

HITACHI
Inspire the Next

Hitachi Sustainability Report 2023

Fiscal 2022 Results

Introduction 002

- 002 Report Editorial Policy
- 003 Hitachi Group Profile

Management 004

- 005 CEO's Message
- 008 Chief Sustainability Officer's Message
- 010 Hitachi Group Identity
- 011 Sustainability Management
 - 011 Mid-term Management Plan 2024 and Sustainability
 - 013 Materiality
 - 015 Framework for Promoting Sustainability Strategy
- 017 Engagement and Initiatives
- 019 External Assessments and Awards

Social Innovation 021

- 022 Social Innovation Business

Environmental 025

- 026 Environmental
- 027 Advancing Our Environmental Vision and Long-Term Environmental Targets
 - 027 "Environmental Vision" and "Hitachi Environmental Innovation 2050"
 - 030 Environmental Action Plan
- 031 Environmental Governance
 - 031 Framework for Promoting Environmental Governance
 - 032 Environmental Management System
- 035 Achieving a Decarbonized Society
 - 035 Efforts to Achieve a Decarbonized Society
 - 036 Contributing to a Decarbonized Society Through the Decarbonization Business
 - 039 Contributing to a Decarbonized Society at Business Sites (Factories and Offices)
 - 043 Climate-related Financial Information Disclosure (Based on TCFD Recommendations)
- 050 Achieving a Resource-Efficient Society
 - 050 Efforts to Achieve a Resource-Efficient Society
 - 051 Building a Society That Uses Resources Efficiently
 - 054 Building a Water-Efficient Society
- 055 Achieving a Harmonized Society with Nature
 - 055 Efforts to Achieve a Harmonized Society with Nature
 - 058 Managing and Reducing Chemical Substances
 - 060 Preserving Ecosystems
- 061 Environmental Data
 - 061 GHG Emissions Throughout the Value Chain
 - 063 Environmental Load from Operations
 - 068 Environmental Management Data
 - 069 Environmental Accounting

Social 070

- 071 Human Capital
 - 072 Global Human Capital Management
 - 082 Work-Life Management
 - 086 Occupational Health and Safety
 - 093 Freedom of Association and Collective Bargaining
- 094 Diversity, Equity and Inclusion
- 102 Human Rights
- 108 Responsible Procurement
- 114 Quality and Customer Satisfaction
 - 115 Quality and Product Safety Management
 - 118 Customer Satisfaction
- 120 Social Contribution Activities
- 124 Social Data
 - 124 Human Capital
 - 132 Responsible Procurement
 - 133 Social Contribution Activities

Governance 134

- 135 Corporate Governance
- 142 Business Ethics and Compliance
- 149 Risk Management
 - 150 Addressing Risks and Opportunities
 - 153 Business Continuity Initiatives
- 155 Information Security
- 160 Governance Data
 - 160 Corporate Governance
 - 161 Business Ethics and Compliance

Assurance 162

- 162 Assurance

Report Editorial Policy

GRI 2-2/2-3/2-5

Basic Concept

The Hitachi Sustainability Report 2023 presents our stance on sustainability management, social innovation business, and ESG (environment, society, and governance), as well as initiatives conducted in fiscal 2022 (including initiatives addressing materialities).

This report is intended as an engagement tool for all stakeholders to disclose information in accordance with

international guidelines, including the disclosure requirements of the GRI Standards and the industry disclosure standards relevant to Hitachi as defined by the Sustainable Industry Classification System (SICS) of the Sustainability Accounting Standards Board (SASB). Our information disclosures related to climate change are based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

What This Report Covers

Period:	This report mainly covers fiscal 2022 (April 1, 2022, to March 31, 2023) Note: Some information on activities in April 2023 and after is also included.	
Companies:	Hitachi, Ltd. and its consolidated subsidiaries	
Reporting boundary:	Financial data	964 companies, namely Hitachi, Ltd. and 963 consolidated subsidiaries and equity-method associates and joint ventures
	Environmental data	697 companies, namely Hitachi, Ltd. and 696 consolidated subsidiaries. Data on the environmental impact of business activities are for Category A business sites*1 having large environmental loads. Data related information is provided in the notes to each section.
	Social and governance data	Boundary of individual data indicated
Reporting cycle:	Published every year as an annual report	
Date published:	September 2023 (Previous report: September 2022)	

*1 All Group business sites are classified as A, B, or C (P.032) based on the Criteria for Classification of Environmental Management established by Hitachi. We engage in the most suitable management for each location in accordance with the respective level of environmental risk.

 P.032 Environmental Management System

Hitachi References in This Report

Hitachi, Ltd.: Information on or initiatives of Hitachi, Ltd.
Hitachi, Hitachi Group Global: The Hitachi Group including Hitachi, Ltd.

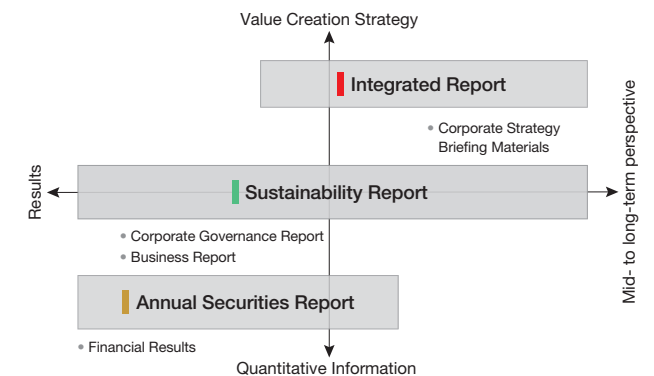
Key Guidelines

- GRI Standards, Global Reporting Initiative
Each section is labeled with GRI topic numbers indicating the corresponding disclosure requirement.
<https://www.hitachi.com/sustainability/gri/index.html>
- Sustainability Accounting Standards, IFRS Foundation
<https://www.hitachi.com/sustainability/sasb/index.html>
- Environmental Reporting Guidelines (2012/2018 version), Ministry of the Environment, Japan
- Task Force on Climate-related Financial Disclosures


Our Reporting Universe

Hitachi publishes three corporate reports: the Integrated Report, the Sustainability Report, and the Annual Securities Report. We define each report's roles by content (from quantitative information to Value Creation Strategy) and time horizon (from results to the mid- to long-term perspective).

In particular, the Integrated Report and the Sustainability Report, which are released on the same day, can be read together to confirm ESG initiative progress and data in addition to management strategies. We also invite you to visit our websites for additional information.



 Hitachi Group Profile
<https://www.hitachi.com/>


 Investor Relations
<https://www.hitachi.com/IR-e/library/index.html>

 Sustainability
<https://www.hitachi.com/sustainability/index.html>

 Social Innovation
<https://social-innovation.hitachi/en/>

Independent Assurance

GRI 2-5

To enhance the credibility of this report, we engaged KPMG AZSA Sustainability Co., Ltd. to perform a third-party review. The  mark indicates disclosed information assured in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and 3410.

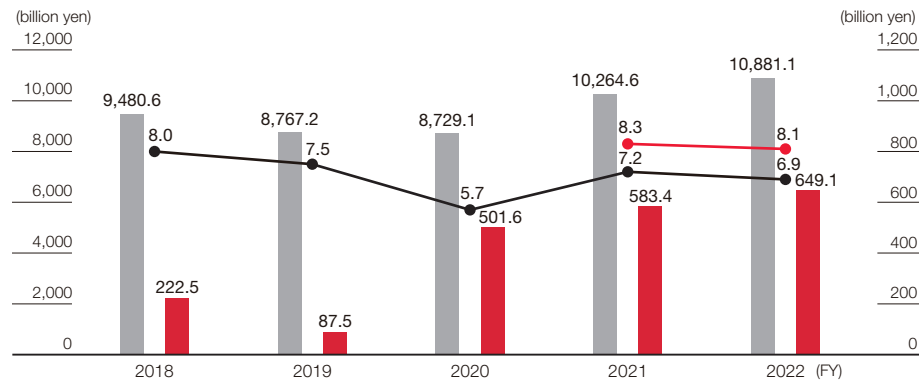
Hitachi Group Profile

GRI 2-1/2-6/2-7/201-1

Company Profile (as of March 31, 2023)

Corporate name	Hitachi, Ltd.
Incorporated	February 1, 1920 (founded in 1910)
Head office	1-6-6 Marunouchi, Chiyoda-ku, Tokyo, Japan
Representative	Representative Executive Officer, President & CEO Keiji Kojima
Capital	462,817 million yen
Number of employees (consolidated)	322,525 (Japan: 133,762, outside Japan: 188,763)
Number of consolidated subsidiaries	696 (Japan: 119, outside Japan: 577)
Number of equity-method associates and joint ventures	267

Financial Highlights

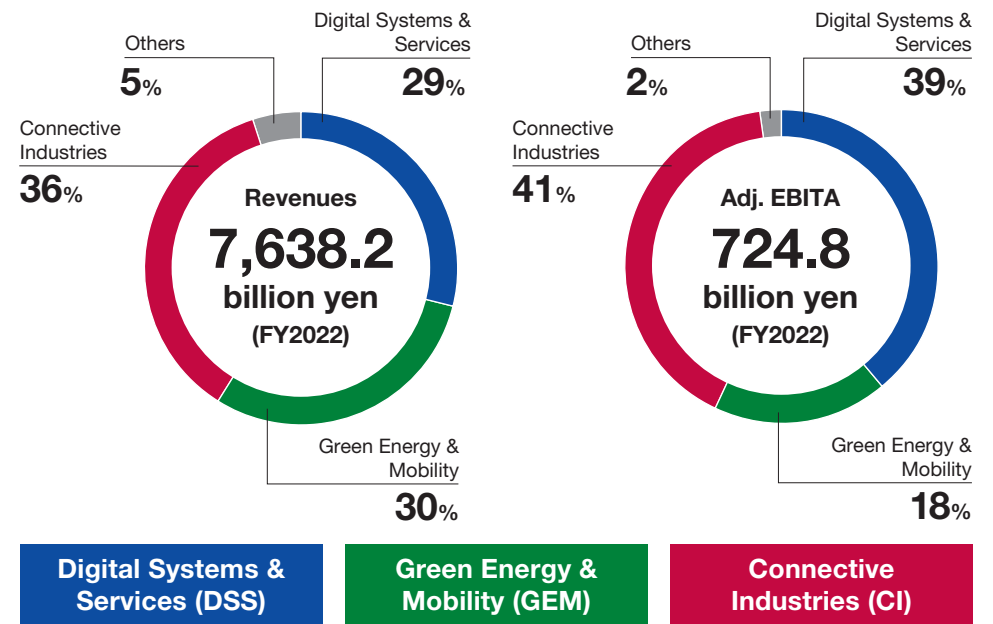


■ Revenue (left scale) ■ Net income attributable to Hitachi, Ltd. stockholders (right scale)
● Adjusted operating income ratio (%) ● Adjusted EBITA ratio (%)

Business of the Hitachi Group

To become a global leader in the Social Innovation Business, Hitachi has strengthened its business portfolio. The three global trends of Digital, Green, and Connective present remarkable opportunities for expansion. The core concept of Hitachi's business sectors—Digital Systems & Services, Green Energy & Mobility and Connective Industries is to align assets with each trend's high affinity. The three business sectors work as One Hitachi to solve social issues and achieve sustainable growth with Lumada's Customer Co-creation Framework.

Business Composition*1



*1 Figures are for the continuing consolidated business (three sectors), excluding Hitachi Metals and Hitachi Construction Machinery, which were deconsolidated in FY2022, and Hitachi Asterno, which is scheduled to be deconsolidated in FY2023. The figures on this page are FY2022 results.

Management

The background of the page is a deep blue color. It features a large, stylized globe on the right side, which is partially cut off by the edge of the page. The globe is composed of various shades of blue and white, with a network of lines and dots overlaid on it, suggesting a global network or data flow. The overall aesthetic is modern and technological.

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 CO₂ 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.





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 CO₂ 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.

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.

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.



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 CO₂ emission reductions. On the other hand, we are also working with our customers to reduce the society's CO₂ 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 CO₂ 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.

Hitachi Group Identity

Carrying out Corporate Activities Based on the Hitachi Group Identity

Approach

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>

GRI 2-23

Solidifying the Hitachi Group Identity

Training

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.

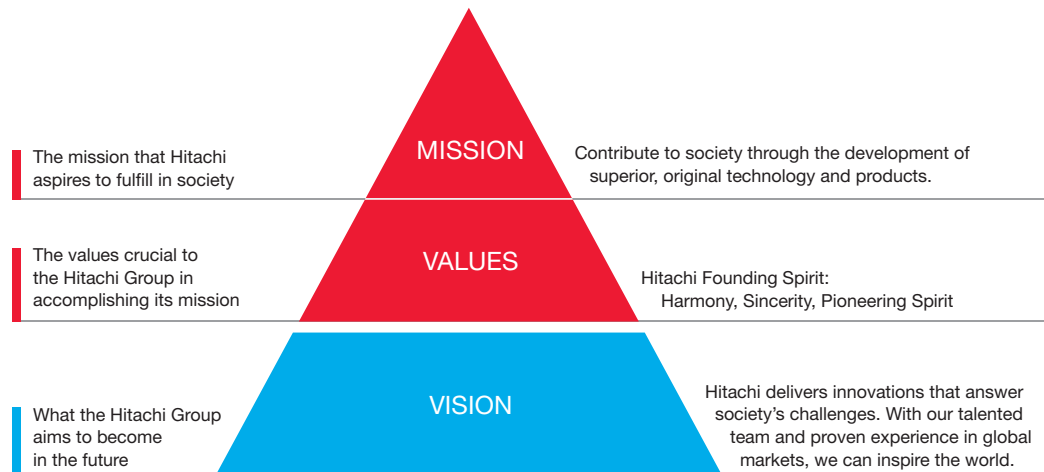
One way we encourage an understanding of and familiarity with the Hitachi Group Identity and the Hitachi Brand is with the annual Inspiration of the Year Global Awards. These awards recognize remarkable activities that contribute to enhancing the value of the Hitachi Brand by building on the Hitachi 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

▶ Hitachi Group Identity



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 back-casted 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



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.



Materiality

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

Toward a Sustainable Society: Hitachi's Materiality

Approach **Strategy** **Targets**

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/>

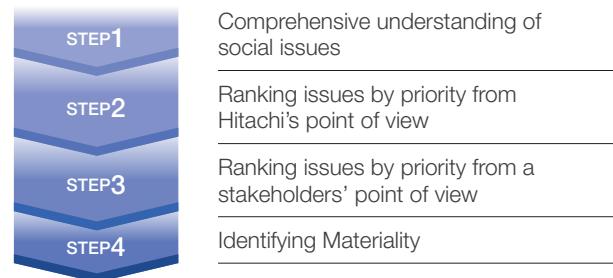
The materiality analysis process


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.

GRI 3-1

Materiality analysis process



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

Reflecting Sustainability Targets in Executive Compensation Evaluation

System

GRI 2-19

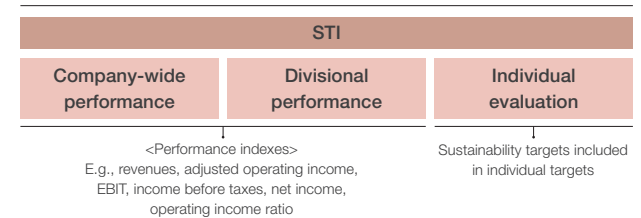
In fiscal 2023, Hitachi amended the executive compensation system to further accelerate growth as a global company, and to further strengthen links between increases in corporate value and compensation. The revised executive compensation system is more closely linked to the Mid-term Management Plan 2024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

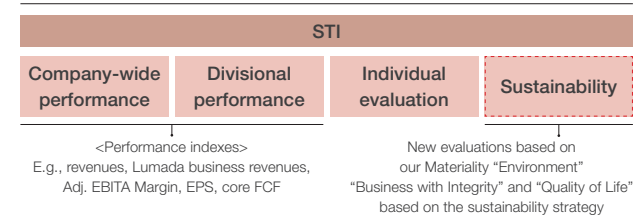
In addition, an additional grant of shares equivalent to 10% of the standard amount of medium- to long-term incentive compensation (LTI) will be granted if the sustainability targets are achieved.

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

Before amendment



After amendment



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.


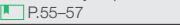

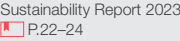

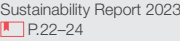




Materiality targets linked to executive compensation

Materiality	Sub-material topics target
Environment	[Decarbonization] <ul style="list-style-type: none"> Carbon neutrality through the value chain Contributing to CO₂ reduction through business
	[Resource circulation] <ul style="list-style-type: none"> Effective use of water
Business with Integrity	[Occupational safety] <ul style="list-style-type: none"> Creating a safe working environment without accidents
Quality of Life	[Employee happiness] <ul style="list-style-type: none"> More flexible working styles to increase engagement

 P.141 Compensation to Executive Officers

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 CO₂ reduction rate at factories and offices (compared to FY2010)
		Resource circulation	Contributing to CO₂ reduction through business Target/KPI ● FY2024: 100 million metric tons of CO ₂ avoided emissions per year Transition to a circular economy Targets/KPIs ● FY2024: Full application Eco-Design for all newly developed products ● FY2030: Zero** waste to landfill* ⁹ from manufacturing sites Effective use of water Target/KPI ● Reduction rate in water use per unit (compared to FY2010) FY2024: 24%, FY2050: 50%	126.1 million metric tons per year ¹ of CO ₂ avoided emissions 357 products identified as subject of Eco-Design 199 sites (58%) achieved zero waste to landfill
		Harmonize with nature	Minimize impact on natural capital	Sustainability Report 2023 
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 
		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	Sustainability Report 2023 
		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 
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 Acquiring and developing digital talent Target/KPI ● FY2024: 97,000 persons* ⁸	11% of female and 20% of non-Japanese executive and corporate officers * ⁷ 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

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.

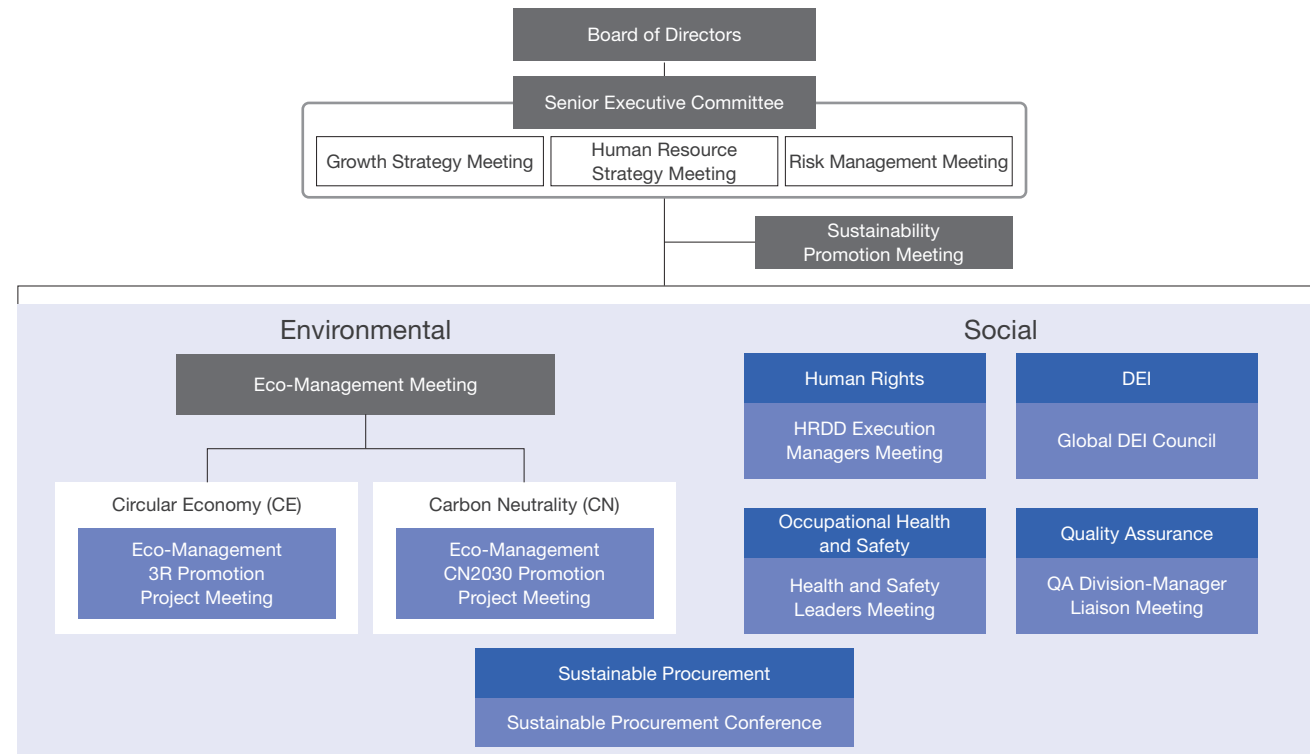
The Human Resource Strategy Meeting discusses and decides on matters necessary to foster the Hitachi Group's organization and culture as well as to secure and develop human resources, thereby supporting its further growth through the enhancement of human capital.

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

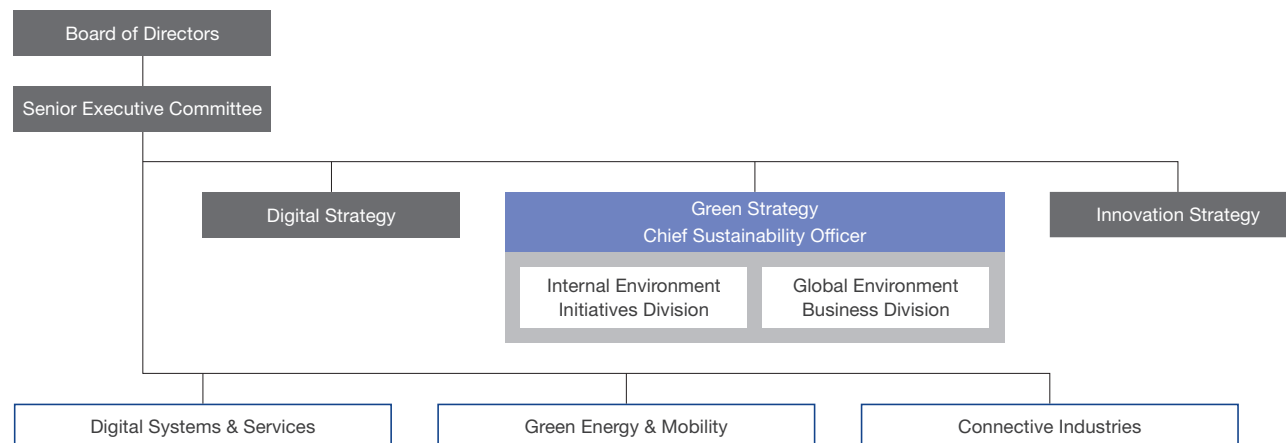


Framework for Implementing the Hitachi GX Strategy

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

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 participates 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 community 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>

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)	
World Business Council for Sustainable Development (WBCSD)	Became a member in 1995 Adopted SOS 1.5 project in 2020	
Business for Social Responsibility (BSR)	Became a member in 2007 and has participated in the Human Rights Working Group (HRWG) since 2016	
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	

Initiative or Group	Activities	
Japan Climate Initiative (JCI)	Became a member in 2018 Joined the JCI Race to Zero Circle established in 2021	
The Science Based Targets initiative (SBTi)	Obtained accreditation of “Targets for 1.5°C” in 2020	
Business Ambition for 1.5°C	Became a member in 2020, along with SBT1.5°C certification	
Race To Zero campaign	Joined in 2020, along with Business Ambition for 1.5°C commitment	
The Valuable 500	Became a member in 2021	
ESG Disclosure Study Group (EDSG)	Participated as a founder and start-up member since 2020	

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/indices>

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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



(Continued inclusion in 2023)

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

External Assessments Related to ESG

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



(Rated in 2023)



<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)



<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)



<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.



Social Innovation

The background features a large, abstract graphic on the left side, consisting of a red circular shape with a network of white lines and dots, resembling a globe or a data visualization. To the right of this shape, there are several curved, overlapping bands in shades of blue and green, creating a sense of depth and movement. The overall color palette is dominated by reds and oranges, with accents of blue and green.

Social Innovation Business

Aiming for a Sustainable Society

Approach

Hitachi has identified six material topics and 15 sub-material topics as important management issues and pursues sustainable management as the core of business strategy.

The Mid-term Management Plan 2024 focuses on business that emphasizes both environmental challenges and the wellbeing of each and every person. Based on this strategy, we strive to grow and expand our Social Innovation Business.

Hitachi's Social Innovation Business

Approach

Hitachi aims to support people's quality of life with data and technology that fosters a sustainable society, while respecting planetary boundaries and realizing wellbeing for all individuals. The key to achieving this goal is the growth of our Social Innovation Business, which is business that provides solutions for social and customer challenges through co-creation with various partners by leveraging IT x OT x Products and Lumada.

In this section, we discuss examples of our Social Innovation Business at Hitachi.

Hitachi's Social Innovation Business Cases

Activities

Materiality

Advancing a Sustainable Energy Future for All

Hitachi Energy is a global technology leader that is advancing a sustainable energy future for all and supporting the world-wide efforts in reducing the impact of greenhouse gases. The elimination of SF₆ from high-voltage electrical substation equipment is widely accepted as being an important step toward reaching carbon neutrality and enabling more sustainable grid operations. EconiQ, Hitachi Energy's eco-efficient portfolio for sustainability, accelerates the industry's transition away from SF₆ with products, services, and solutions, that are proven to deliver exceptional environmental performance.

Over the last two years, Hitachi Energy has made substantial progress in commercializing high-voltage EconiQ products that eliminate SF₆ with scalable solutions for the lowest carbon footprint. Various high-voltage SF₆-free EconiQ products have been installed across the globe, including 72.5 and 145-kilovolt (kV) Live Tank Breakers, 145 kV gas-insulated switchgear, and 420 kV gas-insulated lines.

An important milestone was the launch of the 420 kV SF₆-free circuit breaker in 2022, a breakthrough technology that unlocks the widest range of eco-efficient switchgear applications and accelerates the energy transition. Another innovation, EconiQ retrofit, replaces SF₆ in installed high-voltage gas-insulated lines with an eco-efficient gas mixture to improve the environmental and life cycle performance of the equipment. The commercialization of SF₆-free alternatives is important as it unlocks new decarbonization pathways for transmission system operators. Hitachi Energy is reinforcing its commitment toward a carbon-neutral energy future through EconiQ. Addressing the growing demand for eco-efficient solutions, Hitachi Energy will continue to expand the

SF₆-free portfolio across the entire high-voltage switchgear range, demonstrating the scalability of the portfolio and strengthening the company's position as a sustainable technology leader within the industry.



EconiQ of Hitachi Energy

Providing Safe, Convenient and Enjoyable Mobility

For Hitachi Rail, Social Innovation is simply using innovation and digital technology to solve society's major problems. In this framework, the MaaS (Mobility-as-a-Service) project has been developed and launched in Genova, Italy. MaaS is an integrated system of transport aimed at optimizing urban mobility through modular solutions, which are more coordinated and efficient. The goal is to answer in a flexible way to the increasingly emerging necessity for mass transport in a sustainable mobility ecosystem.

Genova is the first city to exploit its potential on a large scale. In detail, Hitachi Rail—in partnership with the municipal administration and AMT (the local Mobility and Transport Company)—has connected 663 buses, 2500 bus stops, the subway line, two funiculars, one rack railway, ten public elevators and two suburban routes of about 50 km of buses to the platform. An ambitious initiative that will allow the municipality, the company and its inhabitants to enjoy a series of technological innovations for the benefit of the quality of life and the environment, whilst accelerating the transition to a more sustainable and connected mobility.

As part of this project, Hitachi Rail developed a smartphone application called “GoGoGe.” It allows users to plan multimodal journeys on all public transport in the city which also includes access to parking lots, e-scooters and car-sharing services with just a single app. The most distinctive feature of the application is that it uses Bluetooth sensors and can be used “handsfree.” Users simply have to turn on the Bluetooth on their smartphones, start the app, and tap the “Activate Ticket” button. There is no need to operate the app as long as they keep the phone in their pocket or bag. Users will be able to check crowding on the buses and optimize their movements. But above all else, users can count on an intelligent payment system that will be charged at the end of the day by applying the best daily rate for the customer.

Through its Social Innovation principle, Hitachi Rail tries daily to deliver value to all the communities we are proudly part of.



Transport Using the Smartphone App GoGoGe

Hitachi Improves Healthy Life Expectancy and Wellbeing

Healthy life expectancy, the number of years a person can lead a normal life without being limited by health problems, is now regarded as one of the most important metrics of the health of a society. In collaboration with medical and pharmaceutical professionals, Hitachi improves healthy life expectancy and well-being by developing advanced diagnostics and therapy, as well as by supporting digital drug discovery.

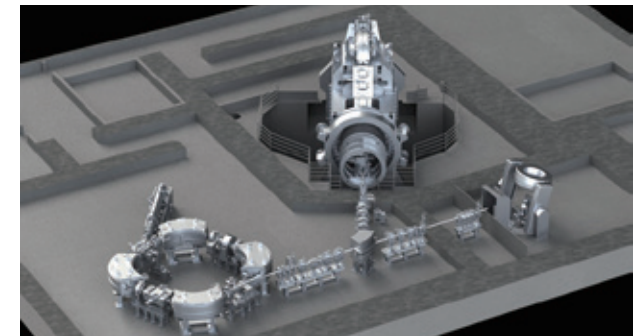
Through our work on measurement and analysis systems in the biomedical and life sciences, we contribute to accurate and reliable in-vitro diagnostics. In the field of clinical chemistry and immunological blood testing, in particular, Hitachi High-Tech analytical systems are used to conduct approximately 20 billion tests per year, supporting the advancement of diagnosis and therapy planning around the world. With regard to new in-vitro diagnostics, we have invested in U.S. company Invivoscribe, Inc., a global provider of testing services mainly for blood cancers, and have begun collaborating to advance molecular diagnostics. This collaboration will enable us to contribute to the early detection of cancer, therapy planning, and drug development by pharmaceutical companies, leading to healthier and safer societies.



Healthcare Innovation Center Tokyo

Hitachi High-Tech opened the Healthcare Innovation Center Tokyo in the Tenkubashi Station/Haneda area. This facility is an integrated laboratory, where we will engage in customer co-creation and knowledge sharing. We will use the innovations created at the center to improve the quality of life for people all over the world.

Hitachi has been actively engaged in advancing radiation cancer therapy and regenerative medicine in therapeutics. In fiscal 2022, Hitachi received a new order for a proton therapy system from the University of Wisconsin Health in the United States. While particle therapy with proton beams or carbon-ion



Proton Therapy Equipment Combined with the Hitachi 360° Rotating Gantry and the Leo Cancer Care Upright System (Artist Impression)

beams improves the quality of life for cancer patients since the patient experiences no pain during treatment, the system to be installed at the hospital will reduce patient burden further by treating the patient in an upright position. This system will be provided by Leo Cancer Care as an additional option to conventional treatment in the supine position.

To improve the efficacy and sophistication of radiotherapy further, Hitachi and Gunma University, a leading Japanese institution in the field of radiation oncology, jointly established Advanced Particle Beam Medical Science Joint Research Course (Hitachi, Ltd.) in fiscal year 2022.

In regenerative medicine and cell therapy, we initiated joint research with Kyoto University and Rebirthel Co., Ltd. to promote the use of allogeneic T-cell therapy, an effective treatment for cancer. The widespread use of allogeneic T-cell therapy, which is more versatile and allows for the treatment of larger numbers of patients, will require the development of automated cell culture technology that supplies large quantities of cells with consistent quality. Hitachi will contribute to the practical application of this technology through this joint research.

In addition, we built—and are now providing—a platform for the management of both cell and traceability information across the entire value chain of cell and gene therapy products. We will also support operational transformation in supply chain management, help shorten lead times, and contribute to the supply of high-quality cell and gene therapy products.

We actively support digital drug discovery by pursuing the provision and development of digital solutions. For example, we provide AI analytics services to help in the search for biomarkers that indicate the efficacy and adverse effects of drugs. We are also conducting research and development with Axcelead Inc. in drug discovery solutions that utilize digital technology. Our subsidiary, Hitachi High-Tech Solutions, and Keio University in Japan apply materials informatics in joint research to improve the developmental efficiency of small molecule drugs.

Creating a Happy Workplace

The change from the mass production and consumption society of the 20th century to a 21st century society that values the environment and diversity is rapidly occurring. So there is a growing movement to review companies, work styles, and communities from the perspective of happiness or, in other words, wellbeing.

Hitachi established Happiness Planet, Ltd. in 2020 to develop software applications and services that use data to enable people and groups to be happy and productive. By analyzing large amounts of data, we discovered that people in happy and productive groups are more likely to have triangular-shaped connections, whereas those in unhappy groups have V-shaped ones. The Happiness Planet application helps to create such triangular connections, i.e. *Factor X* for happy and productive people.

The importance of triangular relationships



Triangular Relationships Essential for Wellbeing in an Organization

Since organizations tend to have V-shaped or vertical relationships with people, we use digital technology to help establish the triangular relationships that lead to the creation of happy and productive groups. Facilitated by smartphone or PC apps, people are put into groups of three each week in



Smartphone App Screenshot

order to create triangular connections and interactions that lead to mutual understanding.

In fiscal 2022, Happiness Planet provided services to 140 companies and over 10,000 users. This creation of triangular relationships was facilitated in a wide range of organizations in various sectors, from large corporations to small- and medium-sized enterprises, in areas ranging from IT, manufacturing, finance, healthcare, and nursing. The Hitachi Group used this app to create triangular relationships between new employees in fiscal 2022. Use of the app strengthened peer relationships, increased employee motivation, and improved performance in examinations for IT certifications. We have also seen a significant reduction in employee turnover, which has been a problem for many companies recently.

Working with various partners to leverage our strengths in IT, OT, and products, Hitachi will continue to pursue initiatives to create happy workplaces, happy lives, and wellbeing in society.




Environmental

The background is a vibrant green with a complex, abstract design. It features a central globe-like shape with a network of white and light green lines and dots, suggesting a global or digital theme. The globe is partially obscured by a curved, glowing blue and purple band that wraps around it. The overall aesthetic is modern and technological.

Environmental

Basic Concept

Hitachi's Mission is to "contribute to society through the development of superior, original technology and products." We seek solutions to environmental issues, which are of serious concern to society, through our business operations and promote environmental management from a long-term perspective. Meeting society's expectations with innovations that mitigate environmental issues also presents major business opportunities. Hitachi's Environmental Vision states that "Hitachi will resolve environmental issues and achieve both a higher quality of life and a sustainable society through its Social Innovation Business in collaborative creation with its stakeholders." To uphold this vision and work toward achieving a decarbonized society, a resource-efficient society, and a harmonized society with nature, we have established a set of long-term environmental targets looking toward 2050 and 2030 called Hitachi Environmental Innovation 2050 and have been promoting Group-wide environmental activities in line with our Environmental Action Plan, which is updated every three years.

Topic	Overview	Targets, KPIs, and Results
 <p>Achieving a Decarbonized Society</p>	<p>We engage in decarbonization businesses through co-creation with customers to contribute to realize a decarbonized society. We also pursue initiatives to reduce CO₂ emissions from the use of our products and services. In addition, we strive to achieve carbon neutrality by fiscal 2030 in our factories and offices, and by fiscal 2050 throughout our value chain.</p>	<p>CO₂ avoided emissions through products and services FY2024 Target: 100 million metric tons/year Forecast: 126.1 million metric tons/year*1</p> <hr/> <p>Reduction rate of total CO₂ at business sites (factories and offices) (compared to FY2010) FY2022 Target: 32% FY2022 Result: 40%</p>
 <p>Achieving a Resource-Efficient Society</p>	<p>To build a society that uses resources and water efficiently with customers and society, we set a target to improve the efficiency of resources and water use within the Hitachi Group by 50% (compared with FY2010) by fiscal 2050. We will create higher economic value using fewer resources while pursuing production activities with a lower environmental burden.</p>	<p>Number of sites achieving zero landfill waste*2 FY2022 Target: 90 sites FY2022 Results: 199 sites (58% achievement)</p> <hr/> <p>Reduction rate in water use per unit (compared to FY2010) FY2022 Target: 22% FY2022 Results: 27%</p>
 <p>Achieving a Harmonized Society with Nature</p>	<p>We classify the emission of greenhouse gases and chemical substances into the atmosphere and the generation of waste materials in the course of our business activities as negative impact activities. Providing products and services that contribute to ecosystem preservation and undertaking activities to preserve biodiversity and ecosystems are categorized as positive impact activities. We are working to quantify and minimize the gap between positive and negative impacts by 2050.</p>	<p>Reduction rate in chemical atmospheric emissions per unit (compared to FY2010) FY2022 targets: 5% FY2022 results: 21%</p>

*1 Three-year average during the Mid-term Management Plan 2024 *2 Pursued in assumed conformance with regulations, conditions, etc. Less than 0.5%

Advancing Our Environmental Vision and Long-Term Environmental Targets

“Environmental Vision” and “Hitachi Environmental Innovation 2050”

Policy

Target

GRI 2-23

Taking into account the growing urgency of environmental issues in the world and the management policies, Hitachi formulated an Environmental Vision that clearly outlines our vision for society from a long-term perspective. In working toward achieving this vision, we have established a set of long-term environmental targets aimed at building a decarbonized society, a resource-efficient society, and a harmonized society with nature under the banner of Hitachi Environmental Innovation 2050 and are working to advance them.

The movement toward a decarbonized society is accelerating both in Japan and internationally. We are seeing the decarbonization of entire value chains and an accompanying green transformation (GX). Hitachi set a goal to achieve carbon neutrality by fiscal 2030 in our factories and offices, and by fiscal 2050 throughout our value chain. We are currently engaged in measures to achieve these goals.

To meet our goal of Achieving a Resource-Efficient Society, we aim to create a sustainable society, while keeping the transition to a circular economy in mind, by improving the efficiency of water and resources use at Hitachi by 50% by fiscal 2050 (compared to fiscal 2010 levels).

To meet our goal of Achieving a Harmonized Society with Nature, we strive to minimize our impact on natural capital by keeping a close eye on international initiatives such as the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity, held in December 2022, and the Task Force on Nature-Related Financial Disclosure (TNFD).

Hitachi’s environmental initiatives, including the achievement of these long-term environmental targets, are mandated by the short-term Environmental Action Plan which is updated every three years and pursued Group-wide.


Environmental Vision and Long-term Environmental Targets: Hitachi Environmental Innovation 2050

Environmental Vision

Hitachi will resolve environmental issues and achieve both a higher quality of life and a sustainable society through its Social Innovation Business in collaborative creation with its stakeholders.

The aim of Hitachi’s environmental management

 **Decarbonized society**
Climate Change Mitigation/Adaptation

 **Resource Efficient Society**
Saving and Recycling Resources

 **Harmonized Society with Nature**
Preservation of Ecosystems

Long-term Environmental Targets

Hitachi’s resolution looking toward 2050 and 2030

Hitachi Environmental Innovation 2050

For a decarbonized society

Achieve **carbon neutrality** by FY2050 through the value chain
Reduce CO₂ emissions **50%** by FY2030 (compared to FY2010)

Achieve **carbon neutrality** by FY2030 at business sites (factories and offices)

For a resource efficient society

Build a society that uses water and other resources efficiently with customers and society

Efficiency in use of water/resources

FY2050 **50%** improvement (compared to FY2010 in Hitachi Group)

For a harmonized society with nature

Impact on natural capital

Minimized

Environmental Action Plan

Set environmental action items and targets every three years in order to achieve the long-term targets

 P.035 Achieving a Decarbonized Society  P.050 Achieving a Resource-Efficient Society  P.055 Achieving a Harmonized Society with Nature

Progress in Reaching Hitachi Environmental Innovation 2050 Targets

Target

Activities

We are making progress with major Hitachi Environmental Innovation 2050 targets, as shown below. We are generally on track, and we will continue strengthening our environmental activities to achieve these targets. Regarding our long-term value chain target to help build a decarbonized society, we are developing activities which help to reduce CO₂ emissions by providing products with top-tier environmental performance.

For a decarbonized society

① Reduced CO₂ Emissions at Business Sites (Factories and offices)

	FY2022 target	FY2022 result	FY2030 target	FY2050 target
Reduction rate of total CO ₂ (compared to FY2010)	32%	40%	100% (carbon neutrality)	(Maintain 100%)

For a resource efficient society

① Enhanced Efficiency in the Use of Waste and Valuable Generation at Business Sites (Factories and Offices)

	FY2022 target	FY2022 result	FY2030 target	FY2050 target
Reduction rate in waste and valuables generation per unit (compared to FY2010 Hitachi Group)	14%	16%	—	50% reduction

① Enhanced Efficiency in the Use of Water at Business Sites (Factories and Offices)

	FY2022 target	FY2022 result	FY2030 target	FY2050 target
Reduction rate in water use per unit (compared to FY2010 Hitachi Group)	22%	27%	—	50% reduction

Note: See the referenced pages for details on the figures cited.

Green Strategy

Approach

Green Strategies for Sustainable Growth

Hitachi contributes solutions to environmental issues through our Social Innovation Business. Aiming to be a Climate Change Innovator that leads the way in contributing to the decarbonization of society, we formulated a Green Strategy consisting of two pillars: *GX for CORE*, through which we accelerate Hitachi Group green transformation, and *GX for GROWTH*, through which we contribute to the green transformation of our customers and society. By moving forward in both *GX for CORE* and *GX for GROWTH*, we will accelerate the deeper development of technology and expertise, improving the environmental value Hitachi provides on a continued basis.

The Hitachi Green Strategy contributes to the creation of decarbonized and resource-efficient societies that are harmonized with nature.

The Hitachi Green Strategy

GX for CORE

- Achieve carbon neutrality of in-house production activities
→ Achieve carbon neutrality for Scope 1 and 2 by FY2030 and throughout the entire value chain by FY2050
- Use resources effectively
→ Improve efficiency in use of water/resources, and promote eco-designs
- Preserve ecosystems



Example: Initiatives to eliminate the use of all fossil fuels at business sites (Italy)

Combine the Two GX Strategies to Create and Enhance Solutions



Example: Development of ESG solutions for sustainability management

GX for GROWTH

- Provide products and services with low environmental impact
→ 100 million metric tons of CO₂ avoided emissions per year (As of FY2024)
- Promote the transition to a circular economy and contribute to ecosystem conservation through waste reduction associated with the transition to a circular economy



Example: HVDC conversion plant for the mass adoption of renewable energy

Environmental Action Plan

To achieve its Environmental Vision and the Hitachi Environmental Innovation 2050 long-term environmental targets, Hitachi draws up an Environmental Action Plan containing indicators and targets for the three-year period covered by the Mid-term Management Plan and steadily promotes its implementation.

Environmental Action Plan for 2024 (Fiscal 2022–2024)

Target




Activities

Hitachi pursues environmental activities under the Environmental Action Plan for 2024 (Fiscal 2022–2024) that were based on the 2024 Mid-term Management Plan. The targets set for fiscal 2022 and our results are as follows.

Environmental Action Plan for 2024

Our environmental activities and targets are updated every three years with a view to achieving our long-term environmental targets.

◆◆◆: Achieved ◆◆: Partially achieved

Items		Indicators		FY2022 targets	FY2022 results (achievement level)	FY2023 targets	Final FY (2024) targets
Environmental Management	Environmental human capital development	Promote environmental human capital development	Promote environmental human capital development	Environmental human capital development mindful of changes in personnel composition, including generational shifts			
 A Decarbonized Society	Factories and offices	Reduce total CO ₂	Reduction rate of total CO ₂ *1 (compared to FY2010)	32%	40% ◆◆◆	35%	50%
		Improve transportation energy consumption per unit (Japan)	Improvement rate of transportation energy consumption per unit (Japan)*2 (compared to FY2020)	2%	14% ◆◆◆	3%	4%
	Products and services	Reduce CO ₂ emissions of products and services	Reduction rate of CO ₂ emissions per unit (compared to FY2010)	12%	15% ◆◆◆	13%	14%
		Promote eco-design	Environmentally conscious design assessments and LCA application rates for newly developed and designed products	CO ₂ avoided emissions	Target: CO ₂ avoided emissions of 100 million metric tons per year (FY2024) Forecast: CO ₂ avoided emissions of 126.1 million metric tons per year*4		
 A Resource Efficient Society	Factories and offices	Enhance efficiency in the use of resources	Number of sites achieving zero landfill waste*3	90	199 ◆◆◆	124	158
			Reduction rate in waste and valuables generation per unit (compared to FY2010)	14%	16% ◆◆◆	17%	20%
			Reduction rate in water use per unit (compared to FY2010)	22%	27% ◆◆◆	23%	24%
			Effective utilization rate of plastic waste	77%	88% ◆◆◆	81%	85%
Water risks	Respond to water risks	Responding to water risks	Minimization of business impacts regarding water risks				
 A Harmonized Society with Nature	Chemical substance	Reduce chemical emissions	Reduction rate in chemical atmospheric emissions per unit (compared to FY2010)	5%	21% ◆◆◆	6%	8%
	Ecosystem preservation	Impact on natural capital	Calculation of negative impacts (business unit/Group company-level LCA implementation) / Calculation of positive impacts (forest conservation activities)				

*1 Reduction rate of total CO₂: Indicator representing CO₂ emissions from Hitachi's consumption of energy alone

*2 This is a target for Japan only. Targets in other countries are set on a voluntary basis.

*3 Pursued in assumed conformance with regulations, conditions, etc. Less than 0.5%

*4 Three-year average

Environmental Governance

Framework for Promoting Environmental Governance

Structure

GRI 2-12/2-13/2-24

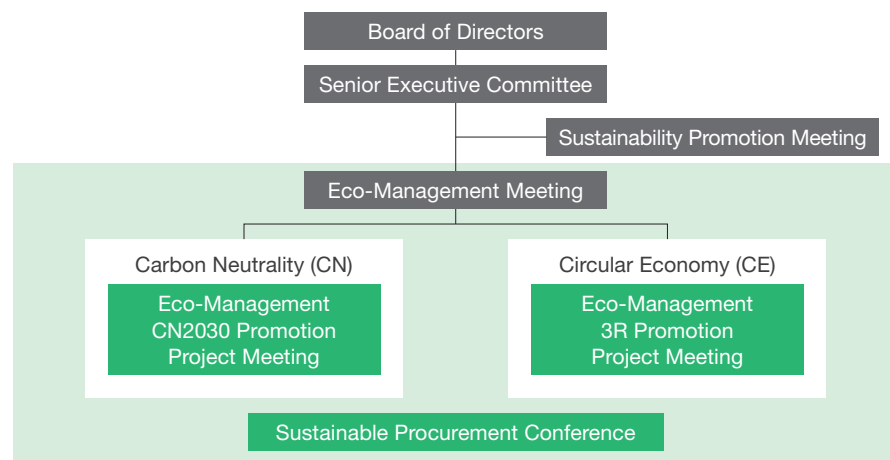
To achieve our Environmental Vision and Hitachi Environmental Innovation 2050 long-term targets, Hitachi is building a global system to support decision-making and environmental management for Hitachi, Ltd. and 697 consolidated subsidiaries (as of March 31, 2023).

In fiscal 2022, we established the Sustainability Promotion Meeting, chaired by the chief sustainability officer and consisting mostly of managers from each business unit (BU) and major Group company. The purpose of these meetings is to discuss and share information related to environmental issues and other important matters related to sustainability. The Senior Executive Committee discusses and makes decisions related to important environmental matters for achieving our long-term environmental targets, including decarbonization, water use, and resource circulation. Matters are referred to the Board of Directors when necessary.

Hitachi established separate meetings to address important topics such as carbon neutrality and the circular economy. The main members attending these meetings are individuals responsible for environmental activities at each BU and key Group companies. Through these meetings, we pursue environmental activities across Hitachi Group, examining measures and sharing information.

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.

Framework for Promoting Environmental Governance



Hitachi, Ltd., a company with Nominating Committee, etc. under the Companies Act, 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.

P.015 Framework for Promoting Sustainability Strategy

P.029 Green Strategy

P.035 Achieving a Decarbonized Society

Environmental Value Promotion Meetings

Meeting	Attendees	Purpose	Frequency
Sustainability Promotion Meeting	Chief Sustainability Officer, Business promotion heads at BUs and 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

Executive Compensation System Linked Environmental Value



System

In fiscal 2023, we revised our executive compensation system, linking the system more closely to corporate value to accelerate our growth as a global company further. Refer to the following link for more details.

P.013 Reflecting Sustainability Targets in Executive Compensation Evaluation

Environmental Management System

Enhancing Our Environmental Management System

System	Activities	GRI 2-25/3-3
<p>Hitachi has approximately 1,300 business sites of different sizes engaging in a wide variety of activities. We classify these sites into one of three environmental-risk categories: A (major), B (medium), and C (minor). This categorization is based on globally accepted criteria for environmental management classification*1, and we implement our environmental management according to the environmental risk at each given site. In fiscal 2022, approximately 150 major sites were classified as Category A. Sites of companies acquired by Hitachi that have a large environmental impact (equivalent to Category A) will eventually be classified as Category A. We will make this classification after an alignment period of a few years, during which we will adapt the sites to our environmental management system.</p> <p>The business units and Group companies that manage A sites participate in drafting the Eco-Management Meeting's Environmental Action Plan, setting and striving to achieve targets based on this plan. We publicize the Environmental Action Plan throughout the Hitachi Group through environmental strategy officers, chosen from among the heads of environment divisions of those organizations. In addition to</p>	<p>adhering to our in-house environmental management system, our main global category A manufacturing sites have acquired third-party certifications, such as ISO 14001.</p> <p>We also established a system to encourage procurement partners to reduce their environmental impact, including carbon neutrality upstream in the value chain. We summarize and publicize various guidelines describing the Hitachi approach to sustainable and green procurement and other matters with which we expect procurement partners to comply. At the same time, we continue to improve supplier engagement by holding briefings on procurement and conducting sustainability audits.</p> <p>*1 We score each site based on criteria for environmental management classification, such as electricity consumption, waste generation, water use and legal compliance. Based on this score, we categorize the site into one of the three categories.</p>	GRI 2-25/3-3
<p> P.068 Number of ISO 14001 Certified Companies</p>	<p> P.108 Responsible Procurement</p>	

Environmental Data Collection System

Activities
<p>As part of our environmental management, Hitachi uses the Environmental Data Collection System (Eco-DS) to collect about 20 categories of environmental load-related data ranging from energy use, water use, and waste generation, to whether an item falls under relevant environmental laws and regulations, and environmental accounting. In fiscal 2022, data collection covered about 1,300 business sites in 67 countries. We are working to progressively expand the scope of data collection in order to estimate the environmental load of the entire Hitachi Group.</p> <p>The aggregated data is used to provide feedback to improve environmental measures, such as in determining business site environmental management classifications, identifying environmental management issues, and sharing instructive examples within the Group. In addition, we compile data on key metrics twice a year for the approximately 150 major sites identified as Category A.</p> <p>We established an international help desk to support the system and encourage an understanding of environmental management, offering support in Japanese, English, and Chinese.</p>

Chemical Substance Management System

Hitachi manages data on chemical substances in procured materials, parts, and products using *A Gree'Net*, a green procurement system compatible with the chemSHERPA*¹ format. This framework allows us to identify the chemical substances are used in our products—from design and development, procurement, and production to quality assurance and shipping—and to respond to the legal and regulatory frameworks of our export partners.

To ensure proper use of chemical substances in our business operations, we operate 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 registers chemical substances used and aggregates data on amounts handled, emitted, and transferred in our operations, helping to reduce volume.

*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 (EU rules restricting the use of hazardous substances in electrical and electronic equipment).

Achievements in FY2022: Briefings for Procurement Partners

We registered data regarding chemical substances contained in approximately 1.25 million materials, parts, and products in *A Gree'Net* as of the end of fiscal 2022. Each year, we hold briefings for procurement partners using *A Gree'Net*, chemSHERPA, and on regulatory revision trends. In fiscal 2022, we held eight online briefings attended by a cumulative 1,920 people.

Environmental Education for Employees

Activities

Training

Hitachi offers e-learning based environmental education to all Group employees, from new hires to senior management. We also provide annual specialized training on environmental risks and compliance with environment-related laws and regulations for working-level employees in charge of environmental

management and internal environmental audits. Particularly in China, where we have more than 20 Category A sites, we provide training focused on compliance with the country's increasingly strict environmental laws and regulations.

▶ Environmental Education in Fiscal 2022

Contents of training	Target	Number of participants
Hitachi Group training on recent amendments to laws and operational procedures as well as basic environmental management	Employees working in air quality, water quality, and waste management	Japan: 1637 people from 71 companies (921 people in waste management, plus 716 people in legal compliance) China: 139 people from 52 companies
Environmental management training program to reduce environmental risks in China and raise the knowledge of working-level employees	Working-level employees	153 people from 48 companies
Training for new employees	New employees in the China Hitachi Group	17 people from 8 companies

Environmental Compliance

Activities

In addition to ensuring compliance with the laws and regulations of each country and region, Hitachi strives to minimize environmental risks by setting compliance with voluntary management criteria that are more stringent than regulatory requirements and by conducting internal audits. We make periodic examinations of soil and groundwater to detect contamination at business sites where hazardous chemical substances are, or once were, used. If contamination is found, we conduct cleaning and monitoring activities until decontamination is complete.

If we discover a violation or receive a complaint, we take steps to share information about the causes and countermeasures throughout the Group, tying these efforts to the prevention of similar incidents. We designate business sites where legal or regulatory violations have occurred as high-risk business sites for a three-year period as a corrective measure. Appropriate guidance provided to such sites by business units and Group companies in charge of their management serves to strengthen their compliance activities on an ongoing basis and prevent recurrences.

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	
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	

*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.

 P.068 Number of Regulatory Violations and Complaints

Achieving a Decarbonized Society

Efforts to Achieve a Decarbonized Society

Approach

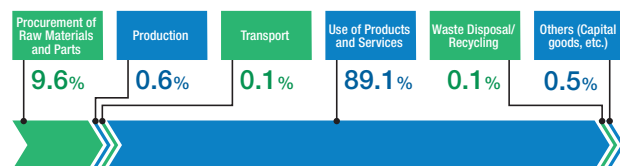
Materiality

GRI 2-13/2-24/3-3

As the response to climate change becomes more of a global trend, the roles required of governments and companies continues to change in dramatic ways. At the 27th Conference of the Parties (COP27) to the United Nations Framework Convention on Climate Change in Sharm el-Sheikh, Egypt, in November 2022, participants called for effective and equitable climate change action, along with further increases in greenhouse gas reduction targets by nation.

To help build a decarbonized society, Hitachi has set the target and strive to achieve carbon neutrality throughout the value chain by fiscal 2050 as part of the long-term environmental targets we call Hitachi Environmental Innovation 2050. Under GX for CORE, one of the two pillars of our green strategy, we accelerate measures to reduce our own CO₂ emissions to achieve carbon neutrality by fiscal 2030 at our business sites (factories and offices). Under GX for GROWTH, we reduce emissions related to the use of products and services sold, which account for a large portion of CO₂ emissions in Hitachi's value chain. Since improvement in this area is the key to reducing CO₂ emissions in the value chain, we contribute to customer decarbonization and that of society through products and services having with low environmental impact. Hitachi will continue to grow businesses that contribute to green policies and to the decarbonization of society as a whole through collaborative creation with stakeholders.

Ratio of CO₂ Emissions at Each Stage of Hitachi Value Chain in Fiscal 2022



* Percentages may fluctuate due to changes in our business portfolios

Note: Hitachi normally refers to suppliers (including suppliers, vendors or providers) as *procurement partners* who build business together on an equal footing.

Environmental Strategy for Achieving a Decarbonized Society

Targets

Activities

Initiatives for Achieving a Decarbonized Society

(1) Achieve carbon neutrality at our own business sites and production activities (by fiscal 2030)

- Introduce energy-saving and renewable energy equipment.
- Procure 100% non-fossil electricity across all business sites.

(2) Achieve the world's highest level of energy conservation in products

- Achieve energy conservation by developing products that take the environment into consideration from the design stage.

(3) Work with procurement partners toward a decarbonized society

- Distributed Sustainable Procurement Guidelines and Green Procurement Guidelines, requesting all procurement partners to set greenhouse gas reduction targets
- Based on the results of a questionnaire survey on climate change-related initiatives among environmental focus partners in FY2021, we selected 21 new environmental advanced partners with whom to hold discussions in FY2022.

(4) Support businesses that contribute to the carbon neutrality of society as a whole

- Power grids business to support the expansion of renewable energy.
- Provision of energy-efficient high-speed trains and storage battery hybrid trains for the spread of carbon-free mobility.
- Provide Lumada solutions that support the realization of a decarbonized society through digitalization.

(5) Develop technologies to realize the transition to a decarbonized society

- Development of high-efficiency products, energy management systems and hydrogen-related technologies.

