



HITACHI
Inspire the Next



Hitachi Integrated Report 2024

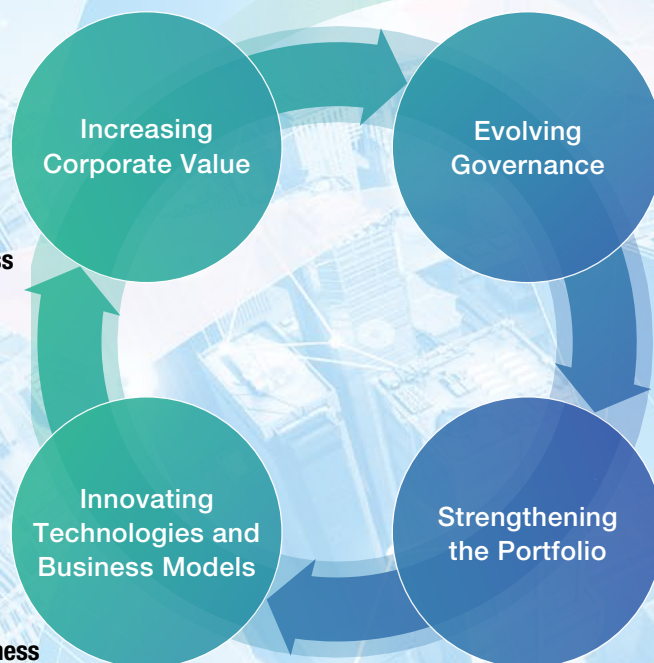
Year ended March 31, 2024

The Value Creation Process of Hitachi

Hitachi achieves sustainable growth via its value creation cycle with four key elements.

Sustainable Growth in the Social Innovation Business

Creating Economic Value, Environmental Value, and Social Value through the Social Innovation Business Increases Corporate Value



Leveraging Unique Strengths in the Social Innovation Business through Technology and Business Model Innovations

Evolving Governance for the Growth of the Social Innovation Business

Continuously Strengthening the Business Portfolio to Be a Global Leader in the Social Innovation Business

Contents

Introduction

- 02 Editorial Policy / Our Reporting Universe
- 03 Hitachi at a Glance
- 04 Transformation of Hitachi

Value Creation

- 06 CEO Message
- 12 The Value Creation Process
- 13 Digital Strategy / Lumada
- 15 Sector Strategies

Business Sustainability

- 22 Materiality
- 24 Chief Sustainability and HR Officer Message
- 25 Human Resources Strategy
- 27 CFO Message / Financial Strategy
- 31 Risk Management

Corporate Governance

- 34 Message from the Chairman of the Board
- 36 Corporate Governance

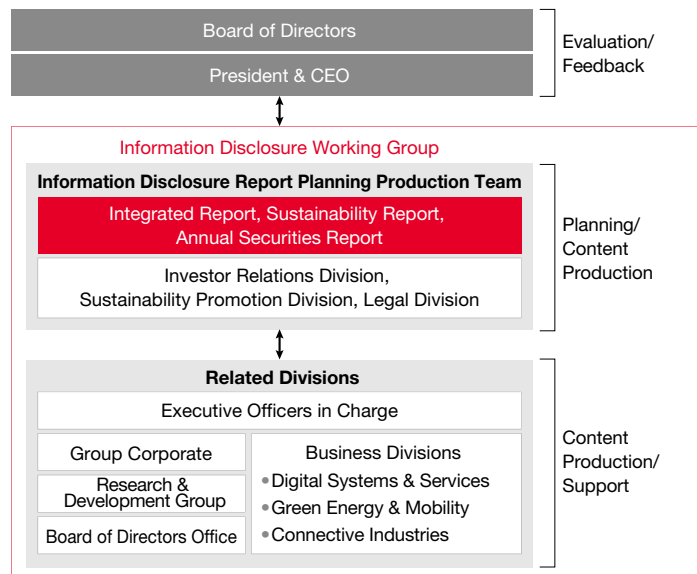
Data

- 45 Past Mid-term Management Plans
- 46 10-Year Financial Data
- 47 5-Year Non-financial Data
- 48 Corporate Data and Stock Information

Editorial Policy / Our Reporting Universe

Editorial Policy The Hitachi Integrated Report is compiled for the purposes of facilitating a deeper understanding among stakeholders of Hitachi's business model, as well as a dialogue through which we can further enhance corporate value and realize a virtuous cycle of value co-creation. In the 2024 edition, we focus on Hitachi's management strategies and measures to become a digital-centric Social Innovation Company based on our value creation process. This integrated report consists of three parts: "Value Creation" to achieve further growth for Hitachi, "Business Sustainability" to support the growth, and "Corporate Governance" as the instrumental in enhancing corporate value. In editing this report, we referred to the IFRS Foundation's International Integrated Reporting Framework and the Japanese Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation.

Production Structure



Reporting Scope

Period: Fiscal 2023 (April 1, 2023–March 31, 2024)

Note: Includes activities and other information occurring after April 1, 2024.

Companies: Hitachi, Ltd., and its consolidated subsidiaries

Accounting Standard: Unless otherwise noted, this report is prepared in accordance with U.S. GAAP through fiscal 2013 and with the International Financial Reporting Standards (IFRS) from fiscal 2014.

Disclaimer Regarding Forward-looking Statements

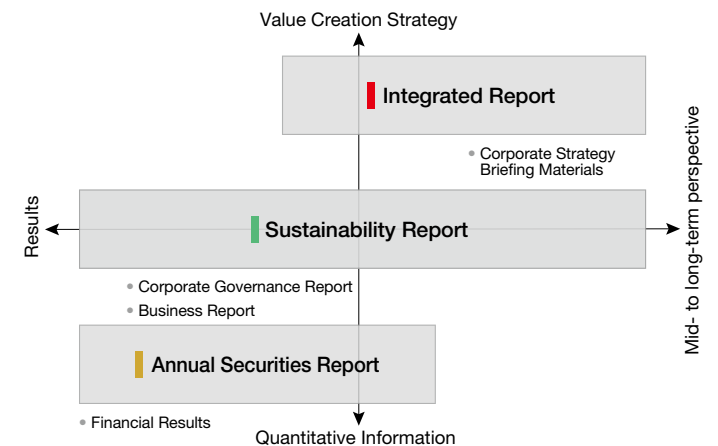
Certain statements regarding the future of the Company set forth in this Report might constitute "forward-looking statements," such as "plan," "forecast," "target," and "strategy." Although forward-looking statements contained in this report are based upon what the Company has determined to be reasonable assumptions at the time of disclosure, actual performance and other results could differ materially from those anticipated in such statements.

*All company names and product names are the trademarks or registered trademarks of their respective companies.

Our Reporting Universe

Hitachi publishes three corporate reports: the Integrated Report, the Sustainability Report, and the Annual Securities Report. We define each report's roles by content (from quantitative information to Value Creation Strategy) and time horizon (from results to the medium- to long-term perspective).

In particular, the Integrated Report and the Sustainability Report, which are released on the same day, can be read together to confirm ESG initiative progress and data in addition to management strategies. We also invite you to visit our websites for additional information.



Integrated Report [↗](#)



Readership
Institutional investors and other stakeholders

Sustainability Report [↗](#)



Readership
ESG investors and other stakeholders

Annual Securities Report [↗](#)



Readership
Shareholders and investors

Website

[Corporate Strategy](#)
[\(Mid-term Management Plan\)](#) [↗](#)

[Financial Information](#) [↗](#)

[Hitachi Investor Day](#) [↗](#)

[Business Report](#) [↗](#)

[Corporate Governance Report](#) [↗](#)

[Information Security Report](#) [↗](#)

[IT Performance Report](#) [↗](#)

[ESG Policies and Guidelines](#) [↗](#)

[Dialogue with Stakeholders](#) [↗](#)

[About the Hitachi Group](#) [↗](#)

Hitachi at a Glance

Financial Indicators (FY2023) Figures shown below each KPI are the change compared with FY2022.

Revenues*1	Adj. EBITA / Adj. EBITA margin*1	Net income (attributable to Hitachi, Ltd. stockholders)	EPS*2	Core FCF	ROIC
8,564.3 billion yen	867.4 billion yen / 10.1 %	589.8 billion yen	634 yen	571.4 billion yen	8.7 %
+12%	+142.6 billion yen / +0.6 pts	(59.2) billion yen	(50) yen	+155.0 billion yen	+1.1 pts

Lumada business

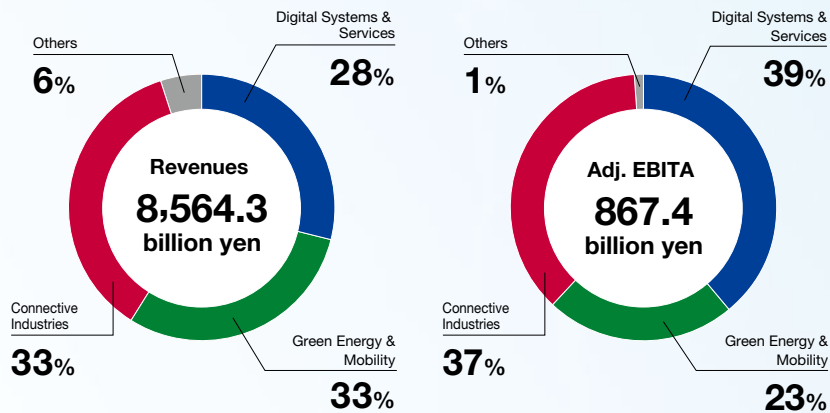
Revenues

2,334.0 billion yen

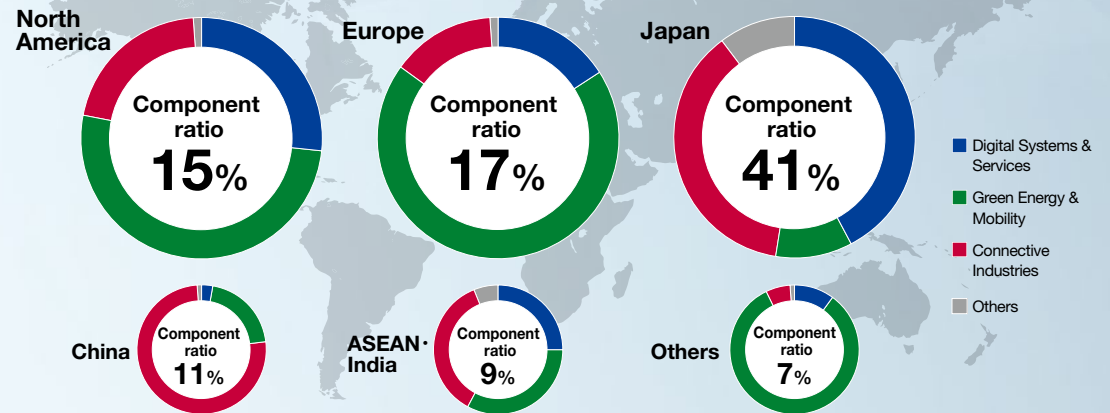
Adj. EBITA margin

Approx. **15** %

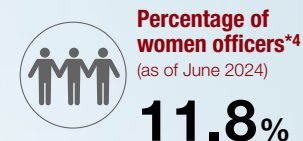
Business Composition



Revenues by Region



Sustainability Management Indicators (FY2023)



*1 Figures shown reflect the three sectors of Hitachi (excluding Hitachi Astemo), derived by deducting the equity method earnings of Hitachi Astemo and pre-equity-method consolidated figures of subsidiaries from the consolidated totals.

*2 Calculated based on the number of shares before the stock split (effective July 1, 2024)

*3 Total CO2 reduction rate at business sites (factories and offices)

*4 Ratios of women and non-Japanese Executive Officers and corporate officers

Transformation of Hitachi

Origin of Hitachi [🔗](#)



Founder Namihei Odaira

Sogyo goya (Hitachi's first factory)

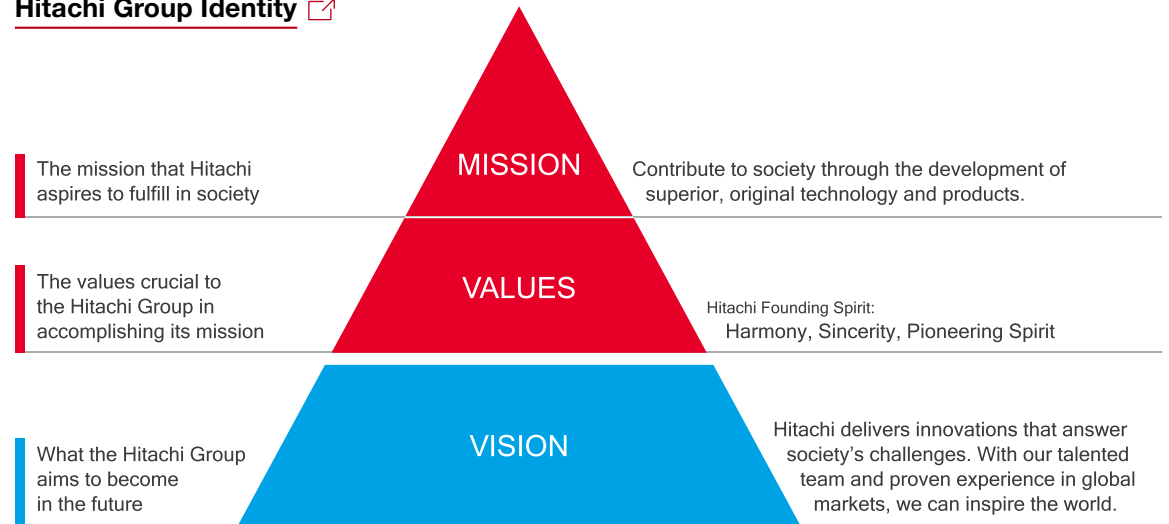
Corporate Philosophy

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

Hitachi Founding Spirit

Harmony, Sincerity, Pioneering Spirit

Hitachi Group Identity [🔗](#)



1910

IT

Solving customer and social challenges through Lumada [🔗](#) by utilizing IT, OT and products

OT and products



Five-horsepower induction motor



Electron microscopes



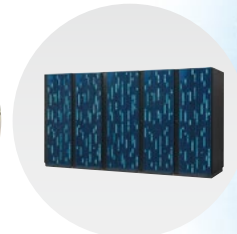
Development of urban infrastructure



Trains for the Tokaido Shinkansen



Development and supply of large-scale computers

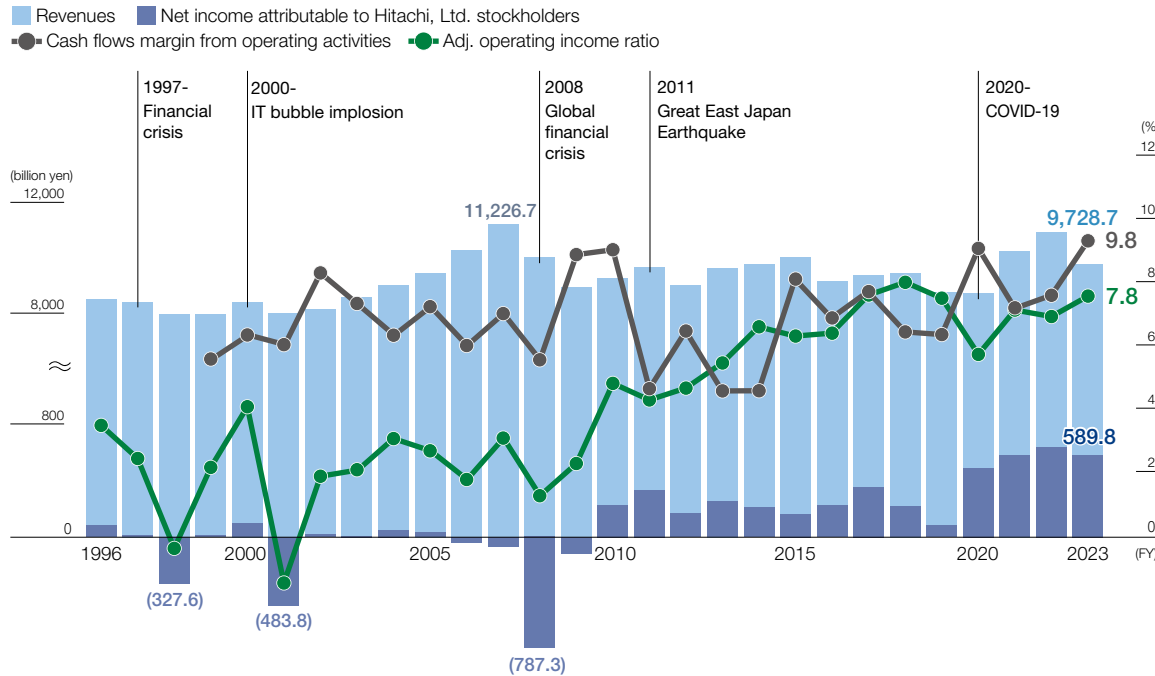


Development of virtual storage technology

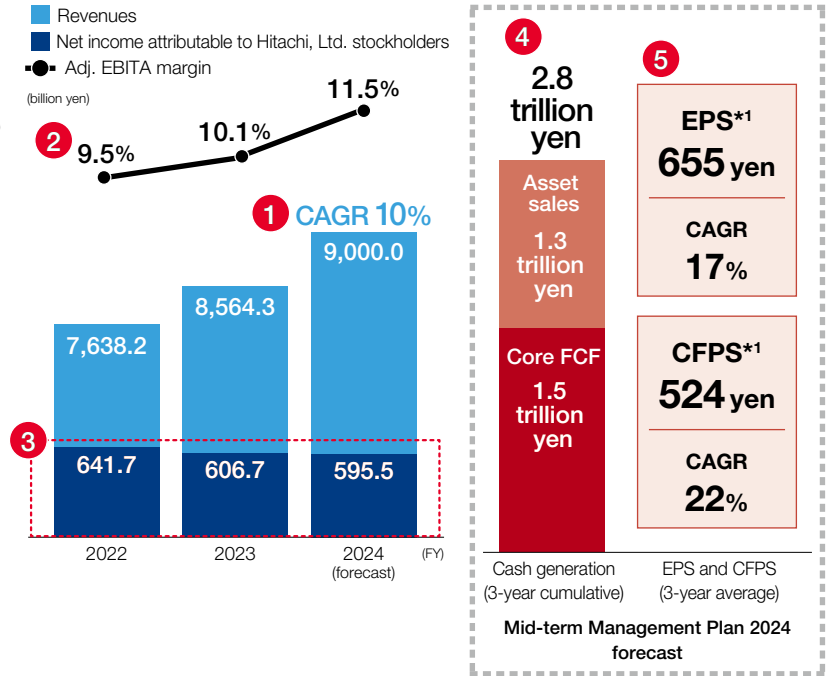


Sustainable Growth in the Social Innovation Business

Performance



Mid-term Management Plan 2024 (The figures on ①②③ are for the three sectors.)

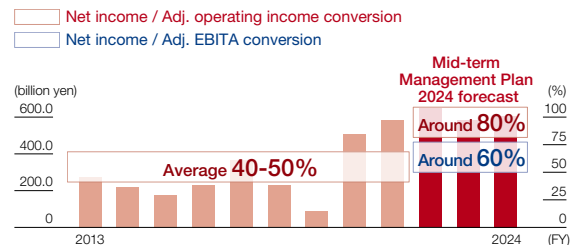


Business Transformation and Achievement of the Mid-term Management Plan 2024

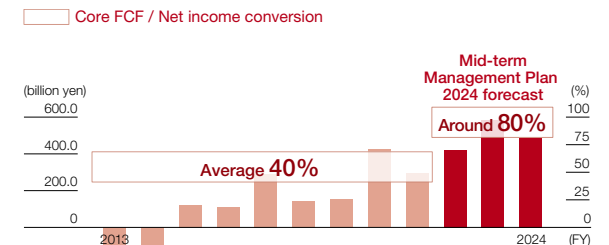
- ① **Revenues growth**
CAGR from FY2021 to FY2024: 10%
- ② **Profit improvement**
The Social Innovation Business drives growth globally, particularly through the highly profitable Lumada business
- ③ **Net income stabilization**
Enhanced risk management systems
- ④ **Expanded ability to generate cash**
Core FCF (3-year cumulative): 1.5 trillion yen

⑤ **EPS and CFPS growth** Stable growth in net income and core FCF

Change in net income and operating income conversion*2



Change in core FCF and net income conversion*2

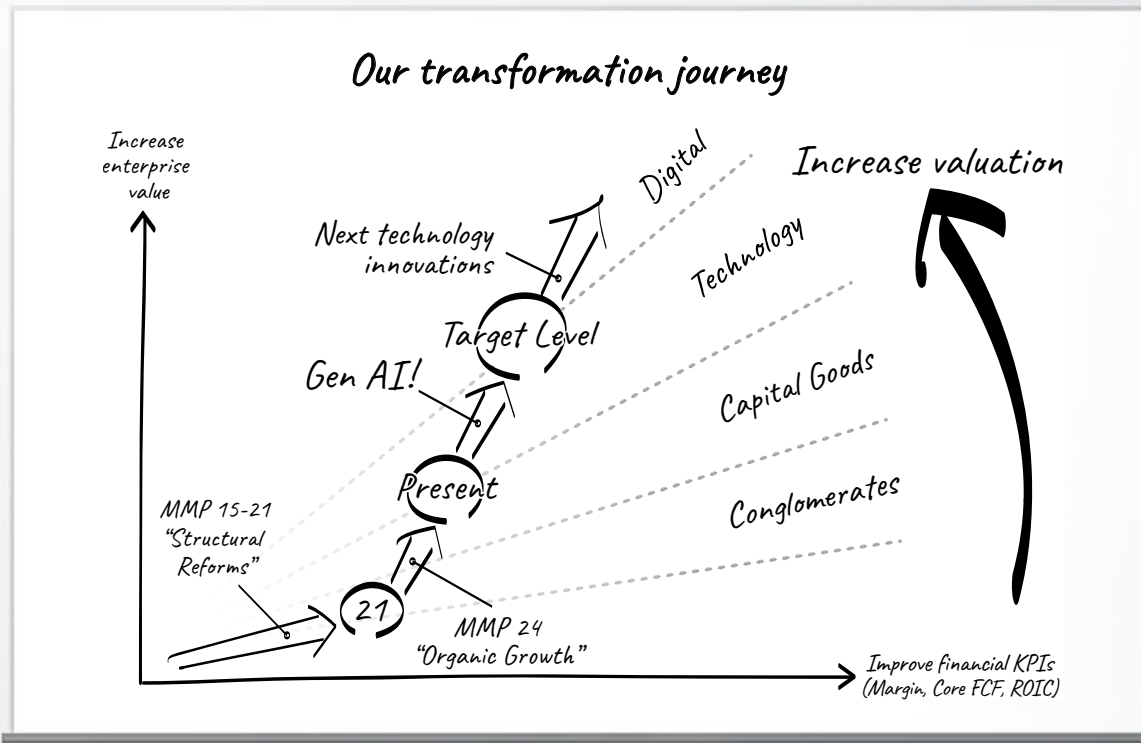


*1 Calculated based on the number of shares before the stock split (effective July 1, 2024) *2 FY2013 calculated based on US Generally Accepted Accounting Principles

CEO Message

Accelerate the Evolution from a Conglomerate to a Digital-centric Social Innovation Company, Capturing Growth Opportunities to Enhance Corporate Value

President & CEO Keiji Kojima



Transformation Journey into a Global Leader in the Social Innovation Business

Over the past decade, Hitachi has embarked on a transformation journey to become a global leader in the social innovation business.

