

Hitachi Sustainability Report 2025

# Our Pledges, Our Future



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# Report editorial policy

## Basic concept

The Hitachi Sustainability Report 2025 outlines our approach, strategies, and key initiatives of sustainability undertaken in fiscal 2024.

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).

### 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)

## Report overview

<b>Period</b>	This report mainly covers fiscal 2024 (April 1, 2024, to March 31, 2025) Note: Some information on activities in April 2025 and after is also included
<b>Companies</b>	Hitachi, Ltd. and its consolidated subsidiaries
<b>Reporting boundary</b>	<b>Financial data :</b> 995 companies, namely Hitachi, Ltd. and 994 consolidated subsidiaries and equity-method associates and joint ventures <b>Environmental data :</b> 619 companies, namely Hitachi, Ltd. and 618 consolidated subsidiaries. Environmental data covers Category A business sites*1 which have large environmental loads. Some data applies only to designated sites classified as All Manufacturing and A/B Non-Manufacturing, as indicated in the notes for each section. Other data related information is provided in the notes to each section. <b>Social and governance data :</b> Boundary of individual data indicated
<b>Reporting cycle</b>	Publishes every year as an annual report
<b>Publication date</b>	September 2025 (Previous report: September 2024)

\*1 All Hitachi 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

## 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](#)

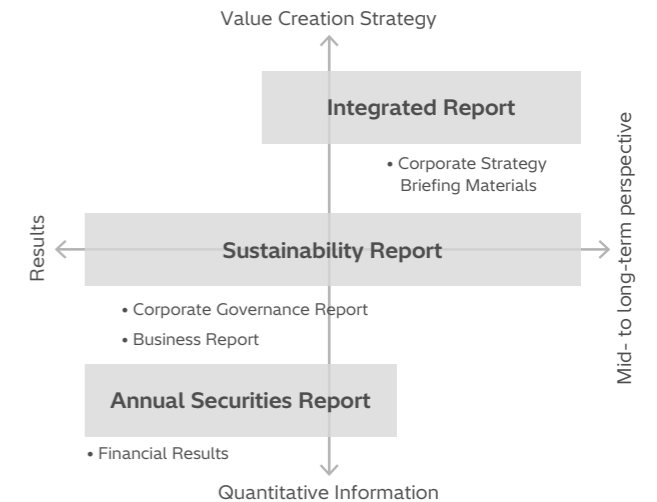
[Information for shareholders and investors](#)

## Independent assurance

To enhance the credibility of the disclosed sustainability data, the Hitachi ESG Data Book 2025 received third-party assurance for environmental and social 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

[Third party assurance](#)

## Our reporting universe



# Our Story

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A message from our CEO

## Carrying forward our 115-year-old purpose of “contributing to society” into the future—280,000 employees united to realize a harmonized society

Toshiaki Tokunaga  
President & CEO

### Our unchanging founding mission as the core of sustainable management

As CEO, I believe it is vital to continually reflect on a company’s reason for being—its purpose. History has shown us countless examples where even long-established companies can decline or be dissolved, once their purpose is forgotten or called into question.

For the Hitachi Group, our purpose lies in the founding philosophy articulated by our founder, Namihei Odaira: “Contribute to society through the development of superior, original technology and products.” For 115 years, Hitachi has grown by staying ahead of the times and evolving the value we deliver, while remaining firmly committed to our enduring purpose of contributing to society. Today, we are expanding our Social Innovation Business globally, using a unique integration of information technology (IT), operational technology (OT), and products to help solve challenges faced by our customers and society.

To continue fulfilling this purpose into the future, I believe that we must transform Hitachi into a digital-centric company and achieve sustainable growth. It was with this

determination that we announced our new management plan Inspire 2027, in April 2025. By leveraging Hitachi’s unique strength—our ability to integrate IT, OT, and products—and further deepening collaboration across businesses through digital technologies, we aim to contribute to the realization of a “harmonized society,” one in which environment, wellbeing, and economic growth are in balance.

### Overcoming trade-offs to transform social challenges into growth

Hitachi has always grown through contributing to society, enhancing its corporate value along the way. In past mid-term management plans, we have set financial targets while also committing to environmental conservation and to pursuit wellbeing of people. However, to realize these values all at the same time, which at times may seem to be in trade-off relationships, we must not treat them as separate goals but instead integrate them into a single vision. This firm belief of our management team was reflected in the vision of harmonized society set forth in Inspire 2027. By solving the issues facing our customers and society,



and contributing to the creation of a sustainable society, Hitachi can generate growth for both the company and its employees—and give back and deliver value to all stakeholders. I am committed to building this kind of virtuous cycle in realizing Hitachi’s sustainable growth.

For Hitachi, sustainability is the foundation of our business activities. To put it into practice, we need a clear strategy that is shared across all business units and pursued with consistency. With this in view, we established PLEDGES, our new strategy under Inspire 2027, designed to further strengthen sustainability management across the entire Group. PLEDGES consists of seven strategic pillars that underpin Hitachi’s sustainability efforts, along with the targets we aim to achieve over the next three years. Through this framework, we will further integrate sustainability and business, accelerating both our contributions to preserving the global environment and creating value for people and society, as well as our own sustainable growth.

## Sharing our purpose globally across the Group and coming together as one company

One of the most important roles of a CEO is to embody the company’s purpose and encourage its people. This, in turn, drives corporate growth and enhances the sustainability of society.

Having been born in Hitachi City, Ibaraki Prefecture—the birthplace of our company—and having grown up with the Hitachi Group close to me, I view our purpose of “contributing to society” as the very foundation of my own professional identity. At the same time, as Hitachi has expanded its global business—with overseas operations now accounting for around 60% of both revenue and number of employees—I have, at times, wondered whether this purpose could truly resonate on a global scale.



That question was answered in 2021, when we acquired the Silicon Valley–based digital company GlobalLogic. They chose to join us because they believed that they could be a part of something meaningful to the society by joining the Hitachi Group. This gave me strong confidence that, despite differences in language and culture, Hitachi’s purpose and values can indeed be shared and empathized globally.

Since assuming the role of CEO in April, I have focused on communicating the belief in “contributing to society”—a principle deeply embedded in Hitachi’s DNA—with our colleagues around the world. The greatest transformation within an organization comes when people unite around a shared sense of empathy. If all employees across the Hitachi Group connect with this purpose and stand together, I am confident that we can generate unprecedented innovation and translate that into growth.

I firmly believe that by managing Hitachi as one company, we can continue to evolve and enhance our corporate value. Under the Mid-term Management Plan 2024, we achieved organic growth and strengthened the earning power of individual businesses, but deeper collaboration among business units is still a work in progress. Through what I call “True One Hitachi”—where diverse businesses collaborate more deeply using digital technologies—we can unlock Hitachi’s unique strength of integrating IT, OT, and products, and deliver new value capable of addressing society’s increasingly complex challenges. Since taking office, I have repeatedly emphasized the path to growth through True One Hitachi as well as reconfirming our purpose. I have seen firsthand changes of mindsets and behaviors—for example, leaders are more actively engaging beyond the boundaries of their own business units, and employees expressing their desire for more cross-functional collaboration. As CEO, I will continue working to foster this shared empathy among all 280,000 members of the Hitachi Group.

## What matters most in times of uncertainty

Today’s global landscape is undergoing rapid and unprecedented shifts. Businesses face disruptive changes on multiple fronts. Generative AI has advanced at an extraordinary pace, fundamentally transforming the business environment. Meanwhile, the ideal of a “flat world” once heralded in global affairs has given way to growing fragmentation—driven by trade tensions, conflicts, and other divides emerging across the globe. In such a world, it is increasingly difficult, even for leaders, to foresee what lies ahead.

In my view, one answer to navigating this high-uncertainty environment is “agility”, that is, the ability to respond to change quickly and decisively. Unpredictable change can be a threat, but if we can react swiftly, we can also turn it into opportunity. Even if a quick decision leads to failure, we can course correct and find a better path forward.

At the same time, in an era marked by constant change, I believe it is more important to “do the right thing” than to simply “do things right.” For Hitachi, “the right thing” is to transform ourselves into a digital-centric company and continue enhancing our corporate value—while contributing to the realization of a harmonized society. At a time when divisions are deepening around the world, I believe Hitachi—rooted in Japan’s cultural emphasis on harmony and with a long history of tackling global challenges—has a unique responsibility to promote the creation of a more balanced, inclusive society. By uniting the power of all 280,000 employees across the Hitachi Group and steadily building the trust of our stakeholders, we will continue to fulfill our enduring purpose of “contributing to society” for generations to come.

A message from our Chief Sustainability Officer

## Our pledges for realizing sustainable business growth and delivering value to society

**Lorena Dellagiovanna**

Senior Vice President and Executive Officer, Chief Sustainability Officer,  
CHRO, CDEIO

Today's world is rapidly evolving, and sustainability is a key driver for the innovation, resilience, and growth needed to keep pace. At Hitachi, we're committed to contributing to society through our products and technologies, leveraging our Social Innovation Business and over a century of expertise to help solve some of the world's greatest challenges.

In 2025, we strengthened and formalized this focus into a new sustainability framework: PLEDGES.

PLEDGES is our holistic plan for sustainability, designed to inspire collective, transformative action to build a more sustainable future for our societies.

### Transforming for the future

PLEDGES defines the direction to future-proof our business, unify cross-business efforts to stay competitive, and deliver positive impact for our customers, communities, and planet while ensuring Hitachi's continued growth. It aligns with our new Inspire 2027 management plan that places sustainability at the heart of our wider business strategy.

Taking action is important, but to meet the needs of today without compromising those of future generations, we must first lay the proper groundwork. Creating PLEDGES started with assessing our financial and social impacts, as well as engaging stakeholders and analyzing current social trends. We then defined our key priorities, bringing clarity, focus, and ambition to our sustainability efforts. The framework is built around seven distinct strategic pillars: Planet, Leadership, Empowerment, Diverse perspectives, Governance, Engagement, and Sustainability for all – each with targets for long-term value creation and sustainable transformation.



## Turning strategy into real-world impact

PLEDGES is our vision for a more sustainable future – an actionable, group-wide system that will help us advance real-world change. We're embedding this framework across every part of Hitachi through internal communications, enhanced sustainability governance across the organization, and executive compensation tied to PLEDGES targets. We're also taking pillar-specific action.

For the Planet pillar, we're taking concrete steps toward decarbonization, circular economy, and nature positive, in line with our Environmental Vision. In fiscal 2025, the Science Based Targets initiative (SBTi) has verified our science-based target to achieve net zero by fiscal 2050. We also achieved a CDP climate score of A, and our initiative addressing avoided emissions has been recognized by the World Business Council for Sustainable Development (WBCSD) as a concrete example of emissions reduction impact, signaling our dedication to transparency and accountability. We will continue group-wide environmental initiatives to achieve our long-term environmental targets.

The pillars of Leadership, Empowerment and Diverse perspectives reflect our belief that people are the key to our success. Through implementing our human capital strategy aligned with our business strategy, we are aiming to secure and develop the passionate and driven individuals and create the optimal environment to advance our sustainable growth.

We are focused on developing leaders to foster business creation, incentivizing people, and stimulating high performance, as well as building inclusive workplaces where we unlock innovation and strengthen collaboration across teams.

It is also necessary to build a robust HR platform as an enablement to accelerate synergy and provide employees with attractive career and growth opportunities across the Hitachi Group.

As we foster reskilling and upskilling of employees, we aim to strengthen AI expertise to boost productivity and effectiveness, enhance talent mobility, and set common global HR policies to foster collaboration.

Sustainable transformation requires going beyond business-as-usual, taking a systemic view of what we do, how we do it, and our impact on the world. Through our Governance pillar, we're enhancing how we operate, prioritizing employee and contractor health and safety, strengthening risk management systems, and encouraging a strong culture of shared responsibility for ethics and compliance. Our commitment to honest, transparent operations was recognized in 2025 as we were named one of the World's Most Ethical Companies® by Ethisphere. And, with a strong focus on stakeholder engagement, we are also fostering supply chain sustainability and respect for human rights throughout our wider value chain under the Engagement pillar.

The seventh pillar – Sustainability for all – underpins everything we do. By taking action against our first six pillars and accelerating our Social Innovation Business, we can deliver true, lasting value.

This pillar is critical for Hitachi, as at the heart of Inspire 2027 is our relentless ambition to create real-world impact. Through our healthcare solutions and security technologies, we help to keep people healthy and safe. Our developments in transportation and connectivity bring people better transport, while our sustainable infrastructure and renewable energy solutions are key to building resilient communities with a lower environmental impact.

## Looking to what's next

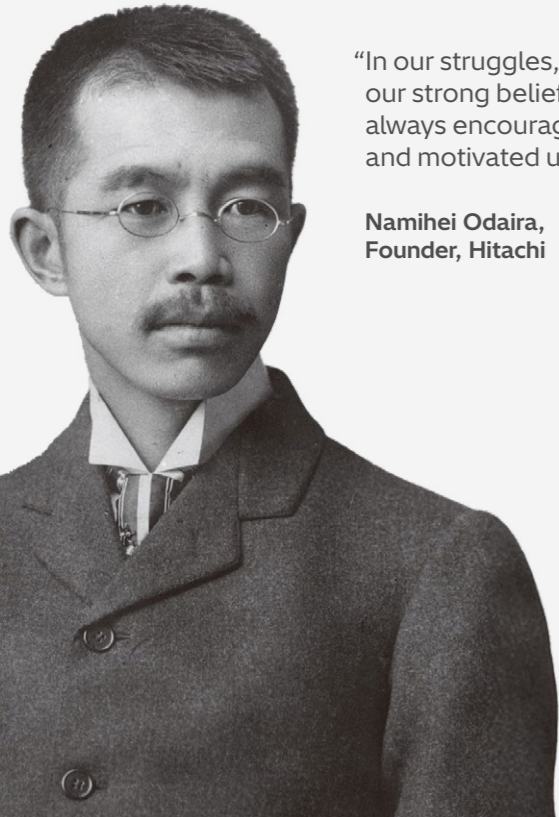
Sustainability has always been at the core of Hitachi. Now, with the PLEDGES framework, we are building on that foundation. By combining our spirit of innovation with domain knowledge and AI-powered technologies, we strengthen our businesses and support a harmonized society in which environment, wellbeing, and economic growth are in balance. By leveraging the diverse talent of our 280,000 employees, we have the power to deliver positive impact in various ways. But we also know that no one person, company, or country can do this alone.

The size and scale of the transformation the world needs is historic, and the only way to achieve it is through collaboration. That's why we work with partners who share our passion and our purpose, teaming up to advance society and deliver Sustainability for all. Everyone can play a critical role and, through PLEDGES, we invite all our stakeholders to join us in acting for a more sustainable, inclusive, and resilient future.



# From our foundation to our future

Namihei Odaira founded Hitachi on the philosophy of “contributing to society through the development of superior, original technology and products.” Today, we continue to operate on this philosophy, pushing the boundaries of technological innovation and always looking to the future to solve the world’s most formidable challenges.



“In our struggles, it was our strong beliefs that always encouraged and motivated us.”

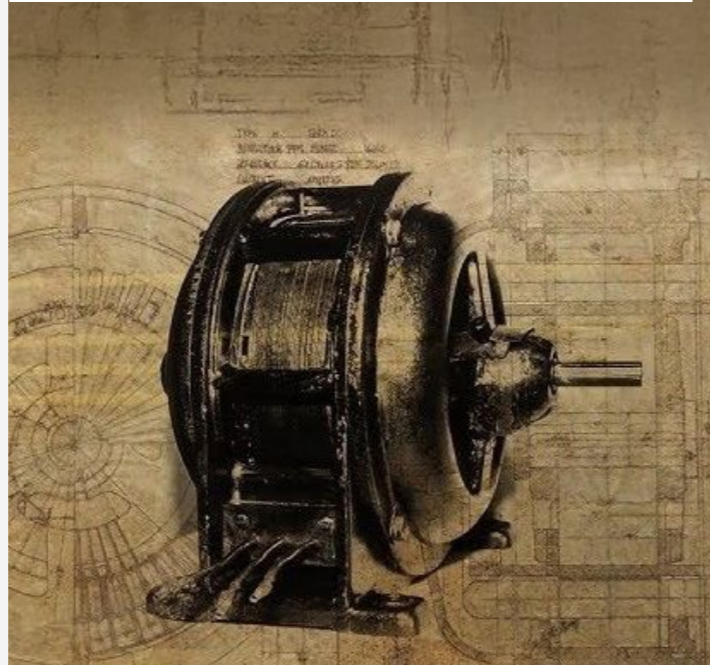
**Namihei Odaira,**  
Founder, Hitachi

## Where we started

Odaira, born during a time of social and industrial revolution, aspired to contribute to the advancement of society and the improvement of people’s lives. With strong determination to develop electric machinery through his own efforts, he took on the challenge of machine development at the Hitachi mine — the birthplace of what would become Hitachi.

In 1910, following years of challenges and learnings, Odaira and a small team of creative-minded innovators developed a five-horse-power motor — Japan’s first locally made motor of its kind and the start of our journey as Hitachi.

Born from a spirit of “Wa” (harmony), “Makoto” (sincerity) and “Kaitakusha-seishin” (pioneering spirit), Hitachi continued to expand its portfolio of cutting-edge, Japanese-made technologies that helped push the nation’s industries — and society — forward.



## Where we are now

This dedication to invention and constantly looking to what’s next has continued to drive Hitachi’s growth to this day.

We know that Hitachi’s diverse business can create innovation that leads to positive impact — from scalable energy solutions that enable a renewable future to solutions to keep people healthy, provide better transport, and build a more sustainable future. This enduring commitment to progress drives us to keep reimagining what’s possible for society today and for generations to come. We have preserved Odaira’s founding spirit for more than 115 years, even as we have expanded and evolved Hitachi to continue providing future-focused solutions that deliver positive impact to people and the planet.



## Where we are heading

Sustainability and social impact have always been a part of Hitachi’s DNA. As we look ahead, we will continue to enhance our approach — harnessing a refreshed strategy and our commitment to continuously innovating at the frontier of technological development — to advance a world that is fit for the future.

 **Our PLEDGES for the future**





# Inspire the next

In a world of constant progress, Hitachi is keeping pace, evolving and improving how we do things to solve some of society's most complex challenges.

## We're creating change that inspires the world

By bringing together a talented team and our global market experience, we're uncovering cutting-edge solutions. It's how we'll realize our mission of contributing to society through the development of superior, original technology and products.



## We rise to meet new possibilities

United by a company-wide commitment to harmony, sincerity and — above all — pioneering spirit, we work together to inspire the next.



## This mindset of continuous growth has driven us for more than 115 years

It will continue guiding us into the future, placing innovation at the heart of our DNA as we harness the power of data and technology to advance a more sustainable society.

# Business overview

Through its Social Innovation Business (SIB), which brings together IT, OT (Operational Technology) and products, Hitachi contributes to a harmonized society where the environment, wellbeing and economic growth are in balance.

Hitachi operates globally in four sectors — Digital Systems & Services, Energy, Mobility, and Connective Industries — and the Strategic SIB Business Unit for new growth businesses. With Lumada at its core, Hitachi generates value from integrating data, technology and domain knowledge to solve customer and social challenges. Revenues for FY2024 (ended March 31, 2025) totaled 9,783.3 billion yen, with 618 consolidated subsidiaries and approximately 280,000 employees worldwide.

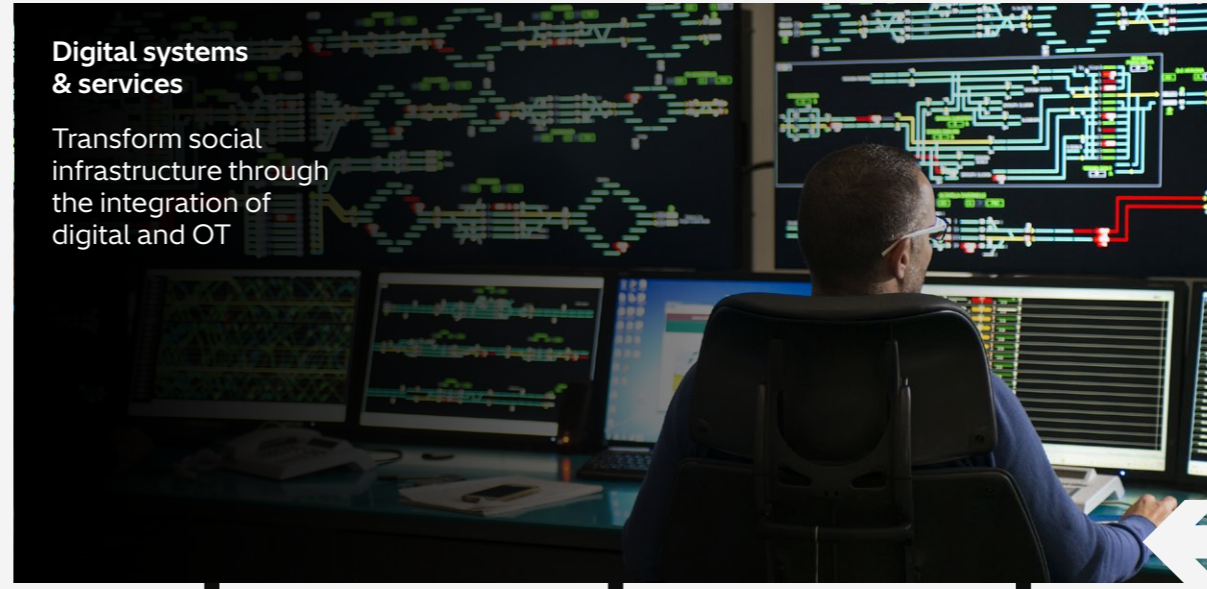
## Hitachi by numbers

**282,743**  
Number of employees

**618**  
Consolidated subsidiaries

**JPY ¥ 9,783.3B**  
(USD \$63.94B\*1)  
Global revenue

## Business sectors



### Digital systems & services

Transform social infrastructure through the integration of digital and OT

### Strategic social innovation business

Consolidate the capabilities as One Hitachi to deliver new social innovations



### Energy

Provide sustainable energy to all



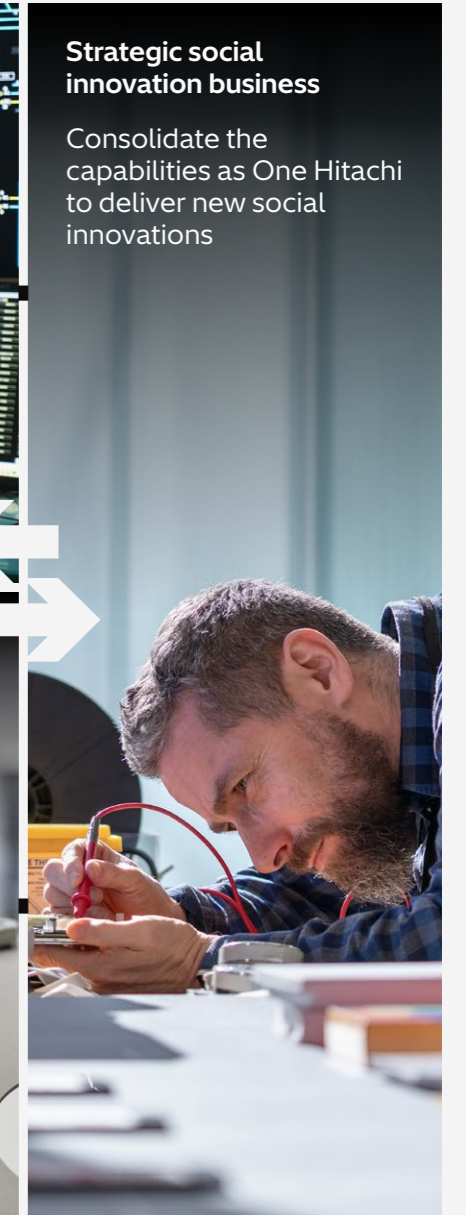
### Mobility

Offer safe, comfortable, and green mobility



### Connective industries

Improve on-site productivity with products and OT knowledge



\*1 Based on exchange rate 153 JPY to USD

# Our sustainability journey

~To a more sustainable tomorrow~

Like innovation, sustainability is a never-ending journey, and, at Hitachi, we are continuously evolving how we operate to deliver better for people, the planet and the future.

2010s

2020s

2010

2013

2016

2019

2020-2021

2025

## Focusing on Social Innovation Business

Drastically reformed our business following a management crisis, improving governance independence and transparency while re-centering our focus on Social Innovation Business

## Enhancing human rights

Established the Hitachi Group Human Rights Policy, outlining our commitment to respecting the rights of all stakeholders

## Setting our long-term environmental targets

Formulated the Hitachi Environmental Innovation 2050 to address group-wide environmental challenges

## Establishing internal carbon pricing

Commenced operation of the Hitachi Internal Carbon Pricing (HICP) systems

## Fostering sustainable procurement

Instituted the Hitachi Group Global Procurement Code to foster sustainable procurement

## Setting carbon neutral targets

Set 2030 and 2050 carbon neutral environmental targets

## Launching the Hitachi group sustainability strategy

Introduced our PLEDGES sustainability strategy to take our efforts to the next level



# Sustainability initiatives and external evaluation

We aspire to support the development of sustainable societies. To amplify our efforts, we engage in external initiatives and evaluations that help enhance our sustainability performance.

## Sustainability initiatives

We actively contribute to a range of international initiatives and groups which exist to drive sustainability on a global scale.

**1995**  
Became a member in 1995  
Adopted SOS 1.5 project in 2020



**2007**  
Became a member in 2007 and has participated in the Human Rights Working Group (HRWG) since 2016



**2009**  
Committed to enhancing our corporate activities using the UN principles as guidelines



**2014**  
Contributor to the Davos Forum since 2014



**2018**  
Became a member in 2018  
Joined the JCI Race to Zero Circle established in 2021



**2020**  
Signatory with common vision to limit the global temperature increase to 1.5°C above preindustrial levels



**2020**  
Founding member of the ESG Disclosure Study Group



**2021**  
Supporter of inclusion for people with disabilities



**2025**  
The SBTi has verified Hitachi's net-zero science-based target by fiscal 2050



## External evaluation

We look to internationally recognized external assessments to confirm our current efforts and seek for improvements.



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

Learn more about our [Sustainability initiatives and external evaluation](#)

# Management plan Inspire 2027

~Charting our next steps~

Hitachi, a globally unique company that combines IT, OT, and products, has the strength to transform social infrastructure by integrating technology and domain knowledge. Inspire 2027, Hitachi Group's new management plan, seeks to further increase corporate value by fully displaying these strengths. Additionally, to demonstrate an unwavering commitment to transforming into a digital-centric company, we have newly set ambitious long-term goals, "80% Lumada revenue ratio and 20% Lumada Adj. EBITA margin," as our "target level." In an unpredictable business environment, we aim to identify risks and take agile actions while maintaining a steady long-term direction in management to achieve sustainable growth and elevate Hitachi to the next stage.

Through Inspire 2027, we are targeting a clear forward-looking vision:

Grow sustainably while contributing to a harmonized society where environment, wellbeing and economic growth are in balance



## Enhancing sustainable growth

Social innovation has long been at the heart of our business, as we combine our products with information technology and operational technology to drive impact for society. Guided by our Inspire 2027 vision, we strive to evolve our position as a digital-centric company — leveraging that position to future-proof our financial performance and tie it to sustainable progress. To support us in this endeavor, we have established a series of targets aimed at increasing corporate value through sustainable growth.

### Delivering value to society

We seek to advance society by harnessing the full value of our solutions to enhance wellbeing, address global environmental challenges and foster economic growth. Under Inspire 2027, we will endeavor to strengthen our business with Lumada as core, enhanced by domain knowledge and AI. And, with our group-wide sustainability strategy PLEDGES, we're also incorporating cross-business sustainability considerations, aiming to accelerate our positive impact on people and planet.

[Learn more about Inspire 2027](#)

Financial KPIs targeted in Inspire 2027

**Revenues CAGR**  
7-9%

**Adj. EBITA margin**  
13-15%

**Cash flow conversion**  
Over 90%

**ROIC**  
12-13%

**Lumada Revenue ratio**  
50%

**Adj. EBITA margin**  
18%

# Our **PLEDGES** for the future

Hitachi launched its new group sustainability strategy PLEDGES, which include our commitment, aspirations and targets for sustainability.

## Hitachi sustainability strategy

**P**

### Planet

Lead Green Transformation globally to achieve decarbonization

**L**

### Leadership

Lead transformation with people who can boldly take on societal issues and pave the way for a brighter future

**E**

### Empowerment

Build a culture that praises learning and encourages challenges and growth

**D**

### Diverse perspectives

Drive innovation by maximizing capabilities and performance of diverse talents

**G**

### Governance

Build a resilient foundation with safety and ethics as a priority

**E**

### Engagement

Build a sustainable value chain along with stakeholders

**S**

### Sustainability for all

Accelerate value delivery to society and Hitachi's sustainable growth through PLEDGE

## Sustainability themes included

Decarbonization, Circular economy, Nature positive

Human capital acquisition and development, Individual leadership

Employee engagement, Organizational culture

Inclusive workplace and opportunities for all

Business ethics and compliance, Health and safety, Quality and product safety, Information security, AI governance, Risk management

Sustainable procurement, Human rights

Delivering value to society

# A closer look into our PLEDGES

The sustainability strategy, PLEDGES, consists of seven strategic pillars that are key to achieving a sustainable society and advancing Hitachi's business growth.

## PLEDGES

### Planet

**Green Transformation (GX)** — Hitachi believes that it is essential to address environmental issues that are becoming increasingly serious around the world from a long-term perspective, and has established its environmental vision, which sets out the direction of the Hitachi Group. Under this vision, Hitachi has set three strategic pillars of Decarbonization, Circular economy and Nature positive, and will foster group-wide initiatives with the aim to become a global leader in GX to help protect our Planet and achieve wellbeing for People.

#### FY2027 KPI/target

**75%**

GHG emission reduction rate at operational sites (factories and offices) (compared to FY2019)

#### Included themes

**Planet**  
Decarbonization,  
Circular economy,  
Nature positive

## PLEDGES

### Leadership/Empowerment/ Diverse perspectives

**Strengthening human capital, Cultivating organizational culture and Leveraging diverse perspectives** — To create innovation, Hitachi believes it is essential to strengthen human capital and cultivate an organizational culture that encourages challenges and growth. Based on this approach, Hitachi will strive to strengthen the development of next-generation leaders who will lead transformation and also enhance cultivating an organizational culture that encourages individual challenges and growth. In addition, Hitachi respects and values diverse perspectives, and by fostering an inclusive culture where employees can grow together, it aims to deliver value to society.

#### FY2027 KPIs/targets

##### Leadership

**70 points**

Employee growth mindset score

##### Empowerment

**80 points**

Employee engagement score

#### Included themes

**Leadership**  
Human capital acquisition and development,  
Individual leadership

**Empowerment**  
Employee engagement,  
Organizational culture

**Diverse perspectives**  
Inclusive workplace and opportunities for all

**Diverse perspectives**  
Realize innovative ideas through the new "Make a Difference!" program\*1

\*1 A program to support bottom-up idea proposals and implementation aimed at Hitachi Group employees.

PLEDGES

## Governance

**Building a resilient organizational foundation** — The Hitachi Group’s business environment is changing day by day, thus strengthening the resilience of the organization is critical to achieving sustainable growth. Hitachi will enhance safe and secure workplaces throughout the Group and foster a corporate culture in which each and every employee acts with honesty and fairness. In addition, Hitachi will continue to strengthen global risk management as well as governance, with the aim of remaining a company that is trusted by society.

**Included themes**

Business ethics and compliance, Health and safety, Quality and product safety, Information security, AI governance, Risk management

**FY2027 KPI/target**

# 0.1 or less

Total recordable injury frequency rate

- Governance
- Health and safety
- Quality and product safety

PLEDGES

## Engagement

**Enhancing a sustainable value chain** — As a company that operates its business around the globe, engaging with diverse stakeholders, Hitachi believes it is its responsibility to enhance sustainability initiatives throughout the entire value chain. To achieve this, Hitachi will foster business activities that address environmental and human rights issues at all stages of the value chain, and focus on sustainable procurement activities in cooperation with its procurement partners, particularly in the upstream. Through collaborative creation along with stakeholders, Hitachi aims to realize a sustainable society and business growth.

**Included themes**

Sustainable procurement, Human rights

**FY2027 KPI/target**

# 1.5 times

(6,000+ procurement partners)

Number of procurement partners taking action on environment and human rights (compared to FY2024)

- Respect for human rights
- Sustainable procurement

PLEDGES

## Sustainability for all

**Delivering value to society** — The seventh pillar represents Hitachi’s commitment to deliver value to society through business activities based on the above six pillars. With the sustainability strategy at the core of its business, Hitachi aims to deliver value to every corner of the world by further accelerating its social innovation business centered on Lumada.

Delivering positive impact



# Delivering positive impact

~Aiming for a harmonized society~

We will deliver positive impact to people and planet through our social innovation business with Lumada as core, aiming for a harmonized society.

### Providing Better Transport

- Powering efficient, high-speed public transport
- Developing smart traffic management for more seamless, sustainable transport
- Advancing electric vehicle and battery technology

### Keeping People Healthy

- Advancing healthcare innovation
- Enhancing clinical testing accuracy
- Improving hospital efficiency
- Supporting medicine development

### Keeping Society Safe and Resilient

- Supporting disaster preparedness and response
- Powering resilient data center operation
- Enhancing cybersecurity to protect valuable information
- Increasing safety and security of buildings

### Making Living More Comfortable and Convenient

- Contributing to better living with smart home appliances
- Supporting urban development with sustainable infrastructure
- Increasing comfort and convenience of buildings

### Supporting the Development of Industries

- Reducing environmental impact and worker burden while improving productivity
- Improving manufacturing process with high-quality equipment
- Driving smarter and safer ways of working for frontline workers with AI and IoT
- Optimizing data infrastructure and solutions

### Delivering Sustainable Energy

- Providing leading renewable energy solutions
- Making grids smarter and more resilient
- Developing high-performance energy storage for a reliable, low-carbon future

### Building a More Sustainable Future

- Fostering decarbonization across the value chain
- Driving circular economy initiatives
- Protecting food safety
- Providing clean air, water and waste management solutions
- Designing future-proof and safe agricultural solutions

# Innovation in action

We're helping advance society through technological innovation, uncovering solutions that support quality of life, respect planetary boundaries and realize wellbeing for everyone. Here are just a few examples of those solutions in action.

## Case study

### Transforming global healthcare

Nearly 50 years ago, Hitachi High-Tech teamed up with Roche Diagnostics to advance in-vitro diagnostic solutions that improve accuracy, efficiency and patients' quality of life (QoL). In 2024, we further extended this valuable partnership for the next decade, enhancing our capabilities to uncover ever-greater solutions that combine Roche's diagnostic solutions with Hitachi High-Tech's analytics expertise.

Throughout our long-standing collaboration, we have launched a variety of solutions — from integrated clinical chemistry and immunoassay analyzer systems to fully integrated mass spectrometry systems — designed to streamline lab diagnostics, increase testing capacity and even transform our customers' operations as they navigate rising demand and limited resources. Our co-created solutions empower healthcare professionals to deliver accurate test results to patients quickly, enabling more timely diagnosis that can improve the lives and health of millions around the world.

To date, Hitachi High-Tech and Roche have installed over 84,000 diagnostic platforms globally — scaling and accelerating the testing capabilities of healthcare professionals.





Case study

# Harnessing the protective power of bubbles

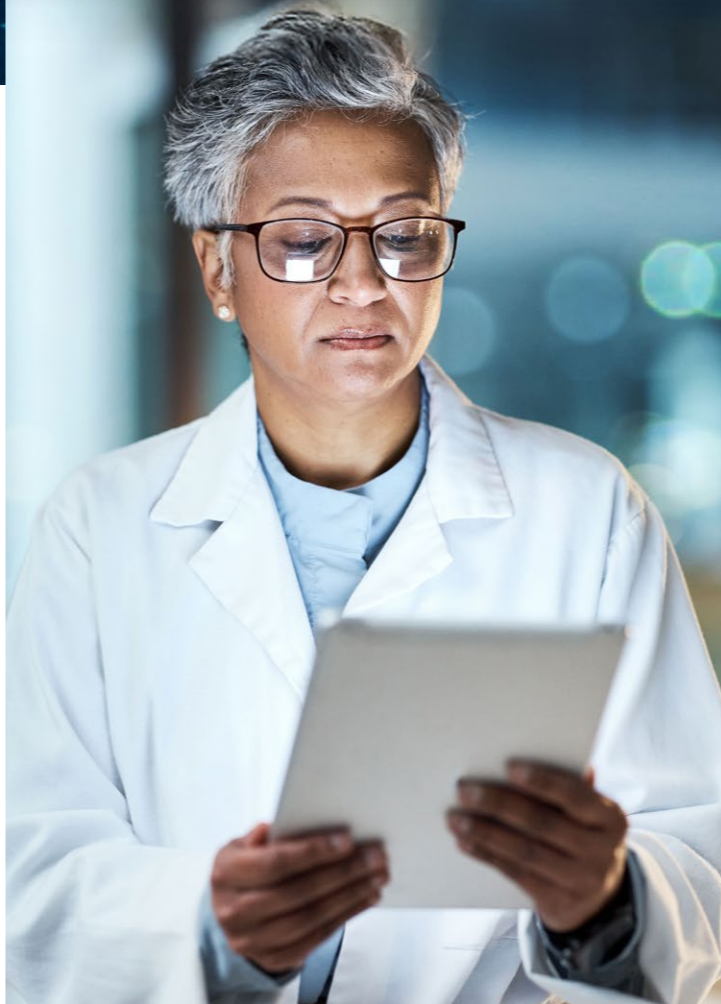
More than 80 years ago, a Dutch engineer came up with a clever solution to keep salt water from entering the Netherlands' canal network — the pneumatic barrier. Formed by pumping air through a perforated pipe that is anchored to the ground, the resulting curtain of bubbles acts as an effective block to contaminants, salt water and sediments. It also performs the useful role of minimizing underwater noise pollution.

In a world where renewable energy is critical to safeguarding a more responsible, resilient future, offshore wind farms will be needed to meet global energy demands. However, the construction

process is a noisy endeavor, and one that can pose a serious threat to marine animals — like whales and dolphins — that rely on sound for navigation and communication. Hitachi Global Air Power provides legendary air end solutions as well as oil-free, energy-efficient compressors that support the deployment of bubble curtain technology — enabling renewable energy production to coexist harmoniously with marine protection.

Bubble curtain cuts underwater noise from offshore wind farm development by up to 90%, showing how air power can be used to protect both the environment and future energy needs.

Through data optimization, real-time processing and Generative AI capabilities, GlobalLogic's platform is transforming healthcare, connecting physicians to actionable, impactful insights.



Case study

# Shaping patient diagnostics with AI

AI has the potential to transform how we care for people, turning complex data into meaningful insights that optimize and accelerate treatment. When a global healthcare organization was struggling to navigate vast amounts of patient data, they turned to GlobalLogic to streamline information and improve care delivery. Harnessing the latest AI-driven technologies, GlobalLogic built a platform that automates and enhances medical data organization and analysis in real time.

By cutting manual processing and enabling fast, intelligent and predictive diagnostic insights, the organization cut medical report review and processing times by 30%. Response times for critical cases improved by 25% while missed details dropped by 20%, meaning healthcare professionals could get the right treatment to patients at the right time.

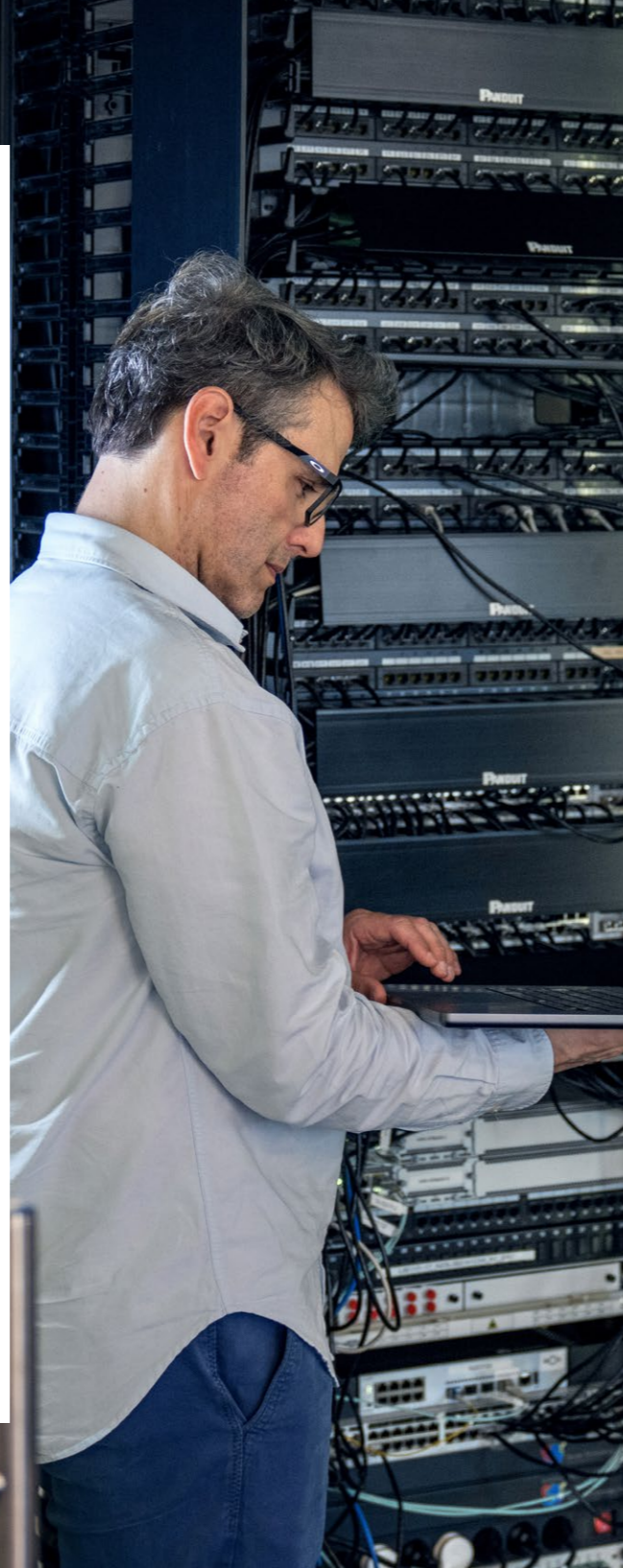
### Case study

## Enabling the 24-hour news cycle

The saying goes that the news never sleeps and, in today's globally connected world, people are looking for ways to stay informed on the latest social, political and environmental developments. Malayala Manorama, one of India's largest media houses, needed an IT system that could keep up with the demand. In response, the organization teamed up with Hitachi Vantara to develop a resilient IT infrastructure — an interconnected network of four major data centers and 11 local sites — to support its print, broadcast and online media operations.

Malayala Manorama's new setup included Hitachi Virtual Storage Platform E-Series technology and Hitachi Advanced Servers, which increased data center efficiency and maximized storage availability for their growing media archive. The result? Near-zero downtime, reduced storage management workload, enhanced performance and energy cost reductions of approximately 70%.

Our resilient, efficient storage solutions are playing a key role in supporting the 24-hour news cycle — while cutting its environmental footprint.



### Case study

## Reimagining agriculture

From water scarcity and climate change to rising regulatory challenges, the agriculture industry is under pressure to advance more sustainable practices that will safeguard its future. In North America, we've partnered with Forever Feed Technologies™ on a new solution that could revolutionize modern agriculture, cutting environmental impacts and supporting farmer livelihoods.

Combining farming knowledge with technological expertise, this partnership has developed the next generation of indoor vertical feed growing systems — an innovative solution that makes it possible to produce food for livestock throughout

the year, regardless of weather or land quality. And, with lower space, fertilizer and irrigation requirements, the feed formula, growing protocols and grow system have the potential to dramatically cut input costs for farmers. In fact, using the system, farmers can deliver fresh, quality, nutrition-rich cattle feed year-round while using 95% less water and 99% less land compared to field-grown alfalfa forage.

This new feed formula and grow system uses less than 5% of the water needed for field-grown alfalfa forage, conserving vital resources while supporting farming communities.





**Case study**

# Connected solutions for rail

Rising energy costs in recent years have had serious knock-on effects for public transport operators. While this represents a significant challenge, it also creates a valuable opportunity for operators to explore energy efficiencies that drive down costs — and drive up passenger comfort.

In urban settings, the solution could lie in greater communication between onboard train equipment and trackside infrastructure. Hitachi Rail's Green Communications-Based Train Control (CBTC) package combines tools, technologies and services that, together, cut energy consumption by as much as 20%. The system tracks train performance data in real time, optimizing energy use by pinpointing when trains should accelerate, brake and coast. At the same time, passengers can still enjoy a seamless and comfortable public transport experience.

## The future of rail

The Hitachi Rail Hyper Mobility Asset Expert (HMAX) marks a significant milestone in the evolution of rail digitalization, as it enhances the management of rolling stock and infrastructure assets using big data.

HMAX is designed by combining the strength of the unique expertise of Hitachi in both the rail domain with Hitachi Rail and the digital environment with Hitachi Digital. This combination of operational technology and IT offers an improvement in reliability performance, a reduction in maintenance costs and an optimization of energy and network capacity, bringing the rail industry to the next step of sustainable mobility for the future.

With HMAX technology, train providers can achieve significant reductions in maintenance costs and train delays.

Hitachi Energy solutions are helping bring up to 960 megawatts of renewable power to the UK grid, driving the country toward a net-zero tomorrow.

**Case study**

# Powering a sustainable energy future

Across the globe, many countries are on a decarbonization journey, taking bold steps to achieve a net-zero future. One such country is the UK, and low-carbon power is a key part of its plan.

Step one in transitioning to clean energy is building the infrastructure that can harness the power of renewable sources such as solar, water and wind. ScottishPower Renewables is helping do that in the UK, with an offshore windfarm, located 32 km off the Suffolk coast of England, that has enough capacity to power around 950,000 homes in a single year.

The next step is connecting that energy to the national grid, which is where Hitachi Energy comes in. Using a range of Hitachi Energy solutions specifically designed to scale capacity and ensure a reliable, flexible, stable power supply — even when wind levels are low — ScottishPower Renewables' East Anglia TWO windfarm will play a valuable role in meeting the UK's renewable energy needs, powering a lower-impact future for hundreds of thousands of families.

These are a few examples among many. Through our innovations, we're working to advance real-world impact for people and the planet.

# Sustainability Strategy

## In this section

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# Hitachi Group sustainability strategy—PLEDGES

In its management plan Inspire 2027, the Hitachi Group has set forth a vision of contributing to the realization of a harmonized society where the environment, wellbeing, and economic growth are in balance, while also achieving sustainable growth. To advance the realization of this vision and deepen its sustainable management, Hitachi has formulated a new sustainability strategy framework PLEDGES under the Inspire 2027 plan.

## Deepening sustainable management

Guided by its founding corporate philosophy to contribute to society through the development of superior, original technology and products, the Hitachi Group has spent more than 115 years working to solve the challenges facing society. This philosophy also underpins the Inspire 2027 plan, through which Hitachi aims to create greater value for society and enhance corporate value by leveraging its strengths in IT, OT, and products more than ever before. As the Group moves toward the next stage of sustainable growth, it has formulated the sustainability strategy PLEDGES, a Group-wide initiative that places sustainability at the core of its business strategy and aims to deepen sustainable management.

## Process of formulating the sustainability strategy PLEDGES

### STEP 1 Creating a list of sustainability topics

Taking into account the business environment surrounding Hitachi and the broader social context related to sustainability, a list of sustainability topics was created with reference to international sustainability standards such as the European Sustainability Reporting Standards (ESRS) and the Sustainability Accounting Standards Board (SASB).

### STEP 2 Analysis and assessment of business risks/opportunities and social impact (IRO)

Using the list of sustainability topics, each business unit (BU) analyzed and assessed the risks and opportunities specific to their business characteristics and value chains, as well as the potential social impacts of Hitachi’s business activities, based on Group-wide standards. Based on the analysis and evaluation results from BUs, business risk/opportunity and social impact scores were calculated for each topic, visualizing the IRO areas that the Hitachi Group should prioritize.

### STEP 3 Confirming stakeholder expectations and requests

To validate the appropriateness of the IRO areas identified through analysis and evaluation by the business units, dialogues were conducted with 10 domestic and international groups, including institutional investors, international organizations, and NGOs. These discussions helped confirm stakeholder expectations and requests, as well as identify any perspectives that may have been overlooked during the evaluation process.

### STEP 4 Discussions by senior management

From a medium- to long-term perspective grounded in the Hitachi Group’s management policies and strategies, discussions were held by senior management, including the President & CEO, Chief Sustainability Officer, and Chief Risk Management Officer.

### STEP 5 Formulation and approval of the sustainability strategy PLEDGES

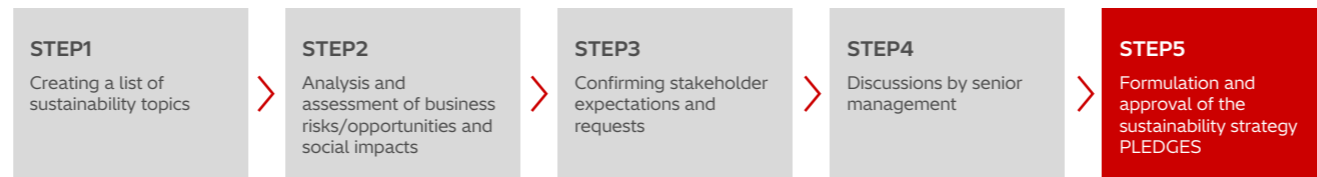
The IRO areas were organized into seven strategic pillars—Planet, Leadership, Empowerment, Diverse perspectives, Governance, Engagement, and Sustainability for all. For each pillar, our aspirations and KPIs/targets were defined. The resulting framework was reported to and approved by the Senior Executive Committee and the Board of Directors as the Hitachi Group’s sustainability strategy, PLEDGES, under the Inspire 2027 plan.

Approach for identifying IRO areas the Hitachi Group needs to address



IRO analysis and assessment standards

	Evaluation criteria	Definition
Risks / Opportunities	Magnitude	The degree of impact on the company when a risk or opportunity event occurs in its business
	Likelihood	The likelihood of a risk or opportunity event occurring in the business
Impact on society	Scale	The degree of positive or negative impact on society when such an impact occurs
	Scope	The extent of scope of the positive or negative impact on society when such an impact occurs
	Irremediable	The degree to which a negative impact on society can be remedied if it occurs
	Likelihood	The likelihood of a positive or negative impact on society occurring



## Areas of business risks/opportunities and social impacts

Themes	IRO areas		Time horizon	Value chain
Decarbonization	Risk	<b>Risk of deteriorating earnings due to strengthened climate change regulations (policies and legal regulations)</b> If regulations are strengthened in various countries, such as the introduction of carbon pricing including carbon taxes, business costs may increase.	Short to long term	Own operation
	Risk	<b>Risk of reputational damage if perceived as lacking commitment to climate change (market/reputation)</b> Hitachi sets and regularly updates targets related to climate change, but there is a risk that these targets may not be achieved. There is also a risk that if the company's disclosure activities—such as reporting in sustainability reports—deteriorate or cease, its corporate reputation in the market will decline.	Short to long term	Own operation
	Risk	<b>Risk of deteriorating earnings due to physical risks from climate change</b> Weather-related disasters believed to be caused by climate change—such as intensifying typhoons and floods (acute risks) or long-term temperature rises and heat waves (chronic risks)—could result in business interruptions or delays in procurement due to disruptions in the supply chain.	Short to long term	Upstream, own operation, downstream
	Opportunity	<b>Business opportunities through products and solutions that contribute to climate change mitigation and adaptation</b> There is potential to expand business opportunities by increasing the provision of innovative products and services expected to contribute to climate change mitigation and adaptation.	Short term	Upstream, own operation, downstream
	Social impact (Positive)	<b>Contributing to society-wide climate change mitigation and adaptation</b> Through various initiatives toward green transformation (GX)—including providing environmentally conscious products and services, fostering energy transitions toward decarbonization, offering safe, comfortable, and clean means of transportation, and improving system efficiency and utilization rates through digital technologies—Hitachi can advance decarbonization across the entire value chain, potentially contributing to society's climate change mitigation and adaptation.	Short term	Upstream, own operation, downstream
	Social impact (Negative)	<b>Acceleration of society-wide climate change</b> Many of Hitachi's products provide value to customers through energy use, which in aggregate results in high GHG emissions during product use. These emissions may be a contributing factor to global climate change. If GHG emissions across the value chain, including those generated during product use, are not reduced, climate change could accelerate further.	Short term	Downstream

Climate-related financial information disclosure (based on TCFD recommendations)

Themes	IRO areas		Time horizon	Value chain
Circular economy	Opportunity	<b>Potential to expand business opportunities through environmentally and life-cycle-conscious products/solutions</b> There is potential to expand business opportunities by offering products and solutions designed with environmental and life-cycle considerations, such as extending product lifespans and expanding recurring business models.	Medium term	Own operation, downstream
	Social impact (Negative)	<b>Depletion of society's resources</b> If the transition to a circular economy is not advanced through transformations in product design, procurement, and overall business models, it could lead to resource depletion.	Medium term	Upstream, own operation, downstream
Nature positive	Social impact (Negative)	<b>Ecosystem degradation due to climate change and water use</b> Acceleration of climate change, discharges into aquatic environments, and other negative impacts on natural capital could lead to ecosystem degradation.	Long term	Upstream, own operation, downstream
Human capital acquisition and development, Individual leadership	Opportunity	<b>Expanding business opportunities through appropriate talent development and recruitment</b> By developing and acquiring talent in line with business strategies, Hitachi can potentially drive business growth through innovation, creation of new business opportunities, development of products and services, and increased production volumes (e.g., training generative AI professionals).	Short to medium term	Own operation
Employee engagement, Organizational culture	Opportunity	<b>Expanding business opportunities through enhanced employee engagement</b> Higher employee engagement can lead to increased productivity and enhanced corporate brand value, which in turn can attract more talent and potentially drive business growth.	Short term	Own operation
Inclusive workplace and opportunities for all	Opportunity	<b>Expanding business opportunities through leveraging diverse perspectives</b> By fully utilizing the diverse backgrounds, perspectives, and expertise of a diverse workforce, Hitachi can foster innovation driven by new ideas, acquire opportunities for new businesses, and potentially drive business growth.	Short term	Own operation

Themes	IRO areas		Time horizon	Value chain
Health and safety	Risk	<b>Financial burden and loss of social credibility due to insufficient safety management</b> If occupational incidents occur because safety management for employees and contractors is not thoroughly implemented, it could not only cause a decline in productivity and loss of business opportunities, resulting in a financial burden for the company, but also lead to a loss of social credibility.	Short term	Own operation
	Social impact (Negative)	<b>Impact on the health and safety of people working in the value chain</b> If high-risk tasks involving hazards such as electric shocks, working at heights, heavy loads, oxygen deficiency, toxic gases, or fires are not properly managed, or if training is inadequate, it could pose safety risks to employees, contractors, and others working in the value chain, as well as potentially cause mental and physical health issues.	Short term	Upstream, own operation, downstream
Human rights	Risk	<b>Loss of reputation and business opportunities due to insufficient respect for human rights</b> If human rights issues, such as labor problems or harassment, occur within the company, among procurement partners, or among business partners in the value chain, there are risks of supply chain disruptions and other procurement risks, lawsuits/fines, reputational damage, and loss of business opportunities.	Medium term	Upstream, own operation, downstream
	Social impact (Negative)	<b>Human rights violations affecting people involved in the value chain</b> If appropriate human rights due diligence (HRDD) processes are not implemented, or if responses to identified human rights issues are inadequate, it could lead to the occurrence or continuation of human rights violations against stakeholders such as suppliers, employees, business partners, and local communities.	Short term	Upstream, own operation, downstream
Sustainable procurement	Risk	<b>Reputation and supply risks due to inadequate supply chain management</b> If procurement is conducted from partners who do not consider human rights, the environment, or compliance, and appropriate investigation or action is not taken, it could lead to reputational damage and hinder stable procurement.	Short term	Upstream, own operation
	Risk	<b>Risk of deteriorating earnings due to insufficient supply chain resilience</b> Progress in protectionist policies and economic bloc formation in various countries and regions, the expansion of import/export restrictions, the occurrence of large-scale disasters, and increasing economic uncertainty pose risks of supply chain disruptions and rising procurement costs.	Short term	Upstream, own operation, downstream
	Social impact (Negative)	<b>Expansion of human rights violations and exacerbation of environmental impacts</b> If responsible procurement is neglected, it could lead to the expansion of human rights violations affecting workers at suppliers and other entities in the value chain, as well as an increase in environmental impacts.	Short term	Upstream, own operation, downstream

Themes	IRO areas		Time horizon	Value chain
Information security	Risk	<b>Business interruption and reputational damage due to increasingly sophisticated and advanced cyberattacks</b> If increasingly sophisticated and advanced cyberattacks result in system shutdowns or the theft/destruction of information, there is a risk of business interruption and reputational damage.	Short to medium term	Upstream, own operation, downstream
	Social impact (Negative)	<b>Abuse of personal information and suspension of critical infrastructure services</b> In Hitachi's businesses that support various aspects of social infrastructure, cyberattacks on its own systems or on the products and services it provides could result in information leaks or system shutdowns, potentially leading to the abuse of personal information or the suspension of critical infrastructure services, thereby undermining public safety and security.	Medium term	Own operation, downstream
AI governance	Risk	<b>Deterioration of earnings and loss of business opportunities due to inadequate governance in AI utilization</b> If governance structure and risk management of AI utilization to address regulatory compliance are not implemented, there is a possibility of reputational damage and fines due to AI incidents. Furthermore, it may become a factor of impeding productivity, which may lead to loss of business opportunities.	Short to medium term	Own operation
Business ethics and compliance	Risk	<b>Reputational damage and deterioration of earnings due to insufficient enforcement of business ethics</b> Acts that deviate from international norms and ethics—including bribery, violations of anti-corruption measures, and breaches of competition law—pose risks such as loss of stakeholder trust and other reputational risks, litigation risks, deterioration of earnings due to fines, and loss of business opportunities through exclusion from investment or trading partner consideration.	Short to medium term	Own operation
Quality and product safety	Risk	<b>Risk of deteriorating earnings due to product/solution quality and safety</b> If issues arise with quality or product safety, there are risks of incurring costs associated with remedial actions, reputational damage, and loss of business opportunities.	Medium term	Own operation, downstream

## Hitachi Group sustainability strategy framework—PLEDGES

Based on the analysis and assessment of business risks, opportunities, and social impacts, Hitachi has formulated its sustainability strategy PLEDGES, under the management plan Inspire 2027. For each strategic pillar, we have defined our aspirations, KPIs and targets, and are working to advance sustainable management.