Green Strategy

- GX for CORE: Achieve carbon neutrality at business sites (factories and offices) by FY2030. Reduce CO₂ emissions by 50% compared with fiscal 2010 levels by fiscal 2030 and achieve carbon neutrality across the entire value chain by fiscal 2050
- GX for GROWTH: Contribute to the decarbonization of customers and society through products and services having with low environmental impact (CO₂ avoided emissions: 100 million metric tons in fiscal 2024)

P.029 Green Strategy

P.036 Expanding the Decarbonization Business

P.039 CO₂ Emission Reduction at Business Sites (Factories and Offices) and Hitachi Carbon Neutrality 2030

P.108 Responsible Procurement

Hitachi Integrated report 2023 / Green Strategy (P.024)

<https://www.hitachi.com/IR-e/library/integrated/>

Contributing to a Decarbonized Society Through the Decarbonization Business

Approach

GRI 305-4/305-5

Expanding the Decarbonization Business

Approach

Activities

Hitachi provides value to customers and society, contributing to a decarbonized society through businesses that reduce CO₂ emissions and collaborative creation with customers. Hitachi operates under three business domains: Green Energy and Mobility, Digital Systems and Services, and Connective Industries. Among these domains, we are growing the following businesses, which contribute to decarbonization.

- Businesses that help to accelerate the energy shift aimed at realizing decarbonization, and that provide safe, comfortable, and clean mobility (Green Energy and Mobility)
- Businesses that help to reduce CO₂ emissions by using cutting-edge digital technologies to improve the efficiency of systems that underpin society (Digital Systems and Services)
- Businesses that help to decarbonize industries and cities by creating a resilient supply chain (Connective Industries)

▶ Examples of Decarbonization Business: A Hitachi Focus

Green Energy & Mobility 	Power grid solutions	<ul style="list-style-type: none"> · Contribution to the mass adoption of renewable energy through HVDC*1 · Enhancing efficiency of transformers, high voltage products, and power transmission/distribution
	Grid automation	<ul style="list-style-type: none"> · Advancing smart grid control, etc.
	Power generation	<ul style="list-style-type: none"> · Widespread use of power generation systems that utilize non-fossil energy sources such as wind and nuclear power
	Railway business	<ul style="list-style-type: none"> · Enhancing energy-saving features of rolling stock · Developing smart operating systems · Enhancing maintenance service efficiency through rolling stock monitoring
Digital Systems & Services 	Finance and public oriented solutions	<ul style="list-style-type: none"> · Promoting digital solutions
	Data centers	<ul style="list-style-type: none"> · Developing smart data centers
	Servers/storage	<ul style="list-style-type: none"> · Enhancing energy-saving features of servers and storage
Connective Industries 	Smart logistics	<ul style="list-style-type: none"> · Improving energy-saving features through fully IT-enhanced logistics
	Factory automation	<ul style="list-style-type: none"> · Enhancing energy efficiency through shorter lead times
	Water business	<ul style="list-style-type: none"> · Enhancing efficiency of water and sewage systems
	Industrial products	<ul style="list-style-type: none"> · Enhancing efficiency of industrial products · Electrification of fossil-fuel equipment
	Smart cities	<ul style="list-style-type: none"> · Reducing CO₂ through comprehensive urban energy management solutions
	Home appliances	<ul style="list-style-type: none"> · Enhancing energy efficiency of home appliances · Promoting connected home appliances
	Smart therapies	<ul style="list-style-type: none"> · Enhancing energy-saving features of medical devices
Elevators	<ul style="list-style-type: none"> · Enhancing energy-saving features of elevators and escalators through replacement · Enhancing energy efficiency through total building solutions 	

*1 HVDC: High Voltage Direct Current

CO₂ Emissions Reduction as Avoided Emissions

Approach

Materiality

Hitachi calculates the contribution to decarbonization through collaborative creation with customers as CO₂ avoided emissions. We convert the amount of the contribution to customer decarbonization via Hitachi products and services into CO₂ emissions. We expect an average 126.1 million metric tons of CO₂ avoided emissions per year during the Mid-term Management Plan 2024, compared to our original target of approximately 100 million metric tons per year in fiscal 2024.

Hitachi calculates CO₂ avoided emissions based on a comparison of customer CO₂ emissions from the use of Hitachi products and services during the fiscal year in question with emissions from Hitachi products and services during the base year. In principle, the base year for this calculation is fiscal 2013*¹.

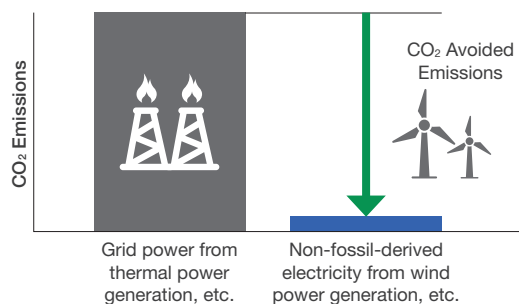
*¹ In accordance with the base year of Japan's national CO₂ reduction target. For the consolidated energy-related company, we set fiscal 2020 as the base year based on the year the company joined the Hitachi Group.

① Calculating CO₂ Emissions Reduction as Avoided Emissions

① Conversion to Non-Fossil Energy

- We calculate the amount of CO₂ emissions reduced by using non-fossil energy sources compared to electricity supplied from the grid

Examples: HVDC, wind turbines, etc.



Hitachi contributes to the reduction of customer CO₂ emissions mainly in the following three areas:

(1) Contribution via conversion to non-fossil energy

Contribution by providing key components for the introduction of non-fossil energy including renewable energy, such as HVDC

(2) Contribution via energy conservation

Contribution by providing energy-saving features through the optimization of highly efficient products and controls, such as high-efficiency industrial equipment

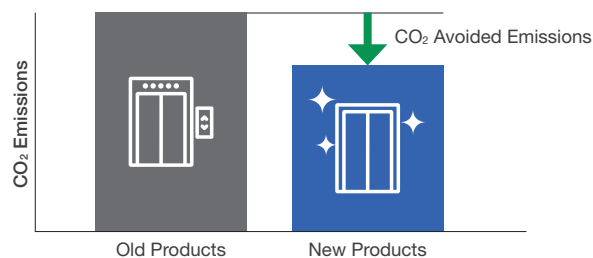
(3) Contribution via electrification

Contribution through the electrification of products currently using fossil energy, including the electrification of industrial equipment

② Energy savings

- We calculate the amount of CO₂ emissions reduced by improving energy efficiency compared to products and services with equivalent functions

Examples: Compressors, elevators, etc.



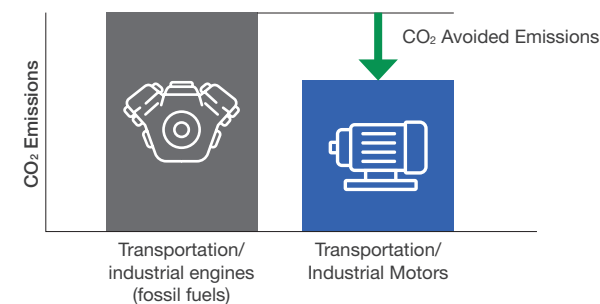
The World Business Council for Sustainable Development issued guidance in March 2023 on avoided emissions. In Japan, the GX League*² is considering the use of avoided emissions in relation to disclosures and the assessment of climate-related opportunities. A unified guide on specific calculation methods for products and services is under discussion, and Hitachi is participating in these discussions.

*² A place where companies aiming to achieve sustainable growth with a view to becoming carbon neutral by 2050 and coming social changes collaborate with companies engaged in similar initiatives, as well as entities from across industry, government, and academia.

③ Electrification

- We calculate the amount of CO₂ emission reductions compared to products and services before electrification

Example: Electrification of industrial equipment



Improving the Environmental Performance of Products and Services Through Eco-Design

System

Activities

Materiality

For all products and services involving a design process, Hitachi promotes eco-designs by applying our Environmentally Conscious Design Assessments to steadily improve environmental performance throughout the Group. This assessment identifies a total of 30 environmental impact categories that affect climate change, resource depletion, and ecosystem degradation at each stage of the life cycle of products and services. In this way, we assess the reduction of environmental impact from business activities across multiple perspectives.

Initiatives for Improving Environmental Performance of Products and Services

- Promoting environmentally conscious processes: In accordance with the IEC 62430*¹ criteria, promote environmentally conscious processes in designing and developing products and services, including by meeting environmental regulatory requirements and ascertaining the environment-related needs of our stakeholders within our existing management system.
- Implementing Life Cycle Assessments (LCAs): For our main, priority products, quantitatively evaluate their global environmental burden in such areas as the consumption of mineral resources, fossil fuels, and water resources, as well as their impact on climate change and air pollution, disclose the results to our stakeholders, and utilize them in improving the design of next-generation products.

*1 IEC62430: The standard developed by the International Electrotechnical Commission (IEC) concerning environmentally conscious design for electrical and electronic products.

 P.051 Approach to Transitioning to a Circular Economy/Innovation in Product Design

Reduction of Product and Service CO₂ Emissions During Use

Approach

Activities

CO₂ emissions related to the use of products and services account for the largest proportion of emissions in our value chain. To reduce these emissions, Hitachi sets reduction rate targets per unit based on fiscal 2010 levels for each product or service targeted. We use functional size*¹ as the denominator and CO₂ emissions as the numerator in our target equation.

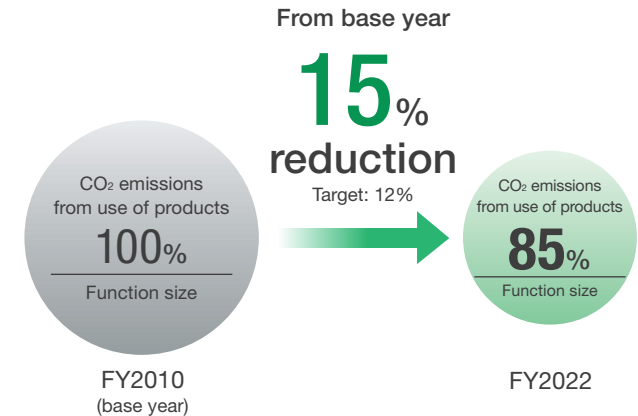
In fiscal 2022, we achieved our target with a reduction rate of 15% against a target of 12%. The achievement of this target was driven by the introduction of new models of high energy-saving equipment used in industrial equipment and social infrastructure.

We added the emissions of a consolidated energy-related company to the calculation of Hitachi Group emissions, resulting in a significant increase in emissions throughout the value chain. This increase is due to higher emissions from the use of transformers and other key products provided by the company that are used widely in the global power infrastructure. Hitachi will continue to bring energy-efficient products to the market.

*1 Function size: Major functions of products correlated with CO₂ emissions, such as their output and volume

Environmental Action Plan for 2024 Management Values

Reduction in CO₂ Emissions per Unit (Hitachi Group)



Contributing to a Decarbonized Society at Business Sites (Factories and Offices)

CO₂ Emission Reductions at Business Sites (Factories and Offices) and Hitachi Carbon Neutrality 2030

Policy Activities **Materiality**

GRI 302-1/305-4/305-5

In working toward realizing a decarbonized society, Hitachi has set the goal of realizing carbon neutrality by fiscal 2030 at all business sites (factories and offices) as part of its long-term environmental targets called Hitachi Environmental Innovation 2050.

Our roadmap to achieving this goal sets targets of reducing CO₂ emissions by 50%, compared to the base year, by fiscal 2024 and 80% by fiscal 2027 toward realizing carbon neutrality by fiscal 2030.

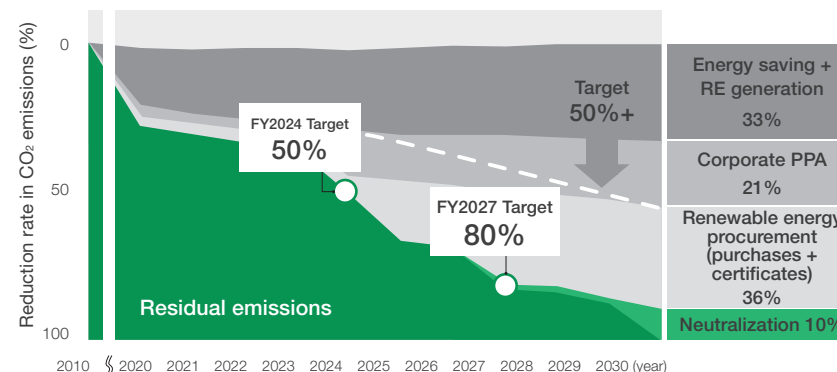
CO₂ emissions reduction measures at Hitachi include installing energy-saving and renewable energy equipment, engaging in corporate PPA*¹ to procure renewable energy with additionality*², and procuring renewable energy and renewable energy certificates*³. Among these, installing energy-saving and renewable energy equipment is expected to incur high costs relative to the amounts of reduction. However, it will also lead to reduced risks associated with factors including anticipated sharp rises in energy pricing and increased costs from carbon taxes and the expansion of carbon tax transactions. It also aligns with our Corporate Mission—“To contribute to society through the development of superior, original technology and products”—and for this reason as well, we are placing a priority focus on this approach. Currently, we have set the target at a 33% reduction to be made by fiscal 2030, however we are working to increase that level to 50%.

*1 Corporate PPA: A contract whereby a corporation, municipality, or other legal entity purchases electricity generated by renewable energy from a power producer on a long-term basis (usually 10 to 25 years). PPA stands for power purchase agreement.

*2 Additionality: An increase in effect of installing new renewable energy equipment.

*3 Renewable energy certificate: Accredits the environmental value associated with electricity generation from renewable energy sources. Unlike the purchase of renewable electricity, acquisition of this environmental value, which is separate from the electricity itself, is regarded as equivalent to using energy sources that do not emit CO₂.

CO₂ reduction roadmap (as of Mar. 2023)



Concrete efforts to achieve carbon neutrality at business sites, categorized by location type (factories, offices), can be outlined as shown below.

Major Initiatives for Reducing CO₂ Emissions at Business Sites (Factories and Offices)

Factories	<ul style="list-style-type: none"> ● Improve equipment efficiency by introducing and upgrading to high-efficiency equipment (Determine priority measures and manage introduction and upgrade rates) ● Improve production efficiency and energy use efficiency during production through use of the Lumada platform and production technologies cultivated from our long years of experience ● Optimize equipment operations and reduce wasted energy by installing smart meters ● Review product designs and processes ● Optimize control of equipment operations in response to production conditions
Offices	<ul style="list-style-type: none"> ● Build/move to new facilities with high energy efficiency ● Combine and integrate existing facilities ● Install energy-saving equipment and optimize equipment operations in collaboration with building owners
Factories and offices	<ul style="list-style-type: none"> ● Install renewable energy systems ● Procure electricity from renewable sources ● Utilize renewable energy certificates ● Utilize renewable energy through corporate PPA ● Engage in capital investment to reduce CO₂ through the use of Hitachi Internal Carbon Pricing (HICP)

The Hitachi Internal Carbon Pricing Framework

System

To promote CO₂ reduction at its business sites (factories and offices), in fiscal 2019 Hitachi introduced the Hitachi Internal Carbon Pricing*¹ (HICP) framework. Referencing emissions trading and carbon taxes globally, we establish internal carbon prices, convert into monetary value as the effect of CO₂ reductions due to investment in equipment that contributes to decarbonization. We add this price to the value of energy reduction effects, and use the result to evaluate the impact of our investment. By applying incentives like these, we aim to further expand our investment in equipment that contributes to decarbonization.

Increased burdens from carbon taxes and new emission regulations can be anticipated in the future. Taking such risk factors into account from the stage of equipment investment considerations and making investments that contribute to decarbonization a higher priority will help minimize the impacts of future climate change risks and make our company more resilient. The introduction of the HICP framework is instrumental in this process.

Initially, we set the HICP rate at 5,000 yen/t-CO₂ in consideration of 2025 carbon taxes and carbon trading prices (ETS*²). Subsequently, looking ahead to 2030, we increased the rate to 14,000 yen/t-CO₂ in August 2021 in consideration of anticipated carbon taxes and carbon trading prices. We will leverage this framework to provide early responses to future risks such as carbon taxes as well as to actively promote the installation of energy-saving and renewable energy equipment, our highest priority initiative aimed at achieving carbon neutrality.

*1 Internal carbon pricing: An in-house tool for assessing in monetary terms the amount of carbon generated or reduced in order to voluntarily make investment decisions and conduct risk management.

*2 ETS: Emission Trading Scheme

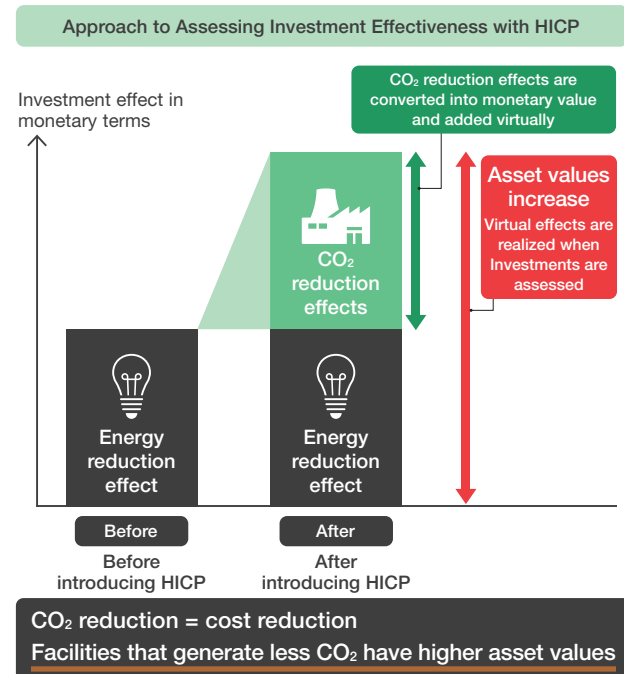
Achievements in Fiscal 2022

Hitachi uses the HICP system to reduce CO₂ emissions by converting CO₂ reduction benefits of projects to a monetary values to encourage additional investment, where such projects may not have received investment under the previous measurement standard.

In fiscal 2022, monetary investments decreased due to the deconsolidation of materials and construction machinery companies. However, we raised the carbon price from 5,000 yen/t-CO₂ to 14,000 yen/t-CO₂, resulting in 94 adopted projects and 2,519 t-CO₂ in CO₂ reductions, nearly twice as much as in fiscal 2021.

We will continue to use HICP, raising the carbon price as necessary to reduce CO₂ emissions.

Hitachi Internal Carbon Pricing (HICP) Framework



HICP Implementation Results

Category	FY2019	FY2020* ¹	FY2021* ¹	FY2022* ¹
Number of HICP Projects	35	22	59	94
Investment (Million (JPY))	260	250	1,464	1,185
CO ₂ Emissions Reduction (t-CO ₂)	1,356	447	1,230	2,519

The HICP rate: ¥5,000/t-CO₂ | ¥14,000/t-CO₂
August 2021

*¹ Excluding an energy-related company which became a consolidated subsidiary in fiscal 2020

Activities and Achievements

Activities

GRI 302-1/305-4/305-5

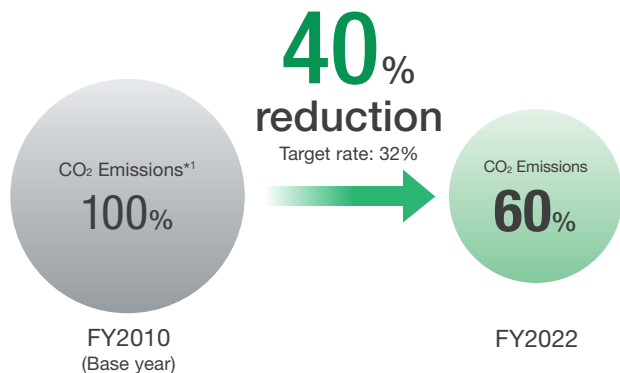
The Hitachi Environmental Action Plan for 2024 describes a target of the total CO₂ reduction rate at business sites (factories and offices).

In fiscal 2022, which was the first year of the Environmental Action Plan for 2024 (fiscal 2022–2024), we achieved a 40% reduction in total CO₂ emissions compared to a target of 32% reduction (compared to a base year of fiscal 2010). To reduce emissions, we improved facility efficiency through new and upgraded high-efficiency equipment, installed renewable energy equipment, and procured electricity from renewable sources.

Environmental Action Plan for 2024 Management Values

Reduction Rate of Total CO₂ (Hitachi Group)

Compared With Base Year



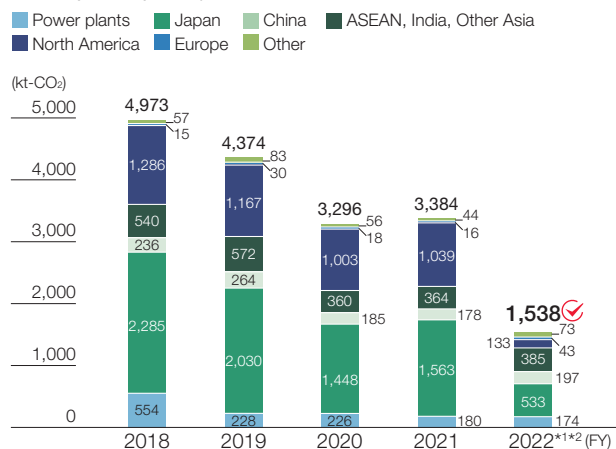
Note: Regarding CO₂ electrical power conversion factors: We used adjusted conversion factors for individual power businesses based on the Act on Promotion of Global Warming Countermeasures in Japan. In China, we used the average emissions factor published by the government for the national power grid. For other countries, we used the latest values for each fiscal year supplied by the International Energy Agency (IEA) for individual countries and by power supply companies.

Note: The Environmental Action Plan's management values do not include amounts for our power plants in fiscal 2010 (base year) or fiscal 2022.

Note: Only for Environmental Action Plan for 2024 management values, emissions of 11.6 kt-CO₂ from the cancellation of credits for neutralization were deducted from Scope 1. For the figures that underwent independent assurance, emissions from the cancellation of credits for neutralization were not deducted.

*1 CO₂ emitted from the organization (Scope 1 and 2).

CO₂ Emissions (Hitachi Group's factories, offices, and power plants)



*1 Energy-derived CO₂ emissions in fiscal 2022 amounted 459 kt-CO₂ (Scope 1) and 1,079 kt-CO₂ (Scope 2, market basis)

*2 Fiscal 2022 CO₂ emissions of an energy-related company and auto parts-related companies, which became consolidated subsidiaries in fiscal 2020, are included in the figures above. The materials and construction machinery companies were deconsolidated, and the amount of CO₂ emitted by those companies in fiscal 2022 was not included. This resulted in a significant decrease in the total CO₂ emissions.

■ P.061 GHG Emissions Throughout the Value Chain
 ■ P.063 Environmental Load from Operations

Introduce Renewable Energy

Activities

To reduce CO₂ emissions, Hitachi installs renewable energy power generation equipment on our property. We also procure electricity produced through new renewable energy equipment located off-premises. We are expanding the use of corporate PPA to accelerate the replacement of fossil fuel-derived electricity with electricity derived from renewable energy sources.

Renewable electricity used will be based on the standards set by the GHG Protocol.

Achievements in Fiscal 2022


Renewable electricity generation across the Hitachi Group in fiscal 2022 amounted to 706 GWh, an increase of 3.7 times compared to fiscal 2021. The amount of renewable electricity used by the Hitachi Group in fiscal 2022 increased significantly from 4% in the previous fiscal year to 24%.

At 57 sites the United States, Europe, China, Japan and some other countries in Asia, all electricity used came from renewable sources. Eleven of these sites achieved carbon neutrality through enhanced energy-savings and purchases of credits for neutralization.

In addition, Hitachi Energy is working actively to decarbonize operations through the use of non-fossil fuel electricity for all of its in-house electricity usage.

Locations operating on non-fossil energy

Country/Region	Sites Using 100% Renewable-Derived Electricity	Carbon Neutrality
		Europe
North America	9 sites	1 site (Hitachi Industrial Equipment Systems Group)
China	6 sites	1 site (Hitachi Industrial Equipment Systems Group)
Japan	3 sites	3 sites (Hitachi High-Tech Group)
Asia (Excluding China and Japan)	7 sites	2 sites (Hitachi Energy Group)
Other	8 sites	—

 Case studies of Energy Savings in Eco-Factories & Offices
<https://www.hitachi.com/environment/casestudy/index.html#case02>


Reducing Transportation Energy Consumption

Activities

In addition to reducing energy used at our business sites (factories and offices), Hitachi strives to reduce energy usage during transportation. Each business unit (BU) and Group company incorporates the rate of reduction in transportation energy use per unit in Japan, with voluntary targets established in other countries.

Our business sites pursue modal shifts to highly efficient transportation methods by improving truck loading ratios, taking other measures to reduce transportation energy consumption and switching to the use of eco-cars for in-house operations.

Achievements in Fiscal 2022

Fiscal 2022 reduction measures focused on improving loading efficiency for product transportation, utilizing joint transportation, and optimizing transportation vehicles. With the deconsolidation of the materials and construction machinery divisions, CO₂ emissions from transportation in Japan totaled 26.9 kt-CO₂ , a decrease of 47.4 kt-CO₂, or 64%, compared with fiscal 2021.

Hitachi Fleet Management Reduces CO₂ Emissions From Business Vehicles

Approach

Hitachi is preparing to electrify our fleet of commercial vehicles as part of efforts to achieve carbon neutrality by fiscal 2050. However, we must address a variety of issues that companies face when introducing electric vehicles, including the limited choice of electric vehicles and the lack of charging infrastructure.

To this end, we created our own fleet management plan to prepare for fleet electrification at each BU and Group company. Specifically, we intend to use BPO*¹ and AI drive recorders*² to visualize vehicle operating conditions, followed by an analysis of collected driving data and CO₂ emissions monitoring. We will use the results of this analysis and monitoring to act to reduce CO₂ emissions from existing vehicles and advance the gradual replacement of existing vehicles with electric vehicles to reduce CO₂ emissions from business-use vehicles.

*1 BPO: Abbreviation of business process outsourcing. BPO outsources the entirety of a business process to a contractor specializing in said activity.

*2 AI drive recorder: A service that uses AI to analyze recorded driving video and visualize signs of dangerous driving and driver tendencies.

Hitachi Fleet Management

Vehicle Visualization	Centralized fleet management via BPO
	AI drive recorders to monitor vehicle operation status
Vehicle Data Analysis	Analysis of vehicle operation status and travel routes
	Analysis of driver tendencies
	Continuous monitoring of electrification rates and CO ₂ emissions
Actions to Reduce CO ₂ Emissions	Optimize the number of vehicles in the fleet based on vehicle utilization status
	Encourage eco-driving by controlling sudden acceleration and braking
	Fostering awareness of CO ₂ reductions via visualizations of emissions
	Phased-in vehicle electrification in consideration of impact on operations

Climate-related Financial Information Disclosure (Based on TCFD Recommendations) GRI 3-3

In June 2018, Hitachi announced its endorsement of the recommendations by the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). The following contains key climate-related financial information in line with the TCFD's recommendations.

Seven institutions rated the Hitachi TCFD disclosures highly in the Excellent TCFD Disclosure, announced in March 2023, as selected by the Government Pension Investment Fund of Japan (GPIF) domestic equity investment management institutions.

Governance

Structure

Hitachi sees climate change and other environmental issues as important management issues.

Important matters concerning the Group's sustainability strategy, including climate change measures, are discussed, and decided on by the Senior Executive Committee and are presented to the Board of Directors according to necessity. Hitachi reviewed long-term environmental targets, termed Hitachi Environmental Innovation 2050, which include reducing CO₂ emissions. Our Board of Directors receives a report regarding these targets when formulated or revised. In addition, the Audit Committee of independent directors conducts an audit of sustainability-related operations once a year, and Hitachi executive officers report on climate-related issues to the committee during the audit.

As for TCFD initiatives we conduct outside the company, Hitachi has participated in the TCFD Study Group on Green Finance and Corporate Disclosures arranged by Japan's Ministry of Economy, Trade and Industry (METI) since 2019. In addition, we have participated in the TCFD Consortium, which holds discussions on efforts to link effective corporate

information disclosure and disclosed information with appropriate investment decisions by financial institutions and others. We participated in the consortium as a Steering Committee member and contributed to the formulation of TCFD Guidance 3.0, published in October 2022.

 P.015 Framework for Promoting Sustainability Strategy

 P.031 Framework for Promoting Environmental Governance

Strategy

Approach


GRI 201-2


In fiscal 2016, under our Environmental Vision and considering the Paris Agreement, the RCP2.6 Scenario^{*1}, and RCP8.5 Scenario^{*2} of the Fifth Assessment Report of the IPCC, Hitachi created Hitachi Environmental Innovation 2050, long-term environmental targets and a transition plan toward a decarbonized society. In this way, we intend to meet the contributions required of a global company toward the creation of a decarbonized society. Moreover, to help limit the global temperature rise to 1.5°C as recommended in the IPCC 1.5°C special report, in fiscal 2020, we revised our target to achieve carbon neutrality at Hitachi factories and offices by fiscal 2030. In fiscal 2021, we revised our target once more to achieve carbon neutrality in our value chain by fiscal 2050. This goal is in line with the SSP1-1.9 scenario^{*3} of the Sixth Assessment Report of the IPCC. Hitachi is committed to contributing to the creation of a decarbonized society on a global scale by declaring and pursuing higher goals.

^{*1} A Representative Concentration Pathway (RCP) scenario under which, at the end of the 21st century, the increase in global temperatures from preindustrial levels is kept below 2°C.

^{*2} An RCP scenario that assumes that emissions will continue to rise resulting in an approximately 4°C rise in global temperatures compared to preindustrial levels.

^{*3} SSP1-1.9 scenario: Presented in the Sixth Assessment Report of the IPCC. A scenario that limits temperature increase to less than 1.5°C under sustainable development.

 P.027 "Environmental Vision" and "Hitachi Environmental Innovation 2050"

 P.035 Environmental Strategy for Achieving a Decarbonized Society

 P.039 Contributing to a Decarbonized Society at Business Sites (Factories and Offices)

Identification and Assessment of Climate-related Risks and Opportunities

The Hitachi Group operates a broad array of businesses around the world with each business having its own set of risks and opportunities. We are responding to the impact of climate change by assessing climate-related risks and opportunities in accordance with TCFD classifications. We make sector-specific assessments of risks and opportunities for important business sectors that have a relatively high likelihood of being affected by climate change. Our assessments are also categorized according to time span, namely short term, medium term, and long-term as defined below.

Time Spans for Assessing Climate-related Risks and Opportunities

	Time span	Reason for adoption
Short term	Over the next three years, from fiscal 2022 to 2024	Corresponds to the three-year management period covered by the Environmental Action Plan for 2024 established in line with the 2024 Mid-term Management Plan
Medium term	Through fiscal 2030	Time span of our fiscal 2030 long-term environmental targets
Long term	Up to fiscal 2050	Time span of our fiscal 2050 long-term environmental targets

Degrees of Impact

Impact	Definition
Major	Has an impact sufficient to disrupt business or cause it to substantially decrease or increase
Medium	Part of the business is impacted
Minor	There is little impact

Responding to Climate Scenario Risks and Opportunities for Each Business

Hitachi operates a broad array of businesses with each business having its own set of risks and opportunities. We therefore selected businesses that have a relatively high likelihood of being affected by climate change and conducted scenario analyses. In selecting businesses, we considered the factors of, high sales volume within the Group, and relatively high need for fossil fuels when products and services are used, as well as high CO₂ emissions.

The businesses we selected using these criteria were railway systems, power generation and power grids, IT systems, and industrial equipment. For each of these businesses, we considered the business environment under the 1.5°C and 4°C scenarios and how we would respond.

- 1.5°C scenario As projected by the IPCC's RCP 2.6 climate model, the IEA 450 Scenario, and other scenarios, we are anticipating a world where stringent measures and regulations will be implemented to help realize a decarbonized society. Therefore, we investigated risks and opportunities on the premise of carbon neutrality by fiscal 2050.
- 4°C scenario We focused on there being increased climate-induced natural disasters as a result of lax regulations as projected by the IPCC's RCP8.5 scenario and other scenarios. Our assessment of the major risks and opportunities for the selected businesses are outlined in the following table.

▶ The Business Environment, Major Risks and Opportunities, and Strategies under the 1.5°C and 4°C Scenarios

Target businesses	Railway systems	Power generation and power grids	IT systems	Industrial equipment
The business environment and major risks and opportunities under the 1.5°C scenario	Business environment Global demand will continue to grow for railway transport systems that emit relatively less CO ₂ per distance covered will grow with tighter CO ₂ emission regulations in each country and region.	Business environment Global demand will continue to grow for electricity from non-fossil sources, such as renewable energy and nuclear power, with tighter CO ₂ emission regulations in each country and region. Power networks will increasingly accommodate renewable energy produced through distributed power generation.	Business environment Demand for energy-saving, high-efficiency IT solutions will grow with tighter CO ₂ emission regulations in each country and region. There will also be increased demand for data centers and data analysis systems to accommodate the expansion of financial services such as investments and loans for decarbonization businesses, green bond issues, and data utilization businesses.	Business environment Global demand for energy-saving industrial equipment will grow with tighter CO ₂ emission regulations in each country and region.
	Risks A decline in competitiveness in the railroad sector if there are delays in the development of innovative technologies of the type expected to contribute to the reduction of CO ₂ emissions. Specifically, delays in the development of new technologies such as dynamic headways (flexible operations based on passenger demand) and support for new mobility services (e.g., MaaS). Also, a decline in competitiveness due to delays in the timely marketing of effective and sustainable products that comply with increasingly stringent laws and regulations for decarbonization.	Risks A decline in competitiveness due to delays in the development of technologies for the transmission of more renewable energy without compromising the stability of the transmission grid or the quality of electricity. A lack of international and regional cooperation to maintain a balance between supply and demand in the power grid for renewable energy generation having large output fluctuations, resulting delays in renewable energy utilization.	Risks Competitiveness will decline if there is a lack of technological and human resource development to provide energy-saving and highly efficient IT solutions and if decarbonized measures for energy-intensive data centers are delayed.	Risks Competitiveness will decline if there are delays in the development of high-efficiency, low-loss products.
	Opportunities A transition of most long-distance public transportation to the railway sector under the 1.5°C scenario, since rail is a mode of transportation that contributes to decarbonization with low CO ₂ emissions per unit of transportation. Expanded business opportunities by developing and delivering railroad cars that are more energy efficient than existing models, by converting to bi-mode railroad cars, and by increasing the efficiency of rail services with digital technology.	Opportunities Expanded business opportunities in conjunction with rising demand for renewable energy—the key to a decarbonized future—and with the development of grid solutions, digital service solutions, and energy platforms that can accommodate the diversification of energy suppliers.	Opportunities Demand will grow for energy saving and high-efficiency information systems that contribute to zero-emissions. There will also be increased demand for environment-related financial services as investments and loans for decarbonization businesses and green bond issues.	Opportunities Utilization of IoT, digitalization, and connected systems to develop innovative products and solutions that contribute to CO ₂ emission reductions without relying on the energy-saving features of individual products.

Target businesses	Railway systems	Power generation and power grids	IT systems	Industrial equipment
<p>The business environment and major risks and Opportunities under the 4°C scenario</p>	<p>Business environment</p> <p>Demand for electric-powered transport will gradually increase even without tighter energy regulations. Damage from typhoons, floods, and other natural disasters caused by climate change will rise sharply.</p> <hr/> <p>Risks</p> <p>The high frequency of natural disasters will exacerbate damage to production facilities, worsen working environments, and disrupt supply chains leading to delays in deliveries and the procurement of parts.</p> <hr/> <p>Opportunities</p> <p>Transport systems more resilient to natural disasters can be developed. Competitiveness can be enhanced by providing added value in such forms as energy-saving railcars and adaptability to new technologies.</p>	<p>Business environment</p> <p>The cost competitiveness of non-fossil energy will increase as fuel prices gradually increase due to increased fossil energy consumption, and demand for renewable energy and nuclear power will increase moderately. Natural disasters caused by climate change will rise sharply. Needs will increase for climate adaptation to protect electric energy systems from extreme weather events.</p> <hr/> <p>Risks</p> <p>The high frequency of natural disasters will increase damage to power generation and transmission/distribution facilities, hamper efforts to restore power transmission/distribution, and disrupt supply chains leading to delays in deliveries and the procurement of parts. Increased delays in the development and provision of power generation, transmission, and distribution equipment, facilities, and services capable of withstanding frequent natural disasters.</p> <hr/> <p>Opportunities</p> <p>Energy demand will grow as warmer weather leads to increased use of air conditioning. Demand will increase for disaster-resilient power generation and transmission/distribution technologies. Increase the competitiveness of existing power transmission and distribution systems by making these systems more resilient to extreme weather conditions.</p>	<p>Business environment</p> <p>Demand for new, high-efficiency technology will expand as multiplex IT systems in response to natural disaster BCPs will result in increased energy consumption. Demand will also grow for social and public systems to reduce damage from natural disasters.</p> <hr/> <p>Risks</p> <p>Natural disasters will exacerbate damage to production facilities, worsen working environments, and disrupt supply chains leading to delays in deliveries and the procurement of parts.</p> <hr/> <p>Opportunities</p> <p>Demand will increase for social and public systems that help reduce damage from natural disasters and for IT systems required as part of BCP.</p>	<p>Business environment</p> <p>Typhoons, floods, and other natural disasters caused by climate change will rise sharply.</p> <hr/> <p>Risks</p> <p>Natural disasters will exacerbate damage to production facilities, worsen working environments, and disrupt supply chains leading to delays in deliveries and the procurement of parts.</p> <hr/> <p>Opportunities</p> <p>Efforts to accommodate IoT products will lead to higher demand for remote control and remote maintenance during natural disasters.</p>
	<p>Non-environmental market factors (neither the 1.5°C nor 4°C scenario)</p>	<ul style="list-style-type: none"> ● Economic growth will lead to urbanization and population growth around the world which will drive the railway business globally as an efficient form of public transport for large numbers of passengers regardless of climate conditions. Market size in Japan and Europe will remain flat, but the Asian market overall will see substantial growth. ● Long-distance transport will decline going forward as the global pandemic restricts travel and encourages remote work. Although the decline in demand will not be as severe as that for air transport. ● Competition will grow as major railway manufacturers in various countries will expand their businesses to meet global demand. 	<ul style="list-style-type: none"> ● Economic growth, urbanization, and population growth will push up demand for energy, especially electricity, mainly in developing countries. ● Political trends in each country and region related to climate change and energy issues, and changes in public awareness. ● Energy supply and demand will diversify due to various factors, such as CO₂ emissions, the environmental burden, economic performance, safety, and supply stability. ● Digital technology will develop further to enhance the stability and efficiency of the power supply. 	<ul style="list-style-type: none"> ● Further digitization globally will exponentially increase the volume of data circulated, accumulated, and analyzed. Experience with the global pandemic will prompt a shift to remote, noncontact, and online formats, both in our life and work and will boost demand for digital solutions that facilitate such a shift. ● New services and businesses utilizing big data, IoT, AI, and other digital technology will expand.

Target businesses	Railway systems	Power generation and power grids	IT systems	Industrial equipment
Response to future business risks (business opportunities)	<p>Response to business risks under 1.5°C or 4°C scenarios</p> <ul style="list-style-type: none"> Continue to strengthen the railway business as global demand for railways will increase under either scenario. Specifically, develop and market more energy-saving railcars and battery powered railcars for non-electrified sections. Strengthen railway services through digital utilization such as dynamic headway (flexible operations in response to passenger demand) and new mobility services like MaaS. Increase competitiveness by strengthening sustainable activities while adhering to international standards, etc. Given the increasing frequency of natural disasters, take risk aversion into account when deciding the location and equipment layout of a new plant. Keep an eye on the supply chain in strengthening our ability to respond to business disruption risks in accordance with our BCPs. Evaluate and analyze organizational structures and physical locations and reflect the results of this work in response measures. 	<p>Response to business risks under 1.5°C or 4°C scenarios</p> <ul style="list-style-type: none"> Continue to enhance the response to relevant markets in view of expected higher demand for non-fossil energy under either scenario. Strengthen the provision of grid solutions, digital service solutions, and energy platforms that can accommodate the increased use of renewable energy and diversification of energy supply and demand management. Given the increasing frequency of natural disasters, develop technologies for disaster-resilient renewable energy systems and disruption-resistant power transmission/distribution systems. Take risk aversion into account when deciding the location and equipment layout of a new production plant. Keep an eye on the supply chain in strengthening our ability to respond to business disruption risks in accordance with our BCPs. 	<p>Response to business risks under 1.5°C or 4°C scenarios</p> <ul style="list-style-type: none"> Continue to develop innovative digital technologies, nurture necessary human capital, and enhance digital service solutions that generate new value in view of the expected growth in demand for digital services and the subsequent market expansion under either scenario. Specifically, enhance competitiveness by providing energy-saving and high efficiency IT solutions that contribute to the following: zero-emissions; environment-related financial services for decarbonization businesses; social and public systems to prevent natural disasters, reduce damage, and enhance resilience; and IT systems for BCPs. Given the increasing frequency of natural disasters, strengthen our ability to respond to business disruption risks in accordance with our BCPs. Ensure competitiveness by decarbonizing data centers actively. 	<p>Response to business risks under 1.5°C or 4°C scenarios</p> <ul style="list-style-type: none"> Under either scenario, continue developing energy-saving, high efficiency products that use IoT technology. Focus particularly on connected products with communication features. Miniaturized, high-efficiency, low-loss products can also help reduce CO₂ emissions. Given the increasing frequency of natural disasters, take risk aversion into account when deciding the location and equipment layout of a new plant. Keep an eye on the supply chain in strengthening our ability to respond to business disruption risks in accordance with our BCPs.
Financial information (sales volume of each target sector)	Partial impact on the revenue of the Railway Systems Business, which accounted for approximately 6.8% of Hitachi's revenue at 736.0 billion yen in fiscal 2022	Partial impact on the revenue of the Energy Sector, which accounted for approximately 16.4% of Hitachi's revenue at 1,787.6 billion yen in fiscal 2022	Partial impact on the revenue of the Digital Systems & Services Segment, which accounted for approximately 22.0% of Hitachi's revenue at 2,389.0 billion yen in fiscal 2022	Partial impact on the revenue of the Industrial Products Business, which accounted for approximately 4.1% of Hitachi's revenue at 451.1 billion yen in fiscal 2022

Note: The above scenario analyses are not future projections but attempts to examine our resilience to climate change. How the future unfolds may be quite different from any of these scenarios.

Climate-related Risks (Hitachi Group)

Based on a business-by-business review, Hitachi did not find any significant climate change-related risks that were difficult to respond to risks that present difficulties in response.

When considering whether existing businesses will be viable when a decarbonized society is realized, many businesses that use electricity as their energy must be able to adapt to a decarbonized society by replacing the electricity they use with electricity derived from non-fossil energy sources. On the other hand, businesses that currently use fossil fuels will need to adapt to a decarbonized society by adopting new technologies such as hydrogen and biomass, as well as various measures to offset CO₂ emissions. Since many of Hitachi's businesses use electricity, it is clear that there is little significant risk arising from the unavailability of fossil fuels.

The following is a summary of Hitachi's overall risks under the 1.5°C scenario and the 4°C scenario. Given Hitachi's business format, we have determined that these risks related to climate change can be addressed.

① Risks related to the transition to a decarbonized economy (applying mostly to the 1.5°C scenario)

Category	Major risks	Time span	Impact	Main initiatives
Policy and legal	Increased business costs from the introduction of carbon taxes, fuel/energy consumption taxes, emissions trading systems, and other measures	Short to long term	Medium	<ul style="list-style-type: none"> ● Shift from fossil fuel-using to non-fossil fuel-using businesses. Promote activities aimed at achieving carbon neutrality. ● Avoid increases in business costs by further enhancing production and transport efficiency and promoting the use of non-fossil fuel-based energy. Promote energy-saving equipment by introducing Hitachi Internal Carbon Pricing (HICP)
Technology	Loss of sales opportunities due to delays in technology development for products and services for a decarbonized society	Short to long term	Medium	<ul style="list-style-type: none"> ● Contribute to reducing CO₂ emissions by developing and marketing innovative products and services that lead to the achievement of long-term environmental targets and expanding the decarbonization business ● Promote the development of energy-saving and low-carbon products by implementing Environmentally Conscious Design Assessments when designing products and services
Market and reputation	Impact on sales due to changes in market values or assessment of our approach to climate issues	Medium to long term	Minor	<ul style="list-style-type: none"> ● Established goals of carbon neutrality in the Hitachi Environmental Innovation 2050 long-term environmental targets; participated in COP26 and communicated to the world advanced technologies and initiatives that support the realization of a decarbonized society

② Risks related to the physical impacts of climate change (4°C scenario)

Category	Major risks	Time span	Impact	Main initiatives
Acute and chronic physical risks	Climate-related risks to business continuity including increased severity of typhoons, floods, and droughts (acute risks), as well as rising sea levels and chronic heat waves (chronic risks)	Short to long term	Medium	<ul style="list-style-type: none"> ● Considering the possibility of flood damage when deciding on the location or equipment layout of a new plant; measures tailored to the water risks of each manufacturing site will be strengthened in the future based on the results of a water risk assessment now being conducted

Climate-related Opportunities (Hitachi Group)

To achieve the CO₂ reduction targets set forth in our long-term environmental targets and 2024 Mid-term Management Plan, it is important not only to decarbonize our business sites (factories and offices), but also to reduce CO₂ emissions from the use of products and services sold, which account for a large portion of emissions in our value chain. Developing and providing products and services that emit zero or very little CO₂ during their use will not only satisfy customer needs, but also help meet society's demands for reduced emissions. This represents a business opportunity for us in the short, medium, and long terms, and constitutes a major pillar of the Social Innovation Business that we are promoting as a management strategy.

Category	Major Opportunities	Impact	Main initiatives
Services and Markets for Products	Increased corporate value and revenue from expanded sales of products and services with innovative technology that can contribute to the mitigation and adaptation of climate change	Major	<ul style="list-style-type: none"> ● Expand business areas that contribute to decarbonization. ● Promote decarbonized solutions and services through collaborative initiatives with customers. ● Focusing on the fields of energy, mobility, and connective industries we pursue the greater utilization of digital technology (Green by Digital) and develop products that offer world-class efficiency.
Resilience	Provision of solutions to address climate-related natural disasters	Medium	<ul style="list-style-type: none"> ● Providing flood simulators and evacuation/emergency operation support systems ● Providing disaster prevention solutions such as high-performance firefighting command systems

 P.036 Expanding the Decarbonization Business  P.054 Products and Services that Contribute to Resolving Water Issues  P.056 Addressing Risks Related to Water and Biodiversity



The results of these studies indicate that Hitachi has not uncovered any significant or difficult-to-address climate change-related risks at this stage. We believe we can view our contributions to climate change action as opportunities. Hitachi believes that we have high resilience in the transition to a decarbonized society in the medium to long term, as we closely monitor market trends and develop business flexibly and strategically under both the 1.5°C and 4°C scenarios.

Risk Management

Structure

Hitachi identifies, evaluates, and manages climate change-related risks by business unit and Group company to determine environmental impacts and other factors. The results are tabulated by the Sustainability Promotion Division of Hitachi, Ltd., and those risks and opportunities perceived as being particularly important for the Group as a whole are deliberated and decided by the Senior Executive Committee and, if necessary, by the Board of Directors as well.

Metrics and Target

Targets

Hitachi defines medium- to long-term metrics and targets in the Hitachi Environmental Innovation 2050 long-term environmental targets. We also establish and manage short-term metrics and targets in detail every three years through the Environmental Action Plan.

Metrics for climate change mitigation and adaptation use total CO₂ emissions and the reduction rate in CO₂ emissions per unit. Total CO₂ emissions from the use of sold products in Scope 3, which account for most of our emissions given the nature of Hitachi's business, fluctuate greatly due to changes in sales volumes and our business portfolio. This has the disadvantage of making it difficult to see the results of energy saving and efficiency improvements. Therefore, we have established CO₂ emissions per unit as a metric for providing customers and society with products and services that offer equivalent value while emitting less CO₂. We also set and manage a metric for avoided emissions that contribute to the realization of a decarbonized society as a whole.

We continue to reduce CO₂ emissions generated at our own business sites (factories and offices) by utilizing the Hitachi Internal Carbon Pricing (HICP) system, which provides incentives for capital investments that contribute to CO₂ reductions. The carbon price for HICP is set at 14,000 yen per ton-CO₂.

In addition, 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 toward achievement of long-term environmental targets.

-  P.013 Reflecting Sustainability Targets in Executive Compensation Evaluation
-  P.027 "Environmental Vision" and "Hitachi Environmental Innovation 2050"
-  P.030 Environmental Action Plan
-  P.035 Achieving a Decarbonized Society
-  P.036 Expanding the Decarbonization Business
-  P.039 Contributing to a Decarbonized Society at Business Sites (Factories and Offices)
-  P.061 Calculating GHG Emissions Throughout the Value Chain (Fiscal 2022)

Achieving a Resource-Efficient Society

Efforts to Achieve a Resource-Efficient Society

Approach

GRI 2-13/2-24/3-3

Environmental issues continue to intensify associated with increased economic and social activities within the conventional linear economy of mass production, mass consumption, and mass disposal. These problems involve resource shortages, water scarcity, tight supply and demand for energy, environmental pollution caused by increasing waste, global warming, and the loss of biodiversity. To solve these problems and create sustainable societies, we must shift away from linear economies to circular economies. Hitachi works together with customers and society to help build a society that uses water and other resources efficiently.

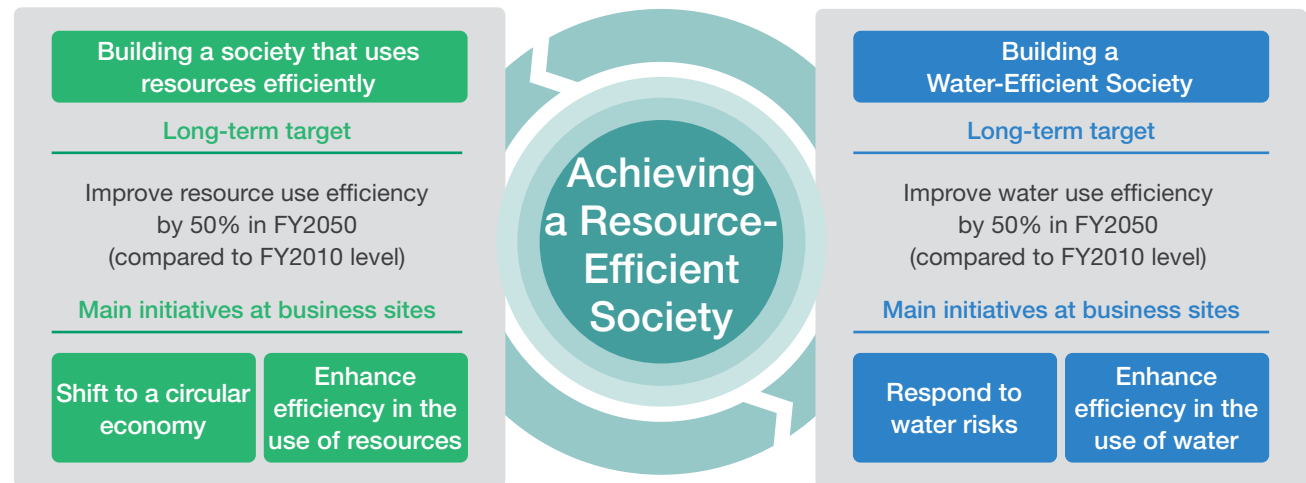
Initiatives in the Value Chain

Hitachi considers the circularity of resources across the value chain to be of key importance. We also believe in the importance of water usage reduction that takes into consideration water risks on a region-by-region basis at each stage of the supply chain. Accordingly, we drive circular-design initiatives and development tools, applications, and services that help facilitate circular economies, and optimize water usage and wastewater treatment in the supply chain, provide water-efficient products and services.

Initiatives at Business Sites

We established a long-term environmental target to improve the efficiency with which water and other resources are used by fiscal 2050. The actual goal is to improve efficiency by 50% compared to fiscal 2010. In addition, we will create higher economic value using fewer resources while pursuing production activities with a lower environmental burden.

▶ Initiatives to Achieve a Resource-Efficient Society



Note: Our response to water risks that take biodiversity into consideration are detailed in *Efforts to Achieve a Society Harmonized With Nature* (P.055).

Building a Society That Uses Resources Efficiently

GRI 301-1/301-2/301-3

Approach to Transitioning to a Circular Economy

Approach

To help build a society that uses resources efficiently, Hitachi will advance a shift from the conventional linear economy to a circular economy. Therefore, we will focus on how we can continue to use resources and assets in our business activities and reduce waste, or even eliminate waste altogether, using three approaches: innovation in upstream product design, innovation in the product manufacturing process, and innovation of our business model.

① Innovation in Product Design

Through Environmentally Conscious Design Assessments and Life Cycle Assessments for new products that involve design activities, we will reduce waste by standardizing parts, extending service life, utilizing recycled materials, and designing for easy recyclability. To this end, we revised the Hitachi Eco Design Management Guidelines and Hitachi Eco Design Activity Guidelines to reflect the latest international trends. At the same time, we set a clear goal to apply the relevant assessments to all new products involving design activities and to achieve this goal by fiscal 2024.

② Innovation in the Manufacturing Process

We share case studies among divisions to highlight initiatives in this area. Case studies include product and parts manufacturing volume optimization based on an understanding of supply and demand, digitization of design processes for paperless work, the reduction of packaging material usage, the reduction of defective products through quality improvement, and the reduction of chemical substances. Further, we established specific targets for the number of sites achieving the goal of the Zero Waste to Landfill initiative, as well as for

effective utilization rates related to plastic waste. In particular, we initiated activities targeting all manufacturing sites this fiscal year with the aim of achieving Zero Waste to Landfill*1.

*1 Pursued in careful compliance with regulations, conditions, etc., in each country or region

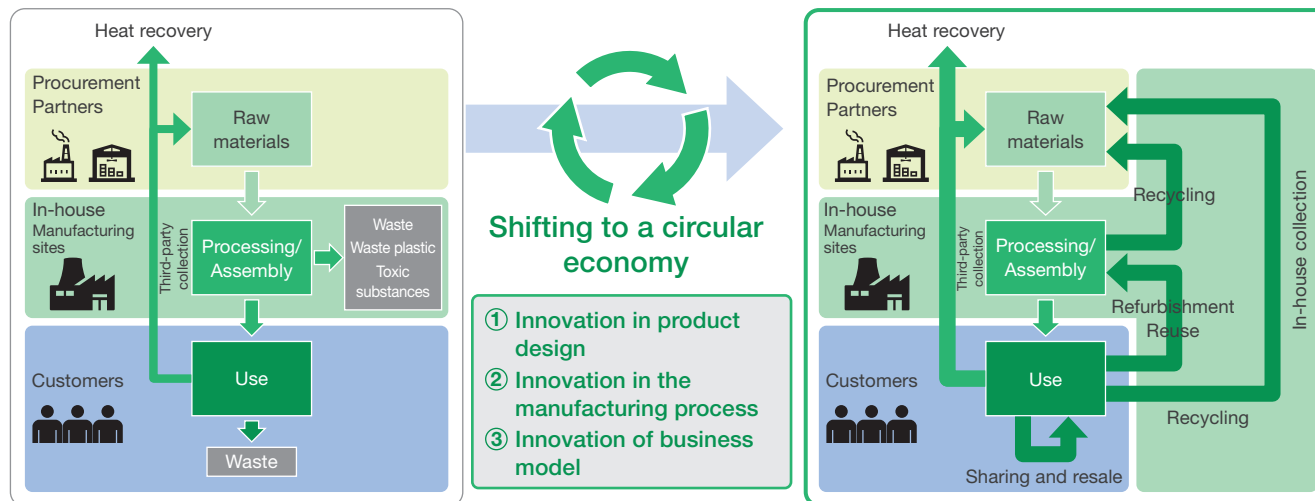
③ Innovation of Business Model

To adapt to a society that is transitioning from goods to experiences, or in other words, from ownership to leasing, we pursue the effective use of resources and assets through leasing, pay-per-use systems, subscriptions, products as a service, reuse, and sharing-based models. At the same time, we collect used products and consider their sale, repair, or

recycling, making continuous efforts to devise strategies for the most efficient utilization of resources and assets. To this end, we share our goals with various stakeholders in the value chain and pursue collaborative creation. Additionally, we pursue research and development involving raw materials, products, tools, applications, and services necessary for our goals, leveraging the advantages of Hitachi's IT × Operational Technology (OT) × Products to support create circular economies not only in our value chain, but in customer activities as well.

 P.038 Improving the Environmental Performance of Products and Services Through Eco-Design

Approach to Transitioning to a Circular Economy



Note: Hitachi normally refers to suppliers (including vendors and providers) as procurement partners, with whom we build business together on an equal footing.

