

Corporate Governance

Hitachi views the expansion of long-term and overall returns to shareholders and investors as an important management objective. Hitachi maintains 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

The Role of the Board of Directors in Formulating Inspire 2027 and Further Enhancing Corporate Value

Involvement in Inspire 2027

Although we switched modes to organic growth under the previous mid-term management plan, I have long held that for Hitachi to grow further and transform into a digital-centric corporate group instead of being content with that level of achievement, its management plan itself must evolve as well. Inspire 2027, the current management plan, goes beyond simply laying out our target values three years in the future. While setting fiscal 2027 as its target, the plan has laid out ambitious goals to prepare for sustainable growth beyond that point. The Board of Directors was involved in discussions right from the beginning of the consideration stage. Centered on independent directors, we held four discussions during the formulation process where we pondered perspectives such as whether we would be able to construct suitable scenarios that would meet the expectations of the capital market and also increase corporate value.

The Role and Ideal State of the Board of Directors for Driving Long-term Growth

As we endeavor to realize Inspire 2027, we need to overcome multiple hurdles involving unpredictable world economies and conditions, even as the capital market expects values from us that are much higher than before. To do so, naturally we must continue the steady growth of our existing businesses, but we will also need to display the combined strength of One Hitachi to its fullest extent in order to create new businesses. In this current situation, I believe the Board of Directors is duty-bound to participate from two perspectives: value creation and value preservation. Firstly, from the value creation perspective, in addition to giving advice on

Katsumi Ihara
Chairman of the Board
and Nominating Committee

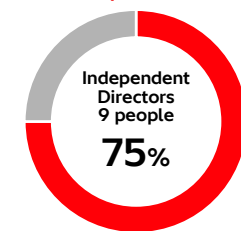


transforming into a digital-centric company and acquiring businesses to make Lumada 80-20 a reality, we will discuss the company-wide R&D needed for creating value in the long term. We will also find opportunities to discuss regional strategies to promote autonomous distribution with the heads of each region in order to stimulate business development. From the value preservation perspective, on the other hand, while ensuring the practice of financial discipline that balances CF creation with improvements to ROIC, we will hold ongoing discussions with the executive side about creating the foundation for the next stage of growth and also support the further restructuring of the portfolio. Additionally, when it comes to tariff impacts, investment restrictions and other geopolitical risks, directors who are thoroughly familiar with the situation in various countries will collect information from far and wide and use their foresight to encourage thorough risk management aimed at absolutely minimizing the impacts of these risks on our businesses.

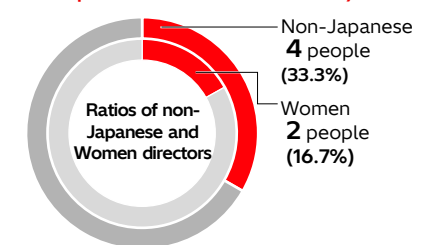
For Hitachi to grow further, it will be essential for the Board of Directors to constantly strengthen its roles and functions without loosening the reins. The two new independent directors we just welcomed possess abundant insight that comes from having led global companies. With the addition of these new viewpoints, the Board will accompany Hitachi as it rises to the next level, aiming for constant improvement as we welcome members with diverse backgrounds such as CEO experience. All of the directors are passionately committed to management and are dedicated to promoting the continued operation of the Board of Directors where high-quality discussions can be held. We will further develop serious, transparent and effective governance and contribute to the enhancement of Hitachi's corporate value.

Board of Directors Composition (as of June 2025)

Independence (ratio of Independent Directors)



Diversity (ratio of non-Japanese and Women directors)



Diversity (country of origin)

