

Carbon Pricing for Net Zero - Utilizing Market Mechanism -
IEEJ, RIETI and EUJC Joint Webinar

Activities of Hitachi Group on climate change

Jan/27/2022

Kazunori Takahashi

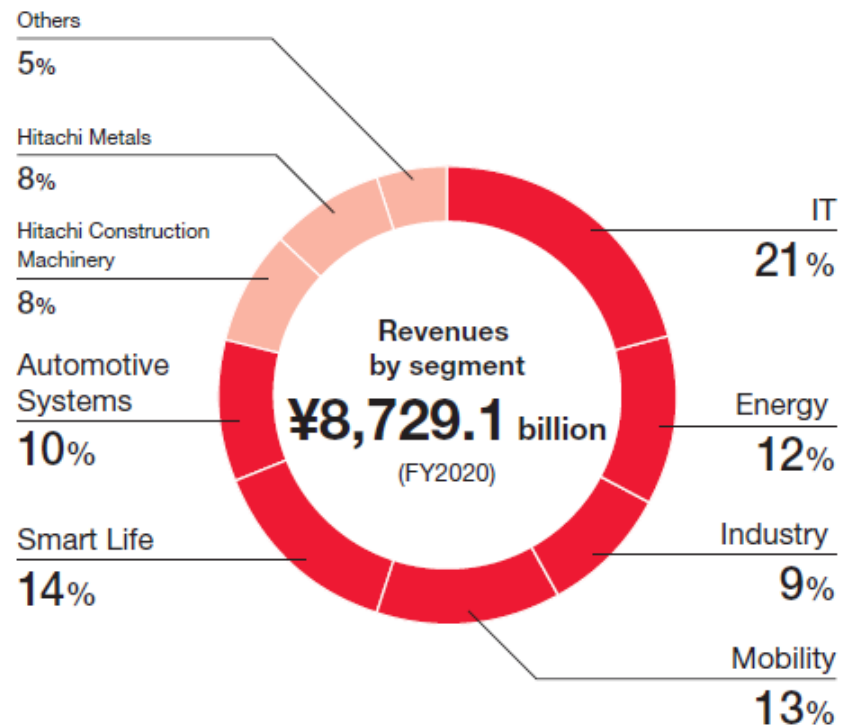
Deputy General Manager, Sustainability Promotion Division
Hitachi, Ltd.

1 Hitachi Profile

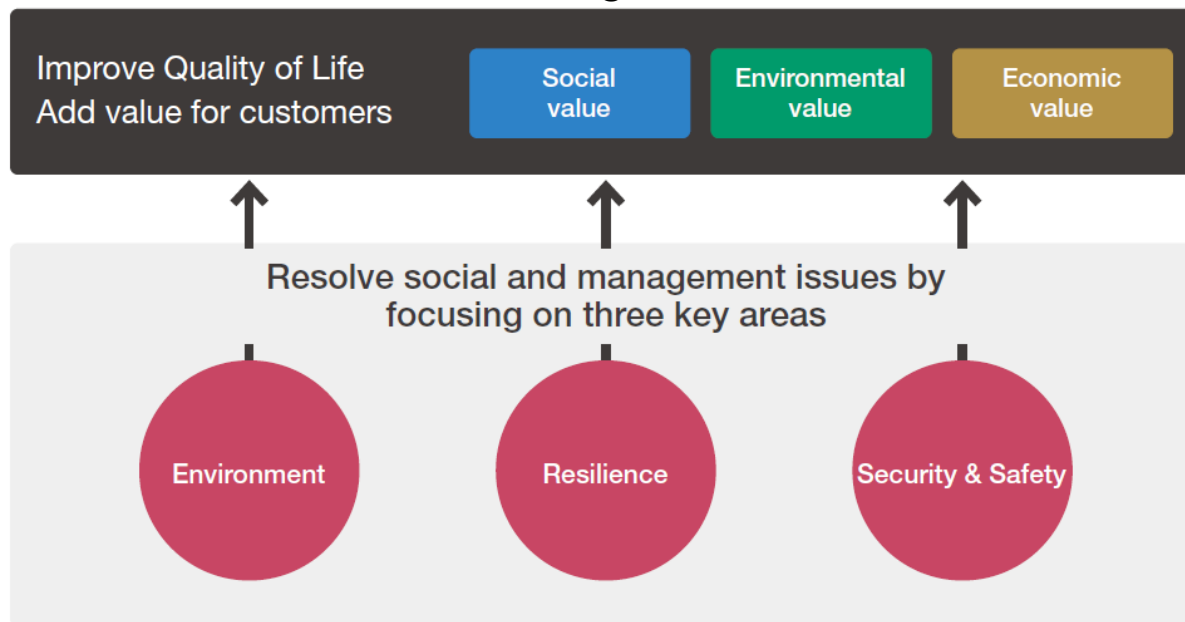
Foundation	1910
Head office	1-6-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Representative	Representative Executive Officer, President & COO Keiji Kojima
Employees	350,864 (FY2020)
Consolidated subsidiaries	871 (FY2020)
Business contents	Social Innovation Business that combines information technology (IT), operational technology (OT) and products

