



HITACHI
Inspire the Next

Hitachi Sustainability Report 2024

Fiscal 2023 Results

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Report Editorial Policy

Basic Concept

The Hitachi Sustainability Report 2024 presents our stance on sustainability management, social innovation business, and ESG (environment, society, and governance), as well as initiatives conducted in fiscal 2023 (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).

Starting with the Sustainability Report 2024, we have decided to publish the Sustainability Report in HTML format on our website for effective and timely information disclosure. Additionally, for the convenience of stakeholders, we convert the HTML content into PDF format. We hope you benefit from either of these formats.

Report Overview

Period	This report mainly covers fiscal 2023 (April 1, 2023, to March 31, 2024) Note: Some information on activities in April 2024 and after is also included.
Companies	Hitachi, Ltd. and its consolidated subsidiaries
Reporting Boundary	<p>Financial data : 943 companies, namely Hitachi, Ltd. and 942 consolidated subsidiaries and equity-method associates and joint ventures</p> <p>Environmental data : 574 companies, namely Hitachi, Ltd. and 573 consolidated subsidiaries.</p> <p>Data covers Category A business sites*1 which have large environmental loads. Some data covers sites in Categories A, B, and C (excluding non-manufacturing sites for category C), and this is indicated in the notes for each section. Other data related information is provided in the notes to each section.</p> <p>Social and governance data : Boundary of individual data indicated</p>
Reporting Cycle	Publishes every year as an annual report
Publication Date	September 2024 (Previous report: September 2023)

*1 All group business sites are classified as A, B, or C (A: Major environmental risk, B: Medium environmental risk, C: Minor environmental risk) 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.

About Subject Notation

Hitachi, Ltd.: Only refers to Hitachi, Ltd. (non-consolidated)

Hitachi: Refers to the Hitachi Group including Hitachi, Ltd.

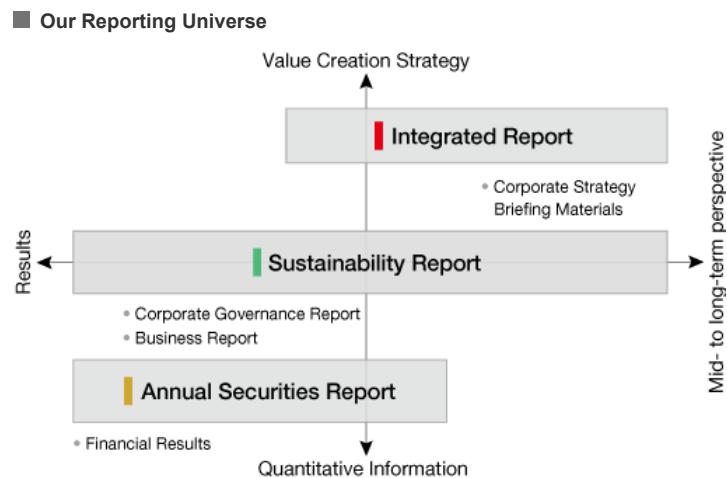
Key Guidelines

- [GRI Standards, Global Reporting Initiative](#)
- [Sustainability Accounting Standards, IFRS Foundation](#)
- Environmental Reporting Guidelines (2012/2018 version), Ministry of the Environment, Japan
- Task Force on Climate-related Financial Disclosures (TCFD)

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.



| [About the Hitachi Group](#) | [Sustainability](#) | [Investor Relations](#) | [Social Innovation](#) |

Independent Assurance

To enhance the credibility of the disclosed sustainability data, the Hitachi Sustainability Report 2024 (Posted in PDF format on the website at the end of September 2024) received third-party assurance for environmental, social, and governance performance indicators by KPMG AZSA Sustainability Co., Ltd. in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and 3410. The indicators that were assured are marked with a .

[Assurance](#)

Hitachi at a glance

Key numbers

**Revenues
for FY2023 ➔ 8.6 trillion yen**

Target CAGR of 5-7% from FY2021 to FY2024

Financial Information

**Adj. EBITA ratio
for FY 2023 ➔ 10.1%**

FY2024 target of 12%

Financial Information

**Lumada business
revenues ➔ 2.3 trillion yen
for FY2023**

FY2024 target of 2.7 trillion yen

Learn More About Lumada

Core FCF ➔ 1.5 trillion yen

3-year cumulative target (FY2022-FY2024)

Progress of the Mid-term Management Plan 2024

**Achieve carbon neutrality
by FY2050
throughout the value chain**

Sustainability

**Digital talents
for FY 2024 ➔ 97K+**

FY2024 target of 97K

Progress of the Mid-term Management Plan 2024

*Revenues, Adj. EBITA ratio are for the three sectors

*Three sectors : Consolidated Total less the consolidated figures of Hitachi Astemo prior to be accounted by an equity-method affiliate,includes "Others" and "Corporate items & Eliminations"

*Lumada business revenues are for FY2023 (excluding Hitachi Astemo)

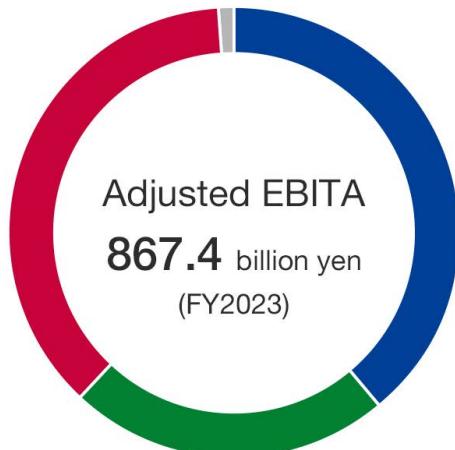
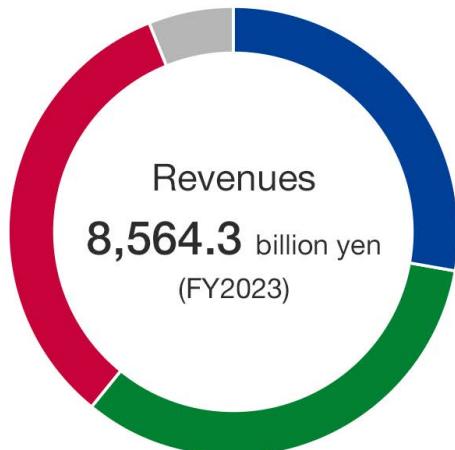
*Number of employees is as of March 31, 2024

*Adjusted EBITA = Adjusted operating income – acquisition-related amortization + equity in earnings (losses) of affiliates

*Core FCF = Cash flows from operating activities – CAPEX

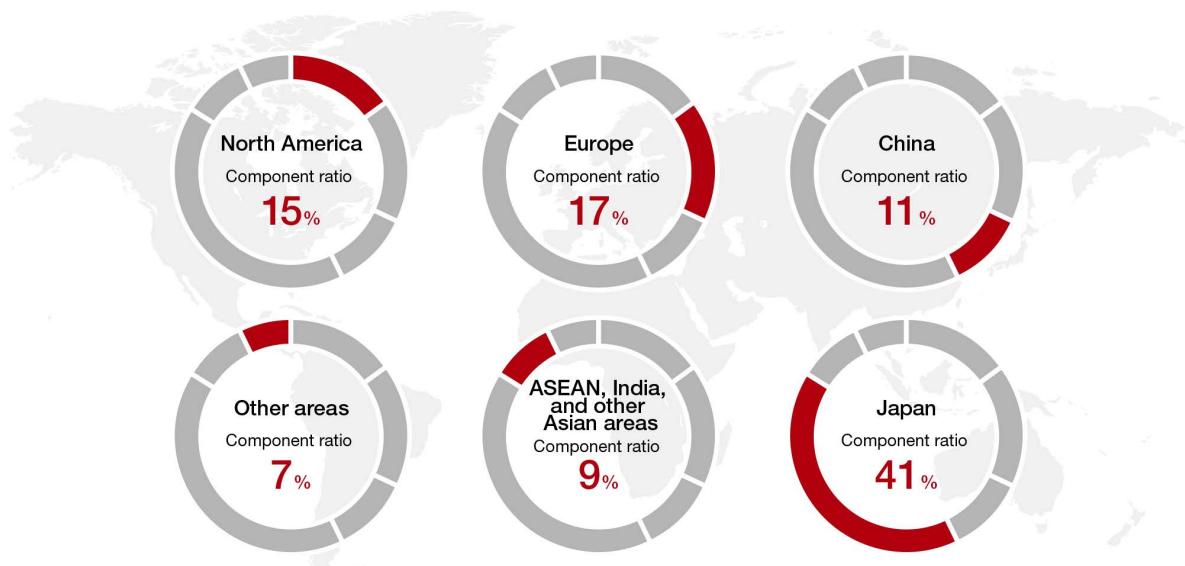
Hitachi Group businesses

In April 2022, Hitachi formulated the Mid-term Management Plan 2024 targeting further global advances and growth in the Social Innovation Business based on three pillars of growth: digital, green and innovation. To increase management efficiency and speed, we simplified our structure, grouping together businesses with similar characteristics organized into three sectors: Digital Systems & Services (DSS), Green Energy & Mobility (GEM) and Connective Industries (CI).



Digital Systems & Services	28%	Digital Systems & Services	39%
Green Energy & Mobility	33%	Green Energy & Mobility	23%
Connective Industries	33%	Connective Industries	37%
Others	6%	Others	1%

Revenues by Market (FY2023)



*Figures of "Hitachi Group Business" are for the continuing consolidated business (three sectors), excluding Hitachi Metals, Hitachi Construction Machinery and Hitachi Astemo.

Assurance

Assurance

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Performance Indicators Assured (Reporting Boundary : Hitachi Group)

- Energy inputs
- Greenhouse gas emissions Scope 1 (Energy-related CO₂ emissions, and GHG emissions other than energy-related CO₂)
- Greenhouse gas emission Scope 2 (Energy-related CO₂ emissions) *Calculated based on the market-based method.
- Greenhouse gas emission Scope 3 Category 11 (Use of sold products)
- Total water withdrawal, Total water effluents discharged, Water quality (Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD))
- Number and ratio of women managers

The standards, guidelines, and calculation methods used in collecting environmental data are posted on our website.

[Calculation Methods for Environmental Load Data >](#)

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 and social performance indicators marked with (the "Indicators") for the period from April 1, 2023 to March 31, 2024 included in its Hitachi Sustainability Report 2024 (the "Report") for the fiscal year ended March 31, 2024.

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 Taga Works, Hitachi Global Life Solutions, Inc. 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 11, 2024

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.

CEO's Message



Hitachi's Transformation Journey



Over the past decade, Hitachi has embarked on a transformation journey to become a global leader in Social Innovation Business. The Social Innovation Business leverages Hitachi's IT, OT (Operational Technology), and products to solve social issues in collaboration with customers. Through the Lumada co-creation framework, we support the digital and green transformation (DX and GX) of society and industry with our diverse business portfolio aligned with the three technological trends: Digital, Green, and Connective. In our current Mid-term Management Plan 2024, we are making a significant shift toward organic growth, expanding our Social Innovation Business globally with Lumada at the core. Our goal is to realize a sustainable society supported by data and technology, enhancing people's well-being. Moving forward, Hitachi will continue to evolve its Social Innovation Business and promote sustainability management to protect the planet, maintain society, and realize the well-being of every individual.

The Driving Force of Our Sustainability Management

"Contribute to society through the development of superior, original technology and products." — This strong belief of Hitachi's founder, Namihei Odaira, has been passed down as our corporate philosophy throughout our history of over 110 years. Hitachi's founding spirit of Harmony, Sincerity, and Pioneering Spirit expresses our core values that we uphold as we strive to solve social issues, by focusing on society and people. Hitachi has created the slogan "Hitachi Social Innovation is POWERING GOOD" for the Social Innovation Business. Protecting the earth's healthy environment while fostering economic growth and supporting the well-being of people around the world, in other words, realizing "GOOD" for society, is the guiding principle for our Social Innovation Business.

To expand the Social Innovation Business, it is important to have individuals who resonate with our corporate philosophy and have a strong will to drive social innovation. These talented individuals become the driving force of our sustainability management.

One Hitachi Teamwork that Evolves Sustainability Management

With the advent of generative AI, the demand for digitalization is rapidly increasing. Meanwhile, the global economy is pursuing the path to stable growth despite its vulnerabilities, due to complex geopolitical situations, and shortages of resources, energy, and labor. We believe it is crucial to identify new growth opportunities that are unlocked by the impact of generative AI on society, and the social issues that emerge from shifts such as climate change and demographics, and further advance our efforts toward realizing a sustainable society.

To tackle the increasingly diverse, severe, and complex social issues, it is important to strengthen our problem-solving capabilities using Lumada's customer co-creation framework. The Hitachi Group has welcomed new members with global and diverse backgrounds and expertise through business portfolio reforms and M&As. These colleagues are our indispensable human capital for collaborating with customers across the globe to solve social issues.

Hitachi's diverse businesses in Digital, Green, and Connective play a significant role in creating solutions to address complex social challenges. To leverage this diversity as a strength, it is important to embrace the One Hitachi mindset.

In April 2024, we launched a new business structure to accelerate digital growth and strengthen global competitiveness by appointing leaders with diverse backgrounds. Lorena Dellagiovanna, Chief Sustainability Officer and CDEIO, also took on the role of CHRO to reinforce sustainability within the organization.

In order to deepen sustainability management, Inclusive Leadership that embraces diverse and conflicting opinions, creates integrated ideas, and provides guidance to demonstrate One Hitachi teamwork is crucial. By increasing the number of inclusive leaders, we can strengthen teamwork with various stakeholders, such as our customers and partners, who work with us to solve social issues, thereby driving further growth of the Social Innovation Business.

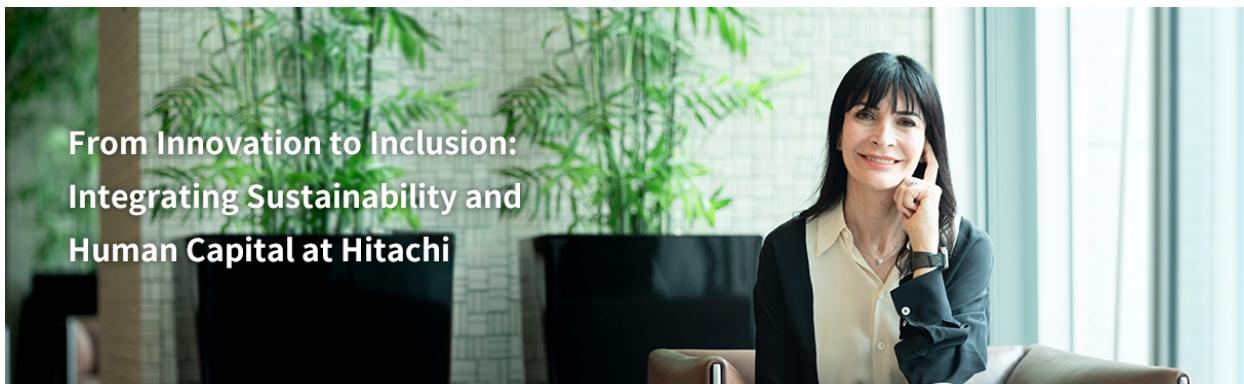
Hitachi will deepen sustainability management and accelerate the growth of our Social Innovation Business and continue our transformation journey towards enhancing our corporate value. Please look forward to Hitachi's future.



Keiji Kojima

President & Chief Executive Officer
Hitachi, Ltd.

Chief Sustainability Officer's Message



My Mission as a Chief Sustainability Officer, CHRO, and CDEIO



At Hitachi, "sustainability" and "strategy" are inseparable. Sustainability is strongly integrated into our strategy and is at the core of Hitachi Group Identity, rooted in the sincere belief of our founder, Namihei Odaira. He firmly believed that through the development of superior, original technology and products, we could contribute to society. This sincere belief has been at the heart of Hitachi for over a century.

Our more than 110-year history is a testament to this belief. From the beginning, Hitachi has supported the development of society and the improvement of people's lives through unique and innovative technologies. While Hitachi contributed to these broader goals, the company itself flourished. In essence, Hitachi embodies the philosophy that societal contribution through technology and a company's sustainable growth are fundamentally interconnected and mutually reinforcing.

Today, Hitachi's sustainability management focuses on addressing Planetary Boundaries and Wellbeing. Grounded in our universal management philosophy, we are dedicated to creating a sustainable society, looking both at the present and the future.

As a member of Hitachi's management team, I strive to make decisions based on a comprehensive understanding of what society and the world need today and in the future. This holistic approach defines my sustainability leadership.

As a leader of Hitachi's sustainability efforts, I have always valued looking at issues from multiple perspectives. What benefits one group might be a disadvantage to another, and actions that benefit the current generation in the short term can pose challenges for future generations.

With my appointment as CHRO, in addition to my roles as Chief Sustainability Officer and CDEIO since fiscal 2024, my responsibilities have expanded to include human resources.

Today's social issues are so complex that they cannot be solved with a conventional way of thinking. Solving them requires a new, agile, and holistic approach while also being creative. The source of such innovative thinking and creativity is our people from all over the world with various backgrounds. This is why Hitachi is committed to integrating sustainability, human capital management, and diversity, equity, and inclusion (DEI) at the most senior level. Moving away from conventional thinking and leveraging people's creativity in sustainability efforts helps us address social issues more effectively and elevates employee engagement as they contribute to solving these issues through their daily work.

Moreover, at Hitachi, we believe that non-financial considerations underpin financial success, and enhancing people's uniqueness will foster long-term financial growth.

Our Progress in Sustainability

Hitachi has identified six material topics and 15 sub-material topics under our sustainability management framework, and various initiatives are well underway. Looking back on fiscal 2023, we successfully met most of our sustainability goals and KPIs. We will continue to accelerate our evolution and enhance our practices to achieve more advanced sustainability management.

Advancing Environmental Goals

Some of the notable progress we made in the area of environment relates to decarbonization and circular economy.

Regarding our decarbonization efforts, we are making good progress with our internal initiatives, achieving a 74% reduction in CO₂ emissions at our business sites compared to the base year of fiscal 2010. We are also working with our customers to reduce society's CO₂ emissions through our Social Innovation Business. As of fiscal 2023, we are forecasting to contribute to approximately 153 million metric tons (Mid-term Management Plan 2024 three-year average) of avoided emissions. Significant contributions came from Hitachi Energy, which specializes in electric power transmission and distribution.

The total grid-connected capacity of Hitachi Energy's HVDC technology now stands at 150 GW, equaling Japan's peak demand. This milestone reflects the increasing global shift toward clean energy. To support this growing demand, Hitachi Energy has hired over 8,000

new employees globally and has invested \$3 billion in manufacturing, engineering, and R&D since 2020. These efforts underscore our commitment to supporting our customers as long-term strategic partners and highlight the impact of our sustainability initiatives.

In circular economy, our reduction rate in water use per unit compared to fiscal 2010 was 30%, and 75% of our sites achieved zero waste to landfill.

To reduce environmental impact, we are transforming our business model, shifting toward using fewer raw materials, water, and other resources more efficiently and sustainably. As a company with a long history in manufacturing, we recognize the need to approach production with a new mindset.

We are also moving from a "sell-only" business to a "service-type" business model, where we focus on the use of products rather than just their ownership. This shift not only aligns with our sustainability goals but also ensures we remain relevant and competitive in the evolving market.



Our DEI Initiatives

As a global company, Hitachi boasts a rich and diverse workforce, and we believe that incorporating the perspectives of diverse individuals into our management and business operations fosters innovation and drives our growth. DEI is truly the engine behind Hitachi's success and is a core business driver that supports us in reaching our MISSION.

Creating an inclusive environment for all people, regardless of their diverse backgrounds, age, gender, sexuality, family structure, disability, race, nationality, ethnicity, or religion, is essential to unlock the full capability of our approximately 270,000 employees worldwide.

At the core of our DEI strategy, we focus on three topics: gender diversity, cultural diversity, and multi-generation. In fiscal 2023, we revised our DEI Policy to more comprehensively respect invisible human diversities, including LGBTQIA+, disabilities, and neurodiversity, and we are implementing specific measures. As a result of our efforts, the ratio of women and non-Japanese nationals appointed to the senior management layer, reached around 12% and 25% respectively, making headway toward our targets of 30% by fiscal 2030. We also made an important step forward in embedding DEI in our daily work by including DEI KPIs in employees' performance reviews. This will drive behavior change and a shift in mindset toward a more inclusive workplace. Through these approaches, we will ensure that our employees feel engaged and that they play an integral part in what we do as a company.

Generative AI and Sustainability Management

In 2023, we witnessed an epoch-making technology, generative AI, take the world by storm, impacting industries and society as a whole.

Generative AI can significantly improve work efficiency, allowing people to focus on more value-added and creative tasks. However, as its use expands, the demand for data centers will rise, leading to increased power consumption and CO₂ emissions.

So how should we view this innovative technology from the perspective of balancing "planetary boundaries" and "wellbeing"?

At Hitachi, we aim to analyze both the positive and negative impacts of generative AI from multiple perspectives, including environmental impacts and ethical implications. Our goal is to derive optimal solutions that enhance society's wellbeing while staying within planetary boundaries.

Securing top-tier digital talent is crucial for Hitachi, especially in this context and with our business centered around Lumada. Our digital talent workforce has grown from 83,000 in fiscal 2022, to 95,000 in fiscal 2023, and we will continue strengthening the acquisition and development of digital talents to 97,000 by fiscal 2024 as per our original target.

Message to Our Stakeholders



Hitachi has been dedicated to reforming our business portfolio with a focus on the Social Innovation Business under the slogan of "Hitachi Social Innovation is POWERING GOOD." We are committed to contributing to a sustainable society and to people's happiness through various social innovation initiatives based on this concept. This approach has enabled Hitachi to grow sustainably, which I believe is reflected in our stock price, market value, and reputation for sustainability management, including our performance on ESG evaluations.

As the global company we have become, I truly believe that we can do even more to make a positive impact on a global scale through our Social Innovation Business. As Chief Sustainability Officer, CHRO, and CDEIO of Hitachi, my goal is to foster collaborations that transcend the boundaries of geographical regions and business fields, unleashing our full capabilities.

I feel that society and the world trust Hitachi and have high expectations of us, and we are committed to continuing to meet and exceed these expectations.

Lorena Dellagiovanna

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

Hitachi Group Identity

Carrying out Corporate Activities Based on the Hitachi Group Identity

Approach & Policy

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.

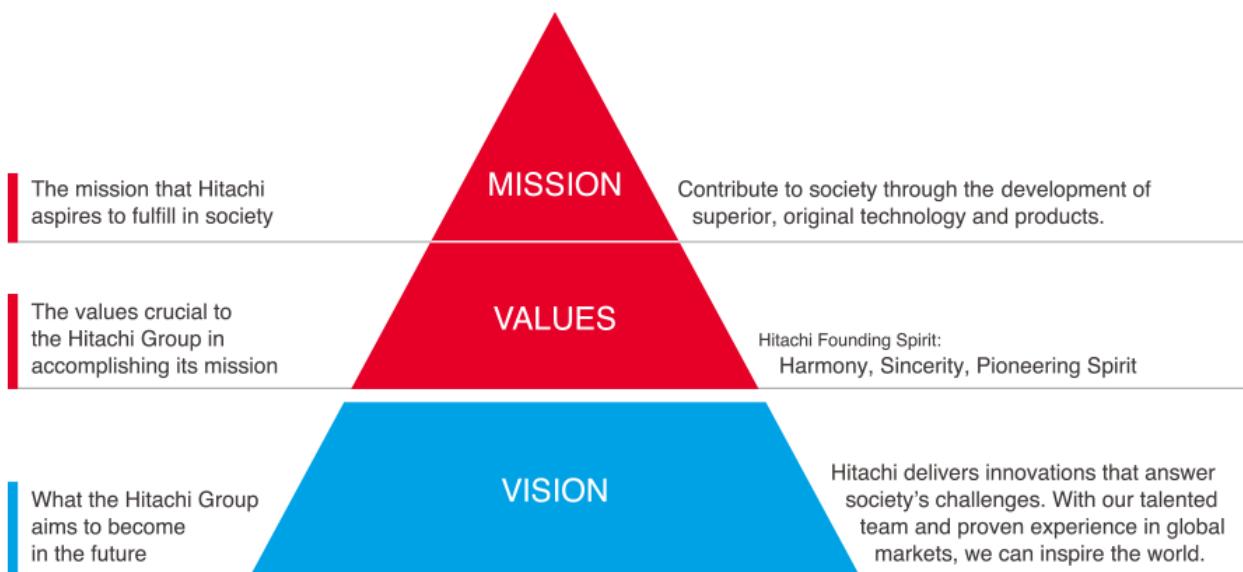
As the group continues to grow globally, Hitachi had reached approximately 270,000 employees on a consolidated basis in fiscal 2023, about 60% of whom working outside Japan. Similarly, sales revenue generated in non-Japanese markets account for about 60% of total revenue. In this age of working together with employees from different countries with different cultures, we must cherish Harmony, Sincerity and Pioneering Spirit.

Hitachi businesses solve social issues 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](#)

■ Hitachi Group Identity



Solidifying the Hitachi Group Identity

Activities

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 2023, we received 229 applications from Hitachi Group employees around the world. Among them, the Grand Prix were awarded to the projects from each region that use technology to achieve sustainability and improve well-being, including a project in which a global team uses digital technology and experimental automation technology to create a system for the quick development of highly functional materials, and another that supported the development of intelligent prosthetics and orthotics for victims who lost limbs in the war in Ukraine. The Grand Prix-winning projects were recognized at the Global Awards Ceremony and shared with all employees through our intranet.

Mid-term Management Plan 2024 and Sustainability

Towards Sustainable Societies—Mid-term Management Plan 2024

[Approach & Policy](#) [Strategy & Target](#)

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](#) | [Progress of the Mid-term Management Plan 2024](#)

Vision Targets of the Mid-term Management Plan 2024

With the three growth drivers of Digital, Green and Innovation, the Mid-term Management Plan 2024 aims to achieve global growth.

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 and contribute to solving social issues.

■ Supporting Quality of Life with Data and Technology that Foster a Sustainable Society



Contributing to the SDGs

Approach & Policy

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 eight 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.

■ Hitachi's Priority SDGs



Materiality

Toward a Sustainable Society: Hitachi's Materiality

Approach & Policy Strategy & Target

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

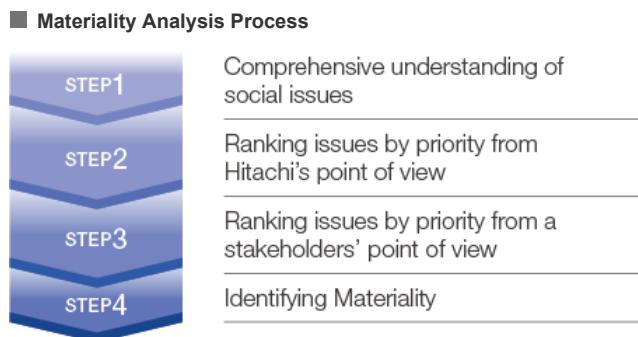
In the Mid-term Management Plan 2024, we declared our aspiration of “supporting people’s quality of life with data and technology that fosters a sustainable society.” While some of the nine planetary boundaries have already been exceeded, Hitachi is aware of each one and works to protect the planet and 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](#)

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 perspective 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.



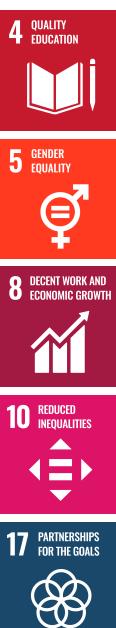
Hitachi is currently working to gain an understanding of and prepare to act on the sustainability reporting standards prescribed by the EU's Corporate Sustainability Reporting Directive (CSRD), the International Sustainability Standards Board (ISSB), and others. We will continue to review our material topics and the process of identifying them on an ongoing basis, informed by the changing demands of society and needs of our stakeholders.

15 Sub-Material Topics and Targets

Materiality	Our aspirations	Sub-material topics Targets/KPIs		FY2023 Progress
Environment Contributing to decarbonization and resource circulation 	<p>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.</p>	Decarbonization	Carbon neutrality through the value chain Targets/KPIs <ul style="list-style-type: none"> • FY2030: Achieve carbon neutrality in business sites (factories and offices) • FY2050: Achieve carbon neutrality through the value chain 	74% of total CO ₂ reduction rate at factories and offices (compared to FY2010)
			Contributing to CO ₂ reduction through business Target/KPI <ul style="list-style-type: none"> • FY2024: 100 million metric tons of CO₂ avoided emissions per year 	153 million metric tons per year ¹ of CO ₂ avoided emissions
		Resource circulation	Transition to a circular economy Targets/KPIs <ul style="list-style-type: none"> • FY2024: Full application Eco-Design for all newly developed products • FY2030: Zero² waste to landfill³ from manufacturing sites 	198 products identified as subject of Eco-Design 146 sites (75%) achieved zero waste to landfill
			Effective use of water Target/KPI <ul style="list-style-type: none"> • Reduction rate in water use per unit (compared to FY2010) FY2024: 24%, FY2050: 50% 	30% reduction in water use per unit
		Harmonize with nature	Minimize impact on natural capital	Achieving a Harmonized Society with Nature ➤

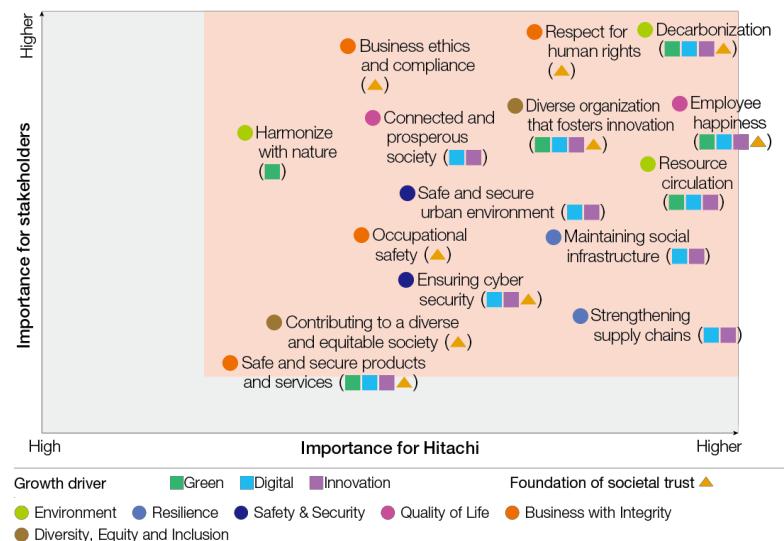
Materiality	Our aspirations	Sub-material topics Targets/KPIs		FY2023 Progress
Resilience Contributing to the maintenance and rapid recovery of social infrastructure 	<p>Hitachi helps people live safely by contributing to the rapid recovery of supply chains and the maintenance of social infrastructure by providing system solutions that can respond immediately to risks, such as natural disasters, pandemics, and cyberattacks.</p>	Strengthening supply chains	Build flexible supply chains capable of responding to disasters and risks	
Maintaining social infrastructure	Resilience and sophistication of maintenance through DX of social infrastructure			
Safety & Security Contributing to safe and secure society-building 	<p>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.</p>	Safe and secure urban environments	Safe and comfortable transportation Business Case: Contributed to a total of 15 billion people annually through railway services ^{*4}	
Ensuring cyber security	Secure cybersecurity for social infrastructure and business systems			

Materiality	Our aspirations	Sub-material topics Targets/KPIs		FY2023 Progress
Quality of Life Contributing to physical and mental wellness and a prosperous life 	<p>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.</p>	Connected and prosperous society	<p>Increase healthy life expectancy and wellbeing Business Case: Blood tests and other physical exams: 20 billion tests/year⁴</p>	Social Innovation Business >
			<p>Build a trustful relationship with others Target/KPI • Users of happiness service: 90 thousand in FY2024</p>	49 thousand users of happiness service
		Employee happiness	<p>More flexible working styles to increase engagement Target/KPI • Employee engagement (positive response rate): FY2024 71.0%⁵</p>	68.6% ⁶ employee engagement (positive response rate)

Materiality	Our aspirations	Sub-material topics Targets/KPIs		FY2023 Progress
Business with Integrity Adhering to ethical standards as well as respect human rights 	<p>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.</p>	Business ethics and compliance	<p>Encourage employees to apply ethical standards in day-to-day work. Target/KPI</p> <ul style="list-style-type: none"> Achieve a score of at least 60 (out of 100) in FY2023, the first year of results from Ethical Culture & Perceptions Assessment, improving it every year 	Score of 76.5
		Respect for human rights	<p>Promote human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights Targets/KPIs</p> <ul style="list-style-type: none"> FY2023: Conduct human rights risk assessments for all BUs (10 BUs) and major Group companies FY2024: Respond to human rights risks 	Conduct human rights risk assessments at all Bus (10 BUs) and major Hitachi Group companies
		Occupational safety	<p>Creating a safe working environment without accidents Target/KPI</p> <ul style="list-style-type: none"> Zero fatal accidents 	4 fatal accidents
		Safe and secure products and services	<p>Ensure products and services safety while putting customers first</p>	Quality and Product Safety Management ➤
Diversity, Equity and Inclusion (DEI) Contributing to a society where everyone can shine 	<p>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.</p>	Diverse organization that fosters innovation	<p>Strengthen diversity in management Target/KPI</p> <ul style="list-style-type: none"> Ratio of women and non-Japanese executive and corporate officers: FY2030 30% respectively 	11.8% of women and 25.0% of non-Japanese executive and corporate officers ⁷
			<p>Acquiring and developing digital talent Target/KPI</p> <ul style="list-style-type: none"> FY2024: 97,000 persons⁸ 	95,000 persons
		Contribution to a diverse and equitable society	<p>Empower DEI of society through community relationship programs Target/KPI</p> <ul style="list-style-type: none"> Nurture and empower next-generation talent 	Participants in Hitachi Young Leaders Initiative 32 people 437 people cumulative ⁹ Participants in Hitachi High-Tech science education support activities 59,911 people 427,273 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 in FY2023 since we achieved the initial target/KPI in FY2022 *6: Excluding Hitachi Astemo *7: As of June 2024 *8: Excluding Hitachi Astemo *9: Cumulative total since 1996 *10: Cumulative total since 1990

Hitachi has mapped the 15 sub-material topics in terms of importance for Hitachi and stakeholders. The level of importance to Hitachi is defined as the gap between our goals and our current initiatives.



Stakeholder Dialogue about the Materiality

We held a stakeholder dialogue on the theme of materiality in Japan and Europe in fiscal 2021. We received feedback on Hitachi's proposed materiality and measures for each materiality from disclosure experts, leading sustainability companies, European Commission, NGOs, international organizations, and institutional investors. In Europe, we divided it into a planet session and a people session, with Hitachi explaining its measures for the environment, human capital, and respecting human rights, while participants gave suggestions for new perspectives and improvements.

Principal comments from stakeholders

- Hitachi should indicate the direction society wants Hitachi to move along or the goals that Hitachi itself has.
- When it comes to diversity and inclusion, it would be better to include "equity" and make it "diversity, equity, and inclusion."
- For the circular economy, the approach shouldn't just be to reduce materials and waste but also to think about new business models.
- With human rights and decent work, Hitachi should go beyond conventional monitoring, audit, and other compliance approaches to engage with all aspects of supply chains through partnerships with external stakeholders.

We will continuously engage with diverse stakeholders and strive to enhance sustainability management.

Reflecting Sustainability Targets in Executive Compensation Evaluation

Activities

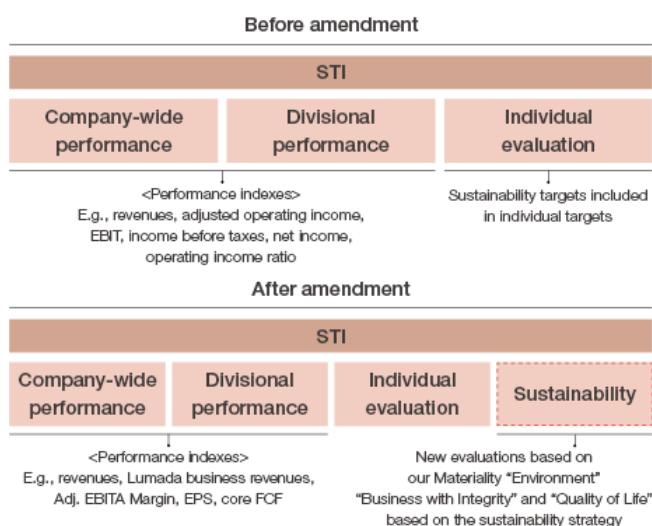
In fiscal 2023, Hitachi amended the executive compensation system to further accelerate growth as a global company, and to further strengthen links between increases in corporate value and compensation. The revised executive compensation system is more closely linked to the Mid-term Management Plan 2024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

■ Sustainability Evaluation Categories Related to STIs

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

■ Sustainability Evaluation Categories Related to LTIs

Materiality	Sub-material topics target
Quality of Life	Positive response rate regarding employee engagement: 68% more as a whole group
Diversity, Equity and Inclusion (DEI)	<p>DEI achievement rate: (1) Ratio of women executives: 15% or more (2) Ratio of non-Japanese executives: 15% or more</p> <p>Acquisition and development of digital talents: 98,000 or more employees as a whole group</p>

Compensation to Executive Officers ↗

Framework for Promoting Sustainability Strategy

Establish a System to Promote Sustainability

Structure

Hitachi pursues sustainability initiatives across the group under the leadership of Chief Sustainability Officer, Lorena Dellagiovanna. At the Hitachi Group, the Senior Executive Committee, which includes the Growth Strategy Meeting, Risk Management Meeting, and Human Resource Strategy Meeting, deliberates and makes decision on important sustainability issues. These issues are submitted to the Board of Directors as needed.

The Growth Strategy Meeting discusses matters relating to the management strategies necessary for the Group's growth.

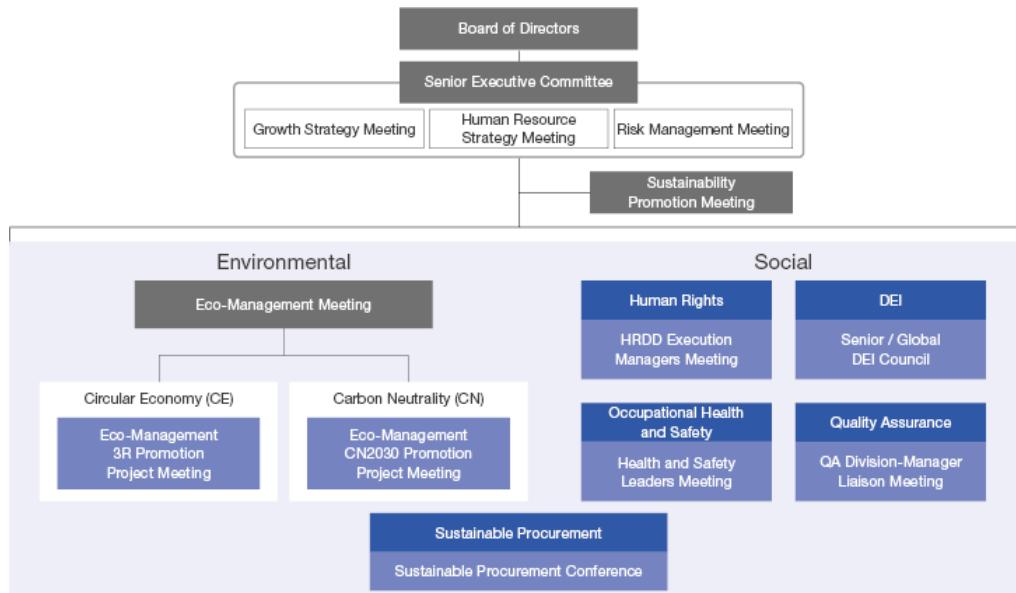
The Risk Management Meeting deliberates and makes decisions on important group-wide risks. The Meeting's goal is to strengthen the Company's management base linked to growth strategies through a unified and horizontal understanding of risks across the entire Group.

The Human Resource Strategy Meeting is positioned as an advisory body to the President, who makes decisions related to the organization and human capital, and the Meeting discusses matters needed to foster an organization and culture aimed at the growth of the Group, and to secure and cultivate human resources.

We promote sustainability practices throughout the entire Group under the leadership of the Chief Sustainability Officer. We hold the Sustainability Promotion Meeting once or twice a year to discuss important sustainability initiatives and share information. The meeting is chaired by the Chief Sustainability Officer. The other members are the heads of the Business promotion divisions of each business unit (BU) and key Group companies and the Sustainability Officers of regional headquarters.

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.

■ Framework for Promoting Sustainability 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	Every half-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	Every half-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	Every quarter
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	Every half-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
Senior DEI Council	DEI leaders from each sector and BU (CDEIO and CHRO)	Set our DEI Strategy, targets, and global priority issues	Every half-year
Global DEI Council	DEI leaders from BUs and key Group companies	Implement DEI policies, initiatives and share best practices	Once per two months
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

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.

With the aim of increasing our environmental presence, we established the Environmental Strategy Planning Division in April 2024. This Division will facilitate the development of policies and roadmaps for our Green Strategy as a whole. Based on this strategy, our Internal Environment Initiatives Division (which leads GX for CORE, our environmental activities within the Hitachi Group) and our Global Environment Business Division (which drives GX for GROWTH, Company growth through green businesses) collaborate with each of our business sectors, all fostering environmental contributions in their respective business fields, to promote the Green Strategy throughout the group.

■ Framework for implementing GX strategy



Engagement and Leadership

Stakeholder Engagement

Approach & Policy Activities

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 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](#) | [Disclosure Policy](#) |

Sustainability Leadership

Approach & Policy Activities

Hitachi works 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.

■ Participation in Government Councils / Business and Industry Associations

Council / Group	Participant	Activities
Panel Discussion regarding Infrastructure System International Expansion Strategy 2025 (Cabinet Secretariat of Japan)	Executive Chairman Toshiaki Higashihara (attended as a private sector member)	Proposals regarding appropriate concrete measures to be taken based on the Japanese government's Infrastructure System International Expansion Strategy 2025
Japan Business Federation (Keidanren)	Executive Chairman Toshiaki Higashihara (attended as the Vice Chair)	Disseminating opinions on important issues such as digital transformation (DX) and green transformation (GX) to accelerate Keidanren's efforts under the theme of "Society 5.0 for SDGs" and to establish sustainable capitalism
Japan Electronics and Information Technology Industries Association (JEITA)	President & CEO Keiji Kojima (attended as the Chairman)	Examining and making proposals on the promotion of digital technology, data use, and market creation under the mission to achieve Society 5.0 Offering insights into paradigms of international legislation, agreements, and standards to develop digital trade and strengthen international competitiveness
Japan Electrical Manufacturers' Association (JEMA)	Vice President Kenji Urase (attended as the Director)	Promoting the sustainable development of electrical manufacturing by submitting opinions on various governmental and administrative policies and promoting product safety awareness, international standardization and compatibility evaluation, statistical research work, and the development of human capital for STEM fields
Japan Machinery Federation (JMF)	Executive Chairman Toshiaki Higashihara (attended as the Chairman)	Providing opinions to the Diet and the government, conducting surveys and research on the machinery industry, and promoting international standardization activities for the comprehensive progress and development of the machinery industry
World Economic Forum	Executive Officers centered on Executive Chairman Toshiaki Higashihara and President & CEO Keiji Kojima	Contributing to improve world affairs through discussions toward solving global, regional, and industrial challenges by cooperating with leaders from economics, politics, and academia participating in the forum. Signing an open letter calling for commitment to net zero, shared globally ahead of COP28, as a member of the Alliance of CEO Climate Leaders
Japan-U.S. Business Council	Executive Chairman Toshiaki Higashihara (attended as an Executive Committee member)	Exchanging opinions and proposing policies regarding various issues with Japan-U.S. economic relations from the point of view of the Japan-U.S. business community as a whole
National Association of Manufacturers	Hitachi Corporate Office in Washington DC	Lobbying and making policy proposals, as the largest association of manufacturers in the United States, to support the international competitiveness of member corporations
Japan Business Council in Europe (JBCE)	Hitachi Europe Government Relations Office	Making policy proposals to contribute to the further development of EU-Japan relations and the EU economy as the body representing Japanese corporations in the EU

Efforts in International Standardization Activities

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

Therefore, Hitachi strives to solve social issues from a global perspective, 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.

For example, 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/TC111), smart community infrastructures (ISO/TC 268/SC^{*5} 1), and unmanned aircraft systems (ISO/TC 20/SC 16). In addition to the subjects around which there are already debate and established technical committees within international standard organizations, we also give attention to subjects that still require a space for international discussion and the creation of an international consensus going forward. For example, ISO/IWA 39^{*6} was finalized in fiscal 2021, and Hitachi is working to create opportunities for various stakeholders to hold concrete discussions and come to an international consensus based on the conclusions of this agreement, in the aim of achieving Society 5.0 (an initiative led by the Japanese government that aims to build a human-centered and sustainable society).

Providing solutions consistent with international standards through these international standardization activities, Hitachi supports the sound development of 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

*6 IWA: International Workshop Agreement, an ISO deliverable. ISO/IWA 39 provides gap analysis for standardization on sustainable human-centered societies enabled with cyber physical systems.

Participation in International Standardization Activities

An employee member of the Hitachi team has been serving as a member of the SMB*, an upper-level committee supervising the IEC's standardization activities, since January 2023. Our employees can also be found in other key international positions, including chairpersons, secretaries, and committee managers to various bodies, and participate in a variety of technical committees within international standardization organizations. In recognition for these contributions to international standardization activities, two Hitachi employees received the IEC's 1906 Award and one employee received an Excellence Award from the ISO in 2023.

*SMB: Standardization Management Board. Fifteen members are appointed from IEC member countries. Seven members are elected by the standing member countries and eight by general election.

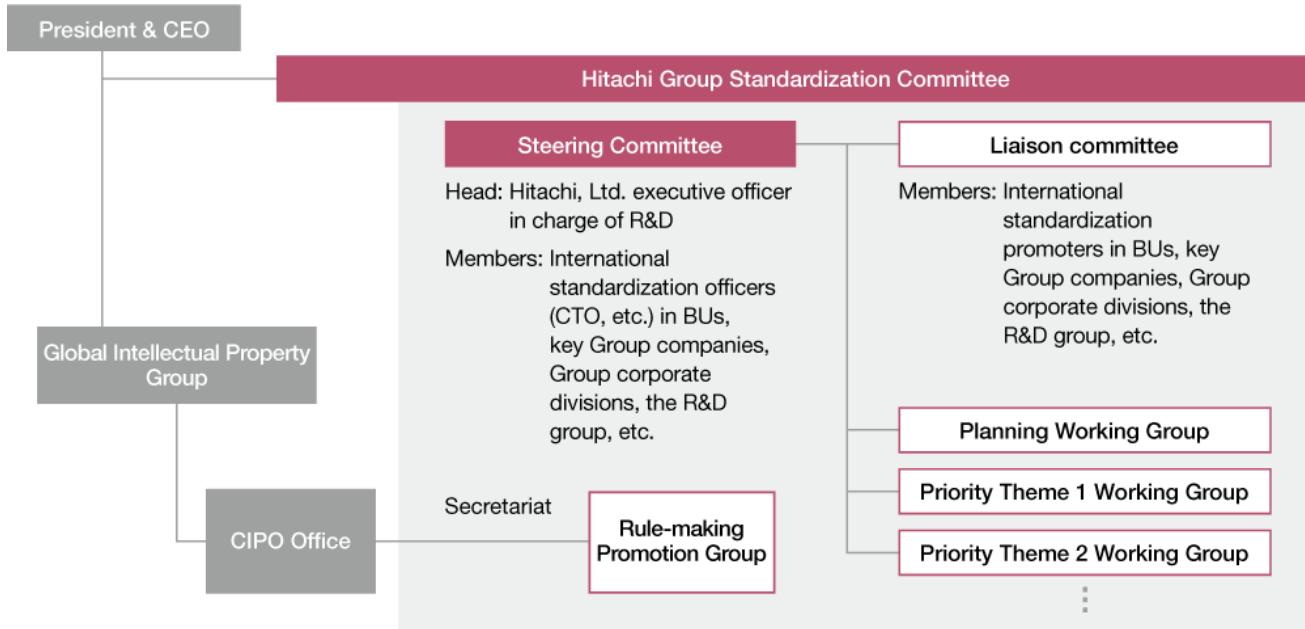
Structure for Promoting International Standardization Activities at Hitachi

The Hitachi Group Standardization Committee has been established to engage with international standardization activities involving groupwide cooperation. The Steering Committee^{*1} for the Standardization Committee selects areas for Hitachi to prioritize over the medium to long term. Each working group engages in detailed discussions and strategic activities toward international standardization.

