

CEO Remarks

ESG Briefing

September 24, 2019

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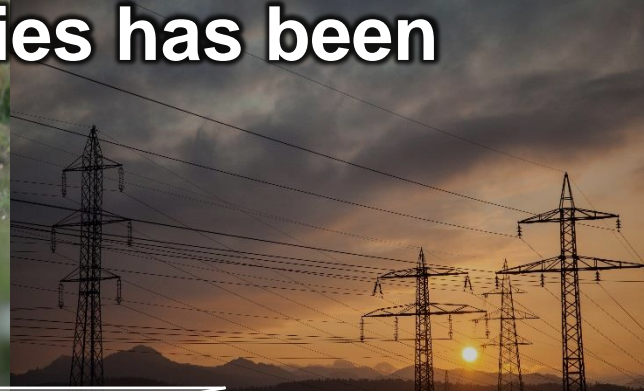
President & CEO

Hitachi, Ltd.



“Contribute to society through the development of superior, original technology and products”

Making efforts to contribute to the realization of a sustainable society and sustainable management through the social innovation business



In the unpredictable days of VUCA*,

- Urbanization, changes in the population structure, climate change, resource shortages, etc. -

the continuity of global societies has been challenged

Expectations have been increasing for corporations' initiatives for realizing SDGs and Society 5.0 by placing high importance on ESG

* VUCA: Volatility, Uncertainty, Complexity, Ambiguity

2021 Mid-term Management Plan



**Social
values**



**Environmental
values**



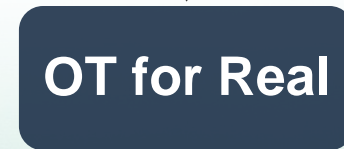
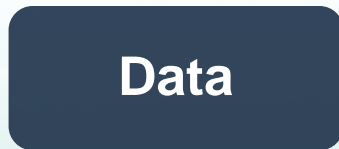
**Economic
values**

Increasing the three values at the same time

Cyber Physical Systems



Cyber Space



“Real”
Physical Space

**Increasing Hitachi's enterprise value in the long term
and creating profits for shareholders and investors that
continue for a long period**



**The Executive Sustainability Committee
examines, implements, and assesses
the social values, the environmental values, and governance**



- ✓ **Environmental issues are one of the management issues that Hitachi considers important.**
- ✓ **Presenting the environmental road map until 2050 by developing “Hitachi Environmental Innovation 2050” in FY2016, including our long-term environmental targets.**
- ✓ **We consider that the initiatives for addressing environmental issues will create new business opportunities for Hitachi because they will lead to the creation of customer value.**

Providing value to our customers and societies through our Social Innovation Business

Providing safe, comfortable and environmentally-friendly railway services for 18.5 billion people worldwide per year



Supplying with city water, sewage water, and seawater desalination technologies to provide safe, secure water environments for 70 million people/day worldwide




Providing with particle therapy systems, contributing to cancer treatment for 80,000 people worldwide



- ✓ **To create social values, a wide variety of human resources that create new value and innovations are necessary. Human resources are the key to the sustainable growth of Hitachi and society.**
- ✓ **Today, we will focus on the human resources strategy.**

- ✓ **Examining the thoughts common to various directors = globally effective governance**
- ✓ **“Assuming the executive officers are a sword and the directors are a grindstone, discussions are intense enough to wear off the grindstone, resulting in the sword becoming sharper and brighter.”**
- ✓ **What the Board of Directors is currently conducting: Overseeing and supporting the execution side, incorporating outside perspectives to make Hitachi the global leader**

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- ✓ **Hitachi will provide the value of the Social Innovation Business that it is advancing to customers and societies.**
 - ✓ **Hitachi has been providing and will continue to provide social and environmental values in a range of situations around the world to establish the foundation for corporate governance, which will enable business continuity.**

**Thank you for your attendance at this briefing;
we hope that it will provide an opportunity for
effective interaction.**

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

Hitachi Social Innovation is

POWERING GOOD

HITACHI
Inspire the Next