

# News Release

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## **Hitachi to Strengthen the Management Structure**

**Tokyo, Japan, January 31, 2020** --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that as part of its efforts to achieve the goals of the 2021 Mid-term Management Plan, effective April 1, 2020, it will strengthen its management structures from the perspective of three management platforms: accelerating future growth through the global rollout of the Social Innovation Business using digital technologies; building structures to become a global leader; and strengthening the management base.

### **1. Accelerating the global rollout of the Social Innovation Business using digital technologies**

Hitachi will strengthen structures to achieve establishment and expansion of Lumada, and provision of digital solutions through Collaborative Creation with customers on a global scale based on a clear understanding of the real issues faced by customers and society.

Specifically, Toshiaki Tokunaga\*<sup>1</sup>, Chairman of the Board and CEO, Hitachi Vantara Corporation, which executes both front-line and delivery functions in providing digital solutions to customers throughout the world using Lumada, will undertake a concurrent position as the new CEO of the Services & Platforms Business Unit (BU), which handles the establishment and expansion of Lumada for Hitachi as a whole. In this way, Tokunaga will drive the expansion of the digital solutions business speedily, capturing the newest trends in global cutting-edge digital technologies and new business based in Silicon Valley.

In addition, in order to accelerate the creation of the Social Innovation Business, under the leadership of Executive Vice President and Executive Officer Keiichi Shiotsuka, Head of the Social Innovation Business, Hicham Abdessamad\*<sup>2</sup> will be appointed General Manager of the Social Innovation Business Division, to support the creation and construction of new business models and the creation of new business based on a clear understanding of the real issues faced by customers and society, and in collaboration with Hitachi Vantara and other Group companies and BUs responsible for front-line and delivery functions in the digital solutions field.

\*<sup>1</sup> Currently Vice President and Executive Officer, COO of Services & Platforms Business Unit, Chairman of the Board and CEO, Hitachi Global Digital Holdings Corporation, and Chairman of the Board and CEO, Hitachi Vantara Corporation. Tokunaga will stay in the posts of Chairman of the Board and CEO, Hitachi Global Digital Holdings Corporation, and Chairman of the Board and CEO, Hitachi Vantara Corporation after April 1, 2020.

\*<sup>2</sup> Currently Chief Executive of Global Social Innovation Business, Hitachi, Ltd. and Chairman of the Board of Hitachi America, Ltd. (to be continued after April 1, 2020).

## **2. Building structures to become a global leader**

Amidst the increase in overseas M&As, including the acquisition of the Swiss corporation ABB's power grids business, which is scheduled for the first half of 2020, Hitachi urgently needs to strengthen functions that will support the accelerated global rollout of the Social Innovation Business. As such, it will strengthen structures aiming to become a global leader.

### **(1) Sales and marketing**

As part of activities aimed at strengthening sales capabilities worldwide, Ryuichi Kitayama<sup>\*3</sup> will be appointed Executive Vice President and Executive Officer, CMO. Kitayama will lead initiatives designed to strengthen the sales reforms that are already underway, and will expand business through Collaborative Creation activities with customers.

\*3 Currently Chairman of the Board, Hitachi High-Technologies Corporation (to be continued after April 1, 2020).

### **(2) Finances**

Yoshihiko Kawamura, who is currently Senior Vice President and Executive Officer, and CSO, will be appointed CFO to further promote the reforms and enhancements to the Group's global finance structures that are already ongoing. At the same time, he will combine finance strategies and investment strategies, and accelerate activities aimed at increasing profitability.

### **(3) Legal affairs and risk management**

Kohei Kodama<sup>\*4</sup> will be appointed to the newly established posts of Chief Legal Officer (CLO) and Chief Risk Management Officer (CRMO), taking responsibility for legal affairs and risk management policies and strategies for the Hitachi Group as a whole. At the same time, he will supervise BUs and Group companies worldwide, build structures for unified operations, and strive to achieve sustainable corporate operations.

\*4 Currently Vice President and Executive Officer, General Counsel (to be continued after April 1, 2020), Officer in charge of Risk Management.

## **3. Strengthening the Management Base**

### **(1) Strengthening cost structure reforms**

Hitachi will push through the establishment of management base which enables the company to become a global leader, and fundamental reforms to increase its profitability to achieve the 2021 Mid-term Management Plan by further evolving the Hitachi Transformation Project started in 2011. Specifically, Masashi Murayama<sup>\*5</sup> will be appointed CTrO to implement optimal utilization of global shared services, drastic operational reforms on the back of increased diversity, business process re-engineering/optimization using cutting-edge digital technologies within and outside the company, optimal deployment of talents, etc., in a joint effort with Levent Arabaci, who was appointed as CTrO, Global Operations in October, 2019 along with his concurrent position of General Manager [Global HR Function], Human Capital Group.

\*5 Currently Vice President and Executive Officer, CPO, and General Manager of Value Chain Integration Division

(2) Achieving “One Hitachi”

Seiichiro Nukui\*<sup>6</sup>, formerly from Accenture Japan Ltd, will be appointed to the newly established position of Chief One Hitachi Promotions Officer, and will be responsible for building an operation model that will enable the execution of business across multiple BUs and Group companies as One Hitachi. Based on his expertise in the field of consulting, Nukui will undertake the institutional design and reforms in corporate culture to accelerate the rollout of the Social Innovation Business as One Hitachi.

\*<sup>6</sup> Currently Vice President and Executive Officer, Managing Director of Industry & Distribution Business Unit [Global Front]

(3) Leveraging diversity for value creation

To help Hitachi succeed in the global rollout of Social Innovation Business to contribute to the improvement of customers’ social values, environmental values and economic values, appointing the right person to the right position is a key. Diverse thoughts, experiences and perspective are essential to achieving this goal. As such, to further strengthen the management structure, Hitachi continues to appoint credible talent with the high expectation of value creation for all stakeholders: Yoshihiko Kawamura (from Mitsubishi Corporation), Seiichiro Nukii (from Accenture Japan Ltd), and Hicham Abdessamad (non-Japanese) will be appointed to important positions, while Levent Arabaci (non-Japanese) has started his CTrO role as mentioned above from October 2019. These assignments are all aimed to support and collaborate to the achievement of the 2021 Mid-term Management Plan and further growth.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.

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