



## A Business Foundation that Supports Sustainable Growth

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### Mobility solutions

Each year, we provide safe, secure, comfortable and environmentally friendly railway services to a total of **18.5 billion** people throughout the world.



# Addressing Risks and Opportunities

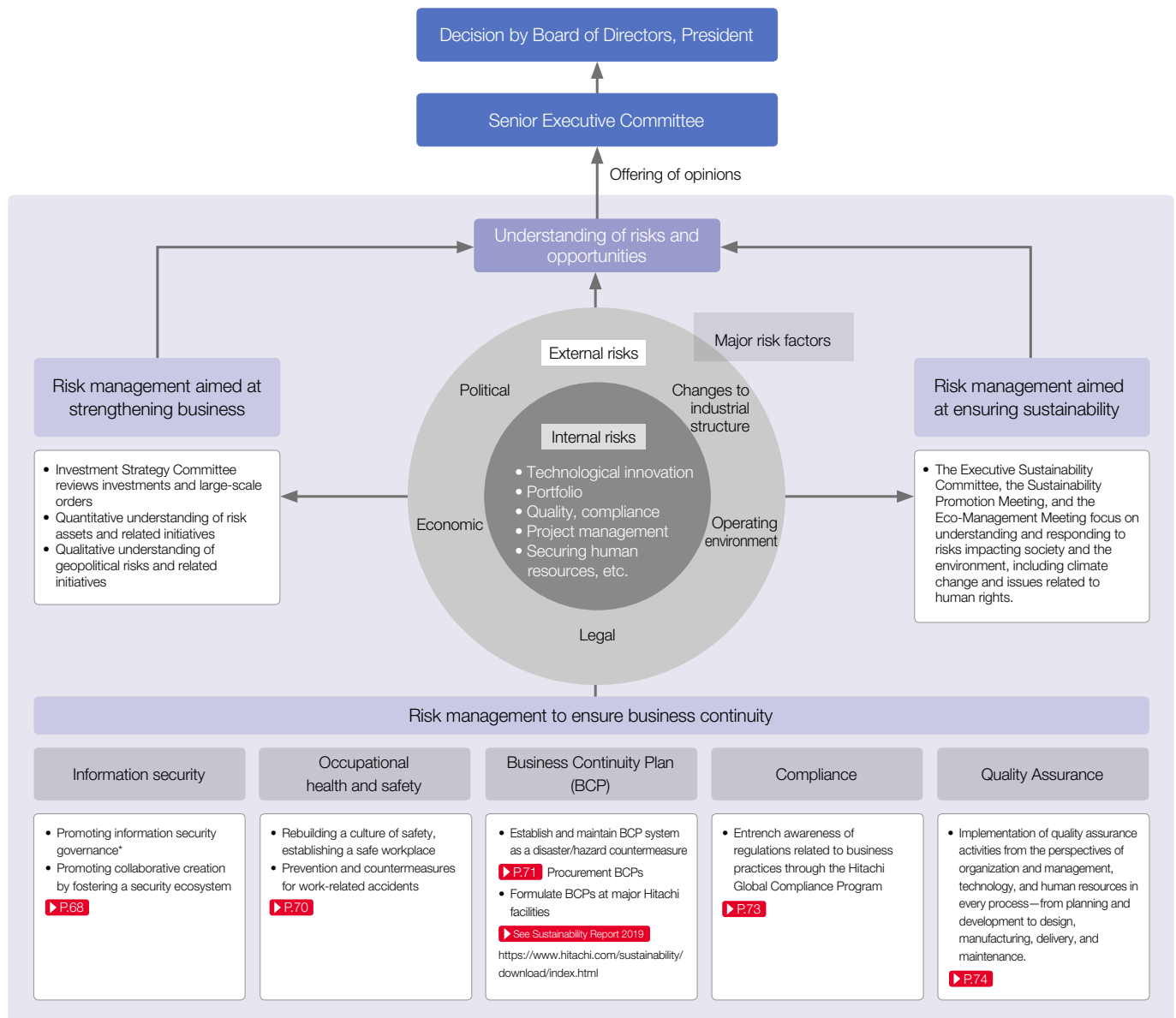
## Risks and Opportunities

Hitachi's 2021 Mid-term Management Plan, beginning in fiscal 2019, focuses on expanding our business while making the best use of the Company's competitive advantages. In particular, we target investment for growth in select, focused areas over the three years through fiscal 2021 of ¥2.0–¥2.5 trillion, compared to investment of about ¥500 billion in the three years through fiscal 2018. We believe taking advantage of growth business opportunities and implementing aggressive management requires a solid risk management system.

Hitachi established the Investment Strategy Committee to strengthen investment risk management in 2017 and continues to work to better understand risk and take appropriate action. The Company in the same year established the Executive Sustainability Committee to focus on the company's policies in regard to social and environmental issues. Our efforts in this area also included a move to identify issues that could be seen as business opportunities, as well as the negative effects on society and the environment from our business activities and the measures Hitachi is taking to address them.

## Risk Management System

The business environment is changing day by day, impacted by the continued advance of information and communications technology, as exemplified by IoT, and geopolitical risks arising from complex shifts in political and economic conditions around the world. Hitachi aims to create new revenue opportunities while controlling risk. To do this, we maintain a clear understanding and analysis of the operating environment, taking into account social issues as well as our competitive advantages and management resources, and conduct risk management with an eye toward the many risks the Company should be prepared for as well as opportunities for growth.



