

Governance

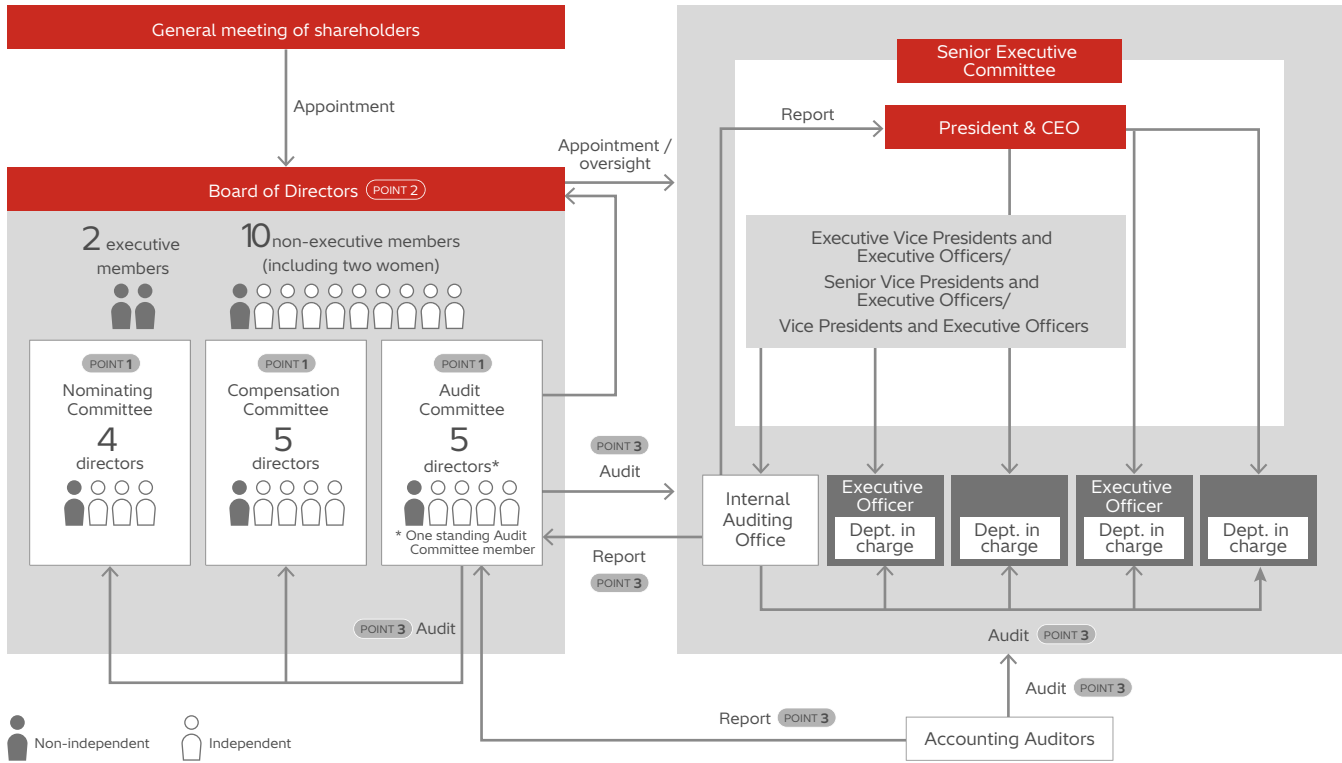
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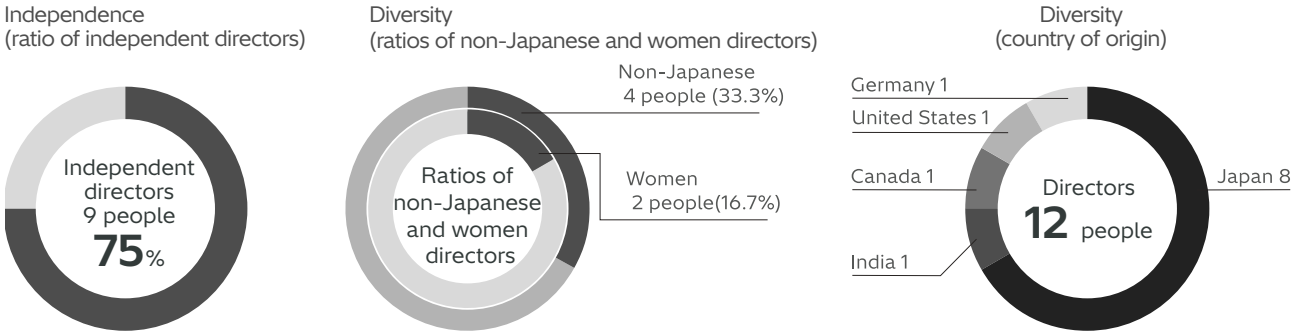
Corporate governance

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.

Hitachi’s Corporate Governance Framework and Features (as of June 2025)



Board of Directors composition (as of June 2025)



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. The Nominating and Compensation Committees are also chaired by independent directors. 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. Our basic policy is to have the three committees chaired by independent directors as a rule.

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.

To better understand the Hitachi Group’s corporate governance structure and its key features, please also refer to the video [Hitachi’s corporate governance and tripartite auditing](#)

Directors’ skills matrix

The experiences and insights, and skills of each director are as follows.

No	Name	Major experiences and insights	Core skills			Professional skills				
			Corporate management	Global business	Risk management	Finance and accounting	Legal affairs	Digital	Government, international and educational organizations	Sustainability
1	Katsumi Ihara	Mr. Ihara has held various leadership positions in the electronics and financial businesses as well as CSO and CFO at Sony group, and has rich management experience and insight for management of diverse businesses globally.	○	○	○	○				
2	Ravi Venkatesan	Mr. Venkatesan has rich experience and insight in global corporate management at Infosys, Microsoft India and ServiceNow, digital business and emerging market business, as well as international organizations such as the Global Energy Alliance for People and Planet.	○	○	○			○	○	
3	Eriko Sakurai	Ms. Sakurai has rich experience and insight in the area of global corporate management and sustainability management, having served as head of business divisions and regions at Dow Corning and as chair of the Sustainability Committee as an independent director of financial institution.	○	○	○					○
4	Ikuro Sugawara	Mr. Sugawara has rich experience and insight from leadership positions in government agencies such as the Ministry of Economy, Trade and Industry, as well as serving as an independent director for global companies.	○	○	○				○	
5	Isabelle Deschamps	Ms. Deschamps has rich experience and insight in the areas of corporate law, corporate governance and sustainability management, having worked at Nestle, Unilever, Rio Tinto and other global companies.	○	○	○		○			○
6	Takashi Nishijima	Mr. Nishijima grew the business globally through the integration of IT/OT*1 and the promotion of DX*2 as President of Yokogawa Electric, and has rich experience and insight in global corporate management and sustainability management.	○	○	○			○		○
7	Joe Harlan	Mr. Harlan has rich experience and insight, having served as CFO of Lighting Business at General Electric, and various business and marketing roles at 3M and Dow Chemical.	○	○	○	○				
8	Takatoshi Yamamoto	Mr. Yamamoto has rich experience and insight in the area of corporate analysis and global corporate management at Morgan Stanley Securities and Nomura Research Institute.	○	○	○	○				
9	Helmuth Ludwig	Mr. Ludwig has rich experience and insight in the area of global corporate management and the digital business, as CIO at Siemens, as well as teaching experience at educational institutions.	○	○	○			○	○	
10	Toshiaki Tokunaga	Mr. Tokunaga has rich global corporate management and sustainability management experience and insight, primarily focused on the digital business at Hitachi.	○	○	○			○		○
11	Mitsuaki Nishiyama	Mr. Nishiyama has rich experience and insight in the areas of global corporate management and finance & accounting, having worked as CFO at Hitachi and as chairman and president of Hitachi Metals (currently Proterial).	○	○	○	○				
12	Toshiaki Higashihara	Mr. Higashihara has rich global corporate management as well as sustainability management experience and insight, having served as Hitachi's CEO, etc. as well as rich experience in key positions in government agencies and economic and industry organizations.	○	○	○			○	○	○

*1 Operational Technology

*2 Digital Transformation

Definition

Core skills	Corporate management	Corporate management experience and knowledge
	Global business	Business experience outside Japan or management experience at a company expanding business globally
	Risk management	Knowledge of the risk assessment and management required to sustain a company
Professional skills	Finance and accounting	Leadership experience such as CFO or practical experience in corporate analysis, and specialized knowledge in these fields
	Legal affairs	Expertise and practical experience in the legal affairs that are essential for conducting global business and rolling out new business
	Digital	Practical experience in the digital business that is vital for promoting DX in the Social Innovation Business
	Government, international and educational 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
	Sustainability	Expertise and practical experience of sustainability through corporate management

Director and executive officer compensation

Executive compensation system (Key principles)

Key principles: new incentive plan	Aiming for growth, profitability, and cash generation	Accelerate sustainable management	Emphasize alignment with shareholder value	Ensure global competitiveness in business and compensation
Aligned with the medium- to long-term growth of corporate value and business performance Corporate value growth through Pay-for-Performance <div>Linkage with the management plan + Medium- or long-term growth</div>	1 Alignment with the management plan	For short-term incentive compensation and medium- and long-term incentive compensation, set performance metrics toward the management plan as Key Performance Indicators (KPIs) to encourage executives to achieve them.		
	2 Establishment of a compensation program and a corporate performance program that fosters a growth mindset	· Pursue an optimal balance among short-, medium-, and long-term performance about growth, profitability improvement and cash generation, aiming for improvement of short-term performance and medium- to long-term growth in corporate value. · Establish a compensation program that significantly rewards performance by setting stretch goals and commensurate compensation levels.		
	3 Setting indicators to promote sustainable management	Develop specific indicators and goals under its sustainability strategy, and encourage their implementation.		
	4 Expansion of stock compensation that rewards growth in corporate value over the medium to long term	Expand stock compensation to better align with medium- to long-term corporate value.		
Attract and retain key talent	5 Competitive compensation levels with a global perspective	Ensure competitive compensation levels to attract and retain key executives in the global market, regardless of their residence or origin, who lead global management of a global organization.		
	6 Compensation benchmarking with objectivity and transparency	Reference the benchmarks in the U.S. and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives.		
Transparency, objectivity, and fairness	7 Transparency and objectivity through enhanced compensation disclosure and shareholder engagement	Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement.		