Management of Waste and Valuables Generated at Business Sites

Activities

We collect environmental load data for waste and valuables*1 generated at the business sites using the Environmental Data Collection System (Eco-DS) to manage centrally the volumes of waste and valuables generated and exported by type. For hazardous waste, in particular, we ensure thorough compliance with laws and regulations, and engage in proper disposal within the Group.

For fiscal 2022, which was the first year of the Environmental Action Plan for 2024 (fiscal 2022–2024), we established a 14% per-unit reduction target (compared with a base year of fiscal 2010) for waste and valuables generated. We outperformed this target by achieving a reduction of 16%.

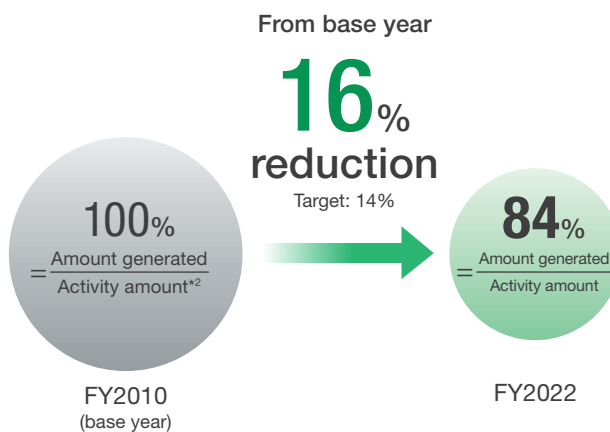
We reduced the amount of waste and valuables generated by 70 kt, or 23%, compared to the base year. We accomplished this result by installing recycling facilities within our business sites, as well as through closed-loop recycling, whereby byproducts and scrap from the production process are reused as resources by other business sites, while packing and cushioning materials for transportation are used repeatedly.

*1 Waste and valuables: Materials generated through business activities. Each country has a legal definition of waste, and in Japan, the term refers to refuse, bulky refuse, ashes, sludge, excreta, waste oil, waste acid and alkali, carcasses, and other filthy and unnecessary matter, which are in a solid or liquid state according to the Waste Management and Public Cleansing Law. Valuables, meanwhile, are those materials left over after business activities other than waste, and can be sold or transferred free of charge to other parties as items of value.

GRI 306-1/306-2/306-3

Environmental Action Plan for 2024 Management Values

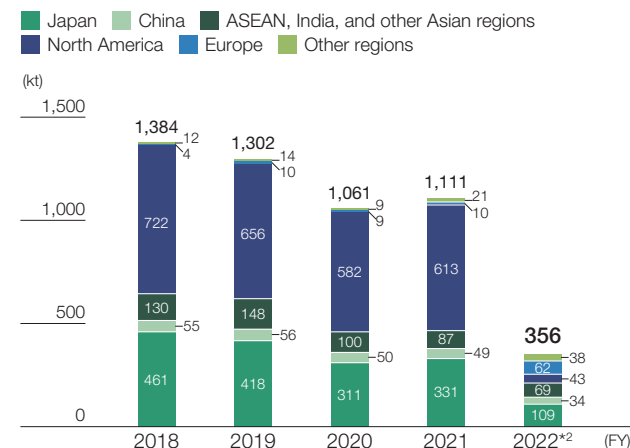
Reduction Rate in Waste and Valuables Generation*1 per Unit (Hitachi Group)



*1 Amount of waste and valuables generated from the production process.

*2 Activity amount is a value closely related to waste and valuables generation at each business site (for example, output, sales, and production weight).

Waste and Valuables Generation*1 (Hitachi Group)



*1 Waste and valuables: Through fiscal 2021, this volume was the amount of waste and valuables generated by major business sites. Beginning in fiscal 2022, this volume is the total amount of waste and valuables generated in the manufacturing processes of all business sites and the amount generated at offices other than manufacturing processes.

*2 Beginning in fiscal 2022, the report above includes waste and valuables generated by an energy-related company and auto parts companies in fiscal 2022. Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

P.063 Environmental Load from Operations

Case Studies of Efficient Use of Resources

<https://www.hitachi.com/environment/casestudy/index.html#case04>

Number of Sites Achieving the Goal of the Zero Waste to Landfill Initiative

Activities

Materiality

We pursue activities to achieve the goals of the Zero Waste to Landfill*¹ initiative, which seeks to minimize landfill disposal for the ongoing, sustainable utilization of resources. This fiscal year, we set specific targets for the number of manufacturing sites to achieve zero landfill waste, and we are stepping up efforts to accelerate this initiative. In fiscal 2022, 199 of the sites covered by our activities achieved zero landfill waste.

Environmental Action Plan for 2024 Management Values

Number of sites achieving zero landfill waste

199 business sites
(58% achievement)

FY2022 target:
90 business sites (approx. 25%)

Note: All manufacturing sites are covered

*1 Zero Waste to Landfill goal: Defined as a final disposal rate (landfill disposal/waste and valuables) of less than 0.5% in any given fiscal year in the Hitachi Group. Pursued in assumed conformance with regulations, conditions, etc.

Effective Utilization Rate of Plastic Waste

Activities

We began strengthening our activities in fiscal 2022 toward achieving a 100% effective utilization*¹ rate of waste plastics throughout the entire Hitachi Group by fiscal 2030. In fiscal 2022, we set an effective utilization rate target of 77% and achieved 88%. To improve the effective utilization rate, we are implementing measures that include design changes for equipment and products that do not generate waste, digitization of operations for paperless work, reduction of waste through yield improvements, in-house reuse, sorting and accumulation waste to enhance value, and recycling measures through detailed sorting.

Environmental Action Plan for 2024 Management Values

Effective utilization rate of plastic waste

88% achievement

FY2022 target: 77%

Hitachi Global Life Solutions, whose plastic consumption accounts for around 70% of the Hitachi Group's total, uses recycled plastic in parts for washing machines and refrigerators and packing materials for ceiling lights. The company procures recycled plastic materials produced within the Hitachi Group, such as plastic parts recovered from end-of-life home appliances and plastic containers, and also uses recycled plastics sourced from other materials manufacturers.

While large components in washing machines (enclosure bases in the lower parts of units, etc.) were previously made using a mixture of new and recycled materials, the company shifted to almost 100% recycled plastics, achieved by solving technical problems and procurement issues.

Hitachi Global Life Solutions works to recycle four categories of end-of-life home appliances (air conditioners, TVs, refrigerators/freezers, and washing machines/dryers) at 19 recycling plants as part of cooperative efforts among five companies*² in response to the 2001 Act on Recycling of Specified Home Appliances. A total of 91.3 kt of recyclable materials*³ were recovered in fiscal 2022, of which approximately 81.9 kt were recycled. By product type, the recycling rate for refrigerators and freezers was 80% exceeding the legal requirement of 70% by 10 percentage points, and for washing machines and dryers it was 94% exceeding the legal requirement of 82% by 12 percentage points.

*1 Effective utilization encompasses material recycling, chemical recycling, and thermal recovery. Pursued in assumed conformance with regulations, conditions, etc.

*2 Hitachi Global Life Solutions, Sharp Corporation, Sony Corporation, Fujitsu General Limited, and Mitsubishi Electric Corporation.

*3 Parts and materials recovered from four categories of end-of-life home appliances (air conditioners, TVs, refrigerators/freezers, and washing machines/dryers) and recycled through in-house use, sale, or transfer free of charge to other entities for use. Data values are aggregated from Hitachi Global Life Solutions and Johnson Controls-Hitachi Air Conditioning.

Building a Water-Efficient Society

Management of Water Use at Business Sites

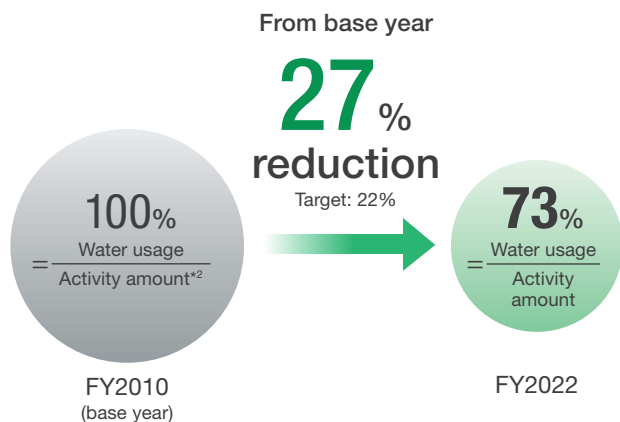
Activities

Materiality

For fiscal 2022, the first year of the Environmental Action Plan for 2024 (fiscal 2022–2024), we set a target reduction of 22% (compared with a base year of fiscal 2010) in water use per unit for manufacturing process and general daily usage in manufacturing sites. We improved on this target with a reduction of 27%. We reduced the volume of water used by 11 million m³, equivalent to a reduction of 45% compared with the base year. Our measures to reduce water usage included more stringent management of water intake using flowmeters, installing water pipes above ground for better leakage control, recirculating cooling water, and reusing purified waste water.

Environmental Action Plan for 2024 Management Values

Reduction in Water Usage*1 per unit (Hitachi Group)

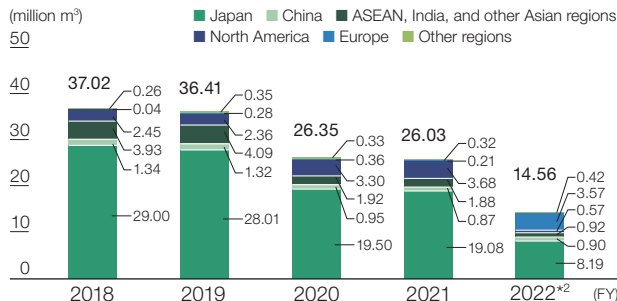


*1 Total amount of water used in manufacturing process and general daily usage at manufacturing sites.

*2 Activity amount is a value closely related to water use at each business site (for example, output, sales, and production weight).

GRI 303-1/303-2/303-5

Water Usage*1 (Hitachi Group)



*1 Total volume of water used in manufacturing processes and general daily usage at manufacturing sites and in general daily usage at locations other than manufacturing sites.

*2 The water usage of an energy-related company included in the scope of consolidation since fiscal 2020 is included in the figures above beginning fiscal 2022. The water usage for fiscal 2022 by auto parts companies included in the scope of consolidation since fiscal 2020 is not included in the figures above, but amounted to 412 million m³. The total water usage was decreased significantly due to the deconsolidation of the materials- and construction machinery companies.

P.063 Environmental Load from Operations

Case Studies of Improving Water Use Efficiency

<https://www.hitachi.com/environment/casestudy/index.html#case03>

Products and Services That Contribute to Resolving Water Issues

Activities

Hitachi is a comprehensive water services provider that has built a solid track record of experience and expertise in operational technology (OT), products, and services in the sector. We contribute to the effective use of limited water resources by addressing the many issues facing our customers in the water and sewage treatment business. We achieve these results by leveraging a combination of our IT, extensive experience, and considerable expertise in a variety of fields. A recent example includes our joint venture with Mizu Mirai Hiroshima Corporation, which was awarded a contract by Hiroshima Prefecture to build a

wide-area monitoring and control system for nine prefectural water treatment plants. This project involves designing and building a system that monitors and operates facilities centrally via a common cloud-based platform. The system handles data from different systems with different specifications supplied by various vendors, as well as data from software that utilizes Hitachi's digital technology. This project will contribute to wide-area control and management and as digitization (DX) in the water industry.

Hitachi's Water-related Products and Services

Activity field	Products or services (implementation to date)
Creating water resources	Wastewater recycling systems Seawater desalination systems
Developing water infrastructure	Water and sewage treatment, etc. (over 200 sites in about 40 countries and regions) Water purification plants (approximately 700 plants in Japan) Sewage treatment plants (approximately 900 plants in Japan) Comprehensive digital solutions for water and sewage treatment operators
Integrated flood control measures	Flood forecasting and simulation technology related to evacuations and emergencies

We are also engaged in verification tests and joint research with national and local governments, companies, and other organizations in various countries to establish new technologies and systems for the water business. These joint activities include recent work with Higashine City, Yamagata Prefecture, on integrated flood control measures. The actual research involved technologies for real-time flood forecasting and for simulating evacuations and emergencies. We also demonstrated the effectiveness of the technologies that were part of this research. In addition, we began joint research with Water Agency Inc., whose business includes water and sewage treatment operations, to develop a practical AI/IoT-based sludge-reduction service for sewage treatment plants.

Water Environment Solutions

https://www.hitachi.com/businesses/infrastructure/product_site/water_environment/index.html

Achieving a Harmonized Society with Nature

Efforts to Achieve a Harmonized Society with Nature

Approach

GRI 2-13/2-24/3-3/303-1/303-2/303-5

Our social lives and economic activities depend on numerous benefits (ecosystem services) bestowed by nature, and the loss of biodiversity is becoming recognized as a major economic risk. Nature Risk Rising, published by the World Economic Forum in 2020, notes that the creation of approximately \$44 trillion of economic value generation in economic value, or more than half of global GDP, depends on natural capital and ecosystem services at risk due to biodiversity destruction.

Against this backdrop, the Kunming-Montreal Global Biodiversity Framework, adopted at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (CBD-COP15) held in Montreal, Canada, in December 2022, established 23 global targets with the aim of implementing urgent measures to halt and reverse biodiversity loss in order to put nature on the path to recovery by 2030. Of particular important to business enterprises are Target 3, which is to conserve at least 30% of terrestrial and water areas through protected areas and OECM*¹ (30 by 30 target), and Target 15, which is to ensure that businesses, especially large corporations and financial institutions, assess and disclose risks related to biodiversity, dependencies and impacts on biodiversity, and measures to provide information required to consumers to promote sustainable consumption patterns.

In addition, with heightened interest in ESG investment and financing, a private-sector initiative is growing to require disclosure of biodiversity-related information. The Task Force on Nature-related Financial Disclosures (TNFD) established a disclosure framework for organizations to report and act on nature-related risks with a view to shifting the flow of funds to nature-positive activities. This framework requires companies and financial institutions to assess and disclose risks and

opportunities related to natural capital and biodiversity in an appropriate manner.

To achieve a harmonized society with nature, as well as to reflect related global trends, Hitachi assesses and discloses biodiversity-related risks, the dependence, and the impact of business activities overall on biodiversity.

*1 OECM: Areas other than protected areas that contribute to biodiversity conservation. Acronym for Other Effective area-based Conservation Measures

Initiatives to Minimize Impacts on Natural Capital

Activities

Materiality

To preserve the ecosystem and achieve a society harmonized with nature to continue to enjoy nature's benefits, we established targets to minimize our impact on natural capital as part of our long-term environmental targets. We classify the emission of greenhouse gases and chemical substances into the atmosphere and the generation of waste materials in the course of our business activities as negative impact activities. Providing products and services that contribute to ecosystem preservation and undertaking activities to preserve biodiversity and ecosystems are categorized as positive impact activities. We are working to quantify and minimize the difference between positive and negative impacts by 2050.

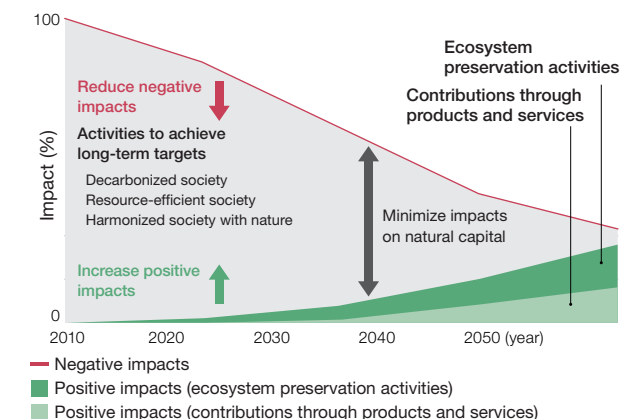
Hitachi identified the negative impacts that our business activities had on natural capital and evaluated these activities using version 2 of the Life-cycle Impact Assessment Method based on Endpoint Modeling (LIME2) and an inventory database (IDEA v2*¹), aiming to reduce such impacts. According to our estimates, approximately half of our negative impacts in fiscal year 2022 were related to climate change. With regard

to climate change, we pursue initiatives aimed at to create a decarbonized society. Regarding urban air pollution, and resource consumption, certain findings have come to light in impact assessments concerning raw materials procurement. To this end, we plan to accelerate the pace of efforts intended to achieve a resource-efficient society. To reduce our environmental load further and minimize our impact on natural capital, we will step up a wide range of activities that include increasing the energy efficiency of our products and services, improving factory efficiency, using resources more effectively, and managing chemical substances properly.

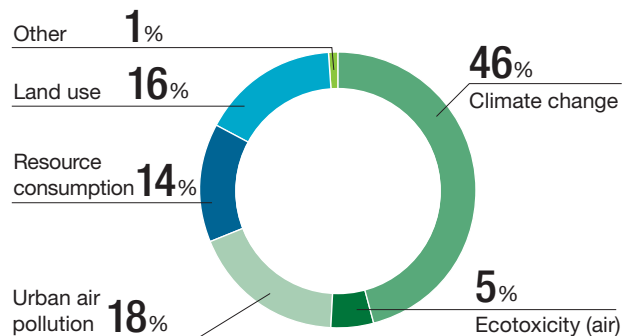
To expand positive impact, we engage in social contribution activities, such as forest conservation, and business activities that contribute directly to ecosystem preservation, such as building water treatment plants. We are also studying how to quantify the impact of these activities on the environment.

*1 IDEA v2: One of Japan's leading inventory databases required to implement LCAs for calculating negative impacts.

▶ Timetable for Minimizing Impacts

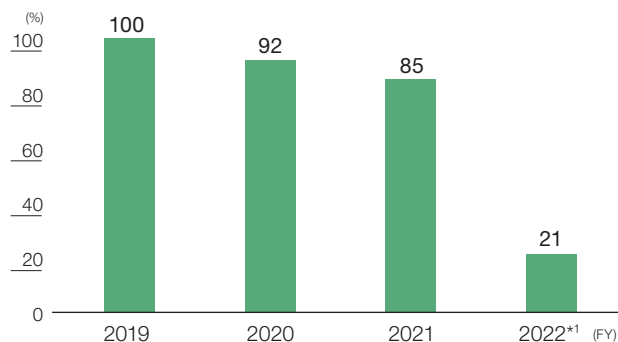


▶ Negative Impacts on Natural Capital (FY2022)



Note: Calculated from LIME2 by using IDEAv2

▶ Negative Impacts on Natural Capital



*1 The Deconsolidation of materials- and construction-related companies resulted in a significant decrease.

We estimate the benefits gained through our forest conservation activities (flood prevention, water impoundment, water purification, soil loss prevention, and carbon fixation) on an ongoing basis using evaluation methods commonly used in forestry-related public works projects. We also collect data on forested areas targeted for conservation using the

Environmental Data Collection System (Eco-DS). This type of data is required to evaluate forest conservation efforts, and in fiscal 2022, we surveyed 0.31 km² of such forested areas.

[Scope of Negative Impact Calculations](https://www.hitachi.com/environment/data/method.html)
<https://www.hitachi.com/environment/data/method.html>

Signing the Call to Action Statement, Initiated by Business for Nature

In 2020, the global Business for Nature coalition issued a Call to Action*2 statement. The aim was to encourage policy makers around the world to adopt policies to “to reverse nature loss in this decade.” Hitachi Ltd. agrees with this goal and has signed the statement.

*2 The Call to Action states that healthy societies, resilient economies, and thriving businesses rely on nature. The statement urges governments to adopt policies to reverse the loss of nature, and calls for the protection, restoration, and sustainable use of natural resources.

[Business for Nature's Call to Action](https://www.businessfornature.org/call-to-action)
<https://www.businessfornature.org/call-to-action>

30 by 30 Alliance for Biodiversity Approved by Ministry of the Environment (MOE), Japan

The 30 by 30 target aims to conserve or protect at least 30% of the land and sea areas in Japan by 2030 to achieve

nature-positive goals of curbing biodiversity loss and encouraging restoration by the same year.

The 30 by 30 Alliance for Biodiversity was established to promote achievement of the 30 by 30 target agreed to at the G7 Summit 2021 and consists of governments, companies, and NPOs. The goals of the alliance are to expand national parks, register satochi-satoyama landscapes and commercial forests (areas of biodiversity preservation planned by various organizations) in international databases, pursue conservation in such areas, and share information concerning these activities.

Hitachi, Ltd. supports this mission and will work to advance related efforts.



[30 by 30 Alliance \(Japanese only\)](https://policies.env.go.jp/nature/biodiversity/30by30alliance/)
<https://policies.env.go.jp/nature/biodiversity/30by30alliance/>

Addressing Risks Related to Water and Biodiversity

Approach

Activities

GRI 303-1/303-2/303-5

Since Hitachi's exposures to water risks in businesses vary by region and the type of business, it is important to identify respective risks and implement countermeasures. To facilitate risk response, we compiled the procedures for water risk identification and countermeasures under Water Risk Guidelines*1, which are followed by some 150 manufacturing sites around

the world that we classify as Category A in our environmental management classification.

*1 Prepared with reference to Setting Site Water Targets Informed By Catchment Context created by members of the UN Global Compact, the CEO Water Mandate, the Pacific Institute, WRI, WWF, and other global institutions with the aim of helping companies set effective site water targets. In fiscal 2021, we issued a revised version of Water Risk Guidelines reflecting the revised content of Water Risk Filter 6.0 and additional examples of measures.

We use our Environmental Data Collection System (Eco-DS) and various globally recognized tools for water risk assessment, in addition to region- and operation-specific water risk identification checklists. We use these data and checklists to identify and evaluate the water risks for each business unit and Group company by country and region, and for the entire Group once a year.

In recent years, the TNFD, an international information disclosure framework, has indicated that the perspective of

biodiversity is also important in identifying and assessing water risks. Therefore, we conduct risk assessments specific to biodiversity by identifying and analyzing specific biodiversity-related data using tools such as the Water Risk Filter*2 and the water risk identification checklist.

Based on the results of these assessments, we pursue more effective risk reduction activities related to water risk and biodiversity.

Identification of Water Risks Using the Environmental Data Collection System (Eco-DS)

	Regional water risks		Operational water risks	
		Risks related to biodiversity		Risks related to biodiversity
Number of evaluation items related to water resources, water quality, water damage, regulations, reputational risk, etc.	Approximately 50	5 (included in the left column)	Approximately 70	13 (included in the left column)
Risk identification method	Various water risk assessment tools, including Aqueduct*3, Water Risk Filter, Flood Hazard Map of the World*4, are combined to identify risks based on address information	Water Risk Filter	Risks identified using information such as a business site's volume of water intake and effluents discharged, and water-related initiatives	Identifying risks related to biodiversity based on information on water intake and wastewater discharge at business sites
Risk assessment	Assessed using a five-level scale*5 from low to extremely-high	Assessed using a five-level scale*5 from low to extremely-high	Assessed using a five-level scale from low to extremely-high	Assessed using a five-level scale*5 from low to extremely-high
Risk results	High at 20 sites	High at 1 site	Low to medium-high at all sites, including the 20 to the left	Low to medium-high at all sites, including the 1 to the left
No business sites face an overall high water risk.				

*2 A water risk assessment tool developed by the World Wide Fund for Nature (WWF) and the German Development Finance Institution (DEG)

*3 A water risk assessment tool developed by the World Resources Institute (WRI).

*4 Flood risk maps published by the European Union.

*5 Five-level scale: low, low-medium, medium-high, high, extremely-high

Achievements in Fiscal 2022

In fiscal 2022, we assessed the water and biodiversity risks in each region and identified water risk as high at a total of 20 business sites operating in China, India, Mexico, Vietnam, and Egypt from among manufacturing sites classified as Category A in our environmental management classification. Additionally, one business site operating in Czech was identified as having high risk related to biodiversity.

As a result of evaluating the operational water and biodiversity risks, all business sites, including the 21 business sites identified earlier, were found to have low to medium-high operational risks related to water and biodiversity risks.

For this reason, Hitachi believes that none of our business sites face overall high water or biodiversity risks.

Water usage at the 20 business sites with high regional water risks was 1.1 million m³, accounting for about 8% of the 14.1 million m³ of water used in Hitachi's main manufacturing processes.

Understanding Water Risks in the Supply Chain

Hitachi believes it is important to understand the water risks faced by procurement partners to ensure stable procurement of parts and products.

In fiscal 2022, we used the Aqueduct and the Water Risk Filter to identify regional water risks for about 600 of our environmental focus partners of fiscal 2021 (about 1,000 companies selected, accounting for 70% of transaction value). These partners responded to our survey regarding environmental initiatives, and we shared the results with relevant internal departments. Moving forward, we will strive to understand the water risks of our procurement partners further by expanding the scope of the survey.

 P.108 Responsible Procurement

Managing and Reducing Chemical Substances

Managing Chemical Substances

Approach

Hitachi believes that the control and reduction of chemical substances such as volatile organic compounds (VOCs), one of the causes of urban air pollution, are important not only for reducing discharge of pollutants into the air and water, but also for managing chemical substance usage properly to minimize our impact on natural capital.

Based on this belief, Hitachi formulated the Environment and CSR-Based MONOZUKURI Standards to manage chemical substances at all stages of its operations—from design and development, procurement, and from production to quality assurance and shipping. We divide chemical substances in our products into two categories: prohibited substances and controlled substances. These categories facilitate separate management to respond to legal and regulatory frameworks at shipping destinations. With regard to chemical substances used in our business operations, we reduce risk by assigning three ranks to the use of such substances: prohibited, reduced, and controlled. We also educate chemical substance handlers and managers on laws, regulations, and proper risk assessment.

Managing Chemical Substances in Our Products

System


Activities

Hitachi designates the chemical substances in our products requiring management as Voluntarily Controlled Chemical Substances. We model the standards of the EU, where regulations are stringent, to identify and manage controlled chemical substances regardless of export destination, type of industry, or purpose of use.

We revise the list of managed substances and management levels when necessary, based on updates to the EU's REACH*¹ and other regulations. Our aim is to add substances to our list of Voluntarily Controlled Chemical Substances six months before such substances are regulated officially. For example, we revised the list in accordance with the new regulation of perfluorohexanesulfonic acid (PFHxS), their salts, and PFHxS-related substances as part of the POPs Convention*², which will be effective from November 2023.

*1 REACH: The European Union regulation of Registration, Evaluation, Authorisation, and Restriction of Chemicals.

*2 POPs Convention: Stockholm Convention on Persistent Organic Pollutants.

 Voluntarily controlled chemical substances in Hitachi Group products
<https://www.hitachi.com/environment/data/chemical.html>

Classification Examples

Prohibited Substances (Level 1)

Substances for which use in products (including packaging) is generally prohibited inside and outside Japan, but which might be found in products from suppliers.

Controlled Substances (Level 2)

Substances we are required to track and manage and substances requiring attention for recycling or appropriate disposal methods.

Managing Chemical Substances in Our Business Operations

System

Activities

Hitachi cuts emissions of chemical substances from factories and other sites through stricter levels of management, including expanding the number and scope of chemical substances subject to reduction*1.

We translate case studies for reduction into English and Chinese, sharing these cases globally among Hitachi Group companies. We also follow legally prescribed procedures in measuring and managing emissions*2 of sulfur oxides (SOx) and nitrogen oxides (NOx), measurements for which are required under the laws and regulations of our business site locations. At the same time, we continue efforts to restrict emissions further.

We reference Japan's Pollutant Release and Transfer Register (PRTR) Law*3 in Group-wide monitoring in Japan of chemical substances released into the atmosphere or into public waters, removed outside our plants as waste, or discharged into sewage systems. We report the results to local governments for each office or plant. Although certain substances are exempt from reporting due to small quantities, our policy is to aggregate and manage data on the handling, emission, and transfer of all PRTR substances totaling 10 kilograms or more per year.

*1 Chemical substances subject to reduction: A total of 50 substances selected in terms of hazard and atmospheric emissions. Approximately 100% of substances in fiscal 2022 results were classified as VOCs.

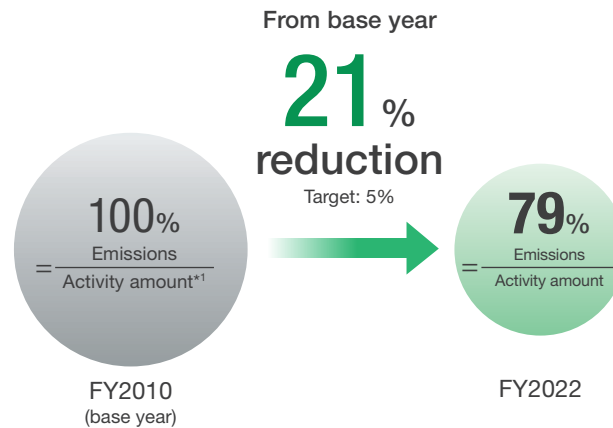
*2 Emissions of SOx and NOx: Calculated using data by business site (measured values, exhaust volume, content rate, etc.).

*3 PRTR Law: Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

In fiscal 2022, which was the first year of the Environmental Action Plan for 2024 (fiscal 2022–fiscal 2024), we achieved a reduction rate of 21% toward the target of reducing atmospheric emissions of chemical substances per unit by 5% compared with a base year of fiscal 2010. To reduce the emissions, we are switching from paints containing VOCs to water-soluble and powder paints, expanding the use of said paints, while altering the painting and washing processes.

Environmental Action Plan for 2024 Management Values

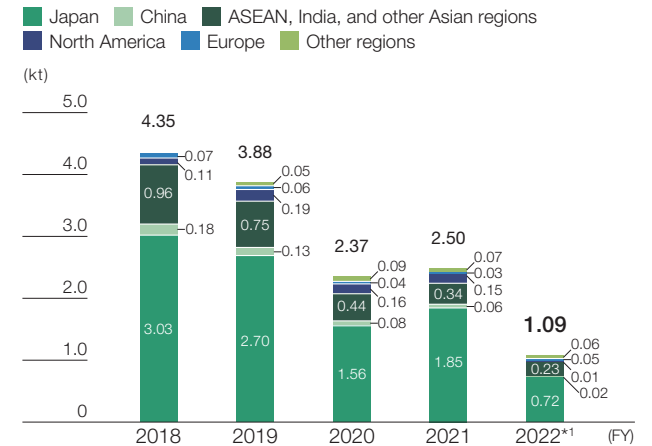
▶ Reduction Rate in Atmospheric Emissions of Chemical Substances per Unit (Hitachi Group)



*1 Activity amount is a value closely related to atmospheric emissions of chemical substances at each business site (for example, substances handled, sales, and output)

GRI 305-7

▶ Reducing Atmospheric Emissions of Chemical Substances (Hitachi Group)



Note: Atmospheric emissions of VOCs and other chemical substances are calculated from the content rate included in the materials, etc.

*1 Decreased significantly due to the deconsolidation of the materials and construction machinery companies.

P.063 Environmental Load from Operations

Case Studies of Reducing Chemical Substances in Our Business Activities

<https://www.hitachi.com/environment/casestudy/index.html#case05>

Preserving Ecosystems

Efforts to Conserve Ecosystems

Approach

Activities

GRI 304-3

At Hitachi, we seek to reduce negative impacts on natural capital caused by business activities and to promote positive impacts, including social contribution activities to protect nature and products and services that help preserve the ecosystem. In this way, we intend to minimize our impact on natural capital by fiscal 2050.

Hitachi created an Ecosystem Preservation Activities Menu citing specific activities preserve the ecosystem. This chart including activities that are difficult to quantify but are nonetheless important, such as the protection of rare species and efforts to make biodiversity a benchmark when making investment decisions. Each business site sets goals and pursues initiatives based on the Ecosystem Preservation Activities Menu to create a harmonized society with nature.

Ecosystem Preservation Activities Menu

	Category	Activities	No. of menu items
Business sites	Production	Reduce the use of resources that cannot be reused	4
	Transportation	Use packaging that takes ecosystem into consideration	7
	Collection, disposal, and recycling	Reduce hazardous materials in products	2
	Product planning, development, and design	Estimate the impact of R&D on biodiversity during the product life cycle and implement mitigation measures, if needed	3
	Site management	Use native species and establish biotopes	17
	Water use	Use rain water	1
Value chain	Investment and acquisition	Confirm the impact on biodiversity when investing in or acquiring a business, and implement measures to minimize such impacts	1
	Market entry and expansion	Include biodiversity as an investment benchmark	1
	Business development	Develop products and services to purify water, air, and soil and expand such businesses	1
	Procurement	Procure paper and other office supplies with a bias for products that take biodiversity into consideration	17
	Transportation	Implement ballast water measures during marine transportation	2
	Sales	Expand the sales of products that take biodiversity into consideration	9
	Collection, disposal, and recycling	Reuse and recycle components	7
Entire value chain	Pursue the use of renewable energy	1	
Community	Engagement	Promote employee activities outside the company	3
	Social contribution	Conduct desert greening and afforestation activities	12
Water use that takes watershed ecosystems into consideration	Intake	Observe and collect biota information (impact on ecosystem depending on intake volume)	14
	Discharge	Establish biota management indicators and make observations (species and numbers of inhabiting organisms)	14

 Case Studies of Promoting Ecosystem Preservation

<https://www.hitachi.com/environment/casestudy/index.html#case06>

Environmental Data

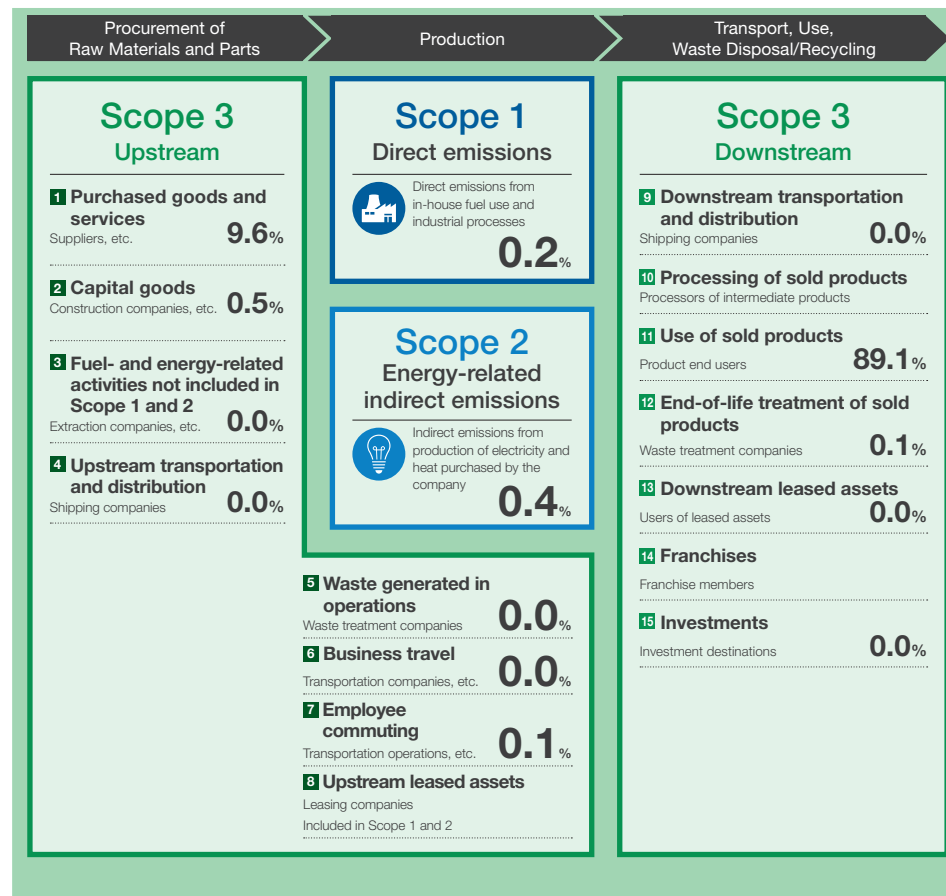
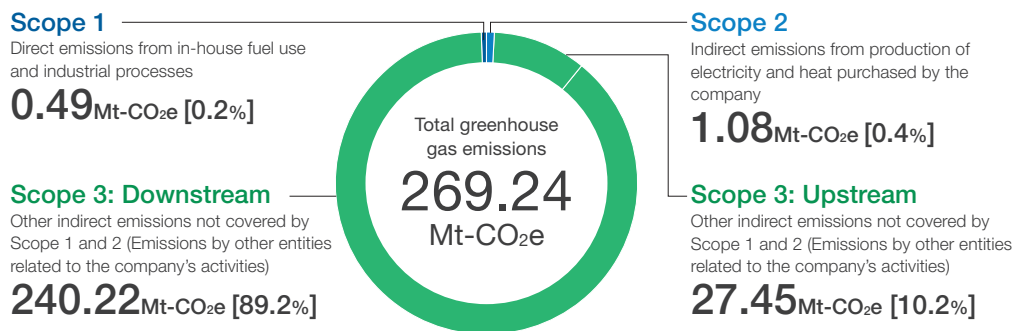
GHG Emissions Throughout the Value Chain

GRI 302-2/305-1/305-2/305-3/305-4/305-5

Calculating GHG Emissions Throughout the Value Chain (Fiscal 2022)

Hitachi calculates greenhouse gas (GHG) emissions throughout the value chain in conformance with GHG Protocol standards. This gives us a good grasp of emission hotspots in our value chain with which we can establish effective targets and reduction measures. Energy-related CO₂ accounts for almost all of Hitachi's GHG emissions, with there being negligible releases of other gases, making it all the more important to focus on CO₂ reduction efforts.

An extremely high share of our value chain emissions comes from the use of the products and services we sell. We thus believe that we can make a major contribution to decarbonization through our businesses by giving priority to enhancing the efficiency and energy-saving features of our products and services.



In-house: Within the scope of the company's organizational boundaries. In principle, all business activities of the company itself and activities within or controlled by its consolidated subsidiaries.
 Upstream: In principle, activities related to products and services that are purchased.
 Downstream: In principle, activities related to products and services that are sold.

▶ Detailed Data on GHG Emissions Throughout the Hitachi Value Chain (Hitachi Group, Fiscal 2022)

Category	Description	Reporting Boundary	Emissions (Mt-CO ₂ e)	Percentage (%)
Total Scope 1, 2, and 3		Hitachi Group	269.24	100.0
Total Scope 1 and 2		Hitachi Group	1.56*1	0.6
Scope 1*2				
Direct emissions	Direct emissions from in-house fuel use and industrial processes	Hitachi Group	0.49	0.2
Scope 2*3				
Energy-related indirect emissions	Indirect emissions from production of electricity and heat purchased by the company	Hitachi Group	1.08	0.4
Scope 3 Total*4				
Scope 3 Upstream (other indirect emissions) upstream				
1 Purchased goods and services	Emissions from the resource extraction stage to the manufacturing stage, including raw materials, parts, supplied products, and sales		25.86	9.6
2 Capital goods	Emissions generated in the construction, manufacture, and shipping of the company's own capital goods, such as equipment, devices, buildings, facilities, and vehicles		1.22	0.5
3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	Emissions from procuring the fuel necessary for electricity and other energy production, including resource extraction, production, and shipping		0.10	0.0
4 Upstream transportation and distribution	Emissions from the distribution of raw materials, parts, products supplied, and sales prior to the delivery of materials to the company, as well as other distribution activities of products for which the company bears the expense	Hitachi Group	0.03	0.0
5 Waste generated in operations	Emissions from the transportation, disposal, and treatment of waste generated from the company's operations		0.06	0.0
6 Business travel	Emissions generated from the fuel and electricity used by employees for business travel		0.05	0.0
7 Employee commuting	Emissions generated from the fuel and electricity used by employees commuting		0.13	0.0
8 Upstream leased assets	Emissions from the operation of assets leased by the company, excluding those counted in Scope 1 and 2		Included in Scope 1 and 2	—
Scope 3: Downstream (other indirect emissions)				
9 Downstream transportation and distribution	Emissions from the transportation, storage, loading and unloading, and retail sales of products		0.12	0.0
10 Processing of sold products	Emissions by downstream companies during the processing of intermediate products		N/A*5	—
11 Use of sold products*6	Emissions from the use of products by end users, such as consumers and businesses		239.85	89.1
12 End-of-life treatment of sold products sold*6	Emissions from the transportation, waste disposal, and treatment of products by end users, such as consumers and businesses	Hitachi Group	0.18	0.1
13 Downstream leased assets	Emissions from the operating of assets owned by the reporting company as the lessor, which are leased to other entities		0.02	0.0
14 Franchises	Emissions by franchises under Scope 1 and 2		N/A	—
15 Investments	Emissions related to the management of investments		0.05	0.0

*1 FY2022 CO₂ emissions of energy-related companies and automotive business companies included in the scope of consolidation since FY2020 are included in the figures above. Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

*2 Including SF₆, PFC, HFC, N₂O, NF₃, and CH₄. The gas and fuel oil conversion factors are based on the List of calculation methods and emission factors used in the Greenhouse Gas Emissions Calculation, Reporting and Publication System.

*3 CO₂ emissions from electricity consumption is calculated using a market-based calculation method. CO₂ electrical power conversion factors: We used adjusted conversion factors for individual power businesses based on the Act on Promotion of Global Warming Countermeasures in Japan. In China, we used the average emissions factor published by the government for the national power grid. For other countries, we used the latest values for each fiscal year supplied by the International Energy Agency (IEA) for individual countries and by power supply companies.

*4 FY2022 CO₂ emissions of energy-related companies included in the scope of consolidation since FY2020 are included in the figures above. The FY2022 volume for automotive business companies are not included in the figures above, as these are intermediate products.

*5 Cannot be determined due to insufficient information about the processing.

*6 CO₂ emissions per unit is based on the Inventory Database for Environmental Analysis (IDEA), developed by the National Institute of Advanced Industrial Science and Technology (AIST) and the Japan Environmental Management Association for Industry (JEMAI).

Environmental Load from Operations

GRI 301-1/301-2/302-1/302-4/303-1/303-2/303-3/303-4/303-5/305-4/305-5/305-7/306-1/306-2/306-3/306-4/306-5

Detailed Data on Resource Input and Environmental Load Output

Energy Inputs and GHG Emissions During Business Operations

The following is an outline of the energy consumed during Hitachi's business operations and the part of our environmental load consisting of greenhouse gas (GHG) emissions.

Energy Inputs

			Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022*1
Energy Inputs			Hitachi Group	GWh	14,605	12,427	9,674	9,957	5,387
Renewable energy	Electricity	Total	Hitachi Group	GWh	7	18	138	193	706
		(Self-generated amount)	Hitachi Group	GWh	7	18	22	34	25
		(Purchases: Includes non-fossil certificates)	Hitachi Group	GWh	—	—	116	159	681
Non-renewable energy	Electricity	Electricity	Hitachi Group	GWh	6,020	5,992	4,498	4,584	2,218
		Fuel and heat*2	City gas	Hitachi Group	GWh (billion m ³)	2,236 (0.18)	1,933 (0.15)	1,339 (0.11)	1,373 (0.11)
	LPG, LNG		Hitachi Group	GWh (kt)	3,741 (251)	2,015 (150)	1,646 (111)	1,705 (118)	1,217 (82)
	Other natural gas		Hitachi Group	GWh (billion m ³)	58 (0.005)	258 (0.02)	276 (0.02)	319 (0.03)	261 (0.02)
	Fuel oil (heavy oil, kerosene, etc.)		Hitachi Group	GWh (ML)	930 (87)	792 (75)	653 (61)	495 (47)	197 (19)
	Solid fuel (coke)		Hitachi Group	GWh (kt)	1,528 (188)	1,333 (162)	1,111 (137)	1,278 (156)	—
	Steam, hot water and cold water	Hitachi Group	GWh (PJ)	85 (0.31)	86 (0.31)	13 (0.05)	10 (0.04)	21 (0.08)	

*1 Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

*2 Used 3.6MJ/kWh in the conversion from calorific value.

Greenhouse Gases Emitted

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*1*3}
Total greenhouse gases ^{*2}	Hitachi Group	kt-CO ₂ e	5,026	4,415	3,313	3,412	1,565 ✓
Energy-related CO ₂ emissions	Total	Hitachi Group	4,973	4,374	3,296	3,384	1,538 ✓
	(Direct emissions)	Hitachi Group	1,869	1,489	1,202	1,245	459 ✓
	(Indirect emissions)	Hitachi Group	3,104	2,885	2,094	2,139	1,079 ✓
GHG emissions other than energy-related CO ₂	Total	Hitachi Group	53	41	17	28	26.7 ✓
	Sulfur hexafluoride (SF ₆)	Hitachi Group	35	24	11	20	22.0
	Perfluorocarbons (PFC)	Hitachi Group	5	4	0	2	1.3
	Hydrofluorocarbons (HFC)	Hitachi Group	3	3	1	3	2.4
	Dinitrogen monoxide, nitrogen trifluoride, methane (N ₂ O, NF ₃ , CH ₄)	Hitachi Group	3	2	2	3	0.9
	CO ₂ from non-energy sources	Hitachi Group	7	8	3	0	0.2

Note: CO₂ emissions from electricity consumption is calculated using a market-based calculation method. CO₂ emission coefficients for Japan (including power plants) are the latest adjusted emission coefficients for each electric utility based on the Act on Promotion of Global Warming Countermeasures. For China, we use the average emissions factor for the national power grid published by the government. For countries other than Japan and China, we use the latest IEA emission factors by country for each fiscal year and the latest factors provided by power supply companies.

Note: The gas and fuel oil conversion factors are based on the List of calculation methods and emission factors used in the Greenhouse Gas Emissions Calculation, Reporting and Publication System.

*1 Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

*2 Total GHGs: Scope 1 and 2 total

*3 FY2022 CO₂ emissions of an energy-related company and auto parts-related companies included in the scope of consolidation since FY2020 are included in the figures.

Raw Material Inputs and Waste and Valuables Generation During Business Operations

The following is an outline of the raw materials used during Hitachi's business operations and the part of our environmental load consisting of the generation of waste and valuables.

Raw Material Inputs

			Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022*1
Total amount of raw materials			Hitachi Group	kt	4,403	3,776	3,066	3,235	788
Raw materials	Metals	Total metals	Hitachi Group	kt	4,031	3,454	2,861	3,083	685
		New materials	Hitachi Group	kt	1,624	1,372	1,075	909	614
		Recycled materials, etc.	Hitachi Group	kt	2,407	2,082	1,786	2,175	71
	Plastics	Total plastics	Hitachi Group	kt	165	147	115	74	43
		New materials	Hitachi Group	kt	163	143	113	72	40
		Recycled materials, etc.	Hitachi Group	kt	2	4	2	2	3
	Other materials	Total other materials	Hitachi Group	kt	207	175	90	77	61
		New materials	Hitachi Group	kt	201	173	89	76	54
		Recycled materials, etc.	Hitachi Group	kt	6	2	1	1	7

Waste and Valuables Generated

			Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022*1*2
Total waste and valuables generated			Hitachi Group	kt	1,384	1,302	1,061	1,111	356
Waste reduction			Hitachi Group	kt	94 (5.6)	101 (17.5)	75 (9.8)	74 (10.5)	47 (23.1)
Recycle	Reuse	Hitachi Group	kt	1 (0.0)	5 (2.2)	35 (11.4)	36 (18.7)	18 (6.2)	
	Materials recycled	Hitachi Group	kt	1,044 (25.6)	919 (25.3)	740 (17.6)	784 (19.3)	256 (16.7)	
	Thermal recovery	Hitachi Group	kt	13 (1.4)	21 (4.9)	11 (5.4)	13 (6.5)	16 (4.6)	
Landfill			Hitachi Group	kt	232 (3.7)	256 (6.1)	200 (4.9)	204 (5.7)	20 (6.5)
Nonhazardous (hazardous)			Hitachi Group	kt	1,348 (36)	1,246 (56)	1,012 (49)	1,050 (61)	299 (57)

Note: Figures in parentheses are the generation of waste defined as hazardous under the Basel Convention.

*1 Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

*2 Fiscal 2022 generation of waste and valuables of an energy-related company and auto parts-related companies that became consolidated subsidiaries in fiscal 2020 are included in the figures above.

Water Inputs and Effluent Discharges During Business Operations GRI 2-27

The following is an outline of the total amount of water resources used during Hitachi's business operations and the part of our environmental load consisting of effluent discharges.

Water Input

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*2*}
Total water usage^{*1}	Hitachi Group	Million m ³	37.02	36.41	26.35	26.03	14.23
Surface water	Tap water (water for drinking and other household uses)	Million m ³	7.61	7.95	5.10	5.23	5.53
	Industrial water, river water	Million m ³	16.63	15.58	12.62	12.47	5.17
Groundwater	Hitachi Group	Million m ³	12.74	12.84	8.60	8.32	3.52
Rain water	Hitachi Group	Million m ³	0.01	0.02	0.01	0.01	0.01
Recycled water (recycled from the wastewater of other organizations)	Hitachi Group	Million m ³	0.03	0.02	0.01	0.01	0.00

Water Effluents Discharged

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*2*}
Total water effluents discharged	Hitachi Group	Million m ³	34.10	33.41	23.25	26.03	14.23
Public water	Hitachi Group	Million m ³	22.44	22.46	15.29	15.40	8.26
Sewerage	Hitachi Group	Million m ³	8.18	7.74	5.44	5.31	3.76
Underground infiltration, evaporation, etc.	Hitachi Group	Million m ³	3.48	3.21	2.52	5.32	2.21
Water quality	BOD (biochemical oxygen demand)	t	392	232	204	156	77
	COD (chemical oxygen demand)	t	1,657	400	406	301	137

*1 Figures through FY2021 represent water usage in manufacturing processes and general daily usage at manufacturing sites, as well as general daily usage in locations other than manufacturing sites. Figures for FY2022 represent water usage in manufacturing processes and daily general usage at manufacturing sites.

*2 FY2022 water usage of an energy-related company included in the scope of consolidation since FY2020 is included in the reported figures above. FY2022 water usage of auto parts companies included in the scope of consolidation since FY2020 is not included in the reported figures above, but amounted to 412 million m³.

*3 Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

Inputs and Discharges of Chemical Substances During Business Operations GRI 2-27

The following is an outline of the chemical substances handled during Hitachi's business operations and the part of our environmental load consisting of chemical substance discharges.

▶ Chemical Substances Handled

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*3}
Total chemical substances handled ^{*1}	Chemical substances handled	Hitachi Group	kt	88.29	83.68	47.49 ^{*2}	26.20	1.70

▶ Chemical Substances Discharged

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*3}
Total chemical substances discharged		Hitachi Group	kt	5.55	4.98	3.27	3.50	1.39
Chemical substances discharged	Chemical substances discharged	Hitachi Group	kt	4.35	3.88	2.37	2.50	1.09 ^{*4}
	SOx (sulfur oxides)	Hitachi Group	kt	0.3	0.3	0.2	0.2	0.01
	NOx (nitrogen oxides)	Hitachi Group	kt	0.9	0.8	0.7	0.8	0.29

^{*1} We selected 50 substances from the perspective of hazards and atmospheric emissions.

^{*2} Significant decrease due to deconsolidation of a materials-related company.

^{*3} Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

^{*4} Approximately 100% of emissions classified as VOCs in FY2022.

Environmental Management Data

Number of ISO 14001 Certified Companies (Hitachi Group, as of March 2023)

	Reporting Boundary	Unit	FY2020	FY2021	FY2022*1
Total	Hitachi Group	Companies	202	185	281
Japan			85	66	66
China			43	43	61
ASEAN, India, and other Asian regions			42	43	50
North America	Hitachi Group	Companies	10	9	13
Europe			17	15	52
Other regions			5	9	39

Note: Companies with at least one certified business site.

*1 Significant changes in the figure, resulting from both the increase caused by the consolidation of an energy-related company and the decrease caused by the deconsolidation of materials-related and construction machinery-related companies.

Number of Regulatory Violations and Complaints

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Regulatory violations	Water quality			4	4	5	2	0
	Air quality			2	0	0	0	2
	Waste materials	Hitachi Group	Cases	3	0	4	3	0
	Other (equipment registration, etc.)			4	1	1	3	0
Complaints		Hitachi Group	Cases	3	5	3	3	0

Environmental Accounting

GRI 201-1

Environmental Protection Costs

			Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*2}
Total			Hitachi Group	Billions of yen	94.16	105.71	86.62	79.97	57.21
Expenses	Business area	Maintenance costs for equipment with low environmental loads, depreciation, etc.*1			23.57	22.62	19.14	19.56	6.30
	Upstream/Downstream	Green procurement expenses, recovery and recycling of products and packaging, recycling expenses			0.68	0.68	0.62	0.64	0.08
	Administration	Labor costs for environmental management and the implementation and maintenance of environmental management systems	Hitachi Group	Billions of yen	6.72	4.98	5.88	5.40	3.06
	Research and development	Costs of research and development and product designs to reduce the environmental burden caused by products and production processes			61.86	77.01	60.64	53.79	47.55
	Social activities	Planting, beautification, and other environmental improvement costs			0.93	0.25	0.22	0.26	0.11
	Environmental remediation	Environmental mitigation costs, contributions, and charges			0.40	0.17	0.12	0.32	0.11

*1 Equipment depreciation costs are calculated using the straight-line method over five years.

*2 An energy-related company included in the scope of consolidation since FY2020 is not included in the reported cost figures for FY2022. Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

Environmental Protection Effects

Economic Effects^{*3}

Major FY2021 Activities		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022 ^{*4}
Total		Hitachi Group	Billions of yen	16.05	18.62	14.28	19.20	11.95
Net income effects	Recovering value from waste by sorting and recycling	Hitachi Group	Billions of yen	8.35	12.42	9.66	15.15	7.89
Cost reduction effects	Installing high-efficiency equipment (lighting, power supply, etc.)			7.70	6.20	4.62	4.05	4.06

*3 Economic effects include the following:

Net income effects: Real income from the sale of valuable materials and environmental technology patents.

Cost reduction effects: Reductions in electricity, waste treatment, and other expenses through activities that reduce environmental loads.

*4 An energy-related company included in the scope of consolidation since FY2020 is not included in the reported cost figures for FY2022. Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

Environmental Liability

As the amounts that we can reasonably project as future environmental liabilities as of end of March 2023, we recorded 4.2 billion yen in costs for the disposal of waste containing PCBs and 1.1 billion yen to clean up contaminated soil.





Social

The background of the page is a vibrant blue with a complex network of white and light blue lines and dots, suggesting a global or digital network. A large, semi-transparent globe is visible on the right side, showing a rainbow-like spectrum of colors. The overall aesthetic is modern and technological.

Human Capital

Basic Concept

Hitachi believes that employees are the source of value and we aim to leverage the combined power of our global network of employees to provide value to our customers and society and contribute to achieving a sustainable society. In working toward these goals, we are committed to respecting the fundamental rights of employees, providing equal opportunities, and ensuring occupational safety and health. We will strive to build favorable relationships between employees and the company, including creating work environments conducive to feelings of pride and happiness concerning working at Hitachi, and actively engaging in dialogue regarding the treatment of employees and career advancement opportunities.

Topic	Overview	Targets, KPIs, and Results
 <p>Global Human Capital Management</p>	<p>We believe in the need for a diverse talent and an organization that adapts quickly to a world of constant change, working as one team in which people from different countries, regions, and business units work in a proactive manner. To realize this goal, we strive to develop human capital and improve our internal environments. Specifically, we formulated the 2024 Human Resources Strategy, implementing measures group-wide and globally based on the three key pillars of People, Mindset, and Organization, along with the underlying Foundation of the HR strategy.</p>	<p>Acquiring and Developing Digital Talent</p> <p>FY2024 Target: 97,000 persons*¹ FY2022 Results: 83,000 persons</p> <hr/> <p>Employee Engagement (positive response rate)</p> <p>FY2024 Target: 71.0%*² FY2022 Results: 69.5%</p>
 <p>Work-Life Management</p>	<p>We go beyond “work-life balance,” in which employees are simply balancing work and private life, to promote “work-life management” which encourages employees to proactively take charge of improving the quality of both their work and private lives. We are implementing work-style reforms and systems facilitating balance between work life and private life.</p>	
 <p>Occupational Health and Safety</p>	<p>Guided by a basic philosophy that safety and health take precedence overall we coordinate with related entities, including contractors and procurement partners, to ensure the Group works together to create safe, secure, comfortable, and healthy workplaces for all. Specifically, based on the Hitachi Group Health and Safety Policy, Hitachi has developed and introduced occupational health and safety management systems best suited to its business, and conducts regular risk assessments and audits, while also working to roll out occupational health and safety training programs and other initiatives worldwide.</p>	<p>Zero Fatal Accidents</p> <p>Annual Target: 0 FY2022 Results: 5</p>
 <p>Freedom of Association and Collective Bargaining</p>	<p>Based on the Hitachi Group Code of Ethics and Business Conduct, common throughout the Group, Hitachi respects freedom of association, the right to organize, and the right to collective bargaining as human rights that are particularly relevant to the workplace. Onboarding training and the Hitachi Group Corporate Ethics Month (annual) represent some of the ways we strive to help employees understand these rights.</p>	

*1 Hitachi Astemo is excluded

*2 Target has been raised since we achieved the initial target/KPI

Global Human Capital Management

Approach to Human Capital

Approach

GRI 2-23

Hitachi believes that human capital, in other words, people are the source of our value. Therefore, we leverage the combined power of our global network of employees to provide value to our customers and society, contributing to the creation of sustainable societies.

