagement (positive response rate)	
Business with Integrity Adhering to ethical standards as well as respect human rights	Business ethics and compliance	Encourage employees to apply ethical standards in day-to-day work	• Achieve a score of at least 60 (out of 100) in FY2023[6], the first year of results from Ethical Culture & Perceptions Assessment, improving it every year	Achieved a score of **76.5** (Conducted assessment in June 2023)	
	Respect for human rights	Promote human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights	• FY2023: Conduct human rights risk assessments for all BUs (10 BUs) and major Group companies • FY2024: Respond to human rights risks	Conducted human rights risk assessments for certain Group companies	
	Occupational safety	Creating a safe working environment without accidents	• Zero fatal accidents	5 fatal accidents	
	Safe and secure products and services	Ensure products and services safety while putting customers first		Sustainability Report 2023 P.115-117	
Diversity, Equity and Inclusion (DEI) Contributing to a society where everyone can shine	Diverse organization that fosters innovation	Strengthen diversity in management	• Ratio of female and non-Japanese executive and corporate officers: FY2030 30% respectively	11% of female and 20% of non-Japanese executive and corporate officers[7]	
		Acquiring and developing digital talent	• FY2024: 97,000 persons[8]	83,000 persons	
	Contribution to a diverse and equitable society	Empower DEI of society through community relationship programs	• Nurture and empower next-generation talent	Participants in Hitachi Young Leaders Initiative 30 people 405 people cumulative[9] Participants in Hitachi High-Tech science education support activities 62,487 people 367,362 people cumulative[10]	

*1 Mid-term Management Plan 2024 three-year average   *2 Less than 0.5%   *3 Wherever this is compatible with local conditions and regulations   *4 FY2022 results   *5 Target has been raised since we achieved the initial target/KPI
*6 Base year has been changed from FY2022 to FY2023   *7 Included assignment as of April 1, 2023   *8 Hitachi Astemo is excluded   *9 Cumulative total since 1996   *10 Cumulative total since 1990