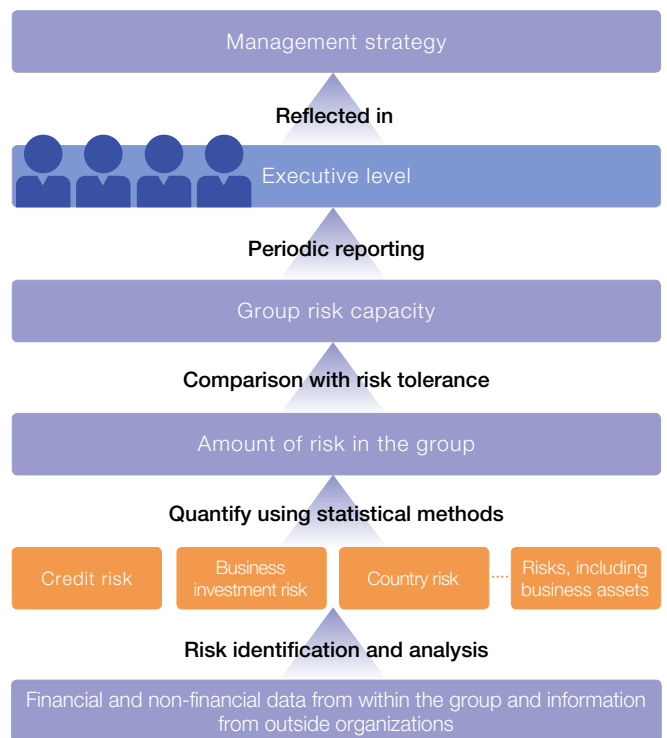
\* Information security governance works in support of corporate governance by building and maintaining an organization's internal control mechanisms related to information security.

## Understanding and Responding to Quantitative Risk

In regard to quantitative risk, assumed maximum risk (value at risk) is calculated using statistical methods based on the type of asset held. More specifically, value at risk measures the maximum expected loss based on price movements over a specified period of time (observation period) at a given confidence level for a defined period of time moving forward. Visualizing the strength of a company's balance sheet and whether that company has the potential for growth, including by focusing on whether the maximum expected loss is within the range of net assets or whether there is room to invest in growth, limits the likelihood that opportunities for growth will be missed, while continued monitoring ensures that risks do not exceed management capabilities.

Moreover, analyzing risk by country and sector, while also taking into account future trends, allows a quantitative understanding of the concentration of risks in a given country or sector relative to profitability.

### The Flow of Quantitative Risk Assessment



## Understanding and Responding to Qualitative Risk

In regard to qualitative risk, including geopolitical risk, we maintain a focus on the global political and economic situation by taking advantage of research from external organizations, and use this information to analyze the potential risks and opportunities for Hitachi so that we may take action to improve our corporate value. In addition, the Investment Strategy Committee examines investment projects and large orders, taking into account qualitative factors in addition to quantitative factors such as those listed below.

- Related technological innovations and competitive conditions
- Hitachi's past performance in the business
- Trends and market conditions, including prices and costs
- Business performance from ordering parties and their transaction history with Hitachi, etc.
- Contractual rights and obligations (transaction terms, reasons and details for damages and penalties)
- Local laws and labor practices in countries in which the business operates

## Understanding and Responding to Risks and Opportunities Related to Sustainability

Social and environmental issues, including climate change, resource depletion, the curtailment of business activity due to significant disasters, and social instability due to growing inequality, are having a substantial impact on corporate value creation and business models.

Amid such a drastic change in the business environment, companies must have a clear understanding of opportunities and risks and take appropriate measures if they are to achieve sustainable growth over the long term.

Hitachi is able to gain a clear understanding of sustainability-related risks, and accordingly take appropriate action, thanks to the efforts of the Executive Sustainability Committee and other related committees. We remain actively engaged in promoting our own sustainable growth while contributing to the realization of a sustainable society by seeking out business opportunities contributing to the resolution of important domestic and overseas issues, including those relevant to the UN Sustainable Development Goals (SDGs) and Society 5.0.

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

## Risk Factors

We conduct business on a global scale across a broad range of business areas and utilize sophisticated, specialized technologies to carry out our operations. Therefore, we are exposed to a wide range of risks related to our operations. The following risks are based on the assumptions we consider reasonable as of the date this report was issued.

For more information on business risks and other risks, please refer to our 150th Annual Securities Report

