

Hitachi Investor Day 2022

Green Strategy

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1 | Hitachi aspires to be the Climate Change Innovator

2 | Adoption of Hitachi GX strategy will contribute to Hitachi's corporate growth through multiple value levers

3 | The Global Environment Division (GED) focuses on cross sector businesses to develop end to end green solutions for target customers

Green Strategy

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1. Hitachi's Environmental Vision
2. Mid-term Management Plan 2024
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1-1. Hitachi's Environmental Vision as One Pillar of Hitachi's Strategy

"Hitachi will resolve environmental issues and achieve both a higher quality of life and a sustainable society through its Social Innovation Business in collaborative creation with its stakeholders"



To accelerate the realization of a more sustainable society, Hitachi will lead GX (Green Transformation) through Energy Transition, Electrification and Energy Saving.

1-2. Hitachi's Wide Range of Green Technologies and Public Commitments to Lead the World Towards a Green Society

Power Grids

- Interconnection of renewable energy plants through HVDC



Railway Systems

- Delivered hybrid multiple units for Europe
- Approx. 50% less energy consumption compared to current diesel trains
- Up to 95% recyclable



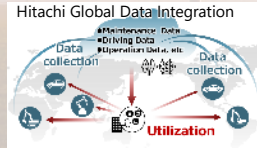
Nuclear Energy

- Contribute to Fukushima and resume existing projects
- Promote the new design (e.g. SMR) reactors with advanced technology



IoT

- Global data integration for the basis of CO₂ calculation and timely disclosure



EV mobility

- Higher efficiency motors and components
- Electrified together with First Bus transport in Glasgow



Wide range of green technologies for a green society

Sustainability scoring



- Achieved CDP's **Highest Score of "Grade A"** in Climate Change and Water Security

COP 26, Glasgow 2021



- Held the **Hitachi European Innovation Forum**
- Hosted "Towards Net Zero – Greening Cities Through Low Carbon Connected Urban Transport" event

