

Ensuring the Viability of Business and a Sustainable Society

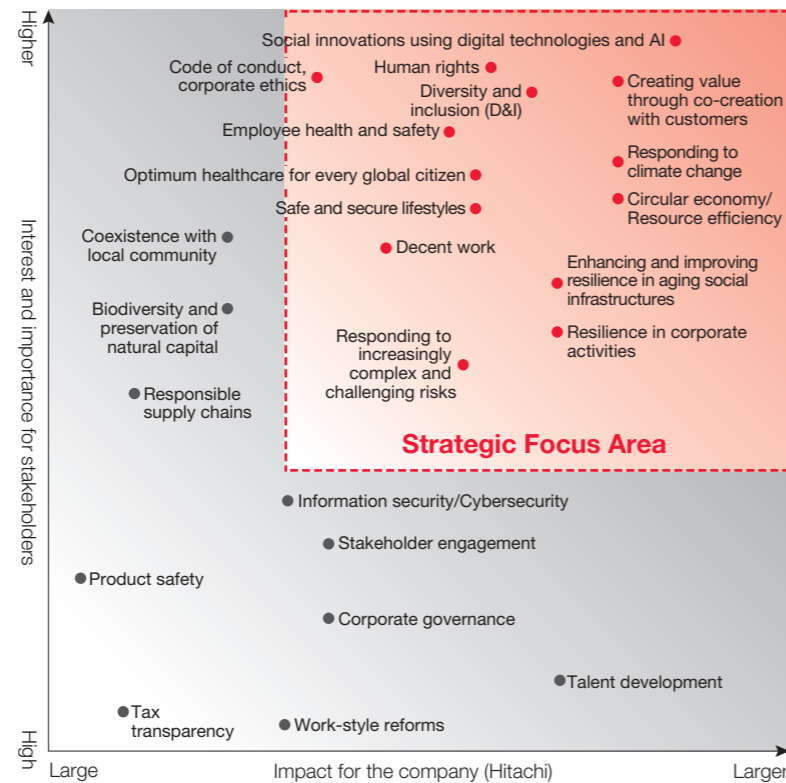
Hitachi practices sustainable management, which incorporates sustainability into the core of its business strategies. In the 2021 Mid-term Management Plan, for which fiscal 2021 is the final year, we have set the goal of becoming a global leader in the Social Innovation Business to help achieve a sustainable society. To accomplish this goal, we will focus on three fields—the Environment, Resilience, and Security & Safety—as we contribute to resolving social and corporate management issues and strive to improve value for customers and quality of life for people everywhere. Based on our domain knowledge and co-creation with partners throughout the world, we will leverage Lumada to expand the Social Innovation Business.



Strategic Focus Area

Hitachi undertakes activities with a focus on creating value in important market domains, led by our vision of the ideal companies and society in 2030.

Hitachi's current goal is to achieve sustainability in society and Hitachi's management, as part of efforts to increase value for customers and improve the quality of life for people everywhere. To achieve this goal, we have mapped key initiatives based on impact for the company (Hitachi) and the level of interest and importance for stakeholders. Among these, priority initiatives have been designated as a strategic focus area.



Sustainability Strategy Promotion Structure

Hitachi, Ltd., has established an Executive Sustainability Committee, whose members include Toshiaki Higashihara, Executive Chairman & CEO, and other top management members, along with CEOs from the various business units (BUs). The purpose of this committee is to discuss and decide on important policies and initiatives related to sustainability, share progress and results, and tie these into further improvements and new activities.

Sustainability Promotion Meetings have also been established under this committee, attended by sustainability strategy promotion officers in each BU (heads of business promotion divisions). The purpose of these meetings is to create long-term corporate strategies with an emphasis on environmental, social, and governance (ESG) matters, and to promote concrete initiatives related to sustainability, including contributions to meeting the UN Sustainable Development Goals (SDGs).