<https://www.hitachi.com/IR-e/library/stock/index.html>

## Major Risks and Opportunities

Major risk factors	Details on risks and opportunities	Company actions
<b>Fluctuations in product supply and demand, exchange rates and resource prices; insufficient raw materials, components</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Price fluctuations, including for products, exchange rate impact and excess inventory</li> <li>Exchange rate impact and price fluctuations, including for raw materials and components</li> <li>Impact from significant disasters on supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Building close relationships with multiple suppliers</li> <li>Ensuring an appropriate response to changes in demand in each region by promoting a local production and local consumption model for products and services</li> <li>Heightening resistance to business interruption risks by formulating BCPs at domestic and major overseas facilities</li> </ul> <p>▶ <b>P.71</b> Engaging in Responsible Procurement</p>
<b>Rapid technological innovation</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Decreased competitiveness if development of cutting-edge technology, or application to product/service does not progress as expected</li> <li>Reduction or elimination of existing market due to technological innovation</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Development of advanced technology leads to new business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Promoting open innovation through industry-academia-government cooperation</li> <li>Bolstering the digital workforce</li> <li>Strengthen Lumada</li> <li>Fostering an innovation ecosystem through the above</li> </ul> <p>▶ <b>P.38</b> Accelerate Innovation</p> <p>▶ <b>P.48</b> Strengthen Lumada</p>
<b>Securing human resources</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Impact on new hires and worker retention due to increased competition to hire and retain the highly skilled workers</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Growth opportunities on the recruitment and retention of highly skilled workers that share the Hitachi vision</li> </ul>	<ul style="list-style-type: none"> <li>Securing the highly skilled global workers using a global common standard for personnel</li> <li>Securing and training the highly skilled workers through in-house educational systems, include Hitachi Academy, and Hitachi University, the group's global common learning management system</li> </ul> <p>▶ <b>P.42</b> Accelerate Innovation</p>
<b>Occupational health and safety</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Impact on business due to inability to create healthy, safe and secure work environments</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a global occupational health and safety system that includes lessons learned from global operations, entrenchment of global norms, and the sharing of success stories</li> </ul> <p>▶ <b>P.70</b> Occupational health and safety, worker health</p>
<b>M&amp;A, investment in new projects, etc.</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>M&amp;A aimed at strengthening the Social Innovation Business, investment in new projects, R&amp;D investment/capex, failure related to insufficient project management in large-scale orders</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Building a foundation for growth through the acquisition of new management resources</li> </ul>	<ul style="list-style-type: none"> <li>Implementing phase-gate management in each business unit (BU), analysis and discussion of market trends, strategies, acquisition prices, and the post-merger integration process at Investment Strategy Committee, Senior Executive Committee, Board of Directors, and Audit Committee</li> </ul> <p>▶ <b>P.18</b> Independent Director Dialogue</p> <p>▶ <b>P.78</b> Corporate Governance</p>
<b>Geopolitical risks</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Impact on Hitachi's overseas businesses due to global political, economic and social trends</li> </ul>	<ul style="list-style-type: none"> <li>Regularly updating our understanding of global political and economic trends, analyzing the impact on our business, and swiftly implementing countermeasures on a groupwide basis</li> </ul>
<b>Tighter laws and regulations</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Tighter laws and regulations in regard to investment, exports, and customs duties</li> </ul> <p>Example: The effects on business activities from the introduction of new laws and regulations related to the protection of personal data, such as the General Data Protection Regulation (GDPR) in Europe</p>	<ul style="list-style-type: none"> <li>Operating of personal information protection systems in line with Hitachi's personal information protection policy</li> <li>Identifying businesses subject to GDPR, assessing risk, implementing appropriate safety management measures in line with those risks, implementing worker training</li> </ul> <p>▶ <b>P.68</b> Promoting Information Security</p>
<b>Compliance</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Reduced trust and a decline in corporate value as a result of corporate behavior that deviates from social norms and violates laws, including relating to bribery and anti-competitive activities</li> </ul>	<ul style="list-style-type: none"> <li>Implementing groupwide compliance programs and establishing the highest values in the Codes of Conduct</li> <li>Strengthening measures to prevent bribery and violation of competition laws</li> </ul> <p>▶ <b>P.73</b> Compliance</p>
<b>Product quality and responsibility</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Reduced trust and claims for damages due to defects or a deterioration in product and service quality as a result of the increased complexity/sophistication of products or services, or the diversification of production sites or suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the quality assurance system</li> <li>Activities aimed at preventing accidents</li> <li>Activities aimed at ensuring compliance with laws and regulations related to technology</li> <li>Intensive risk assessment</li> <li>Implementing measures to handle product accidents</li> <li>Conducting quality and reliability-related training</li> </ul> <p>▶ <b>P.74</b> Quality Assurance</p>
<b>Climate change/significant disasters</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Impact on business activities due to measures in line with the tightening of international regulations to curb greenhouse gas emissions and the depletion of energy and resources</li> <li>Impact on business activities, from production to sales, due to significant disaster affecting major Hitachi facilities in Japan or overseas</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Expansion in the decarbonization business through offering climate-change-related solutions</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening measures aimed at achieving the CO<sub>2</sub> reduction targets in the Hitachi Environmental Innovation 2050</li> <li>Enacting measures in line with an analysis of Hitachi risks and opportunities based on climate-related scenarios</li> <li>Formulating BCPs to strengthen our ability to respond to business disruption risks</li> </ul> <p>▶ <b>P.71</b> Responsibilities in the Value Chain</p> <p>▶ <b>P.46</b> Environmental Vision and the Decarbonization Business</p> <p>▶ <b>P.76</b> Climate-Related Information Disclosure (based on TCFD recommendations)</p>
<b>Information security</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Computer viruses or other factors adversely impacting information systems</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Expansion in revenue opportunities through increased demand for information security measures</li> </ul>	<ul style="list-style-type: none"> <li>Promoting cybersecurity strategies through risk management and value creation</li> </ul> <p>▶ <b>P.68</b> Promoting Information Security</p> <p>▶ <b>P.54</b> Story of Value Creation in the IT Sector</p>

# Promoting Information Security

## Information Security Policies

Connectivity is increasing as internet of things (IoT) technology develops, giving rise to new value. At the same time, increasingly intricate cyberattacks that previously targeted IT systems are widening their target range to include IoT and operational technology (OT). Managing information security risks is one of the most critical issues for companies that aim to minimize the risk of business disruption caused by factors such as leaks of information or operational stoppages.

Under these conditions, Hitachi is expanding its Social Innovation Business while practicing information security governance from the standpoint that efforts aimed at strengthening cyber security measures are a key management issue in terms of both value creation and risk management.

## Information Security Framework

Previously at Hitachi, Ltd., the CIO<sup>1</sup>, assumed responsibility for, and authority over, the implementation and application of information security and personal privacy protection measures. The CIO was also responsible for the formulation of information tactics in line with management strategies, as well as IT investment policy. However, we appointed a new CISO<sup>2</sup> in October 2017 in an effort to strengthen and consolidate information security governance throughout the Hitachi Group. The CISO promotes information security for all of Hitachi's products and internal facilities. The CISO also serves as chairperson of the Information Security Committee, which determines policies and measures related to information security and informs all Hitachi Group business sites and companies. Subsequently, these policies and measures are implemented in the workplace by information security officers.

<sup>1</sup> CIO: Chief information officer  
<sup>2</sup> CISO: Chief information security officer

## Information Security Management

### Information Security Management

We have established Global Information Security Administration Rules that conform to the international ISO/IEC 27001 standard and are globally promoting an ongoing information security management system to strengthen our information security management. Previously, these relevant policies had been distributed from the parent company in Japan to Group companies worldwide. However, starting in fiscal 2019, we have begun to further augment our security globally by stationing information security experts in the Americas, Europe, Southeast Asia and China.

### Security Monitoring

At Hitachi, the SOC<sup>1</sup> monitors security 24/7, so cyberattacks can be detected and countermeasures initiated right away. The CSIRT<sup>2</sup> collects and develops security-related data and manages response to any security incidents.

<sup>1</sup> SOC: Security Operation Center  
<sup>2</sup> CSIRT: Computer Security Incident Response Team

### Preventing Leaks of Confidential Information

Hitachi, Ltd., pays careful attention to the handling of confidential information to prevent leaks and other related incidents.

Specific measures aimed at preventing information leaks include PC encryption, access control and ID management through the establishment of an authentication infrastructure and the creation of multi-layered (entrance and exit) cyberattack defense measures.

We also review and investigate the information security status of suppliers based on our internal standards.

### Protecting Personal Information

Hitachi, Ltd., has established a personal information protection management system based on its own Personal Information Protection Policy. Furthermore, Hitachi, Ltd. and 42 other Hitachi Group companies\* in Japan have received Privacy Mark accreditation and are working to safeguard personal information.