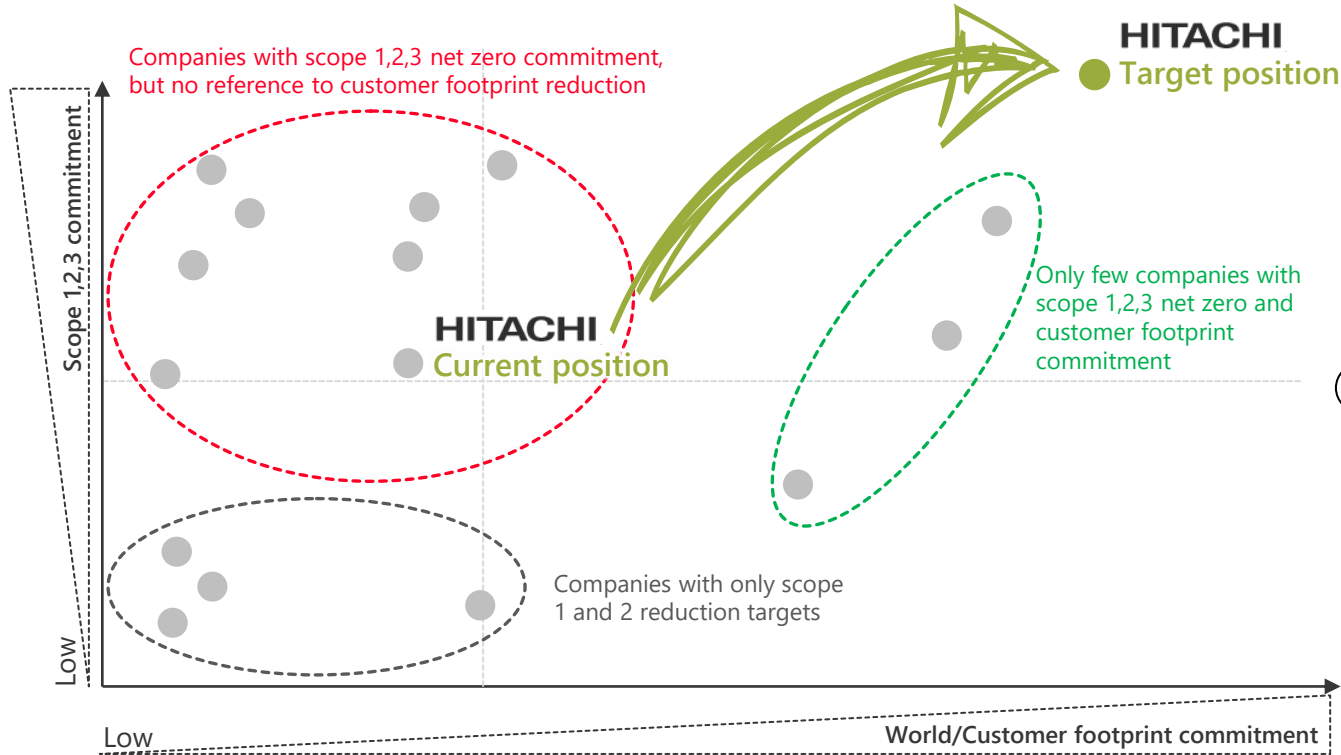
WEF, Davos 2022




- Hitachi participated in the **mainstream climate leadership** panel with the Alliance of CEO Climate Leaders


1-3. Hitachi's Aspiration to be the Climate Change Innovator

Illustrative map of Hitachi peers positioning based on their commitment on decarbonization



Hitachi aims to be the Climate Change Innovator by leveraging its:

 **Global footprint:**
Hitachi presence in all relevant geographies

 **Green product portfolio:**
Hitachi wideness of green product offering, and its continuous pursue for more energy efficiency products

1-4. Two Pillars of the Hitachi GX Strategy for being the Climate Change Innovator

GX for CORE

Decarbonizing Hitachi activities through Scope 1 & 2 net zero commitments by 2030 and Scope 3 by 2050

- Invest in energy saving and renewable energy generation projects
- Accelerate scope 3 reduction through value chain management, product redesign and engagement targets with key customers

Hitachi GX Strategy

GX for GROWTH

Enabling other companies to reduce CO₂ emissions through enhanced product offerings

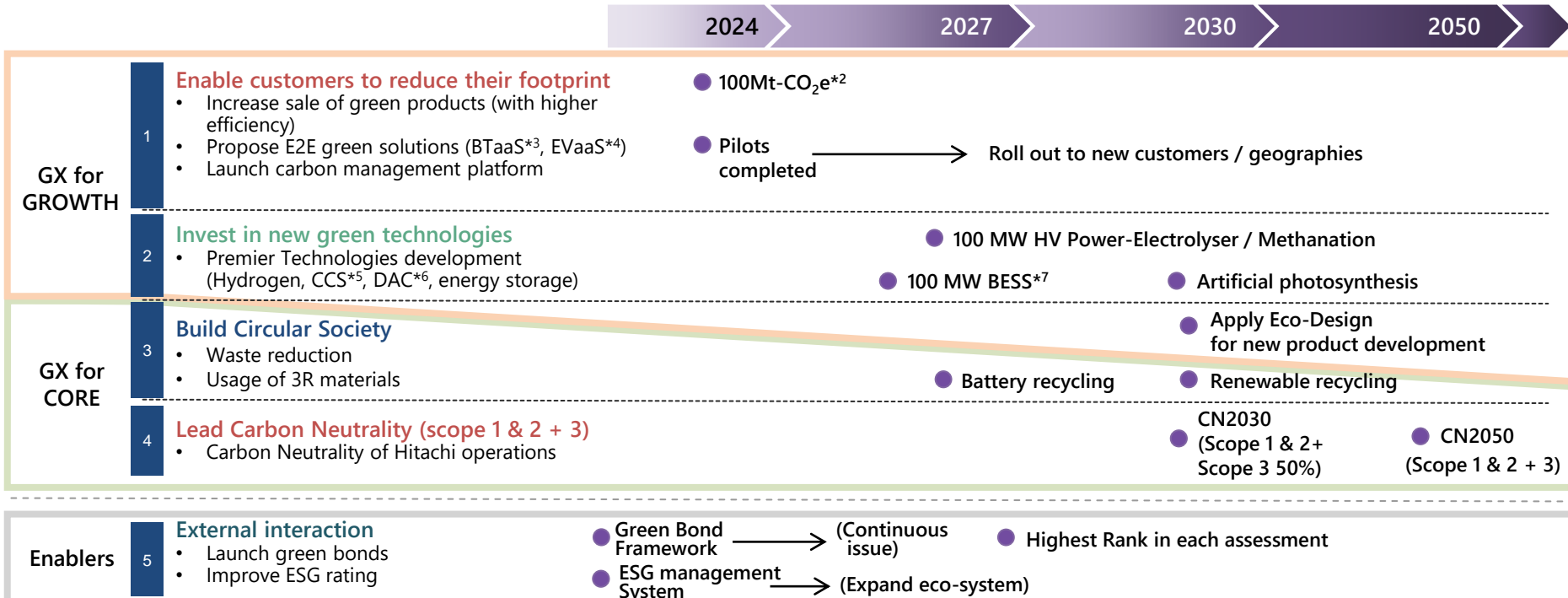
- Shift toward a greener product portfolio (to reduce emissions during product operation)
- Offer E2E solutions (e.g., carbon management platform, XaaS)
- Invest in new green technologies to extend current product portfolio