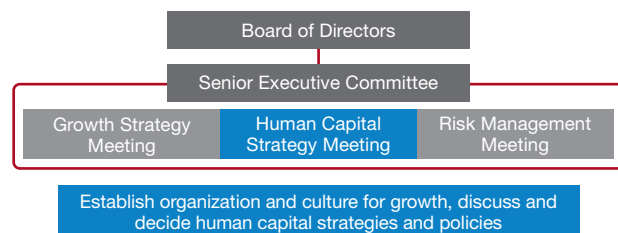
We believe in the need for a diverse talent and an organization that adapts quickly to a world of constant change, working as one team in which people from different countries, regions, and business units work in a proactive manner. To realize this, we strive to promote talent development and improve our internal environments.

Global Human Capital Management

Structure

GRI 2-13/2-24

Hitachi established the Growth Strategy Meeting, Risk Management Meeting, and Human Capital Strategy Meeting under the Senior Executive Committee. These meetings deliberate important management matters. The Human Capital Strategy Meeting convenes at least twice a year to discuss and decide Hitachi Group human capital strategies, policies, and submit proposals to the board of directors when necessary. These discussions include measures to foster an organization and culture for growth, and to secure and develop talents.



Global Human Capital Strategy

Strategy

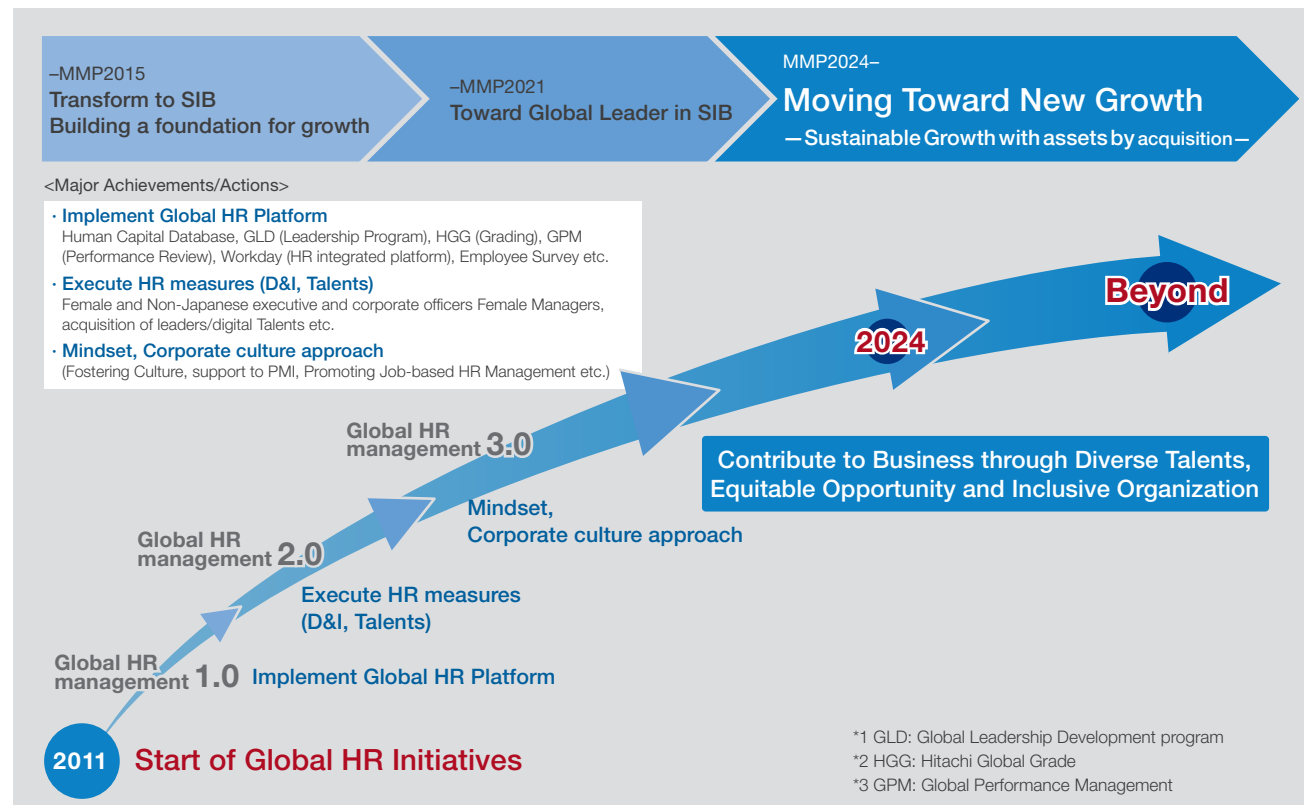
Hitachi conducts a human capital strategy linked to our management strategy. We formulated our 2024 HR Strategy based on the Hitachi Mid-term Management Plan 2024, which defines our vision of becoming an employer of choice in the global marketplace, and a vibrant organization where individuals aspiring to make social contributions gather and participate enthusiastically. To this end, we pursue a variety of measures around the three key pillars of People, Mindset, and

Organization, built on an underlying Foundation. Based on this strategy, Hitachi aims to promote talent development that contributes solutions to social issues. In addition to on-site work instruction, we conduct programs globally across the group to improve individual capabilities, skills, and specialties.

Diversity, equity and inclusion is an important factor in executing HR Strategy. We aim to build an organization in which diverse employees respect each other's differences and are able to innovate.

P.094 Diversity, Equity and Inclusion

Global HR Initiatives

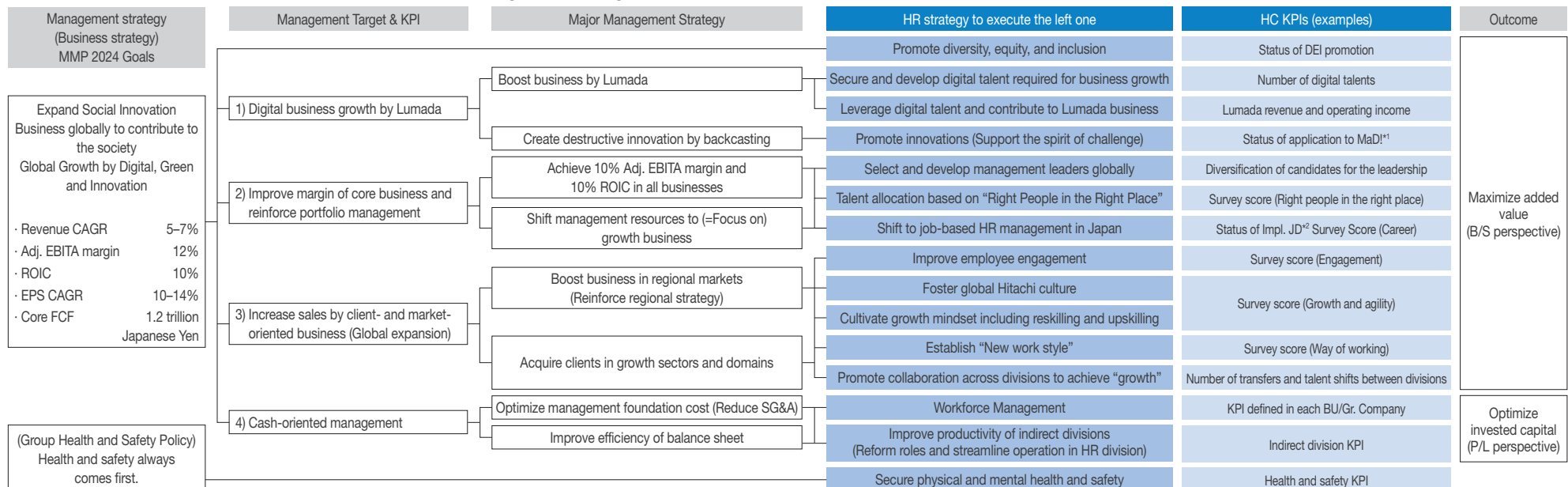


*1 GLD: Global Leadership Development program
*2 HGG: Hitachi Global Grade
*3 GPM: Global Performance Management

Overall Human Resources Strategy Linked to Management Strategy

Mission	Contribute to Business through Diverse Talents, Equitable Opportunity and Inclusive Organization	
Vision	<ul style="list-style-type: none"> We lead transformation into “Employer of choice” in global market - Become a vibrant “Talent Destination” that contributes to society Become “The World’s #1 HR pioneers” who cope with changes and contribute to business 	
Pillars		
HR Strategy	People (Talent) Optimize talent (workforce and capability) and engagement for growth	1. Attract, retain, develop and match talents, especially Global Leaders and Digital Talents and maximize their potential 2. Mobilize (Match) right talent for right roles at right time across Hitachi group 3. Focus on employee wellbeing, engagement & experience
	Mindset (Culture) Foster a mindset and culture for growth	4. Live Hitachi’s Values and evolve Hitachi’s culture for sustainable growth 5. Promote growth mindset with ownership of continuous self development including reskilling & upskilling 6. Promote and reward innovations & change : encourage innovation without fear of failure
	Organization Promote collaboration between divisions and improve productivity and efficiency on a global basis for growth	7. Collaborate to overcome organizational silos to unlock the value of our customers 8. Establish “New Ways of Working” 9. Transform HR to provide more high-quality people services & solutions leveraging digital technology
Foundation		Ensure mental and physical Health & Safety Strengthen Risk Management (compliance, accidents/incidents, disasters, etc.)

Qualitative and Quantitative Measures and KPIs Linked to Management Strategies



*1 MaD!: Make a Difference! (employee idea contest)

*2 JD: Job description

People (Talent) – Optimize talent (workforce and capability) and engagement for growth –

Developing Global Leaders and Digital Talent

Approach

System

Activities

Training

GRI 404-2

Management Leader Selection and Development

Hitachi develops global management leaders, operating the Global Leadership Development Program (GLD), which is led by top management and the Nominating committee for the medium- to long-term development of management leaders who will drive change and innovation. To develop candidates for future positions as CEO, heads of business units, and other management leaders, we select several hundred candidates from around the world to join GT+ talent pool. We provide these individuals with challenging assignments*1 involving on-the-job and off-the-job training and coaching. We are happy to say that the percentage of non-Japanese nationals and women among the selected applicants has been increasing year by year.

In addition, the GT+ group includes young and talented employees selected through the Future 50 program. The candidates in this program receive intensive training through work assignments, including management positions, and opportunities for direct discussions with outside directors.

*1 Assigning highly demanding tasks.

Selection of Diverse Human Resources as Management Leadership Candidates

	GT+		Future50 (Alumni, current members)
	FY2016	FY2022	
Selected	521	541	140
Non-Japanese	25 (4.8%)	174 (32.2%)	42 (30.0%)
Female	25 (4.8%)	122 (22.6%)	31 (22.1%)

Note: As of March 2023



Management Leadership Candidate Training (Internal)

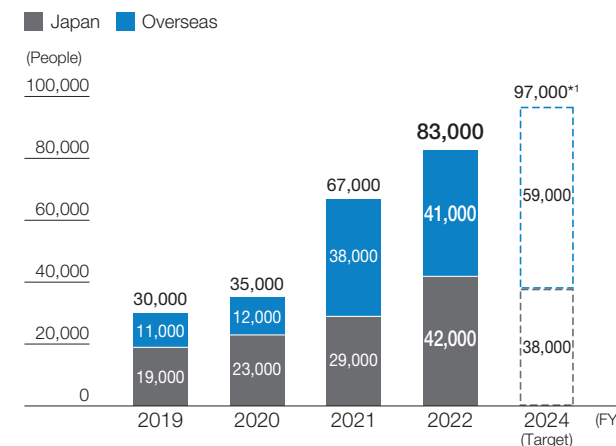
Training	Overview	FY2022 Results
Global Leadership Acceleration Program for Key Positions (GAP-K)	Selective training held for five months to accelerate the development of future management-level leaders	30 participants from 8 countries
Global Advanced Program for Leadership Development (GAP-L)	Training held twice a year for local leaders whom we expect will perform well in subsidiaries outside Japan, aiming to develop superior leadership, mindset, and skills necessary to drive Hitachi's global growth businesses	57 participants from 18 countries

Strengthening Recruitment and Development of Digital Talent

Materiality

To accelerate our Social Innovation Business using digital technologies and expand Lumada business (Revenue: FY2021 1.4 trillion yen → FY2024 2.7 trillion yen), a Hitachi growth driver, we secure and develop digital talent who will lead digital transformation (DX). In addition to acquiring talent globally through GlobalLogic, a leading digital engineering services company, we will accelerate our efforts to bolster digital talent needed for business growth by engaging in internal talent development through expanded programs unique to Hitachi DX training.

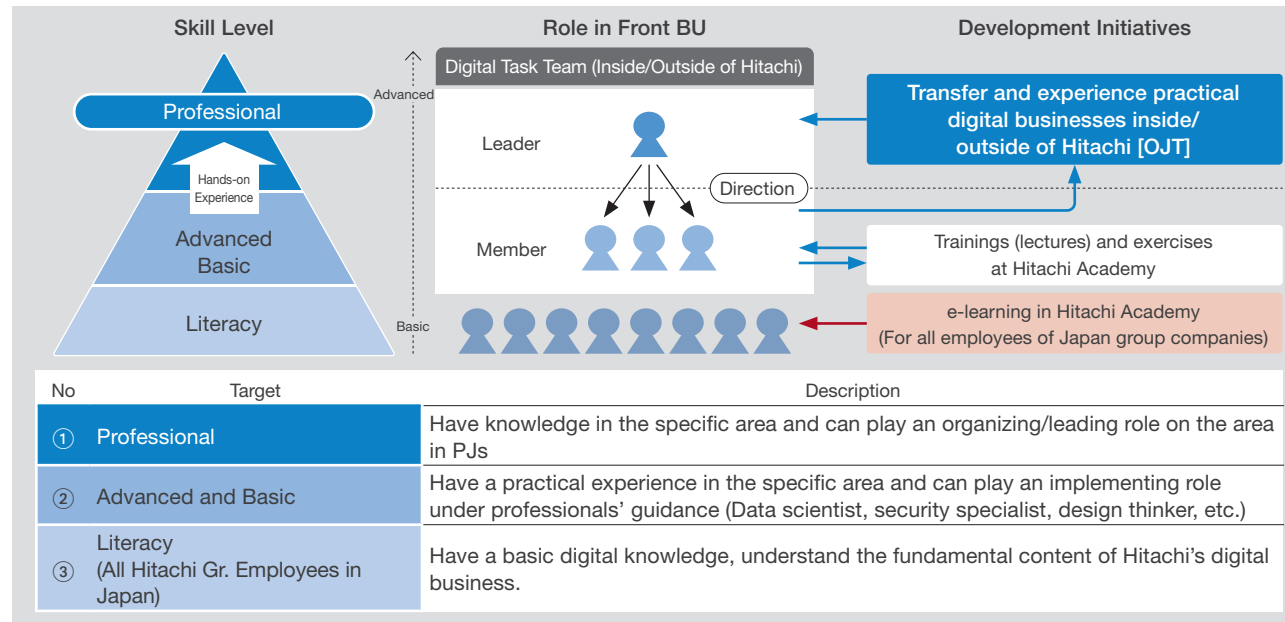
Digital Talent: Progress and Targets



Note: We define digital talent as someone having capabilities in one of 12 areas (design thinking, data science, security, etc.) necessary for digital business. Digital talent represents the total number of individuals under each capability (cumulative).

*1 Excluding Hitachi Astemo

Digital Talent Development Methods



Initiatives to Put the Right Person in the Right Place

Activities

The Hitachi Group created the Organizational Structure and Human Resources Allocation Policy, which stipulates the process of considering the optimal organizational structure for achieving organizational goals, maximizing the performance of the entire organization, and securing and allocating human resources to optimize configurations. In this way, we ensure organizational and positional management placing the right people in the right positions. Our basic policy is to assign personnel that meet the competency requirements of the position in question, utilizing human resources from a group-wide and global perspective, rather than using age, gender, nationality, or other attributes of human resources as factors in making placement decisions. In addition to utilizing external human resources, we conduct talent reviews to achieve a more optimal match between the job and the human resources as part of the promotion of job-based human resources management. In conjunction with global performance management (GPM), succession planning, and succession candidate development, we seek to achieve further growth for the entire Hitachi Group through global talent management measures conducted in common at all Hitachi Group companies.

Digital Talent Development

Hitachi Academy, a corporate university of the Hitachi Group, plays a central role in developing digital talent. The academy established a DX training structure that organizes, categorizes, and systematizes the processes and tasks needed for digital transformation.

The DX training structure, which consists of more than 100 courses. In fiscal 2022, a cumulative total of 29,500 employees took DX training across 130 courses, is updated annually. In addition to an e-learning package that outlines the DX literacy minimums for all employees of Group companies in Japan the academy offers basic and advanced training programs for each of the skills required of digital talent. In this way, we strengthen the development of individuals who can apply DX to their own work.

At the same time, we train leaders and other professional-level digital talents in charge of DX projects by providing them with on-the-job training in actual projects and other practical work experience. We continue to strengthen digital talent through both basic and advanced knowledge and skills training and development for professionals.

Mindset (Culture)—Foster a mindset and culture for growth—

Fostering the Hitachi Culture and Improving Employee Engagement*¹ Globally

Targets

Activities

Hitachi has welcomed approximately 100,000 new employees through several large-scale M&A transactions in recent years. We will work with these new colleagues to share the universal Hitachi mission and values (founding spirit) and foster a culture as One Hitachi, improving employee engagement and achieving further innovation and growth.

As part of human capital management, Hitachi monitors employee engagement every year through Hitachi Insights, a global employee survey. We plan and implement actions to improve employee engagement. Specifically, management and local supervisors share the survey results of their own organizations with their members to identify organizational issues, and continue the PDCA cycle through the planning and implementation of actions that serve as response measures, leading to improvement.

In the fiscal 2022 survey, we expanded questions related to the environment and well-being, which require an accurate understanding globally. We increased the number of languages in which the survey is offered to 20 to meet the needs of diverse human resources and improve usability.

*1 Employee engagement: The willingness of employees to work autonomously to understand a company's strategies and policies, to take on challenges in their work, and to achieve results

Creating a Shared Culture During PMI*²

Post-merger integration with GlobalLogic, Hitachi Energy, and other companies acquired via M&A is essential for creating growth synergies. After conducting a survey to visualize the strengths and differences of each company, we hold town-hall-style meetings at the leadership level and culture discussions at the employee level to foster unity under One Hitachi.

*2 PMI: Post-merger integration; refers to the integration process after M&A.

Communication to Integrate Corporate Cultures with New Colleagues

July 2022 was the first anniversary of the integration of Hitachi and GlobalLogic. Hitachi released a video message of congratulations and thanks globally, sharing the results of collaborative creation to date, as well as hopes and anticipation of future growth. In October, GlobalLogic and Hitachi Digital held the *Hitachi Digital Summit 2022* in the United States. At this summit, executives exchanged ideas, while 11 customers and business partners, as well as 127 Hitachi executives and leaders, participated to solidify a foundation for collaboration.

Mindset Reform: Make a Difference! (MaDI)

Since fiscal 2015, we have held an employee idea contest to strengthen the sense of ownership among employees. The number of applicants has expanded globally throughout the group, and our new colleagues from Hitachi Energy and GlobalLogic are participating actively, helping to spread the Hitachi culture. In fiscal 2022, a member of Hitachi Energy received the Gold Ticket, the highest award, for a new business proposal related to green business.

GRI 404-2

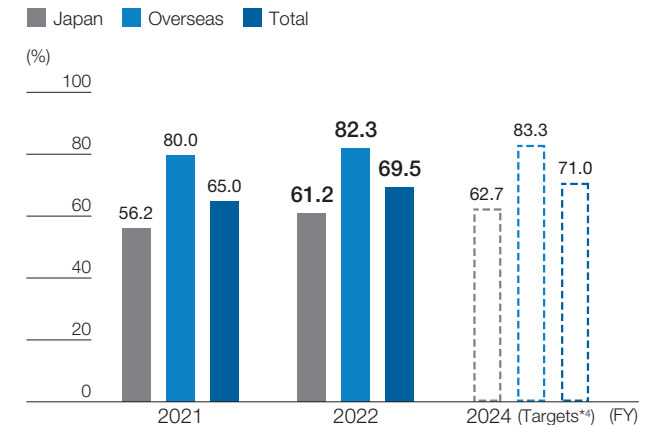
Improving Employee Engagement

Materiality

As part of human capital management, Hitachi established an employee engagement score*³ as a KPI and is working to set and achieve targets. In fiscal 2022, we achieved our fiscal 2024 target “employee engagement (percentage of positive response rate) 68%” ahead of schedule, and now, we are looking to achieve an even higher target.

*3 Employee engagement score: Employee engagement is measured in terms of four factors (pride in working for Hitachi; Hitachi as a fulfilling workplace; feeling of personal accomplishment in work; and intention to continue to stay at Hitachi for the foreseeable future)

Results and Targets of Employee Engagement Score (percentage of positive response rate)



*4 We raised our fiscal 2024 target as we achieved the previous target ahead of schedule in fiscal 2022.

Initiatives to Develop Talents as a Hitachi Culture

Activities

Training

Hitachi has traditionally placed great emphasis on developing human resources, including the establishment of the Apprenticeship Training School, a predecessor of today's Hitachi Industrial Skills Academy, in 1910, the year of Hitachi's own founding. The pedagogical principles established in 1959 as our Educational Guidelines emphasized the spirit of *yueki* (guidance through assistance) and *jikyo* (endeavor through one's own efforts). That spirit has been maintained to the present day. In addition to on-site training through work tasks, we are also expanding training programs globally across the Group to improve individual capabilities, skills, and specialties. For managers, we provide global standard training by level for the growth of the Hitachi Group. We will continue to support the growth of each and every individual employee with the goal of developing employees who can contribute to resolving social issues.

● Title-Specific Management Training

Training	Overview	FY2022 results
Global Leadership Acceleration Program for Managers (GAP-M, Ready to Lead)	Leadership training with common global content for managers and new managers	Held in eight regions (Japan, the United States, Singapore, Australia, the United Kingdom, India, China, Korea) with 3,207 participants

Career Development Support

Hitachi, Ltd. has developed a broad range of career development support that focuses on internal careers, namely, an employee's individual values, job satisfaction, and their personal meaning of work. The Hitachi Career Development Workshop (H-CDW) is a career development program to provide direct support for individual career development. Through self-analysis, participants consider their future direction, their career goals, and their career path. After this self-analysis, participants engage in self-directed efforts to develop their career and abilities. Around 16,000 people have participated in the program so far (as of March 31, 2023) with a focus on employees in their thirties at assistant manager rank working as technicians, researchers, and administrative office positions.

In addition to those programs, we also offer programs targeting specific age groups such as career education for young groups and training for middle-aged or older groups to help older employees prepare for the changes ahead in their careers.

We also operate a Career Consultation Room for employees to speak with professional counselors about challenges regarding work, career, or interpersonal relationships.

We will continue to encourage self-understanding while respecting each employee's individuality and personal aspirations. By doing so, we will develop individuals with autonomy to think and act for themselves, supporting mutual understanding as a way of fostering a sense of unity and teamwork, while capitalizing on individual engagement and motivation within the organization. We provide support and create mechanisms to link individual abilities and creativity to the enhancement of organizational strength and performance.

Initiatives at Regional Headquarters to Develop Employee Skills

Hitachi is an organization with global operations, so our skills development programs are implemented primarily by regional headquarters in keeping with the focus of each region's business operations and cultural environment. Through these efforts, we seek to identify and nurture our global leaders across the Group.

Hitachi America, Ltd.

For employees in the Americas aspiring to become global leaders, in addition to a global management training program, the company provides a variety of learning and individual training options utilizing the Hitachi University. Specifically, the company encourages employees to take e-learning courses on topics such as DX and AI/data science. To develop leadership, it also actively encourages employees to participate in training programs for management-level leaders. In addition, we place great emphasis on improving understanding of DEI and have developed and provided virtual training on DEI for all employees.

Hitachi Asia Ltd.

Twice a year, business leaders gather to provide and share business insights and success stories that develop human resources in line with Mission, Values, and Vision. In addition to global leadership programs, talent management measures, coaching sessions by senior leaders, e-learning platforms that can be learned online, we are developing measures to support the development and growth of human resources through on-site training and virtual skill training. Employees communicate regularly with their superiors, and superiors support their teams through resource support, coaching, and mentoring to build a system that takes initiative in their own careers.

Hitachi (China) Ltd.

The company promotes the growth of all employees through a training system catering to different levels of development which enables workers to develop the specialized and comprehensive skills they need to perform their jobs. In addition to common global training through Hitachi University and an e-learning platform for employees, we provide specific content for employees to acquire the skills and knowledge required for business activities in China. It also supports the development of Hitachi's Social Innovation Business by strengthening training for talent development related to digital business.

Hitachi Europe Ltd.

The company supports employees in Europe to develop skills to acquire professional certifications in cultural awareness, presentation skills, and IT skills. Global management training and other programs bring together Hitachi leaders in Europe which helps to build an important network in support of *One Hitachi*. In addition, we are conducting education and training to support hybrid work and improve employee engagement.

Hitachi India Pvt. Ltd.

The company's Learning and Development Committee consists of senior executives and meets twice a year to discuss training programs. Another mission of the committee is to encourage skill sets by making full use of global management training courses and the e-learning platform for employees. In addition, to enable an effective learning and development, the company provides annual development roadmap and educational programs to Group companies located in India.

Transformation to Job-Based HR Management

Approach Activities

Hitachi is accelerating the shift to job-based HR management. This shift involves clarifying the duties and necessary skills as well as experience and assigning human resources based on their desires and abilities to perform the required duties. Through job-based human capital management at Hitachi, assign the right people to the right jobs according to their personal abilities and motivations, regardless of their attributes such as nationality, gender, or age. The aim here is to produce organizations and individuals that generate innovation by maximizing performance and by improving engagement.

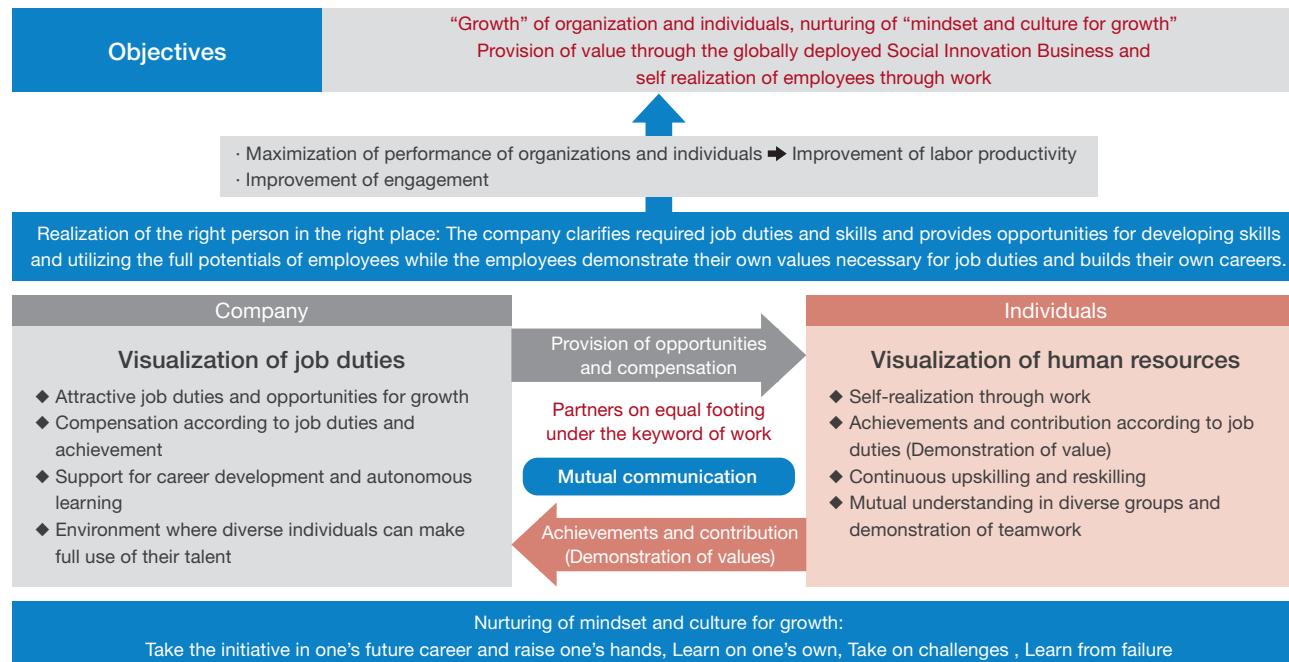
Specific Initiatives to Transition to Job-Based HR Management

Engaging in job-based human resources management in Japan, we adopted job descriptions (for approximately 60,000 positions including Group companies as of the end of FY2022) to visualize job duties and human resources, and we conducted talent reviews to consider placement and training based on each the aptitude and career orientation of each employee. In October 2022, we introduced the Learning Experience Platform (LXP), a system that supports autonomous upskilling and reskilling. On this platform, an AI interface recommends internal and external learning content according to the career aspirations, etc., of the employee in question. We are also promoting support for employees' autonomous career development. We are offering LXP within Hitachi, Ltd. and to Group companies in Japan in stages.

In addition, we are reviewing the entire human resource management system and framework, aiming for completion between 2023 and 2024. As an example, in April 2023, we redesigned the Group Recruitment System to expand opportunities for voluntary transfers. In the future, we plan to introduce a system of internal and external side jobs, and revise the compensation system for non-managerial personnel.

This shift to job-based human resources management allows Hitachi to improve the job satisfaction of each individual, heighten the sense of unity between the company and the individual, and achieve growth for both parties.

Hitachi's Job-Based HR Management



Organization — Promote collaboration between divisions and improve productivity and efficiency on a global basis for growth —

Adopt a Platform for Global Human Capital Management

Approach

System

Activities

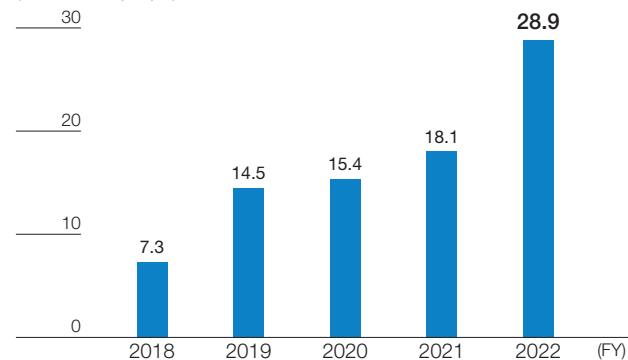
In the past, each Hitachi Group company conducted its own human resources measures and systems optimized for overseas operations. However, we reorganized these measures and systems into common global measures, common regional measures, and individual company-specific measures. In particular, we are developing a global common human resources management infrastructure to integrate with global shared measures. In 2012, we began operating a database, conducting data management, and implementing global leadership development initiatives targeting certain top talent. We continue to expand our efforts through common job grading and performance management, a global education platform, and a global human resources management integration platform infrastructure. Newly added companies become part of these common platforms over time.

Integrated Platform for Human Capital Management

Through this platform, we share up-to-date and specific talents information (professional skills, career preferences, etc.) via a cloud system. The platform enables centralized management of various processes, including search for talents across the Group. We utilize this information for team management, performance management, development planning, and career development. The platform is gradually being expanded throughout the Group globally.

Introduction of the Human Capital Management Integration Platform

(10 thousand people)



Implementing People Analytics

Hitachi's *People Analytics* initiative involves gathering and analyzing data about regular employee awareness and behavior and putting the data to use in personnel allocation and management policy.

Rather than relying on the experience and intuition of person in charge we visualize data to conduct talent management based on improved decision-making accuracy, the characteristics of the individual employee, and the aptitudes of the individual employee. In this way, we engage in effective and prompt measures regarding our talent, organization, and culture.

Utilizing Survey Analysis Results for Human Capital Management

We conducted a survey based on a unique psychological analysis developed under the academic guidance of the University of Tsukuba. The results are analyzed using IT, including AI and data analysis. We used indicators of individual awareness, as well as data on job assignments and behavior arising from the survey results to assign and develop employees. We also use the survey results to maintain and improve organizational health and productivity. This practice strengthens our human capital by energizing talent and organizations.

Hitachi Global Grade (HGG)

We engage in role- and job-based talent management through the Hitachi Global Grade and other systems to ensure that a diverse base of talent is engaged in pursuing the Hitachi business. The HGG consists of 11 grades, and each position is evaluated based on the global common standards of the entire Hitachi Group.

Talent Review

Hitachi uses the Talent Review as an initiative to strengthen and develop the match between duties and talent. Managers in each workplace meet individually with subordinates to review performance and career plans, after which multiple managers have the opportunity to review each employee. Managers then discuss individual development and job assignments based on the employee's strengths, weaknesses, and career aspirations. Through these efforts, we encourage the matching of duties and human resources, leading to employee career development and stronger organizational capabilities.

Global Performance Management (GPM)

Global Performance Management (GPM) forms the foundation for business management and performance enhancement with the aim of promoting the sustainable growth of organizations and individuals. Five items, including the perspective of corporate ethics and compliance, are particularly important for Hitachi to become a global leader in the Social Innovation Business. We define these items as common competencies (behaviors) for the Hitachi Group, and these items apply to all employees. Supervisors provide coaching and feedback to their staff to help them achieve their targets. They encourage continuous performance improvements which lead to the medium- and long-term development of employees. By clarifying the skills and behaviors that individuals need to demonstrate, while explaining how their actions contribute to the success of the business, we cultivate employee fulfillment at work while encourage employees to take ownership over their work and self-development.

▶ Hitachi Group Common Competencies

Competencies	Common Definition
Safety and Integrity	Be bold to do the right thing for yourself and others.
Challenge (Pioneering spirit)	Be agile, and learn from failures to succeed.
Customer Focus (Sincerity)	Empathize with customers, and collaborate to create innovation.
Collaboration (Harmony)	Speak up and listen respectfully to others.
Growth	Be hungry to grow yourself, other, and the organization.

Ensuring Fair Evaluation and Compensation

Approach

System

Hitachi believes that a fair global system of employee evaluation and compensation is essential for attracting diverse talents, regardless of nationality. Accordingly, we established a Global Compensation Philosophy: A management framework shared by all Group companies based on the principles of ensuring market competitiveness, pay for performance, and transparency.

We ensure compliance with the laws and regulations of each country and region in which we operate when determining compensation. For instance, to ensure compliance with minimum wages, etc., in Japan, we conduct comprehensive and periodic checks through our system to confirm no violations have occurred.

We developed a performance-based compensation system that is fair and competitive in the context of the labor market for the industry in each country or region. Individual employee compensation is based on an annual performance review.

Hitachi, Ltd. introduced a system of flexible compensation according to individual employee performance and company performance. In addition to evaluation results, employees receive feedback on strengths and areas for improvement identified via evaluation and challenges and goals for future work. This feedback is designed to encourage personal growth.

Work-Life Management

Approach to Work-Life Management

Approach

GRI 3-3

Hitachi goes beyond “work-life balance,” in which employees are simply balancing work and private life, to promote “work-life management” which encourages employees to proactively take charge of improving the quality of both their work and private lives. We embrace work-style reforms and systems facilitating balance between work life and private life. In this way, we support each individual in their path as a professional and as a growing human being, leading to sustainable growth for the individual and for our organization.

Implementing Work-Style Reform

Approach

System

Activities

GRI 3-3

Hitachi pursues group wide work-style reforms to allow diverse employees to work with enthusiasm and demonstrate their talents. Today, approximately 95% of all Hitachi, Ltd. employees are eligible to take advantage of our programs to work from home or satellite offices, enjoying work styles that offer flexible, time- and location-independence. Under these programs, employees do not need to come into the office for a certain amount of time, and they may work outside the office without any limitations. Employees may also work at locations where child care, nursing care, etc., are provided or where relatives reside. We also introduced location-free work for managerial-level employees and employees eligible for discretionary work, which allow these individuals to work on a spot remote basis. We have eliminated minimum daily work

hours for flex-time work and discretionary work, allowing for regular work days to become “non-work days.” In addition, we began expanding rest and vacation options through a Life Support Leave program (multi-purpose, 100% paid leave program) in April 2023, responding to diversifying needs for time off. The expansion and use of these various programs are part of our implementation of autonomous and flexible work styles. And we are seeing changes in work styles taking

place, including a 41-hour year-on-year decrease in total annual work hours per person in fiscal 2022.

Hitachi, Ltd. Employees Eligible for Remote Work and Satellite Office Programs

Approx. **95%**

Work-Style Reform Initiatives at Hitachi, Ltd.

Activity	Key Components
Top commitment	<ul style="list-style-type: none"> ● Send message within company
Review operations and processes	<ul style="list-style-type: none"> ● Reform administrative operations at headquarters ● Clarify rules for sending e-mails, prohibiting late-night and week-end e-mails in principle ● Use support tool designed to optimize meeting durations and participant numbers and improve meeting efficiency
Strengthen workplace management	<ul style="list-style-type: none"> ● Increase operational transparency using in-house consultants ● Improve attendance management system for firm compliance ● Offer training to learn effective remote workplace organizational management (Target: 16,000 Hitachi Group managers)
Promote time- and location-independent work practices	<ul style="list-style-type: none"> ● Expand working from home program ● Create environments where internal networks can be accessed safely from off-site locations ● Hold meetings online ● Offer spot remote work for managers and employees eligible for discretionary work hours ● Eliminate minimum daily work hours for flextime work and discretionary work ● Expand satellite office network (351 sites as of March 2023) ● Reform administration by promoting electronic signatures and paperless systems
Companywide promotional tactics	<ul style="list-style-type: none"> ● Share on Hitachi's intranet site ● Raise employee ideas about work-style reforms and share them ● Conduct awareness surveys, etc., and publicize results

Introducing and Expanding Support Systems for Balancing Work and Child Care/Nursing Care

System

GRI 401-2/401-3

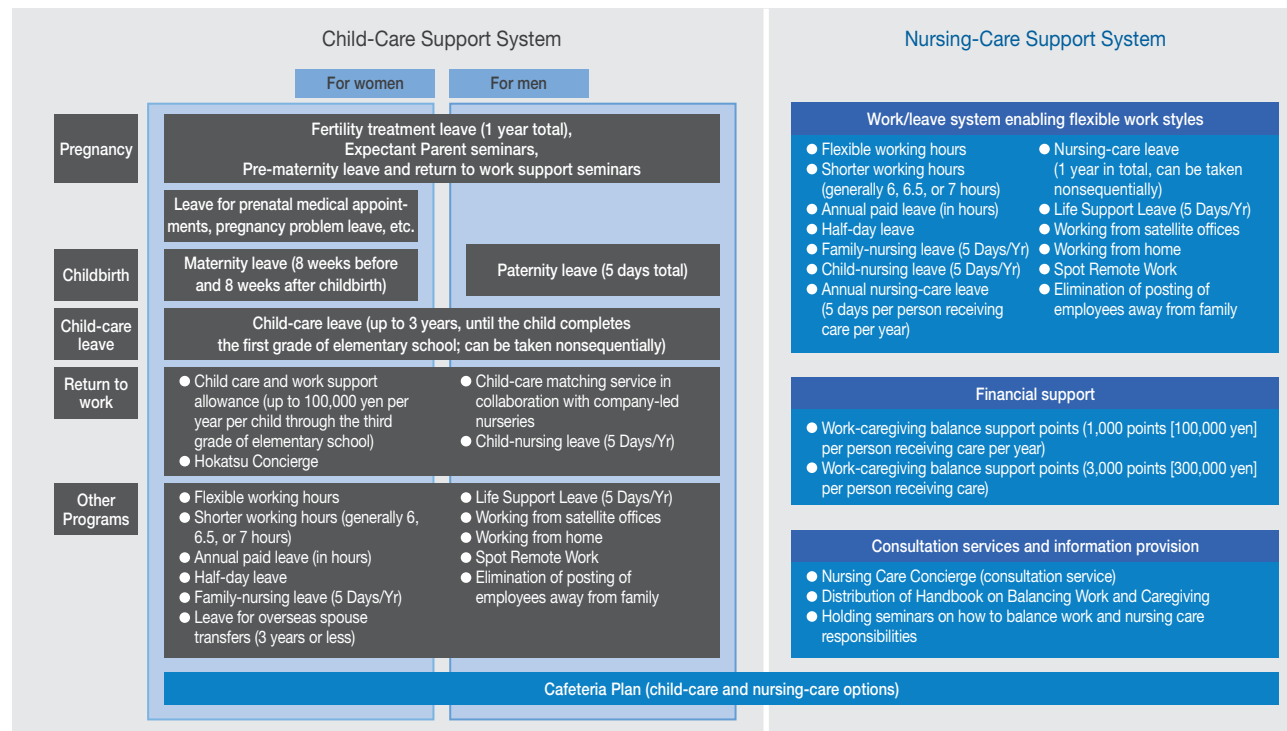
Hitachi strives to create even more supportive workplaces to help employees balance work and child care. For example, Hitachi, Ltd. offers an allowance for balancing childcare and work, services to help enroll children in daycare centers, and other programs. The company also provides e-learning courses to encourage a better understanding among managers. To help employees balance work and child care, we established an in-house child-care facility in one of our offices in cooperation with the labor union and group companies.

As Japan's population ages, the number of employees facing the challenge of providing nursing care for elderly family members continues to grow. In response, we are providing more support programs to help employees balance work and nursing care. Hitachi, Ltd. and Group companies in Japan regularly conduct employee awareness and internal fact-finding surveys concerning nursing care. Based on the results of these surveys, the companies enhance measures to help employees balance their work and home nursing care

responsibilities. Specifically, we pursue efforts to offer a total integrated package (information, financial support, work style reform, and management reform) that allows employees to provide nursing care without having to quit their jobs, education for managers and employees over the age of 40, and free consultation services with experts in the field.

By the year 2025, we intend to establish a system for all Hitachi Group companies in Japan to formulate a plan for measures to support balance between nursing care and work.

Work-Life Management Support System at Hitachi, Ltd.



Measures in Fiscal 2022

Measures	Main Details and Purpose
Expectant Parent Seminars	<ul style="list-style-type: none"> Conducted for regular employees who are expecting a baby or whose spouse or partner is expecting a baby, to promote understanding of child care and child-care leave systems and to encourage regular employees to use the necessary leave and work systems (seven seminars attended by 300 people in total)
E-learning for managers on balancing work and child care	<ul style="list-style-type: none"> Conducted to help managers understand basic knowledge for management and promotion of male employees to take child-care leave in accordance with the revised Child Care and Family Care Leave Act
Tool to simulate salary and benefits during child-care leave	<ul style="list-style-type: none"> Provides a visualization of salary and child-care leave benefits to support specific plans for the duration of child-care leave, etc., as well as to encourage the use of child-care leave
Employee Attitude Survey on Balancing Nursing Care and Work	<ul style="list-style-type: none"> Conducted attitude and fact-finding surveys across all Group companies in Japan to understand current issues

Support Systems and Measures that Meet Diverse Employee Needs

System

GRI 401-2/404-2

Hitachi, Ltd. and the Hitachi Group companies in Japan promote to implement systems that provide the necessary level of support based on the business environment of each company and the needs of employees through domestic Group-wide lifestyle support programs and measures. These programs and measures include the following: a Cafeteria Plan program; housing support such as dormitories, corporate-owned housing and a housing allowance system; systems for balancing work with child and nursing care; retirement and pension plans; a consolation payment system; an employee stock ownership program; Hitachi Group insurance; a property accumulation promotion system; internal sales; and a Health Insurance Society. In principle, these systems and measures cover all employees except for certain systems not suitable for fixed-term contract employees due to the purpose and/or nature of the system in question.

Retirement Benefit Plans

Hitachi offers partial or full defined benefit pension plans, defined contribution pension plans, and lump-sum retirement

allowance plans. These plans respond to the diverse needs of employees as they age by providing supplementary benefits and the plans play an important role in allowing retired people to live more affluently.

Employee Stock Ownership Plan

Hitachi, Ltd. and certain Group companies in Japan have adopted an employee stock ownership plan to support asset accumulation among employees and enhance their sense of participation in management. Under the employee stock ownership plan, employees may receive incentive payments based on Hitachi, Ltd. performance when acquiring Hitachi, Ltd. shares. This system links the growth of the company to employee asset accumulation.

The shares held by the Hitachi's Employee Stock Ownership Plan ranks sixth in terms of major company shareholders (shareholding ratio: 2.10% as of March 31, 2023).

Preventing Long Working Hours and Overwork

Approach

Activities

Hitachi complies with the laws and regulations of each country and region concerning long working hours and overwork.

To maintain employee health and improve productivity through balanced work schedules, Hitachi, Ltd. sets company-wide KPIs for work-style reform in Japan each fiscal year. In this way, the company strengthens workplace management and reviews business processes. We also offer e-learning programs to ensure compliance with laws and regulations related to working hours and annual paid leave. Projects that may involve long working hours are managed on an individual basis. We installed a system that links PC use to an attendance management system as one way to manage long working hours and prevent overwork. We also provide a labor management dashboard*¹ and send out alerts to help supervisors monitor the working conditions of their subordinates in a timely manner, thereby supporting appropriate management in the workplace. We are extending similar efforts to prevent long working hours and overwork using IT tools to Group companies in Japan.

The company provides all employees with a report of actual monthly working hours, accompanied with messages that encourage behavioral changes. In this way, we help employees reflect on work styles and increase productivity on their own. Further, we provide monthly targets and specific actions for eligible employees who worked 2,000 or more total hours in the previous fiscal year, creating a culture change emphasizing work efficiency (achieving results in shorter time) and resting once work is finished (recharging and preparing for the next workday to maintain high performance).

*¹ Labor management dashboard: A business tool that integrates and visualizes information and data related to labor management

Initiatives at Regional Headquarters to Create Positive Work Environments

Hitachi supports workstyles that are conducive to each employee achieving their full potential. Regional headquarters also implement policies specific to their regions.

Hitachi America, Ltd.

Hitachi America, Ltd. offers a variety of programs and measures to improve employee well-being. The company provides a hybrid work system that allows employees to choose whether to come to work or work remotely, encouraging flexible work styles. In addition, a monthly No Meeting Day allows employees to focus on their individual work. Hitachi America also sponsors monthly webinars to support the mental, physical, and financial well-being of employees, while providing more opportunities for employees to interact with each other.

Hitachi Asia Ltd.

Aiming to make Hitachi Asia Ltd. the best workplace in Asia, the company provides fair opportunities for all employees and adopted a competency-based evaluation and compensation system. Hitachi Asia strives to treat and respect all employees equally, bringing out the best in each. The company also conducts activities to encourage communication among employees, engagement, health and safety awareness, and mental well-being. Other programs allow for flexible work styles that take into account work-life balance.

Hitachi (China) Ltd.

Hitachi (China) Ltd. pursues work-style reform to improve productivity and support diverse work styles. The company offers remote work options and flexible work hours. Emphasizing work-life balance, average overtime hours are well below the legally mandated maximum, and employees are encouraged to take annual leave. Town hall meetings are held with executives, and interdepartmental business exchange meetings are held to continuously enhance vertical and horizontal communication within the workplace. The network built through these meetings contributes to a sense of unity in the company, comfortable work environments, and smoother business operations.

Hitachi Europe Ltd.

Hitachi Europe Ltd. offers hybrid working arrangements to protect the health and safety of employees, as well as to support diverse workstyles. In addition, staggered work hours and other systems are used to encourage a better work-life balance and help employees balance their work and private lives.

Hitachi India Pvt. Ltd.

Hitachi India Pvt. Ltd. offers programs and measures to foster work environments where employees cooperate and grow with each other. Specifically, the company provides a remote work program for flexible work styles, support before and after childbirth, including day-care center allowance, and group medical insurance. Hitachi India supports employee well-being through monthly health camps for physical exercise and exercise programs in the workplace. Employees have access to webinars produced in collaboration with medical institutions that offer content on physical, mental, financial, and psychological well-being. Other programs include cultural events and family days to strengthen interaction among employees.

Occupational Health and Safety

The Basic Principle for Occupational Health and Safety

Approach

Policy

GRI 3-3/403-1

Hitachi communicates the Hitachi Group Health and Safety Policy to all Hitachi Group companies worldwide in Japanese, English, and Chinese. This policy is based on our philosophy that *Health and Safety Always Comes First*. We coordinate with all related companies, including contractors and procurement partners, to ensure the Group works together to create safe, secure, comfortable, and healthy workplaces for all.

Hitachi Group Health and Safety Policy

Health and Safety Always Comes First

Policies

In accordance with our mission, “Contribute to society through the development of superior original technology and products,” the Hitachi Group will endeavor to ensure safe and healthy workplaces under the principle of “Health and Safety Always Comes First.”

1. Continuously be involved in taking health and safety activities in order to prevent occupational injuries and illnesses through designating the health and safety of employees as management's top priority
2. Comply with local laws and regulations regarding health and safety
3. Develop safe and comfortable work environments by encouraging employees to maintain their own health and by taking a proactive stance on health and safety activities in the workplace
4. Require an understanding of Hitachi's principles and promote health and safety awareness for all business partners of the Hitachi Group (contractors, cooperating companies, procurement partners, etc., involved in Hitachi Group business activities)
5. Contribute to safe and pleasant societies by emphasizing activities that make health and safety a top priority in all Hitachi business activities

We instill our belief in everyone who works at the Hitachi Group that occupational injuries and illnesses can be prevented and that each of us is responsible for our own safety and health. We also strive to actively adopt practices to protect our own health and safety and foster a culture of raising mutual awareness.

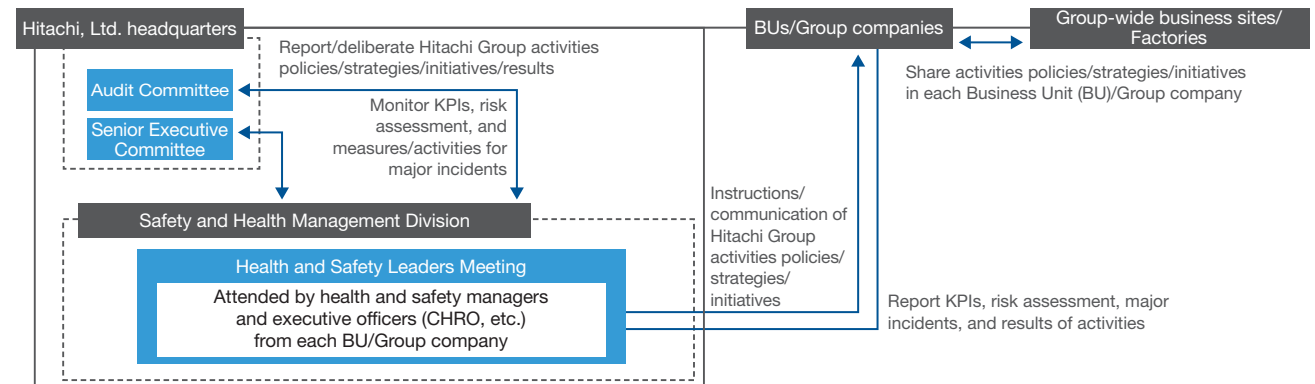
Establishing Occupational Health and Safety Management System

Structure

GRI 3-3/403-1/403-2/403-3/403-4/
403-7/403-8/403-9/403-10

Our Safety and Health Management Division oversees occupational health and safety on a global basis, holding the Health and Safety Leaders Meeting every other month. Officers in charge of health and safety at each Group company and the health and safety manager of each division attend the meeting to develop strategies for companywide occupational health and safety activities, to set targets and groupwide KPIs, and to

Occupational Health and Safety Management Structure



confirm the progress of division initiatives. Participants also work to improve occupational health and safety management systems by analyzing the factors behind accidents and implementing detailed measures to prevent recurrence, sharing best practices, and implementing training.

The Senior Executive Committee receives reports and discusses the number of accidents and responses to occupational health and safety risks, the results of which are reported to the Board of Directors.

In Japan, each business site or other location convenes a monthly health and safety committee, which is attended by the business operators, labor union, and employees. Participants analyze the factors leading to accidents and develop countermeasures, share information, and discuss health and safety activities considering the situation regarding employees who have taken sick leave. If serious injuries or fatal accidents occur at work sites outside Japan, the Safety and Health Management Division may take direct action to support improvement activities, depending on the circumstances.

The Hitachi Group has also obtained international certifications such as ISO45001 at multiple sites.

P.093 Labor-Management Cooperation Toward Improving Occupational Health and Safety Levels

Global Occupational Health and Safety Targets

Target

Activities

Materiality

To build a safe, accident-free workplace, Hitachi established a global target of zero fatalities for workers, including contractors. In the previous Mid-term Management Plan 2021, in addition to a KPI related to fatalities, we included a KPI for lost-time injuries. The Mid-term Management Plan 2024 includes total recordable injury frequency rate (TRIFR^{*1}) as KPI, which is more comprehensive compared with lost-time injuries. TRIFR is an indicator that encompasses not only fatalities and lost-time injuries, but also non-lost-time injuries. We established a global target to halve TRIFR by fiscal 2024 compared to fiscal 2021.

To achieve these targets, we will foster group-wide efforts in line with the following three strategic in the Mid-term Management Plan 2024.

^{*1} TRIFR: Total Recordable Injury Frequency Rate (casualties per 200,000 work hours)

Three Strategic Pillars for Safety

Strategic Pillars	Establish a Global Occupational Health and Safety Management System
	Utilize IT and Digital Technologies
	Strengthen Human Capital

We regret to report five fatal accidents across the Hitachi Group in fiscal 2022, including accidents of contractors. We will strengthen our integrated safety management system, including systems for contractors, by identifying risks and implementing response measures related to high-risk activities^{*2} and equipment (electric shock, work at heights, heavy objects, etc.).

Although the Hitachi Group's total recordable injury

frequency rate in fiscal 2022 decreased from the previous year, we continue to formulate action plans and strengthen efforts to achieve our fiscal 2024 targets.

^{*2} High-risk activities: (1) electric shock (high voltage), (2) work at high (3) industrial vehicles (4) heavy lifting (5) machinery and equipment (6) confined space (7) toxic gases (8) fires and explosions

Safety Targets and Results (Hitachi Group)

KPI	FY2024 Targets	FY2022 Results
Fatal accidents (including contractors)	0 case per year	5 cases (Including 2 cases at contractors)
Total recordable injury frequency rate (TRIFR)	Half rate of fiscal 2021 ^{*3} by fiscal 2024	0.26

^{*3} TRIFR in fiscal 2021: 0.27

Action Plan for Fiscal 2023

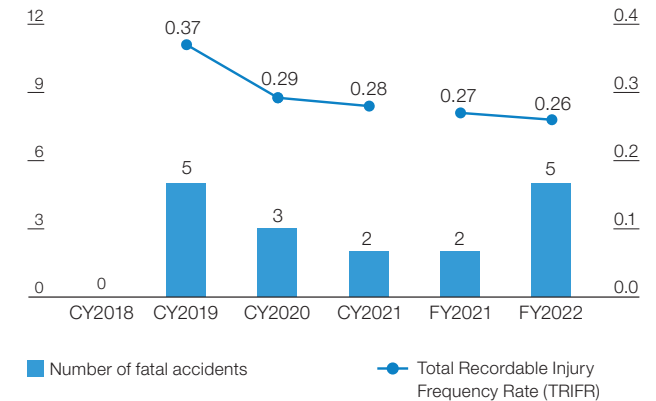
To achieve the Mid-term Management Plan 2024, we are conducting efforts on a global group-wide basis in fiscal 2023 pursuing the following action plan.

Action Plan for Fiscal 2023

Establish a Global Occupational Health and Safety Management System	<ul style="list-style-type: none"> Establish management systems at BUs and group companies, provide operations support and follow-up, establish an internal audit system Strengthen construction safety management involving front-line employees and contractors Improve the quality of risk assessment and hazard prediction
Utilize IT and Digital Technologies	<ul style="list-style-type: none"> Establish global KPI management (accident rates, near misses, risk assessment information, etc.) Centralize information management and visualization using ESG-MSS^{*5} Conduct correlation analysis and predictive diagnosis of various AI-based disaster data, Hitachi Insights data, etc.
Strengthen Human Capital	<ul style="list-style-type: none"> Develop the Hitachi Group education and training system Expand the global development of specialized safety training, create and introduce content for group-wide education, etc. Implement health and safety awareness measures

^{*5} ESG-MSS (ESG Management Support Service): A cloud service developed by Hitachi to conduct sustainable management by streamlining the collection, visualization, and analysis of ESG data within a company

Fatal Accidents and Total Recordable Injury Frequency Rate (TRIFR)^{*4}



Note: We used the statistical period between January and December of each year in the past. However, in accordance with the safety targets set under our Mid-term Management Plan 2024, we changed the statistical period for total recordable injury frequency rate and fatal accidents to April through March beginning in fiscal 2021.