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 (RSU) 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.

If it is found that a director has engaged in misconduct during his/her term of office, compensation for Directors that has already been paid shall be returned to the Company (clawback policy.) A director concurrently serving as an executive officer is not paid compensation as a director.

(2) Executive officers

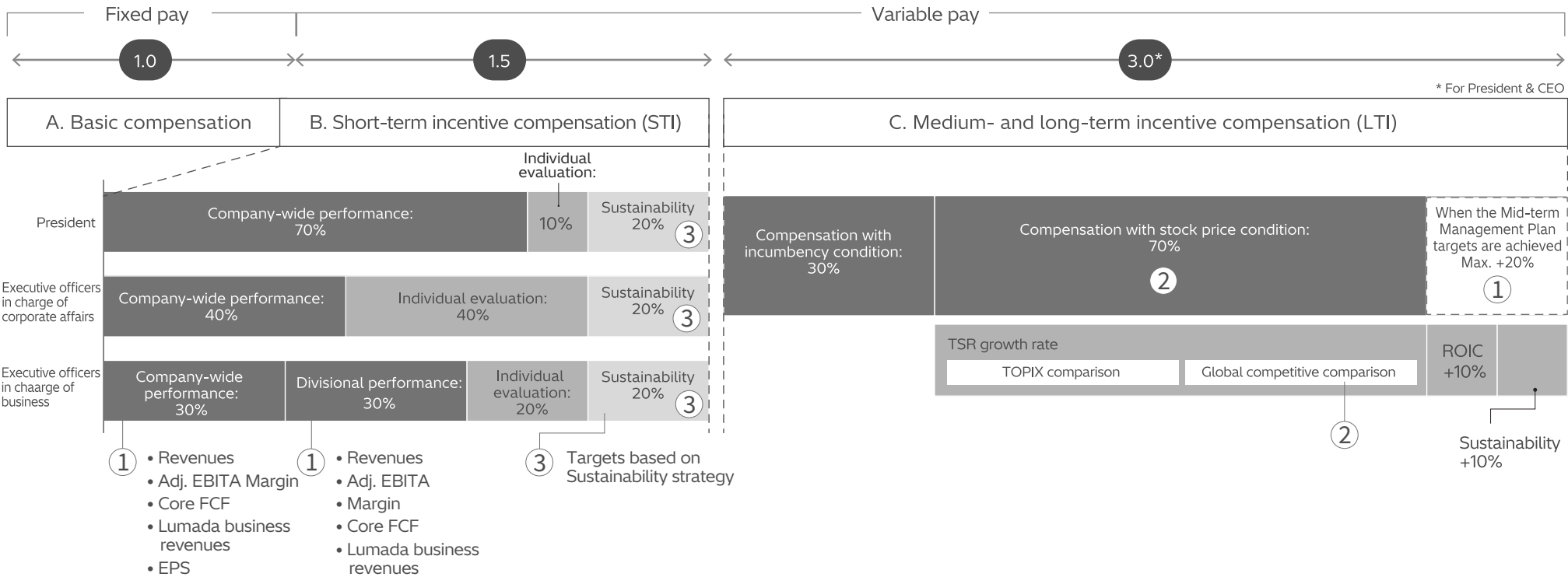
Compensation for executive officers consists of basic compensation as fixed pay and short-term incentive compensation and medium and long-term incentive compensation as variable pay. The ratio of base

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 1.0:1.5:3.0. 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 124 of Hitachi’s Annual Securities Report.

 [Annual Securities Report \(the 156th business term\)](#)



A. Basic compensation

The amount of basic remuneration is decided by adjusting a basic amount set in accordance with the relevant position to reflect the results of an assessment.

B. Short-term incentive compensation (STI)

The amount of short-term incentive compensation is decided within the range of 0 to 200% of a basic amount set according to the relevant position, by adjusting that amount to reflect financial results and individual performance.

C. Medium- and long-term incentive compensation (LTI)

The target amount (Medium- and Long-term incentive compensation target) is decided based on the positions

of executive officers, and the shares of Restricted Stock compensation with an incumbency condition and Performance-linked Restricted Stock compensation are granted in order to propel management from a long-term perspective and to provide incentives to bring about a sustainable increase in corporate value by further promoting senior management’s shared values with shareholders through the holding of shares during their term of office. The Company grants restricted stock units to non-Japanese executive officers as medium- and long-term incentive compensation.

If it is found that an executive officer has engaged in misconduct during his/her term of office, compensation for Executive Officers that has already been paid shall be returned to the Company (clawback policy.)

Administrative performance of the Board of Directors

The Board of Directors approves the basic management policy for the Hitachi Group and supervise 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

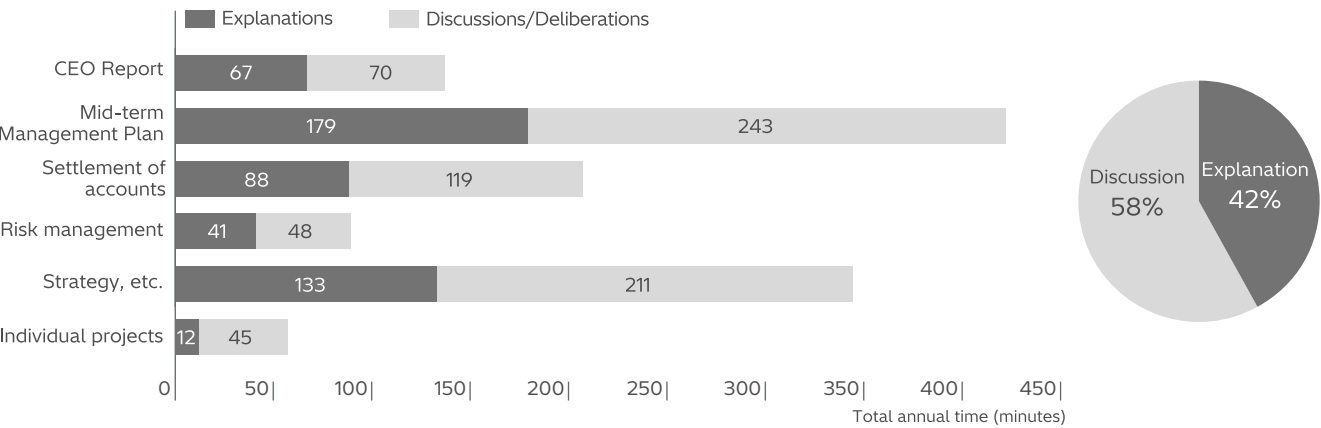
Management Plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy, as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations.

In fiscal 2024, in addition to reporting on the progress of the Mid-term Management Plan 2024, in the course of

making multiple reports to the Board of Directors on the status of discussions concerning the formulation of Inspire 2027, we held many discussions on the ideal state the Hitachi Group should aim for in the future and the business strategies that would make that possible. We also widely discussed and deliberated on risk management pertaining to generative AI, and responses to geopolitical risks in light of recent world affairs.

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.

FY2024 time spent and ratios of explanations and dscussions of important topics (results up to January 31, 2025)



