HR Strategy aligned with Management Strategy
(Progress over the past 10 years and the future)

Senior Vice President and Executive Officer,
CHRO and Head of Corporate Communications

Hidenobu Nakahata
Today's Presenters/Q&A Sessions

Hidenobu Nakahata
Senior Vice President and Executive Officer, CHRO and Head of Corporate Communications

Lorena Dellagiovanna
Vice President and Executive Officer, Chief Sustainability Officer and Chief Diversity, Equity & Inclusion Officer (CDEIO)
HR strategy is an important part of management strategy. We formulate and implement them aligned with the management strategy.

Hitachi has drastically changed its management strategy since 2010. (From “products and systems business” & “domestic focus” to “Social Innovation Business” & “global expansion”.)

HR strategy is also undergoing a transformation over 10 years, linked to the change in management strategy.

MMP2024 aims to continue & strengthen the management reforms to achieve “further growth”. Talents are becoming more important than ever, and we need to further accelerate the implementation of our existing HR strategy.

Today, we will cover the overall HR strategy aligned with the management strategy and the main HR measures, and will explain the progress in 10 years and the future plans.

Hitachi implements Diversity, Equity & Inclusion, our sustainability strategy, as a measure that contributes to the business, while closely aligning with all HR measures.
A key theme in achieving our sustainability goals: Enhancing human capital

8 themes are "Sustainability Goals," which extract the value provided from Hitachi’s materiality. The most important factor in realizing the vision of our SIB is our people. By gathering the power of Hitachi Group’s over 300,000 employees and enhancement of human capital, we can consistently offer value to customers and society.

Provide value to customers and society through the enhancement of human capital

Planetary Boundaries

- Environment
  - Decarbonization, Resource circulation
    - CO2 reduction of approx. 100 million tons/year

- Resilience
  - Maintain social infrastructure
    - Stable energy supply to approx. 1.9 billion people

- Safety & Security
  - Safe and comfortable mobility
    - Railway service to approx. 15 billion people/year

- Healthcare
  - Extend healthy life expectancy
    - In vitro diagnostics on human blood samples 20 billion tests/year

Enhancement of human capital

- Decarbonization, Circular Economy
  - FY2050 carbon neutral

- DEI
  - Power of diversity
    - Diversity in key management positions

- Integrity in Management
  - Ethics and human rights
    - Improve health and safety, quality and compliance

- Employee engagement
  - Improve engagement through more flexible ways of working

DEI: Diversity, Equity & Inclusion
SIB: Social Innovation Business
* Results of FY2021
Agenda

1. HR strategy aligned with management strategy (overall picture)
2. Main HR measures
   1) Implementing DEI, Securing & Developing Global Leaders
   2) Securing & Developing Digital Talents
   3) Fostering Global Hitachi culture
   4) Promotion of job-based HR management in Japan
3. Implement KPIs for HR strategy linked to management targets
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In response to the business crisis in 2009, Hitachi has made a major shift in its management strategy. In accordance with digitalization and globalization, Hitachi has shifted from a product business & domestic focus, to contribute to society by providing the Social Innovation Business (mainly service businesses) globally.

### Business in past
- Providing superior products and systems through high-quality “Monozukuri”
- Business growth with a focus on Japan and export of products originating in Japan

### Current business (Strengthen in the future)
- Expansion of “Social Innovation Business” (Products & Systems + Services Business utilizing data)
- Global business growth (cross-border business, collaborative creation in countries around the world)
Social Innovation Business

① Resolve current and future issues of customers and society.
② Provide services which include innovative technologies such as IoT / AI / big data analysis rather than merely providing products and systems

⇒ Build a business from exploring current & future needs of customers and society.

Creation of change by collaborative creation

<table>
<thead>
<tr>
<th>Engineering Development</th>
<th>Manufacture</th>
<th>Sales</th>
<th>Search of change</th>
<th>Follow up on change</th>
</tr>
</thead>
</table>

Hitachi

Product-Out

Market (Society) and Customer

Market-In, Market-Create

- Solving problems
- Solution development
- Defining and setting challenges
- Visualization of the needs
- Search of the potentiality needs
World’s First Smart Mobility Digitally Connects Entire City Transportation Network to Optimize Public Transit Services

Offer railway vehicles/operation system (⇒ One-time business basically)

IoT-based mobility solution which is “As a Service” offering

Issues of society and customers

- Avoidable cost due to traffic jam, exhaust gas, and other greenhouse gas
- Crowds recognized as a risk after the COVID-19 pandemic

Solutions

- Digitally connect the entire city’s transport network including public and private transportation (utilizing IoT technologies)
- Hands-free ticketing and digital twin which realize multi-modal transportation

Global collaboration across BUs to provide value-driven solutions

- Hitachi Rail (Global)
- Railway Systems BU (Japan)
- Other BUs/Group Companies

*BU ; Business Unit

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Growth Model that expands profit, which is the data-driven cycle of value co-creation with customers
⇒ Accelerate Growth (Revenues double from 1.4 trillion yen in FY2021 to 2.7 trillion yen in FY2024)

1-3. HR Strategy aligned with Business Strategy (Transformation of Management Strategy)
MMP2024: Further Growth by expansion of Lumada business

Revenues

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenues</th>
<th>Adj. EBITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
<td>1.4 trillion yen</td>
<td>16%</td>
</tr>
<tr>
<td>FY2024</td>
<td>2.7 trillion yen</td>
<td>24%</td>
</tr>
</tbody>
</table>

Adj. EBITA

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Adj. EBITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021</td>
<td>0.4 trillion yen</td>
</tr>
<tr>
<td>FY2024</td>
<td>0.2 trillion yen</td>
</tr>
</tbody>
</table>
1-4. HR Strategy aligned with Business Strategy (Overview)

Business Direction and Required Talent and Organization

Management Strategy

Drive Social Innovation Business

- Under fast-paced business environment, identify current and future issues which societies and customers face in Japan and on a global basis, and provide services to solve problems by utilizing products, systems, and IoT
- Build, promote and execute globally collaborated business across countries, regions, divisions

Expand Global Business

Required Talent / Organization (Structure/Culture)

- Diversity, Equity: Talent who knows local market (society and customers) well = Diverse talent with various background such as nationality, gender, etc.
- Inclusion, Location Free: Talent, Organization to work as One Team across countries/regions
- Proactive, Growth Mindset: Talent who can identify society & customers’ issues clearly and think proactively about solutions, and organizations with that culture
- Agility: Talent and Organization that can quickly adapt to new business portfolios by capturing changes in the business environment
1-5. HR Strategy aligned with Business Strategy (Overview)
Required Talent and Organization (Significant change from the past)

Keywords: “Diversity, Equity and Inclusion” and “Proactive individuals”

Past

Japan’s GDP was the world's second highest. (High economic growth)

Provide good products and systems based on customers’ clear requirements mainly in Japan.