As shown by the EU's enforcement of the General Data Protection Regulation (GDPR) in May 2018, consumer privacy laws and regulations are evolving on a global basis. Hitachi's GDPR initiatives include identifying which operations are impacted by GDPR, evaluating risks, implementing safety management in response to these risks and providing relevant training to all employees.

\*As of March 31, 2019

### Information Security Audits

Information security audits are independently carried out by the information security chief auditor, who is appointed by the president and CEO of Hitachi, Ltd. Hitachi Group companies in Japan conduct audits in the same way as Hitachi, Ltd., which reviews all results. For Hitachi Group companies outside Japan, we use a "common global self-check" approach. These audits and self-checks are conducted annually at all departments and Group companies.

### Information Security Education

Hitachi holds annual e-learning programs concerning information security and personal information protection for all directors, employees and temporary employees. We also offer varied educational courses on information security with different goals tailored to specific target audiences. In 2012, we began simulation training to educate employees about e-mail phishing and other targeted malicious cyberattacks.

## Fostering a Security Ecosystem aimed at Raising Cyber Security Resilience

### Fostering a Security Ecosystem as a New Security Strategy

Recently, cyberattack techniques are becoming more sophisticated than ever before. Cyberattacks are also increasing in number and their range of targets is steadily expanding. Hitachi has launched a new strategy for responding these threats. This strategy involves the construction of a security ecosystem.

The word “ecosystem” describes a state in which plants, animals and the environments in which they live depend on each other to maintain and preserve their own ecologies. As we applied this way of thinking to security, we came to the conclusion that mutual cooperation between departments, even if their operations do not appear to be related, with the common goal of conducting security activities will ultimately enable the maintenance and expansion of business activities throughout all of our organizations.

### "Connection" [Tsu-Na-Ga-Ru] within the Security Ecosystem

#### 1. Between Things

In Japan, Society 5.0<sup>1</sup> has been established as an ideal future society for which we should all aim. Once attained, this society will create new value and resolve social issues through a variety of connections. To make Society 5.0 and these connections a reality, our environment will become one in which things such as devices and systems connect with each other, as represented by the IoT.

In May 2017, Hitachi was infected by WannaCry ransomware<sup>2</sup>. This infection was the result of testing equipment that was not maintained with an “awareness regarding the necessity of security countermeasures” and had an impact on all Hitachi locations worldwide. Although we had already been applying security countermeasures to internal IT environments, this incident taught us about the additional need for security countermeasures in production and manufacturing areas that had previously been insular.

Under these conditions, Hitachi has launched comprehensive global cybersecurity countermeasures (formulated principles and guidelines specific to each environment, etc.) that will cover all types of environments as a wide range of things develop interconnectivity.

#### 2. Between People and Organizations

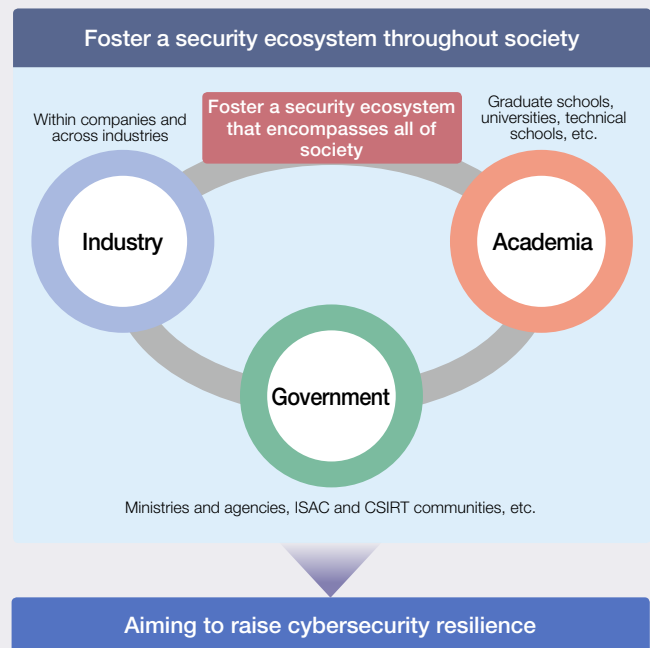
Moving forward, all corporate business units must mutually cooperate to connect things that had previously been separate while also ensuring security. To support this goal, we are regulating adherence to countermeasures and are holding seminars and workshops targeting communication that transcends organizational and positional barriers. These efforts help us promote activities that connect people and organizations by reigniting awareness regarding individual roles and intensifying cooperation between employees working in the same environments.

#### 3. Within Society

These connections will not be confined to Hitachi. We believe in the necessity of forming communities in which industry, academia and government working to promote cybersecurity transcend established frameworks to share important data, such as information regarding threats and issues faced when implementing countermeasures. Accordingly, Hitachi has proactively launched activities aimed at relating society. Examples of these activities include companies and organizations applying the expertise they acquire from the aforementioned communities to their own security management cycles and further expansion of data sharing.

### Aiming to Raise Security Resilience throughout Society

In pursuit of Society 5.0 and to raise cybersecurity resilience<sup>3</sup>, Hitachi will promote to foster a security ecosystem that encompasses society in its entirety, enabling people to live more safely and securely. We will construct this ecosystem through cooperation within the corporate world, as well as collaboration with industry, academia and government.



<sup>1</sup> Society 5.0: According to the Cabinet Office website, Society 5.0 is a society centered on people that simultaneously supports economic development and the resolution of social issues through the high-level merging of cyber space (virtual space) with the real world (real space).

<sup>2</sup> Ransomware: A type of computer virus that places certain limits on computer systems following infection and demands monetary or other compensation in exchange for their removal.

<sup>3</sup> Resilience: The ability of organizations to adapt to complex and changing environments (from JIS Q 22300, an industrial standard released by the Japanese Standards Association).



# Occupational Health and Safety, Employee Health

## Creating Safe and Secure Work Environments

As a corporate group with a globally developing business, we must deal with the management issue of creating healthy, safe and secure work environments at each and every work site. Hitachi believes that its organizational culture, which prioritizes safety, is an important foundation for creating corporate value and is working to establish a global health and safety system.

## Our Basic Policy and Promotion Framework

Ensuring the health and safety of all employees is the basic principle underlining the Hitachi Group Health and Safety Policy, which is shared by all Hitachi Group companies around the world. Employees work together to create safe, secure work environments that aim to be accident-free.