1-5. High Level Roadmap to Achieve set Vision

Growth KPIs

Contribute to CO₂ reduction of society and customers
100 million tons (Mt) /year at FY2024

Carbon neutrality targets*1
Scope 1 & 2 by FY2030
Scope 1 & 2 + 3 by FY2050

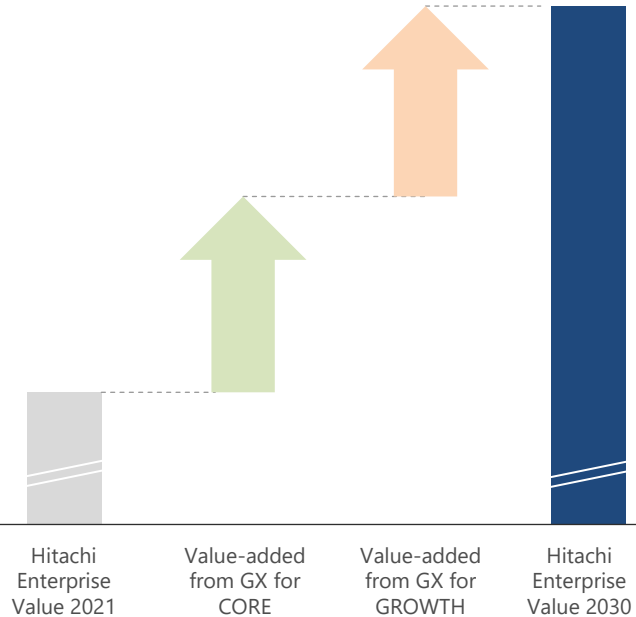


*1. SBTi certified on Scope 1 & 2 carbon neutrality by 2030, Scope 3 40% reduction by 2030 vs. 2010., aligned with 1.5° commitment. Certification will be updated for new targets.