### PLEDGES

Strategic pillars	Aspirations	Included themes	FY2027 KPI/target			
Planet	Lead green transformation (GX) globally to achieve decarbonization	Decarbonization	GHG emissions reduction rate at business sites (factories and offices)*1 (compared to FY2019)	75%		
			Number of procurement partners that set GHG reduction plans and targets	700 procurement partners		
			Reduction in GHG emissions intensity rate through products and services*2 (compared to FY2022)	40%		
		Circular economy	Application rate of environmental conscious design for new product development	100%		
			Waste landfill rate*3	2%		
			Effective utilization rate of plastic waste*3	92.5%		
		Nature positive	Reduction rate in water use per unit*3 (compared to FY2019)	8%		
			Reduction rate of water usage at manufacturing sites located in water-stressed areas	1%		
		Leadership	Lead transformation with people who can boldly take on societal issues and pave the way for a brighter future	Human capital acquisition and development, Individual leadership	Number of global leaders who realize growth strategy	1,000 people
					Number of generative AI professional talents	50,000 people
Employee growth mindset score	70 points					
Empowerment	Build a culture that praises learning and encourages challenges and growth	Employee engagement, Organizational culture	Employee engagement score	80 points*4		
			Number of people who receive allotment of Restricted Stock Unit	1,500 people		
			Number of people eligible for Employee Stock Purchase Plan globally	150,000 people		
Diverse perspectives	Drive innovation by maximizing capabilities and performance of diverse talents	Inclusive workplace and opportunities for all	Realize innovative ideas through the new “Make a Difference!” program*5			

Strategic pillars	Aspirations	Included themes	FY2027 KPI/target	
Governance	Build a resilient foundation with safety and ethics as a priority	Business ethics and compliance	Ethical culture and compliance perceptions assessment score	85 points*6
			Health and safety	Total recordable injury frequency rate*7
			Number of fatal incidents	0
		Quality and product safety	Executive participation rate (including Hitachi executives and business site senior management) in review sessions for product-related incidents (OCHIBO-HIROI)	100%
			Information security	Ensure and enhance information security by implementing measures based on the annual cybersecurity score monitoring*8
AI governance	Implement risk management for applying AI to products, services, and systems	Risk management	Strengthen process and talent of our global operation to foster effective risk management for growth	
		Engagement	Build a sustainable value chain along with stakeholders	Sustainable procurement
Human rights	Work to remediate the specific human rights risks identified			
Sustainability for all	Accelerate value delivery to society and Hitachi’s sustainable growth through PLEDGE	Delivering value to society	Avoided emissions from the use of products and services per year (FY2025–FY2027 average)	100 million tons/year
			Revenue of products, services, and solutions contributing to GX per year (FY2025–FY2027 average)	4.6 trillion JPY/year

\*1 All manufacturing sites and non-manufacturing sites in categories A and B are covered

\*2 Per gross profit

\*3 All manufacturing sites

\*4 Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

\*5 A program to support bottom-up idea proposals and implementation aimed at Hitachi Group employees

\*6 At or above the benchmark score established for similarly situated companies utilizing external institute's (Ethisphere) ethical culture and compliance perceptions assessment

\*7 Number of recordable injuries per 200,000 work hours

\*8 Based on METI Cyber Security Management Guidelines created with reference to globally recognized standards (ISO/IEC 27000 series) and frameworks (NIST Cybersecurity Framework, etc.)

## Linking executive compensation to the sustainability strategy

At Hitachi, the Compensation Committee, composed of a majority of independent external directors, determines the policy for the compensation of directors and executive officers, as well as the individual compensation details and amounts based on that policy.

Starting in fiscal 2023, to strengthen sustainable management and enhance corporate value, the weighting of sustainability targets in short-term incentive compensation (STI) was set at 20%. In addition, for long-term incentive compensation (LTI), if sustainability targets are achieved, additional shares equivalent to 10% of the standard amount are granted.

From fiscal 2025, selected KPIs and targets from the newly formulated sustainability strategy PLEDGES have also been incorporated into the evaluation of executive compensation to further enhance its implementation.

### Sustainability evaluation indicators linked to executive compensation

PLEDGES Strategic pillars	KPI	Link to executive compensation	FY2027 targets
Planet	GHG emission reduction rate at business sites (factories and offices) (compared to FY2019)	STI	75%
Leadership	Employee growth mindset score	LTI	70 points
Empowerment	Employee engagement score	STI / LTI	80 points*1
Governance	Total recordable injury frequency rate (TRIFR) Number of fatal incidents	STI	0.1 or less Zero
Engagement	Number of procurement partners taking action on environment and human rights (compared to FY2024)	STI	1.5 times

\*1 Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

#### Director and executive officer compensation

## Contributing to the SDGs

Through corporate management based on the sustainability strategy PLEDGES, Hitachi aims to advance its Social Innovation Business and contribute to the realization of a harmonized society where the environment, wellbeing, and economic growth are in balance, while also addressing a wide range of global social issues outlined in the Sustainable Development Goals (SDGs). We have identified specific SDG targets to which we can contribute most significantly through business activities with

PLEDGES as the foundation, under the management plan, Inspire 2027. Through our active involvement across a broad range of business fields, we believe we can contribute extensively to the achievement of SDGs beyond the goals identified, and we will strive to contribute to the achievement of all 17 SDGs.

### SDG targets to which Hitachi contributes through its business activities

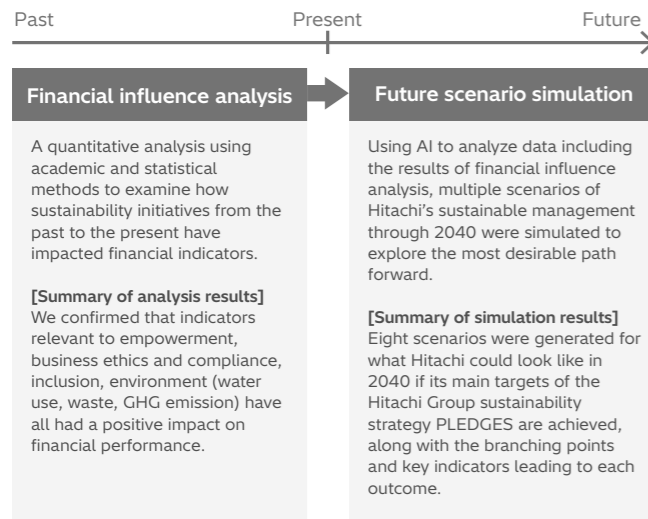


## Sustainability and financial performance

To advance sustainable management, it is essential to identify how sustainability initiatives impact financial performance and to explore possible future directions. Based on this approach, Hitachi conducts financial influence analysis to assess how changes in sustainability initiatives and indicators relate to financial metrics. Building on these results, we are using AI to run future scenario simulations for management.

These analysis outcomes were referenced in the formulation of the sustainability strategy PLEDGES and are being utilized to inform various sustainability initiatives.

### Analyzing the relation between sustainability and financial performance



### Financial influence analysis

The financial influence analysis model was jointly developed by Hitachi, the Isagawa Laboratory, and Kazuo Yamada Laboratory at Kyoto University. It is a method designed to clarify how sustainability initiatives affect financial indicators. Using this method, Hitachi analyzed ESG and financial data spanning approximately the past 3 to 10 years. The results quantitatively demonstrated that sustainability initiatives have a positive impact on financial performance. These findings were utilized in the formulation of the sustainability strategy PLEDGES.

- ESG-Financial indicators analysis based on causal hypothesis graphs
- Development of ESG measure simulator for predicting impact on financial indicators
- Hitachi Group sustainability strategy framework—PLEDGES

### Financial influence analysis results



### Impact of sustainability initiatives on financial performance

Results from the financial influence analysis confirmed that several ESG-related indicators contribute to financial performance. We confirmed positive correlation between revenue and indicators of empowerment, cost and business ethics, and ROA and indicators of inclusion. In addition, environmental initiatives such as reduction in water use, waste and GHG emissions, as well as efforts to foster diversity, were found to contribute to a reduction in capital costs (WACC).

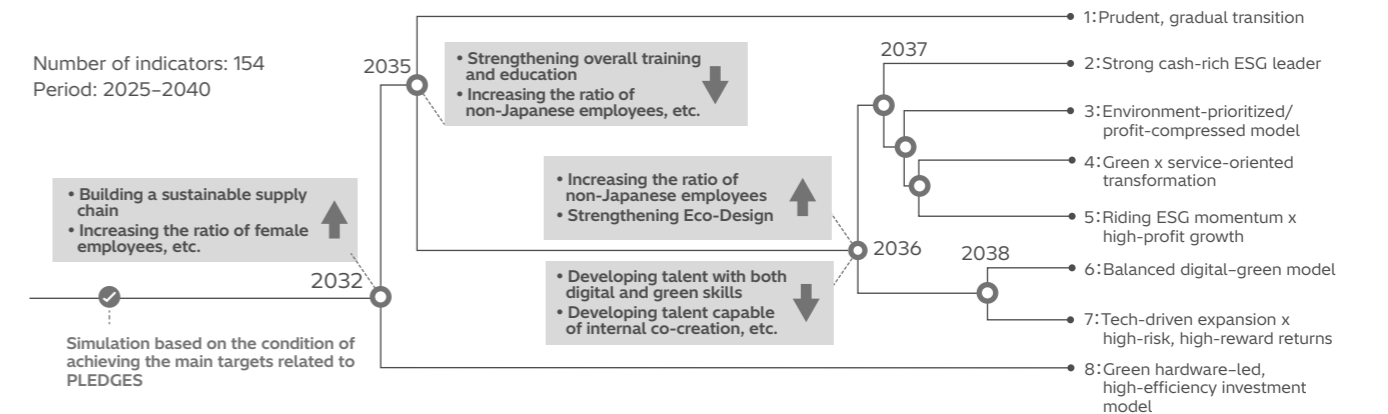
### Future scenario simulation

Hitachi conducted simulations of management scenarios for the year 2040, assuming the achievement of certain PLEDGES indicators. These simulations were performed using an AI simulator developed by Hitachi that incorporated the results of the financial influence analysis as well as external sustainability-related factors such as social trends.

The simulation generated eight potential scenarios for Hitachi's business in 2040 following the successful attainment of key PLEDGES targets. It also identified the decision points that lead to each scenario and the strategic actions required at those points. While the ultimate choice of the scenario rests with management and external conditions will continue to evolve, Hitachi plans to carry out ongoing simulations and explore the use of AI to support managerial decision-making.

Although forecasting an uncertain future is inherently difficult, combining AI-driven simulations with human experience and judgment will enable Hitachi to further advance sustainable management.

### Overview of future scenario simulation



# Sustainability strategy management structure

## Establish a structure to foster sustainability

Under the leadership of Chief Sustainability Officer, Lorena Dellagiovanna, Hitachi engages in sustainability initiatives on a Group-wide basis. The Senior Executive Committee deliberates and makes decisions on important sustainability issues. These issues are submitted to the Board of Directors as needed.

The Committee deliberates and decides on important managerial matters, including the following strategies:

- Growth strategies and global (regional) strategies: Matters relating to management strategies for each business and region necessary for Hitachi’s growth.
- Risk management strategies: Matters needed to strengthen the Company’s management base linked to growth strategies through a unified and horizontal understanding of risks across the entire Hitachi globally.
- Human resources strategies: Matters needed to foster an organization and culture aimed at the growth of Hitachi, and to secure and cultivate human resources.
- Other strategies including sustainability strategies relating to the Hitachi Group globally.

By formulating and executing various strategies in an integrated manner as One Hitachi, we aim to further enhance our corporate value and achieve sustainable growth.

As a company with a Nominating Committee, etc., Hitachi has an Audit Committee composed of independent directors that conduct an annual audit of sustainability related operations. Reports on important

sustainability issues are made to the Committee by the executive officers responsible.

## Toward further integration of sustainability and business

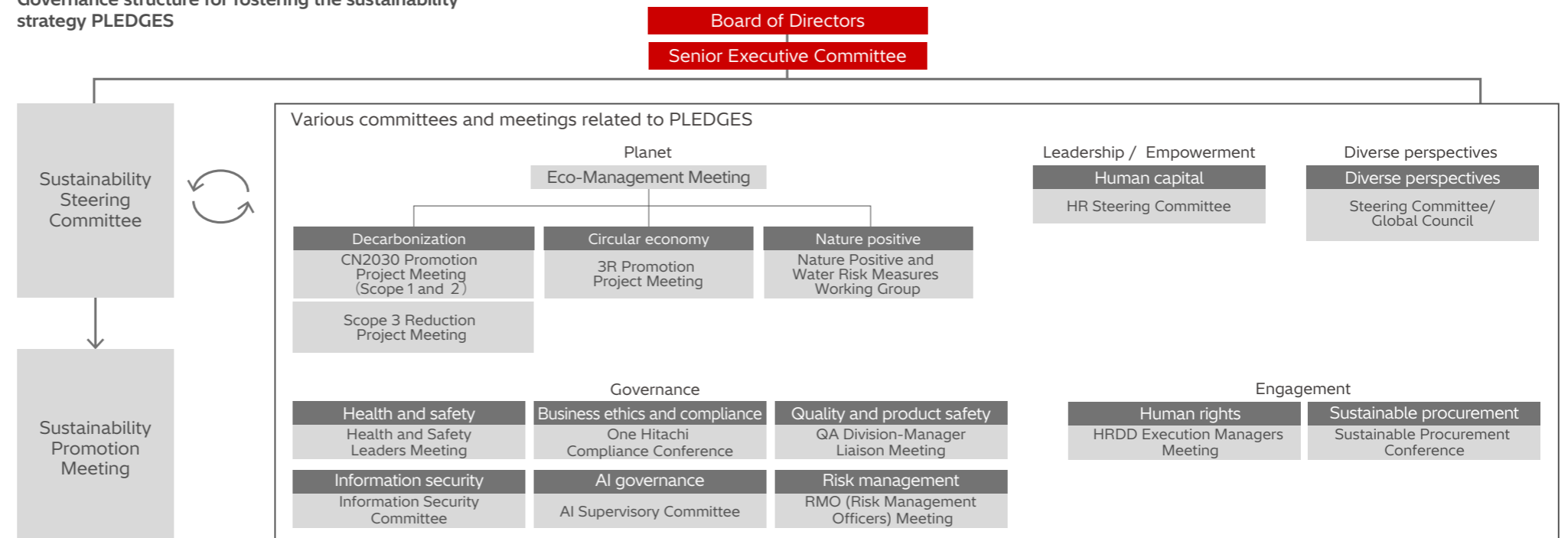
Starting in fiscal 2025, Hitachi is enhancing the further integration of sustainability into our business operations. As part of this initiative, sustainability leaders have been appointed from each of its four sectors—Digital Systems & Services, Energy, Mobility, and Connective Industries—as well as from Strategic Social Innovation Business (SIB) business unit (BU).

## Committees for fostering the sustainability strategy PLEDGES

We foster 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 BU and major group companies, and the Sustainability Officers of regional headquarters.

In addition, for sustainability themes that are under the sustainability strategy PLEDGES, such as environment, human capital, human rights, health and safety, business ethics, sustainable procurement, quality and product safety, etc. we set individual meeting bodies consisting of responsible staff at BUs and major group companies as part of cross-organizational activities in Hitachi. Through Group-wide discussions and information sharing, these initiatives are advanced throughout the entire Hitachi Group.

Governance structure for fostering the sustainability strategy PLEDGES



**Overview of sustainability related conference bodies**

<b>Strategic Pillars</b>	<b>Meeting</b>	<b>Attendees</b>	<b>Purpose</b>	<b>Frequency</b>
<b>PLEDGS Overall</b>	Sustainability Steering Committee	Chief Sustainability Officer and the Sustainability Officers of each Sector and BU	Discussions on the measures necessary to implement the sustainability strategy PLEDGES across the entire Group, as well as on current issues and response	Every quarter
	Sustainability Promotion Meeting	Chief Sustainability Officer, Business promotion division heads at BUs and major Group companies and RVHQ Sustainability Officers	Deliberation and information sharing related to material sustainability initiatives	Once or twice per year
<b>Planet</b>	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 Hitachi's environmental long-term goals	Every half-year
	CN2030 Promotion Project Meeting (Scope 1 and 2)	Heads and members of Environment-related/MONOZUKURI (production) divisions from BUs and major Group companies	Monitoring and discussion of measures to accelerate implementation focused on Scope 1 and 2 emissions reduction	Every half-year
	Scope 3 Reduction Project Meeting	Heads and members of Environment-related/MONOZUKURI (production) divisions from BUs and major Group companies; major sustainable procurement members at BUs and major Group companies	Monitoring and discussion of measures to accelerate implementation focused on Scope 3 emissions reduction	Every half-year
	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
	Nature Positive and Water Risk Measures Working Group	Heads and members of Environment-related divisions from BUs and major Group companies	Monitoring and discussion of measures focused on nature-positive initiatives and water risks	Every half-year
<b>Leadership/Empowerment</b>	HR Steering Committee	CHRO, Deputy CHROs, Global HR leaders and Business HR leaders (Sector CHROs)	Discussion and decision-making on Human Capital Strategy and HR key initiative	Once per two months
<b>Diverse perspectives</b>	Steering Committee	Sector CDEIOs and Global HR CoE (Center of Excellence) Head	Set the strategy to leverage diverse perspectives through inclusive culture and merit-based processes that ensure equal opportunities for all	Every quarter
	Global Council	Leaders responsible for inclusion from BUs and major Group companies	Implement policies and initiatives for leveraging diversity and share best practices	Every month
<b>Governance</b>	Health and Safety Leaders Meeting	Individuals responsible for health and safety at BUs, major Group companies (CHRO, officer in charge of health and safety)	Instruct and communicate health and safety activity policies and measures and confirm progress Share the details of important incidents related to health and safety, and 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 major Group companies	Discuss and develop shared Hitachi Group quality improvement activity policies and measures for products and services	Every quarter
	Information Security Committee	CD&SO, Information Security Audit Officer, Information Security Training Officer, and Representatives of BUs, business sites, and Corporate Departments	Discuss and decide on policies and measures regarding information security and personal information protection	Every half-year
	AI Supervisory Committee	Leaders of major corporate divisions, the AI utilization promotion division, and sector promotion leaders including those overseas	Support the establishment and operation of a Hitachi Group framework to manage risks that may arise from the promotion of AI utilization	Every quarter
	One Hitachi Compliance Conference	Chief Compliance Officer, and compliance officers of BUs and major Group companies	Dissemination and discussion of compliance measures	Once per year
	RMO (Risk Management Officers) Meeting	RMOs of each sector/BU/region, CRMO/Deputy CRMO	Information sharing on risks discussed at the Senior Executive Committee, development of a company-wide risk management network, and advancement of ERM	Once per two months
<b>Engagement</b>	HRDD Execution Managers Meeting	HRDD execution managers at BUs and major Group companies	Provide information and knowledge necessary for HRDD implementation, and share status of implementation in BUs and major Group companies	Once or twice per year
	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 sustainable procurement policies and strategies to all procurement divisions, and improve knowledge and share best practices	Once or twice per year

# Stakeholder engagement and leadership

## Stakeholder engagement

Hitachi endeavors to accurately identify the various social issues that each country and region faces, and to work toward resolving 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.

[Dialogue with Stakeholders](#)

[Disclosure Policy](#)

## Sustainability leadership

Hitachi works with diverse global initiatives and organizations to advance rule-making that contributes to the creation of a sustainable society, and to contribute to solving social issues.

## Industry leadership and policy recommendations

As part of developing Hitachi's Social Innovation Business, Hitachi views government institutions and private bodies in each country and region as important partners. Our government & external relations group endeavors 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, we seek new business opportunities and value creation based on the various regional social issues and policies.

Governments are increasingly asking for our opinions. We also contribute to the realization of a better society by directly responding to such requests and making proposals through discussions in business and industry associations.

### Participation in government councils and business and industry associations

Council/Group	Participant	Activities
<b>Meeting on Digital Administrative and Fiscal Reform</b>	Executive Chairman Toshiaki Higashihara (Expert Member)	Aims to realize social transformation by fundamentally reviewing Japan's administrative and fiscal systems from a user-centric perspective in response to rapid population decline, and by maximizing the use of digital technologies to maintain and strengthen public services and revitalize local economies
<b>Japan Business Federation (Keidanren)</b>	Executive Chairman Toshiaki Higashihara (Vice Chair, Keidanren Board of Councillors)	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
<b>Japan Electronics and Information Technology Industries Association (JEITA)</b>	President & Chief Executive Officer Toshiaki Tokunaga (Vice Chairperson, JEITA)	Examining and making proposals on the promotion of digital technology, data usage, 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
<b>Japan Electrical Manufacturers' Association (JEMA)</b>	Executive Vice President and Executive Officer Yasunori Inada (Director, JEMA)	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
<b>Japan Machinery Federation (JMF)</b>	Executive Chairman Toshiaki Higashihara (Chairman, JMF)	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
<b>World Economic Forum (WEF)</b>	Executive Officers predominantly Executive Chairman Toshiaki Higashihara and President & CEO Toshiaki Tokunaga	Contributing to improving 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
<b>Japan-U.S. Business Council</b>	Executive Chairman Toshiaki Higashihara (Vice Chairman)	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
<b>National Association of Manufacturers</b>	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
<b>Japan Business Council in Europe (JBCE)</b>	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 recognizes international standardization as an activity to define the international rules necessary for achieving sustainable societies. 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 and engages in collaborative creation of new social norms (rules) 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 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 and forums 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 323), the environmental standardization for electrical and electronic products and systems (IEC/TC111), smart community infrastructures (ISO/TC 268/SC\*5 1), and the Web of Things (W3C\*6/WoT). In particular, for the circular economy, Hitachi established the Hitachi-AIST Circular Economy Cooperative Research Laboratory together with the National Institute of Advanced Industrial Science and Technology (AIST), working to create internationally accepted rules and

standards originating from Japan. In addition to the subjects around which there are already debates 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\*7 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, with the aim of achieving Society 5.0 (an initiative led by the Japanese government that aims to build a human-centered and sustainable society).

By providing solutions consistent with international standards through these international standardization activities, Hitachi supports the sound development of global markets and facilitates 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 W3C: World Wide Web Consortium, a nonprofit organization that develops international standards for the Web  
 \*7 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**

A Hitachi employee has been serving as a member of the SMB\*1, an upper-level committee supervising the IEC's standardization activities. Our employees can also be found in other key international positions, including chairpersons, secretaries, and committee managers across various bodies, and participate in a

variety of technical committees within international standardization organizations. In recognition of these contributions to international standardization activities, in fiscal 2024, one employee received the Minister of Economy, Trade and Industry Award under the Ministry's Industrial Standardization Awards, and another employee received the IEC's 1906 Award.

\*1 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 advancing international standardization activities**

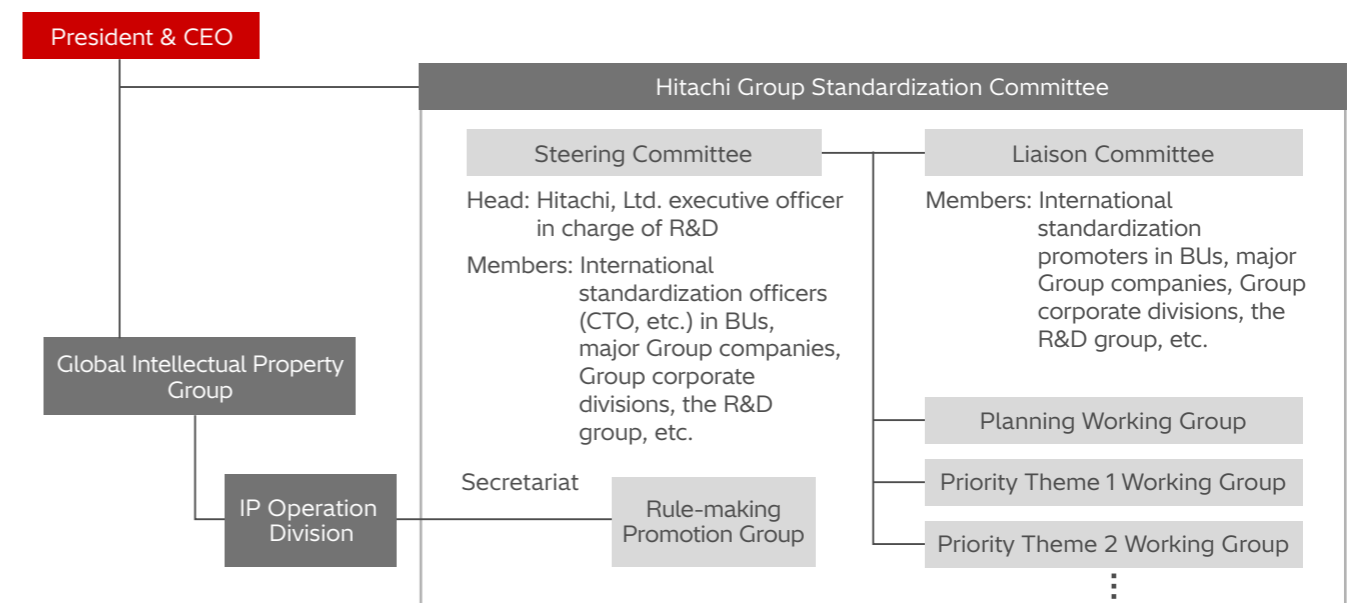
The Hitachi Group Standardization Committee has been established to engage with international standardization activities involving Group-wide cooperation. The Steering Committee\*1 for the Standardization Committee selects areas for Hitachi to

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 major Group companies. The committee is responsible for decisions on cross-departmental and companywide standardization projects

**Hitachi Group Standardization Committee**



# Sustainability performance in Mid-term Management Plan 2024

Materiality	Our aspirations	Sub-material topics KPI/target	FY2024 performance	
<b>Environment</b> Contributing to decarbonization and resource circulation	As a climate change innovator, Hitachi will contribute to the realization of a carbon neutral society with Hitachi's superior green technologies, by providing value to customers in all business segments. We will also promote resource efficiency toward the transition to a circular economy.	Decarbonization	<b>KPI/target for carbon neutrality through the value chain</b> <ul style="list-style-type: none"> <li>FY2030: Achieve carbon neutrality in business sites (factories and offices)</li> <li>FY2050: Achieve carbon neutrality through the value chain</li> </ul>	81% of total CO <sub>2</sub> reduction rate at factories and offices (compared to FY2010)
		Resource circulation	<b>KPI/target for contributing to CO<sub>2</sub> reduction through business</b> <ul style="list-style-type: none"> <li>FY2024: 100 million metric tons of CO<sub>2</sub> avoided emissions per year</li> </ul>	142 million metric tons per year* <sup>1</sup> of CO <sub>2</sub> avoided emissions
			<b>KPI/target for transitioning to a circular economy</b> <ul style="list-style-type: none"> <li>FY2024: Full application Eco-Design for all newly developed products</li> <li>FY2030: Zero*<sup>2</sup> waste to landfill*<sup>3</sup> from manufacturing sites</li> </ul>	Eco-Design application rate: 100% (169 products covered) 154 sites (73%) achieved zero waste to landfill
			<b>KPI/target for effective use of water</b> <ul style="list-style-type: none"> <li>Reduction rate in water use per unit (compared to FY2010) FY2024: 24%, FY2050: 50%</li> </ul>	Reduction rate in water use per unit: 43%
<b>Resilience</b> Contributing to the maintenance and rapid recovery of social infrastructure	Hitachi helps people live safely by contributing to the rapid recovery of supply chains and the maintenance of social infrastructure by providing system solutions that can respond immediately to risks, such as natural disasters, pandemics, and cyberattacks.	Harmonize with nature	<b>Minimize impact on natural capital</b>	<b>Nature positive</b>
		Strengthening supply chains	<b>Build flexible supply chains capable of responding to disasters and risks</b>	
<b>Safety &amp; Security</b> Contributing to safe and secure society-building	Hitachi contributes to the realization of comfortable and active lifestyles for people by providing solutions in the building, mobility, and security fields that support urban development for safe and secure living.	Maintaining social infrastructure	<b>Resilience and sophistication of maintenance through DX of social infrastructure</b>	
		Safe and secure urban environments	<b>Safe and comfortable transportation</b>	<b>Delivering value to society</b>
<b>Quality of Life</b> Contributing to physical and mental wellness and a prosperous life	Hitachi is harnessing our healthcare and digital technologies to help more people develop bonds and enjoy healthier, more prosperous lives. We will also continue to pursue the happiness and wellbeing of our employees, as we believe that their happiness and wellbeing is the ground on which Hitachi's future will flourish even more fully.	Ensuring cyber security	<b>Secure cybersecurity for social infrastructure and business systems</b>	
		Connected and prosperous society	<b>Increase healthy life expectancy and wellbeing</b> <ul style="list-style-type: none"> <li><b>KPI/target for building a trustful relationship with others</b> <ul style="list-style-type: none"> <li>Users of happiness service: 90 thousand in FY2024</li> </ul> </li> </ul>	106 thousand users of happiness service
<b>Business with Integrity</b> Adhering to ethical standards as well as respect human rights	As a Group responsible for social infrastructure around the world, Hitachi will manage its business with honesty and integrity, trusted by society, respect human rights and provide a safe workplace. We will reflect a system of ethical and responsible business conduct, including respect for human rights, in our business activities and decision-making standards, working together with our employees, collaborative partners and communities throughout the supply chain.	Employee happiness	<b>More flexible working styles to increase engagement</b> <ul style="list-style-type: none"> <li>Employee engagement score: FY2024 71.0points*<sup>4</sup></li> </ul>	71.5points* <sup>5</sup> employee engagement score
		Business ethics and compliance	<b>KPI/target for encouraging employees to apply ethical standards in day-to-day work</b> <ul style="list-style-type: none"> <li>Achieve a score of at least 60 (out of 100) in FY2023, the first year of results from Ethical culture and compliance perceptions assessment</li> </ul>	Score of 79.8
		Respect for human rights	<b>KPI/target for promoting human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights</b> <ul style="list-style-type: none"> <li>FY2023: Conduct human rights risk assessments for all BUs (10 BUs) and major Group companies</li> <li>FY2024: Respond to human rights risks</li> </ul>	Conduct human rights risk assessments at all BUs (10 BUs) and major Hitachi Group companies
		Occupational safety	<b>KPI/target for creating a safe working environment without incidents</b> <ul style="list-style-type: none"> <li>Zero fatal incidents</li> </ul>	2 fatal incidents
<b>Diversity, Equity and Inclusion (DEI)</b> Contributing to a society where everyone can shine	Hitachi has a place for everyone, welcoming differences in colleagues' background, age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. At Hitachi, we treat everyone fairly, recognizing differences to allow everyone to perform at their full potential. We respect and value these and other differences because only through them we can understand our markets, create better ideas and drive innovation.	Safe and secure products and services	<b>Ensure products and services safety while putting customers first</b>	<b>Quality and product safety</b>
		Diverse organization that fosters innovation	<b>KPI/target for strengthen diversity in management</b> <ul style="list-style-type: none"> <li>Ratio of women and ethnically/culturally diverse executive and corporate officers</li> <li>*FY2030: 30% each</li> </ul>	Ratio of women executive and corporate officers: 15.9% Ratio of ethnically/culturally diverse executive and corporate officers: 26.1%* <sup>6</sup>
		Contribution to a diverse and equitable society	<b>KPI/target for acquiring and developing digital talent</b> <ul style="list-style-type: none"> <li>FY2024: 97,000 persons*<sup>5</sup></li> </ul>	Digital talent 107,000 persons
			<b>KPI/target for empowering DEI of society through community relationship programs</b> <ul style="list-style-type: none"> <li>Nurture and empower next-generation talent</li> </ul>	Participants in Hitachi Young Leaders Initiative: 32 people 437 people cumulative* <sup>7</sup> Participants in Hitachi High-Tech science education support activities: 55,421 people 482,694 people cumulative* <sup>8</sup>

\*1 FY2022-FY2024 average \*2 Less than 0.5% \*3 Wherever this is compatible with local conditions and regulations \*4 Target has been raised in FY2023 since we achieved the initial KPI/target in FY2022 \*5 Excluding Hitachi Astemo

\*6 As of June 2025 \*7 Cumulative total since 1996 \*8 Cumulative total since 1990

# Environment

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# Advancing our environmental vision and long-term environmental targets

## Environmental Vision and Hitachi Environmental Innovation 2050

In 2016, Hitachi formulated its Environmental Vision and Hitachi Environmental Innovation 2050, a set of long-term environmental targets, in response to increasingly serious global environmental issues. Since then, we have defined three-year action plans to drive the Group-wide initiatives aimed at achieving carbon neutrality at our business sites and across the value chain, improving the efficiency of water and resource use, and promoting ecosystem conservation.

In recent years, environmental issues have become even more prominent due to factors such as the rapid surge in electricity demand driven by the expansion of generative AI, the tightening supply of critical minerals needed for battery production amid rising geopolitical risks, and the increasing severity of natural disasters. In response, a range of solutions is being explored, including the expansion of non-fossil energy use, the shift to circular business models, and efforts to conserve and restore natural capital.

Given this context, Hitachi has revised its Environmental Vision, now centered on three pillars: Decarbonization, circular economy, and nature positive. Through our Social Innovation Business, we aim to become a global leader in green transformation (GX), enabling a prosperous society that protects the global environment for all. Under this renewed vision, we have updated our long-term environmental targets in Hitachi Environmental Innovation 2050 as follows:

- **Decarbonization:** Achieve net-zero\*<sup>1</sup> across the value chain by fiscal 2050. We will contribute to the reduction of greenhouse gas (GHG) emissions and the decarbonization of the value chain through high-efficiency products, innovative services, and future technologies.
- **Circular economy:** Set a new goal of achieving circular transformation by fiscal 2050 in which resources and businesses operate in a circular model. We aim to transition to a circular business model that minimizes energy and resource use while maximizing value across the entire lifecycle of both products and services.
- **Nature positive:** In addition to our previous goal of minimizing the impact of our business activities on nature, we have established nature resilience as a new fiscal 2050 goal—aiming to mitigate damage from natural disasters and contribute to faster recovery.

\*<sup>1</sup> In accordance with the 1.5°C emissions reduction scenario, reduce GHG emissions throughout the value chain as much as possible, and permanently remove and neutralize the remainder by absorption or sequestration

### Environmental Vision and long-term environmental targets, “Hitachi Environmental Innovation 2050”

#### Environmental Vision

Hitachi aims to become a global leader in green transformation through its Social Innovation Business to help protect our Planet and achieve well-being for People



#### Long-term Environmental Targets

##### Hitachi Environmental Innovation 2050

Pursue dual missions of “GX for CORE” and “GX for GROWTH” to achieve our environmental targets using data and innovative technology

<p><b>Net Zero</b> by FY2050</p> <p>Decarbonize the value chain by highly efficient products, innovative services, and future technologies</p>	<p><b>Circular Transformation</b> by FY2050</p> <p>Maximize the value throughout the entire lifecycle of products and services by building evolving business ecosystems</p>	<p><b>Nature Resilience</b> by FY2050</p> <p>As a responsible partner for infrastructure, minimize the impact on and from nature, ensuring swift recovery</p>
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**Carbon neutrality**  
by FY2030\*<sup>1</sup>

**Zero landfill waste**  
by FY2030\*<sup>3,4</sup>

**10% water usage reduction**  
by FY2030\*<sup>6</sup>

**52% GHG emission reduction**  
in the value chain by FY2030\*<sup>2</sup>

**Eco-design\*<sup>5</sup>**  
for all relevant product groups  
by FY2030

**Impact assessment**  
on and from nature  
in the value chain by FY2030\*<sup>7</sup>

#### Environmental Action Plan

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

\*<sup>1</sup> At factories and offices through reducing emissions and offsetting residual emissions compared to FY2019

\*<sup>2</sup> Gross profit-based intensity value compared to FY2022

\*<sup>3</sup> 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.

\*<sup>4</sup> At manufacturing sites

\*<sup>5</sup> Application of environmentally conscious design in the design of products, or implementation of environmental impact assessments for product groups

\*<sup>6</sup> Intensity value compared to FY2019

\*<sup>7</sup> For major products and projects; in addition to compliance with necessary regulations

## Main targets toward achieving Hitachi Environmental Innovation 2050

In conjunction with the revision of our Environmental Vision and Hitachi Environmental Innovation 2050, Hitachi has revised and established key targets for fiscal 2030 and fiscal 2050 under each of the three pillars: decarbonization, circular economy, and nature positive. We will further advance our environmental initiatives to achieve these targets.

### Decarbonization

Hitachi aims to achieve carbon neutrality at its business sites (factories and offices) by fiscal 2030, using fiscal 2019 as the base year. In addition, the company has set a target to reduce the greenhouse gas (GHG) emissions intensity—defined as emissions per unit of value added (gross profit)—across the value chain by 52% from the fiscal 2022 level, and is working to achieve this goal.

Targets & indicators	FY2027	FY2030	FY2050
GHG emissions reduction at business sites (factories and offices) (FY2019 base year)	75%	Carbon neutrality	Net-zero
GHG emissions intensity reduction rate*1 across the value chain (FY2022 base year)	40%	52%	

\*1 Intensity based on gross profit

### Circular economy

To deliver value across product life cycles, Hitachi is first working to eliminate landfill waste at manufacturing sites and apply Eco-Design to all product groups and encouraging environmentally conscious design and the transition to circular business models.

Targets & indicators	FY2027	FY2030
Waste landfill rate	2.0%	0%
Eco-Design application rate	New products	All relevant product groups

### Nature positive

Recognizing water as part of natural capital, Hitachi aims to reduce water use by 10% by fiscal 2030 (compared to the fiscal 2019 baseline). In addition, we will continue assessing both our impact on natural capital and the dependencies of our business activities on nature throughout the value chain, while keeping a close eye on international initiatives such as the Conference of the Parties (CBD-COP) to the Convention on Biological Diversity and the Taskforce on Nature-related Financial Disclosures (TNFD).

Targets & indicators	FY2027	FY2030
Reduction rate in water use per unit*1 (FY2019 base year)	8%	10%

\*1 Intensity based on activity amount

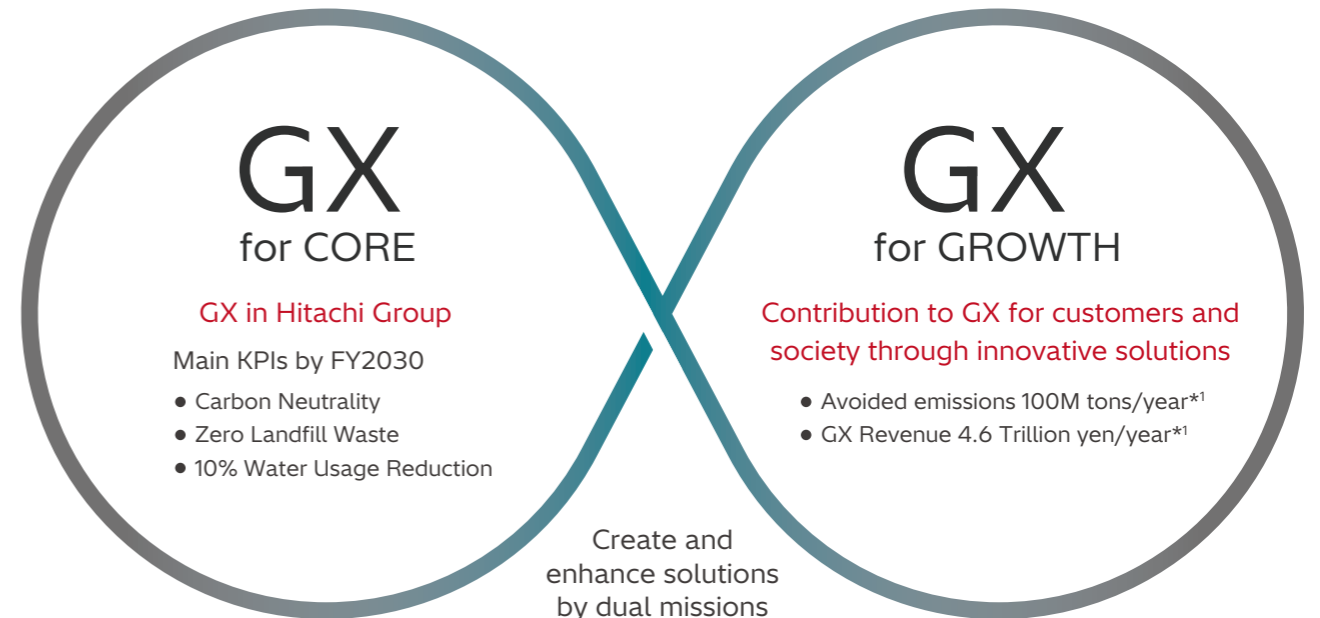
## Achieving Hitachi Environmental Innovation 2050

To achieve the goals of Hitachi Environmental Innovation 2050, Hitachi is pursuing two key missions: “GX for CORE” and “GX for GROWTH.” 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 continual basis. Through the pursuit of these missions, we will accelerate the realization of decarbonization, circular economy, and nature positive—paving the way toward a sustainable future where people can live with peace of mind.

### GX for CORE and GX for GROWTH



\*1 3-year average from FY2025 to FY2027

## Environmental Action Plan

To achieve its Environmental Vision and the Hitachi Environmental Innovation 2050 long-term environmental targets, Hitachi draws up an Environmental Action Plan containing indicators and targets set every three years in line with the Mid-term Management Plan.

### 2024 Environmental Action Plan (fiscal 2022-2024)

Fiscal 2024 marked the final year of the Environmental Action Plan 2024 (FY2022-2024), which was established in line with the Mid-term Management Plan 2024. The results for fiscal 2024 are as follows.

◆◆◆: Achieved ◆◆: Partially achieved

Activity	Indicators	FY2024 targets	FY2024 final year results	Achievement status		
<b>Environmental management</b>	<b>Promote environmental human capital development</b>	Promote environmental human capital development	Environmental human capital development mindful of changes in personnel composition, including generational shifts			
<b>Decarbonized society</b>	<b>Factories and offices</b>	<b>Reduce total CO<sub>2</sub></b>	Reduction rate of total CO <sub>2</sub> *1 (compared to FY2010)	50%	81%	◆◆◆
		<b>Improve transportation energy consumption per unit (Japan)</b>	Improvement rate of transportation energy consumption per unit (Japan)*2 (compared to FY2020)	4%	24%	◆◆◆
	<b>Products and services</b>	<b>Reduce CO<sub>2</sub> emissions of products and services</b>	Reduction rate of CO <sub>2</sub> emissions per unit (compared to FY2010)	14%	32%	◆◆◆
		<b>CO<sub>2</sub> avoided emissions</b>	CO <sub>2</sub> avoided emissions	100 million metric tons*3	142 million metric tons*3	◆◆◆
<b>Resource efficient society</b>	<b>Promote Eco-Design</b>	Environmentally conscious design assessments and LCA application rates for newly developed and designed products	Full application Eco-Design for all newly developed products	100% (169 products covered)	◆◆◆	
	<b>Factories and offices</b>	<b>Enhance efficiency in the use of resources</b>	Number of sites achieving zero landfill waste*4	128 business sites*5	154 business sites	◆◆◆
		Reduction rate in waste and valuables generation per unit (compared to FY2010)	20%	30%	◆◆◆	
		Reduction rate in water use per unit (compared to FY2010)	24%	43%	◆◆◆	
Effective utilization rate of plastic waste		85%	98%	◆◆◆		
<b>Harmonized society with nature</b>	<b>Water risks</b>	<b>Responding to water risks</b>	Responding to water risks	Minimization of business impacts regarding water risks		
	<b>Chemical substances</b>	<b>Reduce chemical emissions</b>	Reduction rate in chemical atmospheric emissions per unit (compared to FY2010)	8%	29%	◆◆◆
	<b>Ecosystem preservation</b>	<b>Impact on natural capital</b>	Calculation of negative impacts (business unit/Group company-level LCA implementation) / Calculation of positive impacts (forest conservation activities)			

\*1 Reduction rate of total CO<sub>2</sub>: Indicator representing CO<sub>2</sub> 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% \*5 FY2024 target has been revised to exclude the sites of the auto parts-related companies due to their deconsolidation

## 2027 Environmental Action Plan (fiscal 2025–2027)

### PLEDGES

In line with the revision of the long-term environmental targets, Hitachi Environmental Innovation 2050, and the formulation of the new management plan Inspire 2027, Hitachi has established the detailed targets of the 2027 Environmental Action Plan (FY2025–FY2027). Over the next three years, Hitachi will implement environmental initiatives to achieve these targets.

Category	Activity	Indicators	Base year	Targets			
				FY2025	FY2026	FY2027	
Decarbonization	Factories and offices	Reduction of GHG at business sites	GHG emissions reduction rate*1	FY2019	60%	65%	75%
	Value chain	GHG emissions throughout the value chain	Number of procurement partners that set GHG reduction plans and targets (1,000 companies by 2030)	—	400 companies	500 companies	700 companies
	Products and services	Reduce GHG emissions of products and services	GHG emissions intensity reduction rate*2	FY2022	30%	35%	40%
			Avoided emissions: 100 million tons per year*3	—	100 million tons/year		
Circular economy	Promote Eco-Design	Application rate of environmental conscious design for new product development	—	100%	100%	100%	
	Factories and offices	Enhance efficiency in the use of resources	Waste landfill rate*4	—	3.0%	2.5%	2.0%
			Effective utilization rate of plastic waste*4	—	87.5%	90.0%	92.5%
Nature positive	Biodiversity conservation	Contribution to biodiversity conservation	Reduction rate in water use per unit*4	FY2019	6%	7%	8%
			Reduction rate of water usage at manufacturing sites located in water-stressed areas	Previous FY	0.6%	0.8%	1.0%
Growth through environmental business	Products and services	Green transformation (GX) revenue	Revenue of products, services, and solutions contributing to GX per year*3	—	4.6 trillion JPY/year		

\*1 All manufacturing sites, and non-manufacturing sites for categories A, B

\*2 Per gross profit

\*3 FY2025-FY2027 average

\*4 All manufacturing sites

# Products, services, and solutions that support green transformation (GX)

## Hitachi's approach to GX

Based on its founding corporate philosophy “contribute to society through the development of superior, original technology and products,” Hitachi contributes to the realization of green transformation (GX) through its Social Innovation Business, which integrates information technology (IT), operational technology (OT), and products. Hitachi operates globally across four key sectors: Digital Systems & Services, Energy, Mobility, and Connective Industries.

Hitachi is advancing a range of GX initiatives, including the provision of products and services that minimize environmental impacts during use, energy transition solutions for decarbonization, safe, comfortable, and clean modes of transportation, and enhanced system efficiency and uptime through digital technologies. The following examples are introduced based on the three pillars: decarbonization, circular economy, and nature positive.

## Featured examples

### Decarbonization

#### Contributing to the maximization of 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 an urgent priority.

Hitachi supports the use of renewable energy with digital technology that integrates IT and 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 systems and electricity balancing market systems that support grid stabilization, which becomes more critical as renewable energy usage grows. The next-generation nationwide load dispatching systems are built by combining Hitachi's expertise in power systems accumulated over many years with Hitachi Energy's global products.

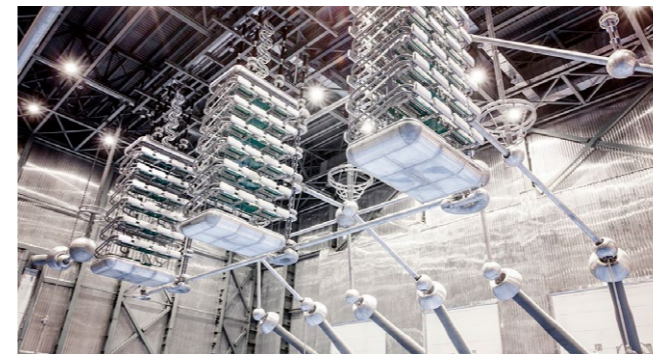


#### Innovation in long-distance and highly efficient transmission with high voltage direct current (HVDC)

Hitachi Energy's 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 that supports the mass introduction of renewable energy, HVDC plays a vital role in transforming energy systems.

This technology has been recognized by the World Business Council for Sustainable Development (WBCSD) as a concrete example of emissions reduction.

 [Hitachi Energy case study featured by WBCSD](#)



#### Urban transport electrification and modal shift (transforming transportation methods)

Hitachi Rail completed the first phase of Skyline, the first fully automated urban rail system in the United States, and began passenger services in Honolulu, Hawaii, in June 2023. It is estimated that once the entire new line is completed, approximately 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-fueled private vehicles to sustainable transport and helping to ease congestion for residents and visitors.



**Circular economy**

**Transitioning transformers to a circular model to support energy transition**

Hitachi is working to reduce environmental impacts and advance the reuse of finite resources in transformers, key components of power infrastructure.

At Hitachi Energy, initiatives are being advanced across the entire value chain in collaboration with customers and partners. For example, recycled mineral oil, recovered and refined from used transformers, has been utilized as insulating oil for distribution transformers. By using recycled mineral oil instead of virgin oil, there can be a reduction of about 5 % at the transformer level in the carbon footprint from material extraction to manufacturing, while maintaining the same design as when using virgin mineral oil. In addition, using recycled

mineral oil makes it possible to increase the total share of recycled content in transformers by about 18%.

Hitachi Industrial Equipment Systems not only offers energy-efficient amorphous distribution transformers that use amorphous metal cores, but also actively adopts soybean-derived ester oils as insulating fluids. Ester oil has less impact on the increase of atmospheric CO<sub>2</sub> over its lifecycle and poses less risk of environmental pollution to soil and rivers in the event of a leak. As a result, it has been confirmed to be highly safe.



Recycled mineral oil-filled transformer



Amorphous distribution transformer

**Promoting the circular economy through business model transformation**

To promote the circular economy, Hitachi Global Life Solutions is expanding service businesses such as outlet sales and refurbishment of products. Refurbished products (manufacturer-refurbished units) refers to items returned to the manufacturer due to minor cosmetic or performance issues, either upon unpacking after delivery or after a short period of use, which are then restored and resold. These products are repaired as needed, with parts replaced, internal cleaning performed, and both cosmetic and performance inspections conducted before being offered as refurbished products. Additionally, products with no performance issues but with damaged or soiled packaging or minor dents or scratches on the exterior are offered as outlet products.

Hitachi Industrial Equipment Systems and Hitachi Global Air Power are engaged in rebuilding and remanufacturing services for air compressors. At Hitachi Industrial Equipment Systems, when servicing a customer’s air compressor, major components that have been removed for replacement are disassembled, overhauled, inspected, and then stored as rebuilt products for future use. These rebuilt products are then used when servicing other customers’ air compressors. Hitachi Global Air Power provides remanufacturing services for air compressors. Used air compressors are collected from customers and remanufactured based on the original factory specifications to restore them to like-new conditions, while incorporating the latest technologies. This process helps extend the lifespan of the air compressors.



Rebuilt air compressor



Remanufactured air compressor

## Nature positive

### Advanced wastewater treatment and provision of recycled water

Amid growing global concerns over water scarcity and environmental degradation, countries and regions worldwide have been facing diverse water and environmental challenges in recent years, and Hitachi has stepped up to offer tailored solutions to address these needs.

In the Philippines, Hitachi is implementing an advanced treatment and water reclamation project at the Alabang Sewage Treatment Plant in the Manila metropolitan area. The project uses a membrane bioreactor (MBR) system\*<sup>1</sup> to remove nitrogen and phosphorus, and further treats the effluent using a reverse osmosis (RO) system\*<sup>2</sup> and ultraviolet disinfection to produce recycled water that meets the country's drinking water standards. In addition to designing and delivering mechanical and electrical equipment, Hitachi also provides digital transformation (DX) solutions, such as remote plant monitoring and operation optimization systems, contributing to improved water quality and meeting growing water demand.



\*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

### Inundation and flood damage forecasting

In recent years, the increased frequency and severity of floods in Japan, exacerbated by climate change and other factors, have required local governments to enhance countermeasures. This includes not only physical infrastructure but also data-driven disaster preparedness measures, such as the creation of flood hazard maps. Hitachi is advancing flood forecasting initiatives, including the delivery of a basin flood damage prediction system to Aomori Prefecture.

This prediction system integrates map data, river data, and laser profiler (LP)\*<sup>1</sup> data to run high-speed, high-precision flood simulations that support risk assessment and evacuation planning. Through the creation of a new, more precise flood risk map (flood frequency map) and an internal water hazard map\*<sup>2</sup>, Hitachi is helping municipalities prepare for both internal and external\*<sup>3</sup> flooding, contributing to more robust flood risk management.