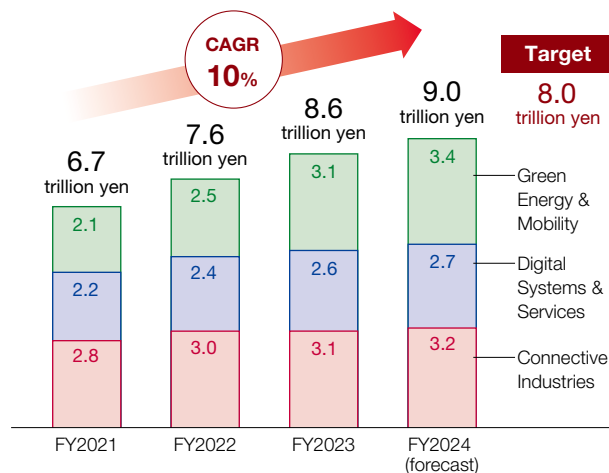
This transformation began with establishing a vision of “Social Innovation,” aiming to solve social challenges through customer co-creation, leveraging Hitachi’s strengths in “IT, OT and products.” Recognizing the need to accelerate digitalization to gain a competitive edge, “Lumada” was launched in 2016. By placing Social Innovation at the core of our business, we have continually [transformed our business portfolio through the last three Mid-term Management Plan periods \(fiscal 2013–2021\)](#).

Through these structural reforms, we are making a significant shift toward organic growth under the current Mid-term Management Plan 2024. By expanding Lumada, we have evolved from a conglomerate stock, and our valuation is now between that of capital goods and technology stocks. We are accelerating this growth, transforming into a digital-centric company with aspirations of achieving a valuation comparable to that of global digital players.

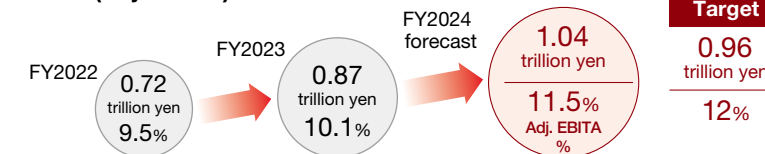
Become a Company Always Striving for Growth

In the Mid-term Management Plan 2024, we have built a robust business portfolio centered around three key technology trends: “Digital,” “Green,” and “Connective.” We have made a pivotal shift toward organic growth, pursuing top-line growth driven by DX and GX tailwinds, increasing profit margins through the expansion of the Lumada business, and stabilizing net income through [enhanced risk management](#). Additionally, and more importantly, we have prioritized [cash generation](#). As a result of these efforts, our key performance indicators (KPIs) are on track to

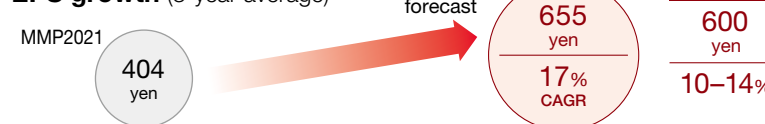
Revenues growth



Profits (Adj. EBITA)



EPS growth (3-year average)



Investment efficiency (ROIC)

Fiscal Year	ROIC	Target
FY2022	7.6%	
FY2023	8.7%	
FY2024 forecast	9.5%	
Target	10%	





meet our targeted financial structure: a revenues growth rate of 10%, adjusted EBITA margin of 11.5%, an ROIC of 9.5%, an EPS growth rate of 17%*¹, and core free cash flow of 1.5 trillion yen (3-year cumulative).^{*2} Furthermore, our focus on net income stability and cash generation has yielded positive results, with net income conversion^{*3} and cash conversion^{*4} rates exceeding 60% and 80%, respectively. We are allocating the generated cash to growth investment and shareholder returns, setting us on a trajectory of sustainable and organic growth.

*1 Calculated based on the number of shares before the stock split (effective July 1, 2024)

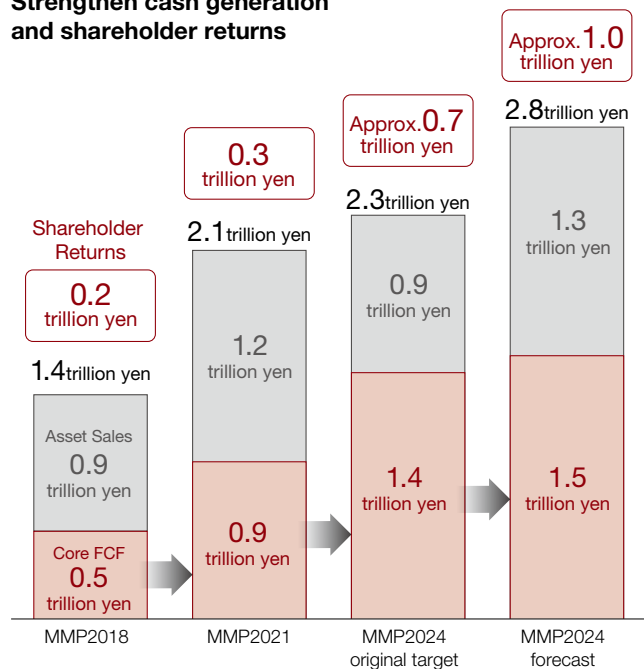
*2 Revenues and Adj. EBITA margin are for three sectors. Growth rate is CAGR from FY2021 to FY2024

*3 Net income / Adj. EBITA

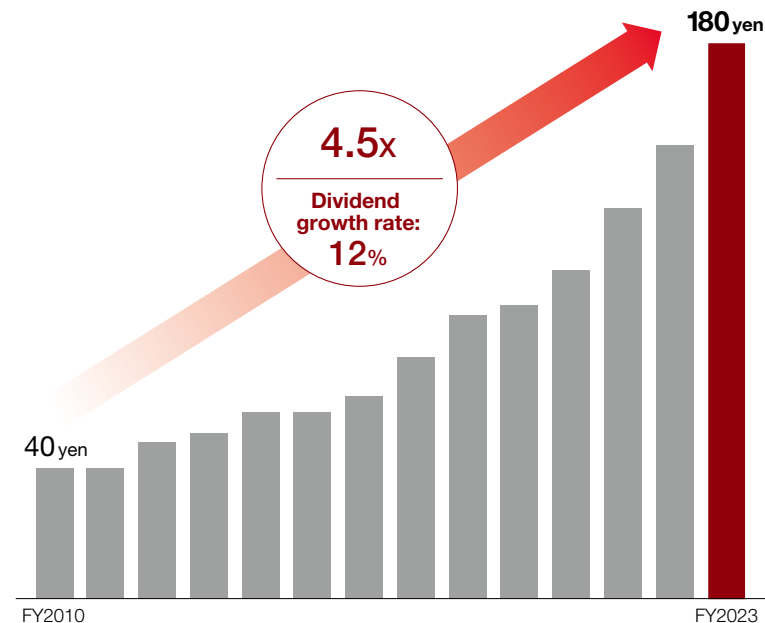
*4 Core FCF / Net income

During the Mid-term Management Plan 2024, we have also embraced sustainable management.  Strong governance is the foundation for enhancing corporate value. Under a robust Board structure, we have aligned executive compensation with shareholder value,  in addition to achievement of the Mid-term Management Plan KPIs. By incorporating TSR growth against global peers into a reward metric, we established a growth-oriented incentive committed to enhancing corporate value. Transparency is also a key aspect of our governance, and we are actively engaging and communicating with stakeholders.



Strengthen cash generation and shareholder returns



Annual dividends per share*⁵ (resolution-basis)



*5 Calculated assuming that the FY2018 share consolidation was implemented at the start of FY2010

We are also focusing on environmental  and human capital aspects, which are essential for global and sustainable growth. With increased GX demand, our contribution to CO₂ avoided emissions is projected to reach 153 million metric tons per year (three-year average), exceeding our target of 100 million metric tons. Additionally, we have made progress in reducing our CO₂ emissions toward achieving carbon neutrality by fiscal 2030, with a projected reduction of 74%, surpassing our target of 50%. In terms of talent development,  we are on track to achieve our goal of 97,000 digital talent. Furthermore, our leadership team has become more globally diverse; we started fiscal 2024 with 22.9% of Executive Officers and two of four Executive Vice Presidents being non-Japanese.

With the increased cash resulting from improved business and management practices, we are now able to balance investments in new growth opportunities with shareholder returns. In the current Mid-term Management Plan, we have distributed dividends based on the enhanced cash generation, achieving an annual dividend growth rate of 12% over the past 13 years. Additionally, we continue to repurchase shares, having bought back 300 billion yen's worth in the past two fiscal years, with plans to repurchase 200 billion yen of shares in fiscal 2024.

We are continually enhancing our governance and management structures, maintaining accountability, and defining quantitative metrics. Our unwavering pursuit of growth, while avoiding complacency, will further enhance Hitachi's corporate value.

The Significant Business Opportunities Unlocked by Generative AI and Digitalization

Generative AI, which emerged during the Mid-term Management Plan 2024, is a pivotal technological innovation for Hitachi's transformation journey. Its impact is so substantial that it can be likened to dividing IT history into "B.C." and "A.D.," unlocking tremendous opportunities both in the short term and the long run.

Despite the high expectation for generative AI to address various social challenges, its growth will not be exponential like that of the Internet era. There are physical constraints to its adoption, such as data centers and the substantial electricity required to operate the digital infrastructure. In addition, securing labor and resources for infrastructure construction is essential, yet increasingly challenging. It is crucial to harmonize the real and cyber aspects, as these physical constraints limit the pace of digital growth through generative AI. Hitachi will provide solutions aligned with the generative AI era through One Hitachi approach, leveraging the convergence of IT, OT and products.

In the short term, we are already witnessing significant opportunities and positive impacts on our business. Generative AI, for instance, is helping to resolve software development resource shortages and driving demand for data center-related systems and semiconductor production and inspection equipment. We will tackle the escalating power shortage while improving productivity and reducing the burden on frontline workers in various fields, such as power generation and substations, construction sites, and facility maintenance. By creating a model that coordinates and resolves the physical constraints associated with generative AI adoption, we can maximize its impact on society. Our relationships with key players, including power companies, construction firms, and hyperscalers, will position us advantageously. These substantial opportunities require collaboration across our three sectors: Digital, Green, and Connective. For example, when providing solutions utilizing generative AI, we need to align timing with relevant players such as hyperscalers and power companies, which operate with different business models. Our integrated growth strategy, leveraging the strength of these three sectors, can address data center demand and power shortages simultaneously while harmonizing the interplay of real-world and cyber elements.



Hitachi is promoting investments to respond to the rapid market growth driven by generative AI and other key trends. We plan to invest one trillion yen in fiscal 2024, anticipating significant results and setting the stage for continued growth in the next Mid-term Management Plan.

Identify Key Technologies and Adapt Swiftly to Inflection Points

Hitachi's ongoing transformation is driven by our ability to identify and harness emerging technologies at critical inflection points. We are ready to leverage their potential while addressing the social challenges they present. As CEO, I am responsible for anticipating future trends, understanding the evolving technology landscape, and aligning our business and technology portfolio with these insights to strategically allocate resources and capitalize on growth opportunities.

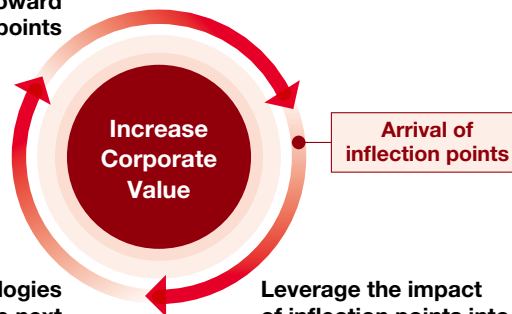
For instance, generative AI has the potential to revolutionize R&D productivity and accelerate the development of next-generation technologies, including quantum computing, anti-aging solutions, and nuclear fusion. To fully leverage these opportunities, we are strengthening our expertise in areas such as measurement, diagnostics, and cell culture, positioning ourselves for significant growth in these fields. Our collaboration with startups through corporate venturing and active engagement with global academia further enhances our foresight. Through backcast-oriented R&D and strategic M&A activities, we are well-prepared to seize growth opportunities as they arise.

As CEO, I provide guidance to ensure the alignment of our three sectors, indicating strategic directions such as "Let's focus on data centers next." Our corporate statement, "Inspire the Next," embodies the mindset of anticipating and meeting the evolving needs of our customers, a fundamental aspect of Hitachi's DNA and a key factor of our attractiveness.

To foster a global One Hitachi teamwork, it is crucial for our leaders to unify the diverse perspectives and aspirations of our employees. The same idea applies to newly acquired businesses, technologies, and personnel. If I were to put the "Harmony" from Hitachi's founding spirit—

Refine the ability to respond quickly to social issues created by major inflection points

Adjust business portfolios
with a view toward
the next inflection points



Identify technologies
that generate the next
inflection points

Leverage the impact
of inflection points into
business opportunities

Identifying impactful technology and its effects

Open innovations

Resolve the next social issues through
global ecosystems with academia

Corporate venturing

Invest in and collaborate with startups
aiming to be the next "unicorns"

Back-casting R&D

Create breakthrough technologies
by backcasting from the future

“Harmony,” “Sincerity,” and “Pioneering Spirit”—in modern wording, it would be “inclusive leadership.” It is the leadership to orchestrate diverse opinions from a higher perspective. By embracing this type of leadership, Hitachi can continue to thrive with the Social Innovation Business.

Drive Value Creation through Deepened Governance

To enhance corporate value over the long term, Hitachi is committed to disciplined growth investments and portfolio simplification under a robust governance structure.

We prioritize returns on growth investments, execute bolt-on M&A to support organic growth, and achieve early Hitachi Group synergies through strong post-merger integration. Strengthening investment risk management is integral to our growth model. Additionally, we swiftly execute necessary capital investments while avoiding overcapacity.

Recognizing that a complicated business portfolio poses significant risks, we consistently strive for simplification, ensuring alignment with the Lumada strategy. Asset divestments and joint ventures are prioritized for capital efficiency. Strong governance underpins our efforts to enhance corporate value, enabling us to set ambitious targets to become a digital-centric company and evolve to accelerate growth.

In our transformation journey to enhancing corporate value, dialogue with stakeholders including shareholders is more important than ever. We consistently incorporate insights from investors into swift and accurate execution to deliver results. As evaluations from capital markets rise, the demand for management speed and precision also increases. Therefore, we are deepening our governance and proactively capturing and mitigating risks. We will continue to reflect received advice in our management decisions and share the results of our growth as shareholder returns.

The fiscal 2024 is pivotal, as it marks the completion of our Mid-term Management Plan 2024 while continuing the acceleration of organic growth toward the next Mid-term Management Plan. We are committed to aggressively accelerating growth and aspire to become a global leader in the Social Innovation Business, contributing to a sustainable society.



The Value Creation Process

Our Advantages and Resources

Global and diverse organization*1 and human capital

- DEI promotion for diverse human resources
- Compensation structure supporting growth mindset
- Global top-tier board

Overseas employee ratio	58%
Ratio of women executive and corporate officers	12%
Ratio of non-Japanese executive and corporate officers	25%
Digital talent	95,000
Engagement score	68.6

Global assets capturing technology trends

- Three business segments matching trends
- Four strategic cross-sector functions
- Overseas regional headquarters capturing global markets

Global asset ratio*2	70%
----------------------	-----

Innovating technologies

- Backcast corporate R&D that develops the next Lumada solutions
- Start-up investments

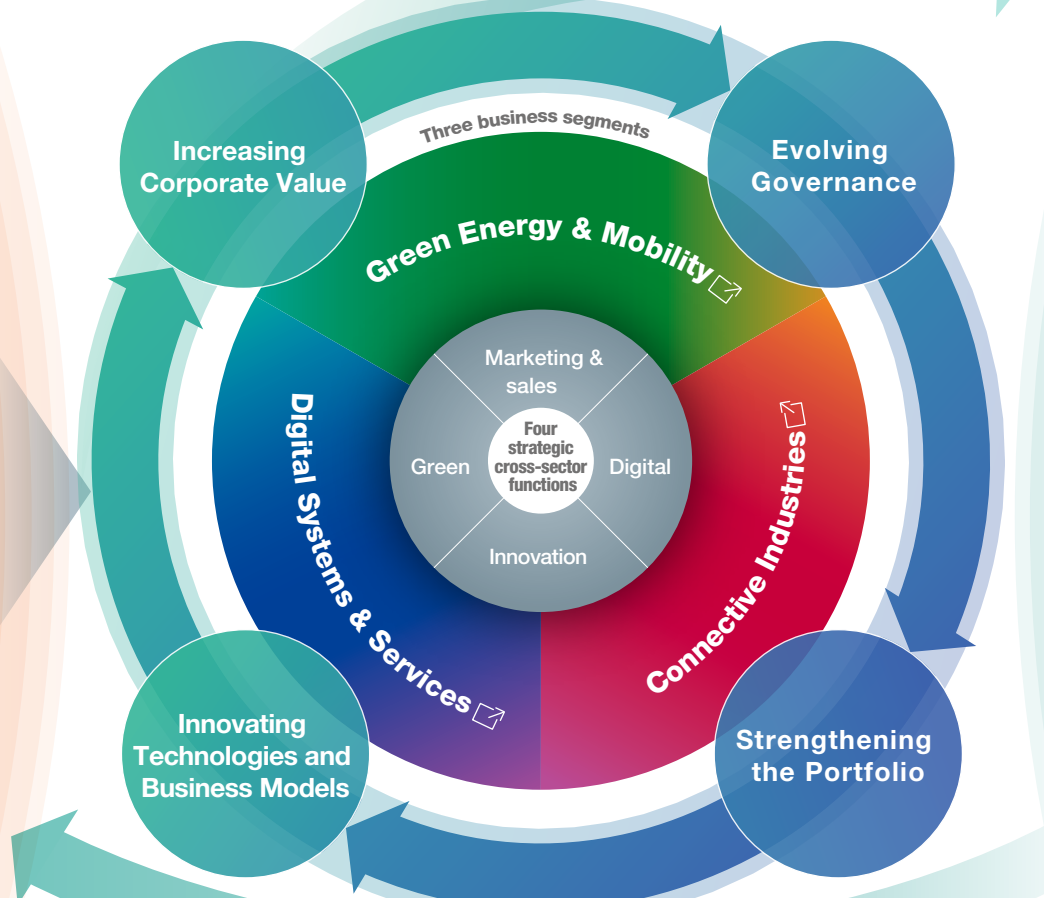
R&D investments*1	290.1 billion yen
Investments in start-ups	\$600M in total under management

Unique business model

- Lumada's customer co-creation framework
- One Hitachi framework that enables approach to global customers

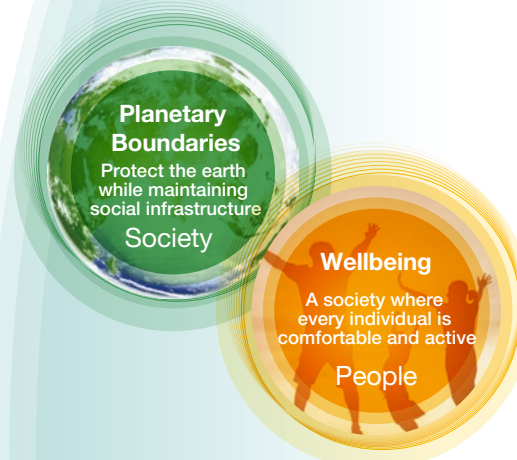
Lumada use cases (cumulative)	1,409
Solutions (cumulative)	221
Lumada Innovation Hub Tokyo*1	
Number of visitors	21,000
Collaborative creation cases with customers	130
Alliance program partners	70

Sustainable Growth in the Social Innovation Business



Creative Value

Support people's quality of life with data and technology that fosters a sustainable society



Contribute to customers' decarbonization
153.0 million metric tons/year*3

Lumada drives growth by contributing to DX/GX

Revenues growth (YoY)*4	+12%
Adj. EBITA margin*4	10.1%
Lumada revenues ratio	27%
Adj. EBITA margin	Approx. 15%
EPS*5	634 yen
CFPS*5	614 yen
Total shareholder return	186.9% (past three years)

Materiality

Environment	Resilience	Safety & Security	Quality of Life	Business with Integrity	DEI
-------------	------------	-------------------	-----------------	-------------------------	-----

Resilient organization ■ Corporate governance ■ Risk management

Mission

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

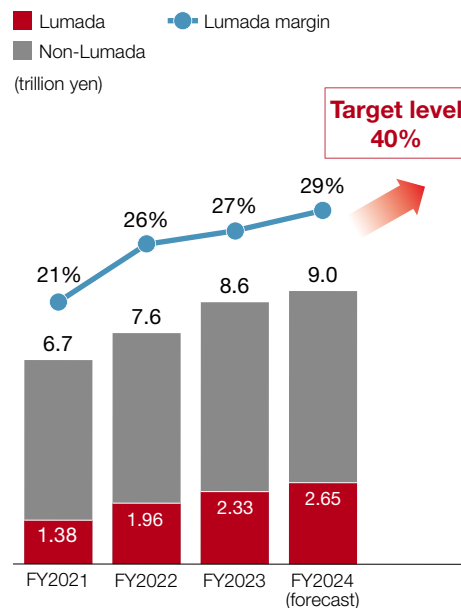
*1 The figures described on this page are FY2023 performance
 *2 FY2021
 *3 Three-year average during the period of the Mid-term Management Plan 2024 (forecast)
 *4 Figures shown reflect the three sectors of Hitachi (excluding Hitachi Astemo), derived by deducting the equity method earnings of Hitachi Astemo and pre-equity-method consolidated figures of subsidiaries from the consolidated totals.
 *5 Calculated based on the number of shares before the stock split (effective July 1, 2024)

Digital Strategy / Lumada

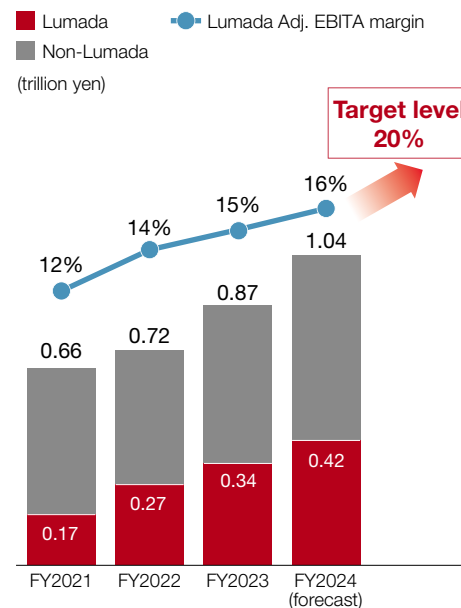
Lumada as a Growth Driver

Hitachi is pushing forward with its Social Innovation Business, which solves social challenges together with customers by leveraging IT, OT and products. Lumada is the mechanism that brings together digital technology, knowledge, and business models that form the foundation of our Social Innovation Business. Hitachi is creating new value by rapidly achieving DX through customer co-creation with Lumada. Hitachi is working to achieve the target of 2.65 trillion yen in revenues for the Lumada business in the Mid-term Management Plan 2024 by improving productivity through generative AI and capturing new business opportunities through growth investments.