In April 2019, aiming to become an organization whose employees spontaneously promote safety activities with the direct participation of management, Hitachi, Ltd. established the Safety Management Division, which reports directly to the president on matters of safety management. This division will hold an annual Safety Strategy Congress, attended by safety officers from each Group company and representatives from each division. The congress will set budgets and objectives for company-wide safety strategy and review the structural situation of the Hitachi Group's safety management systems, making them an opportunity for top management to share its own commitment to safety as the highest priority.

Furthermore, we hold a monthly "The Safety Strategy Promotion Council", attended by safety department managers from each business unit and Group company. This meeting provides an opportunity for us to examine the promotional frameworks for safety activities and education in each division alongside standards to be shared across the Group.

Since 2012, the Hitachi Group Health and Safety Portal System has allowed every Hitachi Group company in Japan to track the occupational health and safety performance of the entire Hitachi Group. When a work-related accident occurs in Japan, depending on its level, the results of analysis on its causes and examples of countermeasures are registered in the system and shared with the entire Group as part of the knowledge base. Know-how gained in this way is used globally. By analyzing from many angles the detailed information about accidents gathered in the system, similar accidents can be prevented.

## Initiatives for Preventing Work-related Accidents

Based on the policy above, to prevent work-related accidents among our roughly 300,000 Group employees worldwide, we set and apply our own safety standards to be observed at manufacturing sites around the globe, where the risks of work-related accidents are high, as well as advancing health and safety measures tailored to the operations of individual companies. In particular, since the establishment in April 2019 of the Safety Management Division, we have worked to improve our safety measures in terms of both policy, by examining and improving our risk assessment frameworks, and

technology, by using IT and digital technology to prevent accidents.

We had already introduced the Hitachi Group Key Safety Management Designation System, which promotes the improvement of safety measures and reinforcement of safety activities at Hitachi Group companies and business sites that have experienced serious work-related accidents. Under the leadership of top executives, these companies and business sites take on both management-driven and bottom-up initiatives to formulate specific plans, and the progress of these plans is monitored by safety officers, who also lead initiatives to prevent recurrence.

Additionally, because the risk of accident is higher for workers not yet accustomed to their work or environment, employees and temporary workers receive individual health and safety training and on-the-job training before work begins, to help prevent accidents by ensuring that they understand work procedures and dangers. At the same time, on occasions of business restructuring, we share the details of the health and safety management frameworks and initiatives of the organizations to be merged in advance, and, paying all due respect for the safety cultures on both sides, ensure that safety is always preserved during the execution of a smooth business launch.

In Japan, a health and safety commission—composed of business owners, labor union officials, and employees—is convened at each business site every month to discuss and share information related to such issues as work-related accident cause analysis and countermeasures and health and safety activities in light of the situation regarding employees who have taken sick leave.

This initiative allowed us to achieve zero fatal work-related accidents worldwide in 2018, but we have not yet eliminated accidents altogether. Taking an honest view of our present situation, we are continuously striving to improve our safety management system, making use of external consultants to bring in objective, third-party perspectives, improving our ability to determine the cause of accidents, and reviewing our risk assessments.

## Hitachi Group's Global Safety Figures (Occurrence rate<sup>\*)</sup>)

Region	2016	2017	2018
North America	27.65	24.33	27.96
South and Central America	2.33	1.62	0.44
Europe	10.70	10.82	6.08
India	2.07	1.44	1.44
China	1.59	1.53	1.46
Asia (excluding India and China)	5.43	4.41	3.34
Oceania	39.07	24.41	21.94
Africa	17.26	9.93	11.76
Overseas total	7.76	7.42	7.43
Japan	1.57	1.85	1.64
Global total	3.95	4.22	4.20

\* Occurrence rate is the rate of workplace accidents per 1,000 directly contracted employees resulting in fatality or work-time loss of one day or more.

# Value Chain Responsibilities

## Achieving a Sustainable Value Chain

We are deeply involved in social infrastructures in areas where risks can affect society as a whole. We acknowledge our responsibility to minimize the impact of such risks. Also, the global expansion of our value chain means that we come into direct contact with diverse work environments, business customs and practices in a variety of countries and regions. Accordingly, we need to make a conscious effort to conduct business in a manner that respects the human rights of all people involved. Furthermore, we are reinforcing business continuity plans (BCPs) and tightening our information security to ensure a stable supply of our products and services and to prevent threats to our networks that could severely disrupt business operations.

We also recognize that human rights are an important management priority. We work to ensure respect for the human rights of all of our stakeholders, including employees and individuals throughout our supply chain, in all countries and regions in which we conduct business. At the same time, we are quickly implementing and promoting detailed CSR production policies at all Group companies, as we procure products and services from suppliers and partners in a variety of countries and regions around the globe.

## Procurement BCPs Policies and Framework

To minimize heavily impact from disasters, the procurement divisions in business units and key Group companies have created procurement BCPs that (1) standardize and use generic parts to make procurement as flexible as possible; (2) cultivate multiple suppliers; (3) distribute production across several locations; (4) budget inventory strategically; and (5) consider substitute products.

To see whether or not procurement BCPs would be effective, we held desktop exercises to discuss in a group what should be done during and after a disaster, making further improvements as a result.

In fiscal 2018, all major Group business sites with production lines (approximately 210 sites in total) took steps to maintain and strengthen the procurement BCPs they had created by the previous fiscal year, thereby contributing to the continuation of Hitachi's global operations.

## CSR Procurement Policies and Framework

### Creating and Sharing Procurement Policies

We base our procurement activities on the *Hitachi Guidelines for Procurement Activities*, while sharing global supply chain issues within the Group. All Group companies follow these guidelines. The guidelines were created in line with the United Nations Global Compact and include the elimination of discrimination in employment and occupation, the rejection of all forms of child and forced labor, and environmental protection activities. To ensure that the *Hitachi Group CSR Procurement Guidelines'* provisions are strictly followed, we distribute to the approximately 30,000 suppliers of Hitachi business units and Group companies, from whom we request acknowledgment of suppliers' understanding in writing. Tier 1 suppliers are further asked to confirm that tier 2 suppliers also follow the provisions in the guidelines. To procure parts and materials manufactured with reduced environmental impact, so that suppliers help to protect the environment, we led the industry in developing *Green Procurement Guidelines*. These define our basic position on procuring parts and products that do not have a negative impact on the global environment, as well as our requirements of suppliers, so that we can work together to promote green procurement.