\*1 Laser profiler (LP) data: Three-dimensional topographic data obtained via airborne 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 refers to water flowing in rivers

## Avoided emissions

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 GHG emissions. We achieved an average 142 million metric tons of avoided emissions per year over the three years of the 2024 Environmental Action Plan, 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 GHG 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 is considering the use of avoided emissions in relation to disclosures and the assessment of climate-related opportunities. In addition, the IEC\*3 is advancing standardization regarding avoided emissions. A unified guide on specific calculation methods for products and services is under discussion, and Hitachi is participating in these discussions.

In 2027 Environmental Action Plan, in line with the revision of our long-term targets, we will change the indicator for avoided emissions from CO<sub>2</sub> emissions to GHG emissions, referring to the WBCSD guidelines for calculation, and aiming to achieve an average annual GHG avoided emission of 100 million metric tons or more per year over the three years of the plan (fiscal 2025-2027). The actual result for the 2024 Environmental Action Plan, calculated with reference to the WBCSD guidelines, was 171 million metric tons per year.

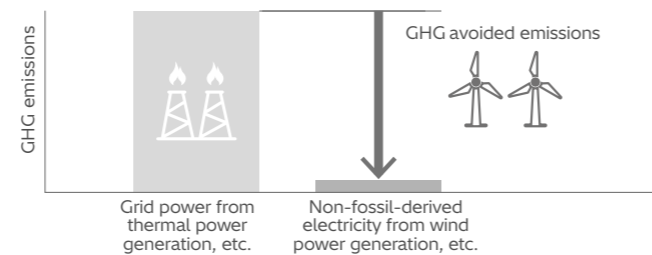
\*1 In accordance with the base year of Japan's national CO<sub>2</sub> reduction target. For the consolidated energy-related company, we set fiscal 2020 as the base year based on the year the company joined the Hitachi Group  
 \*2 A place where companies aiming to achieve sustainable growth with a view to becoming carbon neutral by 2050 collaborate with companies engaged in similar initiatives, as well as with entities from across industry, government, and academia  
 \*3 IEC: International Electrotechnical Commission

### Calculating avoided emissions

#### (1) Transition to non-fossil energy

· Calculate the amount of GHG emissions reduced by using non-fossil energy sources compared to electricity supplied from the grid

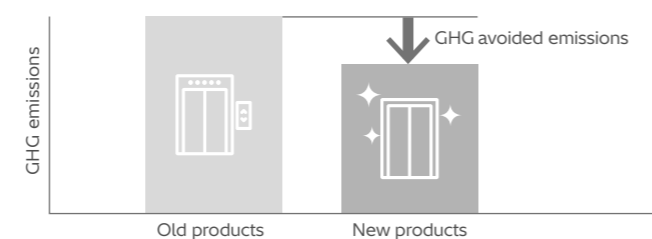
Examples: HVDC, wind turbines, etc.



#### (2) Energy saving

· Calculate the amount of GHG emissions reduced by improving energy efficiency compared to products and services with equivalent functions

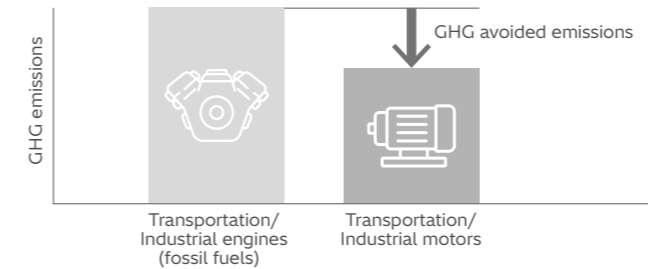
Examples: Compressors, elevators, etc.



#### (3) Electrification

· Calculate the amount of GHG emission reductions compared to products and services before electrification

Example: Electrification of industrial equipment



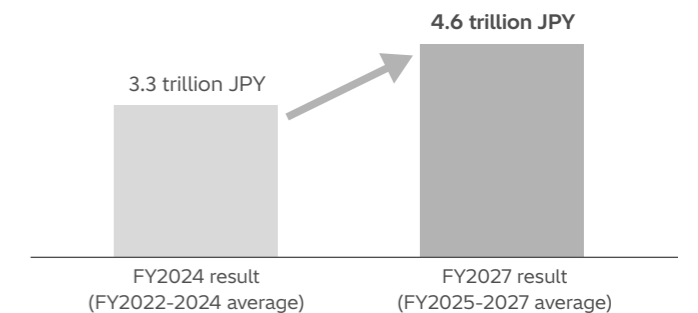
## GX revenue

Hitachi is committed to helping realize and accelerate GX for society and its customers through its Social Innovation Business. As an indicator of this commitment and the outlook for these activities, Hitachi discloses GX revenue.

GX revenue\*1 refers to the aggregated revenue of Hitachi, Ltd. and its consolidated subsidiaries from businesses designated as “environmental businesses” according to Hitachi’s own criteria. These criteria are defined independently by Hitachi, taking into account regional environmental policies and the company’s business scope. GX revenue is assessed using a three-year average. These environmental businesses encompass the pillars of Hitachi’s environmental vision: decarbonization, circular economy, and nature positive.

Please note that in response to potential changes in government environmental policy or shifts in investor and societal expectations, Hitachi may revise the criteria for what qualifies as an “environmental business”—which forms the basis for calculating GX revenue.

\*1 GX revenue is different from environmental indicators defined under the EU Taxonomy Regulation and other regulations in various jurisdictions



# Environmental governance

## Structure for fostering environmental governance

To achieve our Environmental Vision and Hitachi Environmental Innovation 2050, the long-term targets, Hitachi is building a global system to support decision-making and environmental management for a total of 619 companies, comprising Hitachi, Ltd. and 618 consolidated subsidiaries (as of March 31, 2025).

To promote sustainability management, we hold the Sustainability Promotion Meeting once or twice a year, chaired by the Chief Sustainability Officer and consisting of heads of business promotion divisions of each business unit (BU) and major Group companies, as well as sustainability officers of regional headquarters. This meeting serves as a forum to discuss and share information on important sustainability initiatives. Important environmental matters related to achieving our long-term environmental targets are discussed and decided by the Senior Executive Committee and referred to the Board of Directors when necessary.

Under the three pillars of our Environmental Vision, decarbonization, circular economy, nature positive, we have established separate meetings for important topics, with responsible officers from each BU and major Group companies as the main members. Through these meetings, we promote environmental activities across the Hitachi Group by developing cross-Group measures and sharing information.

Hitachi is working to lead green transformation (GX) globally under the two pillars of GX for CORE (Hitachi’s own GX) and GX for GROWTH (GX together with customers and society) , establishing the necessary framework to support these efforts.

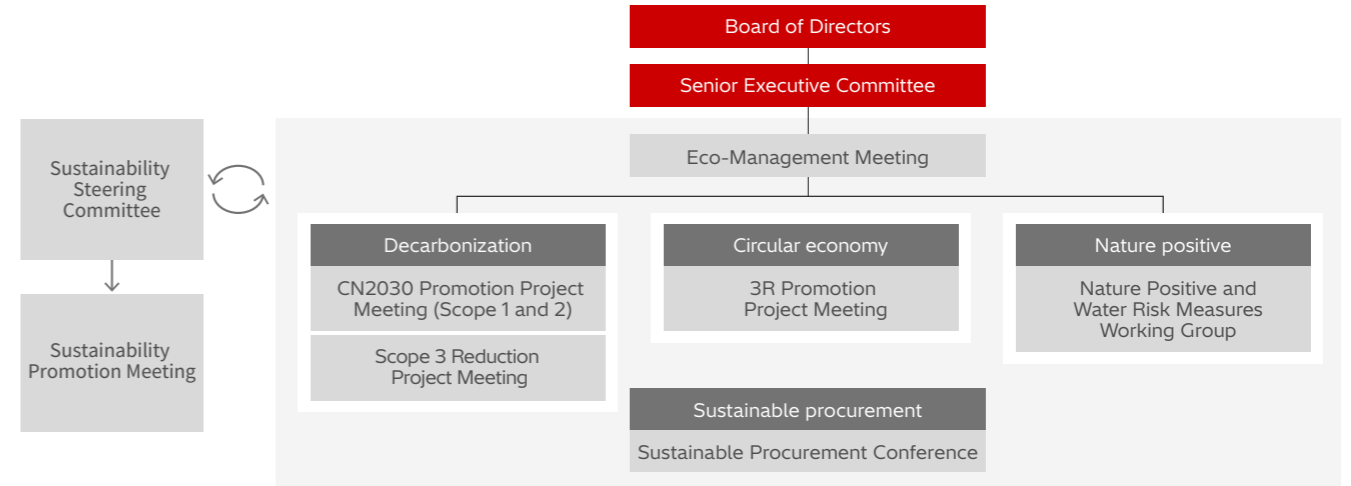
As a company with a Nominating Committee, etc., Hitachi has an Audit Committee composed of independent directors that conduct an annual audit of sustainability related operations, including environmental matters. Reports on climate change and other important environmental issues are made to the committee by the executive officers responsible.

▣ **Sustainability strategy management structure**

▣ **GX for CORE and GX for GROWTH**

▣ **Decarbonization**

Structure for fostering environmental governance



▣ **Environmental related meetings**

## Executive compensation system linked to environmental value

In fiscal 2024, 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.

📄 [Linking executive compensation to the sustainability strategy](#)

## Enhancing our environmental management system

Hitachi has approximately 1,100 business sites of different sizes engaging in a wide variety of activities. We classify these sites into three environmental risk categories: A (high risk), B (medium risk), and C (low risk), based on globally standardized criteria for environmental management classification\*1, and implement our environmental management according to the environmental risk level of each site.

In fiscal 2024, approximately 110 major sites were classified as Category A. For sites of companies acquired by Hitachi that have a large environmental impact (equivalent to Category A), we classify them as Category A after an adjustment period of several years to adapt to Hitachi's environmental management system.

The business units and Group companies responsible for Category A sites participate in formulating the Environmental Action Plan at Eco-Management Meeting, set targets based on the plan and work

toward achieving them. The Environmental Action Plan is thoroughly communicated throughout the Hitachi Group via environmental strategy officers appointed from among the heads of environmental promotion divisions at BUs and Group companies. In addition to Hitachi's own environmental management system, major global Category A manufacturing sites have also acquired third-party certifications, such as ISO 14001.

We have also established a system to encourage procurement partners to reduce their environmental impact, including efforts toward carbon neutrality upstream in the value chain. We summarize Hitachi's approach to sustainable and green procurement, as well as requirements for procurement partners, in various guidelines, which are distributed to them. We also hold procurement briefings and conduct sustainability audits to further strengthen engagement with procurement partners.

\*1 We score each site based on criteria for environmental management classification, such as electricity consumption, waste generation, water use and whether the site is subject to legal regulations. Based on this score, we categorize the site into one of the three categories

📄 [Number of ISO 14001 certified companies](#)

📄 [Sustainable procurement](#)

## Collecting data on environmental impacts using our ESG Management Support Service

As part of our environmental management, Hitachi collects approximately 20 categories of environmental 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 began transitioning from our previous Environmental Data Collection System (Eco-DS) to our ESG Management Support Service (ESG-MSS) in fiscal 2023, completing the switch in fiscal 2024. In fiscal 2024, data collection covered approximately 1,300 business sites in 78 countries. We are working to progressively expand the scope of our data collection in order to estimate the environmental impact 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. We also compile data on key metrics twice a year for the approximately 110 major sites in Category A and the approximately 80 manufacturing sites in categories B and C.

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 ensure compliance with the legal and regulatory requirements of 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 management rules, and is used for risk searches for new substances handled at each site. The system also registers the chemical substances in use, aggregates data on quantities handled, emitted, and transferred, and supports efforts to reduce emissions.

\*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 FY2024: Briefings for procurement partners

We registered data regarding chemical substances contained in approximately 1.43 million materials, parts, and products in A Gree'Net as of the end of fiscal 2024. Each year, we hold briefings for procurement partners using A Gree'Net and chemSHERPA, and we discuss regulatory revision trends. In fiscal 2024, we held two briefings attended by a cumulative 1,591 people.

## Environmental education for employees

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 environmental laws and regulations, which have been tightened in recent years.

### Environmental education in fiscal 2024

Contents of training	Target	Attendees
Hitachi Group training on basic environmental management, recent amendments to laws, and operational procedures	Employees working in air quality, water quality, and waste management	Japan: 1,596 people from 52 companies (979 people in waste management, plus 617 people in legal compliance) China: 44 people from 24 companies
Environmental management training program to reduce environmental risks in China and raise the knowledge of working-level employees	Working-level employees	44 people from 20 companies
New employee training	New employees in the China Hitachi Group	50 people from 20 companies

## Environmental compliance

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 the 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 the Group companies, and business sites classified as Category A in our environmental management classification	Usually every three years
Corporate divisions of business units and the Group companies (Environment divisions)	Major business sites and subsidiaries of business units and the Group companies*1  Sites of business units and the Group companies outside Japan that are classified as Category A in our environmental management classification*2	
ISO 14001-certified business 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 the Group companies  
\*2 According to the Environmental Action Plan

### Number of regulatory violations and complaints

# Decarbonization

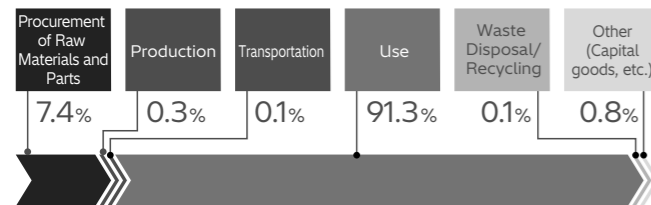
## Efforts to achieve decarbonization

Tackling climate change has become a global imperative, and the roles required of governments and companies have changed dramatically. Through participation in the 29th Conference of the Parties (COP29) 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 decarbonization.

Hitachi, with its “GX for CORE,” will accelerate measures to reduce its own GHG emissions to achieve carbon neutrality at business sites (factories and offices) by fiscal 2030. Additionally, as stated in our long-term environmental targets, Hitachi Environmental Innovation 2050, we are working toward achieving Net Zero by fiscal 2050.

And under GX for GROWTH, we aim to contribute to realizing decarbonization by collaborating with stakeholders through the growth of green businesses. For example, Hitachi Energy will invest approximately \$6.25 billion (as of March 2025) between fiscal years 2024 and 2027 to enhance manufacturing capacity

Ratio of GHG emissions at each stage of Hitachi’s value chain in fiscal 2024\*1



\*1 Percentages may fluctuate due to changes in our business portfolios

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 GHG 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 GHG emissions for customers and society.

In addition, Hitachi has received validation from the SBT initiatives\*1 for its science-based “net-zero target” for achieving the 1.5°C target set by the Paris Agreement. Certified targets are as follows.



The net-zero science-based target validated by SBTi

	FY2030	FY2050	Net-zero throughout the entire value chain
	Short-term target	Long-term target	
Scope 1, 2 (FY2019 base year)	Total reduction of 83%	Total reduction of 90%	Net-zero throughout the entire value chain
Scope 3 Category 1, 11*2 (FY2022 base year)	Per unit of added value*3 52% reduction	Per unit of added value 97% reduction	

\*1 International initiative where companies and financial institutions set science-based greenhouse gas (GHG) emission reduction targets, and have their validity reviewed and certified

\*2 GHG emissions from purchased products and services, and GHG emissions from the use of sold products

\*3 Gross profit

## Environmental strategy for achieving decarbonization

### Initiatives for achieving decarbonization

- Achieve carbon neutrality at our own business sites and production activities (by fiscal 2030)
  - Introduce energy-saving and renewable energy equipment
  - Procure electricity from non-fossil sources across all business sites
- Achieve world-class energy efficiency in products
  - Achieve energy conservation by developing environmentally conscious products from the design stage
- Collaborate with procurement partners toward decarbonization
  - Distributed Sustainable Procurement Guidelines and Green Procurement Guidelines, requesting all procurement partners to set GHG emission reduction targets
  - Selected 21 procurement partners in fiscal 2022 and collaborated on GHG emissions reduction methods, calculation methods, and data collection and analysis methods, and how best to utilize them. Expanded our reduction activities to approximately 250 in fiscal 2024, by using these insights and methods.
- Support businesses that contribute to the decarbonization of society as a whole
  - Power grid business to support the expansion of renewable energy
  - Provide energy-efficient high-speed trains and battery hybrid trains
  - Provide Lumada solutions that support the realization of decarbonization through digitalization

- Develop technologies to enable the transition to decarbonization
  - Development of high-efficiency products, energy management systems and hydrogen-related technologies

## Reduction of product and service CO<sub>2</sub> emissions during use

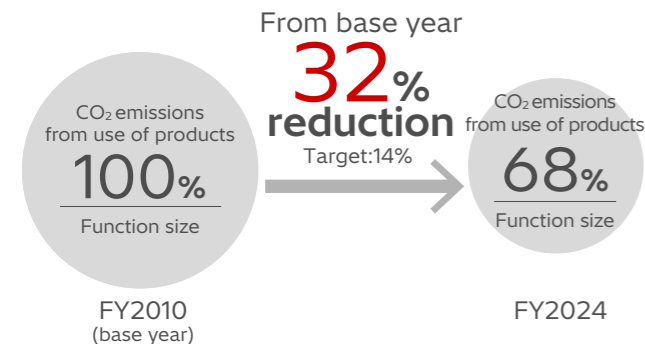
CO<sub>2</sub> emissions related to the use of products and services account for the largest proportion of emissions in our value chain. To reduce these emissions, Hitachi sets reduction rate targets per unit based on fiscal 2010 levels for each product or service targeted. We use functional size\*<sup>1</sup> as the denominator and CO<sub>2</sub> emissions as the numerator in our target equation.

In fiscal 2024, we achieved our target with a reduction rate of 32% against a target of 14%. 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.

Under the 2027 Environmental Action Plan, in line with the revision of our long-term targets, we aim to improve GHG emissions per unit of added value\*<sup>2</sup> (Scope 3 Category 11) by 40% by fiscal 2027, using fiscal 2022 as the baseline.

\*1 Function size: Major functions of products correlated with CO<sub>2</sub> emissions, such as their output and volume  
\*2 Gross profit

### CO<sub>2</sub> emissions intensity reduction rate (Hitachi Group): 2024 environmental action plan management values



## GHG emission reduction at business sites (factories and offices) and Hitachi Carbon Neutrality 2030

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

Previously, we set a target to reduce CO<sub>2</sub> emissions by 50% by fiscal 2024 compared to fiscal 2010 levels and have been advancing initiatives to achieve this. In fiscal 2024, the final year of the 2024 Environmental Action Plan (fiscal 2022-2024), we achieved an 81% reduction.

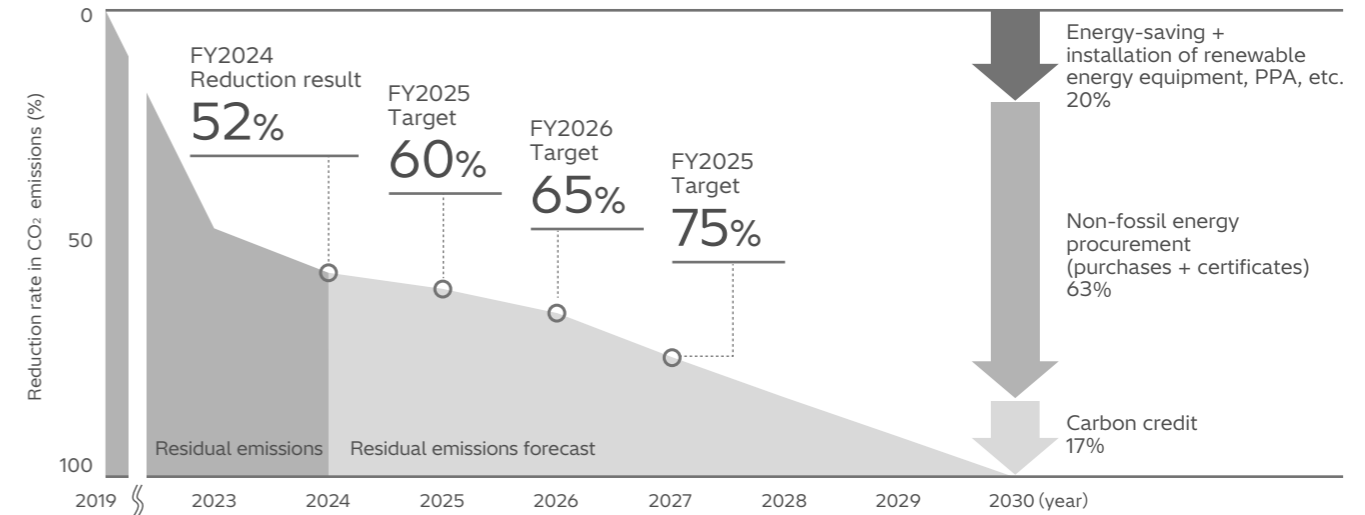
Under the 2027 Environmental Action Plan (fiscal 2025-2027), in line with the revision of our long-term targets, we will expand the scope of our targets from only Category A business sites to include all manufacturing sites and both Category A and B non-manufacturing sites, using fiscal 2019 as the new base year. In addition to conventional energy-derived CO<sub>2</sub>, we will also work to reduce non-energy-derived GHG emissions. The reduction rate of GHG emissions in fiscal 2024, based on this expanded scope and using fiscal 2019 as the base year, was 52%.

CO<sub>2</sub> emissions reduction measures at Hitachi include energy-saving initiatives, installation of renewable energy equipment, PPA\*<sup>1</sup>, as well as procurement of non-fossil energy, and utilization of energy attribute certificates\*<sup>2</sup>. Among these, energy-saving initiatives, installation of renewable energy equipment, and PPAs help mitigate the risk of future energy price increases and support compliance with carbon pricing. This approach also aligns with our corporate mission—“To contribute to society through the development of

superior, original technology and products”—and for this reason, we are placing a priority focus on these measures.

\*1 PPA stands for Power Purchase Agreement, a contract for the long-term purchase of renewable energy from power producers  
\*2 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 CO<sub>2</sub>

### GHG reduction roadmap



**Major initiatives for reducing GHG emissions at business sites (factories and offices)**

The specific initiatives to achieve carbon neutrality at business sites are summarized below by location type (factories, offices).

- |                              |  |
|------------------------------|--|
| <b>Factories</b>             | <ul style="list-style-type: none"> <li>Improve equipment efficiency by introducing and upgrading to high-efficiency equipment (Identify priority measures and manage rates of introduction and upgrades)</li> <li>Improve production efficiency and energy use efficiency during production through use of the Lumada platform and production technologies cultivated over many years of experience</li> <li>Optimize equipment operations and reduce wasted energy by installing smart meters</li> <li>Review product designs and processes</li> <li>Optimize control of equipment operations in response to production conditions</li> </ul> |
| <b>Offices</b>               | <ul style="list-style-type: none"> <li>Construct or relocate to new facilities with high energy efficiency</li> <li>Consolidate and integrate existing facilities</li> <li>Install energy-saving equipment and optimize equipment operations in collaboration with building owners</li> </ul>  |
| <b>Factories and offices</b> | <ul style="list-style-type: none"> <li>Install renewable energy systems</li> <li>Procure electricity from non-fossil power sources</li> <li>Utilize energy attribute certificates</li> <li>Utilize renewable energy with additionality*2 through corporate PPA*1</li> <li>Engage in capital investment to reduce CO<sub>2</sub> through the use of Hitachi Internal Carbon Pricing (HICP)</li> </ul>   |

\*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: The effect whereby the introduction of renewable energy electricity leads to an increase in new renewable energy generation facilities

**The Hitachi internal carbon pricing framework**

To facilitate CO<sub>2</sub> reduction at its business sites (factories and offices), Hitachi introduced the Hitachi Internal Carbon Pricing\*1 (HICP) framework in fiscal 2019. By referencing global emissions trading schemes and carbon taxes, we set internal carbon prices and convert the CO<sub>2</sub> reduction effects of decarbonization-related capital investments into monetary value. This value is added to the effect of energy savings to evaluate the overall investment impact, thereby providing incentives to further expand capital investment aimed at decarbonization.

The introduction of the HICP framework enables us to incorporate risk factors such as potential increases in future carbon tax burdens and new emission regulations from the initial stages of capital investment planning. By prioritizing decarbonization investments, we aim to minimize the impacts of future climate change risks and strengthen our corporate resilience.

Initially, we set the HICP rate at 5,000 yen/t-CO<sub>2</sub> 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-CO<sub>2</sub> in August 2021 in consideration of anticipated carbon taxes and carbon trading prices. By doing so, we are able to respond proactively to future risks such as carbon taxes and to accelerate the implementation 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 voluntarily assigning a price to the amount of carbon generated or reduced within the company, to support investment decisions and risk management

\*2 ETS: Emission Trading Scheme

**Actions taken in FY2024**

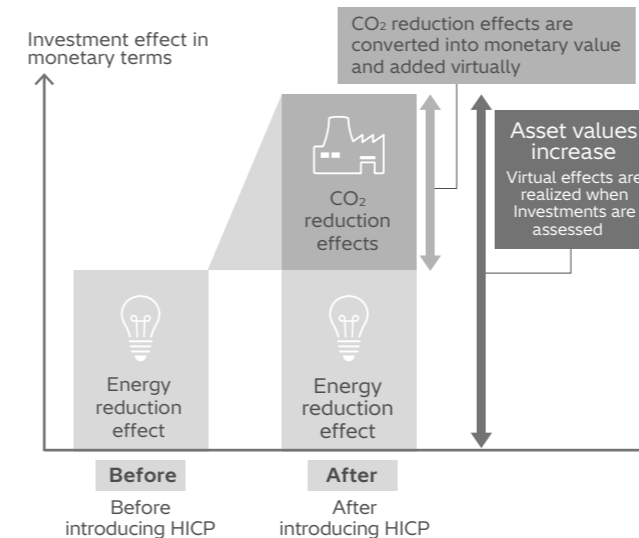
Hitachi utilizes the HICP system to facilitate additional investment that would not have qualified under previous criteria by converting CO<sub>2</sub> reduction benefits into monetary values. This approach helps drive further reductions in CO<sub>2</sub> emissions.

In fiscal 2024, the number of adopted projects increased to 70, and the amount of investment also slightly increased. However, CO<sub>2</sub> emissions reduction remained at 2,864 tons.

We will continue to utilize the HICP system to reduce CO<sub>2</sub> emissions.

**Hitachi internal carbon pricing (HICP) framework**

**Approach to Assessing Investment Effectiveness with HICP**



CO<sub>2</sub> reduction = cost reduction  
Facilities that generate less CO<sub>2</sub> have higher asset values

**HICP implementation results**

Category	FY2020*1	FY2021*1	FY2022*1	FY2023	FY2024
<b>Number of HICP projects</b>	22	59	94	52	70
<b>Investment [M (JPY)]</b>	250	1,464	1,185	2,234	2,282
<b>CO<sub>2</sub> emissions reduction [t-CO<sub>2</sub>]</b>	447	1,230	2,519	4,302	2,864

Note: From August 2021, the set carbon price will be raised from 5,000 JPY/t-CO<sub>2</sub> to 14,000 JPY/t-CO<sub>2</sub>

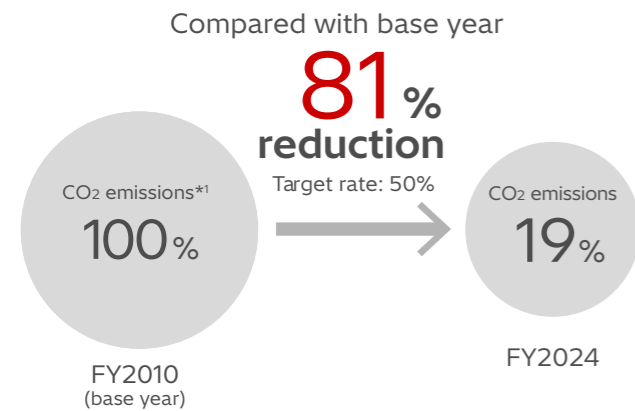
\*1 Excluding an energy-related company that became a consolidated subsidiary in fiscal 2020

## Activities and achievements at business sites (factories and offices)

The 2024 Hitachi Environmental Action Plan sets a target for the total CO<sub>2</sub> emissions reduction rate at business sites (factories and offices).

In fiscal 2024, the actual reduction in total CO<sub>2</sub> emissions was 81%, surpassing the target of a 50% reduction compared to the base year of fiscal 2010. This achievement was driven by steady progress through initiatives such as improving facility efficiency by introducing and upgrading high-efficiency equipment, installing renewable energy systems, and procuring electricity from non-fossil energy sources.

### CO<sub>2</sub> emissions reduction rate (Hitachi Group): 2024 environmental action plan management values



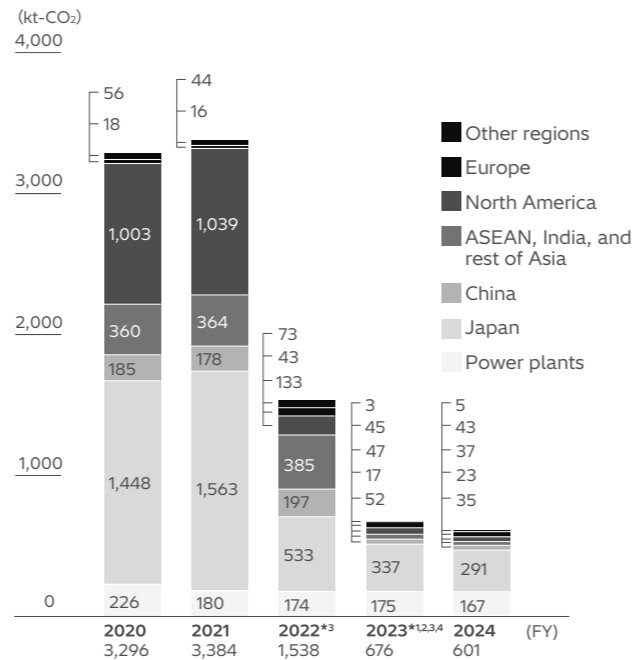
Note: Regarding CO<sub>2</sub> emission factors for electricity: For Japan, we used adjusted emission factors for each power company based on the Act on Promotion of Global Warming Countermeasures. For China, we used the average emission factors for regional power grids published by the government. For other countries, we used the latest annual emission factors for each country provided by the International Energy Agency (IEA) or the latest factors provided by power supply companies

Note : The Environmental Action Plan's management values do not include amounts for our power plants in either fiscal 2010 (base year) or fiscal 2024

Note : Only for the 2024 Environmental Action Plan management values, emissions of 16.9 kt-CO<sub>2</sub> from the cancellation of credits for neutralization were deducted. For the figures subject to independent assurance, emissions from the cancellation of credits for neutralization were not deducted

\*1 CO<sub>2</sub> emitted from the organization (Scope 1 and 2)

### Trends in CO<sub>2</sub> emissions (Hitachi Group's factories, offices, and power plants)



\*1 Energy-derived CO<sub>2</sub> emissions in fiscal 2024 were 325 kt-CO<sub>2</sub> for Scope 1 and 208 kt-CO<sub>2</sub> for Scope 2 (market based)

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

\*3 CO<sub>2</sub> emissions were disclosed only for category A until fiscal 2022, and for all manufacturing sites as well as Category A and B non-manufacturing sites from fiscal 2023 onward

\*4 From fiscal 2023, amounts includes non-energy-related GHG emissions (kt-CO<sub>2</sub>e)

## Introducing renewable energy

To reduce CO<sub>2</sub> emissions, Hitachi is advancing the installation of renewable energy power generation equipment on its premises and is also actively promoting the procurement of electricity generated by newly constructed renewable energy equipment located off-site. Furthermore, by expanding the introduction of corporate PPA, we are accelerating the replacement of fossil fuel-derived electricity with electricity from renewable energy sources.

The renewable electricity introduced will comply with the standards set by the GHG Protocol.

### Actions taken in FY2024

Renewable electricity generation across the Hitachi Group in fiscal 2024 amounted to 747 GWh.

This accounted for 71% of the electricity usage within the target management scope, a significant increase from 56% in the previous year.

At 73 sites, all electricity used came from renewable sources. 21 of these sites achieved carbon neutrality (reduced Scope 1 and 2 GHG emissions to zero) through enhanced energy-savings and purchases of credits for neutralization.

In addition, Hitachi Energy continues to actively pursue decarbonization by supplying 100% of its in-house electricity needs with non-fossil fuel derived electricity. Furthermore, Hitachi Industrial Equipment Systems Group achieved carbon neutrality in fiscal 2024, ahead of its original target of fiscal 2030.

### Sites supplied with 100% renewable electricity

Country/Region	Sites using 100% renewable electricity	
	Sites using 100% renewable electricity	Carbon neutrality
Europe	28 sites	1 site (Hitachi Rail Group) 2 sites (Hitachi Energy Group)
North America	12 sites	1 site (Hitachi Industrial Equipment Systems Group)
China	7 sites	2 sites (Hitachi Industrial Equipment Systems Group)
Japan	12 sites	1 site (Hitachi, Ltd.) 5 sites (Hitachi High-Tech Group) 6 sites (Hitachi Industrial Equipment Systems Group)
Asia (excluding China and Japan)	8 sites	1 site (Hitachi Industrial Equipment Systems Group) 2 sites (Hitachi Energy Group)
Other areas	6 sites	—
<b>Total</b>	<b>73 sites</b>	<b>21 sites</b>

## Encouraging procurement partners to reduce their environmental footprint

Hitachi’s businesses cover a broad range of business domains, and 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 realizing Net Zero. To this end, we encourage collaboration and cooperation with procurement partners on initiatives upstream in the value chain.

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

### Efforts toward carbon neutrality upstream in the value chain

#### GHG emissions measurement upstream in the value chain

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

The calculation result for Scope 3 Category 1 in fiscal 2024 is 15,370,000 tons.

#### GHG emissions reduction efforts upstream in the value chain

To foster GHG emissions reduction activities among Hitachi’s procurement partners, we engaged in dialogue with 21 procurement partners selected in fiscal 2022. Through these discussions, we explored methods for GHG reduction, calculation techniques, and approaches to data collection, analysis, and utilization. Leveraging the insights and methods gained, Hitachi carried out reduction initiatives with approximately 100 procurement partners in fiscal 2023 and approximately 250 partners in fiscal 2024.

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 GHG reductions upstream in Hitachi’s value chain by obtaining reduction plans from procurement partners and analyzing the details of these plans. While some of the targeted partners are steadily progressing with emissions calculation, target setting, and action plan development, Hitachi has recognized that others—particularly small and medium-sized enterprises—are uncertain about what steps to take, how to schedule them, how to apply specialized calculation methods, or how to set appropriate targets. With the goal of having 700 procurement partners establish reduction targets and plans by fiscal 2027, Hitachi is working to expand GHG emissions reduction activities. Moving forward, based on insights gained from previous fact-

finding surveys, Hitachi will focus on supporting small and medium-sized enterprises by developing and providing capacity-building programs and support tools (“Handbook for Carbon Reduction Journey” and others).

### 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](#)

**Adoption of environmentally conscious procured materials**

To reduce CO<sub>2</sub> emissions from products and services purchased upstream in the value chain, Hitachi began, in fiscal 2023, to source all newly refined aluminum (AL ≥ 99.7%, standard ingots) for Japan use from manufacturers that produce it primarily using hydropower. In fiscal 2024, through co-creation with procurement partners, Hitachi also began adopting green steel\*1 produced using the mass balance approach. To help realize a sustainable society, we will continue to work closely with our procurement partners to adopt and explore environmentally conscious materials, while also promoting initiatives aimed at achieving a circular economy, such as the use of recycled materials.

\*1 Green Steel: Steel products supplied with certificates indicating the allocation of GHG emission reductions, such as CO<sub>2</sub>, achieved through additional reduction projects carried out by steel manufacturers. These reductions are pooled and distributed across selected steel products by the manufacturer.

**Received the highest rating for CDP supplier engagement**

In July 2025, Hitachi, Ltd. was selected as a Supplier Engagement Leader, the highest rating in the Supplier Engagement Rating by CDP, an international non-governmental organization working in the environmental sector. Hitachi has been selected for the fourth consecutive year since 2021 in recognition of a series of initiatives aimed at realizing a net-zero society, including reducing CO<sub>2</sub> emissions across the entire value chain.



[External ESG evaluations](#)

## Reducing transportation energy consumption

In addition to reducing energy consumption at our business sites (factories and offices), Hitachi is also working to reduce energy use during product transportation. Each BU and Group company set targets for the rate of improvement in transportation energy per unit in Japan while establishing voluntary targets for regions outside Japan.

Also, each business site is working to reduce transportation energy consumption by promoting modal shifts to more efficient transportation methods, improving truck loading ratios, and taking other measures. In addition, we are promoting the transition to eco-friendly vehicles for company use.

### Actions taken in FY2024

Fiscal 2024 reduction measures focused on improving loading efficiency for product transportation, utilizing joint transportation, and optimizing transportation vehicles. CO<sub>2</sub> emissions from transportation in Japan were 17.0 kt-CO<sub>2</sub>, a decrease of 0.8 kt-CO<sub>2</sub> compared with fiscal 2023.

### Reducing CO<sub>2</sub> emissions from business vehicles through Hitachi fleet management

Hitachi is preparing to electrify its fleet of business vehicles as part of efforts to achieve net-zero by fiscal 2050. However, there are various challenges associated with the introduction of electric vehicles by companies, such as the limited availability of electric vehicle options and insufficient charging infrastructure.

To address these challenges, Hitachi is steadily preparing for the electrification of business vehicles at each BU and Group company based on its own fleet

management plan. Specifically, Hitachi utilizes BPO\*<sup>1</sup> and AI drive recorders\*<sup>2</sup> to visualize vehicle operating conditions, followed by an analysis of collected driving data and monitoring of CO<sub>2</sub> emissions. Based on the results of this analysis and monitoring, Hitachi implements actions to reduce CO<sub>2</sub> emissions from existing vehicles and is promoting the phased replacement of business vehicles with electric vehicles to further reduce CO<sub>2</sub> emissions from its fleet.

\*1 BPO: Abbreviation of business process outsourcing. BPO outsources the entirety of a business process to a specialized contractor  
 \*2 AI drive recorder: A service that uses AI to analyze recorded driving footage and visualize signs of dangerous driving and driver tendencies

#### Hitachi fleet management

- |                              |  |
|------------------------------|--|
| <b>Vehicle visualization</b> | <ul style="list-style-type: none"> <li>• Centralized fleet management via BPO</li> <li>• AI drive recorders to monitor vehicle operation status</li> </ul> |
|------------------------------|--|

- |                              |  |
|------------------------------|--|
| <b>Vehicle data analysis</b> | <ul style="list-style-type: none"> <li>• Analysis of vehicle operation status and travel routes</li> <li>• Analysis of driver tendencies</li> <li>• Continuous monitoring of electrification rates and CO<sub>2</sub> emissions</li> </ul> |
|------------------------------|--|

- |   |  |
|---|--|
| <b>Actions to reduce CO<sub>2</sub> emissions</b> | <ul style="list-style-type: none"> <li>• Optimizing fleet size based on vehicle utilization status</li> <li>• Encouraging eco-driving by reducing sudden acceleration and braking</li> <li>• Fostering awareness of CO<sub>2</sub> reductions via visualizations of emissions</li> <li>• Phased vehicle electrification, taking operational impact into account</li> </ul> |
|---|--|

### Actions taken in FY2024

In fiscal 2024, as part of our reduction initiatives, we focused on utilizing Business Process Outsourcing (BPO) to enable centralized vehicle management and on installing AI drive recorders to monitor vehicle operation status.

These measures have already been implemented in 73% of our business vehicles in Japan, and we plan to further expand their adoption going forward.

In addition, as a further measure to promote centralized fleet management, we will begin consolidating monthly parking lots. Through this initiative, we will increase the number of basic charging stations as part of our charging infrastructure strategy, thereby facilitating the introduction of electric vehicles.

# Climate-related financial information disclosure (based on TCFD recommendations)

## Endorsement of the TCFD recommendations

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). This section discloses key climate-related financial information in line with the TCFD’s recommendations.

Hitachi’s TCFD disclosure has been selected for the Excellent TCFD Disclosure for four consecutive years, as announced in January 2025, by domestic equity investment management institutions of the Government Pension Investment Fund of Japan (GPIF).

## Governance

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 submitted to the Board of Directors as necessary. Hitachi’s long-term environmental targets, Hitachi Environmental Innovation 2050, which include greenhouse gas emission reduction targets, are reported to the Board of Directors when formulated or revised. In addition, the Audit Committee, composed of independent directors, conducts an audit of sustainability-related operations once a year, and responsible executive officers report to the committee on important climate-related matters 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 hosted by Japan’s Ministry of Economy, Trade and Industry (METI) since 2019. In addition, we are participating as a Steering Committee member 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.

- ▣ [Sustainability strategy management structure](#)
- ▣ [Structure for fostering environmental governance](#)

## Strategy

Since 2002, Hitachi has advanced environmental initiatives by publishing its environmental vision and outlining its contributions as a global company toward realizing decarbonization. In fiscal 2016, the company established its long-term environmental targets, Hitachi Environmental Innovation 2050, based on the Paris Agreement and projections such as the IPCC’s Fifth Assessment Report RCP2.6\*1 and RCP8.5\*2 scenarios. Following the release of the IPCC Special Report on Global Warming of 1.5°C and the Sixth Assessment Report with the SSP1-1.9\*3 scenario, Hitachi revised its long-term targets to align with the goal of limiting the global temperature rise to 1.5°C.

In May 2025, amid changes leading to increased GHG emissions such as the surge in electricity demand driven by expanded generative AI use, Hitachi updated its environmental strategy and transition plan, Hitachi Environmental Innovation 2050, setting a new target of achieving net zero by fiscal 2050.

In addition, Hitachi’s GHG reduction targets toward fiscal 2050 have been certified by the Science Based Targets initiative (SBTi)\*4 as a science-based net-zero target, consistent with the 1.5°C pathway\*5 outlined in the Paris Agreement.

By setting even more ambitious goals, Hitachi is committed to contributing to global decarbonization.

- \*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
- \*4 An international initiative where companies and financial institutions set science-based greenhouse gas (GHG) emission reduction targets and have their validity reviewed and certified
- \*5 A target to limit the rise in global average temperature to 1.5°C compared to pre-industrial levels

- ▣ [Environmental Vision and Hitachi Environmental Innovation 2050](#)
- ▣ [Environmental strategy for achieving decarbonization](#)
- ▣ [GHG emission reduction 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. To address the impacts of climate change, climate-related risks and opportunities are assessed in accordance with TCFD classifications. For important businesses with relatively high likelihood of being affected by climate change, risks and opportunities are evaluated on a business specific basis. The assessment time horizon is classified into short-term, medium-term, and long-term as defined below.

### Time horizon for assessing climate-related risks and opportunities

	Time horizon	Reason for adoption
<b>Short-term</b>	Over the next three years, from fiscal 2025 to 2027	Corresponds to the three-year management period covered by 2027 Environmental Action Plan established in line with the management plan
<b>Medium-term</b>	Up to fiscal 2030	Time horizon of our fiscal 2030 long-term environmental targets
<b>Long-term</b>	Up to fiscal 2050	Time horizon of our fiscal 2050 long-term environmental targets

### Degrees of impact

Impact	Definition
<b>Major</b>	Has an impact sufficient to disrupt business or cause it to substantially decrease or increase
<b>Medium</b>	Part of the business is impacted
<b>Minor</b>	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. Accordingly, scenario analyses were conducted for businesses with a relatively high likelihood of being affected by climate change. In selecting these businesses, factors such as sales volume within Hitachi and the amount of GHG emissions from energy use during product and service utilization were considered. Previously some businesses relied on fossil fuels as their main energy source, however these businesses have been deconsolidated.

As a result of the review, the Railway Systems, Power Generation and Power Grids, IT Systems, and the Industrial Equipment businesses were selected for analysis. For each of these businesses, the business environment under the 1.5°C and 4°C scenarios and corresponding responses were examined.

- 1.5°C scenario: As projected by the RCP2.6 scenario in the IPCC’s Fifth Assessment Report, the SSP1-1.9 scenario in the IPCC’s Sixth Assessment Report, the IEA 450 scenario, and the IEA Net Zero scenario, a world is assumed in which stringent measures and regulations will be implemented to realize decarbonization. Risks and opportunities were examined on the premise of achieving net-zero by fiscal 2050.

- 4°C scenario: A situation was examined in which global greenhouse gas emissions increase due to lack of regulation and frequent disasters are caused by climate change, as shown by the RCP 8.5 scenario in the IPCC’s Fifth Assessment Report and SSP 5-8.5 scenario in the IPCC’s Sixth Assessment Report.

Furthermore, events expected to occur regardless of progress toward global decarbonization have been summarized as non-environmental market factors (neither the 1.5°C nor 4°C scenario).

The major risks and opportunities for the selected businesses are outlined in the following table.

**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	Digital systems & services	Industrial equipment
<p><b>Business environment, major risks, and opportunities under the 1.5°C scenario</b></p>	<p><b>Business environment</b> Global demand will continue to grow for railway transport systems that emit relatively less GHG per distance covered, with tighter GHG emission regulations in each country and region.</p>	<p><b>Business environment</b> Global demand will continue to grow for electricity from non-fossil sources, such as renewable energy and nuclear power, with tighter GHG emission regulations in each country and region. Power networks will increasingly accommodate renewable energy produced through distributed power generation. Policy makers and regulators will have significant impact on driving and prioritizing non-fossil power sources. Cost of capital and related government subsidy programs will be also decisive criteria determining the speed of transition. Possible increase cost of energy to the end users might challenge general affordability and affect consumption patterns.</p>	<p><b>Business environment</b> Demand for energy-saving, high-efficiency digital solutions will grow, with tighter GHG 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 environment-related and financial-related businesses such as investments and loans for decarbonization businesses and green bond issues.</p>	<p><b>Business environment</b> Global demand for energy-saving industrial equipment will grow, with tighter GHG emission regulations across countries and regions.</p>
	<p><b>Risks</b> 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 GHG 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.</p>	<p><b>Risks</b> 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 deployment.</p>	<p><b>Risks</b> Competitiveness will decline if there is a slowdown in technological and human resource development to provide energy-saving and highly efficient digital solutions and if decarbonized measures for energy-intensive data centers are delayed.</p>	<p><b>Risks</b> Competitiveness will decline if there are delays in the development of high-efficiency, low-loss products.</p>
	<p><b>Opportunities</b> 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 GHG 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.</p>	<p><b>Opportunities</b> 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, high/ultra-voltage transmission and energy storage systems.</p>	<p><b>Opportunities</b> 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 digital solutions that contribute to zero-emissions.</p>	<p><b>Opportunities</b> Utilization of IoT, digitalization, and connectivity to develop innovative products and solutions that contribute to GHG emission reductions beyond the energy-saving performance of individual products.</p>

**Target businesses** **Railway systems**

**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.

**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.

**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.

**Non-environmental market factors (neither the 1.5°C nor 4°C scenario)**

- 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.
- Competition will grow as major railway manufacturers in various countries will expand their businesses to meet global demand.

**Power generation and power grids**

**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.

**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.

**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.

- 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 GHG 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.

**Digital systems & services**

**Business environment**

Demand for new, high-efficiency technology will expand as multiplex digital 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. In addition, climate change will increase risks to food procurement, including agricultural crops, and there will be a growing need for solutions to address these risks.

**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 and increased risk of damage to data centers.

**Opportunities**

Demand will increase for social and public systems that help reduce damage from natural disasters and for digital solutions required as part of BCP. In addition, there is increasing demand for digital analytics solutions that leverage data and AI in the agriculture and biotechnology sectors, along with rising demand for disaster-resilient data centers.

- Further digitization globally will exponentially increase the volume of data circulated, accumulated, and analyzed.
- New services and businesses utilizing digital technology will expand. As a result, demand for data centers and energy consumption will increase.
- Slower market expansion due to heightened geopolitical and trade risks.

**Industrial equipment**

**Business environment**

Typhoons, floods, and other natural disasters caused by climate change will increase significantly.

**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**

Efforts to accommodate IoT products will lead to higher demand for remote control and remote maintenance during natural disasters.

- Growing automation market driven by the use of digital technologies such as AI to reduce labor needs, update aging infrastructure, and respond to population decline and labor shortages due to aging societies.
- Increased demand for factory automation as a result of global pandemics limiting office attendance and accelerating the shift to remote work, requiring operations to be managed by smaller teams.
- The industrial market in emerging economies will grow due to a rise in production plants.

Target businesses	Railway systems	Power generation and power grids	Digital systems & services	Industrial equipment
<p><b>Response to future business risks (business opportunities)</b></p>	<p><b>Response to business risks under 1.5°C or 4°C scenarios</b></p> <ul style="list-style-type: none"> <li>• Continue to strengthen the railway business as global demand for railways will increase under either scenario.</li> <li>• 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 solutions like HMAX.</li> <li>• Increase competitiveness by strengthening sustainable activities while adhering to international standards, etc.</li> <li>• 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.</li> </ul>	<p><b>Response to business risks under 1.5°C or 4°C scenarios</b></p> <ul style="list-style-type: none"> <li>• Continue to enhance the response to relevant markets in view of expected higher demand for non-fossil energy under either scenario.</li> <li>• Production capacity expansion investments</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Response to business risks under 1.5°C or 4°C scenarios</b></p> <ul style="list-style-type: none"> <li>• Continue to develop innovative digital technologies and utilize AI, 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.</li> <li>• Specifically, enhance competitiveness by providing energy-saving and high efficiency digital 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 digital systems for BCPs.</li> <li>• Given the increasing frequency of natural disasters, strengthen our ability to respond to business disruption risks in accordance with our BCPs.</li> <li>• Actively promote the use of AI, decarbonization, and enhanced disaster resilience in data centers to strengthen competitiveness as sustainable and resilient facilities.</li> </ul>	<p><b>Response to business risks under 1.5°C or 4°C scenarios</b></p> <ul style="list-style-type: none"> <li>• 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 GHG emissions.</li> <li>• 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.</li> </ul>
<p><b>Financial information (sales volume of each target sector)</b></p>	<p>Partial impact on the revenue of Mobility Segment, which accounted for approximately 12% of Hitachi's revenue at 1,171.3 billion yen in fiscal 2024</p>	<p>Partial impact on the revenue of the Energy Segment, which accounted for approximately 27% of Hitachi's revenue at 2,627.0 billion yen in fiscal 2024</p>	<p>Partial impact on the revenue of the Digital Systems &amp; Services Segment, which accounted for approximately 29.0% of Hitachi's revenue at 2,832.5 billion yen in fiscal 2024</p>	<p>Partial impact on the revenue of the Industrial Products &amp; Services, which accounted for approximately 7% of Hitachi's revenue at 637.3 billion yen in fiscal 2024</p>

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, no significant climate change-related risks that were difficult to address were identified at Hitachi.

When considering whether existing businesses will be viable in decarbonization, businesses that use electricity as their primary energy source can adapt by switching to electricity derived from non-fossil energy sources. On the other hand, businesses that currently use fossil fuels are expected to require various measures to adapt, such as adopting new technologies including hydrogen and biomass, as well as carbon offset initiatives.

Since many of Hitachi’s businesses use electricity, there is little significant risk associated with 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. For Hitachi’s business portfolio, it has been determined that these climate change-related risks can be managed through appropriate countermeasures.

(1) Given Hitachi’s business format, we have determined that these risks related to climate change can be addressed.

Category	Major risks	Time horizon	Impact	Main initiatives
<b>Policy and legal</b>	Increased business costs from the introduction of carbon taxes, fuel and energy consumption taxes, emissions trading systems, and other measures	Short to long term	Medium	<ul style="list-style-type: none"> <li>• Advance activities to achieve net zero.</li> <li>• Avoid increases in business costs by further enhancing production and transport efficiency and expanding the use of non-fossil fuel-based energy. Encourage the adoption of energy-saving equipment by introducing Hitachi Internal Carbon Pricing (HICP).</li> <li>• Transition from fossil fuel-using businesses to non-fossil fuel-using businesses.</li> <li>• Facilitate investments that contribute to decarbonization. For example, Hitachi Energy plans to invest approximately \$6.25 billion (as of March 2025) from FY2024 to FY2027.</li> </ul>
<b>Technology</b>	Loss of sales opportunities due to delays in technology development for products and services aimed at decarbonization	Short to long term	Medium	<ul style="list-style-type: none"> <li>• Contribute to reducing GHG emissions by developing and marketing innovative products and services that lead to the achievement of long-term environmental targets and expanding the decarbonization business.</li> <li>• Advance the development of energy-saving and low-carbon products by implementing Environmentally Conscious Design Assessments when designing products and services.</li> </ul>
<b>Market and reputation</b>	Impact on business due to a decline in reputation or assessment of the company’s approach to climate change issues	Medium to long term	Minor	<ul style="list-style-type: none"> <li>• Established a net-zero target under the Hitachi Environmental Innovation 2050 long-term environmental targets and obtained SBT net-zero validation to drive decarbonization efforts.</li> <li>• Disclosing information on climate change initiatives and progress through sustainability reports, the corporate website, responses to CDP, and participation in events such as COP.</li> </ul>

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

Category	Major risks	Time horizon	Impact	Main initiatives
<b>Acute and chronic physical risks</b>	Climate-related risks to business continuity, including increased severity of typhoons and floods (acute risks), as well as long-term rising temperatures and head waves (chronic risks)	Short to long term	Medium	<ul style="list-style-type: none"> <li>• Consider the possibility of flood damage when deciding on the location, equipment layout and other conditions for a new plant</li> <li>• Compiled the Water Risk Guidelines for identifying water risks and countermeasures, and ensured compliance at major manufacturing sites globally.</li> </ul>

▣ Addressing risks related to water and biodiversity

**Climate-related opportunities (Hitachi Group)**

Hitachi, which promotes the Social Innovation Business, views addressing environmental challenges, including climate change, as a key management priority and sees contributing to decarbonization as a significant business opportunity.

Under its long-term environmental goals, Hitachi Environmental Innovation 2050, the company has set a target of achieving net zero across the entire value chain by fiscal 2050. Achieving this target requires not only decarbonizing factories and offices, but also reducing GHG emissions associated with the use of sold products and services, which account for a large portion of value chain emissions. In addition, achieving the target of 100 million metric tons of avoided emissions per year will require Hitachi products to make a significant contribution to GHG emissions reduction. Hitachi will continue to advance these initiatives and contribute to resolving issues related to climate change.

Category	Major opportunities	Impact	Main initiatives
<b>Services and markets for products</b>	Expansion of business opportunities through the expanded deployment of innovative products and services that can contribute to the mitigation of and adaptation to climate change	Major	<ul style="list-style-type: none"> <li>Expand business areas that contribute to decarbonization.</li> <li>In the energy field, advance power generation using non-fossil fuel energy sources and the installation of supporting power grids.</li> <li>In fields such as mobility and connective industries, advance the reduction of GHG emissions during product use by enhancing energy efficiency through greater utilization of digital technology (Green by Digital) and by developing products with world-class efficiency.</li> <li>Facilitate the adoption of carbon-free solutions and services through co-creation with customers.</li> </ul>
<b>Resilience</b>	Provision of solutions to address climate-related natural disasters	Medium	<ul style="list-style-type: none"> <li>Providing flood simulators and evacuation and emergency operation support systems</li> <li>Providing disaster prevention solutions such as high-performance firefighting command systems</li> </ul>

▣ **Products, services, and solutions that support green transformation (GX)**



The results of these studies indicate that Hitachi has not uncovered any significant or difficult-to-address climate change-related risks at this stage. It has been determined that contributions to climate change action can be regarded as business opportunities. Hitachi believes that we have high resilience in the transition to decarbonization over 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

Hitachi identifies, evaluates, and manages climate change-related risks for each BU and the Group company to determine environmental impacts and other factors. The results are consolidated by the Group Environmental Division of Hitachi, Ltd., and any risks or opportunities recognized as 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.