Revenues



Adj. EBITA

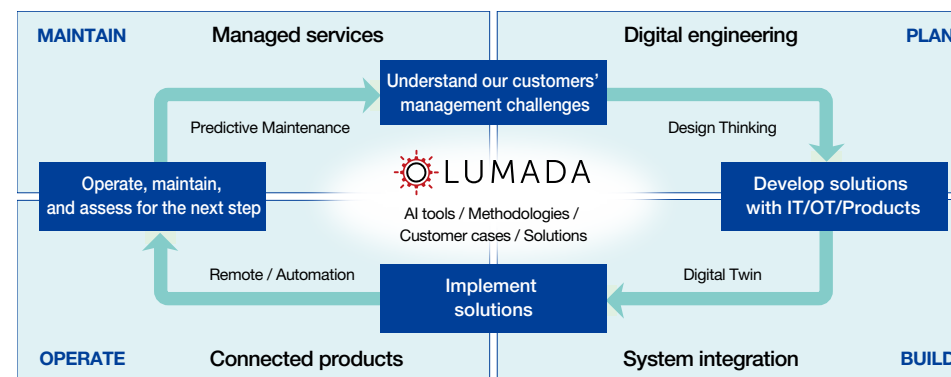


Lumada Business Model (Customer Co-creation Framework)

Lumada's customer co-creation framework is a method for realizing circular businesses that increase the value delivered to customers while continuously executing a four-part cycle that starts with understanding our customer management challenges (PLAN: upper right quadrant), developing and implementing solutions with IT, OT and products (BUILD: lower right quadrant), operating (OPERATE: lower left quadrant), and maintaining (MAINTAIN: upper left quadrant) by using data and technology.

The end-to-end value co-creation cycle can be initiated in any quadrant, and new value can be created quickly by leveraging the wealth of accumulated assets such as AI tools, methodologies, use cases, and solutions according to customer challenges.

Hitachi is a unique company that possesses capabilities in IT, OT and products under one roof and develops businesses across a wide range of industries. By leveraging the global product installed base in energy, railway, and industrial fields, experts in OT and products and GlobalLogic engineers with design-led digital engineering capabilities can work together as One Hitachi. This enables us to continuously support our customers' business growth as a comprehensive DX partner, by not only improving their operations and reducing costs but also enhancing the customer experience (CX) and transforming their business model.



▶ Expanding the Lumada Business with One Hitachi

Hitachi Digital, established in Silicon Valley, United States, in 2022, leads the formulation and execution of digital strategies as a control tower for the global expansion of the Lumada business. Hitachi Digital has laid the framework for expanding the Lumada business as One Hitachi. This has been done through the establishment of the Decision & Advisory Board, made up of CEOs and other top management from Hitachi Energy, Hitachi Rail, GlobalLogic, Hitachi Vantara, and Hitachi Digital Services, as well as through mutual collaboration with the Chief Lumada Business Officers (CLBO) in each business sector. From fiscal 2024, the management teams of digital business companies such as Hitachi Digital, GlobalLogic, Hitachi Digital Services, and Hitachi Vantara, as well as OT sector companies such as Hitachi Energy and Hitachi Rail, have begun to participate in each other's Board of Directors. In addition, we are accelerating the exchange of business practitioner talent between the OT sector and Hitachi Digital with the aim of establishing a cross-sector digital strategy formulation and execution system.



Leaders from the digital and OT sectors came together to discuss the latest technology and efforts

▶ Evolution of Lumada with Generative AI

Generative AI accelerates the resolution of a variety of social challenges and innovation. It is a revolutionary technology that is taking Lumada to a new phase of growth. Hitachi is utilizing generative AI to pursue initiatives to improve business productivity exponentially and capture new growth opportunities across the entire Hitachi Group, which is expected to enhance the growth and profitability of the Lumada business and our ability to generate cash.

In Japan, we set up the "Generative AI Center" to promote the safe and effective use of generative AI in May 2023, and through this we have accumulated plentiful knowledge and application technologies. We are expanding our internal and external initiatives globally by making use of GlobalLogic's advanced knowledge of generative AI, and we have created a collaborative framework with Hitachi Vantara, Hitachi Digital Services, R&D divisions, and

frontline divisions including the OT sectors, centered on Hitachi Digital. Through this framework, we are accelerating the application of generative AI by sharing use cases, knowledge, architecture, and responses based on local policy.

In the field of system development, we are combining our knowledge of mission-critical system development with generative AI, working to improve the productivity of system development while ensuring high quality. We have initiatives to improve frontline worker productivity by combining generative AI with the immense OT and product knowledge and data of the Hitachi Group as initiatives unique to Hitachi, a company with strength in the OT fields. This includes the sophistication of maintenance for railways, energy infrastructure, and industrial equipment, as well as improvements in on-site work efficiency for large-scale construction projects. We comprehensively support the use of generative AI among our customers, from consultations on AI applications to implementation and operation, and through this we are achieving new opportunities for growth.

Furthermore, it is essential to build an ecosystem with global partners to accelerate innovation through generative AI. Through strategic alliances with companies such as NVIDIA, AWS, Google Cloud, and Microsoft, we are developing AI solutions and training AI engineers. Hitachi is also moving forward with generative AI-related investments of 300 billion yen across the entire Hitachi Group for further growth. We are promoting initiatives, including the development of a common platform for generative AI that incorporates our unique domain knowledge, the development of services to offer generative AI as a service, and the strengthening of services and engineering that utilize GlobalLogic's human resources (the expansion of insourcing), as well as the training of 50,000 generative AI specialists through training programs, the acquisition of digital talent through M&A, and collaboration with startups.

▶ Addressing the Rapidly Expanding Demand for Data Centers with One Hitachi

Demand for data centers is rapidly expanding due to the advancement of generative AI. In addition to equipment for high voltage power transmission, transformers, and cooling equipment, the operation and maintenance of IT infrastructure is essential in building and operating data centers. This is a field where Hitachi's strengths in IT, OT and products can be fully demonstrated. Hitachi will provide comprehensive solutions as One Hitachi for data centers and connect the rapidly growing demand for these data centers to Lumada's growth by utilizing the strengths of Hitachi Energy, a company that already owns a large pipeline of products and solutions for data centers.

Sector Strategies

Digital Systems & Services / DSS

Business Structure

Services & Platforms

983.5 billion yen / 32%

Services & Platforms

Provision of digital engineering and cloud-related services that drives Lumada
Development of digital technologies such as AI and analytics

- **Digital Engineering BU:**
Experience design, digital engineering
- **Cloud Services Platform BU:**
Cloud services, security, IT products (storage, servers)

IT Services

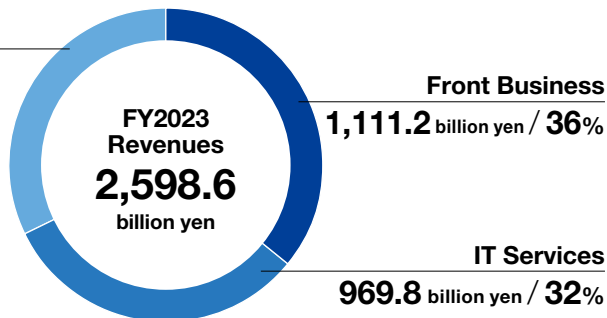
Development and operation of IT and digital solutions

- **Hitachi Systems, Ltd:** Provision of one-stop services that cover all IT life cycles with the advantage of system operation, monitoring, and maintenance
- **Hitachi Solutions, Ltd:** Provision of solutions for productivity improvement and new business creation through the combination of packages and services

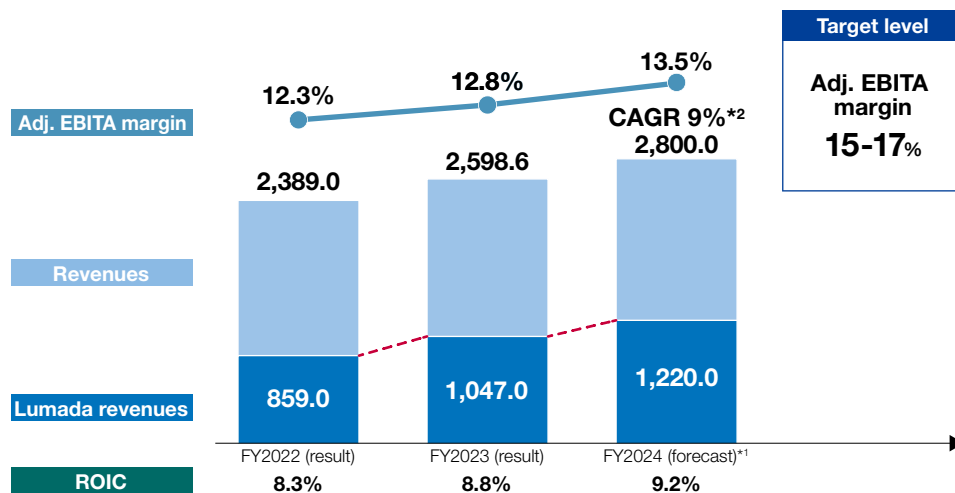
Front Business

Building and operation of mission-critical IT and digital systems

- **Financial Institutions BU:** Development and operation of mission-critical systems and provision of digital solutions and services for banks, insurance companies, and securities companies
- **Social Infrastructure Systems BU:** Development and operation of mission-critical systems and provision of digital solutions and services for public fields such as government agencies, local governments and social infrastructure fields such as electric power, transportation and telecommunications



Business Performance (billion yen)



*1 Announced on July 31, 2024 *2 FY2021-FY2024 CAGR

Investor Day (Digital Strategy)

Toshiaki Tokunaga

Executive Vice President and Executive Officer,
General Manager of Digital Systems &
Services Division



Market Environment

While customers in North America and Europe continue to hold back on IT spending due to the uncertain macroeconomic environment, it is expected that markets where Hitachi can demonstrate its IT, OT and products advantage will continue to grow globally in the future. In addition, demand for system modernization and DX remains strong, particularly in the Japanese market. We anticipate that the global digital market will expand at an average annual rate of 13% to 20% from 2024 to 2027 in the fields that Hitachi is focusing on, such as finance, national and local governments, telecommunications and media, energy, transport and logistics, manufacturing, and healthcare.

Progress of the Mid-term Management Plan 2024

GlobalLogic is experiencing steady growth in its core digital engineering business through bolt-on M&A and the expansion of domain knowledge and talent. Synergies with the OT sectors, such as GEM and CI, are also expanding, including the sophistication of operations and maintenance in social infrastructure and industrial facilities and the transformation of the business model to a service-oriented (recurring) business. In addition, the DSS sector has reorganized and strengthened its service delivery structure to accelerate synergies among IT, OT and products in the global marketplace. In the Japanese market, both sales and profitability increased significantly due to an increase in large, mission-critical System Integration (SI) and DX projects, which is one of our strengths. Accordingly, the DSS sector order backlog at the end of fiscal 2023 increased 15% year on year to 1.5 trillion yen. Revenues in fiscal 2024 are expected to exceed the initial plan, reaching 2.8 trillion yen with an adjusted EBITA margin of 13.5%. The DSS sector continues its transformation as a key driver of the Lumada business and sustainable growth in the digital market.

► Growth Strategies

The DSS sector has the capability to build and operate highly reliable systems that have been developed over many years in mission-critical areas, such as in the financial and social fields. We also have abundant digital talent to support customers' DX through advanced technologies and solutions such as generative AI. We will continue to strengthen our digital resources and capabilities to support growth, while accelerating synergies with the GEM and CI sectors, aiming for revenues and profitability that exceed the market growth rate in areas where Hitachi can maximize the advantage of its IT, OT and products.




Expansion of the Global Business

The DSS sector is continuously enhancing an end-to-end global service delivery structure to provide innovative digital solutions. We deliver solutions created by GlobalLogic's design and digital engineering capabilities through highly reliable and efficient cloud managed services from Hitachi Vantara and Hitachi Digital Services. In addition to strengthening digital resources and capabilities by expanding service development/delivery bases and talent, we will further accelerate collaboration with the OT sector to integrate digital into the Hitachi Group's product and installed base in the energy, railway, and industrial fields  to capture growth in the global DX market.


Expansion of the Front Business and the IT Services Business


The DSS sector will further strengthen its project management capabilities, which is one of its advantages, and optimize the utilization of the talent resources of approximately 60,000 persons/month currently in operation. In addition, we will expand resources by leveraging GlobalLogic engineers and improve SI productivity through generative AI.

Further Growth through the Use of Generative AI

The DSS sector is driving AI transformation across the Hitachi Group by utilizing many advanced cases from GlobalLogic  and Generative AI Center,  which gathers expertise and knowledge in generative AI. Based on these efforts, we are also driving co-creation with customers globally and creating new growth opportunities. GlobalLogic has been an industry leader in AI-related offerings for more than a decade with approximately 10,000 AI engineers and more than 500 AI projects, and was an early adopter of generative AI.  GlobalLogic's advanced technologies and expertise are being deployed within the Hitachi Group to create

new value, for example, in Hitachi Energy's efforts to improve the quality of its customer support.

In Japan, we are also expanding co-creation with customers in the financial field and elsewhere by combining expertise in the development of mission-critical systems with generative AI.  We have observed its effectiveness in increasing system development productivity and operational efficiency and plan to further expand the number of generative AI projects.

Furthermore, highly reliable and efficient data management infrastructure is essential to make the most of generative AI. We will speed up the implementation of hybrid cloud solutions that utilize storage virtualization to allow for the integrated and transparent management of company-specific data and open data across the on-premises and cloud environments in which Hitachi Vantara has a competitive edge. In addition, Hitachi Vantara continuously promotes the strengthening of the generative AI platform by developing Hitachi iQ,  a portfolio of AI-ready infrastructure, solutions, and services, which attained NVIDIA DGX BasePOD™ certification.

The Story of Value Co-creation

Order for a Next-generation Nationwide Load Dispatching System That Optimizes Power Balancing Control

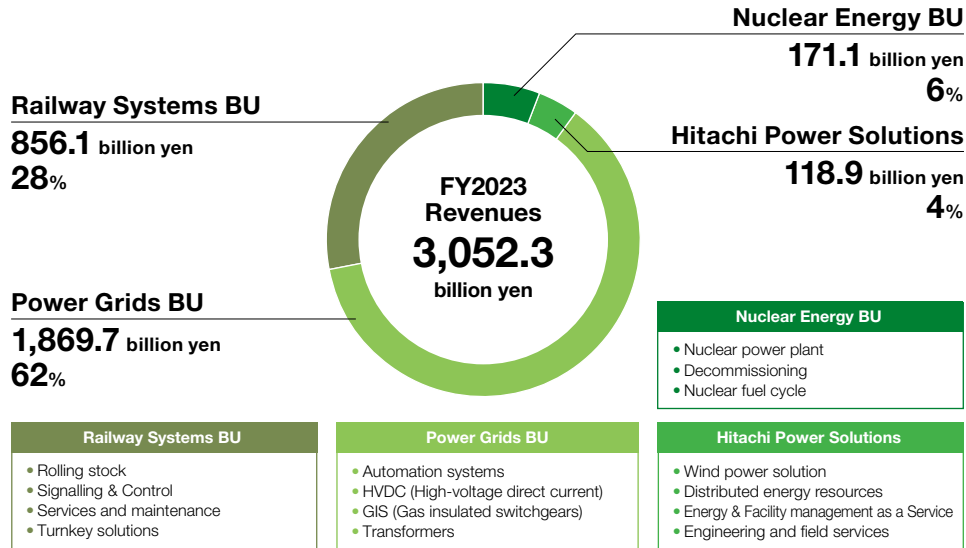
In October 2023, Hitachi received an order for a next-generation nationwide load dispatching system,  a core system that optimizes nationwide power balancing control, from Transmission and Distribution IT & OT Systems LLC, a joint venture established by 10 general power transmission and distribution companies in Japan. Load dispatching systems have been developed in different areas. The new system will be a common load dispatch system for each area except the Okinawa area. By combining Hitachi Energy's global standard packages with the DSS sector's mission-critical system development know-how, Hitachi will contribute to the stabilization of Japan's power supply and the realization of a decarbonized society.



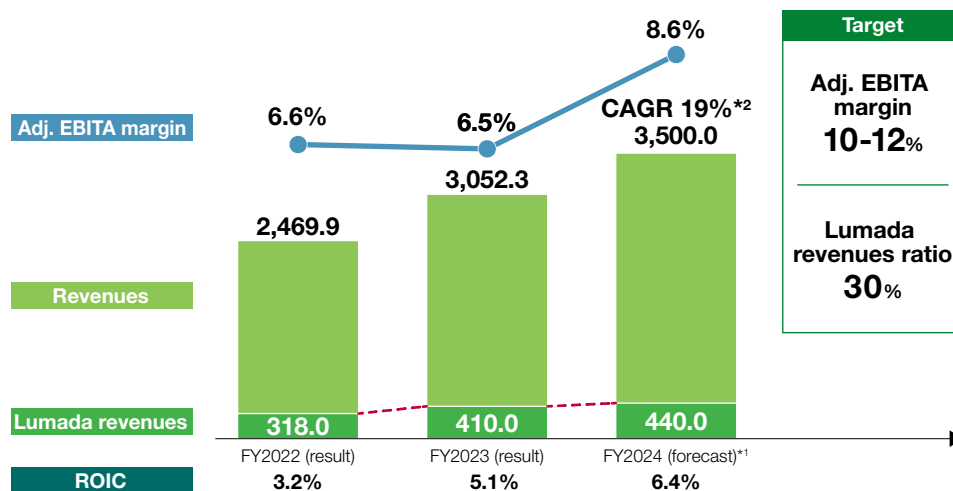
Sector Strategies

Green Energy & Mobility / GEM

Business Structure



Business Performance (billion yen)



*1 Announced on July 31, 2024 *2 FY2021-FY2024 CAGR

Investor Day (Green Strategy)



Alistair Dormer

Executive Vice President and Executive Officer,
General Manager of Green Energy & Mobility Strategy Planning Division

Market Environment

Global electricity demand is expected to more than double from the current level by 2050^{*3}. This is due to the accelerating electrification to achieve a global society with net zero carbon emissions, the growing importance of energy security and the increased use of generative AI, which requires massive data centers and green energy. This creates potential opportunities for green energy and power grids solutions. Growth is also continuing in the mobility market. The acquisition of Thales's Ground Transportation Systems (GTS) business will expand Hitachi's presence in the accessible global railway market in various countries estimated at 9.3 trillion yen in 2024.

*3 Source: Estimations based on Hitachi analysis of IEA, World Energy Outlook 2023

Progress of the Mid-term Management Plan 2024

After a strong performance in fiscal 2023, we have set even more aggressive targets for fiscal 2024. Revenues will grow to approximately 3.4 trillion yen and adjusted EBITA margin improving to 8.6%. We expect the operational excellence and efficiency improvement measures we have implemented until now to begin to bear fruit in the second half of fiscal 2024. To date, we have been continuously working to improve the quality of our order backlog and profitability through rigorous governance and working closely with our customers to reform our business model and reduce risk. For example, in our power grids business, we have been able to secure long-term framework contracts for standard designs, minimizing construction and EPC risk and even establishing manufacturing capacity reservation agreements/advanced payments to enable us to invest in capacity.

► Growth Strategies

Growth of Service and Digital Businesses

Hitachi Energy's order backlog*⁴ has grown significantly to 4.7 trillion yen. To strengthen our business portfolio even further, we are also working to expand our service and digital businesses, with the goal of tripling Hitachi Energy's services business by 2030. We will create new value for Hitachi and our customers by promoting service and maintenance offerings that leverage our huge global installed base of over 200 billion dollars. In addition, we will capture growth in emerging segments such as data centers, by collaborating with the DSS sector and further digitalizing our products and services.

Additionally, Andreas Schierenbeck has been appointed to be the new CEO of Hitachi Energy, effective July 1, 2024. He has a strong track record in the digitalization of service businesses, as well as working on energy transformation initiatives. With his fresh perspective, he will lead Hitachi Energy's continued future growth as the new CEO.

In our railway business, we will expand the proportion of service and maintenance, which is currently approximately 20% of Railway Systems BU's revenues. Our digital asset management business development leverages our existing products base, where we add a digital maintenance layer in cooperation with the global resources in the Hitachi Group.

*4 As of the end of FY2023

Growth through Strategic M&A Activities

In fiscal 2023, Hitachi Energy acquired eks Energy, a leading Spanish supplier of power electronics and energy management solutions for storage and the integration of renewables. In addition, Hitachi Energy acquired COET, a leading designer and manufacturer of power equipment for the rail and electric mobility segments based in Italy. eks Energy and COET have extensive experience and advanced technologies in battery energy storage systems and EV charging, respectively, and we will expand our business by leveraging the capabilities of these two companies using our existing customer base.

In addition, on May 31, 2024, we completed the acquisition of the GTS business. [☞](#) The acquisition will strategically complement our geographic footprint and enable us to enter attractive new geographical areas, significantly expand our customer base, acquire market-leading signaling and rail control technology, and add 9,000 highly skilled colleagues. The integration will shift the ratio of Hitachi's railway systems businesses from a 50/50 mix of rolling stock and signaling/rail control to a 70/30 mix in the future. This is expected to generate between 90 and 95 million euros of synergies annually on a pro forma basis. Furthermore, GTS's software capabilities in areas other than signaling and rail control, such as e-ticketing and toll system applications, will be leveraged to expand digital services and improve profitability through collaboration with Hitachi's digital business.

Investments in Capacity and Innovation

Hitachi is strategically investing in capacity, capabilities and innovation for continued growth. Hitachi Energy plans to invest a total of 6 billion dollars in manufacturing, engineering, digital businesses, R&D and partnerships, [☞](#) including 1.5 billion dollars to be invested in the increase of transformer capacity through 2027. [☞](#)

In the area of mobility, we have pursued a strategy of growing our railway systems business in North America. Last year, the first fully autonomous metro system in the United States began operating in Honolulu, and we are in the process of delivering rail systems to Baltimore and other cities. [☞](#) In addition, our soon-to-be-completed plant in Maryland, United States, will be a state-of-the-art digital factory using Hitachi's advanced digital technology to meet the strong demand for rail, especially in North America.

Driving Other Green Businesses

We have more businesses that are vital for increasing the world's sustainability. With the ever-growing demand for electricity, we believe that nuclear power plays an important role in the energy mix. Through a joint venture with GE Vernova, Hitachi is developing Small Modular Reactors (SMR*⁵) and working closely with partners in the United States, Canada, Poland and other countries. Hitachi Power Solutions is leveraging its network of energy assets in Japan to expand a variety of digital technologies and services, including energy management and facility management, to customers as CNaaS*⁶.

*⁵ Small Modular Reactor *⁶ Carbon Neutral as a Service

The Story of Value Co-creation

Hitachi Energy Supports Long-term Operation of Largest HVDC-connected Wind Energy Project in the United States [☞](#)

Hitachi Energy signed a multi-year agreement with Pattern Energy to support its HVDC technologies in the SunZia Transmission Project, and we will provide service solutions for an HVDC system. Services include a wide range of support measures, including advanced maintenance, cyber services and other activities. This is in full alignment with our service and digital strategy, and underlines our partnership commitment to ensure continued support, we will continue to build a partnership ecosystem to ensure continued support for the HVDC link throughout its lifetime, delivering cutting-edge digital services with sustainability and customer value at their core.