Revenues

Composition ratio (%)



Aiming to realize a sustainable world as a global leader in Social Innovation Business



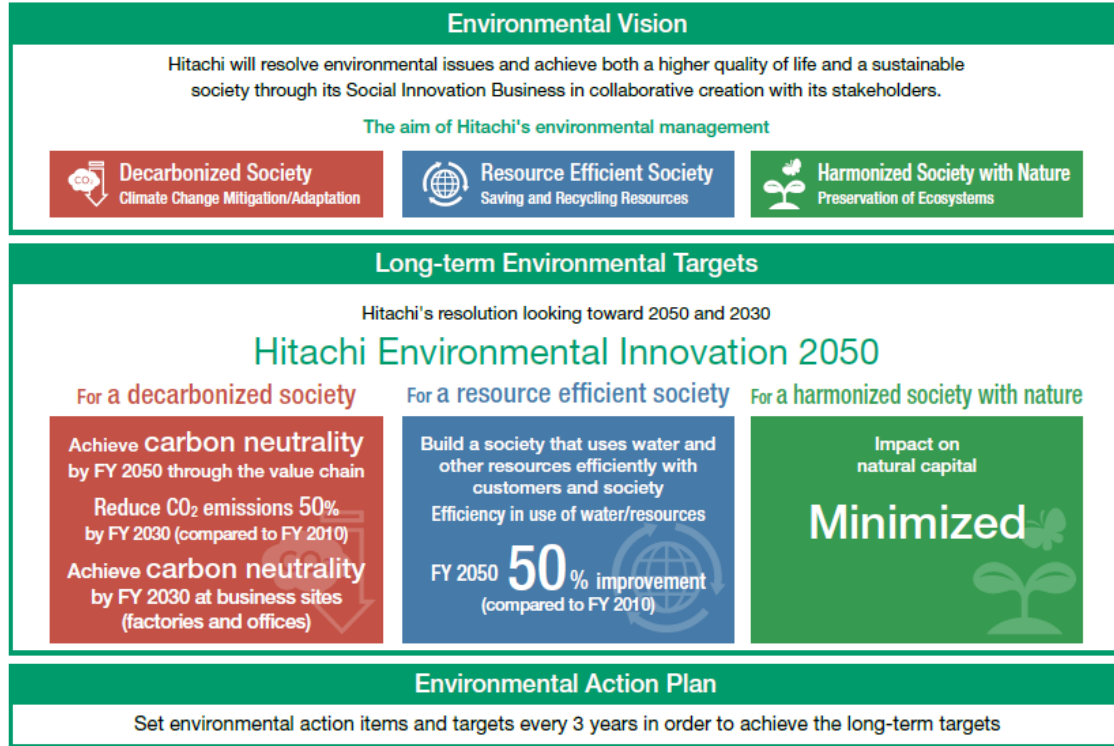
Provide OT×IT×Products as a Package



3 Environmental Vision and Long-term Environmental Targets

(set first in 2016, updated in 2021)

