

Hitachi’s new sustainability strategy "PLEDGES"

Tokyo, June 27, 2025 - Hitachi, Ltd. (TSE:6501, "Hitachi"), has announced a new sustainability strategy, "PLEDGES," to further advance sustainable management. Hitachi aims to contribute to the realization of a harmonized society in which the environment, happiness, and economic growth are in balance, and to achieve sustainable growth, as outlined in its new management plan, "Inspire 2027." To achieve this, the strategy is built on seven pillars with specific goals and initiatives.

Background

Based on its founding philosophy of "Contributing to society through the development of superior, original technology and products," Hitachi has been addressing social issues over its 110 year history. This philosophy is reflected in its new management plan, Inspire 2027, which aims to deliver value to society and enhance corporate value by focusing on social issues and further leveraging Hitachi’s strength in IT, OT, and products. With the global competitive landscape rapidly changing, Hitachi believes in sustainability as a foundation of competitiveness. In order to achieve sustainable growth, Hitachi will enhance sustainable management with sustainability at the core of its business strategy. To this end, Hitachi developed a group-wide sustainability strategy, "PLEDGES," taking into account the surrounding business environment and various sustainability topics, and by analyzing risks and opportunities associated with its business and the impact its business has on society.

Process for developing "PLEDGES"



*1 ESRS - European Sustainability Reporting Standards

*2 SASB - Sustainability Accounting Standards Board

Outline of Sustainability Strategy, "PLEDGES"

The sustainability strategy, "PLEDGES," consists of seven strategic pillars that are key to achieving a sustainable society and Hitachi’s business growth. The first six pillars of Planet, Leadership, Empowerment, Diverse perspectives, Governance and Engagement contain Hitachi’s approach and strategies to strengthen Group management foundation for sustainable growth. The final pillar, Sustainability for all, represents Hitachi’s commitment to deliver value to society through business activities based on the above six pillars.

KPIs and targets are set for each of the strategic pillars, of which some are incorporated as evaluation indicators for determining short-term or medium- to long-term executive compensation from FY 2025.

PLEDGES

Strategic Pillars	Included Themes	Aspiration	FY 2027 Main KPIs / Targets (FY 2024 Performance)		Measures to Achieve Target
Planet	Decarbonization, Circular Economy, Nature Positive	Lead Green Transformation globally to achieve decarbonization	GHG emission reduction rate at operational sites (factories and offices) (compared to FY2019)	75%^{*3} (To be disclosed in Sustainability Report 2025)	Introduce energy-saving and renewable energy equipment, procure non-fossil electricity
Leadership	Human capital acquisition and development, Individual leadership	Lead transformation with people who can boldly take on societal issues and pave the way for a brighter future	Employee growth mindset score	70 points ^{*3} (New KPI)	Strengthen talent development and internal talent mobility; secure and develop global leaders based on career ownership
Empowerment	Employee engagement, Organizational culture	Build a culture that praises learning and encourages challenges and growth	Employee engagement score	80 points ^{*3*4} (71.5points)	Foster psychological safety at workplace; provide best-in-class compensation linked to ambitious goals and achievements
Diverse perspectives	Inclusive workplace and opportunities for all	Drive innovation by maximizing capabilities and performance of diverse talents	Realize innovative ideas through the new “Make a Difference!” program ^{*5}		Encourage and praise ideas for organizational and operational reforms; facilitate realization of ideas
Governance	Corporate ethics and compliance, health and safety, quality and product Safety, information security, AI governance, risk management	Build a resilient foundation with safety and ethics as a priority	Total recordable injury frequency rate	0.1 or less ^{*3} (0.13)	Identify risks and enhance response measures related to high-risk activities; analyze the factors behind incidents and implement measures to prevent recurrence
Engagement	Sustainable procurement, Human rights	Build a sustainable value chain along with stakeholders	Number of procurement partners taking action on environment and human rights (Compared to FY 2024)	1.5 times^{*3} (Approx. 4,000 procurement partners)	Enhance sustainability evaluations, audits and monitoring of procurement partners
Sustainability for all	Delivering Value to society	Accelerate value delivery to society and Hitachi's sustainable growth through PLEDGE			

^{*3} KPIs / targets which are linked to medium- to long-term or short-term executive compensation

^{*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

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*⁶ that 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 Green Transformation (GX) to help protect our Planet and achieve wellbeing for People.

*⁶ May 27, 2025 News Release - Hitachi updates its environmental vision and long-term environmental targets "Hitachi Environmental Innovation 2050" <https://www.hitachi.com/New/cnews/month/2025/05/250527.pdf>

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.

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 as a company that is trusted by society.

Engagement: Enhancing a Sustainable Value Chain – As a company which 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.

Sustainability for all: Delivering Value to Society – The seventh pillar represents its 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.

About Hitachi, Ltd.

Through its Social Innovation Business (SIB) that 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. Visit us at www.hitachi.com.

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