Sector Strategies

Connective Industries / CI

Business Structure

Industrial Digital BU

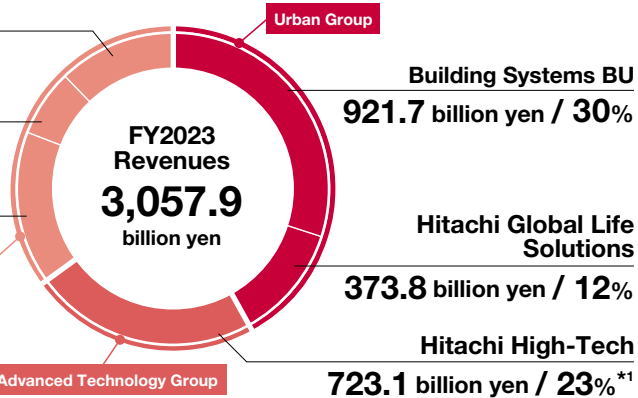
370.6 billion yen / 12%

Water & Environment BU

212.0 billion yen / 7%

Industrial Products Business

487.2 billion yen / 16%

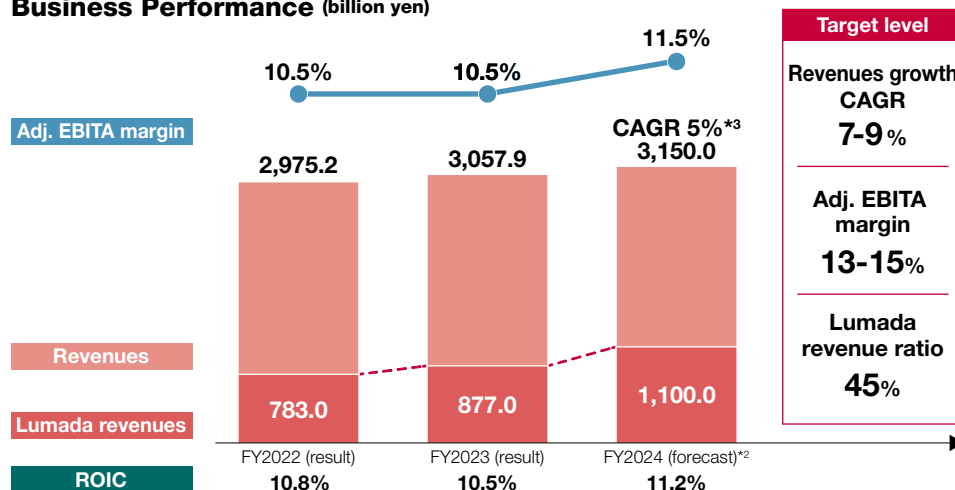


- Industry Group**
- Industry and distribution solutions, robotic SI
 - Water supply and sewerage, utility solutions
 - Custom-made industrial equipment (process compressors, automated guided robots, drive systems, etc.)
 - Mass-produced industrial equipment (air compressors, marking systems, power distribution equipment, etc.)

- Advanced Technology Group**
- Healthcare (clinical chemistry and immunochemistry analyzers, automated cell culture equipment, particle therapy system, etc.)
 - Measurement and analysis (semiconductor metrology/inspection equipment, electron microscopes, etc.)

- Urban Group**
- Elevators, escalators and building services
 - Home appliances and air-conditioning systems

Business Performance (billion yen)



*1 From FY2024, Healthcare Business Division was taken over by Hitachi High-Tech. In line with this, Hitachi High-Tech's figures for FY2023 reflect this change.
*2 Announced on April 26, 2024 *3 FY2021–FY2024 CAGR

Investor Day (Connective Strategy)



Jun Abe

Executive Vice President and Executive Officer,
General Manager of
Connective Industries Division

Market Environment

CI sector pursues factories, laboratories and buildings as target markets, as these segments are growing rapidly driven by DX and GX. The expansion of generative AI and electrification is expected to lead to high growth in semiconductor and battery manufacturing. In the healthcare field, advances in biotechnology are expected to lead to high growth in molecular diagnosis, biopharmaceutical manufacturing, precision medicine and minimally invasive therapy. Moreover, given global issues such as energy shortages and resource depletion, high growth is expected in the service field of green buildings and circular economy.

Progress of the Mid-term Management Plan 2024

By strengthening Lumada and recurring businesses across CI sector as well as working to improve profitability, we anticipate revenue growth (CAGR) at 5%*3 and an adjusted EBITA margin surpassing 10% across all divisions in CI sector as of fiscal 2024. Moreover, by expanding Total Seamless Solution of Products × OT × IT, which is our strength in CI sector, as well as strengthening integrated operations, Lumada revenues are expected to grow rapidly at a CAGR of 28%*3 toward fiscal 2024.

In terms of risk management, we are executing countermeasures to address the real estate recession in China. While orders for new installation of elevators and escalators are declining, we are securing profits in modernization and maintenance services.

Moreover, as upfront investments for future growth, we are developing Hitachi High-Tech's customer co-creation sites and investing capital in semiconductor manufacturing, where we expect to see rapid recovery and growth starting in the second half of fiscal 2024.



► Growth Strategies



Basic Policy for Obtaining Opportunities for Growth


In CI sector, we grow the top line by seizing the rapidly growing market by DX and GX and obtaining new growth opportunities by combining Hitachi's key technologies, such as line building, measurement, and analysis.

As a basic policy, we strengthen the industrial product business and the integration business, which is focused on new growing fields in CI sector, accelerating the creation of synergies with DSS and GEM sectors and expanding the Lumada business. To strengthen the industrial product business, we enhance product R&D and grow the product-related service business by adding digital services that take advantage of our abundant installed base. To further strengthen the integration business, we expand our collaboration with GlobalLogic to utilize digital technologies such as generative AI and strengthen JR Automation's robotic SI through bolt-on M&A, etc. Moreover, as we move toward a new growth trajectory, we focus our investments on the high-growth manufacturing, healthcare and services fields.

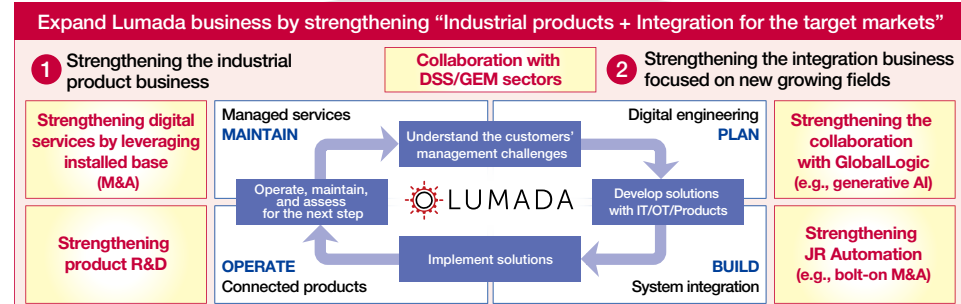
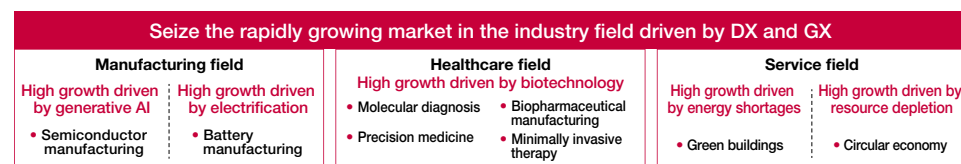
Concrete Initiatives for Obtaining Opportunities for Growth

In semiconductor manufacturing,  we provide solutions to improve productivity through global top-class “process, metrology, inspection & analysis equipment,” such as CD-SEM, optical inspection system and analysis system, “customer data” gathering at collaboration sites located near customers, and “digital,” such as integrated data platform that integrate and link the product data. In battery manufacturing,  we will improve efficiency of mass production and establish a recycling-oriented value chains based on “manufacturing and inspection equipment,” which includes advanced solutions of contaminant inspection system, electronic microscopes, roll presses, clean environments and extra-low dew-point control through “robotic SI,” such as automated line building; “digital,” such as battery lifecycle management.

Moreover, in biopharmaceutical manufacturing,  we establish early start-up of manufacturing processes by utilizing proven “cultivation products,” such as cultivation tank for which we have a top-class delivery track record in Japan and automated cell culture equipment; “domain knowledge to address regulation” in the biopharmaceutical industry; “digital,” such as MES/LIMS in the pharmaceutical field, for which we have the top market share in Japan and platforms of value chain traceability service for regenerative medicine. In molecular diagnostics, precision medicine, and minimally invasive therapy,  we advance cancer treatment based on global top-class “diagnostics and therapy equipment” using “digital” through co-creation with partners in genetic testing for cancer genes, such as clinical chemistry and immunochemistry analyzer, DNA sequencers and particle therapy systems.

Moreover, in service field,  we evolve services through “digital” by leveraging our “extensive installed base” of products such as air compressors, marking, power electronics, drive systems, elevators, escalators and commercial air conditioners, as well as “domain knowledge” which includes technological capabilities, business know-how and expertise and strengthen our lineup of green products.

CD-SEM: Critical Dimension Scanning Electron Microscope MES: Manufacturing Execution System
LIMS: Laboratory Information Management System



The Story of Value Co-creation

Example of Smart and Green Building with Nomura Real Estate Development

Nomura Real Estate Development Co., Ltd. has adopted Hitachi's building IoT solution as the building OS* for Tower S of “BLUE FRONT SHIBAURA” under construction in the Tokyo Shibaura area. In the future, both companies will aim to achieve efficient building operations and energy saving utilizing Hitachi's building IoT solution.



*Building OS: Data integration platform that standardizes data by treating assets within a building as abstracted digital assets and enables integration of building facilities and various services to accelerate application development.



Business Sustainability

Hitachi has a diverse talent around the world. Here are some of the people who have achieved a variety of internal and external accomplishments in fiscal 2023 in the Group and globally. In addition, please view “The People of Hitachi,” a documentary series with inspiring stories, which introduces the efforts of Hitachi Group employees to solve problems faced by today’s society.

- Turning rigorous t

Materiality

▶ Toward a Sustainable Society: Hitachi's Materiality [↗](#)

Hitachi practices Sustainability Management, which positions sustainability as the core of its business strategy, and is working toward realizing a sustainable society through the Social Innovation Business.

In the Mid-term Management Plan 2024, we declared our aspiration of “supporting people’s quality of life with data and technology that fosters a sustainable society.” While some of the nine [planetary boundaries](#) [↗](#) have already been exceeded, Hitachi is aware of each one and works to protect the planet and maintain society. Hitachi aims to solve social challenges to realize a future that balances protection of the planet and people’s individual wellbeing.

The Materiality Analysis Process

With a comprehensive understanding of social issues, Hitachi has identified six material topics and 15 sub-material topics based on an analysis of risks and opportunities from sustainability perspectives as well as feedback from stakeholders.

Based on these material topics, Hitachi is monitoring measures as well as discussing the progress, and new initiatives for each materiality at the Senior Executive Committee and the Board of Directors. Hitachi is currently working to gain an understanding of and prepare to act on the sustainability reporting standards prescribed by the CSRD (the EU’s Corporate Sustainability Reporting Directive), the ISSB (International Sustainability Standards Board), and others. We will continue to review our material topics and the process of identifying them on an ongoing basis, informed by the changing demand of society and the needs of our stakeholders.



Sustainability Strategy Promotion Structure

Under the leadership of Lorena Dellagiovanna, the Chief Sustainability Officer, Hitachi is promoting its sustainability initiatives on a Group-wide basis. For details, please refer to [Sustainability Report](#). [↗](#)

Materiality	Our aspirations
Environment Contributing to decarbonization and resource circulation	As a climate change innovator, Hitachi will contribute to the realization of a carbon neutral society with Hitachi’s superior green technologies, by providing value to customers in all business segments. We will also promote resource efficiency toward the transition to a circular economy.
Resilience Contributing to the maintenance and rapid recovery of social infrastructure	Hitachi helps people live safely by contributing to the rapid recovery of supply chains and the maintenance of social infrastructure by providing system solutions that can respond immediately to risks, such as natural disasters, pandemics, and cyberattacks.
Safety & Security Contributing to safe and secure society-building	Hitachi contributes to the realization of comfortable and active lifestyles for people by providing solutions in the building, mobility, and security fields that support urban development for safe and secure living.
Quality of Life Contributing to physical and mental wellness and a prosperous life	Hitachi is harnessing our healthcare and digital technologies to help more people develop bonds and enjoy healthier, more prosperous lives. We will also continue to pursue the happiness and wellbeing of our employees, as we believe that their happiness and wellbeing is the ground on which Hitachi’s future will flourish even more fully.
Business with Integrity Adhering to ethical standards as well as respect human rights	As a Group responsible for social infrastructure around the world, Hitachi will manage its business with honesty and integrity, trusted by society, respect human rights, and provide a safe workplace. We will reflect a system of ethical and responsible business conduct, including respect for human rights, in our business activities and decision-making standards, working together with our employees, collaborative partners and communities throughout the supply chain.
Diversity, Equity and Inclusion (DEI) Contributing to a society where everyone can shine	Hitachi has a place for everyone, welcoming differences in colleagues’ background, age, gender, sexuality, family status, disability, race, nationality, ethnicity, and religion. At Hitachi, we treat everyone fairly, recognizing differences to allow everyone to perform at their full potential. We respect and value these and other differences because only through them we can understand our markets, create better ideas and drive innovation.

Materiality Chief Sustainability and HR Officer Message Human Resources Strategy CFO Message / Financial Strategy Risk Management

15 Sub-Material Topics and Targets

Material topics	Sub-material topics Targets/KPIs		FY2023 progress	Relevant SDGs
Environment Contributing to decarbonization and resource circulation	Decarbonization	Carbon neutrality through the value chain <ul style="list-style-type: none"> FY2030: Achieve carbon neutrality in business sites (factories and offices) FY2050: Achieve carbon neutrality through the value chain 	74% of total CO ₂ reduction rate at factories and offices (compared with FY2010)	
		Contributing to CO₂ reduction through business <ul style="list-style-type: none"> FY2024: 100 million metric tons of CO₂ avoided emissions per year 	153 million metric tons per year*1 of CO ₂ avoided emissions	
	Resource circulation	Transition to a circular economy <ul style="list-style-type: none"> FY2024: Full application Eco-Design for all newly developed products FY2030: Zero*2 waste to landfill*3 from manufacturing sites 	198 products identified as subject to Eco-Design 146 sites (75%) achieved zero waste to landfill	
		Effective use of water <ul style="list-style-type: none"> Reduction rate in water use per unit (compared with FY2010) FY2024: 24%, FY2050: 50% 	30% reduction in water use per unit	
Harmonize with nature	Minimize impact on natural capital	Achieving a Harmonized Society with Nature		
Resilience Contributing to the maintenance and rapid recovery of social infrastructure	Strengthening supply chains	Build flexible supply chains capable of responding to disasters and risks		
	Maintaining social infrastructure	Resilience and sophistication of maintenance through DX of social infrastructure <ul style="list-style-type: none"> Contribute to stable energy supply through substation management to approx. 1.9 billion people*4 		
Safety & Security Contributing to safe and secure society-building	Safe and secure urban environments	Safe and comfortable transportation <ul style="list-style-type: none"> Contributed to a total of 15 billion people annually through railway services*4 	Social Innovation Business	
	Ensuring cyber security	Secure cybersecurity for social infrastructure and business systems		
Quality of Life Contributing to physical and mental wellness and a prosperous life	Connected and prosperous society	Increase healthy life expectancy and wellbeing <ul style="list-style-type: none"> Blood tests and other physical exams: 20 billion tests/year*4 		
		Build a trustful relationship with others <ul style="list-style-type: none"> Users of happiness service: 90 thousand in FY2024 	49 thousand users of happiness service	
	Employee happiness	More flexible working styles to increase engagement <ul style="list-style-type: none"> Employee engagement (positive response rate): FY2024 71.0%*5 	68.6%*6 employee engagement (positive response rate)	
Business with Integrity Adhering to ethical standards as well as respect human rights	Business ethics and compliance	Encourage employees to apply ethical standards in day-to-day work <ul style="list-style-type: none"> Achieve a score of at least 60 (out of 100) in FY2023, the first year of results from Ethical Culture & Perceptions Assessment, improving it every year 	Achieved a score of 76.5	
	Respect for human rights	Promote human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights <ul style="list-style-type: none"> FY2023: Conduct human rights risk assessments for all BUs (10 BUs) and major Group companies FY2024: Respond to human rights risks 	Conducted human rights risk assessments at all BUs (10 BUs) and major Hitachi Group companies	
	Occupational safety	Creating a safe working environment without accidents <ul style="list-style-type: none"> Zero fatal accidents 	4 fatal accidents	
	Safe and secure products and services	Ensure products and services safety while putting customers first	Quality and Product Safety Management	
Diversity, Equity and Inclusion (DEI) Contributing to a society where everyone can shine	Diverse organization that fosters innovation	Strengthen diversity in management <ul style="list-style-type: none"> Ratio of women and non-Japanese executive and corporate officers: FY2030: 30% respectively 	11.8% of women and 25.0 of non-Japanese executive and corporate officers*7	
		Acquiring and developing digital talent <ul style="list-style-type: none"> FY2024: 97,000 persons*8 	95,000 persons	
	Contribution to a diverse and equitable society	Empower DEI of society through community relationship programs <ul style="list-style-type: none"> Nurture and empower next-generation talent 	Participants in Hitachi Young Leaders Initiative: 32 people, 437 people cumulative*9 Participants in Hitachi High-Tech science education support activities: 59,911 people, 427,273 people cumulative*10	

*1 Mid-term Management Plan 2024 three-year average *2 Less than 0.5% *3 Wherever this is compatible with local conditions and regulations *4 FY2022 results *5 Target has been raised in FY2023 since we achieved the initial target/KPI in FY2022

*6 Excluding Hitachi Astemo *7 As of June 2024 *8 Excluding Hitachi Astemo *9 Cumulative total since 1996 *10 Cumulative total since 1990

Chief Sustainability and HR Officer Message

Sustainability Management that Supports Growth

Sustainability has been deeply rooted in our corporate philosophy and identity since Hitachi's founding. In my time with the Company, I have been involved in a great number of projects across different roles, working in countries including Italy, the United Kingdom, and Japan. Through these experiences, I have seen how initiatives for sustainability and diversity and inclusion spur innovation and lead to new business opportunities, further accelerating company growth.

Under the Mid-term Management Plan 2024, we are contributing to the realization of a sustainable society by protecting the global environment while being mindful of the planetary boundaries and improving people's wellbeing. We have identified six materiality topics, set KPI targets, and have been making steady progress toward achieving them. For example, one of our environmental measures aims to reach carbon neutrality at our business sites, and we achieved a 74% CO₂ reduction compared to the fiscal 2010 baseline in the fiscal 2023. We also project we will reach a three-year average CO₂ reduction of 153 million metric tons per year, outperforming our Mid-term Management Plan 2024 goal of 100 million metric tons per year. Regarding Diversity, Equity and Inclusion (DEI), the ratio of non-Japanese among Executives and Corporate Officers has reached 25%, steadily progressing toward the target of 30% in fiscal 2030. To further accelerate our sustainability management, sustainability targets were introduced into the compensation system for Executive Officers in fiscal 2023, and in fiscal 2024, we introduced DEI criteria into the performance assessment framework, for all employees to set DEI-related targets.

Our Efforts toward Long-Term Sustainable Growth

With shifting geopolitical risks and intensifying climate change, the environment surrounding sustainability is constantly changing. However, Hitachi's long-term vision of contributing to the realization of a sustainable society remains unchanged. Hitachi's goal to achieve carbon neutrality through our value chain by fiscal 2050 is not something the Company can accomplish alone. We share this responsibility with our value chain procurement partners and customers, and Hitachi is making contributions toward the decarbonization of society as the entire through its operations.

Resolution of current societal issues requires evolution of technologies, and it is also necessary to properly address large-scale societal changes such as the increased demand for electrical power accompanying the advent of generative AI. For these reasons, Hitachi is raising its sustainability responsiveness by continuously reviewing our materiality assessment.

Furthermore, to balance technological advancement and a sustainable society, a multifaceted perspective is necessary to evaluate the impacts on the entire value chain, including factors such as the increasing amounts of waste and human rights issues. In any period of time, it is the "people" who make decisions and take actions based on these perspectives. In other words, people play a central role in creating the necessary innovations, mindset, governance systems



Lorena Dellagiovanna

Senior Vice President and Executive Officer, Chief Sustainability Officer, CHRO*1 and CDEIO*2

and collaborations required for sustainability. Therefore, interorganizational coordination between the Company's sustainability and human resources divisions is crucial, whether in top-down approaches from management or, bottom-up initiatives prompted by employees, along with multiple approaches across regions and generations groups. My mission as the role of Chief Sustainability Officer and CHRO is to drive Hitachi's human resources strategy for sustainable growth and implement initiatives based on clear KPI goals.

The sustainability initiatives and investment with the cross-organizational One Hitachi approach will improve medium- and long-term returns, reduce capital costs through risk reduction, and further promote Hitachi's overall innovation and growth. We will work to ensure transparency including compliance with the sustainability disclosure standards, in addition to the utilization of technology and the use of data to improve the efficiency of our management and business operations.

As Chief Sustainability Officer and CHRO, I will accelerate Hitachi's transformation journey to enhance its corporate value from both sustainability and human capital strategy perspectives and contribute to the realization of a sustainable society.

*1 CHRO: Chief Human Resources Officer

*2 CDEIO: Chief Diversity, Equity & Inclusion Officer

Human Resources Strategy

[Human Resources Strategy \(Sustainability Report\)](#)

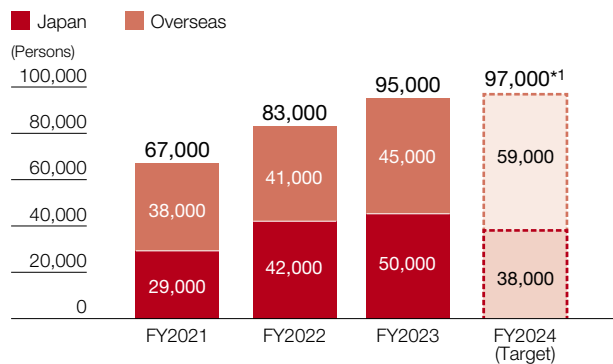
In a rapidly changing business environment, Hitachi believes that people are the source of our value, and we are strengthening human capital as an important element of management capital. We leverage the combined power of our global network of employees to provide value to our customers and societies, contributing to the creation of sustainable societies.

In the Mid-term Management Plan 2024, we have set KPIs aligned with management strategies and implement each measure. Specifically, we have set three goals, namely, digital talent acquisition and development, the increased ratio of women and non-Japanese executives and corporate officers, and improving employee engagement, as the major human capital KPIs, and have linked these with executive compensation to drive their achievement.

With regard to employee compensation, Hitachi has introduced a framework in which individual targets are linked to the Company's targets, and compensation is determined according to the achievement of those targets. By clarifying the roles and targets of organizations and individuals in the achievement of the Company's targets, we aim to facilitate business growth.