*2. CO₂ equivalent *3. Battery as a Service. *4. EV Value Chain as a Service. *5. Carbon Capture and Storage. *6. Direct Air Capture. *7. Battery Energy Storage System

1-6. Achievement of Hitachi GX Strategy can bring New Value

Hitachi GX Strategy will contribute to increasing Hitachi Enterprise Value



1A Efficiency gain

- Design more sustainable products/processes, resulting in:
 - Installation of RE generation facilities
 - Reduced raw materials
 - Lower consumption of other fuels (electrification of vehicles, process steps)
 - Process efficiency gains

1B Regulatory risk management

- Annual avoidance of future carbon taxes by lowering emissions:
 - Reduction of residual value for Scope 1&2
 - Engagement targets with customers and suppliers (i.e., Scope 3)

1C Lower cost of capital

- Lower cost of capital driven by higher sustainability performances (issuance of green bonds)

2A Green business building

- Upside driven by new revenues streams from green products (e.g., new products as a service business models)

2B Green premium*1

- Upside driven by green premium on all product portfolio given new Hitachi green brand image

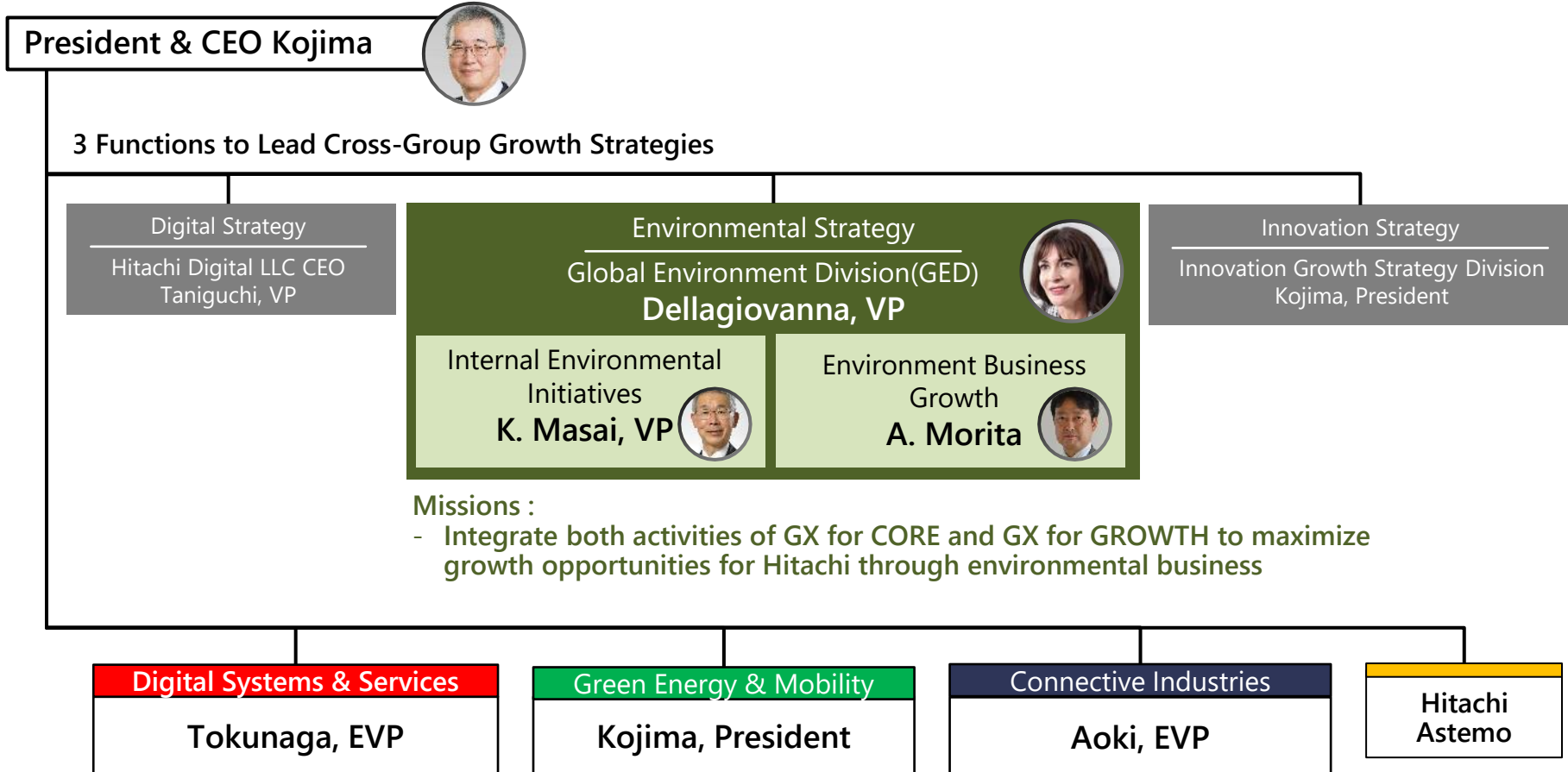
2C Inorganic growth

- Premium driven by inorganic growth on green technologies (e.g., acquisition of promising start-ups)

On-going discussion with BUs to quantify all value function levers

*1. Additional revenues for choosing a clean technology over one that emits a greater amount of greenhouse gases.

1-7. Organization to Execute Hitachi GX Strategy



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2-1. Internal Environment Initiatives for CN and CE Target

On track to achieve net zero for scope 1 & 2 by FY2030, strengthen commitment for CN in FY2050 and Circular Economy

Lead Carbon Neutrality (Scope 1 & 2 + 3)
 Scope 1 & 2 : 50%*1 reduction of CO₂ emissions in FY2024 (37B yen investment for energy saving and RE facility in 3 years)
 Scope 3 : 50%*1 reduction in FY2030, Carbon Neutral throughout value chain in FY2050

Build Circular Society
 Promoting CE activities with confirmed KPI with global partners

Scope 1 & 2 decarbonization levers

Levers to abate CO ₂ emissions	Energy saving + RE generation 33%	RE purchase 31%	RE certificate 26%	Credit 10%
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Completed / on-going projects

Mass-consumption type

- Energy saving/improve HVAC