- Japanese-male regular employees work in same place & time as similar group
- Domestic and individual company

Future

Expansion of Overseas Market
(Japanese Market to be sustained)

Explore the needs of the global society, clients and provide services to solve problems

- Diversified people regardless of nationality, gender, age, etc. work in various places & time as diversified group
- Global Group consolidated
Outside Japan, both the sales amount and the number of employees have recorded more than twice of those in 1999.

⇒ Increase overseas workforce through M&A and other ways to expand overseas business in growing markets in the MMP2021

【Reference】Global Expansion of Business coming with Changes of Headcount

Increase in employees of around 100,000 in 3 years as a result of M&A
*Increase of 80,000 after reduction

Major Increase outside Japan

- **Cut-off data**: hitachi.com

<table>
<thead>
<tr>
<th>Employees</th>
<th>(thousand persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPN</td>
<td>270 208 188 159 157</td>
</tr>
<tr>
<td>Non-JPN</td>
<td>68 119 147 132 211</td>
</tr>
<tr>
<td>Total</td>
<td>338 326 335 291 368</td>
</tr>
</tbody>
</table>

*Fully consolidated basis (excluding temporary members etc.)

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1-6. HR Strategy aligned with Business Strategy (Overview)
History of HR Management transformation (continue from 2011)

~MMP2015
Transform to SIB
Building a foundation for growth

~MMP2021
Toward Global Leader
in SIB

MMP2024 ~
Moving Toward New Growth
- Sustainable Growth with assets by acquisition -

< Major Achievements/Actions >

• Implement Global HR Platform
  Human Capital Database, GLD (Leadership Program), HGG (Grading),
  GPM (Performance Review), Workday (HR integrated platform),
  Employee Survey etc.

• Execute HR measures (D&I, Talents)
  Female and Non-Japanese executive and corporate officers,
  Female Managers, acquisition of leaders/digital Talents etc.

• Mindset, Corporate culture approach
  (Fostering Culture, support to PMI, Promoting Job-based HR
  Management etc.)

Global
HR management 1.0
Implement Global HR Platform

Global
HR management 2.0
Execute HR measures (D&I, Talents)

Global
HR management 3.0
Mindset, Corporate culture approach

Beyond

2024

Contribute to Business through
Diverse Talents, Equitable Opportunity
and Inclusive Organization

Global Leadership Development program
Hitachi Global Grade
Global Performance Management

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2011-2015
Implement Global HR Initiatives

2016-2018
Execute HR measures
D&I, Talents

2019-2021
Start mindset,
Corporate culture approach

Global Human Resource Management 1.0
- Establishment of Global Human Resources Database (HCDB)
- Introduction of Hitachi Global Grade (HGG)
- Global Leadership Development (GLD)
- Global performance management (GPM)
- Global Employee Survey (Hitachi Insights)
- Global Mobility Establishment (IAP)
- Establishment of the Global Compensation philosophy
- Global Management Training (Ready to Lead)
- Reward and HGG linkage reinforcement

Global Human Resource Management 2.0
- Global Integrated Human Resources Information System (Workday)
- Global HRD Platform (Hitachi University)
- Global Management Training (GAP series)
- Disclosure of D&I targets for executives and managers (Hitachi, Ltd.)
- Holding of Global Women's Summit
- Strengthened GLD Human Resources Committee, F50 system launched
- SIB front Talent development (110,000 EEs -> 130,000 EEs)
- Make a Difference! (Mindset initiative)
- Hitachi Discovery Program (PMI)
- Promotion of Work-Life Innovation (Japan)
- Expansion of support for balancing work and childcare (Japan)
- Full-fledged job type labor management discussions (Japan)
- Optimization of global assets
- Holding Town-hall meetings

Global Human Resource Management 3.0
- Implementation of Workday CBM/TR/GLD (Implementation of One HCM)
- Hit Unv., HCDB Workday migration
- Establishment of CDO, first female executive officer
- Achievement of D&I targets and establishment of new targets (Hitachi, Ltd.)
- Big scale implementation of TR (introduced at Hitachi Ltd.)
- Mentoring for GT+ and F50
- Acquisition and development of Digital Talent (approx. 51,000 EEs)
- Digital literacy Training (160,000 EEs in Japan)
- Hitachi Group Competency Revision
- Opening of Origin Park
- Supporting Cross-border M&A, PMI (PC, GL, etc.)
- New way of working, seal less Paperless
- Introduction of Job descriptions
- Promotion of Job-based HR measures (1on1, career development etc)
- Reorganization of HR report line and establishment of BP
- Launching GBS-HR-PJ

Reference: Roadmap of HR strategy in 10 years (2011-2021)
Agenda

1. HR strategy aligned with management strategy (overall picture)

2. Main HR measures
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   2) Securing & Developing Digital Talents
   3) Fostering Global Hitachi culture
   4) Promotion of job-based HR management in Japan

3. Implement KPIs for HR strategy linked to management targets
2. Main HR Measures (Major HR actions in 2024 MMP)

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Main HR Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People (Talent)</strong></td>
<td>Implement HR actions related to diversity, equity, and inclusion</td>
</tr>
<tr>
<td></td>
<td>Implement global HR Platform</td>
</tr>
<tr>
<td></td>
<td>Select and develop Management Leaders</td>
</tr>
<tr>
<td></td>
<td>Secure and develop Digital Talents</td>
</tr>
<tr>
<td></td>
<td>Foster global Hitachi culture</td>
</tr>
<tr>
<td></td>
<td>Shift to job-based HR management (especially in Japan)</td>
</tr>
<tr>
<td><strong>Mindset (Culture)</strong></td>
<td>Optimize talent allocation (Talent Mobility)</td>
</tr>
<tr>
<td></td>
<td>HR Transformation</td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td>Secure physical and mental health and safety</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Foundation</strong></td>
<td></td>
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</tbody>
</table>

**Mission**

Contribute to Business through Diverse Talents, Equitable Opportunity and Inclusive Organization

**Vision**

- We lead transformation into “Employer of choice” in global market
- Become a vibrant “Talent Destination” that contributes to society
- Become “The World’s #1 HR pioneers” who cope with changes and contribute to business
Quantitative KPI settings for HR strategic targets and implementation of HR measures for achievement are required.