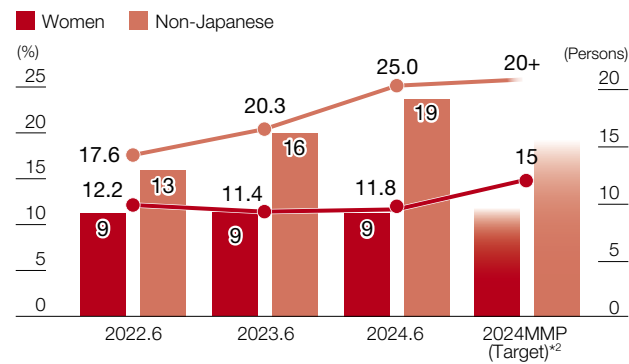
Mid-term Management Plan 2024 Human Capital KPIs

Digital talent



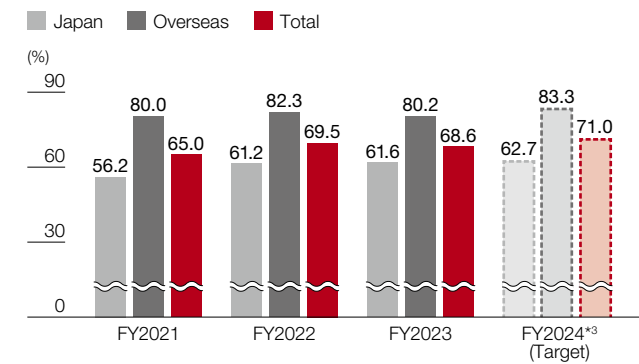
*1 Excluding Hitachi Astemo

Ratio of women and non-Japanese executives and corporate officers (Hitachi, Ltd.)



*2 Includes personnel changes effective April 1, 2025

Employee engagement (Positive response rate)



*3 We raised our FY2024 target as we achieved the previous target ahead of schedule in FY2022.

Digital Talent Acquisition and Development as a Growth Driver

To accelerate the Lumada business that serves as Hitachi's growth driver while achieving growth in the Social Innovation Business utilizing digital technology, we are focusing on the acquisition and development of digital talent to drive digital transformation (DX).

With the growth of the Lumada business, we have made progress acquiring talent through recruitment, business acquisitions, and other activities on a global scale. In Japan, Hitachi is expanding DX training and practical experience-based training programs, with more than 100 courses provided mainly by the Hitachi Academy, and working to strengthen internal talent development using the methodology of GlobalLogic.

Diversification of Leadership Talent and Enhancement of Development Programs

With the changes in our business strategies, the skills required for next-generation leadership have also changed. Therefore Hitachi is putting effort into our Global Leadership Development Program (GLD), which aims to select and develop candidates for future leadership positions such as CEO, heads of business units, and other management leaders, as well as our Future 50 Program, which brings together emerging employees with the potential to become future leaders.

Under the GLD program, we conduct talent reviews and outside appraisals (HLPO^{*4}) globally and, based not only on performance but also on potential, we select several hundred candidates from around the world to join the GT+^{*5} talent pool.

We are happy to say that diversity is increasing year by year, with the percentage of women and non-Japanese nationals among the selected applicants now reaching 24% and 31%, respectively (as of March 31, 2024).


Top management and the Nominating Committee members work together to provide selected individuals with intensive training through work assignments, including management positions, and other on-the-job and off-the-job training (outside training programs, coaching), and through opportunities for direct discussions with independent directors.

*4 Hitachi Leadership Profile Online *5 Global Talent Plus

Fostering a Synergistic Organizational Culture and Achieving Global Growth

Hitachi is made up of talent with diverse backgrounds who have joined us through our business acquisitions and expansion. Through collaboration among talent working in many different businesses and countries and regions, we will develop an environment for accelerating global growth in areas that combine IT, OT and products.

Revision of Hitachi Group Core Competencies

For Hitachi, which brings together diverse talent with different languages, cultures, and views, it is important to have a common mindset and expected behaviors in order to maximize synergy across the Group as a whole. Accordingly, in April 2023, we specifically defined how to embody Hitachi's founding values of Harmony, Sincerity, and Pioneering Spirit as the Hitachi Group Core Competencies and adopted these as global guidelines.  The Hitachi Group Core Competencies have been repeatedly revised based on discussion with the leaders of various regions and businesses and are accepted by Hitachi Group employees around the world. Moreover, by incorporating behavior expectations based on the core competencies into personnel evaluation systems, we are encouraging individuals to understand them and put them into practice and accelerating initiatives by diverse employees for the generation of synergies of One Hitachi and the creation of new business.

One example of such initiatives is the One Hitachi Collaboration Workshop*¹. This initiative aims to transcend business boundaries to create synergies, and participants have said that the workshop is helpful for them to effectively implement digitalization and that they looked forward to collaborating in various ways in the future. Collaboration among diverse employees will continue to drive Hitachi's growth, leading to further improvement in our corporate value.

*1 Held in Poland by the Monozukuri Strategy Division in September 2023. GlobalLogic, Hitachi Digital, Hitachi Energy, Hitachi Rail, and Hitachi Vantara took part and discussed project support in the Railway Systems BU and at Hitachi Digital.




Hitachi Group Core Competencies




Workshop


Implementation of DEI Activities for an Inclusive Environment


Hitachi implements DEI as a business driver and leverages all the diversity of its workforce while ensuring a fair and inclusive environment. In fiscal 2023, 84 Hitachi top executives, including the CEO, took part in a workshop on inclusive leadership, which is becoming a critical capability. 

We also provide DEI e-Learning for all employees on a global level, and approximately 190,000 employees have completed the course (as of June 30, 2024).

In fiscal 2024, in addition to our executive compensation, which sets sustainability targets as KPIs, we launched an initiative as part of the employee performance assessment framework used to set performance targets for individual employees and began allocating the equivalent of 5% of all targets to DEI and diversity-related behaviors.  By making DEI an issue that concerns all Hitachi employees, ensuring equity, creating inclusion, and leveraging diversity, we will contribute to the sustainable growth of individuals, organizations, and business.

Individual Growth through Autonomous Career Development and Promotion of Open Innovation


Hitachi attaches importance to giving individuals autonomy in their careers and opportunities to try out new positions, and we are committed to creating career development opportunities across business and geographical boundaries and putting the right people in the right jobs.  In fiscal 2023, Hitachi's top management committed itself to the allocation of talent across our businesses in regions all over the world, and we realized assignments that will drive business combining Hitachi's strengths in IT, OT and products; for example, assigning employees who had previously worked in the railway system business to the strategy division of the digital business.

In Japan, we made provision for side jobs both inside and outside the Company in addition to the existing in-house recruitment system for applying for new posts.  Especially for side jobs outside the company, we are implementing a project with the Sony Group where employees from the Sony Group take side jobs in R&D or business development at the Hitachi Group and vice versa. This helps provide opportunities for open innovation and is producing results such as creating opportunities for organizations and employees at both companies to gain a new perspective and make business contacts. By incorporating opportunities for career autonomy and collaboration in an open style environment, we will not only improve the skills of individual employees but also foster a mindset of thinking about the growth of the Hitachi Group as a whole, and by leveraging the power of diverse employees, we will create innovation.



Scheme of talent exchange project through side jobs

CFO Message / Financial Strategy

Investor Day (CFO Session) 

Contributing to Increasing Corporate Value through Financial Strategies that Support Organic Growth

Under the Mid-term Management Plan 2024, we have achieved revenues and profit margin growth. In addition, we have improved cash efficiency and realized a significant increase in core FCF under the CF valued management directions. To support organic growth in each business sector, we will further strengthen cash generation, endorse disciplined growth investment, allocate capital in a way that balances growth and returns, continue to improve capital efficiency, and leverage the benefit of interactive dialogue with investors, contributing to an increase in corporate value.



Aspirations as CFO

Since joining Hitachi, I have had experience in various business areas, regions, and functions (IT, energy/ the United States, China, and Japan/ plants, sales subsidiary, and corporate). After being appointed Deputy CFO in 2022, I initiated Group-wide activities aligned with financial KPIs such as cash flow improvement of the Mid-term Management Plan 2024, and I am serving as CFO from fiscal 2024.

To provide each business sector that has shifted into organic growth phase with support to the fullest extent possible, we are utilizing opportunities for interactive dialogues with investors and focusing on the following four areas: enhancing cash generation capability, supporting growth strategies with disciplined investment, allocating capital for a balance between growth and shareholder returns, and continuously improving capital efficiency. In addition, we are financially contributing to the improvement of non-financial capital, including human and intellectual capital, which are the source of creative innovation and sustainable growth, to increase our corporate value.

Enhance Cash Generation Capability

We will achieve revenues and profit margin growth through the growth strategies outlined in the Mid-term Management Plan 2024. Under the cash flow valued directions, we expect to boost efficiency in converting profits to cash and a significant increase in core FCF. Looking at trends in cash flow generation, there has been a steady increase from 1.4 trillion yen during the Mid-term Management Plan 2018 to 2.1 trillion yen during the Mid-term Management Plan 2021. For the Mid-term Management Plan 2024, we expect to grow core FCF to 2.8 trillion yen, exceeding our initial target of 2.3 trillion yen.

We have designated four KPIs in relation to core FCF growth: revenues growth, profit margin, cash efficiency, and CFPS growth. Regarding revenues growth, we project a 10% CAGR in three sectors' revenues under the Mid-term Management Plan 2024. Adjusted EBITA margin is forecast to be in the double digits, rising to 11.5% for fiscal 2024. As a result of these two factors, absolute profit values and the

Tomomi Kato

Senior Vice President and
Executive Officer, CFO

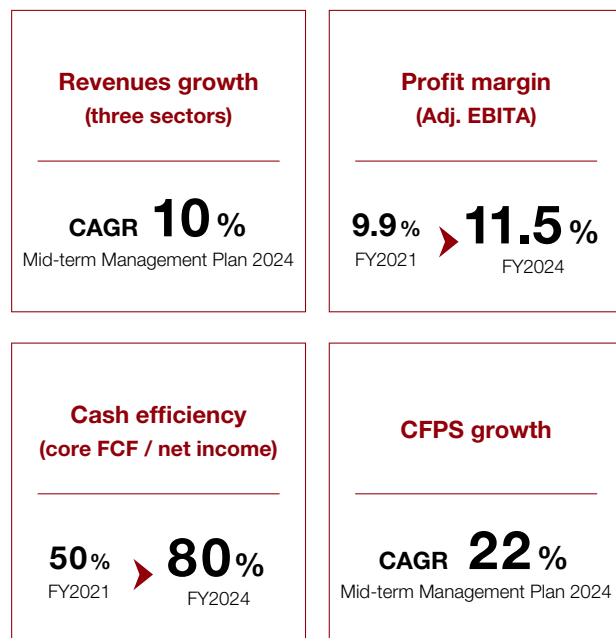
ratio of profit converted into cash are increasing. In concrete terms, we expect the rate to rise to 80% in fiscal 2024, up from 50% in fiscal 2021. Through this, we expect a 22% CAGR in CFPS, which is per-share core FCF.

We will work to further strengthen measures for even greater core FCF generation.

To increase three sectors' revenues and profit margin, in fiscal 2024 we are considering investments of one trillion yen in generative AI, manufacturing fields with high growth potential, and accelerating the servitization of our social infrastructure business.

In addition to revenues growth through capturing DX and GX demand, we are pursuing higher growth by focusing on core businesses such as data centers and semiconductor-related fields.

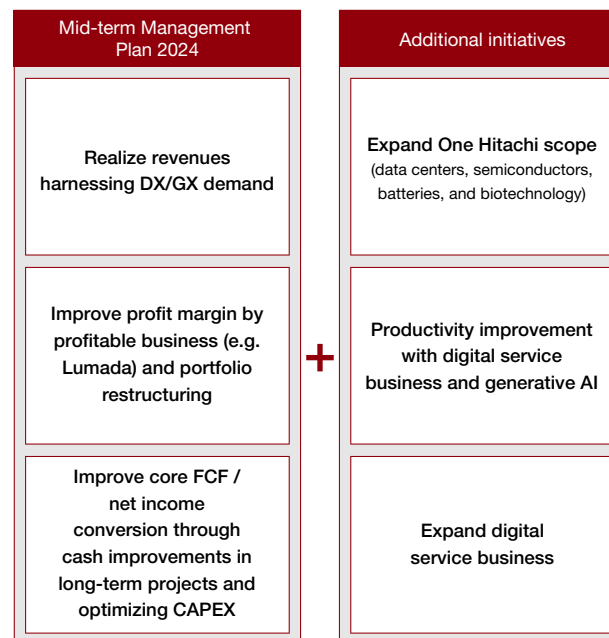
KPIs related to core FCF



We aim to increase profit margin by expanding profitable businesses, chiefly Lumada, and improving performance through business portfolio restructuring. Furthermore, we will pursue more profitability by improving productivity with digital service and utilizing generative AI.

In the Mid-term Management Plan 2024, our cash efficiency has improved significantly as a result of improved cash collection for long-term projects and optimizing CAPEX based on framework agreements which agree fundamental framework for several contracts with customers. The shift to earlier cash receipts through the expansion of our digital service business will promote even greater cash efficiency.

Key growth drivers of core FCF



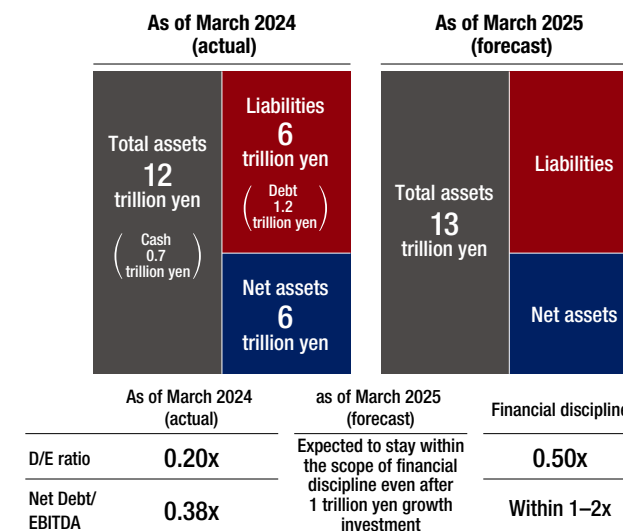
Support for Disciplined Investment

As for necessary growth strategy investments, implementing a disciplined investment process in line with investment policies and investment return standards is crucial to increase the probability of a return on investment.

Regarding disciplined investment with bolt-on M&As reinforcing organic growth, we are using investment return standards of adjusted EBITA margin above 12% and an ROIC above 10%. Also, to further improve the success rate of M&A, by expanding the use of human resources in BUs and regions, we will strengthen M&A process risk management such as the processes of due diligence and investment evaluation.

For funding, as of the end of fiscal 2023, we achieved cash generation exceeding targets. The D/E ratio of 0.50x as a financial discipline has fallen to 0.20x. Therefore, we will be mindful of leveraging the funding capacity.

Discipline in leverage



Evolution of Capital Allocation

Generated core FCF will be allocated in a balanced manner between growth investments and shareholder returns. The guideline of 50% of core FCF and net income put into growth investment and the other 50% allocated to shareholder returns will be applied for not a single year, but multiple years as ever. Under the Mid-term Management Plan 2024, we plan 2.8 trillion yen of generated cash, with one trillion yen to be allocated to shareholder returns and 1.8 trillion yen for growth investments.

At the occurrence of asset sales, we will comparatively assess share buybacks or growth investments from the perspective of optimizing investment return.

Regarding growth investments, our standards is whether the investment meets investment return criteria (adjusted EBITA margin above 12%, ROIC above 10%) and whether the return exceeds the return of the share buybacks.

In M&A, we are strategically exploring bolt-on acquisitions in digital, green, innovation, and other new growth opportunities.

In addition to keeping NPV (net present value) in the black, we will make decisions with assessing revenues growth, profit

margins, the effect on cash flow, recovery periods of invested capital, degree of contribution to ROIC, and other factors.

Share buybacks will be conducted with the prerequisite that the return of share buybacks will exceed that of growth investments, and with consideration of financial status and total shareholder return levels. Share buybacks are being executed in a flexible manner based on the progress of asset sales and growth investments, with 200 billion yen implemented in fiscal 2022, 100 billion yen in fiscal 2023, and a planned 200 billion yen in fiscal 2024 under the Mid-term Management Plan 2024.

Dividends will be distributed in a stable manner in accordance with business growth, with consideration of financial conditions and the dividend payout ratio. Under the Mid-term Management Plan 2024, dividends of 129.1 billion yen were paid in fiscal 2022 and 144.5 billion yen in fiscal 2023.

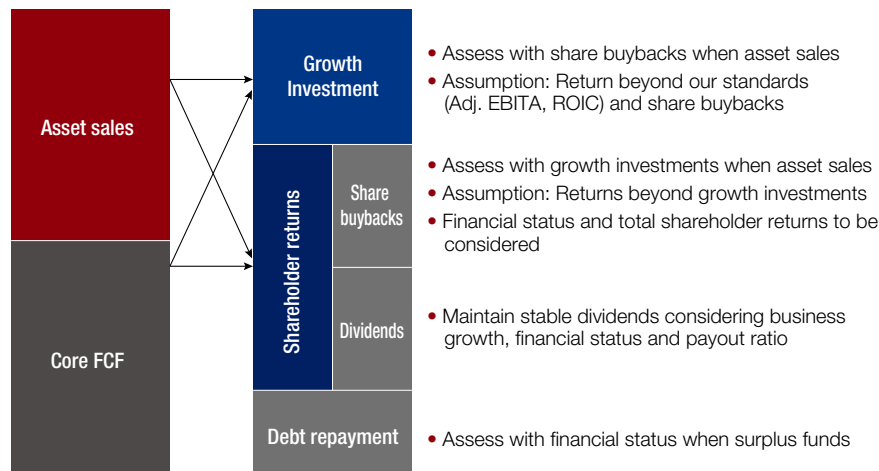
Debt repayments can be carried out when a surplus of cash on hand occurs, based on financial status and comparison to growth investments and shareholder returns.

Continuous Effort in Capital Efficiency with Further Persuasion of ROIC Management

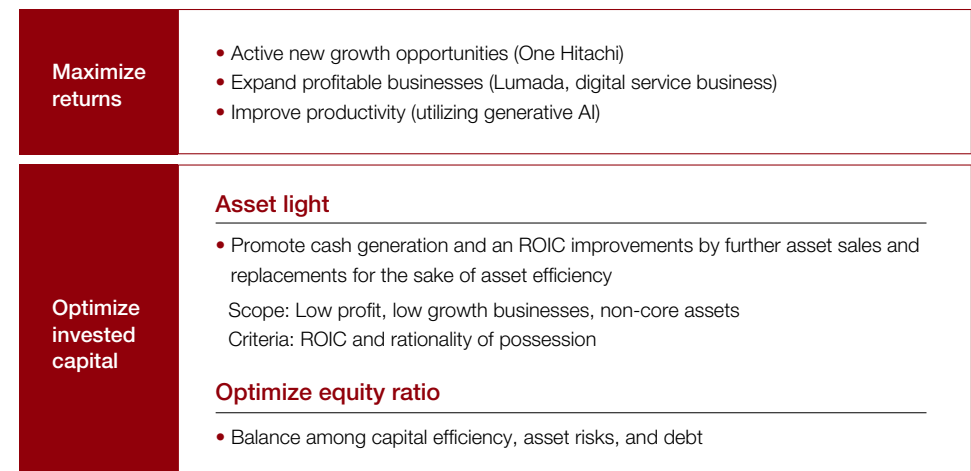
Since introducing ROIC as a business management indicator in fiscal 2019, by achieving returns exceeding WACC (weighted average cost of capital) and expanding the spread, we are accelerating management that emphasizes the improvement of capital efficiency.

ROIC has been steadily improving under the Mid-term Management Plan 2024. We aim to further improve returns, the numerator of ROIC, through the realization of new growth opportunities, the expansion of profitable businesses, and improvement of productivity. To optimize invested capital, the denominator of ROIC, in terms of asset efficiency, we are driving asset-light business models through cash generation and ROIC improvements stemming from asset sales. At the same time, we are taking into consideration how to balance capital efficiency, asset risk, and debt to optimize the equity ratio.

Cash allocation policy



ROIC elevation initiatives



Growth Driven by Both Financial and Non-financial Strategies

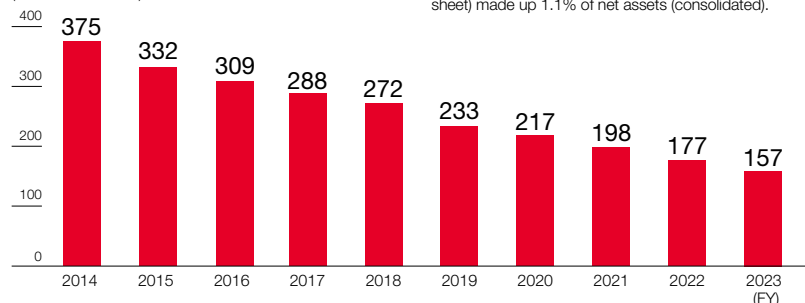
In our transformation journey to increase corporate value, Hitachi is making disciplined investments while also identifying emerging technologies at critical inflection points and generative AI. From a financial perspective, we are contributing to the enhancement of non-financial capital such as human and intellectual capital through the retention of digital talent from M&As, R&D backcasting investment in anticipation of future turning points, and collaboration with startups. Through these investments, we are continuing to build a portfolio leading to creative innovation with competitive strength. All sectors, corporate divisions, and local regions will collaborate to make swift decisions and conduct rapid responses, and we will increase corporate value in One Hitachi through both financial and non-financial strategies.



Roundtable conducted in FY2024

Strategic shareholding status

(Number of shares)*



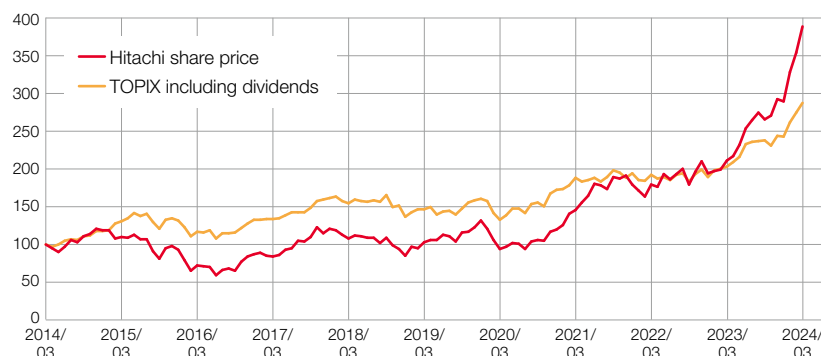
As of the end of FY2023, the ratio of strategic shareholdings (total amount recorded on the balance sheet) made up 1.1% of net assets (consolidated).

Total amount recorded on balance sheet* (million yen)

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
334,617	239,993	324,323	270,336	179,668	141,859	201,055	274,470	234,785	66,336

* Total listed and unlisted shares

Share price trends and TSR



	Previous year	Past three years		Past five years		Past 10 years	
	TSR	TSR	Annual TSR	TSR	Annual TSR	TSR	Annual TSR
Hitachi	94.2%	186.9%	42.1%	306.0%	32.3%	291.2%	14.6%
TOPIX (including dividends)	41.3%	52.5%	15.1%	96.2%	14.4%	188.6%	11.2%

Note: The graph and table show the investment return for an investment made at the end of March 2014, considering the dividends and share price at the end of March 2024. To measure the investment performance of Hitachi's share price including dividends, we set the investment value at the end of March 2014 at a numerical index of one hundred. The indexed data for TOPIX, the Tokyo Share Price Index, in the same way is served as a comparison index.