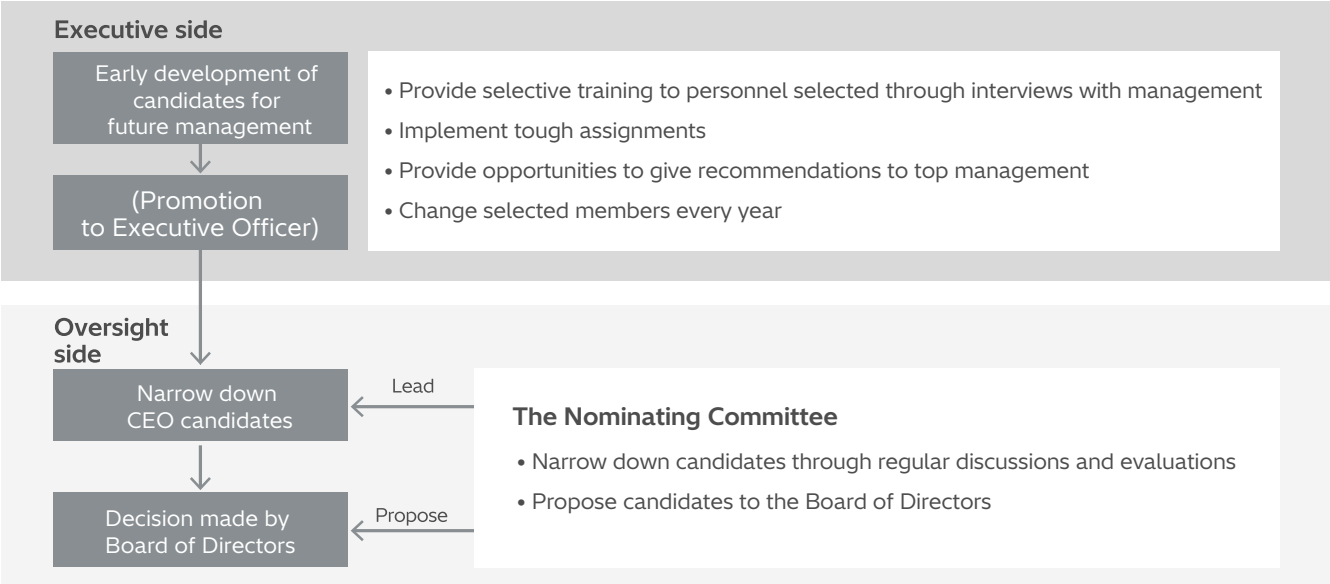
Activities of the three committees

	Meetings held in FY2024	Major activities
Nominating Committee	9 times	<div><div>Decided the details of proposals for the election of the CEO and directors</div><div>Discussed future CEO successor candidates</div></div> <div><div>Confirmed the structure of executive officers for fiscal 2025</div><div>Discussed the development of management leadership candidates, conducted one-on-one interviews with leadership candidates</div></div>
Audit Committee	13 times	<div><div>Considered matters such as strengthening Hitachi's Tripartite Audit structure, and auditing the development and operational status of an internal control system</div><div>Verified the results of financial statement audits and internal control audits based on the accounting auditor's report</div></div> <div><div>Checked and approved the quality control structure and compensation of the accounting auditor</div><div>Received regular reports on the risks, challenges and opportunities of executive departments</div><div>Conducted onsite audit to Group locations</div></div>
Compensation Committee	8 times	<div><div>Confirmed and deliberated over the processes and details of performance evaluations and individual target evaluations regarding the assessment of fixed compensation and short-term incentive compensation for executive officers</div><div>Reviewed level of CEO compensation (introduced from fiscal 2025 onwards)</div></div> <div><div>Decided on the introduction of executive compensation system linked to the targets of Inspire 2027</div><div>Reflected changes in the business environment, feedback from shareholders and investors, and benchmark information and advice from third-party organizations in conducting deliberations</div></div>

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

The succession planning process



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.

FY2024 evaluation process

1. Self-assessment by each Director (February 2025)	<ul style="list-style-type: none">Board RoleBoard 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 members themselves (understanding of the business and group identity, utilization of Director’s knowledge and experience, teamwork, 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 and non-executive directors (March 2025)	<ul style="list-style-type: none">Independent and non-executive 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 (April 2025)	<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 (Overall evaluation in FY2024)

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	Enhance the Board support system and improve practical issues in operations
<ul style="list-style-type: none">The Board will continue to engage in even more active discussions on management policies and other matters from a medium- to long-term perspectiveIn addition to discussions at meetings of the Board, a forum will be established for the free exchange of opinions focusing on issues articulated by the CEO, thereby further promoting the sharing of information between the Board and the executive team.Independent and non-executive directors will share information on the selection of CEO and executive candidates as appropriate and provide further support for the development of said candidates	<ul style="list-style-type: none">Increase opportunities for Directors to further understand the businesses of the Company through briefing sessions to explain businesses, visiting operation sites of the Hitachi Group, and other meansFurther improve meeting documents and the content of briefings
Dialogue with investors	<ul style="list-style-type: none">The Board will provide opportunities for engagement with investors to deepen mutual understanding with shareholders through dialogue.

Business ethics and compliance

Doing business ethically, honestly and transparently

Hitachi believes that business ethics and compliance are the foundation of the company, and fosters fair, transparent, and honest management. We strive to create open environments in which every employee acts ethically and maximizes performance. In addition to ensuring compliance with laws and regulations, we encourage an understanding of the Hitachi Group Code of Ethics and Business Conduct, various rules, and other regulations, not only among employees, but also among business partners. We promote a culture of speaking up to ensure timely reporting and action in the event of a violation or suspected violation of laws and regulations or the Hitachi Group Code of Ethics and Business Conduct.

The Hitachi Group Identity embodies our Mission, the Hitachi Founding Spirit, and the Hitachi Group Vision. We believe this identity is an important part of the Hitachi Group’s commitment to business ethics and compliance. Through the One Hitachi Compliance Program, which aims to strengthen compliance throughout the Group and organization globally, Hitachi fosters a corporate culture in which every employee understands what is expected of them and acts with integrity and fairness.

Further, to ensure thorough business ethics and compliance throughout the value chain, we have established Hitachi’s Expectations of Business Partners as principles that our business partners (including procurement partners, intermediaries involved in Hitachi’s business, agents, and contractors) should uphold. In such a way, we are working to promote understanding of Hitachi’s commitment to ethical business activities, respect for human rights, and more.

-  [The Hitachi Group Code of Ethics and Business Conduct](#)
-  [Hitachi’s Expectations of Business Partners](#)

Compliance with the Hitachi Group Code of Ethics and Business Conduct

Hitachi has established the Hitachi Group Code of Ethics and Business Conduct (the “Code”), which applies to the entire Group. All employees (including temporary and part-time workers) who have attended the annual business ethics and compliance training pledge to comply with the Code. The Code defines the basis for decisions and actions across a range of matters, including business ethics, conflicts of interest, anti-bribery and anti-corruption, fair and free competition, sustainability, human rights, respect for diversity and individuality, and community involvement. The Code has been translated into more than 20 languages and is shared with executives, employees, and all relevant stakeholders on Hitachi’s website and on the intranet servers of Hitachi, Ltd. and other Group companies.

In March 2023, we performed a complete revision of the content and reported the changes to the members of the Audit Committee, which consists solely of non-executive directors of the Board. The compliance division regularly reviews and updates the Code to clearly demonstrate our commitment to a higher ethical standard and to ensure continued effectiveness in light of legislative and regulatory updates.

Ethics and compliance structure

Under the leadership of the Chief Compliance

Officer (CCO), Hitachi conducts the One Hitachi Compliance Program to strengthen business ethics and compliance throughout the Group.

The CCO reports important compliance matters including corruption issues regularly to the Senior Executive Committee, and the members of the Audit Committee which consists solely of non-executive directors of the Board. The advice and counsel received by the CCO is incorporated in the planning and operation of Compliance Operations and the CCO reports back on previous instructions. For example, creation of a compliance-specific audit team was advised by the members of the Audit Committee in fiscal 2023. The compliance division created the recommended team and reports back on compliance audits conducted on a regular schedule.

In addition, we established Regional Compliance Managers in Japan, China, Taiwan, South Korea, Oceania, Europe, the Middle East and Africa (EMEA), North America, India, South Asia, and Southeast Asia, and South America to support regional business units (BUs), group companies, and other entities to meet global and local compliance and regulatory requirements. Regional Compliance Managers also play a role in facilitating collaboration across the Group.

Furthermore, approximately 700 selected Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others from Hitachi Group BUs and the Group companies around the globe work to streamline business ethics standards to drive the efficiency and effectiveness of the One Hitachi Compliance Program. These people are key stakeholders in promoting ethics awareness among management and employees. They coach colleagues through ethical dilemmas, raise concerns and potential risks to their legal division or Hitachi,

Ltd.’s compliance division and conduct investigations when appropriate.

The compliance division and Regional Compliance Managers hold regular meetings with global and local Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others, to provide updates on ethics and compliance initiatives, trends, and to provide additional resources to support fulfillment of their respective roles.

Ethics and compliance structure



Global target for ethics and compliance

PLEDGES

Hitachi encourages employees to apply high ethical standards in their day-to-day work as we improve our ethical culture.

During the period of the Mid-term Management Plan 2024, we established a KPI based on the results of an awareness assessment on corporate ethics and compliance commissioned to Ethisphere, a U.S. research institute specializing in global corporate ethics. We surpassed our first year target score of at least 60 (out of 100) with a score of 76.5, and improved to 79.8 in fiscal 2024.

Target	FY2023	FY2024
Achieve a score of at least 60 (out of 100) in FY2023, the first year of results from Ethical Culture and Compliance Perceptions Assessment, improving it every year	76.5	79.8

In the management plan, Inspire 2027, we have set a new target of achieving a score of 85 by fiscal 2027. By implementing measures to address areas such as the trust in the whistleblowing system and the frequency of communication with supervisors, we aim to continuously improve our score.

Initiatives to deter non-compliance

Hitachi implements initiatives to deter non-compliance such as conducting training on business ethics and compliance, implementing compliance specific audits, conducting due diligence of third parties, strengthening a speak-up culture, and enhancing the Global Compliance Hotline (whistleblowing system) with a clear commitment to non-retaliation against whistleblowers.

Business ethics and compliance training

Hitachi conducts annual business ethics and

compliance training for all employees (including temporary and part-time workers) based on the Hitachi Group Code of Ethics and Business Conduct and internal rules. After completing the training, participants pledge to comply with the Hitachi Group Code of Ethics and Business Conduct.

Our fiscal 2024 training course covered business ethics, anti-bribery and anti-corruption, gifts, travel and entertainment, anti-money laundering laws, fraud, fair competition, information owned by others, data protection, conflicts of interest, reporting and non-retaliation, and the Hitachi Global Compliance Hotline. This training encouraged higher levels of compliance awareness in the Group. Training was completed by a total of 291,849 employees Group-wide (including temporary and part-time workers), which corresponds to a participation rate of 94.6%. This reflects only the courses completed during the training period beginning in October, which is Hitachi Group Ethics & Compliance Month. The compliance division, together with Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others from Hitachi Group BUs and the Group companies, ensures that all employees complete the business ethics and compliance training every year. Although participation rate of 94.6% only includes completions during the training period, training is continuously available and all employees are encouraged to complete the training.

In addition, we conduct data analysis on the level of understanding among training participants by region and job category, as well as the time required to complete training, to identify areas of risk or the need for additional training.