Strengthen acquisition and development of digital talent which is key for growth
Contribute to a sustainable society and business growth through DEI improvement

① Implement DEI, Select and develop of diverse Management leaders

- Enhance co-creation and productivity through inclusion of diverse talent

② Acquire and develop digital talent

- Increase digital talent, mainly overseas, to 98,000

③・④ Strengthen employee engagement (Culture, Job-based HR)

- Create a culture where each employee engages with solving societal challenges as his/her own problems

Diversity in gender and nationality among executive and corporate officers

Number of the digital talents

Engagement score
① Implement DEI, Select and develop of diverse Management leaders

(1) Concept & Governance structure

<table>
<thead>
<tr>
<th>Concept</th>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity, Equity &amp; Inclusion in Hitachi is <strong>engine to grow our business.</strong></td>
<td>President &amp; CEO</td>
</tr>
<tr>
<td>Talent Diversity</td>
<td>Keiji Kojima</td>
</tr>
<tr>
<td>Gender, nationality, age, values, etc.</td>
<td>Adviser: Independent Director</td>
</tr>
<tr>
<td>Diverse perspectives</td>
<td>Cynthia Carroll</td>
</tr>
<tr>
<td>Generate Innovation</td>
<td>SVP, CHRO</td>
</tr>
<tr>
<td>&amp; Grow Business</td>
<td>Hidenobu Nakahata</td>
</tr>
<tr>
<td>Be a Global Leader</td>
<td>VP, Chief Sustainability Officer</td>
</tr>
<tr>
<td>in Social Innovation Business</td>
<td>Chief Diversity, Equity &amp; Inclusion Officer</td>
</tr>
<tr>
<td></td>
<td>Lorena Dellagiovanna</td>
</tr>
<tr>
<td></td>
<td>Global DEI Division</td>
</tr>
<tr>
<td></td>
<td>Sustainability Promotion Division</td>
</tr>
<tr>
<td></td>
<td>Global Environment Division</td>
</tr>
</tbody>
</table>

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Select and develop "people who can lead change and innovation" as management leaders from diverse talents.
(based not only on performance but also on future potential)
Select and develop of diverse Management leaders

(3) Implementing DEI in Executive class

Achievement to reach 10% in female and non-Japanese executives class* in FY2021. Setting a New Goal of 15% Ratios for Female and Non-Japanese Executive and Corporate Officers by FY2024 to reach 30% Ratios by FY2030

*Executive and Corporate officer in Hitachi, Ltd.

<table>
<thead>
<tr>
<th>(FY)</th>
<th>2012</th>
<th>2015</th>
<th>2018</th>
<th>2021</th>
<th>2022/10</th>
<th>2024 (Target)</th>
<th>2030 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-JPN</td>
<td>0%</td>
<td>11%</td>
<td>10%</td>
<td>18% (13)</td>
<td>12% (9)</td>
<td>15%</td>
<td>30%</td>
</tr>
<tr>
<td>Female</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Achieved in ‘21

‘24 Target

‘30 Target

Non-Japanese and Female in Executive class (as of Oct. 2022)

Non-Japanese (13)
Facchin
Dellagiovanna
Barr
Dormer
Manetta
D'Aquila
Shak
 Mueller
Abdessamad
Andi
Busse
Grabinger
Kandiah

Female (9)
Dellagiovanna
Sakurazawa
Mashima
Tsuda
Koike
Busse
Takeda
Kashimura
Suzuki

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① Select and develop of diverse Management leaders

(4) Building a pipeline of leaders (select & develop on the nominating committee and executive side)

The Nominating Committee and the Executive Committee work together to "select" and "develop" talents who will "lead change and innovation"

- Discussions, individual interviews, and performance evaluation with CEO candidates
- CEO proposal based on the above

- Every year (25 times a year), the Talent Committee holds discussions and selects diverse Talents as GT+ and Future 50.
- From the above, select candidates to succeed the CEO and propose them

Select

- Mentoring for CEO candidates
- Involvement in Future50’s mid-to long-term development as a future CEO candidate (e.g., holding lectures by nominating committee members and independent directors)

Develop

- Stretch Assignment
- Mentoring by senior management
- Off-JT (selective training)

Diversification of talent pool

<table>
<thead>
<tr>
<th></th>
<th>GT+</th>
<th>Future50 (Alumni, current members)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selected</td>
<td>521</td>
<td>530</td>
</tr>
<tr>
<td>FY2016</td>
<td></td>
<td>119</td>
</tr>
<tr>
<td>Non Japanese</td>
<td>25 (4.8%)</td>
<td>152 (28.7%)</td>
</tr>
<tr>
<td>Female</td>
<td>25 (4.8%)</td>
<td>107 (20.2%)</td>
</tr>
</tbody>
</table>

Emerging Talents “Future50” approx. 120

Executive Side

Nominating Committee

Ihara (Chair) Carroll

Yoshihara Higashihara

Kojima, President & CEO

CEO

Next・Next-Next CEO Candidate

Talent Pool for Leader Candidates : “GT+” approx. 500

Emerging Talents "Future50” approx. 120

① Select and develop of diverse Management leaders

(4) Building a pipeline of leaders (select & develop on the nominating committee and executive side)
Select and develop of diverse Management leaders

(5) Unique development program for emerging talents “Future 50”

The president commits to select and develop 119 candidates for change-driven global management in order to create leaders who will lead Hitachi for the next 100 years.

In order to acquire the necessary requirements such as the ability to change in a limited time, we execute intensive training from the perspective of "maximizing each individual’s potential" and "increasing the speed of growth”

Development

1. Reinforcement of planning and execution of special assignment plans (OJT) customized to each individual's development status
   - Assignments to presidents, etc. of Gr. companies with large business scale such as the President of Hitachi Global Life Solutions, Inc.

2. Planned Off-JT

3. Mentoring by senior management

4. Discussions with nominating committee members and independent directors

<table>
<thead>
<tr>
<th>Assignment</th>
<th>FY2017</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management [President of Gr Companies etc.]</td>
<td>0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Different BU [joining PJ crossover BUs]</td>
<td>34.3%</td>
<td>74.3%</td>
</tr>
<tr>
<td>Different Occupation [Dispatch to International Organizations]</td>
<td>37.1%</td>
<td>68.6%</td>
</tr>
<tr>
<td>Different countries</td>
<td>71.4%</td>
<td>82.9%</td>
</tr>
</tbody>
</table>
Accelerate growth through Lumada business. Increase in both its revenues and profit as a percentage of total revenues and profit ⇒ Securing and developing digital talents is essential to realize Lumada business.

### Target of Lumada Business

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Adj. EBITA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Doubled</strong></td>
<td><strong>Doubled</strong></td>
</tr>
<tr>
<td>Unit: yen</td>
<td></td>
</tr>
<tr>
<td><strong>FY2021</strong></td>
<td><strong>FY2024</strong></td>
</tr>
<tr>
<td><strong>1.4 Trillion</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>2.7 trillion</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>CAGR 24%</strong></td>
<td><strong>0.4 trillion</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Ratio</strong></td>
<td><strong>Margin 16%</strong></td>
</tr>
<tr>
<td><strong>17%</strong></td>
<td><strong>29%</strong></td>
</tr>
<tr>
<td><strong>27%</strong></td>
<td><strong>33%</strong></td>
</tr>
</tbody>
</table>

*1 Excluded the revenues and Adj. EBITA from Listed subsidiaries

### HR Strategy

**Number of Digital Talent**<sup>2</sup>

<table>
<thead>
<tr>
<th>JPN</th>
<th>Non-JPN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY2019</strong></td>
<td><strong>FY2021</strong></td>
</tr>
<tr>
<td><strong>67,000</strong></td>
<td><strong>38,000</strong></td>
</tr>
<tr>
<td><strong>30,000</strong></td>
<td><strong>19,000</strong></td>
</tr>
<tr>
<td><strong>11,000</strong></td>
<td><strong>12,000</strong></td>
</tr>
</tbody>
</table>