Policy regarding Strategic Shareholdings

Hitachi's basic policy is not to acquire or hold the shares of other companies except in cases where acquiring or holding such shares is necessary in terms of commercial transactions or business relationships. We will promote divesting such shares already held unless the significance or economic rationalities of holding are confirmed. The Board of Directors verifies the appropriateness of all such shareholdings every year. In the verification, each individual share is examined as to the purpose of holding the share and whether benefits from holding the share are in line with our capital efficiency targets. As a result of verification, we promote the divestiture of the share for which the significance or economic rationality of holding is not confirmed.

Total Shareholder Return (TSR)

Hitachi's TSR, considering dividends and share price fluctuations, is as indicated at left. Through the implementation of shareholder return and the formation of appropriate share prices based on medium- and long-term business plans, Hitachi has identified improving total shareholder returns as an important managerial issue. Based on these policies, we will consider stable dividend payments and flexible share buybacks, and return profits obtained through business growth to our shareholders.

Risk Management

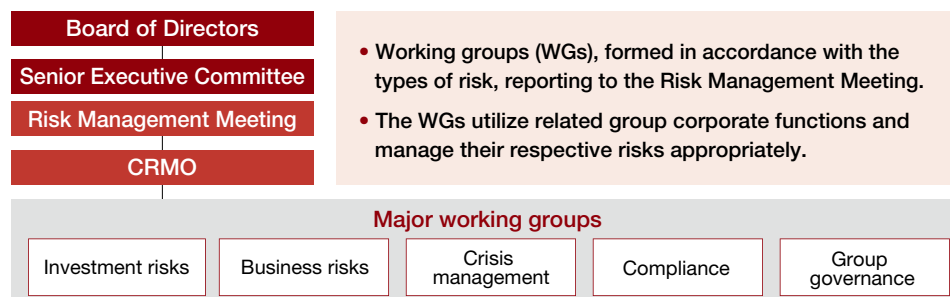
[Investor Day \(CSO Introduction\)](#)

As digitalization accelerates rapidly and the global political and economic landscape becomes increasingly complex, the business environment is changing every day. In the Risk Management Meeting, which is chaired by the President with the Chief Risk Management Officer (CRMO) acting as vice-chairperson, Hitachi monitors and analyzes the business environment quantitatively and qualitatively and manages risks in terms of the response to risks that Hitachi should prepare for and opportunities for further growth. This approach allows us to create revenue opportunities while controlling risks.

During the Mid-term Management Plan 2024, we have strengthened our risk management system to address risks at an early stage amid the rapidly changing business environment. This has enabled us to mitigate losses and realize stability in profits. More specifically, we have swiftly implemented [measures](#) by identifying serious risks that could affect our business, such as changes to the economic environment, including fluctuating exchange rates and interest rates, as well as pandemics, geopolitical risks, and risks related to cyberattacks and information security. We also appropriately manage sustainability-related risks such as human rights and the environment.

As growth opportunity is expanding in all three areas of Digital, Green, and Connective and in each region, it is crucial to proactively identify and address both risks and associated opportunities. To accelerate global business growth with One Hitachi, Brice Koch, Executive Vice President and Executive Officer, has been appointed to a dual role as Chief Strategy Officer (CSO) and CRMO from fiscal 2024 and will be responsible for company-wide regional strategies incorporating growth opportunities in each region, balanced with management strategies focused on global risks.

Hitachi's Risk Management Structure



AI Governance-related Initiatives

For Hitachi to maintain and strengthen its competitive advantage in a business environment where it is extremely important for companies to obtain results such as improved productivity through the use of AI, employing sophisticated management is necessary to proactively use AI

while mitigating the critical risks associated with it.

In February 2021, Hitachi published guiding principles for the ethical use of AI, promoting the establishment of AI governance mechanisms in order to manage risks from the perspective of AI ethics. Hitachi also works to continually evolve its AI governance, developing guidelines governing the internal use of generative AI in August 2023 and expanding the guidelines to cover the provision of external services in March 2024.

Group Governance Efforts

In April 2023, Hitachi established a Group Governance Policy with the aim of clarifying how the Hitachi Group's governance should operate and explicitly stating the responsibilities and roles of different organizations given Hitachi's presence as a global enterprise.

Through this policy, we promote integrated management to (i) formulate and execute the Group's strategies in pursuit of synergies within the Group, (ii) strengthen its management foundation through common discipline and rules, and (iii) streamline business management through the standardization of our global operations. Combined with efforts to ensure transparency and fairness in our business management, this enables us to protect the value of the Hitachi brand and accelerate the global growth of the Social Innovation Business.

We are driving initiatives to strengthen group governance and implementation of this policy. For instance, we released a tool to visualize the status and issues related to group governance.

Compliance Initiatives

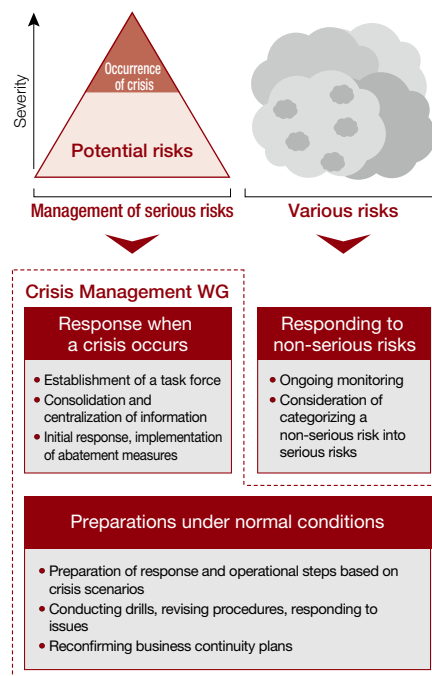
As an initiative in fiscal 2023, we formulated and disseminated "Hitachi's Expectations of Business Partners" regarding ethics and compliance. We have also started Ethical Culture and Compliance Perceptions Assessment targeting some employees and strengthened internal monitoring including our benchmark analysis. In addition, as a part of efforts related to the Hitachi Group Ethics & Compliance Month that is observed each October, we distributed a message from top management and conducted employee training. To coincide with World Whistleblowers Day, we have also conducted PR activities for the Hitachi Global Compliance Hotline through various channels in an effort to foster a culture of Speak-Up.

In fiscal 2024, we will formulate and strengthen compliance rules including the Conflicts of Interest Policy, while continuing to conduct the Ethical Culture and Compliance Perceptions Assessment for all employees and provide ethics and compliance training. We will also promote activities to establish an organizational culture that deters violations of laws, regulations, and internal rules through a range of initiatives including independent compliance audits, the strengthening of our business partner screening platform, and M&A Compliance Due Diligence Guidelines.

► Crisis Management Initiatives

For crisis management, we strive to enhance resilience, including swift response in the event of a crisis. Even in ordinary times, we build readiness for each of the serious risk categories and enhance our systems and responses to contingencies.

In fiscal 2023, we reviewed policies and monitoring methods for evacuation and business continuity in countries and regions with geopolitical risks. We have also worked to strengthen and revise corporate measures to further reinforce our global resilience. Those efforts include supporting the establishment and revision of the Hitachi Group's business continuity plan (BCP) for large-scale natural disasters and clarifying the action guidelines and processes for cybersecurity risks. In fiscal 2024, we will make further efforts to strengthen resilience and improve effectiveness. This will include clarifying the criteria to form a response headquarters in the event of a large-scale natural disaster, or in the case of armed conflicts between countries and regional conflicts.



► Efforts Against Investment Risks

Hitachi has a proper [framework of decision-making](#) in different phases of investment (e.g., M&A, sale of assets, orders for projects) to facilitate an appropriate response to risks while securing growth opportunities. Hitachi has a framework for delegation of authority within a three-layer deliberation structure—the Board of Directors, the Senior Executive Committee, and the business units—in accordance with the size and details of the risk to ensure appropriate and flexible decision-making when carrying out an investment or other activity. The Investment Strategy Committee comprises members from corporate divisions selected with a global perspective. For important projects, the committee engages in multifaceted deliberations in terms of the risks, countermeasures, business feasibility, and other factors, and as an advisory body, submits a report (including recommendations of

approval or disapproval) to the Senior Executive Committee, which includes the President. After an investment is executed, we periodically monitor the status of the project. If the project fails to proceed as planned, we have internal systems in place to decide whether to continue, which might include discontinuance of a project. The aim is to enhance our capital efficiency. In response to changes in the economy, finance, geopolitics, customers, and other components of the business environment that surrounds Hitachi (risks and opportunities), we continue to enhance the criteria for investment, PMI, and monitoring systems to achieve the Mid-term Management Plan.

► Quantitative Understanding of Risks

Hitachi calculates expected maximum risks (Value at Risk) by statistical methods according to the type of assets held on the Group's consolidated balance sheet. Similarly, risks associated with the order backlog of long lead projects have been quantified since fiscal 2022. We avoid missing out on growth opportunities by visualizing the capacity for growth investment, etc., considering consolidated net assets and other factors. We also promote risk management including regular monitoring to ensure that risks are not excessively unbalanced compared to Hitachi's consolidated financial strength. We also quantitatively analyze and understand the state of risks and profitability on a regional and per-sector basis.

► Information Security Initiatives

Hitachi recognizes the increasing risks of information leaks and operational disruptions due to sophisticated cyberattacks and makes every effort to implement cybersecurity measures from both value creation and risk management perspectives. Positioning these activities as a key management priority, we focus on information security, cybersecurity, and data protection. Details are available on the [Sustainability Report](#).

► Responding to Climate Change Risks and Opportunities

In June 2018, Hitachi announced its endorsement of the recommendations by the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). See the [Sustainability Report](#) for details on climate change-related, TCFD-based financial disclosures.

Moreover, details on risks for our businesses and others are available on [page 42 of the Annual Securities Report](#).

Corporate Governance

Hitachi has a diverse talent around the world. Here are some of the people who have achieved a variety of internal and external accomplishments in fiscal 2023 in the Group and globally. In addition, please view “The People of Hitachi,” a documentary series with inspiring stories, which introduces the efforts of Hitachi Group employees to solve problems faced by today’s society.



Corporate Governance

[History of Hitachi's Corporate Governance Reform](#) 

Hitachi views the expansion of long-term and overall returns to shareholders and investors as an important management objective. Hitachi maintain good relationships with a wide range of stakeholders, and we recognize that these relationships make up an important portion of our overall corporate value. Accordingly, we are striving to establish a system that will improve our corporate value primarily through the implementation of measures focused on promoting constructive dialogue. To advance these efforts effectively, we are working to improve our corporate governance by ensuring thorough separation between the oversight and execution of management, establishing a swift business execution system, and striving to achieve highly transparent management.

► Message from the Chairman of the Board

Transforming Governance: From Formality to Substance

Hitachi has implemented a series of management reforms, including portfolio changes, to become a global leader in the Social Innovation Business. These efforts were spurred by significant losses during the global financial crisis. One of the catalysts that enabled Hitachi to carry out these management reforms was governance reforms aimed at achieving world-class standards.

Specifically, the Hitachi Group has promoted the Social Innovation Business, and Directors and Executive Officers have the same vision. This includes a comprehensive reevaluation of the Board of Directors' composition and the operation of board meetings. By welcoming independent directors with diverse global perspectives, including those with experience as overseas CEOs, we transformed the Board into a forum for candid and vigorous discussions where Executive Officers are rigorously challenged. Proposals for M&A deals from Executive Officers were sometimes rejected after thorough discussion. Before undertaking significant acquisitions such as ABB's power grids business and GlobalLogic, and making Hitachi High-Tech a wholly owned subsidiary, we rigorously evaluated their potential to enhance corporate value. Post-acquisitions, an advisory board of independent directors oversees the integration process and monitors investments.

Hitachi's governance has transformed from formality to substance, thanks to the proactive efforts of Executive Officers in redefining the Board's composition and improving meeting efficiency. Directors have enthusiastically responded

to the suggestions from Executive Officers, who have genuinely embraced these recommendations.

Developing a Dynamic and Effective Board of Directors

Our Directors includes individuals with management experience at global organizations and expertise in various specialized fields. The Board is well-balanced, with nine of the 12 members being independent directors, including five non-Japanese individuals and two women.

The Board's effectiveness is evident in its deep involvement in formulating and reviewing the Mid-term Management Plan 2024. From the initial concept stage to finalization, the Board held five rounds of discussions with executives on business challenges and growth strategies. This iterative process is reflected in Hitachi's new business operation structure and the evolution of the Lumada strategy. We also engaged in forward-thinking discussions to backcast from 2050, beyond the three-year scope to fiscal 2024. Even after formulating the Mid-term Management Plan 2024, we have continued to discuss critical themes such as growth strategy, risk management, and human resource strategy.

With the expanding demand for DX and GX, we expect to meet the targets in the Mid-term Management Plan 2024. Improved cash generation and increasing shareholder return, coupled with positive evaluation from the capital markets, demonstrate the Board's effectiveness.

Given the breadth of Hitachi's businesses and the complexity of issues discussed at board meetings, finding individuals who can maintain the Board's high effectiveness is challenging, even on a global scale. Therefore, the



Katsumi Ihara

Chairman of the Board
and Nominating Committee

Nominating Committee creates and regularly updates a list of director candidates with a medium- to long-term perspective, interviewing likely prospects. Experience and skills are important, but the candidates' commitment to enhancing Hitachi's corporate value is crucial.

A deep knowledge of digital and environment fields is especially desirable for Hitachi's Directors. Our new independent director, Isabelle Deschamps, fully embodies this principle. Deschamps' extensive experience in legal affairs and corporate governance in global management, particularly in organizations renowned for their environmental focus, such as Unilever and Rio Tinto, makes her a valuable addition to our team.

As the Chairman of the Nominating Committee, I will continue to focus on acquiring top-level talent to maintain and enhance the effectiveness of the Board of Directors.

Strategic Priorities for the Board and Committees

As Hitachi shifts toward organic growth and transforms into a digital-centric company under the Mid-term Management Plan 2024, the Nominating Committee prioritizes developing CEO candidates with a medium- to long-term focus. Amid accelerating changes in the managerial environment, we are progressing with systems to globally select and cultivate management personnel capable of leading growth. Besides identifying candidates for the next CEO and the CEO thereafter, we are developing a group of executive candidates from younger talent called the "Future 50." These forward-thinking development mechanisms are designed to impart both quality and quantity to Hitachi's talent pool.

Given Hitachi's diverse business operations, investors might question the Company's diversification. However, the synergies, collaboration within the Hitachi Group, and co-creation with customers underscore its strategic strengths. All Hitachi businesses are inherently connected through the pervasive impact of digital technology, which fosters synergies and enables the pursuit of new growth

opportunities. Future CEOs must have the ability to cultivate and adapt this distinctive competitive advantage, effectively communicating its value to the capital markets comprehensively.

Another important aspect is the compensation system for Directors and Executive Officers, which serves as a growth engine. In fiscal 2023, the executive officers' compensation system was revised, and in fiscal 2024, a restricted stock unit (RSU) system was introduced for directors. These revisions aim to promote awareness and foster a mindset toward enhancing corporate value based on transparency and fairness, aligned with shareholders' perspectives. Goals based on materiality that promote sustainable management have also been integrated into the Executive Officer compensation system, in connection with the performance indicators specified in the Mid-term Management Plan 2024. To align viewpoints with the capital markets and strengthen connections to increase corporate value, we have introduced a framework for comparing our TSR to that of other global companies. In the year since the revised compensation system's introduction, Executive Officers have positively received it due to its high degree transparency. The comprehensive implementation of a pay-for-performance basis, which rewards contributions to growth and innovation, is essential for attracting accomplished global talent.

We continue to enhance internal control effectiveness



September, 2023: Board of Directors Meeting in Sweden

through the utilization of the Tripartite Audit*¹ and a triangular pyramidal monitoring system*². Monitoring global operations to maximize synergies as One Hitachi while improving efficiency will remain essential. To seize business opportunities in emerging areas such as generative AI and drive global growth, we recognize the heightened importance of compliance and risk management. We will persistently work on projects such as formulating a robust risk management framework for generative AI and effectively mitigating business risks arising from AI.

Driving Corporate Value through Strategic Governance

Evolving governance is instrumental in enhancing corporate value. The establishment of a disciplined environment through a highly independent board significantly contributes to the value creation. To foster transparent and effective governance, it is imperative to have directors who can offer constructive advice on Hitachi's management challenges and growth strategies. Moreover, we firmly believe that fostering high-quality discussions between executives and directors, while maintaining mutual respect, will greatly bolster Hitachi's growth and evolution.

Currently, Hitachi aims to capture new opportunities for high growth in areas such as data centers, semiconductor manufacturing, and services for social infrastructure businesses, driven by the emergence of generative AI, in addition to DX and GX. The Board of Directors' vital role is to support executives from a governance perspective, enabling Hitachi to demonstrate its holistic capabilities in these growth areas. Through high-quality discussions, we will enhance the effectiveness of the Board of Directors and further enhance corporate value.

*¹ Audit system based on cooperation and close communication among the Audit Committee, the Internal Audit Office, and the accounting auditor.

*² To strengthen the auditing system and functions, in addition to the current Tripartite Audit system, there is an oversight system, headed by the Audit Committee, that recognizes, supervises, and supports the resolution of material risks and issues in collaboration with headquarters and business unit administration.

Structure of Directors (as of June 21, 2024)

[List of Directors](#)

Independent Directors



Katsumi Ihara
(73)

Director, Chairman of the Board
Share ownership: 1,400 shares
Term of office as Independent Director: 6 years
Country of origin: Japan



Ravi Venkatesan
(61)

Share ownership: 700 shares
Term of office as Independent Director:
3 years and 11 months
Country of origin: India



Ikuro Sugawara
(67)

Share ownership: 700 shares
Term of office as Independent Director: 2 years
Country of origin: Japan



Isabelle Deschamps
(54)

Share ownership: 0 shares
Term of office as Independent Director:
newly appointed
Country of origin: Canada



Joe Harlan
(65)

Share ownership: 1,600 shares
Term of office as Independent Director: 6 years
Country of origin: United States



Louise Pentland
(52)

Share ownership: 1,300 shares
Term of office as Independent Director: 9 years
Country of origin: United Kingdom



Takatoshi Yamamoto
(71)

Share ownership: 15,000 shares
Term of office as Independent Director: 8 years
Country of origin: Japan



Hiroaki Yoshihara
(67)

Share ownership: 3,600 shares
Term of office as Independent Director: 10 years
Country of origin: Japan



Helmuth Ludwig
(61)

Share ownership: 5,500 shares
Term of office as Independent Director:
3 years and 11 months
Country of origin: Germany



Directors



Keiji Kojima
(67)

Share ownership: 120,400 shares
Country of origin: Japan



Mitsuaki Nishiyama
(67)

Share ownership: 26,660 shares
Country of origin: Japan



Toshiaki Higashihara
(69)

Share ownership: 212,800 shares
Country of origin: Japan



: Nominating Committee Member
 : Audit Committee Member
 : Compensation Committee Member
 : Chairperson

Independent directors are directors who fulfill the qualification requirements to be outside directors as stipulated in the Companies Act and also meet independence criteria defined by Hitachi and stipulated by Japanese stock exchanges where Hitachi is listed.





* The Company conducted a share split on July 1, 2024, and the listed numbers of shares held by directors are the numbers of shares before the share split.

Highly Experienced Directors (Annual Securities Report)

► Experience, Knowledge, and Capabilities Required for Directors

Hitachi Directors need to have a wide range of experience and knowledge in global and diverse fields to be worthy of leading Hitachi's management to expand the Social Innovation Business globally, and have the qualities of broad experience and expertise in management.

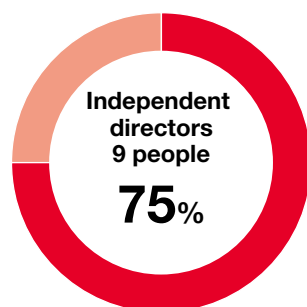
The experience, knowledge, capabilities, and other qualities required for Hitachi directors are as follows.

Core Skills		Number of applicable directors
 Corporate management	Corporate management experience and knowledge	12
 Global business	Business experience outside Japan or management experience at a company expanding business globally	12
 Risk management	Knowledge of the risk assessment and management required to sustain a company	12
 Finance and accounting	Knowledge and management experience pertaining to financial accounting necessary for medium- to long-term corporate value creation from a financial perspective	12

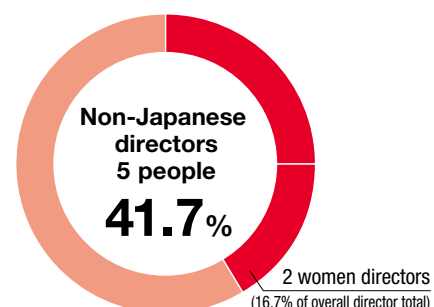
Professional Skills		Number of applicable directors
 Government and international organizations	Leadership experience in government, governmental agencies, international organizations, or economic associations that facilitate an understanding of and response to regulations and social issues, as well as practical experience at educational institutions	5
 Legal affairs	Expertise and practical experience in the legal affairs that are essential for conducting global business and rolling out new business	2
 R&D and intellectual property	Expertise and practical experience in R&D or intellectual property facilitating the utilization of technology and the incorporation of new technologies	3
 Digital	Practical experience in the industrial sector that is vital for promoting DX in the Social Innovation Business	4

► Board of Directors Composition (as of June 2024)

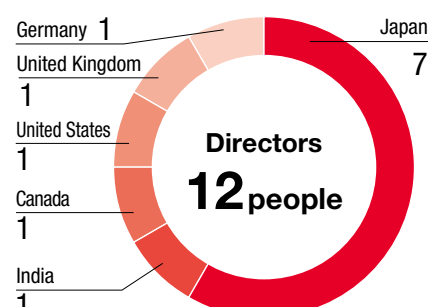
Independence (ratio of independent directors)



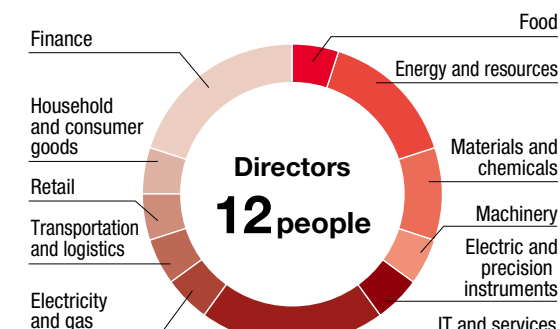
Diversity (ratios of non-Japanese and women directors)



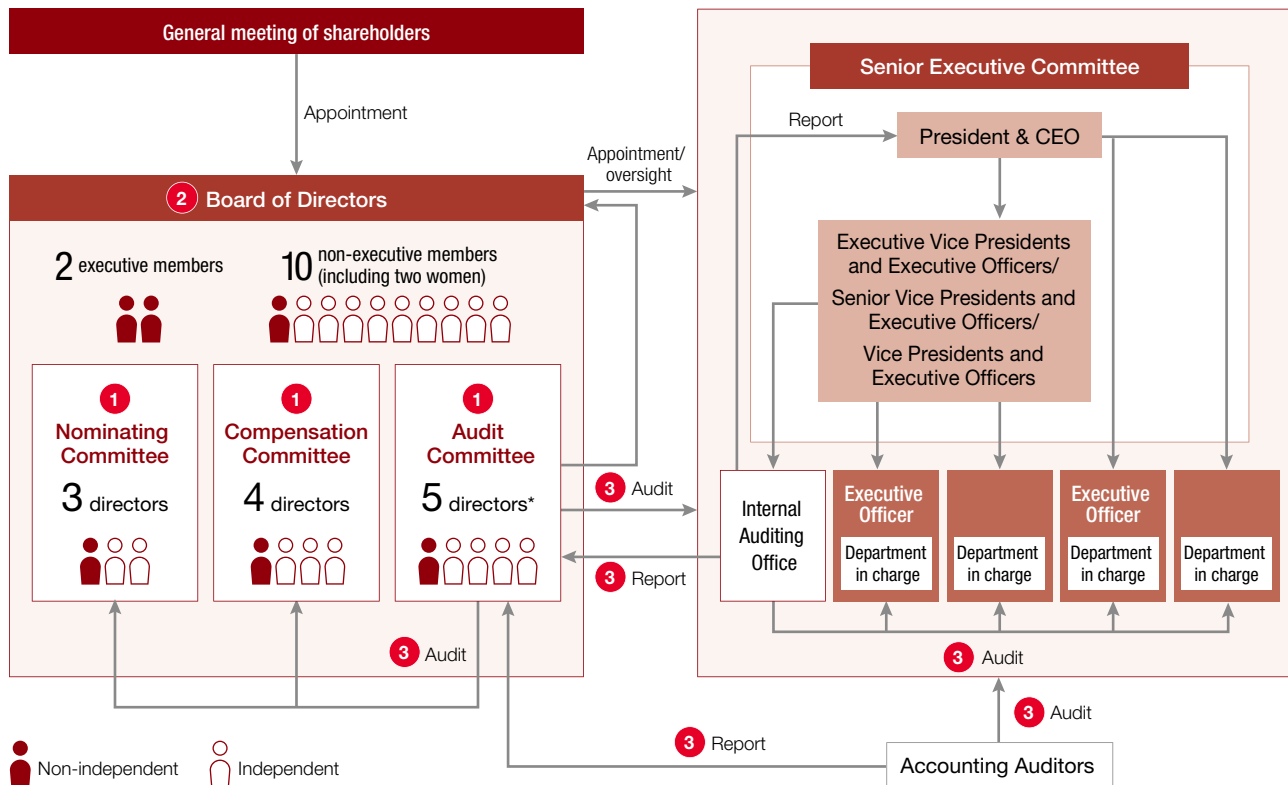
Diversity (country of origin)



Industrial field



▶ Hitachi's Corporate Governance Framework and Features (as of June 2024)



* One standing Audit Committee member

POINT 1 Transparency in Management

Transitioned to a company with committees (currently a company with a nominating committee, etc.) in 2003.