^{*4} Discloses of TRIFR began in 2019.

Occupational Health and Safety Risk Assessment

Activities

Hitachi establishes and manages its own standards for high-risk activities and equipment as a common global measure and pursues occupational health and safety activities that match the characteristics of each company's business. We are working to adjust high-risk activities and equipment in all BUs, implementing measures and making investments to reduce risk in addition to measures to prevent occupational accidents under clearly defined safety managers at the business site level.

We have a global monitoring system in place to identify, evaluate, and introduce countermeasures related to risks, and conduct internal audits into the status of risk assessment for locations that are determined to have significant risks. We leverage IT and digital technologies for accident prevention. Further, the Safety and Health Management Division reports global accident statistics monthly at Senior Executive Committee meetings to understand facts related to injury statistics.

Hitachi Group Risk Assessment Guidelines

Hitachi established the Hitachi Group Health and Safety Management System Standards, which meet the requirements of ISO45001. We pursue risk mitigation activities based on the Hitachi Group Risk Assessment Guidelines in line with the standards.

New and existing businesses at Group companies also follow the guidelines in conducting risk mitigation activities.

Internal Audits

Policies, plans, and performance of occupational health and safety activities are reported to the Audit Committee on an annual basis for discussion. Reports are made at least once a year to the Senior Executive Committee, meetings of Group

company presidents, and other bodies, about important issues such as fatal accidents and potentially serious events. The results of monitoring incidents requiring improvement in particular are reported to the Senior Executive Committee and at meetings of Group company presidents.

External Audits

In fiscal 2018, Hitachi commissioned independent external audits on safety diagnostics at four sites in Japan. The auditors identified issues (see the table below) requiring attention to comply with Hitachi Group Health and Safety Policy, and we are making continuous improvements in response to each

of the issues identified.

During fiscal 2019 and 2020, we focused on activities that built a foundation for understanding the current situation and solving problems. In fiscal 2021, we performed independent outside safety analyses for a fatal accident at a Group company outside of Japan. We strengthened health and safety systems in the relevant region, reconsider our action plans, and improved safety awareness.

In fiscal 2022, we implemented the initiatives listed in the table below. In fiscal 2023, we plan to conduct a safety awareness survey through an external entity.

Issues Identified	Items requiring response	Actions taken in FY2022
Establishment of Group-wide safety management systems	<ul style="list-style-type: none"> ● Build and operate an occupational global health and safety management system ● Clarify rules and processes 	<ul style="list-style-type: none"> ● Established and rolled out company and group regulations for Hitachi Group Health and Safety Management Rules and Hitachi Group Health and Safety Management System Standards ● Established and rolled out guidelines in line with Hitachi Group Health and Safety Management System Standards, including Risk Assessment Guidelines, On-Site Construction Safety Management Guidelines, and Internal Audit Guidelines
Raising safety awareness among employees by strengthening leadership at the organization's top management	<ul style="list-style-type: none"> ● Transform ways of thinking to encourage voluntary health and safety behaviors through training 	<ul style="list-style-type: none"> ● Conducted specialized safety training by grade (management executives, line managers, personnel in charge of safety) ● Launched commendation program (Health and Safety Awards) ● Held top management discussions between the general manager and deputy general manager of the Safety and Health Management Division together with BU heads (18 BUs and Group companies) ● Conducted visits to domestic and overseas business sites: 61 business sites (including 12 overseas business sites)
Clarify accountability for implementing safety activities and expand basic countermeasures in the event of an accident	<ul style="list-style-type: none"> ● Utilize risk assessment effectively ● Build a framework for identifying and mitigating risks ● Digitize and improve data reports using IT/digital technology 	<ul style="list-style-type: none"> ● Reported on risk assessments related to high-risk activities and shared progress at various meetings (Senior Executive Committee meetings, Health and Safety Leaders Meeting, etc.) ● Established a system for conducting management system audits by Group corporate ● Checked measures meant to reduce the risks of important work ● Began monthly reports of global accident statistics ● Set global KPIs for accident occurrence rates, near-misses ● Considered the use of security camera systems (system to confirm the use of fall arrest devices), and expanded use of vehicle dash cams to prevent accidents ● Promoted proper use of accident investigation system/accident investigation database

Implementation of Health and Safety Training

Training

To prevent occupational accidents, Hitachi aims to rebuild a culture of safety by implementing appropriate occupational health and safety training for all executive officers and

employees. Each Hitachi Group company distributes work guidelines and procedures relating to their own business and industry. We also conduct safety-focused training at each

GRI 403-5

organizational level, as well as education and drills tailored to each organization and business type, for line managers and safety staff and for workers engaged in specific hazardous activities in the field. We provide individual guidance to new hires and temporary workers in particular, as they are at a higher risk of injury. We perform this training through on-the-job training to increase awareness and understanding of work procedures and dangers before engaging in work.

We conduct safety-focused leadership training for management executives to strengthen awareness of and build commitment to roles and responsibilities concerning safety. Following training, we also evaluate changes in awareness and behavior through one-on-one interviews with external consultants. As of fiscal 2022, we held 30 training sessions attended by 415 participants (including 11 sessions in English and Chinese for 101 participants from outside Japan).

Number of Participants in Training

Training	Number of Participants		
	FY2020	FY2021	FY2022
Management executives training (BU CEOs, Group company presidents, etc.)	104	138	173
Line manager training	86	228	37
Safety personnel, line manager safety instructor development training	57	—	146

Ensuring the Occupational Health and Safety of Contractors

Approach

Activities

Hitachi strengthened safety management systems, including laws and regulations, rules, and operations, at sites outside plants based on accidents involving contractors during construction, installation, service and maintenance work at sites outside plants. We also established and deployed On-Site

Construction Safety Management Guidelines, a set of guidelines for standard Hitachi Group safety management systems common to off-plant sites, and are working to improve integrated safety management, including contractor safety.

Initiatives to Improve Employee Health

Targets

Activities

Hitachi believes that improving employees' wellbeing is essential for sustainable growth, so we endeavor to create workplaces in which all Group employees work in safety and health, both mental and physical. In fiscal 2020, we added questions relating to wellbeing to our annual Global Employee Survey, and we expanded these questions in fiscal 2021. In the future, we will consider appropriate measures based on responses related to employee wellbeing.

 P.076 Improving Employee Engagement

Targets for Health in Japan

In Japan, we implement health management measures on a steady basis, strengthen mental health support in accordance with new work styles, and strive to eradicate employee lifestyle-related diseases. Over the medium and long term, we will implement measures based on Group-wide policies after ascertaining the actual conditions and identifying issues related to occupational health measures globally.

Targets and Results for Health Management (Hitachi Group companies in Japan)

	FY2022 Targets	FY2022 Results	FY2023 Targets
Rate of mental illness	Less than 0.7%	0.74%	Less than 0.7%
Implementation rate for specific health guidance*1	50% or more of employees	21.1%*2	More than 55%

*1 Specific health guidance: Support by professional staff (public health nurses, dietitians, etc.) to review lifestyle habits for persons at high risk of developing lifestyle-related diseases and for whom lifestyle-related diseases can be prevented to a large extent through lifestyle improvements.

*2 As of the end of June 2023

The Hitachi Group Sustainable Procurement Guidelines also stipulate matters related to health and safety.

 Hitachi Group Sustainable Procurement Guidelines
https://www.hitachi.com/procurement/csr/EN_HG_SPG.pdf

GRI 403-6/403-10

Health Support Initiatives in Japan

- Provide occupational health services at health management centers that support communities and businesses
- Health maintenance measures provided based on periodic medical exams and other examinations to prevent serious disease
- Medical interviews and advice to prevent mental and physical disorders among employees working long hours
- Consultations and guidance by occupational healthcare workers to address employee health concerns and encourage regular exercise
- Qualitative improvement of occupational healthcare activities and the human capital development of occupational healthcare workers through regular meetings, study groups, and training sessions attended by both occupational healthcare workers and human resources staff
- Implement approaches to encourage highly stressed persons identified under the stress check program to receive guidance from a physician, as well as meet with internal and external consultation offices, etc.
- Establish environments in which employees are comfortable approaching EAP*3 consultation desks, both internally and externally, to access opportunities to resolve a wide range of concerns as early as possible.
- Have counselors approach employees based on daily mood changes (smartphone app)

*3 EAP: Employee Assistance Program

Employees on Leave Due to Mental or Physical Reasons (Hitachi Group companies in Japan)

	CY2018	CY2019	CY2020	CY2021	CY2022
Mental	0.64	0.65	0.62	0.66	0.74
Physical	0.24	0.25	0.22	0.21	0.24

Note: Percentage of employees taking sick leave for seven or more consecutive days and taking formal leave (number of employees taking sick leave per month/number of employees per month × 100)

Addressing Mental Health

Activities

GRI 403-6

Hitachi established measures addressing mental health for employees, workplace managers, occupational healthcare workers, health and safety division, and human resources divisions. We communicate basic mental health knowledge and understanding of ways to deal with stress and raise the ability of those in positions of authority to respond to these issues. The mental illness incidence rate among employees in fiscal 2022 was 0.74%, therefore we continue to take a proactive approach to increases in mental strain caused work-style changes, diversity, etc.

- (1) Regular one-on-one interviews
- (2) Expand system for remote consultations with occupational physicians
- (3) Offer EAP consultation desks
- (4) Individual interviews with employees who are stationed at customer company
- (5) Tips for working from home posted on the intranet
- (6) Identification of health issues using a survey of employees working from home
- (7) Implement approaches to encourage consultations and interviews with internal/external consultations offices for high-stress individuals identified by stress checks
- (8) Provide a handbook for care by line managers when working from home
- (9) Provide e-learning contents related to self-care and care by line managers in light of changes in work styles

We will also clarify which target levels require special attention based on our global employee survey and the opinions of occupational physicians, taking an effective and active approach to self-care and line care.

Initiatives Addressing Mental Health at Hitachi

	Occupational physicians and occupational healthcare workers	Self-care (individual)	Line Care (superior)	Human resources division
Preventive management (while healthy)	Health improvement activities (Seminars and health guidance from occupational physicians)	Stress-check system specified in law		
		Mental health education <ul style="list-style-type: none"> • Stress coping seminars • External and internal EAP consultations and other consulting services • Stress-check approach for highly stressed employees • E-learning for all employees (self-care) E-learning; "Thinking about mental and physical health" versions 1-3	Working environment improvement workshops, etc. <ul style="list-style-type: none"> • EAP corporate diagnosis • Line care training • 360FBP*1 Workplace management	Training and education Workplace management guidance Reduction of long working hours
Indicator management (while mentally unhealthy)	Mental health consultations during medical exams Health consultations	Health consultations Health exams of various types	Workplace management Various types of health exams	Management of those working extensive overtime
Condition management (at beginning of and during absences and leave)	Regular consultations Support for returning to work	Leave system	Regular consultations	Management of employees on leave
Management to prevent recurrence (from decision to return to after returning to work)	Programs supporting return to work Regular consultations	Trial return system	Consideration of tasks upon return Regular consultations Follow-up status checks after return to work	Programs supporting return to work Regular consultations
Repetition management (during repetition after return to work)	Regular consultations	Collaboration to support return to work		
		Guidance to external facilities supporting return to work		

*1 360FBP: 360-Degree Feedback Program.

Promoting Collabo-Health*1

Activities

GRI 403-6

Group companies in Japan carry out individual health improvement initiatives according to their own unique characteristics. Further, Group companies in Japan strive to maintain and improve the health of employees by taking full advantage of the services offered by the Hitachi Health Insurance Society*2. Hitachi also ensures that all Group companies become certified under the Health and Productivity Management Organization Recognition Program by Ministry of Economy, Trade and Industry. We evaluate health promotion initiatives on an annual basis, giving recognition to the most accomplished companies and BUs within the Group to heighten motivation among business owners and employees to pursue such activities.

*1 Collabo-Health: A concept involving insurers, such as the Health Insurance Society, who work proactively with business owners to establish a clear division of labor and form positive working environments that prevent illness improve the health of insured persons (employees and their families) effectively and efficiently.
*2 Hitachi Health Insurance Society: Hitachi Group employees and their families are members of this organization which is one of Japan's largest health insurance associations. As of the end of March 2023, there were 172 participating corporations and 388,575 insured persons (199,458 members and 189,117 dependents).

Number of Hitachi Health Insurance Society Member Corporations Certified Under the Health and Productivity Management Organization Recognition Program (Hitachi Group companies in Japan)

Category	FY2020	FY2021	FY2022
Large companies	58/95 companies (Including seven with "White 500" status)	75/87 companies (Including four with "White 500" status)	78/80 companies (Including four with "White 500" status)
Small-and medium-sized companies	41/75 companies (Including three with "Bright 500" status)	66/70 companies (None with "Bright 500" status)	65/66 companies (including two with "Bright 500" status)

Encouraging Employees to Receive Medical Exams and Quit Smoking

Activities

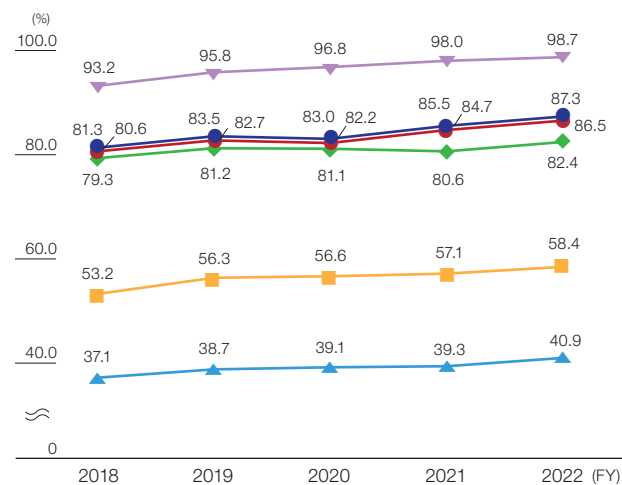
GRI 403-6

In Japan, Hitachi established a system offering financial support for medical exams by the Health Insurance Society. We encourage employees aged 35 and over to receive general physical and other exams specified under law, as well as targeted screening based on age, for the early diagnosis and treatment of lifestyle-related diseases, cancer, etc.

Furthermore, as a response to the rise in metabolic syndrome, and in addition to special health guidance made compulsory for the Health Insurance Society, we pursue policies to prevent and control conditions such as diabetes,

cerebral strokes, and myocardial infarctions. In fiscal 2022, we offered a new team-based smoking cessation program called *Minchare* to mitigate the reluctance to visit smoking cessation outpatient clinics due to COVID-19 and promote smoking cessation for employees working at home. A total of 515 individuals participated in the program, the largest number to date, and a significant 49%, or 248 people, quit smoking—far more than results from outpatient smoking cessation clinics.

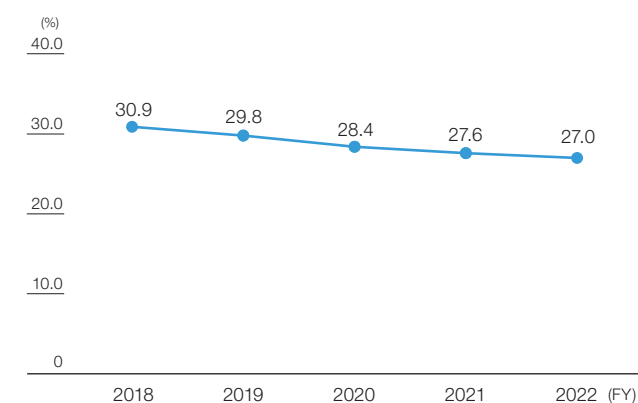
Medical Exam and Screening Attendance Rates (Hitachi Group companies in Japan)



◆ General physical exam*1 ■ Breast cancer screening*2
▲ Uterine cancer screening*3 ● Stomach cancer screening*4
● Intestinal cancer screening*4 ▼ Lung cancer screening*5

*1 Men and women aged 35 and over
*2 Women aged 30 and over
*3 Women aged 25 and over
*4 Men and women aged 30 and over
*5 Men and women aged 35 and over

Smoking Rate Trend (Hitachi Group companies in Japan)



Note: Employees aged 35 and over (results of specific medical examinations)

Health Promotion Initiatives for Employees and Their Families

Activities

GRI 403-6

To encourage healthy lifestyles among employees and their families, the Hitachi Health Insurance Society established a portal site for individuals called MY HEALTH WEB. By providing information on health exam results and a system of incentive points allowing employees to receive rewards for entering health-related activities, the site raises health awareness, helps employees understand the state of their own health, and offers a range of support for adopting healthier lifestyles.

In fiscal 2022, we introduced the Risk Simulator, a service that predicts the risk of hospitalization for eight major diseases based on the results of a medical checkup. Nearly 60,000 people took advantage of the service.

We provide a variety of health services aimed at improving health literacy, and the employee registration rate for MY HEALTH WEB surpassed 80%.

Achievements in Fiscal 2022

To encourage regular checkups, Hitachi added offers an online service that allows for employees and their families to make appointments for medical examinations using MY HEALTH WEB. And to encourage spouses and other dependents to receive health checkups, we began providing health information and health checkup reservation services via LINE in fiscal 2022.

In addition, we launched the Autumn Healthy Learning Walk campaign in October to support exercise habits during COVID-19. The campaign lasted three months and inspired participants to learn about health while walking an online course, with about 40,000 people participating.

Addressing Infection Prevention and Other Global Health Issues

Activities

GRI 403-6

We endeavor to prevent the spread of infectious disease overseas, including COVID-19. To this end, we provide information for employees posted overseas and business travelers regarding vaccinations for hepatitis A, tetanus, cholera, etc., according to the health conditions in the destination country. We also offer vaccinations at in-house health management centers or outside medical institutions. We also post information on the Hitachi Group intranet to help travelers and their families to live safely, providing warnings for personnel living overseas about infectious diseases including malaria, one of the three major infectious diseases in the world. Information includes descriptions of symptoms, prevention, and what to do if one contracts a disease.

In Japan, the Health Insurance Society offers an incentive point system to reward influenza vaccine recipients, including employee family members, with the aim of preventing influenza outbreaks in the workplace. As an initiative to prevent contracting influenza, we recommend employees get vaccinated prior to the flu season. Nearly 80,000 employees and their families take advantage of the program every year.

Health and Safety Considerations for Nuclear Businesses

Approach

Activities

GRI 403-7

Since 2008, Hitachi has worked with the world's leading nuclear power plant operators to develop voluntary, private principles of conduct covering the export of nuclear power plants and reactors. The Nuclear Power Plant and Reactor Exporters' Principles of Conduct were formally announced on September 15, 2011.

We perform thorough exposure management based on internal management systems and perform evaluation of radiation damage (dose management) for employees and other persons employed at nuclear sites under the Hitachi Group umbrella. For health management in particular, our management indicators for radiation exposure are stricter than those set by Japan's Ministry of Health, Labour and Welfare. We monitor physical and mental health along with exposure doses for employees and employees of partner companies. An occupational physician from Hitachi visits sites to perform examinations and offer health advice.

 Nuclear Power Plant and Reactor Exporters' Principles of Conduct
<https://www.hitachi-hgne.co.jp/en/principle/index.html>


Freedom of Association and Collective Bargaining

Respecting the Rights of Employees

Approach

GRI 2-25/2-30

Hitachi respects and supports human rights as recorded in the ILO Declaration on Fundamental Principles and Rights at Work. The Hitachi Group Code of Ethics and Business Conduct, common throughout the Group, provide for compliance with the laws of each country and region, as well as for the upholding of the fundamental rights of employees in line with international standards. We respect freedom of association, the right to organize, and the right to collective bargaining as human rights that are particularly relevant to the workplace. Onboarding training and the Hitachi Group Corporate Ethics Month (annual) represent some of the ways we strive to help employees understand these rights. In addition, we have signed the United Nations Global Compact, which states, “businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining” of employees.

 Hitachi Group Code of Ethics and Business Conduct
https://www.hitachi.com/corporate/about/conduct/pdf/conduct_e.pdf

Mutual Communication Between Employees and Management

System

GRI 403-4/407-1

The relationship between employees and management at Hitachi, Ltd. and Group companies in Japan is stable with healthy ongoing dialogue.

In Japan, Group companies ensure the three fundamental rights of labor unions (the right to organize, the right to collective bargaining, and the right to collective action). We strive to promote mutual understanding through dialogue between employees and management throughout the entire Group. In addition, the Central Management Council, the Business Units Management Council, and the Business Sites Management Council work to enhance mutual communication between employees and management. These efforts contribute to smooth management and business development, improving working

conditions for union members. We traditionally negotiate with the Hitachi Workers Union between February and March each year to determine wages, bonuses, and collective agreements for the next fiscal year. We have also established 14 committees, advisory panels, and roundtable conferences, including the Next 100 Labor and Management Committee, the Central Wages Committee, and the Employment and Work Style Advisory Panel, to meet one to four times a year to share information, exchange opinions, and hold discussions.

All Hitachi, Ltd. employees, with the exception of management, can join the Workers Union, and the membership rate is approximately 96% as of March 31, 2023. The ratio of employees belonging to labor unions, etc., in major Group companies in Japan (70 companies) is roughly 99%.

At Hitachi, Ltd., we also hold quarterly Hitachi Group management meetings with the labor unions of group companies in Japan that belong to the Federation of Hitachi Group Workers Unions (FHGWU) to share information and exchange views and opinions on Group business conditions. In addition, we have established five round-table conferences and committees, such as the Hitachi Group Health and Safety Roundtable Conference, which each meet once or twice a year to share information and exchange opinions.

Group companies outside Japan also pursue dialogues with individual labor unions and their representatives in accordance with the laws and regulations in each country and region. These dialogues deepen mutual understanding of employee working conditions and treatment, as well as business conditions. For example, Hitachi Europe holds an annual European Labor-Management Council meeting to provide a forum for management and employees to exchange views on the Group's business environment and strategies. Hitachi China holds an annual management information meeting with the industrial association (labor union) to facilitate smooth communications with employees and share information on business conditions and issues. In addition, the company and the industrial association concluded collective agreements on working conditions, wage revisions, the protection of female employees, and other matters to protect the rights and

interests of employees.

In fiscal 2022, no Hitachi Group operating sites reported violations of freedom of association and the right to collective bargaining.

Notification of Work-Related Transfers and Reassignments

System

GRI 402-1

The collective agreement between Hitachi, Ltd. and the Hitachi Workers Union states that any transfer or reassignment of an employee for work-related reasons should adequately take into consideration the situation of the employee as well as requiring the company to promptly inform the Hitachi Workers Union of the decision. More specifically, the company consults with the union regarding basic matters related to large-scale transfers, reassignments, or moving the company.

Labor-Management Cooperation toward Improving Occupational Health and Safety Levels

Structure

Hitachi, Ltd. and the Hitachi Workers Union are dedicated to improving occupational health and safety levels through employee management cooperation. This includes signing a collective agreement on the promotion of, among other things, occupational health and safety measures, a health and safety committee, education and training programs, and health checks for employees.

The Health and Safety Committee works with Group companies in Japan to ensure a healthy and safe work environment through initiatives that include formulating and tracking an annual occupational health and safety plan. The committee also reviews measures to prevent occupational accidents and shares information on the health checkup status.

 P.086 Occupational Health and Safety

Diversity, Equity and Inclusion

Basic Concept

Hitachi believes that diversity, equity, and inclusion are sources of innovation and growth. We have a place for everyone, welcoming differences in background, age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. We believe DEI is essential to understanding the marketplace, generating great ideas, and driving innovation that contributes to the advancement of society. We aim to be a company in which every person makes a positive contribution, treating everyone fairly and giving full consideration to individual differences. With a diverse workforce, broad experience, and an inclusive culture, we will meet our customers' needs and drive our company's sustainable growth.

Topic	Overview	Targets, KPIs, and Results
 <p>Diversity, Equity and Inclusion</p>	<p>We pursue DEI with global and regional perspectives under the leadership of the Chief Sustainability Officer based on our DEI policy and strategy. Specifically, we focus on and develop programs according to three common global DEI topics: 1. Gender 2. Culture 3. Generation. Additionally, with the aim to become a diverse and inclusive company, we established the Hitachi Global DEI Council to discuss specific activities concerning DEI strategy pursued by Group companies around the world and throughout our global operations. We have also established Regional DEI leaders in each region to promote DEI in ways that take into account individual regional characteristics and business strategies.</p>	<p>Ratio of Female and Non-Japanese Executive and Corporate Officers</p> <p>FY2030 Target: 30% (each)</p> <p>FY2022 Results: Female 11% Non-Japanese 20%*</p>

*1: Included assignment as of April 1, 2023

Diversity, Equity and Inclusion

Approach to Diversity, Equity and Inclusion (DEI)

Approach

Policy

GRI 3-3

Hitachi aims to be a diverse and inclusive company in which every employee is welcome, treated equitably, and feels included.

Hitachi is committed to implementing DEI as a crucial driver to achieve sustainable business growth and create value for society by preserving planetary boundaries and improving people's wellbeing. Diversity is critical to unlock innovation, but diversity per se is not enough. To leverage diversity, we need to provide everyone access to the same opportunities through structural changes (Equity) and ensure an inclusive and safe environment where everyone feels accepted and valued, free to express their thoughts and to contribute (Inclusion). For this reason, Hitachi is committed to implementing a group strategy to drive actions across these three main focuses on both global and local levels.

Hitachi DEI Statement

Diversity, Equity and Inclusion is the Source of Innovation and Growth.

Hitachi has a place for everyone, welcoming differences in colleague backgrounds, age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. We respect and value these and other differences because only through differences can we understand our markets, create better ideas and drive innovation which contributes to society.

At Hitachi we treat everyone fairly, recognizing differences to allow everyone to contribute.

With a diverse workforce, broad experience, and an inclusive culture we will meet customer needs and drive sustainable growth.

Diversity:

Diversity refers to the various differences that exist within individuals and groups.

In Hitachi, Diversity means that there is a place for everyone, regardless of background, age, gender, sexuality, family status, disability, race, nationality, ethnicity, religion and many other characteristics. We embrace and value all differences.

Equity:

Equity means fairness of treatment, making adjustments to account for imbalances.

In Hitachi, Equity means we treat everyone fairly. Treating people fairly is not the same as treating them the same. We recognize that each of us is different, and each of us needs different conditions to thrive. We put in place policies, tools and adaptations to allow everyone to access the same opportunities.


Inclusion:

Inclusion is a state in which the uniqueness of each person is recognized and each person contributes their best to the organization.

In Hitachi, Inclusion means that everyone feels respected, heard, and involved. For colleagues to feel included means being accepted, valued, comfortable to speak up, and encouraged to contribute. Inclusion implies an open, empathetic culture and attitude. Including the different voices and varied perspectives that diversity brings enables us to reach better decisions and unlock innovative ideas.

In September 2022, Hitachi established the Hitachi Global Diversity, Equity and Inclusion (DEI) Policy. In line with this policy, our initiatives to enhance Diversity, Equity and Inclusion (DEI) share these basic goals:

- Make Hitachi a truly global company, with talents from all over the world
- Enable Hitachi to better serve global customers, improve our footprint, and open new markets
- Drive innovation and creativity
- Support attraction and retention of talents
- Allow employees to feel more engaged and connected, to be a part of Group strategy, and to actively contribute

 [Hitachi Global Diversity, Equity and Inclusion \(DEI\) Policy](https://www.hitachi.com/sustainability/download/pdf/Global_DEI_policy_EN.pdf)
https://www.hitachi.com/sustainability/download/pdf/Global_DEI_policy_EN.pdf

Global DEI Strategy

Strategy

In fiscal 2020, we conducted a gap data analysis. In connection with this analysis, we looked at external assessments and worked with business units (BUs), corporate functions, and group companies to review status and business strategies. Based on this analysis, we formulated our global DEI strategy for the medium to long-term, including:

- Moving from standalone initiatives focused mainly on gender equality to a holistic strategy embracing different dimensions of diversity
- Integrating DEI into the business strategy as driver for business growth with clear targets
- Creating a new global structure to coordinate and guide all different group entities on a clear direction, defining actions plans to support DEI development based on specific priorities
- Introducing initiatives to foster an inclusive culture

In fiscal 2022, to develop a robust approach to DEI and an inclusive culture as core driver for a sustainable business growth, Lorena Dellagiovanna was appointed Hitachi's Chief Sustainability Officer to address the wider sustainability agenda, leading and championing DEI as part of her sustainability work.

Diversity refers to all the different characteristics that distinguish people one from another. Some of these differences are immediately visible, but many more are intrapersonal—for instance thinking styles, personality type, and background experiences. Hitachi commits to tackle all dimensions of diversity; however, we identified topics that are common in every region and business.

► Our Global DEI Topics

- 1. Gender:** More women across the business, especially within leadership roles
- 2. Culture:** A team which reflects the global nature of our company

- 3. Generation:** Colleagues are recognized based on competence, not age

In line with the above global DEI topics, we set targets for BUs, corporate functions, and group companies. The procedure to define the targets included individual meeting where discussions focused on how DEI efforts can help to address issues and priorities in each business and regions, since Hitachi operates in a variety of industries and markets.

In addition, based on emerging business and regional priorities, the strategy embedded LGBTQIA+ and Disability serve as a core focus of our global activities.

We set actions in place not only to increase minority representation, but also to implement inclusive behavior and ensure equity across the group through the five pillars of implementation:

► Five pillars of implementation

Five Pillars	Details
Leadership Commitment	<ul style="list-style-type: none"> ● Show President & CEO and other senior leaderships' clear commitment to the DEI vision as driver for business growth ● Set leaders as accountable for DEI progress, embracing and promoting inclusive leadership style
Culture	<ul style="list-style-type: none"> ● Build an inclusive mindset and work environment to allow everyone to be/feel safe to be themselves, to contribute and enable innovation
Recruitment	<ul style="list-style-type: none"> ● Attract and hire diverse people, scouting from different markets and sectors ● Conduct diagnostic analysis and review recruiting channels and practice, monitoring the recruiting funnel
Retention	<ul style="list-style-type: none"> ● Provide different benefits and support robust Employee Resource Groups (ERGs), driving culturally relevant programming
Advancement	<ul style="list-style-type: none"> ● Identify diverse talents based on competency ● Support diverse leaders and build a solid pool of diverse talents

Global DEI Management Structure

Structure

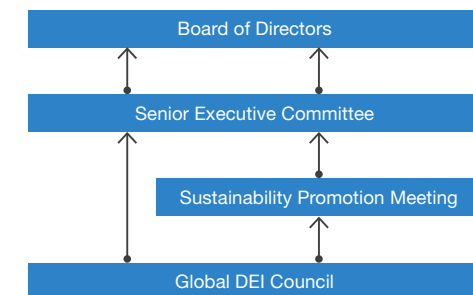
To achieve our goals, Hitachi created a global and regional structure to lead DEI initiatives.

From a global perspective, we discuss DEI topics both at the executive level and the implementation level to ensure a common and shared understanding and direction in terms of policies and initiatives. The mission of the Global DEI Council, including representatives from each business and region, is to align with the global DEI strategy and discuss implementation in partnership with the HR departments around the world. Material matters are reported to and deliberated in the Senior Executive Committee, and are reported to the Board of Directors when necessary.

Regional DEI leaders and teams based in six regions (America, EMEA, India, China, Southeast Asia, Japan) drive initiatives aligned to local needs and business strategies. The global DEI division supports the implementation of the group initiatives, implementing the DEI strategy to foster an inclusive culture and ensure equitable procedures and policies. The division implements a thorough set of DEI performance indicators.

To foster communication among all functions, BUs and group companies, the global DEI division facilitates working group sessions. These sessions involve all key internal stakeholders, and participants discuss specific DEI topics, share best practices, identify common issues, and find practical solutions.

► Global DEI Management Structure



Global DEI Targets

Targets

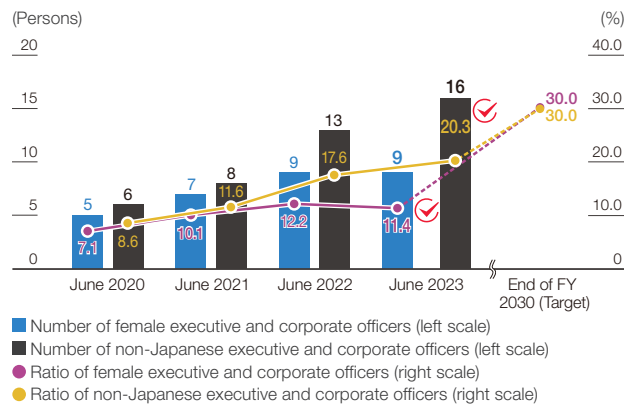
Materiality

GRI 405-1

We set greater management diversity as a global DEI target. Our KPI is the ratio of executive and corporate positions held by women and non-Japanese persons.

As of June 2023, 11.4% of executive and corporate officers were women and 20.3% of executive and corporate officers were non-Japanese persons. By fiscal 2030, our target is for 30% of our executive and corporate officers to be women and 30% to be non-Japanese persons.

Ratio of Female and Non-Japanese Executive and Corporate Officers (Hitachi, Ltd.)



Fostering Inclusive Leadership

Activities

Training

To foster inclusive leadership, in fiscal 2023, 84 Hitachi top executives on a global level have been invited to take part in an inclusive leadership program. Through an assessment, a feedback session, and interactive workshop, Hitachi leaders had the chance to reflect on their behavior, thinking process and aligning to inclusive leadership style that will support to drive business with diverse employees in complex business environment.

In addition, since fiscal 2021, DEI has been also included in training sessions targeting mid-management and future leaders such as GAP-L, GAP-K, Hitachi Group Executive Development Course and Hitachi Discovery Program.

■ P.072 Global Human Capital Management

We also created toolkits (among them, Inclusive Language and Inclusive Meeting Guidelines) to identify concrete actions that everyone can take to create an inclusive environment where everyone feels safe, welcomed and able to contribute.

To measure progress in inclusion, we included DEI in the Global Performance Management (GPM) to define competency as well as in Hitachi Insights, an annual survey to track DEI index scores.

■ P.076 Improving Employee Engagement

Initiatives to Support Our Global DEI Topics

Activities

GRI 405-1/405-2

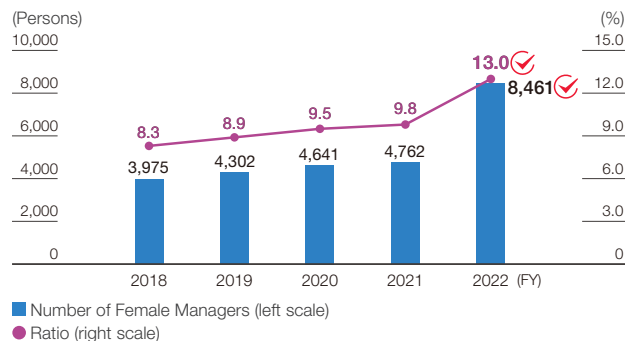
The Hitachi businesses pursue a range of ongoing initiatives from the perspective of diversity, equity and inclusion. These initiatives champion the global topics and enable Hitachi to meet our global DEI Policy.

Global DEI Topic 1: Gender

Improving gender equity and inclusion means empowering women across our organization to access opportunities to fulfil their potential based on their will and competences, ensuring an inclusive environment and equitable processes. Starting with giving broader access to all roles through recruitment, we offer women opportunities to progress into leadership positions, providing them support to ensure a workplace where women can thrive. Our goal is that all women at Hitachi feel that they have a place, have a clear and distinctive voice, and enjoy the freedom to contribute to our innovation.

To encourage all employees to play an active role in this process, and recognizing that men are the majority group, we set specific activities to engage men in the conversation, explaining why support of gender inclusion is important, what men gain from gender inclusion, and how everyone can contribute to ensure an inclusive environment.

Ratio and Number of Female Managers (Hitachi Group)



Note: Based on the number of employees as of the end of March (includes employees seconded from Hitachi to other companies and employees on leave; excludes employees seconded to Hitachi from other companies). Approximately 20,000 manufacturing workers not registered in the employee database and approximately 8,000 employees of some newly consolidated companies are not included. Also, does not include subsidiaries with unregistered employees at certain grades (positions). The increase in the number and percentage of female managers over time reflects improved coverage of our human capital databases and changes in the number of consolidated companies.

Gender Pay Gap

We determine employee compensation based on each individual's role and achievements, with no divisions or differences based on gender or age.

At Hitachi, Ltd., the gender pay gap (pay per woman as a percentage of pay per man) in fiscal 2022 was 66.4%. There is no gender-based differences in the employee compensation system. The difference in per capita wages for men and women is mainly due to higher proportion of male at higher employee grades, including management positions, and higher proportion of female who work shorter hours. We will analyze not only the categories based on the Act on the Promotion of Women's Active Engagement in Professional Life, but also more detailed categories.

Initiative on a Group Level

To foster an understanding of gender inclusion, why it is important for everyone and how everyone can contribute, Hitachi in partnership with Catalyst MARC (Men Advocating for a Real Change), a global NPO, has set a series of activities in 2023.

- Held a webinar open to all employees on a global level where we invited a speaker to explain why men should support gender inclusion and how they can be part of it.
- Held a workshop for managers, aiming for them to gain increased awareness of men's role as advocates of inclusion and gender equity, explore what actions individuals across genders can take to foster effective gender inclusion and build skills to communicate more courageously and inclusively across gender and other forms of difference.
- Launched an e-learning course accessible to all Hitachi employees, setting the basis for unpacking root causes and addressing systemic barriers to inclusion and equity by and for people of all genders—helping them to create personal connections to the work and its outcomes.

Initiatives of Hitachi, Ltd.

In Hitachi, Ltd., we support women in thinking about their own career paths. A series of seminars is aimed at women with three to four years of experience at Hitachi, Ltd. and Group companies in Japan and gives them the opportunity to better understand their career and consider their future. The seminars includes lectures on the environment surrounding working women, panel discussions by women in senior roles, and discussions among participants. The seminars were held twice in fiscal 2022. In addition, Hitachi, Ltd. and several group companies in Japan offer opportunities for women employees to find role models through mentoring programs across businesses and the companies.

Initiatives of Hitachi Energy

In Hitachi Energy, we identify accelerating the advancement of women as one of the pillars of Diversity 360, our diversity vision. We commit to increase the ratio of women in our global workforce from 19% to 25% and aim at 25% women in management and 40% women in early career hires by 2025, an increase supported by Female Acceleration efforts across tiers. Since 2022, the Diversity 360 Council has been chaired by the CEO and his direct leadership team (Executive Team) who takes a keen interest in the governance of well-defined KPIs and progress. A significant milestone in this respect is mapping Diversity 360 KPIs to the Annual Incentive Plan, positioned alongside our License to Operate and the section has 15% weightage.

The company also implements a Talent Development Program which includes mentoring for middle managers. To date, 59 women leaders have graduated this program. Hitachi Energy incorporates DEI into all policies related to the employee life cycle, such as equal pay, flexible working, and ERGs globally and locally. Among several structural changes implemented to build an equitable and inclusive environment:

- HEERA Gender Equity Council (a strategic council set up by the company with cross BU-function representation from across geographies who are senior leaders): 11 nationalities from 10 countries with a gender split of 11 women and 4 men
- Female Talent Development Plan (a holistic framework curated to strengthen pipeline of women in leadership): A total of 59 graduates from 4 cohorts with 51% of the graduates been promoted (37%) or has had a lateral career move (14%) in comparison with the time of appointment to this program.
- More than 10 ERGs focused on Gender Inclusion across geographies at local and region levels.
- Policies & Benefits are gender neutral, with periodic reviews for existing support (childcare support, elder care options, employee assistance centers, extended parental leave), equal pay analysis in the planning phase.

Initiatives of Hitachi Vantara

In Hitachi Vantara, we are committed to providing opportunities for the advancement of women in the technology sector and providing career development opportunities for existing employees and future candidates.

As part of our ongoing commitment to gender diversity and increasing our representation to 30% female by 2025, we are:

- Launching a pilot leadership program to raise the voices of high-potential women through a transformational TED (Technology Entertainment Design)-style speaking course.
- Running workshops and e-learning to inspire and equip men to leverage their unique opportunity to be advocates for change and raise awareness of bias and how to tackle it.
- Co-creating an allyship program with external experts led by our Women of Hitachi ERG, with input from our Rainbow Connection (LGBTQIA+) ERG to include an intersectional lens on gender.
- Providing career development opportunities to our ERG leaders/members through a mix of internal discussion and externally facilitated training.
- Investing in programming for girls studying STEAM partnering with an external company.

Initiatives for LGBTQIA+

Since April 2020, many Hitachi Group companies in Japan have treated an employee's same-sex partner as a family member. As a result, employees with same-sex partners are eligible for the same benefits as those with opposite-sex partners, such as family nursing leave and childcare and work-life balance support.

In June 2023, Hitachi set a worldwide campaign to increase awareness on LGBTQIA+ topics, share practical examples of inclusion and foster allyship. For the first time, the Hitachi logo reflected the colors of the progress flag to express our support for the LGBTQIA+ community. Among the activities, we organized in-person and online events, inviting external speakers, ERGs members and executives to share their experiences and engagement with the topics. We created a LGBTQIA+ guidebook to increase awareness about the community, promote inclusive behavior, and share with managers and HR colleagues best practices to ensure structural equity and inclusion.

In 2022, Hitachi Vantara scored a 100 on the Human Rights Campaign's Corporate Equality Index, a national benchmarking tool on corporate policies, practices, and benefits for the LGBTQ+ community. This score was a result of the change to supplier selection, where Hitachi Vantara partners with diverse suppliers with minority, women, LGBTQ+ or person-with-disability owners. In April 2023 the company signed the Human Rights Campaign Business Statement to show we stand against anti-LGBTQ+ legislation.

Established in 2021, the Rainbow Connection ERG continues working to create a safe environment for LGBTQIA+ employees and support the engagement and actions on a global and regional level identifying regional leaders and allies. We also have LGBTQIA+ healthcare concierge services and DEI global

compliance training, launched a reverse mentorship program, delivered a transition handbook and updated our HR systems to allow optional reporting of pronouns and gender identity.

Initiatives of Hitachi Solutions

For four consecutive years, Hitachi Solutions in Japan received the *PRIDE Index Gold* recognition, the first Japanese evaluation index for workplace initiatives related to LGBTQ+ established in 2016. Hitachi Solutions initiatives include forming a community of allies to participate in workshops and events and establishing a same-sex partner policy, which allows an employee's same-sex partner to be treated the same way as a spouse and receive the same benefits.

Initiatives of GlobalLogic

In 2022, GlobalLogic expanded the Women Influencers Program, an exclusive women's development program nurturing our next senior leaders. The Women Influencers Program prepares high-performing women in senior management for more strategic roles and responsibilities within the organization. This program equips women leaders with the relevant learning tools, mentoring, and coaching to fast-track their career development.

The first cohort produced 60% role elevations and more than 40% role enhancements and increased the participation of women in the decision-making layers. Two additional cohorts graduated in 2022, and there are plans to establish the Women Influencers as a permanent leadership development program, producing our next generations of women leaders.

► Global DEI Topic 2: Culture

Being culturally diverse is about creating a team which reflects the global nature of our company. Hitachi has grown into a global innovation business from Japanese roots, and our aspiration is to see the global and diverse nature of our business portfolio reflected in our people—particularly at the decision-making levels—supported by an inclusive culture.

By providing the opportunity for more individuals from

different nationalities to progress into leadership, we create opportunities for Hitachi to access new markets and sustain our global growth.

For example, we are involved in group-wide initiatives that include Global talent management and Future Leaders development to improve diversity and equal opportunity among employees from various cultural backgrounds, as well as eliminate discrimination.

On a leadership level, Hitachi started a Global Leadership Development program in 2012 to identify global talents and future leaders from an inclusive perspective.

From a structural perspective, in 2022 we launched a pilot project of Global mobility cross business in Europe.

Initiatives of Hitachi Vantara

To celebrate diversity in the workplace, in Hitachi Vantara we leverage spotlight months, such as Black History and Hispanic Heritage month, to invite employees to share stories of their heritage and culture. We have also recently launched The BERG, our black and African American ERG. The company also shares religious and holiday observance messages globally to show respect for cultural diversity. In addition, Hitachi Vantara leadership teams continue to participate in intercultural training courses to strengthen an understanding of cultures around the world.

► Global DEI Topic 3: Generation

Technology and society change quickly, and the voice of younger colleagues is essential in Hitachi's approach to innovation. We seek to attract young people to our workplaces and ensure they contribute to our thinking, while also being sure to foster positive collaboration and dialogue among different generations. We recognize the value that all individuals can bring, and so we strive to recognize colleagues based on competence, rather than age.

Initiatives of Hitachi Energy

Hitachi Energy leverages the Collaborative Learning Framework (Mentoring + Coaching + Collaborative Learning Circle) to bridge the generational gap. Two specific tools under the Global Mentoring Framework are Reverse Mentoring and Leadership Mentoring.

Initiatives of Hitachi High-Tech

To support our talents, in Hitachi High-Tech America we set an Employee Mentorship Program (EMPower). This program aligns with the company's goal to develop individuals within the organization with the skills and knowledge to achieve personal and professional growth. The diverse professional mentor-mentee relationships ensure a closer collaboration and engagement, and allow the company to provide a better service to the customers, ensure client satisfaction, and strengthen long-term relationships.

Expanding Employment of People with Disabilities

Approach

Activities

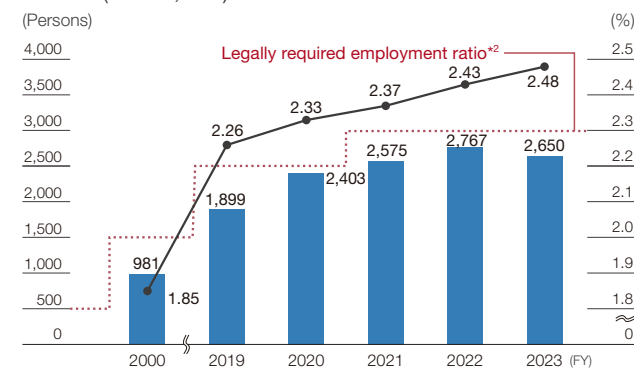
GRI 405-1

Hitachi Group joined The Valuable 500, a global CEO community launched at the World Economic Forum to implement the inclusion of people with disabilities by providing business leadership and other opportunities. By joining this worldwide movement, Hitachi seeks to accelerate the inclusion of people with disabilities internally and externally.

Initiatives of Hitachi, Ltd.

Hitachi, Ltd. and Hitachi Group companies in Japan recruit people with disabilities via online recruiting fairs and by partnering with special subsidiaries. As of June 2023, the employment ratio of people with disabilities was 2.48% at Hitachi, Ltd. and 2.55% for the entire Group in Japan. These figures exceed Japan's legally required employment ratio of 2.3%.

📊 Employment of People with Disabilities and Employment Ratio (Hitachi, Ltd.)^{*1}



■ Employment of people with disabilities (left scale)

● Employment ratio (right scale)

Note: Data compiled on June 1 of each fiscal year. The employment ratio is calculated according to methods prescribed in the relevant laws.

^{*1} Includes special subsidiaries and related Group companies. (One special subsidiary and 21 related Group companies in June 2023. Figures include Hitachi, Ltd.)

^{*2} The legally required employment rate was 1.8% through fiscal 2012, increased to 2.0% between fiscal 2013 and fiscal 2017, rose to 2.2% in fiscal 2018, and rose again to 2.3% in fiscal 2021.

To increase the understanding of the gap to be filled in to ensure equal opportunity for employees with disabilities in the company, Hitachi took part in the Generation Valuable program launched in December 2023 by The Valuable 500, which involve an employee with disability and executives in a direct dialogue.

Hitachi, Ltd. also implemented Working Together with People with Disabilities, an e-learning course introducing non-discriminative policies and accommodations designed for people with disabilities. Approximately 168,000 employees have attended the course across Group companies in Japan (Approximately 95% attendance rate).

In addition, Hitachi You and I, a special subsidiary, created the Recruitment Retention Support Division. The division supports the long term employment of people with disabilities and seeks to create a work environment where employees enjoy high job satisfaction.

Initiatives of Hitachi Energy

Hitachi Energy ensures disability inclusion in the HR processes and policies within the Group. This approach includes equal employment opportunity policies, induction programs for onboarding, and buddy programs as part of retention and support. The business is also making its website more accessible, and will continue to improve the application process for people with disabilities.

Initiatives of GlobalLogic

Since 2016, GlobalLogic has significantly invested in creating as diverse a workforce as possible. In India, where more than 50 percent of its employees are, the company has implemented structural changes in outreach, recruitment, training, and workplace accommodations to augment its non-traditional workforce. Their workforce of people with disabilities has grown fivefold over the last seven years. It has earned the recognition of Emerging Employer by ASSOCHAM and Sarthak NAAI (National Abilitylympic Association of India) for empowering the lives of persons with disabilities.

Efforts to implement an understanding of DEI

Training

Hitachi Group is working on initiatives to enhance employee understanding of DEI.

Initiatives of Hitachi Rail

In 2022, Hitachi Rail launched “building an inclusive culture” digital journey open to all employees offering e-learning and webinars on unconscious bias, cultural awareness, inclusive behaviour, psychological safety and disability inclusion. Digital content continues to be added, to support employees in their learning. While workshops have also been piloted to deepen understanding further.

Initiatives of GlobalLogic

GlobalLogic initiated the Regional Accelerator Network to scale its DEI ambitions. Each of the four regions created on-the-ground teams to operationalize the company’s DEI goals of Elevate Diversity, Embrace Equity, and Enrich Inclusion. Under the guidance of the DEI Executive Council, these cross-functional teams facilitate local activities tailored to each region’s unique needs. One of the key priorities for this fiscal year is fostering the creation of GlobalLogic’s first official Employee Resource Groups.

Initiatives of Hitachi High-Tech


Hitachi High-Tech hosts the Hitachi High-Tech WAY, a series of inclusive gatherings consisting of 25 town hall meetings per year involving a total of 4,000 people. These meetings provide an opportunity for all employees to speak up about any work or nonwork matters in an environment with guaranteed psychological safety.

The business recognizes the links between DEI and innovation and works to address Workstyle Improvement, Diversity & Inclusion Acceleration, People Development, Women at Hitachi, and Employee Mentorship at a global level.

Human Rights

Basic Concept

Hitachi believes that respect for human rights is our responsibility as a global company and essential to our business activities. We emphasize engagement with stakeholders to understand and respond to human rights impacts effectively. We are making continuous efforts not to engage in any acts that may impair individual dignity or discriminate on the basis of sex, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, or disability.

Topic	Overview	Targets, KPIs, and Results
 <p data-bbox="275 655 439 778">Respect for Human Rights Throughout the Value Chain</p>	<p data-bbox="465 619 1429 815">The Hitachi Group Human Rights Policy is one of our highest internal standards. We conduct human rights due diligence (HRDD) throughout the value chain based on the Human Rights Risk Management Implementation Manual, which we produced in accordance with the UN Guiding Principles on Business and Human Rights. We hold HRDD Execution Managers Meetings once or twice a year as occasions for group-wide information sharing and deliberation, addressing human rights risk management as an entire Hitachi Group effort.</p>	<p data-bbox="1473 595 2074 687">Conduct human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights</p> <p data-bbox="1473 703 2085 762">FY2023 Target: Conduct human rights risk assessments at all Bus (10 Bus) and major Hitachi Group companies</p> <p data-bbox="1473 778 2047 837">FY2022 Results: Conducted human rights risk assessments for certain Group companies</p>

Respect for Human Rights Throughout the Value Chain

Respecting the Human Rights of All People

Approach

Hitachi believes that respecting human rights is our duty as a global company and essential to conducting business.

We refuse to engage in any acts that may impair individual dignity or discriminate on bases such as gender, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, or disability.

We place great importance on engagement with stakeholders in order to understand and manage our impact on human rights. Stakeholders whose human rights are affected or may be affected by Hitachi's operations include employees at Hitachi and its procurement partners, local communities, consumers, other individuals or groups whose livelihoods or working environments may be affected, industry associations, government entities, investors, NGOs/NPOs, and human rights organizations, etc.

Hitachi Group Human Rights Policy

Policy

GRI 2-23

Hitachi formulated the Hitachi Group Human Rights Policy in May 2013, and we view this policy as one of our highest internal standards. This policy declares our respect for human rights as recorded in the International Bill of Human Rights*¹ and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The policy stipulates basic rights at work, including freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, the elimination of discrimination in respect of employment and occupation, and safe and healthy environment.

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

To formulate this policy, we invited representatives of the European Commission, ILO, NGOs, corporations, and lawyers specialized in human rights issues to take part in stakeholder dialogues. We then incorporated opinions and suggestions offered during the dialogues and formulated the policy following deliberation and approval by the Senior Executive Committee.

Hitachi has been a member of the United Nations Global Compact since 2009. We declared our support for the UN Global Compact, which outlines a set of universal principles that companies should adhere to in the four areas of human rights, labor, the environment, and anti-corruption.

Accordingly, we continue to pursue efforts in each area.


Hitachi also protects freedom of expression and the right to privacy, as recognized by international norms, such as the International Covenants on Human Rights, to ensure no violations of human rights. Hitachi conducts human rights due diligence (HRDD)*² in line with the UN Guiding Principles on Business and Human Rights,*³ and provides appropriate education to employees. Furthermore, we comply with the laws and regulations in the regions and countries where we operate. Where there is a conflict between internationally recognized human rights and the laws and regulations of a specific country or region, Hitachi will follow processes that seek ways to honor international human rights principles.


With respect to the human rights of children, we are striving to ensure there is no child labor nor forced labor in our company or supply chain. The Hitachi Group Code of Ethics and Business Conduct stipulates that consideration be given to human rights, including those of children.

*1 International Bill of Human Rights: Collective name for the Universal Declaration of Human Rights and International Covenants on Human Rights adopted by the United Nations.

*2 Human rights due diligence (HRDD): An ongoing process to identify and assess potential and actual human rights negative impacts, take appropriate action to prevent or mitigate potential impacts, track the effectiveness of actions to address impacts, and communicate externally.

*3 *Guiding Principles on Business and Human Rights*; John Ruggie, Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises; March 2011.

 [Hitachi Group Human Rights Policy](https://www.hitachi.com/sustainability/esg_summary/pdf/human_rights_policy.pdf)
https://www.hitachi.com/sustainability/esg_summary/pdf/human_rights_policy.pdf

 [Hitachi Group Code of Ethics and Business Conduct](https://www.hitachi.com/corporate/about/conduct/pdf/conduct_e.pdf)
https://www.hitachi.com/corporate/about/conduct/pdf/conduct_e.pdf

 [Hitachi Group Sustainable Procurement Guidelines](https://www.hitachi.com/procurement/csr/EN_HG_SPG.pdf)
https://www.hitachi.com/procurement/csr/EN_HG_SPG.pdf

 P.106 Encouraging Procurement Partners to Conduct Activities


Hitachi Global Compliance Hotline

System

GRI 2-26/406-1

Hitachi established a Group-wide internal reporting system called the Hitachi Global Compliance Hotline.

We investigate all reports, including those concerning human rights and harassment, and following verification of the relevant facts, we inform those who submitted reports of the investigation results. We make every effort to deal with situations as appropriate, including taking remedial action when necessary. (Over 20 languages supported)

 [Hitachi Global Compliance Hotline](https://secure.ethicspoint.eu/domain/media/en/gui/109107/index.html)
https://secure.ethicspoint.eu/domain/media/en/gui/109107/index.html

 P.145 Hitachi Global Compliance Hotline (Whistleblower System)

Structure for Promoting Respect for Human Rights

Structure

GRI 2-13/2-24/2-25/3-3

Hitachi continues to strengthen human rights risk management worldwide through efforts that include tasking the Chief Sustainability Officer with Group-wide human rights promotion and the formulation of policies based on the status of HRDD

progress throughout the Hitachi Group. Our HRDD Promotion Secretariat, established within the headquarters of Hitachi, Ltd., (consisting of the human capital division, procurement division and sustainability division) takes charge of core promotion activities based on inter-divisional cooperation that include investigating HRDD promotion measures for the Hitachi Group and its procurement partners, preparing implementation-oriented manuals and guidelines, and responding to inquiries from Business Units (BUs) and Group companies.

Hitachi comprises diverse business entities and must manage human rights risks by taking into consideration the characteristics of each business and its value chain. To achieve this, Hitachi appoints the heads of BUs and presidents of key Group companies as HRDD promotion officers. HRDD

execution managers are then appointed to take charge of HRDD execution in the respective BUs and Group companies, convening HRDD Promotion Meetings. We take measures to advance the formulation and maintenance of an implementation framework, aiming to address global human rights risks. Subsidiaries of BUs and key Group companies outside Japan work closely with regional headquarters to share region-specific issues (cultural and religious backgrounds, legislative trends, etc.) and discuss how to respond.

In addition, we hold the HRDD Execution Managers Meeting once or twice a year as an occasion for Group-wide information sharing and deliberation. Important matters discussed by the meeting may also be deliberated and decided on by the Senior Executive Committee and reported to the

Board of Directors as necessary. The Audit Committee, composed of independent directors, conducts operational audits on sustainability-related operations, while the responsible executive officer reports on important human rights issues.