*2 Digital talents: Talents with capability to drive Lumada business. Total number of employees who are categorized in specific 12 groups.
② Secure & Develop Digital Talents
(2) Define and Strengthen the Required Talents

Clarify our digital business to identify and strengthen the required capabilities and scale
① Recruiting, ② Development, ③ M&A to strengthen capability

Accelerate co-creation with customers

Design thinker
Plays a leading role in the identification of essential challenges, development of solution ideas, consensus building and the evaluation of measures, among other initiatives

Data scientist
Utilizes data by taking full advantage of artificial intelligence and mathematical statistics, among other techniques

Domain expert
Facilitates/supports the on-site application of solutions by leveraging knowledge on OT and operations

Security specialist
Facilitates/supports everything from planning to operation in both the cyber and physical levels

Engineer, etc.
Designs/implements/operates digital technology-based systems

Recruitment of new members
Training of current employees
Mergers and acquisition of digital engineering companies

Acquire and develop 31,000 employees by the end of FY2024

- Global recruitment and development centering on GlobalLogic
- Develop Japanese talent in the 3 sectors and Astemo
Secure & Develop Digital Talents

(3) Actions for Strengthening Talents Inside/Outside Japan

Accelerate the strengthening of digital talents through the acquisition of GlobalLogic and use of recruitment and development schemes.

**Actions in FY20, 21**

**Outside Japan**
- Acquisition of GlobalLogic followed by large-scale recruitment
  - Acquire large-scale resources through M&A
  - Large-scale recruitment focused on experienced in countries boasting large IT talent pool such as India and Ukraine
- Hitachi Academy DX Training composed of 100 courses
- Develop professionals through OJT

**Japan**
- Develop and implement training program
  - Hitachi Academy DX Training composed of 100 courses
  - Develop professionals through OJT

**Actions in FY22-24**

- Accelerate recruitment and reinforce development in GlobalLogic
  - Recruit in a wider range of countries and regions such as Europe
  - Proactive recruitment of emerging generations
  - Short-term intensive training to develop industry-ready talent
  - AI-based quicker selection
- Accelerate recruitment in Hitachi Vantara etc.
- Reinforcement of development across Hitachi Group
  - Upgrade Hitachi Academy’s programs by utilizing GlobalLogic’s know-how
  - Mutual exchange of engineers with GlobalLogic
- Acquisition of advanced human resources through DSS*, R&D, etc.

*DSS: Digital System & Service sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>11,000 employees</td>
</tr>
<tr>
<td>FY2021</td>
<td>38,000 employees</td>
</tr>
<tr>
<td>FY2024</td>
<td>59,000 employees</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>19,000 employees</td>
</tr>
<tr>
<td>FY2021</td>
<td>29,000 employees</td>
</tr>
<tr>
<td>FY2024</td>
<td>39,000 employees</td>
</tr>
</tbody>
</table>

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Foster Global Hitachi Culture

(1) Share the Hitachi Values with 100,000 New Colleagues and Foster the Growth Culture

Welcoming more than 100,000 new colleagues and new organizations, improve engagement through penetration of Hitachi’s universal values and evolution of culture towards growth.

Mission (Corporate Philosophy)
Contribute to society through the development of superior original technology and products.

Values (Hitachi’s Founding Spirit)
Wa (Harmony), Makoto (Sincerity), Kaitakusha-Seishin (Pioneering Spirit)

Cultivating Hitachi’s Culture on a Global Scale

Focus of the MMP 2024
- Growth Mindset
- Agility
- Co-creation with customers & Open Innovation

Improve Engagement
Close communication for mutual understanding / implementation of HR measures

- Direct communication between executives
- Employee event: Celebrating new members of Hitachi Group

Monitoring
- Monitor engagement across overall GlobalLogic’s employees with regular pulse surveys.
- Identify retention targets, quickly identify signs of risk, and flexibly take countermeasures.

Culture Diagnosis
- Visualize cultural commonality and differences
- Promote mutual understanding via workshop

Human Capital Management Platform
- Work in progress

Global Employee Survey
- Implemented (FY22-)

GlobalLogic Office Visit and Communication (May 2021, USA)
Approximately 5,900 people attended the Global Townhall Meeting (July 2021)
Embody the company mission “Contribute to society” - Humanitarian Aid for Ukraine -

Quick decision-making and implementation of support for Ukraine including GlobalLogic’s employees and their families

Total donation including that through a donation program matching employee and company (Benevity)

Sending messages of encouragement from employees to colleagues in Ukraine

Quick decision-making and implementation of support for Ukraine including GlobalLogic’s employees and their families

Total donation including that through a donation program matching employee and company (Benevity)

Sending messages of encouragement from employees to colleagues in Ukraine

【Message from GlobalLogic】

With all my heart, thank you so much for your extraordinary efforts and support to make this happen.

We are forever grateful and feel so supported by our Hitachi family.

Joshua Abramson
Associate VP, Environmental, Social & Governance

Cultivating Growth Mindset through idea contest “Make a Difference!”

Stimulate mindset of employees and encourage actions by giving opportunity to propose solutions of social issues

Number of entries (FY21)

457

Entries from overseas

185

【New Business Plan (FY17 award winner)】

Realized the winner’s hope for the world securing children’s health and parent’s safe work environment. “Infectious Disease Forecasting Service*”, which was released in October 2020.

*Utilizing epidemic prediction AI, the service will provide forecasts of infectious disease epidemic trends by region based on various big data centered on medical institutions

400M+ JPY
Foster Global Hitachi Culture
(4) Implementation Status of Global HR Management Platform

Accelerate PMI by introducing a common global platform
Penetrate growth-centered behavior through group-wide common HR measures

Human Capital Management Platform (Workday)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>79,000</td>
<td>181,000</td>
</tr>
</tbody>
</table>

Global Employee Survey

<table>
<thead>
<tr>
<th>Year</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>544</td>
</tr>
<tr>
<td>Employees participated</td>
<td>210,000</td>
</tr>
</tbody>
</table>

Global Performance Management

<table>
<thead>
<tr>
<th>Year</th>
<th>FY14</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>112,000</td>
<td>177,000</td>
</tr>
</tbody>
</table>

Learning Platform

<table>
<thead>
<tr>
<th>Year</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>205,000</td>
</tr>
</tbody>
</table>

Global Management Training Course

<table>
<thead>
<tr>
<th>Year</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees / year</td>
<td>4,000</td>
</tr>
</tbody>
</table>
4 Shift to Job-based HR Management in Japan
(1) Background

370,000 employees in Hitachi Group globally
Overseas (210,000) : “Job-based” HR management is already in place
Japan (160,000) : “Membership-based” HR management remains (Need to review for business growth)

Changes in Global Business Environment
- Advancement of Digital Technology (AI, Robot, IoT, etc.)
  → Frequent innovations
  → Competition of ideas/business model
- Changes in global market
  → Expansion of overseas markets

Social Issues in Japan
- Advancement of declining birthrate and aging population
  ⇒ Decline in working population
  ⇒ Advent of super-graying society
  Inevitable leverage of diverse talent
  - Rigid & closed labor market
  - Wider gap between regular & non-regular employment
- Greater diversity of talent (Female/Foreigners/Experienced/Elderly/Challenged)
- Changes in values (across generations)
  (Stronger attention to career path (job switch), focus of WLB*) * work-life balance
- Changes in lifestyle/family structure
  (Working couples, declining birthrate, late marriage, etc.)