The Hitachi Group Standardization Committee is also working to develop human resources who will promote international standardization activities. This includes incorporating international standardization into our training programs for developing business leaders and running an internal awards program to recognize those who have made contributions through their work for international standardization.

*1 Steering Committee: Headed by the executive officer overseeing R&D, this entity includes chief technology officers of Hitachi business units and key Group companies. The committee is responsible for decisions on cross-departmental and companywide standardization projects.

■ Hitachi Group Standardization Committee



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	JAPAN CLIMATE INITIATIVE
The Science Based Targets initiative (SBTi)	Obtained accreditation of "Targets for 1.5°C (medium-term targets)" in 2020	 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
Business Ambition for 1.5°C	Became a member in 2020, along with SBT1.5°C certification	BUSINESS AMBITION FOR 1.5°C ➤ 
Race To Zero Campaign	Joined in 2020, along with Business Ambition for 1.5°C commitment	
The Valuable 500	Became a member in 2021	
ESG Disclosure Study Group (EDSG)	Participated as a founder and start-up member since 2020	 ESG Disclosure Study Group

External Assessments and Awards

Inclusion in ESG Indices (Hitachi, Ltd.)

**2024 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

(Continued inclusion in 2024)

MSCI Japan ESG Select Leaders Index ↗

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**2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX**

(Selected in 2023)

MSCI Nihonkabu ESG Select Leaders Index ↗

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FTSE4Good

(Continued inclusion in 2024)

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 2024)

FTSE Blossom Japan Index

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 inclusion in 2024)

FTSE Blossom Japan Sector Relative Index

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 2024)

S&P/JPX Carbon Efficient Index

External Assessments Related to ESG



(Awarded in 2023)

Terra Carta Seal

Hitachi, Ltd. has been awarded the 2023 Terra Carta Seal by the Sustainable Markets Initiative. The Terra Carta Seal recognizes global companies that are actively leading the charge to create a climate and nature-positive future.



(Awarded in 2024)

SX Brand

Hitachi, Ltd. has been selected as a SX Brand 2024 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The aim of the SX Brand project is to select and award a group of progressive companies that enhance their ability to create a source of funds for growth in a sustainable manner and increase corporate value through sustainability transformation^{*1}.



(Rated in 2024)

MSCI

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



(Rated in 2023)

CDP

Hitachi, Ltd. was selected for the CDP's A List, the highest rating for climate change, for three consecutive years. 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.

(Continued inclusion in 2023)

ISS ESG

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

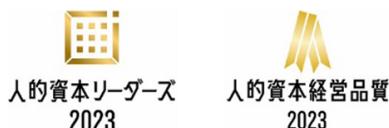
Received Award in the Technology Utilization Category at the 2024 Nikkei Smart Work Awards



Hitachi, Ltd. received an award in the Technology Utilization Category at the 2024 Nikkei Smart Work Awards sponsored by Nihon Keizai Shimbun, Inc. This award recognizes advanced companies that increase productivity and achieve sustainable growth through work style reform. Hitachi, Ltd. received the highest overall ranking of 5 stars (deviation value of 70 or higher), receiving the highest level of S++ in all three evaluation categories. In addition to efforts to improve inter-organizational communication using AI and the use of AI at manufacturing sites, Hitachi also received high praise for its efforts to speed up the search for materials that are likely to have desired properties by introducing materials informatics that utilize known compound data accumulated by its unique natural language processing technology and new compound data generated by AI. Hitachi also received high scores in technology evaluations by reporters.

Hitachi received Award in the Technology Utilization Category at the 2024 Nikkei Smart Work Awards (Japanese only)↗

Awarded Human Capital Leaders and Human Capital Management Quality (Gold) in the 2023 Human Capital Survey



Hitachi, Ltd. has been awarded the Human Capital Leaders and Human Capital Management Quality (Gold) in the 2023 Human Capital Survey jointly conducted by the HR Technology Consortium, HR Research Institute (ProFuture Inc.), and MS&AD Interrisk Research & Consulting, Inc. The survey investigates the status of efforts by companies and organizations regarding their human capital management and disclosure. Hitachi, Ltd. has been continuously working on the evolution of human capital management for more than 10 years, and has implemented this framework on a global basis. Consequently, Hitachi received the awards in recognition of its clear and detailed disclosure of the link between its management and human resources strategies.

Hitachi, Ltd. receives the Human Capital Leaders and Human Capital Management Quality (Gold) awards in the 2023 Human Capital Survey (Japanese only)↗

Awarded Gold in the 2023 Pride Index

work with Pride



Hitachi, Ltd. has been recognized for its efforts to promote diversity, equity and inclusion, including LGBTQIA+ groups. Hitachi, Ltd. received the Gold award, the highest award in the 2023 Pride Index, which is an index sponsored by work with Pride that evaluates initiatives related to sexual minorities.

Pride Index (Japanese only)↗

Ranked First in industry for Four Consecutive Years in Nikkei Woman's 100 Best Companies Where Women Actively Take Part

Hitachi, Ltd. has claimed top spot for the fourth consecutive year in the 2024 edition of Nikkei Woman's 100 Best Companies Where Women Actively Take Part in the electrical, machinery, and automobile-related industry category (36th out of 479 responding companies in all industries). This survey measures and gives scores based on four indicators: 1) promotion to managerial positions, 2) promotion of women's active engagement, 3) work-life balance and 4) workstyle diversity. In addition to career support including mentoring for women and dialogue with top executives, Hitachi has been strengthening its equality and inclusion measures, such as establishing a women's health consultation desk, striving to create an environment in which all employees can thrive.

Social Innovation Business

Aiming for a Sustainable Society

Approach & Policy

Hitachi has identified six material topics and 15 sub-material topics as important management issues and pursues sustainability 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 & Policy

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.

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 worldwide 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™ retrofill, 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.



Co-creation on Advanced Technologies Leading Environmental and Social Value Creation

In Andorra, Hitachi Energy is working as a partner with the country's public electricity supplier, Forces Électriques d'Andorra (FEDA), to meet growing electricity demand while protecting the natural environment and people's livelihoods. Located inland in Europe with an area of 468km², approximately 92% of Andorra's land is covered in forest. The country therefore puts great effort into environmental conservation to mitigate the effects of climate change.

Hitachi Energy provides a new renewable energy solution that can guarantee the growth of the electricity supply while working on FEDA's La Gonarda substation to optimize the distribution of electricity between two valleys in the north of the country. Operations at this substation have been made possible through collaboration between companies that share a common vision and passion for a sustainable energy future. When building the substation, environmental impact study was conducted to check the impact on local residents, flora and fauna and to ensure the substation's efficiency. Measures are then taken to minimize the impact on the environment when building substations in woodland close to residential areas. During this process, Hitachi Energy was selected by FEDA as a partner capable of providing sustainable and environmentally friendly power equipment.

Specifically, Hitachi Energy provided Europe's first EconiQ™ transformer to FEDA. As well as its low carbon footprint, Hitachi Energy's 20/26 MVA, 106/21 kV three-phase power transformer also emits extremely low levels of noise, minimizing noise disturbance to local residents and wildlife. It is also insulated and comes with optimal cooling technology to suppress vibration and electromagnetic interference beyond required standards. To further improve safety, the transformer was filled with high fire point fluid and inside a room with an isolating wall. Those supplementary characteristics not only help in reducing noise levels but also contribute to physically isolate the transformer to create extra containment levels in case of transformer failure.

The collaboration between FEDA and Hitachi Energy has improved operational efficiency and reduced the carbon footprint by approximately 15% compared to conventional designs. Hitachi Energy also provides a Life Cycle Assessment (LCA) report to enable FEDA to make decisions based on a thorough assessment of the transformer's environmental performance and service life as an asset. A disposal manual is also provided to ensure that, when the time comes to dispose the transformer, materials are salvaged safely and with minimal impact on the environment.

This project, with co-creation at its heart, considers the lifecycle from raw material procurement to disposal at every stage of the order process to product evaluation. Hitachi Energy will continue to work towards achieving a decarbonized society through its business.

■ FEDA's La Gonarda substation equipped with a Hitachi Energy EconiQ™ transformer



Hitachi Rail Develops Europe's First Tribrid Train

As the EU and European governments set goals to achieve net zero by 2050, decarbonization solutions are being sought for various transport. Due to cost of new infrastructures, there are thousands of tracks that are unlikely to be electrified in Europe. Electrification, construction and maintenance of overhead lines are costly and take time to deliver. As a result, the proportion of electrified railway lines across Europe remains below 60%.

To address such social challenges, Hitachi Rail has developed Europe's first tribrid train derived from Hitachi Rail's Masaccio Platform and called "Blues" in collaborations with the customer. Blues is a train that runs off three different power sources that include electricity, batteries, and a diesel engine. On electrified routes, it uses pantographs to draw power from the overhead lines, but on non-electrified lines, it primarily operates using batteries. When the batteries are low on charge, it switches to the diesel engine. This flexibility enables the train to operate smoothly and seamlessly on both electrified and non-electrified sections, reducing CO₂ emissions and saving fuel. Furthermore, by shutting off the engine when approaching, stopping at, and departing from stations, fuel consumption can be reduced by up to 50% compared to conventional diesel trains, with a significant reduction in noise as well.

Moreover, the Blues is equipped with the European Rail Traffic Management System (ERTMS), a single European signaling and speed control system that ensures operability across national railway systems. ERTMS monitors and controls train speed, acceleration, and braking systems to optimize energy consumption and reduce CO₂ emissions, while automatically activating train safety features in an emergency.

Every feature and solution are designed to optimize energy consumption, such as the innovative air conditioning system that regulates its functioning based on real time number of passengers on board and the LED lighting system that contributes to save energy significantly.

Blues Train introduction not only addresses environmental concerns but revolutionizes the passenger experience thanks to its distinctive design improved by merging Italian and Japanese cutting-edge technologies and well-proof know-how in the industry. The four-car layout can host up to 300 passengers, reaching a maximum speed of 160 km/h, thereby enhancing performance and reducing journey times.

Blues Train embraces the most innovative solutions to improve passengers' journey (e.g. passengers' information screens, passengers counting technology, drinks and snacks dispenser area, bike areas and high luggage transport capacity, USB and 220V power sockets for greater connectivity) and ensures passengers safety controls thanks to closed-circuit television (CCTV) surveillance.

Hitachi Rail has delivered the Blues model to Italy's railway operator, Trenitalia. Trenitalia is on track to modernize its trains and transform regional railway systems with Blues trains now operating in eight regions across the country. Looking ahead, Hitachi Rail aims to leverage its advanced next-generation hybrid technology to support Europe's train operators and their moves toward decarbonization, while offering secure, comfortable, and highly convenient transportation options.

■ Blues is Europe's first tribrid train developed by Hitachi Rail



Supporting High-capacity EV Charging at Major Commercial Truck Depot

Hitachi Energy is supporting US-based Penske in its efforts to deploy electric vehicles to its customers by providing the state-of-the-art Grid-eMotion® Fleet EV charging system. Grid-eMotion® Fleet is an integrated DC fast-charging grid-to-plug charging solution. Penske is rolling this out at a major commercial truck depot in Stockton, California, to support high-capacity charging for its electric vehicles.

In this groundbreaking project, Grid-eMotion® Fleet offers scalability and multi-megawatt high-power charging capacity tailored to meet the demanding requirements of truck fleets of varying sizes. System features include space savings of up to 60 percent compared to conventional charging systems, and reduced cabling needs by up to 40 percent, all while maintaining high-capacity charging performance.

Investing in electric vehicle and charging solutions enables customers to decarbonize their fleets and comply with emissions regulations. As such, building a robust public and private charging infrastructures is essential. Penske has been a pioneer in adopting battery electric commercial vehicles and has made substantial investments in testing, maintaining, and expanding charging infrastructure to support these vehicles. The company has been continually testing and operating EV trucks across its leasing, rental and logistics fleets in various industries including retail, manufacturing, grocery, quick-service restaurant chains, medical, and automotive parts.

Hitachi Energy's Grid-eMotion® Fleet charging system in Stockton is already being used to charge a growing number of small, medium and heavy-duty trucks. Its 10 charging stations can simultaneously charge 10 trucks at a maximum of 100kW each, or five trucks at a maximum of 200 kW each, showcasing its versatility and scalability for Penske's fleet operations.

Additionally, Hitachi and Penske are exploring AI-based smart charging solutions to optimize vehicle charging processes. This endeavor is expected to unlock fresh prospects in service, maintenance and electric vehicle charging throughout Penske's fleet.

■ Penske's EV charging station equipped with Hitachi Energy's charging solution, Grid-eMotion® Fleet



Consolidated Digital Backup to Boost Cybersecurity

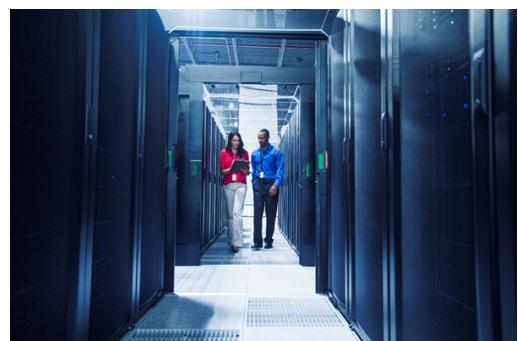
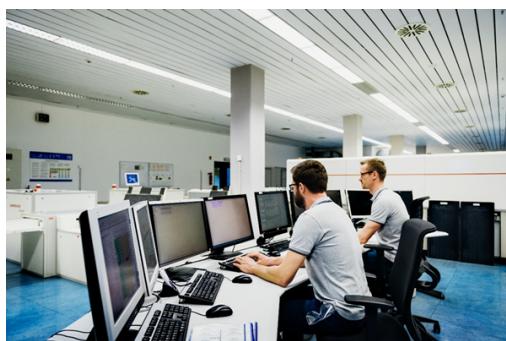
Hitachi Vantara has developed a robust data protection and digital backup system for Germany's RWTH Aachen University, helping the university bolster its cybersecurity measures.

The German State of North Rhine-Westphalia (NRW) is a leading industrial region in Germany and home to 18.1 million people. NRW is focusing on strengthening the digital capabilities of its 42 public universities and higher education institutions to improve and streamline services across the higher education sector. As part of this innovation program, NRW has decided to consolidate digital infrastructure services, including data backup and recovery.

RWTH Aachen University, one of Germany's Universities of Excellence and home to over 47,000 students, has been spearheading the drive to create a standardized backup and recovery service. Traditionally, the design and operation of data backup and recovery processes and solutions at universities in NRW varied by school, faculty, and research institute, with some more reliable than others. To boost productivity across universities, increase cost-efficiency and strengthen protection against cyberthreats such as ransomware, the state decided to fund a project to build a consolidated digital infrastructure service for all universities.

Working closely with Hitachi Vantara, RWTH deployed Hitachi Content Platform (HCP), a high-performance, scalable distributed object storage solution, across six data centers at RWTH Aachen. The system was built with six clusters, each with 12 nodes and a total capacity of 56 PB, to ensure that if one location fails due to a major disaster such as a power outage or fire, there will be no impact for users or mission-critical data. The university also launched a large-scale IT service program called Datensicherung.NRW (NRW Data Backup), available to all universities in the state, with the HCP playing a crucial role in its operation. By utilizing NRW Data Backup, universities in the state of NRW can more easily and cost-efficiently minimize the risk of data loss.

■ RWTH Aachen University has deployed the Hitachi Content Platform (HCP) to its data centers



[RWTH Aachen Enhances Cybersecurity with Scalable Object Services | RWTH Aachen University Customer Story | Hitachi Vantara](#)

Initiatives to Develop Healthcare

Among numerous social issues, the increasing prevalence of serious illnesses such as cancer accompanying an aging population is becoming a significant challenge not only in Japan but also worldwide. Because of this, there are high hopes for development in the healthcare field. Through collaborative creation with medical and pharmaceutical professionals, Hitachi is contributing to the development of global healthcare, including early detection of diseases and less invasive treatments, by promoting the advancement and digitalization of diagnosis and treatment.

In the field of diagnostics, Hitachi primarily develops and provides measurement and analysis systems used in the biomedical and life science fields, supporting accurate and reliable in vitro diagnosis. 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, collaborating with them 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.

Additionally, we have begun developing a new genetic testing system in collaboration with Sysmex Corporation. This genetic testing system will be developed based on Hitachi High-Tech's capillary electrophoresis sequencer. Initially focusing on clinical implementation in the field of cancer, the aim is to gradually expand into other disease areas.

Hitachi High-Tech has opened the Healthcare Innovation Center Tokyo, an integrated laboratory near Tenkubashi Station in the Haneda area, which serves as a place for collaborative creation with customers 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. Radiation therapy is a cancer treatment method that involves treating the affected area without the need for surgical removal, thereby putting the body under relatively less stress. In May 2023, Taiwan's first heavy ion therapy system commenced operations at Taipei Veterans General Hospital. Additionally, in July, the HKSH Medical Group, with the Hong Kong Sanatorium & Hospital under its umbrella, and in August, the National Cancer Centre Singapore, started operations of proton therapy systems, reflecting the growing use of radiation therapy systems around the world. To date, more than 100,000 patients have been treated with Hitachi's system (as of December 2023).

In addition, by leveraging our expertise accumulated in radiation therapy systems, we have developed a new X-ray therapy equipment, the OXRAY linear accelerator, taking it to market in July 2023. Hitachi will contribute to the further development of cancer treatment by providing minimally invasive, cost-effective radiotherapy systems that are tailored to each patient, helping to create a society without fear of cancer.

In regenerative medicine and cell therapy, we are conducting 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.

We have also begun joint research with Mass General Brigham (MGB) of Harvard Medical School, the world-renowned medical research institution in the United States, in the field of gene and cell therapy to overcome intractable diseases. Hitachi will leverage its diverse technology portfolio, including its automated cell culture and digital technologies, to contribute to the practical application of the new therapy pioneered by MGB.

In April 2024, Hitachi integrated some of its businesses, including its radiation therapy system and automated cell culture system for regenerative medicine, into Hitachi High-Tech. By further integrating digital technologies into diagnosis and treatment, we aim to create healthcare innovations, from high-quality, high-function diagnostics and minimally invasive treatments, to optimal diagnosis and treatment, and personalized medicine.

■ Healthcare Innovation Center Tokyo



■ The OXRAY linear accelerator



Creating a Happy Workplace

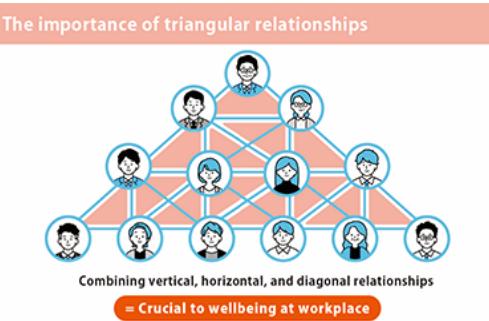
The change from the mass production and consumption society of the 20th century to a 21st century society that values the environment and diversity is rapidly occurring. So there is a growing movement to review companies, work styles, and communities from the perspective of happiness or, in other words,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

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

By fiscal 2023, Happiness Planet have provided services to 200 companies and over 40,000 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. All Nippon Airways Co., Ltd. (ANA) held a team competition event called the ANA Group Happiness Cup using the Happiness Planet app to give employees a better sense of connection between each other and help stimulate communication. The Hitachi Group used this app to create triangular relationships between new employees. Use of the app strengthened peer relationships, increased employee motivation, and improved performance in examinations for IT certifications. 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.

■ Triangular Relationships Essential for Wellbeing in an Organization



■ Smartphone App Screenshot



Advancing Our Environmental Vision and Long-term Environmental Targets

“Environmental Vision” and “Hitachi Environmental Innovation 2050”

Approach & Policy Strategy & Target

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.

With the aim of achieving a decarbonized society and based on the Paris Agreement and the discussions within the international community that followed its signing, Hitachi has set targets aimed at limiting the average global temperature rise to 1.5°C as compared to pre-industrial levels.

Hitachi set the goal of achieving 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 Groupwide.

Achieving a Decarbonized Society > | Achieving a Resource-Efficient Society > | Achieving a Harmonized Society with Nature >

■ 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

Progress in Reaching Hitachi Environmental Innovation 2050 Targets

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

■ Reduced CO₂ Emissions at Business Sites (Factories and Offices)

	FY2023 Target	FY2023 Result	FY2030 Target	FY2050 Target
Reduction Rate of Total CO ₂ (Compared to FY2010 Hitachi Group)	35%	74%	Carbon Neutrality	Carbon Neutrality

Activities and Achievements at Business Sites (Factories and Offices) >

For a Resource Efficient Society

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

	FY2023 Target	FY2023 Result	FY2030 Target	FY2050 Target
Reduction Rate in Waste and Valuables Generation per Unit (Compared to FY2010 Hitachi Group)	17%	15%	—	50% reduction

Management of Waste and Valuables Generated at Business Sites >

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

	FY2023 Target	FY2023 Result	FY2030 Target	FY2050 Target
Reduction Rate in Water Use per Unit (Compared to FY2010 Hitachi Group)	23%	30%	—	50% reduction

Management of Water Use at Business Sites >

Green Strategy

Approach & Policy

Green Strategies for Sustainable Growth

Through its Social Innovation Business, Hitachi is leading the way in resolving global environmental issues, helping to create a sustainable society that balances protecting the global environment with quality of life (QoL).

To realize this vision, Hitachi is promoting a green strategy consisting of two pillars. The first pillar, known as GX for CORE, accelerates the Hitachi Group's own green transformation.

The second pillar, GX for GROWTH, provides innovative solutions, strongly supporting green transformation for customers and society.

By working on both pillars, GX for CORE and GX for GROWTH, Hitachi will accelerate the deeper development of technology and expertise, thus improving the environmental value it provides on a continued basis. Through the steady implementation of our green strategy, we will accelerate the realization of a decarbonized society, a resource-efficient society, and a society in harmony with nature, paving the way for a sustainable future where people can live with peace of mind.

■ The Hitachi Green Strategy



Environmental Action Plan

Approach & Policy

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)

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 2023 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.

■ Environmental Management

Items		Indicators	FY2023 Targets	FY2023 Results (Achievement Level)	Final FY (2024) Targets
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

◆◆◆: Achieved, ◆◆: Partially achieved

Items		Indicators	FY2023 Targets	FY2023 Results (Achievement Level)	Final FY (2024) Targets
Factories and offices	Reduce total CO ₂	Reduction rate of total CO ₂ ^{*1} (compared to FY2010)	35%	74% ◆◆◆	50%
	Improve transportation energy consumption per unit (Japan)	Improvement rate of transportation energy consumption per unit (Japan) ^{*2} (compared to FY2020)	3%	30% ◆◆◆	4%
Products and services	Reduce CO ₂ emissions of products and services	Reduction rate of CO ₂ emissions per unit (compared to FY2010)	13%	24% ◆◆◆	14%
	Promote eco-design	CO ₂ avoided emissions Environmentally conscious design assessments and LCA application rates for newly developed and designed products	Target: CO ₂ avoided emissions of 100 million metric tons per year (FY2024) Forecast: CO ₂ avoided emissions of 153 million metric tons per year ^{*3} Target: Full application Eco-Design for all newly developed products FY2023 Results: 198 products identified as subject of Eco-Design		

■ A Resource Efficient Society

◆◆◆: Achieved, ◆◆: Partially achieved

Items		Indicators	FY2023 Targets	FY2023 Results (Achievement Level)	Final FY (2024) Targets
Products and services	Promote eco-design	Environmentally conscious design assessments and LCA application rates for newly developed and designed products	Target: Full application Eco-Design for all newly developed products FY2023 Results: 198 products identified as subject of Eco-Design		
Factories and offices	Enhance efficiency in the use of resources	Number of sites achieving zero landfill waste ^{*4}	124	146 ◆◆◆	158
		Reduction rate in waste and valuables generation per unit (compared to FY2010)	17%	15% ◆◆	20%
		Reduction rate in water use per unit (compared to FY2010)	23%	30% ◆◆◆	24%
		Effective utilization rate of plastic waste	81%	96% ◆◆◆	85%
Water risks	Respond to water risks	Responding to water risks	Minimization of business impacts regarding water risks		

■ A Harmonized Society with Nature

◆◆◆: Achieved, ◆◆: Partially achieved

Items		Indicators	FY2023 Targets	FY2023 Results (Achievement Level)	Final FY (2024) Targets
Water risks	Respond to water risks	Responding to water risks	Minimization of business impacts regarding water risks		
Chemical substance	Reduce chemical emissions	Reduction rate in chemical atmospheric emissions per unit (compared to FY2010)	6%	22% ◆◆◆	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 Three-year average

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

Environmental Governance

Framework for Promoting Environmental Governance

Structure

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 a total of 574 companies, comprising Hitachi, Ltd. and 573 consolidated subsidiaries (as of March 31, 2024).

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 major group companies. Through these meetings, we pursue environmental activities across the 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.

In an effort to enhance our presence in the environmental field, we established our Environmental Strategy Planning Division in fiscal 2024. This Division will develop policies and a comprehensive roadmap for our Green Strategy. Based on this strategy, our Internal Environment Initiatives Division leads environmental activities (GX for CORE) within the Hitachi Group. At the same time, the Global Environment Business Group drives growth (GX for GROWTH) through green businesses. In addition, the business sectors foster environmental contributions through their respective business fields, collaborating to implement green strategies across the group.

Hitachi, Ltd., a company with a 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.

| [Framework for Promoting Sustainability Strategy >](#) | [Green Strategy >](#) | [Achieving a Decarbonized Society >](#) |



■ Environmental Value Promotion Meetings

Meeting	Attendees	Purpose	Frequency
Sustainability Promotion Meeting	Chief Sustainability Officer, Business promotion heads at BUs and major 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 major group companies	Deliberation, planning, and implementation of action plans (environmental action plans) to achieve the Hitachi environmental long-term goals	Every half-year
Eco-Management CN2030 Promotion Project Meeting	Heads and members of Environment-related/MONOZUKURI (production) divisions from BUs and major group companies	Monitoring and implementation of CN action plan and discussion of acceleration	Every half-year
Eco-Management 3R Promotion Project Meeting	Heads and members of Environment-related/MONOZUKURI (production) divisions from BUs and major group companies	Promotion of actions for 3R activities toward realizing CE	Every quarter
Sustainable Procurement Conference	Chief Procurement Officer, heads of the procurement divisions at BUs and major group companies, and individuals responsible for and engaged in sustainable procurement	Communicate the Hitachi Group's sustainable procurement policies and strategies to all procurement divisions, improve knowledge and share best practices	Every half-year

■ Executive Compensation System Linked to Environmental Value

Activities

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. Refer to the following link for more details.

[Reflecting Sustainability Targets in Executive Compensation Evaluation >](#)

■ Enhancing Our Environmental Management System

Activities

Hitachi has approximately 1,100 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 2023, approximately 110 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.

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 adhering to our in-house environmental management system, our main global category A manufacturing sites have acquired third-party certifications, such as ISO 14001. We have 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.

*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.

[Number of ISO 14001 Certified Companies >](#) | [Responsible Procurement >](#) |

Environmental Data Collection System

Activities

As part of our environmental management, Hitachi collects approximately 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. To streamline our data collection operations, we started transitioning from the previous Environmental Data Collection System (Eco-DS) to the ESG Management Support Service (ESG-MSS) in fiscal 2023. We plan to complete this transition in fiscal 2024. In fiscal 2023, data collection covered about 1,100 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.

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 110 major sites identified as Category A.

We established an international help desk to support the system and encourage an understanding of environmental management, offering support in Japanese, English, and Chinese.

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 that 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 FY2023: Briefings for Procurement Partners

We registered data regarding chemical substances contained in approximately 1.40 million materials, parts, and products in A Gree'Net as of the end of fiscal 2023. Each year, we hold briefings for procurement partners using A Gree'Net, chemSHERPA, and on regulatory revision trends. In fiscal 2023, we held four briefings attended by a cumulative 2,444 people.

Environmental Education for Employees

Activities

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 17 Category A sites, we provide training focused on compliance with the country's increasingly strict environmental laws and regulations.

■ Environmental Education in Fiscal 2023

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: 1,637 people from 71 companies (921 people in waste management, plus 716 people in legal compliance) China: 36 people from 26 companies
Environmental Management Training Program to Reduce Environmental Risks in China and Raise the Knowledge of Working-level Employees	Working-level employees	34 people from 28 companies
Training for New Employees	New employees in the China Hitachi Group	55 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}	Usually every three years
	Sites of business units and group companies outside Japan that are classified as Category A in our environmental management classification ^{*2}	
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.

Number of Regulatory Violations and Complaints >

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

Achieving a Decarbonized Society

Efforts to Achieve a Decarbonized Society

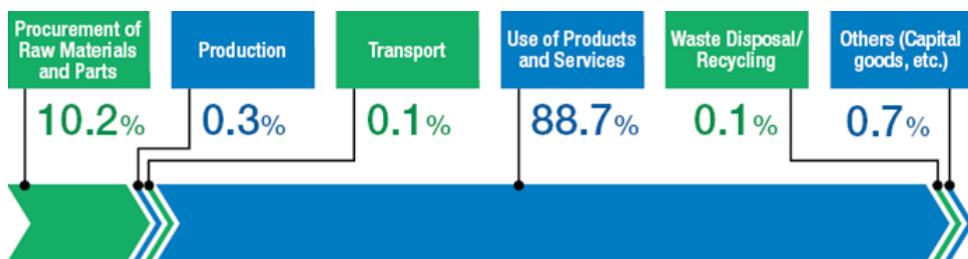
Approach & Policy Materiality

Tackling climate change has become a global issue, and the roles required of governments and companies have changed dramatically. With our participation in the 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change, Hitachi aims to become a Climate Change Innovator, tackling environmental issues from a global perspective while deepening cooperation with governments and stakeholders to accelerate the transition to a decarbonized society.

Hitachi, under its "GX for CORE", which is one of the two pillars of our green strategy, will accelerate measures to reduce its own CO₂ emissions to achieve carbon neutrality at business sites (factories and offices) by the fiscal 2030.

Additionally, as stated in our long-term environmental targets, Hitachi Environmental Innovation 2050, we are working towards achieving carbon neutrality across the entire value chain by fiscal 2050. Under GX for CORE, one of the two pillars of our green strategy, we are accelerating measures to reduce our own CO₂ emissions to achieve carbon neutrality by fiscal 2030 at our business sites (factories and offices). And under GX for GROWTH, we aim to contribute to realize a decarbonized society by collaborating with stakeholders through the growth of green businesses. For example, Hitachi Energy will invest approximately \$6 billion (as of June 2024) between fiscal years 2024 and 2027 to enhance manufacturing capacity and strengthen research and development, helping to accelerate the clean energy transition. This will also help to reduce emissions during the use of our products and services, which account for the majority of CO₂ emissions in Hitachi's value chain. Hitachi will tackle environmental issues head-on by providing products and services with minimal environmental impact and by offering a wider range of solutions that reduce CO₂ emissions for customers and society.

■ Ratio of CO₂ Emissions at Each Stage of Hitachi's Value Chain in Fiscal 2023^{*1}



^{*1} Percentages may fluctuate due to changes in our business portfolios

Environmental Strategy for Achieving a Decarbonized Society

Strategy & Target

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 CO₂ emission reduction targets
 - Selected 21 environmentally advanced partners in fiscal 2022 and collaborated on emissions reduction methods, calculation methods, data collection and analysis methods, and how best to utilize them. Expanded our reduction activities to approximately 100 companies in fiscal 2023, by using these knowledge and methods.
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 (avoided emissions: 100 million metric tons in fiscal 2024)

[Green Strategy >](#) | [Expanding the Decarbonization Business >](#) |

[CO₂ Emission Reduction at Business Sites \(Factories and Offices\) and Hitachi Carbon Neutrality 2030 >](#) | [Responsible Procurement >](#) |

Expanding the Decarbonization Business

Approach & Policy

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 three business sectors: Green Energy and Mobility, Digital Systems and Services, and Connective Industries. Among these sectors, 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 contribute to the decarbonization of industry and society by providing products and services that have a low environmental impact when used by customers (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 emission through comprehensive urban energy management solutions
	Home appliances	<ul style="list-style-type: none"> • Enhancing energy efficiency of home appliances • Promoting connected home appliances
	Next generation batteries	<ul style="list-style-type: none"> • Contributing to battery manufacturing and effective utilization
	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

Decarbonization Business Case Examples

Activities

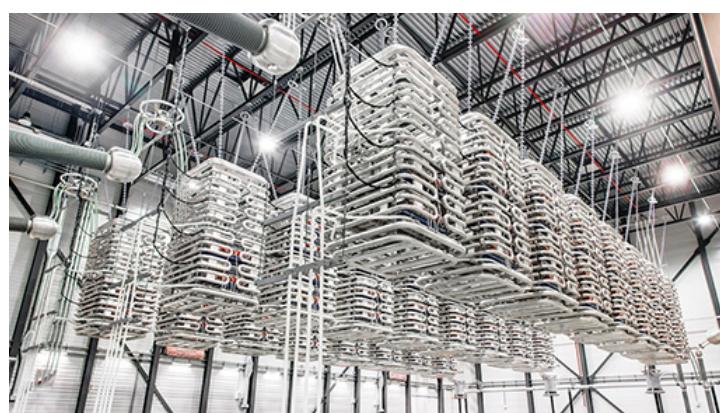
Hitachi contributes to reducing customers' CO₂ emissions mainly in the following three areas.

(1) Transition to Non-fossil Energy

Contribute by providing key components for the introduction of non-fossil energy, including renewable energy.

High Voltage Direct Current (HVDC)

Hitachi Energy's High Voltage Direct Current (HVDC) efficiently transmits large amounts of energy over long distances from remote locations to demand areas, supporting output fluctuations and stabilizing interconnected AC systems. As a transmission technology, indispensable for the mass introduction of renewable energy, it is contributing to the transformation and flexibility of the energy system.



(2) Energy Saving

Contributing by providing energy efficiency through high-efficiency products and optimization of control, such as high-efficiency industrial equipment, to achieve energy savings

Air compressor

Hitachi Industrial Equipment Systems' air compressors reduce CO₂ emissions by improving energy efficiency through enhanced performance of the compressor unit and increased efficiency of the motor. Hitachi contributes to decarbonization of the industrial sector through its energy-efficient equipment.



(3) Electrification

Contributing by electrifying products that utilize fossil energy, including industrial machinery.

Electrification systems for mining dump trucks

Hitachi Industrial Products provides electrification systems for mining dump trucks, where an engine drives a generator that produces electricity for driving and control, thereby improving the driving and control performance of the vehicles and helping to reduce CO₂ emissions.



Achievements in Fiscal 2023

In fiscal 2023, Hitachi provided technologies and solutions that contribute to decarbonization in various fields, including the following examples

Contributing to maximum renewable energy utilization through digital control

With the anticipated increase in electricity demand due to the expanding use of generative AI, leveraging renewable energy for carbon neutrality is urgently needed. Hitachi supports the use of renewable energy with digital technology that integrates information technology (IT) with operational technology (OT). This includes providing cross-regional grid management systems that deliver renewable energy from production sites to distant consumption areas, as well as next-generation nationwide load dispatching system and electricity balancing market systems that support grid stabilization, which becomes more critical as renewable energy usage grows. The next-generation nationwide load dispatching system ordered in November 2023 will be built by combining Hitachi's expertise in power systems accumulated over many years with Hitachi Energy's global products.



Contributing to urban transport electrification and modal shift (transforming transportation methods)

Hitachi Rail has announced the completion of the first phase of the Skyline, the first fully automated urban rail system in the USA, and the start of passenger service in Honolulu, Hawaii, USA in June 2023. It is estimated that once the entire new line is completed, an estimated 40,000 private car movements per day on the city's congested streets and highways (equivalent to eight highway lanes) will be shifted to rail. The line is fully electrified, facilitating the transition from fossil-fuelled private vehicles to sustainable transport and easing congestion for island residents and visitors. Hitachi Rail was responsible for the design and manufacture of the rolling stock, design and manufacture of the rail system, testing and safety certification, and operation and maintenance of the system.



Avoided Emissions

Approach & Policy

Materiality

Hitachi calculates the contribution to decarbonization through collaborative creation with customers as avoided emissions. We convert the amount of the contribution to customer decarbonization via Hitachi products and services into CO₂ emissions. We expect an average 152.6 million metric tons of 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 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}.

The World Business Council for Sustainable Development issued guidance in March 2023 on avoided emissions, and in Japan, the GX League^{*2} has been considering the use of avoided emissions in relation to disclosures and the assessment of climate-related opportunities. In addition, the IEC has been working on environmental standardization in regard to the amount of CO₂ reductions. A unified guide on specific calculation methods for products and services is under discussion, and Hitachi is participating in these discussions.

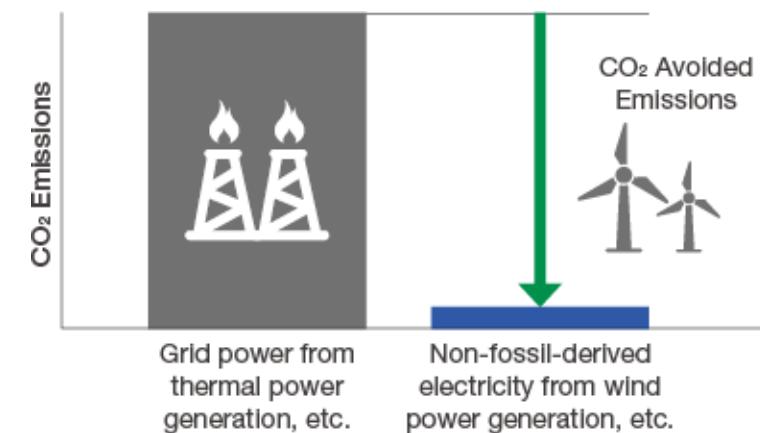
*1 In accordance with the base year of Japan's national CO₂ reduction target. For the consolidated energy-related company, we set fiscal 2020 as the base year based on the year the company joined the Hitachi Group.

*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.

Calculating Avoided Emissions

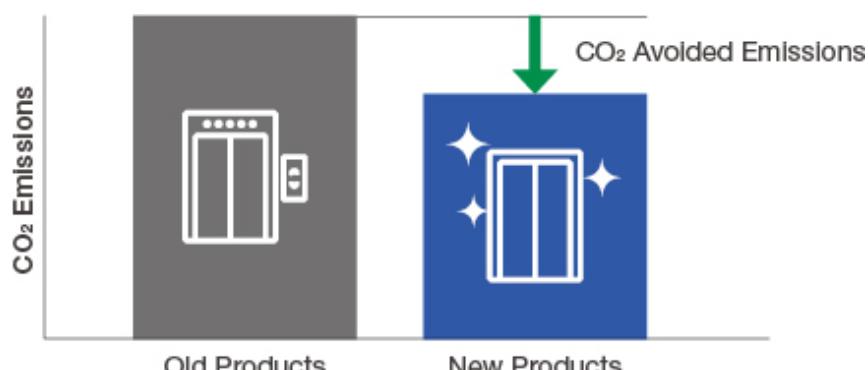
(1) Conversion to Non-Fossil Energy

- 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.



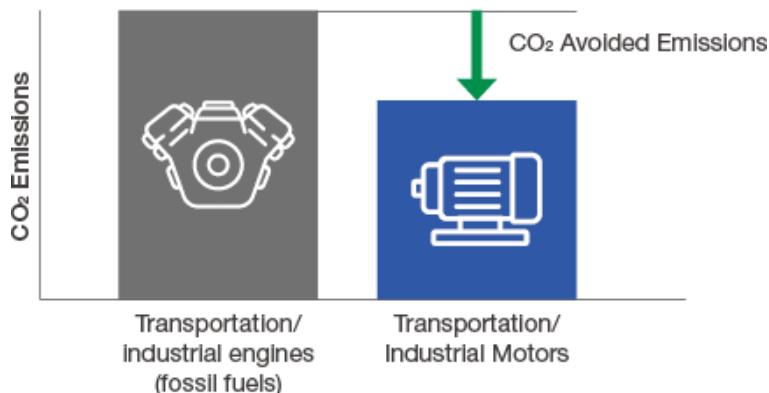
(2) Energy Savings

- We calculate the amount of CO₂ emissions reduced by improving energy efficiency compared to products and services with equivalent functions
Examples: Compressors, elevators, etc.



(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

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.

[Approach to Transitioning to a Circular Economy/Innovation in Product Design >](#)

Reduction of Product and Service CO₂ Emissions During Use

Approach & Policy

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.

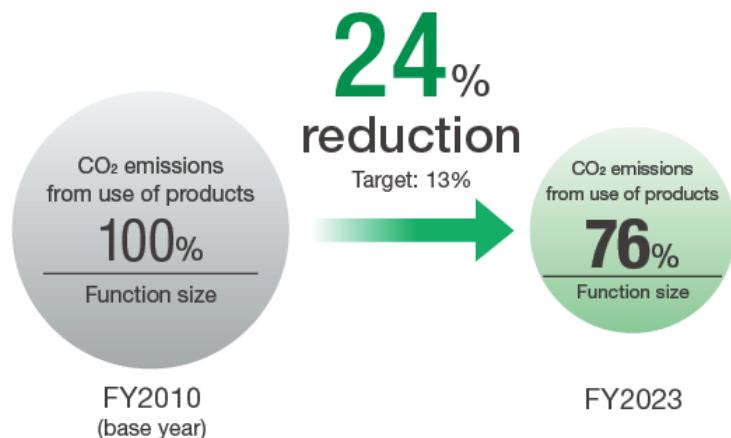
In fiscal 2023, we achieved our target with a reduction rate of 24% against a target of 13%. The achievement of this target was driven by the introduction of new models of high energy-saving equipment used in industrial equipment and social infrastructure.

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)

From base year



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

Approach & Policy Activities Materiality

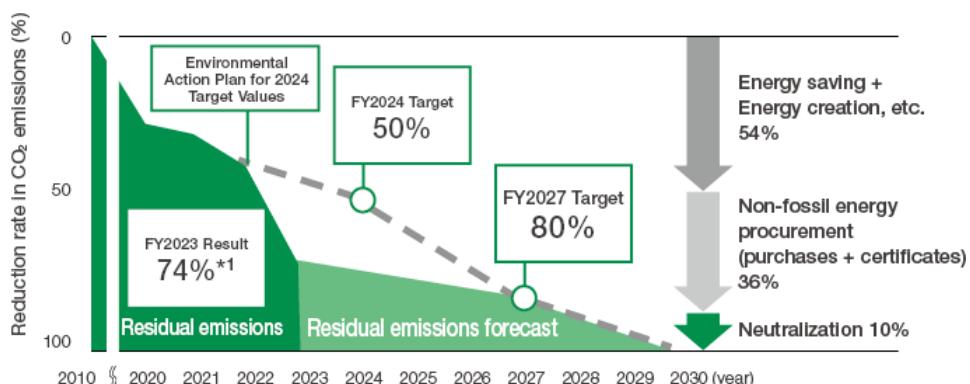
In working toward realizing a decarbonized society, Hitachi has set the goal of realizing carbon neutrality at all business sites (factories and offices) by fiscal 2030 as part of its long-term environmental targets.

To achieve our goals, we will promote initiatives by setting milestones of reducing CO₂ emissions by 50% compared to the base year of fiscal 2024, and 80% by fiscal 2027.

CO₂ emissions reduction measures at Hitachi include installing energy-saving and renewable energy equipment, and procurement of non-fossil power energy and utilization of energy attribute certificates^{*1}. Among these, installing energy-saving and renewable energy equipment is expected to incur initial investment costs. However, it will also lead to reduced risks associated with factors including future energy price hikes and help address carbon pricing. 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.

*1 Energy attribute 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



*1 In fiscal 2023, the amount decreased due to the deconsolidation of auto parts-related companies.

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

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

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 non-fossil power sources Utilize energy attribute certificates Utilize renewable energy with additionality^{*2} through corporate PPA^{*1} Engage in capital investment to reduce CO₂ through the use of Hitachi Internal Carbon Pricing (HICP)

*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.

The Hitachi Internal Carbon Pricing Framework

Activities

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, and 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 are anticipated in the future. Taking such risk factors into account from the stage of equipment investment considerations and placing a higher priority on investments that contribute to decarbonization 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

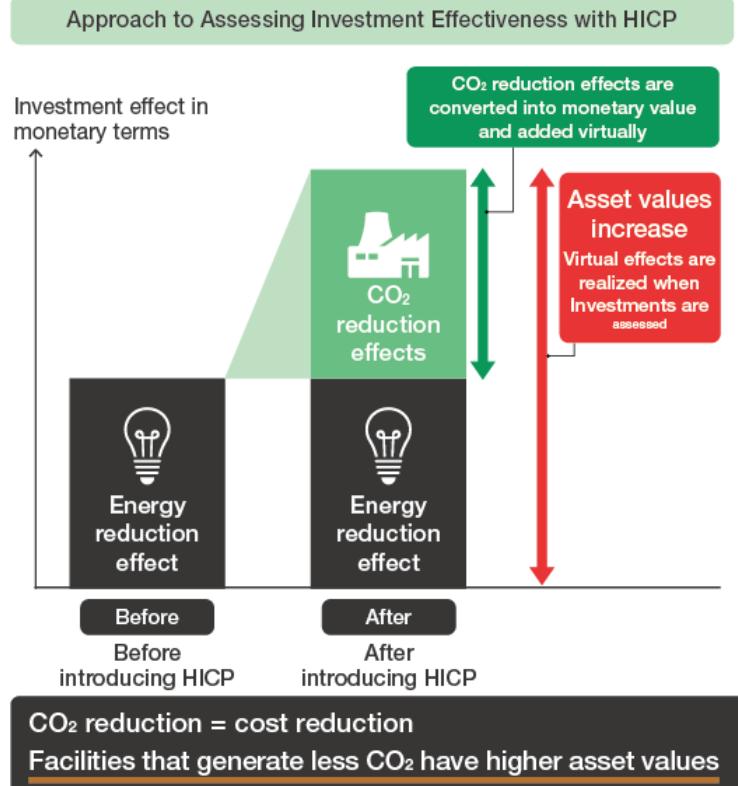
Achievements in Fiscal 2023

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

In fiscal 2023 data, the number of adopted projects decreased to 52, reflecting the exclusion of auto parts-related companies that were previously included in Hitachi's consolidated subsidiaries until fiscal year 2022. However, due to an increase in the amount of investment, CO₂ reductions increased to 4,302 tons.

We will continue to utilize the HICP system to reduce CO₂ emissions.

■ Hitachi Internal Carbon Pricing (HICP) Framework



■ HICP Implementation Results

Category	FY2019	FY2020 ^{*1}	FY2021 ^{*1}	FY2022 ^{*1}	FY2023
Number of HICP Projects	35	22	59	94	52
Investment (Million JPY)	260	250	1,464	1,185	2,234
CO ₂ Emissions Reduction (t-CO ₂)	1,356	447	1,230	2,519	4,302

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

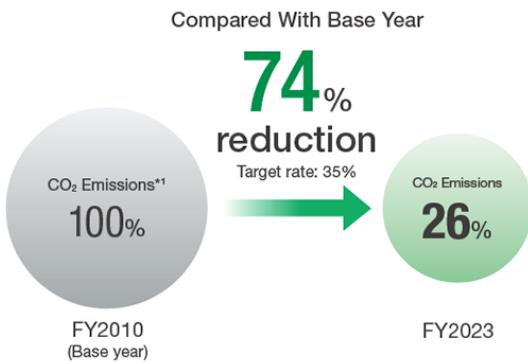
Note : From August 2021, the set carbon price will be raised from ¥5,000/t-CO₂ to ¥14,000/t-CO₂.