Training is also provided for employees new to

Hitachi, and additional compliance training is conducted for newly-appointed managers to ensure a complete understanding of the Hitachi Group Code of Ethics and Business Conduct.

Furthermore, training for senior management was conducted by the Chief Compliance Officer (CCO) and external counsel through the Executive Ethics and Compliance Briefing in fiscal 2024. The briefing covered several key topics, such as fostering a culture of ethical behavior, addressing compliance challenges, and reviewing industry best practices and benchmarks, and the implications of key regulatory changes.

Ethics and compliance audits and risk assessments

Hitachi, Ltd.'s Internal Auditing Office conducts internal audits, including anti-bribery, anti-corruption, and competition law compliance, of all BUs and the Group companies every four years. In addition, internal audits are carried out by the audit or compliance department of each BU and the Group company.

Additionally, in fiscal 2024, as part of our risk assessment efforts, Hitachi, Ltd.'s compliance division established a Compliance Audit Team. This team has launched Compliance-Specific Audits, including anti-bribery, anti-corruption, and competition law compliance, targeting the Group companies identified as relatively high-risk. In fiscal 2024, Compliance-Specific Audits were conducted at four Group companies, and in fiscal 2025, eight companies will be audited.

Furthermore, the compliance division is promoting the early identification of compliance risks and the

streamlining and acceleration of response efforts by implementing a newly developed self-verification tool. This tool enables the collection and analysis of data related to compliance risks at each business unit and the Group company.

At the regional levels, each of the Regional Compliance Managers continues to strengthen cooperation with the Group companies in their respective regions, establishes a framework to conduct risk assessments and support each company in identifying risks and implementing appropriate measures.

Due diligence on third parties

Hitachi conducts due diligence on the compliance aspects of its business partners in accordance with Hitachi Group Business Partner Compliance Due Diligence Policy.

Specifically, we have implemented an internal reputational due diligence program including the introduction of a third-party management system to identify reputational risks. Such reputational risks include direct or indirect involvement in bribery, corruption, human rights or labor rights violations, money laundering, environmental crimes, violations of competition law or international trade restrictions, such as sanctions and import/export controls, and other factors related to potential business partners. This program promotes the creation of fair and sound partnerships by preventing Hitachi from engaging with parties that are likely to act in a manner inconsistent with Hitachi's ethical culture, and by taking measures to reduce the risk of bribery, corruption, and other unethical behavior.

We employ a system for conducting due diligence and creating due diligence reports using a new

platform from an external service provider and we have assigned several due diligence analysts to an internal global compliance team. The goal of this system is to improve and standardize business partner screening, as well as to create and maintain records, when initiating or renewing transactions with business partners globally.

In March 2024, we published Hitachi’s Expectations of Business Partners, which sets out Hitachi’s expectations for its business partners and emphasizes the importance of ethical business practices, preventing bribery, corruption and money laundering, protecting human rights, and maintaining fair and transparent business practices. As a guideline for ethical behavior in all business relationships, it is also consistent with the Hitachi Group Code of Ethics and Business Conduct.

 [Hitachi’s Expectations of Business Partners](#)

Strengthening our speak-up culture

Hitachi believes that a speak-up culture—where employees are encouraged to raise concerns and feel confident that they can do so without fear of retaliation—is essential for the early detection and prevention of breaches of ethical and regulatory expectations.

When an employee discovers an actual or suspected violation of laws, regulations, or the Hitachi Group Code of Ethics and Business Conduct, or when employees have questions about business activities in general, we encourage them to consult with or report the matter to their leaders, the relevant department (Human Resources, Compliance and Legal), or the Hitachi Global Compliance Hotline.

Annually, during the “Hitachi Group Ethics & Compliance Month,” messages were delivered by the President & CEO as well as other Hitachi leaders, emphasizing to all Hitachi Group employees the importance of speaking up. In 2025, we will distribute 1on1 video interviews, conducted by the CCO with Hitachi leaders to discuss their previous personal compliance challenges to encourage employees to discuss how they handle their compliance challenges.

World’s Most Ethical Companies®

Hitachi, Ltd. has been recognized as one of the 2025 World’s Most Ethical Companies® by Ethisphere, a U.S. research institute specializing in global corporate ethics. This prestigious award recognizes companies that demonstrate excellence in business ethics through an evaluation of over 240 proof points on practices that support robust ethics and compliance, governance, a culture of ethics, environmental and social impact, and initiatives that support the value chain.



The “World’s Most Ethical Companies” and “Ethisphere” names and marks are registered trademarks of Ethisphere LLC.

Strengthening compliance practices across industries

In fiscal 2024, the compliance division was honored to host the second annual roundtable for compliance professionals from 17 global companies based in Japan. The forum fosters collaboration, knowledge sharing, and strategic discussions to strengthen compliance practices across industries.

Hitachi Global Compliance Hotline (Whistleblower System)

The Hitachi Global Compliance Hotline is a reporting channel whistleblowing system operated by a third-party organization and is available 24 hours a day, seven days a week to Hitachi Group employees, business partners, and other stakeholders. To ensure that no one is treated unfairly, anonymous reporting is permitted when legal, and all information received is kept strictly confidential except where necessary to conduct an investigation. Consultation and reporting are available, by toll-free calls or online, for all matters involving violations of laws and regulations, the Hitachi Group Code of Ethics and Business Conduct, violations of human rights including harassment and other misconduct.

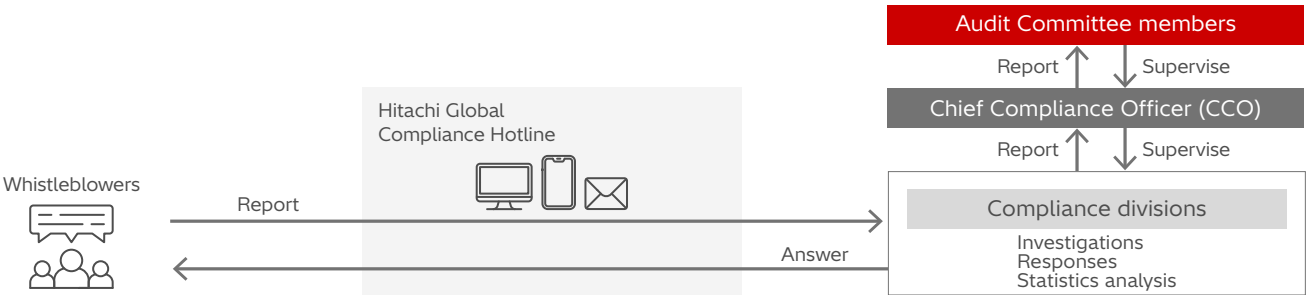
Phone numbers for the Hitachi Global Compliance Hotline are available for employees and other stakeholders to speak to a representative in their native language. The phone lines are staffed by specially trained third-party representatives, with translators in approximately 50 languages. Web-

based reporting is also available. We store data supplied in a report on secure servers maintained by the third party that administers the hotline.

To address and resolve contacts with the Hitachi Global Compliance Hotline efficiently, we assign inquiries to investigators based on area of expertise. After a confidential review of the concern, the investigator determines whether the report requires an investigation. If an investigation is needed, appropriate investigative measures are undertaken. For any compliance-related concerns that are substantiated, disciplinary actions may be taken. Discipline comes in many forms, from warnings to suspensions or termination.

The Chief Compliance Officer reports to, and receives necessary instructions from, the members of the Audit Committee on a quarterly basis regarding the number of cases reported, trends, etc. Serious incidents of noncompliance are immediately reported to the Chief Compliance Officer. In fiscal 2024, we received 1,974 reports from across the Group. We also concluded the processing of 1,748 reports (including reports that occurred in previous years) during

Reporting and monitoring structure



Details of fiscal 2024 consultations and reports

Categories		HR Issues (Labor Management, Travel Expenses, Commuting Costs, etc.)	Harassment	Financial	Procurement	Competition Law	Bribery	Other	Total
Areas where whistleblowing cases occurred	Americas	89	213	26	5	3	8	135	479
	Europe	37	119	19	6	0	6	109	296
	Middle East and North Africa	6	17	10	1	0	1	20	55
	Sub-Sahara	1	1	0	0	0	1	6	9
	APAC (excluding Japan)	56	111	17	3	6	18	177	388
	Japan	98	404	16	6	2	1	220	747
	Total	287	865	88	21	11	35	667	1,974

fiscal 2024 where compliance-related issues were confirmed in 517 cases.

-  [Hitachi Global Compliance Hotline](#)
-  [Grievance mechanisms for human rights](#)

Anti-bribery and anti-corruption

Hitachi has made it clear that it will not tolerate any bribery, kickbacks, or other corrupt behavior by employees or business partners, or any conduct that violates the anti-bribery laws and regulations of countries and regions, including the U.S. Foreign Corrupt Practices Act (FCPA).

To assist in making decisions and taking actions, we established the Hitachi Group Code of Ethics and Business Conduct, the Hitachi Group Anti-Bribery

and Anti-Corruption Policy, and rules and guidelines related to the provision and acceptance of gifts, entertainment, and travel expenses; donations and political contributions.

In fiscal 2024, we established the Hitachi Group Business Partner Due Diligence Policy covering business partner screening procedures, and the “Hitachi Group Conflicts of Interest Policy” covering definition, identification and management guidelines for conflicts of interest.

Under these policies, when providing or accepting entertainment or gifts, or making donations or political contributions, executive officers and employees must not exceed the scope of actions permitted by anti-bribery laws and regulations and must comply with Hitachi’s internal rules. These policies indicate specific spending limits in terms of monetary value

and the number of times that entertainment, gifts, and other arrangements may be provided to third parties. Hitachi policies also prohibit facilitation payments.