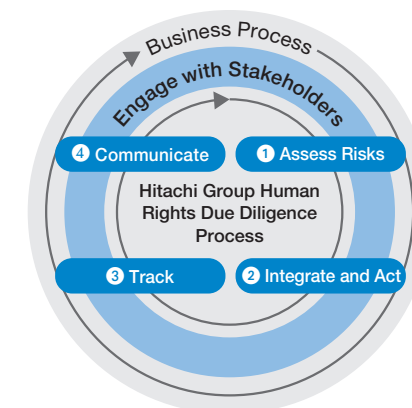
HRDD Initiatives

Activities

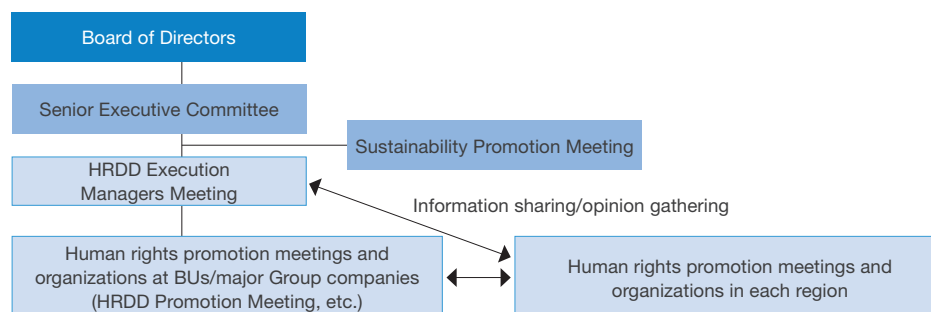
Materiality

Hitachi manages human rights risks according to the following HRDD process, based on the *Human Rights Risk Management Implementation Manual* prepared for practical use for each BU and Group company, and in line with the UN Guiding Principles on Business and Human Rights.

HRDD Process



Framework for Promoting Respect for Human Rights



Roles of Human Rights-Related Meeting Body and Organization

Meeting body/Organization	Members	Purpose/Role
HRDD Execution Managers Meeting	HRDD execution managers at BUs and key Group companies	<ul style="list-style-type: none"> • Providing information from experts • Sharing of the status of each company's initiatives • Requests for surveys/status checks
Human rights meetings and organizations at BUs/major group companies	Persons responsible for HRDD promotion, persons responsible for HRDD implementation, and persons in relevant divisions	<ul style="list-style-type: none"> • Pursue human rights activities tailored to the business characteristics of each BU/key Group company
Human rights meetings and organizations in each region	Persons in charge of HRDD promotion at regional headquarters, regional/local representatives selected from BUs/major Group companies	<ul style="list-style-type: none"> • Conduct and support understanding of HRDD based on the UN Guiding Principles on Business and Human Rights • Share regional regulatory trends and risk information • Consider measures to address human rights issues in major projects based on regional characteristics

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

1 Assess Risks

Based on the experience of addressing salient risks (forced labor, potential violations of migrant workers' rights) across the Group in fiscal 2021, Hitachi began business-specific HRDD in fiscal 2022 for each BU and major Group company, taking into consideration the characteristics of respective businesses, value chains, and operating regions.

Based on the results of the risk assessments conducted at each BU and major Group company for fiscal 2022, we identified salient human rights risks such as those included in the following table.

Salient Human Rights Risks

	Stakeholders Potentially Affected			
	Procurement partners	Own employees	Customers/end-users	Local communities
Forced labor	●			
Long working hours	●			
Low wages	●			
Child labor	●			
Harassment	●	●		
Occupational health and safety	●	●		
Violation of migrant worker rights	●	●		
Human rights issues in high-risk areas (conflict areas)	●	●	●	●

2 Integrate and Act and 3 Track

We plan to implement specific measures in fiscal 2023 and beyond for the salient human rights risks identified through the risk assessments conducted in fiscal 2022. We will continue to seek guidance from experts and evaluate the effectiveness of measures implemented.

Activities in 2022

Based on the results of the Survey of forced labor and violations of the rights of migrant workers that were identified as priority risks in fiscal 2021, Hitachi implemented measures during fiscal 2021 at most operational sites. We also conducted additional surveys in fiscal 2022, confirming that measures at certain sites had not yet been addressed. We will utilize our Group-wide experience in addressing forced labor and migrant worker rights violations as priority issues to update guidelines, which includes examples of problems we identified and effective measures. We will continue to use the guidelines to assess the actual situation and formulate measures at each BU and Group company.

4 Communicate

We disclose information on initiatives concerning respect for human rights, including HRDD, through our Sustainability Report, websites, and other means. We also strive to deepen an understanding of Hitachi initiatives through appropriate communication in response to questions, observations, and the like from investors, ESG evaluation organizations, NGOs, and media outlets. In addition, we incorporate opinions from both inside and outside our organization when considering future measures.

Activities in 2022

In fiscal 2022, Hitachi focused on human rights risk assessment in the HRDD process. With guidance from external experts at Shift, a human rights NPO based in the United States, we conducted a total of four HRDD guidance sessions for BUs and major Group companies. A total of 163 participants from 5 BUs, 11 Group companies, and R&D divisions attended these guidance sessions to deepen understanding of the human rights risk assessment process.

Guidance Sessions

No. of sessions	Agenda	Agenda at Each BU and Major Group Company
1	Identify areas where human rights risks are likely to exist	Identify targets for detailed risk assessment
2	Identify and prioritize potential risks in identified areas	Prioritize based on risk identification, severity, and likelihood of occurrence
3	Consider countermeasures for high priority, salient risks	Formulate action plan proposals
4	Reflect on the risk assessment process	Learn and share insights and issues

Engage Stakeholders

Hitachi participated in the *Business and Human Rights Academy: Human Rights Due Diligence Training for Japanese Companies* organized by the United Nations Development Programme (UNDP) in fiscal 2022. We gained a better understanding of this issue through presentations by experts from Japan and outside Japan regarding how Japanese companies and business partners should respond to human rights risks. During individual guidance sessions, the UNDP, overseas business and human rights advisory firms, and lawyers provided suggestions on improving our human rights policy, how to implement HRDD for companies working across a wide range of business areas, developing HRDD for

secondary and other procurement partners, and how to respond to human rights-related laws and regulations. We will consider improving our human rights efforts based on the feedback we received.

Roadmap for the Future

By the end of fiscal 2023, Hitachi plans to complete human rights risk assessments across all BUs (10 BUs) and major Group companies in areas identified as high-risk. At the same time, we will implement HRDD processes at all BUs and major Group companies by the end of fiscal 2024 that include integrating and acting on countermeasures, tracking the effectiveness of countermeasures, and communicating outcomes.

Implementation Status of Recent Major HRDD

	Initiatives
FY2020	Established the HRDD Promotion Secretariat. Prepared and deployed a survey concerning priority risks common to the Hitachi Group (forced labor and violations of the rights of migrant workers) within the Group with the support of the NGO The Global Alliance for Sustainable Supply Chain (ASSC). Created our Human Rights Risk Management Implementation Manual. This manual incorporated Shift's advice on consistency with the UN Guiding Principles on Business and Human Rights and explanations of each step in HRDD. Implemented improvement measures for grievance mechanisms, including the integration with the Hitachi Global Compliance Hotline.
FY2021	Implemented countermeasures (provided corrective guidance, held workshops, published countermeasure consideration guide, etc.) at each BU and Group company based on the fiscal 2020 survey to address Group common priority risks.
FY2022	BUs and major Group companies conducted HRDD, and we held a total of four guidance sessions with Shift to assess human rights risks.

Initiatives to Prevent Child Labor and Forced Labor

Activities

To prevent child labor, Hitachi reviews official documents to confirm that the age of an employee does not constitute child labor when he or she is hired.

Our Business and Human Rights e-learning course and other awareness-raising materials offer case studies and other

methods to inform employees that, in accordance with the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect the rights of their workers as well as those of their procurement partners with respect to child labor and forced labor.

Encouraging Procurement Partners to Conduct Activities

Activities

GRI 408-1/409-1

To deepen respect for human rights throughout our entire supply chain, Hitachi includes the Hitachi Group Human Rights Policy in the Hitachi Group Sustainable Procurement Guidelines for our procurement partners. We encourage an understanding of the Hitachi policy to strengthen respect for human rights and strive to ensure that our approach is put into practice. Moreover, the guidelines make it clear that child labor and forced labor must be eliminated. We ensure to raise awareness for human rights and engagement with procurement partners in our supply chain by efforts including Sustainability Procurement Seminars in various regions.

In fiscal 2022, we utilized EcoVadis^{*1}, a third-party evaluation platform, to assess and monitor our sustainability performance relating to human rights, including efforts to address forced labor and child labor. This assessment involved gathering written survey to understand the actual situation on the ground. We also conducted sustainability audits, including labor and human rights, in reference to responses to our written survey. We explained to our procurement partners the issues identified during the audits and requested that they make improvements.

^{*1} EcoVadis: A sustainability assessment service platform that evaluates companies in the four areas of the environment, labor and human rights, ethics, and sustainable procurement.

 P.110 Sustainable Procurement

Human Rights Education and Raising Awareness Among Employees and Executive Officers

Training

In accordance with the Hitachi Group Human Rights Policy, Hitachi familiarizes Hitachi Group executives and all employees with human rights through a human rights message on the importance of respect for human rights from the President & CEO on Human Rights Day, human rights e-learning, and other efforts.

In Japan, we aim for every employee to attend annual group training, lectures, or video-based educational activities held at each business site or Group company. We began introducing video-based education for managers and others in October 2022, designed to encourage correct understanding of LGBTQIA+ issues and prevent harassment. Approximately 9,000 employees having taken the video-based education as

of April 2023. In addition, we conduct various awareness initiatives that include onboarding training directed at new hires, training by job positions, and training for employees transferred abroad. In this way and others, we strive to convey to each employee the significance of respecting human rights in their own work.

Regional headquarters for Group companies outside Japan engage in various HRDD awareness initiatives tailored to local conditions to facilitate regional coordination and support. Examples include HRDD seminars for HRDD personnel in the region, HRDD awareness surveys for regional headquarters executives, and dialogues between outside experts and regional headquarters executives.

Implementation Status of Activities to Raise Awareness of Human Rights

Target	Details	Number of participants in FY2022
Hitachi Group executives and all employees	Distributed a human rights message by President & CEO on Human Rights Day (every year)	Approximately 238,000 emails sent to executives and employees
	E-learning course on business and human rights (provided in 15 languages, taken about once every three years)	Approximately 169,000 people completed the course
Executive officers of Hitachi, Ltd.	Lecture on human rights by an outside expert (held annually)	Attended by approximately 90 executive officers and Board members

Achievements in Fiscal 2022

Every year, Hitachi, Ltd. provides human rights training to executive officers. During fiscal 2022 and the first half of fiscal 2023, approximately 90 participants attended workshops for executive-level officers (executives and corporate officers) on the topic of creating inclusive organizations in which employees from diverse backgrounds have equal opportunities to flourish.

Initiatives to Promote Broad-Based Black Economic Empowerment (B-BBEE) in South Africa

Activities

As Hitachi conducts business in South Africa, we pursue activities aligned with the country's Broad-Based Black Economic Empowerment (B-BBEE)^{*1} policy to create employment and economic development. As of November 2022, Hitachi Energy in Southern Africa achieved level 1 under B-BBEE.

Hitachi Energy South Africa is obliged to meet the Employment Equity Act (EEA)^{*2} targets and plans, which are reviewed every three to five years and which require annual progress reporting. The ultimate aim is to ensure that diversity in the workforce, including gender diversity.

The company's training strategy is aligned with the skills development targets linked to B-BBEE. The company also invests in its current employees in line with diversity and equity to enhance performance and promotability of internal talent. Every year, Hitachi Energy South Africa hires graduates and trainees with Historically Disadvantaged South Africans (HDSA) backgrounds. Currently, employees with HDSA backgrounds comprise 34% of management/supervisory positions at Hitachi Energy South Africa.


^{*1} B-BBEE: Companies and organizations in South Africa are scored on B-BBEE approaches and contributions, rated on a scale from level 1 (highest) to level 8 (lowest), or as *non-compliant*.

^{*2} Employment Equity Act (EEA): A South African law that promotes fairness and equal opportunities in the workplace for all employees.

Responsible Procurement

Basic Concept

We believe that placing sustainability at the core of our business throughout our value chain will lead to mutual prosperity for procurement partners and the Hitachi Group. To this end, we pursue sustainable procurement by identifying and mitigating procurement risks associated with the globalization of our business as far in advance as possible. These risks include human rights violations and greenhouse gas emissions by procurement partners in the supply chain.

Topic	Overview
 <p>Responsible Procurement</p>	<p>To ensure sustainable procurement, Hitachi engages in procurement activities in accordance with the Hitachi Group Global Procurement Code, which represents the highest level of business standards in our procurement activities and the Hitachi Group Sustainable Procurement Guideline, which is a code of conduct toward procurement partners. We pursue the adoption of Hitachi Group sustainable procurement policies among procurement partners by communicating the Sustainable Procurement Guideline and holding sustainability procurement seminars in each region, conveying our aim for mutual prosperity. Additionally, to strengthen risk management and engagement with procurement partners, the Hitachi Group evaluates and analyzes the state of sustainability initiatives by procurement partners, conducting audits as necessary.</p> <p>We also work with procurement partners to achieve carbon neutrality throughout the value chain.</p>

Responsible Procurement

Basic Procurement Policy

Approach

Policy

GRI 2-6/2-23

We believe that putting sustainability at the core of our business throughout our value chain will lead to mutual prosperity for procurement partners and the Hitachi Group. To achieve this goal, we pursue sustainable procurement, identifying and mitigating procurement risks associated with the globalization of business as far ahead as possible. These risks include human rights violations and greenhouse gas emissions in the supply chain.


We established the Hitachi Group Global Procurement Code to guide our procurement activities. These standards represent the highest level of business standards with which we comply. This code calls on the Hitachi Group and procurement partners to give due consideration to human rights, labor practices, safety, ethics, quality, and security in the supply chain.

We also established the Hitachi Group Sustainable Procurement Guidelines, which are a code of conduct for procurement partners.

The Hitachi Group Sustainable Procurement Guidelines, informs procurement partners of our requirements for compliance. Guideline content falls into seven major categories: labor, health and safety, environment, business ethics, management system, product quality and safety, and prevention of personal and confidential information leakage. We also use these guidelines as a communication tool to inform procurement partners about Hitachi Group initiatives and share our policies and initiatives related to sustainability. We aim to develop sustainable business and society together with procurement partners by promoting procurement activities that adhere to this code.

 Sustainable Procurement

<https://www.hitachi.com/procurement/csr/index.html>

 Hitachi Group Sustainable Procurement Guidelines
https://www.hitachi.com/procurement/csr/EN_HG_SPG.pdf

Sustainable Procurement Management Framework

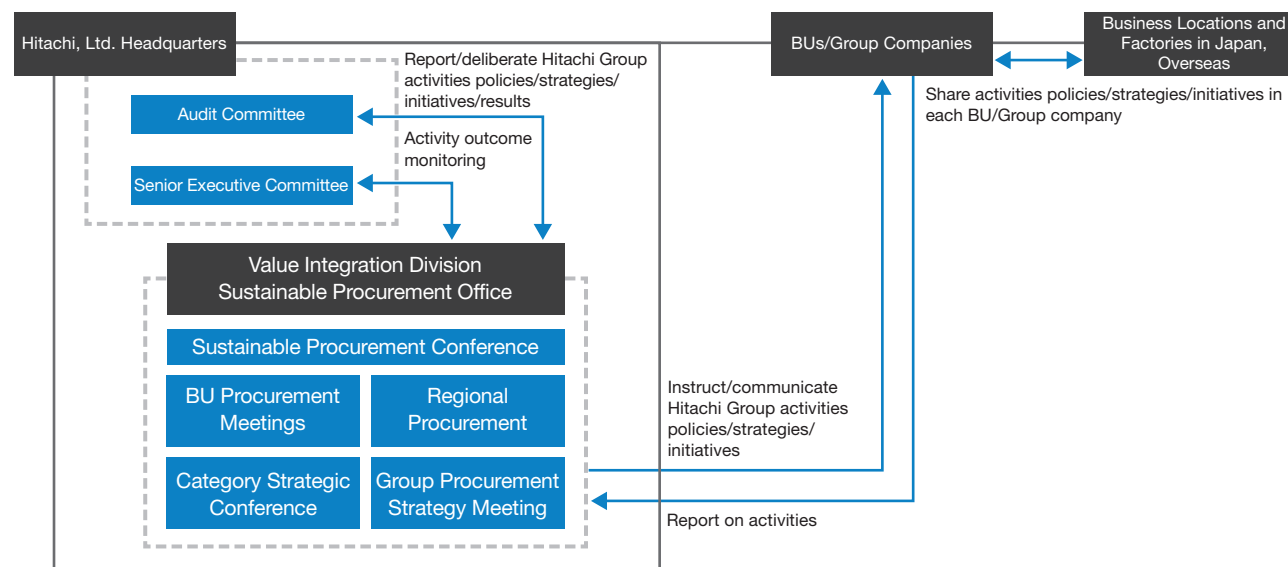
Structure

GRI 2-13/2-24/3-3

Hitachi established the Sustainable Procurement Office within the Value Integration Division (an organization reporting directly to the President & CEO). The Sustainable Procurement Office is responsible for procurement activities at our head office, and it plays a central role in deliberating and deciding various policies related to sustainable procurement.

Policies and initiatives adopted are communicated in detail throughout the Hitachi Group by means of meetings including

Procurement Management Organizational Structure



Sustainable Procurement Conference. This conference, attended by the heads of the procurement divisions at Business Units (BUs) and major Group companies addresses companywide procurement initiatives related to overall sustainability, including environment and human rights by developing strategies for sustainable procurement activities and by sharing best practices across our organization.

In addition, the Value Integration Division reports regularly to the Senior Executive Committee on key procurement strategies and on sustainable procurement activities. Each year, the division reports on priority procurement measures to the Audit Committee, which consists of members of the Board of Directors. These reports include matters identified and addressed in the previous year, and feedback from the Audit Committee is reflected in activities in the following year.

Sustainable Procurement Conference

Since fiscal 2022, the Sustainable Procurement Conference is held to improve BU and Group companies' understanding of sustainable procurement, as well as to provide practical support. This conference is open to all procurement division members, including the heads of procurement divisions at all global locations. Approximately 500 people participated in fiscal 2022. The conference provides an opportunity to develop a human rights due diligence process, gain a better understanding of the status of Scope 1, 2, and upstream Scope 3 efforts toward carbon neutrality, and share the latest internal efforts toward carbon neutrality.

Sustainable Procurement

Activities

GRI 2-25/308-2/414-2

Working to Strengthen Engagement With Procurement Partners

• Raising Awareness of the Hitachi Group Sustainable Procurement Guidelines

Hitachi provides sustainable procurement guidelines in four languages (Japanese, English, Chinese, and Thai) and distributes these guidelines to approximately 30,000 procurement partners. We conduct sustainable procurement information sessions and other means to communicate matters with which we expect procurement partners to comply.

• Regional Sustainability Procurement Seminars

We invite our procurement partners in Southeast Asia, China, and India to the Regional Sustainability Procurement Seminar to address social issues proactively together with our procurement partners. Approximately 520 procurement partners participated in the fiscal 2022 seminar. We strive to communicate the Hitachi Group Sustainable Procurement Policy to each region.

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

Region	Details
Southeast Asia	In Southeast Asia, we presented an overview of the Hitachi Group Sustainable Procurement Policy and strategy, our status regarding EcoVadis*1 adoption, sustainability audits and energy management to approximately 200 procurement partners.
China	In China, we discussed Hitachi Group Sustainable Procurement Policy and strategy, providing examples of sustainable activities to approximately 230 procurement partners.
India	We covered Hitachi Group Sustainable Procurement Policy and strategy, and results of sustainability audits in India to approximately 90 procurement partners.

• Procurement Website Content Expansion

Hitachi upgraded its procurement website for external use in fiscal 2022, adding more contents related to sustainable procurement. The website provides to external stakeholders including procurement partners, information on sustainable procurement in a detailed, systematic, and straight-forward manner.

*1 EcoVadis: A sustainability assessment service platform to evaluate companies comprehensively across four areas: environment, labor and human rights, ethics, and sustainable procurement

 Procurement Website

<https://www.hitachi.com/procurement/index.html>

Procurement Partner Sustainability Assessments

With the purpose of strengthening risk management and engagement with procurement partners, Hitachi evaluates and analyzes the state of sustainability initiatives among procurement partners through surveys.

Starting in fiscal 2022, we adopted the EcoVadis third-party evaluation platform for monitoring and evaluating the sustainability performance of our procurement partners. We perform assessments regarding procurement partners who represent a large portion of our procurement and who are important to our business strategy. We confirm sustainability

efforts based on a checklist covering four areas: environment, labor and human rights, ethics, and sustainable procurement. In fiscal 2022, we conducted sustainability assessments of 1,374 procurement partners (in 48 countries) across the Hitachi Group.

We use the information obtained from these evaluations to identify companies requiring corrective action, to discuss and monitor improvement methods, and to select and conduct sustainability audits.

We will continue to work with more procurement partners and expand the number of our partners evaluated by EcoVadis assessment.

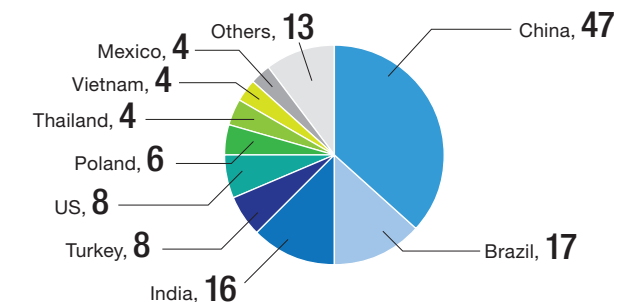
Sustainability Audits and Monitoring

Hitachi conducts sustainability audits of the manufacturing bases of our global procurement partners on a regular basis. We use external evaluation organizations to conduct the audits. Sustainability audits consist of document reviews, employee interviews, and facility inspections to monitor sustainability initiatives at procurement partners from the perspectives of labor and human rights, health and safety, the environment, and ethics.

In fiscal 2022, we conducted sustainability audits on 128*2 procurement partners, which we selected based on

Regional Distribution of Audits in FY2022

(15 countries, 128 companies in total)



Others: Egypt, Columbia, Saudi Arabia, Bulgaria, Indonesia, Korea

procurement volume and responses to written surveys. For any matters identified during the audit, we explain the details to our procurement partners and request improvements.

*1 Internal auditors conduct audits at certain Group companies

*2 Including the number of companies audited by Hitachi Energy beginning fiscal 2022

Examples of Matters Identified for Improvement

Category	Examples of Matters Identified
Labor and human rights	Employee overtime hours not properly managed
Occupational health and safety	Emergency exits and emergency lights are not adequately maintained
Environment	Environmental impact assessments not properly conducted.
Ethics	Employees not trained on fair trade

For procurement partners whose audit results indicate a high risk, we consider training to support improvement, online monitoring of improvements, and in-person follow-up audits.

Procurement Partner Hotline

In order to promote honest and fair dealings with procurement partners, Hitachi accepts consultations and reports from all stakeholders, including procurement partners, on all matters involving potential misconduct, such as violations of laws and regulations and the Hitachi Group Business Ethics and Codes of Conduct. We established the Hitachi Global Compliance Hotline as a help desk, and we publicize the help desk and procedures on our website. The hotline is accessible 24/7 online or via telephone.

Implementation Status of Sustainability Procurement Activities (FY2022)

unit: companies

Sustainability Procurement Seminars	Sustainability Assessments	Sustainability Audits
Approx. 520	1,374	128 *1

 Hitachi Global Compliance Hotline

<https://secure.ethicspoint.eu/domain/media/en/gui/109107/index.html>

 P.145 Hitachi Global Compliance Hotline

Internal Training

Training

Hitachi conducts a variety of training and education programs on sustainable procurement globally to further its internal understanding of sustainable procurement.

Internal Training through Conferences in FY2022

Region	Details
Global All Locations	Highlighted our efforts to establish a human rights due diligence process and to become carbon neutral. We also cover internal initiatives on advanced sustainable procurement.
Thailand	Communicated best practices on the Hitachi Group's long-term environmental goals, solutions for decarbonization, optimal energy procurement in Thailand, etc.
The United States	Explanation of the Hitachi Group Sustainable Procurement Policy; sharing and discussions of best practices among Hitachi Group companies.
Europe	Exchanged information on sustainable procurement policies and strategies, our efforts toward carbon neutrality, environmentally friendly raw materials, etc.

Internal Education and Training for Procurement Divisions

Hitachi provides training by position to procurement personnel in Japan and overseas, raising awareness across divisions responsible for sustainable procurement practices.

Specifically, we offer e-learning on sustainable procurement to encourage a complete understanding of various policies that include Sustainable Procurement Guidelines, Green Procurement Guidelines, and Responsible Mineral Procurement Policy. Content also covers important sustainability initiatives such as carbon neutrality and human rights due diligence.

We provide the same training on sustainable procurement to newly appointed managers. In fiscal 2022, approximately 2,800 employees completed this course.

Encouraging Procurement Partners to Reduce Their Environmental Footprint

Activities

GR1 308-2

To create sustainable societies, Hitachi pursues its own environmental initiatives under the long-term environmental target, Hitachi Environmental Innovation 2050. This target calls for the creation of decarbonized societies, resource-efficient societies, and societies harmonized with nature.

At the same time, Hitachi businesses cover a broad range of business domains. Our procurement is supported by many procurement partners from whom we source various products and parts. We maintain our initiatives to reduce environmental impact through consistent requests to comply with relevant guidelines.

In particular, we set a target to achieve carbon neutrality by fiscal 2050 through our value chain as we pursue our goal of creating decarbonized societies. To this end, we encourage collaboration and cooperation with procurement partners on initiatives upstream in the value chain.

*1 Includes the number of companies audited by Hitachi Energy beginning FY2022

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

Efforts Toward Carbon Neutrality in the Value Chain Upstream

• CO₂ Emissions Measurement in the Value Chain Upstream

In order to calculate CO₂ emission of Scope 3 Category 1, Purchased Goods and Services, in the value chain upstream, we use the spend basis method to cover entire group procurement activities and also reflect the primary data obtained from procurement partners into the calculation in part. We ensure that the primary data collection from procurement partners are through our engagement and utilize a third-party sustainability evaluation platform, EcoVadis.

 P.027 Environmental Vision

 P.027 Hitachi Environmental Innovation 2050

• CO₂ Emissions Reduction Efforts Upstream in the Value Chain

In fiscal 2022, we selected 21 companies as *environmental advanced partners* in the context of Scope 3 Category 1, explained above, in order to promote the CO₂ reduction activities of our procurement partners. These 21 partners represent companies most proactive in addressing climate change and are also important to Hitachi's business activities. These companies represent a cross-section of sizes and are located in multiple countries and regions, covering a wide range of industries, including raw materials, components, and equipment. We held discussions with these environmental advanced partners regarding CO₂ emissions reductions over a period of several months to establish an understanding of CO₂ reduction measures and calculation methods. Information obtained through these dialogues will be analyzed and used for future CO₂ reduction activities.

In addition, all new aluminum ingots (AL₂O₃≥99.7%, standard block) procured for domestic use beginning in fiscal 2023 will be, in principle, manufactured using hydroelectric power generation to contribute to reduced CO₂ emissions. In this way, we incorporate and give consideration to environmentally friendly procurement, including product materials that utilize renewable energy, new technologies, and recycled materials.

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

Sharing Our Green Procurement Guidelines and Related Initiative

We distribute the Green Procurement Guidelines that define our basic position on procuring environmentally friendly parts and products as well as our requirements of procurement partners.

The guidelines set out requirements, such as establishing environmental management and recommend obtaining environmental certificates. They also address environmental conservation reducing the impact of products supplied to Hitachi, such as conserving resources and energy, recycling, managing chemical substances in products, and appropriate disclosures of related information.

To address the issue of chemical substances in products, we recommend using chemSHERPA*¹ CI/AI, a standardized format for communicating information on chemical substances in products throughout the supply chain.


*¹ chemSHERPA: Developed by the Japanese Ministry of Economy, Trade and Industry to facilitate the management of chemical substances in products by creating a standardized format throughout the supply chain. The chemSHERPA-CI standard is applicable to chemical substances contained in chemical products and chemSHERPA-AI to those contained in molded products.

 Green Procurement Guidelines
https://www.hitachi.com/environment/library/pdf/green_en.pdf

 Green Procurement Guidelines Annex
https://www.hitachi.com/environment/library/pdf/green_annex_en.pdf

Received the Highest Rating for CDP Supplier Engagement

Hitachi, Ltd. was recognized for its efforts to create net-zero societies, including the reduction of CO₂ emissions throughout its supply chain. In March 2023, the CDP, an international NGO working in the environmental sector, selected the company as a Supplier Engagement Leader, which is their highest rating for supplier engagement.

 P.020 External Assessments Related to ESG



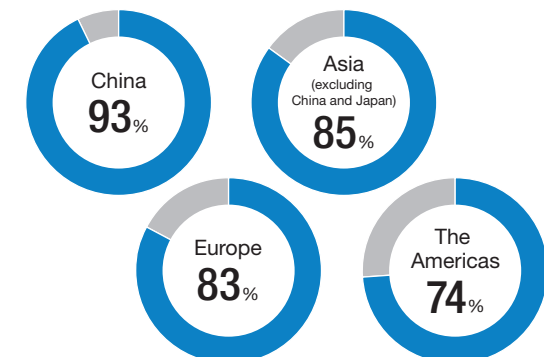
Strengthening Global Partnerships

Activities

With the worldwide expansion of Hitachi's business, our procurement partners have become increasingly globalized as well. We now deal with some 30,000 procurement partners in over 60 countries. Accordingly, we appoint procurement officers to oversee procurement activities locally in main regions (China, other Asian countries, Europe, and the Americas) in order to encourage procurement from locally based partners in line with the principle of promoting local production for local consumption. These officers carry out activities including sustainability monitoring, sustainability audits, and sustainable procurement seminars for procurement partners in their respective regions to strengthen sustainable procurement.

GRI 204-1

Ratio of Local Procurement of Materials for Main Regions (FY2022)



Response to the Conflict Mineral Issue

Policy

Structure

Activities

GRI 2-27

In fiscal 2013, Hitachi formulated a Conflict Minerals Procurement Policy, declaring our stance and commitments regarding conflict minerals. The policy was revised in fiscal 2016 to lay out explicit measures to be implemented to ensure responsible procurement. Expanding the scope of corporate responsibilities for the procurement of minerals is a global trend. Companies are increasingly expected to address broader overall risks to human rights beyond the risk of being complicit in conflicts, and recognize responsibilities that extend beyond the countries adjoining the Democratic Republic of the Congo to a wider area where the risks are high. In consideration of these developments, we revised this policy to formulate the Hitachi Group's policy for Responsible Supply Chain of Minerals in fiscal 2021.

 Hitachi Group's Policy for Responsible Supply Chain of Minerals
https://www.hitachi.com/procurement/csr/EN_HG_RSCM.pdf

System and Initiatives

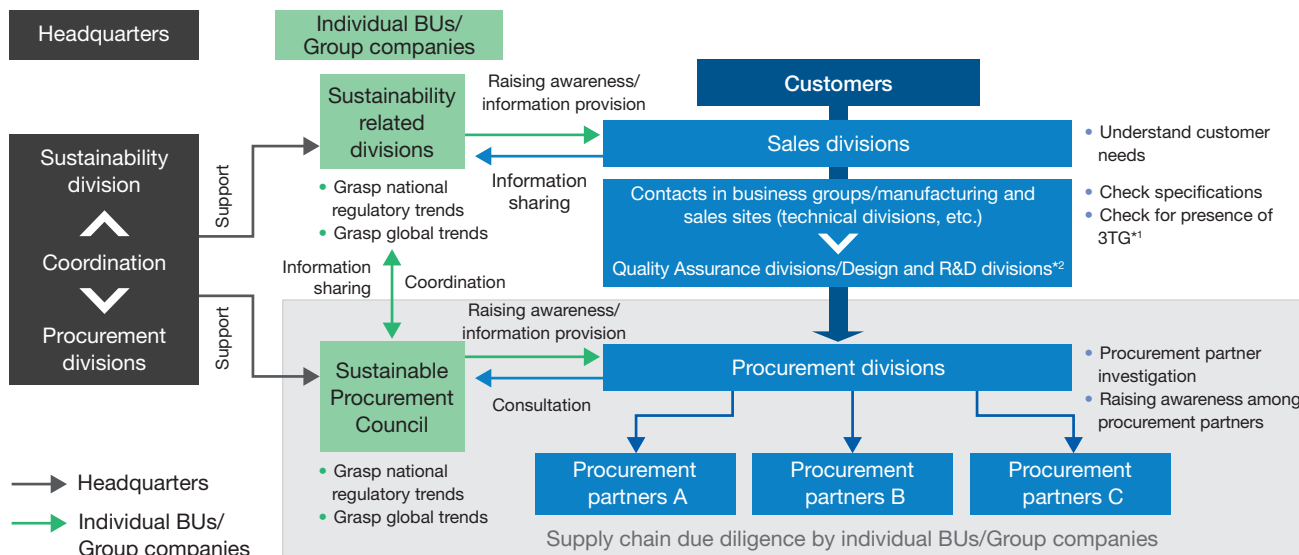
Sales divisions, business groups, manufacturing sites, procurement divisions, and other divisions within individual BUs and Group companies work together to respond to investigation requests and inquiries relating to conflict minerals. We also strive to grasp developments in conflict mineral-related laws and regulations in each country and region and what global society demands of enterprises, and work to share information within the Group.

Each BU and Group company investigates its use of conflict minerals and reports the results to customers when

requested. We carry out supply chain investigations with the cooperation of the relevant BUs' and Group companies' sales, procurement, and Sustainability divisions. In addition, Hitachi, Ltd. is a member of the Japan Electronics and Information Technology Industries Association (JEITA)'s Responsible Minerals Trade Working Group. This working group addresses the issues of conflict minerals with other members of the association. In June 2022, the working group held an online information session targeted at personnel in charge of investigating conflict minerals at companies and organizations that face common issues related to responsible minerals. The working group explained the background behind responsible minerals to 2,500 people from 1,500 companies.

 P.017 Industry Leadership and Policy Recommendations

Hitachi's Conflict Minerals Response Framework



*1 3TG: Collective term for four commonly used conflict minerals: tin, tantalum, tungsten, and gold.

*2 May differ depending on BU or Group company

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

Implementing Procurement BCP Initiatives

Approach

Activities

We work to enhance procurement-related business continuity plans (BCPs) across Group companies worldwide to ensure that significant incidents*¹ do not disrupt our business or seriously impact the society.

*¹ Events such as natural disasters (including major earthquakes) serious enough to disrupt business



 P.153 Procurement BCPs Initiatives

Quality and Customer Satisfaction

Basic Concept

Hitachi was founded on the founding spirits of Harmony, Sincerity, and Pioneering Spirit. We ensure product quality and safety by adhering to these principles, along with the basics and ethics, and by putting right and wrong before profit and loss. We engage in quality assurance activities through our unique practice of OCHIBO-HIROI, which means “gleaning” in English and involves analyzing and learning from failure to further develop our technologies.

We also place great importance on communication with customers and strive to reflect their opinions in our management, products, and solutions.

Topic	Overview
 <p data-bbox="277 703 432 791">Quality and Product Safety Management</p>	<p data-bbox="465 632 2085 687">The Hitachi Group Codes of Ethics and Business Conduct states our commitment to quality and safety. We define our basic principles for quality assurance in Quality Assurance Standards, and we communicate these principles to ensure employee awareness.</p> <p data-bbox="465 700 1968 724">As well as establishing a framework for quality assurance, we are engaging in incident prevention activities that go beyond incident recurrence prevention.</p> <p data-bbox="465 737 2051 793">Specifically, we confirm safety across all product development processes and conduct risk assessments from a wide perspective in collaboration with related BUs and research laboratories.</p> <p data-bbox="465 805 2074 861">We also conduct regular external audits of product safety for certified products and other products. In addition, We acquire certification from external certifying organizations and we are committed to effectively apply the findings of third-party evaluations to our improvement activities.</p>
 <p data-bbox="277 930 398 986">Customer Satisfaction</p>	<p data-bbox="465 895 2074 1018">To improve communication with customers, we are strengthening our global account management and foster digital management to manage and monitor marketing information centrally for the entire Hitachi Group. We have established and operate under various guidelines in our advertising activities to comply with laws and regulations, in addition to showing deference to society as a whole. In addition, we established a global support portal on our website to respond to various types of information received.</p>


Quality and Product Safety Management GRI 3-3/417-1

Approach to Quality Assurance Activities

Approach

Hitachi was founded on the founding spirits of *Harmony, Sincerity, and Pioneering Spirit*. We ensure product quality and safety by adhering to these principles, along with Basics and Ethics, and the principle that “right and wrong” is more important than “profits and losses.” We engage in quality assurance activities through our unique practice of OCHIBO-HIROI, which means *gleaning* in English and involves analyzing and learning from failure to develop our technologies further.

As stipulated in the Hitachi Group Code of Ethics and Business Conduct, we aim to provide products and services that meet the needs and requirements of our customers, complying with relevant laws and standards and ensuring quality and safety by setting additional standards of our own where necessary. We define our basic principles for quality assurance in Quality Assurance Standards, and we communicate these principles to ensure employee awareness.

 The Hitachi Group Code of Ethics and Business Conduct
https://www.hitachi.com/corporate/about/conduct/pdf/conduct_e.pdf

Framework for Quality Assurance

Structure

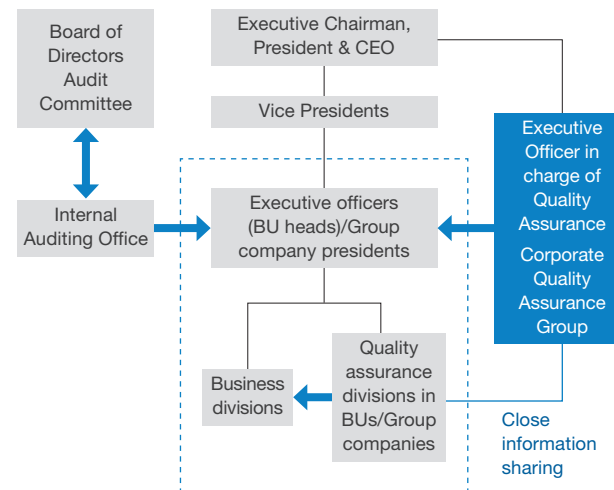
GRI 2-25

To ensure full control over quality governance, Hitachi establishes quality assurance divisions within business divisions to act independently from product design divisions and manufacturing divisions, creating a framework for activity in which the safety and trust of customers are the top priorities. To strengthen this structure further, we made quality assurance divisions independent from business divisions. We also strengthened the reporting line to the Corporate Quality

Assurance Group at the headquarters, creating a system for close information sharing. Furthermore, by giving greater authority to the Corporate Quality Assurance Group we strengthened our quality governance.

When a product incident occurs in the Hitachi Group, the quality assurance division in the Business Unit (BU) or Group company with relevant oversight reports the incident to the Corporate Quality Assurance Group. Weekly reports are provided to management executives, including the Executive Chairman, and the President & CEO at Hitachi, Ltd. In the event of a serious incident, the quality assurance division in the BU or Group company reports the incident to management executives, including the Executive Chairman, and the President & CEO at Hitachi, Ltd., as promptly as possible. We review these response procedures every six months and make improvements as necessary.

Quality Assurance Structure



Global Quality Assurance Framework

Hitachi strengthens our global quality assurance framework as a high-priority initiative. Specifically, we encourage awareness of Hitachi’s basic principles of quality assurance globally, receiving incident reports from Group companies outside Japan. As in Japan, we are establishing international quality assurance reporting lines that are independent of the business divisions, as well as practicing OCHIBO-HIROI.

Quality Assurance Activities

Activities

Materiality

Hitachi strengthens organization and management, technology, and human capital aspects of our quality assurance activities in every process—from planning and development to design, manufacturing, testing, delivery, and maintenance. We engage in incident prevention activities that go beyond incident recurrence prevention, based on our approach that prevention is the essence of quality assurance.

Quality Enhancement Activities Related to Service, Software, and Security

To strengthen quality in software and services, areas that continue to grow in scale, we have established a Service and Software Quality Enhancement Division and share quality improvement activities and current challenges. At the same time, we ensure the software development capabilities and expertise in improving reliability owned in solutions divisions are incorporated in product divisions, ensuring higher levels of reliability in increasingly sophisticated and complex software. Furthermore, we are improving and incorporating

secure development and maintenance processes for our products and services to respond to the increasing security risks arising from network connectivity and openness.

Technical Law Compliance Activities

Hitachi promotes internal awareness of product regulations, revised statutes, and enforcement dates in each country and region. We also work to clarify product-specific laws (with our product-specific laws map), pursue regulatory compliance, and implement continuous process improvements under our product compliance management system.

Pursued thorough Safety Design and Safety Monitoring for Products and Services

When developing products and services, Hitachi makes the safety of customer lives, health, and property the top priority in product design. We strive to ensure safety at every step, from development and production to sales and maintenance. We strive to ensure safety through risk reduction according to the following order of priority: design (fundamental safety design), protective measures (safeguards), and usage information such as user instruction manuals. Also, we conduct risk assessments from a wide perspective in collaboration with related BUs and research laboratories.

International Standards Certification for Our Quality Management System

Activities

Hitachi's quality management system has acquired certification from external certifying organizations. We are committed to effectively applying the findings of third-party evaluations to our improvement activities as well.

We have also obtained quality management system certification for each of our product categories worldwide.

The chart below shows a representative sample.

Management System Certification

Area	Name of standard	Number of certified sites
Overall quality	ISO 9001	1,046 sites
Railway business	ISO/TS 22163	13 sites
Medical devices	ISO 13485	22 sites

Note: Survey results as of the end of June 2023

External Audits Concerning Product Quality Assurance

Activities

Hitachi commissions regular external audits of product safety for certified products and other products.

Relevant logos indicate products that have received certification. We also commission regular external audits following certification to confirm ongoing quality standards.

S-Mark: Indicates third-party certification for electronics based on a certification system administered by the Steering Council of Safety Certification for Electrical and Electronic Appliances and Parts of Japan (SCEA). (Frequency of external audits: 1 time/year)

UL Mark: Indicates compliance with safety standards established by UL Solutions, a safety certification company. (Frequency of external audits: 4 times/year)

Quality and Reliability Education

Training

Hitachi regularly provides various forms of education and training related to quality and reliability, including the safety of products and services, depending on the target employees. In addition to implementing e-learning courses on Hitachi's philosophy regarding quality, available at any time for all employees, we also feature quality assurance as a topic for position specific and executive-oriented training, as well as new employee education. We also hold various basic and technical reliability-related for specialists every year. Each BU also conducts specialized technical courses regarding manufacturing, quality assurance, and maintenance.

Response to Product Safety Incidents

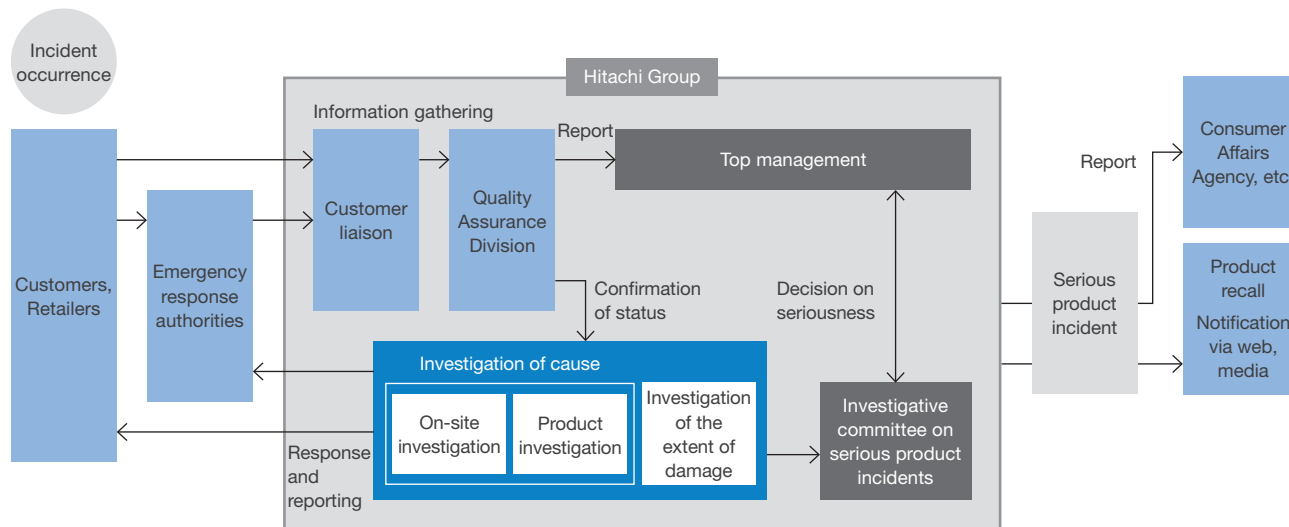
Structure

In the event of an incident, the division responsible acts swiftly to resolve the problem. We not only investigate the technical causes, but also thoroughly discuss the process, framework, and motivating factors leading up to the occurrence, along with ways to prevent recurrence, to ensure product safety.

In the case of a severe incident, we provide prompt status reports to top management, issue reports to government agencies in line with legal requirements, and provide relevant information disclosure to customers on our website and through other communication channels. At the same time, we have a framework in place to ensure that fast and appropriate action is implemented at all companies across the Group.

If we determine that retroactive action is necessary, we notify customers via newspaper advertising and websites to carry out the necessary repair or replacement program.

Response Procedure for Product Incidents



Customer Satisfaction GRI 2-25

Initiatives to Improve Communication With Customers

Activities

Hitachi values communications with customers. The sales and marketing divisions at Hitachi, Ltd. listen to customer feedback when developing management, product, and solution strategies. These divisions assign an account manager to each customer to help grow the business of the Hitachi Group. These account managers serve as points of customer contact with Group companies, leading initiatives for improving communication with customers while working to build closer relationships between customers and account managers.

Strengthening Global Account Management

Hitachi established the Global Marketing & Sales Transformation Division within the Corporate Sales & Marketing Group to achieve sustainable global business growth, driven by the concepts of *Green*, *Digital*, and *Innovation*. This headquarters works closely with business units (BUs), Group companies, and regional headquarters as *One Hitachi* to support the delivery of solutions to key customers and partners.

As a priority initiative, the division develops and executes sales strategies to develop new global businesses in the Green and Digital sectors. The division also assigns global account managers to key customers to enhance global sales activities.

Digital Marketing

Hitachi created the *One Hitachi CRM* to manage Hitachi Group marketing information centrally. We are also consolidating the role of market analysis for the Hitachi Group on a global level.

We leverage this information in digital marketing to plan business strategy for growth, conduct customer targeting, raise the sophistication of proposals, and monitor progress in the sales process.

Advertising Activities


Activities

GRI 417-3

Because Hitachi believes that advertising activities must show proper consideration for society as a whole, as well as comply with laws and regulations, we established the Advertisement Guidelines. To ensure these guidelines are followed strictly at all business locations globally, even where languages and customs may vary, the guidelines include an Advertising Material Checklist. All items on the checklist are confirmed in multiple languages when creating advertisements.

When conducting communications and promotional activities on social media channels, we abide by the Hitachi Social Media Policy, which consists of the Communication Guidelines and the Guidelines for Employees, to not only protect our brand, but also to avoid violating the rights of others. The policy stipulates our rules for social media use and specific promotional methods. To raise awareness of this policy among members of the company, we carry out e-learning activities in Japanese, English, and Chinese about the use of social media and associated risks.

We noted no instances of violations of regulations or voluntary standards related to corporate advertising activities in fiscal 2022.

 About Hitachi's Social Media Activities
<https://www.hitachi.com/utility/socialmedia/index.html>

Comprehensive Customer Support Online

Activities

Hitachi offers comprehensive global customer support on its website to respond to customer inquiries, opinions, requests, and complaints. We take corrective actions and measures to prevent recurrence in the event of matters that we must address or resolve in connection with information received. We incorporate customer feedback when forming corrective actions or measures to prevent recurrence. We also conduct training courses, including a Web Inquiry Responsiveness Improvement Course, to improve our handling of these inquiries. Going forward, the Hitachi Group will continue to strengthen and improve consultation desks/response mechanisms among Group companies to respond more quickly and accurately to customer feedback.

Activities to Improve the Satisfaction of Home Appliance Customer

Activities

The Customer Satisfaction Division of Home Appliances business provides services and solutions to improve the quality of life for people of all ages and regions. In Japan, these initiatives are carried out under the slogan, *360° Happiness: More smiles to life for one and all*.

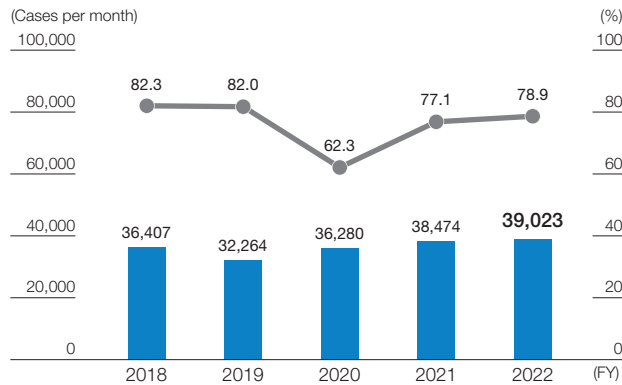
The call centers and websites of the Customer Support Center and Repair Contact Center handle about 2.04 million customer inquiries, repair requests, and complaints about washing machines, refrigerators, and other appliances every year. We have undertaken a number of initiatives to respond better to inquiries and to reflect customer feedback in our MONOZUKURI (Manufacturing). These initiatives include

improving the connection rate of call center; creating a database about voice of the customers, including consultations, inquiries, and complaints; and enhancing our website's FAQ section.

We also conduct customer service evaluation surveys at approximately 90 service centers in Japan every month. Based on the answers, we are improving after-sales services through CS training courses and other programs.

In fiscal 2022, more than 27,000 customers responded to the questionnaire, and 92.6% of respondents expressed satisfaction with our customer service.

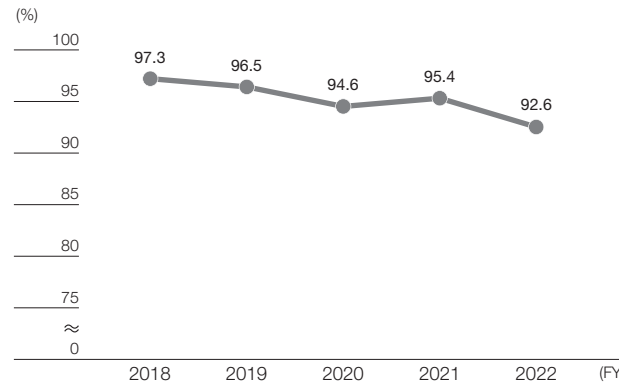
Customer Contact Cases, Call Completion Rate*1 at Customer Support Center (12-Month Average)



■ Electrical Home Appliances, Audio-Visual Products (Left Axis)
 ● Connection Rate (Right Axis)

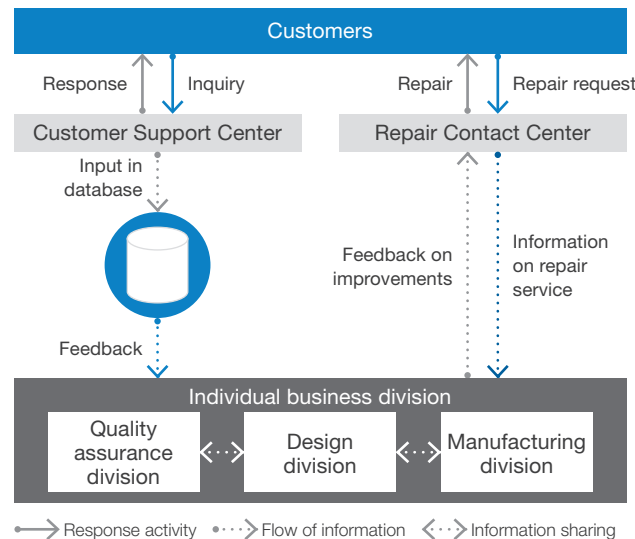
*1 Call center call completion rate

Results of Evaluation Survey for Customer Repair Services (CS)



Note: Target scope: Customers for whom repair services are provided (approx. 1.0 million cases a year)
 Question: How satisfied were you with the service from the repair request to completion?
 Responses: Satisfied/Somewhat satisfied/Somewhat dissatisfied/Dissatisfied (4 levels)
 Satisfaction level: Percentage of respondents who answered Satisfied or Somewhat Satisfied


Flow of Customer Service



Social Contribution Activities

Basic Concept

Under the Hitachi Group Identity, we treat social contribution activities as an important matter that contributes co-creation of social value and environmental value, as well as to the sustainable development of society and business. We believe that it is people themselves who create innovations to solve social issues and bring about social impact and social good. Based on this belief, we adopted the social contribution statement, *Nurturing People, Connecting to the Future*.

Topic	Overview	Targets, KPIs, and Results
 <p>Social Contribution Activities</p>	<p>Under our social contribution activities policy, we conduct various activities globally in the three areas of STEAM (science, technology, engineering, arts and mathematics), the environment, and community contribution.</p> <p>We also introduced a social contribution program (matching funds) in which employees and the company work together to make donations, with the aim of increasing employee engagement in social contribution activities.</p> <p>The Hitachi Global Foundation pursues social contribution activities in three core areas: the promotion of academic research, human development, and the realization of an inclusive society.</p>	<p>Participants in Hitachi Young Leaders Initiative</p> <p>FY2022 Results: 30 people (Cumulative Total Since 1996: 405 people)</p> <hr/> <p>Participants in Hitachi High-Tech Science Education Support Activities</p> <p>FY2022 Results: 62,487 people (Cumulative Total Since 1990: 367,362 people)</p>


Social Contribution Activities

GRI 2-24/201-1/203-1/413-1

Approach to Social Contribution Activities

Approach

Hitachi regards social contribution as an important activity that contributes to the sustainable development of both society and business, and actively promotes social contribution activities in regions where it operates. It is people themselves who creates innovation to solve social issues, bringing about social impact and social good. Based on this belief, we adopted the social contribution statement, “Nurturing People, Connecting to the Future,” and we are engaged in various activities in three areas: STEAM (Science, Technology, Engineering, Arts, and Mathematics), the environment, and community support. Our activities in these areas also contribute to the Green, Digital, and Innovation growth drivers described in our Mid-term Management Plan 2024. In addition, in the materiality topic identified in fiscal 2022, we set a KPI related to next-generation talent development and are promoting activities.

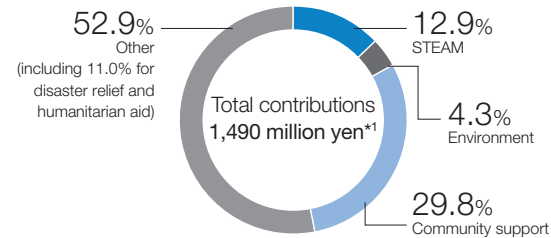
 Policy on Social Contribution Activities
<https://www.hitachi.com/sustainability/sc/vision/index.html>

Funding for Social Contribution Activities and Number of Participating Employees

Activities

The Hitachi Group and the Hitachi Global Foundation provided 1,490 million yen in fiscal 2022 toward social contribution activities worldwide, including initiatives to cultivate a talented younger generation and financial donations and other support for disaster-struck areas. A total of 23,576 Hitachi Group employees (roughly 7.3% of total employees) participated in social contribution activities in fiscal 2022.

Breakdown of Funding for Social Contribution Activities in Fiscal 2022



*1 Japan: Hitachi, Ltd., 86 Group companies (87 companies total), and the Hitachi Global Foundation.
 Outside Japan: 183 companies.
 Funding includes monetary and in-kind donations, independently organized programs, participation or dispatch of employees, community use of facilities, and employee donations. Funding excludes personnel costs incurred from the participation or dispatch of employees.

Support for Employee Social Contribution Activities

System

Hitachi believes that if each employee views social issues as their own and engages actively in social contribution activities it will lead to the growth of our entire organization. To this end, we create systems that facilitate employee participation in social contribution activities.

Social Contribution Scheme Enabling Hitachi and Employees to Make Donations Together (Matching Funds)

Hitachi offers matching funds as a tool to encourage employees to participate actively in social contribution activities. These matching funds are social contribution schemes through which donations made by employees in response to disasters, accidents, disease outbreaks, and so on are

matched by the Group in full. This program serves to increase employee engagement in social contribution activities and embody the Hitachi Group corporate mission, solidifying the Hitachi Group identity further. In fiscal 2022, Hitachi donated a total of approximately 13 million yen through the matching funds.