Aiming to achieve carbon neutrality by FY2050 through the value chain



Appointment of Chief Environmental Officer(CEnO), Deputy CEnO

4 Hitachi's activities towards a Decarbonized Society (1)

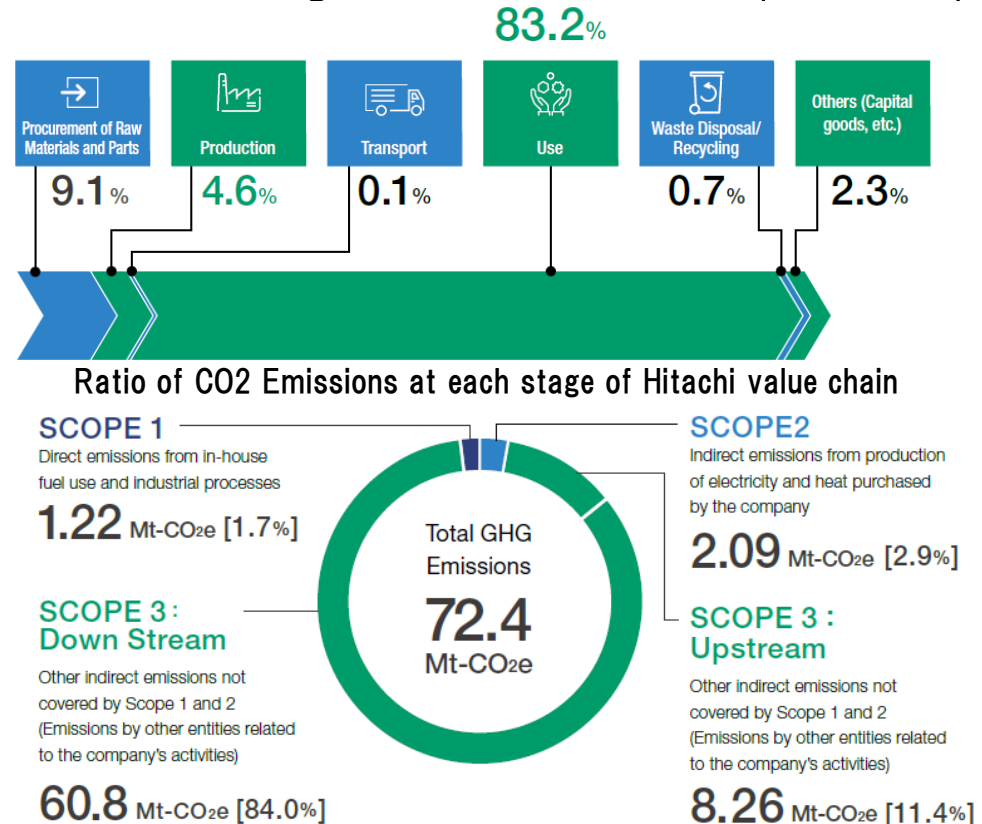
CO2 and GHG emissions and breakdown through the value chain (FY2020)

