Management

Contents

Management

CEO's Message   GRI 2-22

Creating a sustainable society through social innovation together with stakeholders

President & CEO
Hitachi, Ltd.

Keiji Kojima

Hitachi's Social Innovation

At Hitachi, we work with our customers towards creating a sustainable society by utilizing data and technology, and focus on Social Innovation Business that supports people's quality of life. After experiencing the management crisis in the wake of the Lehman Shock, Hitachi focused on Social Innovation Business as our single purpose, to solve social issues together with our customers through unique technologies that combine our strengths in IT, OT, and Products; and we have since continued to reform our business portfolio to become a global leader in bringing transformation to society.

Under our Mid-term Management Plan 2024, which started in 2022, we are committed to ensuring sustainable growth. To realize a sustainable society, we must expand our Social Innovation Business in various fields and create economic, environmental, and social value through three transformation drivers – Digital, Green, and Connective – that have significant impact on society and industry. For economic value, we aim to achieve growth in Earnings Per Share and Cash Flow Per Share by increasing the ratio of the Lumada[*1] business globally, which is a customer co-creation framework of a Social Innovation Business that leverages digital technologies. For environmental value, we aim to contribute to an annual reduction of 100 million metric tons of CO_2 emissions as a Group, through cross-sector collaboration. As for social value, we will respect the planetary boundaries and aim to improve people's well-being, with *Powering Good* as a guiding principle to our activities.

*1 Lumada: Solutions, services, and technologies that leverage Hitachi's digital technology and are offered to customers to accelerate the digitization of customers' businesses.

Management

As we shift into a sustainable growth mode, *Powering Good* is like a guiding principle for Hitachi, that I hold dear, and which goes hand in hand with the slogan, *Inspire the Next*. For example, I believe that the rapid evolution of generative AI will require us humans to improve our ability to discern what is good. As we constantly take actions and take on new challenges, and inspire the world through our Social Innovation Business (*Inspire the Next*) to make progress, we must never forget the ability to tell what is good, or in other words, the guiding principle of *Powering Good*.

Regarding our approach on "good," to respect planetary boundaries, we have set ourselves a goal to achieve carbon neutrality across our value chain by fiscal year 2050, under the Hitachi Environmental Innovation 2050, a set of long-term environmental targets. We would like to bring value to our customers and society through implementing initiatives at our own business sites (factories and offices) and by significantly growing our decarbonization business that contributes to the reduction of CO_2 emissions through collaborative creation with our customers and partners.

As for well-being, we are committed to influencing and contributing towards creating a sustainable society, to ensure health and wellbeing for all and to sustain a thriving world for everyone. By making further progress in our internal and external efforts, it is our vision to support a 100 year lifespan through innovation.

Initiatives for Human Capital Vital to Social Innovation

Securing global human capital is a critical topic for us as we strive to realize social innovation on a global scale.

Hitachi has a global network and a strong foundation for providing solutions and products to customers around the world. In recent years, we've had the pleasure to welcome many new talented people from ABB's power grids business and GlobalLogic through Mergers & Acquisitions (M&A). Bringing together the capabilities of this diverse group of people with different backgrounds and expertise, and working together as One Hitachi, enables us to understand the needs and issues of our customers around the world, and to innovate to realize a sustainable society.

I believe that human capital is the source of Hitachi's strength. In order to provide new value to customers and society as One Hitachi and to pursue transformation and growth, we have set three important goals under the Mid-term Management Plan 2024: (1) Acquisition and development of digital talent; (2) Promotion of Diversity, Equity and Inclusion (DEI); and (3) Increase employee engagement. Through our M&A, we have strengthened our digital capability by leveraging on GlobalLogic's recruitment and development methods, while also broadening our DEI and harnessing the diverse talents. In addition, our employee engagement score has also improved. We aim to achieve even greater heights, so that our employees will have a growth mindset as One Hitachi.

Management

Evolving Sustainable Management and Governance that Support Growth

In developing our Mid-term Management Plan 2024, we envisioned how the earth, society, and people living in the year 2050 would look like and our aspirations on how we want it to look like; taking a back casting approach, we identified what we need to do today, as well as what we need to address in the medium to long term. To promote sustainable management, we identified six materiality topics and set relevant targets against each. Progress against these targets and new initiatives are discussed in the Senior Executive Committee and the Board of Directors meetings.

Evolution of governance is essential to sustainable management. The members of our Board of Directors are indispensable in bringing important issues to light and we had countless discussions in formulating the Mid-term Management Plan 2024. We will develop our sustainable management further, through continuous discussions with our Board members under the sustainable growth mode.

Also, in order to improve corporate value through more robust sustainability management, we amended the executive compensation system in April 2023, and introduced new evaluation criteria on sustainability based on our materiality. To grow sustainably as a company, we must be recognized as a sustainable company. It is important that we keep our eyes on the future and contribute to society over the medium to long term and give back to our stakeholders. The amendment reflects our strong desire to share this intention at the management level. By implementing such mechanism, we aim to further advance our sustainable management.

A Message to Stakeholders

Hitachi's more than 110-year history is a series of solving social issues, built together with customers and stakeholders. As a company that promotes Social Innovation Business, Hitachi values dialogue and collaboration with a diverse range of stakeholders, including customers, shareholders/investors, governments, municipalities, academia, and research institutions. We receive a great deal of input from young people who will lead the next generation in particular, as they are highly environmentally and health-conscious.

These stakeholders are also innovation partners for Hitachi with whom we work together to solve social issues. Nowadays, many of our customers are taking on the challenge of solving social issues. Therefore, I feel like we are in an environment where we can truly engage in Social Innovation Business, and it is very encouraging to see the birth of new Social Innovation Businesses as we work diligently together with our customers to solve social issues.