## Metrics and targets

Hitachi defines medium- to long-term metrics and targets in the long-term environmental targets Hitachi Environmental Innovation 2050, while short-term metrics and targets are established and managed in detail every three years through the Environmental Action Plan.

Metrics for climate change mitigation and adaptation include total GHG emissions and the intensity reduction rate of GHG emissions. Total GHG emissions from the use of sold products in Scope 3 in Category 11, which account for most emissions given the nature of Hitachi's business, fluctuate greatly due to changes in sales volumes, products handled, and the business portfolio. This makes it difficult to visualize the results of energy saving and efficiency improvements. Therefore, intensity reduction of GHG emissions has been established as a metric for providing customers and society with products and services that offer equivalent value while emitting less GHG emissions. In addition, a metric for avoided emissions that contribute to decarbonization is also set and managed.

GHG emissions generated at business sites (factories and offices) are continuously reduced by utilizing the Hitachi Internal Carbon Pricing (HICP) system, which provides incentives for capital investments that contribute to GHG reductions. The carbon price for HICP is set at 14,000 yen per ton-CO<sub>2</sub>.

In addition, since fiscal 2021, evaluations that take environmental value into account have been incorporated into the executive compensation system to accelerate the creation of environmental value toward achieving long-term environmental targets.

- ▣ [Linking executive compensation to the sustainability strategy](#)
- ▣ [Environmental Vision and Hitachi Environmental Innovation 2050](#)
- ▣ [Environmental Action Plan](#)
- ▣ [Decarbonization](#)
- ▣ [Products, services, and solutions that support green transformation \(GX\)](#)
- ▣ [GHG emission reduction at business sites \(factories and offices\) and Hitachi Carbon Neutrality 2030](#)
- ▣ [Calculating GHG emissions throughout the value chain \(fiscal 2024\)](#)

# Circular economy

## Efforts to achieve circular economy

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, 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 and toward circular economies. Hitachi, together with customers and society, contributes to the transition to a circular economy through its business activities.

### Circular economy initiatives

Hitachi has previously set an environmental long-term target to “improve water and resource utilization efficiency by 50% by 2050” in pursuit of

a resource efficient society. We have created higher economic value using fewer resources and pursued production activities with a lower environmental burden. Furthermore, Hitachi has been driving the development of product designs, tools, and services aimed at achieving circular economy.

In May 2025, Hitachi updated its long-term environmental targets, Hitachi Environmental Innovation 2050, introducing a new target called circular transformation: by 2050, to transition both resources and businesses toward a fully circular model. Circular transformation involves shifting toward circular business models by minimizing energy and resource use and maximizing value throughout the entire lifecycle of products and services through initiatives such as enhancing value and extending product lifespans during product usage via sharing and recurring use, and recovering resources from end-of-life products through remanufacturing or recycling.

Furthermore, in order to achieve circular transformation, Hitachi is actively working on reduction of landfill waste and implementation of Eco-Design, which is environmentally conscious product design. Since resources that are landfilled or discarded during the manufacturing process lose their value, Hitachi aims to achieve zero landfill waste generated at its manufacturing facilities by 2030. Additionally, transition to a circular economy, including landfill waste reduction, requires eco-design in product development stages, and application to all relevant product groups by fiscal 2030 is targeted.

**(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 landfill waste initiative, as well as for effective utilization rates related to plastic waste. In particular, we are targeting all manufacturing sites from fiscal 2022 with the aim of achieving zero landfill waste\*1.

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

## Approaches toward circular transformation

With the goal of achieving a circular transformation, Hitachi is striving to continuously utilize resources and assets throughout the product lifecycle for reduction and prevention of waste generation. To achieve this, we are using three approaches: innovation in upstream product design, innovation in the product manufacturing process, and innovation of our business model.

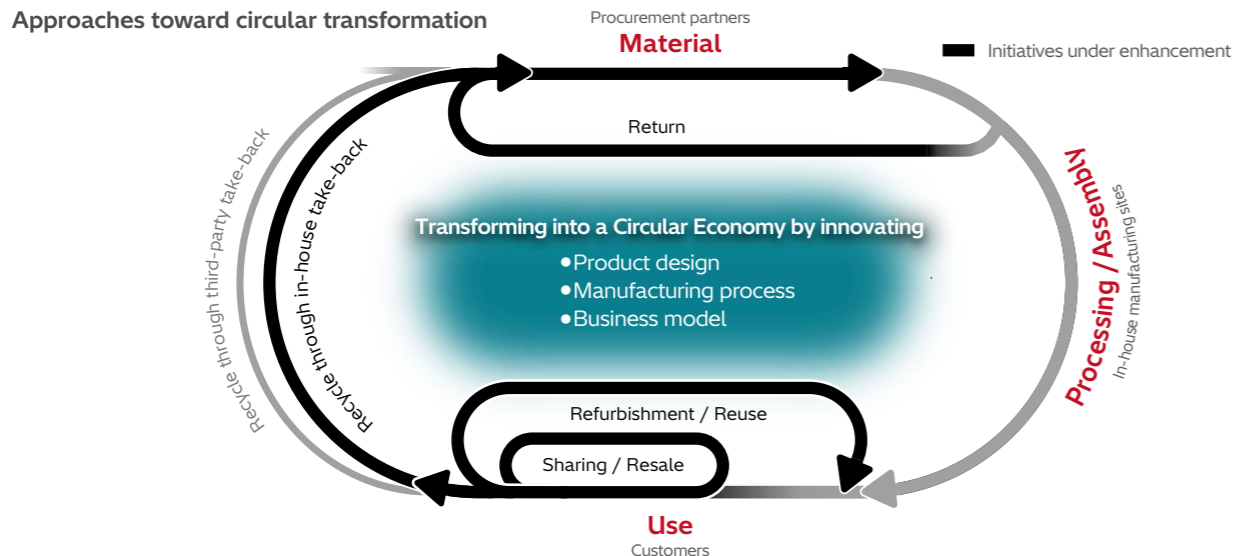
**(3) Innovation of business model**  
To adapt to a society that is transitioning from goods to experiences, and, from ownership to leasing, we enable the effective use of resources and assets through leasing, pay-per-use systems, subscriptions, products as a service, reuse, and sharing-based models.

At the same time, we collect used products and consider their sale, repair, or recycling, to further utilize resources and assets efficiently. To this end, we share our goals with diverse stakeholders in the value chain and drive co-creation.

Additionally, we advance research and development involving raw materials, products, tools, applications, and services necessary for our goals, leveraging the strengths of Hitachi's IT x OT x Products to support the realization of circular economy not only in our value chain, but also in our customer's activities.

**Improving the environmental performance of products and services through Eco-Design**

**(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, while considering resource circulation across the whole supply chain. To this end, we set a target of 100% application of the relevant assessments to all new products involving design activities and work to achieve this goal by fiscal 2024, based upon the Hitachi Eco Design Management Guidelines and Hitachi Eco Design Activity Guidelines that reflect the latest international trends. In fiscal 2024, we achieved a rate of 100%.



## Management of waste and valuables generated at business sites

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.

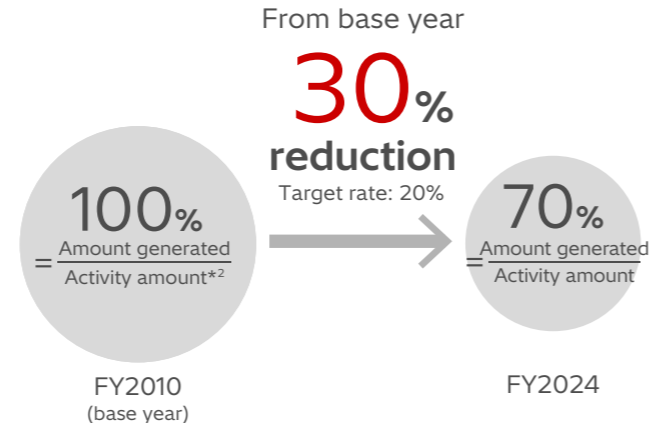
From fiscal 2023, we started transitioning from the previous Environmental Data Collection System (Eco-DS) to the ESG Management Support Service (ESG-MSS) to streamline our data collection operations. We completed this transition to ESG-MSS in fiscal 2024.

For fiscal 2024, which was the final year of the 2024 Environmental Action Plan (fiscal 2022–2024), we established a 20% per-unit reduction target (compared with a base year of fiscal 2010) for waste and valuables generated. We achieved a reduction of 30% for this year.

We reduced the amount of waste and valuables generated by 34kt, or 21%, compared to the base year. This result was accomplished through ongoing measures such as installing recycling facilities within our business sites, closed-loop recycling, whereby byproducts and scrap from the production process are reused as resources by other business sites, and repeated use of packing and cushioning materials for transportation.

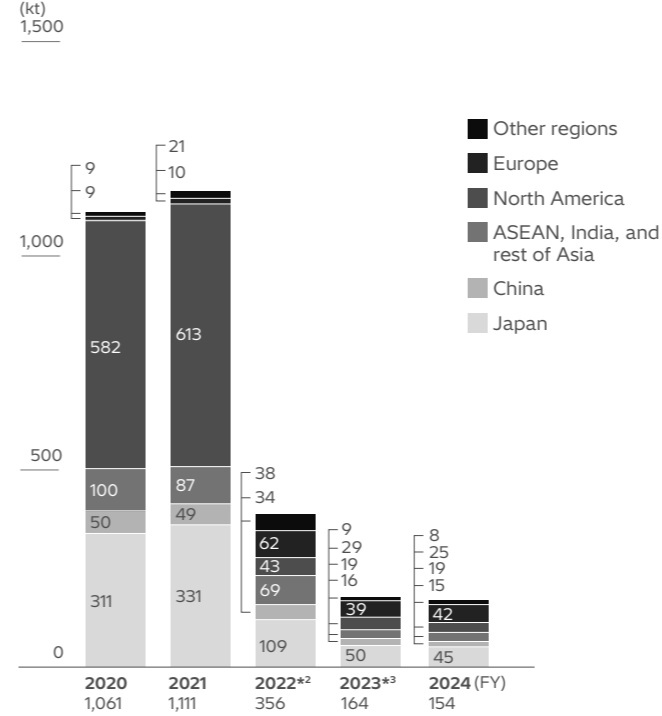
\*1 Waste and valuables: Materials generated through business activities. Each country has a legal definition of waste, and in Japan, the term refers to refuse, bulky refuse, ashes, sludge, excreta, waste oil, waste acid and alkali, carcasses, and other filthy and unnecessary matter, which are in a solid 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.

### 2024 Environmental Action Plan 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 generated at each business site (for example, output, sales, and production weight)

### Trends in 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 amount decreased significantly due to deconsolidation of materials-related and construction machinery-related companies. From fiscal 2022, the above figures include waste and valuables generated by an energy-related company and auto parts-related companies which have been included in the scope of consolidation since fiscal 2020  
\*3 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies

### Number of sites achieving the goal of the zero waste to landfill initiative

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, and have set specific targets for the number of manufacturing sites to achieve zero landfill waste. In fiscal 2024, 154 of the sites covered by our activities achieved zero landfill waste.

### 2024 Environmental Action Plan Management Values

<b>Number of sites achieving zero landfill waste</b>	154 business sites (73% achievement) FY2024 target: 128*2 business sites (approx. 61%)
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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% for the relevant fiscal year in the Hitachi Group. Pursued in assumed conformance with regulations, conditions, etc.  
\*2 The fiscal 2024 target was revised to exclude the sites of the auto parts-related companies following their deconsolidation

### Effective utilization rate of plastic waste

We began strengthening our activities in fiscal 2022 toward achieving a 100% effective utilization\*<sup>1</sup> rate of waste plastics throughout the entire Hitachi Group by fiscal 2030. In fiscal 2024, we set an effective utilization rate target of 85% and achieved 98%. 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.

### 2024 Environmental Action Plan management values

Effective utilization rate of plastic waste **98%** achievement  
FY2024 target: 85%

For example, Hitachi Global Life Solutions has adopted a new design with consideration to product usability. In cordless stick vacuum cleaners, they have worked on eco-conscious designs together with a lightweight design and improved suction power. In certain products, the plastic materials used in the exterior parts such as the base of the vacuum cleaner stand include recycled plastic, comprising at least 10% of the total weight. External resin components use a paint-free design to facilitate material recycling of the resin. In addition, in products equipped with cassette-style lithium-ion batteries, the design enables easy separation of the battery during disposal.

Furthermore, Kanto Eco Recycle Co., Ltd., a subsidiary of Hitachi Global Life Solutions that handles the recycling of used household appliances, has introduced a sorting device for mixed plastics in the recycling

process for washing machines and other products, and this began full-scale operations in early April of FY2024.

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\*<sup>2</sup> in response to the 2001 Act on Recycling of Specified Home Appliances. A total of 68.0kt of recyclable materials\*<sup>3</sup> were recovered in fiscal 2024, of which approximately 60.3kt 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

## Improving the environmental performance of products and services through Eco-Design

For all products and services involving a design process, Hitachi promotes Eco-Design 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 the environmental impact from business activities across multiple perspectives.

### Initiatives for improving the environmental performance of products and services

- Promoting environmentally conscious processes: In accordance with the IEC 62430\*<sup>1</sup> 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 IEC 62430: The standard developed by the International Electrotechnical Commission (IEC) concerning environmentally conscious design for electrical and electronic products

# Nature positive

## Efforts to achieve Nature positive

Nature Risk Rising, published by the World Economic Forum in 2020, reports that the creation of approximately \$44 trillion of economic value, or more than half of global GDP, depends on natural capital and ecosystem services it provides. In recent years, natural capital including air, water, soil, and biodiversity has been facing global crises, prompting increased international interest in achieving nature positive outcomes—stopping natural capital loss and restoring natural environments.

At the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (CBD-COP15) held in 2022, the “Kunming-Montreal Global Biodiversity Framework” was adopted, including the “30by30 target” to conserve at least 30% of land and water areas by 2030. Additionally, in 2023, the Task Force on Nature-related Financial Disclosures (TNFD) published its final recommendations, driving broader efforts among companies to assess impacts on natural capital and its dependencies and to disclose information in a transparent manner.

Natural capital is the foundation of a sustainable society, deeply intertwined with social infrastructure. Social infrastructure extends beyond physical systems, playing a vital role in advancing symbiosis with nature along with the conservation and restoration of biodiversity. As a responsible partner for social infrastructure, Hitachi commits to contributing to the realization of a nature positive future.

## Nature positive initiatives

Previously, Hitachi has set a long-term environmental target to minimize impact on natural capital by 2050 as part of its goal of “Achieving a Harmonized Society with Nature,” and has promoted initiatives to minimize the difference between positive and negative impacts in its business activities.

The updated long-term environmental targets introduce a new target of achieving nature resilience by 2050, which not only focuses on minimizing impacts on natural capital but also addresses mitigating damage from natural disasters and supporting faster recovery. Toward this target, Hitachi aims to reduce water usage by 10% and to advance impact assessments on and from nature by 2030.

## Nature resilience approaches

To preserve the ecosystem and achieve a harmonized society with nature and continue to enjoy nature’s benefits, Hitachi has consistently set targets to

minimize our impact on natural capital. Using the Life-cycle Impact Assessment Method based on Endpoint Modeling (LIME2)\*1, we are identifying the negative impacts associated with our business activities.

Results from fiscal 2024 showed approximately 44% of Hitachi’s negative impacts were related to climate change. For this reason, we are actively promoting initiatives aimed at decarbonization as part of our measures against climate change. In addition to minimizing negative impacts on natural capital, we are also working on efforts to expand positive impacts. An example of such activities includes promoting social contribution activities, such as forest conservation, and the area covered by forest conservation activities conducted in fiscal 2024 reached 0.7 km<sup>2</sup>.

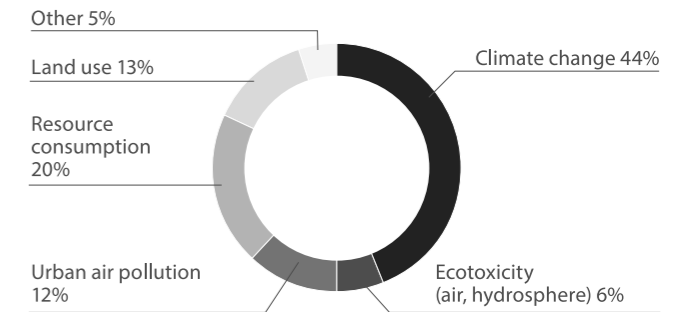
Furthermore, with regard to nature resilience efforts, while keenly monitoring international initiatives and regulatory trends such as the Conference of the Parties to the United Nations Convention on Biological Diversity (CBD-COP) and the Taskforce on Nature-related Financial Disclosures (TNFD), we are working

to conduct impact assessments that evaluate the mutual interactions with nature across the entire value chain for major products and projects.

In addition, we will continue efforts aimed at reducing water use—a form of natural capital. By strengthening water intake management, implementing leak prevention measures, recirculating cooling water, and wastewater purification in manufacturing processes and domestic water use at manufacturing sites, our target is to reduce water use per unit of activity by 10% by fiscal 2030, compared to the level in fiscal 2019.

\*1 IDEAv2, a widely used inventory database in Japan, is utilized for conducting LCAs to calculate negative impacts

### Negative impacts on natural capital (FY2024)

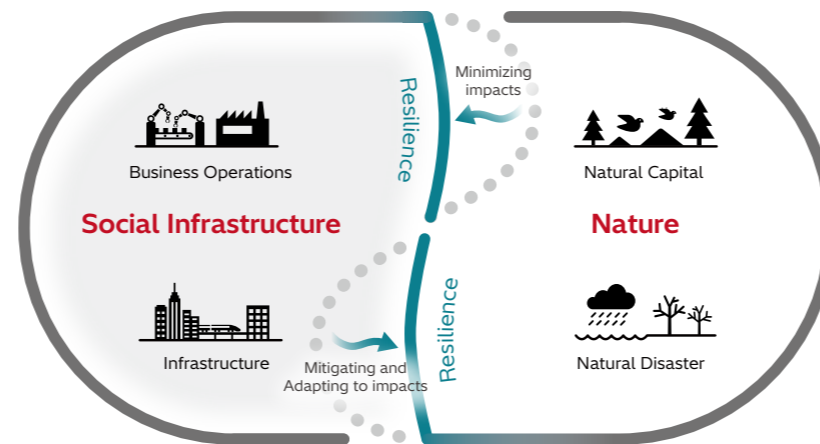


Note: Calculated from LIME2 by using IDEAv2

### Support for Business for Nature’s Call to Action

In 2020, the global Business for Nature coalition issued a Call to Action\*1, encouraging policy makers around the world to adopt policies to “reverse nature loss in this decade.” Hitachi Ltd. supports and has signed the Call to Action.

\*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



**Support for 30 by 30 Alliance for Biodiversity lead by Ministry of the Environment, Japan**

The 30 by 30 target aims to conserve or protect at least 30% of the land and sea areas in Japan by 2030 to achieve nature positive goals of curbing biodiversity loss and encouraging restoration by the same year.



The 30 by 30 Alliance for Biodiversity was established to promote achievement of the 30 by 30 target agreed to at the G7 Summit 2021 and consists of governments, companies, and NPOs. The goals of the alliance are to expand national parks, register “satochi-satoyama”<sup>\*1</sup> landscapes and corporate 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 is actively engaged in related initiatives.

<sup>\*1</sup> An area consisting of farmlands, irrigation ponds, secondary forest, plantation forest, and grasslands surrounding human settlements that is located between more natural, deep mountainous areas and urban areas of intensive human activities

**Natural Symbiosis Sites certified by the Ministry of the Environment**

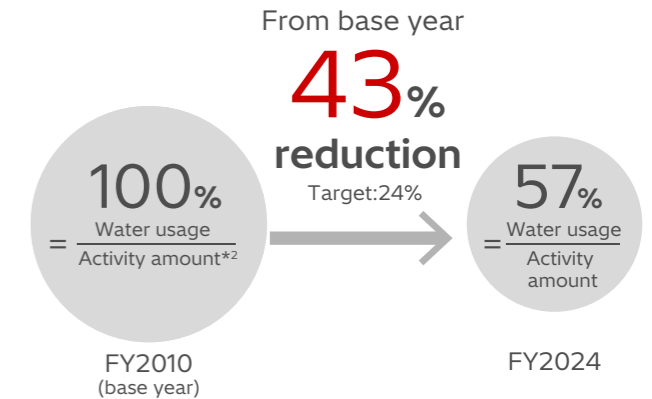
Natural Symbiosis Sites are one of the initiatives by the Ministry of the Environment aimed at achieving nature positive goals. Starting in fiscal 2023, the ministry began recognizing areas where biodiversity is conserved through private sector initiatives, such as corporate forests, “satochi-satoyama,” 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 contribute to achieving the 30by30 target.

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

**Management of water use at business sites**

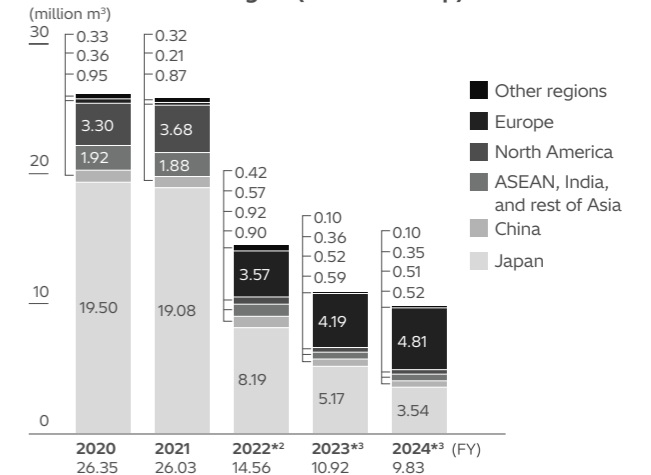
For fiscal 2024, which was the final year of the 2024 Environmental Action Plan (fiscal 2022–2024), we set a target reduction of 24% (compared with a base year of fiscal 2010) in water use per unit for manufacturing processes and general daily usage in manufacturing sites. We achieved an improvement rate of 43%, surpassing the target. We reduced the volume of water used by 8.2 million m<sup>3</sup>, equivalent to a reduction of 47% compared with the base year. Our measures to reduce water usage included strengthening water intake management by installing flowmeters, installing water pipes above ground to prevent leakage, recirculating cooling water, and reusing purified waste water.

**2024 Environmental Action Plan management values reduction in water usage<sup>\*1</sup> per unit (Hitachi Group)**



<sup>\*1</sup> Total amount of water used in manufacturing processes and general daily usage at manufacturing sites  
<sup>\*2</sup> Activity amount is a value closely related to water use at each business site (for example, output, sales, and production weight)

**Trends in water usage<sup>\*1</sup> (Hitachi Group)**



<sup>\*1</sup> Includes manufacturing processes and daily usage at manufacturing sites, and daily usage at non-manufacturing sites  
<sup>\*2</sup> In fiscal 2022, the amount decreased significantly due to deconsolidation of materials-related and construction machinery-related companies. From fiscal 2022, the above figures include water usage by an energy-related company and auto parts-related companies which have been included in the scope of consolidation since fiscal 2020  
<sup>\*3</sup> Fiscal 2023, decreased due to deconsolidation of auto parts-related companies

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 were established. Additionally, in the greenbelt known as the Sagiyama 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 1. Maintaining and restoring green spaces 2. Converting artificial forests into natural forests 3. Restoring the Japanese pampas grassland 4. Eradicating invasive plant species

## Addressing risks related to water and biodiversity

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 approximately 110 major manufacturing sites worldwide classified as Category A

in our environmental management classification.

We use our ESG Management Support System (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 annually for each business unit, Group company by country and region, and for the entire Group.

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 the guide for 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)

### Actions taken in FY2024

In fiscal 2024, we assessed the water and biodiversity risks in each region and identified water risk as high at a total of 14 business sites operating in China, India, Egypt, Vietnam, and Brazil from among manufacturing sites classified as Category A in our environmental management classification. Additionally, 10 business sites operating in China, India, Egypt, and the United States of America 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 14 business sites with high regional water risks was 0.6 million m<sup>3</sup>, accounting for about

7% of the 9.2 million m<sup>3</sup> 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 2024, we used the Aqueduct and the Water Risk Filter to identify regional water risks among companies assessed by EcoVadis (about 4,000 companies selected based on transaction history and country of operation.) About 1,800 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.

## Managing chemical substances

Hitachi believes that management and reduction of chemical substances such as volatile organic compounds (VOCs), one of the causes of urban air pollution, is 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 are managed separately to ensure compliance with legal

### 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
<b>Number of evaluation items related to water resources, water quality, water damage, regulations, reputational risk, etc.</b>	Approximately 50	42 (included in the left column)	Approximately 70	13 (included in the left column)
<b>Risk identification method</b>	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
<b>Risk assessment</b>	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
<b>Risk results</b>	High at 14 sites	High at 10 sites	Low to low-medium at all sites, including the 14 to the left	Low to medium-high at all sites, including the 10 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

and regulatory requirements in export destinations. With regard to chemical substances used in our business operations, we manage them in three categories: prohibited, reduced, and controlled. We also provide education on laws, regulations, and risk assessment to chemical substance handlers and managers to further reduce risks.

### Managing chemical substances in our products

Hitachi defines the chemical substances in our products that require management as Hitachi Group voluntarily controlled chemical substances. As a rule, we use the stringent EU standards as our baseline for identifying and managing these substances, regardless of export destination, industry, or application.

We review and update the list of managed substances and management levels in accordance with revisions to the EU's REACH\*1 and other regulations. In principle, we designate substances as Hitachi Group voluntarily controlled chemical substances at least six months before they are officially regulated.

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

**Classification examples**

**Prohibited substances (Level 1)**  
Substances for which use in products (including packaging) is generally prohibited in Japan and overseas, but which may still be present in procured items.

**Controlled substances (Level 2)**  
Substances for which tracking and management are required, as well as substances that should be considered for recycling or appropriate disposal.

### Managing chemical substances in our business operations

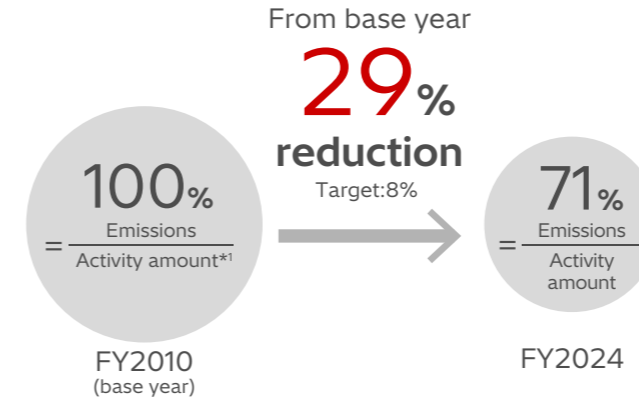
Hitachi is working to reduce emissions of chemical substances from factories and other sites through enhanced management, including expanding the number and scope of chemical substances subject to reduction\*1.

We translate reduction case studies into English and Chinese, and share them globally within the Hitachi Group. We measure and manage emissions\*2 of sulfur oxides (SOx) and nitrogen oxides (NOx), and biochemical oxygen demand (BOD) and chemical oxygen demand (COD) in accordance with local laws and regulations, and continue efforts to further reduce emissions.

In fiscal 2024, the final year of the 2024 Environmental Action Plan (fiscal 2022–fiscal 2024), we set a target of an 8% improvement in atmospheric chemical substance emissions per unit compared to the base year of fiscal 2010, and achieved a 29% improvement, surpassing the target. To reduce the emissions, we switched from paints containing VOCs to water-soluble and powder paints, expanded their application, and implemented process changes in painting and washing operations.

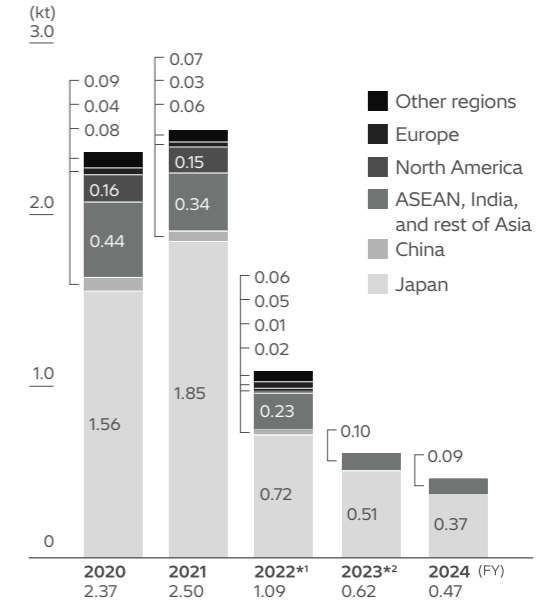
\*1 Chemical substances subject to reduction: A total of 50 substances selected based on hazard and atmospheric emissions. Approximately 100% of substances in fiscal 2024 were classified as VOCs  
\*2 Emissions: Calculated using site-specific data (measured values, exhaust volume, content rate, water effluents discharged, etc.)

2024 Environmental Action Plan 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)

Trends in reducing atmospheric emissions of chemical substances (Hitachi Group)



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

\*1 In fiscal 2022, amount decreased due to deconsolidation of the materials-related and construction machinery-related companies. From fiscal 2022, the above figures include atmospheric emissions of chemical substances from auto parts-related companies which became a consolidated subsidiary in fiscal 2020

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

## Efforts to conserve ecosystems

At Hitachi, we seek to reduce negative impacts on natural capital caused by our business activities and provide products and services that contribute to ecosystem preservation, as well as engage in social contribution activities for nature conservation. In the 2024 Environmental Action Plan, we have worked to minimize negative impacts on natural capital through these initiatives.

In addition, Hitachi has established 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 incorporating biodiversity considerations into investment decision criteria. Each business site sets goals and implements initiatives based on the Ecosystem Preservation Activities Menu, thereby contributing to the realization of a nature positive.

### Ecosystem preservation activities menu

	Category	Activities	No. of menu items
<b>Business sites</b>	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
<b>Value chain</b>	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
	<b>Community</b>	Engagement	Promote employee activities outside the company
Social contribution		Conduct desert greening and afforestation activities	12
<b>Water use that takes watershed ecosystems into consideration</b>	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

# Social



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# Global human capital management

## Approach to human capital

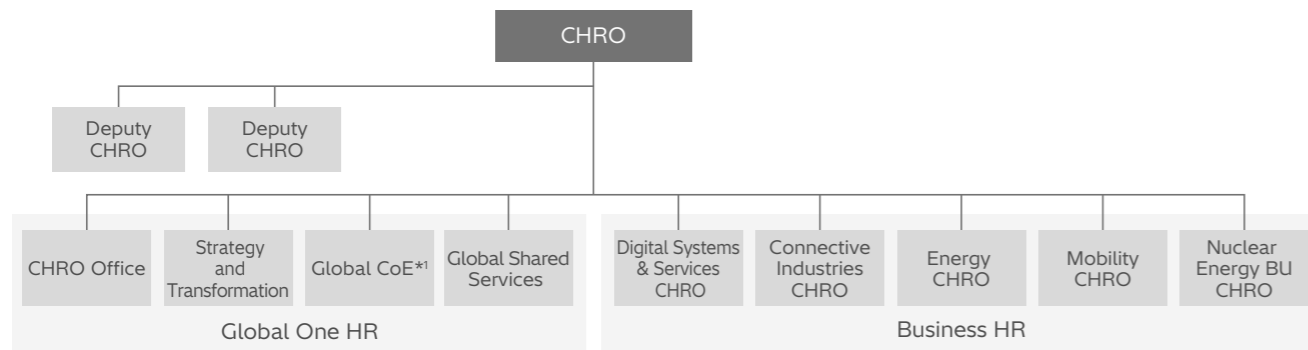
Hitachi is committed to contributing to a sustainable society by uniting the capabilities of employees around the world under the belief that people are the source of value, as it expands its Social Innovation Business globally.

Under the management plan, Inspire 2027, Hitachi continues to aim for sustainable growth through active investment in human capital. These efforts include securing top talent through competitive compensation systems, developing professionals with expertise in advanced technologies such as generative AI to drive business growth, and nurturing leaders to promote business creation.

## Global human capital management structure

To support the growth of the Hitachi Group, we established a global human capital management structure to foster organizational culture and to

### Global human capital management structure



\*1 Center of Excellence

secure and develop talent. Under the leadership of the CHRO (Chief Human Resources Officer), Global One HR and Business HR work in close collaboration to formulate initiatives. In alignment with this structure, the HR teams across individual companies and regions adjust and implement these initiatives based on their unique characteristics and local contexts, aiming to realize globally optimized human capital management. With regard to key matters related to the formulation and implementation of human capital initiatives, those requiring executive-level discussion or approval are submitted to the Senior Executive Committee and reported to the Board of Directors as necessary.

## Global human capital strategy

Under the management plan, Inspire 2027, Hitachi is driving transformation toward a “True One Hitachi” by strengthening the Lumada business, promoting business creation starting from the region, capturing new growth opportunities, and strengthening its global management foundation, including corporate functions.

Toward realization of this, we have established our new human capital strategy, considering the changes in talent landscape, including labor shortages, evolving employee expectations, changes in work styles driven by technology, and the continued complexity and transformation of society. We restructured and strengthened the three pillars of its human capital—People (Talent), Mindset (Culture), and Organization—

originally set under the Mid-term Management Plan 2024. We have also added two new pillars: Work Transformation (WX), essential for mid- to long-term growth, and the People Value Proposition, key to attracting and retaining core talent globally. We categorize Hitachi’s renewed human capital strategy to key five pillars.

### Vision for each pillar of the strategy and roadmap to realization

Strategy pillars	Where we want to get to	Path to get there	
<b>PEOPLE VALUE PROPOSITION</b>	Global employer of choice with employee wellbeing	<ul style="list-style-type: none"> <li>Enhance Hitachi employee value proposition through deploying of employer brand messages, etc.</li> <li>Ensure global compensation structure including stock plan to further strengthen competitiveness in labor market</li> </ul>	
<b>ORGANIZATION</b>	Workforce plan and resources shift: Well-Being/Productivity/Effectiveness	<ul style="list-style-type: none"> <li>Set higher target and implement it to accelerate talent diverse perspective of managers</li> <li>Update organization for executing Strategic Social Innovation Business and new regional strategy</li> </ul>	
<b>TALENT</b>	<b>Leadership</b>	<ul style="list-style-type: none"> <li>Leaders with holistic view and entrepreneurial spirit, balancing One Hitachi views</li> <li>Revise Global Leadership Development Program (GLD) from One Hitachi standpoint including rotation of global leaders</li> </ul>	
	<b>Capability</b>	<ul style="list-style-type: none"> <li>Diverse employees are proactive on career and growth</li> <li>Skills for sustainable growth (e.g. IT x OT x Product)</li> <li>Introduce global onboarding framework, and clarify managers role and training program based on this framework</li> <li>Develop skills aligned with business strategy and dynamic workforce planning (e.g., IT x OT x Product)</li> <li>Develop global university relations program, building brand recognition</li> <li>Accelerate talent and skillset development through further visualization of talent on Hitachi’s HR platform</li> </ul>	
<b>CULTURE</b>	<b>Harmony</b>	Collaborative as One Hitachi	<ul style="list-style-type: none"> <li>Foster Hitachi culture with required behaviors aligned with Hitachi VALUES</li> <li>Create collaborative culture and growth mindset by mobilizing employees and new incentive structure</li> </ul>
	<b>Sincerity</b>	Everybody has ownership and leadership	
	<b>Pioneering Spirit</b>	Aggressively take on challenges with understanding and considering difficulties and risks	
<b>WX (Work Transformation)</b>		<ul style="list-style-type: none"> <li>Transform employee work and environment through Gen AI/Tech to enhance productivity and well-being</li> <li>Promote optimization of the work by Gen AI and further enhance linkage with workforce plan</li> </ul>	

## Global human capital targets

### PLEDGES

Under the management plan, Inspire 2027, Hitachi has established Group-wide human capital-related targets and KPIs to advance its initiatives.

#### Global human capital targets

Strategic Pillars	Included Theme	FY 2027 Main targets/KPIs	
Leadership	Human capital acquisition and development, Individual leadership	Number of global leaders who realize growth strategy	1,000 people
		Number of generative AI professional talents	50,000 people
		Employee growth mindset score*1	70 points
Empowerment	Employee engagement, Organizational culture	Employee engagement score*1	80 points*2
		Number of people who receive allotment of Restricted Stock Unit grant	1,500 people
		Number of people eligible for Employee Stock Purchase Plan globally	150,000 people
Diverse perspectives	Inclusive workplace and opportunities for all	Encourage innovative ideas and their implementation through the new "Make a Difference!" program	

\*1 Linked to executive compensation

\*2 Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

## Selecting and developing global leaders

Hitachi develops global management leaders, through the Global Leadership Development Program (GLD), which is led by top management and the Nominating Committee for the mid- to long-term development of management leaders who will drive transformation and innovation.

To develop candidates for future positions as CEO, heads of business units, and other management leaders, we select several hundred candidates globally into the GT+ talent pool. We provide these individuals with tough assignments\*1 that include on-the-job and off-the-job training, and coaching. The percentage of non-Japanese nationals and women among the selected candidates has been increasing year by year.

In addition, within the GT+ talent pool, a group of high-potential employees aiming for early advancement into executive leadership roles are selected to participate in the Future 50 program. Through this program, they receive intensive development support, including job assignments in leadership positions, mentoring opportunities, and other targeted initiatives designed to accelerate their growth.

Under the management plan, Inspire 2027, Hitachi is revamping its talent pools and development programs with the goal of nurturing 1,000 global leaders who will realize our growth strategy by fiscal 2027. Development efforts are tailored to each individual's aspirations and readiness.

\*1 Tough assignments: high-stakes or high-difficulty job placements

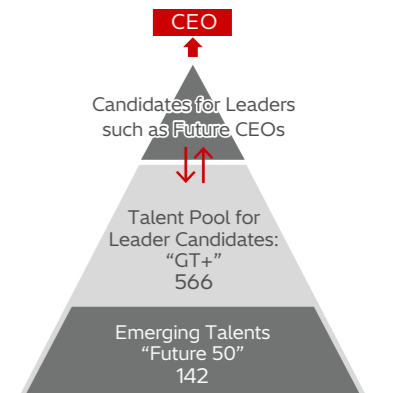
#### Selection of diverse talent as management leadership candidates

	GT+		Future 50 (Alumni, current candidates)
	FY2016	FY2024	
<b>Selected</b>	521	566	142
<b>Non-Japanese</b>	25 (4.8%)	177 (31.3%)	43 (30.3%)
<b>Women</b>	25 (4.8%)	135 (23.9%)	31 (21.8%)

Note: As of the end of March 2025

#### Management leadership candidate training

Training	Overview	FY2024 results
<b>Global leadership acceleration program for key positions (GAP-K)</b>	Selective training held for five months to accelerate the development of future management-level leaders	28 participants from 7 countries
<b>Global advanced program for leadership development (GAP-L)</b>	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	46 participants from 17 countries

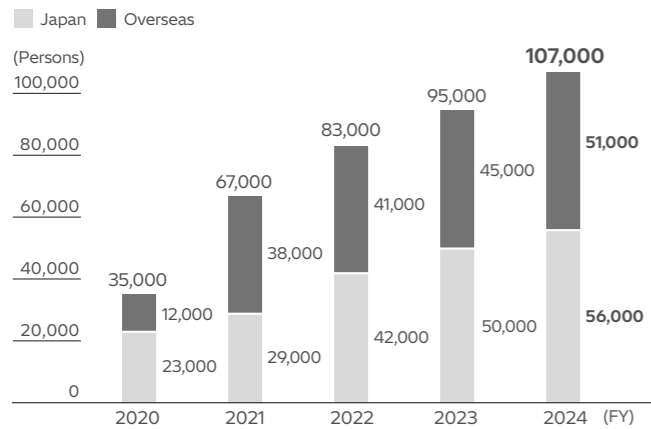


## Acquiring and developing digital talent

To accelerate our Social Innovation Business through utilizing digital technologies, Hitachi has focused on securing and developing digital talent who will drive digital transformation (DX). Under the Mid-term Management Plan 2024, Hitachi set a target of expanding its digital talent pool to 97,000 by fiscal 2024. As a result of various initiatives, the number reached 107,000, exceeding the target.

Specifically, we implemented flexible hiring and training programs in response to business expansion through GlobalLogic and other companies. We have also strengthened our talent through M&A based on market trends and regional strategies.

### Progress in the number of digital talent



Note: We define digital talent as someone having capabilities in one of 12 areas (design thinking, data science, security, etc.) necessary for digital business. The number of digital talents is the total number of persons have each capability (total number of people in thousands).

In Japan, we also promoted a personalized recruitment program that emphasizes matching each candidate's career needs with the job, including internships for new graduates. Additionally, we strengthened the acquisition and development of digital talent necessary for business growth by developing talent through Hitachi's proprietary DX training system and expanded training programs that incorporate practical experience.

Enhancing digital talent remains a key priority under the management plan, Inspire 2027. Accordingly, we will continue to identify and strengthen the digital talent required in each business division.

## Acquisition and development of generative AI professionals

Under the management plan Inspire 2027, Hitachi aims to expand its pool of generative AI professionals to 50,000 by fiscal 2027, as part of efforts to enhance Lumada and deliver new solutions powered by generative AI.

To develop this talent, Hitachi is implementing practical off-the-job and on-the-job training programs in collaboration with Hitachi Academy, the Group's corporate university, while also leveraging training programs offered by partner companies.

Beyond these professionals, Hitachi recognizes the importance of enabling all employees to harness generative AI and other technologies to improve productivity. The company is also fostering the rollout of generative AI literacy programs for all employees.

## Initiatives to put the right person in the right place

Hitachi created its policy on organization and talent allocation, which stipulates the process of considering the optimal organizational structure to achieve organizational goals, maximize the overall organizational performance, and secure and allocate 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 who meet the competency requirements of the positions in question, utilizing diverse talent including those 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 measures of job-based talent management. We aim to achieve further growth across 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 the development of succession candidates.

## Fostering Hitachi culture globally

To drive further growth and innovation, Hitachi believes it is essential to cultivate a shared Group identity rooted in its Mission and Values—the founding spirit of the company—and to foster a unified culture as One Hitachi. For employees who have recently joined the Group through M&A, Hitachi fosters deeper understanding and alignment with its Mission and Values through programs such as the Hitachi Discovery Program. The company also actively conducts town hall meetings led by senior leadership, as well as culture discussions for employees across the organization.

### Cultivate employee growth mindset

As Hitachi Group drive into a new phase of growth, it is increasingly important for each employee to take proactive ownership of their individual development and adapt to changes in daily work.

In light of this, as part of our human capital management, Hitachi has introduced a new company-wide KPI related to the "Growth Mindset" in global employee survey, Hitachi Insights, starting in fiscal 2025. This KPI is based on the percentage of positive responses to questions regarding employees' attitudes and actions toward growth, as well as the organizational culture and managerial support that enable such growth. Our target is to achieve a score of 70 points by fiscal 2027.

We aim to drive sustainable growth through creating an environment that empowers employees to realize their full potential.

**Mindset transformation that values diverse perspectives: Make a Difference!**

To realize sustainable business growth, it is vital to nurture the development of individuals who contribute to the company's success.

As part of our organizational culture transformation aimed at fostering a growth mindset, we provide opportunities for employees to exchange ideas from diverse perspectives on themes related to organizational and operational reforms and encourage proactive engagement in implementing those ideas.

**Mindset transformation that values diverse perspectives: Make a Difference!**

**Enhancing employee engagement**

As part of its human capital management, Hitachi monitors employee engagement\*1 annually through its global employee survey, Hitachi Insights, and has established the employee engagement score\*2 as a KPI to guide and evaluate improvement efforts. To identify key areas for action, Hitachi focuses on engagement drivers—factors highly correlated with employee engagement—and enhances optimal talent placement (including job-based talent management), advances global talent mobility\*3, and fosters a psychologically safe work environment through the adoption of Hitachi Group Core Competencies\*4. These initiatives are supported by efforts to cultivate Hitachi's culture and strengthen two-way communication with top management through town hall meetings, roundtable discussions, and internal social platforms.

As a result, Hitachi achieved its Mid-term Management Plan 2024 target of 68 points ahead of schedule in fiscal 2022. It subsequently met its revised goal of 71 points in fiscal 2024, reaching a score of 71.5.

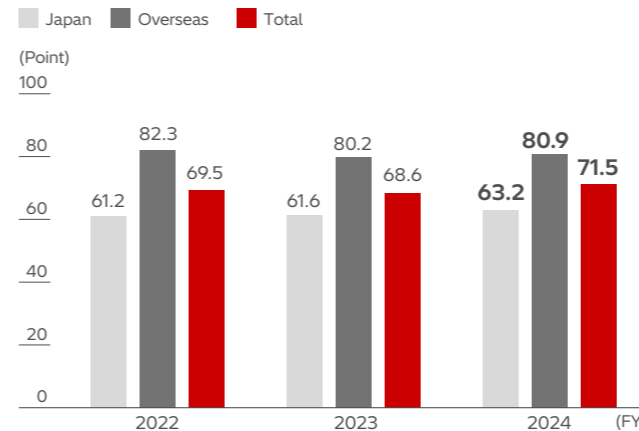
Under the management plan, Inspire 2027, the target has been raised again to 80 points\*5 by fiscal 2027, and initiatives continue to move forward.

**Hitachi Group Core Competencies**



<p><b>People champion</b> Related Hitachi's founding spirit: <i>Harmony</i></p>	<p>Cultivate an inclusive work environment based on safety and trust, which values diverse perspectives and encourages speaking up and growth so that we can perform at our best.</p>	<p>Focus areas</p> <ul style="list-style-type: none"> <li>● Psychological safety</li> <li>● Speak up</li> <li>● Engage</li> </ul>
<p><b>Customer &amp; society focus</b> Related Hitachi's founding spirit: <i>Sincerity</i></p>	<p>Focus on societal challenges, always act honestly, and be accountable for contributing to society through collaboration with internal and external stakeholders.</p>	<p>Focus areas</p> <ul style="list-style-type: none"> <li>● Integrity</li> <li>● Outside in</li> <li>● Accountability</li> </ul>
<p><b>Innovation</b> Related Hitachi's founding spirit: <i>Pioneering spirit</i></p>	<p>Drive innovation with a passion for learning, challenge the status quo and respond with speed to create new value.</p>	<p>Focus areas</p> <ul style="list-style-type: none"> <li>● Curiosity</li> <li>● Risk taking</li> <li>● Agile</li> </ul>

**Results of employee engagement score**



\*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

\*2 Employee engagement score: Employee engagement score measures the positive response rate of 4 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

\*3 Global Talent Mobility: Mobility of human resources across business sectors and countries/regions

\*4 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

\*5 Ambitious target of 80 points is set, which exceeds global competitors (base target is 75 points)

**IE (Industrial Engineering) Meister Certification Ceremony (Hitachi Group)**

Hitachi certifies individuals as “IE Meisters” in recognition of their contributions to business reform and improvement within the Group through their outstanding expertise in manufacturing, leadership, and a passion for innovation.

This initiative began in Japan in fiscal 2018 and was expanded globally from fiscal 2024.

In addition to Japan, talent from Europe, the United States, and China were selected, and certificates of recognition were awarded at the Corporate Forum held in November 2024.

**Ask Me Anything (Hitachi Group)**

In July 2024, Hitachi held the “Global Online Event for employee – Ask me anything to CHRO.” Under the theme “People and Culture aligned with Hitachi’s Founding Spirits for Sustainable Growth,” this event was held as an initiative to enhance employee engagement through direct two-way communication with the CHRO. More than 2,400 employees from around the world participated in the event, which was held over several sessions.

**Wellbeing program Be Well (Hitachi Rail)**

Hitachi Rail has developed the company-wide wellbeing program called Be Well, providing a comprehensive framework that highlights five key areas connected to the human wellbeing to promote awareness and action within the company.

In fiscal 2024, their commitment is witnessed by two global initiatives around physical and mental health and conducted global initiatives on the themes of Eat Well: focusing on nutrition and healthy eating habits and Mentally Well: promoting mental health awareness and support. All the countries were involved, and more than 15 countries actively participated in these initiatives, totalizing more than 22,000 views on its internal social media site about the event.

**Earth Alliance initiatives (Hitachi Vantara)**

Hitachi Vantara’s Earth Alliance Employee Resource Group, led by 12 global Earth Alliance leaders, drives company’s environmental initiatives to raise awareness for the realization of a sustainable society. This group meets monthly to enhance engagement in local offices and advance Hitachi Vantara’s environmental efforts, such as holding Earth Month, promoting environmental education through Quarterly Connects and a Speaker Series, and fostering sustainable practices within the organization.

In fiscal 2024, Earth Alliance leaders hosted approximately 20 in-person and virtual events for Earth Month, covering key sustainability topics such as energy conservation, waste reduction, and tree planting.

**Talent development initiatives to establish a learning organization**

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 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 promptly access the necessary learning resources, 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	FY2024 results
<b>Global Leadership Acceleration Program for Managers (GAP-M), Ready to Lead</b>	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, Korea, China, and Taiwan) with 3,522 participants

**Initiatives at regional headquarters to develop employee skills**

Hitachi is an organization with global operations, so our skills development programs are implemented primarily by regional headquarters (Hitachi America, Hitachi Europe, Hitachi Asia, Hitachi India, and Hitachi China) 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.

Specifically, Hitachi provides employees in each region with access to Hitachi University, the Group’s shared learning platform, to support the acquisition of new digital skills such as DX, AI, and data science, as well as to encourage self-directed learning. In the area of leadership development, regional headquarters conduct talent reviews and succession planning to identify high-potential individuals and offer structured development through participation in Global Leadership Development Program.

As an example of regional initiatives, Hitachi Asia offers a global leadership program and has also 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. As part of our broader talent development efforts, we also support the Group companies with regional programs such as the Future Leaders Forum and Young Talent Nexus. In Hitachi America, we have introduced the Mentoring at Hitachi program to support the ongoing development of employees by helping them enhance their skills and explore career opportunities across the Hitachi Group.

## Transformation to job-based HR management

Hitachi is shifting toward job-based human resource management. With this shift, we can clearly define jobs, 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 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 career aspirations, etc. (and other factors), thereby promoting support for employees' autonomous career development. Through these initiatives, we are offering LXP within Hitachi, Ltd. and to Group companies in Japan in stages.

As part of a broader review of its talent management systems, Hitachi, Ltd. revised its compensation framework for approximately 20,000 non-managerial employees in June 2024, shifting to a job-based system through the introduction of a job grading structure. This change clarifies the link between roles and compensation,

helping to advance optimal talent placement.

In October 2024, Hitachi, Ltd. also officially launched a side job program, both inside and outside the company. This program was introduced to support employees in independently shaping their careers and was formally launched after a one-year trial period.

Going forward, Hitachi will work to embed these systems and further expand skill development and growth opportunities that contribute to placing the right talent in the right roles.

### Career training and consultation services to support self-directed career development

At Hitachi Ltd., we are focusing on fostering a growth mindset that encourages employees to think and act on their own careers. To support this, we introduced career training as a foundational program that directly influences employees' self-directed career development. The program uses the Will-Can-Must framework to promote 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. Initially launched for mid- and late-career employees, the program was expanded in fiscal 2024 to include younger and mid-career employees, making it available across all generations. As of the end of March 2025, approximately 15,600 employees participated.

At our Career Consultation Room, we provide a careers advice service that supports employees with their own career development and helps to assign the right person in 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, engagement, and overall well-being.

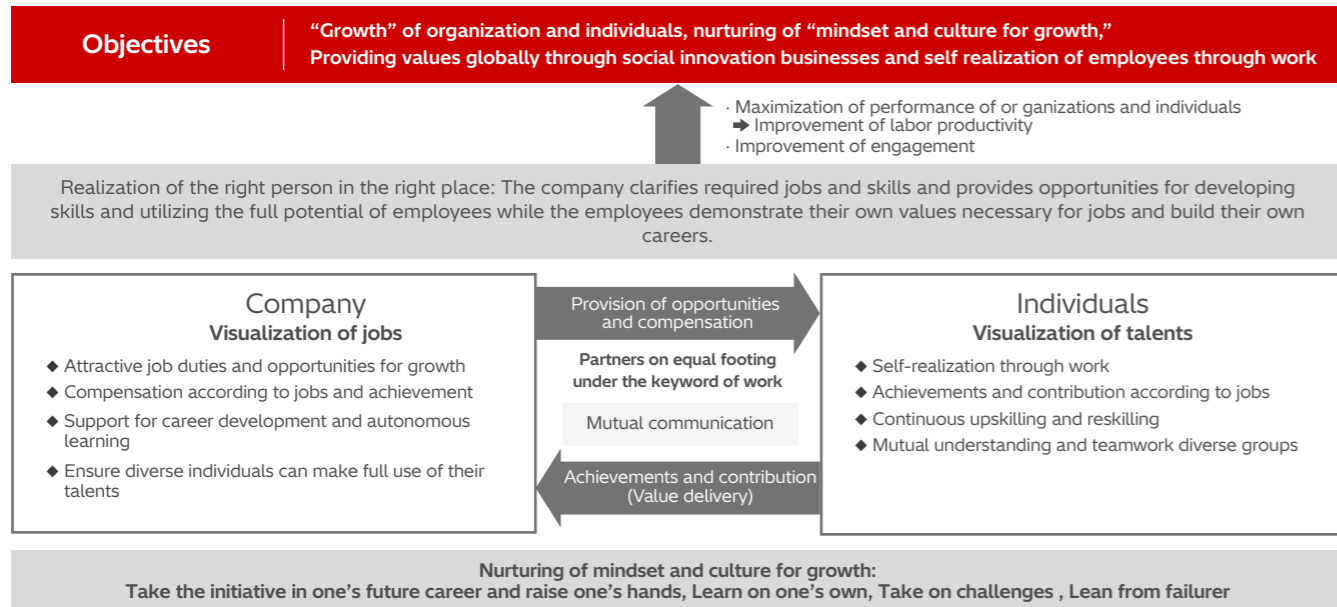
## Adopting a platform for global human capital management

Hitachi is advancing the development of a globally unified talent management platform. Starting with the building of a talent database and implementing Global Leadership Development program targeting selected 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.

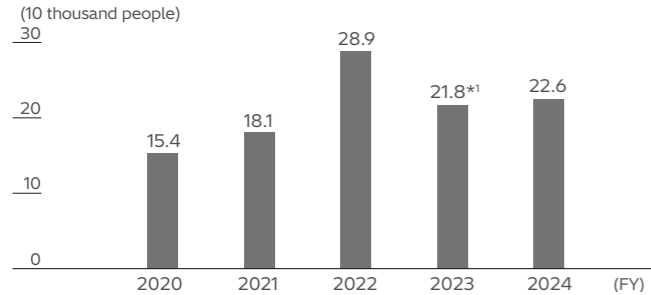
### Integrated global human capital management platform

Through this platform, we share up-to-date talent 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.

### Hitachi's job-based HR management



### Introduction of the integrated human capital management platform



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

### Fostering 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 the person in charge, we visualize data to conduct talent management based on improved decision-making accuracy, as well as the characteristics and the aptitudes of the individual employees. In this way, we engage in effective and prompt measures regarding our talent, organization, and culture.

For example, we not only used the quantitative data obtained through the "Hitachi Insights" employee survey, but also worked on statistical analysis of free comments provided by employees (text data) with the aim of gaining deeper insights.

More specifically, we leverage text mining technology and analysis results using proprietary generative AI independently 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 promotes data-driven decision-making with deeper insight, invigorating talents and organizations, and strengthening human capital.