As an additional effort to manage the risk of corrupt practices, we have established and implemented procedures for pre-screening of (1) the provision and acceptance of gifts, entertainment, and travel expenses; (2) the selection of business partners; (3) donations and political contributions; and (4) business acquisitions, joint ventures, and other forms of investment and financing for each transaction type. In doing so, we take into account the risk of corrupt practices by country/region in the screening procedures according to the score of the Corruption Perceptions Index (CPI) published annually by Transparency International and other relevant factors.

Educational activities for preventing bribery and corrupt practices

One of the major topics covered in the Hitachi annual business ethics and compliance training is the prevention of bribery and corruption. This training includes more specifics on gifts, travel, and entertainment from the perspective of preventing bribery and corruption. In addition, we post the Group-wide educational materials on anti-bribery and anti-corruption on the intranet for use by all Group companies.

In conjunction with the United Nations’ International Anti-Corruption Day on December 9, we posted an article on the Hitachi Group employee news website, calling on employees to refamiliarize themselves with the Hitachi Group Code of Ethics and Business Conduct and Hitachi Group Anti-Bribery and Anti-Corruption Policy to promote awareness.

We also share the latest enforcement policies of the U.S. Department of Justice on bribery, corruption, and

other corporate crimes at regular meetings for Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others at the Group companies. The meetings are designed to expand the knowledge of Heads of Ethics and Compliance, Compliance Managers, and Persons in Charge of Compliance and others, as well as to confirm the rationale and direction of the Hitachi Group compliance program.

Fair competition

Hitachi engages in business in accordance with the law and business ethics, and we practice fair and open competition. We have also established the Hitachi Group Code of Ethics and Business Conduct and the Hitachi Group Fair Competition Policy, and its operational standards. In fiscal 2021, we revised the guidelines for preventing cartel activity and improved the relevant forms based on the revised guidelines.

Educational activities for preventing violations of competition law

As with our anti-bribery and anti-corruption initiatives, Hitachi addresses compliance with competition laws as one of the main topics in our annual business ethics and compliance training. Through this training, we strive to ensure that all relevant rules and operational standards are fully understood. Additionally, we prepare standards related to global contact with competitors for overseas employees to inform them of the practicalities involved.

Prevention of antisocial transactions and money laundering

To cut off all relationships with antisocial forces, the

Hitachi Group Policy Against Money Laundering and Antisocial Transactions includes provisions stating that we will never engage in antisocial transactions under any circumstances, and will refuse any improper demands and unfair deals.

In Japan, we insert antisocial-force rejection clauses in contracts. If we determine that a business partner belongs to an antisocial force, we can promptly void the contract and end the relationship. The Hitachi Group acts decisively to eliminate approaches from antisocial forces in partnership with external specialist institutions (the National Center for Removal of Criminal Organizations or the police).

In fiscal 2020, we revised our rules by adding provisions for the prevention of money laundering in addition to the prevention of antisocial transactions. These provisions reinforce Hitachi’s stance and clearly establish that we will not tolerate involvement with persons or organizations engaged in money laundering or other illegal activities within or outside of Japan. Using a risk-based approach, we conduct due diligence on prospective customers and business partners, including checking against country sanctions lists and inspecting payment details for red flags. Additionally, we include clauses in contracts which prohibit money laundering and terrorist financing.

Export controls

Hitachi’s basic export control policy is to comply with export and import laws and regulations on a global basis to maintain international peace and security, and to manage exports appropriately in accordance with internal regulations. Hitachi, Ltd. established Corporate Regulations concerning Security Export Control based on this policy to ensure

implementation of strict export control practices in line with relevant laws and regulations. We screen all goods and technologies intended for export against such factors as destination countries and regions, as well as intended end use and end users. We provide guidance and educational support for the formulation of regulations and the establishment of frameworks to Hitachi Group companies to ensure that the Group companies follow the same export control policies in accordance with relevant laws and regulations.

As part of our training program for all Group companies, we offer courses and e-learning programs on export controls, consisting of a basic e-learning program in 15 languages and an e-learning program for practitioners in Japanese and English. Hitachi strives to ensure that export controls are thoroughly enforced throughout the Group.

Tax compliance

To respond to tax risks associated with the globalization of our business, including tax audits and litigation by tax authorities in various countries, Hitachi conducts appropriate tax governance throughout the Group by identifying tax risks on a quarterly basis under the management of the CFO.

To ensure thorough compliance with these rules, we strive to raise awareness among all employees involved in tax management (filing and paying taxes, handling tax audits, and managing tax risk) and in the handling of other tax-related matters.

- 1. Group companies strictly comply with all relevant laws, follow the spirit of the laws and implement tax management when pursuing their business activities, bearing in mind such international tax

- compliance standards as the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations of the OECD*¹, as well as that body’s Action Plan on Base Erosion and Profit Shifting (BEPS)*².
- 2. Group companies effectively, continually, and proactively manage tax-related issues in a manner befitting their status as socially responsible organizations, maintaining Hitachi’s brand value and seeking to maximize shareholder value.
- 3. Group companies build sincere and positive relations of trust with the tax authorities in the regions where these companies do business, striving to maintain and develop those relations.

In accordance with these policies, we established rules on transfer pricing management for the Group companies, seeking to identify and mitigate potential tax risks related to transfer pricing in transactions with foreign-affiliated parties, as well as to ensure compliance. As stated above, we strive to raise awareness of these rules and ensure that they are followed.

*1 OECD (Organisation for Economic Co-operation and Development)
*2 BEPS (Base Erosion and Profit Shifting)

Tax compliance initiatives

By following the relevant tax-related rules applicable to the Group as a whole, Hitachi manages tax risks associated with globalization. For example, we strengthen risk management and compliance with laws and regulations by identifying and sharing matters indicated by the tax authorities and tax-related legal proceedings in each country.

The results of our tax filings and tax audits in Japan are reported to the CFO, and we work continuously to ensure appropriate tax reporting and prevent fraud. In preparing tax filings, we determine whether

anti-tax haven legislation applies. When legislation applies, we reflect said rules properly in the tax filing to ensure appropriate tax payments.

Hitachi follows rules for transfer pricing management and manages transfer pricing in accordance with the OECD Transfer Pricing Guidelines and the laws and regulations on transfer pricing in each country or region where the Group companies are located.

We paid 304.6 billion yen*¹ in income taxes for the fiscal year ended March 31, 2025 (Japan: 57%, Overseas: 43%*²).

*1 Refers to income taxes paid in the consolidated statements of cash flows
*2 Based on the percentage in the country-by-country report submitted to tax authorities

Stakeholder collaboration and engagement

Hitachi continues efforts to build relationships of trust through sincere responses to tax authorities and to reduce tax risks through researching appropriate tax treatment in consultation with external tax advisors. We also collaborate with the business community through industry associations to lobby for viable tax reform that contributes to the stronger international competitiveness of Japanese companies.

Violation of laws and regulations

In fiscal 2024, Hitachi recorded no incidents in which Hitachi was prosecuted or penalized by authorities for bribery, corrupt practices, competition laws or export controls. Regarding tax compliance, Hitachi acts in accordance with all applicable laws and regulations, and did not record any significant fines or nonmonetary sanctions for noncompliance with tax laws and regulations.

Risk management

Risk management approach

Hitachi’s business activities have been transformed through innovations in digital technologies such as generative AI and the advancement of globalization, among other events, and the types of risks that may have a significant impact on management have also diversified. Since individual risks interact with each other and can affect business activities in a complex chain reaction, they must be viewed from multiple perspectives, such as their nature, likelihood of occurrence, and impact on Hitachi if they do occur. In addition, for Hitachi to enhance the corporate value over the medium to long term, it needs not only to grasp risks as threats but also to see their positive opportunities to implement risk management and creating profit-earning opportunities. From this perspective, Hitachi has established the following risk management system and risk management process to manage risks in a Group-wide manner.

Risk management system

In accordance with internal policy for Group-wide risk management, Hitachi has established a system for identifying and sharing information on Group-wide risks and addressing risks of high importance on a priority basis. The Chief Risk Management Officer (CRMO), who identifies major risks across the Group and reports them to the Senior Executive Committee and the Board of Directors. Hitachi’s risk management system is classified and organized into three lines (the “Three-Line Model”). The functions and roles of each of the three lines are as follows.

The first line, Sector and Business Unit (BU), appoints sector Risk Management Officers (Sector RMOs) and Business Unit Risk Management Officers (BU RMOs). They organize risk management of the sector/BU that they are in charge of and report the status of risk management to the CRMO.

The second line, functional organization Group Corporate, works with the CRMO to provide advice and monitoring and other support for risk management in the first line.

The third line, the Internal Auditing Office, verifies and evaluates risk management in a position that is independent of the first and second lines.

In addition to the above, a Region RMO is also appointed in six major regions including Japan and provides advice on risk management to the first line from a regional perspective.