To meet our stakeholders' expectations, Hitachi will continue to grow and deliver innovation to our customers around the world and society, with our diverse team full of talent working together across business domains and areas of responsibility, with a One Hitachi mindset.

Management

Chief Sustainability Officer's Message   GRI 2-22

Making solid progress toward our fiscal 2024 sustainability targets

My Mission

The Hitachi Group is a multinational enterprise with a global network of operations, an extraordinarily wide range of products, and a century of know-how and capabilities spanning many different industries. As Chief Sustainability Officer, my overarching mission is to leverage and align these strengths in ways that enable the Group to effectively tackle the big issues confronting the world today.

I am responsible for assessing the Group's impact on the environment and society and making decisions on appropriate actions to take, to make sure to meet the needs of the present without compromising the ability of future generations to meet their own needs. However, to successfully implement these actions, the Group will need to transform on a deep, structural level. Therefore, part of my job is to firmly integrate sustainability into our business models, operations, and decision-making. People are the critical element of this transformation, of course, so leadership and engagement are vital to encourage all members of the Group to be part of this journey.

Sustainability is Opportunity for Hitachi

Sustainability is not a new concept for Hitachi—it is rooted in the Company's corporate philosophy and identity. Sustainability is also a central element of our Mid-term Management Plan 2024, which focuses on sustainable growth while respecting planetary boundaries and enhancing people's wellbeing. The key to the realization of the plan is our Social Innovation Business and to offer practical solutions for environmental and societal issues that impact the sustainability of our planet.

Today, customers increasingly want to work with companies that are committed to sustainability rather than purely financial performance. Investors, too, are using environmental, social and corporate governance (ESG) criteria when choosing where to put their money. Young people especially, prefer to work for companies that have a broader purpose. We see these trends as opportunities for Hitachi to attract customers, investors and talent, and to contribute to sustainable economic growth in every country where we operate.

Lorena Dellagiovanna

Senior Vice President and Executive Officer,
Chief Sustainability Officer,
General Manager of Sustainability Group, and CDEIO
Hitachi, Ltd.

Management

Progress of Materiality and Sustainability

To demonstrate Hitachi's strong commitment to sustainability with transparency, we worked closely with various stakeholders, NGOs, and other external organizations and identified six issues that are critical for the Group's future—namely: the environment; resilience; safety and security; quality of life; business with integrity; and diversity, equity and inclusion (DEI). In this process, we examined current and prospective business opportunities and assessed impacts for stakeholders.

Thanks to the dedicated efforts of the Group's employees around the world, we have been making steady progress toward achieving the targets. On our decarbonization efforts, for example, we are aiming to achieve carbon neutrality within our business sites by fiscal 2030. Our target for the current Mid-term Management Plan is to reduce this by 50% against the base year of 2010 by fiscal 2024, and our current projection shows that we are expecting to reach 64% of CO_2 emission reductions. On the other hand, we are also working with our customers to reduce the society's CO_2 emissions through Social Innovation Business. In fiscal 2022, we were able to contribute to approximately 126 million metric tons of avoided emissions against our target of 100 million metric tons.

On circular economy, we are on track to achieve our target of reduction rate in water use per unit by 24%, by fiscal 2024 compared with the base year 2010. As part of our efforts to promote a circular economy, we're also aiming to virtually eliminate waste sent to landfill by fiscal 2030 and apply eco-design to all newly developed products by fiscal 2024. Hitachi registered 357 new products using this approach in fiscal 2022, which will significantly reduce the environmental impact throughout the product life cycle.

Turning to human capital, we set ourselves the target of increasing our digital talent to 97,000 people group-wide by fiscal 2024 (excluding Hitachi Astemo), recognizing that digital capabilities are not only important to the Hitachi Group but for society in general. Thanks to Hitachi's acquisition of GlobalLogic, a leading digital engineering services company,

we have been able to grow and will continue to strengthen our digital capabilities.

DEI is also at the core of our sustainability strategy, and we will drive our efforts to strengthen sustainability management going forward. For example, we have been strengthening diversity in our senior management layer and this is indicated by the percentages of female and non-Japanese executive and corporate officers. In fiscal 2022, women and non-Japanese nationals appointed to these positions reached 11% and 20% respectively, making headway toward our targets of 30% by fiscal 2030.

More importantly, however, we have been making diversity an integral part of our workplace by giving every member an active role to play. Reflecting this approach, our employee engagement score in fiscal 2022 surpassed the target we set for fiscal 2024. Diversity can generate new ideas, but for people to have a platform for voicing those ideas and creating solutions, measures must also be in place to ensure equity and inclusion. In other words, the interplay between all three components of DEI is the key to unlocking innovation and the potential of human capital.

As a group-wide voluntary initiative, our Hitachi Voice of Youth Programme provides opportunities for young employees to talk about sustainability with peers across different businesses, regions, and with our leadership team. I have had numerous conversations with the participants, and I am very excited about how these young people are bringing new energy and passion to the Group from the bottom up.

I believe that Hitachi will have a greater opportunity to rapidly evolve by leveraging its collective capabilities, know-how, technologies, and diversity in ways that provide valuable solutions for people throughout society. By having all our businesses around the world join forces as One Hitachi, every member of the Group can play an active and a vital role and make a difference.

Lastly, we regard external evaluations as important feedback for strengthening sustainability management.