Activities and Achievements at Business Sites (Factories and Offices)

Activities

The Hitachi Environmental Action Plan for 2024 states a target for the total CO₂ reduction rate at business sites (factories and offices). In fiscal 2023, the actual reduction in total CO₂ emissions was 74%, surpassing the target of a 35% reduction (compared to the base year of fiscal 2010) by a significant margin. The significant improvement in fiscal 2023 results can be attributed to several factors. Firstly, auto parts-related companies that were previously included in Hitachi's consolidated subsidiaries until fiscal 2022 were no longer included, thus excluding their figures from the aggregate. Additionally, improvements in facility efficiency through the introduction and upgrading of high-efficiency equipment, as well as initiatives such as the installation of renewable energy systems and procurement of electricity from non-fossil energy sources, have contributed to this improvement.

■ Environmental Action Plan for 2024 Management Values Reduction Rate of Total CO₂ (Hitachi Group)



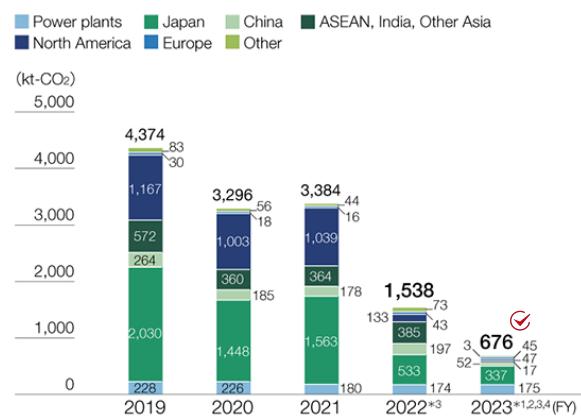
Note : Regarding CO₂ electrical power conversion factors: We used adjusted conversion factors for individual power businesses based on the Act on Promotion of Global Warming Countermeasures in Japan. In China, we used the average emissions factor published by the government for regional power grids. For other countries, we used the latest values for each fiscal year supplied by the International Energy Agency (IEA) for individual countries or 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 2023.

Note : Only for Environmental Action Plan for 2024 management values, emissions of 15.7 kt-CO₂ from the cancellation of credits for neutralization were deducted. 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 2023 amounted 339 kt-CO₂ (Scope 1) and 279 kt-CO₂ (Scope 2, market basis)

*2 In fiscal 2023, the amount decreased due to the deconsolidation of auto parts-related companies.

*3 CO₂ emissions disclosed only in category A until fiscal 2022, and in categories A, B, and C (excluding non-manufacturing sites for category C) in fiscal 2023.

*4 In fiscal 2023, the amount includes non-energy-related GHG emissions (kt-CO₂e).

[GHG Emissions Throughout the Value Chain >](#)

[Energy Inputs and GHG Emissions During Business Operations >](#)

Introducing Renewable Energy

Activities

To reduce CO₂ emissions, Hitachi installs renewable energy power generation equipment on our premises. 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 2023

Renewable electricity generation across the Hitachi Group in fiscal 2023 amounted to 769 GWh.

This amounted to 56% of the electricity usage within the target range, a significant increase from 24% in the previous year.

At 58 sites in the United States, Europe, China, Japan and some other countries in Asia, all electricity used came from renewable sources.

Eighteen 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. Meanwhile, Hitachi Industrial Equipment Systems has achieved carbon neutrality at its major factories by directly and indirectly reducing Scope 1 and Scope 2 CO₂ emissions originating from energy.

■ Locations Operating on Non-fossil Energy

Country/Region	Sites Using 100% Renewable-Derived Electricity	
		Carbon Neutrality
Europe	18 sites	2 sites (Hitachi Energy Group)
North America	9 sites	1 site (Hitachi Industrial Equipment Systems Group)
China	6 sites	2 sites (Hitachi Industrial Equipment Systems Group)
Japan	10 sites	4 sites (Hitachi High-Tech Group) 6 sites (Hitachi Industrial Equipment Systems Group)
Asia (Excluding China and Japan)	8 sites	2 sites (Hitachi Energy Group) 1 site (Hitachi Industrial Equipment Systems Group)
Other	7 sites	—
Total	58 sites	18 sites

Initiatives to Reduce CO₂ Emissions from Purchased Goods and Services

Activities

Hitachi is also working to reduce emissions from purchased goods and services (Scope 3, Category 1) in order to achieve carbon neutrality across the entire value chain by fiscal 2050. In fiscal 2023, we selected approximately 100 companies from procurement partners with the highest Scope 3 Category 1 emissions, and key procurement partners in Hitachi's business activities to engage in reduction activities. Hitachi has been working to understand the amount of CO₂ reductions upstream in Hitachi's value chain by obtaining reduction plans from relevant partners and analyzing the details of these plans.

[Efforts Toward Carbon Neutrality in the Value Chain Upstream >](#)

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 2023

Fiscal 2023 reduction measures focused on improving loading efficiency for product transportation, utilizing joint transportation, and optimizing transportation vehicles. With the deconsolidation of auto parts-related companies, CO₂ emissions from transportation in Japan totaled 17.8 kt-CO₂, a decrease of 9.1 kt-CO₂ compared with fiscal 2022.

Hitachi Fleet Management Reduces CO₂ Emissions from Business Vehicles

Approach & Policy

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 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	Optimizing the number of vehicles in the fleet based on vehicle utilization status
	Encouraging 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

Achievements in Fiscal 2023

In fiscal 2023, as part of our reduction initiatives, we focused on utilizing Business Process Outsourcing (BPO) for centralized vehicle management and installed AI dashcams to monitor vehicle use. We have implemented these measures into 60% of our commercial vehicles in Japan and working towards expanding this initiative, aiming to reach 80% in the future.

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

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

Endorsement of the TCFD Recommendations

Approach & Policy

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. Hitachi's TCFD disclosure has been rated highly for three consecutive years in the Excellent TCFD Disclosure, announced in March 2024, as selected by the Government Pension Investment Fund of Japan (GPIF) domestic equity investment management institutions. Hitachi received high ratings from eight institutions, the most of any selected company.

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.

| [Framework for Promoting Sustainability Strategy >](#) | [Framework for Promoting Environmental Governance >](#) |

Strategy

Strategy & Target

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, a set of 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 the temperature increase to less than 1.5°C under sustainable development.

“Environmental Vision” and “Hitachi Environmental Innovation 2050” > | Environmental Strategy for Achieving a Decarbonized Society >

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

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 Hitachi and the large amount of CO₂ emissions from energy use when products and services are utilized. Until now, Hitachi's businesses used fossil fuels as their main energy source, but those businesses have been deconsolidated.

As a result of our review, the Railway Systems, the Power Generation and Power Grids, the IT Systems, and the Industrial Equipment businesses were selected for analysis. 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 RCP2.6 scenario in the IPCC's Fifth Assessment Report (when targets were formulated), the SSP1-1.9 scenario in the IPCC's Sixth Assessment Report, the IEA 450 scenario (when targets were formulated), and the IEA Net Zero scenario, 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: Investigated the situation where global greenhouse gas emissions increase due to lack of regulation and frequent disasters caused by climate change, as shown by the RCP 8.5 scenario in the IPCC's Fifth Assessment Report (when targets were formulated) and SSP 5-8.5 scenario in the IPCC's Sixth Assessment Report.

Furthermore, we have summarized events that are expected to occur regardless of progress taken on the path to a decarbonized society as "Non-environmental market factors (neither the 1.5°C nor 4°C scenario)."

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, 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, 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 data utilization businesses, including the use of generative AI, in addition to the expansion of financial-related businesses such as investments and loans for decarbonization businesses and green bond issues.	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 Unprecedented demand will not be fulfilled by production capacity of established suppliers which will lower the barriers to entry for emerging suppliers. CAPEX capacity extension investment might dilute the strategic focus to accelerate development of new technologies and/or business models to thrive in the period after the peak of the industry mega-cycle. Pressures to shorten new technology development cycles might lead to quality issues in the long term. 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 could result in delays in renewable energy utilization.	Risks Competitiveness will decline if there is a slowdown in 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. Unprecedented level of investments will be deployed into offshore wind, solar, digital load management systems and high/ultra-voltage transmission.	Opportunities There will also be increased demand for environment-related financial services as investments and loans for decarbonization businesses and green bond issues. Demand will grow for energy saving and high-efficiency information systems that contribute to zero-emissions.	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
The Business Environment, Major Risks, and Opportunities Under the 4°C Scenario	Business environment 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.	Business environment 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.	Business environment 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.	Business environment Typhoons, floods, and other natural disasters caused by climate change will rise sharply.
	Risks The frequent occurrence 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.	Risks The frequent occurrence 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.	Risks 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.	Risks 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.
	Opportunities 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.	Opportunities 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.	Opportunities Demand will increase for social and public systems that help reduce damage from natural disasters and for IT systems required as part of BCP.	Opportunities Efforts to accommodate IoT products will lead to higher demand for remote control and remote maintenance during natural disasters.

Target Businesses	Railway Systems	Power Generation and Power Grids	IT Systems	Industrial Equipment
Non-environmental Market Factors (neither the 1.5°C nor 4°C Scenario)	<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. The 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 daily living 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. As a result, demand for data centers and energy consumption will increase. 	<ul style="list-style-type: none"> Digitalization, infrastructure renewal, population decline, and worker shortages will expand the automation market in industrial countries. As the global pandemic forces people to stay at or work from home, demand will grow for factory automation enabling a handful of workers to operate a factory. The industrial market in emerging economies will grow due to a rise in production plants.

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. Production capacity expansion investments 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 actively decarbonizing data centers. 	<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 8.8% of Hitachi's revenue at 856.1 billion yen in fiscal 2023	Partial impact on the revenue of the Energy Sector, which accounted for approximately 22.2% of Hitachi's revenue at 2,159.7 billion yen in fiscal 2023	Partial impact on the revenue of the Digital Systems & Services Segment, which accounted for approximately 26.7% of Hitachi's revenue at 2,598.6 billion yen in fiscal 2023	Partial impact on the revenue of the Industrial Products Business, which accounted for approximately 5.0% of Hitachi's revenue at 487.2 billion yen in fiscal 2023

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"> 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). Shift from fossil fuel-using to non-fossil fuel-using businesses. Promote investments that contribute to decarbonization. For example, Hitachi Energy plans to invest approximately \$6 billion (as of June 2024) from FY2024 to FY2027.
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 for carbon neutrality in the Hitachi Environmental Innovation 2050 long-term environmental targets to promote decarbonization efforts Disclosing information on climate change initiatives and progress by publishing sustainability reports, posting sustainability information on websites, and participating in events such as COP

■ (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 Compiled the Water Risk Guidelines for identifying water risks and countermeasures, and complying with them at major manufacturing sites around the world.

[Addressing Risks Related to Water and Biodiversity >](#)

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.• In the energy field, promote power generation using non-fossil fuel energy and the installation of power grids that support it.• In fields such as mobility and connective industries, promote the reduction of CO₂ emissions during product use through energy conservation with greater utilization of digital technology (Green by Digital) and develop products that offer world-class efficiency.• Promote decarbonized solutions and services through collaborative initiatives with customers.
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

[Expanding the Decarbonization Business](#) > | [Products and Services that Contribute to Resolving Water Issues](#) > |



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 business 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 Targets

Strategy & Target

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 in Category 11, 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 achieving long-term environmental targets.

[Reflecting Sustainability Targets in Executive Compensation Evaluation >](#)

["Environmental Vision" and "Hitachi Environmental Innovation 2050" >](#) | [Environmental Action Plan >](#)

[Achieving a Decarbonized Society >](#) | [Expanding the Decarbonization Business >](#)

[Contributing to a Decarbonized Society at Business Sites \(Factories and Offices\) >](#) |

[Calculating GHG Emissions Throughout the Value Chain \(Fiscal 2023\) >](#) |

Achieving a Resource-Efficient Society

Efforts to Achieve a Resource-Efficient Society

Approach & Policy

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, optimize water usage and wastewater treatment in the supply chain, and 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



Our response to water risks that take biodiversity into consideration are detailed in Efforts to Achieve a Society Harmonized With Nature

[Efforts to Achieve a Harmonized Society with Nature >](#)

Approach to Transitioning to a Circular Economy

Approach & Policy

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 from fiscal 2022 with the aim of achieving Zero Waste to Landfill^{*1}.

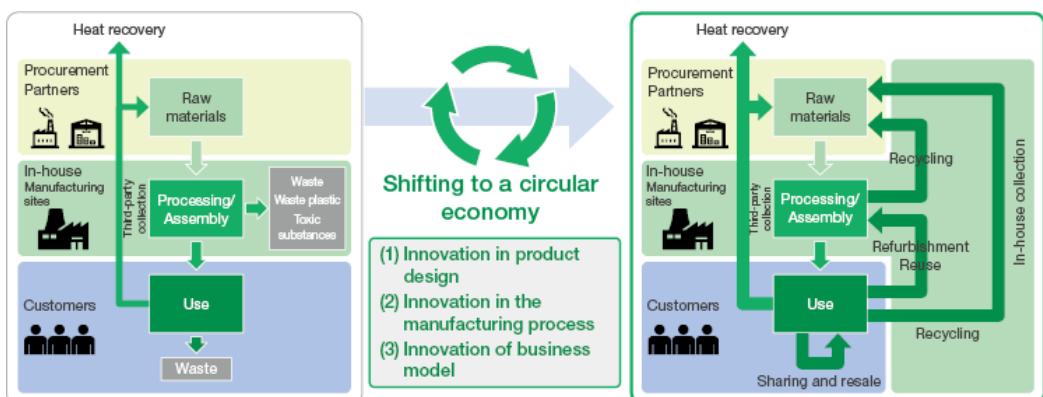
*1 Pursued in careful compliance with regulations, conditions, etc., in each country or region

(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 the creation of circular economies not only in our value chain, but in customer activities as well.

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 to centrally manage 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.

To streamline our data collection operations, we started transitioning from the previous Environmental Data Collection System (Eco-DS) to the ESG Management Support Service (ESG-MSS) in fiscal 2023. We plan to complete this transition in fiscal 2024.

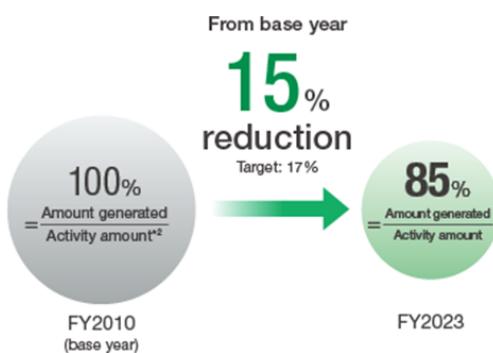
For fiscal 2023, the midpoint of the Environmental Action Plan for 2024 (fiscal 2022–2024), we established a 17% per-unit reduction target (compared with a base year of fiscal 2010) for waste and valuables generated. We were unable to meet this target, but were able to reduce it by 15%.

The reasons for not meeting the target were due to an increase in waste from packaging materials used during transportation, resulting from a rise in international orders, and the exclusion of the reduction rate in waste and valuables generation per unit for auto parts-related companies due to deconsolidation.

We reduced the amount of waste and valuables generated by 21kt, or 13%, compared to the base year. We accomplished this result through ongoing measures such as installing recycling facilities within our business sites and 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 that can be sold or transferred free of charge to other parties as items of value.

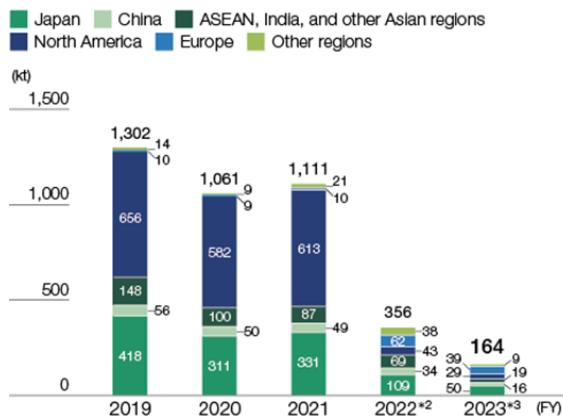
■ Environmental Action Plan for 2024 Management Values Reduction Rate in Waste and Valuables Generation^{*1} per Unit (Hitachi Group)



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

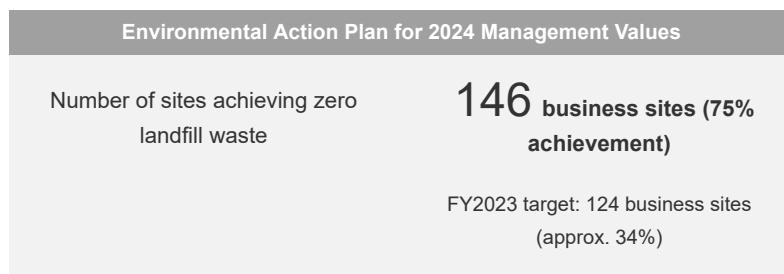
*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

[Raw Material Inputs and Waste and Valuables Generation During Business Operations >](#)

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

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. We have 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 2023, 146 of the sites covered by our activities achieved zero landfill waste.



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

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 2023, we set an effective utilization rate target of 81% and achieved 96%. To improve the effective utilization rate, we are implementing measures that include design changes for equipment and products that do not generate waste, reduction of waste through yield improvements, in-house reuse, sorting and accumulation of waste to enhance value, and recycling measures through detailed sorting.

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.

To facilitate recycling of home appliances in Japan, 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 67.0kt of recyclable materials^{*3} were recovered in fiscal 2023, of which approximately 59.4kt 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.

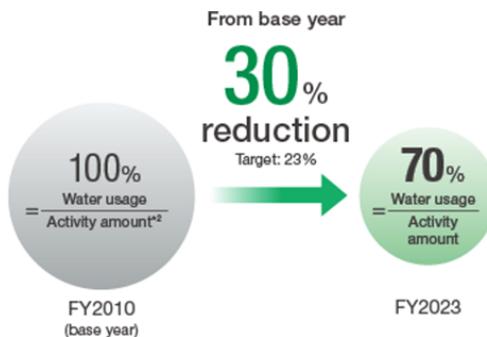


Management of Water Use at Business Sites

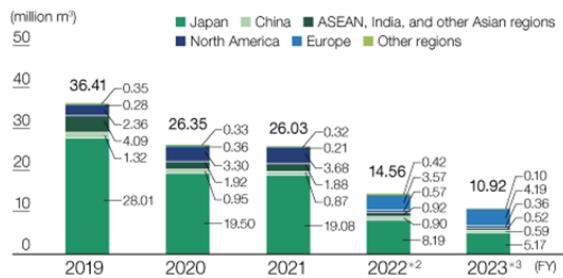
Activities Materiality

For fiscal 2023, the midpoint of the Environmental Action Plan for 2024 (fiscal 2022–2024), we set a target reduction of 23% (compared with a base year of fiscal 2010) in water use per unit for manufacturing processes and general daily usage in manufacturing sites. We improved on this target with a reduction of 30%. We reduced the volume of water used by 9 million m³, equivalent to a reduction of 47% 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)



■ Water Usage^{*1} (Hitachi Group)



*1 Total amount of water used in manufacturing processes 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).

*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 In fiscal 2022, the water usage of an energy-related company and auto parts-related companies included in the scope of consolidation since fiscal 2020 is included in the figures above. The total water usage decreased significantly due to the deconsolidation of the materials- and construction machinery companies.

*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

Water Inputs and Effluent Discharges and Consumption During Business Operations [›](#)

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.

Upgraded Sewage Treatment Plant and Water Reuse Project

Amid global concerns over water scarcity and environmental degradation, Hitachi has contributed to solving social issues related to water and the environment around the world through its Social Innovation Business. In recent years, countries and regions worldwide have encountered various water and environmental challenges, and Hitachi has stepped up to offer tailored solutions to address these needs.

A specific example is the upgraded sewage treatment plant and water reuse project in the Philippines.

This project was awarded to Hitachi by FDC Water Utilities, Inc., which provides water infrastructure facilities. The project aims to transform the Alabang Sewage Treatment Plant (with a processing capacity of 8 million liters per day), situated in Manila, the capital of the Philippines, into an advanced treatment facility using a membrane bioreactor (MBR) system^{*1} that combines activated sludge treatment with membrane filtration, enabling the removal of nitrogen and phosphorus. The aim is to also increase processing capacity to 15 million liters per day and treat the processed water using a reverse osmosis system^{*2} and UV disinfection system to produce reclaimed water (at least 10.5 million liters per day) that meets the Philippines' drinking water standards. For this project, Hitachi not only designed and delivered the mechanical and electrical equipment but also provided digital transformation solutions, including systems for remote plant monitoring and operational optimization. Through this project, Hitachi will help to improve water quality and address increasing water demands in Manila.

*1 A membrane bioreactor (MBR) system is a sewage treatment system that combines activated sludge treatment and immersion membranes to enable high-concentration activated sludge treatment. It is easy to maintain, conserves space, is low cost, and ensures high-quality treated water.

*2 A reverse osmosis (RO) system is a water purification system that uses pressure higher than osmotic pressure to force water through a semipermeable membrane, resulting in purified water.

[Hitachi receives contract for upgraded sewage treatment plant and water reuse project](#)

Basin Flood Control Flood Damage Prediction System

In recent years, the increased frequency and severity of floods in Japan, exacerbated by climate change and other factors, have necessitated local governments to enhance countermeasures. This includes not only physical infrastructure but also software-based approaches utilizing data, such as developing flood hazard maps that encompass smaller rivers.

Hitachi delivered the first basin flood control flood damage prediction system to Aomori Prefecture with full-scale operations commencing from April 2023.

The system incorporates not only mapping data from the Geospatial Information Authority of Japan, but also river data and laser profiler data^{*1} owned by prefectures to provide high-precision, high-speed flooding simulations. It is also scalable in terms of functionality. For instance, it can aid in evacuations and emergency responses using simulation results, making it effective for enhancing both the physical infrastructure and data-driven strategies in river basin flood control for national and regional governments alike.

More specifically, through the creation of a new, more precise flood risk map (flood frequency map) and an internal water hazard map^{*2}, Hitachi is attempting to develop comprehensive flood risk information encompassing both internal and external waters^{*3}.

In the future, Hitachi plans to deploy this system extensively to municipalities engaged in flood control measures with the aim to reduce damage caused by large-scale floods.

*1 Laser profiler data is three-dimensional topographic data obtained by aerial laser surveying

*2 An internal water hazard map summarizes estimated data such as flood area and depth when internal water (water flowing through sewers and waterways) floods due to heavy rain or similar events.

*3 External water is any water outside of an embankment or river

[Operational Start of "Basin Flood Control Flood Damage Prediction System" First Delivered to Aomori Prefecture](#)

Moving forward, Hitachi will strive to achieve the Sustainable Development Goals (SDGs) through international cooperation in public-private partnerships that leverage digital technologies. Hitachi will also support the enhancement of social infrastructure with a focus on improving resilience to the growing severity and frequency of climate change-induced disasters.

[Water Environment Solutions](#)

■ 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

Achieving a Harmonized Society with Nature

Efforts to Achieve a Harmonized Society with Nature

Approach & Policy

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, 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 importance to business enterprises are Target 3, which is to conserve at least 30% of terrestrial and water areas through protected areas and OECM¹ (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 required information 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.

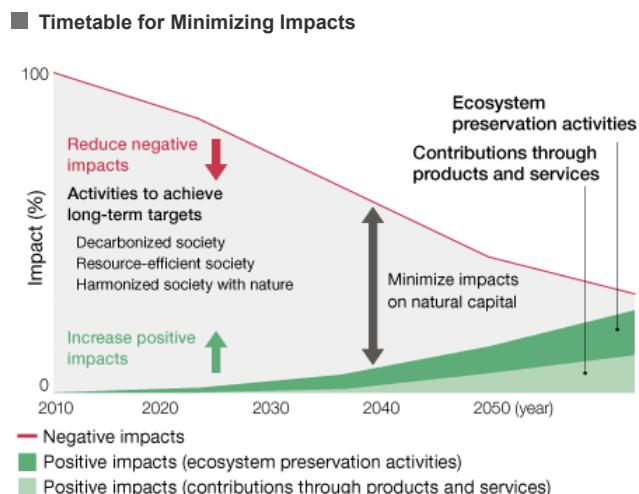
Hitachi has adopted two methodologies for our action to reduce negative impacts on natural capital. These are version 2 of the Life-cycle Impact Assessment Method based on Endpoint Modeling (LIME2) and utilization of Japan's leading inventory database (IDEA v2¹), both of which we use to evaluate our business activities after identifying their negative impacts. As a result, approximately 45% of our negative impacts in fiscal year 2023 were related to climate change. With regard to climate change, we pursue initiatives aimed at creating a decarbonized society. Regarding urban air pollution and resource consumption, certain findings have also 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.

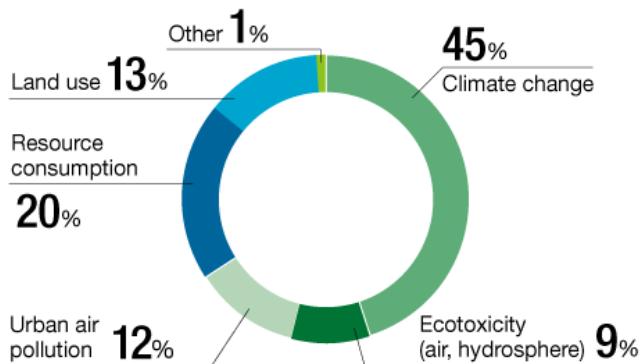
We estimate the benefits gained through our forest conservation activities (flood prevention, water impoundment, water purification, soil loss prevention, and carbon fixation) on an ongoing basis using evaluation methods commonly used in forestry-related public works projects. We also collect data on forested areas targeted for conservation, which is required to evaluate forest conservation efforts. We surveyed 0.93 km² of such forested areas in fiscal 2023.

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

Scope of Negative Impact Calculations ➤

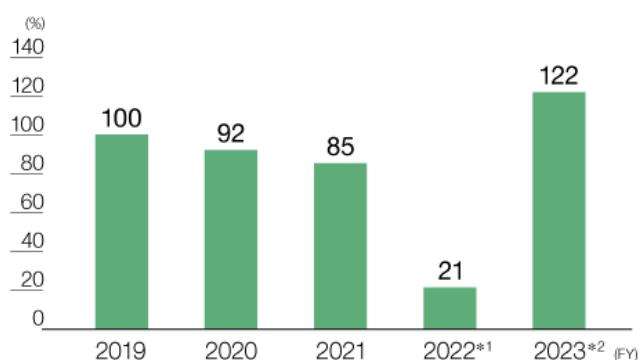


■ Negative Impacts on Natural Capital (FY2023)



Note: Calculated from LIME2 by using IDEAv2

■ Negative Impacts on Natural Capital



*1 In fiscal 2022, the deconsolidation of materials- and construction-related companies resulted in a significant decrease.

*2 In fiscal 2023, consolidation of an energy-related company resulted in a significant increase.

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

In 2020, the global Business for Nature coalition issued a Call to Action*¹ statement. The aim was to encourage policy makers around the world to adopt policies to "reverse nature loss in this decade." Hitachi Ltd. agrees with this goal and has signed the statement.

*1 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](#) ➤

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 satouchi-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.

In October 2023, "Kyōsō-no-Mori," one of our research and development sites located in Kokubunji city, Tokyo, was officially certified as a Natural Symbiosis Site (an area where biodiversity is protected) by the Japanese government. In February 2024, the Hitachi Group's Mito Works and the Woodlands of Hitachi High-Tech Science, an area within the grounds of group company Hitachi High-Tech Science Corporation's Fuji Oyama Works, were awarded the same certification.

[30 by 30 Alliance \(Japanese only\)](#)↗

Natural Symbiosis Sites Certified by the Ministry of the Environment

Natural Symbiosis Sites are an initiative by the Ministry of the Environment aimed at achieving Nature Positive goals. Starting in fiscal 2023, the ministry began recognizing areas such as corporate forests, satoyama (mountain villages and forests), and urban green spaces managed by private entities, where biodiversity conservation is actively pursued, as Natural Symbiosis Sites. These recognized areas, excluding overlaps with protected regions, are registered as Other Effective area-based Conservation Measures (OECM) in the international database, and go toward achieving the 30by30 target.

In fiscal 2023, Hitachi had three sites recognized as Natural Symbiosis Sites.

Company Name	Site Name	Location	Site Overview
Hitachi, Ltd.	Kokubunji Site: Kyoso-no-Mori	Kokubunji City, Tokyo	Primary vegetation includes dogwood, sawara cypress, and konara oak. The site features a variety of natural environments, such as springs, ponds, natural forests, bamboo groves, and grasslands, creating a diverse ecosystem that supports a wide range of species.
	Hitachi Group Mito Business Sites	Hitachinaka City, Ibaraki Prefecture	The naturally occurring tall red pine trees have been preserved in a way that closely resembles the original forest at the time the Works was established. Additionally, in the greenbelt known as the Sagiyma area, large forests, primarily consisting of Japanese bay and hackberry trees—vegetation believed to represent the area's potential natural vegetation—are being systematically maintained and managed.
Hitachi High-Tech	Woodlands of Hitachi High-Tech Science	Oyama Town, Sunto District, Shizuoka Prefecture	Efforts are being made to manage and conserve the green spaces within the site to create a forest rich in biodiversity. Initiatives include <ol style="list-style-type: none">Maintaining and restoring green spacesConverting artificial forests into natural forestsRestoring the Japanese pampas grasslandEradicating invasive plant species

[Natural Symbiosis Site \(Japanese only\)](#)↗

[Kokubunji Site: Kyoso-no-Mori \(Japanese only\)](#)↗

[Hitachi Group Mito Business Sites \(Japanese only\)](#)↗

[Woodlands of Hitachi High-Tech Science \(Japanese only\)](#)↗

Addressing Risks Related to Water and Biodiversity

Approach & Policy Activities

Since Hitachi's exposure to water risks in businesses varies by region and 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 the Water Risk Guidelines^{*1}, which are followed by some 100 manufacturing sites around the world that we classify as Category A in our environmental management classification.

We use our ESG Management Support Service (ESG-MSS) 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.

*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.

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

■ Identification of Water Risks Using the ESG Management Support Service (ESG-MSS)

	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 ^{*1} , Water Risk Filter, and Flood Hazard Map of the World ^{*2} , 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 ^{*3} from low to extremely-high	Assessed using a five-level scale ^{*3} from low to extremely-high	Assessed using a five-level scale ^{*3} from low to extremely-high	Assessed using a five-level scale ^{*3} from low to extremely-high
Risk Results	High at 8 sites	High at 7 sites	Low to low-medium at all sites, including the 8 to the left	Low to medium-high at all sites, including the 7 to the left
No business sites face an overall high water risk.				

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

*2 Flood risk maps published by the European Union.

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

Achievements in Fiscal 2023

In fiscal 2023, we assessed the water and biodiversity risks in each region and identified water risk as high at a total of 8 business sites operating in India, Egypt, Brazil, and Vietnam from among manufacturing sites classified as Category A in our environmental management classification. Additionally, 7 business sites operating in Italy, the United States of America, Germany, Czech Republic, Columbia, and Brazil were identified as having high risk related to biodiversity.

As a result of evaluating the operational water and biodiversity risks, all business sites, including the previously identified high-risk business sites, were found to have medium-high or lower operational risks related to water and biodiversity risks.

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

Water usage at the 8 business sites with high regional water risks was 0.4 million m³, accounting for about 4% of the 11 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 2023, we used the Aqueduct and the Water Risk Filter to identify regional water risks for about 2,133 of our environmental focus partners of fiscal 2023 (about 3,000 companies were selected based on transaction history and country of operation.) About 2,100 of 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.

[Responsible Procurement >](#)

Managing Chemical Substances

Approach & Policy

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, development, and procurement, to production, 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

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 Dechlorane Plus and UV-328 as part of the POPs Convention^{*2}, which will be effective from February 2025.

*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 >](#)

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

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 on 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), and biochemical oxygen demand (BOD) and chemical oxygen demand (COD), 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.

In fiscal 2023, which was the midpoint of the Environmental Action Plan for 2024 (fiscal 2022–fiscal 2024), we achieved a reduction rate of 22% toward the target of reducing atmospheric emissions of chemical substances per unit by 6% 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, and expanding the use of said paints, while altering the painting and washing processes.

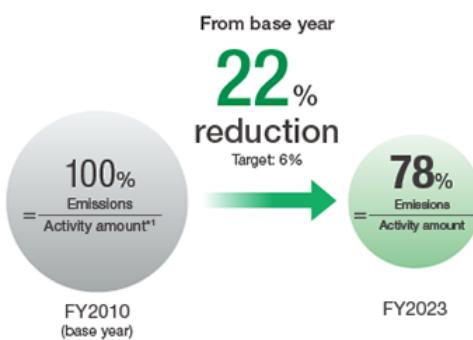
*1 Chemical substances subject to reduction: A total of 50 substances selected in terms of hazard and atmospheric emissions. Approximately 100% of substances in fiscal 2023 results were classified as VOCs.

*2 Emissions: Calculated using data by business site (measured values, exhaust volume, content rate, water effluents discharged, etc.).

Inputs and Discharges of Chemical Substances During Business Operations >

■ Environmental Action Plan for 2024 Management Values

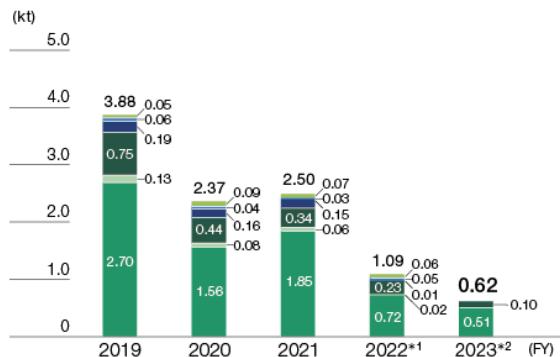
Reduction Rate in Atmospheric Emissions of Chemical Substances per Unit (Hitachi Group)



*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)

■ Reducing Atmospheric Emissions of Chemical Substances (Hitachi Group)

■ Japan ■ China ■ ASEAN, India, and other Asian regions
■ North America ■ Europe ■ Other regions



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

*1 Fiscal 2022 includes the atmospheric emissions of chemical substances from auto parts-related companies which became a consolidated subsidiary in fiscal 2020. Amount decreased significantly due to the deconsolidation of the materials and construction machinery companies.

*2 Fiscal 2023, amount decreased due to the deconsolidation of auto parts-related companies.

Efforts to Conserve Ecosystems

Approach & Policy Activities

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.

In addition, Hitachi created an Ecosystem Preservation Activities Menu citing specific activities to preserve the ecosystem. This chart includes 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 the 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

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

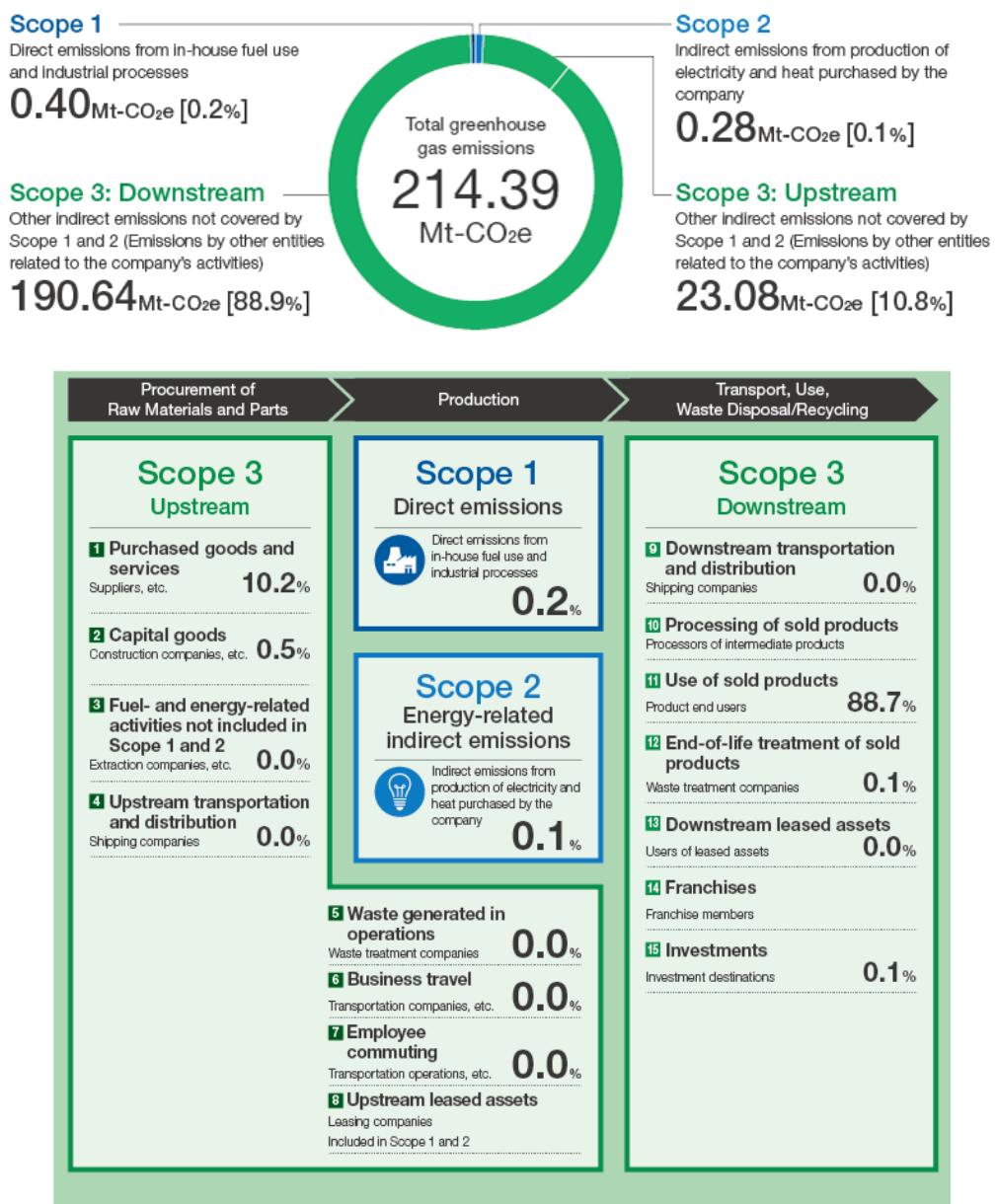
Environmental Data

GHG Emissions Throughout the Value Chain

Calculating GHG Emissions Throughout the Value Chain (Fiscal 2023)

Hitachi calculates greenhouse gas (GHG) emissions throughout the Value chain by referencing 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. Most of the greenhouse gases emitted by Hitachi as a whole are energy-related CO₂.

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 2023)

Category	Description	Reporting Boundary	Emissions (Mt-CO ₂ e)	Percentage (%)
Total Scope 1, 2, and 3		Hitachi Group	214.38	100.0
Total Scope 1 and 2^{*1}		Hitachi Group	0.68	0.3
Scope 1^{*2}				
Direct Emissions^{*1}	Direct emissions from in-house fuel use and industrial processes (Aggregate of categories A, B, and C (excluding non-manufacturing sites for category C))	Hitachi Group	0.40	0.2
Of which, Category A	Direct emissions from in-house fuel use and industrial processes (Aggregated for category A only)		0.28	—
Scope 2^{*3}				
Energy-related Indirect Emissions^{*1}	Indirect emissions from production of electricity and heat purchased by the company (Aggregate of categories A, B, and C (excluding non-manufacturing sites for category C))	Hitachi Group	0.28	0.1
Of which, Category A	Indirect emissions from production of electricity and heat purchased by the company (Aggregated for category A only)		0.20	—
Scope 3 Total		Hitachi Group	213.70	99.7
Scope 3 Upstream (other Indirect Emissions)				
1 Purchased Goods and Services	Emissions from the resource extraction stage to the manufacturing stage, including raw materials, parts, supplied products, and sales	Hitachi Group	21.80	10.2
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		1.11	0.5
3 Fuel- and Energy- related Activities not included in Scope 1 and 2	Emissions from procuring the fuel necessary for electricity and other energy production, including resource extraction, production, and shipping		0.05	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		0.02	0.0
5 Waste Generated in Operations	Emissions from the transportation, disposal, and treatment of waste generated from the company's operations		0.01	0.0
6 Business Travel	Emissions generated from the fuel and electricity used by employees for business travel		0.04	0.0
7 Employee Commuting	Emissions generated from the fuel and electricity used by employees commuting		0.05	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	—

Category	Description	Reporting Boundary	Emissions (Mt-CO ₂ e)	Percentage (%)
Scope 3: Downstream (other Indirect Emissions)				
9 Downstream Transportation and Distribution	Emissions from the transportation, storage, loading and unloading, and retail sales of products	Hitachi Group	0.07	0.0
10 Processing of Sold Products	Emissions by downstream companies during the processing of intermediate products		N/A ^{*4}	—
11 Use of Sold Products^{*5}	Emissions from the use of products by end users, such as consumers and businesses		190.20 [✓]	88.7
12 End-of-life Treatment of Sold Products Sold	Emissions from the transportation, waste disposal, and treatment of products by end users, such as consumers and businesses		0.19	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		0.15	0.1

Note: Due to the deconsolidation of auto parts-related companies, the company's figures are not included in the totals for fiscal 2023.

*1 Aggregated according to Hitachi's internal categories A, B, and C (excluding non-manufacturing sites for category C). The row labeled "Of which, category A" is aggregated for category A only. In the text, unless otherwise noted, the aggregation pertains to category A, which is subject to environmental management.

*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 regional power grid. For other countries, we used the latest values for each fiscal year supplied by the International Energy Agency (IEA) for individual countries or by power supply companies.

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

*5 Emissions are calculated based on the annual energy consumption of each product, multiplied by the number of units sold, the product's lifetime, and the CO₂ emission factor. The CO₂ emission factor used is based on the country-specific emission factors (mainly 2021 version) provided by the IEA.

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	FY2019	FY2020	FY2021	FY2022 ^{*1}	FY2023 ^{*3}
Energy Inputs			Hitachi Group	GWh	12,427	9,674	9,957	5,387	3,291 
Renewable Energy	Electricity	Total	Hitachi Group	GWh	18	138	193	706	769
		(Self-generated amount)	Hitachi Group	GWh	18	22	34	25	29
		Purchases: Includes non-fossil certificates)	Hitachi Group	GWh	—	116	159	681	741
Non-renewable Energy	Electricity	Electricity	Hitachi Group	GWh	5,992	4,498	4,584	2,218	715
	Fuel and heat ^{*2}	City gas	Hitachi Group	GWh (billion m ³)	1,933 (0.15)	1,339 (0.11)	1,373 (0.11)	767 (0.06)	665 (0.06)
		LPG、LNG	Hitachi Group	GWh(kt)	2,015 (150)	1,646 (111)	1,705 (118)	1,217 (82)	989 (65)
		Other natural gas	Hitachi Group	GWh (billion m ³)	258 (0.02)	276 (0.02)	319 (0.03)	261 (0.02)	46 (0.004)
		Fuel oil (heavy oil, kerosene, etc.)	Hitachi Group	GWh (ML)	792 (75)	653 (61)	495 (47)	197 (19)	95 (9)
		Solid fuel (coke)	Hitachi Group	GWh (kt)	1,333 (162)	1,111 (137)	1,278 (156)	—	—
		Steam, hot water and cold water	Hitachi Group	GWh (PJ)	86 (0.31)	13 (0.05)	10 (0.04)	21 (0.08)	12 (0.04)

Note: Aggregated for category A only until fiscal 2022 according to Hitachi's internal categories. Aggregated for categories A, B, and C (excluding non-manufacturing sites for category C) for fiscal 2023 according to Hitachi's internal categories.

*1 Significant decrease for fiscal 2022 due to deconsolidation of materials-related and construction machinery-related companies.

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

*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

■ Greenhouse Gases Emitted

		Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*1}	FY2023 ^{*3}
Total Greenhouse Gases^{*2}		Hitachi Group	kt-CO ₂ e	4,415	3,313	3,412	1,565	676 ✓
Energy-related Total CO ₂ Emissions	Total	Hitachi Group	kt-CO ₂	4,374	3,296	3,384	1,538	618 ✓
	(Direct emissions)	Hitachi Group	kt-CO ₂	1,489	1,202	1,245	459	339 ✓
	(Indirect emissions)	Hitachi Group	kt-CO ₂	2,885	2,094	2,139	1,079	279 ✓
Total other than Energy-related CO ₂ Greenhouse gas Emissions ^{*4}	Total	Hitachi Group	kt-CO ₂ e	41	17	28	26.7	58.6 ✓
	Sulfur hexafluoride (SF ₆)	Hitachi Group	kt-CO ₂ e	24	11	20	22.0	33.2
	Perfluorocarbons (PFC)	Hitachi Group	kt-CO ₂ e	4	0	2	1.3	0.9
	Hydrofluorocarbons (HFC)	Hitachi Group	kt-CO ₂ e	3	1	3	2.4	22.5
	Dinitrogen monoxide, nitrogen trifluoride, methane (N ₂ O, NF ₃ , CH ₄)	Hitachi Group	kt-CO ₂ e	2	2	3	0.9	1.9
	CO ₂ from non-energy sources	Hitachi Group	kt-CO ₂ e	8	3	0	0.2	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 regional 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 or 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.

Note: Aggregated for category A only until fiscal 2022 according to Hitachi's internal categories. Aggregated for categories A, B, and C (excluding non-manufacturing sites for category C) for fiscal 2023 according to Hitachi's internal categories.

*1 Significant decrease for fiscal 2022 due to deconsolidation of materials-related and construction machinery-related companies.

*2 Total GHGs: Scope 1 and 2 total

*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies. HFC emissions saw a significant increase as recycling-related companies were added to the aggregation scope.

*4 The sources included in the calculation of greenhouse gas emissions other than energy-related CO₂, are as follows: carbon dioxide from cooling and welding applications, methane used for research purposes, hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF₆), methane, nitrogen trifluoride (NF₃), dinitrogen monoxide (N₂O) from the manufacture of semiconductor devices and testing of semiconductor inspection equipment, hydrofluorocarbons from the recovery of HFCs during the disposal of refrigeration and air conditioning equipment, sulfur hexafluoride from the production, filling, and testing of high-voltage transformers and power transmission and distribution equipment.

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	FY2019	FY2020	FY2021	FY2022 ^{*1}	FY2023 ^{*2}
Total Amount of Raw Materials			Hitachi Group	kt	3,776	3,066	3,235	788	3,345
Raw Materials	Metals	Total metals	Hitachi Group	kt	3,454	2,861	3,083	685	2,430
		New materials	Hitachi Group	kt	1,372	1,075	909	614	2,428
		Recycled materials, etc.	Hitachi Group	kt	2,082	1,786	2,175	71	2
	Plastics	Total plastics	Hitachi Group	kt	147	115	74	43	148
		New materials	Hitachi Group	kt	143	113	72	40	146
		Recycled materials, etc.	Hitachi Group	kt	4	2	2	3	2
	Other materials	Total other materials	Hitachi Group	kt	175	90	77	61	767
		New materials	Hitachi Group	kt	173	89	76	54	766
		Recycled materials, etc.	Hitachi Group	kt	2	1	1	7	0.1

*1 Significant decrease for fiscal 2022 due to deconsolidation of materials-related and construction machinery-related companies.