- RE self consumption



Yokohama Office



Okayama Data Center

Area intensive type 3 areas in Ibaraki

- Use as energy center
- Asset share
- Facility management BPO*2



Aiming 100% fossil-free Factory (Hitachi Rail)

- Generating 50-60% of energy from solar panels
- Expected to reach more than 700MWh
- Enables to reduce 325t of carbon emission annually



Tito Scalo Site, Italy

Scope 3

Upstream

Establishing monitoring scheme and Setting visible KPI



Downstream

Accelerating reductions to promote CO₂ visualization and energy saving products



Circular Economy targets

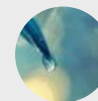
Reduction of waste from manufacturing sites and product design concept



Aiming Zero*3 waste to landfill*4 from Manufacturing sites



Applying Eco-Design for new product development



Improvement of efficiency in use of water



more usage of ecofriendly materials (eg. recycle plastics) for new products

*1. 50% reduction: base year FY2010, *2. Business Process Outsourcing, *3. Less than 0.5%, *4. Wherever this is compatible with local conditions and regulations
















2-2. Mid-term Management Plan 2024 Target

Lead decarbonization globally with Hitachi Energy to foster a sustainable society

Enable customers to reduce their footprint

FY2024
Target

Contribution to CO₂ reduction: Approx. 100 million tons/year (Equivalent monetary value: Approx. 1.1 trillion yen)*²

Customers	T&D	Non-fossil fuel energy	Oil	Gas	Transport	Automobile (car/motorcycle)	Building	Industry	Logistics
         	<p>Approx. 89 million tons (Approx. 980 billion yen)</p>					<p>Approx. 6.5 million tons (Approx. 72 billion yen)</p>		<p>Approx. 7.2 million tons (Approx. 80 billion yen)</p>	
<p>Lifecycle CO₂ reduction in annual products shipped¹ (equivalent monetary value breakdown)*²</p>	<p>Energy Transition</p> <p>Green Energy and Mobility</p>  <p>Carbon-free solution (HVDC systems)</p>  <p>Carbon-free mobility (Battery-powered tram)</p> <p>R&D investment 200 billion yen</p>					<p>Electrification</p> <p>Hitachi Astemo</p>  <p>xEV components (EV motor)(EV inverter)</p> <p>R&D investment 300 billion yen</p>		<p>Energy Savings</p> <p>Connective Industries</p>  <p>Logistics (Ecosystem services connected by CPS)</p> <p>Digital Systems & Services</p>  <p>Visualization of energy management (EcoAssist)</p>	
Value provided									
Sector focus business									