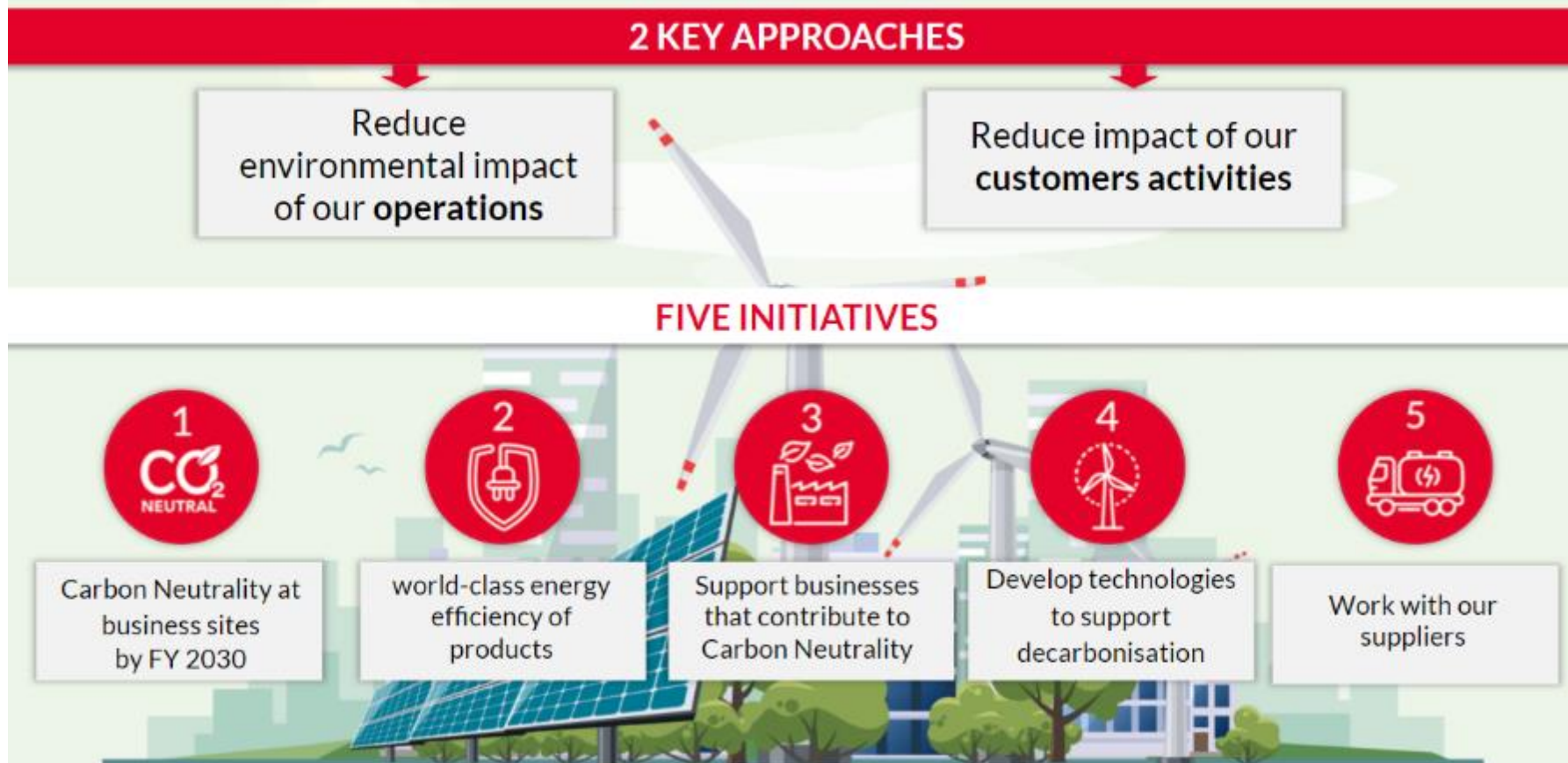
For a decarbonized society

Achieve **carbon neutrality**
by FY 2050 through the value chain

Reduce CO₂ emissions **50%**
by FY 2030 (compared to FY 2010)

Achieve **carbon neutrality**
by FY 2030 at business sites
(factories and offices)

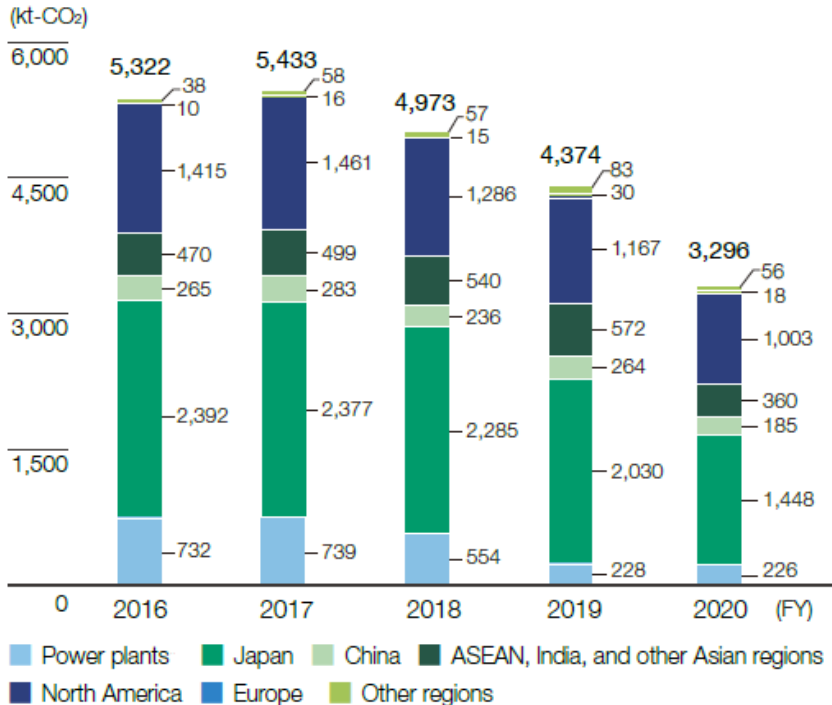




6 CO₂ emission reduction at business sites

Hitachi will become “CN” by 2030 in global operation (factories and offices)