Hitachi has been selected for various ESG indices and was ranked as a "leader" (AA) in the MSCI ESG Ratings in 2023. MSCI gave Hitachi high marks for its sustainability initiatives, such as compliance training and disclosure of R&D investments to create green value. In addition, in 2022, Hitachi was selected as a CDP A list company (the highest rating) in the areas of Climate Change and Water Security. Moreover, Hitachi also received CDP's Supplier Engagement Leader (the highest rating for supplier engagement) for its efforts to achieve a net-zero society, including reductions in CO_2 emissions throughout its value chain, and we are very proud of these achievements.

Message to Stakeholders

While the Hitachi Group is a vast global enterprise with leading-edge technologies and expertise, given the scale of the problems facing the world today, we understand the necessity for external collaboration. Therefore, we are actively seeking out opportunities to work with governments, academia, organizations, and companies, including customers, suppliers, and even our competitors. Our sustainability initiatives are directly related to 13 of the UN Sustainable Development Goals, but we intend to contribute to the achievement of all 17 goals by expanding our activities through these partnerships.

I look forward to working alongside our stakeholders as we pursue this ambitious endeavor in the years ahead.

Management

Hitachi Group Identity

Carrying out Corporate Activities Based on the Hitachi Group Identity

<div style="border:1px solid;display:inline-block;padding:2px 8px;">Approach</div>   GRI 2-23

Since our founding, Hitachi has been working to solve the challenges facing society by following our MISSION: Contribute to society through the development of superior, original technology and products. Our VALUES, present in the Hitachi Founding Spirit and reflecting *Harmony, Sincerity, and Pioneering Spirit*, guide our mission and inspire our actions. The MISSION and VALUES are our foundation, and together with the addition of the Hitachi Group Vision of the company's future, we define the Hitachi Group Identity.

As the Group continues to grow globally, Hitachi had reached approximately 320,000 employees on a consolidated basis in fiscal 2022, about 60% of whom working outside Japan. Similarly, sales revenue generated in non-Japanese markets account for about 60% of total revenue. In this age of working together 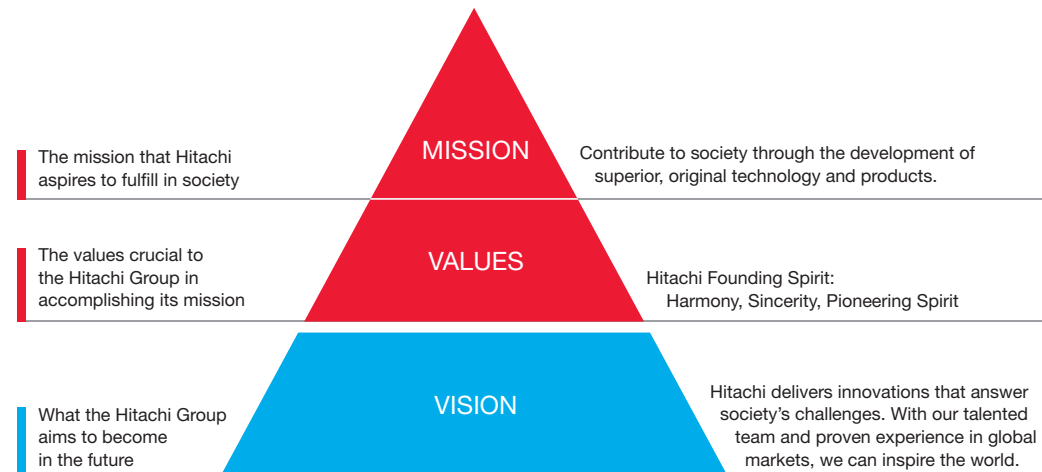with employees from different countries with different cultures, we must cherish *Harmony, Sincerity and Pioneering Spirit*.

Hitachi businesses solve social challenges and supports sustainability. Moving forward, it is essential that all employees around the world, despite their different language and thinking, continue to engage in constructive discussion. As we pursue our goal of contributing to society, we must maintain common Hitachi VALUES across the Group.

With the Hitachi Group Identity as our foundation, we will grow as individuals and as an organization. Together with our colleagues worldwide, we will contribute to society through our Social Innovation Business.

🖥 Hitachi Group Identity
https://www.hitachi.com/corporate/about/identity/index.html

▶ Hitachi Group Identity

The mission that Hitachi aspires to fulfill in society — **MISSION** — Contribute to society through the development of superior, original technology and products.

The values crucial to the Hitachi Group in accomplishing its mission — **VALUES** — Hitachi Founding Spirit: Harmony, Sincerity, Pioneering Spirit

What the Hitachi Group aims to become in the future — **VISION** — Hitachi delivers innovations that answer society's challenges. With our talented team and proven experience in global markets, we can inspire the world.

Solidifying the Hitachi Group Identity

<div style="border:1px solid;display:inline-block;padding:2px 8px;">Training</div>

Hitachi offers awareness activities through training tools and courses, assuming that social issues can be solved if each employee understands and practices the Hitachi Group Identity.

One way we encourage an understanding of and familiarity with the Hitachi Group Identity and the Hitachi Brand is with the annual Inspiration of the Year Global Awards. These awards recognize remarkable activities that contribute to enhancing the value of the Hitachi Brand by building on the Hitachi Group Identity. In fiscal 2022, we received 298 applications from Hitachi Group employees around the world. These submissions included a project to interconnect renewable energy across regions and another for environmentally friendly railway vehicles that reduce local traffic congestion and air pollution. We selected projects that use technology to achieve sustainability and improve well-being in each region to compete for the Grand Prix. The Grand Prix-winning projects were recognized at the Global Awards Ceremony and shared with all employees through our intranet.