## Framework

CSR supply chain management and green procurement policies and initiatives are discussed within Hitachi's Value Chain Integration Division, which is headed by the chief procurement officer (CPO) and reports directly to the president of Hitachi, Ltd. Policies and initiatives adopted after this discussion are shared throughout the Group through the Hitachi Group CSR/BCP Procurement Committee, which includes members from business units and CSR/BCP Procurement Committees at key Group companies.

## Implementation of CSR Monitoring (Self-Checks)

To monitor how well Hitachi's CSR supply chain management philosophy has been adopted by our suppliers, since fiscal 2007 we have asked key suppliers to conduct CSR Monitoring (self-checks) using the *JEITA Supply Chain CSR Deployment Guidebook* and detailed checklists. After collecting and analyzing the results, we provide feedback for the business operations related to the suppliers, and then work with those involved in the operations to resolve issues related to the suppliers. In fiscal 2018 we asked 345 suppliers inside and outside Japan to conduct CSR monitoring (self-checks) and received survey replies from them.

## Implementation of CSR Audits

Since July 2012, Hitachi, Ltd. has been auditing the manufacturing bases of its and Group companies' suppliers in China and the rest of Asia.

In fiscal 2018, we conducted CSR and environment audits of 24 suppliers in China. For these audits, we engaged external evaluators such as the experienced CSR auditing company Intertek Certification.\*

No major infringements were found at the suppliers audited, but some small areas needing improvement were noted. The relevant suppliers were requested to submit improvement action plans, and Hitachi, Ltd., together with Group companies, will work with and advise the suppliers until they complete the planned improvements.

\* Intertek Certification: With a presence in over 100 countries across the globe, the Intertek Group provides a wide array of certification services in every industrial field.



## Human Rights Due Diligence in Procurement

### Basic Policy

Hitachi believes that respecting human rights is our responsibility as a global company and indispensable in conducting business. To this end, in May 2013 we formulated the Hitachi Group Human Rights Policy. In this policy, we clarify our understanding of human rights as being, at a minimum, those outlined in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. This policy shapes Hitachi's approach to meeting the responsibility to respect human rights, including implementing human rights due diligence\* in line with the UN Guiding Principles on Business and Human Rights, providing appropriate education to employees, adhering to laws and regulations in all the regions and countries where we operate, and seeking ways to honor the principles of international human rights when faced with conflicts between internationally recognized human rights standards and national laws.

\* Human rights due diligence: An ongoing process to identify and assess potential and actual human rights negative impacts, take appropriate action to prevent or mitigate potential impacts, track the effectiveness of actions to address impacts and communicating externally.

Hitachi Group Codes of Conduct

<https://www.hitachi.com/about/corporate/conduct/index.html>

Hitachi Group Human Rights Policy

[https://www.hitachi.com/sustainability/renew/pdf/human\\_rights\\_policy.pdf](https://www.hitachi.com/sustainability/renew/pdf/human_rights_policy.pdf)

Starting in fiscal 2015, the Hitachi Group Procurement Division began implementing human rights due diligence based on the Hitachi Group Human Rights Policy. In fiscal 2017, we incorporated the results of human rights due diligence into the revision of our CSR procurement guidelines for suppliers while also thoroughly revising the questions on the check sheet used in supplier CSR monitoring (self-checks), to better grasp the issues.

### Addressing the Risks of Child and Forced Labor

The Hitachi Group Codes of Conduct clearly express Hitachi's firm stance against the use of child labor or forced labor along our supply chain. Hitachi's CSR procurement guidelines for suppliers also clearly forbid the use of child labor or forced labor, as part of our efforts to raise awareness all along the supply chain.

In fiscal 2018 we assessed the risks of forced labor at about 100 offices of Hitachi Group companies located in seven Southeast Asian countries (Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam). The assessment was conducted with the cooperation of Verité Southeast Asia (VSEA), an internationally active nonprofit organization, using a checklist for suppliers revised in fiscal 2017 based on the Responsible Business Alliance (RBA) Code of Conduct, formerly the Electronic Industry Citizenship Coalition (EICC).

## Response to the Conflict Minerals Issue

Hitachi released a Conflict Minerals Procurement Policy in September 2013. Our *Request to Our Suppliers*, based on this policy, is published on our website as a clear statement of our position.

Based on these policies, each Hitachi business unit and Group company investigate its use of conflict minerals and reports the results to customers when requested.

Hitachi Group Conflict Minerals Procurement Policy:

<https://www.hitachi.com/procurement/csr/csr/index.html>

# Compliance

## Thorough Compliance

As the economy becomes more global and corporate activities become more borderless, business activities spanning across countries and regions with different administrative and economic systems, trading practices and values are picking up. Globally shared initiatives and guidance are increasingly important in terms of conducting proper international business and preparing for all types of risks that could potentially hinder business activities.

Hitachi promotes business globalization in accordance with "Basics and Ethics," and has established its own set of rules concerning important business practices, such as preventing bribery, ensuring fair competition and establishing tax compliance, that are compliant with widely recognized and approved international standards. We are also working to ensure thorough awareness and practice of these rules throughout the entire Group. We will respond appropriately to the demands of society while reviewing and updating these rules as needed based on an awareness that required corporate behavior and interpretations of standards and regulations continue to evolve due to ongoing global discussion concerning compliance.

## Our Basic Policy and Promotion System

We established the Hitachi Group Codes of Conduct as a standard of behavior for the entire Group and have translated them from Japanese into 13 different languages, including English and Chinese, sharing them with employees throughout the world. Hitachi also works to foster a sound corporate culture in terms of awareness of corporate ethics and compliance and conducts related employee surveys throughout the Group annually.

In 2016, Hitachi reconstituted its rules and guidelines related to matters such as compliance with competition law and the prevention of transactions with antisocial groups, corruption and bribery, repackaging them into the Hitachi Global Compliance Program (HGCP), a system of regulations falling under the Hitachi Group Codes of Conduct. We are seamlessly implementing these rules at all business sites within Japan.