*1. Base year FY2013

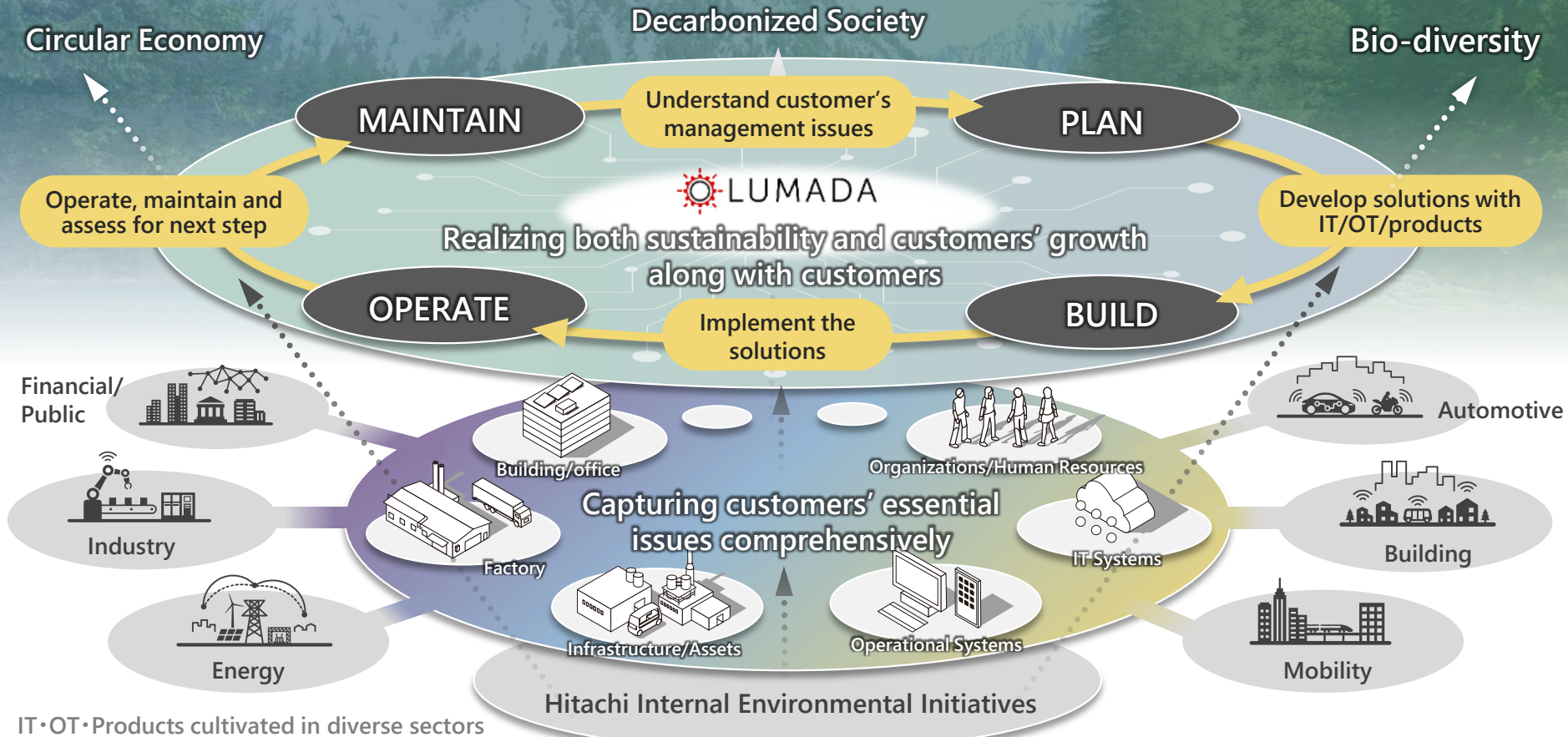
*2. Estimate carbon price as 11,000 yen per ton-CO₂ and convert CO₂ reduction by decarbonization solution into monetary value