Recognition of Issues and Strategies in Strategic Focus Areas

Strategic Focus Area	Recognition of Issues and Strategies	Initiatives/KPIs	Relevant SDG
Social innovations using digital technologies and AI	The world is undergoing a variety of changes, such as climate change and resource shortages, aging populations and urbanization. Furthermore, society and the economy have changed dramatically amid the global COVID-19 pandemic. Hitachi creates new value for society by providing solutions that respond to a variety of challenges faced by society and the customers who are being confronted by these changes. This is the essence of Hitachi's Social Innovation Business.	<ul style="list-style-type: none"> Expansion of the Lumada business ▶ P.28, P.36 <ul style="list-style-type: none"> Increase Lumada revenues and adjusted operating income Utilize the Lumada Solution Hub Enhance human resources and technologies that support the growth of Lumada <ul style="list-style-type: none"> Develop digital talent, and encourage participation of diverse human resources (D&I) Create learning opportunities Strengthen R&D Expand value and innovation from co-creation, and entrench this approach inside and outside of the Company <ul style="list-style-type: none"> Expand co-creation centers Expand partners in the Lumada Alliance Program Increase awareness and understanding of the Hitachi Group identity 	
Creating value through co-creation with customers	Co-creation with customers and partners is essential in responding to these changes quickly and efficiently. Through collaboration, we will expand social innovations that leverage Lumada. As a result, Hitachi will help realize a sustainable society.	<ul style="list-style-type: none"> Promote "Hitachi Environmental Innovation 2050" ▶ P.34 Expand the environmental contribution business <ul style="list-style-type: none"> Reduction in CO₂ emissions at workplaces Reduction in CO₂ emissions from products and services Reduction rate in water use per unit Reduction rate in waste and valuables generation per unit Value creation story in five sectors and the Automotive Systems business ▶ P.52-69 	
Responding to climate change	Hitachi's mission in the Social Innovation Business is to achieve a sustainable society by taking on the challenges of climate change, a circular economy and the efficient use of resources. In response to climate change, which is a particularly urgent issue, we will expand solutions for targeting decarbonization.	<ul style="list-style-type: none"> Expand the Healthcare business ▶ P.64 Expand businesses that support safe and secure transportation and lifestyles ▶ P.61, P.64 Value creation story in the Mobility and Smart Life sectors 	
Circular economy/Resource efficiency	We have set the targets of achieving carbon neutrality within Hitachi by fiscal 2030 and achieving carbon neutrality through the value chain by fiscal 2050. As a leading company in the creation of environmental value, we will further accelerate our initiatives aimed at realizing these goals.		
Optimum healthcare for every global citizen	In a society characterized by rapid digitalization, urbanization and a growing senior population, it is important that we enable people to enjoy comfortable, energetic lifestyles, within a safe and secure living environment. To do this, Hitachi provides city building solutions that support safe and secure living for people everywhere, as well as optimum healthcare for individuals.		
Safe and secure lifestyles	In the healthcare field, we support a society in which more and more people are living past the age of 100 through the development and provision of solutions that extend from prevention of illnesses in the pre-symptomatic phase to testing, diagnostics, treatment and support for long-term care.		
Enhancing and improving resilience in aging social infrastructures	Society and the economy are always potentially susceptible to highly unpredictable risks such as natural disasters, pandemics and cyberattacks. Public services and corporate activities must be able to recover quickly even in times of disaster. We also face the urgent need to create a society in which everyone can benefit equally from the public services delivered by rapid digitalization.	<ul style="list-style-type: none"> Expand businesses that support public infrastructure and services Expand businesses that support business operations such as finances, industry, logistics, and cybersecurity Value creation story in five sectors and the Automotive Systems business ▶ P.52-69 	
Resilience in corporate activities	Hitachi provides systems and solutions that make society and corporate activities more robust, thereby contributing to a more resilient society.		
Human rights		<ul style="list-style-type: none"> Respect human rights ▶ P.79 <ul style="list-style-type: none"> Training completion ratio Auditing of supply chains 	
Employee health and safety	Hitachi's Social Innovation Business adds to the vitality of society and people's lives.	<ul style="list-style-type: none"> Thorough work safety and hygiene ▶ P.78 <ul style="list-style-type: none"> Reduce work-related accidents Promote health 	
Diversity and inclusion (D&I)	Hitachi is managing its workplaces and maximizing the potential of its diverse talent pool in line with our basic philosophy that "Health and Safety Always Come First." We respect all people, including co-creation partners and those who support the value chain, contributing to a society in which everyone can work safely and with peace of mind.	<ul style="list-style-type: none"> Promote diversity and inclusion (D&I) ▶ P.42 <ul style="list-style-type: none"> Ratio of non-Japanese and female executives and corporate officers Number of non-Japanese and female employees Number of female managers Employment of people with disabilities 	
Decent work	By encouraging the participation of diverse talent, we will promote active co-creation between Hitachi and its partners and accelerate the creation of new value through the Social Innovation Business.	<ul style="list-style-type: none"> Put in place and promote workplace environments that are comfortable and satisfying for employees ▶ P.42 <ul style="list-style-type: none"> Participation rate in global employee survey/engagement index Create learning opportunities Autonomous career support through HR management initiatives Put in place a remote working environment Promote social contributions 	
Code of conduct, corporate ethics	Amid the rapid growth of Hitachi's businesses and partners on a global scale, the effective management of corporate compliance, geopolitical risks and business risks is essential to the continuation of highly reliable business activities.	<ul style="list-style-type: none"> Compliance ▶ P.81 Build and operate risk management systems Respond to risks and opportunities ▶ P.70 	
Responding to increasingly complex and challenging risks	Hitachi recognizes that sharing codes of conduct, ensuring thorough compliance with laws and regulations, and promoting risk management are particularly important to sustainable growth. We are also undertaking initiatives to augment our corporate governance function.		