

Contributing to SDGs through Social Innovation Business

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This article introduces Hitachi's contributions to achieving Sustainable Development Goals (SDGs) through sustainability and social innovation business.

1. Hitachi and sustainability

The roots of Hitachi, Ltd. lie in machine repair work for mines in the city of Hitachi, Ibaraki prefecture. The facilities at that time were foreign made, and during his daily work of maintaining this machinery, Hitachi founder Namihei Odaira developed a strong conviction that “We can't just repair foreign products—we must also develop and establish our own technologies.” With this in mind, he and his colleagues began by developing a five-horsepower induction motor.

For over 100 years since the company's founding, Hitachi's corporate mission of “Contribute to society through the development of superior and original technology and products” and its founding spirit of “Harmony, Sincerity, and Pioneering Spirit” have been carefully handed down to successive generations.

■ **Figure 1: Hitachi founder Namihei Odaira**



■ **Figure 2: Hitachi hut at founding (1910, Ibaraki prefecture)**



Hitachi is proactively engaged in social innovation business based on this corporate mission and founding spirit. Today, Hitachi aims to find solutions to the issues confronting society, improve the quality of life, and contribute to achieving a sustainable society by combining its operational technology (OT), information technology (IT), and products developed over many years and by advancing its social innovation business through co-creation with partners and stakeholders.

2. Hitachi and SDGs

Hitachi's wide range of business fields enables it to make diverse contributions to achieving SDGs. Against this background, the Executive Sustainability Committee chaired by President & CEO Toshiaki Higashihara was established in April 2017 to study the 17 SDGs and the risks and opportunities that Hitachi business related to each goal represent to society and the environment. As a result of this study, Hitachi identified five goals to which it could make major contributions through its business strategy and six goals to which it could contribute through overall corporate activities. However, as all 17 SDGs are interrelated to some extent, Hitachi seeks to contribute directly and indirectly to achieving all 17 goals. The purpose of Hitachi's sustainability strategy is to clarify the social value and impact of its social innovation business based on global trends in business risk and opportunities and to achieve sustainable growth as a company over the medium and long term.

■ Figure 3: SDGs targeted for contributions by Hitachi



3. SDGs targeted for contributions through business strategy —energy for a sustainable society—

The five SDGs to which Hitachi seeks to make contributions through business strategy are closely related to the four main business fields of its social innovation business, namely, “power and energy,” “industry, distribution, and water,” “urban development,” and “finance, society, and healthcare.” Hitachi’s approach to achieving these goals is to create social value through business that is simultaneously a business opportunity for the company. The following introduces examples of contributing to the energy field in terms of current conditions in the world and Hitachi’s stance and efforts.

(1) Current conditions in the world

Electric power is indispensable to modern society—it helps

supports daily living and social infrastructures familiar to everyone such as global information-communications systems, healthcare services, and transportation systems. Nevertheless, there are still a great number of people in the world that spend their life without daily access to electricity. In addition, much of the power supplied around the world is still based on carbon resources generating a high amount of CO₂ emissions while being highly dependent on human labor as in the mining industry.

(2) Hitachi’s stance

Hitachi considers that a stable and efficient supply of renewable energy is an important factor in creating a prosperous and sustainable future. It believes that proposing solutions through co-creation with all partners and stakeholders along the energy value chain is effective in supplying power and countering global warming.

(3) Hitachi's efforts

Hitachi aims to produce clean energy from all sorts of resources including renewable energy such as wind power and solar power and to supply power in a stable and sustainable manner by combining its product development expertise from energy production to consumption and its strengths in OT and IT. As part of its efforts toward achieving a set of long-term environmental targets announced in September 2016 as “Hitachi Environmental Innovation 2050,” Hitachi is contributing to reducing CO₂ emissions through the development and popularization of product and services with high environmental value.

4. SDGs targeted for contributions through overall corporate activities

Hitachi has specified six SDGs for making contributions through overall corporate activities. Stakeholders themselves have expectations that Hitachi will work to achieve these goals, and Hitachi recognizes its social responsibility in doing so. Hitachi also sees these goals as important elements in achieving sustainable business for itself. At the same time, Hitachi feels that respect for human rights forms the basis of all 17 SDGs and places importance on reducing the negative impact of its business activities on human rights all along the value chain.

Respect for human rights is a priority issue for companies doing business on a global scale, but carrying out activities in this regard is a difficult problem. It is hoped that companies will address problems related to human rights by conforming to international standards including the United Nations “Guiding Principles on Business and Human Rights.” Here, it is not simply a matter of avoiding an infringement of human rights—companies must also take a proactive stance beyond that basic principle since respect for human rights is connected to achieving all 17 SDGs.

Hitachi, which is expanding its value chain on a global scale and deals directly with a variety of working environments, business practices, and trading customs, established the “Hitachi Group Human Rights Policy” in 2013. This policy clarified

methods of respecting human rights not only for the Hitachi Group but also for all stakeholders related to Hitachi business. Furthermore, as an example of efforts to educate others on the issue of human rights, Hitachi President & CEO Toshiaki Higashihara has been delivering a human-rights message to directors and employees of Hitachi, Ltd. and Hitachi Group companies inside and outside Japan on Human Rights Day, which is observed annually on December 10. In addition, the procurement department in 2015 and human resources department in 2016 conducted due diligence on human rights and readjusted existing mechanisms. They also evaluated human rights risks with respect to supply-chain and group employees, assigned priorities, and studied measures for improvement. Based on the results of these activities, Hitachi continues to formulate concrete and effective measures for reducing human rights risk.

As described above, Hitachi's founding spirit is based on harmony, sincerity, and pioneering spirit. Here, one meaning of “sincerity” is undertaking work with a sense of trustworthiness and responsibility, but another meaning can also be considered. Hitachi Henjinkai, an association of Hitachi employees and alumni holding advanced academic degrees, professes that the word “sincerity” (*makoto* in Japanese) can also be used to convey feelings of warmth and compassion and work done in a selfless and faithful manner. Hitachi has had such a spirit from the very beginning—it believes that the fundamental meaning of the word “sincerity” from a corporate perspective is to have a warm-hearted feeling toward employees, customers, and everyone in society surrounding the company along with a strong desire to make important contributions to society.

Going forward, Hitachi is committed to making contributions to society through its social innovation business. Hitachi will endeavor to clarify the risks that its business may bring to society and the environment and will deal with those risks head-on through carefully thought-out measures. From a long-term perspective, Hitachi will continue to study all 17 SDGs and will incorporate its sustainability strategy in its next Mid-term Management Plan.