We published the *Hitachi Group Identity Movie - I am Hitachi*, a movie featuring the award winners, on our website, allowing a wide range of people inside and outside the Group to see how Hitachi Group employees around the world endeavor to create better societies.

🖥 Hitachi Group Identity Movie - I am Hitachi -
https://www.hitachi.com/corporate/about/identity/i_am_hitachi/index.html

Management

Sustainability Management

Mid-term Management Plan 2024 and Sustainability

Towards Sustainable Societies—Mid-term Management Plan 2024

[Approach]　[Strategy]　[Targets]

In accordance with Hitachi's Mission to "contribute to society through the development of superior, original technology and products," we pursue our Social Innovation Business leveraging core strengths in IT (Information Technology) × OT (Operational Technology) × Products, and Lumada[1] to help build sustainable societies.

To respond to the increasingly complex global issues of recent years, it is essential that we conduct management from a long-term perspective and maximize Hitachi's diverse management resources to achieve further evolution in our Social Innovation Business.

Hitachi has responded by imagining the future—what the earth, society, and people will look like and what Hitachi will act like in 2050. Based on the future, in April 2022, we backcasted to formulate the Mid-term Management Plan 2024 which clarified what Hitachi should do now and what Hitachi should achieve over the medium- to long term.

[1] Lumada: Solutions, services, and technologies that leverage Hitachi's digital technology and are offered to customers to accelerate the digitization of customers' businesses.

🖥 Mid-term Management Plan 2024
https://www.hitachi.com/New/cnews/month/2022/04/220428/f_220428pre.pdf

🖥 Progress of the Mid-term Management Plan 2024
https://www.hitachi.com/New/cnews/month/2023/04/230427/f_230427pre.pdf

🖥 Hitachi Vision 2050
https://www.youtube.com/watch?v=w8-0cK-CZPI

Vision Targets of Mid-term Management Plan 2024

Hitachi continues to grow across diverse industries and solve social issues through the three global trends of Digital, Green, and Connective as change drivers.

The environment is reaching limits on a global scale as the thresholds of several of the nine planetary boundaries have already been crossed. Also, wellbeing (physical, mental, and social) is a growing global issue, therefore it is significant that we focus both on planetary boundaries and wellbeing.

Hitachi aims to resolve the increasingly complex social issues through its business, while respecting planetary boundaries and realizing wellbeing for all individuals. We will further evolve our Social Innovation Business driven by three growth drivers: Digital, Green, and Innovation, and contribute to solve social issues. We will also grow Lumada globally as a customer co-creation framework, accelerating expansion through four cross-organizational functions: Green, Digital, Innovation, and Global M&S.

▶ Supporting quality of life with data and technology that foster a sustainable society

Management

Contributing to the SDGs

`Approach`

Hitachi's Social Innovation Business aims to create sustainable societies by solving global social and environmental issues as defined by the SDGs, and we consider the business to be a source of sustainable growth for us. We strive to create social, environmental, and economic value through our Social Innovation Business, reduce negative social and environmental impacts and seek a deeper understanding of business risks arising from social and environmental changes to ensure business continuity and greater resilience.

Based on our Mid-term Management Plan 2024, we examined the relationship between the opportunities and risks associated with the SDGs and our businesses to identify 13 goals as Hitachi priority SDGs issues: five goals through which we make particularly significant impacts through our key businesses and six goals through which we particularly contribute in the course of our corporate activities.

Through our active involvement across a broad range of business fields, we believe we can contribute extensively to the achievement of SDGs beyond the 13 goals identified, and we will strive to contribute to the achievement of all 17 SDGs.

Business Strategy

3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES

Corporate Commitment

4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Management

Materiality   GRI 2-4/2-14/2-16

Toward a Sustainable Society: Hitachi's Materiality

`Approach` `Strategy` `Targets`   GRI 3-1

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.

🔗 Planetary boundaries
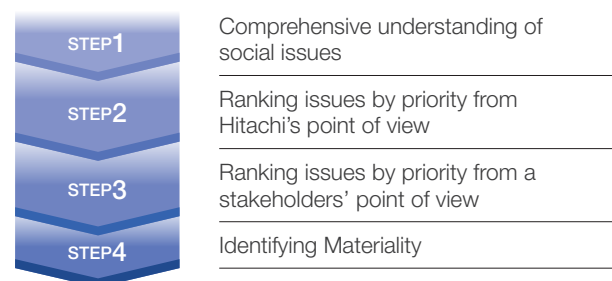https://social-innovation.hitachi/en/article/planetary-boundaries/

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 a 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.

▶ Materiality analysis process

STEP**1**	Comprehensive understanding of social issues
STEP**2**	Ranking issues by priority from Hitachi's point of view
STEP**3**	Ranking issues by priority from a stakeholders' point of view
STEP**4**	Identifying Materiality

🖥 Materiality analysis process
https://www.hitachi.com/sustainability/materiality/

Reflecting Sustainability Targets in Executive Compensation Evaluation

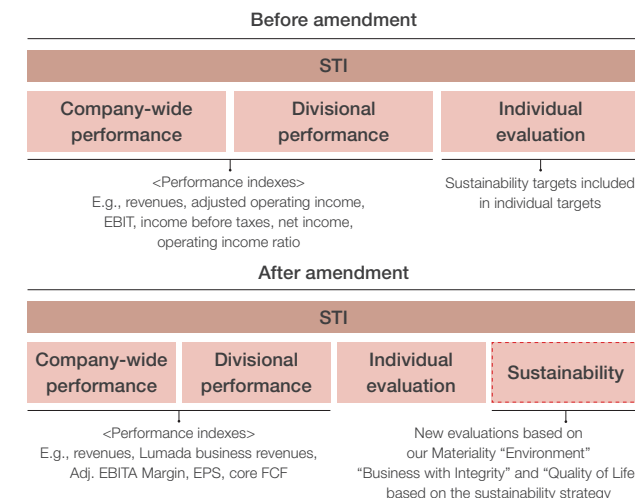`System`   GRI 2-19

In fiscal 2023, Hitachi amended the executive compensation system to further accelerate growth as a global company, and to further strengthen links between increases in corporate value and compensation. The revised executive compensation system is more closely linked to the Mid-term Management Plan 2024 and incorporates sustainability targets.