*2 In fiscal 2023, the amount from the deconsolidated auto parts-related companies was excluded, while the inclusion of raw material input amount from an energy-related company, which has been consolidated since fiscal 2020, drove a significant increase in the total.

■ Waste and Valuables Generated

			Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*1,2}	FY2023 ^{*3}
Total Waste and Valuables Generated		Total / (hazardous)	Hitachi Group	kt	1,302 / (56)	1,061 / (49)	1,111 / (61)	356 / (57)	164 / (13)
Waste Reduction			Hitachi Group	kt	101 / (17.5)	75 / (9.8)	74 / (10.5)	47 / (23.1)	11 / (4.4)
Recycle	Reuse		Hitachi Group	kt	5 / (2.2)	35 / (11.4)	36 / (18.7)	18 / (6.2)	7 / (0.3)
	Materials recycled		Hitachi Group	kt	919 / (25.3)	740 / (17.6)	784 / (19.3)	256 / (16.7)	131 / (6.0)
	Thermal recovery		Hitachi Group	kt	21 / (4.9)	11 / (5.4)	13 / (6.5)	16 / (4.6)	11 / (1.6)
Landfill			Hitachi Group	kt	256 / (6.1)	200 / (4.9)	204 / (5.7)	20 / (6.5)	4 / (0.6)

Note: Figures in parentheses are the generation of waste defined as hazardous under the Basel Convention. The amount of hazardous substances in parentheses is indicated as internal figures.

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

*2 The amount for fiscal 2022 includes the amount of waste and valuables generated by energy companies and auto parts-related companies that have become consolidated subsidiaries since fiscal 2020.

*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

Water Inputs and Effluent Discharges and Consumption During Business Operations

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

■ Water Input

		Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*2,3}	FY2023 ^{*5}
Total Water Withdrawal^{*1}		Hitachi Group	Million m ³	36.41	26.35	26.03	14.23	10.59
Surface Water	Tap water (water for drinking and other household uses)	Hitachi Group	Million m ³	7.95	5.10	5.23	5.53	2.37
	Industrial water, river water	Hitachi Group	Million m ³	15.58	12.62	12.47	5.17	5.28
	Rain water	Hitachi Group	Million m ³	0.02	0.01	0.01	0.01	0.01
Groundwater		Hitachi Group	Million m ³	12.84	8.60	8.32	3.52	2.93
Recycled Water (Recycled from the Wastewater of other Organizations)		Hitachi Group	Million m ³	0.02	0.01	0.01	0.00	0.00

■ Water Effluents Discharged

		Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*2,3}	FY2023 ^{*4,5,6}
Total Water Effluents Discharged		Hitachi Group	Million m ³	31.09	21.24	21.25	12.15	9.14
Public Water		Hitachi Group	Million m ³	22.46	15.28	15.40	8.26	6.30
Sewerage		Hitachi Group	Million m ³	7.74	5.44	5.31	3.76	2.75
Groundwater		Hitachi Group	Million m ³	0.89	0.52	0.54	0.12	0.09
Water Quality	BOD (biochemical oxygen demand)	Hitachi Group	t	232	204	156	77	9
	COD (chemical oxygen demand)	Hitachi Group	t	400	406	301	137	2

■ Consumption

		Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*2,3}	FY2023 ^{*5}
Total Consumption		Hitachi Group	Million m ³	5.32	5.11	4.78	2.08	1.45
Contained in Products		Hitachi Group	Million m ³	0.07	0.14	0.00	0.00	0.00
Contained in Waste		Hitachi Group	Million m ³	0.05	0.01	0.01	0.00	0.00
Evaporation, etc.		Hitachi Group	Million m ³	5.20	4.96	4.77	2.08	1.45

- *1 Figures through fiscal 2021 represent water usage in manufacturing processes and general daily usage at manufacturing sites classified as Category A within Hitachi, as well as general daily usage in locations other than manufacturing sites. Figures for fiscal 2022 and onward represent water usage in manufacturing processes and daily general usage at Category A manufacturing sites.
- *2 Fiscal 2022 water usage of an energy-related and auto parts-related companies included in the scope of consolidation since fiscal 2020 is included in the reported figures above.
- *3 Significant decrease in fiscal 2022 due to deconsolidation of materials-related and construction machinery-related companies.
- *4 For fiscal 2023, the above reported values include BOD/COD of energy companies that have been consolidated since fiscal 2020.
- *5 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.
- *6 Water quality for fiscal 2023 decreased due to a revision in the aggregation method. This revision excluded discharges to sewage systems and counted only either BOD or COD for the same discharge destination.

Inputs and Discharges of Chemical Substances During Business Operations

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	FY2019	FY2020	FY2021	FY2022 ^{*3}	FY2023 ^{*5}
Total Chemical Substances Handled ^{*1}	Chemical substances handled	Hitachi Group	kt	83.68	47.49 ^{*2}	26.20	1.70	0.97

■ Chemical Substances Discharged

		Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*3}	FY2023 ^{*5}
Total Chemical Substances Discharged		Hitachi Group	kt	4.98	3.27	3.50	1.39	0.65
Chemical Substances Discharged	Chemical substances discharged ^{*4} (VOC, etc.)	Hitachi Group	kt	3.88	2.37	2.50	1.09	0.62
	SOx (sulfur oxides)	Hitachi Group	kt	0.3	0.2	0.2	0.01	0.00
	NOx (nitrogen oxides)	Hitachi Group	kt	0.8	0.7	0.8	0.29	0.03

Note: Sulfur oxides (SOx) and nitrogen oxides (NOx) are chemical emissions that are released from the combustion of fuel, not due to the chemicals used.

*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 in fiscal 2022 due to deconsolidation of materials-related and construction machinery-related companies.

*4 Approximately 100% of chemical emissions classified as VOCs.

*5 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

Environmental Management Data

Number of ISO 14001 Certified Companies (Hitachi Group, as of March 2024)

	Reporting Boundary	Unit	FY2020	FY2021	FY2022 ^{*1}	FY2023 ^{*2}
Total	Hitachi Group	Companies	202	185	281	178
Japan	Hitachi Group	Companies	85	66	66	45
China			43	43	61	47
ASEAN, India, and the rest of Asia			42	43	50	34
North America			10	9	13	15
Europe			17	15	52	27
Other			5	9	39	10

Note: Companies with at least one certified business site.

*1 Significant changes in fiscal 2022 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.

*2 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

Number of Regulatory Violations and Complaints

	Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Regulatory Violations	Water quality	Hitachi Group	4	5	2	0	1
	Air quality		0	0	0	2	0
	Waste materials		0	4	3	0	2
	Other (equipment registration, etc.)		1	1	3	0	0
Complaints	Hitachi Group	Cases	5	3	3	0	1

Environmental Accounting

■ Environmental Protection Costs

			Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022*2	FY2023*3
Total			Hitachi Group	Billion Yen	105.71	86.62	79.97	57.21	44.35
Expenses	Business area	Maintenance costs for equipment with low environmental loads, depreciation, etc.*1	Hitachi Group	Billion Yen	22.62	19.14	19.56	6.30	4.55
	Upstream/Downstream	Green procurement expenses, recovery and recycling of products and packaging, recycling expenses			0.68	0.62	0.64	0.08	0.06
	Administration	Labor costs for environmental management and the implementation and maintenance of environmental management systems			4.98	5.88	5.40	3.06	3.14
	Research and development	Costs of research and development and product designs to reduce the environmental burden caused by products and production processes			77.01	60.64	53.79	47.55	36.37
	Social activities	Planting, beautification, and other environmental improvement costs			0.25	0.22	0.26	0.11	0.15
	Environmental remediation	Environmental mitigation costs, contributions, and charges			0.17	0.12	0.32	0.11	0.08

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

*2 Fiscal 2022 does not include the costs of an energy-related company that became consolidated since fiscal 2020. Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

Environmental Protection Effects

■ Economic Effects^{*1}

	Major FY2023 Activities	Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*2}	FY2023 ^{*3}
Total		Hitachi Group	Billion Yen	18.62	14.28	19.20	11.95	1.65
Net Income Effects	Recovering value from waste by sorting and recycling	Hitachi Group	Billion Yen	12.42	9.66	15.15	7.89	1.15
Cost Reduction Effects	Installing high-efficiency equipment (lighting, power supply, etc.)			6.20	4.62	4.05	4.06	0.50

*1 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.

*2 Fiscal 2022 does not include FY2022 costs of energy-related companies that became consolidated since fiscal 2020. Significant decrease due to deconsolidation of materials-related and construction machinery-related companies.

*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies.

Environmental Liability

As the amounts that we can reasonably project as future environmental liabilities as of end of April 2024, we recorded 3.4 billion yen in costs for the disposal of waste containing PCBs and 1 billion yen to clean up contaminated soil.

Global Human Capital Management

Approach to Human Capital

Approach & Policy

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 a sustainable society.

As our Social Innovation Business expands globally, Hitachi believes in the need for 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

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's human capital strategies and policies, and submits 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 talent.



Global Human Capital Strategy

Strategy & Target

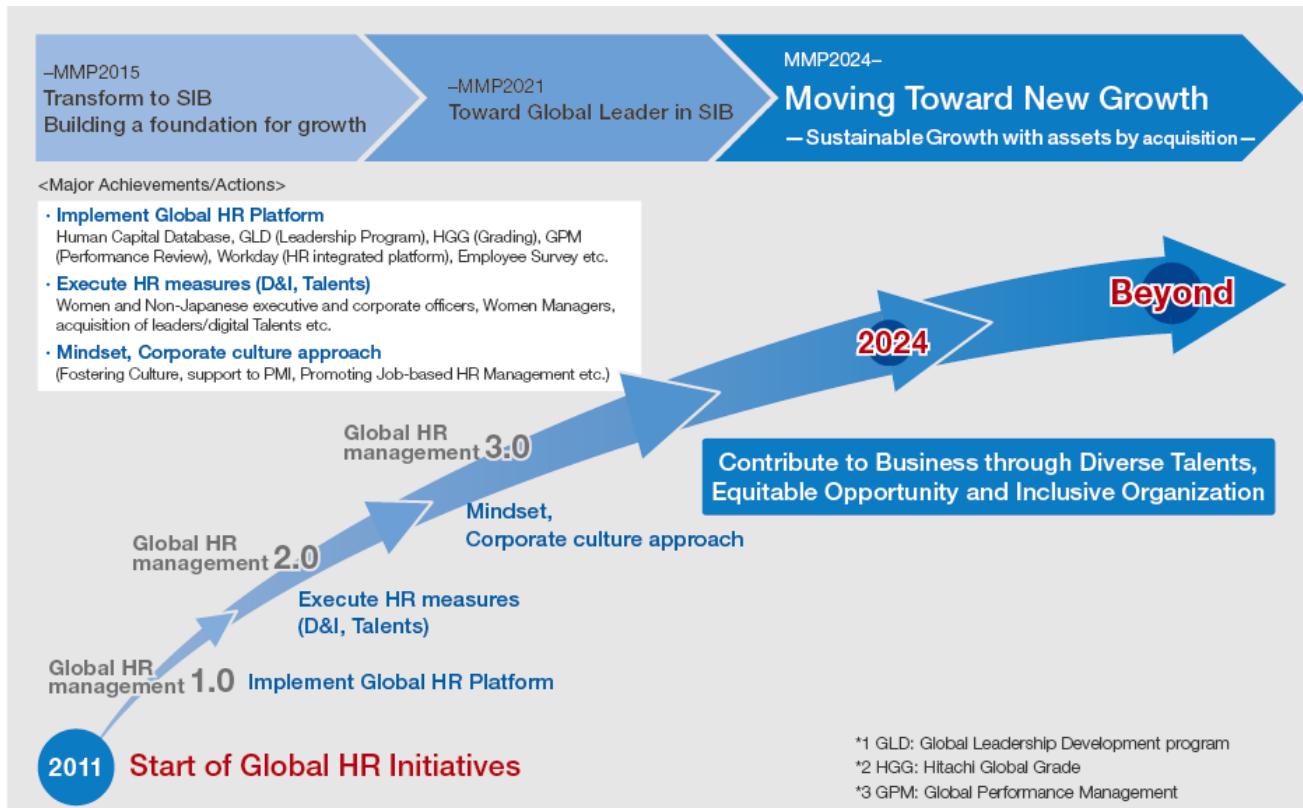
Hitachi conducts a human capital strategy linked to our management strategy. The 2024 HR Strategy, which was formulated based on the Hitachi Mid-term Management Plan 2024, sets out our mission and vision for human resources management. More specifically, the strategy defines our vision of becoming an employer of choice in the global marketplace, and a vibrant organization where individuals aspiring to make social contributions come together. 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 to solving social issues. In addition to on-site work instruction, we conduct programs across the group to improve individual capabilities, skills, and specialties.

Diversity, Equity and Inclusion is an important factor in executing our HR Strategy. We aim to build an organization in which diverse employees respect each other's differences and can innovate.

[Diversity, Equity and Inclusion](#)

■ Global HR Initiatives



■ Overall Human Resources Strategy Linked to Management Strategy

Mission	Contribute to Business through Diverse Talent, 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	Key Initiatives
HR Strategy	People (Talent) Optimize talent (workforce and capability) and engagement for growth	<ol style="list-style-type: none"> Attract, retain, develop and match talent, especially global leaders and digital talent, to maximize their potential Mobilize (Match) right talent for right roles at right time across Hitachi group Focus on employee wellbeing, engagement & experience
	Mindset (Culture) Foster a mindset and culture for growth	<ol style="list-style-type: none"> Live Hitachi’s Values and evolve Hitachi’s culture for sustainable growth Promote growth mindset with ownership of continuous self-development including reskilling & upskilling 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	<ol style="list-style-type: none"> Collaborate to overcome organizational silos to unlock the value of our customers Establish “New Ways of Working” 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

Management strategy (Business strategy) MMP 2024 Goals	Management Target & KPI	Major Management Strategy	HR strategy to execute the left one	HC KPIs (examples)	Outcome
Expand Social Innovation Business globally to contribute to the society Global Growth by Digital, Green and Innovation	1) Digital business growth by Lumada · Revenue CAGR 5-7% · Adj. EBITA margin 12% · ROIC 10% · EPS CAGR 10-14% · Core FCF 1.2 trillion Japanese Yen	Boost business by Lumada Create destructive innovation by backcasting Achieve 10% Adj. EBITA margin and 10% ROIC in all businesses Shift management resources to (=Focus on) growth business Boost business in regional markets (Reinforce regional strategy) Acquire clients in growth sectors and domains Optimize management foundation cost (Reduce SG&A) Improve efficiency of balance sheet	Promote diversity, equity, and inclusion Secure and develop digital talent required for business growth Leverage digital talent and contribute to Lumada business Promote innovations (Support the spirit of challenge) Select and develop management leaders globally Talent allocation based on "Right People in the Right Place" Shift to job-based HR management in Japan Improve employee engagement Foster global Hitachi culture Cultivate growth mindset including reskilling and upskilling Establish "New work style" Promote collaboration across divisions to achieve "growth" Workforce Management Improve productivity of indirect divisions (Reform roles and streamline operation in HR division) Secure physical and mental health and safety	Status of DEI promotion Number of digital talents Lumada revenue and operating income Status of application to MaD! ¹ Diversification of candidates for the leadership Survey score (Right people in the right place) Status of Impl. JD ² Survey Score (Career) Survey score (Engagement) Survey score (Growth and agility) Survey score (Way of working) Number of transfers and talent shifts between divisions KPI defined in each BU/Gr. Company Indirect division KPI Health and safety KPI	Maximize added value (B/S perspective)
(Group Health and Safety Policy) Health and safety always comes first.					Optimize invested capital (P/L perspective)

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

*2 JD: Job description

■ Selecting and Developing Global Leaders

Activities

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 the GT+ talent pool. We provide these individuals with challenging assignments^{*1} involving on-the-job and off-the-job training and coaching. The percentage of non-Japanese nationals and women among the selected applicants has been increasing year by year.

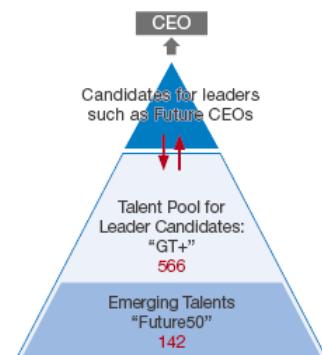
In addition, the GT+ group includes talented employees, who are aiming to fast-track into leadership positions, selected through the Future 50 program. The candidates in this program receive intensive training through work assignments, including management positions, and opportunities for in person discussions with independent directors.

*1 Assigning highly demanding tasks.

■ Selection of Diverse Human Resources as Management Leadership Candidates

	GT+		Future50 (Alumni, current members)
	FY2016	FY2023	
Selected	521	566	142
Non-Japanese	25 (4.8%)	177 (31.3%)	43 (30.3%)
Women	25 (4.8%)	135 (23.9%)	31 (21.8%)

Note : As of March 2024



■ Management Leadership Candidate Training (Internal)

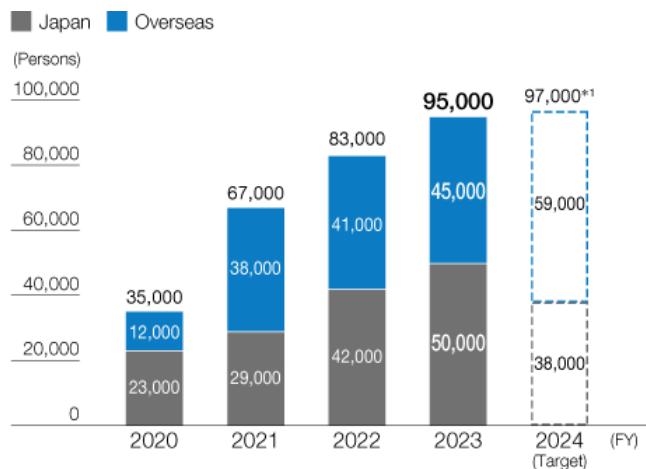
Training	Overview	FY2023 Results
Global Leadership Acceleration Program for Key Positions (GAP-K)	Selective training held for five months to accelerate the development of future management-level leaders	25 participants from 10 countries
Global Advanced Program for Leadership Development (GAP-L)	Training held twice a year for local leaders who are expected to perform well in subsidiaries outside Japan, aiming to develop superior leadership, mindset, and skills necessary to drive Hitachi's global growth businesses	48 participants from 18 countries

Strengthening Recruitment and Developing Digital Talent

Strategy & Target Activities Materiality

To accelerate our Social Innovation Business using digital technologies and expand Lumada business (Revenue: FY2021 1.38 trillion yen → FY2024 2.65 trillion yen), as a growth driver, Hitachi has secured and developed digital talent who will drive digital transformation (DX). We will flexibly recruit and train people at GlobalLogic, a leading company in digital engineering services, and other companies as we expand our business scale, as well as strengthen our human resources through M&A based on market trends and regional strategies. In Japan, we will also promote a personalized recruitment program that emphasizes matching each candidate's career needs with the job, such as with internships for new graduates. Additionally, we will further strengthen the acquisition and development of digital talent necessary for business growth by developing talent through Hitachi's unique DX training system and expanding training programs that incorporate practical experience.

Digital Talent: Progress and Targets

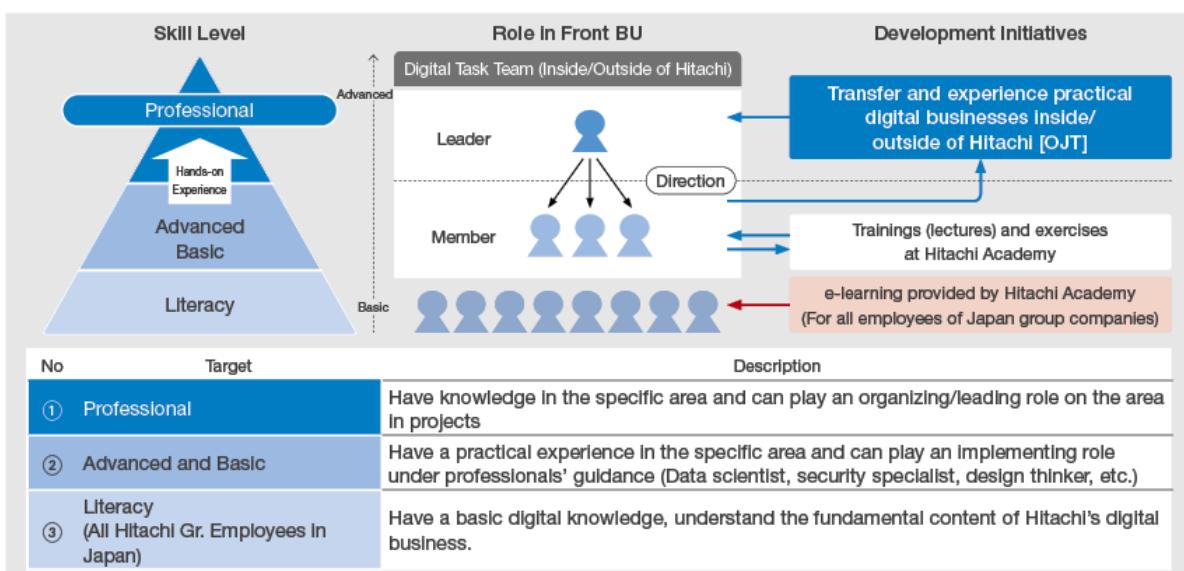


Note: We define digital talent as someone having capabilities in one of 12 areas (design thinking, data science, security, etc.) necessary for digital business.

Digital talent represents the total number of individuals under each capability (cumulative).

*1: Excluding Hitachi Astemo

Digital Talent Development Methods



Digital Talent Development

Hitachi has built and operates a DX training structure that organizes various programs according to the skills and level required for digital transformation at Hitachi Academy, the corporate university of the Hitachi Group.

We are continuously improving our DX training program, which consists of more than 100 courses, and in fiscal 2023, a cumulative total of 25,000 employees participated in DX training across 140 courses. In addition to an e-learning package that outlines the DX literacy minimum requirements for all employees of group companies in Japan, Hitachi Academy provides both basic and advanced training programs tailored to the specific skills required for digital talent. In order to accelerate the development of digital talent globally, we started new vertical startup courses (cloud/agile development and data science) in fiscal 2023 that utilizes the methods of GlobalLogic. We also started our DX Leader Training to develop talent who can co-create and launch businesses with customers.

We are developing professional-level digital talent, such as leaders who can coordinate digital transformation projects, by providing them with on-the-job training.

We continue to strengthen our digital talent development through both basic and advanced knowledge and skills training and development for professionals through on-the-job training.

Initiatives to Put the Right Person in the Right Place

Activities

Hitachi created its policy on organization and talent allocation, 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 talent to optimize configurations. In this way, we ensure organizational and positional management by placing the right person in the right place. Our basic policy is to assign talent that meets the competency requirements of the position in question, utilizing diverse talent including that from outside the group, from a group-wide and global perspective regardless of attributes such as age, gender, or nationality. We conduct business- and regional-based talent reviews to achieve a more optimal match between the job and talent as part of the promotion of job-based talent management. We seek to achieve further growth for the entire Hitachi Group through global talent management measures conducted in common at all Hitachi Group companies including global performance management (GPM), succession planning, and succession candidate development.

Fostering the Hitachi Culture and Improving Employee Engagement Globally

Strategy & Target

Activities

Hitachi has welcomed approximately 100,000 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^{*1} and achieving further innovation and growth.

Hitachi monitors employee engagement every year through Hitachi Insights, a global employee survey. We plan and implement actions to improve employee engagement. Specifically, executives and managers from each department 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 measures for improvement.

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

Instilling a Shared Culture in Post-merger Organizations

For Hitachi, creating synergies with companies acquired through M&A, such as GlobalLogic and Hitachi Energy, is an important strategic initiative. In order to become One Hitachi, it is essential to instill a culture such as the Hitachi Group Identity. Therefore, Hitachi actively holds town hall meetings for leaders and culture discussions for employees.

Communication to Integrate Corporate Cultures with New Colleagues

As an example of communication for corporate integration, Hitachi's Manufacturing Strategy Division held the One Hitachi Collaboration Workshop in Poland in July 2023. The event was attended by 25 people from Hitachi Energy, Hitachi Rail, Hitachi Digital, GlobalLogic and Hitachi Vantara to discuss and share best practices on creating synergies towards One Hitachi.

Mindset Reform: Make a Difference!

Since fiscal 2015, Hitachi has been holding an ideas contest in which all group employees can participate, with the aim of strengthening the mindset of ownership and fostering a corporate culture. Over the past nine years, a total of more than 4,930 ideas have been put forward, contributing to the creation of new businesses and the cultivation of a corporate culture. 471 new ideas were submitted from all over the world in the 2023 contest with the theme of "I like your 'ideal' One Hitachi. Let's create together." The final jury, which included the President and executive vice presidents who are the heads of major business sectors, were involved in evaluating the ideas. Initiatives are underway with commitment from senior management toward commercialization and realization for the idea that received the Gold Ticket, the highest award.

Improving Employee Engagement

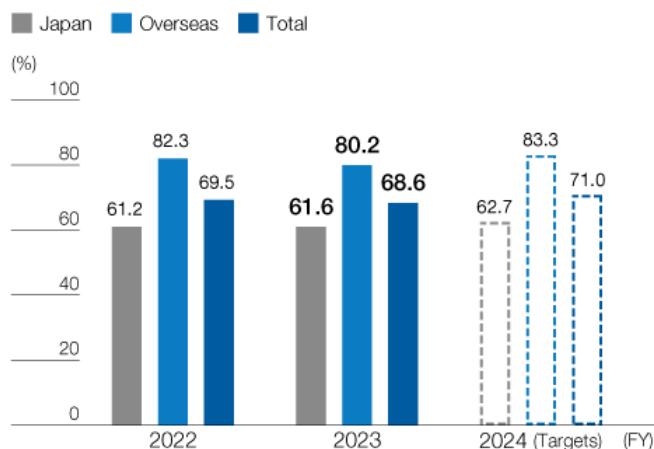
Materiality

As part of its human capital management, Hitachi has set employee engagement score^{*2} as a KPI. In promoting the planning and implementation of actions to improve engagement based on the survey results of the global employee survey, Hitachi Insights, we are working to identify engagement drivers (items that have a high degree of correlation in increasing engagement) as one of the means of identifying issues and improving them.

In fiscal 2022, we achieved the target (68.0%) set in the Mid-term Management Plan 2024 ahead of schedule. We therefore set our sights even higher with a new target of 71.0%, and in fiscal 2023 achieved an engagement score of 68.6%. In response to the results, Hitachi will work to improve engagement by making an overall Hitachi Group approach toward the issues identified as engagement drivers. Such issues include, fostering global Hitachi culture, promoting well-being, promoting the right person for the right position, and better communication from senior management.

*2 Employee engagement score: Employee engagement is measured in terms of four factors (pride in working for Hitachi; whether it is a workplace one would recommend to others as a great place to work; job satisfaction and sense of accomplishment; and desire to continue working for Hitachi for the foreseeable future)

■ Results and Targets of Employee Engagement Score (Percentage of Positive Response Rate)



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

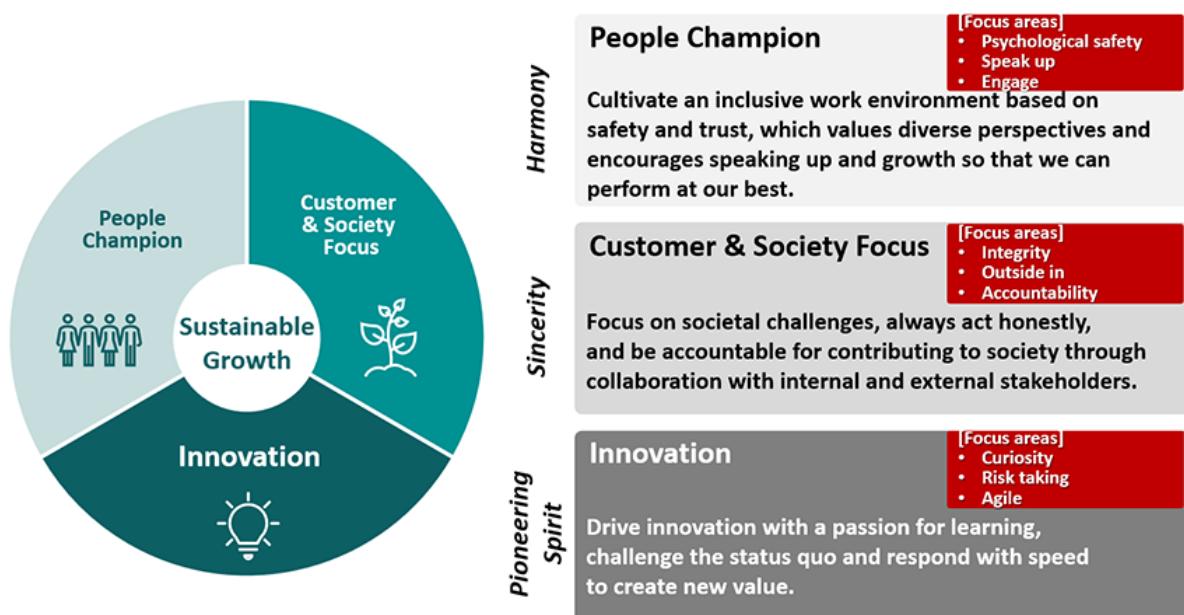
Examples of Initiatives across the Hitachi Group

- Instilling the Hitachi Group Core Competencies^{*3} and linking them with all human capital measures
- Improving human capital mobility (e.g. Global Talent Mobility^{*4}, Job-Based HR Management)
- Promoting communication toward business direction and growth of the organization and employees (e.g. town hall meetings, one-on-one meetings)

*3 Hitachi Group Core Competencies: Formulated based on Hitachi's founding spirit (Hitachi Values) and business strategies, etc. They specifically define how to embody the Hitachi founding spirit as behaviors expected of all Hitachi Group employees.

*4 Global Talent Mobility: Mobility of human resources across business sectors and countries/regions

■ Hitachi Group Core Competencies



Examples of Initiatives at Group Companies

• Leadership Enhancement and Development (LEAD) Program at Hitachi Rail

The LEAD program seeks to develop managerial leadership skills in conjunction with the Hitachi Values.

Training opportunities have been given to 1,000 manager-level employees to promote understanding of the Hitachi Values and the Hitachi Group Core Competencies, improving the competencies required of leaders, and promoting engagement.

• Well-being initiatives at Hitachi Digital Services

Hitachi Digital Services is encouraging employee enrollment in the Mental Health First Aid (MHFA) program to improve mental health and well-being. The MHFA program provides content for employees to learn how to recognize the symptoms of a mental health problem in themselves or their co-workers, empowering them to take appropriate first response actions. Employees who take the course can earn MHFA certification. In fiscal 2023, 55 people obtained the qualification with eight sessions taking place to exchange ideas on mental health among those certified as mental health first aiders. A number of webinars also took place with a medical expert giving lectures on a wide range of health-related topics, including stress management, sleep, hormones, and more. There were 10 webinars in fiscal 2023 covering topics such as stress management, the importance of sleep, family planning, pregnancy and infertility treatment, menopause awareness, and general health practice.

Talent Development Initiatives to Establish a Learning Organization

Activities

It is essential to foster a culture in which every employee can continue to acquire the necessary skills and capabilities, to provide new value continuously in a currently unpredictable and rapidly changing environment, for example, with the increasing complexity and severity of social issues and the rapid evolution of digital technology. To enhance organizational capabilities globally, Hitachi provides a learning environment where employees can access necessary learning promptly, aiming to cultivate a Learning Organization to drive business growth.

For example, we offer various training programs focused on enhancing specific skills and expertise, including digital talent development programs, along with standardized training for managers globally aimed at fostering the growth of the Hitachi Group.

■ Training for Managers

Training	Overview	FY2023 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 11 countries / regions (Japan, the United States, the United Kingdom, India, Singapore, Thailand, Indonesia, Philippines, Malaysia, China, and Taiwan) with 3,033 participants

Initiatives at Regional Headquarters to Develop Employee Skills

Activities

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 platforms such as Hitachi University. Specifically, the company encourages its employees to take e-learning courses on topics such as DX, AI, and data science. We place great emphasis on improving understanding of DEI and provided virtual training on DEI for all employees and achieved 100% completion. To develop leadership qualities, the company also actively encourages managers to participate in training programs based on their experience, and utilizes the Hitachi Leadership Profile (HLPO) feedback process to identify suitable candidates. Hitachi America also conducts the Talent Review process which in many cases results in a development plan for the employee. In addition, we have introduced "Mentoring at Hitachi" which will provide employees with an excellent opportunity to further develop their skills and broaden their career at Hitachi.

Hitachi Europe Ltd.

The company supports employees in Europe to develop their capabilities both as individuals and future leaders, delivering a variety of learning options delivered through Hitachi University, with a specific emphasis on promoting the development of new digital skills. To develop leadership, we actively encourage managers to participate in global leadership programs, bringing together Hitachi leaders across EMEA which helps to build an important network in support of One Hitachi. In addition, we place great emphasis on improving the understanding of DEI and have developed regular training and seminars for all employees.

Hitachi Asia Ltd.

Twice a year, business leaders gather to provide and share business strategies, insights, and success stories that strengthen both regional synergies and talent in line with Hitachi's Mission, Values, and Vision. The annual talent review and succession planning were discussed rigorously to ensure the retention and career growth of employees. In addition to global leadership programs, we have created a series of leadership journeys including coaching and mentoring by senior leaders, project assignments, and workshops to accelerate the development of potential future leaders. Commitment extends to support group companies with regional programs such as the Future Leaders Forum and Young Talent Nexus. Furthermore, we have implemented the ASEAN Business Leaders Program from fiscal 2023 to strengthen the development of business leaders who can solve social issues. In this program, approximately 30 business leaders and candidates from both inside and outside of Hitachi gathered from ASEAN and East Asian countries to explore social issues in ASEAN and discuss solutions. These discussions involved Singapore government officials and Hitachi executives.

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 India Pvt. Ltd.

The Learning and Development Committee, comprising senior executives, convenes biannually to deliberate on training initiatives. Moreover, the company facilitates effective learning by offering an annual development roadmap and educational programs to its India-based Group companies. These programs encompass a wide array of subjects, including technical expertise, behavioral and business skill development, and diversity, equity, and inclusion (DEI). These offerings are delivered through diverse channels such as a learning platform (Hitachi University), virtual sessions, classroom sessions, and experiential outbound learning programs, ensuring comprehensive learning opportunities for employees.

Transformation to Job-Based HR Management

Approach & Policy Activities

Hitachi is shifting toward job-based human resource management. With this shift, we can clearly define roles, as well as the skills and experience needed, making it possible to appoint talent who can perform those jobs according to their abilities and motivation, regardless of their nationality, gender, age, or other attributes. By doing so, we will enhance the motivation of each employee and the sense of unity between Hitachi and the individual, helping both to grow and flourish.

To visualize jobs and talent, Hitachi has adopted job descriptions (for approximately 100,000 positions including domestic group companies as of the end of FY2023), and has conducted talent reviews to consider the placement and development of each employee based on their aptitude and career orientation. Hitachi has also 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. 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 by fiscal 2024. As an example, in October 2023, Hitachi Ltd. began a trial of a system of internal and external side jobs, to support employees who are taking on the challenge of self-directed career development.

Furthermore, labor and management at Hitachi, Ltd. have agreed to revise the compensation system for non-managerial positions (approximately 20,000 people) in June 2024 with the introduction of a job-based grade system. In the future, we will formally introduce the internal and external side job system and rebuild our benefits system.

■ Hitachi's Job-Based HR Management



Expanding Career Development Support Training and Career Consultation Rooms

At Hitachi, Ltd., we are focusing on fostering a growth mindset that encourages employees to think and act on their own careers. To this end, career training was introduced in fiscal 2022 as a foundational program that directly influences employees' self-directed career development. In addition to the content of the Hitachi Career Development Workshop (H-CDW) focused on self-understanding, the career training program promotes specific initiatives for individuals to make self-directed efforts to develop their career and abilities by giving extra support to formulate action plans toward their intended career. This initiative has been rolled out starting with middle-aged and older employees with approximately 8,700 people having participated so far (as of the end of March 2024). From fiscal 2024, we plan to expand the training to experienced workers, extending the program to all employees within the company.

In August 2023, we expanded our existing Career Consultation Room and launched a careers advice service that supports employees with their own career development and helps to assign the right person to the right place for publicly available positions. The service includes "matching advice" that enables specific consultations on job openings within the Hitachi Group and "career consultations" that support employees' overall career development.

Going forward, we will continue to support individual self-understanding and career planning while respecting the individuality and aspirations of each employee, thereby linking individual motivation and abilities to improved performance and engagement.

Adopting a Platform for Global Human Capital Management

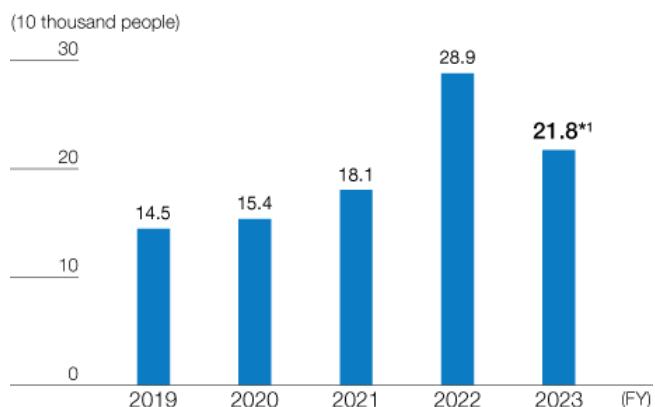
Activities

Previously, 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 global common human resources management initiatives 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 learning 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 whole Group.

■ Introduction of the Human Capital Management Integration Platform



*1 The decrease from FY2022 is due to changes in the number of group companies.

Promoting 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 management and human resources measures.

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

In fiscal 2023, we not only used the quantitative data obtained through the Hitachi Insights employee survey, but also worked on statistical analysis of comments (text data) made by employees with the aim of gaining deeper insight. More specifically, text mining technology, analysis results using generative AI developed by Hitachi, Ltd., and knowledge sharing related to analysis methods have been rolled out across the Hitachi Group, helping each organization to identify issues and consider measures.

By converting narrative data into statistical data in this way, Hitachi will promote data-driven decision-making with deeper insight, invigorating human resources and organizations, and strengthening human capital.

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 common standards of the entire Hitachi Group.

Talent Review

Hitachi uses the business- and regional-based 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 jobs and talent, 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. Based on Hitachi's founding spirit, we have established the Hitachi Group Core Competencies (behavioral goals), which are the behaviors expected of Hitachi in aiming for sustainable growth, and these items apply to all employees. Supervisors provide coaching and feedback to employees 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 encouraging employees to take ownership over their work and self-development.

Ensuring Fair Evaluation and Compensation

Activities

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.

More specifically, 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 that no violations have occurred.

After developing 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, we made the system for determining compensation known to all regular employees. We thus evaluate the performance of all regular employees each year and then determine the amount of compensation.

Furthermore, Hitachi, Ltd. introduced a system for all regular employees in which compensation varies according to individual employee performance and company performance. In addition to evaluation results, employees receive feedback on their strengths and areas for improvement identified via the evaluation, as well as challenges and goals for future work to encourage personal growth.

Diversity, Equity and Inclusion

Diversity, Equity and Inclusion (DEI) at Hitachi

Approach & Policy

Hitachi is committed to implementing DEI as a crucial driver to achieve long-term and sustainable business growth and create value for society by respecting planetary boundaries and improving people's well-being. Hitachi aims to be a diverse and inclusive company in which every employee is welcome, treated fairly, and feels included. At Hitachi, we have zero tolerance for any behavior that fails to demonstrate respect for each person. Having a diverse workforce in all aspects, from gender and culture, background, generation, neurodiversity and disability, is crucial for unlocking innovation. However, diversity alone is not enough. To truly benefit from diversity, we need to provide everyone access to the same opportunities through structural changes (Equity) and create an inclusive, safe environment where everyone feels accepted, valued, and free to express their thoughts and contribute (Inclusion). For this reason, Hitachi is implementing a group strategy to drive actions across these three frameworks of Diversity (D), Equity (E) and Inclusion (I) on both a global and regional level.

In April 2024, we issued a revised version of the Hitachi Group Global Diversity, Equity and Inclusion (DEI) Policy, which replaces the previous version released in September 2022. The new release covers two new global DEI topics (LGBTQIA+, Disability & Neurodiversity) and has a focus on Allyship and Psychological Safety. In line with this policy, our initiatives to enhance 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;
- Attract and retain talent;
- Ensure employees are engaged and can actively contribute to implement the group strategy.

[Hitachi Group Global Diversity, Equity and Inclusion \(DEI\) Policy](#) 

Hitachi's DEI Vision

At Hitachi, we respect and value each other's uniqueness. Our culture drives the success of our mission to contribute to society by creating an environment where we collaborate and support each other.

Because together, we are stronger.

Global DEI Management Structure

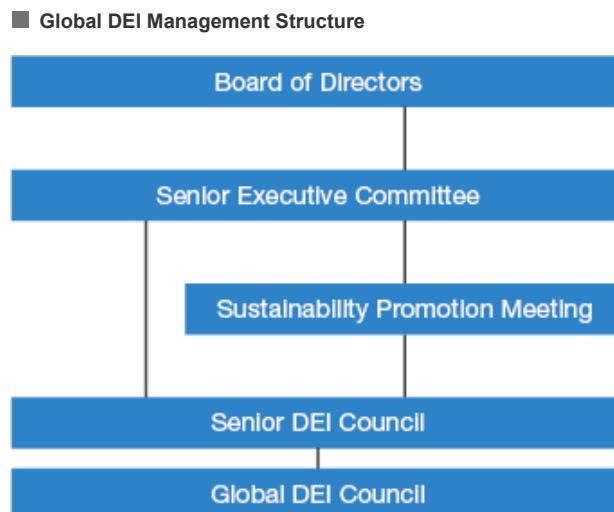
Structure

To develop a robust approach to DEI and an inclusive culture as a core driver for sustainable business growth, Lorena Dellagiovanna was appointed as Hitachi's Chief Sustainability Officer to address the wider sustainability agenda, leading and championing DEI as part of her sustainability work. Under the leadership of the Chief Sustainability Officer, Hitachi strengthened a dedicated global and regional DEI structure to set the group direction, implement DEI initiatives and achieve DEI goals, in line with business needs and local priorities.

From a global perspective, DEI topics are discussed both at the executive level and the implementation level to ensure a common understanding and direction in terms of policies and initiatives. The mission of the Senior and Global DEI Councils, which includes 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. The Senior DEI Council is responsible for setting the strategy for DEI, while the Global DEI Council helps in prioritizing the DEI topics and implementing initiatives. Material matters are reported to and deliberated on by the Senior Executive Committee and are reported to the Board of Directors when necessary.

From a regional perspective, the Regional DEI leaders and teams based in six regions (Americas, 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, monitoring data and progress to identify core actions and priorities. To foster communication among all BUs, corporate functions, 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. We are also working closely with HR to ensure all policies and procedures grant equitable access to all employees, increasing awareness around the importance of inclusive culture and reinforcing the role of inclusive leadership. At the same time, we focus on improving transparency in our internal procedures and strengthen the internal collaboration.



DEI Councils and Employee Resource Groups

Some Business Units (BUs) and group companies have established their own DEI Committees to set the direction, monitor progress and identify actions.

To advance the DEI strategy from a bottom-up approach, in Hitachi there are a series of Employee Resource Groups (ERGs^{*1}) focusing on women career advancement, LGBTQIA+, multi-generation, cultural diversity, disability, veterans and other topics.

*1 Employee Resource Groups (ERGs): Employee-led groups that operate based on shared characteristics and experiences

Global DEI Strategy

Strategy & Target

In fiscal 2020, Hitachi conducted a gap data analysis. In connection with this analysis, we looked at external assessments and worked with 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:

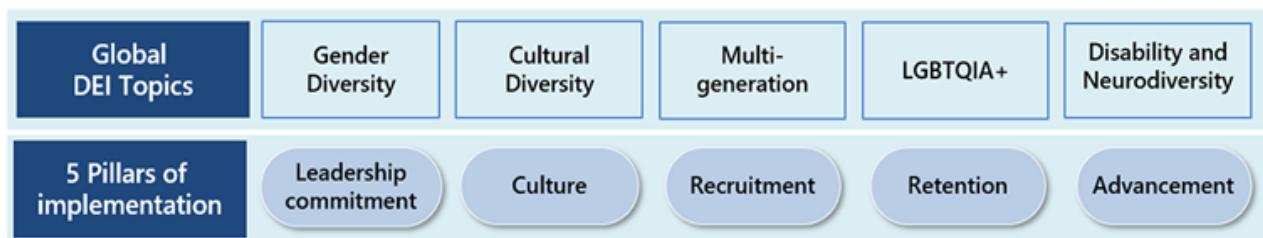
- Moving from standalone initiatives focused mainly on gender equity to a holistic strategy embracing different dimensions of diversity;
- Integrating DEI into the business strategy as a driver for business growth with clear targets;
- Creating a new global structure to coordinate and guide all different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

From fiscal 2024, we are strengthening the DEI strategy in line with the revised policy. The strengthened strategy addresses all dimensions of diversity. Among them, to achieve our DEI vision, we identified three important topics that are common to all businesses and regions (Gender Diversity, Cultural Diversity, and Multi-generation), and added two more topics; LGBTQIA+ and Disability and Neurodiversity), that we address with our activities from Equity and Inclusion perspectives.

For the gender and cultural diversity dimensions, each Hitachi BU, corporate function, and group company sets specific targets to increase diverse representation across the group and at a leadership level. The procedure to define the targets included individual meetings where discussions focused on how DEI efforts can help to address issues and priorities in each business and region, since Hitachi operates in a variety of industries and markets.

In line with the above-mentioned global DEI topics, Hitachi has put actions in place not only to increase representation of underrepresented groups, but also to implement inclusive behavior and ensure equity across the group through the five pillars of implementation.

■ Hitachi DEI Strategy



■ Five Pillars of Implementation

Five Pillars	Details
Leadership commitment	<ul style="list-style-type: none"> President & CEO and Senior Leadership are committed to implementing DEI as a business driver across the whole organization Hold leadership accountable for DEI progress, embracing and promoting an inclusive leadership style Equip leaders with the skills needed to foster inclusive teams and lead by example
Culture	<ul style="list-style-type: none"> Build an inclusive culture and work environment where we respect and value each other's uniqueness, so that everyone feels safe to be themselves, helping to unlock innovation Create a compelling, clear, crisp, simple, and positive DEI narrative Enhance collaboration across all businesses and functions to support our global initiatives
Recruitment	<ul style="list-style-type: none"> Attract and retain diverse talents, from different markets and sectors Conduct diagnostic analysis and review recruiting channels and practice, monitoring the recruiting funnel Develop and implement free-of-bias strategies to attract a diverse pool of candidates for all levels of the organization
Retention	<ul style="list-style-type: none"> Review all HR policies to grant equal opportunities to every employee, by conducting a comprehensive audit to identify gender pay gaps Monitor engagement score and well-being of employees Provide benefits and support robust Employee Resource Groups (ERGs)
Advancement	<ul style="list-style-type: none"> Build and develop a pipeline of diverse talents into leadership roles, including succession planning that prioritizes underrepresented groups Define a transparent process for promotion with clear criteria Identify diverse talents based on competency

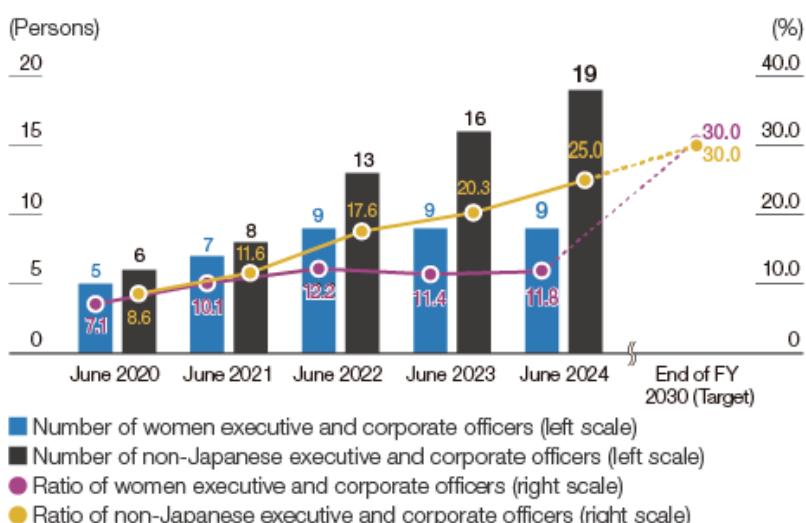
■ Global DEI Target

Strategy & Target Materiality

Hitachi aims to have a fair representation of the society we serve among its leaders and workforce.