### Hitachi Global Grade (HGG)

To empower a diverse workforce to drive business forward, role- and job-based talent management is essential. One of the key tools for achieving this is the Hitachi Global Grade (HGG) system. 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 jobs and talents. 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 talents, 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 fostering 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 mid- 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

Hitachi respects and supports human rights as recorded in the International Labor Organization's (ILO), Declaration on Fundamental Principles and Rights at Work and is committed to ensuring fair evaluation and compensation. The company also believes that to empower a diverse workforce regardless of nationality, it must establish globally consistent systems for evaluating and compensating talent fairly.

As part of this effort, Hitachi has established its "Global Compensation Philosophy" as a formal policy to embody the "Hitachi Group Identity" and to secure and retain talent who drive business growth and maximize value for stakeholders, including shareholders and customers, while also enhancing employee engagement. This philosophy is founded on three core principles shared across the entire Group: "Ensuring market competitiveness" by designing appropriate and competitive compensation structures and levels for each market; "Pay-for-performance" that rewards results; and "Maintaining transparency."

We ensure compliance with the laws and regulations of each country and region in which we operate when determining compensation. For instance, we conduct comprehensive and periodic checks through our system to ensure compliance with minimum wage requirements in Japan.

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.

Going forward, Hitachi will expand stock-based compensation, previously limited to executives at Hitachi, Ltd., to include executives at Hitachi Group companies and certain employees. By incorporating restricted stock units into a new compensation package, the company aims to enhance overall compensation levels and strengthen commitment to increasing corporate value. We are working to enhance this system with the target to extend eligibility to 1,500 individuals by fiscal 2027.

# Diverse perspectives

## Our approach to advancing inclusion

At Hitachi, we respect and value each other’s uniqueness. By creating an environment where we collaborate and support one another, our culture drives the success of our mission to contribute to society. Because together, we are stronger.

“Together, we are stronger” is more than a statement. It’s a foundational belief. It reflects how we work, grow, and succeed: by bringing together different perspectives, supporting each other, and creating shared value through collaboration. This mindset drives our innovation and our impact on society.

Hitachi’s approach to inclusion and fairness is outlined in our updated global policy of diverse perspectives, which affirms our commitment to building a workplace where all individuals can thrive because they feel respected, supported, and empowered to contribute their best.

This policy defines the principles, behaviors, and practices that shape a culture of inclusion, fairness, collaboration, and innovation. It reflects our belief in psychological safety, inclusive leadership, and merit-based systems as the foundation for long-term growth and competitiveness.

### Policy of diverse perspectives -our foundational values

Since our founding in 1910, Hitachi has been guided by the values of Harmony, Sincerity, and a Pioneering Spirit. These values are not only part of our legacy, they continue to shape the way we lead, collaborate, and innovate today.

When viewed through the lens of our values, the approach to leveraging diverse perspectives can be interpreted as follows:

- **Harmony (Wa)** encourages us to work collaboratively and respectfully across differences, building mutual understanding and creating a sense of belonging that transcends roles, regions, or backgrounds.
- **Sincerity (Makoto)** reminds us to act with integrity and empathy, always striving for fairness, transparency, and ethical behavior in how we treat others and make decisions.
- **Pioneering Spirit (Kaitakusha-Seishin)** drives us to challenge convention, embrace new perspectives, and co-create solutions that serve society and improve lives.

These values are more than principles; they are our compass as we create a workplace culture where people feel they truly belong, are empowered to contribute their best, feel proud of their impact, and grow together.

 [Hitachi Global Policy on Diverse Perspectives](#)

## Global commitment to advance inclusion, fairness, and respect

At Hitachi, our efforts to advance inclusion, fairness, and respect are grounded in a set of clear

commitments that guide our actions across all regions and business units (BU).

We are committed to building a culture rooted in respect and merit, where all people-related processes, from hiring and development to recognition and advancement, are fair, transparent, and grounded in individual merit and talent. Our goal is to ensure that the right people are placed in the right roles.

We believe in advancing equity through empowerment, recognizing that individuals may require different forms of development and support to succeed. We strive to ensure equitable access to opportunities and resources, including reasonable accommodation and enabling tools, so that everyone has the opportunity to thrive.

We are also committed to fostering a sense of belonging and psychological safety because when people feel valued, heard, and safe to express themselves, they can truly thrive. Our goal is to create a workplace where authenticity and mutual respect are not just encouraged but are expected.

## Global management structure to leverage diverse perspectives

Under the leadership of the Chief DEI Officer (CDEIO), Hitachi strengthened its global and regional structure for leveraging diverse perspectives, setting the direction for the Group, implementing initiatives in line with business needs and local priorities.

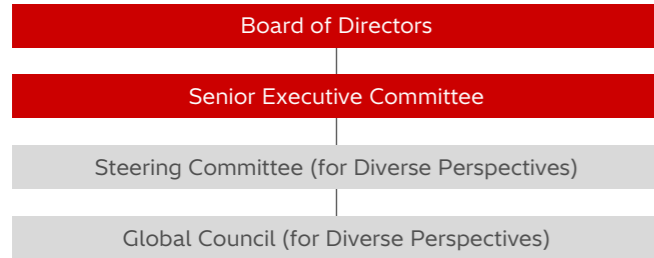
From a global perspective, topics related to inclusion to leverage diverse perspectives are discussed both

at the executive level and the implementation level to ensure a common understanding and direction in terms of policies and initiatives. The Steering Committee, comprised of the CDEIOs of each sector and the Center of Excellence (COE) Head of HR, is responsible for setting the strategy and direction, while the Global Council, comprised of champions from key business group companies and regional leaders, is responsible for advancing inclusion by aligning priorities and implementing initiatives tailored to local contexts and business-specific needs. 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 leaders are appointed in six regions (Americas, EMEA, India, China, APAC, and Japan) and are responsible for advancing inclusion. They work closely with business leaders to focus and drive initiatives aligned to local needs and business strategies.

The corporate global team supports the implementation of the Group initiatives, implementing the strategy to foster an inclusive culture and ensure transparent, fair and merit-based processes that empower people to contribute their best. To foster communication among all BUs, corporate functions, and the Group companies, the corporate global team facilitates working group sessions. These sessions involve all key internal stakeholders, and participants discuss specific topics related to inclusion and how to leverage diverse perspectives, share best practices, identify common issues, and find practical solutions.

**Global management structure to enhance diverse perspectives**



**Global ambitions**

**Diversity at the leadership level**

Hitachi, Ltd. established an aspirational goal to increase diversity at the leadership level, aiming to reach by fiscal 2030 the ratio of 30% of executive and corporate officer positions being held by women and another 30% by ethnically and culturally diverse individuals\*1. This commitment also aligns with the Japanese Cabinet Office’s target of 30% of executive positions at Tokyo Stock Exchange prime-listed companies are held by women by 2030.

**Diversity at the leadership level (Hitachi, Ltd.)**



\*1 Counting the number of non-Japanese members

**Mindset transformation that values diverse perspectives: Make a Difference!**

**PLEDGES**

Since fiscal 2015, Hitachi has been holding ideas contests open to all Group employees with the aim of strengthening the mindset of ownership and fostering corporate culture. Over the past 10 years, the contest has generated more than 4,930 ideas. In fiscal 2024, the team that won the contest’s top honor—the Gold Ticket—advanced efforts to commercialize their idea with support from senior management. This initiative is currently progressing with plans to launch in Asia and expand into Africa in the future.

Starting in fiscal 2025, Hitachi will further focus on building a corporate culture and employee mindset that enable innovation for society and sustainable growth. Specifically, to strengthen this initiative as a company-wide effort, we will introduce mechanisms which enable diverse talents to exchange ideas on organizational and work transformation, and cultivate a culture where employees value and praise each other. Furthermore, to advance innovation through the realization of One Hitachi ideas, we will offer new learning opportunities and provide cross-functional support from internal experts across organizations and divisions.

**Strategy and focus areas to enhance inclusion and fairness**

This belief continues to shape our global strategy, which is built on the foundations of inclusive leadership, psychological safety, and fair, merit-based systems. Rather than existing as isolated initiatives, our efforts are fully embedded into business planning, talent development, and innovation across the Hitachi Group.

Our strategic priorities focus on five globally relevant topics that support a culture where everyone feels respected, included, and empowered to thrive:

- Promoting gender inclusion and opportunity**  
 Empowering people of all genders to advance equitably through inclusive talent acquisition, development, and promotion practices.
- Cultural and geographic inclusion**  
 Strengthening cross-cultural collaboration by valuing diverse perspectives and fostering mutual respect across nationalities, regions, and ethnicities.
- Collaboration across generations**  
 Enabling cross-generational learning and appreciation to support innovation and knowledge continuity.
- Respect for individual identity and uniqueness - LGBTQIA+**  
 Fostering an environment where everyone can bring their authentic selves to work with dignity and pride.
- Accessibility – Disability and neuro-inclusion**  
 Creating accessible workplaces and supporting employees with disabilities and neurodivergent traits.

Each BU and function identify specific priorities and actions aligned with these topics, ensuring our approach is embedded at both the local and global levels. We recognize that while our strategy is guided by shared principles and global standards, its success depends on adapting to the unique cultural contexts, business priorities, and societal needs of each region. This “glocal” approach allows us to maintain consistency in our values while respecting local customs, regulations, and areas that require specific focus or attention.

**Employee resource groups: inclusion from the ground up**

Employee Resource Groups (ERG\*1) across the Hitachi Group are instrumental in building a culture of belonging. More than just communities, ERGs are catalysts for empathy, education, and meaningful change. These employee-led networks empower individuals to connect, collaborate, and advance inclusion in ways that are authentic and impactful.

Spanning Hitachi’s global operations, ERGs co-create campaigns, organize learning experiences, and serve as trusted listening posts—bringing real employee insights to the forefront. Their influence extends to policy and strategy, with executive sponsors and ERG leads actively contributing to regional and global councils. Through their grassroots energy and strategic input, ERGs are helping shape an inclusive culture that grows stronger every day.

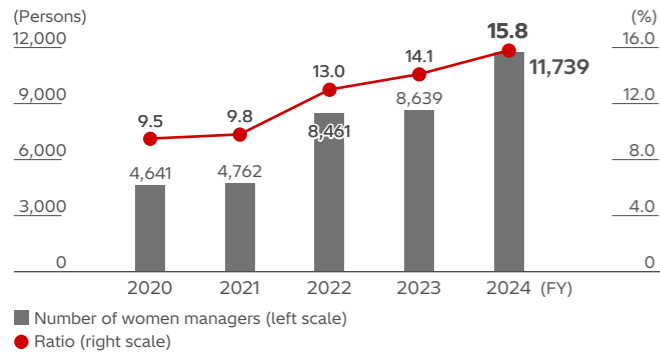
\*1 Employee Resource Groups (ERGs): Employee-led groups that operate based on shared characteristics and experiences

### Promoting gender inclusion and opportunity

At Hitachi, as of the end of March 2025, the percentage of women across our global workforce is 23.2%, and 15.8% of women in manager roles.

Achieving balanced gender representation at all levels of the company will allow Hitachi to better understand and respond to the needs of the market and society. Grounded in individual merit and talent, we aim to empower women and others by ensuring fair opportunities for advancement and placing the right people in the right roles.

#### Ratio and number of women managers (Hitachi Group)



Note: The figures are based on enrolled employees with employment contracts including those seconded from the Hitachi Group to other companies and those taking leave and excluding those seconded from other companies to the 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 2024, the number of manufacturing workers not registered in the employee database was 28,000. 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, employees whose grades (job titles) are not registered in the employee database are not included in the number of managers

### Initiatives of gender inclusion in Japan

At Hitachi in Japan, we are committed to advancing gender inclusion by promoting flexible work styles and career development programs that support women’s growth and success.

One such initiative is the “Career and Beyond” mentoring program, which supports women who are exploring or preparing for leadership positions but may still feel hesitant due to perceived role expectations or leadership stereotypes. This program fosters confidence, clarity, and connection, helping participants take the next step in their careers.

In addition, as part of our efforts to create an environment where diverse talent can thrive, we encourage both men and women to participate in childcare. We are also working to build a culture where all eligible employees feel empowered to take childcare leave, regardless of gender, by raising awareness among both employees and managers. To support this, we shared a video message from top management promoting paternity leave and held seminars across all domestic Group companies to highlight the importance of diverse work styles and supportive workplace.

Our goal is for all eligible employees to take advantage of paternity leave. In fiscal 2024, over 70% did so, a strong forward in fostering a more balanced and supportive workplace.

### Cultural and geographic inclusion

As a global company, generating approximately 60% of its revenue from overseas markets and with nearly 60% of our workforce based outside Japan, Hitachi is committed to ensuring that its systems and practices empower individuals of all nationalities, ethnicities, and regions.

Hitachi’s workforce reflects a wide range of nationalities, languages, races, and cultural backgrounds. This diversity strengthens our ability to understand the needs of customers, partners, and communities while also encouraging innovation and driving sustainable business growth.

We recognize that empowerment must be accompanied by education and awareness. That is why we are also committed to fostering a deeper understanding of how to work effectively across cultures. By helping our teams navigate different communication styles, decision-making norms, and approaches to trust and feedback, we strengthen our ability to collaborate globally. This cultural agility not only supports smoother internal operations but also enhances our ability to serve diverse customers and stakeholders.

### Initiatives at Hitachi Rail

In fiscal 2024, Hitachi Rail launched the “EatWell Around the World” competition as part of the global *BeWell* program. Employees from 15 countries shared over 100 recipes that promote wellbeing, while celebrating culture and inclusion.

As a result, Hitachi Rail created a multilingual Hitachi Rail Recipe Book, available in English, French, Italian, and Japanese. The book was made downloadable via the Rise Against Hunger platform with a minimum \$5 USD donation, collecting approximately 2,800 USD in fiscal 2024. All proceeds support ECD Connect, a program providing nutritious meals to children aged 1–6 during their most critical developmental years.

By sharing recipes, we are not only promoting wellness and connection within our teams, we are also making a real impact in the fight against hunger.

### Initiatives in Japan

Nine Employee Resource Groups (ERGs) led the organization of the inaugural ERG Cultural Festival, a vibrant event celebrating our global diversity. The festival featured foreign employees working in Japan alongside executives and team members with international experience, who shared personal stories and insights. Together, they fostered a deeper understanding of cultural and geographical diversity, strengthening inclusion across our global workforce.

### Collaboration across generations

At Hitachi, we embrace the strengths, experiences, and perspectives of all generations. We believe that when people of different age groups collaborate, we create richer, more innovative solutions that reflect the diversity of society and the evolving needs of our customers.

Today, Hitachi’s workforce includes diverse generations working side by side, each contributing unique knowledge and capabilities. This generational diversity is one of our strengths, blending long-standing expertise with emerging skills and fresh perspectives. As of 2024, Generation Z already

represents around one-fifth of our global workforce, a figure that will continue to grow in the years ahead. This evolving demographic landscape presents both an opportunity and a responsibility to build an environment where all employees, regardless of age, feel valued, heard, and supported.

Colleagues across generations bring distinct values, from institutional knowledge and deep industry expertise to emerging skills, fresh thinking, and new ways of working. At Hitachi, we are committed to creating spaces for cross-generational learning, open dialogue, and mutual support. Through collaboration and mentorship, we prepare the next generation of leaders while honoring the continued contributions of every age group.

#### **Initiatives at Hitachi Asia (APAC region)**

With the aim of unlocking the potential of all age groups and advancing multi-generational inclusion, Hitachi Asia hosted an event to celebrate multi-generational diversity with the India and Australia regions. In addition to participants from each region, ERG members of “Voice of Youth\*1” from Japan were invited to a panel discussion where lively discussions were held on multi-generational collaboration. A total of 414 people with more than 20 Group companies such as Hitachi Rail and Hitachi Energy participated, deepening their understanding of the importance of multi-generational inclusion.

\*1 ERG of global employee network for collaboration on sustainability

#### **Respect for individual identity and uniqueness - LGBTQIA+**

At Hitachi, we are committed to fostering a workplace where each person’s uniqueness is valued and respected. We support an environment where individuals of all identities can feel safe, included, and empowered to contribute their best.

We believe that when people are free to express their full selves and feel proud of their unique perspectives and experiences, we unlock the kind of creativity, collaboration, and innovation that define our shared success.

As part of this commitment, we recognize and support our LGBTQIA+ colleagues across the Hitachi Group. We strive to create a culture of understanding and inclusion where all employees, regardless of sexual orientation, gender identity, or gender expression can thrive.

To foster respect for others, we engage in a range of initiatives including awareness campaigns, education, training, and regionally driven programs.

#### **Initiatives at the global level**

During Pride Month in June 2024, Hitachi launched a global Group campaign to raise awareness about LGBTQIA+. As part of these activities, Hitachi held in-person and online events, inviting external speakers, ERG members and executives to share their experiences and efforts on these topics. Hitachi has also created the LGBTQIA+ Toolkit and made it available to all employees. The Toolkit offers definitions of terminology related to LGBTQIA+, and showcases specific actions that can be put into practice in the workplace to foster awareness and inclusion.

#### **Initiatives in Japan**

Since April 2020, most Hitachi Group companies in Japan have extended the same benefits to employees with same-sex partners as those with opposite-sex partners. These benefits include family care leave, childcare support, and work-life balance initiatives. In recognition of these efforts, Hitachi, Ltd. and several Group companies were honored in the PRIDE Index 2024, an evaluation of LGBTQIA+, related initiatives led by the Japanese General Incorporated Association “work with Pride.”

Hitachi has also demonstrated global support for LGBTQIA+ communities by sponsoring local pride parades. In Japan, Hitachi became a sponsor of Tokyo Rainbow Pride for the first time in 2024, following a joint proposal from the LGBTQIA+ ERG and company leadership—rooted in the authentic voices of employees.

As part of our broader commitment to inclusion, Hitachi also supports the Business for Marriage Equality campaign, which advocates for the legalization of same-sex marriage in Japan.

#### **Accessibility – Disability and neuro-inclusion**

Our commitment to individuals with disabilities and neurodivergent traits includes raising awareness, enhancing support, and fostering a culture of respect and inclusion. We are continuously improving our workplaces, policies, systems, and tools to ensure greater accessibility and enable all colleagues to thrive.

Disability at Hitachi is understood as encompassing a wide range of visible and non-visible conditions, including physical, mental, intellectual, and sensory differences. We also recognize and include neurodiversity, while acknowledging that not everyone

who is neurodivergent identifies as having a disability. Our goal is to ensure that all employees, regardless of how they define themselves, have access to the tools, conditions, and support they need to succeed.

Creating more inclusive workplaces for individuals with disabilities and neurodivergent traits is essential to building an environment where all employees can thrive. Accessible environments and inclusive practices help unlock potential, foster innovation, and contribute to a workplace where all voices are valued and supported.

In 2021, Hitachi joined the Valuable 500, a global network of companies committed to advancing disability inclusion through leadership and systemic change. Since then, we have worked across the Group to increase awareness and embed accessibility principles into everything we do: from physical environments and digital tools to talent processes and daily ways of working.

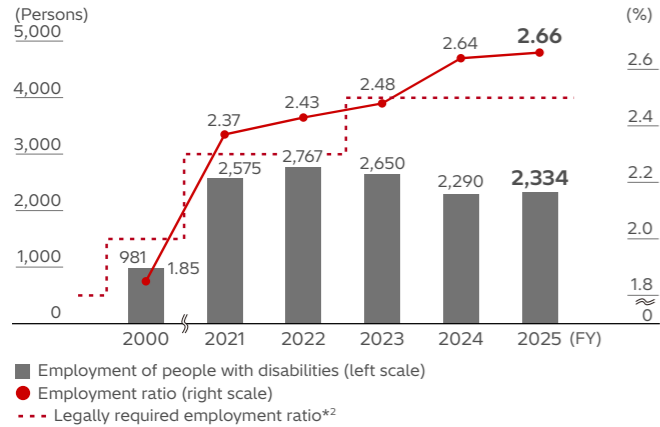
We will continue to enhance accessibility and flexibility by nurturing a culture where every individual feels respected and supported.

#### **Employment of people with disabilities in Japan**

Hitachi, Ltd. and Hitachi Group companies in Japan recruit people with disabilities without discrimination and through accessible and accommodating processes.

As of June 2025, the employment ratio of people with disabilities was 2.66% at Hitachi, Ltd. and 2.69% for the entire Group in Japan.

**Employment of people with disabilities and employment ratio (Hitachi, Ltd.)\*1**



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 2025. 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 FY2024-2025

**Accessibility in brand guidelines**

Accessibility is also being embedded into our broader systems and tools, including the design principles in Hitachi’s new global brand guidelines. These guidelines emphasize clear communication, inclusive visuals, and user-friendly formats to ensure that all employees, partners, and customers can access and engage with our content equitably. Additionally, our brand uses typography that prioritizes accessibility.

**Initiatives in Japan**

Many events were held globally in conjunction with IDPD in December 2024. In Japan, a disability inclusion cafe seminar was held for employees, featuring a university professor to discuss neurodiversity. More than 1,000 people participated and deepened their understanding of neurodiversity through online interactive Q&A sessions. In addition, in 2024, a community working on disability inclusion was formed as an ERG, which plays an important role in raising awareness, sharing real-life experiences, and developing practical improvement measures in the workplace.

**Leadership training to foster inclusion**

Hitachi fosters a culture rooted in a growth mindset, the belief that leadership potential can be developed through continuous learning, feedback, and challenges.

In 2023, Hitachi launched a global Inclusive Leadership training program for executive officers, corporate officers, and the Group company presidents. The program emphasized self-awareness, inclusive communication, and the practical behaviors that enable leaders to create environments where diverse perspectives are welcomed and valued. By encouraging reflection on leadership habits and fostering intentional, inclusive decision-making, the training helped position inclusion as a core leadership capability essential for future-readiness and organizational growth.

To embed these principles across the organization, global in-house trainers have been certified, and the program is being expanded to senior managers levels across Hitachi Group worldwide. This reflects Hitachi’s commitment to inclusive leadership as a catalyst for innovation and sustainable growth.

# Health and safety

## Basic approach for health and safety

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 health and safety. 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**

**Basic policy**  
 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

## Structure of the health and safety management system

At Hitachi, the global safety and health management division at the headquarters oversees 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 Group-wide health and safety activities, to set targets and Group-wide KPIs, and to confirm the progress of division initiatives. Participants also work to improve health and safety management systems by analyzing the factors behind incidents and implementing detailed measures to prevent recurrence, sharing best practices, and implementing training.

The Senior Executive Committee receives reports and discusses the number of incidents and responses

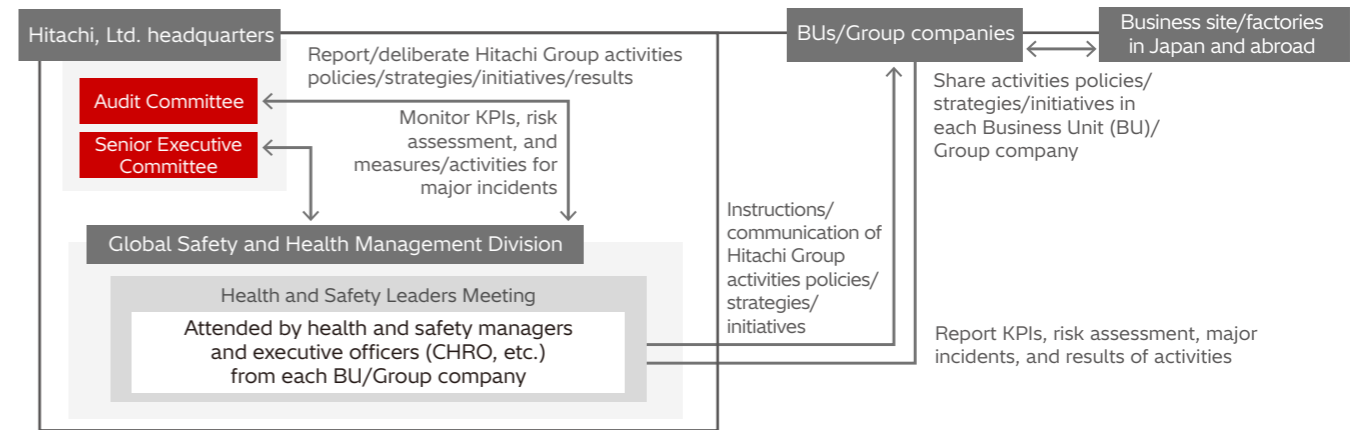
to health and safety risks, the results of which are reported to the Board of Directors.

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 incidents 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 incidents occur at work sites outside Japan, the global 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 ISO 45001 at multiple sites.

### **▣ Labor-management cooperation toward improving health and safety levels**

### Structure of the health and safety management system



## Global health and safety targets

### PLEDGES

Hitachi is committed to creating safe, incident-free, and healthy workplaces by eliminating serious incidents and fostering a strong safety culture. Based on our health and safety aspiration for 2035, “prioritizing health and safety above all and achieving a globally top-level safe environment,” we have set the direction for fiscal 2027: Prevention of serious incidents, reduction of mental illness rates, and improvement of safety culture to achieve a safe and secure work environment.

Under the Mid-term Management Plan 2024, Hitachi set targets of zero fatalities, including contractors, and reducing the total recordable injury frequency rate (TRIFR\*1) by half compared to fiscal 2021. We made steady progress, and the TRIFR declined each

#### Safety targets and results (Hitachi Group)

KPI	FY2022 results	FY2023 results	FY2024 results	FY2024 targets
<b>Fatal incidents (including contractors)</b>	5 cases (including 2 cases at contractors)	4 cases (including 4 cases at contractors)	2 cases (including 0 cases at contractors)	0 cases per year
<b>Total recordable injury frequency rate (TRIFR)</b>	0.26	0.16	0.13	Half rate of fiscal 2021*1 by fiscal 2024

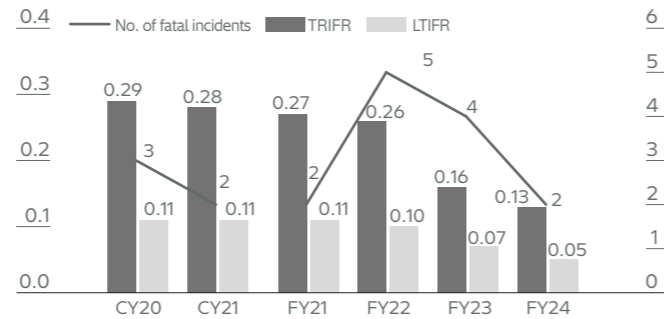
\*1 TRIFR in fiscal 2021: 0.27

year, reaching the fiscal 2024 target. However, while fatal incidents showed a downward trend over the three years, unfortunately, they have not yet reached zero. We believe that one of the factors for the continued occurrence of such incidents may be that risk assessment and mitigation measures for high-risk activities\*2 have not been sufficiently implemented. To address these challenges, the next plan will include initiatives such as improving the quality of risk assessments using generative AI and clarifying competency requirements for assessors. In line with the sustainability strategy PLEDGES, Hitachi will work toward achieving its fiscal 2027 targets of zero fatalities (including contractors) and a TRIFR of 0.1 or lower.

\*1 TRIFR: Total Recordable Injury Frequency Rate (number of recordable injuries per 200,000 work hours)

\*2 High-risk activities: (1) electric shocks (high voltage), (2) work at height (3) industrial vehicles (4) heavy lifting (5) getting caught in or between objects (6) confined space (7) toxic gases (8) fires and explosions

#### Fatal incidents and total recordable injury frequency rate (TRIFR)



Note 1: 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

Note 2: LTIFR (Lost-Time Injury Frequency Rate) is provided as a reference value

### Key initiatives in health and safety

To realize its direction for fiscal 2027, Hitachi has identified five key elements of health and safety—safety culture and leadership, communication and

engagement, risk management, governance, and competency—as critical focus areas. Under the management plan, Inspire 2027, Hitachi is committed to advancing initiatives based on these elements.

#### Key initiatives for fiscal 2025–2027

<b>Safety culture and leadership</b>	<ul style="list-style-type: none"> <li>• Deploy the Hitachi Group Health and Safety Policy</li> <li>• Raise safety awareness across the organization and close perception gaps between job levels through safety awareness surveys</li> <li>• Challenging issues common to the Hitachi Group in Global Health and Safety Steering WG (One Hitachi Approach)</li> </ul>
<b>Communication and engagement</b>	<ul style="list-style-type: none"> <li>• Foster psychologically safe workplaces through enhanced communication initiatives</li> <li>• Deploy cross-Group communication programs, such as in-house health and safety conventions and inter-site visits within BUs</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• Support qualitative improvements in risk assessment to eliminate serious incidents and reduce incident severity</li> <li>• Institutionalize early detection and monitoring practices to help reduce the incidence of mental health disorders</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Standardize health and safety practices across corporate, BU, and site levels in line with the Hitachi Group Occupational Health and Safety Management System (including performance evaluations via corporate audits, follow-ups on management reviews, and occupational health initiatives)</li> </ul>
<b>Competency</b>	<ul style="list-style-type: none"> <li>• Establish and roll out qualification and competency requirements for specialized training in risk assessment and incident investigation</li> <li>• Improve employee literacy in both mental and physical health through continuous education</li> </ul>

## Deployment and operation of the health and safety management system

To raise the overall level of health and safety across the Group and to strengthen and correct risk management practices, Hitachi has established the Hitachi Group Health and Safety Management System Standards (available in Japanese and English), which meet the requirements of ISO 45001. Hitachi is working to roll out and operate this system across all BUs and Group companies.

In fiscal 2024, to further enhance health and safety efforts Group-wide, Hitachi revised several shared guidelines, including the Hitachi Group Risk Assessment Guidelines and the On-site Construction Safety Management Guidelines. Hitachi also focused on training internal auditors to enable health and safety management system audits by BU and site teams, in addition to those conducted by corporate departments. Approximately 160 employees participated in the internal auditor training held in fiscal 2024 and were certified as internal auditors.

### Risk assessment

At Hitachi, risk assessments are conducted in accordance with the Hitachi Group Risk Assessment Guidelines, which align with the Group’s Health and Safety Management System Standards. These assessments are carried out when introducing or modifying machinery, changing processes, or in response to incidents, in order to mitigate risks.

In particular, to prevent serious occupational incidents and reduce the lost time injury frequency rate (LTIFR), Hitachi emphasizes proper risk assessments for high-risk activities and implements standardized risk

management practices across the Group.

To ensure high-quality risk assessments, it is essential to accurately identify hazards and develop effective mitigation measures. To support this, Hitachi is working to improve the quality of risk assessments at each Group company and business site, including exploring the use of generative AI, so that hazards can be appropriately identified and effective countermeasures can be planned and executed.

### Internal audits and monitoring

Hitachi reports to the Audit Committee on an annual basis for discussion regarding its policies, plans, and performance on its health and safety activities. Reports are also made at least once a year to the Senior Executive Committee, meetings of the Group company presidents, and other bodies, about important issues such as fatal incidents and potentially serious events. The results of monitoring incidents requiring improvement in particular are also reported.

In addition, starting in fiscal 2024, Hitachi established a system to conduct annual internal audits based on the Hitachi Group Health and Safety Management System Standards. These standards require each BU and Group company to supervise and manage health and safety activities across the domestic and international sites under their jurisdiction. To support this, Hitachi fosters a three-tiered audit framework (three lines of defense):

- **Self-audits:** Conducted independently by each site
- **Business audits:** Conducted by the health and safety departments of each BU or Group company for the sites under their control
- **Corporate audits:** Conducted by the Global Safety and Health Management Division at headquarters

for each BU and Group company’s health and safety department

Through this multilayered audit framework, Hitachi works to review, evaluate, and improve health and safety activities across its numerous sites Group-wide.

## Implementation of health and safety training

To prevent occupational incidents, Hitachi aims to develop a culture of safety by implementing a wide range of health and safety training for all executive officers and employees.

For all employees, Hitachi offers e-learning programs that are available at any time, focused on health and safety. The same content is also used in annual training sessions for newly appointed managers and assistant managers to deepen their understanding of safety. 5,185 individuals participated in this training in fiscal 2024.

For line managers, safety officers, and senior executives, Hitachi offers in-person training programs with more specialized content. For example, the Safety Instructor Development Program for Safety Personnel and Line Managers is designed to train instructors responsible for safety education at each BU and Group company, with the aim of ensuring consistent implementation of Group-wide safety initiatives. In addition, Management Executives Training is conducted as leadership training specifically focused on safety. During these sessions, senior executives from each BU and Group company engage in dialogue and mutual learning to foster a stronger safety culture. The program also helps reinforce

their awareness of their roles and responsibilities as leaders in building safe workplaces. Moreover, after executive officers complete training, we also evaluate changes in awareness and behavior through one-on-one interviews with external consultants.

Beyond these Group-wide programs, each BU and the Group company implements training tailored to their specific risk profiles to advance health and safety education. This includes distributing work guidelines and procedures relating to 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.

### Number of participants in specialized safety training by grade

	Number of Participants				
	FY2020	FY2021	FY2022	FY2023	FY2024
Management executives training (BU CEOs, the Group company presidents, etc.)	104	138	173	25	93
Safety instructor development program for safety personnel and line managers	57	–	146	–	18

## Ensuring the health and safety of contractors

Hitachi strengthened safety management systems, including laws and regulations, rules, and operations, at sites outside plants based on incidents involving contractors during construction, installation, service and maintenance work at sites outside plants.

Specifically, in fiscal 2024, we revised 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. These guidelines stipulate specific operational procedures for the selection of contractors, competency assessments, and safety management by ordering party, from the planning stage through to completion. As part of daily health and safety activities for contractors, Hitachi conducts orientation training to ensure awareness of safety rules and emergency procedures and has strengthened safety patrols. In addition to regular on-site inspections by health and safety professionals, Hitachi enhances a culture of safety by sharing best practices among contractors and recognizing outstanding examples through awards.

Through these initiatives, Hitachi is committed to further strengthening health and safety management for high-risk work at off-plant sites. The Hitachi Group Sustainable Procurement Guidelines also stipulate matters related to health and safety.

 [Hitachi Group Sustainable Procurement Guidelines](#)

## Initiatives to improve employee health

Hitachi believes that improving employees' wellbeing is essential for sustainable growth, so we endeavor to create workplaces in which all Group employees work in health and safety, both mental and physical. Through an annual global employee survey, Hitachi monitors responses to questions related to wellbeing. Based on the results, we implement appropriate initiatives to further enhance employee wellbeing.

### Enhancing employee engagement

### Targets for health in Japan

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

### Targets and results for health management (Hitachi Group companies in Japan)

	CY2022 targets	CY2022 results	FY2023 targets	FY2023 results	FY2024 targets	FY2024 results
<b>Rate of mental illness</b>	Less than 0.7%	0.74%	Less than 0.7%	0.85%	Less than 0.7%	0.90%
<b>Implementation rate*2 for specific health guidance*1</b>	50% or more of eligible employees	54.2%	More than 55%	55.1%	More than 55%	26.3%*3

Note: We used the statistical period between January and December of each year in the past. However, beginning in fiscal 2023, we changed the statistical period to April through March

\*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 The reported figures are based on the data submitted to the Ministry of Health, Labour and Welfare

\*3 The results for fiscal 2024 will be finalized in October 2025

## 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\*1 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)

\*1 EAP: Employee Assistance Program

### Employees on leave due to mental or physical reasons (Hitachi Group companies in Japan)

	CY2020	CY2021	CY2022	CY2023	CY2024
<b>Mental</b>	0.62	0.66	0.74	0.84	0.90
<b>Physical</b>	0.22	0.21	0.24	0.21	0.20

Note: 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)

## Addressing mental health

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 2024 was 0.9%. 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 companies
- (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

	Stage	Industrial physicians Industrial health staff	Self-care (In person)	Line care (Supervisors)	Human resources division								
Preventive management	Healthy period	Health awareness-raising activities (industrial physician lectures and health guidance)	Mental Health Literacy Improvement	Workplace Management	Workplace management guidance Reduction of long working hours Training and education course promotion								
						Hitachi Group Standard Mental Health Training Stress Check System under the Occupational Safety and Health Law in Japan (Hitachi Group Common Stress Check)							
Symptom management	Mentally unhealthy period	Mental health interview at time of physical exam Health consultation	Health examination Receiving medical exams	• EAP consultation, etc. (Hitachi Group EAP consultation, Hitachi Health Insurance Health Association health consultation) • Self-care training, stress coping courses, assertiveness training, etc. • e-learning for all employees (self-care)  • e-Learning Time to Think about Mental and Physical Health Ver. 1-3	Basic training for workplace environment improvement, etc.  Hitachi Group EAP Consultation Line care training, active listening training, etc.	Handbook for Managers E-learning for managers (care by line)							
							Onset management	From start of absence or leave to leave in progress	Regular interviews Reinstatement support	Leave-of-absence program	For employees on leave handbook	Regular interviews Promotion of medical exams	Management of persons who work long overtime hours
							Recurrence management	From reinstatement decision to post-reinstatement	Reinstatement support program Regular interviews	Trial attendance program		Regular interviews Situation check after reinstatement	Management of leave-of-absence periods Reinstatement support program Regular interviews
Repetitive management	Leave-reinstatement repetition period	Regular interviews	Directed to external rework program										

## Promoting Collabo-Health

The Group companies in Japan carry out a variety of health improvement initiatives, including Collabo-Health\*1, according to their own unique characteristics. Further, the 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 2025, there were 136 participating corporations and 298,186 insured persons (159,014 members and 139,172 dependents)

Number of Hitachi health insurance society member corporations Certified under the health and productivity management organization recognition program (Hitachi Group companies in Japan)

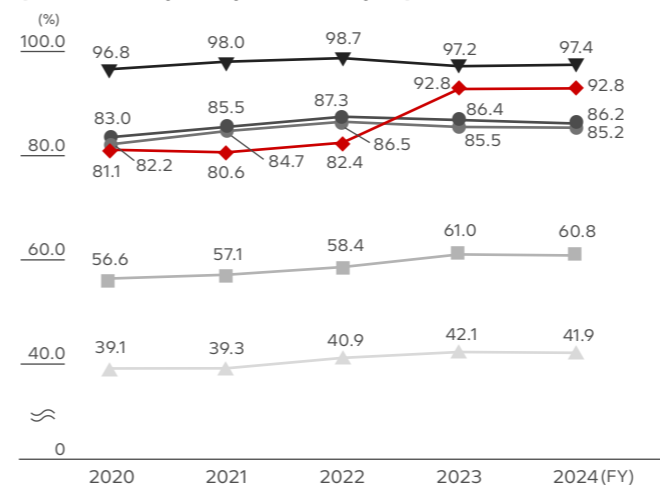
	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Large companies</b>	58/95 companies (Including seven with "White 500" status)	75/87 companies (Including four with "White 500" status)	78/80 companies (Including four with "White 500" status)	75/78 companies (Including seven with "White 500" status)	65/65 companies (Including nine with "White 500" status)
<b>Small- and medium-sized companies</b>	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)	43/43 companies (Including three with "Bright 500" status)

## Encouraging employees to receive medical exams and quit smoking

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.

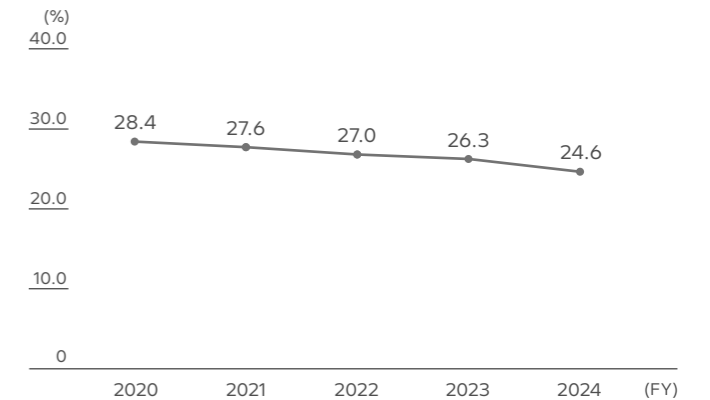
At Hitachi, Health Insurance Societies in Japan pursue policies to prevent and control conditions such as diabetes, cerebral strokes, and myocardial infarctions. In fiscal 2024, we offered two smoking cessation programs, the Minchare and the Fully Online Smoking Cessation Program, to mitigate the reluctance to visit smoking cessation outpatient clinics due to COVID-19 and promote smoking cessation for employees working at home. A total of 826 individuals participated in the program, and 52.3%, or 432 people, quit smoking—far more than results from outpatient smoking cessation clinics.

Medical exam and screening attendance rates (Hitachi Group companies in Japan)



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

Smoking rate trend (Hitachi Group companies in Japan)



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

## Health promotion initiatives for employees and their families

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.

Hitachi has introduced 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 80,000 people taking advantage of the service in fiscal 2024.

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 90%.

In addition, to encourage spouses and other dependents to undergo health checkups, Hitachi is using a smartphone app to provide health information and make appointments, with approximately 37,000 people having registered for this service.

## Addressing infection prevention and other global health issues

Hitachi endeavors to prevent the spread of infectious disease overseas. 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

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.

### Nuclear Power Plant and Reactor Exporters' Principles of Conduct

### Support for radiation workers

For workers engaged in radiation-related tasks at nuclear power plants in Japan, Hitachi uses the Hitachi Radiation Control System to centrally manage radiation exposure, including that of partner company personnel. Hitachi has established its own internal radiation exposure standards, which are more stringent than those required by Japanese law, and manages exposure appropriately based on these standards. In terms of health management, in addition to legally mandated periodic health checkups, Hitachi supports employee well-being through on-site health consultations with in-house occupational physicians. To ensure safety in radiation-related work, employees receive foundational training on radiation and safety before starting tasks. Practical training is also provided through immersive programs such as experiential safety training and virtual reality (VR) simulations, helping reinforce knowledge and raise safety awareness to ensure safe work practices.

### **Initiatives to reduce radioactive waste**

To help make nuclear power a safer and more sustainable energy source and improve its social acceptability, Hitachi is advancing the development of fast reactors and fuel cycle technologies. These efforts aim to promote more efficient use of resources and reduce the environmental impact of radioactive waste.

### Initiatives in fuel cycle

# Work-life management

## Approach to work-life management

Hitachi goes beyond “work-life balance,” in which employees are balancing work and private life, to advance “work-life management” which encourages employees to proactively take charge of improving the quality of both their work and private lives. To achieve this approach, we have introduced systems and initiatives to support each employee on their path as a professional and as an individual, leading to sustainable growth for the individual and for our organization.

## Implementing work-style reform

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-free work. Under these programs, employees do not need to commute to 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. In addition, starting in fiscal 2024, employees are permitted to work in locations outside Japan where their relatives reside, subject to certain conditions.

We have also introduced location-free work for managerial-level employees and employees eligible for discretionary work, which allows these individuals to work on a spot remote basis. We have eliminated minimum daily work hours for flex-time work, allowing for regular work days to become “non-work days.”

Furthermore, we have also begun expanding rest and vacation options by introducing the Life Support Leave program (multi-purpose, 100% paid leave program), responding to diversifying needs for leaves.

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.

## Expanding support systems for balancing work with child care and nursing care

Hitachi is working to enhance workplace environments that help employees balance work with child care and nursing care. Specifically, at Hitachi, Ltd., we organize the support required based on the four perspectives of (1) information provision, (2) financial support, (3) work-style reform, and (4) mindset reform, and provide and promote concrete support measures as an all-inclusive, integrated package. Similar initiatives are also being rolled out across the Group companies in Japan.

### Work-life management support system at Hitachi, Ltd.

	Child-care	Nursing-care
<b>Information provision</b>	<ul style="list-style-type: none"> <li>Child-care and women’s health concierge services                             <ul style="list-style-type: none"> <li>Support for finding a nursery school service</li> <li>Consultations on women’s health-related concerns</li> <li>Distribution of columns to encourage men’s participation in child-rearing</li> </ul> </li> <li>Child-care matching service in collaboration with company-led nurseries</li> <li>Expectant parent seminars / pre-maternity leave and return to work support seminars                             <ul style="list-style-type: none"> <li>Provision of information needed to consider taking child-care leave</li> <li>Panel discussions by Hitachi Group employees who have taken child-care leave</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Consultations with a nursing care concierge                             <ul style="list-style-type: none"> <li>Consultations on internal and external support systems</li> <li>Introduction to care facilities and accompanied visits</li> <li>Creation and review of care plans to balance work and nursing care, tailored to individual care needs</li> </ul> </li> <li>Seminars on how to balance work and nursing care                             <ul style="list-style-type: none"> <li>Lectures by external experts</li> <li>Panel discussions by Hitachi Group employees with caregiving experience</li> </ul> </li> <li>Distribution of support handbook on balancing work and caregiving</li> </ul>
<b>Financial support</b>	<ul style="list-style-type: none"> <li>Subsidies to help balance work and child-care                             <ul style="list-style-type: none"> <li>Child care and work support allowance (up to 100,000 yen per year per child through the third grade of elementary school)</li> <li>Cafeteria Plan (child-care options)</li> </ul> </li> <li>Tool to simulate salary and benefits during child-care leave</li> </ul>	<ul style="list-style-type: none"> <li>Subsidies to help balance work and caregiving                             <ul style="list-style-type: none"> <li>Work-caregiving balance support points (1,000 points [100,000 yen] per person receiving care per year)</li> <li>Work-caregiving balance support points (3,000 points [300,000 yen] per person receiving care)</li> <li>Cafeteria Plan (nursing-care options)</li> </ul> </li> </ul>
<b>Work-style reform</b>	<ul style="list-style-type: none"> <li>Flexible work programs                             <ul style="list-style-type: none"> <li>Flexible working hours                                     <ul style="list-style-type: none"> <li>Working from home (including overseas)</li> <li>Spot remote work</li> </ul> </li> <li>Shorter working hours (generally 4, 5, 6, 6.5, or 7 hours)                                     <ul style="list-style-type: none"> <li>Working from satellite offices</li> </ul> </li> <li>Elimination of posting of employees away from family</li> </ul> </li> <li>Expanded care-leave system                             <ul style="list-style-type: none"> <li>Annual paid leave (in hours)                                     <ul style="list-style-type: none"> <li>Family-nursing leave (5 days/year)</li> </ul> </li> <li>Life support leave (5 days/year)                                     <ul style="list-style-type: none"> <li>Child-nursing and related leave (5 days/year)</li> </ul> </li> </ul> </li> <li>Expanded child care-leave system                             <ul style="list-style-type: none"> <li>Maternity leave (prenatal)</li> <li>Paternity leave (5 days per child)</li> <li>Child-care leave (up to 3 years, until the child completes the first grade of elementary school; can be taken nonsequentially)</li> <li>Fertility treatment leave (1 year in total)</li> <li>Leave for prenatal medical appointments, pregnancy related leave</li> </ul> </li> <li>Expanded nursing care-leave system                             <ul style="list-style-type: none"> <li>Annual nursing-care leave (5 days/year)</li> <li>Nursing-care leave (1 year in total, can be taken nonsequentially)</li> </ul> </li> </ul>	
<b>Mindset reform</b>	<ul style="list-style-type: none"> <li>Awareness-raising to promote diverse workstyles                             <ul style="list-style-type: none"> <li>Lectures for all employees</li> </ul> </li> <li>Mindset reform for managers                             <ul style="list-style-type: none"> <li>E-learning for managers (for all managerial positions)</li> <li>Guidance on management approaches tailored to specific situations (pregnancy, childbirth, caregiving, return to work) provided on the intranet</li> </ul> </li> <li>Commitment from top management                             <ul style="list-style-type: none"> <li>Video messages to encourage taking child-care leave</li> </ul> </li> <li>Promoting workplace communication through use of the child-care leave workflow system</li> <li>Mindset reform for managers                             <ul style="list-style-type: none"> <li>Lectures for general managers</li> </ul> </li> <li>Strengthening communication between supervisors and subordinates to support work-life balance</li> </ul>	

### Activities for balancing work with child care and nursing care

In terms of support for balancing work and child care, we provide a range of programs tailored to each stage, from before child-care leave begins through employees' return to work. At Hitachi, Ltd., we enhance workplace communication and awareness through initiatives such as sharing video messages from top management and employees who identify as men and have taken child-care leave, and encouraging declarations of intent to take leaves. These efforts aim to ensure that all eligible employees are able to take advantage of child-care leaves and related programs. We also hold seminars attended by both employees planning to take leaves and their supervisors to ease concerns during the leave period and provide stronger supports for their return to work. Additional post-leave support includes a child care and work balance allowance and other assistance programs.

With regard to support for balancing work and nursing care, due to the declining birthrate and aging population in Japan, the number of employees facing the challenge of providing nursing care for elderly family members increases continuously. 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 the 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. Specific initiatives include regular nursing care seminars featuring panel discussions with Hitachi Group employees who have caregiving experience. We are also taking measures such as setting up consultations with experts familiar with internal and external support systems, and developing a communication guide for supervisors and subordinates

to facilitate better conversations around balancing work and care. Hitachi, Ltd. took the lead in implementing these initiatives and over 80% of employees are aware of national and company support programs, leading to avoidance or control of turnover and taking long-term leaves due to providing care. Additionally, 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 and are pursuing initiatives in this area.

To help employees to balance work with child care and nursing care, it is essential to foster a workplace culture that makes it easy for them to access and utilize various support systems. To this end, starting in fiscal 2024, we have launched new "Seminars to Promote Diverse Work Styles" for all Group employees in Japan. These seminars explain the background behind our efforts to support diverse work styles and emphasize the importance of workplace-wide engagement in work-style reform. Our goal is to create a culture in which everyone's work and private lives are respected regardless of specific circumstances such as child care or nursing care and where mutual support is encouraged.

#### Recent activities at Hitachi, Ltd.

Category	Activity	Key components
Child-care	Expectant parent seminars	<ul style="list-style-type: none"> <li>Targeted at employees who are expecting a child themselves or whose spouse/partner is expecting a child, and aims to provide the knowledge necessary to consider taking child-care leave and to encourage the use of leave and work systems</li> <li>Over 90% of participants who are men stated that they would like to take child-care leave after attending the seminar</li> </ul>
	Declaration of childcare leave via workflow system	<ul style="list-style-type: none"> <li>Initiative aimed at identifying child-care leave intentions early and securing time to build workplace support structures</li> <li>Facilitates communication and meetings with supervisors regarding the use of child-care leave while also providing necessary information on relevant systems and seminars during the period leading up to the start of the leave</li> </ul>
	Child-care and women's health concierge services	<ul style="list-style-type: none"> <li>Provides support for finding a nursery school service</li> <li>Shares parenting quizzes and articles aimed at encouraging men's involvement in child-care, and also offers an advice service for women with health-related concerns</li> </ul>
Nursing-care	Strengthening workplace communication to support work-life balance	<ul style="list-style-type: none"> <li>Distributed the "Work-Nursing Care Balance Workplace Communication Guide" to all employees (The guide outlines communication flow and key points to help facilitate dialogue between employees facing nursing care responsibilities, their supervisors, and specialists (nursing care concierges))</li> </ul>
	Introduction and expansion of nursing care concierge (individual consultation service)	<ul style="list-style-type: none"> <li>Provided services handling nursing care-related worries, delivered by nursing care experts acquainted with our company programs, to employees and their families</li> <li>This service covers approximately 90% of the Group employees within Japan (as of February 2025)</li> </ul>
	Regular seminars and lectures	<ul style="list-style-type: none"> <li>Regular panel discussions featuring Hitachi Group employees with experience of handling both work and caregiving, and lectures by external experts</li> <li>In fiscal 2024, approximately 17,400 employees participated, with about 90% reporting that the sessions helped alleviate their concerns and anxieties</li> </ul>

## Support systems and measures that meet diverse employee needs

Hitachi, Ltd. and the Group companies in Japan are implementing systems that provide the necessary level of support based on the business environment of each company and the needs of employees through group-standard 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, Ltd. and the Group companies in Japan offer 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 purchasing plan

Hitachi, Ltd. and certain Group companies in Japan have adopted an employee stock purchasing plan to support asset accumulation among employees and enhance their sense of participation in

management. Under the employee stock purchasing 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 to the growth of the company to employee asset accumulation. The shares held by Hitachi's Employee Stock Purchasing Plan ranks ninth in terms of major company shareholders (shareholding ratio: 1.73% as of March 31, 2025).

Furthermore, we are working to introduce a new framework that will allow employees outside Japan\*1 to purchase company stock. Through this initiative, we aim to further support employees in building personal assets, strengthen their sense of belonging, and align the interests of employees and shareholders. Our goal is to expand the Employee Stock Purchasing Plan to cover 150,000 eligible employees by fiscal 2027.

\*1 Excludes employees in countries where legal or operational constraints make implementation difficult

## Preventing long working hours and heavy workload

Hitachi complies with the laws and regulations of each country and region concerning long working hours and heavy workload. To maintain employee health and improve productivity, Hitachi, Ltd. sets company wide KPIs for work-style reform in Japan each fiscal year. In this way, the company strengthens workplace management and reviews business processes. We also offer e-learning programs to ensure compliance with laws and regulations related to working hours and annual paid leave. Workplaces and projects that may involve long working hours are managed on an individual basis. To manage long working hours and prevent heavy workload, 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 heavy workload using IT tools to the Group companies in Japan.

Hitachi, Ltd. also notifies all employees of their actual total working hours and projected annual working hours each month via mass emails so that employees can reflect on their work styles and increase productivity on their own, and distribute content through pop-up messages on PC screens to foster behavioral changes related to work styles. Through these initiatives, we are creating a culture change in which each employee works efficiently (achieving results in a shorter time) and rests once work is finished (recharging and preparing for the next workday to maintain high performance).

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

Across Hitachi's global regions, our regional

headquarters (Hitachi America, Ltd., Hitachi Europe Ltd., Hitachi Asia Ltd., Hitachi India Pvt. Ltd., and Hitachi (China) Ltd.) are taking the lead in implementing a variety of measures to build flexible, collaborative work environments and improve employee wellbeing while complying with the laws and regulations of each country and region.

We implement hybrid work and flex-time work across these locations, which support employees' work-life management while also encouraging collaboration through in-office work. Initiatives such as setting "No Meeting Day" and promoting transparent organizational management help secure a safe work environment where employees' abilities are evaluated fairly and achievements are supported. Efforts to support employees' health and wellbeing are also well-developed. These include webinars on mental and physical health and financial wellbeing, as well as professional mental health support through Employee Assistance Programs (EAPs), all designed to help employees perform at their best.

To enhance interaction and collaboration among employees, various events are held, such as networking events, family days, corporate culture events, outdoor gatherings, and New Year parties, which help strengthen organizational cohesion. Communication across vertical and horizontal levels is also reinforced through executive town hall meetings and cross-department networking events, deepening connections among employees. We are also actively promoting an inclusive corporate culture by offering training sessions and publishing guidelines to raise awareness about the importance of diverse perspectives. Through leadership training and sessions that foster ethical business practices, we continue to raise employee awareness and instill our corporate philosophy, which is based on Hitachi's founding spirit (Harmony, Sincerity and Pioneering Spirit).

# Freedom of association and collective bargaining

## Respecting the rights of employees

Hitachi is committed to fulfilling its responsibility to respect all internationally recognized human rights, as stated in the Hitachi Group Human Rights Policy. This includes the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the Ten Principles of the United Nations Global Compact.

The Hitachi Group Code of Ethics and Business Conduct also calls for compliance with the laws and regulations of each country and region and for the respect of employees' fundamental rights in accordance with international standards. In particular, we recognize freedom of association, the right to organize, and the right to collective bargaining as human rights that are especially relevant to the workplace. Furthermore, 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."

We strive to deepen employees' understanding of the importance of respecting human rights through onboarding training and the activities in the annual Hitachi Group Corporate Ethics Month.