Specifically, sustainability evaluations that had been used as an index for individual short-term incentive compensation (STI) are now treated separately and account for a ratio of 20%.

In addition, an additional grant of shares equivalent to 10% of the standard amount of medium- to long-term incentive compensation (LTI) will be granted if the sustainability targets are achieved.

Sustainability evaluation in STI will be aligned to materiality topics including Environment, Business with Integrity and

Before amendment

STI		
Company-wide performance	Divisional performance	Individual evaluation

<Performance indexes>
E.g., revenues, adjusted operating income, EBIT, income before taxes, net income, operating income ratio

Sustainability targets included in individual targets

After amendment

STI			
Company-wide performance	Divisional performance	Individual evaluation	Sustainability

<Performance indexes>
E.g., revenues, Lumada business revenues, Adj. EBITA Margin, EPS, core FCF

New evaluations based on our Materiality "Environment" "Business with Integrity" and "Quality of Life" based on the sustainability strategy

Quality of Life, each linked to sub-materiality topics targets listed below.

Going forward, Hitachi will enhance link of compensation and the growth of the company, cultivating a growth mindset and strive to achieve global growth as One Hitachi.

▶ Materiality targets linked to executive compensation

Materiality	Sub-material topics target
Environment	**[Decarbonization]** • Carbon neutrality through the value chain • Contributing to CO_2 reduction through business **[Resource circulation]** • Effective use of water
Business with Integrity	**[Occupational safety]** • Creating a safe working environment without accidents
Quality of Life	**[Employee happiness]** • More flexible working styles to increase engagement

🔖 P.141 Compensation to Executive Officers

Management

15 Sub-Material Topics and Targets　GRI 3-2/3-3

Materiality	Our aspirations	Sub-material topics	Targets/KPIs	FY2022 Progress
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.	Decarbonization	**Carbon neutrality through the value chain** Targets/KPIs ● 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 Target/KPI ● 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** Targets/KPIs ● 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 Target/KPI ● 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	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.	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	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.	Safe and secure urban environments	**Safe and comfortable transportation** Business Case Contributed to 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	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.	Connected and prosperous society	**Increase healthy life expectancy and wellbeing** Business Case Blood tests and other physical exams: 20 billion tests/year[*4]	
			Build a trustful relationship with others Target/KPI ● Users of happiness service: 90 thousand in FY2024	**10.0** thousand users of happiness service
		Employee happiness	**More flexible working styles to increase engagement** Target/KPI ● 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	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.	Business ethics and compliance	**Encourage employees to apply ethical standards in day-to-day work.** Target/KPI ● 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** Targets/KPIs ● 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** Target/KPI ● 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	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.	Diverse organization that fosters innovation	**Strengthen diversity in management** Target/KPI ● 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 Target/KPI ● FY2024: 97,000 persons[*8]	**83,000** persons
		Contribution to a diverse and equitable society	**Empower DEI of society through community relationship programs** Target/KPI ● 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

Management

Framework for Promoting Sustainability Strategy

Establish a System to Promote Sustainability

Structure   GRI 2-12/2-13/2-14/2-16/2-24

Hitachi pursues sustainability initiatives across the group under the leadership of Chief Sustainability Officer, Lorena Dellagiovanna.

In April 2022, Hitachi established the Growth Strategy Meeting, Risk Management Meeting, and Human Resource Strategy Meeting to deliberate on the following important issues within the Senior Executive Committee that discusses important topics in Hitachi's corporate management.

> **Growth Strategy Meeting:** Matters related to management strategies for the growth of the Hitachi Group
> **Risk Management Meeting:** Matters necessary for the proper management of risk in the Hitachi Group
> **Human Capital Strategy Meeting:** Matters necessary for establishing organization and culture, and securing and developing human capital for the growth of the Hitachi Group

The Growth Strategy Meeting discusses and decides on matters related to the Hitachi Group's management strategy and accelerates the formulation of strategies necessary for its growth.

The Risk Management Meeting discusses and decides on important matters related to group-wide risks, and aims to realize a solid management foundation in coordination with growth strategies through a centralized and cross-sectional understanding of risks.

The Human Resource Strategy Meeting discusses and decides on matters necessary to foster the Hitachi Group's organization and culture as well as to secure and develop human resources, thereby supporting its further growth through the enhancement of human capital.

After discussions at these meeting bodies, important sustainability issues are deliberated on by the Senior Executive Committee to make decisions, and are submitted to the Board of Directors for further discussions as necessary.

Individual sustainability themes such as carbon neutrality, circular economy, human rights due diligence (HRDD), diversity, equity, and inclusion (DEI), occupational safety and health, supply chains, quality assurance, etc. are promoted by meeting bodies consisting of responsible staff at BUs and principal Group companies as part of cross-organizational activities in the Hitachi Group, who discuss measures and share information across the entire Group.

Since fiscal 2022, we hold the Sustainability Promotion Meetings chaired by the Chief Sustainability Officer to discuss and share information on important measures related to sustainability across the group, aiming to deepen sustainable management further.