Risk management initiatives

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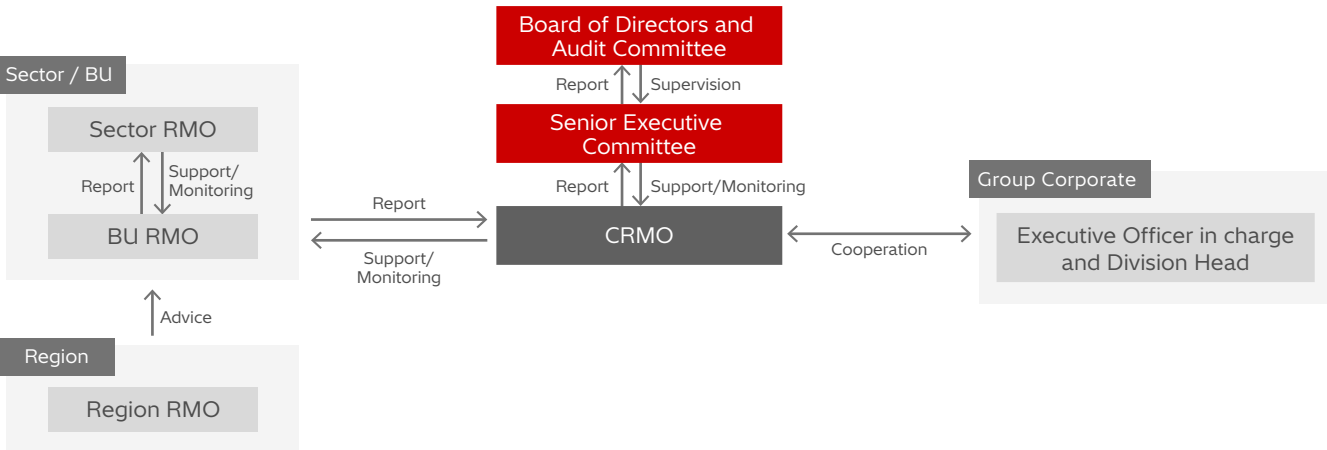
Hitachi refers to international risk management frameworks such as COSO-ERM and ISO 31000 to identify key risks for the Hitachi Group and formulate response strategies, as well as to update these in alignment with changes in internal and external business environments.

To ensure comprehensive and efficient risk management throughout the Group, we have established group risk items, risk assessment methods, etc. in the internal regulations for Group-wide risk management. Risks are assessed by evaluating the impact*1 and likelihood of occurrence*2 for each risk item and by creating the risk heat map.

In the assessment, sector/BU identifies risks related to its business activities and assesses the impact and likelihood of occurrence (bottom-up approach). The members of the Senior Executive Committee etc make adjustments for the risks identified and assessed by the bottom-up approach, as well as their impact and likelihood of occurrence, from the perspective of the Group as a whole and the risk as a whole (top-down approach).

Through the above process, Hitachi’s countermeasures against risks are considered from the perspective of avoidance, mitigation, transfer, acceptance, etc. of risks that were identified and assessed. The effectiveness of measures taken to address risks is monitored on a regular basis, and additional countermeasures and remedial measures are implemented as necessary.

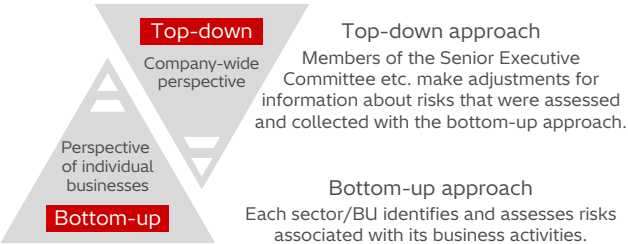
Group risk management system



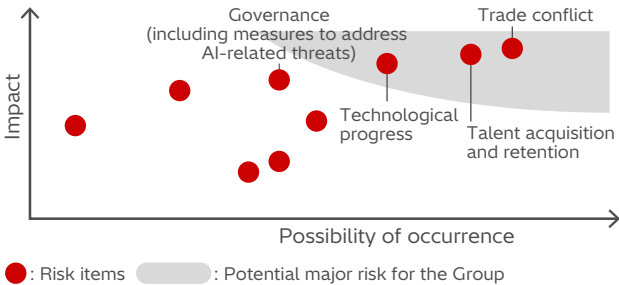
By enhancing the effectiveness of the risk management process through educational programs that deepen understanding of risk management, encourage changes in behaviors, and strengthen organizational talent capabilities, Hitachi is fostering a risk culture and a sense of ownership across the entire Hitachi Group.

*1 The impact is evaluated based on finance, employees, customers/ business partners, laws and regulations, and other factors and from the perspective of stakeholders
*2 Likelihood of occurrence is evaluated in light of the actual occurrence in the past and the estimated probability of future occurrences

Risk evaluation process



Risk heat map



AI governance-related initiatives

PLEDGES

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.

Hitachi published the principles guiding the ethical use of AI and established an AI Ethics Committee as an organization to handle AI, promoting the establishment of AI governance mechanisms in order to manage risks from the perspective of AI ethics. Hitachi developed guidelines governing the internal use of generative AI and has been expanding the guidelines to also cover the provision of external services. In August 2024, Hitachi launched the AI Supervisory Committee, chaired by the CLO (Chief Legal Officer), to oversee AI Ethics Committees across sectors and BUs, and this works to enhance global AI governance.

Hitachi has also set up the AI Advisory Board comprising external experts to foster discussions on appropriate AI governance.

Hitachi Group’s new management plan, Inspire 2027, aims to provide long-term value through the development and utilization of human-centric AI. To this end, the company will enhance risk management in the application of AI to products, services, and systems centered around the AI Supervisory Committee.

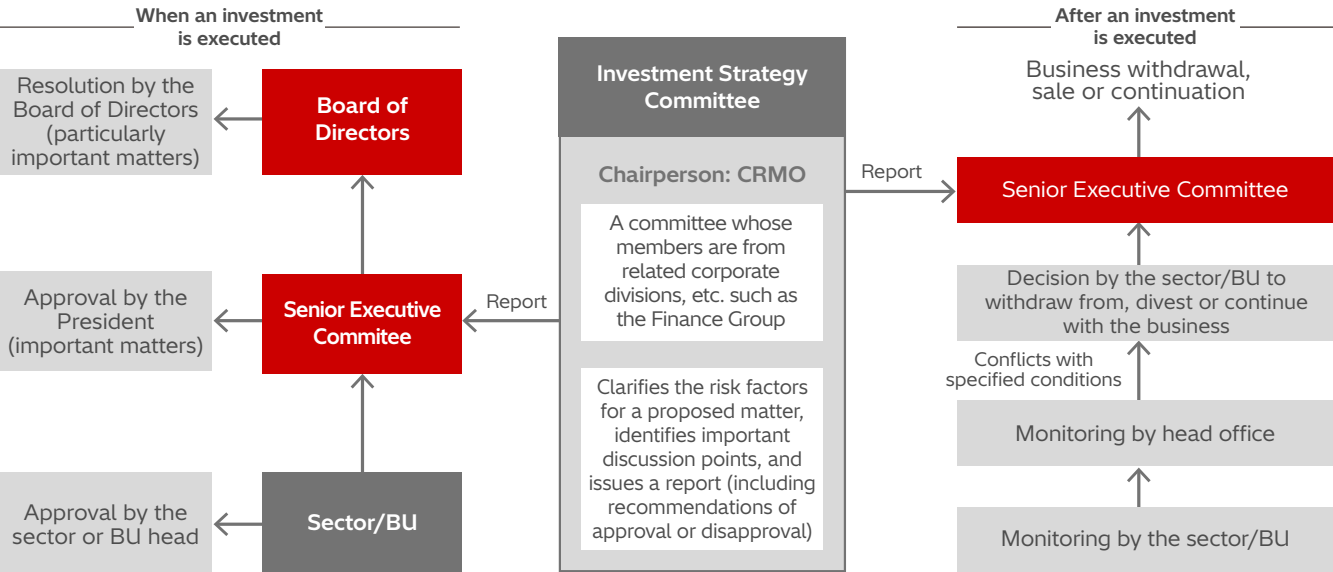
- [Principles guiding the ethical use of AI in Social Innovation Business](#)
- [Hitachi’s Activities for the Ethical Use of AI in Its Social Innovation Business](#)

Efforts against investment risks

Hitachi has a framework of decision-making in different phases of investment to facilitate an appropriate response to risks while securing growth opportunities. The framework for delegation of authority uses a three-layer deliberation structure—the Board of Directors, the Senior Executive Committee, and sectors or business units—in accordance with the size and details of the risk to ensure rapid and appropriate decision-making at the time of their executing the investment. In order to effectively conduct deliberations at the Senior Executive Committee, the Investment Strategy Committee has been established as an advisory body. The committee comprises members from corporate divisions, etc. 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 submits a report to the Senior Executive Committee. After an investment is executed, we periodically monitor the status of the project. If the project fails to proceed as expected, we have in place systems to decide whether to continue, which might include discontinuance of a project, aimed at enhancing our capital efficiency. In response to changes in the global economy, digital technology, geopolitics, customers, and other components of the business environment surrounding Hitachi (risks and opportunities), we continue to enhance the criteria for investment, PMI, and monitoring systems to achieve the medium- and long-term management plans.

Framework of decision-making



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 delivery time contracts have been quantified. We avoid missing out on growth opportunities by visualizing the capacity for growth investment, etc., considering consolidated net assets and other factors. We also conduct 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.

Business continuity initiatives

Given the close relationship of our business to social infrastructure, Hitachi continues to strengthen business continuity plans (BCPs) and business continuity management (BCM) to ensure that the impact of risks does not disrupt our business and thereby significantly affect society.

At Hitachi, each business division at each company prepares for large-scale earthquakes, typhoons and flooding disasters, and pandemics (epidemics) by formulating Business Continuity Plans (BCPs) based on the Hitachi Group Guidelines for Developing Business Continuity Plans, created in three languages (Japanese, English and Chinese.)

Specifically, Hitachi, Ltd. and domestic Group companies implement earthquake preparedness simulation drills to effectively execute BCPs established by each business division and continuously improve them as needed. In fiscal 2024, Hitachi, Ltd. reviewed its initial response measures for a major earthquake in the Tokyo metropolitan area and also clarified response standards during natural disasters both domestically and internationally.

In addition to the above, please refer to the following for risks related to business operations and other relevant information.