To achieve this goal, Hitachi, Ltd. has set a dedicated target to increase diversity at the leadership level, aiming to achieve 30% of non-Japanese and 30% of women in Executive and Corporate Officer positions by fiscal 2030. As of June 2024, the ratio of women and non-Japanese are progressing steadily towards the fiscal 2030 target rates, with 11.8% and 25% respectively.

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



Global DEI Activities

Activities

Hitachi implements a wide range of initiatives to progress on DEI strategy, focused on the five global DEI topics and based on the global DEI policy.

Among these initiatives, a series of employee resource groups (ERGs) focused on specific topics (women, LGBTQIA+, cultural diversity, etc.), ERGs are working in various countries and regions with the aim to support underrepresented groups and improve workforce diversity. The ERGs help to increase awareness on the potential barriers certain groups may encounter in the work environment, ensuring equal opportunities and eliminating discrimination.

Diversity

Activities

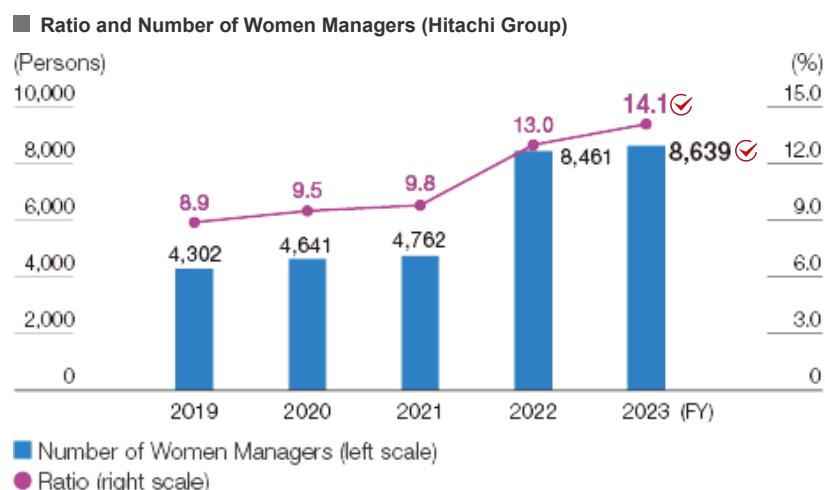
Diversity is a fact, because everyone is unique.

Diversity means that there is a place for everyone, regardless of their characteristic traits, and we embrace and value everyone's unique contribution.

Gender Diversity at Hitachi

Gender diversity at Hitachi is crucial for ensuring long term sustainable business growth. On a global level, women are around 50% of the population. Achieving a good gender balance at all levels of the company will allow Hitachi to better understand and respond to the needs of the market and society.

For this reason, Hitachi works to create workplaces where all employees can work comfortably and actively. In fiscal 2023, the ratio of women managers reached 14%.



Note: 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). Manufacturing workers not registered in the employee database and employees of some newly consolidated companies are not included. As of the end of fiscal 2023, these numbers were approximately 23,000 and approximately 8,000, respectively. The increase in the number and percentage of women managers over time reflects improved coverage of our employee database and changes in the number of consolidated companies. Also, the figure does not include some employees whose grades (job titles) are not registered in the employee database.

Hitachi Energy

At Hitachi Energy, accelerating the advancement of women is one of the workstreams of Diversity 360. Diversity 360 is a 360-degree approach to living diversity, equity and inclusion at Hitachi Energy, which delivers a truly inclusive employee experience by empowering them to advance a sustainable energy future for all.

- The commitment is to increase the ratio of women in Hitachi Energy's global workforce from 19% to 25%, aiming at 25% women in management and 40% women in early career hires by 2025, an increase supported by Gender Acceleration efforts across tiers.
- Since 2022, the Diversity 360 Council has been chaired by the Global 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 for managers and above, positioned alongside Hitachi Energy's License to Operate and Sustainability with 20% collective weightage.

GlobalLogic

In North America, GlobalLogic's Content business trains algorithms for some of the world's leading companies: they compose teams that are diverse across every dimension to counteract bias.

GlobalLogic achieved gender equality in its new hire cohorts in North America.

- The Content team is nearing 50% participation by women overall.
- Over the course of five quarters, the number of new women hires increased from 25% to 50% across the board and has reached more than 30% in tech roles.

Cultural Diversity at Hitachi

Being culturally diverse is about creating a team which reflects the global nature of our company. As of the end of fiscal 2023, with approximately 60% of revenues coming from overseas and approximately 60% of employees being based outside Japan, Hitachi has grown from its Japanese roots into a global innovation business. Our aspiration is to see the global and diverse nature of our business portfolio reflected in our people—particularly at the decision-making level — working in an inclusive environment.

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. Among the different activities Hitachi has set in place:

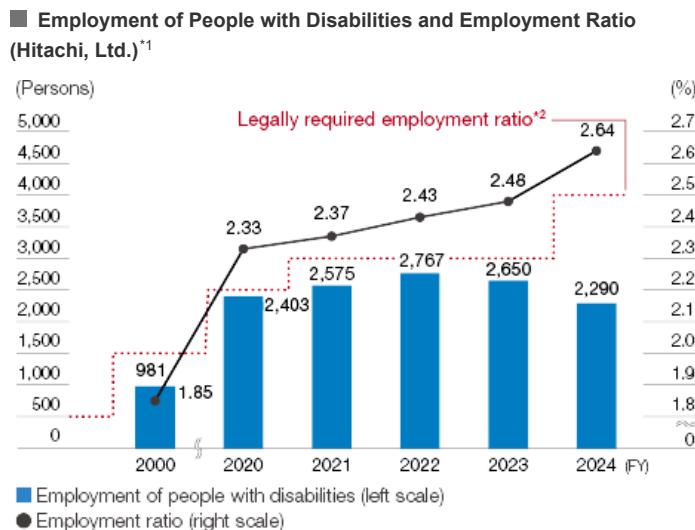
- Global Human Capital Management on a group global level to improve diversity and equal opportunity among employees from various cultural backgrounds, as well as eliminate discrimination.
- Global Leadership Development program (GLD), started in fiscal 2012, to identify global talents and future leaders ensuring an inclusive perspective. The initiative has been included in the World Economic Forum's 2024 DEI Lighthouse report as best practice for developing the future generation of leaders.
- Global Talent Mobility Program across all Hitachi companies, to support internal talent mobility from a structural perspective. The first pilot project started in EMEA in fiscal 2022, and was expanded to the Americas in fiscal 2023.

[Global Human Capital Management >](#)

Disability Diversity in Japan

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 2024, the employment ratio of people with disabilities was 2.64% at Hitachi, Ltd. and 2.65% for the entire group in Japan.



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 2024. Figures include Hitachi, Ltd.)

*2 The legally required employment rate was 1.8% through FY2012, 2.0% for FY2013-2017, 2.2% for FY2018, 2.3% for FY2021-2023, and 2.5% for FY2024.

Equity

Activities

Equity is a choice.

Equity means every employee has access to everything they need to succeed and is treated with fairness and transparency.

At Hitachi, we recognize that each of us needs different conditions to thrive. We put policies, tools and reasonable accommodations in place to allow everyone to be able to access the same opportunities.

Equity at Hitachi: Individual Behavioral Goals linked to DEI in GPM

Starting in October 2023, with a full rollout at the group level in April 2024, Hitachi Group employees have been required to set DEI-related goals, which account for more than 5% of their total individual goals in the Global Performance Management (GPM) system. This initiative is designed to hold each employee accountable and actively contribute to creating a more inclusive work culture and environment.

Hitachi Rail

During fiscal 2023 with Italy as the pilot country, Hitachi Rail successfully applied for ISO 30415:2021 - Diversity & Inclusion. This certification is one of the most highly valued DEI global certifications, acknowledging Hitachi Rail's constant commitment in advancing DEI, eliminating inequality in the organization, and ensuring equity is embedded in every policy and process. The company commitment towards DEI has been also reflected in the Talent Acquisition phase through specific projects, such as the High-Speed Talent Diversity for Inclusion project, dedicated to people with disabilities, and aimed at promoting inclusive and enriching collaborations.

Gender Equity

Improving gender equity and inclusion means empowering women across our organization to access opportunities to fulfil their potential based on their aspirations and competences, ensuring an inclusive environment and equitable processes. We are also committed to removing systemic inequalities that exist allowing for everyone to thrive from wherever they are.

Starting with giving broader access to all roles through recruitment, Hitachi offers women opportunities to progress into leadership positions. Our goal is that all women at Hitachi feel included and respected, and have a clear and distinctive voice to contribute to our innovation.

To increase transparency internally and externally, Hitachi launched the group Global DEI data office. Its purpose is to track KPIs and progress, and make data-driven decisions on DEI, clearly stating the leading role of DEI in business collaboration. Additionally, it helps identify areas where the implementation of DEI can be accelerated.

Tackling the Gender Pay Gap

Hitachi applies the same system of compensation and benefits regardless of employee gender. The first time data was collected on the gender pay gap (pay per women as a percentage of pay per men) in Hitachi on a global level was in fiscal 2023, revealing that the percentage was 80.1% globally, 69.4% in Japan, and 89.9% in other regions.

The gender pay gap results from a number of different factors, including a high proportion of men in senior and higher positions. Especially in Japan, women holding managerial positions are less than men, and the percentage of women working shorter hours is higher compared to men. Hitachi will continue to increase the number of women in managerial positions in Japan through diversity, equity, and inclusion activities to bridge the gap.

Hitachi Energy

Hitachi Energy incorporates DEI into all policies related to the employee life cycle, such as equal pay, flexible working, and ERGs globally and locally. As part of the 360 Diversity program, the company implemented a Talent Development Program which includes mentoring for middle managers. To date, 86 women leaders have graduated from this program. 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): 10 nationalities from 10 countries with a gender split of 10 women and 4 men.
- Female Talent Development Plan (a holistic framework curated to strengthen the pipeline of women in leadership): A total of 86 graduates from 6 cohorts with 58% of the graduates having been promoted or have had a role change in comparison with the time of appointment to this program.
- Policies & Benefits are gender neutral, with periodic reviews for demonstrating care and inclusive practices (childcare support, elder care options, employee assistance centers, parental leave). We use internal tools to analyze existing gaps and gradually work to narrow them.

Gender Equity in Japan

Hitachi, Ltd. and group companies in Japan support women in building and owning their own career paths. In doing so, Hitachi is also setting in place procedures, policies and seminars to grant both men and women equal chance to balance their private and professional life as parents, to ensure everyone has the same opportunities. Among them:

- Career seminars targeting women with three to four years of work experience at Hitachi in Japan to give them the opportunity to consider a career in the company and identifying the best options based on their skills and needs.
- Mentoring program for women employees to find role models across different businesses and the companies.
- Parental leave seminars to support parents in pursuing their job aspiration and encourage their participation in childcare, regardless of gender. While this approach allows women to continue advancing in their careers, it also encourages all eligible men to take paternity leave.

Equity for Different Generations

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.

Hitachi High-Tech

Hitachi High-Tech America setup an Employee Mentorship Program (EMPower) to support and retain their talents, develop individuals within the organization with the skills and knowledge needed to achieve personal and professional growth.

Equity for LGBTQIA+ Community

Hitachi released the LGBTQIA+ Toolkit. The Toolkit offers definitions of terminology related to LGBTQIA+, and showcases specific actions that can easily be put into practice in the workplace to foster awareness and inclusion.

As part of the Pride campaign in 2024, an updated version was released, including a section on gender affirmation guide and the use of pronouns and chosen name in internal processes and procedures.

Equity for LGBTQIA+ Community in Japan

Since April 2020, in the majority of Hitachi Group companies in Japan, 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. Hitachi, Ltd. and several Hitachi Group companies in Japan received awards in PRIDE Index 2023, an index for evaluating activities related to sexual minorities, hosted by the Japanese non-profit group "work with Pride", for their efforts in advancing support for the LGBTQIA+ community and ensuring an equitable and inclusive work environment.

Hitachi Vantara

In 2023, Hitachi Vantara scored 95 on the Human Rights Campaign's Corporate Equality Index, a national benchmarking tool on corporate policies, practices, and benefits for the LGBTQIA+ employees. This score was a result of the change to supplier selection, where Hitachi Vantara partners with diverse suppliers with underrepresented groups, women, LGBTQIA+ or person-with-disability owners. Hitachi Vantara is working on improving its gender transition guidelines to return to a score of 100 in 2024, the same as in 2022. In April 2023, the company signed the Human Rights Campaign Business Statement to show its stand against anti-LGBTQIA+ legislation.

Hitachi Energy

In June 2024, as part of Pride month activities, Hitachi Energy launched a Gender Affirmation Guideline tailored to clearly delineate responsibilities and expectations to be applied in a case of transitioning employees, including their supervisor, colleagues, or other staff, to encompass the customer interaction angle. This document aims to be the official guidelines for all employees on how to manage the process and situation with due empathy and respect, in a psychologically safe space. It is also meant to support human resources so that they are adequately prepared, helping to eliminate confusion and potential mismanagement.

Equity for People with Disabilities

GlobalLogic

In India, GlobalLogic has implemented structural changes in outreach, recruitment, training, and workplace accommodations to augment its non-traditional workforce.

It has earned the recognition of Emerging Employer by ASSOCHAM and Sarthak NAAI (National Abilympic Association of India) for empowering the lives of persons with disabilities.

Hitachi Energy

Hitachi Energy called out disability inclusion as a strategic priority in 2022, and dedicated the month of Dec 2023 to its Advancing Abilities Awareness and Allyship campaign.

Since then, Hitachi Energy has implemented inclusive hiring practices and called out biases to ensure the company is attracting people from underrepresented groups.

Hitachi Energy continues to be an equal employment opportunity company with policies, induction programs, and buddy programs as part of its retention and systemic support.

The business is intentionally attempting to make its website more accessible and will continue to improve the application process for people with disabilities.

Inclusion

Activities

Inclusion is an action.

Inclusion is ensuring everyone feels recognized and valued, and they are empowered to contribute to the organization at their best.

We believe everyone should feel respected, heard, involved, and empowered to speak up. This requires fostering an open and empathetic culture that ensures freedom of expression and psychological safety, where individuals can be themselves without fear of negative consequences.

Fostering Inclusion at Hitachi

An inclusive environment and culture are essential to be able to leverage all diversities of employees in a global company. While equity is closely linked to the structure of the company, inclusion is related to the behaviors and mindset of the people in Hitachi. For this reason, to make progress on inclusion, we have set a series of actions from both top-down and bottom-up approaches to increase awareness of DEI as a business driver and to share concrete examples of inclusive behaviors, ensuring everyone has the same understanding and clarity on their role.

- Inclusive Leadership Program: In 2023, 84 Hitachi top executives on a global level were invited to take part in a dedicated program. Through an assessment, a feedback session, and interactive workshop, Hitachi leaders had the chance to reflect on their behavior, thinking process and attitude toward an inclusive leadership style that will help drive business with diverse employees in a complex business environment. Through peer-to-peer workshops and individual exercises, participants became aware of their own unconscious biases and reaffirmed the value of diversity. In FY2024, the Hitachi group plans to roll out a second phase of the program to enable more inclusive leadership practices. The program will be rolled out on a wider scale to include not only executives but also subordinate leaders and managers across the group and globally.
- Hitachi DEI eLearning: To increase awareness and understanding of DEI and inclusive behavior within all levels, in fiscal 2023 Hitachi rolled out a bespoke DEI eLearning program targeting all Hitachi employees (including offline workers) to ensure a consistent, global and shared understanding of DEI topics, Hitachi DEI Strategy and how people can practice DEI in their daily life. As of March 2024, more than 185,000 employees has completed the training.
- DEI Month campaigns: Hitachi rolls out a series of campaigns on specific diversity pillars leveraging International Days such as International Women's Day, Pride, International Day of Persons with Disabilities, and World Day for Cultural Diversity for Dialogue and Development. In November 2023, Hitachi launched a month-long campaign dedicated to DEI, involving business leaders to share their commitment towards DEI, launching several activities focused on increasing awareness and igniting behavioral change.
- Inclusive Toolkit series: During the campaign, we released a series of inclusive toolkits. The first ones we issued are the Inclusive Language and Inclusive Meeting Toolkits, with the aim to support all Hitachi employees in identifying concrete actions to create an inclusive environment where everyone feels safe, welcome and able to contribute.
- Hitachi Group Core Competency: To drive progress in inclusion, Hitachi included DEI as part of the new Core Competency model launched in 2023 to support all employees in embracing an inclusive and growth mindset approach.

[Global Human Capital Management >](#)

Hitachi High-Tech

Hitachi High-Tech hosted the Hitachi High-Tech WAY, a series of inclusive gatherings consisting of 25 annual town hall meetings involving a total of 4,000 people. These meetings provide an opportunity for all employees to speak up about any work or non-work matters in a psychologically safe environment.

The business recognizes the links between DEI and innovation and works to address workstyle improvements, efforts to accelerate diversity & inclusion, self-development, women at Hitachi, and employee mentorship at a global level.

Hitachi Rail

In 2022, Hitachi Rail launched a digital journey titled “Building an Inclusive Culture” open to all employees offering e-learning and webinars on unconscious bias, cultural awareness, inclusive behavior, psychological safety and disability inclusion. Hitachi Rail continues to add digital content in order to support employees in their learning, while piloting workshops to help employees deepen their understanding on such topics.

Hitachi Energy

To progress on DEI strategy, Hitachi Energy organized a series of Inclusion Month campaigns titled “Advancing Inclusion for a Sustainable Tomorrow” dedicated to gender (March), Pride allyship (June), and Diversity 360 week (October).

Gender Inclusion

While working on increasing the representation of women across all levels and sectors of the company, and ensuring policies and procedures offer equal chance to thrive, an inclusive culture is essential to grant women the chance to actively contribute to the business.

- Catalyst's Men Advocating for Real Change (MARC): In partnership with Catalyst, a global NPO, Hitachi set up a series of activities in fiscal 2023 with the aim to increase the understanding of gender inclusion, why it is important for everyone, the crucial role of men and how we can all contribute to create a more inclusive work environment.
- Internal events and roundtable: Hitachi is also providing opportunities for women to share and discuss their perspectives during an internal roundtable and events, in direct contact with the group CDEIOs and Deputy CDEIOs.
- IWD 2024: A dedicated communication campaign on gender equity and inclusion was rolled out during the month of March 2024 through all regions and businesses, leveraging International Women's Day, including online events, training sessions, articles and research.

Hitachi Energy

- Inclusion Month “Advancing Gender Equity and Inclusion for a Sustainable Tomorrow” campaign: As part of the Advancing inclusion for a Sustainable Tomorrow campaign series, Hitachi Energy dedicated March 2024 to the topic of gender equity and inclusion. Throughout the month, 5 Impact Dialogues were hosted globally to raise awareness, inspire people to advance gender equity and inclusion in the business context, enabling people to think beyond gender (binary) to bootstrap inclusion.
- White Paper: As part of a campaign in March 2024, the 1st non-technical white paper on “Advancing Gender Equity and Inclusion” was released.
- ERGs: Hitachi Energy has more than 11 ERGs focused on gender inclusion across geographies at local and regional levels.

Hitachi Vantara

Hitachi Vantara is 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 its ongoing commitment to gender diversity and increasing representation to 30% women by 2025, Hitachi Vantara:

- Launched a pilot leadership program to raise the voices of high-potential women through a transformational TED talk-style speaking course (TED as Technology Entertainment Design).
- Ran 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.

Cultural Inclusion

Cultural Inclusion is one of the main drivers for innovation at Hitachi. The diversities in culture and background of Hitachi employees allow the company to better understand the needs of customers and society, and serve them best, driving sustainable business growth.

For this reason, Hitachi set the goal of 30% of non-Japanese executives and corporate officers.

While working on a solid pipeline for future global leaders of the group, Hitachi is committed to providing all employees with the necessary tools to work in a diverse environment, understanding, respecting, and valuing cultural differences.

Hitachi Vantara

To celebrate diversity in the workplace, Hitachi Vantara

- Leveraged spotlight months, such as Black History and Hispanic Heritage month, to invite employees to share stories of their heritage and culture;
- Launched in 2024 the BERG, a Black and African American ERG;
- Shared religious and holiday observance messages globally to show respect for cultural diversity.

Hitachi Vantara leadership teams continue to participate in intercultural training courses to strengthen understanding of cultures around the world.

As part of the group campaign in May 2024, Hitachi Vantara rolled out a Cultural Intelligence training program to increase awareness of global cultures, behaviors and how to work most effectively in a multi-cultural environment.

Inclusion for LGBTQIA+ Community

Hitachi has a place for everyone, and we value all diversities as the source for creating innovation and sustainable business growth. We recognize and value the contributions of the LGBTQIA+ community, and we embrace our responsibility to promote an inclusive environment where everyone can thrive regardless of sexual orientation, expression or identity.

In June 2023, during Pride month, Hitachi launched a global group campaign to increase awareness on LGBTQIA+ topics, sharing practical examples of inclusion and allyship. For the first time, the Hitachi logo reflected the colors of the rainbow flag to show its support for the LGBTQIA+ community. Among the activities, we organized in-person and online events, inviting external speakers, ERG members, and executives to share their experiences and engagement with the topics.

In fiscal 2024, Hitachi continued to use the Pride logo for topic-related communications. During the year and specifically in June for Pride Month, Hitachi sponsored local parades to show support for the community.

A series of "Pride Dialogues" was launched in June focusing on Allyship, giving space to colleagues belonging to the community or allies to share their view, why and how to become an ally.

Inclusion for LGBTQIA+ Community in Japan

For the first time, Hitachi, Ltd. participated as a sponsor to the Tokyo Rainbow Pride which took place in 2024. This sponsorship was proposed by the LGBTQIA+ ERG and led by the company based on real voices in the workplace at Hitachi.

Hitachi Energy

In June 2023, Hitachi Energy rolled out an Inclusion Month campaign dedicated to "Advancing Pride" where participants discussed educating the mindset to embrace gender identities at work, use of personal pronouns and cross-industry best practices. Towards building stronger culture the business stood for visible allyship by highlighting lived experiences of colleagues from the community, allies and leaders.

Inclusion for People with Disabilities

Hitachi joined The Valuable 500, a global CEO community launched at the World Economic Forum to accelerate inclusion for people with disabilities, transforming business systems and the work environment. By joining this worldwide movement, Hitachi is committed to support this transformation with internal activities and taking part in the Valuable 500 initiatives.

Among them, Hitachi joined the Generation Valuable Program from December 2023. By involving employees with disabilities and executives from each company in direct dialogue, the program aims to increase understanding of the gap that needs to be filled to ensure equal opportunity for employees with disabilities in the company.

Inclusion for People with Disabilities in Japan

Hitachi implemented the Working Together with People with Disabilities e-learning course introducing non-discriminatory policies and accommodations designed for people with disabilities. In fiscal 2023, approximately 168,000 employees have attended the course across Group companies in Japan (approximately 95% attendance rate).

Hitachi You and I, a group subsidiary in Japan, created a 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.

Occupational Health and Safety

The Basic Principle for Occupational Health and Safety

Approach & Policy

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. 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.

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

Establishing Occupational Health and Safety Management System

Structure

At Hitachi, the Safety and Health Management Division at the headquarters oversees occupational health and safety for the entire Hitachi Group, 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 groupwide occupational health and safety activities, to set targets and groupwide KPIs, and to 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.

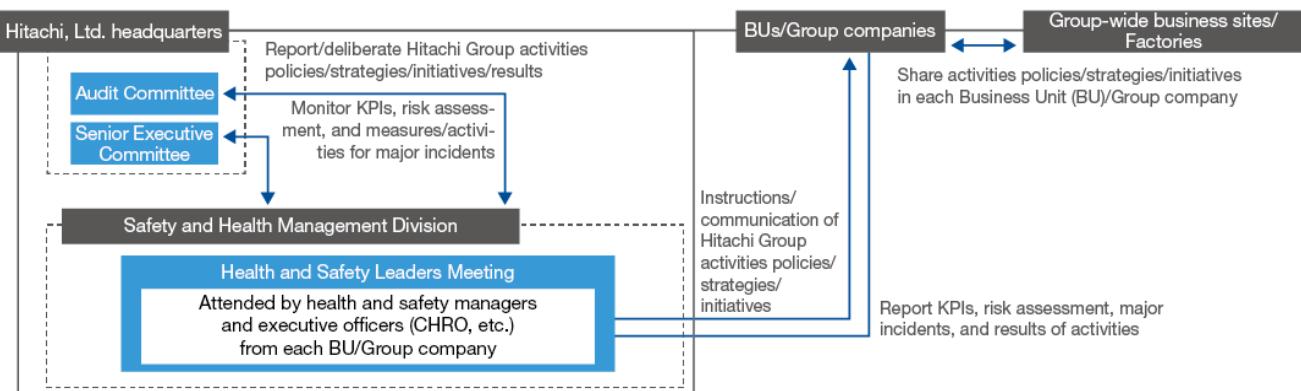
The Senior Executive Committee receives reports and discusses the number of accidents and responses to occupational health and safety risks, the results of which are reported to the Board of Directors.

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.

Labor-Management Cooperation toward Improving Occupational Health and Safety Levels ➤

■ Occupational Health and Safety Management Structure



Global Occupational Health and Safety Targets

Strategy & Target

Materiality

To build a safe, accident-free workplace, Hitachi established a 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 a 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 target to halve TRIFR by fiscal 2024 compared to fiscal 2021.

To achieve these targets, we will foster groupwide efforts in line with the following three strategic in the Mid-term Management Plan 2024. We regret to report that there were four fatal accidents across the Hitachi Group in fiscal 2023, 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 2023 decreased from the previous year, we continue to formulate action plans and strengthen efforts to achieve our fiscal 2024 targets.

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

*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

Three Strategic Pillars for Safety

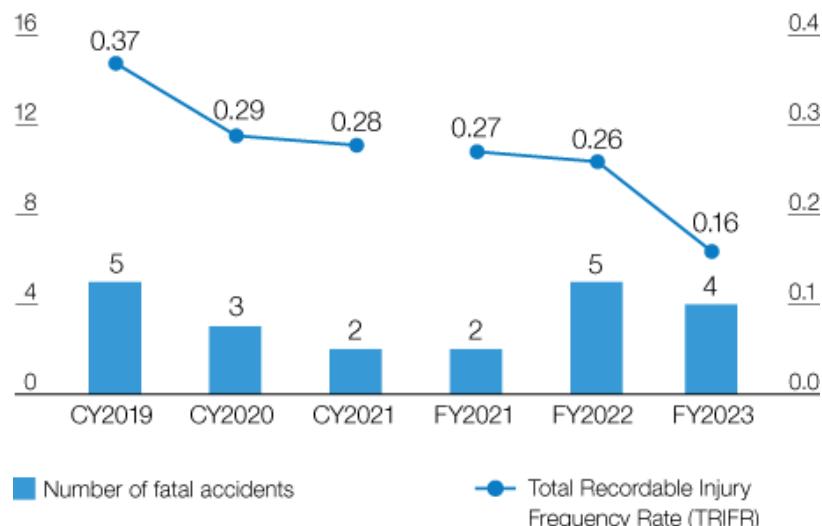
Strategic Pillars	Establish a Global Occupational Health and Safety Management System
	Utilize IT and Digital Technologies
	Strengthen Human Capital

Safety Targets and Results (Hitachi Group)

KPI	FY2024 Targets	FY2022 Results	FY2023 Results
Fatal Accidents (Including Contractors)	0 case per year	5 cases (Including 2 cases at contractors)	4 cases (Including 4 cases at contractors)
Total Recordable Injury Frequency Rate (TRIFR)	Half rate of fiscal 2021 ^{*3} by fiscal 2024	0.26	0.16

*3 TRIFR in fiscal 2021: 0.27

Fatal Accidents and Total Recordable Injury Frequency Rate (TRIFR)



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.

Action Plan for Fiscal 2024

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

■ Action Plan for Fiscal 2024

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 systemStrengthen construction safety management involving front-line employees and contractorsImprove 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-MSS⁴Conduct 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 systemExpand the global development of specialized safety training, create and introduce content for groupwide education, etc.Implement health and safety awareness measures

*4 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

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 also 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. Furthermore, in fiscal 2023, we formulated a management system manual for back-offices, and also produced and published two other manuals, the Health and Safety Management Guidelines for the Office, and the Safety Handbook.

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.

Risk Assessment

Hitachi established the Hitachi Group Health and Safety Management System Standards (available in Japanese, English and Chinese), 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

Hitachi reports to the Audit Committee on an annual basis for discussion regarding its policies, plans, and performance on its occupational health and safety activities. Reports are also 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.

Additionally, starting from fiscal 2024, the headquarters will conduct an annual internal audit based on the health and safety management system.

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 the 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, reconsidered our action plans, and improved safety awareness. In fiscal 2022, we established and rolled out to all group companies, the Hitachi Group Health and Safety Management Rules and the Hitachi Group Health and Safety Management System Standards, with the aim of establishing and operating a groupwide safety management system. In fiscal 2023, we implemented the initiatives listed in the table below. In fiscal 2024, we plan to conduct a safety awareness survey through an external entity.

■ Actions to Issues Identified by External Audits

Issues Identified	Items Requiring Response	Actions Taken in FY2023
Establishment of Groupwide 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"> • Disseminated guidelines in line with Hitachi Group Health and Safety Management System Standards, including Hitachi Group 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 • Held commendation program (First 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: 34 business sites (including 13 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 • Reported global accident statistics monthly • Continuous monitoring of global KPIs for accident occurrence rates, near-misses • Promoted proper use of accident investigation system/accident investigation database

Implementation of Health and Safety Training

Activities

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 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. After executive officers receive training, we also evaluate changes in awareness and behavior through one-on-one interviews with external consultants. As of fiscal 2023, we held 33 training sessions attended by 440 participants (including 11 sessions in English and Chinese for 101 participants from outside Japan).

Furthermore, we provide e-learning on health and safety for newly appointed section managers and supervisors, with 2,985 people taking the course in fiscal 2023.

■ Number of Participants in Specialized Safety Training by Grade

Training	Number of Participants			
	FY2020	FY2021	FY2022	FY2023
Management Executives Training (BU CEOs, Group Company Presidents, etc.)	104	138	173	25
Line Manager Training	86	228	37	—
Safety Personnel, Line Manager Safety Instructor Development Training	57	—	146	—

Ensuring the Occupational Health and Safety of Contractors

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.

Specifically, we 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. The Guidelines define the work flow between Hitachi and contractors during major on-site construction work. The management status of the contractor's occupational health and safety at time of contract, during construction, and after completion is assessed with communication taking place between both parties. The Hitachi Group Sustainable Procurement Guidelines also stipulate matters related to health and safety.

Furthermore, we are taking the fact that a fatal accident with a contractor's employee happened in local construction seriously. We have set up a working group made up of business entities with construction departments (including overseas) and began considering, with the help of experts, measures to strengthen Groupwide safety.

[Hitachi Group Sustainable Procurement Guidelines](#)

Initiatives to Improve Employee Health

Strategy & Target

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. We will continue to consider appropriate measures based on responses related to employee wellbeing.

[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 groupwide 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)

	CY2022 Targets	CY2022 Results	FY2023 Targets	FY2023 Results	FY2024 Targets
Rate of Mental Illness	Less than 0.7%	0.74%	Less than 0.7%	0.85%	Less than 0.7%
Implementation Rate for Specific Health Guidance^{*1}	50% or more of employees	21.1% ^{*2}	More than 55%	70%	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 2024

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)

	CY2019	CY2020	CY2021	CY2022	CY2023
Mental	0.65	0.62	0.66	0.74	0.84
Physical	0.25	0.22	0.21	0.24	0.21

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

Hitachi has established measures to address mental health for employees, workplace managers, occupational healthcare workers, health and safety divisions, 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 2023 was 0.84%, therefore we continue to take a proactive approach to increases in mental strain caused by workstyle 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)	<p>Mental health education</p> <ul style="list-style-type: none"> • External and internal EAP consultations and other consulting services • Stress-check approach for highly stressed employees • E-learning for all employees (self-care) <p>E-learning: "Thinking about mental and physical health" versions 1–3</p>	<p>Stress-check system specified in law</p> <p>Working environment improvement workshops, etc.</p> <p>• EAP corporate diagnosis</p> <p>• Line care training</p> <p>• 360FBP^{*1}</p> <p>Workplace management</p>	<p>Training and education</p> <p>Workplace management guidance</p> <p>Reduction of long working hours</p> <p>Handbooks for managers (Line Care)</p>
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	<p>Collaboration to support return to work</p> <p>Guidance to external facilities supporting return to work</p>		Training for human resources staff

*1 360FBP: 360-Degree Feedback Program.

Promoting Collabo-Health

Activities

Group companies in Japan carry out a variety of health improvement initiatives, including Collabo-Health^{*1}, 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 of the 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 and 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 2024, there were 167 participating corporations and 378,540 insured persons (197,399 members and 181,141 dependents).

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

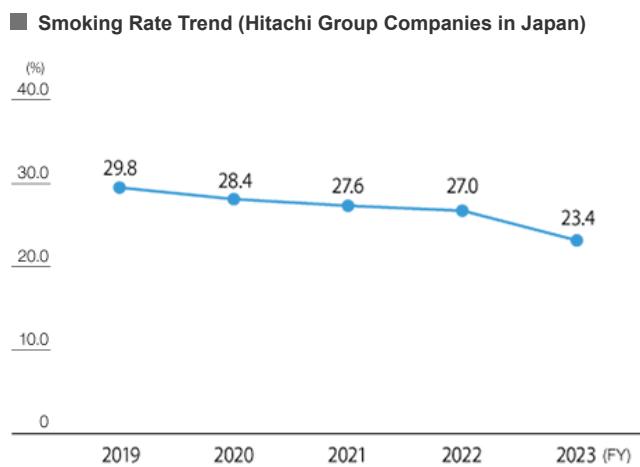
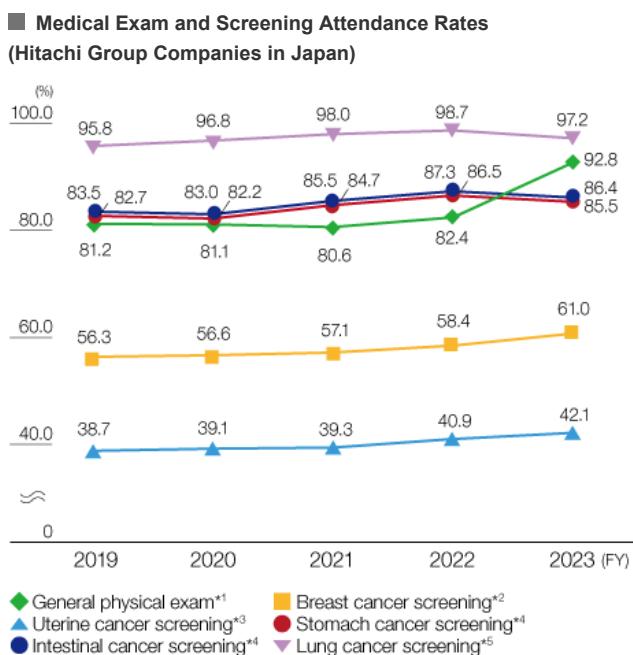
Category	FY2020	FY2021	FY2022	FY2023
Large Companies	58/95 companies (Including seven with "White 500" status)	75/87 companies (Including four with "White 500" status)	78/80 companies (Including four with "White 500" status)	75/78 companies (Including seven with "White 500" status)
Small-and Medium-sized 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)	61/62 companies (Including three with "Bright 500" status)

Encouraging Employees to Receive Medical Exams and Quit Smoking

Activities

In Japan, Hitachi has established a system that offers 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 2023, we offered two smoking cessation programs, Minchare and Light Smoking, 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 1,135 individuals participated in the program, and 52.3%, or 594 people, quit smoking—far more than results from outpatient smoking cessation clinics.



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

*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

Health Promotion Initiatives for Employees and Their Families

Activities

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, Hitachi began using Risk Simulator, a service that predicts the risk of hospitalization for eight major diseases based on the results of employee and family health checkups, with approximately 70,000 people taking advantage of the service in fiscal 2023.

Moreover, we held two walking campaigns in the spring and fall for approximately 80 to 100 days with the MY HEALTH WALKING program provided by MY HEALTH WEB, with approximately 40,000 people taking part in each event. Additionally, to encourage regular checkups, we also offer an online service that allows employees and their families to make appointments for medical examinations using MY HEALTH WEB. By creating an environment in which we can provide a variety of health services aimed at improving health literacy, the employee registration rate for MY HEALTH WEB has surpassed 80%.

In addition, to encourage spouses and other dependents to undergo health checkups, Hitachi is using smartphone app to provide health information and make appointments, with approximately 32,000 people having registered for this service.

Addressing Infection Prevention and Other Global Health Issues

Activities

Hitachi endeavors 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 also offers an incentive point system to reward influenza vaccine recipients, including employee family members, with the aim of preventing influenza outbreaks in the workplace. Moreover, 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

Activities

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](#)↗

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

Work-Life Management

Approach to Work-Life Management

Approach & Policy

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 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

Activities

Hitachi pursues work-style reforms to allow diverse employees to work vibrantly and show their performances. Today, approximately 95% of all Hitachi, Ltd. employees are eligible to adopt our programs to work from home or satellite offices, promoting 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 have 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 regular work days to become “non-work days.” In addition, we began expanding rest and vacation options by introducing a Life Support Leave program (multi-purpose, 100% paid leave program) from April 2023, responding to diversifying needs for time off. As part of our aim to create autonomous and flexible work styles, we also work to provide policy recommendations through the KEIDANREN (Japan Business Federation) and the Japan Employers' Federation of Electrical, Electronics & Information Industries, as well as offer input, as representatives of various economic associations, to governmental meeting bodies such as the Working Conditions Committee within the Ministry of Health, Labour and Welfare's Labor Policy Council.

■ 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
Strengthen Workplace Management	<ul style="list-style-type: none"> Increase operational transparency using in-house consultants 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 Offer spot remote work for managerial class employees and employees eligible for discretionary work Eliminate minimum daily work hours for flextime work and discretionary work Expand satellite office network (315 sites as of March 2024) Reform administrative work by promoting electronic signatures and paperless systems
Companywide Promotional Initiatives	<ul style="list-style-type: none"> Share on Hitachi's intranet site Conduct awareness surveys, etc., and publicize results

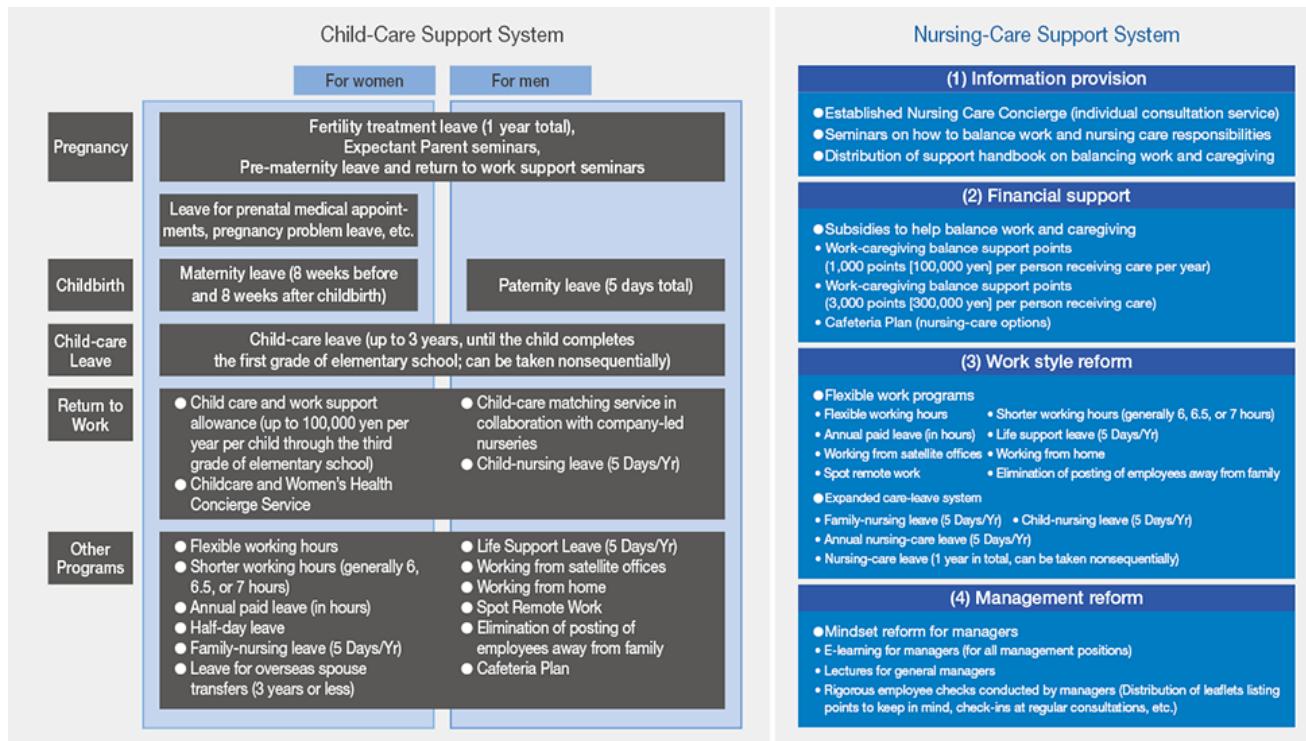
Introducing and Expanding Support Systems for Balancing Work and Child Care / Nursing Care

Activities

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 nursery schools, and other programs, as well as e-learning courses to encourage a better understanding among managers. We are also enhancing our initiatives around child-care leave and other benefits for men employees in the aim of seeing leave taken by all who are eligible and increasing the number of days taken, including holding seminars and encouraging men employees to declare their intent to take child-care leave within our workflow system.

As declining birthrate and aging population in Japan, the number of employees facing the challenge of providing nursing care for elderly family members continues to grow. In response, we are expanding our support programs with the aim of helping employees balance work and nursing care and preventing turnover because of providing care. Hitachi, Ltd. and group companies in Japan regularly conduct employee awareness and fact-finding surveys concerning nursing care. Based on the results of these surveys, we enhance measures to help employees balance their work and home nursing care responsibilities. Specifically, we consider and organize the support required based on the four perspectives of (1) information provision, (2) financial support, (3) work-style reform, and (4) management reform, and provide and promote concrete support measures (training, lectures, establishing an individual consultation service, subsidizing necessary expenses, creating flexible work / leave systems, etc.) as an all-inclusive, integrated package. Hitachi, Ltd. took the lead in implementing these initiatives and can report that over 80% of employees are aware of national and company support programs, leading to avoidance or control of turnover and taking long-term leave due to providing care. In response to what is known as "the 2025 problem," occurring as the members of Japan's first baby boom enter the 75-and-over age bracket, we formulated plans for measures to support a balance between nursing care and work at all Hitachi Group companies in Japan in fiscal 2022 and will be pursuing initiatives in this area between now and 2025.

■ Work-Life Management Support System at Hitachi, Ltd.



Recent Activities at Hitachi, Ltd.

Activity	Key Components
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 provide them with the knowledge they need as they consider taking child-care leave and to encourage them to make use of our leave and work programs. Over 90% of men participants stated after attending that they would like to take child-care leave
Workflow System for Individual Notification of Childcare Leave and Confirmation of Intent to Take Childcare Leave, Declaration of Childcare Leave	<ul style="list-style-type: none"> Introduced a workflow system where employees can register their intention to take child-care leave and submit their leave plans. Utilized advance notice of leave intention and email communication to share seminar information, fostering dialogue between employees and supervisors in the aim of ensuring a smooth process for both the employee and their workplace
Child-care and Women's Health Concierge Services	<ul style="list-style-type: none"> Expanded services, including sharing articles aimed at encouraging men's involvement in child-care via a smartphone app and an advice service for women with physical concerns, in addition to the existing support for finding a nursery school service via telephone
Employee Attitude Survey on Balancing Nursing Care and Work	<ul style="list-style-type: none"> Conducted awareness and fact-finding surveys across all group companies in Japan to understand the current situation and its issues and collect data on these at regular intervals
Introduction and Expansion of Nursing Care Concierge (Individual Consultation Service)	<ul style="list-style-type: none"> Provided services handling nursing care-related worries, delivered by nursing care experts acquainted with our company programs, to employees and their families. This service covers 86% of group employees within Japan
Provision of Seminars, Lectures, etc. Specifically for Managerial Class Employees	<ul style="list-style-type: none"> Promoted awareness and behavior change among managerial class employees and fostered a workplace culture supporting a balance between work and nursing care. 94% of group employees within Japan answered "I support my colleagues and subordinates in balancing work and nursing care" in our survey

Support Systems and Measures that Meet Diverse Employee Needs

Activities

Hitachi, Ltd. and 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; systems for balancing work with childcare and nursing care; retirement and pension plans; a compensation system for absence from work; an employee stock ownership program; Hitachi Group insurance; a property accumulation promotion system; Discount sales scheme for Hitachi group employees; and a Health Insurance Society. We also have systems in place for non-regular employees, based on their employment status.

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. At Hitachi, Ltd. these defined benefit pension plans, defined contribution pension plans, and lump-sum retirement allowance plans are available to all regular employees. We also have systems in place for non-regular employees, based on their employment status.

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 will receive training on asset accumulation when acquiring Hitachi, Ltd. shares and may receive incentive payments based on Hitachi, Ltd. performance. This system links the growth of the company to employee asset accumulation.

The shares held by the Hitachi's Employee Stock Ownership Plan ranks ninth in terms of major company shareholders (shareholding ratio: 1.90% as of March 31, 2024).

Preventing Long Working Hours and Overwork

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, Hitachi, Ltd. sets companywide KPIs (including, in fiscal 2023, full use of annual leave entitlements and no employees carrying out over 80 hours of overtime work in a single month) 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. To manage long working hours and prevent overwork, we have introduced a way to check employees' working hours based on PC use, and also provide labor management-related information 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.

Hitachi, Ltd. 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).

As a result of these efforts, we saw a 23-hour year-on-year decrease in total annual work hours per person at Hitachi, Ltd. in fiscal 2023.

In addition to paying over the minimum legally required premium rates for overtime, late-night work, and work on weekends and holidays (while the law requires premiums of 25% for overtime, 25% for late-night-work, and 35% for work on weekends and holidays, Hitachi, Ltd. pays 30%, 30%, and 45%, respectively), we also give employees who work their prescribed working hours on weekends or holidays time off in lieu (employees receive the premium rate for the hours worked even if they take this time off in lieu).

Initiatives at Regional Headquarters to Create Positive Work Environments

Activities

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

Hitachi America, Ltd.

In addition to having a respectful and congenial work environment, Hitachi America, Ltd. offers a variety of programs and measures to improve employee well-being. The company has promoted flexible work styles by introducing a hybrid work system allowing employees to work remotely so long as they come into the office at least twice a week. In addition, a monthly No Meeting Day allows employees to focus on their individual work.