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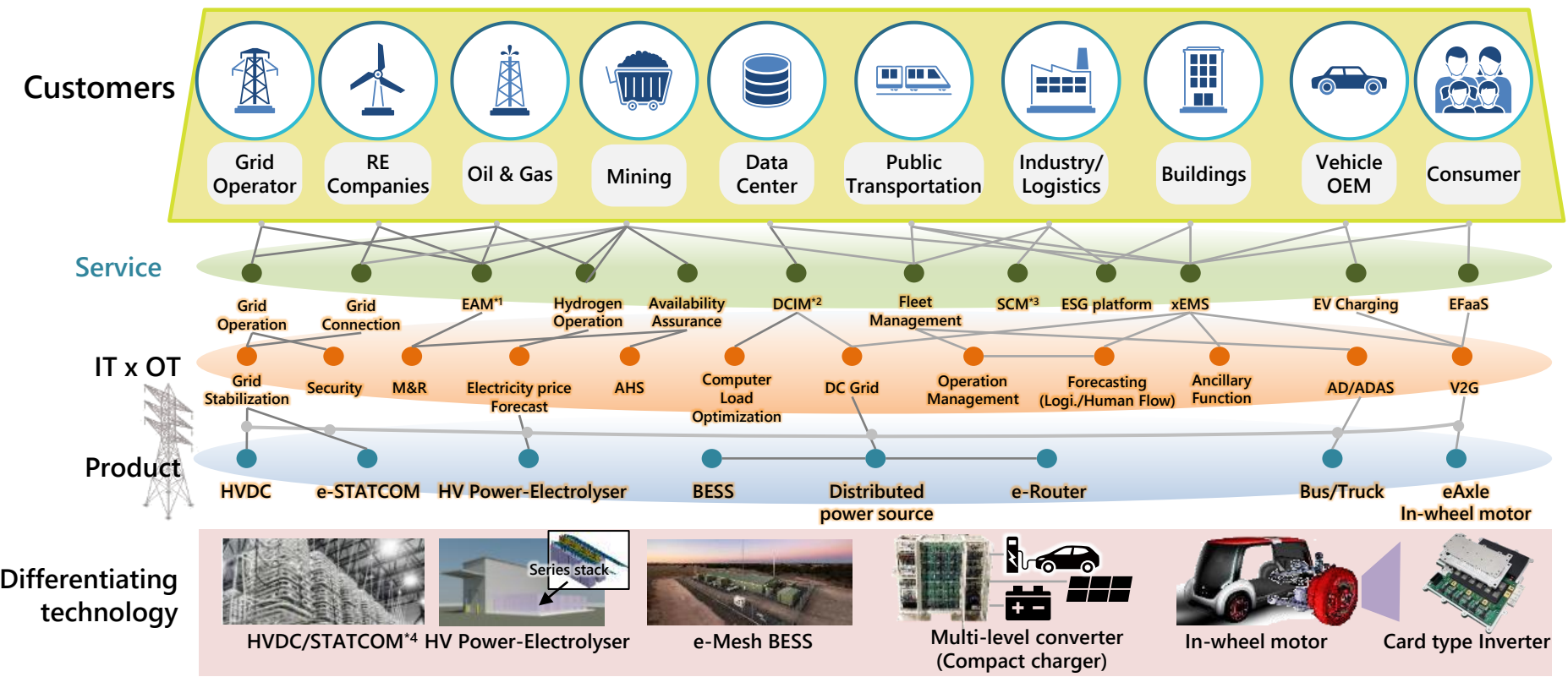
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3-1. Environment Business Growth Model