- 📄 [Annual Securities Report \(the 156th business term\) page 44 \(Risk Factor\)](#)
- 📄 [Areas of business risks/opportunities and social impacts](#)
- 📄 [Business ethics and compliance](#)
- 📄 [Information security](#)
- 📄 [Climate-related financial information disclosure \(based on TCFD recommendations\)](#)

Results of drill simulating earthquake measures at headquarters

FY2022	Conducted training for remote workers, assuming that disaster-response staff living in areas subject to JMA Seismic intensity 7 are not able to participate in the disaster-response activity in person, simulating an earthquake occurring directly under the Tokyo metropolitan area during daylight on a weekday
FY2023	Added a drill in which disaster-response staffs contact each other as a first response in a scenario in which an earthquake has occurred in the Tokyo metropolitan area during daylight hours on a weekday, and in which networks have been temporarily disrupted
FY2024	With the assumption of an earthquake occurring in the Tokyo metropolitan area during daylight hours on a weekday, reconfirmed the initial response steps starting from ensuring the safety of disaster-response staffs, confirming their status, and gathering at the headquarters meeting room

Information security

Approach to information security

The progress of digitization has brought new opportunities for creating value, but this progress also amplifies the risks that businesses face, including information leaks and system shutdowns caused by cyberattacks that are becoming more advanced and sophisticated by the day, impeding business continuity. To minimize these risks, risk management related to information security has become one of the most crucial issues for companies.

Against this backdrop, Hitachi, aiming to be a global leader in the Social Innovation Business, is engaged actively in information security initiatives. We recognize cybersecurity measures as a crucial management challenge that addresses both value creation and risk management.

Since Hitachi consists of numerous companies, we are pursuing our businesses as a unified group, One Hitachi. In line with this business policy, we address information security as One Hitachi, as well, striving to establish optimal security measures and ensure a sense of unity and agility. To this end, we accelerate the security measures based on common initiatives in accordance with the overall Hitachi policy.

 [Information Security Report](#)

Information security policy

Hitachi has established policies on information security and personal information protection, and set various rules and the promotion structure based on these policies. Hitachi fosters information security and personal information protection management through these rules and the structure in order to protect various information assets such as information entrusted to us by our customers, the systems that store that information, and the information systems that provide social infrastructure services.

Hitachi Group Information Security Policy

1. Formulation and continuous improvement of information security control rules
2. Protection of information assets and their continuous control
3. Adherence to laws, regulations and other norms
4. Education and training
5. Prevention of accidents and action in the case of their occurrence
6. Securing proper operation in corporate group

Data privacy policy




Hitachi has established the Personal Information Protection Policy, which is announced to all executive officers and employees, and is also widely disclosed to the public via our website. The policy clearly specifies the types of data collected, how data retention is handled, and under what circumstances data may be disclosed. It also includes provisions regarding updates to the policy.

When acquiring personal information from customers or others in the course of business activities, we

notify them with a document detailing the person responsible for managing personal information, the purposes for which the information will be used, and the handling of personal information when provided to third parties or contractors. In cases where personal information is obtained directly in writing, we acquire the individual’s consent prior to collecting the information as a general rule.

Across the entire Group, the Hitachi Group Privacy Principles, which refer to the OECD Privacy Guidelines, establish the principles and code of conduct for the handling of personal data and privacy protection that all Group executives and employees are required to comply with.

Hitachi has established internal regulations that apply when contracting the handling of personal information and implements screening and supervision of contractors. When contracting business operations, Hitachi screens its contractors so that only those whose standard of personal information protection equals or exceeds that of Hitachi are selected. The contracts Hitachi signs with its contractors incorporate strict provisions regarding personal information management. These provisions might include the need to establish a management framework and a ban in principle on further contracting. As part of its approach to managing and supervising contractors, Hitachi also conducts regular assessments of its contractors and reminds them of their obligations. In addition, the Hitachi Group Sustainable Procurement Guidelines which covers points that we require compliance by procurement partners, specifies prevention of personal and confidential information leakage.

-  [About Personal Information Protection of Hitachi, Ltd. \(Privacy Policy and Summary\)](#)
-  [About Personal Information Protection of Hitachi, Ltd.](#)
-  [Hitachi Group Sustainable Procurement Guidelines](#)

Structure for advancing information security

The Chief Digital & Security Officer (CD & SO) has overall responsibility and authority for implementing and operating information security and personal information protection, and oversees these functions for all Hitachi products, services, and internal facilities. Chaired by the CD & SO, the Information Security Committee determines all policies for information security and personal information protection. These policies are announced to all business units (BUs), business sites, and the Group companies through channels such as the Information Security Promotion Meeting. The policies and measures regarding information security and personal information protection, deliberated and decided by the Information Security Committee, are, as part of the risk management framework recognizing it as one of the enterprise risks, regularly reported by the CD&SO to the management meeting and to the audit committee members of the Board of Directors.

BUs and business sites operate their own information security divisions, with the head of the BUs or business sites serving as information security officers. These divisions implement information security and personal information protection in each workplace and provide relevant education to employees. In response to the widening scope of potential cyberattack targets, we have also appointed officers who will be responsible for our internal IT environments, development & verification environments, production & manufacturing environments, and physical security environments such as office entry and exit points, all operating under the Information Systems Manager. In addition, in order to enhance the security of the products and services we offer our customers as well as that of supply chains,

including those of our business partners, we have established the positions of Product Security Officer and Procurement Security Officer.

The Group companies also implement information security frameworks, promoting the Group-wide information security through mutual cooperation. In order to strengthen its global management, Hitachi has established information security divisions and personal information protection support functions directly under headquarters in the Americas, Europe, Asia, India, and China, providing support to the Group companies in each region. Moreover,

individuals responsible for personal data protection are appointed in each Group company, and support functions for regional Group companies have been established within each regional headquarters. In this way, we ensure consistent personal information protection on a global scale.

Global target for information security



Hitachi has established KPI and target related to

information security in its management plan, Inspire 2027. In light of global trends surrounding security and related regulations, we have set “Ensuring and enhancing Hitachi Group Information Security” as a key target. The information security division conducts self-assessments by annually monitoring the cybersecurity score which is based on guidelines such as the Ministry of Economy, Trade and Industry’s Cybersecurity Management Guidelines, to verify whether appropriate security measures are being effectively implemented. Measures will be executed based on the results of the assessment.

Information security management

Hitachi established a framework for information security management based on the ISO/IEC 27001 international standard. In light of the increasing severity of cyberattacks in recent years, we are strengthening our information security with the Information Security Standards which in compliance with the United States government standard SP800-53/ 171. The information security rules and the personal information protection rules including Information Security Standards have disseminated globally by Hitachi, Ltd. and the Group companies’ headquarters.

information between the private sector and the government, but also strengthen various IT measures that include defense-in-depth strategy.

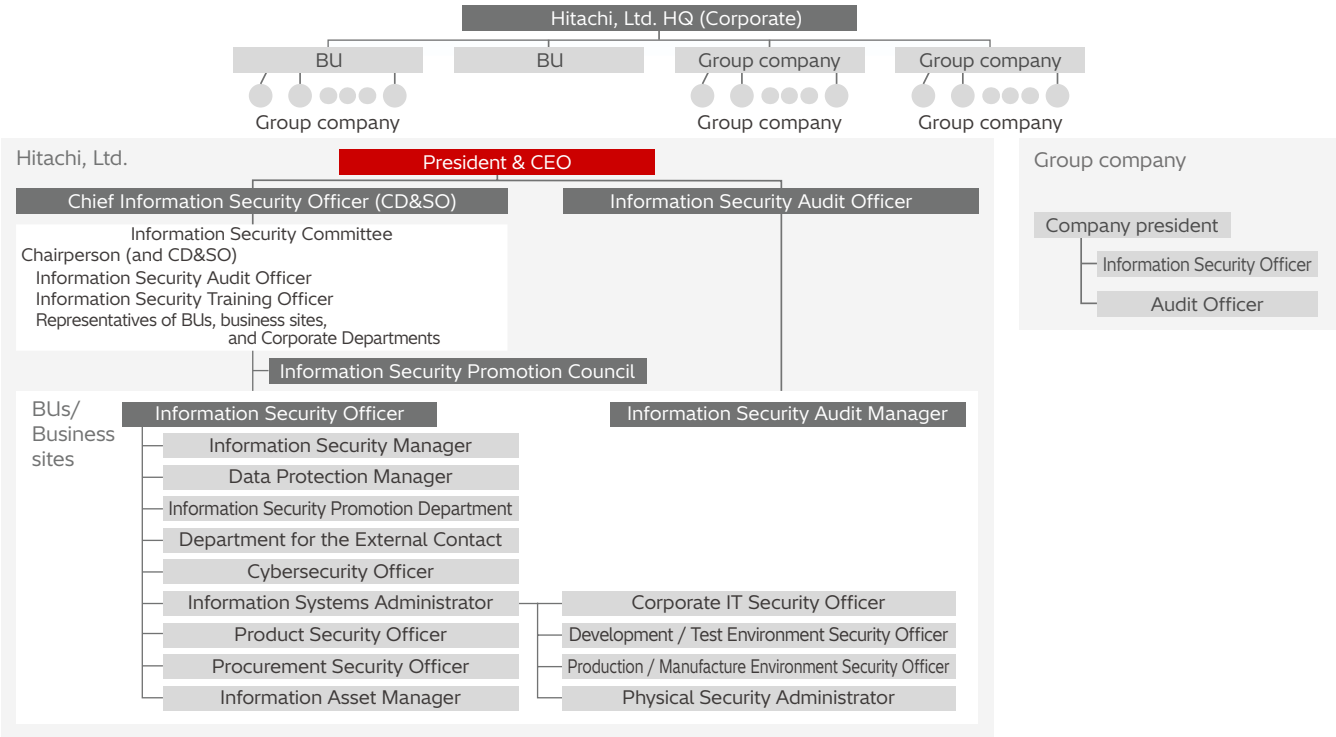
To prevent leaks from procurement partners, when outsourcing work that handles confidential information, we check and examine their information security measures based on Hitachi’s own standards in advance. We also provide security education materials to procurement partners, and we ask procurement partners to check and remove business information from personally owned devices.