Hitachi America Ltd. 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. Additional in-person events are held throughout the year to promote more collaboration and interaction among employees, for example, DEI events, a summer outing in the park, and a new year holiday party. In addition, our offices are designed to encourage collaboration among employees.

Hitachi Europe Ltd.

Hitachi Europe Ltd. offers a variety of programs and measures to promote and enhance employee well-being. The company operates a hybrid working arrangement that allows employees to work flexibly either from home or in the office, balancing the desire for flexible working styles with the importance of bringing colleagues together to enhance collaboration and opportunities for interaction. Hitachi Europe Ltd. also sponsors webinars to support the mental, physical, and financial well-being of employees and help them balance their work and private lives.

Hitachi Asia Ltd.

Hitachi Asia Ltd. is dedicated to establishing itself as the premier workplace in Asia. We provide fair opportunities for all employees and have adopted a competency-based evaluation and compensation system. Hitachi Asia Ltd. strives to treat and respect all employees equally, bringing out the best in each.

In line with our commitment to enhancing the work environment, we have launched a comprehensive workspace transformation project. This initiative is designed to reinvent our offices into dynamic spaces that stimulate creativity, facilitate collaboration, and help our employees to feel comfortable. We aim to cultivate an atmosphere that supports innovation and productivity, making our office a model of inclusivity and efficiency open to all ages, genders, and nationalities. In addition, we have adopted a flexible working style that takes into account work-life balance.

Hitachi (China) Ltd.

Hitachi (China) Ltd. is pursuing 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. We hold town hall meetings with executives and interdepartmental business exchange meetings to continuously enhance vertical and horizontal communication within the workplace. The networks built through these meetings contribute to a sense of unity in the company, comfortable work environments, and smoother business operations.

Hitachi India Pvt. Ltd.

Hitachi India Pvt. Ltd. is dedicated to cultivating work environments that foster collaboration, cooperation, and continuous learning, enabling employees to thrive collectively. Notably, the company offers a comprehensive array of programs aimed at supporting various aspects of employee well-being. These initiatives include a remote work program promoting flexible work arrangements, comprehensive support for employees before and after childbirth (including allowances for daycare centers), and group medical insurance coverage. Additionally, Hitachi India extends round-the-clock wellness assistance through third-party partnerships, alongside provisions for child-care and nursing care leave.

Further reinforcing its commitment to employee health and wellness, Hitachi India Pvt. Ltd. organizes regular "health camp" events and provides allowances for annual medical check-ups. Moreover, employees benefit from a wealth of knowledge and resources through webinars conducted in collaboration with medical institutions, covering topics spanning physical, mental, financial, and psychological well-being.

In its endeavor to foster a vibrant and inclusive work culture, Hitachi India Pvt. Ltd. also hosts employee meets, cultural events, family days, and sports events, all aimed at enhancing interpersonal interactions and strengthening bonds among employees. Through these multifaceted initiatives, Hitachi India Pvt. Ltd. remains steadfast in its dedication to nurturing a holistic and supportive work environment conducive to employee growth and well-being. The range of activities described above helped Hitachi India Pvt. Ltd. to achieve certification as a GREAT PLACE TO WORK from the organization of the same name for the 5th time in 2024.

Freedom of Association and Collective Bargaining

Respecting the Rights of Employees

Approach & Policy

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, provides for compliance with the laws of each country and region, as well as for 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.”

[Hitachi Group Code of Ethics and Business Conduct](#)

Mutual Communication Between Employees and Management

Activities

The relationship between employees and management at Hitachi is stable with healthy ongoing dialogue.

In Japan, group companies ensure the three fundamental rights of trade 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.

At Hitachi, Ltd., we hold quarterly Hitachi Group management meetings with the trade unions of group companies in Japan that belong to the Federation of Hitachi Group Workers Unions (FHWGU) 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. We have also established 14 committees, advisory panels, and roundtable conferences, including the Next 100 Labor and Management Committee, the Central Compensation Committee, and the Employment and Work Style Committee, to meet one to four times a year to share information, exchange opinions, and hold discussions.

Hitachi, Ltd. and the Hitachi Workers Union have been bound by a collective agreement since 1951. Every other year, as part of the union-management negotiations held each spring, we renew our collective agreement following discussion of revisions for the improvement of working conditions. Our group companies in Japan have also concluded collective agreements between employees and management and revise these on an ongoing basis.

In addition, the employee membership rate in trade unions, etc., in major group companies in Japan (60 companies) is approximately 97% as of March 31, 2024. All Hitachi, Ltd. employees, with the exception of managers, can join the Workers Union, and the membership rate is approximately 96% as of March 31, 2024.

Group companies outside Japan also pursue dialogues with individual trade 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 compensation 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 (trade 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 2023, no Hitachi Group operating sites reported violations of freedom of association and the right to collective bargaining.

Notification of Work-Related Transfers and Reassignments

Activities

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 changing the company.

Labor-Management Cooperation toward Improving Occupational Health and Safety Levels

Activities

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 occupational health and safety measures, a health and safety committee, education and training programs, and health checks for employees etc.

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.

[Occupational Health and Safety >](#)

Respect for Human Rights Throughout the Value Chain

Respecting the Human Rights of All People

Approach & Policy

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

Approach & Policy

In 2013, Hitachi conducted stakeholder dialogue inviting representatives from the European Commission, the International Labour Organization (ILO), NGOs, companies, and lawyers specializing in human rights issues, after which we formulated the Hitachi Group Human Rights Policy, positioned as one of the highest standards of internal company rules.

Hitachi has expressed respect for human rights in its Human Rights Policy based on 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. In fiscal 2024, we are preparing for the revision of the policy in light of global trends. To revise this policy, we are not only conducting dialogue with experts both inside and outside the company, but also gathering opinions from regional headquarters as it is a policy that must be complied with across the entire group.

Additionally, 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 stipulates that it should seek to find a way to conform to the spirit of international standards. 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](#)

[Hitachi Group Code of Ethics and Business Conduct](#)

[Hitachi Group Sustainable Procurement Guidelines](#)

[Encouraging Procurement Partners to Conduct Activities](#)

Structure for Promoting Respect for Human Rights

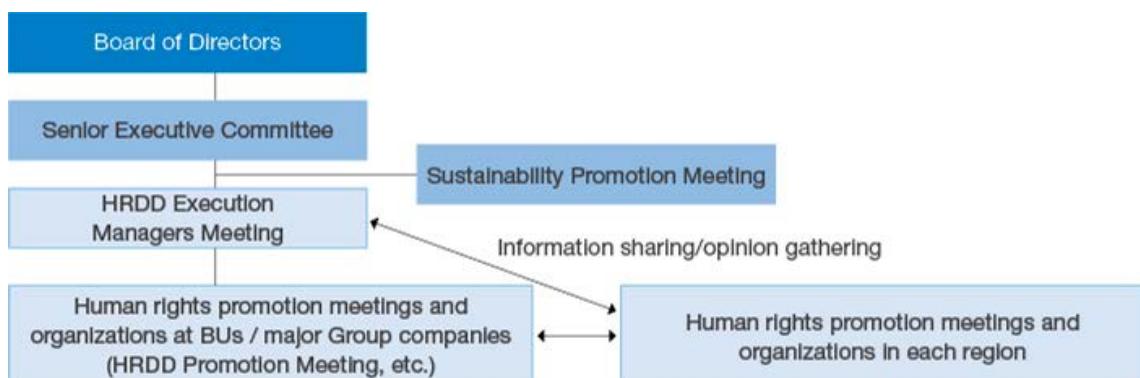
Structure

Hitachi continues to strengthen human rights risk management worldwide through efforts that include tasking the Chief Sustainability Officer with groupwide 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 major 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 major 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 groupwide 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.

■ 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 major 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 / major 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

HRDD Roadmap and Targets

Strategy & Target 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. By fiscal 2024, we will implement a series of HRDD processes to include determining and executing countermeasures (a post-risk assessment procedure), setting indicators for verifying the effectiveness of countermeasures, and explaining / disclosing information.

Target

FY2023 Target: Conduct human rights risk assessments at all BUs (10 BUs) and major Hitachi Group companies

FY2024: Respond to human rights risks



■ Implementation Status of Recent Major HRDD

FY2021	Implemented countermeasures (provided corrective guidance, held workshops, published guide for considering measures to address, 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.
FY2023	Continued HRDD led by BUs and major group companies, and completed human rights risk assessments by all BUs and major group companies. Total of four guidance sessions with Shift carried out to understand the HRDD process after human rights risk assessments. Some of the leading BUs and group companies also looked at measures against salient human rights issues and the formulation of indicators to verify their effectiveness.

(1) Assess Risks

Based on the experience of addressing priority 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.

In fiscal 2023, we completed human rights risk assessments for all BUs and major group companies, and identified the following as salient human rights issues.

- Forced labor (including violation of migrant worker rights)
- Child labor
- Harassment
- Discrimination
- Health and Safety
- Freedom of association

Support for HRDD Implementation by External Experts

In fiscal 2023, Hitachi continued to receive guidance from external experts at Shift, a human rights NPO based in the United States, and held a total of four HRDD guidance sessions for BUs and major group companies that had completed risk assessments. A total of 69 participants from one BU, three group companies, and R&D divisions attended these guidance sessions to deepen understanding of the measures needed to address salient human rights issues identified by each BU and group company, and consider indicators needed to verify their effectiveness.

■ Guidance Sessions

No. of Sessions	Details
1	Reflect on fiscal 2022 initiatives and review of action plans
2	Identify targets (outcomes for people) and indicators for verifying effectiveness of measures
3	Identify stakeholders and consider engagement plan
4	Embed HRDD results within the organization, governance, sharing of examples / learning / awareness and issues among participants

(2) Integrate and Act and (3) Track

Some BUs and major group companies that identified salient human rights issues in the fiscal 2022 risk assessment considered specific measures and indicators to verify their effectiveness in fiscal 2023. The following is an example. In fiscal 2024, HRDD execution managers from some BUs and major group companies that have considered countermeasures will take the lead in promoting activities.

■ Examples of Risk Measures / Indicators at BUs and Major Group Companies

Forced Labor	Harassment / Discrimination Against Foreigners	Businesses in High-Risk or Conflict Areas
<p><Evaluation by Questionnaire></p> <ul style="list-style-type: none">• Procurement partners accounting for 80% of total funding• Request for improvement above Hitachi standards <p><KPIs></p> <ul style="list-style-type: none">• Number of companies improved from the previous year• Improvement rate from the previous year	<p><Fact-finding survey / education></p> <ul style="list-style-type: none">• Interviews with workplace supervisors• E-learning including latest case studies <p><KPIs goals></p> <ul style="list-style-type: none">• Improved employee survey responses	<p><Risks to avoid></p> <ul style="list-style-type: none">• Risk that products may be used for human rights violations• Risk for employees to be detained <p><Risk Management></p> <ul style="list-style-type: none">• Check B2B customers• Developing a code of conduct for employees

Measures to Group Priority Risk

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.

In fiscal 2023, we utilized our groupwide 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

Hitachi 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.

Engage Stakeholders

In fiscal 2023, Hitachi made preparations to revise the Hitachi Group Human Rights Policy, which was first formulated in fiscal 2013. For the revision, we received suggestions from Shift regarding consistency with the requirements of the United Nations Guiding Principles on Business and Human Rights and whether the wording was written from the perspective of risks to people. The opinions received are reflected in our revisions to the policy.

Human Rights at Hitachi Energy

In 2023, Hitachi Energy performed a material impact assessment to identify priority sustainability impacts of most interest to its stakeholders across the value chain. Within this assessment, human rights were reconfirmed as a critical-priority material issue. This assessment was also the basis for refreshing its sustainability strategy in 2024-2025 financial year, identifying targets and KPIs to help monitor its progress and performance.

Hitachi Energy has been working to further strengthen human rights within its risk management strategy and due diligence processes. As part of this, Hitachi Energy has enhanced its Supplier Sustainability Assessment Process to strengthen risks detection, mitigation, and remedy. Parallelly, Hitachi Energy mitigates its impact on global and local communities embedding the principles of social inclusion, fairness, socioeconomic development, and equity, by meaningfully engaging its stakeholders.

Measures to Prevent Harassment

Activities

Hitachi recognizes harassment as an abuse of human rights that can occur in the workplace, and so aims to create an open workplace where everyone is respected and feels comfortable expressing their opinions. Details of what constitutes harassment is included in the e-learning training on compliance which takes place every year for all Hitachi Group employees. To promote correct understanding and awareness around ways to prevent harassment, we created e-learning materials for the entire group in fiscal 2023 which, in addition to sexual and power harassment, includes examples and explanations on harassment that can occur in the workplace, such as balancing work with home and family life (maternity and paternity harassment), and balancing work with nursing care or medical treatment (care harassment). Unique initiatives also take place on business sites, for example, group training on harassment topics and workplace discussions.

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

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.

Since fiscal 2022, we have 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.

[Sustainable Procurement >](#)

Human Rights Education and Raising Awareness among Employees and Executive Officers

Activities

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. 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.

In fiscal 2023, in addition to awareness-raising measures for all group executives and employees, we invited ACE, a non-profit organization that is engaged in solving the problem of child labor in multiple sectors, including corporate, to hold human rights seminars on the topic of business and human rights for employees in the procurement and sales divisions. Approximately 640 people took part, gaining basic knowledge about human rights issues centered on child labor and forced labor, and deepening their understanding of the responses companies are expected to take. Many participants commented on how they could understand the reality of human rights issues and how they relate to business, and also the importance of imagining whether any human rights abuses are taking place or not.

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 FY2023
Hitachi Group Executives and All Employees	Distributed a human rights message by President & CEO on Human Rights Day (every year)	Approximately 325,000 emails sent to executives and employees
	E-learning course on business and human rights (provided in 15 languages, taken about once every three years)	Current course which started in November 2022 completed by more than 210,000 people as of the end of fiscal 2023

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

Activities

Hitachi Energy

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 2023, Hitachi Energy in South 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 target is to have 60.1% of our workforce comprising of employees with Historically Disadvantaged South Africans (HDSA) backgrounds, based on occupational levels for employment equity, with an ultimate aim to ensure that there is 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 HDSA backgrounds. Currently, employees with HDSA backgrounds comprise 35.3% 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.

Hitachi Vantara

Hitachi Vantara South Africa is committed to fostering positive change and sustainable development, we recognize the importance of Broad-Based Black Economic Empowerment (B-BBEE) as a key driver of transformation. We have progressed from a level eight to currently maintaining a level four compliance rating as of September 2023, all achieved within a year.

Hitachi Vantara South Africa prioritizes economic empowerment, skills development, equity, and environmental sustainability, targeting to create a more inclusive, equitable, and sustainable workplace and community for all stakeholders.

We are actively pursuing equity ownership targets and constantly improving our Annual Workplace Skills Plan, aiming to enhance the skills, performance and participation in decision-making processes for our HDSA employees, increased procurement from designated group-owned businesses, implementation of enterprise development initiatives, and support for skills development through bursaries and internships, collaboration with local communities on socio-economic projects. Our HDSA employees comprise 67% of our management positions, ranging from senior to middle management. All initiatives implemented to meet equity ownership, skills development and economic participation targets align with the Codes of Good Practice for Ownership and Equity, Employment Equity Act and B-BBEE objectives ensuring transparency and compliance.

Grievance Mechanisms for Human Rights

Activities

Hitachi established a groupwide internal reporting system called the Hitachi Global Compliance Hotline.

This system is a whistle-blowing system operated by a third-party organization, available in approximately 50 languages, and open to Hitachi Group employees, business partners, and other stakeholders. 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. The number of labor-related and harassment reports (including reports occurred in previous years) responded to during fiscal 2023 was 237 (of which 58 were compliance violations) and 566 (of which 229 were compliance violations), respectively.

| [Hitachi Global Compliance Hotline](#) ↗ | [Hitachi Global Compliance Hotline \(Whistleblower System\)](#) ➤ |

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

Responsible Procurement

Basic Procurement Policy

Approach & Policy

Hitachi believes 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, 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 as our highest-level code of conduct to be followed in our procurement activities. This code clearly states that Hitachi must give due consideration to human rights, labor practices, safety, ethics, quality, and security in the supply chain, and that it requests its procurement partners to do the same.

We also established the Hitachi Group Sustainable Procurement Guidelines as a code of conduct for procurement partners. The guidelines cover the items that procurement partners are required to comply with in the Hitachi Group Supplier Code of Conduct, which is made up of 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 the guidelines as a communication tool to inform procurement partners about Hitachi Group initiatives and share our policies and activities related to sustainability.

We aim to develop a sustainable society and business together with procurement partners by promoting procurement activities that adhere to these codes.

■ Examples of the Hitachi Group Supplier Code of Conduct

Category	Content
1 Labor	<ul style="list-style-type: none"> • Prohibition of forced labor and child labor • Compliance with working hours • Compliance with minimum wage laws
2 Health and Safety	<ul style="list-style-type: none"> • Implementation of safety measures for machinery and equipment • Provision of sanitation, food, and housing
3 Environment	<ul style="list-style-type: none"> • Reduction of greenhouse gas emissions • Appropriate management of waste and wastewater
4 Business Ethics	<ul style="list-style-type: none"> • Fair business • Responsible mineral procurement
5 Management System	<ul style="list-style-type: none"> • Management responsibilities
6 Product Quality and Safety	<ul style="list-style-type: none"> • Product safety
7 Prevention of Personal and Confidential Information Leakage	<ul style="list-style-type: none"> • Measures to prevent personal information leakage

Sustainable Procurement Management Framework

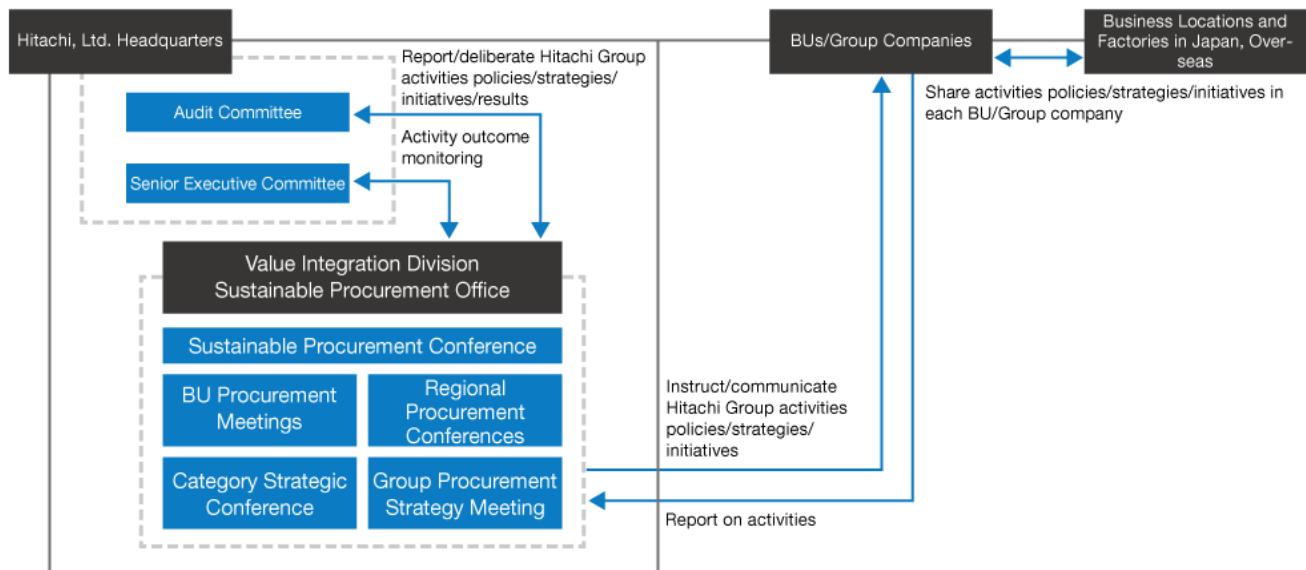
Structure

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 the Sustainable Procurement Conference. This conference, attended by the heads of the procurement divisions at Business Units (BUs) and major group companies addresses groupwide procurement initiatives related to overall sustainability, including the 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.

■ Procurement Management Organizational Structure



Sustainable Procurement Conference

Hitachi holds the Sustainable Procurement Conference twice a year 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 550 people participated in fiscal 2023. 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

Strengthening 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 seminars and other means to communicate matters with which we expect procurement partners to comply.

Regional Sustainability Procurement Seminars

Hitachi invites 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 270 procurement partners participated in the fiscal 2023 seminar. We strive to communicate the Hitachi Group Sustainable Procurement Policy to each region.

■ Regional Sustainability Procurement Seminars

Region	Details
Southeast Asia	We presented an overview of the Hitachi Group Sustainable Procurement Policy and strategies, including environmental and human rights initiatives, as well as our status regarding EcoVadis ^{*1} adoption, sustainability audits and energy management to approximately 60 procurement partners.
China	We introduced the Hitachi Group Sustainable Procurement Policy and strategies, including environmental and human rights initiatives, as well as promoted the introduction of EcoVadis and examples of sustainable activities in China, to approximately 170 procurement partners.
India	We covered the Hitachi Group Sustainable Procurement Policy and strategy, and results of sustainability audits in India to approximately 40 procurement partners.

*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.

Posting Content on the Procurement Website

Hitachi upgraded its procurement website for external use in fiscal 2022, expanding the contents related to sustainable procurement. The website is regularly updated to provide information on sustainable procurement to external stakeholders including procurement partners, in a detailed, systematic, and straight-forward manner.

[Procurement Website >](#)

Sustainability Assessments of Procurement Partners

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 2023, we conducted sustainability assessments of approximately 3,000 procurement partners across the Hitachi Group. Based on the information obtained from these assessments, we are conducting the following activities.

- Set a benchmark EcoVadis score and request corrective actions from target companies
- Provide improvement methods and conduct monitoring using the EcoVadis platform
- Set a benchmark EcoVadis score and conduct sustainability audits of target companies

We will continue to further expand the number of companies assessed by EcoVadis to strengthen risk management and engagement with our procurement partners.

Sustainability Audits and Monitoring

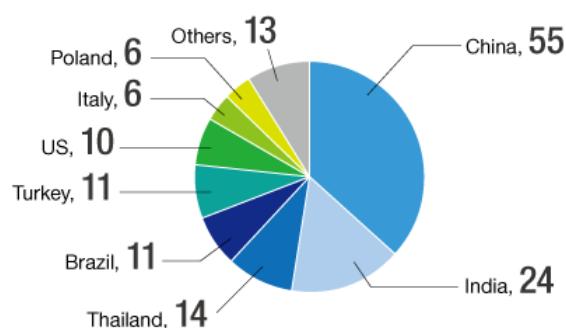
Hitachi conducts sustainability audits of the manufacturing bases of our global procurement partners on a regular basis. We use external evaluation organizations to conduct sustainability audits.² Sustainability audits consist of document surveys, employee interviews, and facility inspections to confirm sustainability initiatives at procurement partners from the perspectives of labor and human rights, health and safety, the environment, and ethics.

Partners that are audited are chosen based on the results of document surveys and the scale and importance of procurement dealings with Hitachi. In fiscal 2023, sustainability audits were conducted on 150 procurement partners. For any matters identified during the audit, we explain the details to our procurement partners. In particular, when high-risk matters are identified, we ask our procurement partners to take corrective action, including identifying the cause of the occurrence and formulating an improvement plan. After which, we continue to provide guidance and monitor improvements.

Going forward, Hitachi will continue to expand its sustainability initiatives and reduce sustainability risks in the value chain by giving training to support improvements and conducting follow-up audits in-person for procurement partners who are deemed to be at high risk as a result of these audits.

*2 Some group companies conduct sustainability audits by internal auditors

■ Regional Distribution of Sustainability Audits in FY2023
(14 countries, 150 companies in total)



Note : Others include the United Arab Emirates, Bulgaria, Japan, South Korea, Mexico, and Vietnam.

■ 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 business

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 hours a day, seven days a week, online or via telephone.

| [Hitachi Global Compliance Hotline](#) | [Hitachi Global Compliance Hotline \(Whistleblower System\)](#) |

Internal Training

Activities

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 FY2023

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	Shared best practices on EcoVadis, sustainability audit initiatives, and optimal energy procurement in Thailand.
The United States	Procurement, Planning, and Sustainability Divisions collaborated to share knowledge regarding the implementation of human rights due diligence.
Europe	Shared information on the outline of various environmental laws and regulations that have been enacted in Europe and their impact on Hitachi.

Internal Education and Training on Sustainable Procurement

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 the Sustainable Procurement Guidelines, Green Procurement Guidelines, and Responsible Mineral Procurement Policy. The content also covers important sustainability initiatives such as carbon neutrality and human rights due diligence. We also provide the same training on sustainable procurement to newly appointed managers. In fiscal 2023, 1,745 employees completed our training.

In addition, in fiscal 2023, we invited ACE (Action against Child Exploitation), a non-profit corporation, to provide education on child labor to raise awareness of human rights among our employees, including those in the procurement division.

[Human Rights Education and Raising Awareness among Employees and Executive Officers >](#)

■ Human Rights Due Diligence (HRDD) Initiatives for Procurement Partners

Hitachi is implementing human rights due diligence initiatives for its procurement partners. Our initiatives include strengthening engagement with and assessing the sustainability of procurement partners, sustainability audits and monitoring, and creating a hotline for procurement partners. In such a way, we strive to reduce human rights risks by helping our partners understand Hitachi's approach to respecting human rights.

[Encouraging Procurement Partners to Conduct Activities >](#)

Procurement Initiatives with Diversity at Hitachi Vantara

At Hitachi Vantara, we consider working with diverse suppliers an integral part of our strategic sourcing and procurement processes and continually seek to build mutually beneficial relationships with a broad and diverse supplier base. This base includes owners of small businesses, as well as businesses with minority, women, LGBTQ+ or disabled owners. Our RFPs ask prospective suppliers to identify their diversity classification, indicate if they have a supplier diversity policy and provide supplier diversity spend reporting. Across Hitachi Vantara, we track diverse suppliers and associated spend.

Encouraging Procurement Partners to Reduce Their Environmental Footprint

Activities

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's businesses cover a broad range of business domains. Our procurement is supported by many procurement partners from whom we source various products and parts. In order to encourage these procurement partners to reduce their impact on the environment, we are working to ensure that relevant guidelines are widely known and Hitachi's environmental policy is shared through briefings. In particular, we set a target to achieve carbon neutrality by fiscal 2050 throughout 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.

Efforts toward Carbon Neutrality in the Value Chain Upstream

CO₂ Emissions Measurement in the Value Chain Upstream

In order to calculate CO₂ emissions of Scope 3 Category 1, Purchased Goods and Services, in the value chain upstream, Hitachi uses a calculation method that covers the entire procurement amount based on spend and also partially reflects primary data from procurement partners. We ensure that the primary data collection from procurement partners are through our engagement and utilize a third-party sustainability evaluation platform, EcoVadis.

The calculation result for Scope 3 Category 1 in fiscal 2023 is 21,794,738 tons.

["Environmental Vision" and "Hitachi Environmental Innovation 2050"](#) >

CO₂ Emissions Reduction Efforts Upstream in the Value Chain

In order to promote the CO₂ reduction activities of Hitachi's procurement partners, we selected 21 companies as environmental advanced partners in fiscal 2022. We held discussions with these partners regarding CO₂ reduction and calculation methods, information collection and analysis methods, and how to use such methods. Making use of this knowledge and methods, we expanded our target to approximately 100 companies in fiscal 2023 to promote reduction activities.

Target procurement partners were selected from those with the highest Scope 3 Category 1 emissions, and key procurement partners in Hitachi's business activities. Our selected procurement partners are located in a wide range of countries and regions, and in a variety of industries, including raw materials, parts, and equipment. In terms of scale, our partners include not only large companies but also small and medium-sized companies. Hitachi has been working to understand the amount of CO₂ reductions upstream in Hitachi's value chain by obtaining reduction plans from procurement partners and analyzing the details of these plans. In the future, we will further increase the number of scoped procurement partners and expand our activities to reduce CO₂ emissions.

In addition, all new aluminum ingots (AL≥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 for products and services of Hitachi group. In this way, we incorporate and give consideration to environmentally friendly procurement, including product materials that utilize renewable energy, new technologies, and recycled materials.

Sharing Our Green Procurement Guidelines and Related Initiative

Hitachi distributes 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](#)

[Green Procurement Guidelines Annex](#)

Received the Highest Rating for CDP Supplier Engagement

In March 2024, Hitachi, Ltd. was selected as a Supplier Engagement Leader in its supplier engagement rating by the CDP, an international NGO working in the environmental sector. Hitachi has been selected for the third consecutive year since 2021 in recognition of a series of initiatives aimed at realizing a net-zero society, including reducing CO₂ emissions across the entire value chain.

[External Assessments Related to ESG >](#)



Participating in Supply Chain-related Initiatives

Hitachi participates in the United Nations Global Compact Network Japan (GCNJ). In fiscal 2023, we took part in the supply chain workshop and HRDD workshop, actively exchanging opinions with Japanese companies on best practices regarding sustainable procurement. Hitachi also continued, in fiscal 2023, to participate in the human rights due diligence (HRDD) training for Japanese companies, hosted by the United Nations Development Program (UNDP), and shared best practices with Japanese companies and their procurement partners on how to respond to human rights risks they may face.

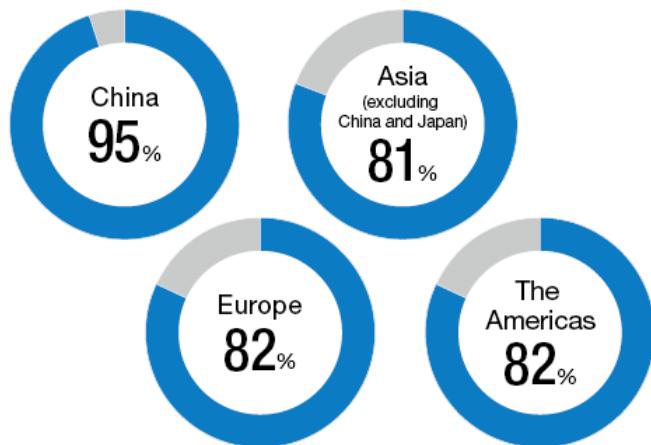
[Main Initiatives and Groups Hitachi Is Involved with >](#)

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.

■ Ratio of Local Procurement of Materials for Main Regions (FY2023)



Responding to the Conflict Mineral Issue

Approach & Policy

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](#)

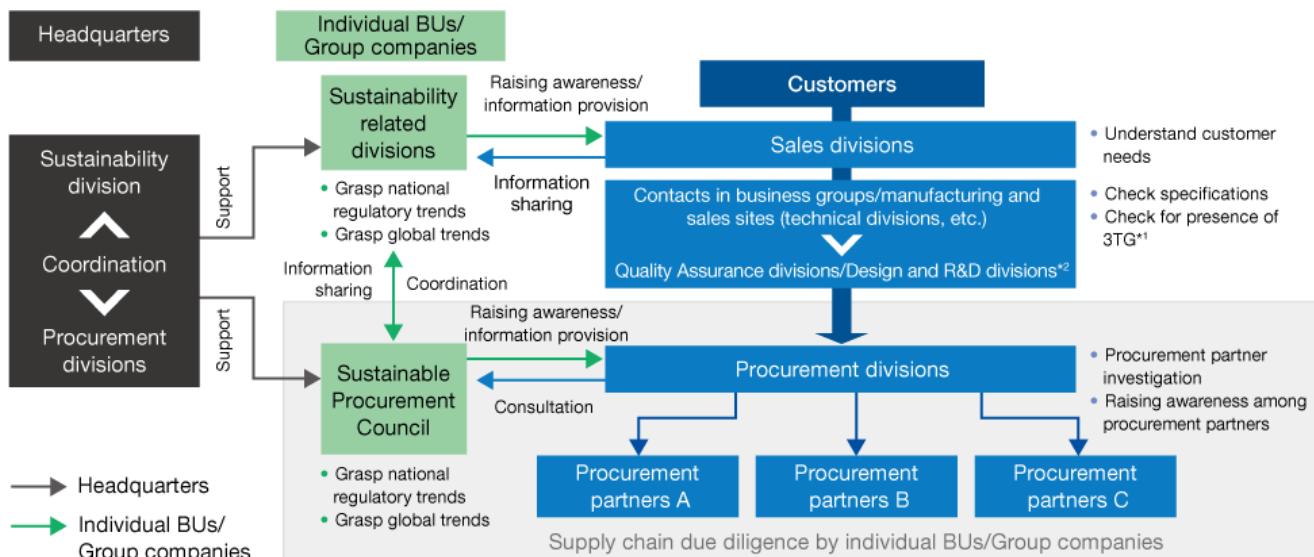
System and Initiatives

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 fiscal 2023, 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 2,800 people from 1,270 companies.

[Sustainability Leadership](#) >

■ 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

Implementing Procurement BCP Initiatives

Activities

We work to enhance procurement-related business continuity plans (BCPs) groupwide to ensure that significant incidents^{*1} do not disrupt our business or seriously impact society.

*1 Events such as natural disasters (including major earthquakes) serious enough to disrupt business

[Procurement BCPs Initiatives >](#)

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

Quality and Product Safety Management

Approach to Quality Assurance Activities

Approach & Policy

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.

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.

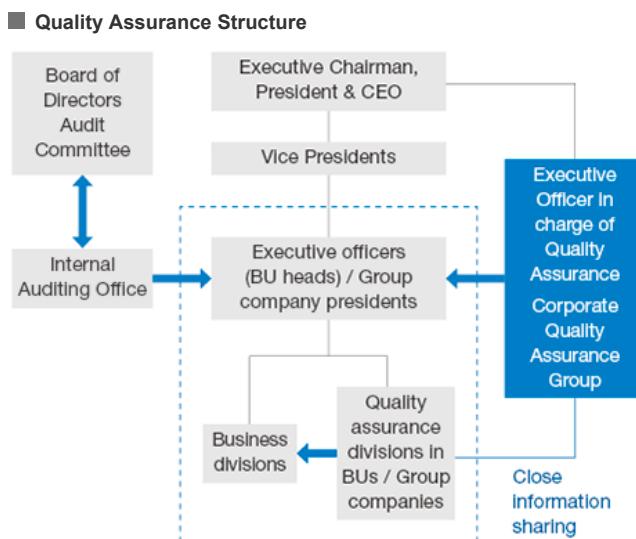
[The Hitachi Group Code of Ethics and Business Conduct](#)

Framework for Quality Assurance

Structure

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.



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	1,015 sites
Railway Business	ISO/TS 22163	13 sites
Medical Devices	ISO 13485	20 sites

Note : Survey results as of the end of June 2024

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, Subject to audits: Product and factory quality control)

UL Mark: Indicates compliance with safety standards established by UL Solutions, a safety certification company. (Frequency of external audits: 4 times/year, Subject to audits: Products)

Quality and Reliability Education

Activities

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

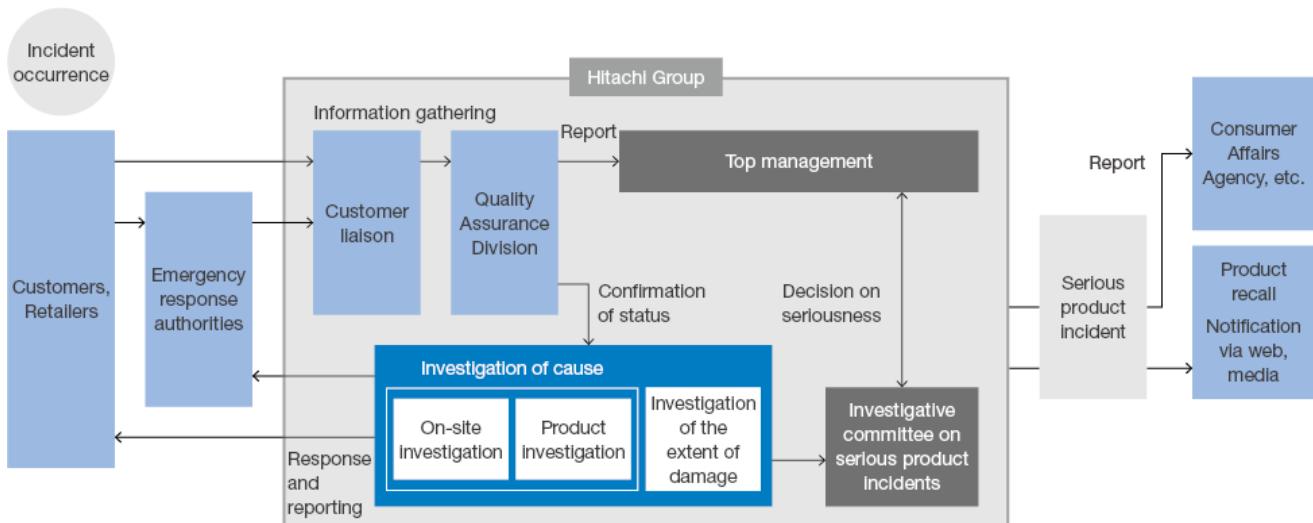
Activities

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

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 has established the position of CMO in charge of Global Sales Transformation, Corporate Sales & Marketing Group and Head of Account Management Global Marketing and Sales Transformation to achieve sustainable global business growth, driven by the concepts of Digital, Green, and Innovation. Under this system, the role involves working closely with Business Units (BUs), group companies, and regional headquarters as One Hitachi beyond regional and business boundaries to enhance customer engagement by providing solutions to key customers and partners. As well as proceeding with the planning and implementation of sales strategies to develop new global businesses in the fields of Digital, Green, and Innovation, as a priority initiative, the group has, based on the Group Account Program, appointed a Group Account Manager representing the group for key customers worldwide to build strategic partnerships with key customers in cooperation with cross-BU account teams.

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 promote digital marketing in cooperation with the Group Account Program by leveraging the information, for example, in planning business strategies for growth, customer targeting, creating more advanced proposals, understanding the state of communication with customers, and monitoring progress in the sales process.

Advertising Activities

Activities

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 Advertising 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 using social media, we conduct activities rooted in business ethics and legal compliance. Policies and guidelines have been established for employees to protect the Hitachi brand and not infringe on the rights of others. Educational activities are also carried out in the form of e-learning courses in Japanese, English, and Chinese regarding specific operational methods and risk countermeasures.

We noted no instances of violations of regulations or voluntary standards related to corporate advertising activities in fiscal 2023.

[About Hitachi's Social Media Activities](#)↗

Comprehensive Customer Support Online

Activities

Hitachi offers comprehensive global customer support on its website to respond to voice of customer inquiries, opinions, requests, and claims. 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. Going forward, the Hitachi Group will continue to strengthen and improve global customer support/response-mechanisms among group companies to respond more quickly and accurately to customer's feedback.

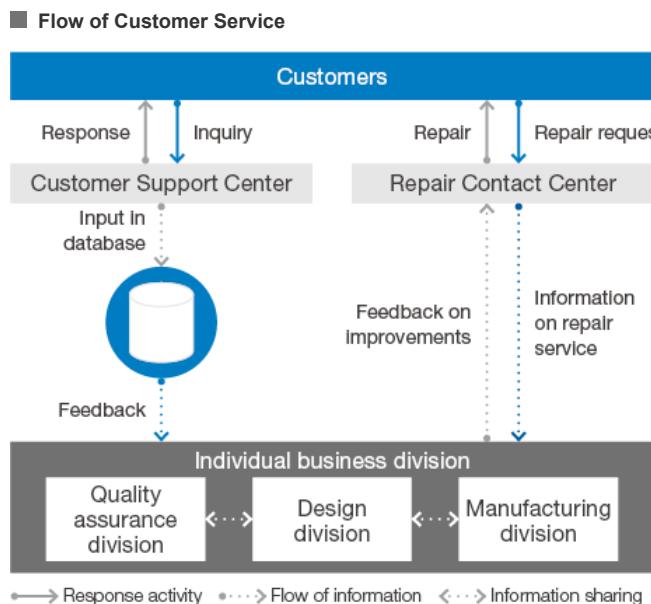
Activities to Improve the Satisfaction of Home Appliance Customers

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. These initiatives are carried out under the slogan, 360°Happiness: More happy smiles to life for one and all. For example, in our home appliances business, we collect, store, and analyze data from connected home appliances to perform fault diagnostics, we are improving the accuracy of our after-sales service to resolve inconvenienced matters quickly for our customers. We also detect potential defects in the market quickly and carry out activities to improve product quality.

In fiscal 2023, about 1.97 million customer inquiries, repair requests, and dissatisfaction about washing machines, refrigerators, and other appliances were solved by the Customer Satisfaction Division through the calls and websites of the Customer Support Center and Repair Contact Center. We have been struggling a number of initiatives to respond better to inquiries and to reflect customer feedback in our company's manufacturing. These initiatives include improving the connection rate of call center; creating a database about voice of the customers; and enhancing our website's FAQ section.

We also conduct customer repair service evaluation surveys at approximately 90 service centers in Japan throughout the year. Based on the answers, we are improving after-sales services through CS training courses. In fiscal 2023, we received more than 29,000 customers responses to the questionnaire and we could achieve good satisfaction from 93.5% of respondents to our customer service.



Social Contribution Activities

Approach to Social Contribution Activities

Approach & Policy

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 create 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 Digital, Green, 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.

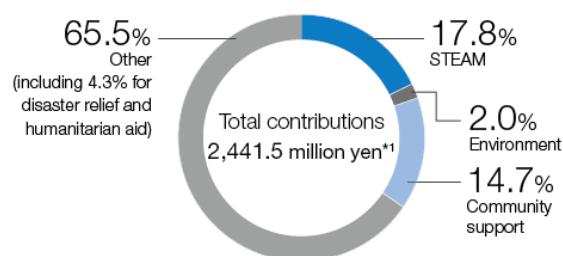
[Policy on Social Contribution Activities >](#)

Funding for Social Contribution Activities and Number of Participating Employees

Activities

The Hitachi Group and the Hitachi Global Foundation provided 2,442million yen in fiscal 2023 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 28,398 Hitachi Group employees (roughly 10.6% of total employees) participated in social contribution activities in fiscal 2023.

■ Breakdown of Funding for Social Contribution Activities in Fiscal 2023



*1 Japan: Hitachi, Ltd., 85 group companies (86 companies total), and the Hitachi Global Foundation.

Outside Japan: 166 companies.

Funding includes monetary and in-kind donations, independently organized programs, participation or dispatch of employees, and employee donations.

Funding excludes personnel costs incurred from the participation or dispatch of employees.

Support for Employee Social Contribution Activities

Activities

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 Provide Financial Support (Donations / Loans) Together

Hitachi has introduced a social contribution scheme whereby financial support (donations/loans) provided by employees is matched by the company. The scheme not only helps to improve employee engagement through active social contribution activities, but also gives added impact to the financial support provided by employees.

Matching Fund

Hitachi makes use of a matching fund that enables employees to donate to nonprofit organizations in response to disasters, accidents, disease outbreaks, or other such social problems. This matching fund utilizes a service provided by Canada's Benevity which gives employees the ability to select the NPOs of their choice swiftly according to the social issues faced. To date, employees and the company have donated a total of 91 million yen, with approximately 1.4 million yen having been donated in fiscal 2023 alone.

Microfinance

Hitachi uses microfinance to provide loans to business owners in seven fields (agriculture, education, construction, healthcare, housing, manufacturing, and transportation) that contribute to solving social issues so that people in developing countries can become more self-reliant. This microfinance utilizes the crowdfunding platform provided by the US NPO Kiva Microfunds, which works with microfinance institutions around the world online to provide individual support by matching borrowers with lenders. To date, employees and the company have provided a total of USD 3.9 million in loans to 88,000 borrowers in 63 countries, with a total of USD 750,000 provided in fiscal 2023. Hitachi sees microfinance as a way to break the chain of poverty in developing countries and so will continue to work to support this type of financial service.

Life Support Leave System

Hitachi, Ltd. has 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 system also encourages autonomous work styles. Employees can take up to five days leave per year by using this system. 3,083 people took leave under this system in fiscal 2023, of which 68 (190 times) used it for volunteer purposes.

Giving Week Campaign

Hitachi Digital, Hitachi Digital Services, and Hitachi Vantara host an annual global Giving Week to encourage employee volunteerism, addressing social issues specific to each country. Initiatives include mangrove planting, coastal and riverbank cleanups, to empowering women with leadership skills training, and providing essential items, such as food, clothing, and hygiene products, to underserved communities. In fiscal 2023, a total of 657 people took part in these activities around the world.

Examples of Social Contribution

Activities

Hitachi engages in a wide range of social contribution activities, both globally and in local communities, with the aim of resolving social issues. Specific social contribution activities are published on social media with the hashtag #HitachiSocialGood.

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 2024, a total of 437 program participants are each playing an active part in various fields such as international organizations, government, companies, and NPOs.

[Hitachi Young Leaders Initiative](#)

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 date, the organization has offered outreach classes and loaned tabletop electron microscopes in 31 countries and regions, and provided learning opportunities to approximately 60,000 people in fiscal 2023. 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.

[Hitachi High-Tech Science Education Support](#)

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 progresses, 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.

Humanitarian Aid to Disaster and Conflict-Affected Areas Both in Japan and Overseas

Support for the Noto Peninsula Earthquake

Hitachi donated a total of 62.8 million yen to the Japanese Red Cross and other organizations to help provide relief and rebuild lives for those affected by the Noto Peninsula earthquake that struck Japan's Hokuriku region in January 2024. Furthermore, in addition to providing supplies such as food and drink, and our own products to evacuation centers and medical institutions, we also carried out other initiatives including employee fundraising at group companies and fundraising activities at Kashiwa Reysol soccer matches and event venues.

[Hitachi to Donate to Support the 2024 Noto Peninsula Earthquake Relief Efforts](#)

Support for the Wildfires in Maui, Hawaii, the United States

Hitachi donated a total of USD 100,000 (approximately 14.5 million yen) to the Maui Fire Relief Fund set up by the Japanese Red Cross Society and Aloha United Way, a nonprofit organization in the United States. Donations were made in August 2023 to help people displaced by the wildfires on Maui, Hawaii, and to support the recovery of affected areas.

[Hitachi to Donate to Support the Maui Wildfires Relief Efforts in Hawaii, U.S. PDF](#)

Providing Donations for Humanitarian Aid to Ukraine

Hitachi, Ltd. is providing ongoing humanitarian aid to those affected by the war in Ukraine and those who have fled to neighboring areas. In fiscal 2023, a total of 17.3 million-yen worth of clothing and cold weather supplies was delivered through the International Organization for Migration and the nonprofit organization Dobroday. In addition, Hitachi makes donations to the Red Cross, UNICEF, and World Central Kitchen via its matching fund (approx. 0.8 million yen in fiscal 2023).

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.

In fiscal 2023, to promote academic research, science and technology, we held our second interim report meeting for five research projects funded by the Hitachi Fund Support for Research Related to Infectious Diseases. Applications and nominations for the 55th Kurata Grants and Fourth Hitachi Global Foundation Asia Innovation Award also took place in fiscal 2023, and the grant recipients and 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 addition, in the field of realizing an inclusive society, we have launched a new e-journal, Hitachi Global Foundation Global Society Review, as a forum for academic experts to exchange opinions and engage in constructive dialogue.

