

Environmental

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Advancing Our Environmental Vision and Long-Term Environmental Targets

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Structure

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

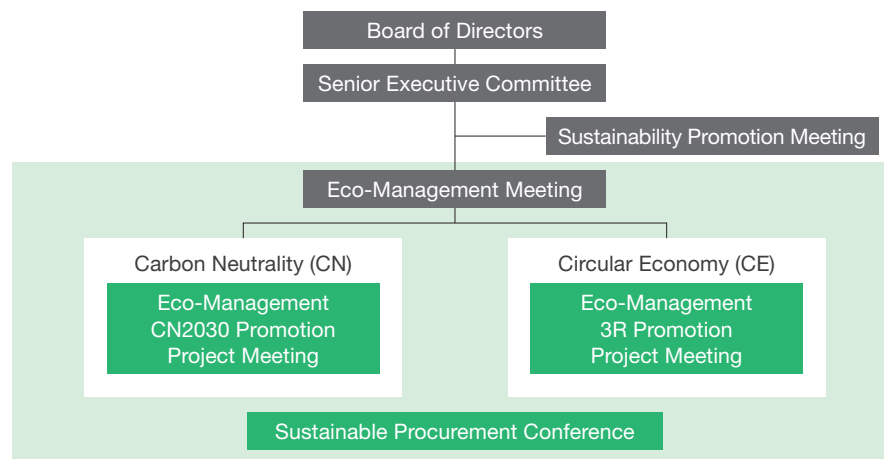
To achieve our Environmental Vision and Hitachi Environmental Innovation 2050 long-term targets, Hitachi is building a global system to support decision-making and environmental management for Hitachi, Ltd. and 697 consolidated subsidiaries (as of March 31, 2023).

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

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

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

Framework for Promoting Environmental Governance



Hitachi, Ltd., a company with Nominating Committee, etc. under the Companies Act, has adopted a committee system to separate the responsibilities for management oversight from the execution of business operations. Under this system, the Audit Committee of independent directors conducts an audit of sustainability-related operations once a year. Reports on climate change and other environment-related material issues are made to the committee by executive officers of Hitachi, Ltd.

P.015 Framework for Promoting Sustainability Strategy

P.029 Green Strategy

P.035 Achieving a Decarbonized Society

Environmental Value Promotion Meetings

Meeting	Attendees	Purpose	Frequency
Sustainability Promotion Meeting	Chief Sustainability Officer, Business promotion heads at BUs and key Group companies, and RHQ Sustainability Officers	Deliberation, information sharing related to material sustainability initiatives	Once or twice per year
Eco-Management Meeting	Heads of Business promotion/Environment-related/ MONOZUKURI (production)/ Procurement divisions from BUs and key Group companies	Deliberation, planning, and implementation of action plans (environmental action plans) to achieve the Hitachi environmental long-term goals	Twice per year
Eco-Management CN2030 Promotion Project Meeting	Heads and members of Environment-related/ MONOZUKURI (production) divisions from BUs and key Group companies	Monitoring and implementation of CN action plan and discussion of acceleration	Twice per year
Eco-Management 3R Promotion Project Meeting	Heads and members of Environment-related/ MONOZUKURI (production) divisions from BUs and key Group companies	Promotion of actions for 3R activities toward realizing CE	Four times per year
Sustainable Procurement Conference	Chief Procurement Officer, heads of the procurement divisions at BUs and key Group companies, and individuals responsible for and engaged in sustainable procurement	Communicate the Hitachi Group sustainable procurement policies and strategies to all procurement divisions, improve knowledge and share best practices	Twice per year

Executive Compensation System Linked Environmental Value

System

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

P.013 Reflecting Sustainability Targets in Executive Compensation Evaluation

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

Environmental Data Collection System

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

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Chemical Substance Management System

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

To ensure proper use of chemical substances in our business operations, we operate a database for chemical substance management called CEGNET, which keeps track of the latest laws and regulations and our own voluntary regulations and supports searches for new substance risks. The system also registers chemical substances used and aggregates data on amounts handled, emitted, and transferred in our operations, helping to reduce volume.

*¹ chemSHERPA: A shared transmission scheme throughout the supply chain to ensure proper management of chemical substances in products and continuing compliance with the ever-growing requirements of major global laws and regulations like the REACH regulation (EU regulation of Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS directive (EU rules restricting the use of hazardous substances in electrical and electronic equipment).

Achievements in FY2022: Briefings for Procurement Partners

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

Environmental Education for Employees

Activities

Training

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

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

Environmental Education in Fiscal 2022

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

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Environmental Compliance

Activities

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

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

Implementation Status of Internal Environmental Audits

Implementing division	Target	Frequency
Corporate division of Hitachi, Ltd. (Sustainability Promotion Division)	Business units, headquarters of Group companies, and business sites classified as Category A in our environmental management classification	
Corporate divisions of business units and Group companies (environment divisions)	Major business sites and subsidiaries of business units and Group companies*1 Sites of business units and Group companies outside Japan that are classified as Category A in our environmental management classification*2	Usually every three years
ISO 14001-certified sites (audit teams)	Divisions within business sites	

*1 According to the Hitachi Group Global Audit Standards, which specify matters concerning internal audits conducted by business units and Group companies.

*2 According to the Environmental Action Plan.

P.068 Number of Regulatory Violations and Complaints