Review of HR Management for Business Growth

Business Direction of Hitachi
- Promoting Social Innovation Business
- Global business growth
  → Need for active recruitment of diversity talent and collaboration between Japan and overseas talent
- Shift to service and solution business

Changes in Employees (Individuals)
- Advancement of declining birthrate and aging population
  ⇒ Decline in working population
  ⇒ Advent of super-graying society
  Inevitable leverage of diverse talent
  - Rigid & closed labor market
  - Wider gap between regular & non-regular employment
- Greater diversity of talent (Female/Foreigners/Experienced/Elderly/Challenged)
- Changes in values (across generations)
  (Stronger attention to career path (job switch), focus of WLB*) * work-life balance
- Changes in lifestyle/family structure
  (Working couples, declining birthrate, late marriage, etc.)
Shift to Job-based HR Management in Japan
(2) Direction of HR Management Transformation

Changes in Business Environment

Business Direction of Hitachi

Social Issues in Japan

Changes in Individual Employees

Japanese traditional Employment System

System that **allocates tasks to personnel** without defining the scope of duties and determines compensation according to the ability based on the expected contributions as a member of the organization.

- **Membership-based**
  - Recruitment of New Graduates
    - Employment contract with no definition of duties

- **Issues Becoming More Apparent**
  - Active participation by diverse personnel (It is difficult to join from outside the company and other countries)
  - Adoption of the same working style for both Japanese and foreigners (only Japanese are managed separately), etc.
  - Shift of human resources to growing businesses (rigid personnel allocation, limited mobility)

Future Employment System

System that **assigns personnel to tasks** upon defining the duties and job scope and determines the compensation according to the details of the work and status of execution.

- **Job-based**
  - Career development by ourselves
  - Compensation linked to job
Shift to Job-based HR Management in Japan

(3) Reasons of the Shift: Viewpoint from Changes in Business Environment

Previously

- Market of Japan grew into 2nd largest in the world, Business growth centering on/originating from Japan through “Monozukuri” (product-centered)
- Mainly domestic and male customers
- Workers are mainly Japanese male regular employee (Fixed relationship within a homogenous group)

- Products / Systems developed and offered by a homogenous group, Sales (profits) are linked to hours worked/production volume
  → Working style with designated venue and time
- Stability, security and balance within the company are important considerations

Membership-based and time management was able to function

From now on

- Expansion of overseas markets (Japanese market remains unchanged)
  Growth in the global market through “Social Innovation Business” (service-centered)
- Globalization and diversification of customers
- Diversification in attributes and values of workers (Highly mobile and open interpersonal relationships)

- Expanding business with diverse views and ideas, Sales (profits) are not directly linked to hours worked
  → Flexible working style without being constrained by time and place
- Change, challenge and active role inside/outside company are important considerations

Job-based management and management based on results are required

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Objective

“Growth” of Organization AND Individuals, fostering “growth mindset and culture”
Offering values through the global social innovation business and self-realization of employees through their job

- Promote proactive mindset and career building ➔ Improved engagement
- Allocate the best talent found inside/outside Hitachi ➔ Active and diverse talent
- Accelerate talent mobility to growth business ➔ Higher labor productivity

The right person to the right place according to the eagerness and capabilities of the individual, regardless of such attributes as age

Visualization of “Job Duties”
- Basic roles, required skills
- Scale of each job’s role and responsibility
- Target for the year

Visualization of “Human Resources”
- Review of development and allocation based on individuals’ strengths and career intent, etc.
- Integrated HR management platform

The right person to the right place to be realized by matching “job” and “talent”

Foster mindset and culture for growth:
Build and choose career proactively, self-learn, challenge, and learn from mistakes

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Shift to Job-based HR Management in Japan
(4) HR Management Which Hitachi Aims at (continuous goal from 2013)
### 4 Shift to Job-based HR Management in Japan

(5) Actions taken from 2013 and Future Plans

Convert the system and structure to a job-based system, and take time to communicate the need for a job-based system, leading to a change in employee awareness and behavior.

<table>
<thead>
<tr>
<th>FY</th>
<th>Actions from 2013 to 2021</th>
<th>Ongoing actions in 2022</th>
<th>Future actions from 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOAL</td>
<td>Construction of foundations Change in Awareness</td>
<td>Concrete Changes in Behavior</td>
<td>Growth of Organization and Individuals</td>
</tr>
</tbody>
</table>
| Build systems | **Build foundations to realize job-based management**  
“Visualize job duties”  
HGG (‘13) (Job-based Grade)  
Job Description (‘21)  
“Visualize talent”  
GPM (‘14) (Review system)  
Workday (‘18) (Global HRIS)  
Job-based recruitment  
Transform to career Kick-off Session (‘21)  
Job based Internship (‘21) | System to optimize talent allocation  
Stimulate internal labor market (voluntary transfer)  
Internal career agent  
System to promote reskilling  
LXP* (AI-based recommendation of training and learning program without limit)  
Reflection on appraisal system  
Examine Job-based rewarding system | Shift of entire system and framework  
HR Acquisition Employment System  
Job Assignment Allocation  
Welfare  
Evaluation Remuneration  
Retirement System  
Working Style Work/Leave System  
Ability Development HR Development  |
| Awareness & Behavior | **Commitment of executives**  
Discussion on SEC (‘13~)  
Dialogue with Executives for Job-based HR (‘20~)  
Discussion with HWU (‘17~)  
Dialogue with Manager Class (10 thousands) (‘20~) | Support change in awareness of managers  
Training of management skills  
Support employees to build career  
Career training for managers  
Continuous communication with employees | Change in behavior through process of “notice” “think” “action”  
Notice the gap  
Seek how to make up  
Action for reskilling |
| Employee communication on Job-based management | | | |

### Systems

(Creation of Standard Job descriptions)  
*Learning Experience Platform  
approx. 450

### Change in Awareness & Behavior

(“positive answer” in Survey result)  
Necessity of Job-based HR  
Necessity of proactive career building  
Actions to acquire necessary skills