 [Hitachi Group Human Rights Policy](#)

 [Respect for human rights](#)

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

## Mutual communication between employees and management

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

In Japan, workers are guaranteed the three fundamental rights (the right to organize, the right to collective bargaining, and the right to collective action) under the law, and Hitachi also respects these rights. The Federation of Hitachi Group Workers Unions (FHGWU), which comprises the trade unions of Hitachi, Ltd. and the Group companies in Japan, fosters mutual understanding between employees and management through dialogue. Specifically, we hold quarterly Hitachi Group management round-tables to share information and exchange views and opinions on the 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.

At Hitachi Ltd., the Central Management Council, the Business Units Management Council, and the Business Sites Management Council have been established to ensure smooth management operations, advance business growth, and improve working conditions for union members. In addition, 14 thematic committees, advisory panels, and round-table conferences, including the Next 100 Labor and Management Committee, the Central Compensation Committee, and the Employment and Work Style Committee, have been set up to facilitate information sharing, opinion exchanges, and discussions one to four times a year in each group.

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. The employee membership rate in trade unions, etc., in major group companies in Japan (60 companies) is approximately 99% as of March 31, 2025. 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, 2025.

The 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 employees' 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 women employees, and other matters to protect the rights and interests of employees.

In fiscal 2024, no Hitachi Group operating sites reported violations of freedom of association and the right to collective bargaining.

## Notification of company guided reassignments and transfers to group companies

The collective agreement between Hitachi, Ltd. and the Hitachi Workers Union states that employees' reassignments or transfers to group companies for work-related reasons should adequately take into consideration the situation of the employees, as well as require the company to promptly inform the Hitachi Workers Union of the decision. More specifically, the company discusses with the union regarding basic matters related to large-scale transfers, reassignments, or changes in the company.

## Labor-management cooperation toward improving health and safety levels

Hitachi, Ltd. and the Hitachi Workers Union are dedicated to improving health and safety levels through employee management cooperation. This includes signing a collective agreement on the promotion of 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 the Group companies in Japan to ensure a healthy and safe work environment through initiatives that include formulating and tracking an annual health and safety plan. The committee also reviews measures to prevent occupational incidents and shares information on the health checkup status.

 [Health and safety](#)

# Respect for human rights

## Respecting the human rights of all people

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

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.

In November 2024, Hitachi revised and significantly expanded the policy to reflect changes in the business

environment and global trends with the aim of strengthening the commitment to “respect human rights” across the entire value chain. The updated policy incorporates feedback and recommendations from a wide range of stakeholders, including the U.S.-based human rights NGO Shift, and was approved by the Executive Committee following internal deliberation.

Key updates include: a clearer articulation and expansion of the international standards to which Hitachi commits; the identification of six salient human rights issues as high-risk areas; and the clarification of Hitachi's human rights due diligence (HRDD) process based on its track record to date.

Hitachi also calls on its diverse network of business partners to understand and align with this policy, working with them as needed to fulfill its responsibility to respect human rights throughout the value chain and to advance efforts toward a more sustainable society.

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.

Furthermore, 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 value chain. The Hitachi Group Code of Ethics and Business Conduct stipulates that consideration be given to human rights, including those of children.

- 📄 [Revision of Hitachi Group Human Rights Policy](#)
- 📄 [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 advancing respect for human rights

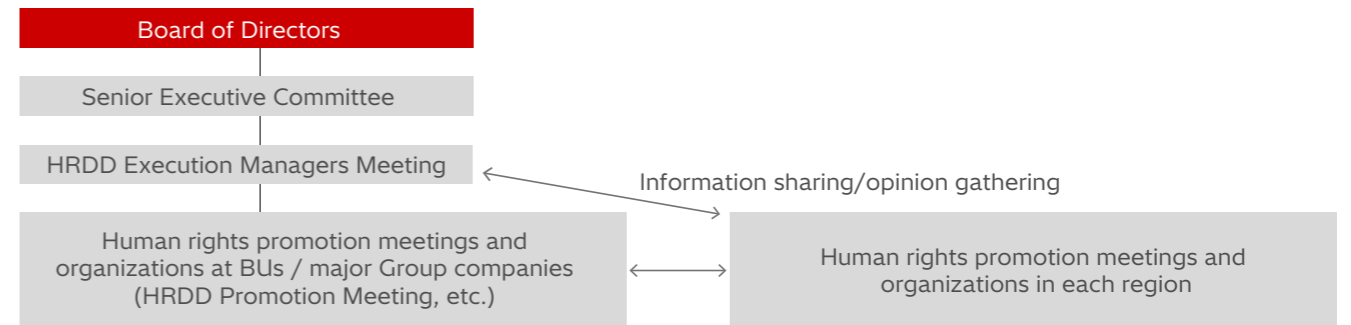
Hitachi continues to strengthen human rights risk management worldwide through efforts that include tasking the Chief Sustainability Officer with Group-wide human rights initiatives and the formulation of policies based on the status of human rights due diligence (HRDD) progress throughout the Hitachi 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 includes 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 the 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 and convene 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 the Group-wide information sharing and discussion. Important matters discussed at 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.

### Structure for advancing respect for human rights



**Roles of human rights-related meeting body and organization**

Meeting body/organization	Attendees	Purpose/Role
<b>HRDD execution managers meeting</b>	HRDD execution managers at BUs and major Group companies	<ul style="list-style-type: none"> <li>• Providing information from experts</li> <li>• Sharing the status of each company’s initiatives</li> </ul>
<b>Human rights meetings and organizations at BUs/major Group companies</b>	Persons responsible for HRDD promotion, persons responsible for HRDD implementation, and persons in relevant divisions	<ul style="list-style-type: none"> <li>• Pursue human rights activities tailored to the business characteristics of each BU/major Group company</li> </ul>
<b>Human rights meetings and organizations in each region</b>	Persons in charge of HRDD promotion at regional headquarters, regional/local representatives selected from BUs/major Group companies	<ul style="list-style-type: none"> <li>• Share regional regulatory trends and risk information</li> <li>• Consider measures to address human rights issues in major projects based on regional characteristics</li> </ul>

**Global human rights targets**

**PLEDGES**

Hitachi is committed to building a sustainable society in collaboration with stakeholders by respecting human rights and the environment across the entire value chain.

To achieve this, the company strives to ensure respect for human rights in every aspect of its business processes and throughout the value chain, in accordance with the Hitachi Group Human Rights Policy.

Under the management plan, Inspire 2027, Hitachi aims to strengthen its HRDD practices to identify and address human rights risks proactively. As a Group, Hitachi will actively work to remediate the specific human rights risks it has identified.

**Human rights due diligence (HRDD) initiatives**

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 the Group company, and in line with the UN Guiding Principles on Business and Human Rights.

By fiscal 2024, we implemented 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.

**HRDD process**



**Implementation status of recent major HRDD**

<b>FY2022</b>	Transitioned from headquarters-led HRDD to a model led by business units (BUs) and major Group companies. Conducted four training sessions with Shift and carried out human rights risk assessments.
<b>FY2023-FY2024</b>	Continued HRDD led by BUs and major Group companies, and completed human rights risk assessments by all BUs and major Group companies. A 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 the Group companies also implemented measures against salient human rights issues and the formulation of indicators to verify their effectiveness.

**(1) Assess risks**

Since fiscal 2022, Hitachi has been advancing HRDD at each BU and major Group company, taking into account the characteristics of their respective value chains and regions of operation.

In fiscal 2023, in alignment with the UN Guiding Principles on Business and Human Rights, all BUs and major Group companies assessed human rights issues based on the severity and likelihood of potential negative impacts within their operations and value chains, evaluating both. Heat maps were developed for each BU and major Group company. From this process, Hitachi identified the following as salient human rights issues common across multiple BUs and the Group companies:

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

In conducting HRDD, BUs and the Group companies are not limited to these salient issues; they also identify and prioritize other human rights risks specific to their business operations and take corrective actions starting with the highest-risk areas.

**Risk assessment for new businesses and projects**

At Hitachi, investment decisions are made based on the scale of each project. The Sustainability Division participates in the Investment Strategy Committee, which submits proposals to the Senior Executive Committee, and conducts risk assessments that include human rights considerations. Similar processes are followed when BUs and the Group companies make their own investment decisions, ensuring that risk assessments are thoroughly conducted before launching any new business or project across the Hitachi Group.

If human rights risks are identified after a project or business has begun, a task force is assembled as needed to conduct fact-checking and take appropriate action.

**Support for HRDD implementation by external experts**

As part of the HRDD risk assessment process, Hitachi developed a self-assessment questionnaire (SAQ) with support from BSR (Business for Social Responsibility), a U.S.-based nonprofit and external human rights expert. The SAQ enables BUs and the Group companies to conduct due diligence on the six salient human rights issues identified in Hitachi’s Human Rights Policy. It is designed to assess whether business operations align with the international standards to which Hitachi has committed. Use of the SAQ began across BUs and the Group companies in fiscal 2025.

In addition, to deepen understanding of measures to address salient human rights issues and evaluate their effectiveness, Hitachi held four study sessions in fiscal 2024 using materials from the HRDD guidance sessions provided by Shift in fiscal 2023. A total of 89 participants from BUs and major Group companies took part in the sessions.

**(2) Integrate and act and (3) Track**

In fiscal 2023, some BUs and major Group companies that had identified salient human rights issues in the fiscal 2022 risk assessment considered specific countermeasures and developed indicators to verify their effectiveness. In fiscal 2024, HRDD execution managers at those BUs and the Group companies took the lead in implementing these measures.

For example, regarding forced labor, Hitachi Asia used the self-assessment questionnaire (SAQ) to survey Hitachi Group companies in the ASEAN region on issues such as recruitment fees and passport retention. Hitachi High-Tech conducted SAQ-based interviews with 100 procurement partners and continues to analyze the results and monitor progress.

**Human rights initiatives in the Digital Systems & Services Sector**

In fiscal 2023, the Digital Systems & Services Sector conducted a human rights risk assessment of 140 Group companies to identify potential human rights risks across the value chain. The evaluation considered factors such as industry-specific risks, country risks, number of employees, and number of migrant workers.

The assessment confirmed that none of the companies posed a high likelihood of negative human rights impacts. However, to further strengthen human rights practices, a more detailed questionnaire survey was conducted in fiscal 2024 targeting the 19 Group companies identified as having relatively higher overall risk. The survey covered areas such as human rights and labor, technology, value chains, management, business ethics, environment, and community. Based on the findings, the human rights team in charge of the sector engaged in direct communication with companies where concerns were identified. These efforts included reinforcing awareness of the Hitachi Group Codes of Ethics and Conduct and the Hitachi Group Human Rights Policy and explaining the need for ongoing improvement. The insights and know-how gained through these efforts will be applied to further strengthen human rights initiatives across the entire Digital Systems & Services Sector in fiscal 2025 and beyond.

**Response to recruitment fee burdens on workers**

A Group company accounted for using the equity method and based in Southeast Asia was found to have required workers to bear recruitment fees, a practice permitted under local law but deemed inappropriate by the ILO. In response, Hitachi collaborated with the majority shareholder outside the Group, the minority shareholder within the Hitachi Group, and Hitachi, Ltd. to take corrective action in accordance with ILO guidelines. Affected employees received reimbursement within three months of the issue being identified.

**(4) Communicate**

Hitachi discloses information on initiatives concerning respect for human rights, including HRDD, through our Sustainability Report, websites, and other channels. We also strive to deepen 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.

**Dialogue with stakeholders**

Hitachi places a strong emphasis on stakeholder engagement with rights holders, the subjects of human rights, and the individuals or organizations that represent them. In fiscal 2024, we held seven engagement sessions, using the insights gained to inform our risk analysis and corrective actions. In some cases, a task force was established with relevant stakeholders from both domestic and overseas Hitachi Group entities to implement more comprehensive responses.

In addition, to enable not only headquarters but also BUs and the Group companies to carry out effective stakeholder engagement, Hitachi began compiling stakeholder lists with input from external experts. These lists have been in full use since fiscal 2025.

## Measures to prevent harassment

Hitachi recognizes harassment as a serious violation of human rights in the workplace and is committed to creating an environment where everyone is respected and feels comfortable expressing their opinions. As part of this effort, we incorporate harassment-related content into our annual compliance e-learning program for all employees.

Beginning in fiscal 2023, Hitachi developed new Group-wide e-learning materials focused on preventing all forms of harassment, including sexual harassment, power harassment, and other types, with the aim of enhancing understanding and awareness. These materials are actively used across the Group.

In addition, training programs are tailored to the specific circumstances of each workplace. For example, we conduct training programs for managers that focus on creating workplaces where employees feel safe and on developing management practices to foster open and communicative workplaces. All employees at the respective workplaces also receive training on harassment prevention and communication. Furthermore, newly appointed managers and assistant managers are required to complete human rights training that includes content on workplace human rights issues and harassment prevention to ensure proper understanding and application of these principles.

## Initiatives to prevent child labor and forced labor

To prevent child labor, Hitachi reviews official documents to confirm that the age of an employee

does not constitute child labor upon hiring. 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 rights not only within their own operations but also across their supply chains, including among procurement partners, particularly regarding child labor and forced labor.

## Encouraging procurement partners to conduct 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 the raising of 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 responses to a 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.

### Strengthening engagement with procurement partners

## Human rights education and raising awareness among employees and executive officers

In accordance with the Hitachi Group Human Rights Policy, Hitachi familiarizes executives and all employees with human rights through a message communicating on the importance of respect for human rights from the President & CEO on Human Rights Day, e-learning, and other efforts. In fiscal 2024, the company placed a special focus on enhancing awareness and understanding of the revised Human Rights Policy across the Group through a variety of approaches.

### Initiatives for executive officers

As part of its annual executive training, Hitachi invited President and CEO of the U.S.-based human rights NPO Business for Social Responsibility (BSR) to speak at the 2024 session. His presentation reinforced the recognition that human rights risks are a core management issue. BU leaders, who are responsible for driving HRDD, also attended, helping

to lay the foundation for ensuring respect for human rights in all aspects of business operations.

### Initiatives for employees

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 2024, in addition to awareness-raising initiatives for all executives and employees, Hitachi held a human rights seminar led by BSR for employees in procurement and sales departments. More than 600 employees took part, gaining basic knowledge about human rights issues, such as child labor and forced labor, and deepening their understanding of the responses companies are expected to take. 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 seminars for HRDD personnel in the region, 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	FY2024 results
Hitachi Group executives and all employees	Human rights message by President & CEO on Human Rights Day (every year)	Sent to all Hitachi Group employees via email and intranet
	E-learning course on business and human rights (provided in 15 languages, taken about once every three years)	Current course which started in December 2024, has been completed by more than 170,000 people as of the end of fiscal 2024

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

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.

**Hitachi Energy**  
 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 70% of our workforce comprising of employees who are Historically Disadvantaged South Africans (HDSA) backgrounds, based on occupational levels for employment equity, with the ultimate aim of ensuring that there is diversity in the workforce, including gender diversity. As of November 2024, Hitachi Energy in South Africa achieved Level 1 under B-BBEE.

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, including learners living with disability. Currently, employees with HDSA backgrounds comprise 54% of management / supervisory positions at Hitachi Energy South Africa.

**Hitachi Vantara**  
 At Hitachi Vantara South Africa, we are committed to driving sustainable transformation and fostering inclusive growth in alignment with the principles of Broad-Based Black Economic Empowerment (B-BBEE). We recognize that transformation is not only a legislative requirement but also a moral and strategic imperative for building a more equitable and prosperous society.

\*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

## Grievance mechanisms for human rights

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

This system is a whistle-blowing system operated by a third-party organization and available in approximately 50 languages. It is available not only to Hitachi Group employees, but also to business partners and other stakeholders. All reports, including those concerning human rights and harassment, are investigated in principle while maintaining confidentiality and anonymity. Once the facts are confirmed, the whistleblower is informed of the investigation results, and appropriate corrective actions are taken as necessary. 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 in previous years) that were resolved in fiscal 2024 was 287 (of which 86 were confirmed as compliance-related issues) and 773 (of which 284 were confirmed as compliance-related issues), respectively.

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

# Sustainable procurement

## Basic procurement 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 early as possible. These risks include human rights violations and greenhouse gas emissions in the supply chain.

We established the Hitachi Group Global Procurement Principles 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 for procurement partners. The guidelines include the Hitachi Group Procurement Partner Code of Conduct, which Hitachi expects all procurement partners involved in Hitachi Group’s business to comply with. The Code is organized into seven major categories: labor, health and safety, environment, business ethics, product quality and safety, prevention of personal and confidential information leakage, and management systems. 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 fostering procurement activities that adhere to these codes.

- [Sustainable procurement](#)
- [Hitachi Group Sustainable Procurement Guidelines](#)

### Examples of the Hitachi Group Procurement Partner Code of Conduct

Category	Content
<b>1 Labor</b>	<ul style="list-style-type: none"> <li>• Prohibition of forced labor and child labor</li> <li>• Compliance with working hours</li> <li>• Compliance with minimum wage laws</li> </ul>
<b>2 Health and safety</b>	<ul style="list-style-type: none"> <li>• Prevention of occupational injuries and illnesses</li> <li>• Communication of health and safety-related matters</li> </ul>
<b>3 Environment</b>	<ul style="list-style-type: none"> <li>• Management and reduction of greenhouse gases</li> <li>• Contribution to the circular economy</li> </ul>
<b>4 Business ethics</b>	<ul style="list-style-type: none"> <li>• Prevention of bribery and corruption</li> <li>• Fair competition</li> </ul>
<b>5 Product quality and safety</b>	<ul style="list-style-type: none"> <li>• Ensuring product safety</li> </ul>
<b>6 Prevention of personal and confidential information leakage</b>	<ul style="list-style-type: none"> <li>• Protection against threats to computer networks including cyberattacks</li> <li>• Measures to prevent personal information leakage</li> </ul>
<b>7 Management systems</b>	<ul style="list-style-type: none"> <li>• Corporate commitment (declaration)</li> <li>• Conducting due diligence on upstream suppliers in the supply chain</li> </ul>

## Sustainable procurement management framework

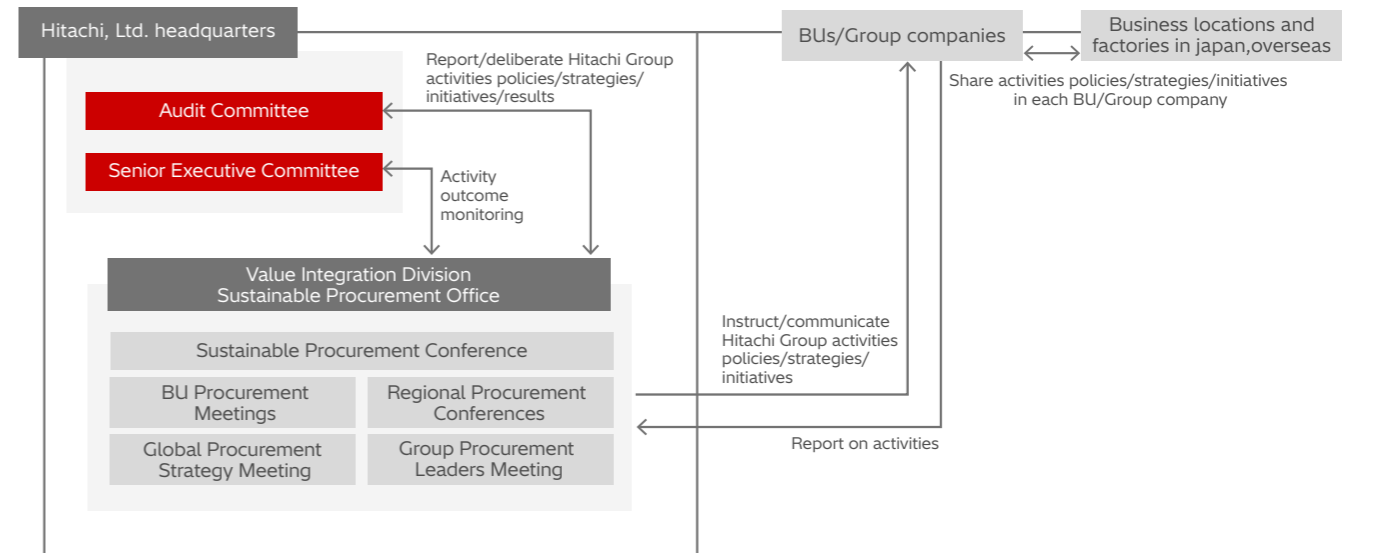
Hitachi established the sustainable procurement office within the value integration division (an organization reporting directly to the President & CEO). The sustainable procurement office is responsible for procurement activities at our head office, and it plays a central role in deliberating and deciding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

Once decisions are made, they are thoroughly communicated across the Hitachi Group via platforms such as the Sustainable Procurement Conference, which is attended by the heads of procurement divisions from business units (BUs) and major Group

companies. This conference also facilitates the strategic development of sustainable procurement activities and the sharing of best practices, enhancing Group-wide initiatives related to sustainability, including environmental and human rights-related measures.

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

### Sustainable procurement management framework



### Sustainable procurement conference

Hitachi holds the Sustainable Procurement Conference once or twice a year to improve understanding of sustainable procurement and provide practical support to the procurement divisions of its business units (BUs) and the Group companies. This conference is open to all procurement division members, including the heads of procurement divisions at all global locations. Approximately 240 people participated in fiscal 2024. 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.

#### Task force activities for regulatory compliance

Hitachi has established task forces led by the procurement division to ensure Group-wide compliance with sustainability-related laws and regulations in Europe—such as the Carbon Border Adjustment Mechanism and the EU Deforestation Regulation—which require the cooperation of procurement partners. The task force is composed not only of the procurement division but also of corporate functions such as the sustainability and legal divisions, and includes global members from across the Group, advancing regulatory compliance as One Hitachi.

## Global targets for sustainable procurement

### PLEDGES

To realize PLEDGES, Hitachi’s sustainability strategy outlined in the management plan, Inspire 2027, and to deliver value to society, mutual understanding and a relationship of trust with procurement partners are essential.

To strengthen engagement with procurement partners, Hitachi has established new global targets for sustainable procurement.

#### Global targets for sustainable procurement

KPI	FY2027 targets
Number of procurement partners taking action on environment and human rights (compared to FY 2024)	1.5 times (6,000+ procurement partners)
Number of procurement partners that set GHG reduction plans and targets	700 procurement partners

The initiatives involving “procurement partners taking action on environment and human rights” includes efforts such as sustainability risk assessments and audits of procurement partners.

Through these initiatives, Hitachi aims to accurately understand the concerns and challenges faced by its procurement partners and work together to resolve them, thereby building a sustainable value chain.

▣ [Encouraging procurement partners to reduce their environmental footprint](#)

▣ [Human rights due diligence \(HRDD\) initiatives for procurement partners](#)

## Strengthening engagement with procurement partners

### Raising awareness of the Hitachi Group Sustainable Procurement Guidelines

In May 2025, Hitachi conducted a comprehensive revision of its Sustainable Procurement Guidelines. The updated guidelines clearly outline the Code of Conduct that procurement partners are required to follow in terms of compliance with laws and regulations, and are expected to respond to the Self-Assessment Questionnaire (SAQ) and accept on-site audits. New items have also been added, such as respect for land rights and contributions to the circular economy. To ensure that Hitachi’s global procurement partners can recognize and understand the guidelines in their local languages, the number of available languages has been increased from the previous four to sixteen.

Additionally, to help procurement partners better understand the guidelines, Hitachi has developed digest edition guidelines and introductory video that highlight the key elements of the guidelines, presenting the expected sustainability standards in an accessible format.

These guidelines have been distributed to procurement partners, and Hitachi is working to promote understanding and compliance through sustainable procurement seminars and other communication efforts.

📄 [Hitachi Group Sustainable Procurement Guidelines](#)

### Regional sustainable procurement seminar

Hitachi invites our procurement partners in Southeast Asia, India, China, and Japan to the regional sustainability procurement seminar and study sessions to address social issues proactively together with our procurement partners. In fiscal 2024, 156 procurement partners participated. We strive to communicate the Hitachi Group Sustainable Procurement Policy to each region.

#### Regional sustainable procurement seminar and study sessions

Region	Details
<b>Southeast Asia India</b>	Provided 24 procurement partners with an overview of the Hitachi’s sustainable procurement policy and strategies, including environmental and human rights initiatives. Encouraged participation in EcoVadis*1 assessments and audits and shared examples of carbon neutrality/net zero initiatives by procurement partners.
<b>China</b>	Provided 114 procurement partners with an overview of the Hitachi’s sustainable procurement policy and strategies, including environmental and human rights initiatives and introduced sustainability trends in China and encouraged participation in EcoVadis assessments and audits.
<b>Japan</b>	In a study session co-hosted by the Nuclear BU and Hitachi Power Solutions, 18 procurement partners received training focused on human rights and EcoVadis. Participants learned the fundamentals of human rights issues and the importance of managing human rights risks within companies. Hitachi also requested their cooperation with sustainable procurement initiatives such as undergoing EcoVadis assessments.

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

### Sustainability risk assessments

To manage sustainability risks across the upstream in the supply chain, Hitachi not only promotes sustainability efforts among procurement partners but also conducts sustainability risk assessments to evaluate their initiatives.

Hitachi has established the Hitachi Group Sustainable Procurement Guidelines, which include Hitachi Group Procurement Partner Code of Conduct, and is actively working to raise awareness of these guidelines.

The guidelines are incorporated into Hitachi Group’s contracts and during the onboarding process for new suppliers, a compliance review—including sustainability criteria—is conducted.

In addition, sustainability risk screening is conducted based on the industry and country of operation of each procurement partner. Based on the screening results, procurement partners are selected for further evaluation based on criteria such as strategic importance, procurement spend, and business continuity. These selected partners are then assessed and analyzed through SAQs on their sustainability initiatives, as part of efforts to foster engagement and conduct risk assessments.

Hitachi utilizes the third-party evaluation platform EcoVadis to support the overall process of evaluation, analysis, and monitoring. EcoVadis assesses sustainability initiatives across four key areas: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

In fiscal 2024, we conducted sustainability risk assessments of approximately 4,000 procurement partners across the Hitachi Group. Based on the information obtained from these assessments, we are

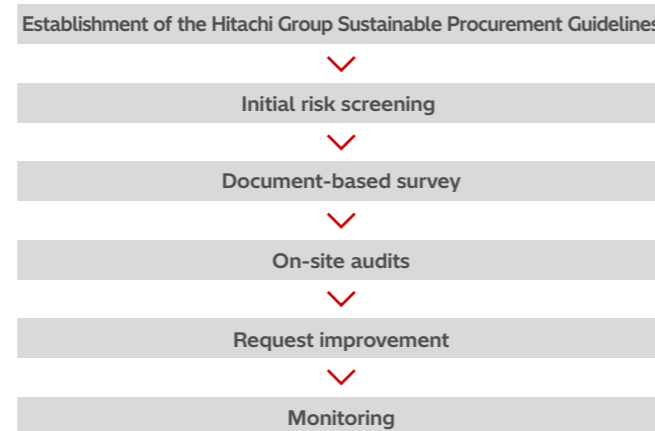
conducting the following activities.

- 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

Corrective action efforts require the understanding and cooperation of procurement partners. To support these efforts, Hitachi provides guidelines on corrective measures to assist procurement partners in their initiatives.

Moving forward, Hitachi will strengthen measures to steadily promote sustainability risk assessments of procurement partners, promote early detection of risks, and drive corrective actions through active engagement with partners.

#### Sustainable procurement process



### 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.\*1 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.

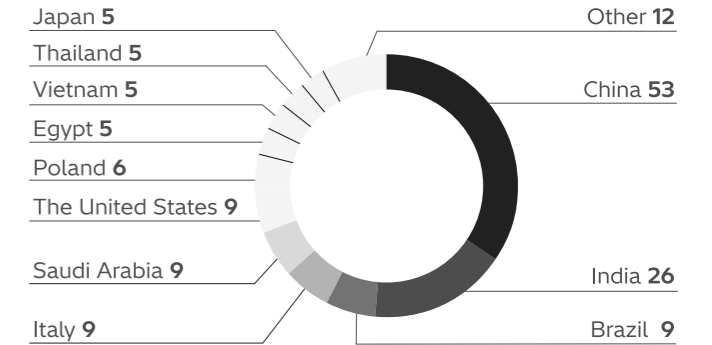
In fiscal 2024, to promote understanding of audits, Hitachi held audit briefing sessions in collaboration with external auditing organizations for procurement partners in the following regions: 114 companies in China, 27 in Thailand, 15 in India, and 11 in Japan.

Partners that are audited are selected based on the results of SAQs, as well as the scale and importance of partnerships (e.g. procurement spend). In fiscal 2024, sustainability audits were conducted on 153 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.

\*1 Some Group companies conduct sustainability audits by internal auditors

Regional distribution of sustainability audits in FY2024 (15 countries, 153 companies in total)



Note: Other regions include Mexico, Turkey, Bulgaria, and Colombia

#### Examples of matters identified for improvement

Category	Examples of matters identified
<b>Labor and human rights</b>	<ul style="list-style-type: none"> <li>• Requiring employees to pay monetary deposits or recruitment fees (as defined by the ILO) at the time of hiring</li> <li>• Employee overtime hours not properly managed</li> </ul>
<b>Health and safety</b>	<ul style="list-style-type: none"> <li>• Lacking legally required building permits or fire safety permits</li> <li>• Emergency exits and emergency lights are not adequately maintained</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Environmental impact assessments not properly conducted</li> </ul>
<b>Ethics</b>	<ul style="list-style-type: none"> <li>• Employees not trained on fair business</li> </ul>

### Encouraging procurement partners to reduce their environmental footprint

Hitachi is working with procurement partners to build a sustainable value chain with a strong focus on environmental responsibility.

To achieve net zero across the entire value chain by fiscal 2050, Hitachi is committed to reducing GHG emissions from purchased goods and services (Scope 3 Category 1). With a target of establishing GHG emission reduction goals and plans with 700 partners by fiscal 2027, we are further strengthening engagement with procurement partners.

▣ Encouraging procurement partners to reduce their environmental footprint

### Human rights due diligence (HRDD) initiatives for procurement partners

Hitachi is implementing human rights due diligence initiatives for its procurement partners. Our initiatives include conducting sustainability risk assessments for procurement partners, sustainability audits and monitoring, and providing 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.

The “Labor” section of the Hitachi Group Sustainable Procurement Guidelines stipulates not only the prohibition of forced and child labor, but also that working hours, including overtime, must not exceed the limits set by local laws and regulations. Where no such regulations exist, total working hours, including overtime, should not exceed 60 hours per week. Regarding wages, the guidelines require compliance with all applicable laws and regulations, including those related to minimum wages, overtime pay, and legally mandated benefits.

▣ Encouraging procurement partners to conduct activities

### Procurement partner hotline

In order to foster honest and fair dealings with procurement partners, Hitachi accepts consultations and reports from 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 education and training on sustainable procurement

Hitachi provides trainings to procurement personnel, raising awareness across divisions responsible for sustainable procurement practices.

Specifically, at all of our global locations, we enhance trainings on human rights due diligence, carbon neutrality, advanced internal practices related to sustainable procurement and other important sustainability initiatives. We also 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. We also provide training on sustainable procurement not only to procurement personnel but also to newly appointed managers. In

fiscal 2024, 1,815 employees completed our training.

In fiscal 2024, to further raise human rights awareness among Hitachi Group employees, including those in the procurement division, Hitachi invited the non-profit organization BSR (Business for Social Responsibility) to conduct training on human rights risks in the value chain and the responsibilities expected of companies.

▣ Human rights education and raising awareness among employees and executive officers

### Participating in supply chain-related initiatives

Hitachi participates in the United Nations Global Compact Network Japan (GCNJ). In fiscal 2024, we took part in the supply chain workshop and HRDD workshop, actively exchanging opinions with Japanese companies on best practices regarding sustainable procurement.

Additionally, as a member of the CSR Committee of JEITA (Japan Electronics and Information Technology Industries Association) and its Responsible Supply Chain Working Group, Hitachi is working to raise CSR awareness within the industry, address shared challenges, and streamline CSR procurement management.

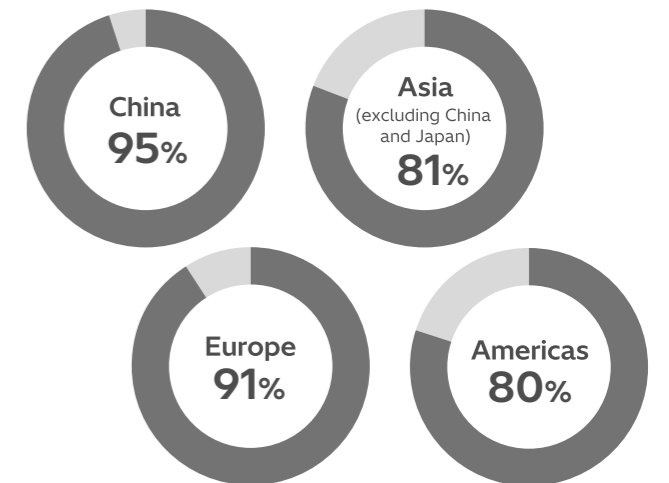
As part of cross-industry initiatives, Hitachi participates in the Human Rights Subcommittee organized by BSR, using insights gained on legal and social expectations related to human rights to strengthen measures for mitigating human rights risks upstream in the supply chain.

▣ Sustainability initiatives

### Strengthening global partnerships

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 the 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 (FY2024)



## Responding to the conflict mineral issue

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

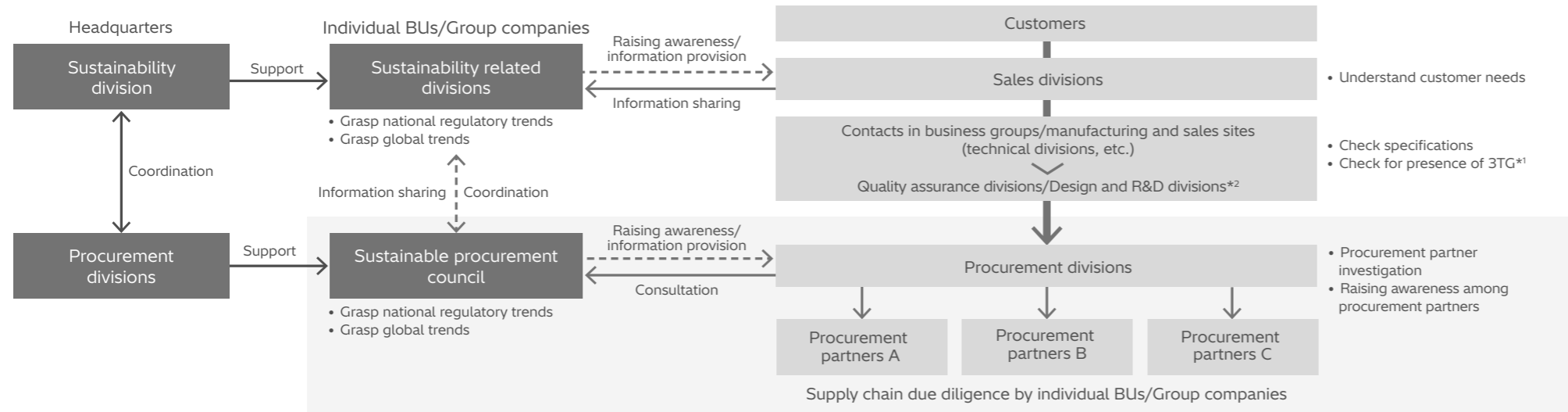
Sales divisions, business groups, manufacturing sites, procurement divisions, and other divisions within individual BUs and the Group companies work together to respond to investigation requests and inquiries relating to conflict minerals. We also strive to grasp developments in conflict mineral-related 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 the 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 the 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 2024, 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 2,830 people from 1,290 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 the Group company

## Procurement BCPs initiatives

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 impacts on society.

The procurement departments of each BU and major Group company are working to minimize the impact of disasters by promoting the following measures: (1) minimizing procurement risks through thorough standardization and the use of common parts; (2) multi-supplier arrangements; (3) diversifying manufacturing locations; (4) budgeting for strategic inventory; and (5) considering alternative products. In fiscal 2024, as severe weather events, floods, and large-scale fires continued to occur frequently around the world, we are actively advancing these initiatives while also strengthening the resilience of our supply chain through the use of digital infrastructure.

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

### Procurement BCPs initiatives

#### Strengthening and expanding the procurement supply chain risk management platform

Hitachi is promoting the implementation of a procurement supply chain risk management platform to enable the rapid detection of disaster-related information, identification of affected sites, and assessment of impacts on a global scale. By introducing an optimized platform that considers both regional and business perspectives, Hitachi is advancing the visualization of procurement supply chain risks.

# Quality and product safety

## Approach to quality assurance activities

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. Based on the belief that trust in the quality of our products and systems is of utmost importance, we prioritize our operations according to the principle of S (Safety) >> Q (Quality) > D (Delivery) > C (Cost), placing the highest importance on safety and quality.

In the event of an incident, it is crucial to thoroughly analyze the failure, learn from it, and use those lessons to advance our technology and prevent recurrence. Reflecting the belief in gathering insights from failures, Hitachi has continued to hold review sessions for product incidents—referred to as OCHIBO-HIROI (literally, “gleaning”)—since the 1950s. Through this initiative, we aim to prevent recurrence, avoid similar incidents, and promote technological advancement.

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.

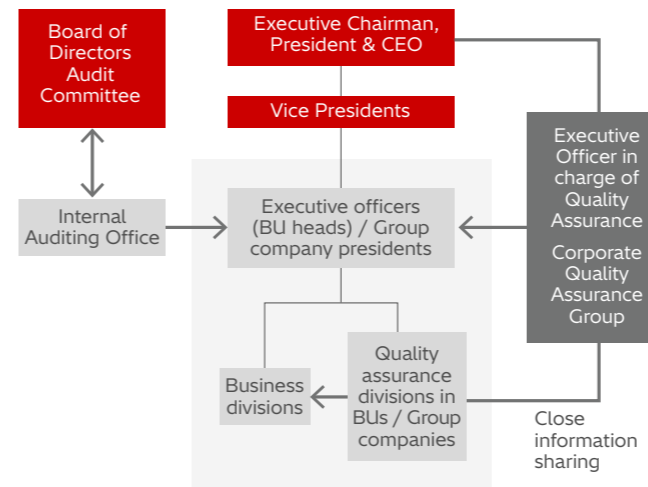
[Hitachi Group Code of Ethics and Business Conduct](#)

## Structure for quality assurance

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 structure for activity in which the safety and trust of customers are the top priorities. To further strengthen our quality assurance structure, we made quality assurance divisions independent from business divisions and 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 the 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 the Group company reports the incident to management executives, including the Executive Chairman, and the President & CEO at Hitachi, Ltd., as promptly as possible. We review these response procedures every six months and make improvements as necessary.

Quality assurance structure



**Global quality assurance structure**  
 At Hitachi, the globalization of our business is accelerating through portfolio reforms and M&A activities. To deliver Hitachi Quality to customers around the world in line with our corporate philosophy, we are working to strengthen and embed a global quality assurance structure. Specifically, we encourage awareness of Hitachi’s basic principles of quality assurance globally, receiving incident reports from the Group companies outside Japan. As in Japan, we are establishing international quality assurance reporting lines that are independent of the business divisions. We also ensure rigorous pass/fail assessments by quality assurance divisions, as well as practicing OCHIBO-HIROI.

## Quality assurance activities

### PLEDGES

Hitachi strengthens the 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.

### Implementing OCHIBO-HIROI review sessions for product incidents

At Hitachi, we hold review sessions for product-related incidents, known as OCHIBO-HIROI, in principle every six months for each business division. These sessions are conducted from the customer’s perspective, sharing the impact of the incident and identifying not only the technical causes but also the business processes that led to the incident and the psychological factors and issues involving those concerned. We have set a target of 100% executive participation (including Hitachi executives and business site senior management) in OCHIBO-HIROI sessions and collect annual participation data to strengthen efforts to prevent product incidents.

### Quality enhancement activities related to service, software, and security

To strengthen quality in software and services, areas that continue to grow in scale, we share quality improvement activities and current challenges. At the same time, we ensure the software development capabilities and expertise for improving reliability that solutions divisions have 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 fosters internal awareness of product regulations, revised statutes, and enforcement dates in each country and region. We also work to clarify regulations with product-specific laws maps, pursue regulatory compliance, and implement continuous process improvements under our product compliance management system.

**Pursue 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**

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. As of the end of June 2025, the status of major certifications is as follows. Because certification status may change due to factors such as business globalization, the establishment or relocation of sites, and M&A activity, we conduct annual surveys of the number of certified sites and the number of sites planning to obtain certification.

**Management system certification**

Area	Name of standard	Number of certified sites
Overall quality	ISO 9001	1,062 sites
Railway business	ISO/TS 22163	11 sites
Medical devices	ISO 13485	23 sites

Note: Survey results as of the end of June 2025

**External audits concerning product quality assurance**

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**

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 courses for specialists every year. Each BU also conducts specialized technical courses regarding manufacturing, quality assurance, and maintenance.

**Enhancing S >> Q > D > C training**

Hitachi provides training for employees involved in product and service safety or quality to increase awareness and understanding of the company’s operational priority: S (Safety) >> Q (Quality) > D (Delivery) > C (Cost). This training reinforces the importance of safety and quality among employees. To ensure relevance in light of changes in products, services, and the business environment, the training materials are reviewed and updated every three years.

**Quality and reliability education**

Training program	Target	Purpose	Timing
Hitachi's quality philosophy	All employees	To promote understanding of Hitachi's basic approach to quality and the initiatives for its realization	Ongoing
New employee training	New employees		Upon joining the company
Training for newly appointed managers	Newly appointed managers		Annually
S >> Q > D > C training	Employees involved in product and service safety or quality	To instill Hitachi's operational priority of "S >> Q > D > C"	Annually
Specialized technical training	Employees involved in product and service safety or quality	Practical and technical training on product safety and quality	Annually
Executive candidate training	Future executive leaders	To promote understanding of Hitachi's quality philosophy	Annually

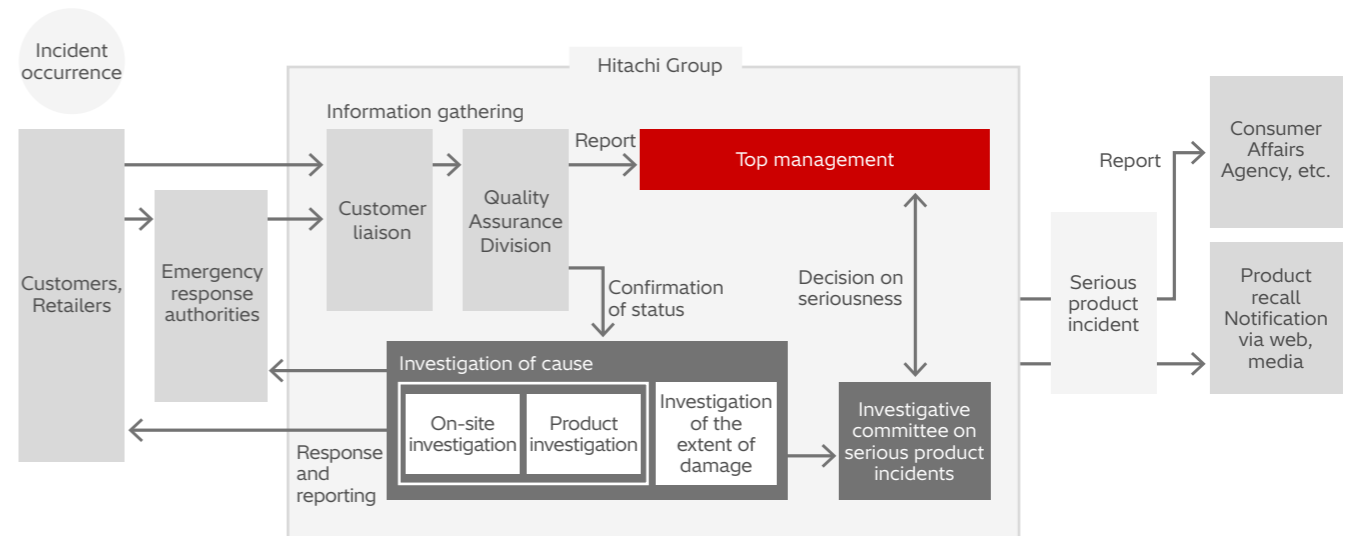
**Response to product safety incidents**

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.

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, organizational structure, 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 structure in place to ensure that fast and appropriate action is implemented at all companies across the Group.

**Response procedure for product incidents**



# Customer satisfaction

## Initiatives to improve communication with customers

Hitachi values communications with customers. The sales and marketing divisions at Hitachi 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 the Group companies, leading initiatives for improving communication with customers while working to build closer relationships between customers and account managers.

### Strengthening global account management

To achieve sustainable global business growth, Hitachi has appointed regional strategy officers in six key regions—the Americas, EMEA, APAC, India, Japan, and China—to ensure that regional growth opportunities and risks are promptly reflected in management discussions. In addition, Hitachi has established the position of CMO (Chief Marketing Officers) in charge of global sales transformation to further work closely with business units (BUs), the 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 a priority initiative, we are also proceeding with the planning and implementation of sales strategies to develop new global businesses. In line with the Group Account Program, we have appointed Group Account Managers, representing the Group for key customers worldwide. These managers work in cooperation with cross-BU account teams to build strategic partnerships with those customers.

### Digital marketing

Hitachi created the One Hitachi CRM (Customer Relationship Management) 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 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

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 2024.

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

## Comprehensive online customer support

Hitachi offers comprehensive global customer support on its website to respond to a wide range of incoming communications, including 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, we will continue to strengthen and improve global customer support/response mechanisms among the Group companies to respond more quickly and accurately to customer's feedback.

[Contact Us](#)

## Activities to improve the satisfaction of home appliance customers

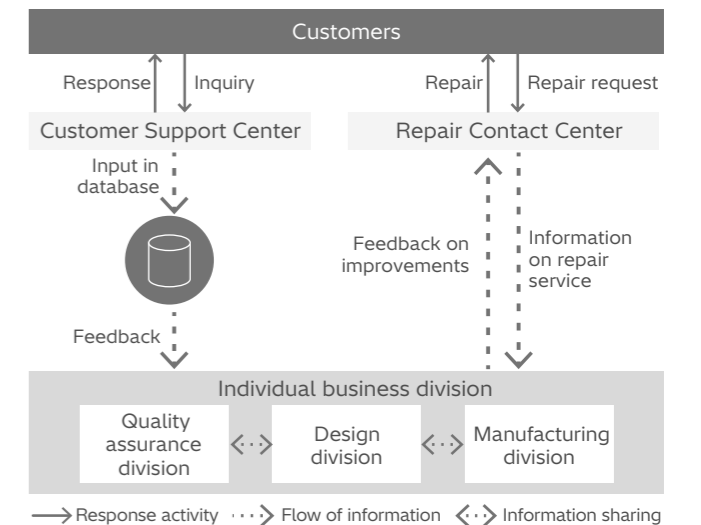
The Home Appliances business provides products, services and solutions to improve the quality of life for people of all ages and regions. These initiatives are carried out under the slogan, 360° Happiness: More happy smiles to life for one and all. For example, in our home appliances business, we collect, store, and analyze data from connected home appliances to perform fault diagnostics. By doing so, we are improving the accuracy of our after-sales service and promptly addressing customer inconveniences. We also detect potential defects in the market quickly and carry out activities to improve product quality.

In fiscal 2024, approximately 1.87 million customer opinions—including inquiries, repair requests, and dissatisfactions about washing machines, refrigerators, and other appliances were responded

to by the customer relations division through the calls and the websites of the Customer Support Center and Repair Contact Center. To further improve the quality of our responses and reflect customer feedback in product development, we are pursuing a number of initiatives—these include improving the connection rate of call center; building a database coming from real customer voices such as consultations, questions, and dissatisfaction, and enhancing the FAQ section of our website.

We also conduct customer repair service evaluation surveys at approximately 90 service centers across Japan throughout the year. Based on the survey results, we hold CS (Customer Satisfaction) training sessions to enhance our after-sales services. In fiscal 2024, over 35,000 customers responded to the survey, and 89.5% of them expressed satisfaction with our customer service.

### Flow of customer service

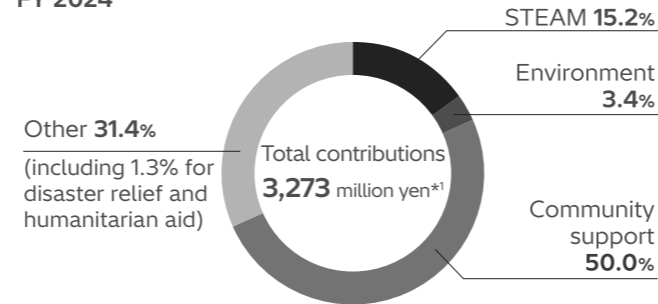


# Social contribution activities

## Approach to social contribution activities

Under the Hitachi Group Identity, we position social contribution activities as important activities that contribute to the creation of social and environmental value, thereby supporting the sustainable development of both society and business, and actively foster social contribution activities mainly in regions where it operates. With the social contribution statement “Nurturing People, Connecting to the Future,” we engage in various activities focused on three key areas: STEAM (Science, Technology, Engineering, Arts, Mathematics), Environment, and Community support. Details of Hitachi’s vision for social contribution activities are provided in our Policy on Social Contribution Activities.

Breakdown of funding for social contribution activities in FY 2024



\*1 Japan: Hitachi, Ltd., 78 Group companies (79 companies total), and the Hitachi Global Foundation  
 Outside Japan: 207 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.

## Funding for social contribution activities and the number of participating employees

The Hitachi Group and the Hitachi Global Foundation provided 3,273 million yen in fiscal 2024 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 32,493 Hitachi Group employees (roughly 11.5% of total employees) participated in social contribution activities in fiscal 2024.

## Support for employee social contribution 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 91.8 million yen, with approximately 0.84 million yen having been donated in fiscal 2024 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 4.8 million in loans to 88,000 borrowers in 63 countries, with a total of USD 670,000 provided in fiscal 2024. 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, and 3,497 people took leave under this system in fiscal 2024, of which 74 (185 times) used it for volunteer purposes.

## Examples of social contributions

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.

### STEAM

Hitachi fosters the development of the next generation through a wide range of initiatives, including educational support activities that utilize the resources of Hitachi Group companies, as well as grants and scholarships for young university faculty members and researchers in the natural sciences.

### Support for talent development in science and engineering

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 55,000 people in fiscal 2024. We seek to cultivate talent who will lead the development of science, medical technology, and other related fields by stimulating interest and curiosity in science and technology and by supporting research activities in more countries and regions.

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

## Environment

Hitachi engages in environmental education activities such as environmental experience classes and factory tours; greening activities such as forest conservation and tree planting; and cleanup activities around offices and factories, as well as along coastlines.

## Earth month

As part of Earth Month, more than 700 Hitachi Vantara employees from across the globe actively participated in a wide range of environmental protection initiatives. These efforts included impactful activities such as community clean-up events, tree planting and greening projects, as well as educational workshops and interactive webinars focused on sustainability. By engaging in these diverse programs, Hitachi Vantara not only demonstrated its commitment to environmental stewardship but also fostered stronger connections among employees worldwide. Through these collective actions, the company aims to contribute to building a more sustainable and resilient future for the next generation, while increasing awareness and collaboration across its global workforce.

## Community support

In addition to contributing to society through our business activities, Hitachi also undertakes initiatives that leverage the resources developed through those activities to help solve issues and support development in local communities. To realize a sustainable society, we engage in community-based initiatives while building trusting relationships with local communities.

## 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 (HYLI) 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 is designed 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.

In fiscal 2024, the 17th HYLI was held in Indonesia under the theme Greening Together: Inclusion & Sustainability. 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](#)

## Wellbeing for a brighter ASEAN

Hitachi Asia carried out a series of unified social contribution activities under the theme Wellbeing for a Brighter ASEAN across its offices in ASEAN countries over the period from January to March, 2025. Specific initiatives included: an upcycling workshop promoting ethical consumption (Singapore); free health checkups and donation of medicine (Indonesia); health education sessions (Malaysia, Thailand, and Myanmar); provision of hygiene kits and meals for children (the Philippines); and a marathon event to promote health, with donations made based on participants' running distances (Vietnam). A total of 1,341 people, including employees, took part in these activities, and USD 31,000 was donated.

## Educational support for children in the poorest countries

Hitachi Energy has been partnering with Swiss based foundation BringKids2Schools since 2021. Bring Kids 2 Schools works with US-based NPO, buildOn to finance and build schools in the world's poorest countries to give more children access to education and the chance to unlock their full potential. Hitachi Energy employees, families, and friends support this initiative by raising donations through participating in virtual sporting challenges every year. In 2024, 1,716 participants in 125 teams from 60 countries raised USD 37,366, which was matched by the company (to USD 74,732), plus an additional bonus donation of USD 11,000. So far the company has raised funds for nine schools in Malawi and Senegal - three in Malawi, two in Senegal, and four more are under construction in Malawi. This will give over 1,300 girls and boys the opportunity for education which they might otherwise not have had.

## Revitalizing the hometown (Hitachi Kashiwa Reysol)

Hitachi Kashiwa Reysol, one of Hitachi Group companies, operates a professional soccer team based in Japan, has been actively engaged in community outreach activities in Kashiwa City, Chiba Prefecture, where its stadium is located. These initiatives include player visits to local elementary schools, stadium tours for elementary and kindergarten children, workplace experience programs for junior high school students, and public stadium open events. Additionally, the club participates in the "Children's Rights Awareness Program" in collaboration with Save the Children, dispatching players to teach "Children's Rights Classes." Through these efforts, the club has contributed to the growth and development of over 4,000 children.

## Disaster relief

Hitachi promptly coordinates within the Hitachi Group to provide disaster relief and support for recovery efforts in affected areas, depending on the scale of the disaster. Major activities include donations to organizations such as the Red Cross and the provision of relief supplies.

## Support for disaster-stricken areas through donations and activities

Hitachi donated a total of 10 million yen to the Japanese Red Cross Society and the Central Community Chest of Japan to support relief efforts, help rebuild lives, and assist volunteer activities in areas affected by the heavy rain disaster that struck the Noto Peninsula in Japan's Hokuriku region in September 2024. In addition, as part of the recovery support following the Noto Peninsula earthquake that occurred in January 2024, product fairs featuring goods from Ishikawa Prefecture were held at Hitachi offices in Japan and at Kashiwa Reysol match venues.

In response to the earthquake that struck off the eastern coast of Taiwan in April 2024, Hitachi donated a total of 10 million yen to the Japanese Red Cross Society and other organizations to support relief efforts for those affected. Hitachi also provided support to areas impacted by a hurricane that struck the United States in September 2024 and wildfires that occurred in California in January 2025.