## Strengthening Our Global Compliance Framework

To implement the HGCP, we have appointed a senior executive as the head of risk management for the entire Hitachi Group, to supervise management-level risk management executives from business units and key Group companies. Under this system, policies and measures are shared through the Compliance Management Conference, composed of these risk management executives. Each executive is assisted by a compliance manager who implements practical support measures.

We also support Group companies outside Japan and have appointed compliance heads in 11 regions, responsible for implementing education and sharing information as well as arranging consultation services with outside attorneys.

Issues in the promotion of compliance measures are clarified through individual dialogue with business units and key Group companies, while the internal audit section regularly conducts Group-wide reviews to verify that each area of compliance is being appropriately operated. In cases where these reviews identify necessary improvements, corrective measures are swiftly implemented.

Hitachi, Ltd. also convenes an Advisory Committee of outside experts to gain new insights into compliance and apply them proactively in its own efforts.

## Compliance Reporting System

Hitachi, Ltd. has instituted a Compliance Reporting System allowing reports to be made to the compliance section or directly to external lawyers to prevent illegal and unethical behavior, to promptly address infractions, and to enhance our ability to self-regulate. This system can be used not only by employees within the Hitachi Group but also by temporary staff and business partners, such as suppliers and distributors. In fiscal 2018, we received 462 reports from all Group companies in Japan and around the world. In addition, we have implemented the Channel to the Board of Directors system to allow all Hitachi, Ltd. employees to directly report problems anonymously or under their real names to Hitachi directors in cases where they see any illegality or extreme inappropriateness in business conduct by division heads, executive officers, or other management personnel.

## Response to Technical Intern Training Program Issues

In 2018, the Organization for Technical Intern Training conducted on-site inspections at Hitachi, Ltd. and 10 Group companies. These inspections identified violations of the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees, and the relevant companies were provided with recommendations for improvement regarding intern training. Additionally, in September 2019, Hitachi, Ltd. received an order for improvement from Immigration Services Agency of Japan and Ministry of Health, Labour and Welfare, regarding the construction of its systems for carrying out proper technical intern training according to authorized plans. Companies that received recommendations or orders for improvement have already taken corrective measures. We have taken strict measures to ensure that no further violations will take place throughout the entire Group, such as constructing Group-wide policies, guidelines, and check systems for technical intern training, and we continue to strive to carry out appropriate technical intern training in accordance with relevant laws and the aims of the Technical Intern Training Program.

## Primary Initiatives

### Policies for Preventing Bribery and Corrupt Practices

Preventing bribery and corrupt practices is a big challenge for a company today. In 2008 Hitachi established rules against bribery and corruption for the HGCP along with guidelines indicating specific spending thresholds for entertainment, gifts, and other arrangements provided to public officials. We have striven to ensure strict compliance with these rules. In 2016 we introduced a policy banning facilitation payments, which had not been explicitly regulated, along with revisions including clarification of due diligence procedures for business partners.

### Preventing Violations of Competition Law

Hitachi engages in business based on the principles of conformance with the law and business ethics and fair and open competition, while at the same time ensuring that we comply with the HGCP's rules concerning competition law and other related business standards and guidelines. In 2017, to enhance awareness of ethical principles and practices globally, we created a global version of our standards regarding contact with competitors based on the standards originally prepared for use in Japan. We have been providing a collection of case studies for workplace discussion to Group companies since 2012, and in 2018 we added case studies about competition law in three languages, Japanese, English, and Chinese, to raise employee awareness.

Eliminating violations of competition laws is among our top priorities for regaining trust, and so Hitachi will continue its efforts to prevent the recurrence of any such incident.

### Tax Compliance Initiatives

To ensure risk management for taxation in response to globalization, Hitachi follows relevant tax-related regulations applicable to the Group as a whole as well as rules for transfer pricing management. We also manage transfer pricing in accordance with the OECD Transfer Pricing Guidelines and the laws and regulations on transfer pricing in each country or region where Group companies are located.

### Violations of Laws and Regulations

In fiscal 2018, there were no incidents in which Hitachi violated or was penalized under laws or regulations regarding bribery or corrupt practices and competition.

# Quality Assurance

## Thorough Implementation of Quality Assurance

Providing products and services that our customers can use with confidence, along with meeting the requirements and quality standards of our customers in order to achieve this, are important values shared by all our employees and codified in the Hitachi Group Codes of Conduct. To ensure that quality and reliability are maintained, we are strengthening our quality assurance activities from the perspectives of organization and management, technology, and human resources in every process—from planning and development to design, manufacturing, delivery, and maintenance.

## Quality Assurance Initiatives

Maintaining the values of “Harmony”, “Sincerity”, and “Pioneering Spirit” that comprise the Hitachi Founding Spirit, as well as adhering to “Basics and Ethics” and “Putting Right and Wrong before Profits and Losses”, we place great emphasis on “Sincerity” in quality assurance activities as part of earning trust in our products.

One integral aspect of this is our unique and longstanding practice of *ochibo hiroi* which means “gleaning” in English and involves learning from failure to further develop our technologies. When an incident occurs, our executive officers take the lead in examining things from the customer's perspective, not only investigating the technical causes

but also thoroughly discussing the process, framework, and motivating factors leading up to occurrence, along with ways to prevent reoccurrence, in order to improve our product reliability and customer satisfaction.

### Framework for Quality Assurance

To ensure full control over quality governance, we have separated the quality assurance division from the manufacturing division in every business unit (BU) and Group company, creating a framework for activity in which our customers' safety and trust are the top priorities. Since fiscal 2018, in order to strengthen this framework further, we

have reinforced the report lines from BU and Group company quality assurance divisions to the quality assurance division at our head office, independent from all business divisions, establishing systems for close information sharing between the two. We have also strengthened governance by giving greater authority to the quality assurance division at our head office.

#### **Accident Prevention Activities**

Under our approach of making prevention the duty of quality assurance, we are working beyond recurrence prevention and striving towards preventing accidents from occurring in the first place.

Closely following the changes in a range of business activities, we anticipate quality issues on the horizon across the entire Group and plan our quality activities accordingly.