Hitachi established the Nominating Committee, the Compensation Committee, and the Audit Committee, with independent directors comprising the majority of members and serving as chairpersons. This system ensures transparency in management, separates the oversight and execution of management, facilitates the full exercise of oversight functions, and enables discussions and reports to be conducted appropriately within these three committees.

POINT 2 Independence of the Board of Directors

Increased the number of independent directors, including non-Japanese directors, in 2012.

The Board of Directors, which is chaired by an independent director, has 12 members, including nine independent directors, two directors who are also serving as executive officers, and one director who is not serving as an executive officer. In addition, we have established a system that facilitates the full exercise of oversight functions by maintaining separation between management oversight and execution.

POINT 3 Enhanced Collaboration through Tripartite Auditing

Hitachi's Audit Committee and internal audit sections collaborate with third-party accounting auditors to strengthen the Tripartite Auditing aimed at increasing the effectiveness of internal controls.

▶ Director and Executive Officer Compensation

Revisions to the Executive Compensation System (FY2023) and Introduction of Restricted Stock Compensation Units (RSU) for Directors (FY2024)

With the aim of promoting management from medium- to long-term perspectives and providing incentives for the sustainable enhancement of corporate value by having executives share more value with shareholders through the holding of shares from the moment they assume their posts, Hitachi has introduced a restricted stock-based compensation system for Japanese executive officers and corporate officers, and the officers of some Group companies. In fiscal 2023, to further promote management based on medium- to long-term perspectives and better enhance pay-for-performance under global compensation—the link between corporate value enhancement and compensation—we made further revisions, expanding the ratio of compensation conditioned on stock price, introducing a global competitor comparison as a new stock price condition, and adopting an incentive to be awarded upon achieving the goals of the Mid-term Management Plan 2024.

From fiscal 2024, we newly adopted an RSU system as compensation for directors to ensure that Hitachi directors will provide oversight and advice on management while remaining mindful of the need to enhance corporate value in the medium to long term.

Hitachi has also introduced mechanisms for employee compensation to link individuals' goals with those of the Company and determine compensation based on their achievement, and the management goals set out in the Mid-term Management Plan 2024 are used as an evaluation metric when determining the compensation of individual employees. Hitachi will foster a growth-oriented mindset linking the enhancement of corporate value with compensation among both executives and employees, achieving global growth as One Hitachi.

Compensation Structure

(1) Directors

Compensation for directors is made up of basic compensation as fixed pay and stock-based compensation. The ratio for the base amount of basic compensation to stock-based compensation is 3-to-1. The methods for determining each type of compensation are as follows.

Basic compensation

The amount of basic compensation is decided by adjusting the base amount to reflect full-time or part-time status, committee membership and position, meetings attended, and other factors.

Stock-based compensation

Restricted stock-based compensation units are granted to serve as an incentive to provide management oversight and advice with the medium- to long-term enhancement of corporate value in mind. After three years have passed, Hitachi provides an amount equivalent to the granted units in the form of common stock or cash.

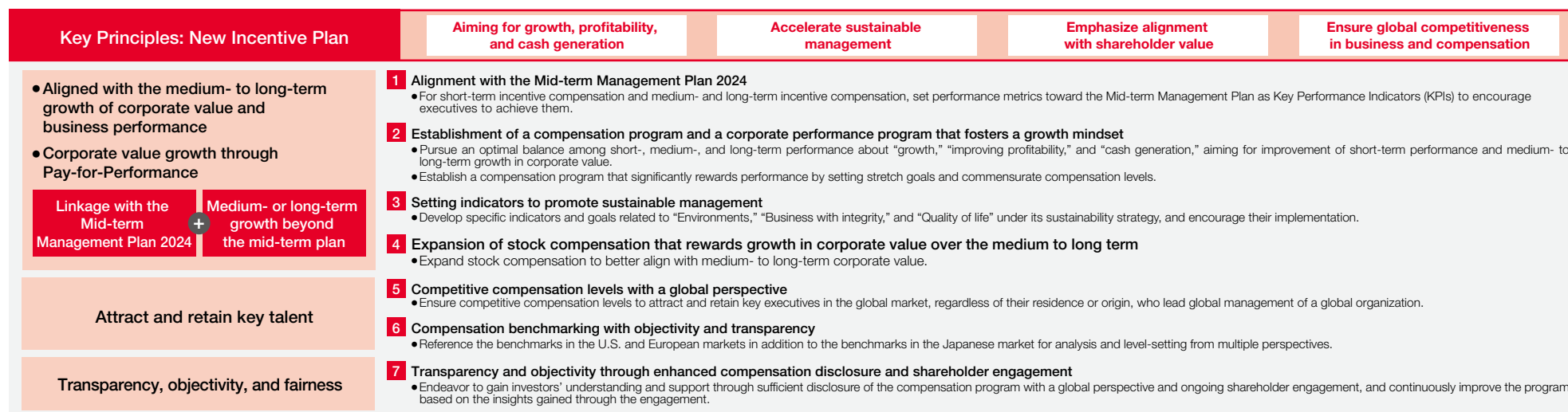
Also note that Hitachi can request the return of compensation if a director is determined to have been involved with misconduct during their term of office (clawback system). A director concurrently serving as an executive officer is not paid compensation as a director.

(2) Executive Officers

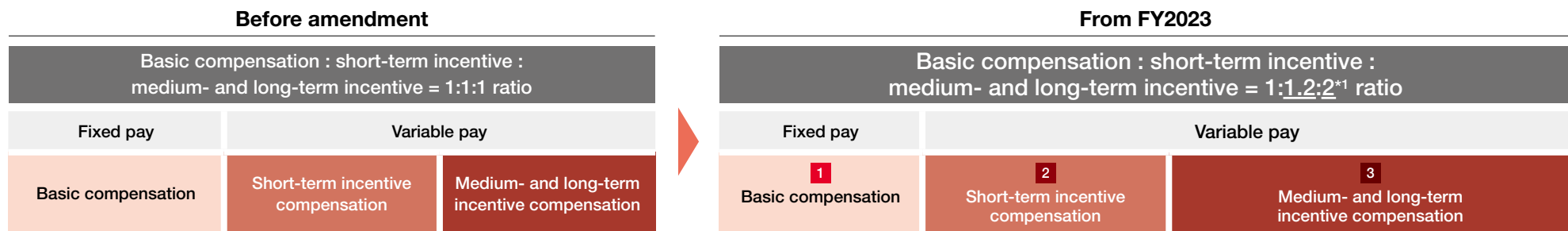
Compensation for executive officers consists of basic compensation as fixed pay and short-term incentive compensation and medium- and long-term incentive compensation as variable pay. The ratio of base amounts for each form of compensation is determined to ensure the enhancement of corporate value through global business growth, referencing ratios for executive compensation at leading global companies, including those in Europe and the United States. In the case of Hitachi's President & CEO, this ratio is 1:1.2:2. In addition, ratios are set so that the higher the rank of an executive officer position, the greater the variable compensation as a percentage of total compensation.

The details of compensation are disclosed in the "Compensation to Directors and Executive Officers, etc." section on page 117 of Hitachi's Annual Securities Report (the 155th business term). [↗](#)

Executive Compensation System



► **Compensation to Executive Officers (from FY2023)**

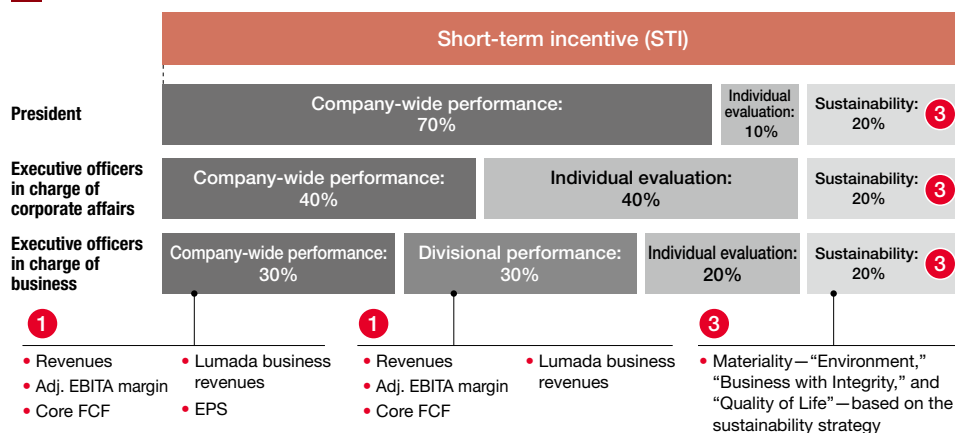


*1 For President & CEO

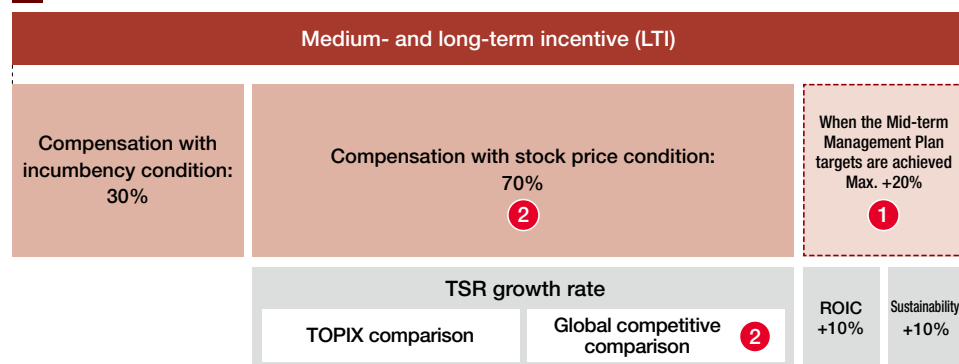
1 Basic compensation

Set according to the relevant position by adjusting that amount to reflect financial results and individual performance.

2 Short-term incentive compensation



3 Medium- and long-term incentive compensation



Points of amendment

1 Strengthening the link with the Mid-term Management Plan 2024

- Adopt the key indicators set forth in the Mid-term Management Plan 2024 as KPIs (STI)
- Introduce incentives for achieving the Mid-term Management Plan (LTI)

2 Strengthening the link with Corporate Value Enhancement

- Increase the stock price condition compensation ratio (LTI)
- Establish a global competitive comparison (LTI)

3 Further evolving of Sustainable Management

- Separate sustainability evaluations and set at 20% (STI)
- Create new evaluations regarding our Materiality—"Environment," "Business with Integrity," and "Quality of Life"—based on the sustainability strategy (STI)

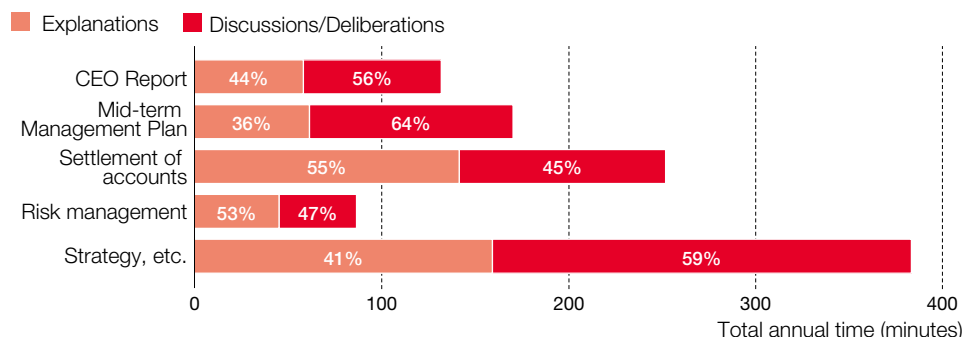
▶ Administrative Performance of the Board of Directors

The Board of Directors approves the basic management policy for the Hitachi Group and oversees the execution of the duties of executive officers and directors in order to sustainably enhance corporate value and shareholders' common interests. The basic management policy includes the Mid-term Management Plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy, as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations. In fiscal 2023, we reported on the progress of the Mid-term Management Plan 2024, including overall priority items and progress in each sector, and confirmed consistency with the plan. In addition to management plans and business strategy, wide-ranging discussion and deliberation took place regarding responses to cybersecurity, the risks of generative AI, and other matters. Aside from these strategic discussions on basic management policies and risk-related discussions, recognition is shared between the supervisory and executive sides of management by reporting to the Board of Directors on important topics discussed in the Senior Executive Committee, an advisory body to the President & CEO, in order to promote discussion. To facilitate more lively discussion on these topics, more time is allotted to exchanging opinions than explaining each topic.

Board of Directors meetings in FY2023

FY2023 Board of Directors Meeting Results	
Meetings held	Nine
Average number of agenda items	8.2 per meeting
Average meeting length	2.9 hours (longest meeting 5.8 hours)

FY2023 time spent and ratios of explanations and discussions of important topics (results up to January 31, 2024)



Total ratio of time spent on explanation vs. discussion



▶ Providing Information to Independent Directors

The Board of Directors holds individual meetings and site visits to improve the effectiveness of the Board of Directors and increase opportunities for information sharing.

Hitachi holds Board of Directors meetings in countries closely related to its business once a year in general. In September 2023, we held a board meeting in Stockholm, Sweden. At the meeting held in Stockholm, directors discussed business strategy and environmental strategy in Europe, attended lectures by local experts, and visited local subsidiaries. In addition, in December 2023 Hitachi held a Board of Directors meeting at the Kyoso-no-mori, the R&D Group's Kokubunji site, which is one of Hitachi's research-and-development sites. Directors discussed research-and-development strategy and innovation strategy, and were briefed on research-and-development initiatives by front-line employees.

Hitachi has also created opportunities for directors to increase their understanding of the businesses and engage in dialogue with senior management and frontline employees, including participation in the Hitachi Social Innovation Forum, internal business conferences, and research presentations held at research institutes, including those online, as well as visits to Hitachi Origin Park and other sites.



May, 2023: Visit to Hitachi Global Air Power (United States) by Audit Committee members



September, 2023: Board of Directors meeting in Sweden

▶ Activities of the Three Committees

Nominating Committee

■ Major activities

In fiscal 2023, the Nominating Committee decided on the details of the election of directors to be submitted for proposal to the Annual General Meeting of Shareholders, discussed candidates for successor to the CEO, and received and confirmed a preliminary report on the structure of the executive officers for fiscal 2024. In addition, to develop management-level leadership candidates, the members of the Nominating Committee held discussions and conducted one-to-one interviews with leadership candidates.

In fiscal 2023, the Nominating Committee held 10 meetings.

Audit Committee

■ Major activities

In fiscal 2023, the Audit Committee's major activities involved taking up important matters for consideration, such as strengthening Hitachi's Tripartite Audit structure (Audit Committee, Internal Audit Office, and accounting auditor), promoting information sharing, and auditing the development and operational status of an internal control system based on risk management and the appropriateness of business execution. In addition, the standing Audit Committee member worked to keep abreast of timely and accurate information and share information with other committee members by coordinating with the Internal Audit Office and other departments, and attending important internal meetings including those of the Senior Executive Committee.

In fiscal 2023, the Audit Committee held 15 meetings.

Compensation Committee

■ Major activities

In fiscal 2023, in accordance with the policy for determining the details of compensation for directors and executive officers, the committee determined the amount of compensation for each individual director and executive officer, including the assessment of Basic compensation, as well as confirmation of and deliberation over the processes and details of performance evaluations and individual target evaluations regarding short-term incentive compensation for executive officers.

The committee also held discussions in light of analysis results from an outside third party organization on whether the new compensation system for executive officers revised in the previous fiscal year was functioning soundly as an incentive for enhancing corporate value in the medium to long term. Specifically, the committee confirmed the appropriateness of compensation levels based on a compensation benchmark analysis with the Japanese, European, and U.S. markets, and verified whether the new incentive system was functioning effectively from various angles, including verifying target settings and the validity of assessments.

In addition, the committee discussed the role of compensation for the Company's directors, a group made up of talent from various regions, in light of the compensation benchmark analysis. As a result, the committee decided to introduce a new compensation system from fiscal 2024 to promote greater awareness of enhancing corporate value in management supervision and advice. More specifically, the committee revised compensation to levels that are competitive in the global market and introduced stock-based compensation with the aim of fostering an awareness of medium- to long-term enhancement of corporate value and sharing value with shareholders.

Note that in conducting its deliberations, the Compensation Committee took into account changing management conditions and feedback from shareholders and investors, while also seeking the necessary information, advice, and other insight from third-party organizations with global knowledge and experience.

In fiscal 2023, the Compensation Committee held seven meetings.

▶ CEO Appointment, Dismissal, and Succession Plan

After a preliminary report to the Nominating Committee, Hitachi's Board of Directors decides upon the appointment and dismissal of executive officers with the goal of constructing an optimal business execution system for management. As stipulated in our Corporate Governance Guidelines, our basic policy concerning the CEO requires that individuals serving in the position of CEO have extensive experience and achievements in the field of company management. They must also be considered optimally suited for conducting management aimed at achieving Hitachi's goals of continuously raising its corporate value and further serving the common interests of its shareholders. Decisions regarding the appointment or dismissal of the CEO shall be made based on prior deliberations and proposals by the Nominating Committee.

Regarding our CEO Succession Plan, as the speed of change in the management environment accelerates, we are striving to build a system that enables us to appropriately and promptly secure and develop (both internally and globally) necessary management personnel who will provide leadership that will allow us to realize our growth strategies. Accordingly, we are also concentrating on providing training for selected employees while targeting the early development of candidates for future management positions. Through this, participants discuss what is necessary for Hitachi's future growth, and by providing a forum for making recommendations to management, we foster next-generation leaders capable of acting authoritatively and resolutely.

► Analysis and Evaluation of the Effectiveness of the Board of Directors

Hitachi evaluates the effectiveness of its Board of Directors each year in a continuous effort to maintain and improve its functions.

FY2023 Evaluation Process

	Points of evaluation
1. Self-assessment by each Director (February 2024)	<p>All Directors carried out a self-assessment of the Board for the following points through distributed questionnaires.</p> <ul style="list-style-type: none"> • Board Role. • Board Composition (Diversity of the Board, the number and proportion of Independent Directors, etc.) • Board Operation (Relation between the Board and Executive Officers, appropriateness of agenda setting, time allocation, meeting frequency, etc.) • Committee Activities (Composition, roles, report to the Board, etc.) • Information to the Board (Provision of information such as the Board materials and business information, etc.) • Contribution of the Board member itself (Utilization of Director's knowledge and experience, understanding of Hitachi Group Identity, etc.) • Contribution by the Board (Role of Chairperson, contribution to the succession plan of CEO, external PR activities and dialogue with investors, etc.)
2. Discussions among independent directors (March 2024)	<ul style="list-style-type: none"> • Independent directors had a meeting and discussed the Board effectiveness there referring to the Board's activities in each evaluation item set out in 1. above.
3. Discussions at the Board meeting (May 2024)	<ul style="list-style-type: none"> • The Board analyzed and evaluated its effectiveness as a whole and confirmed the policy on approaches to further enhance the Board's effectiveness based on the results of the preceding process, considering comparison to the evaluation results for the previous year and measures taken for improving its effectiveness.

Evaluation Results and Future Initiatives

Evaluation results	
Overall evaluation in FY2023	<ul style="list-style-type: none"> • The Board assessed that Board members are diverse and make use of their knowledge and expertise to speak out, having vigorous discussions especially on matters related to business strategies such as the Mid-term Management Plan targeting the medium-/long-term growth of corporate value. The Board, therefore, concluded that the effectiveness of the Board as a whole is maintained.
Future initiatives	
Enhancement of corporate governance and further improvement of the effectiveness of the Board	<ul style="list-style-type: none"> • Based on discussions at the Board meetings, set up meetings to provide feedback and confirm future action items with executives to further promote shared recognition between the Board members and the executives. • The Board will respond to requests for dialogue from investors etc. to the extent possible, with prior confirmation of the content and selection of appropriate personnel. • The Company will expand opportunities for the Independent Directors to support in the development program of executive candidates.
Enhance the Board support system and improve practical issues in operations	<ul style="list-style-type: none"> • Increase opportunities for Independent Directors to further understand the businesses of the Company such as visiting operation sites of Hitachi Group. • Further improve the structure and content of materials for the Board meeting and operation of provision of materials well in advance of the Board meeting.