3-2. Value Proposition for a Wide Range of Customers

Reach a wide range of customer sectors with a growth model and solutions/differentiating technology



*1. Enterprise Asset Management, *2. Data Center Infrastructure Management, *3. Supply Chain Management, *4. STATIC synchronous COMPensator,

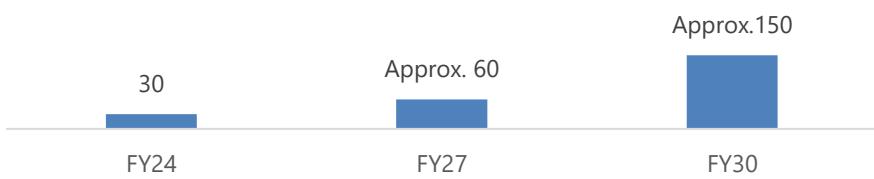
3-3. Expansion of the Global Environment Business in Short Term **HITACHI** Inspire the Next

GED*1 focuses on cross-sector business to enhance the Green Business globally

3 main green segments	Energy transition	Electrification	Energy savings			
Business sector	North America	EMEA	Japan	China	APAC	
GED	Global Value Creation					
Digital Systems & Services		Cross-sector business				
Green Energy & Mobility						
Connective Industries						
Hitachi Astemo						

	Market size*2, 2030 B\$	Priority regions for pilot projects	Target segment
EV Value Chain as a Service	200-300 B\$		<ul style="list-style-type: none"> Public transport Private commercial fleets Utilities fleets
Energy as a Service	900-1050 B\$		<ul style="list-style-type: none"> Manufacturing facilities & buildings Power Grid Transportation
Decarbonization	N/A		<ul style="list-style-type: none"> Manufacturing facilities IT Data Center

Target revenues from cross-sector business (¥B)



*1. Global Environment Division. *2. Worldwide market size

3-4. Expansion of global Environment Business with Innovative Technologies

Mid-term (-2030)

Long-term (-2050)

Energy Transition

Hybrid train

Battery train



Hydrogen prototype train

- East Japan Railway Company and Toyota Partnership

Electrification

xEV Components

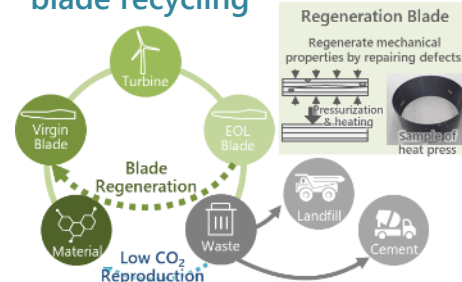
In-wheel motor Card-type inverter



Energy Saving

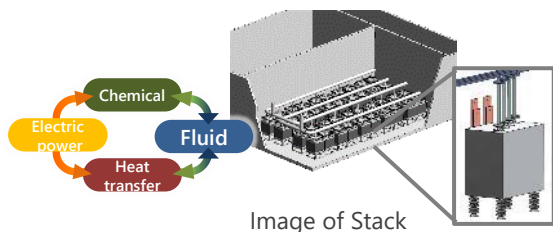
Circular Economy

WT*1 blade recycling



Hydrogen Value Chain

Water electrolysis
hydrogen production

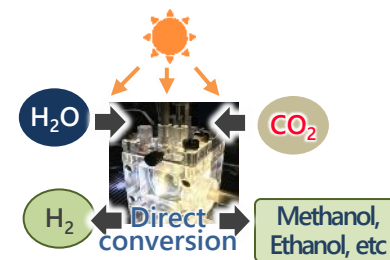


XaaS Orchestration



Carbon Negative

Artificial photosynthesis



*1. Wind Turbine

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Hitachi Social Innovation is
POWERING GOOD

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 report.

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:

- exacerbation of social and economic impacts of the spread of COVID-19;
- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, 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;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- 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;
- fluctuations in demand of products, etc. and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- 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;
- 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;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- 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 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;
- 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;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; 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 elsewhere in this report and in other materials published by Hitachi.