 [Hitachi to Donate to Support the 2024 Eastern Taiwan Earthquake Relief Efforts](#)

 [Hitachi to Donate to Support Hurricane Helene Relief Efforts](#)












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

## 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 2024, to promote academic research, science and technology, we held an international symposium to present the results of five research projects funded by the Hitachi Fund Support for Research Related to Infectious Diseases over a three-year period. Applications and nominations for the 56th Kurata Grants and Fifth Hitachi Global Foundation Asia Innovation Award also took place in fiscal 2024, 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, with 53 instructors from nine Hitachi Group companies participating. In addition to these efforts, in the field of realizing an inclusive society, we published Issues 2 and 3 of the 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	 <a href="#">The Kurata Grants</a>	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 2024: 1,652]
	 <a href="#">The Hitachi Global Foundation Science and Technology Seminars</a>	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. [In fiscal 2024, the seminar titled “What is Fatigue? — The Virus Knew It All —” was held.]  <a href="#">20th The Hitachi Global Foundation Science and Technology Seminar (Japanese only)</a>
	 <a href="#">The Hitachi Global Foundation Asia Innovation Award</a>	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 2024: 69]
	 <a href="#">Hitachi Fund Support for Research Related to Infectious Diseases</a>	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. [Number of Projects Selected: 5]  <a href="#">Report on the International Symposium for the Hitachi Fund Support for Research Related to Infectious Diseases</a>
Human Development	 <a href="#">Hitachi Future Innovator Program</a>	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 2024: 30 schools and 2,062 students]
	 <a href="#">Girls in Science Support Project</a>	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. [In fiscal 2024, a dialogue and workshop were held featuring female role models and William Magwood, Director-General of the OECD Nuclear Energy Agency]  <a href="#">PIONEER TALK (Japanese only)</a>
Realization of an Inclusive Society	 <a href="#">Realization of an Inclusive Society</a>	A program urging a new understanding among citizens for the purpose of creating inclusive societies in which people accept various viewpoints and values. [In fiscal 2024, Issues 2 and 3 of the Hitachi Global Foundation Global Society Review were published. 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.]  <a href="#">Hitachi Global Foundation Global Society Review (Japanese only)</a>

# Governance

## In this section

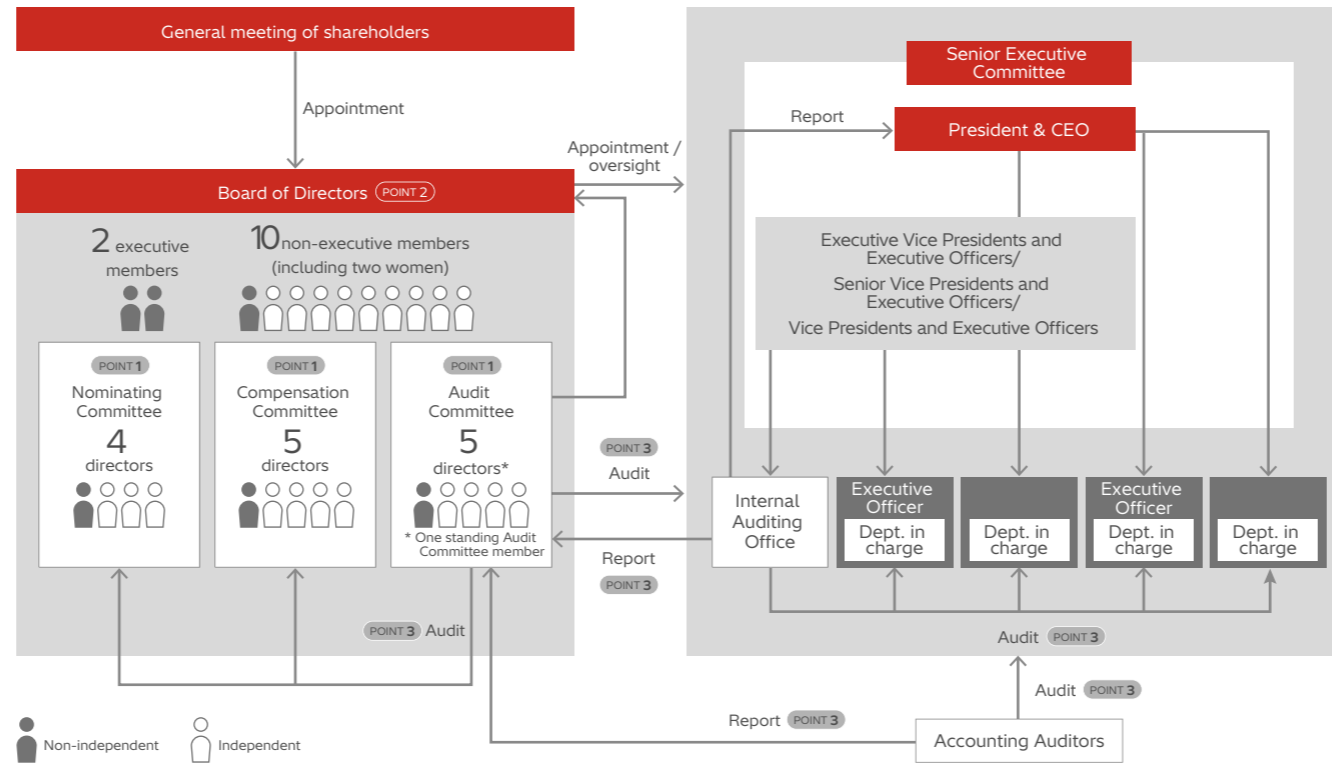
- 110 Corporate governance
- 116 Business ethics and compliance
- 121 Risk management
- 124 Information security



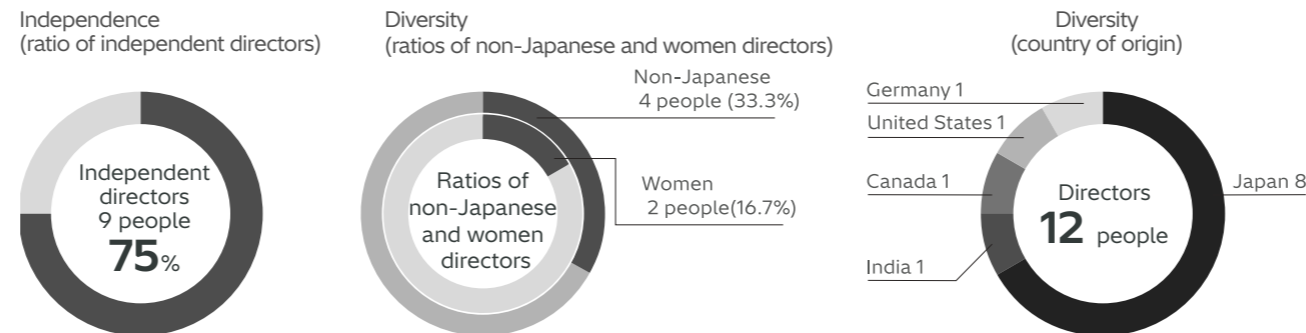
# Corporate governance

Hitachi views the expansion of long-term and overall returns to shareholders and investors as an important management objective. Hitachi maintains good relationships with a wide range of stakeholders, and we recognize that these relationships make up an important portion of our overall corporate value. Accordingly, we are striving to establish a system that will improve our corporate value primarily through the implementation of measures focused on promoting constructive dialogue. To advance these efforts effectively, we are working to improve our corporate governance by ensuring thorough separation between the oversight and execution of management, establishing a swift business execution system, and striving to achieve highly transparent management.

## Hitachi's Corporate Governance Framework and Features (as of June 2025)



### Board of Directors composition (as of June 2025)



### POINT 1 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. The Nominating and Compensation Committees are also chaired by independent directors. 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 2 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. In addition, we have established a system that facilitates the full exercise of oversight functions by maintaining separation between management oversight and execution. Our basic policy is to have the three committees chaired by independent directors as a rule.

### POINT 3 Enhanced collaboration through tripartite auditing

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

To better understand the Hitachi Group's corporate governance structure and its key features, please also refer to the video [Hitachi's corporate governance and tripartite auditing](#)

## Directors' skills matrix

The experiences and insights, and skills of each director are as follows.

No	Name	Major experiences and insights	Core skills			Professional skills				
			Corporate management	Global business	Risk management	Finance and accounting	Legal affairs	Digital	Government, international and educational organizations	Sustainability
1	Katsumi Ihara	Mr. Ihara has held various leadership positions in the electronics and financial businesses as well as CSO and CFO at Sony group, and has rich management experience and insight for management of diverse businesses globally.	○	○	○	○				
2	Ravi Venkatesan	Mr. Venkatesan has rich experience and insight in global corporate management at Infosys, Microsoft India and ServiceNow, digital business and emerging market business, as well as international organizations such as the Global Energy Alliance for People and Planet.	○	○	○			○	○	
3	Eriko Sakurai	Ms. Sakurai has rich experience and insight in the area of global corporate management and sustainability management, having served as head of business divisions and regions at Dow Corning and as chair of the Sustainability Committee as an independent director of financial institution.	○	○	○					○
4	Ikuro Sugawara	Mr. Sugawara has rich experience and insight from leadership positions in government agencies such as the Ministry of Economy, Trade and Industry, as well as serving as an independent director for global companies.	○	○	○				○	
5	Isabelle Deschamps	Ms. Deschamps has rich experience and insight in the areas of corporate law, corporate governance and sustainability management, having worked at Nestle, Unilever, Rio Tinto and other global companies.	○	○	○		○			○
6	Takashi Nishijima	Mr. Nishijima grew the business globally through the integration of IT/OT*1 and the promotion of DX*2 as President of Yokogawa Electric, and has rich experience and insight in global corporate management and sustainability management.	○	○	○			○		○
7	Joe Harlan	Mr. Harlan has rich experience and insight, having served as CFO of Lighting Business at General Electric, and various business and marketing roles at 3M and Dow Chemical.	○	○	○	○				
8	Takatoshi Yamamoto	Mr. Yamamoto has rich experience and insight in the area of corporate analysis and global corporate management at Morgan Stanley Securities and Nomura Research Institute.	○	○	○	○				
9	Helmuth Ludwig	Mr. Ludwig has rich experience and insight in the area of global corporate management and the digital business, as CIO at Siemens, as well as teaching experience at educational institutions.	○	○	○			○	○	
10	Toshiaki Tokunaga	Mr. Tokunaga has rich global corporate management and sustainability management experience and insight, primarily focused on the digital business at Hitachi.	○	○	○			○		○
11	Mitsuaki Nishiyama	Mr. Nishiyama has rich experience and insight in the areas of global corporate management and finance & accounting, having worked as CFO at Hitachi and as chairman and president of Hitachi Metals (currently Proterial).	○	○	○	○				
12	Toshiaki Higashihara	Mr. Higashihara has rich global corporate management as well as sustainability management experience and insight, having served as Hitachi's CEO, etc. as well as rich experience in key positions in government agencies and economic and industry organizations.	○	○	○			○	○	○

\*1 Operational Technology

\*2 Digital Transformation

### Definition

Core skills	Corporate management	Corporate management experience and knowledge
	Global business	Business experience outside Japan or management experience at a company expanding business globally
	Risk management	Knowledge of the risk assessment and management required to sustain a company
Professional skills	Finance and accounting	Leadership experience such as CFO or practical experience in corporate analysis, and specialized knowledge in these fields
	Legal affairs	Expertise and practical experience in the legal affairs that are essential for conducting global business and rolling out new business
	Digital	Practical experience in the digital business that is vital for promoting DX in the Social Innovation Business
	Government, international and educational organizations	Leadership experience in government, governmental agencies, international organizations, or economic associations that facilitate an understanding of and response to regulations and social issues, as well as practical experience at educational institutions
	Sustainability	Expertise and practical experience of sustainability through corporate management

## Director and executive officer compensation

### Executive compensation system (Key principles)

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 the medium- to long-term growth of corporate value and business performance Corporate value growth through Pay-for-Performance Linkage with the management plan + Medium- or long-term growth	1 Alignment with the management plan	For short-term incentive compensation and medium- and long-term incentive compensation, set performance metrics toward the management plan as Key Performance Indicators (KPIs) to encourage executives to achieve them.		
	2 Establishment of a compensation program and a corporate performance program that fosters a growth mindset	· Pursue an optimal balance among short-, medium-, and long-term performance about growth, profitability improvement 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 stretch goals and commensurate compensation levels.		
	3 Setting indicators to promote sustainable management	Develop specific indicators and goals 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.		
Attract and retain key talent	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 U.S. and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives.		
Transparency, objectivity, and fairness	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.		

### 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 (RSU) 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.

If it is found that a director has engaged in misconduct during his/her term of office, compensation for Directors that has already been paid shall be returned to the Company (clawback policy.) A director concurrently serving as an executive officer is not paid compensation as a director.

**(2) Executive officers**

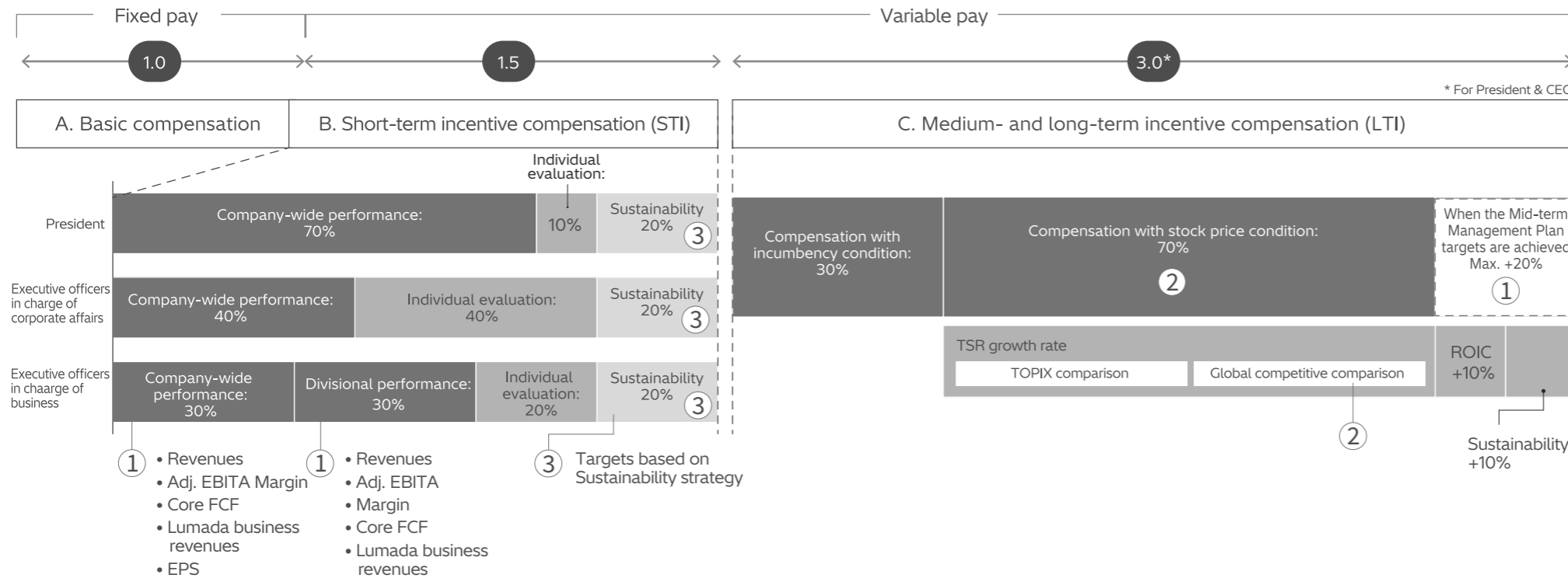
Compensation for executive officers consists of basic compensation as fixed pay and short-term incentive compensation and medium and long-term incentive compensation as variable pay. The ratio of base

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 1.0:1.5:3.0. 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

“Compensation to Directors and Executive Officers, etc.” section on page 124 of Hitachi’s Annual Securities Report.

[Annual Securities Report \(the 156th business term\)](#)



**A. Basic compensation**

The amount of basic remuneration is decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.

**B. Short-term incentive compensation (STI)**

The amount of short-term incentive compensation is decided within the range of 0 to 200% of a basic amount set according to the relevant position, by adjusting that amount to reflect financial results and individual performance.

**C. Medium- and long-term incentive compensation (LTI)**

The target amount (Medium- and Long-term incentive compensation target) is decided based on the positions

of executive officers, and the shares of Restricted Stock compensation with an incumbency condition and Performance-linked Restricted Stock compensation are granted in order to propel management from a long-term perspective and to provide incentives to bring about a sustainable increase in corporate value by further promoting senior management’s shared values with shareholders through the holding of shares during their term of office. The Company grants restricted stock units to non-Japanese executive officers as medium- and long-term incentive compensation.

If it is found that an executive officer has engaged in misconduct during his/her term of office, compensation for Executive Officers that has already been paid shall be returned to the Company (clawback policy.)

**Key aspects of compensation to executive officers**

- ① **Strengthening the link with the management plan**
  - Adopt the key indicators set forth in Inspire 2027 as KPIs (STI,LTI)
- ② **Strengthening the link with corporate value enhancement**
  - Set a high ratio of stock price condition compensation (LTI)
  - Establish a global competitive comparison (LTI)
- ③ **Further evolving of sustainable management**
  - Separate sustainability evaluations and set at 20%(STI)
  - Some KPIs and targets of the sustainability strategy PLEDGES is incorporated into executive compensation evaluation to encourage their execution (STI, LTI)

## Administrative performance of the Board of Directors

The Board of Directors approves the basic management policy for the Hitachi Group and supervise 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

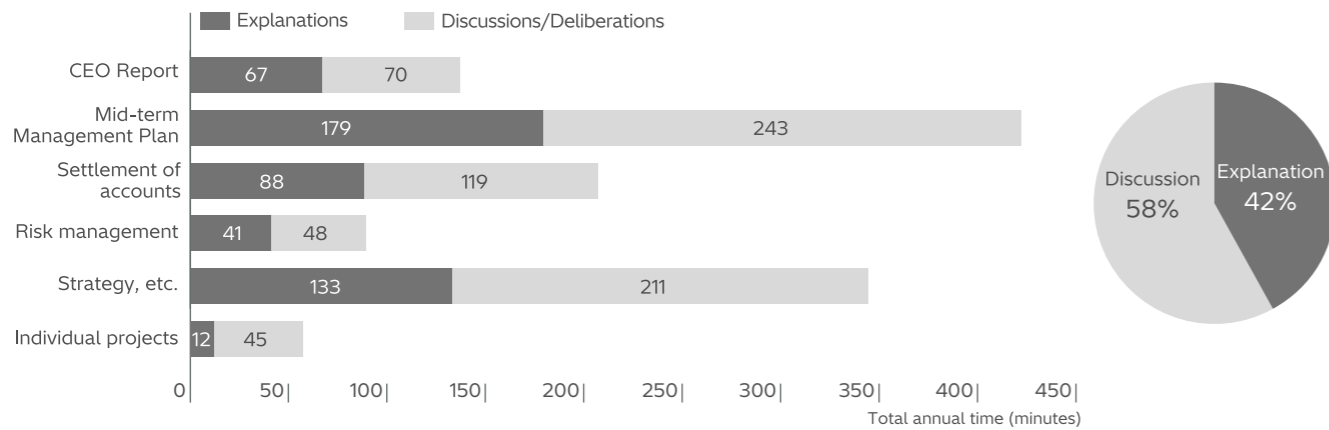
Management Plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy, as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations.

In fiscal 2024, in addition to reporting on the progress of the Mid-term Management Plan 2024, in the course of

making multiple reports to the Board of Directors on the status of discussions concerning the formulation of Inspire 2027, we held many discussions on the ideal state the Hitachi Group should aim for in the future and the business strategies that would make that possible. We also widely discussed and deliberated on risk management pertaining to generative AI, and responses to geopolitical risks in light of recent world affairs.

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.

FY2024 time spent and ratios of explanations and discussions of important topics (results up to January 31, 2025)



Board of Directors meetings and major agendas in FY2024

Meetings		
Meetings held	Average number of agenda items	Average meeting length
<b>9 times</b>	<b>8.2 per meeting</b>	<b>2.9 hours</b> (longest meeting 5.8 hours)
Topics		Main topics discussed
CEO report		Progress of capital policy-related matters, response to investors, etc.
Mid-term management plan		Next mid-term management plan (new management plan, Inspire 2027)
Settlement of accounts		Results, business environment, shareholder returns, etc.
Risk management		Compliance structure and its operating status, Group governance structure, M&A process, AI risk management, enterprise risk management (ERM), monitoring of high-risk cases, etc.
Strategy, etc.		Progress of acquisition deals, research and development, innovation, sustainability, human resources, etc.

- Notes**
- The time spent on Board of Directors meetings is approximately the same as for the previous fiscal year
  - Out of the major topics, the number of times mid-term management plan-related issues appeared on the agenda and the amount of time spent on them increased compared to the previous fiscal year
  - The percentage of questions about Mid-term Management Plan-related issues and strategy increased, and the percentage of questions increased overall

## Activities of the three committees

	Meetings held in FY2024	Major activities
<b>Nominating Committee</b>	9 times	<ul style="list-style-type: none"> <li>• Decided the details of proposals for the election of the CEO and directors</li> <li>• Discussed future CEO successor candidates</li> </ul>
<b>Audit Committee</b>	13 times	<ul style="list-style-type: none"> <li>• Considered matters such as strengthening Hitachi's Tripartite Audit structure, and auditing the development and operational status of an internal control system</li> <li>• Verified the results of financial statement audits and internal control audits based on the accounting auditor's report</li> </ul>
<b>Compensation Committee</b>	8 times	<ul style="list-style-type: none"> <li>• Confirmed and deliberated over the processes and details of performance evaluations and individual target evaluations regarding the assessment of fixed compensation and short-term incentive compensation for executive officers</li> <li>• Reviewed level of CEO compensation (introduced from fiscal 2025 onwards)</li> </ul>

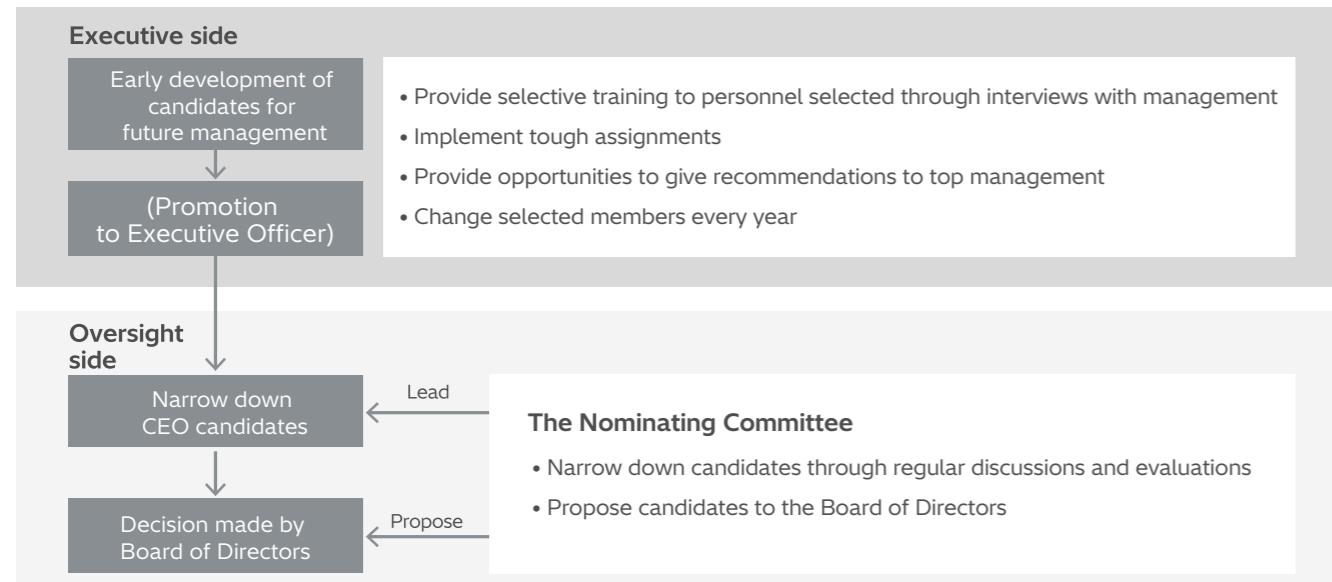
## CEO appointment, dismissal, and succession plan

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.

### The succession planning process



## Analysis and evaluation of the effectiveness of the Board of Directors

Hitachi evaluates the effectiveness of its Board of Directors each year in a continuous effort to maintain and improve its functions.

### FY2024 evaluation process

<b>1. Self-assessment by each Director (February 2025)</b>	<ul style="list-style-type: none"> <li>• Board Role</li> <li>• Board Composition (diversity of the Board, the number and proportion of Independent Directors, etc.)</li> <li>• Board Operation (relation between the Board and Executive Officers, appropriateness of agenda setting, time allocation, meeting frequency, etc.)</li> <li>• Committee Activities (composition, roles, report to the Board, etc.)</li> <li>• Information to the Board (provision of information such as the Board materials and business information, etc.)</li> <li>• Contribution of the Board members themselves (understanding of the business and group identity, utilization of Director's knowledge and experience, teamwork, etc.)</li> <li>• Contribution by the Board (role of Chairperson, contribution to the succession plan of CEO, external PR activities and dialogue with investors, etc.)</li> </ul>
<b>2. Discussions among independent and non-executive directors (March 2025)</b>	<ul style="list-style-type: none"> <li>• Independent and non-executive 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.</li> </ul>
<b>3. Discussions at the Board meeting (April 2025)</b>	<ul style="list-style-type: none"> <li>• 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 the previous year and measures taken for improving its effectiveness.</li> </ul>

### Evaluation results (Overall evaluation in FY2024)

The Board assessed that 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 targeting the medium-/long-term growth of corporate value. The Board, therefore, concluded that the effectiveness of the Board as a whole is maintained.

### Future initiatives

<b>Enhancement of corporate governance and further improvement of the effectiveness of the Board</b>	<b>Enhance the Board support system and improve practical issues in operations</b>
<ul style="list-style-type: none"> <li>• The Board will continue to engage in even more active discussions on management policies and other matters from a medium- to long-term perspective</li> <li>• In addition to discussions at meetings of the Board, a forum will be established for the free exchange of opinions focusing on issues articulated by the CEO, thereby further promoting the sharing of information between the Board and the executive team.</li> <li>• Independent and non-executive directors will share information on the selection of CEO and executive candidates as appropriate and provide further support for the development of said candidates</li> </ul>	<ul style="list-style-type: none"> <li>• Increase opportunities for Directors to further understand the businesses of the Company through briefing sessions to explain businesses, visiting operation sites of the Hitachi Group, and other means</li> <li>• Further improve meeting documents and the content of briefings</li> </ul>
<b>Dialogue with investors</b> • The Board will provide opportunities for engagement with investors to deepen mutual understanding with shareholders through dialogue.	

# Business ethics and compliance

## Doing business ethically, honestly and transparently

Hitachi believes that business ethics and compliance are the foundation of the company, and fosters 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’s 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

Hitachi has established the Hitachi Group Code of Ethics and Business Conduct (the “Code”), which applies to the entire Group. All employees (including temporary and part-time workers) 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, anti-bribery and anti-corruption, 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 and reported the changes to the members of the Audit Committee, which consists solely of non-executive directors of the Board. The compliance division regularly reviews and updates the Code to clearly demonstrate our commitment to a higher ethical standard and to ensure continued effectiveness in light of legislative and regulatory updates.

## Ethics and compliance structure

Under the leadership of the Chief Compliance

Officer (CCO), Hitachi conducts the One Hitachi Compliance Program to strengthen business ethics and compliance throughout the Group.

The CCO reports important compliance matters including corruption issues regularly to the Senior Executive Committee, and the members of the Audit Committee which consists solely of non-executive directors of the Board. The advice and counsel received by the CCO is incorporated in the planning and operation of Compliance Operations and the CCO reports back on previous instructions. For example, creation of a compliance-specific audit team was advised by the members of the Audit Committee in fiscal 2023. The compliance division created the recommended team and reports back on compliance audits conducted on a regular schedule.

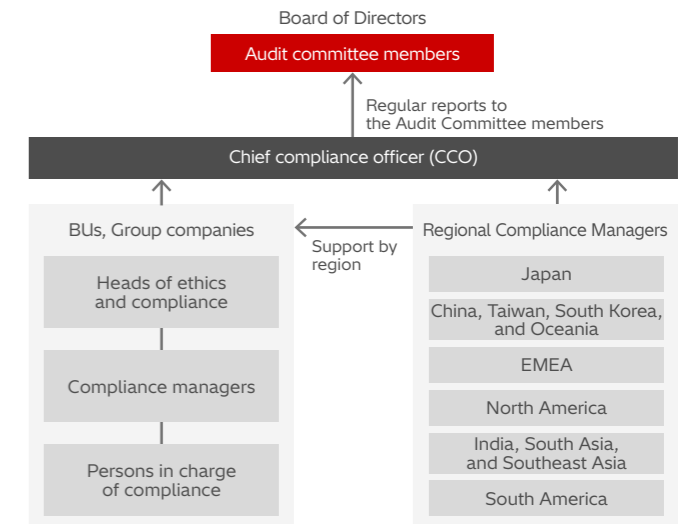
In addition, we established Regional Compliance Managers in Japan, China, Taiwan, South Korea, Oceania, Europe, the Middle East and Africa (EMEA), North America, India, South Asia, and Southeast Asia, and South America to support regional business units (BUs), group companies, and other entities to meet 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 the 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.’s compliance division 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 to provide additional resources to support fulfillment of their respective roles.

### Ethics and compliance structure



## Global target for ethics and compliance

### PLEDGES

Hitachi encourages employees to apply high ethical standards in their day-to-day work as we improve our ethical culture.

During the period of the Mid-term Management Plan 2024, 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. We surpassed our first year target score of at least 60 (out of 100) with a score of 76.5, and improved to 79.8 in fiscal 2024.

Target	FY2023	FY2024
Achieve a score of at least 60 (out of 100) in FY2023, the first year of results from Ethical Culture and Compliance Perceptions Assessment, improving it every year	76.5	79.8

In the management plan, Inspire 2027, we have set a new target of achieving a score of 85 by fiscal 2027. By implementing measures to address areas such as the trust in the whistleblowing system and the frequency of communication with supervisors, we aim to continuously improve our score.

### Initiatives to deter non-compliance

Hitachi implements initiatives to deter non-compliance such as conducting training on business ethics and compliance, implementing compliance specific audits, conducting due diligence of third parties, strengthening a speak-up culture, and enhancing the Global Compliance Hotline (whistleblowing system) with a clear commitment to non-retaliation against whistleblowers.

### 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. After completing the training, participants pledge to comply with the Hitachi Group Code of Ethics and Business Conduct.

Our fiscal 2024 training course covered business ethics, anti-bribery and anti-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. Training was completed by a total of 291,849 employees Group-wide (including temporary and part-time workers), which corresponds to a participation rate of 94.6%. This reflects only the courses completed during the training period beginning in October, which is Hitachi Group Ethics & Compliance Month. The compliance division, together with Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others from Hitachi Group BUs and the Group companies, ensures that all employees complete the business ethics and compliance training every year. Although participation rate of 94.6% only includes completions during the training period, training is continuously available and all employees are encouraged 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 to complete training, to identify areas of risk or the need for additional training.

Training is also provided for employees new to

Hitachi, and additional compliance training is conducted for newly-appointed managers to ensure a complete understanding of the Hitachi Group Code of Ethics and Business Conduct.

Furthermore, training for senior management was conducted by the Chief Compliance Officer (CCO) and external counsel through the Executive Ethics and Compliance Briefing in fiscal 2024. The briefing covered several key topics, such as fostering a culture of ethical behavior, addressing compliance challenges, and reviewing industry best practices and benchmarks, and the implications of key regulatory changes.

### Ethics and compliance audits and risk assessments

Hitachi, Ltd.'s Internal Auditing Office conducts internal audits, including anti-bribery, anti-corruption, and competition law compliance, of all BUs and the Group companies every four years. In addition, internal audits are carried out by the audit or compliance department of each BU and the Group company.

Additionally, in fiscal 2024, as part of our risk assessment efforts, Hitachi, Ltd.'s compliance division established a Compliance Audit Team. This team has launched Compliance-Specific Audits, including anti-bribery, anti-corruption, and competition law compliance, targeting the Group companies identified as relatively high-risk. In fiscal 2024, Compliance-Specific Audits were conducted at four Group companies, and in fiscal 2025, eight companies will be audited.

Furthermore, the compliance division is promoting the early identification of compliance risks and the

streamlining and acceleration of response efforts by implementing a newly developed self-verification tool. This tool enables the collection and analysis of data related to compliance risks at each business unit and the Group company.

At the regional levels, each of the Regional Compliance Managers continues to strengthen cooperation with the Group companies in their respective regions, establishes a framework to conduct risk assessments and support each company in identifying risks and implementing appropriate measures.

### Due diligence on third parties

Hitachi conducts due diligence on the compliance aspects of its business partners in accordance with Hitachi Group Business Partner Compliance Due Diligence Policy.

Specifically, we have implemented an internal reputational due diligence program including the introduction of a third-party management system to identify reputational risks. Such reputational risks include direct or indirect involvement in bribery, corruption, human rights or labor rights violations, money laundering, environmental crimes, violations of competition law or international trade restrictions, such as sanctions and import/export controls, 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 we have assigned 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.

In March 2024, we published Hitachi’s Expectations of Business Partners, which 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

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 for the early detection and prevention of breaches of ethical and regulatory expectations.

When an employee discovers an actual 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 them to consult with or report the matter to their leaders, the relevant department (Human Resources, Compliance and Legal), or the Hitachi Global Compliance Hotline.

Annually, during the “Hitachi Group Ethics & Compliance Month,” messages were delivered by the President & CEO as well as other Hitachi leaders, emphasizing to all Hitachi Group employees the importance of speaking up. In 2025, we will distribute 1on1 video interviews, conducted by the CCO with Hitachi leaders to discuss their previous personal compliance challenges to encourage employees to discuss how they handle their compliance challenges.

### World’s Most Ethical Companies®

Hitachi, Ltd. has been recognized as one of the 2025 World’s Most Ethical Companies® by Ethisphere, a U.S. research institute specializing in global corporate ethics. This prestigious award recognizes companies that demonstrate excellence in business ethics through an evaluation of over 240 proof points on practices that support robust ethics and compliance, governance, a culture of ethics, environmental and social impact, and initiatives that support the value chain.



The “World’s Most Ethical Companies” and “Ethisphere” names and marks are registered trademarks of Ethisphere LLC.

### Strengthening compliance practices across industries

In fiscal 2024, the compliance division was honored to host the second annual roundtable for compliance professionals from 17 global companies based in Japan. The forum fosters collaboration, knowledge sharing, and strategic discussions to strengthen compliance practices across industries.

## Hitachi Global Compliance Hotline (Whistleblower System)

The Hitachi Global Compliance Hotline is a reporting channel whistleblowing 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 where necessary to conduct an investigation. Consultation and reporting are available, by toll-free calls or online, for all matters involving violations of laws and regulations, the Hitachi Group Code of Ethics and Business Conduct, violations of human rights including harassment and other misconduct.

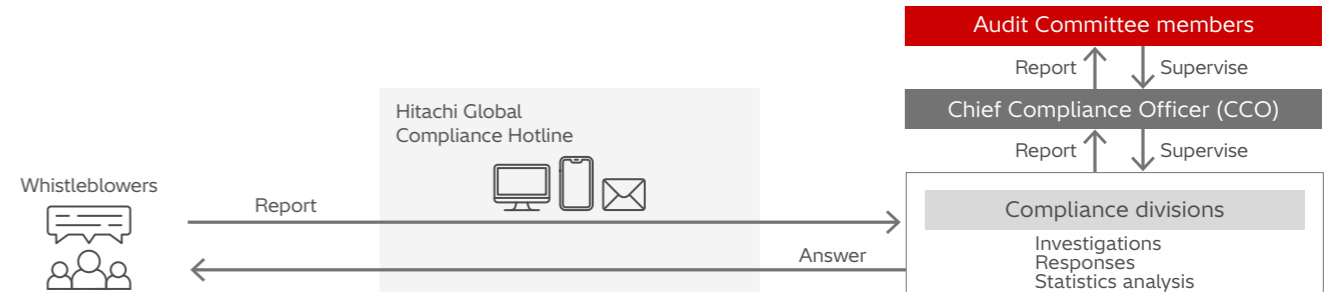
Phone numbers for the Hitachi Global Compliance Hotline are available for employees and other stakeholders to speak to a representative in their native language. The phone lines are staffed by specially trained third-party representatives, with translators in approximately 50 languages. Web-

based reporting is also available. We store data supplied in a report on secure servers maintained by the third party that administers the hotline.

To address and resolve contacts with the Hitachi Global Compliance Hotline efficiently, we assign inquiries to investigators based on area of expertise. After a confidential review of the concern, the investigator determines whether the report requires 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 or termination.

The Chief Compliance Officer reports to, and receives necessary instructions from, the 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 2024, we received 1,974 reports from across the Group. We also concluded the processing of 1,748 reports (including reports that occurred in previous years) during

### Reporting and monitoring structure



Details of fiscal 2024 consultations and reports

Categories		HR Issues (Labor Management, Travel Expenses, Commuting Costs, etc.)	Harassment	Financial	Procurement	Competition Law	Bribery	Other	Total
Areas where whistleblowing cases occurred	Americas	89	213	26	5	3	8	135	479
	Europe	37	119	19	6	0	6	109	296
	Middle East and North Africa	6	17	10	1	0	1	20	55
	Sub-Sahara	1	1	0	0	0	1	6	9
	APAC (excluding Japan)	56	111	17	3	6	18	177	388
	Japan	98	404	16	6	2	1	220	747
	<b>Total</b>	<b>287</b>	<b>865</b>	<b>88</b>	<b>21</b>	<b>11</b>	<b>35</b>	<b>667</b>	<b>1,974</b>

fiscal 2024 where compliance-related issues were confirmed in 517 cases.

- [Hitachi Global Compliance Hotline](#)
- [Grievance mechanisms for human rights](#)

## Anti-bribery and anti-corruption

Hitachi has made it clear that it 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).

To assist in making decisions and taking actions, 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.

In fiscal 2024, we established the Hitachi Group Business Partner Due Diligence Policy covering business partner screening procedures, and the “Hitachi Group Conflicts of Interest Policy” covering definition, identification and management guidelines for conflicts of interest.

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 third parties. Hitachi policies also prohibit facilitation payments.

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 covered 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 the Group-wide educational materials on anti-bribery and anti-corruption on the intranet for use by all Group companies.

In conjunction with the United Nations’ International Anti-Corruption Day on December 9, we posted an article on the Hitachi Group employee news website, calling on employees to refamiliarize themselves with the Hitachi Group Code of Ethics and Business Conduct and Hitachi Group Anti-Bribery and Anti-Corruption Policy to 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 the 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

Hitachi engages in business in accordance with the law and business ethics, and we practice fair and open competition. We have also established the Hitachi Group Code of Ethics and Business Conduct and 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. Through this training, 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

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

Hitachi's basic 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 the 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

To respond to tax risks associated with the globalization of our business, including tax audits 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, follow the spirit of the 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\*<sup>1</sup>, as well as that body's Action Plan on Base Erosion and Profit Shifting (BEPS)\*<sup>2</sup>.

2. Group companies effectively, continually, and proactively manage tax-related issues in a manner befitting their status as socially responsible organizations, maintaining Hitachi's 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 the Group companies, seeking to identify and mitigate potential tax 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 the Group companies are located.

We paid 304.6 billion yen\*<sup>1</sup> in income taxes for the fiscal year ended March 31, 2025 (Japan: 57%, Overseas: 43%\*<sup>2</sup>).

\*1 Refers to income taxes paid in the consolidated statements of cash flows

\*2 Based on the percentage in the country-by-country report submitted to tax authorities

### Stakeholder collaboration and engagement

Hitachi continues efforts to build relationships of trust through sincere responses to tax authorities and to reduce tax risks through researching appropriate tax treatment in consultation with external tax advisors. We also collaborate with the business community through industry associations to lobby for viable tax reform that contributes to the stronger international competitiveness of Japanese companies.

## Violation of laws and regulations

In fiscal 2024, Hitachi recorded no incidents in which Hitachi was prosecuted or penalized by authorities for bribery, corrupt practices, competition laws or export controls. Regarding tax compliance, Hitachi acts in accordance with all applicable laws and regulations, and did not record any significant fines or nonmonetary sanctions for noncompliance with tax laws and regulations.

# Risk management

## Risk management approach

Hitachi’s business activities have been transformed through innovations in digital technologies such as generative AI and the advancement of globalization, among other events, and the types of risks that may have a significant impact on management have also diversified. Since individual risks interact with each other and can affect business activities in a complex chain reaction, they must be viewed from multiple perspectives, such as their nature, likelihood of occurrence, and impact on Hitachi if they do occur. In addition, for Hitachi to enhance the corporate value over the medium to long term, it needs not only to grasp risks as threats but also to see their positive opportunities to implement risk management and creating profit-earning opportunities. From this perspective, Hitachi has established the following risk management system and risk management process to manage risks in a Group-wide manner.

## Risk management system

In accordance with internal policy for Group-wide risk management, Hitachi has established a system for identifying and sharing information on Group-wide risks and addressing risks of high importance on a priority basis. The Chief Risk Management Officer (CRMO), who identifies major risks across the Group and reports them to the Senior Executive Committee and the Board of Directors. Hitachi’s risk management system is classified and organized into three lines (the “Three-Line Model”). The functions and roles of each of the three lines are as follows.

The first line, Sector and Business Unit (BU), appoints sector Risk Management Officers (Sector RMOs) and Business Unit Risk Management Officers (BU RMOs). They organize risk management of the sector/BU that they are in charge of and report the status of risk management to the CRMO.

The second line, functional organization Group Corporate, works with the CRMO to provide advice and monitoring and other support for risk management in the first line.

The third line, the Internal Auditing Office, verifies and evaluates risk management in a position that is independent of the first and second lines.

In addition to the above, a Region RMO is also appointed in six major regions including Japan and provides advice on risk management to the first line from a regional perspective.

## Risk management initiatives

### PLEDGES

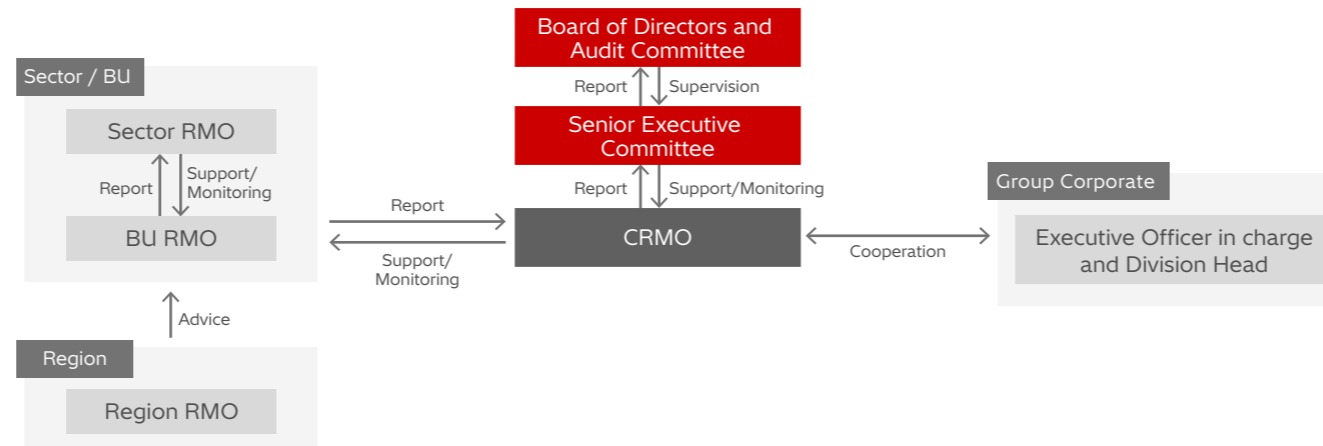
Hitachi refers to international risk management frameworks such as COSO-ERM and ISO 31000 to identify key risks for the Hitachi Group and formulate response strategies, as well as to update these in alignment with changes in internal and external business environments.

To ensure comprehensive and efficient risk management throughout the Group, we have established group risk items, risk assessment methods, etc. in the internal regulations for Group-wide risk management. Risks are assessed by evaluating the impact\*1 and likelihood of occurrence\*2 for each risk item and by creating the risk heat map.

In the assessment, sector/BU identifies risks related to its business activities and assesses the impact and likelihood of occurrence (bottom-up approach). The members of the Senior Executive Committee etc make adjustments for the risks identified and assessed by the bottom-up approach, as well as their impact and likelihood of occurrence, from the perspective of the Group as a whole and the risk as a whole (top-down approach).

Through the above process, Hitachi’s countermeasures against risks are considered from the perspective of avoidance, mitigation, transfer, acceptance, etc. of risks that were identified and assessed. The effectiveness of measures taken to address risks is monitored on a regular basis, and additional countermeasures and remedial measures are implemented as necessary.

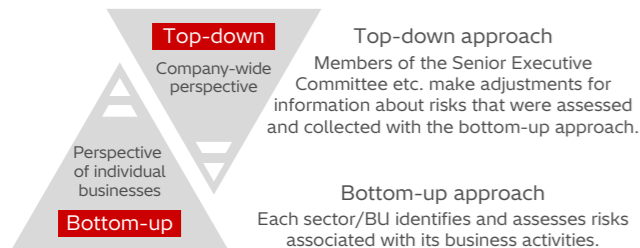
### Group risk management system



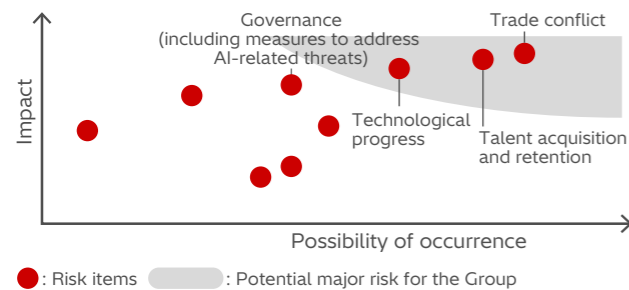
By enhancing the effectiveness of the risk management process through educational programs that deepen understanding of risk management, encourage changes in behaviors, and strengthen organizational talent capabilities, Hitachi is fostering a risk culture and a sense of ownership across the entire Hitachi Group.

\*1 The impact is evaluated based on finance, employees, customers/business partners, laws and regulations, and other factors and from the perspective of stakeholders  
 \*2 Likelihood of occurrence is evaluated in light of the actual occurrence in the past and the estimated probability of future occurrences

**Risk evaluation process**



**Risk heat map**



●: Risk items    ◐: Potential major risk for the Group

**AI governance-related initiatives**

**PLEDGES**

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.

Hitachi published the principles guiding the ethical use of AI and established an AI Ethics Committee as an organization to handle AI, promoting the establishment of AI governance mechanisms in order to manage risks from the perspective of AI ethics. Hitachi developed guidelines governing the internal use of generative AI and has been expanding the guidelines to also cover the provision of external services. In August 2024, Hitachi launched the AI Supervisory Committee, chaired by the CLO (Chief Legal Officer), to oversee AI Ethics Committees across sectors and BUs, and this works to enhance global AI governance.

Hitachi has also set up the AI Advisory Board comprising external experts to foster discussions on appropriate AI governance.

Hitachi Group’s new management plan, Inspire 2027, aims to provide long-term value through the development and utilization of human-centric AI. To this end, the company will enhance risk management in the application of AI to products, services, and systems centered around the AI Supervisory Committee.

[Principles guiding the ethical use of AI in Social Innovation Business](#)

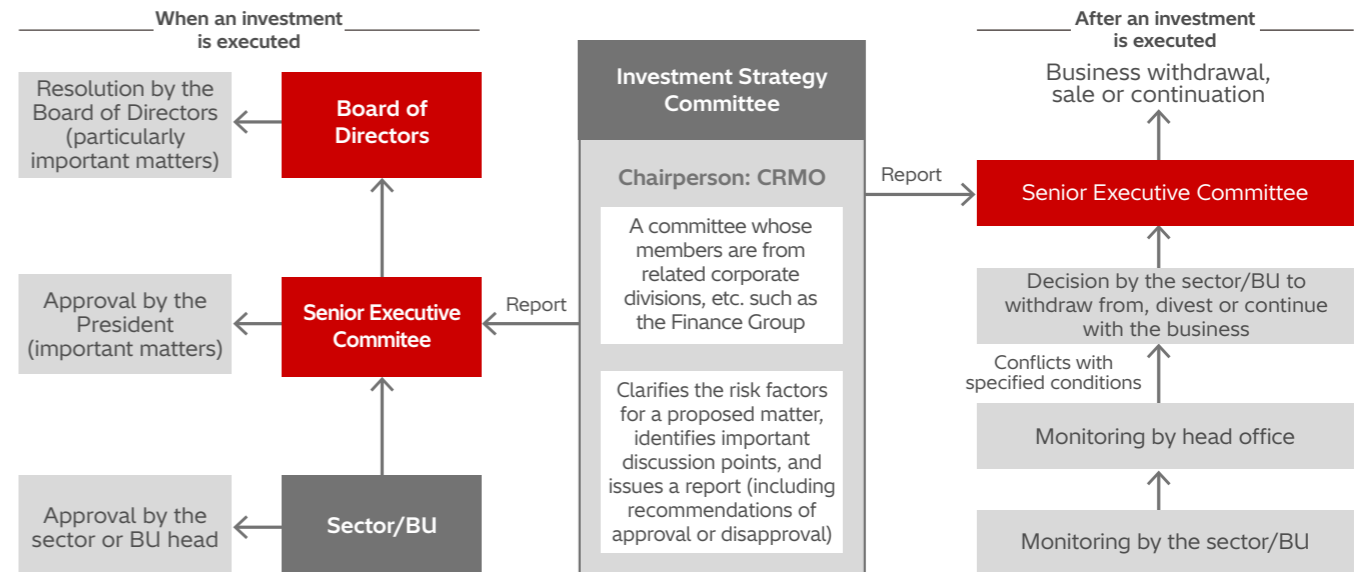
[Hitachi’s Activities for the Ethical Use of AI in Its Social Innovation Business](#)

**Efforts against investment risks**

Hitachi has a framework of decision-making in different phases of investment to facilitate an appropriate response to risks while securing growth opportunities. The framework for delegation of authority uses a three-layer deliberation structure—the Board of Directors, the Senior Executive Committee, and sectors or business units—in accordance with the size and details of the risk to ensure rapid and appropriate decision-making at the time of their executing the investment. In order to effectively conduct deliberations at the Senior Executive Committee, the Investment Strategy Committee has been established as an advisory body. The committee comprises members from corporate divisions, etc. 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 submits a report to the Senior Executive Committee. After an investment is executed, we periodically monitor the status of the project. If the project fails to proceed as expected, we have in place systems to decide whether to continue, which might include discontinuance of a project, aimed at enhancing our capital efficiency. In response to changes in the global economy, digital technology, geopolitics, customers, and other components of the business environment surrounding Hitachi (risks and opportunities), we continue to enhance the criteria for investment, PMI, and monitoring systems to achieve the medium- and long-term management plans.

**Framework of decision-making**



## Quantitative understanding of risks

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 delivery time contracts have been quantified. We avoid missing out on growth opportunities by visualizing the capacity for growth investment, etc., considering consolidated net assets and other factors. We also conduct 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.

## Business continuity initiatives

Given the close relationship of our business to social infrastructure, Hitachi continues to strengthen business continuity plans (BCPs) and business continuity management (BCM) to ensure that the impact of risks does not disrupt our business and thereby significantly affect society.

At Hitachi, each business division at each company prepares for large-scale earthquakes, typhoons and flooding disasters, and pandemics (epidemics) by formulating Business Continuity Plans (BCPs) based on the Hitachi Group Guidelines for Developing Business Continuity Plans, created in three languages (Japanese, English and Chinese.)

Specifically, Hitachi, Ltd. and domestic Group companies implement earthquake preparedness simulation drills to effectively execute BCPs established by each business division and continuously improve them as needed. In fiscal 2024, Hitachi, Ltd. reviewed its initial response measures for a major earthquake in the Tokyo metropolitan area and also clarified response standards during natural disasters both domestically and internationally.

In addition to the above, please refer to the following for risks related to business operations and other relevant information.

- 📄 [Annual Securities Report \(the 156th business term\) page 44 \(Risk Factor\)](#)
- 📄 [Areas of business risks/opportunities and social impacts](#)
- 📄 [Business ethics and compliance](#)
- 📄 [Information security](#)
- 📄 [Climate-related financial information disclosure \(based on TCFD recommendations\)](#)

### Results of drill simulating earthquake measures at headquarters

<b>FY2022</b>	Conducted training for remote workers, assuming that disaster-response staff living in areas subject to JMA Seismic intensity 7 are not able to participate in the disaster-response activity in person, simulating an earthquake occurring directly under the Tokyo metropolitan area during daylight on a weekday
<b>FY2023</b>	Added a drill in which disaster-response staffs contact each other 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 in which networks have been temporarily disrupted
<b>FY2024</b>	With the assumption of an earthquake occurring in the Tokyo metropolitan area during daylight hours on a weekday, reconfirmed the initial response steps starting from ensuring the safety of disaster-response staffs, confirming their status, and gathering at the headquarters meeting room

# Information security

## Approach to information security

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 system shutdowns caused by cyberattacks that are becoming more advanced and sophisticated by the day, impeding business continuity. To minimize these risks, risk management related to information security has become one of the most crucial issues 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](#)

## Information security policy

Hitachi has established policies on information security and personal information protection, and set various rules and the promotion structure based on these policies. Hitachi fosters information security and personal information protection management through these 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.

### Hitachi Group Information Security Policy

1. Formulation and continuous improvement of information security control rules
2. Protection of information assets and their continuous control
3. Adherence to laws, regulations and other norms
4. Education and training
5. Prevention of accidents and action in the case of their occurrence
6. Securing proper operation in corporate group

## Data privacy policy

Hitachi has established the Personal Information Protection Policy, which is announced to all executive officers and employees, and is also widely disclosed to the public via our website. The policy clearly specifies the types of data collected, how data retention is handled, and under what circumstances data may be disclosed. It also includes provisions regarding updates to the policy.

When acquiring personal information from customers or others in the course of business activities, we

notify them with a document detailing the person responsible for managing personal information, the purposes for which the information will be used, and the handling of personal information when provided to third parties or contractors. In cases where personal information is obtained directly in writing, we acquire the individual’s consent prior to collecting the information as a general rule.

Across the entire Group, the Hitachi Group Privacy Principles, which refer to the OECD Privacy Guidelines, establish the principles and code of conduct for the handling of personal data and privacy protection that all Group executives and employees are required to comply with.

Hitachi has established internal regulations that apply when contracting the handling of personal information and implements screening and supervision of contractors. When contracting business operations, Hitachi screens its contractors so that only those whose standard of personal information protection equals or exceeds that of Hitachi are selected. The contracts Hitachi signs with its contractors incorporate strict provisions regarding personal information management. These provisions might include the need to establish a management framework and a ban in principle on further contracting. As part of its approach to managing and supervising contractors, Hitachi also conducts regular assessments of its contractors and reminds them of their obligations. In addition, the Hitachi Group Sustainable Procurement Guidelines which covers points that we require compliance by procurement partners, specifies prevention of personal and confidential information leakage.

[About Personal Information Protection of Hitachi, Ltd. \(Privacy Policy and Summary\)](#)

[About Personal Information Protection of Hitachi, Ltd.](#)

[Hitachi Group Sustainable Procurement Guidelines](#)

## Structure for advancing information security

The Chief Digital & Security Officer (CD & SO) has overall responsibility and authority for implementing and operating information security and personal information protection, and oversees these functions for all Hitachi products, services, and internal facilities. Chaired by the CD & SO, the Information Security Committee determines all policies for information security and personal information protection. These policies are announced to all business units (BUs), business sites, and the Group companies through channels such as the Information Security Promotion Meeting. The policies and measures regarding information security and personal information protection, deliberated and decided by the Information Security Committee, are, as part of the risk management framework recognizing it as one of the enterprise risks, regularly reported by the CD&SO to the management meeting and to the audit committee members of the Board of Directors.

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 and personal information protection 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.

The Group companies also implement information security frameworks, promoting the Group-wide information security through mutual cooperation. In order to strengthen its global management, Hitachi has established information security divisions and personal information protection support functions directly under headquarters in the Americas, Europe, Asia, India, and China, providing support to the Group companies in each region. 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.