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Agenda

1. HR strategy aligned with management strategy (overall picture)
2. Main HR measures
   1) Implementing DEI, Securing & Developing Global Leaders
   2) Securing & Developing Digital Talents
   3) Fostering Global Hitachi culture
   4) Promotion of job-based HR management in Japan
3. Implement KPIs for HR strategy linked to management targets
3-1. Set and fulfill HR strategy KPI aligned with business goals

(1) Design HR Strategy and KPIs according to business goals and business strategy

### MMP 2024 Goals

**Global Growth by Digital, Green and Innovation**
- Revenue CAGR: 5-7%
- Adj. EBITA margin: 12%
- ROIC: 10%
- EPS: 10-14%
- Core FCF: 1.4 trillion Japanese Yen

### Management Target & KPI

1) Digital business growth by Lumada (including Green business and Innovation)

2) Improvement of margin of core business and portfolio management reinforcement

3) Market- and customer-oriented sales expansion

4) Cash-oriented management

### Major Management Strategy

- Expand business by Lumada
- Develop decarbonization business
- Destructive innovation created by backcasting
- Adj. EBITA rate and ROIC both marking 10% in all businesses
- Increase (Center) management resources to growth business
- Expand business in the overseas market
- Acquire clients in growth sectors and domains
- Optimize management base cost (Reduce SG&A)
- Improve efficiency of balance sheet

### Aligned HR Strategy

- Secure and develop digital talent for Lumada business
- Secure talent who drives green strategy
- Promote and reward innovations & change (Encourage innovation)
- Secure highly-qualified specialists globally
- Select and develop future management leaders globally
- Mobilize(Match) right talent for right roles at right time
- Improve mobility of personnel
- Cultivate growth mindset including incentive to reskill and upskill
- Diverse talents, equitable opportunity and inclusive organization
- Evolve Hitachi’s culture for global cooperation
- Establish “New Ways of Working”
- Promoting cross BU collaboration for growth
- Establish high-quality and efficient GBS-HR utilizing digital
- Reorganize and sell idle assets

### KPI (Ex.)

- Amount of digital talent
- Proportion of Job-based recruitment
- Diversity of candidates for leaders
- Score of survey (Right person in the right place)
- Score of survey (Learning) Training hours per employee
- Progress of executive-level promotion of DEI
- Score of survey (Engagement)
- Score of survey (Work style)
- Progress of talent exchange
- Progress of introduction of Workday
### Human Resource KPIs for global business expansion

#### Toward customer & market-oriented global business operations

<table>
<thead>
<tr>
<th></th>
<th>FY2012 Results</th>
<th>FY2018 Results</th>
<th>FY2021 Results</th>
<th>FY2024 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue in Outside Japan Ratio</strong></td>
<td>41%</td>
<td>51%</td>
<td>59%</td>
<td>Approx. 60%</td>
</tr>
<tr>
<td><strong>Employee in Outside Japan Ratio</strong></td>
<td>36%</td>
<td>45%</td>
<td>57%</td>
<td>15% / 15% (FY2030: 30%/30%)</td>
</tr>
<tr>
<td><strong>Diversification Ratio in executive class</strong>&lt;sup&gt;*&lt;/sup&gt; (Non Japanese/Female)</td>
<td>0% / 0%</td>
<td>6% / 3%</td>
<td>12% / 10%</td>
<td>Approx. 300 thousands</td>
</tr>
<tr>
<td><strong>Coverage of Workday</strong></td>
<td>(Not Implemented)</td>
<td>79 thousands</td>
<td>181 thousands</td>
<td>300 thousands</td>
</tr>
<tr>
<td><strong>Engagement Score</strong></td>
<td>52.5&lt;sup&gt;*&lt;/sup&gt;</td>
<td>62.3</td>
<td>65.0</td>
<td>68.0</td>
</tr>
</tbody>
</table>

<sup>*</sup>1: Number of executive and corporate officers in Hitachi, Ltd. (calculated in June yearly)  
<sup>*</sup>2: Data of FY2013 (The introduction year)

#### 3-2. Set and fulfill HR strategy KPI aligned with business goals
(2) Status of HR strategy and target for FY2024 ① (global business expansion)

*Set and fulfill HR strategy KPI aligned with business goals*

- **Revenue in Outside Japan Ratio**: FY2012 41%, FY2018 51%, FY2021 59%, FY2024 (Plan) Approx. 60%
- **Employee in Outside Japan Ratio**: FY2012 36%, FY2018 45%, FY2021 57%
- **Diversification Ratio in executive class**<sup>*</sup> (Non Japanese/Female): FY2012 0% / 0%, FY2018 6% / 3%, FY2021 12% / 10% (FY2030: 30%/30%)
- **Coverage of Workday**: FY2012 (Not Implemented), FY2018 79 thousands, FY2021 181 thousands
- **Engagement Score**: FY2012 52.5<sup>*</sup>, FY2018 62.3, FY2021 65.0, FY2024 68.0

<sup>*</sup>1: Number of executive and corporate officers in Hitachi, Ltd. (calculated in June yearly)  
<sup>*</sup>2: Data of FY2013 (The introduction year)
**3-3. Set and fulfill HR strategy KPI aligned with business goals**

**HITACHI Inspire the Next**

### Human resource KPIs for growth business expansion, including Lumada business

Achieve growth by shifting talents to growth businesses

<table>
<thead>
<tr>
<th>FY2012 Results</th>
<th>FY2018 Results</th>
<th>FY2021 Results</th>
<th>FY2024 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lumada business</td>
<td>-</td>
<td>1,127 billion yen*2</td>
<td>1,393 billion yen</td>
</tr>
<tr>
<td>Digital Capability Talents</td>
<td>-</td>
<td>30,000 employees</td>
<td>67,000 employees</td>
</tr>
<tr>
<td>DX training at Hitachi Academy (Multiply number of employees by days)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Introduction of Job Descriptions in Japan (Before introduction)</td>
<td>(Before introduction)</td>
<td>(Before introduction)</td>
<td>Around 24,000 person-day</td>
</tr>
<tr>
<td>Talent mobilization</td>
<td>Talent acquisition Ratio of experienced Employees in Hitachi, Ltd.</td>
<td>3.6 %</td>
<td>33.3 %</td>
</tr>
<tr>
<td>Number of open call realized in Japan group companies</td>
<td>24 / 68</td>
<td>112 / 152</td>
<td>149 / 477</td>
</tr>
<tr>
<td>Talent acquisition Ratio of experienced Employees in Hitachi, Ltd.</td>
<td>3.6 %</td>
<td>33.3 %</td>
<td>40.0 %</td>
</tr>
<tr>
<td>Number of open call realized in Japan group companies</td>
<td>24 / 68</td>
<td>112 / 152</td>
<td>149 / 477</td>
</tr>
</tbody>
</table>

*1: Open call in Japan group companies: Results in FY2012 to FY2021 is the total number of calls in 13 voluntary participant companies. The forecasted result of FY2024 is that in Hitachi, Ltd.