▶ Executive Officer Structure* (as of October 1, 2024)

President & CEO

Executive Vice Presidents and Executive Officers

Vice Presidents and Executive Officers



Keiji Kojima ◉

Overall management



Jun Abe ◉

Assistant to the President (business for industrial digital, water & environment business, industrial products business, industrial equipment systems business, building systems business, smart life & ecofriendly systems business, measurement and analysis systems business and healthcare business)



Brice Koch ◉

Assistant to the President (management strategies, regional strategies, investment strategies, risk management, corporate export regulation, cost structure reform and information security management)



Alistair Dormer ◉

Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)



Toshiaki Tokunaga ◉

Assistant to the President (growth strategies, cloud services platforms business, digital engineering business, business for financial institutions, business for government, public corporation and social infrastructure business, defense systems business, social innovation business promotion and digital strategies)

Atsuhiko Aketa

Regional strategies (China)

Noriharu Amiya

Urban business strategies and building systems business

Takashi Iizumi

Healthcare business and measurement and analysis systems business

Yasunori Inada

Nuclear energy business

Yasuki Imai

Business for financial institutions, Assistant to Executive Vice President (Digital Systems & Services (APAC))

Tadashi Kume

Supply chain management (manufacturing strategies and quality assurance) and safety and health management

Yoshiaki Kagata

Cost structure reform and information security management

Jun Taniguchi

Digital strategies

Senior Vice Presidents and Executive Officers



Tomomi Kato ◉

Finance strategies, corporate pension system, investment strategies, investor relations strategies and risk management



Shashank Samant

Regional strategies (Americas)



Lorena Dellagiovanna

Sustainability strategies, environmental strategies, human capital strategies, safety and health management, and diversity, equity & inclusion strategies



Katsuya Nagano

Business for government, public corporation and social infrastructure business and defense systems business, Assistant to Executive Vice President (Digital Systems & Services (Japan))



Hidenobu Nakahata

Legal matters, risk management, corporate auditing, government & external relations and corporate communications strategies

Takashi Saito

Marketing & sales strategies (business for connective industries)

Hideshi Nakatsu

Water & environment business

Kojin Nakakita

Regional strategies (APAC)

Seiichiro Nukui

Information technology strategies

Itaru Nishizawa

Research & development

Nitesh Banga

Digital engineering business

Andrew Barr

Regional strategies (EMEA)

Yoshinori Hosoya

Cloud services platform business

Hirohide Hirai

Government & external relations

Yuto Matsumura

Legal matters

Chie Mashima

Marketing & sales strategies (business for digital systems & services) and social innovation business promotion

Takashi Yoda

Marketing & sales strategies (business for energy) and energy business

Kazunobu Morita

Business for industrial digital

Note: Executive officers are listed by position and in Japanese alphabetical order within each grouping. The double circle (◉) denotes executive officers who are representative executive officers.



Masahiko Hasegawa ◉

Marketing & sales strategies



Andreas Schierenbeck

Power grids business



Giuseppe Marino

Railway systems business

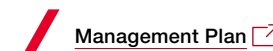


Toshiaki Higashihara ◉

General

Executive Officer

Past Mid-term Management Plans



Mid-term Management Plan 2012 (FY2010–2012)

Rebuilding Management **Recovery**

Achievements

- Created a product-based company system clarifying responsibilities and authority**
 - Clarified responsibility and authority through introduction of an in-house company system
 - Consolidated business into six groups, focused on growth fields under an integrated system of operations and accelerated management
- Rebuilt/Withdrew from low-profit businesses**
 - Automotive systems business: Rebuilt through structural reform
 - Flat-panel TV business: Withdrew from in-house production
 - HDD business: Divestiture
- Strengthened cost competitiveness**
 - Started the “Hitachi Smart Transformation Project” for cost structure reform
 - Expanded centralized purchasing and global procurement
 - Optimized and consolidated manufacturing sites

Mid-term Management Plan 2015 (FY2013–2015)

Building a Foundation for Growth **The Swapping Out of Businesses**

Challenges

- Realizing further improvements to business profitability
- Enhancing business with social innovation as a core
- Developing business globally

Achievements

- Promoted the Social Innovation Business on a global basis by strengthening frontline functions**
 - Expanded service businesses through the use of digitalization
 - Strengthened digital capabilities through the acquisition of Pentaho
- Reviewed non-core businesses**
 - Thermal power business: Established a joint-venture firm with Mitsubishi Heavy Industries
 - Air-conditioning business: Established a joint-venture firm with Johnson Controls
 - Batteries business: Relisted Hitachi Maxell, drew down Hitachi’s stake in the company
- Promoted globalization**
 - Relocated the railway systems business headquarters to the United Kingdom
 - Introduced Global Performance Management aimed at enhancing the use of global human capital

Mid-term Management Plan 2018 (FY2016–2018)

Strengthening the Social Innovation Business **Leveraging Digital Technologies**

Challenges

- Speeding up management to rapidly respond to changes in market environments
- Launching a platform for digital growth
- Addressing low-profit businesses to improve profitability

Achievements

- Transitioned away from a product-based company system to a three-level structure comprising frontline, platform, and product tiers**
 - Accelerated decision-making with the introduction of a business unit system
- Strengthened the global front line**
 - Bolstered global frontline operations through acquisitions (Ansaldo STS, Sullair)
- Expanded the digital solutions business with Lumada**
 - Launched Lumada
 - Established Hitachi Vantara to deliver digital solutions
 - Lumada business revenues grew to 1 trillion yen
- Executed ongoing business reviews**
 - Divestiture and deconsolidation of listed subsidiaries
 - Divestiture of Hitachi Koki and Clarion
 - Sold a part of shares in Hitachi Transport System, Hitachi Capital, and Hitachi Kokusai Electric
 - Reduced/Withdrew from low-profit businesses such as the information and telecommunications equipment business and the overseas EPC business

Mid-term Management Plan 2021 (FY2019–2021)

Realized Social Innovation with Digitalization **Built a Platform for Global Growth**

Challenges

- Growing business through expansion of co-creation with Lumada as a core
- Completing business portfolio revisions
- Improving capital efficiency

Performance targets and results

Although the initial targets at the start of fiscal 2019 were revised due to the COVID-19 pandemic in 2020, revenues expanded, profitability was maintained, operating cash flows were generated, and net income attributable to Hitachi, Ltd. stockholders reached an all-time high.

(billion yen)

	Mid-term Management Plan 2021 targets (as announced in April 2021)	FY2021 results
Revenues	9,500.0	10,264.6
Adjusted operating income/ratio	740.0 / 7.8%	738.2 / 7.2%
Net income attributable to Hitachi, Ltd. stockholders	550.0	583.4
Operating cash flows (FY2019–2021 cumulative total)	More than 2,100	Approx. 2,100
ROIC	8.3%	7.7%

Achievements

- Launched the digital business platform and achieved growth**
 - Launched the Lumada Solution Hub and the Lumada Alliance Program
 - Expanded the Lumada business revenues from 1.1 trillion yen to 1.6 trillion yen
- Enhanced efforts toward digital and environmental growth**
 - 2019: Acquired JR Automation
 - 2020: Made Hitachi High-Tech a wholly owned subsidiary
 - Established Hitachi ABB Power Grids (now Hitachi Energy)
 - 2021: Established Hitachi Astemo
 - Acquired GlobalLogic
 - Transferred the diagnostic imaging-related business
 - Participated in COP26 as a principal partner
- Reinforced and improved the business foundation by resolving management issues**
 - Made progress in reviewing the capital policies of listed subsidiaries
 - Divestiture of Hitachi Chemical and Hitachi Metals*
 - Sale of a part of shares in Hitachi Construction Machinery and Hitachi Transport System*
 - Responded to management issues
 - Settled with Mitsubishi Heavy Industries on South Africa projects
 - Withdrew business operations on the U.K. nuclear power stations construction project
 - Promoted diversity, increased digital talent, and enhanced risk management

* Completed in FY2022

10-Year Financial Data

[Annual Securities Report](#) [Information for Shareholders and Investors \(Financial Information\)](#)

million yen

For the year:	IFRS	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenues		9,774,930	10,034,305	9,162,264	9,368,614	9,480,619	8,767,263	8,729,196	10,264,602	10,881,150	9,728,716
Adjusted operating income		641,325	634,869	587,309	714,630	754,976	661,883	495,180	738,236	748,144	755,816
Adjusted EBITA		—	—	—	—	—	—	609,107	855,380	884,606	918,184
EBIT		534,059	531,003	475,182	644,257	513,906	183,614	850,287	850,951	845,632	857,942
EBITDA		—	—	—	—	885,318	619,001	1,343,067	1,392,840	1,373,468	1,310,702
Net income attributable to Hitachi, Ltd. stockholders		217,482	172,155	231,261	362,988	222,546	87,596	501,613	583,470	649,124	589,896
Earnings per share attributable to Hitachi, Ltd. stockholders, basic (yen)		45.04	35.65	47.90	375.93	230.47	90.71	519.29	603.75	684.55	634.57
Net cash provided by operating activities		451,825	812,226	629,582	727,168	610,025	560,920	793,128	729,943	827,045	956,612
Net cash used in investing activities		(612,545)	(730,799)	(337,955)	(474,328)	(162,872)	(525,826)	(458,840)	(1,048,866)	151,063	(131,543)
Net cash provided by (used in) financing activities		233,206	(26,467)	(209,536)	(321,454)	(320,426)	2,837	(184,838)	202,739	(1,142,966)	(1,024,907)
Core free cash flows		(176,448)	113,371	100,215	283,593	136,079	135,441	419,848	290,082	416,460	571,467
Core free cash flows per share, basic (CFPS) (yen)		(36.54)	23.48	20.75	293.70	140.92	140.25	434.64	300.16	439.19	614.74
Capital investment (Tangible fixed assets and investment property)		431,201	528,551	377,545	374,901	414,798	399,643	359,897	388,747	349,756	315,891
Depreciation (Tangible fixed assets and investment property)		350,783	366,547	302,757	265,413	271,682	342,450	345,201	382,922	358,412	280,306
R&D expenditures		334,814	333,730	323,963	332,920	323,145	293,799	293,571	317,383	316,280	290,145
Total assets		12,433,727	12,551,005	9,663,917	10,106,603	9,626,592	9,930,081	11,852,853	13,887,502	12,501,414	12,221,284
Property, plant and equipment		2,472,497	2,500,226	1,998,411	2,124,827	1,956,685	2,165,311	2,408,887	2,478,901	1,700,471	1,221,842
Total Hitachi, Ltd. stockholders' equity		2,942,281	2,735,078	2,967,085	3,278,024	3,262,603	3,159,986	3,525,502	4,341,836	4,942,854	5,703,705
Interest-bearing debt		3,557,356	3,604,455	1,176,603	1,050,294	1,004,771	1,485,042	2,397,356	3,126,712	2,213,348	1,180,022
Adjusted EBITA margin		—	—	—	—	—	—	7.0	8.3	8.1	9.4
Return on invested capital (ROIC)		—	—	—	—	8.5	9.4	6.4	7.7	7.6	8.7
Return on equity (ROE)		7.8	6.1	8.1	11.6	6.8	2.7	15.0	14.8	14.0	11.1
Return on assets (ROA)		2.9	2.4	3.0	5.0	3.3	1.3	4.8	5.2	5.3	5.1
D/E ratio (Including non-controlling interests) (times)		0.83	0.87	0.29	0.23	0.23	0.35	0.54	0.58	0.41	0.20
Total Hitachi, Ltd. stockholders' equity ratio		23.7	21.8	30.7	32.4	33.9	31.8	29.7	31.3	39.5	46.7
Total shareholder return (million yen)		57,944	57,939	62,764	72,416	86,905	91,792	101,517	120,905	336,593	266,805
including share buybacks (million yen)		0	0	0	0	0	0	0	0	199,999	99,999
Dividend per share (yen)		12.0	12.0	13.0	75.0	90.0	95.0	105	125	145	180
Dividend payout ratio		26.6	33.7	27.1	20.0	39.1	104.8	20.2	20.7	21.0	28.3

Notes:1. Adjusted operating income is presented as revenues less selling, general and administrative expenses, as well as cost of sales.

2. Adjusted EBITA = Adjusted operating income + Acquisition-related amortization + Share of profits (losses) of investments accounted for using the equity method.

3. "Core free cash flows" are net cash provided by operating activities minus capital expenditures.

4. On October 1, 2018, the Company completed the share consolidation of every five shares into one share for its common stock. Basic earnings per share attributable to Hitachi, Ltd. stockholders, basic core free cash flows per share, and dividend per share are calculated on the assumption that the Company conducted this consolidation at the beginning of the previous fiscal year.

5. On July 1, 2024, the Company executed a 5-for-1 split of its common stock.

6. ROA (Return on assets) = Net income / Total assets (Average between the end of current fiscal year and the end of previous fiscal year) × 100

5-Year Non-financial Data

[Sustainability Report](#)
[Environmental Data](#), [Social Data](#), [Governance Data](#)

Human Capital		FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	Hitachi Group	301,056	350,864	368,247	322,525	268,655*1
	Hitachi, Ltd.	31,442	29,850	29,485	28,672	28,111
Average service (years)*2	Hitachi Group	15.0	13.6	13.5	12.6	12.9
Turnover ratio (%)*2*3*4	Hitachi Group	5.2	4.3	7.5	8.5	6.3

Percentage of Positive Responses to Employee Engagement Questions*5 (Hitachi Group)						
Global average (%)		60	62	65	69.5	68.6
By region (%)	Japan	—	—	56	61.2	61.6
	Overseas	—	—	80	82.3	80.2

Digital Talent*6 (Hitachi Group)						
Global (persons)		30,000	35,000	67,000	83,000	95,000
By region	Japan	19,000	23,000	29,000	42,000	50,000
	Overseas	11,000	12,000	38,000	41,000	45,000

Diversity, Equity and Inclusion						
Ratio of women employees (%)*2*3	Hitachi Group	19.4	19.1	20.2	22.3	22.5
Ratio of women managers (%/persons)*2*3*7*8	Hitachi Group	8.9 (4,302)	9.5 (4,641)	9.8 (4,762)	13.0 (8,461)	14.1 (8,639)
	Hitachi, Ltd.	5.5 (700)	6.5 (768)	6.8 (785)	7.4 (826)	7.8 (866)

Ratios of Women and Non-Japanese Executives* (Hitachi, Ltd.)					
	July 2020	June 2021	June 2022	June 2023	June 2024
Number of women executives	5	7	9	9	9
Ratio of women executives (%)	7.1	10.1	12.2	11.4	11.8
Number of non-Japanese executives	6	8	13	16	19
Ratio of non-Japanese executives (%)	8.6	11.6	17.6	20.3	25.0

* Executive Officers and Corporate Officers

[Scope of Data]

- *1 The decrease in the number of group employees from the previous fiscal year is mainly due to the deconsolidation of Hitachi Astemo.
- *2 Manufacturing workers not registered in the employee database and employees of some newly consolidated companies are not included. As of the end of FY2023, these numbers were approximately 23,000 and approximately 8,000, respectively.
- *3 The figures are based on enrolled employees with employment contracts including those seconded from the Hitachi Group to other companies and those taking leave, and excluding those seconded from other companies to the Hitachi Group (as of March 31).
- *4 Figures include only voluntary resignations.
- *5 Questions change slightly each year. The above figures are not adjusted for changes in questions. In FY2023, the composition of questions measuring employee engagement was revised. The percentage was calculated from the average of the percentage of positive responses to the following four questions: pride in working for Hitachi; whether it is a great place to work that one would recommend to others; job satisfaction and sense of accomplishment; and desire to continue working for Hitachi for the foreseeable future.
- *6 We define digital talent as those who possess any of the 12 capabilities required for digital business, including design thinking, data science, and security. The number of digital talent is the total number of persons under each capability (total number of people, in thousands).
- *7 The increase in the number and percentage of women managers over time reflects improved coverage of our employee database and changes in the number of consolidated companies.
- *8 Figure does not include some employees whose grades (job titles) are not registered in the employee database.
- *9 The figures are based on the number of employees including those seconded from Hitachi Group to other companies, those taking leave, and those seconded from other companies to the Hitachi Group (as of March 31). Figures for FY2021 exclude those seconded from other companies to the Hitachi Group.

Occurrence Rate (TRIFR*10*11) (Hitachi Group)						
	CY2019	CY2020	CY2021	FY2021	FY2022	FY2023
Global total	0.37	0.29	0.28	0.27	0.26	0.16
Japan	0.17	0.14	0.12	0.12	0.14	0.13
Asia (excluding Japan)	0.30	0.17	0.12	0.11	0.09	0.05
The Americas	1.66	1.54	1.36	1.20	1.10	0.38
Europe	0.53	0.45	0.38	0.45	0.39	0.32

Occupational Health and Safety (Hitachi Group*12)						
Number of fatal accidents*11	5	3	2	2	5	4

[Scope of Data]

*10 TRIFR: Total Recordable Injury Frequency Rate (casualties per 200,000 work hours)

*11 We used the statistical period between January and December of each year in the past. However, in accordance with the safety targets set under our Mid-term Management Plan 2024, we changed the statistical period to April through March beginning in FY2021.

*12 Includes contractors

Sustainable Procurement Activities (Hitachi Group)						
	FY2019	FY2020	FY2021	FY2022	FY2023	
Sustainability monitoring (companies)	291	271	[Human rights] 2,524*13 [Environment] 708*13	1,374*14	3,227	
Sustainability audits (companies)	19	27	25	128*15	150	
Sustainability procurement seminars (companies)	59	450	359	520	269*16	

*13 Sustainability monitoring in FY2021 was focused on human rights and environmental risk assessment.

*14 Sustainability monitoring from FY2022 onwards has been focused on environment, labor and human rights, ethics, and sustainable procurement.

*15 Including the number of companies audited by Hitachi Energy beginning FY2022.

*16 Procurement partners of Hitachi Astemo not included in the Sustainable Procurement Seminars for FY2023.

Environment (Hitachi Group)						
	FY2019	FY2020	FY2021	FY2022	FY2023	
CO ₂ emissions at business sites (factories and offices) (kt-CO ₂)	4,374	3,296	3,384	1,538	676	
Waste and valuables generation (kt)	1,302	1,061	1,111	356	164	
Water usage (million m ³)	36.41	26.35	26.03	14.56	10.92	
Atmospheric emissions of chemical substances (kt)	3.88	2.37	2.50	1.09	0.62	

CO₂ Avoided Emissions through Products and Services: Target 100 million metric tons/year (FY2024)
Forecast 153 million metric tons/year*

* 3-year average during the Mid-term Management Plan 2024

[Scope of Data]

Data on the Environment (Hitachi Group) applies to business sites with a large environmental load that are classified as category A.* In FY2023, CO₂ emissions at business sites (factories and offices) include non-energy-related greenhouse gases (kt-CO₂e) in the reported amount. Only the FY 2023 CO₂ emissions at business sites (factories and offices) covers business sites in Categories A, B, and C (excluding non-manufacturing sites for category C).

* All Group business sites are classified into one of three categories: A, B, or C, based on the Criteria for Classification of Environmental Management established by Hitachi, and the most suitable management is then conducted for each in accordance with the respective level of environmental risk.

Corporate Data and Stock Information (as of March 31, 2024)

■ Corporate Name

Hitachi, Ltd.
(Kabushiki Kaisha Hitachi Seisakusho)

■ URL

<https://www.hitachi.com/>

■ Head Office

6-6, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8280, Japan

■ Founded

1910 (Incorporated in 1920)

■ Capital Stock

463,417 million yen

■ Number of Employees (consolidated)

268,655

■ Number of Shares Issued

(common stock, including treasury stock)

927,167,877

■ Number of Shareholders

201,834

■ Administrator of Shareholders' Register

Tokyo Securities Transfer Agent Co., Ltd.
3-11, Kanda Nishiki-cho, Chiyoda-ku,
Tokyo 101-0054, Japan

■ Stock Exchange Listings

Tokyo, Nagoya

■ Accounting Auditor

Ernst & Young ShinNihon LLC

■ Contact

Hitachi, Ltd.
TEL: +81-3-3258-1111

■ 10 Largest Shareholders

Name	Share ownership (shares)	Shareholding ratio (%) ^{*2}
The Master Trust Bank of Japan, Ltd. (Trust Account)	155,658,700	16.80
Custody Bank of Japan, Ltd. (Trust Account)	57,317,377	6.19
STATE STREET BANK AND TRUST COMPANY 505223	22,663,806	2.45
GOVERNMENT OF NORWAY	21,161,670	2.28
NATS CUMCO ^{*1}	20,721,566	2.24
Nippon Life Insurance Company	20,000,099	2.16
SSBTC CLIENT OMNIBUS ACCOUNT	19,936,868	2.15
STATE STREET BANK WEST CLIENT-TREATY 505234	18,317,987	1.98
Hitachi Employees' Shareholding Association	17,568,674	1.90
JP MORGAN CHASE BANK 385632	15,303,016	1.65

^{*1} NATS CUMCO is the nominee name of the depository bank, Citibank, N.A., for the aggregate of the Company's American Depositary Receipts (ADRs) holders.


^{*2} Treasury stock (546,173 shares) is not included in the shareholding ratio calculation.

■ Ratings

(as of August 31, 2024)

Rating company	Long-term	Short-term
Standard & Poor's (S&P)	A	A-1
Moody's Japan K.K. (Moody's)	A3	P-2
Rating and Investment Information, Inc. (R&I)	AA-	a-1+

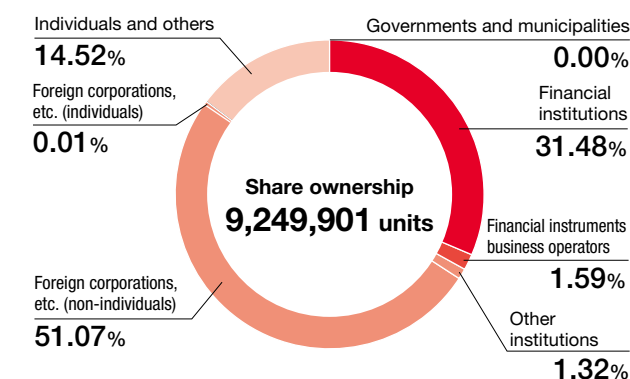
■ Assurance

To enhance the reliability of information it discloses, Hitachi uses a combined assurance model that includes assurance obtained from executives and from external assurance providers. Please refer to [production structure](#).  The supervisor of the Hitachi Integrated Report 2024 is Tomomi Kato, Senior Vice President and Executive Officer, CFO. Some of the environmental, social, and governance data in the Hitachi Sustainability Report 2024 has undergone third-party verification by KPMG AZSA Sustainability Co., Ltd.

Indicators Subject to Independent Assurance

Hitachi Group Number and ratio of women managers, CO₂ emissions at business sites (factories and offices)

■ Shareholder Composition



Note: Of 546,173 shares of treasury stock, 5,461 units are included in the "Individuals and others" row, while 73 shares are included in the "Number of shares less than one unit" row.

■ Engagement with Shareholders and Investors

Hitachi emphasizes engagement with shareholders and investors. In fiscal 2023, Directors and Executive Officers had meetings with major shareholders (representing 37% of total shareholdings). In other activities, the Investor Relations Division meets with analysts and investors about 780 times a year, discussing topics ranging from business strategies and financial results to governance, the executive compensation structure, and sustainability. Feedback received during these meetings is shared with top management and utilized in decision-making.

Integrated Reports Inquiries

Investor Relations Division
+81-3-3258-1111



Hitachi Social Innovation is
POWERING GOOD