■ Examples of the Hitachi Global Foundation Activities

Area	Activity	Details
Promotion of Academic Research, Science and Technology	The Kurata Grants ↗	A grant program supporting researchers working to solve global social issues by subsidizing original pioneering research in the natural sciences and engineering, and research in humanities and the social sciences related to highly technological societies. [Cumulative grants awarded by the end of fiscal 2023: 1,613]
	The Hitachi Global Foundation Science and Technology Seminars ↗	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. [Exploring the mysteries of Sleep: From Basic Research to Sleep Wellness held in fiscal 2023] 19th The Hitachi Global Foundation Science and Technology Seminar (Japanese only) ↗
	The Hitachi Global Foundation Asia Innovation Award ↗	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 2023: 55]
	Hitachi Fund Support for Research Related to Infectious Diseases ↗	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. Second Interim Report Meeting - Event Report ↗
Human Development	Hitachi Future Innovator Program ↗	An exploratory learning program designed to help children themselves discover and solve problems at school with the aim of creating an ideal school, with Hitachi Group employees serving as instructors to support learning by giving advice on the children's ideas [Cumulative schools and students participating by the end of fiscal 2023: 23 schools and 1,674 students]
	Girls in Science Support Project ↗	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 2023] PIONEER TALK (Japanese only) ↗
Realization of an Inclusive Society	Realization of an Inclusive Society ↗	A program urging a new understanding among citizens for the purpose of creating inclusive societies in which people accept various viewpoints and values. [Launch of the Hitachi Global Foundation Global Society Review in fiscal 2023. Aiming to be a hub for new research and network building, the electronic journal effectively serves as a platform for experts in academic fields related to inclusion to interact and share their expertise with one another, promoting organic connections and deepening research on an inclusive society.] Hitachi Global Foundation Global Society Review (Japanese only) ↗

The Hitachi Global Foundation [↗](#)

Social Data

Human Capital

Employee Data

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees (by region)	Hitachi Group	Total		People	301,056	350,864	368,247	322,525	268,655 ^{*1}
		(By region)	Japan	People	162,100	158,194	156,768	133,762	113,737
			China		41,673	51,903	50,707	43,410	33,167
			ASEAN, India, and the rest of Asia		45,114	61,411	69,876	62,614	52,704
			North America		22,034	27,122	27,914	22,863	17,906
			Europe		17,850	32,449	42,519	43,155	42,240
			Other areas		12,285	19,785	20,463	16,721	8,901
Number of employees (by gender and age)	Hitachi Group ^{*2}	Total		People	244,962	279,659	283,020	294,746	237,160
		(By gender)	Men	People	199,603	228,278	227,652	230,947	185,607
			Women		45,359	51,381	55,368	63,799	51,553
		(By age) ^{*3}	15–19 years old	%	0.5	0.5	0.4	0.5	0.4
			Japan	%	0.4	0.4	0.3	0.2	0.2
			Outside Japan		0.1	0.1	0.1	0.2	0.2
			20–29 years old	%	15.7	14.9	15.2	19.0	19.9
			Japan	%	9.8	8.6	8.2	6.6	7.3
			Outside Japan		5.9	6.3	7.0	12.4	12.5
			30–39 years old	%	26.8	27.5	27.8	29.5	28.1
			Japan	%	16.5	13.9	12.7	9.8	10.1
			Outside Japan		10.1	13.6	15.1	19.6	18.0
			40–49 years old	%	30.4	29.1	28.5	26.2	25.1
			Japan	%	23.8	19.4	17.5	13.0	13.1
			Outside Japan		6.6	9.7	11.0	13.1	12.0

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023		
Number of employees (by gender and age)	Hitachi Group ^{*2}	(By age) ^{*3}	50–59 years old		%	25.1	25.6	25.6	22.6	23.9	
				Japan	% %	21.5	19.6	19.1	15.9	17.2	
				Outside Japan		3.6	6.0	6.5	6.7	6.7	
			60–69 years old		%	1.6	2.4	2.4	2.2	2.6	
				Japan	% %	0.6	0.6	0.6	0.4	0.5	
				Outside Japan		0.9	1.8	1.8	1.8	2.1	
			Over 70 years old		%	0.0	0.1	0.1	0.1	0.1	
				Japan	% %	0.0	0.0	0.0	0.0	0.0	
				Outside Japan		0.0	0.1	0.1	0.1	0.1	
	Hitachi, Ltd.	Total			People	31,442	29,850	29,485	28,672	28,111	
		(By gender)	Men		People	25,628	24,100	23,749	22,939	22,375	
			Women			5,814	5,750	5,736	5,733	5,736	
Average age	Hitachi Group ^{*2}	Total			Age	41.5	41.8	41.7	41.2	41.4	
		(By gender)	Men		Age	41.9	42.2	42.1	41.7	41.9	
			Women			39.4	40.1	40.2	39.6	40.0	
	Hitachi, Ltd.	Total			Age	42.4	43.0	43.3	43.4	43.4	
		(By gender)	Men		Age	43.0	43.5	43.8	43.9	43.9	
			Women			40.1	40.8	41.1	41.2	41.3	
Average service (years)	Hitachi Group ^{*2}	Total			Years	15.0	13.6	13.5	12.6	12.9	
		(By region)	Japan		Years	18.8	18.9	18.1	18.3	19.2	
			China			8.4	8.4	9.2	10.2	11.2	
			ASEAN, India, and the rest of Asia			7.4	7.2	8.2	7.1	5.0	
			North America			7.2	6.4	7.5	8.3	8.2	
			Europe			8.3	6.0	5.7	9.1	8.8	
			Other areas			7.6	7.5	5.7	6.7	6.8	
	(By gender)	Men			Years	15.7	14.2	13.8	13.4	13.7	
		Women				11.8	11.0	10.9	10.1	10.1	
	Hitachi, Ltd.	Total			Years	17.9	18.3	18.5	18.6	18.5	
		(By gender)	Men		Years	18.5	18.8	19.0	19.2	19.1	
			Women			15.6	16.0	16.2	16.3	16.4	

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023	
Turnover rate^{*4,5}	Hitachi Group ^{*2}	Total			%	5.2	4.3	7.5	8.5	6.3
		(By region)	Japan		%	2.5	2.0	3.3	2.6	2.6
			Outside Japan			10.9	7.4	13.1	13.5	9.7
		(By gender)	Men		%	4.8	4.1	7.1	7.8	6.1
			Women			7.2	5.2	8.9	10.8	6.9
	Hitachi, Ltd.	Total			%	1.7	1.4	1.8	2.0	2.1
		(By gender)	Men		%	1.5	1.3	1.7	1.8	2.1
			Women			2.8	2.1	2.3	2.8	2.6

Note: Regional classifications were changed from fiscal 2020.

*1 The decrease in the number of group employees from the previous fiscal year is mainly due to the deconsolidation of Hitachi Astemo.

*2 Manufacturing workers not registered in the employee database and employees of some newly consolidated companies are not included. As of the end of fiscal 2023, these numbers were approximately 23,000 and approximately 8,000, respectively.

*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.

Talent Development

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of participants of management training programs	Hitachi Group	For management leaders	People	90	78	76	87	72	
		For managers	People	3,973	3,481	3,900	4,191	3,871	
Training hours per employee	Hitachi Group ^{*2}			Hours	—	—	25.9	27.9	30.3
Average amount invested in training per employee ^{*1}	Hitachi Group ^{*2}			Yen	—	61,700	58,300	77,400	86,950
	Hitachi Group companies in Japan ^{*3}				128,000	—	—	—	—

*1 The scope of data was changed from the Hitachi Group companies in Japan to the Hitachi Group from fiscal 2020.

*2 Targets of the survey are Hitachi, Ltd., group companies with more than 500 employees, some major group companies, and regional headquarters. We compiled the results of the companies that responded.

*3 FY2019 Japan: Hitachi, Ltd. and 12 major group companies in Japan, total 13.

Digital Talent

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Digital talent headcount	Hitachi Group	Total		People	30,000	35,000	67,000	83,000	95,000
		(By region)	Japan	People	19,000	23,000	29,000	42,000	50,000
			Outside Japan		11,000	12,000	38,000	41,000	45,000

Note: 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).

Employee Engagement

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of positive responses to employee engagement questions	Hitachi Group	Global average		%	60	62	65	69.5	68.6
		(By region)	Japan	%	—	—	56	61.2	61.6
			Outside Japan		—	—	80	82.3	80.2

Note: Questions change slightly each year. Above figures are not adjusted for changes in questions. In fiscal 2023, 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.

Diversity, Equity and Inclusion

Registered Employees, Managers, Wage, New Hires

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023		
Number and ratio of registered employees ¹	Hitachi Group ^{1,2}	Total number of registered employees		People	251,016	285,857	291,028	301,320	241,504		
		Number and ratio of women employees		People (%)	48,665 (19.4)	54,719 (19.1)	58,830 (20.2)	67,224 (22.3)	54,315 (22.5)		
		(By region)	Japan	People (%)	26,203 (15.6)	26,106 (16.0)	26,773 (16.5)	24,832 (17.9)	22,815 (19.4)		
			China		6,856 (37.5)	7,232 (34.1)	7,594 (35.7)	7,869 (35.1)	4,504 (34.3)		
			ASEAN, India, and the rest of Asia		6,828 (25.3)	6,990 (20.7)	9,120 (20.6)	15,851 (25.2)	11,359 (25.7)		
			North America		3,955 (24.9)	4,298 (22.7)	4,954 (25.7)	5,076 (25.1)	4,049 (24.3)		
			Europe		2,361 (21.3)	6,903 (22.0)	6,761 (23.8)	9,705 (23.6)	9,707 (24.0)		
			Other areas		2,462 (23.4)	3,190 (18.2)	3,628 (23.4)	3,891 (24.6)	1,881 (19.8)		
		Hitachi, Ltd.	Total number of registered employees		People	34,997	33,198	32,713	32,086	31,565	
			Number and ratio of women employees		People (%)	6,649 (19.0)	6,537 (19.7)	6,595 (20.2)	6,584 (20.5)	6,563 (20.8)	
Number and ratio of managers ³	Hitachi Group ^{1,2}	Total number of managers		People	48,336	48,712	48,690	65,171	61,291		
		Number and ratio of women managers		People (%)	4,302 (8.9)	4,641 (9.5)	4,762 (9.8)	8,461 (13.0)	8,639 (14.1) ✓		
		(By region)	Japan	People (%)	—	—	1,540 (4.5)	1,609 (5.0)	1,669 (5.7)		
			Outside Japan	People (%)	—	—	3,222 (22.4)	6,852 (20.8)	6,970 (21.7)		

	Reporting Boundary		Unit	FY2019	FY2020	FY2021	FY2022	FY2023	
Number and ratio of managers^{*3}	Hitachi, Ltd. ^{*4}	Total number of managers		People	12,694	11,881	11,584	11,188	11,049
		Number and ratio of women managers		People (%)	700 (5.5)	768 (6.5)	785 (6.8)	826 (7.4)	866 (7.8)
		(By rank)	Department manager or above	People (%)	147 (3.9)	156 (4.5)	146 (4.3)	160 (5.0)	170 (5.3)
			Section manager		553 (6.2)	612 (7.3)	639 (7.8)	666 (8.4)	696 (8.9)
Wage ratio of women to men^{*1,5,6}	Hitachi Group ^{*2}	All employees		%	—	—	—	—	80.1
		Permanent and full-time employees		%	—	—	—	—	80.6
			Managerial level	% —	—	—	—	—	92.3
			Non-Managerial level		—	—	—	—	86.2
		Part-time or fixed-term employees		%	—	—	—	—	74.0
		All employees		%	—	—	—	—	69.4
	Hitachi Group companies in Japan ^{*7}	Permanent and full-time employees		%	—	—	—	—	70.2
			Managerial level	% —	—	—	—	—	95.7
			Non-Managerial level		—	—	—	—	79.2
		Part-time or fixed-term employees		%	—	—	—	—	61.5
		All employees		%	—	—	—	—	89.9
		Permanent and full-time employees		%	—	—	—	—	89.5
	Hitachi Group companies outside Japan ^{*2,8}		Managerial level	% —	—	—	—	—	88.8
			Non-Managerial level		—	—	—	—	91.9
	Part-time or fixed-term employees		%	—	—	—	—	—	97.2

	Reporting Boundary		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number and ratio of new employees hired^{*1}	Hitachi Group ^{*2}	Total	People	14,997	17,963	29,539	32,733	25,696
		Number and ratio of new women employees hired ^{*1}	People (%)	3,943 (26.3)	4,269 (23.8)	6,489 (22.0)	9,593 (29.3)	7,003 (27.3)
		(By region)	Japan	1,372 (23.0)	1,329 (23.9)	2,051 (15.7)	1,275 (25.8)	1,346 (26.0)
				400 (30.9)	371 (31.9)	449 (38.3)	377 (29.0)	179 (23.4)
			ASEAN, India, and the rest of Asia	1,002 (27.7)	595 (22.2)	1,402 (22.0)	4,314 (30.4)	2,900 (27.9)
			North America	635 (29.7)	574 (23.2)	927 (27.9)	1,212 (28.3)	897 (30.8)
			Europe	147 (22.9)	970 (26.5)	971 (27.9)	1,482 (28.8)	1,217 (27.2)
			Other areas	387 (28.9)	430 (17.8)	689 (27.4)	933 (32.7)	464 (23.6)

*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 Manufacturing workers not registered in the employee database and employees of some newly consolidated companies are not included. As of the end of fiscal 2023, these numbers were approximately 23,000 and approximately 8,000, respectively.

*3 The increase in the number and percentage of women managers over time reflects improved coverage of our employee database and changes in the number of consolidated companies. Also, the figure does not include some employees whose grades (job titles) are not registered in the employee database.

*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 We apply the same system of compensation and benefits regardless of the employee's gender. The gender pay gap is resulting from factors including a high proportion of men employees in senior positions including managers and especially in Japan, the proportion of women employees in managerial position is low and a higher proportion of employees working shorter hours being women rather than men.

*6 Calculated in accordance with the laws and regulations of the country where each company is located, basically based on assumed cash compensation including annual basic bonuses, allowances and variable bonuses.

*7 Hitachi Group companies in Japan and the assumptions for these calculation are based on the Act on the Promotion of Women's Active Engagement in Professional Life.

*8 Companies with 250 or more employees.

Diversity in the Executive and Corporate Officers, and Directors

	Reporting Boundary			Unit	July 2020	June 2021	June 2022	June 2023	June 2024
Number and ratio of women and non-Japanese executive and corporate officers	Hitachi, Ltd.	Women	Number	People	5	7	9	9	9
			Ratio	%	7.1	10.1	12.2	11.4	11.8
		Non-Japanese	Number	People	6	8	13	16	19
			Ratio	%	8.6	11.6	17.6	20.3	25.0

	Reporting Boundary			Unit	July 2020	June 2021	June 2022	June 2023	June 2024
Number and ratio of women and non-Japanese Directors	Hitachi, Ltd.	Total		People	13	13	12	12	12
		Gender	Men	People	11	11	10	10	10
				%	84.6	84.6	83.3	83.3	83.3
			Women	People	2	2	2	2	2
				%	15.4	15.4	16.7	16.7	16.7
		Nationality	Japanese	People	7	7	7	7	7
				%	53.8	53.8	58.3	58.3	58.3
			Non-Japanese	People	6	6	5	5	5
				%	46.2	46.2	41.7	41.7	41.7

Maternity / Partner's Leave, Childcare Leave

	Reporting Boundary			Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Maternity / partner's leave	Hitachi, Ltd.	Utilization rate ^{*1}	Men	% [*]	38.1	33.8	32.9	43.9	51.3
			Women		100.0	100.0	100.0	100.0	100.0
		Return rate for recipients ^{*2}	Men	% [*]	100.0	100.0	100.0	100.0	100.0
			Women		100.0	99.7	100.0	98.3	99.5
		Retention rate for recipients ^{*3}	Men	% [*]	96.9	97.7	97.5	99.4	97.3
			Women		100.0	99.7	98.5	100.0	100.0
		Utilization rate ^{*4}	Men	% [*]	4.0	7.3	9.9	18.4	26.3
			Women		99.6	99.6	100.0	100.0	100.0
		Return rate for recipients ^{*5}	Men	% [*]	100.0	100.0	100.0	100.0	92.3
			Women		97.4	98.9	100.0	99.3	98.5
		Retention rate for recipients ^{*6}	Men	% [*]	84.8	71.4	94.4	100.0	96.3
			Women		95.5	98.0	96.6	95.9	96.7
Childcare or partner maternity leave	Hitachi, Ltd.	Utilization rate ^{*7}	Men	%	37.2	35.4	40.6	56.8	65.2

*1 Total number of employees who took maternity leave or partner's maternity leaves / Total number of employees with newborn children

*2 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

*3 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

*4 Total number of employees who took child-care leave / Total number of employees with newborn children

*5 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 voluntary without retuning

*6 Total number of employees continuously working one year after returning from child-care leave / Total number of employees returning from child-care leave

*7 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

Employment of People with Disabilities

	Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Employment of people with disabilities	Hitachi, Ltd. ^{*1}	People	2,403	2,575	2,767	2,650	2,290
Employment rate of people with disabilities		%	2.33	2.37	2.43	2.48	2.64

*1 It includes special subsidiaries and related group companies. (There were one special subsidiary and 21 related group companies in June 2024.)

Occupational Health and Safety

	Reporting Boundary			Unit	CY2019	CY2020	CY2021	FY2021	FY2022	FY2023	
Total recordable injury frequency rate (TRIFR^{*1})	Hitachi Group	Total		—	0.37	0.29	0.28	0.27	0.26	0.16	
		(By region)	Japan	—	0.17	0.14	0.12	0.12	0.14	0.13	
			Asia (excluding Japan)	—	0.30	0.17	0.12	0.11	0.09	0.05	
		North America, Central and South America		—	1.66	1.54	1.36	1.20	1.10	0.38	
		Europe		—	0.53	0.45	0.38	0.45	0.39	0.32	
Number of fatal accidents	Hitachi Group (including contractors)			Cases	5	3	2	2	5	4	
Number of deaths	Hitachi Group	Employees		People	4	1	1	1	3	0	
	Hitachi, Ltd.	Employees			0	0	0	0	0	0	
	Contractors	Contractors			1	2	1	1	2	5	
Lost-time accidents	Hitachi Group			Cases	396	314	434	432	372	175	
	Hitachi Group companies in Japan ^{*2}				57	52	54	44	51	25	
	Hitachi, Ltd.				6	4	3	1	4	3	

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 to April through March beginning in fiscal 2021.

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

*2 Hitachi Group figures for Japan, including Hitachi, Ltd., are for 169 group companies in 2019; 136 companies in 2020; 131 companies in 2021; 142 companies in 2022; and 96 companies in 2023.

	Reporting Boundary	Unit	CY2019	CY2020	CY2021	CY2022	CY2023
Occupational accident severity rate^{*1}	Hitachi Group companies in Japan ^{*2}	—	0.03	0.00	0.00	0.02	—^{*4}
Occupational accident frequency rate^{*1}	Hitachi Group companies in Japan ^{*2}	—	0.17	0.17	0.17	0.16 ^{*3}	—^{*4}

Notes: The period for each year is from January to December

*1 Occupational accidents are defined as those involving a fatality or work-time loss of one day or more.

*2 Hitachi Group figures for Japan, including Hitachi, Ltd., are for 169 companies in 2019; 136 companies in 2020; 131 companies in 2021; 142 companies in 2022.

*3 For management purposes, the figures for companies that became affiliated companies during 2022 are aggregated for the year from January to December.

*4 Data not collected from 2023 onwards in order to manage TRIFR and the number of fatal accidents as occupational health and safety KPIs for the entire Hitachi Group.

	Reporting Boundary			Unit	CY2019	CY2020	CY2021	CY2022	CY2023
Absence rate^{*1}	Hitachi Group companies in Japan	(By health type)	Mental	% %	0.65	0.62	0.66	0.74	0.84
			Physical		0.25	0.22	0.21	0.24	0.21

Notes: The period for each year is from January to December

*1 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	FY2019	FY2020	FY2021	FY2022	FY2023
Medical exam and screening attendance rates	Hitachi Group companies in Japan	(By exam type)	General physical exam ^{*1}	%	81.2	81.1	80.6	82.4	92.8
			Breast cancer screening ^{*2}		56.3	56.6	57.1	58.4	61.0
			Uterine cancer screening ^{*3}		38.7	39.1	39.3	40.9	42.1
			Stomach cancer screening ^{*4}		82.7	82.2	84.7	86.5	85.5
			Intestinal cancer screening ^{*4}		83.5	83.0	85.5	87.3	86.4
			Lung cancer screening ^{*5}		95.8	96.8	98.0	98.7	97.2
Smoking rate^{*6}	Hitachi Group companies in Japan			%	29.8	28.4	27.6	27.0	23.4

*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

*6 Employees aged 35 and over (results of specific medical examinations)

Responsible Procurement

Sustainable Procurement Activities

	Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Sustainability monitoring	Hitachi Group	Companies	291	271	(Human rights) 2,524 ^{*1} (Environment) 708 ^{*1}	1,374 ^{*2}	3,227
Sustainability audits			19	27	25	128 ^{*3}	150
Sustainability Procurement Seminars			59	450	359	520	269 ^{*4}

*1 Sustainability monitoring in fiscal 2021 was focused on human rights and environmental risk assessment.

*2 Sustainability monitoring from fiscal 2022 onwards has been focused on environment, labor and human rights, ethics, and sustainable procurement.

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

*4 Procurement partners of Hitachi Astemo not included in the Sustainable Procurement Seminars for fiscal 2023.

Rate of Local Procurement of Materials for Main Regions

	Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022 ^{*1}	FY2023 ^{*2}
China	Hitachi Group	%	90	98	95	93	95
Asia (excluding China and Japan)			71	80	87	85	81
Europe			78	77	83	83	82
Americas			69	70	83	74	82

*1 Hitachi Metals and Hitachi Construction Machinery were excluded from fiscal 2022, and Hitachi Energy was included from fiscal 2022.

*2 Data for Hitachi Astemo only collected for the first half in fiscal 2023.

Green Purchasing

	Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Green purchasing rate ^{*1}	Hitachi Group	%	84	83	83	81	81

*1 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	CY2019	CY2020	CY2021	CY2022	CY2023
Number of surveys on conflict minerals conducted from customer requests ^{*1}	Hitachi Group ^{*2}	Cases	1,645	1,836	2,002	— ^{*3}	—

Note: Reported statistics is from January to December every year

*1 The data for 2021 are the most recent available, due to the timing of data compilation.

*2 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.

*3 Each BU and group company responds to investigations and inquiries regarding conflict minerals. However, due to the deconsolidation of some BUs and group companies, which account for a large portion of the responses, the data has not been compiled since 2022.

Social Contribution Activities

Funding for Social Contribution Activities and Total Employees Participating

	Reporting Boundary		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Funding for social contribution activities	Hitachi Group and The Hitachi Global Foundation ^{*1}	Total	Million Yen	1,833	1,910	1,869	1,490	2,441
		By area ^{*2}	STEAM	278 (15.2)	325 (17.1)	201 (10.8)	193 (12.9)	433 (17.8)
			Environment	51 (2.8)	23 (1.2)	36 (1.9)	65 (4.3)	49 (2.0)
			Community support	477 (26.0)	206 (10.8)	295 (15.8)	444 (29.8)	360 (14.7)
			Other	1,027 (56.0)	1,356 (71.0)	1,337 (71.5)	789 (52.9)	1,599 (65.5)
			Of which, disaster relief and humanitarian aid	86 (4.7)	220 (11.5)	143 (7.7)	163 (11.0)	105 (4.3)
Total employees participating	Hitachi Group and The Hitachi Global Foundation ^{*1}		People	88,134	39,982	33,585	23,576	28,398

*1 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

FY2023 Japan: Hitachi, Ltd., 85 Group companies, and The Hitachi Global Foundation. Outside Japan: 166 companies

*2 Area classifications were changed from fiscal 2022.

Corporate Governance

Hitachi views the expansion of long-term and overall shareholder returns 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 facilitate the maintenance of these relationships and 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.

Initiatives to Strengthen Corporate Governance

History of Hitachi's Corporate Governance Reform

1999	Introduction of Objective Perspective	Management Advisory Committees ► Practical advice from experts in Japan and overseas
2003	Demarcation of Management Oversight and Execution	Transitioned to a company with committees (currently a company with nominating committee, etc.) ► Increased management speed and improved management transparency
2006	Enforcement of Companies Act	
2010	Enhancement of Interactions with Capital Markets	Launched Hitachi IR Day (briefing on business strategy by division) ► Clarified commitment of business units top management to the capital markets
2012	Acceleration of Global Management Development of Guidelines for Strengthening Governance	Increased number of Independent directors, including non-Japanese directors, to comprise a majority Development of Corporate Governance Guidelines
2014	Development of Stewardship Code	
2015	Application Start of Corporate Governance Code	
2016	Enhanced Dissemination of Information about Medium- to Long-term Sustainable Growth	Published the Integrated Report
2019	Acceleration of the Social Innovation Business across Five Growth Fields	Executive vice presidents were placed in five sectors Held ESG briefing sessions ► An independent director (chair of the Audit Committee) and the CEO shared their remarks
2022	Reception of Grand Prize Company at JACD Corporate Governance of the Year® 2022	
2023	Amendment of Executive Compensation System	Further strengthen links between corporate value and compensation

Implementing All of the Principles of the Corporate Governance Code

We are implementing all the principles of the Corporate Governance Code. Please refer to the Corporate Governance Report for details.

[Corporate Governance Report \(as of July 10, 2024\) \(PDF format\)](#)

Experience, Knowledge and Capabilities Required for Directors

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
 Corporate management	Corporate management experience and knowledge	12 people
 Global business	Business experience outside Japan or management experience at a company that develops business globally	12 people
 Risk management	Knowledge of risk assessment and management necessary to maintain operations	12 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
Professional Skills Expertise and experience that enhance discussions pertaining to the promotion of the Social Innovation Business		Number of applicable directors
 Governments 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	5 people
 Legal affairs	Expertise and practical experience in legal affairs indispensable for global business and the development of new business	2 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	3 people
 Digital	Practical experience in industrial fields vital for promoting digital transformation (DX) in the Social Innovation Business	4 people

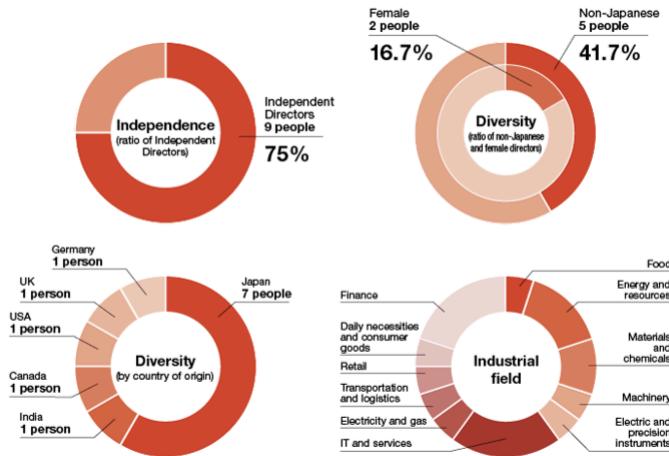
Policies and procedures for nomination of Director candidates

In accordance with the provisions of the company law, the Company shall determine the candidates Director Nominating Committee. The size, structure, aptitude, and independence of the independent Director of the Board of Directors, which should be considered in determining the Director candidate, are stipulated in article 2 and 5 of the company's Corporate governance guidelines:

Function, size of the board	<ul style="list-style-type: none"> Given the need for diversity of the Board views and efficiency of the Board, the number of directors shall be no more than 20, diversity in the experience and expertise, etc. possessed by the director candidates, the composition ratio between outside directors and other directors (directors concurrently serving as executive officers and non-executive directors from within the Hitachi Group), and other such matters in order to ensure the effectiveness of the management supervision and decision-making functions of the Board. Consider the period of time since the candidate's assumption of office as the Company's director and the candidate's age to keep bringing fresh ideas and viewpoints regularly to the Board. In principle, a person will not be nominated as a director candidate after his or her 75th birthday. However, in special circumstances, a person over 75 years old may be nominated as a director candidate if the Nominating Committee approves. Also, in principle, the Nominating Committee will not nominate a person as an independent director candidate if a person has reached 10 years of total tenure. However, in special circumstances, a person with the total tenure of 10 years or more may be nominated as an independent director candidate, but even in this case, a person with the total tenure of 12 years or more can no longer be nominated as an independent director candidate.
Qualification for Directors	<p>In nominating a director candidate, the Nominating Committee shall consider that:</p> <ol style="list-style-type: none"> such nominee has the highest personal and professional ethics, integrity and insight; and such outside director nominee has distinguished records of leadership or experience at policy making levels in business, law, administration, or accounting, etc., in addition to satisfying the criteria for independency.
Criteria for Independency	<p>The Nominating Committee considers an outside director to be independent unless:</p> <ol style="list-style-type: none"> his or her immediate family member is, or has been within the last three years, a director or an executive officer of the Company or any of its subsidiaries; he or she is currently an executive director, an executive officer or an employee of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues; he or she has received during any of the last three fiscal years more than ¥ 10 million in direct compensation for his or her service as a specialist in law, accounting or tax, or as a consultant from the Company, other than director compensations; or he or she serves as an executive officer or director of a not-for-profit organization, and the Company's discretionary charitable contributions to the organization in any of the last three fiscal years are more than ¥ 10 million and 2% of that organization's annual gross revenues.

Board of Directors Composition (As of June 2024)

At Board of Directors, discussions are conducted from a variety of perspectives by directors possessing a wealth of experience and knowledge pertaining to management, legal affairs, accounting, capital markets, government agencies and digital initiatives at global corporations.



Highly Experienced Directors

Name	Main industrial fields	Notes	Positions at Hitachi and responsibilities
Katsumi Ihara	Electric and precision instruments, finance	Engaged in Sony Group management, possessing a wealth of experience and insight in the field of international corporate management.	Independent director Nominating Committee chairman Audit Committee member Compensation Committee member
Ravi Venkatesan	IT and services	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.	Independent director
Ikuro Sugawara	General industry	Held a leading position in the Ministry of Economy, Trade and Industry, and possesses a wealth of experience and insight in the administrative field.	Independent director Audit Committee member
Isabelle Deschamps	Food, energy and resources, daily necessities and consumer goods	Attorney licensed in Quebec in Canada and the UK possessing a wealth of insight into corporate legal affairs and corporate governance cultivated through experience as a Legal Officer at Nestle, Unilever, Rio Tinto and other large global corporations.	Independent director
Joe Harlan	Electricity and gas, energy and resources, materials and chemicals	Possesses a wealth of experience and insight in international corporate management, including at the Dow Chemical Company.	Independent director Compensation Committee member
Louise Penstrand	IT and services, finance and retail	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.	Independent director
Takatoshi Yamamoto	Finance	Possesses extensive insight into business and management in the fields of corporate analysis and international corporate management.	Independent director Compensation Committee chairman
Hiroaki Yoshihara	Finance, general industry	Possesses a high degree of professional knowledge and a wealth of experience in the fields of international corporate management, finance and accounting.	Independent director Nominating Committee member Audit Committee chairman
Helmut Ludwig	Machinery, manufacturing	Mainly engaged in Siemens Group management, possessing a wealth of experience and insight in international corporate management and the digital field in particular.	Independent director Audit Committee member
Keiji kojima	IT and services	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.	Director, Representative Executive Officer, President & CEO Compensation Committee member
Mitsuaki Nishiyama	Materials and chemicals	Engaged in operations in accounting and financial affairs and management at Hitachi and Group company etc., possessing a wealth of experience and achievements.	Director Audit Committee member
Toshiaki Higashihara	Transportation and logistics, IT and services, energy and resources	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.	Director, Executive Chairman, Representative Executive Officer Nominating Committee member

[Board of Directors ↗](#)

[Message from the Chairman of the Board ↗](#)

Analysis and Evaluation of the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of its Board of Directors as a whole each year, in a continuous effort to maintain and improve its functions.

Fiscal 2023 Evaluation Process

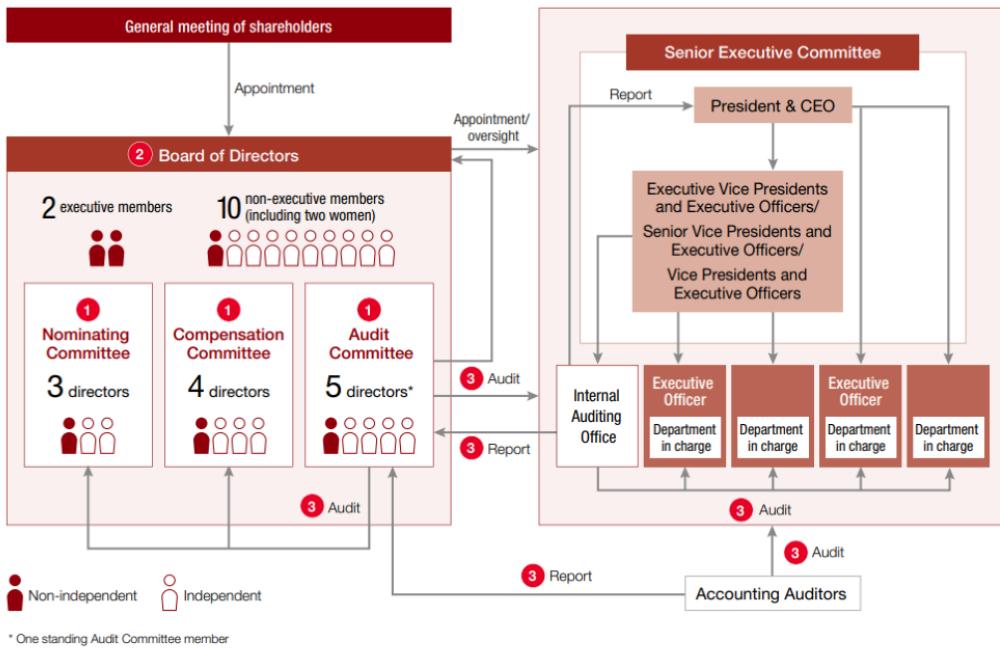
Points of evaluation	
1. Questionnaire-based self-assessment by each director (February 2024)	<p>All Directors carried out a self-assessment of the Board for the following points through distributed questionnaires.</p> <ul style="list-style-type: none"> • Board Role • Board Composition (Diversity of the Board, the number and proportion of Independent Directors, etc.) • Board Operation (Relation between the Board and Executive Officers, appropriateness of agenda setting, time allocation, meeting frequency, etc.) • Committee Activities (Composition, roles, report to the Board, etc.) • Information to the Board (Provision of information such as the Board materials and business information, etc.) • Contribution of the Board member itself (Utilization of Director's knowledge and experience, understanding of Hitachi Group Identity, etc.) • Contribution by the Board (Role of Chairperson, contribution to the succession plan of CEO, external PR activities and dialogue with investors, etc.)
2. Discussions among independent directors (March 2024)	<ul style="list-style-type: none"> • Independent directors had a meeting and discussed the Board effectiveness there referring to the Board's activities in each evaluation item set out in 1.above.
3. Discussions at the Board meeting (May 2024)	<ul style="list-style-type: none"> • The Board analyzed and evaluated its effectiveness as a whole and confirmed the policy on approaches to further enhance the Board's effectiveness based on the results of the preceding process, considering comparison to the evaluation results for previous year and measures taken for improving its effectiveness.

Evaluation Results & Future Initiatives

Overall evaluation	
Overall evaluation in FY2023	<p>The Board assessed that the Board members are diverse and make use of their knowledge and expertise to speak out, having vigorous discussions especially on matters related to business strategies such as the mid-term management plan toward mid/long-term growth of corporate value. The Board, therefore, concluded that the effectiveness of the Board as a whole is maintained.</p>
Future Initiatives	
Enhancement of corporate governance and further improvement of the effectiveness of the Board	<ul style="list-style-type: none"> • Based on discussions at the Board meetings, set up meetings to provide feedback and confirm future action items with executives to further promote shared recognition between the Board members and the executives. • The Board will respond to requests for dialogue from investors etc. to the extent possible, with prior confirmation of the content and selection of appropriate personnel. • The Company will expand opportunities for the Independent Directors to support in the development program of executive candidates.
Enhancement of the Board support system and improvement of practical issues in operations	<ul style="list-style-type: none"> • Increase opportunities for independent Directors to further understand the businesses of the Company such as visiting operation sites of Hitachi Group. • Further improve structure and contents of materials for the Board meeting and operation of provision of materials well in advance of the Board meeting.

Corporate Governance Framework

Hitachi's Corporate Governance Framework and Features (As of June 2024)



POINT ①① Transparency in Management

Transitioned to a company with committees (currently a company with a nominating committee, etc.) in 2003.

Hitachi established the Nominating Committee, the Compensation Committee and the Audit Committee, with independent directors comprising the majority of members and serving as chairpersons. This system ensures transparency in management, separates the oversight and execution of management, facilitates the full exercise of oversight functions, and enables discussions and reports to be conducted appropriately within these three committees.

POINT ②② Independence of the Board of Directors

Increased the number of independent directors, including non-Japanese directors, in 2012.

The Board of Directors, which is chaired by an independent director, has 12 members, including nine independent directors, two directors who are also serving as executive officers, and one director who is not serving as an executive officer. The chairman of the Board is an independent director. In addition, we have established a system that facilitates the full exercise of oversight functions by maintaining a separation between management oversight and execution.

POINT ③③ Enhanced Collaboration through Tripartite Auditing

Hitachi's Audit Committee and internal audit sections collaborate with third-party accounting auditors to strengthen Tripartite Auditing aimed at increasing the effectiveness of internal controls.

Administrative Performance of the Board of Directors

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.

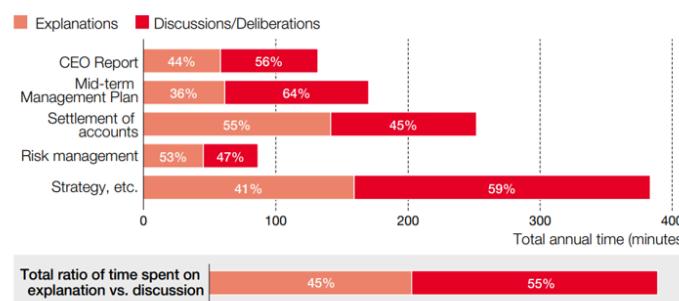
In fiscal 2023, we reported on the progress of the Mid-term Management Plan 2024, including overall priority items and progress in each sector, and confirmed consistency with the plan. In addition to management plans and business strategy, wide-ranging discussion and deliberation took place regarding responses to cybersecurity, the risks of generative AI, and other matters.

Aside from these strategic discussions on basic management policies and risk-related discussions, recognition is shared between the supervisory and executive sides of management by reporting to the Board of Directors on important topics discussed in the Senior Executive Committee, an advisory body to the President & CEO, in order to promote discussion. To facilitate more lively discussion on these topics, more time is allotted to exchanging opinions than explaining each topic.

Board of Directors meetings in FY2023

FY2022 Board of Directors Meeting Results	
Meetings held	Nine days
Average number of agenda items	8.2 per meeting
Average meeting length	2.9 hours (longest meeting 5.8 hours)

FY2023 time spent and ratios of explanations and discussions of important topics (results up to January 31, 2024)



Providing Information to Independent Directors

The Board of Directors holds individual meetings and site visits to improve the effectiveness of the Board of Directors and increase opportunities for information sharing. Hitachi holds Board of Directors meetings in countries closely related to its business once a year in general. In September 2023, we held a board meeting in Stockholm, Sweden. At the meeting held in Stockholm, directors discussed business strategy and environmental strategy in Europe, attended lectures by local experts, and visited local subsidiaries. In addition, in December 2023 Hitachi held a Board of Directors meeting at the Kyoso-no-mori, the R&D Group's Kokubunji site, which is one of Hitachi's research-and-development sites. Directors discussed research-and-development strategy and innovation strategy, and were briefed on research-and-development initiatives by front-line employees. Hitachi has also created opportunities for directors to increase their understanding of the businesses and engage in dialogue with senior management and frontline employees, including participation in the Hitachi Social Innovation Forum, internal business conferences, and research presentations held at research institutes, including those online, as well as visits to Hitachi Origin Park and other sites.

Activities of the Three Committees

Nominating Committee

■Major activities

In fiscal 2023, the Nominating Committee decided on the details of the election of directors to be submitted for proposal to the Annual General Meeting of Shareholders, discussed candidates for successor to the CEO, and received and confirmed a preliminary report on the structure of the executive officers for fiscal 2024. 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 2023, the Nominating Committee held 10 meetings.

Audit Committee

■Major activities

In fiscal 2023, the Audit Committee's major activities involved taking up important matters for consideration, such as strengthening Hitachi's Tripartite Audit structure (Audit Committee, Internal Audit Office, and accounting auditor), promoting information sharing, and auditing the development and operational status of an internal control system based on risk management and the appropriateness of business execution. In addition, the standing Audit Committee member worked to keep abreast of timely and accurate information and share information with other committee members by coordinating with the Internal Audit Office and other departments, and attending important internal meetings including those of the Senior Executive Committee.

In fiscal 2023, the Audit Committee held 15 meetings.

Compensation Committee

■Major activities

In fiscal 2023, in accordance with the policy for determining the details of compensation for directors and executive officers, the committee determined the amount of compensation for each individual director and executive officer, including the assessment of fixed compensation, as well as confirmation of and deliberation over the processes and details of performance evaluations and individual target evaluations regarding short-term incentive-based compensation for executive officers.

The committee also held discussions in light of analysis results from an outside third party organization on whether the new compensation system for executive officers revised in the previous fiscal year was functioning soundly as an incentive for enhancing corporate value in the medium to long term. Specifically, the committee confirmed the appropriateness of compensation levels based on a compensation benchmark analysis with the Japanese, European, and U.S. markets, and verified whether the new incentive system was functioning effectively from various angles, including verifying target settings and the validity of assessments.

In addition, the committee discussed the role of compensation for the Company's directors, a group made up of talent from various regions, in light of the compensation benchmark analysis. As a result, the committee decided to introduce a new compensation system from fiscal 2024 to promote greater awareness of enhancing corporate value in management supervision and advice.

More specifically, the committee revised compensation to levels that are competitive in the global market and introduced stock-based compensation with the aim of fostering an awareness of medium- to long-term enhancement of corporate value and sharing value with shareholders.

Note that in conducting its deliberations, the Compensation Committee took into account changing management conditions and feedback from shareholders and investors, while also seeking the necessary information, advice, and other insight from third-party organizations with global knowledge and experience.

In fiscal 2023, the Compensation Committee held seven meetings.

CEO Appointment, Dismissal, and Succession Plan

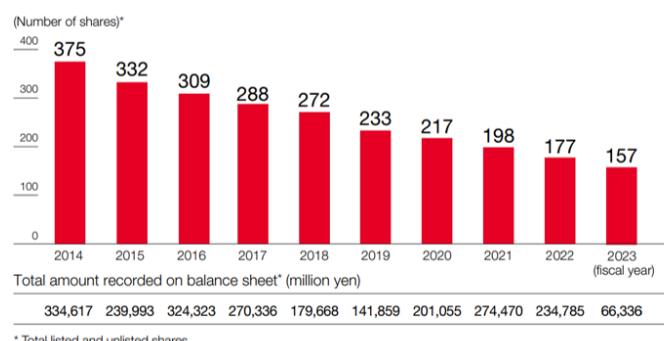
After a preliminary report to the Nominating Committee, Hitachi's Board of Directors decides upon the appointment and dismissal of executive officers with the goal of constructing an optimal business execution system for management. As stipulated in our Corporate Governance Guidelines, our basic policy concerning the CEO requires that individuals serving in the position of CEO have extensive experience and achievements in the field of company management. They must also be considered optimally suited for conducting management aimed at achieving Hitachi's goals of continuously raising its corporate value and further serving the common interests of its shareholders. Decisions regarding the appointment or dismissal of the CEO shall be made based on prior deliberations and proposals by the Nominating Committee.

Regarding our CEO Succession Plan, as the speed of change in the management environment accelerates, we are striving to build a system that enables us to appropriately and promptly secure and develop (both internally and globally) necessary management personnel who will provide leadership that will allow us to realize our growth strategies. Accordingly, we are also concentrating on providing training for selected employees while targeting the early development of candidates for future management positions. Through this, participants discuss what is necessary for Hitachi's future growth, and by providing a forum for making recommendations to management, we foster next-generation leaders capable of acting authoritatively and resolutely.

Policy regarding Strategic Shareholdings

Hitachi's basic policy is not to acquire or hold the shares of other companies except in cases where acquiring or holding such shares is necessary in terms of commercial transactions or business relationships. We will promote divesting such shares already held unless the significance or economic rationalities of holding are confirmed. The Board of Directors verifies the appropriateness of all such shareholdings every year. In the verification, each individual share is examined as to the purpose of holding the share and whether benefits from holding the share are in line with our capital efficiency targets. As a result of verification, we promote the divestiture of the share for which the significance or economic rationality of holding is not confirmed.

Strategic shareholding status



Director and Executive Officer Compensation

Rewards to the Executive Compensation System (FY2023) and Introduction of Restricted Stock Compensation Units (RSU) for Directors (FY2024)

With the aim of promoting management from medium- to long-term perspectives and providing incentives for the sustainable enhancement of corporate value by having executives share more value with shareholders through the holding of shares from the moment they assume their posts, Hitachi has introduced a restricted stock-based compensation system for Japanese executive officers and corporate officers, and the officers of some Group companies. In fiscal 2023, to further promote management based on medium- to long-term perspectives and better enhance pay-for-performance under global compensation—the link between corporate value enhancement and compensation—we made further revisions, expanding the ratio of compensation conditioned on stock price, introducing a global competitor comparison as a new stock price condition, and adopting an incentive to be awarded upon achieving the goals of the 2024 Mid-term Management Plan.

From FY2024, we newly adopted an RSU system as compensation for directors to ensure that Hitachi directors will provide oversight and advice on management while remaining mindful of the need to enhance corporate value in the medium to long term.

Hitachi has also introduced mechanisms for employee compensation to link individuals' goals with those of the company and determine compensation based on their achievement, and the management goals set out in the 2024 Mid-term Management Plan are used as an evaluation metric when determining the compensation of individual employees. Hitachi will foster a growth-oriented mindset linking the enhancement of corporate value with compensation among both executives and employees, achieving global growth as One Hitachi.

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
• Aligned with mid or long-term growth of corporate value and business performance • Corp. value growth through Pay-for-Performance	1 Alignment with the Mid-term Management Plan 2024 • 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. 2 Establishment of compensation program and corporate performance program that foster a growth mindset • 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. 3 Setting indicators to promote sustainable management • Develop specific indicators and goals related to "Environments," "Business with Integrity" and "Quality of life" under its sustainability strategy, and encourage their implementation. 4 Expansion of stock compensation that rewards growth in corporate value over the medium to long term • Expand stock compensation to better align with medium-to long-term corporate value.	5 Competitive compensation levels with a global perspective • 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. 6 Compensation benchmarking with objectivity and transparency • 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.	7 Transparency and objectivity through enhanced compensation disclosure and shareholder engagement • 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.	
Linkage with the Mid-term Management Plan 2024 + Mid- or long-term growth beyond the mid-term plan				
Attract and retain key talent				
Transparency, objectivity and fairness				

Compensation Structure

(1) Directors

Compensation for directors is made up of basic compensation as fixed pay and stock-based compensation. The ratio for the base amount of basic compensation to stock-based compensation is 3-to-1. The methods for determining each type of compensation are as follows.

Basic compensation

The amount of basic compensation is decided by adjusting the base amount to reflect full-time or part-time status, committee membership and position, meetings attended, and other factors.

Stock-based compensation

Restricted stock-based compensation units are granted to serve as an incentive to provide management oversight and advice with the medium- to long-term enhancement of corporate value in mind. After three years have passed, Hitachi provides an amount equivalent to the granted units in the form of common stock or cash.

Also note that Hitachi can request the return of compensation if a director is determined to have been involved with misconduct during their term of office (clawback system). A director concurrently serving as an executive officer is not paid compensation as a director.