At Hitachi, Ltd., when an information security incident, including the leakage of personal information, occurs, we follow established emergency response procedures. These procedures outline immediate actions such as internal and external reporting, prompt containment measures, and identifying the affected information assets. They also cover early-stage responses like investigating the cause, addressing complaints, and setting up communication channels to notify the individuals involved. Additionally, the process for informing relevant authorities and affected parties is clearly defined.

Training and awareness on information security and data privacy

Hitachi holds annual e-learning programs on information security and personal information protection for all executive officers and employees. E-learning on information security and personal information protection is mandatory at Hitachi. In fiscal 2024, the completion rate at Hitachi, Ltd. reached 100%, excluding those unable to participate due to reasons such as leave of absence. Besides, Hitachi, Ltd. offers a variety of training programs tailored to different target groups and objectives, including classroom sessions for new employees,

Structure for advancing information security



Prevention of leakage of confidential and personal information

Hitachi engages in a number of IT-related measures such as device encryption, secure PC use, electronic document access control and expiration processing software, ID management and access control via authentication infrastructure, e-mail and website filtering, etc. to prevent confidential and personal information leaks. In response to the proliferation of targeted e-mail attacks and other cyberattacks, we not only participate in an initiative to share

newly appointed managers, and information security officers, to provide education on information security and personal information protection. Hitachi, Ltd. shares its training content within the Group and is actively engaged in information security and personal data protection training throughout the entire Group.

Hitachi also implements simulation training to educate employees about phishing attacks and other cyberattacks. Employees receive deceptive emails as phishing simulations to heighten their awareness of security through direct experience.

In addition, the Group regularly holds seminars for employees on information security and personal information protection and actively promotes awareness-raising efforts by providing related information clearly through the intranet.

Evaluation and monitoring of information security management and data privacy
Hitachi implements information security and privacy protection initiatives based on the PDCA cycle of the information security management systems stipulated by Hitachi, Ltd. Hitachi conducts regular audits and inspections to monitor and evaluate whether management and measures for information security and data protection are implemented properly in each department.

Specifically, Hitachi works to reduce security risks by verifying the status of its information security measures through regular audits conducted by the audit departments, Group-wide inspections, and regular on-site assessments carried out by a team of in-house security specialists.

In terms of data protection, the information security risk management division of Hitachi, Ltd. conducts

annual monitoring to ensure that the Hitachi Group companies in Japan and overseas have established and are operating internal regulations in accordance with the Hitachi Group Privacy Principles. This monitoring confirms each company’s status of implementation.

All divisions of Hitachi, Ltd. and the Group companies in Japan conduct annual internal audits of information security and personal information protection. Internal audits at Hitachi, Ltd. are conducted independently by auditors appointed by the President & CEO. Auditors are not permitted to audit their own divisions, which underlines our commitment to fairness and objectivity in auditing. The Group companies in Japan conduct internal audits equivalent to Hitachi, Ltd., and all audit results are confirmed by Hitachi, Ltd.

Hitachi, Ltd. and the Group companies in Japan also contract with an external organization to conduct quarterly external vulnerability assessments of outside-facing servers.

In addition, all divisions of Hitachi, Ltd. perform annual self-directed checks of operations relating to personal information protection, and the divisions involved in operations that handle important personal information perform checks of each of these operations on a monthly basis. Through these measures, we regularly check the operational status of processes involving personal information.

Cyber-security initiatives

To address the risks posed by the increasing diversification of cyber-attack methods, origins, and impacts, Hitachi is expanding the scope of our security risk management which used to respond to measures

for internal IT environments to be used for office automation. Specifically, to reduce business risks going forward, we expanded the scope of risk management to include the development & verification environments and production & manufacturing environments which are used to create products & services, the supply chain and product & service development process.

Cyber-security management
Hitachi has established standards for internal IT environment-related vulnerability response measures and network security. We also require BUs and the Group companies to conduct regular status assessments of these measures and perform corrective actions. As Group-wide measure, we launched an initiative to monitor vulnerability mitigation for each device and follow up with users and administrators to expand the application of such measures.

In the development & verification and production & manufacturing environments, we established standards and guidelines for infrastructure construction and operations to ensure security compliance in each environment, and we pursue measures based on these guidelines within Hitachi Group. We also share information security requirement standards established by Hitachi with our procurement partners, working cooperatively to enhance security.

We have established management policies to address and maintain the security of products & services, and we follow measures based on these guidelines within the Hitachi Group. To allow us to carry out emergency responses in the event that a vulnerability is discovered or an incident occurs, we have established Product Security Incident Response Teams (PSIRTs, responsible for the technical aspects of product and service security) at our headquarters, BUs, and Group companies. These teams cooperate to take

appropriate action in response to vulnerabilities or incidents relating to our products & services.

In addition, we are building a framework, based on the Three Lines of Defense concept, that will keep security measures in place for our development & verification and production & manufacturing environments as well as our products & services. As the first line of defense, each BU and the Group company conducts self-assessments of whether they are in compliance with our guidelines and management policies. As the second line of defense, headquarters monitors the results of these self-assessments, a process which is in turn monitored by our audit divisions as our third and final line of defense.

Cyber-security monitoring
The Hitachi Security Operation Center (SOC) monitors security on an around-the-clock basis to ensure global-scale cyberattacks are detected and response measures initiated immediately. The Incident Response Team (IRT) collects and develops threat information and manages our response to any security incidents.

Today we see a wide range of cyberattacks, including supply chain attacks, zero-day attacks, and ransomware attacks. In this context, Hitachi strengthens cyber surveillance through Endpoint Detection and Response (EDR)*1 to monitor device behavior and perform authentication protection and External Attack Surface Management (EASM)*2 to harden the attack surface. We continue to improve and strengthen our cyber monitoring environment using the latest technology.

*1 Systems to monitor suspicious behavior and respond quickly to attacks on endpoint devices such as computers
*2 Systems to identify and manage internet- and other external-facing assets that could be the targets of an attack

Data protection initiatives

As digital technology continues to advance, the global trend toward leveraging data only accelerates. This situation has led to heightened interest in the protection of personal information and cross-border data exchange. In such an environment, Hitachi places significant importance on personal information protection initiatives to ensure the secure management of personal information received from customers and personal information involved in business operations. As a member of the global community, Hitachi is committed to protecting personal information in accordance with its vision for personal information protection, which is to provide safety and trustworthiness, and to value individual rights.

Personal information protection

Hitachi, Ltd. has created a personal information protection management system based on this policy. This system ensures the protection of personal information by such means as appropriate management of personal information, educational programs for all employees, and periodic audits. Personal information is never provided to third parties without prior consent. When prior consent is obtained, Hitachi requires the third-party recipients of the data to comply with Hitachi’s personal information handling rules.

PrivacyMark certification

Hitachi, Ltd. has obtained PrivacyMark*1 certification, which is a third-party certification of personal information protection. The entire Hitachi Group is committed to personal information protection, and 37 Hitachi Group companies in Japan have been granted the PrivacyMark as of the end of July 2025.

*1 PrivacyMark: A third-party certification that is granted by Japan

Information Processing Development Corporation, an assessment body, to businesses that have taken appropriate security management and protection measures related to personal information (invested by Japan Information Processing Development Corporation)

Privacy protection initiatives

In response to social demands for privacy protection measures, Hitachi aims to provide more appropriate and high-quality services and products, and to foster trust with consumers and other stakeholders, by balancing privacy protection and the use of personal data.

Since fiscal 2023, Hitachi, Ltd. has been implementing the Hitachi Privacy Impact Assessment (PIA) system, conducting privacy impact assessments for operations involving the handling of personal data, and thereby taking measures to prevent privacy-related issues. From fiscal 2024, the system is being gradually introduced in Hitachi’s domestic Group companies.

We are also approaching initiatives for privacy protection more proactively. Due to the nature of our Digital Systems & Services, which drive our digital business, we established within this sector the position of Personal Data Officer to oversee personal data handling and the Privacy Protection Advisory Committee, which consolidates our knowledge on privacy protection, supports risk assessments, and considers response measures.

Responding to personal data protection laws around the world

With the increasing risk of privacy violations, lawmakers are actively seeking to create and modify relevant laws and legislation in countries and regions around the world. Hitachi ensures thorough global compliance with legal frameworks, continues to monitor related legal frameworks and social trends, and implements appropriate measures.

In Japan, Hitachi complies with the Amended Act on the Protection of Personal Information, and in the event that a leak may result in a situation that would harm the rights and interests of individuals, Hitachi promptly reports the leak to the Personal Information Protection Commission and notifies the affected individuals. In fiscal 2024, there were six recorded cases of personal information leaks at Hitachi, Ltd. based on the Act on the Protection of Personal Information. We identified the scope of the impact related to these cases and took appropriate action.

Third-party evaluations and certifications

Hitachi is fostering the acquisition of third-party evaluations and certifications for information security management. Hitachi has obtained ISMS certification based on the ISO/IEC 27001 international standard for information security management systems, including cybersecurity, from the Information Security Management Systems Accreditation Center (ISMS-AC). Seven divisions of Hitachi, Ltd. and 26 divisions across 18 Group companies in Japan*1 have acquired this certification. These certifications are regularly maintained and updated through audits conducted by external evaluation organizations.

*1 As of the end of July 2025