*2: The definition and the scope of Lumada business were redefined in FY2019.
HR strategy is an important part of management strategy. We formulate and implement them aligned with the management strategy.

Hitachi has drastically changed its management strategy since 2010. (From “products and systems business” & “domestic focus” to “Social Innovation Business” & “global expansion”.)

HR strategy is also undergoing a transformation over 10 years, linked to the change in management strategy.

MMP2024 aims to continue & strengthen the management reforms to achieve “further growth”. Talents are becoming more important than ever, and we need to further accelerate the implementation of our existing HR strategy.

Today, we will cover the overall HR strategy aligned with the management strategy and the main HR measures, and will explain the progress in 10 years and the future plans.

Hitachi implements Diversity, Equity & Inclusion, our sustainability strategy, as a measure that contributes to the business, while closely aligning with all HR measures.
Hitachi Social Innovation is POWERING GOOD
[APPENDIX]
Appendix 1. Structure of New Global HR Division (HQ)

Operating as One Team across Countries/Regions/Companies

Execute HR strategies and measures **from a non-Japan-centric, global perspective** for global business expansion.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>15</td>
</tr>
<tr>
<td>India</td>
<td>15</td>
</tr>
<tr>
<td>UK</td>
<td>5</td>
</tr>
<tr>
<td>Poland</td>
<td>2</td>
</tr>
<tr>
<td>Singapore</td>
<td>2</td>
</tr>
<tr>
<td>China</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>1</td>
</tr>
<tr>
<td>Spain</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
</tr>
<tr>
<td><strong>Female</strong></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

Digital HR (Incl. Implementation, Operation PJ team) 270

Talent Management & Performance Management

Total Rewards

Learning

Hiring

Culture & Engagement

GBS / HR Shared Service (Incl. GBS each region team) 65

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Appendix 2. Progress of Globalizing the Company
A Case of Rail Business Unit (Expansion of Global Business)

Strongly promote globalization corresponding to market changes
Business unit operating as One Team beyond countries or legal entities
(Active engagement of diverse talent across the borders)

VP, CEO, Railway Systems BU
Andrew Barr

○ UK
(CEO of railway business in residence)

△ Korea

□ India

○ China

○ Japan

口 US

△ Vietnam

□ Singapore

□ Australia

○ Legal Entity
△ Project
□ Sales Force

<table>
<thead>
<tr>
<th>Country</th>
<th>2011 Revenues</th>
<th>2021 Revenues</th>
<th>Number of Employees in Rail BU*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>28%</td>
<td>17%</td>
<td>72%</td>
</tr>
<tr>
<td>Overseas</td>
<td>75%</td>
<td>83%</td>
<td>93%</td>
</tr>
</tbody>
</table>

*BU: Business Unit

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### Appendix 3. Accelerate Assignment of Diversified Talents to High Positions

Appoint diverse talent to High Positions through fair assessment

<table>
<thead>
<tr>
<th>Name</th>
<th>Assignment as of FY2022</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoshihiko Kawamura</td>
<td>EVP, CFO &amp; CRMO [Apr. 2022] [former CSO, Responsible for planning MMP, 2018]</td>
<td>Experience in Other Business Fields</td>
</tr>
<tr>
<td>Lorena Dellagiovanna</td>
<td>VP, Chief Sustainability Officer [Apr. 2022] acting Chief Diversity, Equity &amp; Inclusion Officer</td>
<td>Global Management Experience</td>
</tr>
<tr>
<td>Gajen Kandiah</td>
<td>Corporate Officer, CEO of Hitachi Vantara, Acting Chief Digital Transformation Officer in DSS Sector [Apr. 2022]</td>
<td>Experience in Global IT Companies</td>
</tr>
<tr>
<td>Sabine Busse</td>
<td>Corporate Officer, Deputy GM of Corporate Sales &amp; Marketing Group Acting CMO in charge of Global Marketing &amp; Sales transformation [Apr. 2022]</td>
<td>Experience in Global Companies</td>
</tr>
<tr>
<td>Stephen Manetta</td>
<td>Corporate Officer, Chief Intellectual Property Officer [May. 2022]</td>
<td>Experience in Global Companies</td>
</tr>
<tr>
<td>Megumu Tsuda</td>
<td>Corporate Officer, GM of Sustainability Promotion Division [Apr. 2022]</td>
<td>Experience in Other Business Fields</td>
</tr>
<tr>
<td>Imtiaz Shaikh</td>
<td>Corporate Officer, Deputy CHRO [Apr. 2022]</td>
<td>Global Management Experience</td>
</tr>
<tr>
<td>Brice Koch</td>
<td>President &amp; CEO of Hitachi Astemo [Apr. 2018 business with sales of 1.5T yen]</td>
<td>Experience in Global Companies</td>
</tr>
<tr>
<td>Claudio Facchin</td>
<td>SVP, CEO of Power Grids Business Unit Acting CEO of Hitachi Energy Ltd. [Start Working in Japan Apr. 2022]</td>
<td>Experience in Global Companies</td>
</tr>
<tr>
<td>Andrew Barr</td>
<td>VP, CEO of Railway Systems Business Unit [business with sales of 600B yen]</td>
<td>Experience in railway company(UK)</td>
</tr>
<tr>
<td>Chie Mashima</td>
<td>Corporate Officer, GM of SIB Division in DSS sector [Former CEO of Hitachi Australia, 2019]</td>
<td>Global Management Experience</td>
</tr>
</tbody>
</table>
Appendix 4. How Hitachi Academy Develops Digital Talent

Development programs of Digital Talent
(A) Gain practical experience under professionals' guidance to become a project leader
(B) Participate in trainings and exercises to acquire a way of thinking and techniques in the specific area to become PJ members
(C) All employees have digital literacy and apply it to their own work

<table>
<thead>
<tr>
<th>#</th>
<th>Target</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Professional</td>
<td>Have knowledge in the specific area and can play an organizing/leading role on the area in PJ's</td>
</tr>
<tr>
<td>2</td>
<td>Advanced and Basic (10thousands/year)</td>
<td>Have practical experience in the specific area and can play an implementing role under professionals' guidance (Data scientist, security specialist, design thinker, etc.)</td>
</tr>
<tr>
<td>3</td>
<td>Literacy (All Hitachi Gr. Employees in Japan)</td>
<td>Have a basic digital knowledge, understand the fundamental content of Hitachi’s digital business.</td>
</tr>
</tbody>
</table>
Appendix 5. DX Training Programs in Hitachi Academy

Providing approx. 100 specialized courses in alignment with the co-creation process to realize DX.