▶ Framework for promoting sustainability strategy
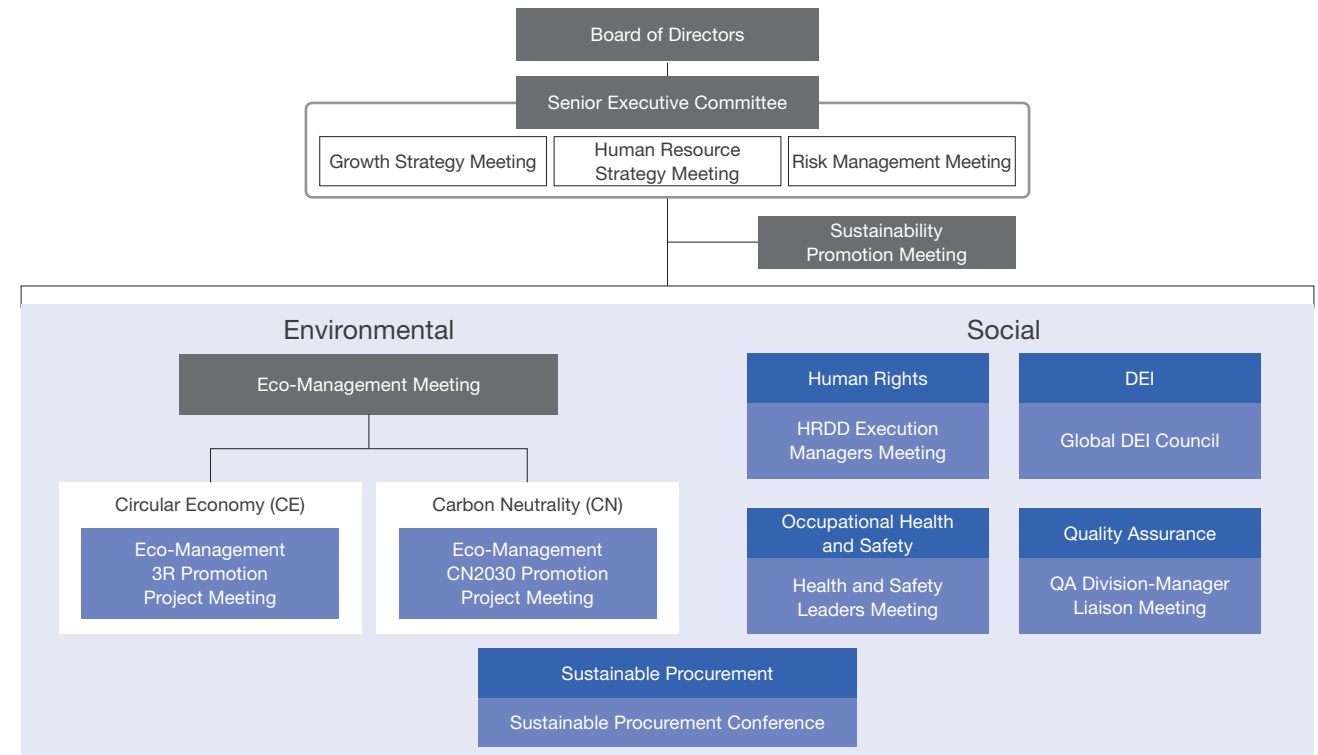
# Management

Framework for Implementing the Hitachi GX Strategy

Aiming to be a global leader in green transformation (GX), Hitachi formulated a Green Strategy consisting of *GX for CORE and GX for GROWTH*, striving to put into place a framework to execute our strategy.

The Internal Environment Initiatives Division leads environmental activities within the Hitachi Group. At the same time, the Global Environment Business Group drives growth through green businesses. And the business sectors foster environmental contributions through their respective business fields by working together to lead green strategies throughout the group.

▶ Framework for implementing GX strategy
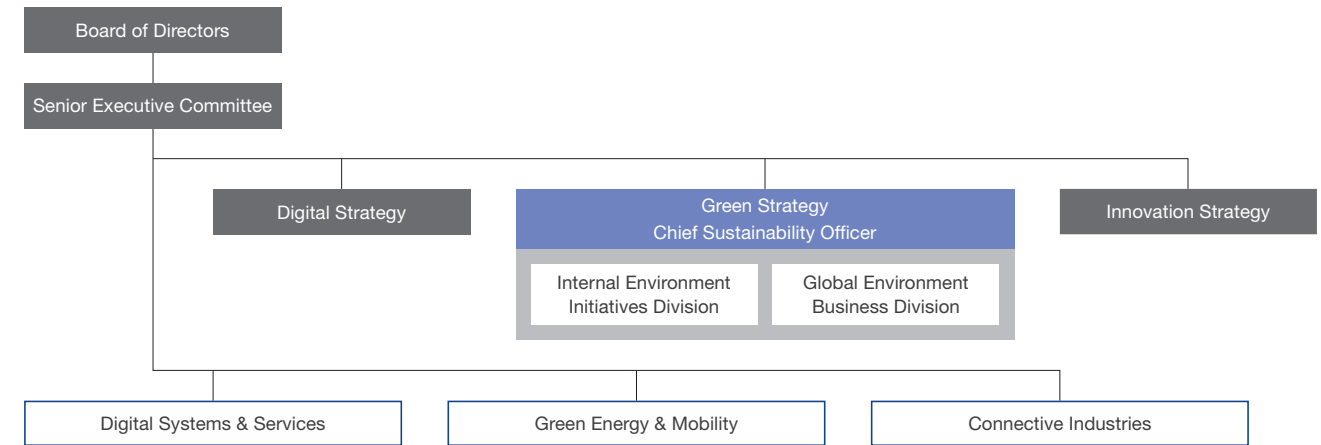
▶ Overview of Sustainability Related Conference Bodies