Life Support Leave System





In April 2023, Hitachi, Ltd. introduced Life Support Leave, a multi-purpose paid leave system designed to balance work and family, career development, and social contribution (volunteer activities outside of work, participation as a donor for bone marrow or organ donations, etc.) based on different needs at each life stage. The leave program also encourages autonomous work styles. Employees can take up to five days leave per year by using this system.

Social Contribution Activities

Activities

Hitachi pursues activities centered on the development of human capital for the next generation. We work actively to solve a wide range of issues affecting global and local communities. More specifically, we conduct programs that support the development of next-generation leaders and science and engineering talents who will be agents of change in society. In particular, with the rapid development of information technology such as AI and big data, development of IT talents is a global challenge, so we focus on educational activities related to STEAM, which has gained attention as a tool for fostering talent development capable of utilizing cutting-edge technologies to enhance creativity, expressivity, and problem-solving skills.

Examples of Social Contributions

Area	Activity	BU/Group company
STEAM	 Activities to support online science education with electron microscopes https://www.hitachi-hightech.com/global/science-edu/	Hitachi High-Tech
Environment	 One Hitachi Earth Month (Encouraging Environmental Volunteer Activities by Employees) https://www.hitachi.us/about/hitachi/sustainability/turning-ambition-into-action	Hitachi America, Ltd.
Community support	 Hitachi Young Leaders Initiative (Next-generation leader development program for university and graduate students in seven Southeast Asian countries and Japan) http://www.hitachi.com.sg/about/hitachi/activities/hyli/index.html	Hitachi, Ltd., Hitachi Asia
	 Contributing to the Development and Tradition of Nebuta Floats While Considering the Environment https://social-innovation.hitachi/en/article/nebuta/	Hitachi, Ltd.

date, the organization has offered outreach classes and loaned tabletop electron microscopes in 31 countries and regions, pursuing a goal of providing learning opportunities to 50,000 people every year. We seek to cultivate talent who will lead the development of science and medical technology by stimulating interest in science and technology and by supporting research activities in more countries and regions.

GlobalLogic Social Contribution Activities in India

GlobalLogic believes in being socially responsible, and the company's *Grow to Give* motto embodies this belief. As the company succeeds and progress, employees make sure to give back to and support their communities.

One of the key programs under this approach is *Educate to Empower* through which the company supports quality education for around 6,000 children across India. This initiative empowers underprivileged children by giving them access to quality education, with a special focus on girls. In fact, the program ensures that at least 50% of participants are girls, creating equal opportunities for all. *STEM Innovation Lab* is another GlobalLogic-supported program towards creating an ecosystem that supports student learning in science by setting up STEM and robotics lab in government schools. These STEM labs give girls a chance to discover 21st century skills and spark their interest in STEM and modern technologies such as Robotics—all while having fun and learning.

Through these initiatives, GlobalLogic ensures everyone gets a fair shot at learning, paving the way for them to become the brilliant innovators that will shape the future.

Support for Earthquake Relief Efforts in Türkiye and Syria

Hitachi donated 20 million yen each to the Japanese Red Cross Society and the Japan Committee for UNICEF, for a total of 40 million yen. These contributions provide relief to victims of the earthquake that struck the southeastern part of the Republic of Türkiye near the border with the Syrian Arab Republic in February 2023. These are also used to support reconstruction in the affected areas.

In addition, Hitachi makes donations through the Red Cross via matching funds (Fiscal 2022 Results: approx. 7 million yen.) Hitachi Energy and Hitachi Vantara also sponsored their own individual donation programs.

 Hitachi to Donate to Support Earthquake Relief Efforts in Türkiye and Syria

<https://www.hitachi.com/New/cnews/month/2023/02/230215a.html>

Providing Donations for Humanitarian Aid to Ukraine

In fiscal 2022, Hitachi, Ltd. donated the equivalent of 8.8 million yen in in-kind goods to Médecins Sans Frontières Japon to aid people affected by the situation in Ukraine and those who have fled to neighboring areas.

In addition, Hitachi makes donations to the Red Cross, UNICEF, and World Central Kitchen via matching funds. (Fiscal 2022 Results: approx. 5.4 million yen)

Developing and Empowering Next-Generation Human Capital

Materiality

Fostering next-generation leaders in Asia through the Hitachi Young Leaders Initiative

Hitachi Ltd. and Hitachi Asia have been supporting the Hitachi Young Leaders Initiative since 1996 with the aim of developing young leaders who will lead the next generation in Asia. The four-day program consisting of forums, workshops, and fieldwork prepared for university and graduate students from seven ASEAN countries and Japan. Participants discuss and exchange opinions on social issues facing ASEAN, and on the final day of the program, they make specific proposals for solving these social issues. As of the end of July 2022, a total of 405 program participants are each playing an active part in various fields such as international organizations, government, companies, and NPOs.

Support for Talent Development in Science and Engineering

Aiming to develop the next generation of science and engineering talent, Hitachi provides opportunities for the younger generation to experience science and technology.

Hitachi High-Tech has supported science education since the 1990s, using its own tabletop electron microscopes. To











Contributing to Society Through the Hitachi Global Foundation


The Hitachi Global Foundation conducts activities that contribute to the public good centered on three areas: promotion of academic research, science and technology, human development, and realization of an inclusive society. These contributions are in line with the intention of Namihei Odaira, the founder of Hitachi, to contribute to society through business activities.

Achievements in Fiscal 2022

To promote academic research, science and technology, we held an interim report meeting for five research projects funded by the Hitachi Fund Support for Research Related to Infectious Diseases. Third Hitachi Global Foundation Asia Innovation Award was also held in fiscal 2022, and the research findings of the award winners have been shared publicly. In the area of human development, we have continued to conduct the Hitachi Future Innovator Program at elementary schools. In other specific activities, we held a forum related to realization of an inclusive society and formed a working group for an electronic journal to be published in fiscal 2023.

Examples of the Hitachi Global Foundation Activities

Area	Activity	Details
Promotion of Academic Research, Science and Technology	 The Kurata Grants https://www.hitachi-zaidan.org/global/activities/kurata/index.html	A grant program supporting researchers who engage in the pursuit of solutions to social challenges in the natural sciences and engineering or in philosophical, historical, and etc. fields through research in the humanities and social sciences. [Cumulative grants awarded by the end of fiscal 2022: 1,570]
	 The Hitachi Global Foundation Science and Technology Seminars https://www.hitachi-zaidan.org/global/activities/seminar/index.html	An awareness-raising initiative providing opportunities for the public to learn more about cutting-edge science technology topics, with the aim of supporting people in discovering the fascinating fields of science. [Brain Decoding - Decoding Brain Images with AI Event in Fiscal 2022]  18th The Hitachi Global Foundation Science and Technology Seminar https://www.hitachi-zaidan.org/global/newsletter/data/nl_vol_44.pdf
	 The Hitachi Global Foundation Asia Innovation Award https://www.hitachi-zaidan.org/global/activities/award/index.html	An initiative providing awards for achievements in research and development in science and technology innovation that help to solve social challenges in the ASEAN region. [Cumulative awards given as of the end of fiscal 2022: 40]
	 Hitachi Fund Support for Research Related to Infectious Diseases https://www.hitachi-zaidan.org/global/activities/fundsupport/index.html	A research grant initiative aimed at promoting academic investigations, analysis, and considerations based on data and evidence for issues that became apparent under COVID-19. The aim of the grant is to share findings and research results internationally. [Projects adopted in fiscal 2021: 5]
Human Development	 Hitachi Future Innovator Program https://www.hitachi-zaidan.org/global/activities/innovator/index.html	A program promoting the development of science and engineering human capital targeting Japanese schoolchildren in the upper grades of elementary school. The program aims to cultivate personality traits and abilities required for future human resources in science and technology. [Cumulative schools and students participating by the end of fiscal 2022: 18 schools and 1,410 students]
	 Girls in Science Support Project https://www.hitachi-zaidan.org/global/activities/girls/index.html	A program aiming to support science and engineering education for women by showing the rewards of science and engineering careers to female junior and senior high school students in Japan. [Dialogue and Workshops With Female Role Models in Science and Technology Held in Fiscal 2022]  PIONEER TALK (Japanese only) https://www.hitachi-zaidan.org/my-tomorrow/dialog/vol8/01.html
Realization of an Inclusive Society	 Realization of an Inclusive Society https://www.hitachi-zaidan.org/global/activities/symposium/index.html	A program urging a new understanding among citizens for the purpose of creating inclusive societies in which people accept various viewpoints and values. [Online forum, Developing the Power to Thrive for High School Students with International Backgrounds - The Reality of Education and Questioning the Nature of Support - Held in Fiscal 2022] We formed a working group for an electronic journal to be published in fiscal 2023. This working group studied specifics regarding the academic fields to be addressed, expected readers, editorial structure, etc.  Developing the Power to Thrive in High School Students From Various International Backgrounds (Japanese only) https://www.hitachi-zaidan.org/topics/topics089.html

 The Hitachi Global Foundation
<https://www.hitachi-zaidan.org/global/index.html>

Social Data

GRI 2-4/2-7/201-1/401-1/401-3/403-9/403-10/404-1/405-1/405-2/413-1

Human Capital

Employee Data

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees	Hitachi Group	Total	People	295,941	301,056	350,864	368,247	322,525
		(By region)*1						
		Japan		162,083	162,100	158,194	156,768	133,762
		China		40,784	41,673	51,903	50,707	43,410
		ASEAN, India, and the rest of Asia	People	44,229	45,114	61,411	69,876	62,614
		North America		20,985	22,034	27,122	27,914	22,863
		Europe		17,074	17,850	32,449	42,519	43,155
		Other areas		10,786	12,285	19,785	20,463	16,721
		Total	People	239,802	244,962	279,659	283,020	294,746
		(By gender)*2						
		Male	People	196,221	199,603	228,278	227,652	230,947
		Female		43,581	45,359	51,381	55,368	63,799
		(By age)*2*3						
		15–19 years old	%	0.5	0.5	0.5	0.4	0.5
		Japan	%	0.4	0.4	0.4	0.3	0.2
		Outside Japan		0.1	0.1	0.1	0.1	0.2
		20–29 years old	%	15.4	15.7	14.9	15.2	19.0
		Japan	%	10.0	9.8	8.6	8.2	6.6
		Outside Japan		5.4	5.9	6.3	7.0	12.4
		30–39 years old	%	27.5	26.8	27.5	27.8	29.5
		Japan	%	17.8	16.5	13.9	12.7	9.8
		Outside Japan		9.7	10.1	13.6	15.1	19.6
		40–49 years old	%	30.8	30.4	29.1	28.5	26.2
		Japan	%	25.1	23.8	19.4	17.5	13.0
		Outside Japan		5.7	6.6	9.7	11.0	13.1
		50–59 years old	%	24.3	25.1	25.6	25.6	22.6
		Japan	%	21.3	21.5	19.6	19.1	15.9
		Outside Japan		3.0	3.6	6.0	6.5	6.7

*1 Regional classifications were changed from fiscal 2020. *2 Approximately 20,000 manufacturing workers not registered in the employee database and approximately 8,000 employees of some newly consolidated companies are not included.

*3 Hitachi does not employ 0-14 years old children.

	Reporting Boundary		Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Number of employees	Hitachi Group	(By age) ^{*2*}	60-69 years old	%	1.5	1.6	2.4	2.4	2.2
			Japan	%	0.6	0.6	0.6	0.6	0.4
		Outside Japan	%	0.9	0.9	1.8	1.8	1.8	
		Over 70 years old	%	0.0	0.0	0.1	0.1	0.1	
		Japan	%	0.0	0.0	0.0	0.0	0.0	
		Outside Japan	%	0.0	0.0	0.1	0.1	0.1	
	Hitachi, Ltd.	Total	People	33,490	31,442	29,850	29,485	28,672	
	(By gender)	Male	People	27,828	25,628	24,100	23,749	22,939	
		Female	People	5,662	5,814	5,750	5,736	5,733	
Average age	Hitachi Group ^{*2}	Total	Age	41.3	41.5	41.8	41.7	41.2	
		(By gender)	Male	Age	41.9	41.9	42.2	42.1	41.7
			Female	Age	39.0	39.4	40.1	40.2	39.6
	Hitachi, Ltd.	Total	Age	42.1	42.4	43.0	43.3	43.4	
		(By gender)	Male	Age	42.6	43.0	43.5	43.8	43.9
			Female	Age	39.5	40.1	40.8	41.1	41.2
Average service (years)	Hitachi Group ^{*2}	Total	Years	15.1	15.0	13.6	13.5	12.6	
		(By region) ^{*1}	Japan	Years	18.8	18.8	18.9	18.1	18.3
			China	Years	8.8	8.4	8.4	9.2	10.2
			ASEAN, India, and the rest of Asia	Years	7.4	7.4	7.2	8.2	7.1
			North America	Years	7.1	7.2	6.4	7.5	8.3
			Europe	Years	7.6	8.3	6.0	5.7	9.1
			Other areas	Years	6.4	7.6	7.5	5.7	6.7
			(By gender)	Male	Years	15.8	15.7	14.2	13.8
		Female		Years	11.8	11.8	11.0	10.9	10.1
		Hitachi, Ltd.	Total	Years	18.0	17.9	18.3	18.5	18.6
		(By gender)	Male	Years	18.5	18.5	18.8	19.0	19.2
	Female		Years	15.6	15.6	16.0	16.2	16.3	
Turnover rate ^{*4*}	Hitachi Group ^{*2}	Total	%	6.3	5.2	4.3	7.5	8.5	
		(By region) ^{*1}	Japan	%	2.2	2.5	2.0	3.3	2.6
			Outside Japan	%	15.4	10.9	7.4	13.1	13.5

*1 Regional classifications were changed from fiscal 2020. *2 Approximately 20,000 manufacturing workers not registered in the employee database and approximately 8,000 employees of some newly consolidated companies are not included.

*3 Hitachi does not employ 0-14 years old children. *4 The figures are based on enrolled employees with employment contract including those seconded from Hitachi Group to other companies and those taking leave, and excluding those seconded from other companies to Hitachi Group (as of March 31). *5 Figures include only voluntary resignations.

		Reporting Boundary		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Turnover rate ^{*4*5}	Hitachi Group ^{*2}	(By gender)	Male	%	5.8	4.8	4.1	7.1	7.8
			Female	%	8.4	7.2	5.2	8.9	10.8
	Hitachi, Ltd.	Total		%	1.6	1.7	1.4	1.8	2.0
			(By gender)	Male	%	1.4	1.5	1.3	1.7
			Female	%	3.0	2.8	2.1	2.3	2.8

*2 Approximately 20,000 manufacturing workers not registered in the employee database and approximately 8,000 employees of some newly consolidated companies are not included.

*4 The figures are based on enrolled employees with employment contract including those seconded from Hitachi Group to other companies and those taking leave, and excluding those seconded from other companies to Hitachi Group (as of March 31).

*5 Figures include only voluntary resignations.

Diversity, Equity and Inclusion

		Reporting Boundary		Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Number and ratio of registered employees ^{*1}	Hitachi Group ^{*2}	Total number of registered employees		%	242,994	251,016	285,857	291,028	301,320	
		Number and Ratio of female employees		People (%)	45,580 (18.8)	48,665 (19.4)	54,719 (19.1)	58,830 (20.2)	67,224 (22.3)	
		(By region)	Japan			25,076 (14.9)	26,203 (15.6)	26,106 (16.0)	26,773 (16.5)	24,832 (17.9)
			China			6,733 (39.5)	6,856 (37.5)	7,232 (34.1)	7,594 (35.7)	7,869 (35.1)
			ASEAN, India, and the rest of Asia		People (%)	6,231 (24.6)	6,828 (25.3)	6,990 (20.7)	9,120 (20.6)	15,851 (25.2)
			North America			3,176 (26.2)	3,955 (24.9)	4,298 (22.7)	4,954 (25.7)	5,076 (25.1)
			Europe			2,348 (21.5)	2,361 (21.3)	6,903 (22.0)	6,761 (23.8)	9,705 (23.6)
			Other areas			2,016 (22.1)	2,462 (23.4)	3,190 (18.2)	3,628 (23.4)	3,891 (24.6)
Hitachi, Ltd.	Total number of registered employees		People	37,489	34,997	33,198	32,713	32,086		
	Number and Ratio of female employees		People (%)	6,678 (17.8)	6,649 (19.0)	6,537 (19.7)	6,595 (20.2)	6,584 (20.5)		
Number and Ratio of managers ^{*3}	Hitachi Group ^{*1*2}	Total number of managers		People	47,831	48,336	48,712	48,690	65,171	
		Number and Ratio of female managers		People (%)	3,975 (8.3)	4,302 (8.9)	4,641 (9.5)	4,762 (9.8)	8,461 (13.0)	
	Hitachi, Ltd. ^{*4}	Total number of managers		People	13,332	12,694	11,881	11,584	11,188	
		Number and Ratio of female managers		People (%)	635 (4.8)	700 (5.5)	768 (6.5)	785 (6.8)	826 (7.4)	
		(By rank)	General manager or above		People (%)	135 (3.4)	147 (3.9)	156 (4.5)	146 (4.3)	160 (5.0)
			Section manager			500 (5.3)	553 (6.2)	612 (7.3)	639 (7.8)	666 (8.4)
Wage Ratio of Women to Men ^{*1*5}	Hitachi, Ltd.	All employees			—	—	—	—	66.4	
		Permanent and full-time employees		Female/Male (%)	—	—	—	—	66.7	
		Part-time and fixed-term employees			—	—	—	—	55.3	

*1 The figures are based on enrolled employees with employment contract including those seconded from Hitachi Group to other companies and those taking leave, and excluding those seconded from other companies to Hitachi Group (as of March 31). *2 Approximately 20,000 manufacturing workers not registered in the employee database and approximately 8,000 employees of some newly consolidated companies are not included. *3 The increase in the number and percentage of female managers over time reflects improved coverage of our human capital databases and changes in the number of consolidated companies. And, does not include subsidiaries with unregistered employees at certain grades (positions). *4 The figures are based on the number of employees including those seconded from Hitachi Group to other companies, those taking leave, and those seconded from other companies to Hitachi Group (as of March 31). Figures for fiscal 2021 exclude those seconded from other companies to Hitachi Group. *5 "All employees" is the sum of "Permanent and full-time employees" and "Part-time or fixed-term employees." The "Permanent and full-time employees" are permanent employees in full-time positions, while the "Part-time or fixed-term employees" are employees who are either part-time or fixed-term employees. There are no gender-based differences in the employee compensation system. The difference in per capita wages for men and women is mainly due to higher proportion of men at higher employee grades, including management positions, and higher proportion of women who work shorter hours.

		Reporting Boundary		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number and Ratio of new employees hired	Hitachi Group*2	Total		People	17,120	14,997	17,963	29,539	32,733
		Number and Ratio of new female employees hired		People (%)	4,574 (26.7)	3,943 (26.3)	4,269 (23.8)	6,489 (22.0)	9,593 (29.3)
		(By region)	Japan	People (%)	1,438 (23.1)	1,372 (23.0)	1,329 (23.9)	2,051 (15.7)	1,275 (25.8)
			China		432 (35.6)	400 (30.9)	371 (31.9)	449 (38.3)	377 (29.0)
			ASEAN, India, and the rest of Asia		793 (25.3)	1,002 (27.7)	595 (22.2)	1,402 (22.0)	4,314 (30.4)
			North America		1,002 (32.8)	635 (29.7)	574 (23.2)	927 (27.9)	1,212 (28.3)
			Europe		313 (23.8)	147 (22.9)	970 (26.5)	971 (27.9)	1,482 (28.8)
Other areas	596 (27.3)		387 (28.9)		430 (17.8)	689 (27.4)	933 (32.7)		

*2 Approximately 20,000 manufacturing workers not registered in the employee database and approximately 8,000 employees of some newly consolidated companies are not included.

		Reporting Boundary		Unit	June 2019	July 2020	June 2021	June 2022	June 2023
Number and Ratio of female and non-Japanese executive and corporate officers	Hitachi, Ltd.	Number of female executive and corporate officers		People	4	5	7	9	9
		Ratio of female executive and corporate officers		%	5.0	7.1	10.1	12.2	11.4
		Number of non-Japanese executive and corporate officers		People	7	6	8	13	16
		Ratio of non-Japanese executive and corporate officers		%	8.8	8.6	11.6	17.6	20.3

		Reporting Boundary		Unit	June 2019	July 2020	June 2021	June 2022	June 2023
Number and Ratio of female and non-Japanese Directors	Hitachi, Ltd.	Total		People	11	13	13	12	12
		Male	People	9	11	11	10	10	
			%	81.8	84.6	84.6	83.3	83.3	
		Female	People	2	2	2	2	2	
			%	18.2	15.4	15.4	16.7	16.7	
		Japan	People	7	7	7	7	7	
			%	63.6	53.8	53.8	58.3	58.3	
		Outside Japan	People	4	6	6	5	5	
			%	36.4	46.2	46.2	41.7	41.7	

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Maternity/partner's leave	Hitachi, Ltd.	Utilization rate* ⁶	Male	37.8	38.1	33.8	32.9	43.9	
			Female	100.0	100.0	100.0	100.0	100.0	
		Return rate for recipients* ⁷	Male	100.0	100.0	100.0	100.0	100.0	
			Female	100.0	100.0	99.7	100.0	98.3	
		Retention rate for recipients* ⁸	Male	99.7	96.9	97.7	97.5	99.4	
			Female	100.0	100.0	99.7	98.5	100.0	
Childcare leave	Hitachi, Ltd.	Utilization rate* ⁹	Male	2.7	4.0	7.3	9.9	18.4	
			Female	100.0	99.6	99.6	100.0	100.0	
		Return rate for recipients* ¹⁰	Male	94.3	100.0	100.0	100.0	100.0	
			Female	97.4	97.4	98.9	100.0	99.3	
		Retention rate for recipients* ¹¹	Male	90.9	84.8	71.4	94.4	100.0	
			Female	99.4	95.5	98.0	96.6	95.9	
Childcare or partner maternity leave	Hitachi, Ltd.	Utilization rate* ¹²	Male	%	34.5	37.2	35.4	40.6	56.8

*6 Total number of employees who took maternity leave or partner's maternity leaves/Total number of employees with newborn children

*7 Total number of employees not resigning on the day after completing maternity leave or partner's maternity leaves/Total number of employees who took maternity leave or partner's maternity leave

*8 Total number of employees who did not resign within one year after maternity leave or partner's maternity leave/Total number of employees who took maternity leave or partner's maternity leave

*9 Total number of employees who took child-care leave/Total number of employees with newborn children

*10 Total number of employees returning from child-care leave/Total number of employees who planned to return from child-care leave. Number of employees returning excludes those who planned to return and resigned voluntarily without returning

*11 Total number of employees continuously working one year after returning from child-care leave/Total number of employees returning from child-care leave

*12 Total number of employees who took childcare leave or partner maternity leave, or the number of employees taking both/Total number of employees with newborn children

	Reporting Boundary	Unit	June 2019	June 2020	June 2021	June 2022	June 2023
Employment of people with disabilities	Hitachi Group companies in Japan* ¹³	People	1,899	2,403	2,575	2,767	2,650
Employment rate of people with disabilities		%	2.26	2.33	2.37	2.43	2.48

*13 It includes special subsidiaries and related Group companies. (There were one special subsidiary and 21 related Group companies in June 2023.)

Employee Engagement

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Percentage of positive responses to employee engagement questions	Hitachi Group	Global average	%	60	60	62	65	69.5	
		(By region)	Japan	%	—	—	—	56	61.2
			Outside Japan	%	—	—	—	80	82.3

Note: Questions change slightly each year. Above figures are not adjusted for changes in questions. In fiscal 2022, the composition of questions measuring employee engagement was revised. The percentage was calculated from the average of the percentage of positive responses to the following four questions: pride in working for Hitachi; whether it is a great place to work that one would recommend to others; job satisfaction and sense of accomplishment; and desire to continue working for Hitachi for the foreseeable future.

Talent Development

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of participants of management training programs	Hitachi Group	For management leaders	People	83	90	78	76	87
		For managers	People	3,761	3,973	3,481	3,900	4,191
Training hours per employee	Hitachi Group		Hours	—	—	—	25.9	29.0
Average amount invested in training per employee*1	Hitachi Group		Yen	—	—	61,700*2	58,300*3	62,700*4
	Hitachi Group companies in Japan		Yen	127,800*5	128,000*6	—	—	—

*1 The scope of data was changed from the Hitachi Group in Japan to the Hitachi Group from fiscal 2020.

*2 Hitachi, Ltd., 44 Group companies in Japan, and 54 Group companies outside Japan, total 99.

*3 Hitachi, Ltd., 44 Group companies in Japan, and 63 Group companies outside Japan, total 108.

*4 Hitachi, Ltd., 37 Group companies in Japan, and 66 Group companies outside Japan, total 104.

*5 Hitachi, Ltd. and 13 major Group companies in Japan

*6 Hitachi, Ltd. and 12 major Group companies in Japan

		Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Digital talent headcount*7	Hitachi Group	Total	People	—	30,000	35,000	67,000	83,000	
		(By region)	Japan	People	—	19,000	23,000	29,000	42,000
			Outside Japan	People	—	11,000	12,000	38,000	41,000

*7 Disclosure initiated in fiscal 2019. We define digital talent as those who possess any of the 12 capabilities required for digital business, including design thinking, data science, and security. The number of digital talents is the total number of persons under each capability (total number of people, in thousands).

Occupational Health and Safety

		Reporting Boundary	Unit	CY2018	CY2019	CY2020	CY2021	FY2021	FY2022
Total Recordable Injury Frequency Rate (TRIFR*1)	Hitachi Group	Total	—	—	0.37	0.29	0.28	0.27	0.26
		(By region)							
		Japan		—	0.17	0.14	0.12	0.12	0.14
		Asia (excluding Japan)		—	0.30	0.17	0.12	0.11	0.09
		North America, Central and South America	—	—	1.66	1.54	1.36	1.20	1.10
		Europe		—	0.53	0.45	0.38	0.45	0.39
Number of fatal accidents	Hitachi Group (including contractors)		Cases	0	5	3	2	2	5
Number of deaths	Hitachi Group	Employees		0	4	1	1	1	3
	Hitachi, Ltd.	Employees	People	0	0	0	0	0	0
	Contractors	Contractors		0	1	2	1	1	2

Note: We used the statistical period between January and December of each year in the past. However, in accordance with the safety targets set under our Mid-term Management Plan 2024, we changed the statistical period for total recordable injury frequency rate and injuries/fatal injuries to April through March beginning in fiscal 2021.

*1 TRIFR: Total Recordable Injury Frequency Rate (injuries per 200,000 work hours)

		Reporting Boundary	Unit	CY2018	CY2019	CY2020	CY2021	CY2022
Lost-time accidents	Hitachi Group			506	396	314	434	419
		Hitachi Group companies in Japan*2	Cases	64	57	52	54	51
		Hitachi, Ltd.		6	6	4	3	2
Occupational accident severity rate*3	Hitachi Group companies in Japan*2		—	0.11	0.03	0.00	0.00	0.02
Occupational accident frequency rate*3	Hitachi Group companies in Japan*2		—	0.20	0.17	0.17	0.17	0.16*4

Notes: The period for each year is from January to December.

*2 Hitachi Group figures for Japan, including Hitachi, Ltd., are for 188 Group companies in 2018; 169 companies in 2019; 136 companies in 2020; 131 companies in 2021; and 142 companies in 2022.

*3 Occupational accidents are defined as those involving a fatality or work-time loss of one day or more.

*4 For management purposes, the figures for companies that became affiliated companies during 2022 are aggregated for the year from January to December.

Reporting Boundary			Unit	CY2018	CY2019	CY2020	CY2021	CY2022
Absence rate*5	Hitachi Group companies in Japan	(By health type)	Mental	0.64	0.65	0.62	0.66	0.74
			Physical	0.24	0.25	0.22	0.21	0.24

*5 The percentage of employees taking sick leave for seven or more consecutive days or formally taking leave (number of employees taking sick leave per month/number of employees per month × 100)

Reporting Boundary			Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Medical Exam and Screening Attendance Rates	Hitachi Group companies in Japan	(By exam type)	General physical exam*6	79.3	81.2	81.1	80.6	82.4
			Breast cancer screening*7	53.2	56.3	56.6	57.1	58.4
			Uterine cancer screening*8	37.1	38.7	39.1	39.3	40.9
			Stomach cancer screening*9	80.6	82.7	82.2	84.7	86.5
			Intestinal cancer screening*9	81.3	83.5	83.0	85.5	87.3
			Lung cancer screening*10	93.2	95.8	96.8	98.0	98.7
Smoking Rate*11	Hitachi Group companies in Japan		%	30.9	29.8	28.4	27.6	27.0

*6 Men and women aged 35 and over

*7 Women aged 30 and over

*8 Women aged 25 and over

*9 Men and women aged 30 and over

*10 Men and women aged 35 and over

*11 Employees aged 35 and over (results of specific medical examinations)

Responsible Procurement GRI 2-6/204-1

Sustainable Procurement Activities

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Sustainability monitoring			345	291	271	(Human rights) 2,524* ¹ (Environment) 708* ¹	1,374 * ²
Sustainability audits	Hitachi Group	Companies	24	19	27	25	128 * ³
Sustainability Procurement Seminars			126	59	450	359	520

*1 Sustainability monitoring in fiscal 2021 was focused on human rights and environmental risk assessment

*2 Sustainability monitoring in fiscal 2022 was focused on environment, labor and human rights, sustainable procurement, and ethics.

*3 Including the number of companies audited by Hitachi Energy beginning fiscal 2022

Rate of Local Procurement of Materials for Main Regions

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022** ⁴
China			88	90	98	95	93
Asia (excluding China and Japan)			71	71	80	87	85
Europe	Hitachi Group	%	81	78	77	83	83
Americas			66	69	70	83	74

*4 Hitachi Metals and Hitachi Construction Machinery were excluded in FY2022, and Hitachi Energy was included in FY2022.

Green Purchasing

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Green purchasing rate* ⁵	Hitachi Group	%	86	84	83	83	81

*5 Green purchasing rate: The percentage, by monetary value, of products with the Eco Mark among all products purchased subject to the Act on Promoting Green Procurement.

Conflict Mineral Issue

	Reporting Boundary	Unit	CY2018	CY2019	CY2020	CY2021	CY2022
Number of surveys on conflict minerals conducted from customer requests	Hitachi Group* ⁶	Cases	1,874	1,645	1,836	2,002	— * ⁷

Note: Reported statistics is from January to December every year

*6 Among all Business Units (BUs) and Group companies, there are a total of 20 BUs and Group companies that have a registered CSR manager. Among these 20, the boundary covered some BUs and Group companies that conducted the survey from customer requests.

*7 The data for 2021 are the most recent available, due to the timing of data compilation.

Social Contribution Activities

Funding for Social Contribution Activities and Total Employees Participating

Reporting Boundary		Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Funding for social contribution activities	Hitachi Group and The Hitachi Global Foundation*1	Total Million Yen	1,888	1,833	1,910	1,869	1,490
		By area*2					
		STEAM	383 (20.3)	278 (15.2)	325 (17.1)	201 (10.8)	193 (12.9)
		Environment	38 (2.0)	51 (2.8)	23 (1.2)	36 (1.9)	65 (4.3)
		Community support	387 (20.5)	477 (26.0)	206 (10.8)	295 (15.8)	444 (29.8)
		Other	1,080 (57.2)	1,027 (56.0)	1,356 (71.0)	1,337 (71.5)	789 (52.9)
		Of which, disaster relief and humanitarian aid	130 (6.9)	86 (4.7)	220 (11.5)	143 (7.7)	163 (11.0)
Total employees participating	Hitachi Group and The Hitachi Global Foundation*1	Participants	54,629	88,134	39,982	33,585	23,576

*1 FY2018 Japan: Hitachi, Ltd., 141 Group companies, and The Hitachi Global Foundation. Outside Japan: 152 companies
 FY2019 Japan: Hitachi, Ltd., 153 Group companies, and The Hitachi Global Foundation. Outside Japan: 234 companies
 FY2020 Japan: Hitachi, Ltd., 119 Group companies, and The Hitachi Global Foundation. Outside Japan: 209 companies
 FY2021 Japan: Hitachi, Ltd., 103 Group companies, and The Hitachi Global Foundation. Outside Japan: 252 companies
 FY2022 Japan: Hitachi, Ltd., 86 Group companies, and The Hitachi Global Foundation. Outside Japan: 183 companies

*2 Area classifications were changed from fiscal 2022.


Governance

The background features a large, abstract circular graphic on the right side, composed of concentric, glowing blue and white lines that resemble a network or data flow. The overall color palette is dominated by warm orange and brown tones, with the blue and white elements providing a modern, technological contrast.

Corporate Governance

Basic Concept

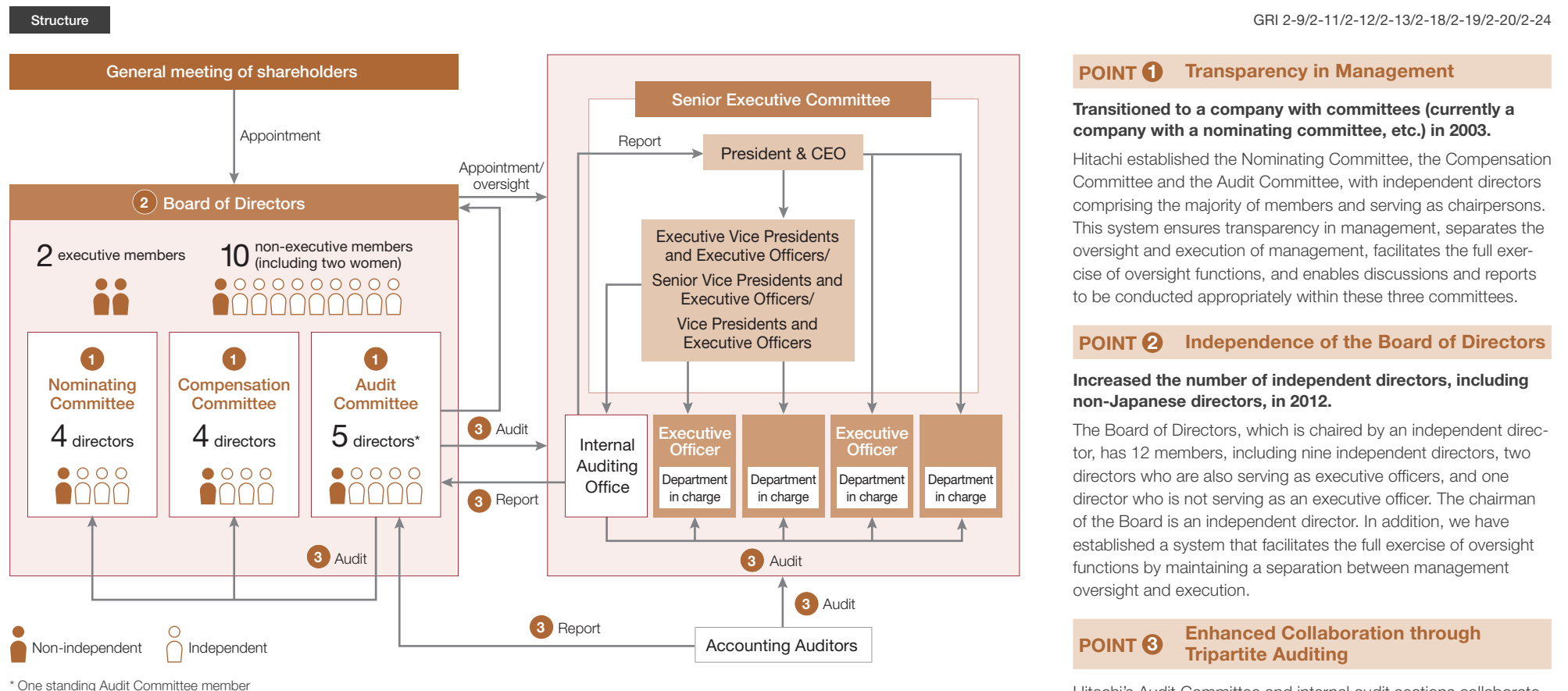
Hitachi views the expansion of long-term and comprehensive benefits for shareholders and investors as an important management goal. We also recognize that positive relationships with the diverse stakeholders of Hitachi and the Hitachi Group form an important part of our corporate value. In this context, we strive to develop systems to maintain good relationships with stakeholders and enhance our corporate value, including measures to encourage constructive dialogue.

Topic	Overview
 <p>Corporate Governance</p>	<p>We endeavor to ensure the distinct separation of management oversight and business execution, to establish a system for the agile execution of business, to determine appropriate compensation and to achieve highly transparent management.</p> <p>Specifically, we select directors who possess the qualities that make them suitable to lead Hitachi management, including global experience and knowledge across a variety of fields, excellent character, and broad experience and knowledge of business management. We strive to establish a highly transparent and independent corporate governance structure and to introduce an executive compensation system that is linked to the enhancement of corporate value.</p>

Corporate Governance

Hitachi views the expansion of long-term and overall returns to shareholders and investors as an important management objective. Hitachi, Ltd. and Hitachi Group companies maintain good relationships with a wide range of stakeholders, and we recognize that these relationships make up an important portion of our overall corporate value. Accordingly, we are striving to establish a system that will improve our corporate value primarily through the implementation of measures focused on promoting constructive dialogue. To advance these efforts effectively, we are working to improve our corporate governance by ensuring thorough separation between the oversight and execution of management, establishing a swift business execution system, and striving to achieve highly transparent management.

Hitachi's Corporate Governance Framework and Features (as of June 2023)



Experience, Knowledge and Capabilities Required for Directors

Approach

GRI 2-10

Hitachi Directors need to have a wide range of experience and knowledge in global and diverse fields to be worthy of leading Hitachi's management to expand the Social Innovation Business globally, and have the qualities of broad experience and expertise in management.

The experience, knowledge, capabilities and other qualities required for Hitachi directors are as follows.

Core Skills Core qualities that ensure management oversight efficiency and decision-making functions		Number of applicable directors	Professional Skills Expertise and experience that enhance discussions pertaining to the promotion of the Social Innovation Business		Number of applicable directors
 Corporate management	Corporate management experience and knowledge	12 people	 Government and international organizations	Leadership experience in government, governmental agencies, international organizations or economic associations that facilitates an understanding of and response to regulations and social issues, as well as practical experience at educational institutions	4 people
 Global business	Business experience outside Japan or management experience at a company that develops business globally	12 people	 Legal affairs	Expertise and practical experience in legal affairs indispensable for global business and the development of new business	1 person
 Risk management	Knowledge of risk assessment and management necessary to maintain operations	12 people	 R&D and intellectual property	Expertise and practical experience in R&D or intellectual property facilitating the utilization of technology and the incorporation of new technologies	2 people
 Finance and accounting	Knowledge and management experience pertaining to financial accounting necessary for medium- to long-term corporate value creation from a financial perspective	12 people	 Digital	Practical experience in industrial fields vital for promoting digital transformation (DX) in the Social Innovation Business	4 people

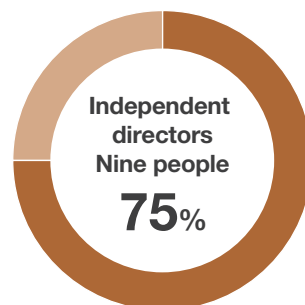
Board of Directors Composition (as of June 2023)

Structure

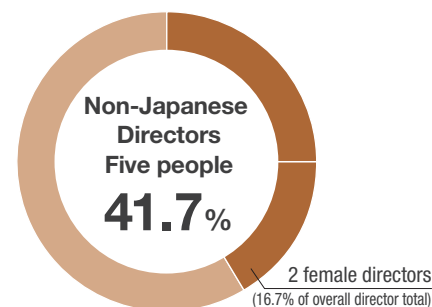
Activities

GRI 405-1

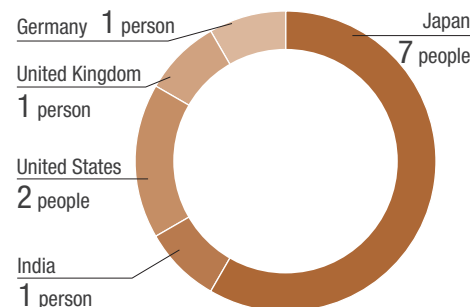
Independence
(ratio of independent directors)



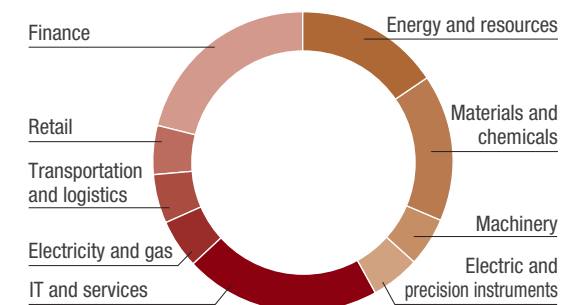
Diversity
(ratio of non-Japanese and female directors)



Diversity
(by country of origin)



Industrial field



Highly Experienced Directors

Structure

Activities

Name	Notes	Main industrial fields	Positions at Hitachi and responsibilities
Katsumi Ihara	Engaged in Sony Group management, possessing a wealth of experience and insight in the field of international corporate management.	Electric and precision instruments, finance	Independent director ● Nominating Committee chairman ◆ Audit Committee member ▲ Compensation Committee member
Ravi Venkatesan	Possesses a wealth of experience and insight in international corporate management at Microsoft India and other companies, and in particular, the digital field and business in emerging markets.	IT and services	Independent director
Cynthia Carroll	Possesses a wealth of experience and insight as a manager of large international corporations including Anglo American.	Materials and chemicals, energy and resources	Independent director ● Nominating Committee member
Ikuro Sugawara	Held a leading position in the Ministry of Economy, Trade and Industry, and possesses a wealth of experience and insight in the administrative field.	General industry	Independent director ◆ Audit Committee member
Joe Harlan	Possesses a wealth of experience and insight in international corporate management, including at the Dow Chemical Company.	Electricity and gas, energy and resources, materials and chemicals	Independent director ▲ Compensation Committee member
Louise Pentland	Attorney licensed in New York and the UK possessing a wealth of insight into corporate legal affairs and corporate governance cultivated through experience as a Legal Officer at PayPal Holdings and other large global corporations.	IT and services, finance and retail	Independent director
Takatoshi Yamamoto	Possesses extensive insight into business and management in the fields of corporate analysis and international corporate management.	Finance	Independent director ▲ Compensation Committee chairman
Hiroaki Yoshihara	Possesses a high degree of professional knowledge and a wealth of experience in the fields of international corporate management, finance and accounting.	Finance, general industry	Independent director ● Nominating Committee member ◆ Audit Committee chairman
Helmuth Ludwig	Mainly engaged in Siemens Group management, possessing a wealth of experience and insight in international corporate management and the digital field in particular.	Machinery, manufacturing	Independent director ◆ Audit Committee member
Keiji Kojima	Engaged in R&D at Hitachi and its group companies, most recently in the Smart Life sector, possessing a wealth of experience and achievements, particularly in digital businesses related to Lumada global deployment.	IT and services	Director, Representative Executive Officer, President & CEO ▲ Compensation Committee member
Mitsuaki Nishiyama	Engaged in operations in accounting and financial affairs and management at Hitachi and Group company etc., possessing a wealth of experience and achievements.	Materials and chemicals	Director ◆ Audit Committee member
Toshiaki Higashihara	Engaged in managing a wide range of fields at Hitachi and its group companies, including the social infrastructure and electric power system businesses, possessing a wealth of experience and achievements that include promoting the global expansion of Hitachi Group business.	Transportation and logistics, IT and services, energy and resources	Director, Executive Chairman, Representative Executive Officer ● Nominating Committee member

Administrative Performance of the Board of Directors

Structure

Activities

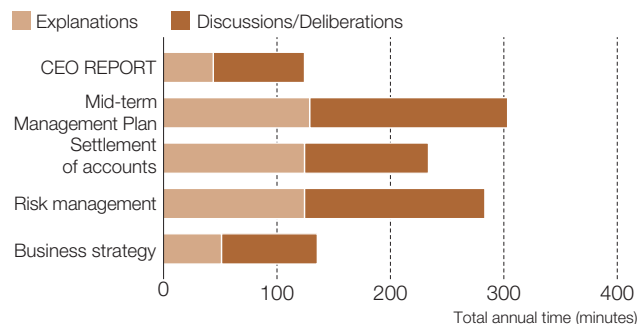
The Board of Directors approves the basic management policy for the Hitachi Group and oversees the execution of the duties of executive officers and directors in order to sustainably enhance corporate value and shareholders' common interests. The basic management policy includes the Mid-term Management Plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy, as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations.

In fiscal 2022, CEO Keiji Kojima reported on the progress of the Mid-term Management Plan 2024, including overall priority items and progress in each sector, and confirmed consistency with the plan. In promoting the execution of management strategies, more time is spent discussing and deliberating than is used to explain quarterly financial reports and business strategies. In addition, at the Board meeting, CEO Kojima reports and discusses important topics for the executive side that were discussed at the Senior Executive Committee, facilitating a shared understanding with the executive side.

Board of Directors Meetings in FY2022

FY2022 Board of Directors Meeting Results	
Meetings held	Nine days
Average number of agenda items	7.6 per meeting
Average meeting length	3.1 hours (longest meeting 5.3 hours)

Discussion of Major Themes



Activities of the Three Committees

Activities

Nominating Committee

The Nominating Committee has the authority to determine proposals submitted to the general meeting of shareholders for the election and dismissal of directors. The Nominating Committee consists of four directors, three of whom are independent directors.

This committee determines director candidates, holds preliminary discussions concerning the appointment and dismissal of the CEO and receives advance reports on the selection and dismissal of executive officers.

In fiscal 2022, the Nominating Committee held meetings on 10 days.

Primary Activities

In addition to deciding upon the contents of proposals made concerning director appointments at the Annual General Meeting of Shareholders, the Nominating Committee confirmed receipt of a preliminary report on the executive officer system implemented in fiscal 2023. In addition, it promoted committee-related activities, including discussions and individual interviews aimed at developing candidates for future management and leadership positions.

Audit Committee

The Audit Committee has the authority to audit the execution of duties of directors and executive officers and to decide on proposals submitted to the general meeting of shareholders for the election and dismissal of accounting auditors. The Audit Committee currently consists of five directors, including four independent directors and one standing Audit Committee member.

Hiroaki Yoshihara, the chairman of the Audit Committee, has been involved in accounting and other business practices at the KPMG Group for many years and possesses a considerable wealth of knowledge concerning finance and accounting.

In fiscal 2022, the Audit Committee held meetings on 15 days.

Primary Activities

The Audit Committee conducted activities that were focused on its priority matters for consideration, which included the strengthening of collaboration and the facilitation of information

sharing under a "Tripartite Audit" (audit by the Audit Committee, internal audit and audit by accounting auditors), and auditing of the establishment and operation of internal control systems from the perspective of risk management and validity of execution of duties. In addition, a standing committee member worked to obtain information as needed in a timely and accurate manner, mainly by collaborating with the Internal Auditing Office, among other departments, and attending important internal meetings such as the Senior Executive Committee, and facilitated information sharing with other committee members.

Compensation Committee

The Compensation Committee has the authority to determine remuneration policies for directors and executive officers and remuneration for individuals (including amounts of remuneration) based on them. Currently composed of four directors, including three independent directors, the committee strives to ensure objectivity, transparency, and fairness in the remuneration determination process.

In addition, the Compensation Committee verifies and reviews details of the process used for determining remuneration for individuals, including assessments concerning basic remuneration amounts, evaluations of progress made toward individual targets, and performance appraisals that are tied to short-term incentive compensation.

In fiscal 2022, the Compensation Committee held meetings on 8 days.

Primary Activities

The Compensation Committee determined remuneration amounts for individual directors and executive officers in accordance with established policies while verifying and reviewing the processes and results of appraisals for performance and individual targets tied to short-term incentive compensation for executive officers. In addition, the committee reviewed the executive compensation system while giving due consideration to compensation granted to managers at global companies and the goal of sharing value with shareholders, and decided upon policies covering remuneration for directors and executive officers in fiscal 2023.

Director and Executive Officer Compensation

System

Fiscal 2023 Revision of Executive Compensation System

At a meeting of the Compensation Committee, Hitachi discussed the executive compensation system to enable continued growth over the next ten years, through a modal change toward growth in MMP 2024. A decision was made to amend the executive compensation system to establish a system that can secure competitive superiority over global companies, ensure effective Pay-for-Performance that rewards contributions to growth and innovation, and increase corporate value by strengthening sustainable management. For specific details, please see the following page.

With regard to employee compensation as well, Hitachi has introduced a framework in which individual targets are linked to the company's targets, and compensation is determined according to the achievement of those targets. The management targets put forward in MMP 2024 are applied as evaluation indexes when deciding compensation for individual employees. Hitachi will cultivate a growth mindset among both executives and employees and strive to achieve global growth as One Hitachi.

Compensation structure

(1) Directors

Compensation for Directors is basic remuneration as fixed pay. The amount of basic remuneration is decided by adjusting a basic amount to reflect full-time or part-time status, committee membership and position, and travel from place of residence, etc. A Director concurrently serving as an Executive Officer is not paid compensation as a Director.

(2) Executive Officers

Compensation for Executive Officers consists of Basic compensation as fixed pay and short-term incentive compensation and medium- and long-term incentive compensation as variable pay. The basic amount of Basic compensation, short-term incentive compensation and medium- and long-term incentive compensation is set based on the ratio of compensation for the President & CEO, which in the past was 1:1:1, but has been changed to 1:1.2:2, increasing the ratio of variable pay with a focus on LTI, which takes the form of stock compensation, and the compensation ratios for other executives have also been set based on this ratio. This takes into account the composition of executive compensation for major global companies including European and the United States companies, in order to increase corporate value through the growth of global businesses.

If it is found that an executive officer has engaged in misconduct during their term of office, any compensation already paid shall be returned to the company (clawback provision).

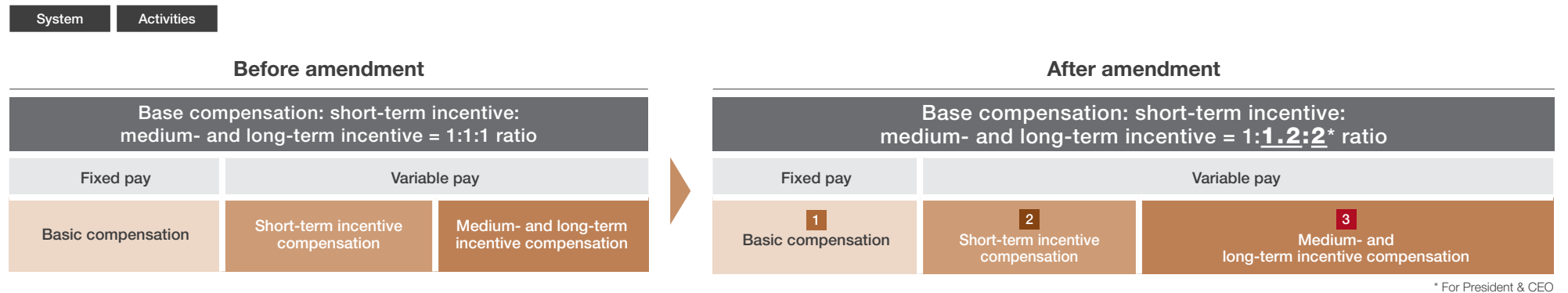
Please refer to Compensation to Directors and Executive Officers in the Annual Securities Report (The 154th Business Term)

[Annual Securities Report \(The 154th Business Term\) P108 Compensation to Directors and Executive Officers](https://www.hitachi.com/IR-e/library/stock/hit_sr_fy2022_4_en.pdf)
https://www.hitachi.com/IR-e/library/stock/hit_sr_fy2022_4_en.pdf

Basic Policy of the New Executive Compensation System

Key Principles: New Incentive Plan	Aiming for growth, profitability, and cash generation	Accelerate sustainable management	Emphasize alignment with shareholder value	Ensure global competitiveness in business and compensation
<ul style="list-style-type: none"> Aligned with mid or long-term growth of corporate value and business performance Corp. value growth through Pay-for-Performance <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; font-size: small;">Linkage with the Mid-term Management Plan 2024</div> <div style="font-size: 2em; margin: 0 10px;">+</div> <div style="border: 1px solid black; padding: 5px; font-size: small;">Mid- or long-term growth beyond the mid-term plan</div> </div> <p style="text-align: center; margin-top: 20px;">Attract and retain key talent</p> <p style="text-align: center; margin-top: 20px;">Transparency, objectivity and fairness</p>	<ol style="list-style-type: none"> Alignment with the Mid-term Management Plan 2024 <ul style="list-style-type: none"> In the Short-term incentive compensation and Medium- and long-term incentive compensation, set performance metrics toward the Mid-term Management Plan as Key Performance Indicator ("KPI") to encourage executives to achieve them. Establishment of compensation program and corporate performance program that foster a growth mindset <ul style="list-style-type: none"> Pursue an optimal balance between short and medium- to long-term performance about "growth," "improving profitability" and "cash generation," aiming for improvement of short-term performance and medium- to long-term growth in corporate value. Establish a compensation program that significantly rewards performance by setting stretched goals and commensurate compensation levels. Setting indicators to promote sustainable management <ul style="list-style-type: none"> Develop specific indicators and goals related to "Environments," "Business with Integrity" and "Quality of life" under its sustainability strategy, and encourage their implementation. Expansion of stock compensation that rewards growth in corporate value over the medium to long term <ul style="list-style-type: none"> Expand stock compensation to better align with medium- to long-term corporate value. Competitive compensation levels with a global perspective <ul style="list-style-type: none"> Ensure competitive compensation levels to attract and retain key executives in the global market, regardless of their residence or origin, who lead global management of a global organization. Compensation benchmarking with objectivity and transparency <ul style="list-style-type: none"> Reference the benchmarks in the US and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives. Transparency and objectivity through enhanced compensation disclosure and shareholder engagement <ul style="list-style-type: none"> Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement. 			

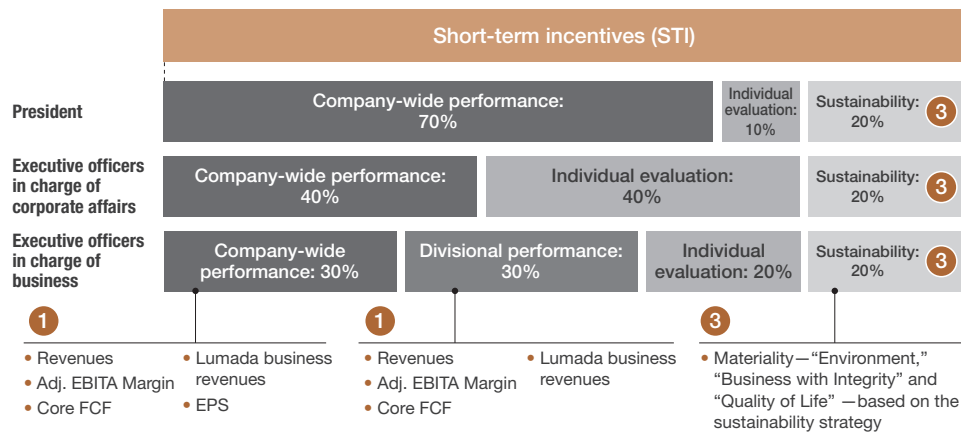
Compensation to Executive Officers (Fiscal 2023)



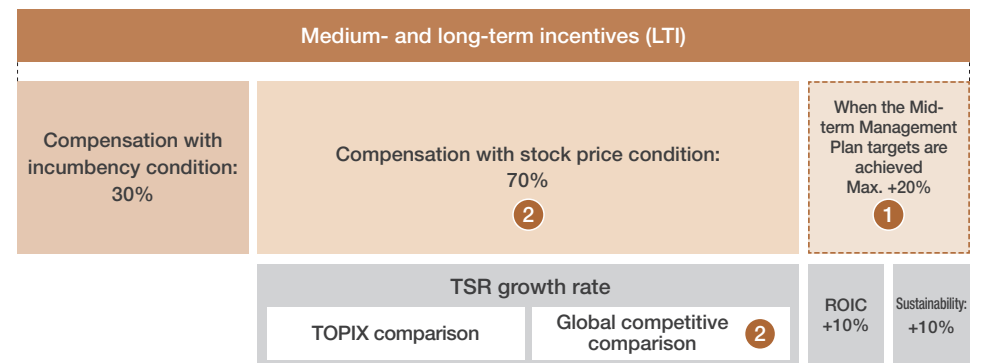
1 Basic compensation

Set according to the relevant position by adjusting that amount to reflect financial results and individual performance.