<table>
<thead>
<tr>
<th>Large Category</th>
<th>Middle Category</th>
<th>Small Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categorized within Axis of DX</td>
<td>Broken down to necessary elements for the process to realize DX</td>
<td>Broken down to skills for DX realization</td>
</tr>
<tr>
<td>Realization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DX Overall</td>
<td>Understanding of DX Mind, Process, Management methods</td>
<td>Business Design</td>
</tr>
<tr>
<td>Issue Analysis</td>
<td>Ideas for What to DO</td>
<td>Data Science</td>
</tr>
<tr>
<td>Hypothesis Building</td>
<td>Designing Business</td>
<td>Technology</td>
</tr>
<tr>
<td>Prototyping and Hypothesis Verification</td>
<td>Common Knowledge and Skills to Conduct PoC/PoV</td>
<td></td>
</tr>
<tr>
<td>Implementation/Application</td>
<td>Data Environment Construction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Analysis Model Construction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Design and Construction system operation and maintenance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Co-Creation Process DX for Realizing DX</th>
</tr>
</thead>
<tbody>
<tr>
<td>DX Overall</td>
</tr>
<tr>
<td>Issue Analysis</td>
</tr>
<tr>
<td>Hypothesis Building</td>
</tr>
<tr>
<td>Prototyping and Hypothesis Verification</td>
</tr>
<tr>
<td>Implementation/Application</td>
</tr>
</tbody>
</table>

Key factors
- Good to have
- To have

Diagram: Provided in IT training courses

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Appendix 6. Values (Hitachi Founding Spirit)

VALUES

和
Harmony

Have frank discussions between all class of employees, and once a decision is made, work together to make it success.

誠
Sincerity

Act with a sense of honesty and ownership at all times and never pass the buck. The spirit to meet society’s expectations and generate credibility for Hitachi.

闘者精神
Pioneering Spirit

Tackle the unknown, and be eager to develop new products and new technologies. Proactively innovate to find solutions to basic issues facing our global society.

Hitachi Founding Spirit was shaped through the trials and challenges that Namihei Odaira and Hitachi’s other pioneers overcame. These are Values that we have cultivated over a period of 100 years.
Applying global common criteria across the group to rank around 50,000 executives and managers all over the world

### Evaluate positions from four perspectives (on a scale of 1 to 10)

<table>
<thead>
<tr>
<th>Manager Position Class</th>
<th>Hitachi Global Grade</th>
<th>Company A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HQ in Japan</td>
<td>Company B in US</td>
</tr>
<tr>
<td>**</td>
<td>Top Exe.</td>
<td>President</td>
</tr>
<tr>
<td>**</td>
<td>Grade A</td>
<td>Vice President</td>
</tr>
<tr>
<td></td>
<td>**</td>
<td>GM</td>
</tr>
<tr>
<td>**</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>**</td>
<td>Grade B</td>
<td>General Mgr</td>
</tr>
<tr>
<td>**</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>**</td>
<td>Grade C</td>
<td>**</td>
</tr>
</tbody>
</table>

- **Impact**: What and how much impact the position has through the responsibility and operations
- **Negotiation**: Responsibility in negotiations inside/outside the organization
- **Innovation**: Competency required by the position to innovate and improve methods, services, and products
- **Knowledge**: Required knowledge to accomplish the responsibility

- Rate all managers and executives across Hitachi Group globally by evaluating their roles and responsibility on global common criteria
- Finished rating around the 50,000 employees across the world in FY2012

Established global common criteria to develop, allocate, and reward talent
Appendix 8. Implement Common Global HR Initiatives Across the Group
Global Human Capital Management Platform (Workday)

Globally integrate information, processes, and databases regarding HR management

<table>
<thead>
<tr>
<th>Multiple systems and database</th>
<th>Papers</th>
<th>Unarticulated</th>
<th>Limited to HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Management, Individual info. system</td>
<td>Assessment Sheet</td>
<td>Skill, Experience, Career Preference</td>
<td>Comp., Performance History, Education</td>
</tr>
<tr>
<td></td>
<td>Allocation Request</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Scattered HR Data

Global Talent Management Platform

Visualize all global 300,000 employees in Hitachi Group

- Organization structure and talent allocation
- Training and learning
- Performance
- Evaluation and rewarding
- Development plan
- Career development
- New HR database (Workday)

- Manager
- Employee
- HR

Start Implementation
- 2015
- 2019 180 thousand EEs
- 2021 260 thousand EEs

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Appendix 9. Shift to Job-based HR Management
Implement Learning Experience Platform (LXP)

To be introduced in the second half of FY2022 to enhance employees’ reskilling after taking into account the opinions of employees.
(Investment in career development support: 400 million yen/year)

<table>
<thead>
<tr>
<th>What is Expected of Employees</th>
<th>Employees’ Opinions in Job-Based Ideas Campaign</th>
</tr>
</thead>
</table>
| To take the initiative to continue acquiring the necessary abilities and skills according to environmental changes and the business direction (Reskilling, upskilling) | • Recommendation of trainings and learning materials  
• System that eases participation in trainings that the employee has selected on his/her own, including contents outside the company  
• Mutual learning among employees |

Introduced as a system for supporting autonomous learning and reskilling according to the career orientation of each individual

Step 1  
Register current job, job one wants to challenge, skills to reinforce, etc.

- Registration by individual employees
  - Key information to register
    - Current job, job one wants to challenge
    - Skills to reinforce
    - Current skill level

Step 2  
AI recommends the most suitable contents

- AI analyzes the learning needs of each individual and recommends the most suitable contents.
- Unlimited learning contents
  - Covers all areas including business and technical (16,000 courses)
  - Language learning (9 languages available)

Step 3  
Learning & Sharing

- Enables learning of all contents any time, anywhere with the use of a mobile app.
- Records day-to-day learning activities (training, reading, etc.).
- Connects with other users to share what each other has learnt for a more effective and efficient learning process.

Overview (Conceptual Image)

- AI analyzes the learning history of the user/Hitachi employee, and provides further recommendation of the most suitable contents

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In response to the recent rise in ESG investment, Hitachi is proactively engaged in dialogue with shareholders and investors on both financial and non-financial information, while also focusing efforts on co-creation to improve disclosure of non-financial information.

Appendix 10. Disclosure of non-financial information and dialogue with stakeholders towards enhancing Hitachi’s Sustainable Management

**ESG Disclosure Study Group**

- Hitachi took the lead in establishing the ESG Disclosure Study Group to explore ways of disclosing ESG information that contribute to long-term corporate value enhancement while also keeping an eye on global trends.
- Hitachi, Ltd. Serves as the co-chairman and secretariat of this study group, and leads these activities.

**Kyoto University and Hitachi Joint Project**

- An academic approach (quantitative research) to determine the financial impact of non-financial values such as environmental and social values created by business activities and intangible asset measures such as human resource measures.
- Since 2021, Hitachi, Ltd. has engaged with this experimental research conducted in collaboration with Graduate School of Management, Kyoto University.

- Compile reports on ESG disclosure recommendations for corporations, institutional investors and standard setting bodies and disseminated to relevant organizations within and outside Japan.

- It was quantitatively confirmed that Hitachi’s initiatives could have a positive impact on financial indicators (ROIC/WACC).
- In the future, in addition to non-financial and intangible asset measures and financial indicators, we will also examine causal relationships, including the results of employee surveys.