Meeting	Attendees	Purpose	Frequency
Sustainability Promotion Meeting	Chief Sustainability Officer, Business promotion division heads at BUs & key Group companies and RHQ Sustainability Officers	Deliberation, information sharing related to material sustainability initiatives	Once or twice per year
Eco-Management Meeting	Heads of Business promotion/Environment-related/MONOZUKURI (production)/Procurement divisions from BUs and key Group companies	Deliberation, planning, and implementation of action plans (environmental action plans) to achieve the Hitachi environmental long-term goals	Twice per year
Eco-Management CN2030 Promotion Project Meeting	Heads and members of Environment-related/MONOZUKURI (production) divisions from BUs and key Group companies	Monitoring and implementation of CN action plan and discussion of acceleration	Twice per year
Eco-Management 3R Promotion Project Meeting	Heads and members of Environment-related/MONOZUKURI (production) divisions from BUs and key Group companies	Promotion of actions for 3R activities toward realizing CE	Four times per year
Sustainable Procurement Conference	Chief Procurement Officer, heads of the procurement divisions at BUs and key Group companies, and individuals responsible for and engaged in sustainable procurement	Communicate the Hitachi Group sustainable procurement policies and strategies to all procurement divisions, improve knowledge and share best practices	Twice per year
HRDD Execution Managers Meeting	HRDD execution managers from BUs and key Group companies	Provide information and knowledge necessary for HRDD implementation, and share status of implementation in BUs and key Group companies	Once or twice per year
Global DEI Council	DEI leaders from BUs and key Group companies	Implement DEI policies, initiatives and share best practices	Once or twice per year
Health and Safety Leaders Meeting	Individuals responsible for health and safety at BUs, key Group companies (CHRO, officer in charge of health and safety)	Instruct and communicate occupational health and safety activity policies and measures, confirm progress / Share the details of important incidents related to occupational health and safety, discuss measures to ensure the prevention of recurrence	Once per two months
QA Division-Manager Liaison Meeting	Heads of the quality assurance divisions at BUs and key Group companies	Discuss and develop shared Hitachi Group quality improvement activity policies and measures for products and services	Every quarter

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Introduction **Management** Social Innovation Environmental Social Governance Assurance **Hitachi Sustainability Report 2023** 017

Management

Engagement and Initiatives GRI 2-28

Stakeholder Engagement

| Approach | Activities | GRI 2-29 |

In its commitment to promoting the Social Innovation Business, Hitachi endeavors to accurately identify the various social issues facing each country and region, and to work toward resolution of these issues through engagement in collaborative creation with a wide range of stakeholders, including customers, governments and municipalities, as well as academic and research institutions. In addition, with the goal of enhancing the value of our human capital, we work to promote for direct dialogues between the management and employees, who are an essential management resource. Furthermore, with the recent rise in ESG investment, we actively engage in dialogues with shareholders and investors as well.

🖥 Dialogues with Stakeholders
https://www.hitachi.com/IR-e/corporate/governance/dialogue/index.html

🖥 Disclosure Policy
https://www.hitachi.com/IR-e/corporate/disclosure/index.html

Sustainability Leadership

| Approach | Activities |

Hitachi work with diverse global initiatives and organizations to make rules that contribute to the creation of a sustainable society and to solve social issues.

Industry Leadership and Policy Recommendations

As part of developing Hitachi's Social Innovation Business on a global scale, Hitachi views government institutions and private bodies in each country and region of the world as important partners. Our Government & External Relations Group leads our efforts to strengthen ties with these bodies. We collaborate with business locations worldwide to develop mutual relationships with local communities, working with governments and international organizations in each country. At the same time, the Group seeks new business opportunities for Hitachi, creating value based on the various regional social issues and policies.

More frequently, governments are asking for our opinions. We also contribute to building better societies by making requests directly and proposing solutions through discussions in economic organizations and industrial bodies.

🖥 Industry Leadership and Policy Recommendations
http://www.hitachi.com/sustainability/leadership/index.html#anc02

Efforts in International Standardization Activities

Hitachi considers international standardization as an activity to define the international rules necessary for achieving sustainable societies. Hitachi recognizes that international standards are standards or criteria endorsed through fair discussion and international agreement by members representing specialized fields and diverse stakeholders.

To this end, Hitachi strives to solve social issues from a global perspective. Hitachi also engages in collaborative creation with a diverse range of stakeholders, including national and regional governments, academic and research institutions, corporations, NGOs and NPOs, and users around the world to create new social norms (rules) and contribute to sustainable societies through our Social Innovation Business.

Hitachi believes international standardization is as important as R&D and intellectual property. Hitachi participates actively in standardization activities at international standardization organizations that include IEC[*1], ISO[*2], and ITU-T[*3]. Hitachi also partici-pates in consortia established in various regions and industrial fields around the world.

Hitachi is engaged in international standardization activities in various fields including efforts concerning the circular economy (ISO/TC[*4] 323), the environmental standardization for electrical and electronic products and systems (IEC/TC 111, smart commu-nity infrastructures (ISO/TC 268/SC[*5] 1), and unmanned aircraft systems (ISO/TC 20/SC 16). Providing solutions consistent with international standards through these international standardization activities, Hitachi supports the development of sound global markets and facilitate innovation to resolve social issues.