## Global target for information security

### PLEDGES

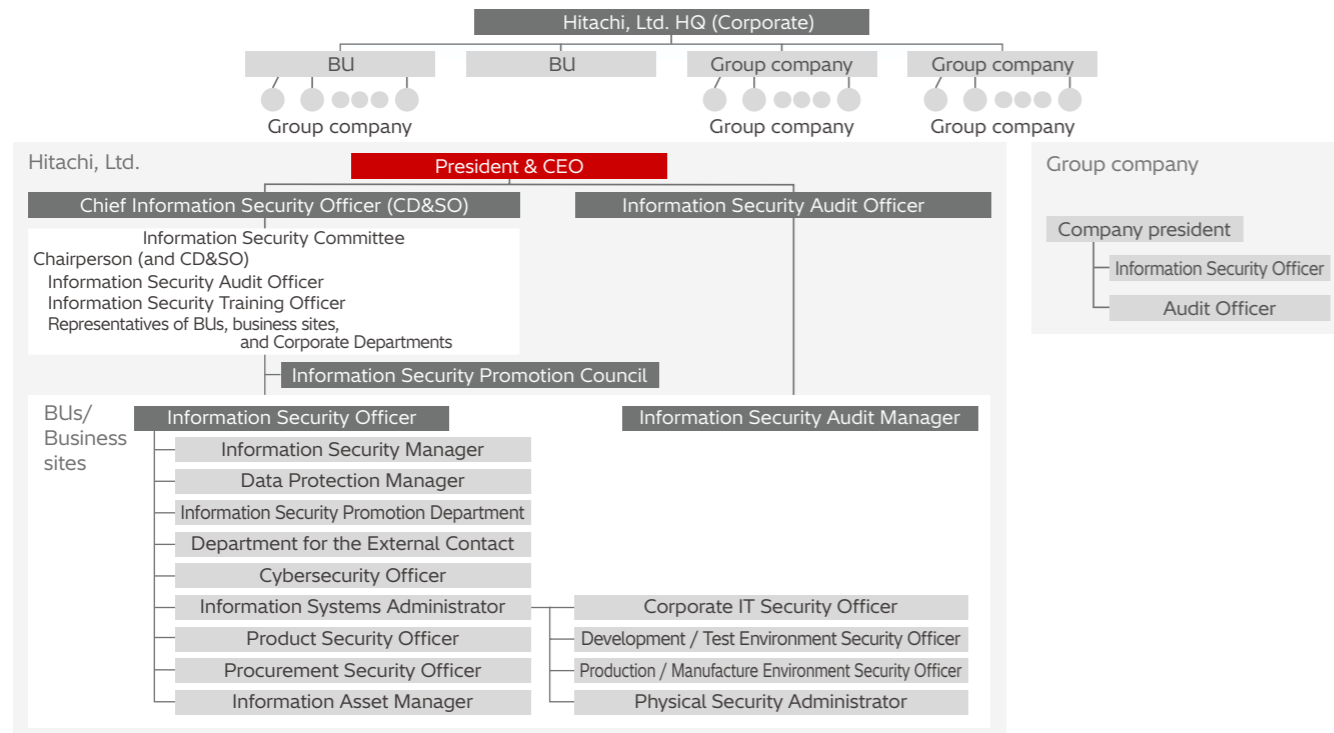
Hitachi has established KPI and target related to

information security in its management plan, Inspire 2027. In light of global trends surrounding security and related regulations, we have set “Ensuring and enhancing Hitachi Group Information Security” as a key target. The information security division conducts self-assessments by annually monitoring the cybersecurity score which is based on guidelines such as the Ministry of Economy, Trade and Industry’s Cybersecurity Management Guidelines, to verify whether appropriate security measures are being effectively implemented. Measures will be executed based on the results of the assessment.

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 security education materials to procurement partners, and we ask procurement partners to check and remove business information from personally owned devices.

### Structure for advancing information security



## Information security management

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 SP800-53/ 171. The information security rules and the personal information protection rules including Information Security Standards have disseminated globally by Hitachi, Ltd. and the Group companies’ headquarters.

At Hitachi, Ltd., when an information security incident, including the leakage of personal information, occurs, we follow established emergency response procedures. These procedures outline immediate actions such as internal and external reporting, prompt containment measures, and identifying the affected information assets. They also cover early-stage responses like investigating the cause, addressing complaints, and setting up communication channels to notify the individuals involved. Additionally, the process for informing relevant authorities and affected parties is clearly defined.

### Prevention of leakage of confidential and personal information

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 confidential and personal information leaks. In response to the proliferation of targeted e-mail attacks and other cyberattacks, we not only participate in an initiative to share

### Training and awareness on information security and data privacy

Hitachi holds annual e-learning programs on information security and personal information protection for all executive officers and employees. E-learning on information security and personal information protection is mandatory at Hitachi. In fiscal 2024, the completion rate at Hitachi, Ltd. reached 100%, excluding those unable to participate due to reasons such as leave of absence. Besides, Hitachi, Ltd. offers a variety of training programs tailored to different target groups and objectives, including classroom sessions for new employees,

newly appointed managers, and information security officers, to provide education on information security and personal information protection. Hitachi, Ltd. shares its training content within the Group and is actively engaged in information security and personal data protection training throughout the entire Group.

Hitachi also implements simulation training to educate employees about phishing attacks and other cyberattacks. Employees receive deceptive emails as phishing simulations to heighten their awareness of security through direct experience.

In addition, the Group regularly holds seminars for employees on information security and personal information protection and actively promotes awareness-raising efforts by providing related information clearly through the intranet.

### Evaluation and monitoring of information security management and data privacy

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 its information security measures through regular audits conducted by the audit departments, Group-wide inspections, and regular on-site assessments carried out by a team of in-house security specialists.

In terms of data protection, the information security risk management division of Hitachi, Ltd. conducts

annual monitoring to ensure that the Hitachi Group companies in Japan and overseas have established and are operating internal regulations in accordance with the Hitachi Group Privacy Principles. This monitoring confirms each company's status of implementation.

All divisions of Hitachi, Ltd. and the Group companies in Japan conduct annual internal audits of information security and personal information protection. Internal audits at Hitachi, Ltd. are conducted independently by auditors appointed by the President & CEO. Auditors are not permitted 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 the 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

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 to measures

for internal IT environments to be used for office automation. 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 the Group companies to conduct regular status assessments of these measures and perform corrective actions. As Group-wide 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 the 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

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 its vision for personal information protection, which is to provide safety and trustworthiness, and to value individual rights.

### Personal information protection

Hitachi, Ltd. has 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. Personal information is never provided to third parties without prior consent. When prior consent is obtained, Hitachi requires the third-party recipients of the data to comply with Hitachi's personal information handling rules.

### PrivacyMark certification

Hitachi, Ltd. has obtained PrivacyMark\*<sup>1</sup> 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 2025.

\*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 been implementing the Hitachi Privacy Impact Assessment (PIA) system, conducting privacy impact assessments for operations involving the handling of personal data, and thereby taking measures to prevent privacy-related issues. From fiscal 2024, the system is being gradually introduced in Hitachi's domestic Group companies.

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 2024, there were six 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.

## Third-party evaluations and certifications

Hitachi is fostering the acquisition of third-party evaluations and certifications for information security management. Hitachi has obtained ISMS certification based on the ISO/IEC 27001 international standard for information security management systems, including cybersecurity, from the Information Security Management Systems Accreditation Center (ISMS-AC). Seven divisions of Hitachi, Ltd. and 26 divisions across 18 Group companies in Japan\*<sup>1</sup> have acquired this certification. These certifications are regularly maintained and updated through audits conducted by external evaluation organizations.

\*1 As of the end of July 2025

# ESG Data



## In this section

129 Environmental data

138 Social data

147 Governance data

# Environmental data

## Environmental action plan

- 2024 Environmental Action Plan (fiscal 2022-2024)
- 2027 Environmental Action Plan (fiscal 2025-2027)

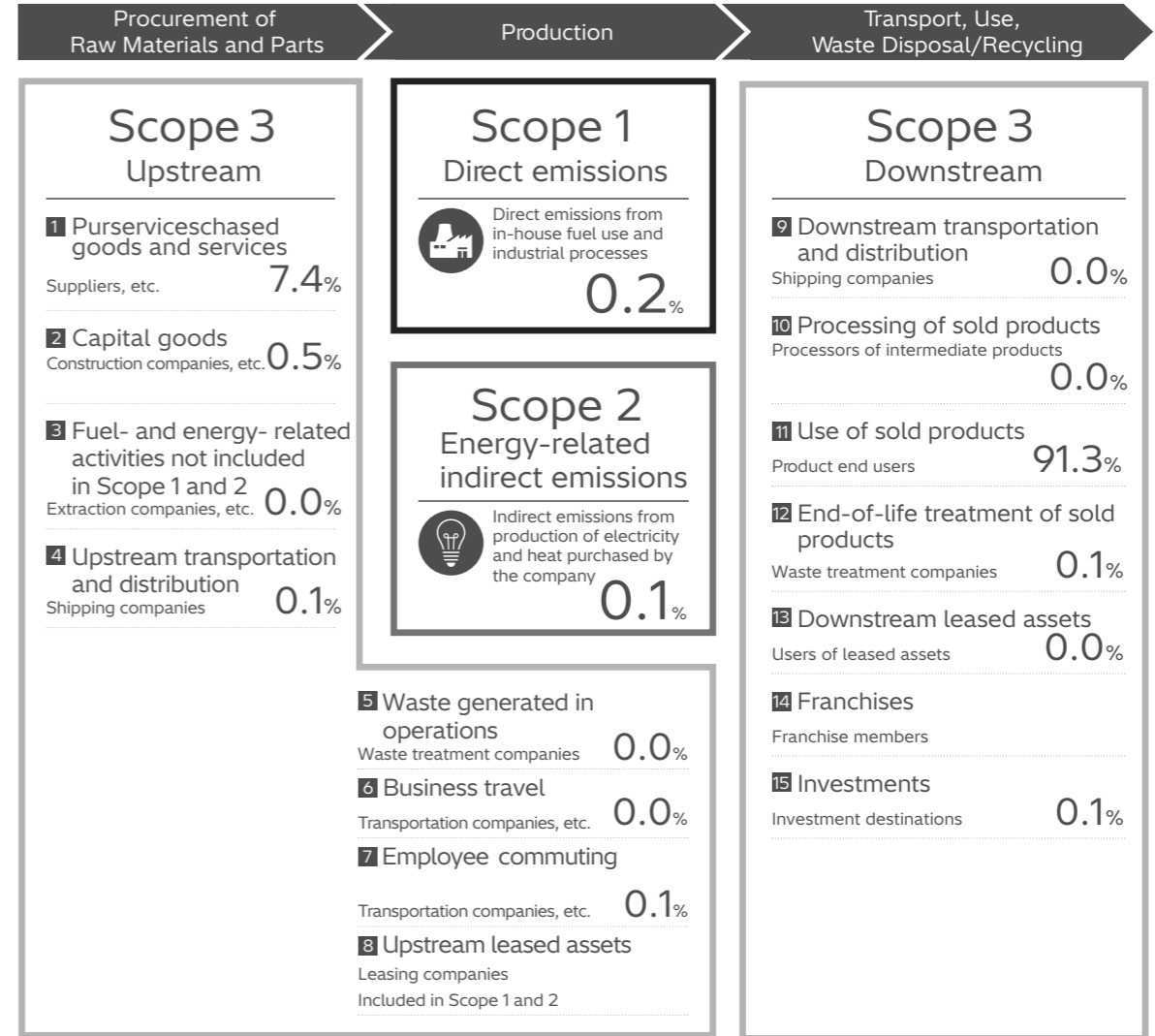
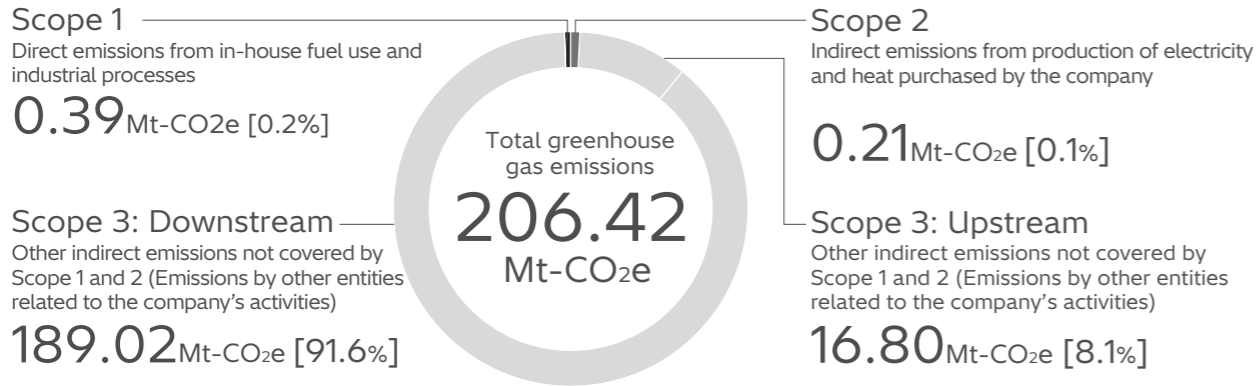
## GHG emissions throughout the value chain

### Calculating GHG emissions throughout the value chain (Fiscal 2024)

Hitachi calculates GHG emissions throughout the value chain by referencing GHG Protocol standards. This gives us a good grasp of where and how much emissions occur in our value chain, with which we can establish effective targets and implement reduction measures. Most of the greenhouse gases emitted by Hitachi as a whole are

energy-related CO<sub>2</sub>. 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 2024)

Category	Description	Reporting boundary	Emissions (Mt-CO <sub>2</sub> e)	Percentage (%)
<b>Total Scope 1, 2, and 3</b>		Hitachi Group	206.42	100.0
<b>Total Scope 1 and 2*1</b>		Hitachi Group	0.60	0.3
<b>Scope 1*2</b>				
<b>Direct emissions*1</b>	Direct emissions from in-house fuel use and industrial processes (aggregate of all manufacturing sites and non-manufacturing sites for category A and B)	Hitachi Group	0.39	0.2
<b>Of which, category A</b>	Direct emissions from in-house fuel use and industrial processes (aggregated for category A only)		0.28	—
<b>Scope 2*3</b>				
<b>Energy-related indirect emissions*1</b>	Indirect emissions from production of electricity and heat purchased by the company (aggregate of all manufacturing sites and non-manufacturing sites for category A and B)	Hitachi Group	0.21	0.1
<b>Of which, category A</b>	Indirect emissions from production of electricity and heat purchased by the company (aggregated for category A only)		0.13	—
<b>Scope 3 Total</b>		Hitachi Group	205.82	99.7
<b>Scope 3 Upstream (other Indirect Emissions)</b>				
<b>1 Purchased goods and services</b>	Emissions from the resource extraction stage to the manufacturing stage, including raw materials, parts, supplied products, and sales		15.37	7.4
<b>2 Capital goods</b>	Emissions generated in the construction, manufacture, and shipping of the company's own capital goods, such as equipment, devices, buildings, facilities, and vehicles		1.10	0.5
<b>3 Fuel- and energy- related activities not included in Scope 1 and 2</b>	Emissions from procuring the fuel necessary for electricity and other energy production, including resource extraction, production, and shipping		0.05	0.0
<b>4 Upstream transportation and distribution</b>	Emissions from the distribution of raw materials, parts, products supplied, and sales prior to the delivery of materials to the company, as well as other distribution activities of products for which the company bears the expense	Hitachi Group	0.11	0.1
<b>5 Waste generated in operations</b>	Emissions from the transportation, disposal, and treatment of waste generated from the company's operations		0.02	0.0
<b>6 Business travel</b>	Emissions generated from the fuel and electricity used by employees for business travel		0.04	0.0
<b>7 Employee commuting</b>	Emissions generated from the fuel and electricity used by employees commuting		0.11	0.1
<b>8 Upstream leased assets</b>	Emissions from the operation of assets leased by the company, excluding those counted in Scope 1 and 2		Included in Scope 1 and 2	—
<b>Scope 3: Downstream (other indirect emissions)</b>				
<b>9 Downstream transportation and distribution</b>	Emissions from the transportation, storage, loading and unloading, and retail sales of products		0.05	0.0
<b>10 Processing of sold products</b>	Emissions by downstream companies during the processing of intermediate products		0.03	0.0
<b>11 Use of sold products*4</b>	Emissions from the use of products by end users, such as consumers and businesses		188.55	91.3
<b>12 End-of-life treatment of sold products sold</b>	Emissions from the transportation, waste disposal, and treatment of products by end users, such as consumers and businesses	Hitachi Group	0.23	0.1
<b>13 Downstream leased assets</b>	Emissions from the operating of assets owned by the reporting company as the lessor, which are leased to other entities		0.02	0.0
<b>14 Franchises</b>	Emissions by franchises under Scope 1 and 2		N/A	—
<b>15 Investments</b>	Emissions related to the management of investments		0.14	0.1

Note: GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials

\*1 Aggregated according to Hitachi's internal categories; all manufacturing sites and non-manufacturing sites for category A and B. 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 SF<sub>6</sub>, PFC, HFC, N<sub>2</sub>O, NF<sub>3</sub>, CH<sub>4</sub>, and C<sub>4</sub>-FN. 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. The gas conversion factors not specified in the list are based on the values stipulated by Hitachi on technical literature

\*3 CO<sub>2</sub> emissions from electricity consumption is calculated using a market-based calculation method. CO<sub>2</sub> 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 Emissions are calculated based on the annual energy consumption of each final product manufactured by Hitachi, multiplied by the number of units sold, the product's lifetime, and the CO<sub>2</sub> emission factor. GHG emissions from SF<sub>6</sub> leakage are also included in the calculations for certain products, such as transformers and switchgear. CO<sub>2</sub> emission factors are based on IEA country-specific emission factors (mainly 2022 version)

## Environmental load from operations

### Energy inputs and GHG emissions during business operations

#### Energy inputs

			Reporting boundary	Unit	FY2020	FY2021	FY2022*1	FY2023*2	FY2024
Energy inputs			Hitachi Group	GWh	9,674	9,957	5,387	3,353	<b>3,178</b>
Renewable energy	Electricity	Total	Hitachi Group	GWh	138	193	706	769	<b>863</b>
		(Self-generated amount)	Hitachi Group	GWh	22	34	25	29	<b>41</b>
		(Purchases: Includes non-fossil certificates)	Hitachi Group	GWh	116.0	159	681	741	<b>822</b>
	Fuel and heat*3	Biofuel*4	Hitachi Group	GWh (PJ)	—	—	—	62 (223)	<b>66 (238)</b>
Non-renewable energy	Electricity	Electricity	Hitachi Group	GWh	4,498	4,584	2,218	715	<b>510</b>
		Fuel and heat*3	City gas	Hitachi Group	GWh (billion m <sup>3</sup> )	1,339 (0.11)	1,373 (0.11)	767 (0.06)	665 (0.06)
	LPG, LNG		Hitachi Group	GWh (kt)	1,646 (111)	1,705 (118)	1,217 (82)	989 (65)	<b>971 (64)</b>
	Other natural gas		Hitachi Group	GWh (billion m <sup>3</sup> )	276 (0.02)	319 (0.03)	261 (0.02)	46 (0.004)	<b>52 (0.005)</b>
	Fuel oil (heavy oil, kerosene, etc.)		Hitachi Group	GWh (ML)	653 (61)	495 (47)	197 (19)	95 (9)	<b>74 (7)</b>
	Solid fuel (coke)		Hitachi Group	GWh (kt)	1,111 (137)	1,278 (156)	—	—	<b>—</b>
	Steam, hot water and cold water	Hitachi Group	GWh (PJ)	13 (0.05)	10 (0.04)	21 (0.08)	12 (0.04)	<b>12 (0.04)</b>	

Note: Aggregated for category A only until fiscal 2022 according to Hitachi's internal categories. Aggregated for all manufacturing sites and non-manufacturing sites for category A and B 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 In fiscal 2023, the amount decreased due to the deconsolidation of the auto parts-related companies

\*3 Used 3.6MJ/kWh in the conversion from calorific value

\*4 Since biofuels have been included in the energy input from the FY2024 results, the figures for FY2023 have been retroactively revised

## Greenhouse gases emitted

		Reporting boundary	Unit	FY2020	FY2021	FY2022*1	FY2023*2	FY2024
<b>Total greenhouse gases*3</b>		Hitachi Group	kt-CO <sub>2</sub> e	3,313	3,412	1,565	676	<b>601</b>
<b>Energy-related total CO<sub>2</sub> emissions</b>	Total	Hitachi Group	kt-CO <sub>2</sub>	3,296	3,384	1,538	618	<b>533</b>
	(Direct emissions)	Hitachi Group	kt-CO <sub>2</sub>	1,202	1,245	459	339	<b>325</b>
	(Indirect emissions)	Hitachi Group	kt-CO <sub>2</sub>	2,094	2,139	1,079	279	<b>208</b>
<b>Total other than energy-related CO<sub>2</sub> greenhouse gas emissions*4</b>	Total	Hitachi Group	kt-CO <sub>2</sub> e	17.2	28.2	26.7	58.6	<b>68.3</b>
	Sulfur hexafluoride (SF <sub>6</sub> )	Hitachi Group	kt-CO <sub>2</sub> e	11.3	20.4	22.0	33.2	<b>39.6</b>
	Perfluorocarbons (PFC)	Hitachi Group	kt-CO <sub>2</sub> e	0.3	1.9	1.3	0.9	<b>0.1</b>
	Hydrofluorocarbons (HFC)	Hitachi Group	kt-CO <sub>2</sub> e	0.5	3.3	2.4	22.5	<b>26.6</b>
	Dinitrogen monoxide, nitrogen trifluoride, methane (N <sub>2</sub> O, NF <sub>3</sub> , CH <sub>4</sub> )	Hitachi Group	kt-CO <sub>2</sub> e	2.1	2.5	0.9	1.9	<b>1.7</b>
	CO <sub>2</sub> from non-energy sources	Hitachi Group	kt-CO <sub>2</sub> e	3.0	0.1	0.2	0.2	<b>0.2</b>
	C4-fluoronitrile (C4-FN)*5	Hitachi Group	kt-CO <sub>2</sub> e	—	—	—	—	<b>0.0</b>

Note: CO<sub>2</sub> emissions from electricity consumption is calculated using a market-based calculation method. CO<sub>2</sub> 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. The gas conversion factors not specified in the list are based on the values stipulated by Hitachi on technical literature

Note: Aggregated for category A only until fiscal 2022 according to Hitachi's internal categories. Aggregated for all manufacturing sites and non-manufacturing sites for category A and B 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 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

\*3 Total GHGs: Scope 1 and 2 total

\*4 The sources included in the calculation of greenhouse gas emissions other than energy-related CO<sub>2</sub>, are as follows: carbon dioxide from cooling and welding applications, methane used for research purposes, hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF<sub>6</sub>), methane, nitrogen trifluoride (NF<sub>3</sub>), dinitrogen monoxide (N<sub>2</sub>O) 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

\*5 A gas, in mixture with carbon dioxide and oxygen, used as an insulating gas that serves as an alternative to SF<sub>6</sub>, which has a high greenhouse effect

## Raw material inputs and waste and valuables generation during business operations

### Raw material inputs

			Reporting boundary	Unit	FY2020	FY2021	FY2022*1,2	FY2023*3	FY2024*4
<b>Total amount of raw materials</b>			Hitachi Group	kt	3,066	3,235	788	3,345	<b>1,617</b>
<b>Raw materials</b>	Metals	Total metals	Hitachi Group	kt	2,861	3,083	685	2,430	<b>1,126</b>
		New materials	Hitachi Group	kt	1,075	909	614	2,428	<b>1,124</b>
		Recycled materials, etc.	Hitachi Group	kt	1,786	2,175	71	2	<b>2</b>
	Plastics	Total plastics	Hitachi Group	kt	115	74	43	148	<b>113</b>
		New materials	Hitachi Group	kt	113	72	40	146	<b>111</b>
		Recycled materials, etc.	Hitachi Group	kt	2	2	3	2	<b>2</b>
	Other materials	Total other materials	Hitachi Group	kt	90	77	61	767	<b>377</b>
		New materials	Hitachi Group	kt	89	76	54	766	<b>377</b>
		Recycled materials, etc.	Hitachi Group	kt	1	1	7	0.1	<b>0.1</b>

### Waste and valuables generated

			Reporting boundary	Unit	FY2020	FY2021	FY2022*1,5	FY2023*6	FY2024	
<b>Total waste and valuables generated</b>			Total / (hazardous)	Hitachi Group	kt	1,061/(49)	1,111/(61)	356/(57)	164/(13)	<b>154/(14)</b>
<b>Waste reduction</b>				Hitachi Group	kt	75/(9.8)	74/(10.5)	47/(23.1)	11/(4.4)	<b>7/(3.3)</b>
<b>Recycle</b>	Reuse		Hitachi Group	kt	35/(11.4)	36/(18.7)	18/(6.2)	7/(0.3)	<b>7/(0.4)</b>	
	Materials recycled		Hitachi Group	kt	740/(17.6)	784/(19.3)	256/(16.7)	131/(6.0)	<b>122/(6.9)</b>	
	Thermal recovery		Hitachi Group	kt	11/(5.4)	13/(6.5)	16/(4.6)	11/(1.6)	<b>14/(2.7)</b>	
<b>Landfill</b>				Hitachi Group	kt	200/(4.9)	204/(5.7)	20/(6.5)	4/(0.6)	<b>4/(0.4)</b>

Note: Figures in parentheses indicate the amount of waste defined as hazardous under the Basel Convention. The amount of hazardous substances in parentheses is included in the total as a subtotal

\*1 In fiscal 2022, significant decrease due to deconsolidation of materials-related and construction machinery-related companies

\*2 In fiscal 2022, the amount includes the input of raw materials from auto parts-related companies that have been consolidated since fiscal 2020

\*3 From fiscal 2023, the amount includes the input of raw materials from energy-related companies that have been consolidated since fiscal 2020. The input of raw materials from auto parts-related companies has been excluded due to their deconsolidation

\*4 In fiscal 2024, the amount decreased due to a revision of the calculation method

\*5 In fiscal 2022, the amount includes the waste and valuables generated by energy-related and auto parts-related companies that have been consolidated since fiscal 2020

\*6 In fiscal 2023, the amount decreased due to the deconsolidation of auto parts-related companies

## Water Inputs and effluent discharges and consumption during business operations

### Water input

		Reporting boundary	Unit	FY2020	FY2021	FY2022*2,3	FY2023*4	FY2024
Total water withdrawal*1	Total / (water withdrawal from all areas with water stress)	Hitachi Group	Million m <sup>3</sup>	26.35	26.03	14.23	10.59	9.20/(1.26)
Surface water	Tap water (water for drinking and other household uses)	Hitachi Group	Million m <sup>3</sup>	5.1	5.23	5.53	2.37	2.23/(0.53)
	Industrial water, river water	Hitachi Group	Million m <sup>3</sup>	12.62	12.47	5.17	5.28	4.33/(0.38)
	Rain water*5	Hitachi Group	Million m <sup>3</sup>	0.01	0.01	0.01	0.01	0.16/(0.09)
Groundwater		Hitachi Group	Million m <sup>3</sup>	8.60	8.32	3.52	2.93	2.48/(0.26)
Recycled water (Recycled from the wastewater of other organizations)		Hitachi Group	Million m <sup>3</sup>	0.01	0.01	0.00	0.00	0.00/(0.00)

### Water intensity

		Reporting boundary	Unit	FY2020	FY2021	FY2022*2	FY2023	FY2024
Water intensity*6		Hitachi Group	Million m <sup>3</sup> / billions of yen	0.0030	0.0025	0.0013	0.0012	0.0009

### Water effluents discharged

		Reporting boundary	Unit	FY2020	FY2021	FY2022*2,3	FY2023*4,7	FY2024
Total water effluents discharged	Total / (water effluents discharged from all areas with water stress)	Hitachi Group	Million m <sup>3</sup>	21.24	21.25	12.15	9.14	8.22/(0.98)
Public water		Hitachi Group	Million m <sup>3</sup>	15.28	15.40	8.26	6.30	5.80/(0.35)
Sewerage		Hitachi Group	Million m <sup>3</sup>	5.44	5.31	3.76	2.75	2.26/(0.62)
Groundwater		Hitachi Group	Million m <sup>3</sup>	0.52	0.54	0.12	0.09	0.16/(0.00)
Water quality*8	BOD (biochemical oxygen demand)	Hitachi Group	t	204	156	77	9	7
	COD (chemical oxygen demand)	Hitachi Group	t	406	301	137	2	2

## Consumption

		Reporting boundary	Unit	FY2020	FY2021	FY2022 <sup>*2,3</sup>	FY2023 <sup>*4</sup>	FY2024
Total consumption	Total / (consumption from all areas with water stress)	Hitachi Group	Million m <sup>3</sup>	5.11	4.78	2.08	1.45	0.98 / (0.28)
Contained in products		Hitachi Group	Million m <sup>3</sup>	0.14	0.00	0.00	0.00	0.00 / (0.00)
Contained in waste		Hitachi Group	Million m <sup>3</sup>	0.01	0.01	0.00	0.00	0.00 / (0.00)
Evaporation, etc.		Hitachi Group	Million m <sup>3</sup>	4.96	4.77	2.08	1.45	0.98 / (0.28)

Note: Figures in parentheses are the amount from all areas with water stress

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

\*5 From FY2024, if the amount of water withdrawal exceeds the sum of water effluents discharged and consumption (water withdrawal > water effluents discharged + consumption), the difference is added to the consumption. If the amount of water withdrawal is less than the sum of water effluents discharged and consumption (water withdrawal < water effluents discharged + consumption), the difference is added to the rainwater in the water withdrawal

\*6 Water withdrawal divided by Hitachi's revenue in billions of Japanese yen

\*7 For fiscal 2023, the above reported values include BOD/COD of energy companies that have been consolidated since fiscal 2020

\*8 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

## Chemical substances handled

		Reporting boundary	Unit	FY2020 <sup>*2</sup>	FY2021	FY2022 <sup>*3</sup>	FY2023 <sup>*4</sup>	FY2024
Total chemical substances handled <sup>*1</sup>	Chemical substances handled	Hitachi Group	kt	47.49	26.20	1.70	0.97	0.68

## Chemical substances discharged

		Reporting boundary	Unit	FY2020	FY2021	FY2022 <sup>*3</sup>	FY2023 <sup>*4</sup>	FY2024
Total chemical substances discharged		Hitachi Group	kt	3.27	3.50	1.39	0.65	0.47
Chemical substances discharged	Chemical substances discharged <sup>*5</sup> (VOC, etc.)	Hitachi Group	kt	2.37	2.50	1.09	0.62	0.47
	SOx (sulfur oxides)	Hitachi Group	kt	0.2	0.2	0.01	0.00	0.00
	NOx (nitrogen oxides)	Hitachi Group	kt	0.7	0.8	0.29	0.03	0.01

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

\*5 Approximately 100% of chemical emissions classified as VOCs

## Environmental management data

### Number of ISO 14001 certified companies

	Reporting boundary	Unit	FY2020	FY2021	FY2022*1	FY2023*2,3	FY2024
<b>Total</b>	Hitachi Group	Companies	202	185	281	178	<b>184</b>
<b>Japan</b>			85	66	66	45	<b>44</b>
<b>China</b>			43	43	61	34	<b>29</b>
<b>ASEAN, India, and the rest of Asia</b>			42	43	50	27	<b>36</b>
<b>North America</b>	Hitachi Group	Companies	10	9	13	15	<b>16</b>
<b>Europe</b>			17	15	52	47	<b>44</b>
<b>Other</b>			5	9	39	10	<b>15</b>

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

\*3 Past figures have been partly revised

### Number of regulatory violations and complaints

	Reporting boundary	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Regulatory violations</b>	Water quality		5	2	0	1	<b>0</b>
	Air quality		0	0	2	0	<b>0</b>
	Waste materials	Hitachi Group	4	3	0	2	<b>2</b>
	Other (equipment registration, etc.)		1	3	0	0	<b>1</b>
<b>Complaints</b>	Hitachi Group	Cases	3	3	0	1	<b>0</b>

## Environmental accounting

### Environmental protection costs

			Reporting boundary	Unit	FY2020	FY2021	FY2022* <sup>2</sup>	FY2023* <sup>3</sup>	FY2024
<b>Total</b>			Hitachi Group	Billion Yen	86.62	79.97	57.21	44.35	<b>41.28</b>
<b>Expenses</b>	Business area	Maintenance costs for equipment with low environmental loads, depreciation, etc.* <sup>1</sup>	Hitachi Group	Billion Yen	19.14	19.56	6.30	4.55	<b>4.47</b>
	Upstream/Downstream	Green procurement expenses, recovery and recycling of products and packaging, recycling expenses			0.62	0.64	0.08	0.06	<b>0.06</b>
	Administration	Labor costs for environmental management and the implementation and maintenance of environmental management systems			5.88	5.40	3.06	3.14	<b>2.83</b>
	Research and development	Costs of research and development and product designs to reduce the environmental burden caused by products and production processes			60.64	53.79	47.55	36.37	<b>33.66</b>
	Social activities	Planting, beautification, and other environmental improvement costs			0.22	0.26	0.11	0.15	<b>0.18</b>
	Environmental remediation	Environmental mitigation costs, contributions, and charges			0.12	0.32	0.11	0.08	<b>0.08</b>

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

\*2 In fiscal 2022, the amount decreased significantly due to deconsolidation of materials-related and construction machinery-related companies. The costs of an energy-related company which has been consolidated since fiscal 2020 are not included

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

### Environmental protection effects

#### Economic effects\*<sup>1</sup>

Major FY2024 activities		Reporting boundary	Unit	FY2020	FY2021	FY2022* <sup>2</sup>	FY2023* <sup>3</sup>	FY2024
<b>Total</b>		Hitachi Group	Billion Yen	14.28	19.20	11.95	1.65	<b>1.30</b>
<b>Net income effects</b>	Recovering value from waste by sorting and recycling	Hitachi Group	Billion Yen	9.66	15.15	7.89	1.15	<b>0.83</b>
<b>Cost reduction effects</b>	Installing high-efficiency equipment (lighting, power supply, etc.)			4.62	4.05	4.06	0.50	<b>0.47</b>

\*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 In fiscal 2022, the amount decreased significantly due to deconsolidation of materials-related and construction machinery-related companies. The costs of an energy-related company which has been consolidated since fiscal 2020 are not included

\*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 2025, we recorded 3.2 billion yen in costs for the disposal of waste containing PCBs and 0.9 billion yen to clean up contaminated soil.

# Social data

## Human capital

### Employee data

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees (by region)	Hitachi Group	Total	People	350,864	368,247	322,525	268,655 <sup>*1</sup>	282,743
		(By region)						
		Japan		158,194	156,768	133,762	113,737	112,749
		China		51,903	50,707	43,410	33,167	33,735
		ASEAN, India, and the rest of Asia	People	61,411	69,876	62,614	52,704	55,655
		North America		27,122	27,914	22,863	17,906	19,683
		Europe		32,449	42,519	43,155	42,240	50,657
		Other areas		19,785	20,463	16,721	8,901	10,264
Number of employees (by gender and age)	Hitachi Group <sup>*2</sup>	Total	People	279,659	283,020	294,746	237,160	246,797
		(By gender)						
		Men	People	228,278	227,652	230,947	185,607	191,444
		Women		51,381	55,368	63,799	51,553	55,353
		(By age) <sup>*3</sup>						
		15–19 years old	%	0.5	0.4	0.5	0.4	0.3
		Japan	%	0.4	0.3	0.2	0.2	0.2
		Outside Japan		0.1	0.1	0.2	0.2	0.2
		20–29 years old	%	14.9	15.2	19.0	19.9	19.5
		Japan	%	8.6	8.2	6.6	7.3	7.5
		Outside Japan		6.3	7.0	12.4	12.5	12.0
		30–39 years old	%	27.5	27.8	29.5	28.1	28.1
		Japan	%	13.9	12.7	9.8	10.1	9.6
		Outside Japan		13.6	15.1	19.6	18.0	18.5
		40–49 years old	%	29.1	28.5	26.2	25.1	25.3
		Japan	%	19.4	17.5	13.0	13.1	12.2
		Outside Japan		9.7	11.0	13.1	12.0	13.2
50–59 years old	%	25.6	25.6	22.6	23.9	23.7		
Japan	%	19.6	19.1	15.9	17.2	16.2		
Outside Japan		6.0	6.5	6.7	6.7	7.4		
60–69 years old	%	2.4	2.4	2.2	2.6	2.9		
Japan	%	0.6	0.6	0.4	0.5	0.5		
Outside Japan		1.8	1.8	1.8	2.1	2.5		
Over 70 years old	%	0.1	0.1	0.1	0.1	0.1		
Japan	%	0.0	0.0	0.0	0.0	0.0		
Outside Japan		0.1	0.1	0.1	0.1	0.1		

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
	Hitachi, Ltd.	Total	People	29,850	29,485	28,672	28,111	25,892
		(By gender)						
		Men	People	24,100	23,749	22,939	22,375	20,340
		Women		5,750	5,736	5,733	5,736	5,552
<b>Average age*<sup>6</sup></b>	Hitachi Group* <sup>2</sup>	Total	Age	41.8	41.7	40.4	40.6	40.8
		(By gender)						
		Men	Age	42.2	42.1	40.9	41.2	41.3
		Women		40.1	40.2	38.5	38.5	38.8
	Hitachi, Ltd.	Total	Age	43.0	43.3	43.4	43.4	42.9
		(By gender)						
		Men	Age	43.5	43.8	43.9	43.9	43.4
		Women		40.8	41.1	41.2	41.3	40.8
<b>Average service (years)</b>	Hitachi Group* <sup>2</sup>	Total	Years	13.6	13.5	12.6	12.9	12.6
		(By region)						
		Japan		18.9	18.1	18.3	19.2	18.7
		China		8.4	9.2	10.2	11.2	11.1
		ASEAN, India, and the rest of Asia	Years	7.2	8.2	7.1	5.0	5.0
		North America		6.4	7.5	8.3	8.2	8.0
		Europe		6.0	5.7	9.1	8.8	9.3
		Other areas		7.5	5.7	6.7	6.8	6.7
		(By gender)						
		Men	Years	14.2	13.8	13.4	13.7	13.3
		Women		11.0	10.9	10.1	10.1	10.0
	Hitachi, Ltd.	Total	Years	18.3	18.5	18.6	18.5	18.1
		(By gender)						
		Men	Years	18.8	19.0	19.2	19.1	18.7
		Women		16.0	16.2	16.3	16.4	15.8
<b>Turnover rate*<sup>4,5</sup></b>	Hitachi Group* <sup>2</sup>	Total	%	4.3	7.5	8.5	6.3	5.8
		(By region)						
		Japan	%	2.0	3.3	2.6	2.6	2.4
		Outside Japan		7.4	13.1	13.5	9.7	8.7
		(By gender)						
		Men	%	4.1	7.1	7.8	6.1	5.9
		Women		5.2	8.9	10.8	6.9	5.5
	Hitachi, Ltd.	Total	%	1.4	1.8	2.0	2.1	2.0
		(By gender)						
		Men	%	1.3	1.7	1.8	2.1	1.9
		Women		2.1	2.3	2.8	2.6	2.4

\*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 2024, the number of manufacturing workers not registered in the employee database was 28,000

\*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

\*6 Past figures have been partly revised

## Talent development

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of participants of management training programs	Hitachi Group	For management leaders	People	78	76	87	72	74
		For managers		3,481	3,900	4,191	3,871	4,186
Training hours per employee*2	Hitachi Group*1		Hours	—	25.9	27.9	30.4	32.5
Average amount invested in training per employee*2	Hitachi Group*1		Yen	61,700	58,300	77,400	86,405	84,682

\*1 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

\*2 Past figures have been partly revised

## Digital talent

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
Digital talent headcount	Hitachi Group	Total	People	35,000	67,000	83,000	95,000	107,000	
		(By region)	Japan	People	23,000	29,000	42,000	50,000	56,000
			Outside Japan	People	12,000	38,000	41,000	45,000	51,000

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	FY2020	FY2021	FY2022	FY2023	FY2024	
Employee engagement score	Hitachi Group	Global average	Points	62	65	69.5	68.6	71.5	
		(By region)	Japan	Points	—	56	61.2	61.6	63.2
			Outside Japan	Points	—	80	82.3	80.2	80.9

Note: Employee engagement score measures the positive response rate of 4 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

## Registered employees, managers, wage, new hires

	Reporting boundary	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
<b>Number and ratio of registered employees*<sup>1</sup></b>	Hitachi Group* <sup>2</sup>	Total number of registered employees	People	285,857	291,028	301,320	241,504	<b>253,983</b>
		Number and ratio of women employees	People (%)	54,719 (19.1)	58,830 (20.2)	67,224 (22.3)	54,315 (22.5)	<b>58,801 (23.2)</b>
		(By region)						
		Japan		26,106 (16.0)	26,773 (16.5)	24,832 (17.9)	22,815 (19.4)	<b>23,590 (20.2)</b>
		China		7,232 (34.1)	7,594 (35.7)	7,869 (35.1)	4,504 (34.3)	<b>4,666 (33.5)</b>
		ASEAN, India, and the rest of Asia		6,990 (20.7)	9,120 (20.6)	15,851 (25.2)	11,359 (25.7)	<b>11,785 (26.0)</b>
		North America	People (%)	4,298 (22.7)	4,954 (25.7)	5,076 (25.1)	4,049 (24.3)	<b>4,689 (25.3)</b>
		Europe		6,903 (22.0)	6,761 (23.8)	9,705 (23.6)	9,707 (24.0)	<b>11,868 (24.6)</b>
	Other areas		3,190 (18.2)	3,628 (23.4)	3,891 (24.6)	1,881 (19.8)	<b>2,203 (19.9)</b>	
	Hitachi, Ltd.	Total number of registered employees	People	33,198	32,713	32,086	31,565	<b>29,381</b>
		Number and ratio of women employees	People (%)	6,537 (19.7)	6,595 (20.2)	6,584 (20.5)	6,563 (20.8)	<b>6,356 (21.6)</b>
<b>Number and ratio of managers*<sup>3</sup></b>	Hitachi Group* <sup>1,2</sup>	Total number of managers	People	48,712	48,690	65,171	61,291	<b>74,135</b>
		Number and ratio of women managers	People (%)	4,641 (9.5)	4,762 (9.8)	8,461 (13.0)	8,639 (14.1)	<b>11,739 (15.8)</b>
		(By region)						
		Japan	People (%)	—	1,540 (4.5)	1,609 (5.0)	1,669 (5.7)	<b>1,821 (6.3)</b>
		Outside Japan		—	3,222 (22.4)	6,852 (20.8)	6,970 (21.7)	<b>9,918 (21.9)</b>
		Hitachi, Ltd.* <sup>4</sup>	Total number of managers	People	11,881	11,584	11,188	11,049
		Number and ratio of women managers	People (%)	768 (6.5)	785 (6.8)	826 (7.4)	866 (7.8)	<b>863 (8.5)</b>
	(By rank)							
	Department manager or above	People (%)	156 (4.5)	146 (4.3)	160 (5.0)	170 (5.3)	<b>179 (6.0)</b>	
	Section manager		612 (7.3)	639 (7.8)	666 (8.4)	696 (8.9)	<b>684 (9.5)</b>	
<b>Wage ratio of women to men*<sup>1,5,6</sup></b>	Hitachi Group* <sup>2</sup>	All employees	%	—	—	—	80.1	<b>82.6</b>
		Permanent and full-time employees	%	—	—	—	80.6	<b>83.5</b>
		Managerial level	%	—	—	—	92.3	<b>92.8</b>
		Non-Managerial level	%	—	—	—	86.2	<b>86.7</b>
		Part-time or fixed-term employees	%	—	—	—	74.0	<b>73.7</b>
	Hitachi Group companies in Japan* <sup>7</sup>	All employees	%	—	—	—	69.4	<b>71.7</b>
		Permanent and full-time employees	%	—	—	—	70.2	<b>72.3</b>
		Managerial level	%	—	—	—	95.7	<b>95.0</b>
		Non-Managerial level	%	—	—	—	79.2	<b>80.1</b>
		Part-time or fixed-term employees	%	—	—	—	61.5	<b>62.4</b>
	Hitachi Group companies outside Japan* <sup>2,8</sup>	All employees	%	—	—	—	89.9	<b>92.2</b>
		Permanent and full-time employees	%	—	—	—	89.5	<b>92.3</b>
		Managerial level	%	—	—	—	88.8	<b>90.5</b>
		Non-Managerial level	%	—	—	—	91.9	<b>91.3</b>
		Part-time or fixed-term employees	%	—	—	—	97.2	<b>91.4</b>

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
Number and ratio of new employees hired*1	Hitachi Group*2	Total	People	17,963	29,539	32,733	25,696	26,482	
		Number and ratio of new women employees hired*1	People (%)	4,269 (23.8)	6,489 (22.0)	9,593 (29.3)	7,003 (27.3)	7,280 (27.5)	
	(By region)	Japan			1,329 (23.9)	2,051 (15.7)	1,275 (25.8)	1,346 (26.0)	1,646 (27.2)
		China			371 (31.9)	449 (38.3)	377 (29.0)	179 (23.4)	225 (25.3)
		ASEAN, India, and the rest of Asia	People (%)		595 (22.2)	1,402 (22.0)	4,314 (30.4)	2,900 (27.9)	2,820 (28.1)
		North America			574 (23.2)	927 (27.9)	1,212 (28.3)	897 (30.8)	848 (29.6)
		Europe			970 (26.5)	971 (27.9)	1,482 (28.8)	1,217 (27.2)	1,304 (26.4)
		Other areas			430 (17.8)	689 (27.4)	933 (32.7)	464 (23.6)	374 (21.9)

\*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 2024, the number of manufacturing workers not registered in the employee database was 28,000

\*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, employees whose grades (job titles) are not registered in the employee database are not included in the number of managers

\*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	June 2021	June 2022	June 2023	June 2024	June 2025
Ratio of women and ethnically/culturally diverse executive and corporate officers	Hitachi, Ltd.	Women	Number	7	9	9	9	11
			Ratio	%	10.1	12.2	11.4	11.8
	Non-Japanese	Number	8	13	16	19	18	
		Ratio	%	11.6	17.6	20.3	25.0	26.1

	Reporting boundary		Unit	June 2021	June 2022	June 2023	June 2024	June 2025	
Ratio of women and ethnically/culturally diverse directors	Hitachi, Ltd.	Total	People	13	12	12	12	12	
		Gender	Men	People	11	10	10	10	10
				%	84.6	83.3	83.3	83.3	83.3
		Women	People	2	2	2	2	2	
			%	15.4	16.7	16.7	16.7	16.7	
		Nationality	Japanese	People	7	7	7	7	8
				%	53.8	58.3	58.3	58.3	66.7
		Non-Japanese	People	6	5	5	5	4	
%	46.2		41.7	41.7	41.7	33.3			

## Maternity / partner's leave, childcare Leave

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
Maternity / partner's leave	Hitachi, Ltd.	Utilization rate* <sup>1</sup>	Men	%	33.8	32.9	43.9	51.3	58.3
			Women	%	100.0	100.0	100.0	100.0	100.0
		Return rate for recipients* <sup>2</sup>	Men	%	100.0	100.0	100.0	100.0	100.0
			Women	%	99.7	100.0	98.3	99.5	97.5
		Retention rate for recipients* <sup>3</sup>	Men	%	97.7	97.5	99.4	97.3	100.0
			Women	%	99.7	98.5	100.0	100.0	98.5
Childcare leave	Hitachi, Ltd.	Utilization rate* <sup>4</sup>	Men	%	7.3	9.9	18.4	26.3	36.0
			Women	%	99.6	100.0	100.0	100.0	99.5
		Return rate for recipients* <sup>5</sup>	Men	%	100.0	100.0	100.0	92.3	100.0
			Women	%	98.9	100.0	99.3	98.5	99.5
		Retention rate for recipients* <sup>6</sup>	Men	%	71.4	94.4	100.0	96.3	98.2
			Women	%	98.0	96.6	95.9	96.7	98.7
Childcare or partner maternity leave	Hitachi, Ltd.	Utilization rate* <sup>7</sup>	Men	%	35.4	40.6	56.8	65.2	71.9

\*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 voluntarily without returning

\*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	June 2021	June 2022	June 2023	June 2024	June 2025
Employment of people with disabilities	Hitachi, Ltd.* <sup>1</sup>	People	2,575	2,767	2,650	2,290	2,334
Employment rate of people with disabilities		%	2.37	2.43	2.48	2.64	2.66

\*1 It includes special subsidiaries and related group companies. (There were one special subsidiary and 21 related group companies in June 2025.)

## Health and safety

	Reporting boundary		Unit	CY2020	CY2021	FY2021	FY2022	FY2023	FY2024	
Total recordable injury frequency rate (TRIFR <sup>*1</sup> )	Hitachi Group	Total	—	0.29	0.28	0.27	0.26	0.16	0.13	
		(By region)	Japan		0.14	0.12	0.12	0.14	0.13	0.11
			Asia (excluding Japan)		0.17	0.12	0.11	0.09	0.05	0.05
			North America, Central and South America	—	1.54	1.36	1.20	1.10	0.38	0.30
			Europe		0.45	0.38	0.45	0.39	0.32	0.26
Number of fatal incidents	Hitachi Group (including contractors)		Cases	3	2	2	5	4	2	
Number of deaths	Hitachi Group	Employees	People	1	1	1	3	0	2	
	Hitachi, Ltd.	Employees	People	0	0	0	0	0	0	
	Contractors	Contractors	People	2	1	1	2	5	0	
Lost time injury frequency rate (LTIFR <sup>*2</sup> )	Hitachi Group	Total	—	0.11	0.11	0.11	0.10	0.07	0.06	
Lost-time incidents	Hitachi Group		Cases	314	434	432	372	175	161	
	Hitachi Group companies in Japan		Cases	52	54	44	51	25	14	
	Hitachi, Ltd.		Cases	4	3	1	4	3	2	

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

\*1 TRIFR: Total Recordable Injury Frequency Rate (casualties per 200,000 work hours) \*2 LTIFR: Lost Time Injury Frequency Rate (LTIFR per 200,000 work hours)

	Reporting boundary		Unit	CY2020	CY2021	CY2022	CY2023	CY2024
Absence rate <sup>*1</sup>	Hitachi Group companies in Japan	(By health type) Mental		0.62	0.66	0.74	0.84	0.90
		Physical	%	0.22	0.21	0.24	0.21	0.20

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	FY2020	FY2021	FY2022	FY2023	FY2024
Medical exam and screening attendance rates	Hitachi Group companies in Japan	(By exam type) General physical exam <sup>*1</sup>		81.1	80.6	82.4	92.8	92.8
		Breast cancer screening <sup>*2</sup>		56.6	57.1	58.4	61.0	60.8
		Uterine cancer screening <sup>*3</sup>	%	39.1	39.3	40.9	42.1	41.9
		Stomach cancer screening <sup>*4</sup>		82.2	84.7	86.5	85.5	85.2
		Intestinal cancer screening <sup>*4</sup>		83.0	85.5	87.3	86.4	86.2
		Lung cancer screening <sup>*5</sup>		96.8	98.0	98.7	97.2	97.4
Smoking rate <sup>*6</sup>	Hitachi Group companies in Japan		%	28.4	27.6	27.0	26.3	24.6

\*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)

## Sustainable procurement

### Sustainable procurement activities

	Reporting boundary	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Sustainability risk assessment	Hitachi Group	Companies	271	(Human rights) 2,524* <sup>1</sup> (Environment) 708* <sup>1</sup>	1,374* <sup>2</sup>	3,227	4,029
Sustainability audits	Hitachi Group		27	25	128* <sup>3</sup>	150	153
Sustainability procurement seminars	Hitachi Group		450	359	520	269* <sup>4</sup>	156

\*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 Included the number of companies audited by Hitachi Energy beginning fiscal 2022

\*4 Procurement partners of Hitachi Astemo not included in the Sustainable Procurement Seminars from fiscal 2023

### Rate of local procurement of materials for main regions

	Reporting boundary	Unit	FY2020	FY2021	FY2022* <sup>1</sup>	FY2023* <sup>2</sup>	FY2024	
Rate of local procurement of materials for main regions	Hitachi Group	(By region)						
		China	%	98	95	93	95	95
		Asia (excluding China and Japan)		80	87	85	81	81
		Europe		77	83	83	82	91
		Americas		70	83	74	82	80

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

\*2 Excluded Hitachi Astemo from the second half of fiscal 2023

### Green purchasing

	Reporting boundary	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Green purchasing rate* <sup>1</sup>	Hitachi Group companies in Japan	%	83	83	81	81	82

\*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

## Social contribution activities

### Funding for social contribution activities and total employees participating

	Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Funding for social contribution activities</b>	Hitachi Group and The Hitachi Global Foundation*1	Total	Million yen	1,910	1,869	1,490	2,441	<b>3,273</b>
		(By area)*2						
		STEAM		325 (17.1)	201 (10.8)	193 (12.9)	433 (17.8)	<b>497</b> <b>(15.2)</b>
		Environment		23 (1.2)	36 (1.9)	65 (4.3)	49 (2.0)	<b>112</b> <b>(3.4)</b>
		Community support	Million yen (%)	206 (10.8)	295 (15.8)	444 (29.8)	360 (14.7)	<b>1,636</b> <b>(50.0)</b>
		Other		1,356 (71.0)	1,337 (71.5)	789 (52.9)	1,599 (65.5)	<b>1,028</b> <b>(31.4)</b>
		Of which, disaster relief and humanitarian aid		220 (11.5)	143 (7.7)	163 (11.0)	105 (4.3)	<b>44</b> <b>(1.3)</b>
<b>Total employees participating</b>	Hitachi Group and The Hitachi Global Foundation*1		People	39,982	33,585	23,576	28,398	<b>32,493</b>

\*1 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

FY2024 Japan: Hitachi, Ltd., 78 Group companies (79 companies total), and The Hitachi Global Foundation. Outside Japan: 207 companies

\*2 Area classifications were changed from fiscal 2022

# Governance data

## Corporate governance

### Leadership demographics

	Unit	Gender			Nationality	
		Total	Men	Women	Japanese	Non-Japanese
Directors	People	12 <sup>*1</sup>	10	2	8	4
Executive officers		33	31	2	25	8
Executive officers and corporate officers		69	58	11	51	18
Ratio of women and ethnically/culturally diverse executive and corporate officers	%			15.9		26.1

Note: As of June 2025

\*1 Including 9 independent directors (5 from Japan and 4 from outside Japan)

## Business ethics and compliance

### Business ethics and compliance training

	Reporting boundary	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of participants of business ethics and compliance training	Hitachi Group*1	People	–	341,888	331,525	293,985	291,849
Participation rate of business ethics and compliance training	Hitachi Group*1	%	–	99.1	95.1	79.2	94.6

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

\*1 Participants of Hitachi Group employees of this training include temporary and part-time workers

### Hitachi Global Compliance Hotline (Whistleblower system)

Reporting boundary		Unit	FY2020	FY2021	FY2022	FY2023	FY2024	
Number of compliance reports	Hitachi Group	Total	Cases	639	1,023	1,276	1,619	1,974
		(By category)						
		HR issues (Labor management, travel expenses, commuting costs, etc.)		–	226	294	265	287
		Harassment		–	341	457	673	865
		Financial		–	27	34	69	88
		Procurement	Cases	–	26	29	8	21
		Competition law		–	3	2	6	11
		Bribery		–	30	31	46	35
		Others		–	370	429	552	667
		(By area)						
	Americas		–	238	343	392	479	
	Europe		–	98	202	217	296	
	Middle East/North Africa		–	54	59	46	55	
	Sub-Saharan	Cases	–	13	4	7	9	
	APAC (excluding Japan)		–	234	240	335	388	
	Japan		–	386	428	622	747	

Note: Breakdown numbers are disclosed from fiscal 2021

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