▶ CO₂ Emissions
(Hitachi Group’s factories, offices, and power plants)



1) Action

- Global best practice deployment to minimize factory energy consumption
- Pool purchasing of RE by region to minimize cost
- Minimize requirement of carbon credit purchase

2) Investment

- 84B¥ for 10 years

3) Incentive

- Introduction of Executive pay link to Environmental performance from FY2021
- Strengthening of “Hitachi Internal Carbon Pricing”, introduced from FY2019

https://www.hitachi.com/New/cnews/month/2021/02/210225/20210225_01_env_presentation_en.pdf

7 Hitachi Internal Carbon Pricing (HICP)

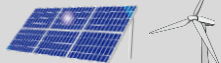
- ICP is a mechanism that promotes the CO₂ reduction through organizational activities by having the organization price to its own carbon emissions and reflect them in management decision-making.
- HICP was introduced with the aim of promoting capital investment to reduce CO₂ emissions by setting a virtual price for the reduced CO₂ emissions and raising the investment priority.

- Set internal carbon price
- Set a policy to incorporate the effects of CO₂ reduction into capital investment decisions

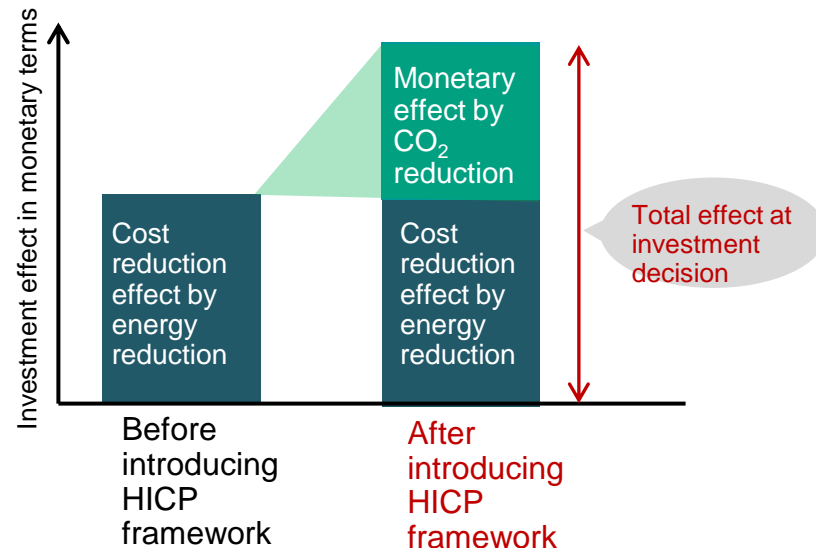
Evaluate by adding cost reduction effect of energy consumption reduction and the monetary effect of CO₂ reduction through investments

Increase the priority of capital investment reducing CO₂ and decide investment

Renewable Energy



High-efficient equipment



Introducing HICP from 2019

- CO₂ price : ¥5000/ton-CO₂ based on global CO₂ price outlook

- Evaluation period : capital investment payback years

2019: related investment 260M¥, reduced CO₂ 1356ton/year

2020: related investment 250M¥, reduced CO₂ 447ton/year



Setting “Hitachi Carbon Neutrality 2030” at Business Sites in 2020
and planning the roadmap(investment, RE purchase, etc.) to 2030



Strengthening HICP from 2021

- CO₂ price : ¥14000/ton-CO₂ based on CO₂ price increase outlook and in-house survey

- Evaluation period : equipment operating years

Realization of a Decarbonized Society



- Support the societal shift toward renewable energy
- Provide systems and high-efficiency products that realize stable energy supply

- Develop eco-friendly railcars
- Develop hybrid- and battery-powered trains

- Develop high-efficiency electrification products and technologies to support the expansion of xEVs

- Provide DX solutions and energy-saving industrial equipment for manufacturing and other industries

Hitachi Integrated Report 2021

<https://www.hitachi.com/IR-e/library/integrated/2021/index.html>

Hitachi Sustainability Report 2021

<https://www.hitachi.com/sustainability/download/index.html>



END

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HITACHI
Inspire the Next 