*1 IEC: International Electrotechnical Commission. An international organization composed of member countries and regions.
*2 ISO: International Organization for Standardization. An international organization composed of member countries and regions.
*3 ITU-T: International Telecommunication Union Telecommunication Standardization Sector. A specialized agency of the United Nations.
*4 TC: Technical Committee
*5 SC: Subcommittee

🖥 Efforts in International Standardization Activities
http://www.hitachi.com/sustainability/leadership/index.html#anc03

Management

CEO's Message

Chief Sustainability Officer's Message

Hitachi Group Identity

Sustainability Management

❯ **Engagement and Initiatives**

External Assessments and Awards

Main Initiatives and Groups Hitachi Is Involved with

Based on its corporate mission of "contribute to society through the development of superior, original technology and products," Hitachi promotes its Social Innovation Business with the aim of contributing to the realization of a sustainable society. As part of this, to play its proper role as a global corporation, Hitachi actively participates in international initiatives and groups addressing social issues on a global scale.

Initiative or Group	Activities	
United Nations Global Compact (UNGC)	Became a participant in 2009. Joined workshops organized by the Global Compact Network Japan (GCNJ) on ten different topics in fiscal 2022, including ESG, SDGs, and WEPs (the Women's Empowerment Principles)	WE SUPPORT UN GLOBAL COMPACT
World Business Council for Sustainable Development (WBCSD)	Became a member in 1995 Adopted SOS 1.5 project in 2020	wbcsd
Business for Social Responsibility (BSR)	Became a member in 2007 and has participated in the Human Rights Working Group (HRWG) since 2016	BSR
World Economic Forum	Participated in Davos Forum since 2014	—
Task Force on Climate-related Financial Disclosures (TCFD)	Announced support for TCFD in 2018 and disclosed climate-related information based on the TCFD recommendations	TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Initiative or Group	Activities	
Japan Climate Initiative (JCI)	Became a member in 2018 Joined the JCI Race to Zero Circle established in 2021	JAPAN CLIMATE INITIATIVE
The Science Based Targets initiative (SBTi)	Obtained accreditation of "Targets for 1.5℃" in 2020	SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
Business Ambition for 1.5°C	Became a member in 2020, along with SBT1.5°C certification	BUSINESS AMBITION FOR 1.5°C
Race To Zero campaign	Joined in 2020, along with Business Ambition for 1.5°C commitment	RACE TO ZERO
The Valuable 500	Became a member in 2021	Valuable 500
ESG Disclosure Study Group (EDSG)	Participated as a founder and start-up member since 2020	ESG Disclosure Study Group

⬈ Main Initiatives and Groups Hitachi Is Involved with
http://www.hitachi.com/sustainability/leadership/index.html#anc01

Management

External Assessments and Awards `Activities`

As a corporate group that promotes sustainable management, the Hitachi Group has earned high marks from numbers of external assessment organizations.

Inclusion in ESG Indices (Hitachi, Ltd.)

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

(Continued inclusion in 2023)

MSCI Japan ESG Select Leaders Index
https://www.msci.com/our-solutions/indexes

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FTSE4Good (Continued inclusion in 2023)

FTSE4Good
https://www.ftserussell.com/products/indices/ftse4good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hitachi, Ltd. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products

FTSE Blossom
Japan Index

(Continued inclusion in 2023)

FTSE Blossom Japan Index
https://www.ftserussell.com/products/indices/blossom-japan

FTSE Russell confirms that Hitachi, Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products

FTSE Blossom
Japan Sector
Relative Index

(Continued in 2023)

FTSE Blossom Japan Sector Relative Index
https://www.ftserussell.com/products/indices/blossom-japan

FTSE Russell confirms that Hitachi, Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products

S&P/JPX
Carbon
Efficient
Index
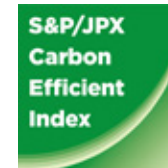
(Continued inclusion in 2023)

S&P/JPX Carbon Efficient Index
https://www.jpx.co.jp/english/markets/indices/carbon-efficient/index.html

Management

External Assessments Related to ESG

Hitachi, Ltd. earned an AA rating under the MSCI ESG Rating.

(Rated in 2023)

MSCI
https://www.msci.com/our-solutions/esg-investing/esg-ratings-climate-search-tool/issuer/hitachi-ltd/IID000000002169418

Hitachi, Ltd. was selected for the A List, the highest rating given by the CDP for companies, in the two areas of climate change and water security. The company is also selected as a Supplier Engagement Leader, the highest rating for supplier engagement.

(Rated in 2022)

CDP
https://www.cdp.net/en

Hitachi, Ltd. has also been certified as Prime in the ESG Corporate Rating by ISS ESG.

(Continued inclusion in 2022)

ISS ESG
https://www.issgovernance.com/esg/

Human Resources Awards and Recognition

Kurumin Certification

Hitachi, Ltd. received Kurumin certification from the Ministry of Health, Labour and Welfare in 2011. This certification was granted under Japan's Act on Advancement of Measures to Support Raising Next-Generation-Children, in recognition of Hitachi's achievement in developing and implementing action plans supporting child care, helping employees work with the peace of mind that comes from a good work-life balance. In addition to Hitachi, Ltd., several other Group companies in Japan received Kurumin certification including Hitachi High-Tech, Hitachi Systems, and Hitachi Solutions.

Eruboshi Certification

Hitachi, Ltd. pursue diversity as an important component of management strategy and strives to create work environments that enable diverse talent to play active roles. In recognition of these initiatives, we received Eruboshi certification, which is conferred to companies that implement exceptional measures under Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. In addition to Hitachi, Ltd., several other Group companies in Japan have received Eruboshi certification, including Hitachi High-Tech, Hitachi Systems, and Hitachi Solutions.