2 Short-term incentive compensation



3 Medium- and long-term incentive compensation



Points of amendment

1 Strengthening the link with the Mid-term Management Plan 2024

- Adopt the key indicators set forth in the Mid-term Management Plan 2024 adopted as KPIs (STI)
- Introduce incentives for achieving the Mid-term Management Plan (LTI)

2 Strengthening the link with Corporate Value Enhancement

- Increase the stock price condition compensation ratio (LTI)
- Establish a global competitive comparison (LTI)




3 Further evolving of Sustainable Management

- Separate sustainability evaluations and set at 20% (STI)
- Create new evaluations regarding our Materiality—"Environment," "Business with Integrity" and "Quality of Life"—based on the sustainability strategy (STI)

Business Ethics and Compliance

Basic Concept

With the globalization of the economy, overarching regulations and differences in governmental and economic frameworks, the importance of building a culture based on ethics, honesty and integrity are key. Hitachi believes that business ethics and compliance are the foundation of our Company, and we engage in fair, transparent, and honest management. We are committed to creating an open environment in which employees perform at their best and in which every employee feels safe in acting ethically. In this way, we work together to create environments where everyone is empowered to speak up and to perform at the highest standards.

Topic	Overview	Targets, KPIs, and Results
 Business Ethics and Compliance	The Hitachi Group Code of Ethics and Business Conduct spell out decision-making procedures and actions for all Hitachi Group executives and employees. To promote compliance, the Hitachi Group Chief Compliance Officer (CCO) leads the One Hitachi Compliance Program, a program for global compliance initiatives. Specifically, we conduct training to foster a culture of corporate ethics and compliance, pursuing risk assessment within the company and among business partners. We are also expanding the Hitachi Global Compliance Hotline (grievance mechanism) globally.	Assessment Score on Ethical Culture and Ethics FY2023 Target: Standard score of 60 points or higher (out of 100) Achieved a score of 76.5
 Anti-Bribery and Anti-Corruption	Hitachi has made it clear that we will not tolerate any bribery, kickbacks, or other corrupt behavior by employees or business partners, or any conduct that violates the anti-bribery laws and regulations of countries and regions that have become increasingly strict in recent years, including the U.S. Foreign Corrupt Practices Act (FCPA). We conduct various anti-bribery and anti-corruption initiatives, including internal education for our employees.	
 Tax Compliance	To respond to tax risks associated with the globalization of our business, Hitachi conducts appropriate tax governance throughout the Group by identifying tax risks on a quarterly basis under the management of the CFO.	

Business Ethics and Compliance

Doing Business Ethically, Honestly and Transparently


Approach

GRI 2-26/3-3

The Hitachi Group believes that business ethics and compliance are the foundation of the company, and we promote fair, transparent, and honest management. We strive to create open environments in which every employee acts ethically and maximizes performance. In addition to ensuring compliance with laws and regulations, we encourage an understanding of the Hitachi Group Code of Ethics and Business Conduct, various rules, and other regulations, not only among employees, but also among business partners. We promote a culture of speaking up to ensure appropriate reporting and action in the unlikely event of a violation or suspected violation of laws and regulations or the Hitachi Group Code of Ethics and Business Conduct.

The Hitachi Group Identity embodies our mission, the Hitachi Founding Spirit, and the Hitachi Group Vision. We believe this Identity is an important part of the Hitachi Group commitment to business ethics and compliance. Through the One Hitachi Compliance Program, which aims to strengthen compliance throughout the Group and organization globally, Hitachi fosters a corporate culture in which every employee understands what is expected of them and acts with integrity and fairness.

Further, we ensure business ethics and compliance throughout the value chain through the Hitachi Group Sustainable Procurement Guidelines, which serves as a code of conduct for procurement partners to follow in understanding Hitachi's commitment to compliance with laws, regulations, and ethical standards, as well as our commitment to respect for human rights.

 The Hitachi Group Code of Ethics and Business Conduct
https://www.hitachi.com/corporate/about/conduct/pdf/conduct_e.pdf

 Hitachi Group Sustainable Procurement Guidelines
https://www.hitachi.com/procurement/csr/EN_HG_SPG.pdf

Compliance With the Hitachi Group Code of Ethics and Business Conduct

Policy

GRI 2-23/3-3

All employees who complete the annual business ethics and compliance training via e-learning pledge to comply with the group-wide Hitachi Group Code of Ethics and Business Conduct (the “Code”).

The Code defines the basis for decisions and actions across a range of matters, including business ethics, conflicts of interest, fair and free competition, sustainability, human rights, respect for diversity and individuality, and community involvement. In March 2023, we performed a complete revision of the content to be more broadly responsive to the expectations of a changing global social environment. The Audit Committee members received a report regarding the revisions of the Code.

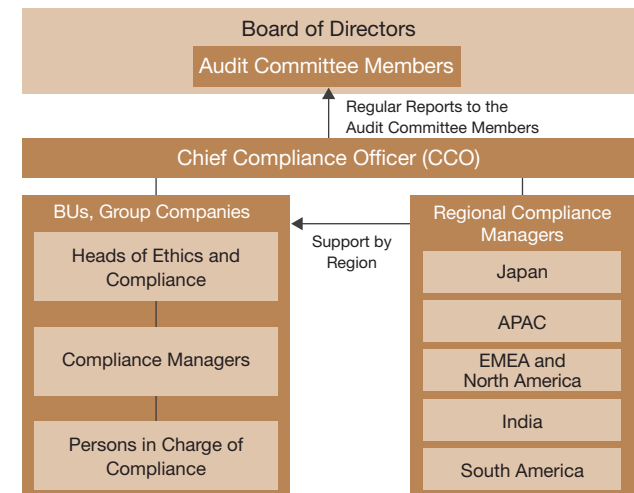
The Code has been prepared in more than 20 languages. The Japanese and English versions are published on the Hitachi, Ltd. website, and other languages are available on the intranet servers of Hitachi, Ltd. and other Group companies to ensure familiarity and practice by all executive officers, employees, and relevant stakeholders. The Compliance Division leads an annual review of the Code to ensure effectiveness and to reflect legislative and regulatory updates, as well as changes in social conditions.

Ethics and Compliance Structure

Structure

GRI 2-13/2-24/3-3

Under the leadership of the Chief Compliance Officer (CCO), who oversees overall business ethics and compliance, Hitachi conducts the One Hitachi Compliance Program to strengthen business ethics and compliance throughout the Group. In addition, the CCO reports important compliance matters regularly to the members of the Audit Committee, which consists solely of non-executive directors of the Board. In addition, we established Regional Compliance Managers in Japan, Asia-Pacific (APAC), Europe, the Middle East and Africa (EMEA), North America, India, and South America to support regional business units (BUs), Group companies, and other entities to meet global and local compliance and regulatory requirements. Regional Compliance Managers also play a role in facilitating collaboration across the Group.



More than 1,200 selected Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others from Hitachi Group BUs and Group companies around the globe work to streamline business ethics standards to drive the efficiency and effectiveness of the One Hitachi Compliance Program.

The Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others at each BU and Group company are key stakeholders in promoting ethics awareness among management and employees. They coach colleagues through ethical dilemmas, raise concerns and potential risks to their Legal Division or Hitachi, Ltd. global compliance office and conduct investigations when appropriate.

In regular meetings with Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others, the Compliance Division provides updates on ethics and compliance initiatives, trends, and additional resources to support them as they fulfill the responsibilities of their role.

Cultivating a Culture of Ethics and Compliance

Target

Activities

Hitachi develops and implements strategy and initiatives to drive an ethical culture throughout Hitachi's 800-plus Group companies. This approach is part of Hitachi's effort to provide all employees with guidelines and resources that ensure they understand and do what is right, make ethical decisions, and support compliance with company policies, procedures, and legal requirements.

Target **Materiality**

At Hitachi, we encourage employees to apply high ethical standards in their day-to-day work as we improve our ethical

culture. We established a KPI based on the results of an awareness survey on corporate ethics and compliance commissioned to Ethisphere, a U.S. research institute specializing in global corporate ethics. Our target is to achieve a standard score of 60 points or higher (100-point scale) in the first year, improving each year thereafter. We achieved a score of 76.5 in the first survey, conducted in June 2023, and we intend to continue to make improvements under the One Hitachi Compliance Program.

Business Ethics and Compliance Training

Hitachi conducts annual business ethics and compliance training for all employees (including temporary and part-time workers) based on the Hitachi Group Code of Ethics and Business Conduct and internal rules. Participants in the e-learning program pledge to comply with the Hitachi Group Code of Ethics and Business Conduct and other relevant standards during the training.

Achievements in Fiscal 2022

Our fiscal 2022 training course covered business ethics, bribery and corruption, gifts, travel and entertainment, anti-money laundering laws, fraud, fair competition, information owned by others, data protection, conflicts of interest, reporting and non-retaliation, and the Hitachi Global Compliance Hotline. This training encouraged higher levels of compliance awareness in the Group. The participation rate was 95.1% globally. In addition, we conduct data analysis on the level of understanding among training participants by region and job category, as well as the time required for training via e-learning, for use in identifying areas of risk or need for additional training. Hitachi, Ltd. also conducted live training for new employees, and additional compliance training for mid-career hires and newly-appointed managers to ensure a complete understanding of the Hitachi Group Code of Ethics and Business Conduct.

Ethics and Compliance Risk Assessments

Activities

GRI 205-1/205-2

To date, Hitachi conducts a comprehensive business ethics and compliance risk assessment, including anti-bribery, anti-corruption, and competition law compliance, for all Group companies every three years. This assessment verifies the effectiveness of measures taken to manage and correct significant risks, and we take appropriate corrective actions when matters requiring improvement are identified. As of the beginning of fiscal 2023, each of the Regional Compliance Managers are responsible to strengthen cooperation with Group companies in their countries and regions of responsibility. Each Regional Compliance Manager also provides support to enhance risk identification and mitigation at each Group company.

Due Diligence on Third Parties

Hitachi maintains a reputational due diligence program including the introduction of a third-party management system to identify reputational risks associated with bribery, corruption and other factors related to potential business partners with whom Hitachi plans to begin business. This program assists in preventing Hitachi from engaging with parties that have acted or are likely to act in a manner inconsistent with Hitachi's ethical culture.

We also conduct an annual screening of business partners with whom we have already conducted transactions to check for any concerns that may have arisen in the interim.

Strengthening our Speak-up Culture

Approach

GRI 2-25/2-26

Hitachi believes that a speak-up/listen-up culture—where employees are encouraged to raise concerns and feel confident that they can do so without fear of retaliation—is essential to the early detection and prevention of breaches of ethical and regulatory expectations. We are committed to ensuring our employees feel safe to speak up, to share allegations and to challenge how business is conducted without fear of retaliation.

When an employee discovers a violation or suspected violation of laws, regulations, or the Code, or when employees have questions about business activities in general, we encourage employees to consult or report the matter to their leaders, the relevant department (Human Resources, Compliance and Legal), or to the Hitachi Global Compliance Hotline.

Hitachi Global Compliance Hotline (Whistleblower System)

System

Activities

GRI 2-25/2-26/2-27

The Hitachi Global Compliance Hotline is a reporting system operated by a third-party organization and is available 24/7/365 to Hitachi Group employees, business partners (including procurement partners and contractors), and all other stakeholders. To ensure that no one is treated unfairly, anonymous reporting is permitted when legal, and all information received is kept strictly confidential except as necessary to conduct an investigation.

Consultation and reporting are available by phone or online for all matters involving possible misconduct, including violations of laws and regulations, violations of the Hitachi Group Code of Ethics and Business Conduct, and human rights violations, including harassment.

Phone numbers for the Hitachi Global Compliance Hotline are available for all employees and other stakeholders to speak to a representative in their native language. The phone lines are staffed by specially trained third-party representatives, with translators in more than 50 languages. Web-based reporting is also available. We store data supplied in a report on secure servers maintained by the third party who administers the hotline.


To address and resolve contacts to the Hitachi Global Compliance Hotline efficiently, we assign inquiries to an investigator who is a subject matter expert.

After a confidential review of the concern, the investigator determines which reports require an investigation. If an

investigation is needed, appropriate investigative personnel are assigned. For concerns that are substantiated, disciplinary actions may be taken. Discipline comes in many forms from warnings to suspensions to termination.

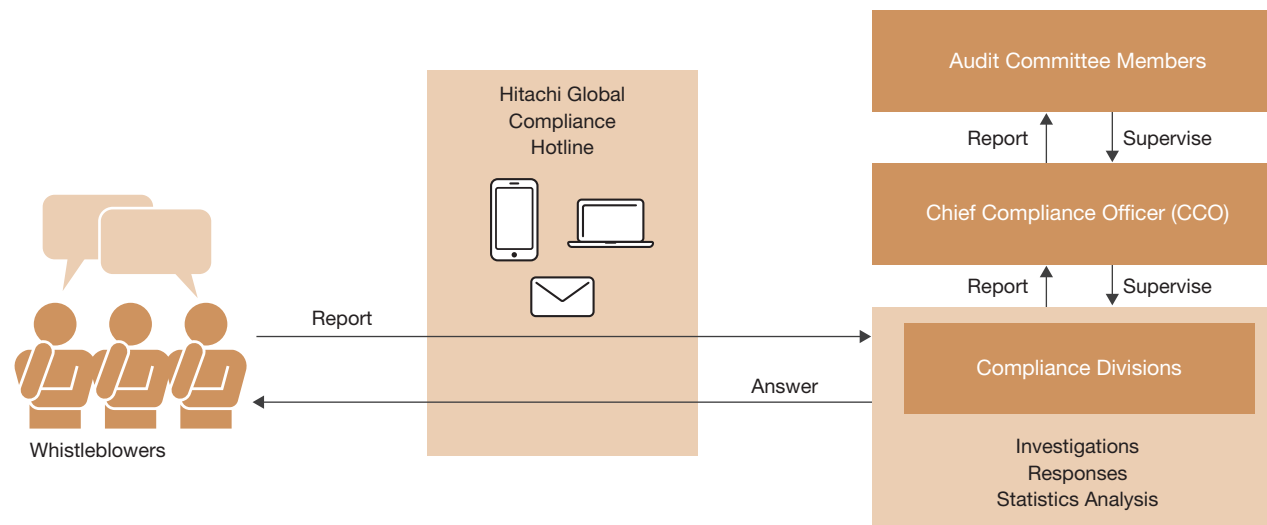
The Chief Compliance Officer reports to, and receives necessary instructions from, members of the Audit Committee on a quarterly basis regarding the number of cases reported, trends, etc. Serious incidents of noncompliance are immediately reported to the Chief Compliance Officer.

In fiscal 2022, we received 1,276 reports from all Group companies worldwide.

 Hitachi Global Compliance Hotline
<https://secure.ethicspoint.eu/domain/media/en/gui/109107/index.html>

 P.103 Hitachi Global Compliance Hotline

▶ Reporting and Monitoring Structure



Note: Hitachi normally refers to suppliers (including suppliers, vendors or providers) as *procurement partners* who build business together on an equal footing.

Details of Fiscal 2022 Consultations and Reports

Categories		1 HR issues (labor management, travel expenses, commuting costs, etc.)	2 Harassment	3 Financial	4 Procurement	5 Competition law	6 Bribery	7 Other	Total
Areas where whistleblowing cases occurred	Americas	87	125	4	6	1	5	115	343
	Europe (including CIS)	63	52	4	4	0	3	76	202
	Middle East and North Africa	13	15	1	0	0	2	28	59
	Sub-Saharan	1	1	0	2	0	0	0	4
	APAC (excluding Japan)	47	55	9	13	1	19	96	240
	Japan	83	209	16	4	0	2	114	428
	Total	294	457	34	29	2	31	429	1,276

Anti-Bribery and Anti-Corruption

Policy

Activities

GRI 205-2

Hitachi has made it clear that we will not tolerate any bribery, kickbacks, or other corrupt behavior by employees or business partners, or any conduct that violates the anti-bribery laws and regulations of countries and regions, including the U.S. Foreign Corrupt Practices Act (FCPA).

We established the Hitachi Group Code of Ethics and Business Conduct, the Hitachi Group Anti-Bribery and Anti-Corruption Policy, and rules and guidelines related to the provision and acceptance of gifts, entertainment, and travel expenses; donations and political contributions; conflicts of interest; and business partner screening procedures. Under these policies, when providing or accepting entertainment or gifts, or making donations or political contributions, executive officers and employees must not exceed the scope of actions permitted by anti-bribery laws and regulations and must comply with Hitachi's internal rules. These policies indicate specific spending limits in terms of monetary value and the

number of times that entertainment, gifts, and other arrangements may be provided to public officials. We also have policies banning facilitation payments and requiring due diligence procedures for business partners.

In addition, as an effort to manage the risk of corrupt practices, we established and implemented procedures for pre-screening of (1) the provision and acceptance of gifts, entertainment, and travel expenses; (2) the selection of business partners; (3) donations and political contributions; and (4) business acquisitions, joint ventures, and other forms of investment and financing for each transaction type. In doing so, we take into account the risk of corrupt practices by country/region in the screening procedures according to the score of the Corruption Perceptions Index (CPI) published annually by Transparency International and other relevant factors.

Fiscal 2022 Initiatives

In fiscal 2022, Hitachi began building a system for conducting Due Diligence and creating Due Diligence reports using a new platform from an external service provider and assigning several Due Diligence analysts from inside the company to an internal global compliance team. The goal of this system is to improve and standardize business partner screening, as well as to create and maintain records, when initiating or renewing transactions with business partners globally.

Educational Activities for Preventing Bribery and Corrupt Practices

One of the major topics in the Hitachi annual business ethics and compliance training is the prevention of bribery and corruption. This training includes more specifics on gifts, travel, and entertainment from the perspective of preventing bribery and corruption. In fiscal 2022, 331,525 employees received training on anti-bribery and anti-corruption. In addition, we post Group-wide educational materials on anti-bribery and anti-corruption on the intranet for use by all Group companies.

In conjunction with the United Nations' International Anti-Corruption Day on December 9, we posted an article on the Hitachi Group employee news website, calling on employees to refamiliarize themselves with the Hitachi Group Code of Ethics and Business Conduct and Hitachi Group Anti-Bribery and Anti-Corruption Policy to ensure consistent anti-corruption.

In addition, we share the latest enforcement policies of the U.S. Department of Justice on bribery, corruption, and other corporate crimes at regular meetings for Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others at Group companies. The meetings are designed to expand the knowledge of Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others, as well as to confirm the rationale and direction of the Hitachi Group compliance program.

Fair Competition

Policy

Activities

Hitachi engages in business in accordance with the law and with business ethics, and we practice fair and open competition. We have also established operational standards in addition to the Hitachi Group Code of Ethics and Business Conduct and the Hitachi Group Fair Competition Policy. In fiscal 2021, we revised the guidelines for preventing cartel activity and improved the relevant forms based on the revised guidelines.

Educational Activities for Preventing Violations of Competition Law

As with our anti-bribery and anti-corruption initiatives, Hitachi addresses compliance with competition laws as one of the main topics in our annual business ethics and compliance training. In this way, we strive to ensure that all relevant rules and operational standards are fully understood. In addition, we prepare standards related to global contact with competitors for overseas employees to inform them of the practicalities involved.

Prevention of Antisocial Transactions and Money Laundering

Approach

Activities

To cut off all relationships with antisocial forces, the Hitachi Group Policy Against Money Laundering and Antisocial Transactions includes provisions stating that we will never engage in antisocial transactions under any circumstances, and will refuse any improper demands and unfair deals.

In Japan, we insert antisocial-force rejection clauses in contracts. If we determine that a business partner belongs to an antisocial force, we can promptly void the contract and end the relationship. The Hitachi Group acts decisively to eliminate approaches from antisocial forces in partnership with external specialist institutions (the National Center for Removal of Criminal Organizations or the police).

In fiscal 2020, we revised our rules by adding provisions for the prevention of money laundering in addition to the prevention of antisocial transactions. These provisions reinforce Hitachi's stance and clearly establish that we will not tolerate involvement with persons or organizations engaged in money laundering or other illegal activities within or outside of Japan. Using a risk-based approach, we conduct due diligence on prospective customers and business partners, including checking against country sanctions lists and

inspecting payment details for red flags. Additionally, we include clauses in contracts which prohibit money laundering and terrorist financing.

Export Controls

Approach

Activities

The basic Hitachi export control policy is to comply with export and import laws and regulations on a global basis to maintain international peace and security, and to manage exports appropriately in accordance with internal regulations. Hitachi, Ltd. established Corporate Regulations concerning Security Export Control based on this policy to ensure implementation of strict export control practices in line with relevant laws and regulations. We screen all goods and technologies intended for export against such factors as destination countries and regions, as well as intended end use and end users. We provide guidance and educational support for the formulation of regulations and the establishment of frameworks to Hitachi Group companies to ensure that Group companies follow the same export control policies in accordance with relevant laws and regulations.

As part of our training program for all Group companies, we offer courses and e-learning programs on export controls, consisting of a basic e-learning program in 14 languages and an e-learning program for practitioners in Japanese and English. Hitachi strives to ensure that export controls are thoroughly enforced throughout the Group.

Tax Compliance

Approach

GRI 207-1/207-2/207-3/207-4

To respond to tax risks associated with the globalization of our business, including tax audit and litigation by tax authorities in various countries, Hitachi conducts appropriate tax governance throughout the Group by identifying tax risks on a quarterly basis under the management of the CFO.

To ensure thorough compliance with these rules, we strive to raise awareness among all employees involved in tax management (filing and paying taxes, handling tax audits, and managing tax risk) and in the handling of other tax-related matters.

1. Group companies strictly comply with all relevant laws and implement tax management when pursuing their business activities, bearing in mind such international tax compliance standards as the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations of the Organisation for Economic Co-operation and Development (OECD)^{*1}, as well as that body's Action Plan on Base Erosion and Profit Shifting (BEPS)^{*2}.
2. Group companies effectively, continually, and proactively manage tax-related issues in a manner befitting their status as socially responsible organizations, maintaining Hitachi brand value and seeking to maximize shareholder value.
3. Group companies build sincere and positive relations of trust with the tax authorities in the regions where these companies do business, striving to maintain and develop those relations.

In accordance with these policies, we established rules on transfer pricing management for Group companies, seeking to identify and mitigate potential taxation risks related to transfer pricing in transactions with foreign-affiliated parties, as well as

to ensure compliance. As stated above, we strive to raise awareness of these rules and ensure that they are followed.

^{*1} OECD (Organisation for Economic Co-operation and Development)

^{*2} BEPS (Base Erosion and Profit Shifting)

Tax Compliance Initiatives

Activities

By following the relevant tax-related rules applicable to the Group as a whole, Hitachi manages tax risks associated with globalization. For example, we strengthen risk management and compliance with laws and regulations by identifying and sharing matters indicated by the tax authorities and tax-related legal proceedings in each country.

The results of our tax filings and tax audits in Japan are reported to the CFO, and we work continuously to ensure appropriate tax reporting and prevent fraud. In preparing tax filings, we determine whether anti-tax haven legislation applies. When legislation applies, we reflect said rules properly in the tax filing to ensure appropriate tax payments.

Hitachi follows rules for transfer pricing management and manages transfer pricing in accordance with the OECD Transfer Pricing Guidelines and the laws and regulations on transfer pricing in each country or region where Group companies are located.

We paid 170.8 billion yen^{*1} in income taxes for the fiscal year ended March 31, 2023 (Japan: 64%, Overseas: 36%^{*2}).

^{*1} Refer to income taxes paid in the consolidated statements of cash flows

^{*2} Based on the percentage in the country-by-country report submitted to tax authorities

Stakeholder Collaboration and Engagement

Hitachi continues efforts to build relationships of trust through sincere responses to tax authorities and to reduce tax risks through researching appropriate tax treatment in consultation with external tax advisors. We also collaborate with the business community through industry associations to lobby for viable tax reform that contributes to stronger international competitiveness on the part of Japanese companies.

Violation of Laws and Regulations

Activities

GRI 205-3/206-1

In fiscal 2022, we recorded no incidents in which Hitachi was prosecuted or penalized by authorities for bribery, corrupt practices, competition law or export control. Regarding tax compliance, Hitachi acts in accordance with all applicable laws and regulations, and we did not record any significant fines or nonmonetary sanctions for noncompliance with tax laws and regulations.

Risk Management

Basic Concept

We have seen the emergence of social issues such as rapid digitalization and complex global political and economic change, as well as environmental issues such as climate change, resource depletion, and large-scale disasters. In response, the business environment has become so volatile that it is difficult to predict the future, and the response to these changes has become a major factor in maintaining business models. Hitachi strives to comprehend and analyzes this business environment quantitatively and qualitatively. Based on social issues, our competitive environment, and management resources, we engage in risk management from the perspective of responding to risks and opportunities for further growth, creating profit-earning opportunities while controlling risks.

Topic	Overview
 <p data-bbox="275 639 421 730">Addressing Risks and Opportunities</p>	<p data-bbox="465 639 2085 730">In April 2022, Hitachi established a new Risk Management Meeting within the Senior Executive Committee to deliberate and determine materialities related to companywide risks. The President serves as chair of the Risk Management Meeting and the chief risk management officer (CRMO) serves as vice-chair. By managing the diverse risks of Hitachi's global operations centrally, we are building a solid management foundation that is aligned with growth strategies.</p>
 <p data-bbox="275 788 383 879">Business Continuity Initiatives</p>	<p data-bbox="465 772 2051 895">We provide the Hitachi Group Guidelines for Developing Business Continuity Plans to Group companies to enhance our preparation for major disasters and other risks. In addition to strengthening safety and business continuity measures in the event of natural disasters such as large-scale earthquakes in Japan as Natural Disaster BCPs, the procurement departments of business units (BUs) and major Group companies in Japan strive to enhance procurement BCPs to minimize the impact of future incidents.</p>

Addressing Risks and Opportunities

With the rapid advance of digitalization and complex developments in the political and economic landscape globally, the business environment is changing with each day. In the Risk Management Meeting, which is chaired by the President with the Chief Risk Management Officer (CRMO) acting as vice-chairperson, Hitachi monitors and analyzes this business environment quantitatively and qualitatively and manages risks in terms of the response to risks that Hitachi should prepare as well as opportunities for further growth in light of, for example, social issues, competitive advantages and management resources. We will create revenue opportunities while controlling risks. We will identify severe risks that could potentially have a significant impact on Hitachi's operations in terms of the nature of risk events, the expected time period, the likelihood of their occurrence and their seriousness when they do occur, and we discuss and implement measures against the risks. By identifying the various risks Hitachi faces while operating around the world, we are working to achieve a solid management foundation that is linked to our growth strategy.

Hitachi's Risk Management Structure

Structure

GRI 2-12/2-13/2-24/3-3/403-2

We established five working groups (WGs) according to types of risk under the Risk Management Meeting. The WGs utilize related group corporate functions and manage respective risks appropriately.

▶ Risk Management Structure



Group Governance Efforts

Policy

Activities

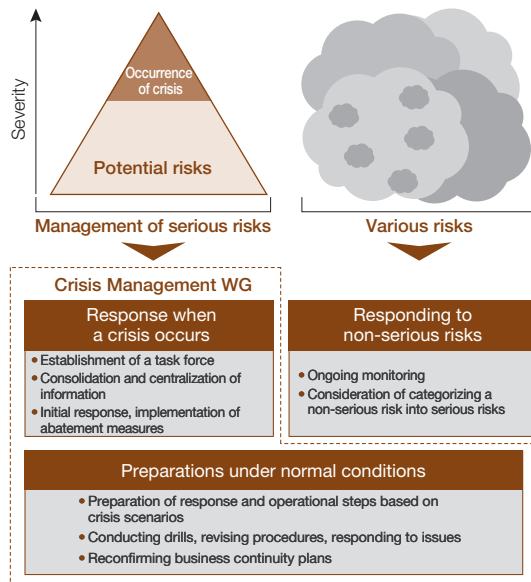
We amended our Group Governance Policy in April 2023. The policy aims to clarify how the Hitachi Group's governance should function and to explicitly state responsibilities and roles of different organizations given Hitachi's presence as a global enterprise.

Achieving sustainable growth through the global expansion of the Social Innovation Business requires group-wide optimal management, based on the Group's common aim, to reflect global perspectives and diverse values in our business management and efficiently allocate management resources. Based on this policy, the Hitachi Group integrates its management to formulate and execute the Group's strategies in pursuit of synergies within the Group, strengthen its management foundation through common discipline and rules, and streamline business management through the standardization of our global operations. In this way, we will accelerate our global growth by ensuring the transparency and fairness of our business management, protecting the Hitachi brand's value and promoting our Social Innovation Business.

Crisis Management Initiatives

Activities

For crisis management, Hitachi strives to achieve more sophisticated resilience. An example is quick action taken in the event that a crisis occurs. Even in ordinary times, we are ready to take action against each of the serious risk categories to enhance our preparedness for contingencies and ensure appropriate action. In fiscal 2022, our corporate measures in the areas of large-scale natural disasters in Japan, as well as cybersecurity and other related issues, were strengthened and reviewed. Our aim was, for example, to facilitate the migration of major systems to the cloud and duplicate our information infrastructure. In fiscal 2023, the expansion of our measures for business units and the Hitachi Group companies as well as Diagrammatic drill, among other initiatives, will be strengthened to enhance the Group's resilience globally.



Compliance Initiatives

Activities

GRI 201-2

As a cross-sectoral compliance initiative, four related departments worked together and shared information with one another in fiscal 2022 regarding the measures implemented by each department under regular conditions (e.g., development of regulations, training, monitoring, audits) and how to handle contingencies in the event that they arise (e.g., communication with internal and external stakeholders including senior management when a major risk manifests) to handle major compliance-related risks that concern corporate ethics and laws, the environment, quality, and health and safety. These departments work to strengthen their cooperation in terms of management methods in different categories of risks. In this way, we have sought to raise the level of our risk management in the different categories and reduce risks. In fiscal 2023, we will seek to establish an organizational climate for encouraging employees to speak up and preventing violation of laws and internal rules with the aim to reduce the Hitachi Group's compliance-related risks.

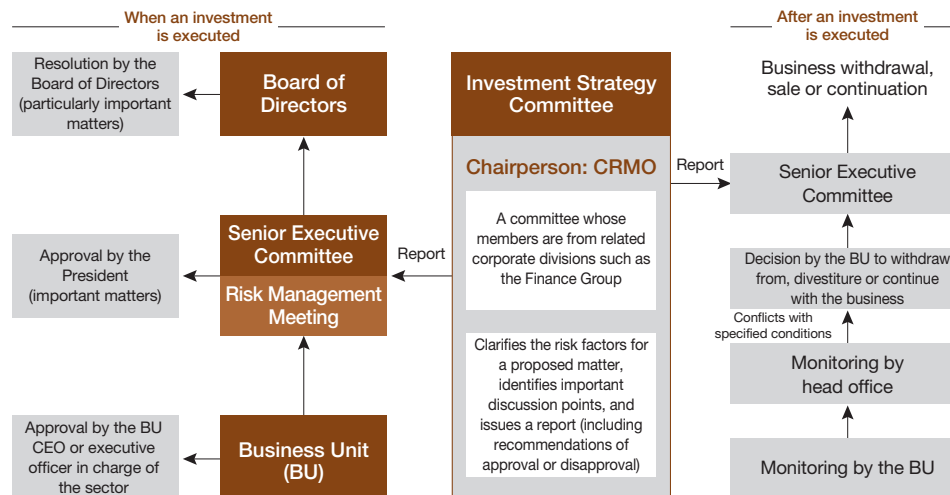
Efforts Against Investment Risks

Structure

Hitachi has a proper framework of decision making in different phases of investment (e.g., M&A, sale of assets, orders for projects) to facilitate our response to risks and secure growth opportunities. Hitachi has a framework for delegation of authority within a three-layer deliberation structure—the Board of Directors, the Senior Executive Committee and the business units—in accordance with the size and details of the project to ensure appropriate and flexible decision making when carrying out an investment or other activity. For important projects, the Investment Strategy Committee, an advisory body consisting of members of our corporate divisions, examines risks in a multifaceted manner to submit a report (including recommendations of approval or disapproval) to the Senior Executive Committee whose members include the President. After an investment is executed, we periodically monitor the status of the project. If the project fails to proceed as planned, we have a framework in place to decide whether to continue with the investment, which might lead to a decision to withdraw. The aim is to enhance our capital efficiency.

In response to changes in the economy finance, geopolitics, customers and other components of the management environment (risks and opportunities), the criteria for providing investment and post-implementation monitoring (including PMI) are continuously strengthened in an effort to achieve the Mid-term Management Plan and capital allocation plans.

▶ Framework of Decision Making



Quantitative Understanding of Risks

Activities

Hitachi calculates expected maximum risks (Value at Risk) by statistical methods according to the type of assets held on the group's consolidated balance sheet. Similarly, the risks of increasing the backlog of long-lead projects have been quantified since fiscal 2022.

We avoid missing out on growth opportunities by visualizing the capacity for growth investment, etc., considering consolidated net assets and other factors. We also engage in monitoring and hold discussions through the Risk Management Meeting to ensure that risks are not excessively unbalanced compared to Hitachi's consolidated financial strength.

We also quantitatively analyze and understand the state of risks and profitability on a regional and per-sector basis.

Responding to Climate Change Risks and Opportunities


Activities

GRI 201-2

In June 2018, Hitachi announced its endorsement of the recommendations by the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

 P.043 Climate-related Financial Information Disclosure (Based on TCFD Recommendations)

For details of the risk factors, please refer to page 34 of the Annual Securities Report (the 154th business term).

 Annual Securities Report (the 154th business term) P.34

https://www.hitachi.com/IR-e/library/stock/hit_sr_fy2022_4_en.pdf

Business Continuity Initiatives

Approach to Business Continuity Plans (BCPs)

Approach

Activities

Given the close relationship of our business to social infrastructure, we continue to strengthen BCPs to ensure that the impact of risks do not disrupt our business and thereby significantly affect society. We published the Hitachi Group Guidelines for Developing Business Continuity Plans (Overview) and the Hitachi Group Guidelines for Developing Business Continuity Plans (By Department) in Japanese, English, and Chinese for distribution to all Hitachi Group companies to enhance preparedness for major disasters and other risks.

Regarding infectious diseases, we released the Hitachi Group Guidelines for Pandemic Influenza Preparedness for Group companies. These guidelines served as a useful tool in dealing with the COVID-19.

We also appointed personnel with responsibility for risk-response policies at our main overseas bases. Major Group companies outside Japan prepared BCPs to strengthen response to business risks including major disasters, infectious diseases, political instability, social disruption, and acts of terrorism.

Formulation of BCPs

Hitachi, Ltd. and its Group companies in Japan have formulated BCPs for each business in preparation for major earthquakes, wind and flood damage, and novel strains of influenza. Each business division reviews its BCP regularly and makes revisions as necessary to reflect the latest risk assessment results. In fiscal 2022, Hitachi, Ltd. and its Group companies in Japan strengthened BCPs related to infectious diseases such as COVID-19 in particular, as well as continuity plans in the event of mega-earthquakes. Group companies outside Japan have formulated BCPs in light of risks of concern in their respective locations.

Note: Hitachi normally refers to suppliers (including suppliers, vendors or providers) as *procurement partners* who build business together on an equal footing.

BCPs Initiatives

Activities

Hitachi, Ltd. continues to strengthen measures against natural disasters by conducting annual earthquake drills, which simulate a major seismic event.

▶ Drill Simulating Earthquake Measures

FY2020	<ul style="list-style-type: none"> Drills to set up an earthquake task force on a remote-work basis on the assumption that all work must be conducted remotely
FY2021	<ul style="list-style-type: none"> Remote drills using a Web conferencing system on the assumption that not everyone can assemble at the office on weekdays and that there is a mix of those who come to the office and those who work from home
FY2022	<ul style="list-style-type: none"> Conducted training for remote workers, assuming that headquarters disaster-response staff living in areas subject to JMA Seismic intensity 7 are not able to participate in drills in person; simulated an earthquake occurring directly under the Tokyo metropolitan area during daylight on a weekday

Procurement BCPs Initiatives

Approach

Activities

Hitachi enhances procurement-related business continuity plans (BCPs) across Group companies worldwide to ensure significant incidents*¹ do not disrupt our business or seriously impact the society.

To minimize the impact of disasters that may occur, the procurement divisions in BUs and key Group companies: (1) standardize and use generic parts to make procurement as flexible as possible; (2) cultivate multiple suppliers; (3) distribute production across several locations; (4) budget inventory

strategically; and (5) consider and promote substitute products. Based on our experience with the various impacts e.g. lockdowns caused by COVID-19 and wars, we will accelerate the above measures.

We share these activities with procurement divisions in BUs and key Group companies outside Japan as appropriate, making use of this information in reviewing strategies in an effort to enhance procurement BCPs throughout the Group worldwide.

*1 Events such as natural disasters (including major earthquakes) serious enough to disrupt business

Achievements in Fiscal 2022

We have introduced the Procurement BCPs Management System for our procurement partners in Japan to share information (on contingency impact surveys) efficiently among Hitachi Group companies during disasters.

In fiscal 2022, we added a new function to identify the locations damaged by typhoons and other wind-storms in a timely manner, which have been increasing in recent years.

In the future, we promote systematization of incident identification and survey for overseas procurement partners in China and other countries.

 P.108 Responsible Procurement

Improving Safety for Employees Sent to Dangerous Regions

Activities

Hitachi takes all possible measures to ensure safety when sending employees to countries and areas at high risk of conflicts, terrorism, and other threats. On-site surveys are also conducted by in-house and outside experts beforehand.

In addition, Hitachi, Ltd. participates in the Council for Public-Private Cooperation for Overseas Safety organized by Japan's Ministry of Foreign Affairs to enhance collaboration between the private and public sectors in this area, by which contributes to safety measures at other Japanese corporations operating outside Japan.

Achievements in Fiscal 2022

In fiscal 2022, Hitachi, Ltd. undertook measures for the timely provision of information to ensure the safety of our employees around the globe. These measures included posting information from contracted consultants and news agencies on the company's intranet. In addition, the company employs an outside specialist to provide medical assistance to Hitachi Group employees outside Japan.

GlobalLogic Business Continuity Plans

GlobalLogic continues to execute Business Continuity Plans (BCPs) in all business locations. Maintaining the safety of employees as the highest priority, the company continues to operate in Ukraine through BCPs.

A diverse distribution of the workforce is a key factor in the ability of GlobalLogic to operate safely and maintain productivity. A total of 15% of Ukraine team-mates live and work outside Ukraine, with another one-third located in the relative safety of western Ukraine. In addition, the company conducts a program to incentivize temporary or permanent employee relocation to safer locations inside and outside of Ukraine.




In fiscal 2022, the company improved safety measures and business continuity to prepare for the future, including the opening of 11 satellite offices across Ukraine. All offices have been equipped with redundant power and communications infrastructure, including multiple satellite internet connections and mobile power banks. The company also maintains a sufficient inventory of emergency provisions in its offices.

In addition to the preceding, GlobalLogic implemented a long-range Ukraine de-risk plan beginning in fiscal 2023.

Information Security

Basic Concept

While advancements in digital technologies create new value, there is a growing risk of information leaks and shutdowns due to cyberattacks. These attacks become more sophisticated every day and could interfere with business continuity. Risk management related to information security has become one of the most important issues for corporate entities. In response, Hitachi, which aims to be a global leader through our Social Innovation Business, emphasizes cyber security measures from the perspectives of value creation and risk management.

Topic	Overview
 <p data-bbox="277 619 398 676">Information Security</p>	<p data-bbox="465 600 2069 695">Based on our information security policy, Hitachi pursues an optimal security structure under the supervision of our chief information security officer (CISO), confirming our sense of unity and agility as One Hitachi. Specifically, we work to prevent information leaks, conduct in-house information security education, and perform internal audits related to information security.</p>
 <p data-bbox="277 772 421 798">Cybersecurity</p>	<p data-bbox="465 737 2069 833">To address risks associated with the diversification of cyberattack methods, we expanded the scope of security risk management and strive to reduce business risks in the development and verification environment for creating products and services, production and manufacturing environments, supply chains, and product and service development processes.</p>
 <p data-bbox="277 906 439 932">Data Protection</p>	<p data-bbox="465 890 2047 954">As a member of the global community, Hitachi commits to protecting personal information in accordance with a vision for personal information protection summarized as providing safety and trustworthiness, and recognizing the importance of individuals' rights.</p>

Information Security

Approach to Information Security

Approach

The progress of digitization has brought new opportunities for creating value, but this progress also amplifies the risks that businesses face, including information leaks and operational disruptions caused by increasingly sophisticated cyberattacks that impede business continuity. To minimize these risks, risk management related to information security has become one of the most crucial challenges for companies. Against this backdrop, Hitachi, aiming to be a global leader in the Social Innovation Business, is engaged actively in information security initiatives. We recognize cybersecurity measures as a crucial management challenge that addresses both value creation and risk management. Since Hitachi consists of numerous companies, we are pursuing our businesses as a unified group, *One Hitachi*. In line with this business policy, we address information security as One Hitachi, as well, striving to establish optimal security measures and ensure a sense of unity and agility. To this end, we accelerate the security measures based on common initiatives in accordance with the overall Hitachi policy.

[Information Security Report](https://www.hitachi.com/sustainability/download/pdf/Infomation_Security_Report_2022_EN.pdf)
https://www.hitachi.com/sustainability/download/pdf/Infomation_Security_Report_2022_EN.pdf

Information Security Policy

Policy

GRI 2-23

Hitachi created an information security policy to protect information assets, including information entrusted to us by our customers, the systems that store that information, and the information systems that provide social infrastructure services. We established various rules and implementation systems

based on this policy, and we address the challenges of information security management on an active basis.

Information Security Policy

1. Formulating administrative rules for information security and ensuring their continual improvement
2. Protection and ongoing management of information assets
3. Legal and regulatory compliance
4. Education and training
5. Preventing incidents and taking action when they occur
6. Ensuring business processes are optimized within the corporate group

Framework for Promoting Information Security

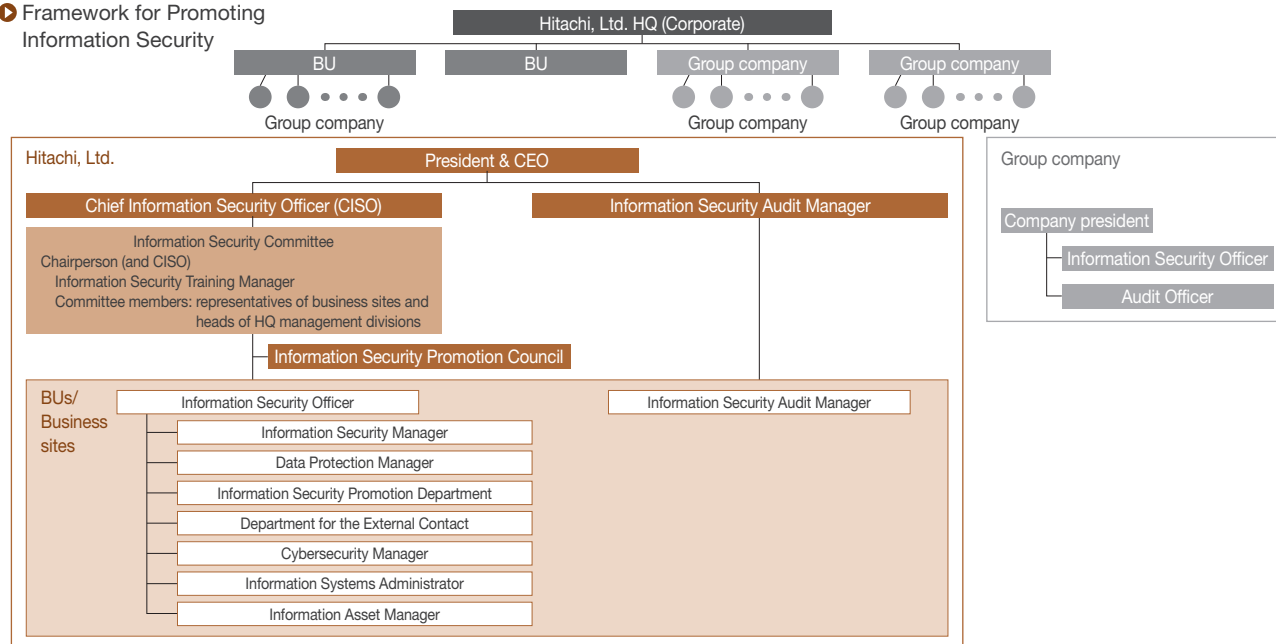
Structure

GRI 2-13/2-24/3-3

The Chief Information Security Officer (CISO) has overall responsibility and authority for implementing and operating information security and personal information protection, and oversees information security for all Hitachi products, services, and internal facilities.

Chaired by the CISO, the Information Security Committee determines all policies and measures for information security and personal information protection. These policies and measures are announced to all Business Units (BUs) and Group companies through channels such as the Information Security

Framework for Promoting Information Security



Promotion Council. BU and Business sites operate their own information security divisions, with the head of the BU or business site serving as information security officers. These divisions implement information security management in each workplace and provide relevant education to employees. This framework is also implemented at Group companies to promote information security across the group through mutual cooperation.

Information Security Management

Activities

Hitachi established a framework for information security management based on the ISO/IEC 27001 international standard. We enhance information security by ensuring information security response measures comply with the United States government standard SP800-171. The Information Security Rules and the Personal Information Protection Rules including *Information Security Standards* are communicated globally by Hitachi, Ltd. and Group companies headquarters. Hitachi also makes use of shared security services and related information security support provided by regional headquarters in the Americas, Europe, Southeast Asia, China, and India.

Preventing Information Leaks

Hitachi engages in a number of IT-related measures such as device encryption, secure PC use, electronic document access control and expiration processing software, ID management and access control via authentication infrastructure, e-mail and website filtering, etc. to prevent information leaks. In response to the recent proliferation of targeted e-mail attacks and other cyberattacks, we not only participate in an initiative to share information between the private sector and the government, but also strengthen various IT measures that include defense-in-depth strategy.

To prevent leaks from procurement partners, we review their information security measures based on Hitachi's own standards before allowing them to access to confidential information. We also provide tools to procurement partners for security education and for checking business information on computers. In addition, we require procurement partners to check and remove business information from personal computers.

Education on Information Security

Hitachi holds annual e-learning programs on information security and personal information protection for all executive officers and employees. The participation rate in Hitachi, Ltd. in fiscal 2022 was 100% (excluding those who could not attend due to personal leave, etc.). Besides, Hitachi offers a variety of programs depending on the target and aims, such as those for new employees, new managers, and lectures for information system administrators. Hitachi also implements simulation training to educate employees about phishing attacks and other cyberattacks. Employees receive deceptive e-mails as phishing simulations to heighten their awareness of security through direct experience.

Training programs in Hitachi, Ltd. are shared with the Group companies in order to actively implement training on information security and personal information protection in the entire group.

Information Security Management Evaluation and Monitoring

Hitachi implements information security and privacy protection initiatives based on the PDCA cycle of the information security management systems stipulated by Hitachi, Ltd. We conduct regular audits and inspections to monitor and evaluate whether management and measures for information security and data protection are implemented properly in each department.

All divisions of Hitachi, Ltd. and Group companies in Japan conduct annual internal audits of personal information

protection and information security. Internal audits at Hitachi, Ltd. are conducted independently by audit managers appointed by the President and CEO. They are not allowed to audit their own units, which underlines our commitment to fairness and objectivity in auditing. The Group companies in Japan conduct internal audits equivalent to Hitachi, Ltd., and all audit results are confirmed by Hitachi, Ltd.

Hitachi requires Group companies outside Japan to use a common global self-check approach to ensure groupwide inspections. All departments in Hitachi, Ltd. perform self-directed personal information protection and information security operation checks annually. In addition, departments involved in operations that handle important personal information (739*1 related operations identified as of March 2023) perform personal information protection operation checks every month. Through these measures, we check operational status regarding personal information regularly.

Hitachi is also engaged in groupwide security risk reduction activities through regular on-site assessments of the status of information security measures. A team of in-house security specialists is responsible for identifying any deviations arising from self-checks. Further, Hitachi, Ltd. and Group companies in Japan contract with an external organization to conduct quarterly external vulnerability assessments of servers open to the public and other external vulnerabilities.

Cyber-Security Initiatives

Activities

To address the risks posed by the increasing diversification of cyber-attack methods, origins, and impacts, Hitachi is expanding the scope of our security risk management. Traditionally, we focused risk management on response measures for internal IT environments. To reduce business risks going forward, we will include the development and verification environments used to create products and services, production and manufacturing environments, and the supply chain and product/service development process.

Cyber-Security Management

Hitachi established standards for internal IT environment-related vulnerability response measures and network security. We also require BUs/Group companies to conduct regular status assessments of these measures and perform corrective actions. As a companywide measure, we launched an initiative to monitor vulnerability mitigation for each device and follow up with users/administrators to expand the application of such measures.

In the development/test and production/manufacturing environments, we established standards and guidelines for infrastructure construction and operations to ensure security compliance in each environment, and we pursue measures based on these guidelines within the Hitachi Group. We also share information security requirement standards established by Hitachi with our procurement partners, working cooperatively to enhance security.

We established management guidelines to address and maintain the security of products and services, and we follow measures based on these guidelines within the Hitachi Group.

Cyber-Security Monitoring

The Hitachi Security Operation Center (SOC) monitors security on an around-the-clock basis to ensure global-scale cyberattacks are detected and response measures initiated immediately. The Incident Response Team (IRT) collects and develops threat information and manages our response to any security incidents.

Cyber-attack methods are becoming more sophisticated every year, with an increasing number slipping past detection systems. More often, these attacks tend to go undetected for long periods, resulting in increased damage. In this context, Hitachi strengthens cyber surveillance through Endpoint Detection and Response (EDR)*¹ to monitor device behavior and perform authentication protection. We continue to improve and strengthen our cyber monitoring environment using the latest technology.

*1 Systems to monitor suspicious behavior and respond quickly to attacks on endpoint devices such as computers.

Data Protection Initiatives

Activities


GRI 418-1

As digital technology continues to advance, the global trend toward leveraging data only accelerates. This situation has led to heightened interest in the protection of personal information and cross-border data exchange. In such an environment, Hitachi places significant importance on personal information protection initiatives to ensure the secure management of personal information received from customers and personal information involved in business operations. As a member of the global community, Hitachi is committed to protecting personal information in accordance with our vision for personal information protection, which is to provide safety and trustworthiness, and to value individual rights.

Personal Information Protection

Hitachi, Ltd. established the Personal Information Protection Policy which is announced to all executive officers and employees, and is also publicly available. Hitachi created a personal information protection management system based on this policy. This system ensures the protection of personal information by such means as appropriate management of personal information, educational programs for all employees, and periodic audits. We do not share personal information with third parties without data subject's prior consent. Even in cases where prior consent is obtained, Hitachi requires the third party to whom the data is provided to comply with Hitachi's Personal Information Protection Policy.

Hitachi also strives to safeguard personal information globally based on each company's personal information protection policy, and we ensure that these companies comply with all applicable laws and regulations in each country and region, as well as to the expectations of society at large.

 Personal Information Protection Policy of Hitachi, Ltd.
<https://www.hitachi.com/privacy-e/>

PrivacyMark Certification

Hitachi, Ltd. obtained PrivacyMark*¹ certification, which is a third-party certification of personal information protection. The entire Hitachi Group is committed to personal information protection, and 37 Hitachi Group companies in Japan have been granted the PrivacyMark as of the end of July 2023.

*¹ PrivacyMark: A third-party certification that is granted by the assessment body the Japan Information Processing Development Corporation to businesses that have taken appropriate security management and protection measures related to personal information (invested by Japan Information Processing Development Corporation).

Privacy Protection Initiatives

In response to social demands for privacy protection measures, Hitachi, Ltd. aims to provide more appropriate and high-quality services and products, and foster trust with consumers and other stakeholders, by balancing privacy protection and the use of personal data.

In 2014, we established the position of personal data officer to oversee personal data handling in Digital Systems & Services, which drives our digital business. We also established the Privacy Protection Advisory Committee to consolidate our knowledge on privacy protection, support risk assessments, and consider response measures.

Further, we began companywide effort by adopting the Hitachi Privacy Impact Assessment (PIA) in 2023.

Through these initiatives, we structure measures to prevent issues related to privacy, implementing privacy impact assessments for operations that involve personal data handled by employees.

Responding to Personal Data Protection Laws Around the World

With the increasing risk of privacy violations, lawmakers are actively seeking to create and modify relevant laws and legislation in countries and regions around the world. Hitachi ensures thorough global compliance with legal frameworks, continues to monitor related legal frameworks and social trends, and implements appropriate measures.

In Japan, Hitachi complies with the Amended Act on the Protection of Personal Information, and in the event that a leak may result in a situation that would harm the rights and interests of individuals, Hitachi promptly report said leak to the Personal Information Protection Commission and notify the affected individuals. We recorded one case of personal information leakage at Hitachi, Ltd. during fiscal 2022. We identified the scope of the impact related to this incident and took appropriate action.

Hitachi also formulated a groupwide internal code of conduct concerning the protection of privacy, which takes into consideration international legal frameworks such as the European General Data Protection Regulation (GDPR). This code of conduct became effective as of April 2022. Moreover, individuals responsible for personal data protection are appointed in each Group company, and support functions for regional group companies have been established within each regional headquarters. In this way, we ensure consistent personal information protection on a global scale.

Third-Party Evaluations and Certifications

Activities

Hitachi encourages the acquisition of third-party evaluations and certifications for information security management. Our data centers and other divisions obtain certification from the ISMS Accreditation Center (ISMS-AC) in accordance with the ISO/IEC 27001 Information Security Management System international standard. Eight divisions have received this certification at Hitachi, Ltd., and 28 divisions representing 23 Group companies*¹ have also received this certification.

*¹ As of the end of June 2023

Governance Data

Corporate Governance GRI 405-1/406-1

Leadership Demographics

	Unit	Total	Gender		Nationality	
			Male	Female	Japanese	Non-Japanese
Directors	People	12 ^{*1}	10	2	7	5
Executive officers		38	36	2	33	5
Executive officers and corporate officers		79	70	9	63	16
Ratios of female and non-Japanese executive officers and corporate officers	%			11.4 [✓]		20.3 [✓]

Note: As of June 2023

*1 Including 9 independent directors (seven from Japan and two from outside Japan)

Business Ethics and Compliance GRI 205-2

Business Ethics and Compliance Training

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Number of participants of business ethics and compliance training	Hitachi Group	People	—	—	—	341,888	331,525
Participation rate of business ethics and compliance training	Hitachi Group	%	—	—	—	99.1	95.1


Note: Disclosures began in fiscal 2021.

Hitachi Global Compliance Hotline (Whistleblower System)

	Reporting Boundary	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Number of compliance reports	Hitachi Group	Total	—	459	639	1,023	1,276	
		(By category)						
		HR issues (Labor management, travel expenses, commuting costs, etc.)	Cases	—	—	—	226	294
		Harassment		—	—	—	341	457
		Financial		—	—	—	27	34
		Procurement	Cases	—	—	—	26	29
		Competition law		—	—	—	3	2
		Bribery		—	—	—	30	31
		Others		—	—	—	370	429
		(By area)						
		Americas		—	—	—	238	343
		Europe (including CIS)		—	—	—	98	202
		Middle East/North Africa		—	—	—	54	59
	Sub-Saharan	Cases	—	—	—	13	4	
	APAC (excluding Japan)		—	—	—	234	240	
	Japan		—	—	—	386	428	

Note: Discloses of the total number of cases began in fiscal 2019 and the breakdown in fiscal 2021.

Assurance GRI 2-5

To enhance the reliability of the data disclosed in the Hitachi Sustainability Report 2023, we have received independent assurance of key environmental, social and governance performance indicators by KPMG AZSA Sustainability Co., Ltd. The indicators that were assured are marked with a .


The standards, guidelines, and calculation methods used in collecting environmental data are posted on our website.



Calculation Methods for Environmental Load Data
<https://www.hitachi.com/environment/data/method.html>

Independent Assurance Report

To the Representative Executive Officer, President & CEO of Hitachi, Ltd.

We were engaged by Hitachi, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental, social and governance performance indicators marked with  (the "Indicators") for the period from April 1, 2022 to March 31, 2023 (or as of June 30, 2023 for the Ratio of Female and Non-Japanese Executive and Corporate Officers) included in its Hitachi Sustainability Report 2023 (the "Report") for the fiscal year ended March 31, 2023.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Sawa Plant of Hitachi Astemo, Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito

Kazuhiko Saito, Partner, Representative Director
 KPMG AZSA Sustainability Co., Ltd.
 Tokyo, Japan
 September 1, 2023

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Hitachi Group Companies' Sustainability Disclosures

Our Group companies are also actively implementing sustainability initiatives. For the information on the major Group companies that issue sustainability reports, please refer to the following website (including Group Companies plan to publish them in fiscal 2023):

GlobalLogic	https://www.globallogic.com/about/esg/
Hitachi Vantara	https://www.hitachivantara.com/en-us/solutions/sustainability.html
Hitachi Energy	https://www.hitachienergy.com/sustainability/sustainability-overview
Hitachi Rail	https://www.hitachirail.com/csr-and-sustainability/sustainability-report-2022/
Hitachi High-Tech	https://www.hitachi-hightech.com/global/en/company/sustainability/

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