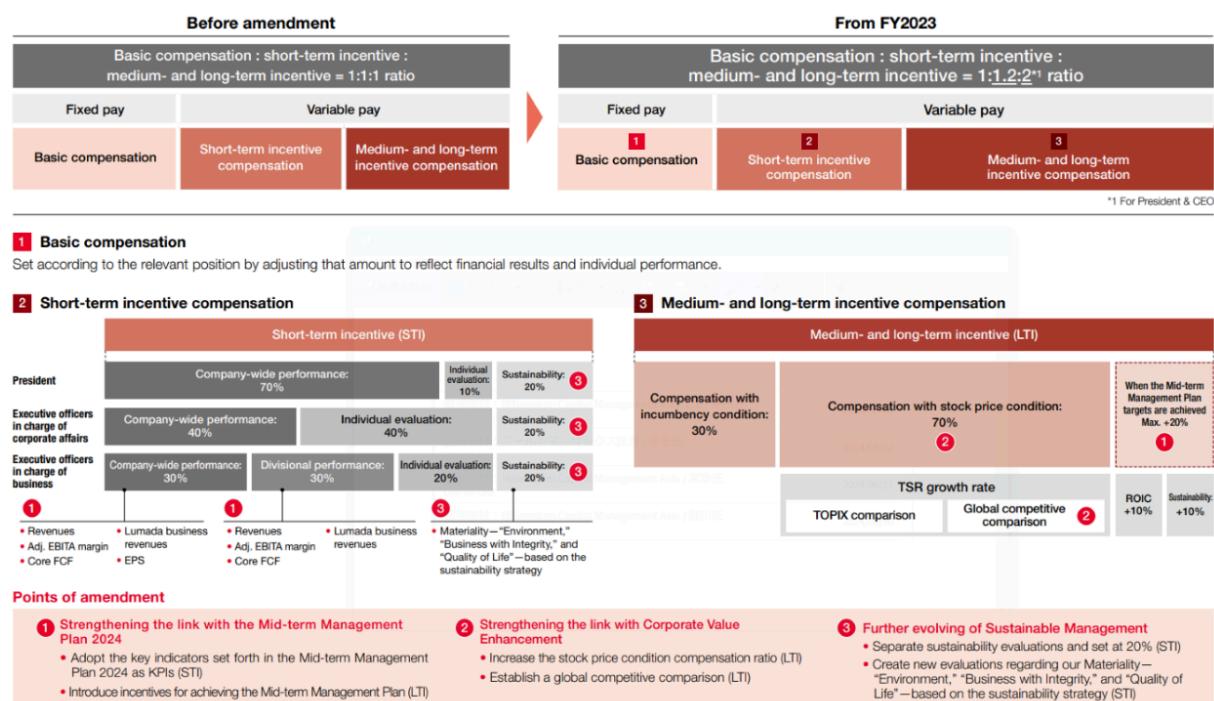
(2) Executive Officers

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 ratio of base amounts for each form of compensation is determined to ensure the enhancement of corporate value through global business growth, referencing ratios for executive compensation at leading global companies, including those in Europe and the United States. In the case of Hitachi's President & CEO, this ratio is 1:1.2:2.

In addition, ratios are set so that the higher the rank of an executive officer position, the greater the variable compensation as a percentage of total compensation. The details of compensation are disclosed in the "Executive Compensation, etc." section on page 93 of Hitachi's Annual Report (the 155th business term).

[Annual Securities Report \(PDF format\)](#)

Compensation to Executive Officers (FY2023)



Reflecting Sustainability Targets in Executive Compensation Evaluation

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 larger ratio of STI.

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

Please see the [News Release](#) for details.

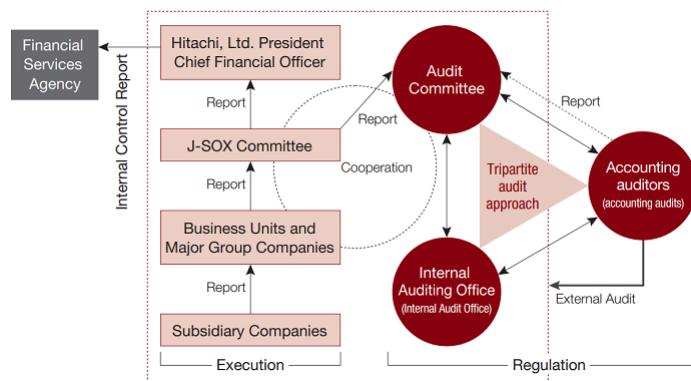
Internal Control

Internal Control over Financial Reporting

To ensure the reliability of its consolidated financial reporting, the Hitachi Group is establishing and implementing relevant internal controls. We evaluate their effectiveness by adhering to standards for the evaluation of internal controls related to financial reporting that are generally accepted as fair and reasonable. Furthermore, we have established the J-SOX Committee with the goal of raising the effectiveness of these internal controls. This committee evaluates internal control effectiveness and establishes frameworks designed to improve and strengthen them.



Internal Control Assessment Framework



Enhanced Collaboration through Tripartite Audits

In pursuit of sustainable growth in corporate value, Hitachi's Audit Committee and internal audit section collaborate with third-party accounting auditors to strengthen its "Tripartite Auditing," which aims to increase the effectiveness of internal controls. The three parties communicate closely to share risk information and assessments concerning risk response while securing transparency and ensuring appropriate checks and balances.



Building a More Effective and Efficient Auditing System

Audit Committee

The Audit Committee formulates audit plans in accordance with its risk-based approaches and conducts audits for each consolidated business unit. Cooperating with the internal audit section audits, Audit Committee members meet directly with business unit heads. These members share concerns and issues related to the implementation of business strategies aimed at achieving sustainable growth that require attention with the internal audit section. At that time, the committee also verifies matters that carry high levels of risk in terms of quality, measuring these risks through employee awareness surveys and thorough implementation of business strategies.

Internal Audit Section

Hitachi's internal audit section performs regular internal audits at each business unit, Business unit and group companies . This section reports directly to the President and is independent from organizations that are subject to its audits. The internal audit section also formulates audit plans based on past audit records and the most recent business circumstances. In addition, this section performs audits while sharing information with the Audit Committee, ensuring their effectiveness. The internal audit section at Hitachi is responsible for confirming the legality and appropriateness of all business operations, including those related to financial and accounting processes, development, production management and quality management, sales and procurement, IT systems, compliance, and human resources. Furthermore, acting on behalf of our management team, the internal audit section confirms whether the employees are well versed in the ideas and policies of our management, whether operations are being carried out based on these ideas and Policies, and whether business strategies are being implemented in a way that will efficiently lead to sustainable growth.

Accounting Auditors

Accounting auditors perform audits that focus on the accuracy and reliability of our financial statements. First, they adopt a risk-based approach in response to the Group's overall financial status. Applying this approach, they then determine the scope and methods of the audit, formulate an audit plan, and share opinions with the Audit Committee. Next, based on the audit plan, they perform audits on each of the three sectors and the business units that comprise them, enabling effective and efficient understanding of data related to Hitachi's finance department and each of its business segments. If, during the auditing process, our accounting auditors discover a degree of risk that could impact future financial statements significantly or issues that, even if monetarily small, could have a large qualitative effect, they share related information regarding these risks and issues and the progress on a response from the related divisions with the Audit Committee and internal audit section. They also work to improve and raise the effectiveness of audits by submitting "management letters" containing points of concern and improvement suggestions through the finance department. Recently, they have also been working to raise the efficiency of checks on the accuracy of numerical figures by using some IT systems to investigate all cases rather than performing test-checking through sampling.

TOPICS

Sector Corporate Auditor System

To further raise audit effectiveness, sector corporate auditors were assigned in each core business field (sector) in April 2019. Through this action, we expanded the internal control system spearheaded by chief auditors and enhanced collaboration with executive vice presidents managing each sector, as well as with the Audit Committee. Although sector corporate auditors do not act as organs under the Companies Act, they still assume responsibility for governance in each sector. Statutory auditors, which function as organs at Hitachi subsidiaries under the Companies Act, also report to sector corporate auditors and work to improve the effectiveness of Hitachi's internal control systems.

IT Utilization

When conducting business audits, we use IT systems to expeditiously search for reference information contained within materials submitted prior to audit in an attempt to improve efficiency. We are currently enhancing a system that will allow our internal audit section to share information with professional accounting auditors using a data lake. When reading audit reports submitted to the President by the internal audit section, the President must be able to quickly understand the issues identified by these reports and make prompt judgments concerning whether immediate action is required. In the future, our internal audit section will continue to maintain its transparency and independence while working to improve audit efficiency as one member of our Tripartite Audit system.

Dialogue with Stakeholders

Comprehending Management Issues through Dialogues with Stakeholders

In promoting the Social Innovation Business, Hitachi accurately detects a variety of social issues in each country and region, addressing these issues through co-creation with customers, governments, academic organizations, research institutions and a wide range of other stakeholders.

In response to the recent rise of ESG investing, Hitachi is proactively engaged in dialogue with shareholders and investors on both financial and non-financial information, while also focusing efforts on co-creation to improve disclosure of non-financial information. Going forward, Hitachi will continue to proactively promote dialogues with stakeholders, incorporating the takeaways into operations to realize sustainable management.

Stakeholders	Main Roles	Means of Engagement (FY2023)	
Customers	Creation of better products and services, response to complaints, appropriate disclosure of information on products and services	<ul style="list-style-type: none"> Customer satisfaction activities Marketing Website 	<ul style="list-style-type: none"> Advertising activities Global Brand Campaign (13 countries) Hitachi Social Innovation Forum (approx. 6,700 visitors)
Shareholders and investors	Timely and proper information disclosure, obtaining fair recognition and support from capital markets, reflection of shareholder and investor viewpoints in corporate management	<ul style="list-style-type: none"> Financial results briefings (quarterly) General shareholders' meetings (annual) IR event "Hitachi Investor Day" (annual) 	<ul style="list-style-type: none"> One-on-one meetings with institutional investors and analysts (approx. 840 meetings) IR tools: Integrated Report, business reports, etc. Information disclosure on website for stakeholders and investor
Procurement Partners	Building fair and sound business relations, smooth information sharing toward better partnerships	<ul style="list-style-type: none"> Procurement activities Sustainability monitoring (3,227 companies) Sustainability audits (150 companies) Sustainable procurement seminars (269 companies) 	
Employees	Proper treatment, promotion of occupational health and safety of human capital, increasing employee engagement	<ul style="list-style-type: none"> Intranet, in-house newsletters Training Town hall meetings between senior management and employees Employee survey (annual) "Make a Difference!" idea contest 	
National Governments, Municipalities, Industrial Associations	Compliance with domestic and foreign laws and regulations, policy recommendations, participation in industry-government-academia collaborative projects	<ul style="list-style-type: none"> Academic research for policy recommendations to international organizations and national governments, lobbying activities Policy council participation Participation in business and industry associations (Japan) 	
Local Communities	Fulfillment of responsibilities as a corporate citizen, involvement in local communities	<ul style="list-style-type: none"> Contribution to local communities through business Participation in volunteer activities 	
Academic Associations and Research Institutions	Promotion of technological innovations, participation in industry-government-academia collaborative projects	<ul style="list-style-type: none"> Open innovation (joint research) 	
NGOs and NPOs	Incorporation of diverse public opinions, promotion of stakeholder-focused management, social contributions through nonprofit activities	<ul style="list-style-type: none"> Dialogue through collaboration 	
The Environment	Realization of a decarbonized society, a resource efficient society, a harmonized society with nature	<ul style="list-style-type: none"> Participation in COP28 	

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

ESG Disclosure Study Group

How to address the rapidly changing global trend in ESG disclosure is a major challenge for many corporations and institutional investors in Japan. Hitachi, Ltd. is responding to this issue through co-creation with stakeholders. In June 2020, Hitachi took the lead in establishing the ESG Disclosure Study Group to explore ways of disclosing ESG information that contribute to long-term corporate value enhancement while also keeping an eye on global trends. The study group initially started with 19 companies, and as of June 30, 2024, more than 100 companies, institutional investors, auditing firms and public organizations are participating.

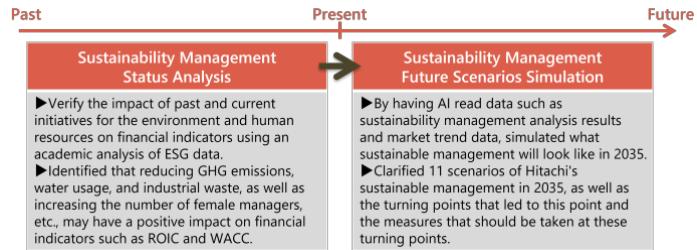
Study group activities are divided into phases according to themes, and in June 2024, the "ESG Disclosure Study Group Report 2024 -Achieving World-Leading Disclosure and Dialogue Standards-" was published including the results of these activities. This report contains ESG disclosure recommendations for corporations, institutional investors and standard-setting bodies and is disseminated to relevant organizations within and outside Japan. Hitachi, Ltd. serves as the co-chairman and secretariat of this study group, and leads these activities.

[ESG Disclosure Study Group](#) ▾

Kyoto University and Hitachi Joint Project

One of the key initiatives for the evolution of sustainability management is to clarify how non-financial values such as environmental and social values created by business activities, as well as intangible asset measures such as human resource policies, impact financial performance. It is also important to explore the future direction of sustainability management.

Since 2021, Hitachi, Ltd. has engaged with these challenges through experimental research conducted in collaboration with the Graduate School of Management, Kyoto University. Through various academic approaches, it has been quantitatively confirmed that Hitachi's past and present initiatives toward the environment and human resources could have a positive impact on financial indicators (ROIC and WACC) and profits. Additionally, using AI jointly developed by Kyoto University and Hitachi, we have simulated Hitachi's sustainable management vision for 2035 based on various current financial and non-financial data, as well as market trends. We have identified 11 possible scenarios, the critical junctures leading to them, and the necessary measures to take. By analyzing our ESG initiative from the past to the present and into the future through academic approaches and AI, will drive forward our business and sustainability management.



[Information for shareholders and investors](#)

[Disclosure Policy](#)

Business Ethics and Compliance

Doing Business Ethically, Honestly and Transparently

Approach & Policy

Hitachi 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 timely reporting and action in the 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, to ensure thorough business ethics and compliance throughout the value chain, we have established Hitachi's Expectations of Business Partners as principles that our business partners (including procurement partners, intermediaries involved in Hitachi's business, agents, and contractors) should uphold. In such a way, we are working to promote understanding of Hitachi's commitment to ethical business activities, respect for human rights, and more.

[The Hitachi Group Code of Ethics and Business Conduct](#)

[Hitachi's Expectations of Business Partners](#)

Compliance with the Hitachi Group Code of Ethics and Business Conduct

Approach & Policy

Hitachi has established the Hitachi Group Code of Ethics and Business Conduct (the "Code"), which applies to the entire group. All employees who have attended the annual business ethics and compliance training pledge to comply with 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. The Code has been translated into more than 20 languages and is shared with executives, employees, and all relevant stakeholders on Hitachi's website and on the intranet servers of Hitachi, Ltd. and other group companies.

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 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

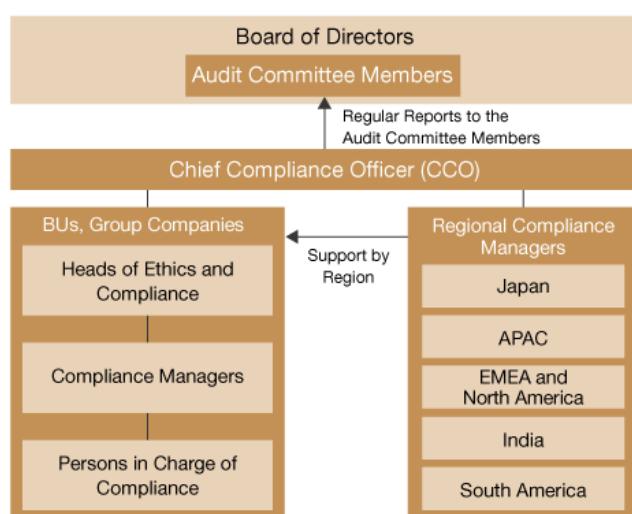
Under the leadership of the Chief Compliance Officer (CCO), who oversees overall business ethics and compliance, Hitachi conducts the One Hitachi Compliance Program to strengthen business ethics and compliance throughout the group. The CCO reports important compliance matters regularly to the members 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.

Furthermore, approximately 700 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. These people 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.

The Compliance Division and Regional Compliance Managers hold regular meetings with global and local Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others, to provide updates on ethics and compliance initiatives, trends, and additional resources to support them as they fulfill the responsibilities of their role.

Ethics and Compliance Structure



Cultivating a Culture of Ethics and Compliance

Strategy & Target

Activities

Hitachi develops and implements strategy and initiatives to drive an ethical culture throughout Hitachi's 550-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

Hitachi encourages 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 assessment 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.

The score of the first assessment conducted in June 2023 was 76.5, achieving the goal for the first year. After analyzing the results and improving the "One Hitachi Compliance Program," the second assessment conducted in May 2024 resulted in a score of 79.8, surpassing the previous year and achieving the target for the second consecutive year.

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.

Our fiscal 2023 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. A total of 293,985 employees groupwide took part in the training, with a participation rate of 79.2% which reflects only the courses completed during the training period set around the Hitachi Group Ethics & Compliance Month. The Compliance Division ensures that all employees attend business ethics and compliance training every year, and continues to make this training available even after the training period, encouraging all employees to complete the training.

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, for use in identifying areas of risk or need for additional training. To help managers at Hitachi promote an ethical corporate culture in their organizations, we have also created Hitachi Group Ethics and Compliance Toolkit for Managers , which provides guidance on ethical decision-making, topics and scenarios for discussion within the team, and communication resources necessary for interacting with team members.

Furthermore, Hitachi, Ltd. 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 and Audits

Activities

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. From fiscal 2023 onwards, each of the Regional Compliance Managers has strengthened cooperation with group companies in their respective countries and regions, establishing a framework to conduct risk assessments and support each company in identifying risks and implementing appropriate measures.

Additionally, at Hitachi, the Hitachi, Ltd. Internal Auditing Office conducts internal audits of all BUs and group companies every four years. In addition, internal audits are carried out by the audit or compliance department of each BU and group company. Starting in fiscal 2024, we prioritize compliance audits on group companies judged to be at high risk. The Compliance Division is implementing a system to help with the audits by providing a self verification tool to each BU and group company, to enable timely reporting and sharing of audit results.

Due Diligence on Third Parties

Hitachi conducts due diligence on the compliance aspects of its business partners.

Specifically, we have implemented an internal 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. This program promotes the creation of fair and sound partnerships by preventing Hitachi from engaging with parties that are likely to act in a manner inconsistent with Hitachi's ethical culture, and by taking measures to reduce the risk of bribery, corruption, and other unethical behavior.

We employ 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 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.

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 and continuously monitor the risks.

Furthermore, we created Hitachi's Expectations of Business Partners in March 2024. This sets out Hitachi's expectations for its business partners and emphasizes the importance of ethical business practices, preventing bribery, corruption and money laundering, protecting human rights, and maintaining fair and transparent business practices. As a guideline for ethical behavior in all business relationships, it is also consistent with the Hitachi Group Code of Ethics and Business Conduct.

[Hitachi's Expectations of Business Partners](#) 

Strengthening our Speak-up Culture

Activities

Hitachi believes that a speak-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.

When an employee discovers a violation or suspected violation of laws, regulations, or the Hitachi Group Code of Ethics and Business Conduct, 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.

In addition, to clearly show top management's stance on fostering a culture of speaking up, a video message from the President & CEO and the Chief Compliance Officer was sent out during the Hitachi Group Ethics & Compliance Month held in October 2023 to communicate to Hitachi Group employees the importance of speaking up.

Hitachi Global Compliance Hotline (Whistleblower System)

Activities

The Hitachi Global Compliance Hotline is a reporting system operated by a third-party organization and is available 24 hours a day, seven days a week to Hitachi Group employees, business partners, and 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 toll-free call or online, for all matters involving violations of laws and regulations, the Hitachi Group Code of Ethics and Business Conduct or human rights including harassment and other misconduct.

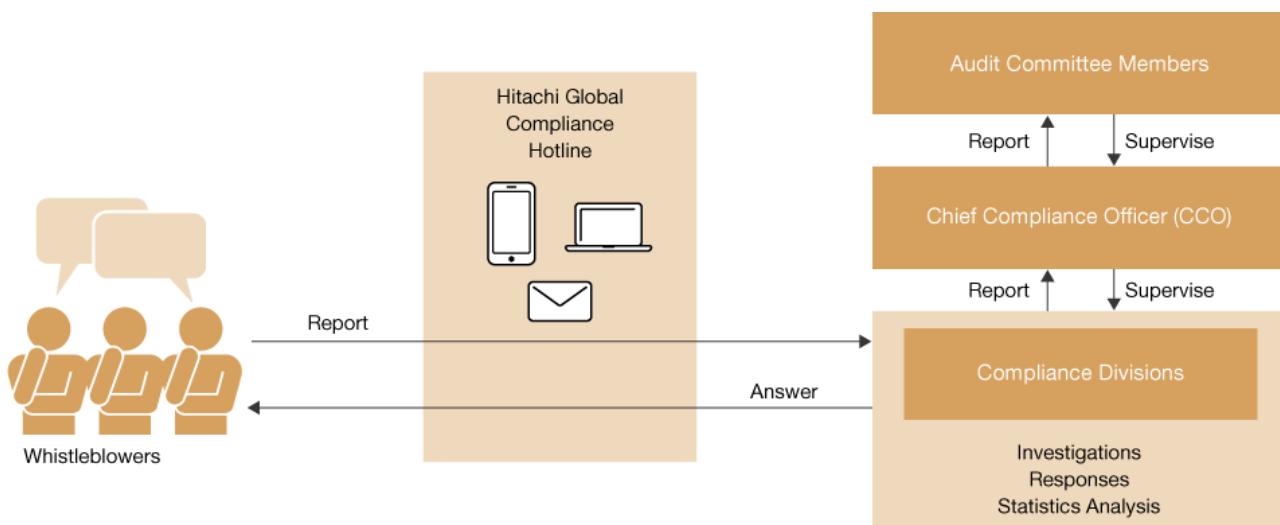
Phone numbers for the Hitachi Global Compliance Hotline are available for employees and other stakeholders to speak to a representative in their native language. The phone lines are staffed by specially trained third-party representatives, with translators in approximately 50 languages. Web-based reporting 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 measures are undertaken. For any compliance-related 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 2023, we received 1,619 reports from across the group. We also concluded the process of 1,396 reports (including reports that occurred in previous years) during fiscal 2023 where compliance-related issues were confirmed in 423 cases.

| [Hitachi Global Compliance Hotline](#) |

| [Grievance Mechanisms for Human Rights](#) |

■ Reporting and Monitoring Structure



■ Details of Fiscal 2023 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	69	186	27	1	2	12	95	392
	Europe	28	88	6	4	2	1	88	217
	Middle East and North Africa	5	10	4	0	0	1	26	46
	Sub-Saharan	0	3	0	1	0	1	2	7
	APAC (excluding Japan)	51	64	18	0	1	29	172	335
	Japan	112	322	14	2	1	2	169	622
	Total	265	673	69	8	6	46	552	1,619

Anti-Bribery and Anti-Corruption

Approach & Policy Activities

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 that require due diligence for business partners.

As an additional effort to manage the risk of corrupt practices, we have 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.

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 addition, we post groupwide 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 promote awareness.

We also 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

Approach & 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 the Hitachi Group Code of Ethics and Business Conduct, the Hitachi Group Fair Competition Policy, and its operational standards. 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. Additionally, 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 & Policy 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 & Policy 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 15 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 & Policy Activities

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 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

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 154.9 billion yen^{*1} in income taxes for the fiscal year ended March 31, 2024 (Japan: 1%, Overseas: 99%^{*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 (Including corporate tax refunds from income tax credits in the fiscal year ended March 31, 2023)

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

In fiscal 2023, 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

Addressing Risks and Opportunities

Approach & Policy

As digitalization accelerates rapidly and the global political and economic landscape becomes increasingly complex, the business environment is changing every 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 the business environment quantitatively and qualitatively and manages risks in terms of the response to risks that Hitachi should prepare for and opportunities for further growth. This approach allows us to create revenue opportunities while controlling risks.

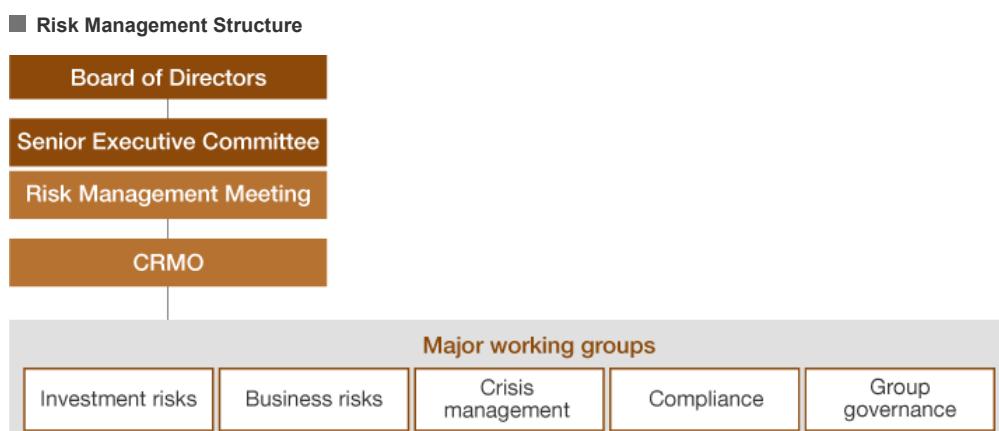
During the Mid-term Management Plan 2024, we have strengthened our risk management system to address risks at an early stage amid the rapidly changing business environment. This has enabled us to mitigate losses and realize stability in profits. More specifically, we have swiftly implemented measures by identifying serious risks that could affect our business, such as changes to the economic environment, including fluctuating exchange rates and interest rates, as well as pandemics, geopolitical risks, and risks related to cyberattacks and information security. We also appropriately manage sustainability-related risks such as human rights and the environment. As growth opportunity is expanding in all three areas of Digital, Green, and Connective and in each region, it is crucial to proactively identify and address both risks and associated opportunities. To accelerate global business growth with One Hitachi, Brice Koch, Executive Vice President and Executive Officer, has been appointed to a dual role as Chief Strategy Officer (CSO) and CRMO from fiscal 2024 and will be responsible for company-wide regional strategies incorporating growth opportunities in each region, balanced with management strategies focused on global risks.

[Actions to Address Risks](#) 

Hitachi's Risk Management Structure

Structure

We established 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.



AI Governance-related Initiatives

Activities

For Hitachi to maintain and strengthen its competitive advantage in a business environment where it is extremely important for companies to obtain results such as improved productivity through the use of AI, employing sophisticated management is necessary to proactively use AI while mitigating the critical risks associated with it.

In February 2021, Hitachi published guiding principles for the ethical use of AI, promoting the establishment of AI governance mechanisms in order to manage risks from the perspective of AI ethics. Hitachi also works to continually evolve its AI governance, developing guidelines governing the internal use of generative AI in August 2023 and expanding the guidelines to cover the provision of external services in March 2024.

Group Governance Efforts

Activities

In April 2023, Hitachi established a Group Governance Policy with the aim of clarifying how the Hitachi Group's governance should operate and explicitly stating the responsibilities and roles of different organizations given Hitachi's presence as a global enterprise.

Through this policy, we promote integrated management to (i) formulate and execute the group's strategies in pursuit of synergies within the group, (ii) strengthen its management foundation through common discipline and rules, and (iii) streamline business management through the standardization of our global operations. Combined with efforts to ensure transparency and fairness in our business management, this enables us to protect the value of the Hitachi brand and accelerate the global growth of the Social Innovation Business.

We are driving initiatives to strengthen group governance and implementation of this policy. For instance, we released a tool to visualize the status and issues related to group governance.

Compliance Initiatives

Activities

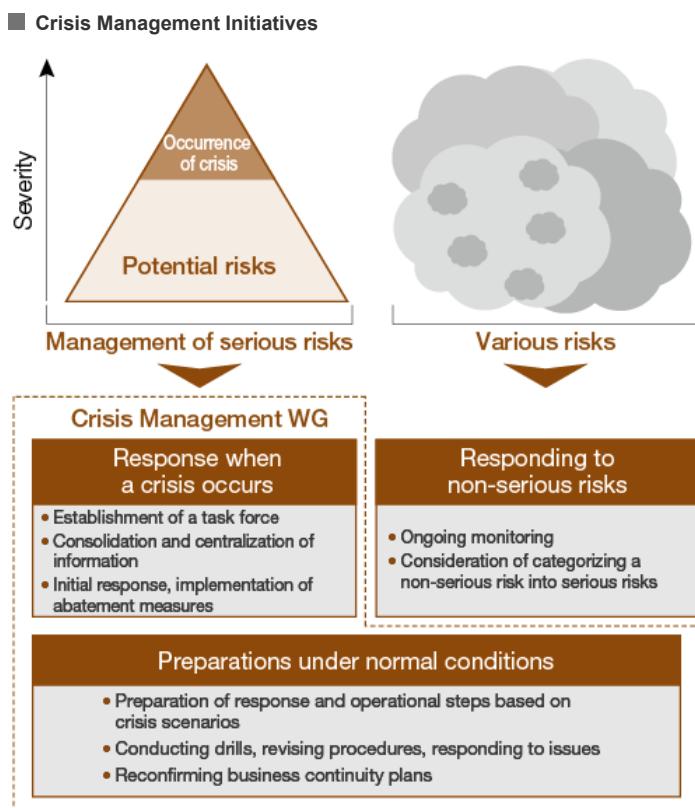
As an initiative in fiscal 2023, we formulated and disseminated "Hitachi's Expectations of Business Partners" regarding ethics and compliance. We have also started Ethical Culture and Compliance Perceptions Assessment targeting some employees and strengthened internal monitoring including our benchmark analysis. In addition, as a part of efforts related to the Hitachi Group Ethics & Compliance Month that is observed each October, we distributed a message from top management and conducted employee training. To coincide with World Whistleblowers Day, we have also conducted PR activities for the Hitachi Global Compliance Hotline through various channels in an effort to foster a culture of Speak-Up. In fiscal 2024, we will formulate and strengthen compliance rules including the Conflicts of Interest Policy, while continuing to conduct the Ethical Culture and Compliance Perceptions Assessment for all employees and provide ethics and compliance training. We will also promote activities to establish an organizational culture that deters violations of laws, regulations, and internal rules through a range of initiatives including independent compliance audits, the strengthening of our business partner screening platform, and M&A Compliance Due Diligence Guidelines.

Crisis Management Initiatives

Activities

For crisis management, we strive to enhance resilience, including swift response in the event of a crisis. Even in ordinary times, we build readiness for each of the serious risk categories and enhance our systems and responses to contingencies.

In fiscal 2023, we reviewed policies and monitoring methods for evacuation and business continuity in countries and regions with geopolitical risks. We have also worked to strengthen and revise corporate measures to further reinforce our global resilience. Those efforts include supporting the establishment and revision of the Hitachi Group's business continuity plan (BCP) for large-scale natural disasters and clarifying the action guidelines and processes for cybersecurity risks. In fiscal 2024, we will make further efforts to strengthen resilience and improve effectiveness. This will include clarifying the criteria to form a response headquarters in the event of a large-scale natural disaster, or in the case of armed conflicts between countries and regional conflicts.

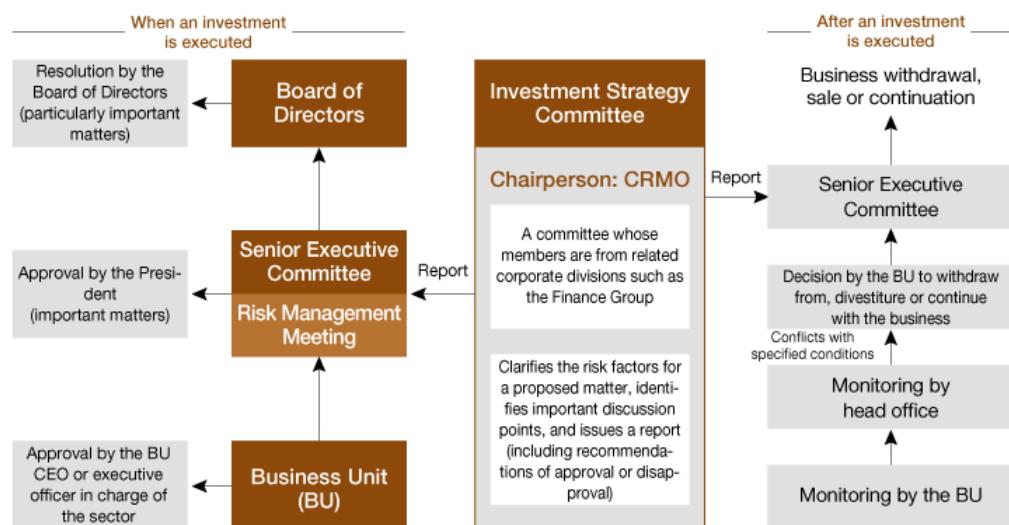


Efforts Against Investment Risks

Activities

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 an appropriate response to risks while securing 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 risk to ensure appropriate and flexible decision-making when carrying out an investment or other activity. The Investment Strategy Committee comprises members from corporate divisions selected with a global perspective. For important projects, the committee engages in multifaceted deliberations in terms of the risks, countermeasures, business feasibility, and other factors, and as an advisory body, submits a report (including recommendations of approval or disapproval) to the Senior Executive Committee, which includes 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 internal systems in place to decide whether to continue, which might include discontinuance of a project. The aim is to enhance our capital efficiency. In response to changes in the economy, finance, geopolitics, customers, and other components of the business environment that surrounds Hitachi (risks and opportunities), we continue to enhance the criteria for investment, PMI, and monitoring systems to achieve the Mid-term Management Plan.

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, risks associated with the order 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 promote risk management including regular monitoring 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.

Information Security Initiatives

Activities

Hitachi recognizes the increasing risks of information leaks and operational disruptions due to sophisticated cyberattacks and makes every effort to implement cybersecurity measures from both value creation and risk management perspectives. Positioning these activities as a key management priority, we focus on information security, cybersecurity, and data protection.

[Information Security >](#)

Responding to Climate Change Risks and Opportunities

Activities

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).

[Climate-related Financial Information Disclosure \(Based on TCFD Recommendations\) >](#)

Moreover, details on risks for our businesses and others are available on page 42 of the Annual Securities Report.

[Annual Securities Report \(the 155th business term\) page 42 !\[\]\(e0b0431da17b5756dd566ada5eb1fa9a_img.jpg\)](#)

Business Continuity Initiatives

Approach to Business Continuity Plans (BCPs)

[Approach & Policy](#) [Activities](#)

Given the close relationship of our business to social infrastructure, Hitachi continues to strengthen BCPs to ensure that the impact of risks does not disrupt our business and thereby significantly affect society. We have prepared 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 and have provided them to all group companies to enhance preparedness for major disasters and other risks.

Regarding infectious diseases, we have also provided the Hitachi Group Guidelines for Pandemic Influenza Preparedness in three languages to group companies for use in countermeasures against COVID-19.

We appoint personnel with responsibility for risk-response policies at our main overseas bases. Major group companies outside Japan prepare 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 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. In fiscal 2023, we strengthened BCPs with a focus on the potential event of mega-earthquakes.

Group companies outside Japan have formulated BCPs in light of risks of concern in their respective locations.

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
FY2023	<ul style="list-style-type: none"> Added a drill in which employees must establish contact with disaster-response staff as a first response in a scenario in which an earthquake has occurred in the Tokyo metropolitan area during daylight hours on a weekday and networks have been temporarily disrupted

Procurement BCPs Initiatives

Activities

Hitachi is committed to enhancing its procurement Business Continuity Plan (BCP) throughout the group to ensure that incidents^{*1} do not disrupt operations and cause significant impact on society. Procurement divisions in each BU and major group company are formulating and promoting strategies to minimize the impact of disasters. These strategies include: (1) minimizing procurement risks through thorough standardization and the use of common parts; (2) promoting multi-supplier arrangements; (3) diversifying manufacturing locations; (4) budgeting for strategic inventory; and (5) considering alternatives. In fiscal 2023, frequent natural disasters, such as typhoons and floods in various regions and the Noto Peninsula Earthquake, underscored the increasing importance of strengthening our supply chains' resilience. Given these circumstances, we will continue to advance the aforementioned initiatives.

*1 Events such as natural disasters (including major earthquakes) serious enough to disrupt business

Strengthening Procurement BCP Management System

Hitachi is implementing a procurement BCP management system targeting our procurement partners in Japan. This initiative aims to facilitate efficient information sharing within our group during disasters.

In fiscal 2023, we implemented a system in China to support incident detection and impact assessments for our procurement partners. This initiative specifically strengthened our BCP in China, which is critical to our supply chains. We will continue to promote the expansion of implementing the most suitable BCP management platform for each region.

[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, with on-site surveys conducted by in-house and outside experts beforehand as necessary. In addition, to ensure the safety of our employees around the globe, Hitachi, Ltd. undertakes measures for the timely provision of information by posting the information from contracted news agencies on our intranet and we have contracted an outside specialist company to provide overseas medical assistance to Hitachi Group employees.

Furthermore, 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.

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 14% of Ukraine teammates live and work outside Ukraine, with another 78% located in the relative safety of western and central Ukraine.

GlobalLogic also 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.

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

Information Security

Approach to Information Security

Approach & Policy

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 evolving 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 [PDF](#)

Information Security Policy

Approach & Policy

Hitachi has created an information security policy and established various rules and the promotion structure based on this policy. Hitachi promotes information security management with the rules and the structure in order to protect various information assets such as information entrusted to us by our customers, the systems that store that information, and the information systems that provide social infrastructure services.

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

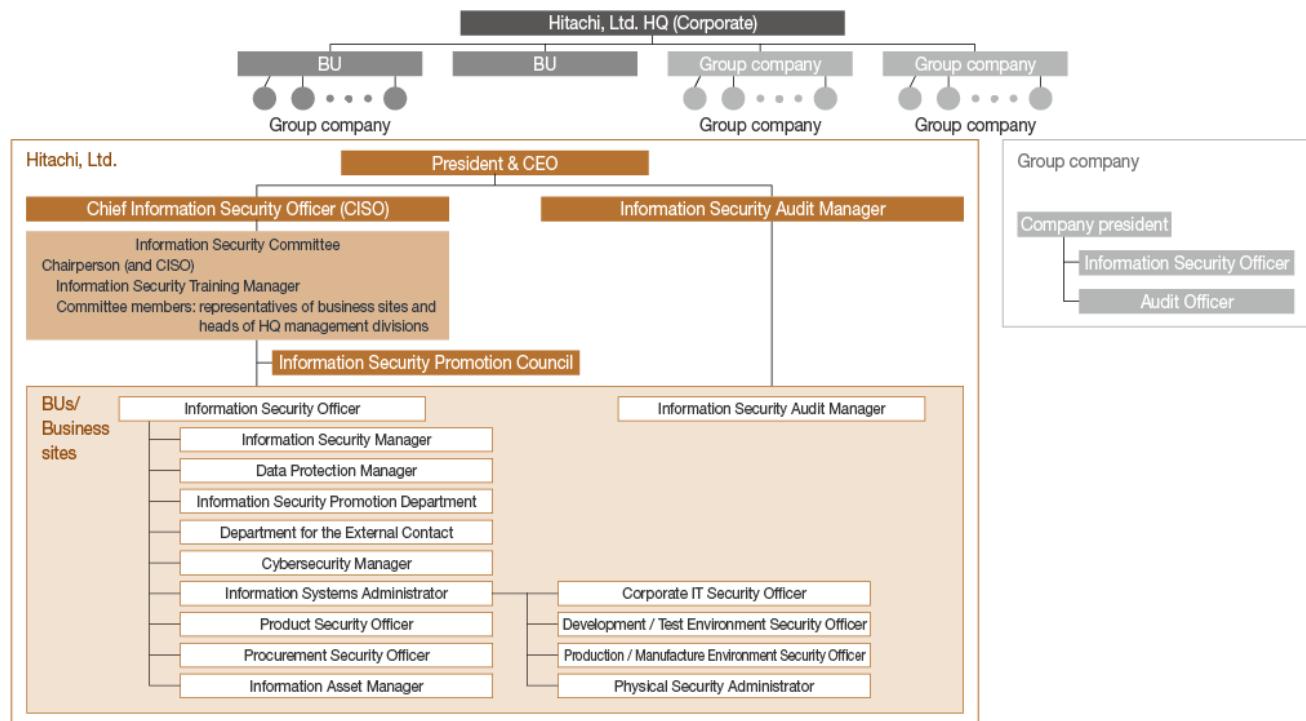
Structure

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), business sites, and group companies through channels such as the Information Security Promotion Meeting.

BUs and business sites operate their own information security divisions, with the head of the BUs or business sites serving as information security officers. These divisions implement information security management in each workplace and provide relevant education to employees. In response to the widening scope of potential cyberattack targets, we have also appointed officers who will be responsible for our internal IT environments, development & verification environments, production & manufacturing environments, and physical security environments such as office entry and exit points, all operating under the Information Systems Manager. In addition, in order to enhance the security of the products and services we offer our customers as well as that of supply chains, including those of our business partners, we have established the positions of Product Security Officer and Procurement Security Officer.

Group companies also implement information security frameworks, promoting groupwide information security through mutual cooperation. In fiscal 2023, we established new Information Security Departments directly controlled by corporate headquarter in the Americas, Europe, Asia, India and China in order to provide support to Hitachi Group companies in each of these regions and strengthen our global management.

■ Framework for Promoting Information Security



Information Security Management

Activities

Hitachi established a framework for information security management based on the ISO/IEC 27001 international standard. In light of the increasing severity of cyberattacks in recent years, we are strengthening our information security with the Information Security Standards which in compliance with the United States government standard SP800-171. The information security rules and the personal information protection rules including Information Security Standards have disseminated globally by Hitachi, Ltd. and group companies' headquarters.

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 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, when outsourcing work that handles confidential information, we check and examine their information security measures based on Hitachi's own standards in advance. 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 personally owned devices.

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 2023 was 100% (excluding those who could not attend due to personal leave, etc.). Besides, Hitachi, Ltd. offers a variety of programs depending on the target and aims, such as those for new employees, new managers, and lectures for information security manager. 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.

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.

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. Hitachi conducts regular audits and inspections to monitor and evaluate whether management and measures for information security and data protection are implemented properly in each department.

Specifically, Hitachi works to reduce security risks by verifying the status of our information security measures through regular audits conducted by the audit departments, groupwide inspections, and regular on-site assessments carried out by a team of in-house security specialists.

All divisions of Hitachi, Ltd. and group companies in Japan conduct annual internal audits of information security and personal information protection. Internal audits at Hitachi, Ltd. are conducted independently by auditor appointed by the President & CEO. They are not allowed to audit their own divisions, 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, Ltd. and group companies in Japan also contract with an external organization to conduct quarterly external vulnerability assessments of outside-facing servers.

In addition, all divisions of Hitachi, Ltd. perform annual self-directed checks of operations relating to personal information protection, and the divisions involved in operations that handle important personal information perform checks of each of these operations on a monthly basis. Through these measures, we regularly check the operational status of processes involving personal information.

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 which used to respond on measures for internal IT environments. Specifically, to reduce business risks going forward, we expanded the scope of risk management to include the development & verification environments and production & manufacturing environments which are used to create products & services, the supply chain and product & service development process.

Cyber-Security Management

Hitachi has established standards for internal IT environment-related vulnerability response measures and network security. We also require BUs and group companies to conduct regular status assessments of these measures and perform corrective actions. As a groupwide measure, we launched an initiative to monitor vulnerability mitigation for each device and follow up with users and administrators to expand the application of such measures.

In the development & verification 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 Hitachi Group. We also share information security requirement standards established by Hitachi with our procurement partners, working cooperatively to enhance security.

We have established management policies to address and maintain the security of products & services, and we follow measures based on these guidelines within the Hitachi Group. To allow us to carry out emergency responses in the event that a vulnerability is discovered or an incident occurs, we have established Product Security Incident Response Teams (PSIRTs, responsible for the technical aspects of product and service security) at our headquarters, BUs, and group companies. These teams cooperate to take appropriate action in response to vulnerabilities or incidents relating to our products & services.

In addition, we are building a framework, based on the Three Lines of Defense concept, that will keep security measures in place for our development & verification and production & manufacturing environments as well as our products & services. As the first line of defense, each BU and group company conducts self-assessments of whether they are in compliance with our guidelines and management policies. As the second line of defense, headquarters monitors the results of these self-assessments, a process which is in turn monitored by our audit divisions as our third and final line of defense.

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.

Today we see a wide range of cyberattacks, including supply chain attacks, zero-day attacks, and ransomware attacks. In this context, Hitachi strengthens cyber surveillance through Endpoint Detection and Response (EDR)^{*1} to monitor device behavior and perform authentication protection and External Attack Surface Management (EASM)^{*2} to harden the attack surface. 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.

*2 Systems to identify and manage internet- and other external-facing assets that could be the targets of an attack.

Data Protection Initiatives

Activities

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. has established the Personal Information Protection Policy which is announced to all executive officers and employees, and is also publicly available. In addition, we have 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.](#) ↗

PrivacyMark Certification

Hitachi, Ltd. has 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 2024.

*1 PrivacyMark: A third-party certification that is granted by Japan Information Processing Development Corporation, an assessment body, 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 aims to provide more appropriate and high-quality services and products, and to foster trust with consumers and other stakeholders, by balancing privacy protection and the use of personal data.

Since fiscal 2023, Hitachi, Ltd. has operated the Hitachi Privacy Impact Assessment (PIA) system, implementing privacy impact assessments for operations that involve handling of personal data and thereby putting in place measures to prevent privacy-related issues.

We are also approaching initiatives for privacy protection more proactively. Due to the nature of our Digital Systems & Services, which drive our digital business, we established within this sector the position of Personal Data Officer to oversee personal data handling and the Privacy Protection Advisory Committee, which consolidates our knowledge on privacy protection, supports risk assessments, and considers response measures.

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 reports the leak to the Personal Information Protection Commission and notifies the affected individuals. In fiscal 2023, there were four recorded cases of personal information leaks at Hitachi, Ltd. based on the Act on the Protection of Personal Information. We identified the scope of the impact related to these cases 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 is promoting 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. Seven divisions at Hitachi, Ltd. have received this certification, and 25 divisions of 19 group companies^{*1} have also received this certification.

*1 As of the end of July 2024

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

Governance Data

Corporate Governance

Leadership Demographics

	Unit		Gender		Nationality	
			Total	Men	Women	Japanese
Directors	People	12 ^{*1}	10	2	7	5
Executive officers		35	33	2	27	8
Executive officers and corporate officers		76	67	9	57	19
Ratios of women and non-Japanese executive officers and corporate officers	%			11.8		25.0

Note : As of June 2024

*1 Including nine independent directors (four from Japan and five from outside Japan)

Business Ethics and Compliance

Business Ethics and Compliance Training

Reporting Boundary	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
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 : Since fiscal 2023, only the number of participants who completed the training and the participation rate during the training period set in conjunction with the Hitachi Group Ethics & Compliance Month have been disclosed.

Hitachi Global Compliance Hotline (Whistleblower System)

	Reporting Boundary		Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of compliance reports	Hitachi Group (By category)	Total	Cases	459	639	1,023	1,276	1,619
		HR issues (Labor management, travel expenses, commuting costs, etc.)	Cases	-	-	226	294	265
		Harassment	Cases	-	-	341	457	673
		Financial	Cases	-	-	27	34	69
		Procurement	Cases	-	-	26	29	8
		Competition law	Cases	-	-	3	2	6
		Bribery	Cases	-	-	30	31	46
		Others	Cases	-	-	370	429	552
	(By area)	Americas	Cases	-	-	238	343	392
		Europe	Cases	-	-	98	202	217
		Middle East/North Africa	Cases	-	-	54	59	46
		Sub-Saharan	Cases	-	-	13	4	7
		APAC (excluding Japan)	Cases	-	-	234	240	335
		Japan	Cases	-	-	386	428	622

Note : Breakdown numbers are disclosed from fiscal 2021.