As a part of these activities, we aim to increase trust in our embedded software even further by bringing the software development capabilities and expertise in strengthening trust of our solutions divisions to our product divisions (embedded software development divisions).

Furthermore, we are promoting the digitalization of test and inspection data and working to construct processes for acquiring, assessing and reporting on this data without manual intervention.

#### **Complying with Technical Laws**

We have created guidelines for assessment of technical laws and quality assurance systems, sharing them throughout the Group. The guidelines include information on the two themes of (1) clarifying product-specific laws (the product-specific laws map) and (2) regulatory compliance activities and continuous improvement of processes, based on our product compliance management system.

#### **Thorough Risk Assessment**

We conduct product safety risk assessment as well as testing worst-case scenarios—for example, deliberately setting a fire inside a consumer appliance to confirm that the fire will not spread outside it.

#### **Handling Product Accidents**

When a product accident occurs, the division responsible acts swiftly to resolve the problem and ensure absolute safety from the customer's perspective. For an especially severe accident, we report to government agencies in line with legal requirements and publish the incident information on our website and through other channels. At the same time, we promptly submit a status report to top management, ensuring fast and appropriate action at all companies across the Group.

When we determine that retroactive action is necessary, we notify customers via newspaper advertising and websites in order to carry out the necessary repair or replacement program.

#### **Quality and Reliability Education**

We conduct field-specific technical lectures for engineers engaged in *monozukuri* craftsmanship at a range of levels from beginner to expert.

Each business unit also conducts specialized technical courses regarding manufacturing, quality assurance, and maintenance at their quality assurance training centers.

#### **Global Quality Assurance Personnel Training in Asia**

We undertake personnel training as part of maintaining Hitachi's global quality standards. In China and Thailand, where many of the Group's manufacturing sites are concentrated, we organize educational seminars aimed at improving our quality management technology. We also host conferences for quality assurance managers to raise quality awareness regarding Hitachi's *monozukuri* craftsmanship, and to share information and best practices.

# Climate-Related Information Disclosure (based on TCFD)

In June 2018, Hitachi announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD, established by the Financial Stability Board (FSB), published its final report on information disclosure in June 2017 noting that investors needed more clarity in corporate disclosures on climate-related risks and opportunities and governance measures. The following contains key climate-related information in line with the TCFD's recommendations.

## Governance

Hitachi sees climate change and other environmental issues as important management issues. In September 2016, after discussions at the Board of Directors, we established and announced long-term environmental targets called Hitachi Environmental Innovation 2050 containing CO<sub>2</sub> reduction targets for 2030 and 2050 that are in line with our Environmental Vision defining the goals of environmental management from a broader perspective.

In April 2017, we established the Executive Sustainability Committee, chaired by the president and CEO and staffed by other top executives, as the highest-ranking body to discuss and reach decisions on the Group's sustainability strategy in accordance with our management and business strategies. Members meet twice a year to discuss material environment-related policies and measures, including those in response to climate change, to share progress reports and achievements, and to set the course for further improvements and new initiatives.

We have adopted a committee system to separate the responsibilities for management oversight from the execution of business operations. Under this system, the Audit Committee of independent directors conducts an audit of sustainability-related operations once a year. Reports on climate-related material issues are made to the committee by Hitachi executive officers.

## Strategy

Wishing to fulfill our responsibilities as a global company in achieving a low-carbon society and taking note of the total CO<sub>2</sub> reductions required globally, we have set in our long-term environmental targets called Hitachi Environmental Innovation 2050 CO<sub>2</sub> reduction targets for the entire value chain of 50% by fiscal 2030 and 80% by fiscal 2050, compared to fiscal 2010.

Our 2021 Mid-term Management Plan, meanwhile, calls for reducing CO<sub>2</sub> emissions throughout the value chain by more than 20% by fiscal 2021, compared to fiscal 2010.

## Climate-Related Risks and Opportunities

As for climate-related risks, we have followed TCFD classification in considering (1) risks related to the transition to a low-carbon economy in the 2°C scenario and (2) risks related to the physical impacts of climate change in the 4°C scenario, which assumes that efforts to reduce global CO<sub>2</sub> emissions have failed. Risks are categorized into short term (over the next three years from fiscal 2019 to 2021),

medium term (through fiscal 2030), and long term (through fiscal 2050), according to when the risks may materialize.

(1) Risks related to the transition to a low-carbon economy (mainly 2°C scenario)			
Category	Major risks	Time span	Main initiatives
Policy and legal	Increased business costs from the introduction of carbon taxes, fuel/energy consumption taxes, emissions trading systems, and other measures	Short to long term	Avoid or mitigate increases in business costs, such as from carbon taxes, by further enhancing production and transport efficiency and promoting the use of non- or low-carbon energy sources
Technology	Loss of sales opportunities due to delays in technology development for products and services	Medium to long term	Contribute to reducing CO <sub>2</sub> emissions by developing and marketing innovative products and services that lead to the achievement of long-term environmental targets and expanding the decarbonization business

(2) Risks related to the physical impacts of climate change (4°C scenario)			
Category	Major risks	Time span	Main initiatives
Acute and chronic	Climate-related risks to business continuity, including increased severity of typhoons, floods, and droughts (acute risks) as well as rising sea level and chronic heat waves (chronic risks)	Short to long term	Take into account the possibility of flood damage when deciding on the location or equipment layout of a new plant. Measures tailored to the water risks of each manufacturing site will be strengthened in the future based on the results of a water risk assessment now being conducted.

CO<sub>2</sub> emissions during the use of our products and services by our customers account for 90% of total emissions in our value chain. This represents a business opportunity for us in the short, medium, and long-term, since developing and providing products and services that emit zero or very little CO<sub>2</sub> during their use can satisfy customer needs and also help address social issues.

Climate-related opportunities		
Category	Major opportunities	Main initiatives
Products/services and markets	Increased market value and revenue from expanded sales of products and services with innovative technology that can contribute to the mitigation and adaptation of climate change	Expand the decarbonization business, develop and market products and services that contribute to a low-carbon society, and promote the development of innovative devices and materials that contribute to reducing the environmental burden



# recommendations)

## Responding to the Business Risks and Opportunities of Climate Scenarios

We are examining the impact of the 2°C and 4°C scenarios for five businesses that have a relatively high likelihood of being affected by climate change.

### Strategies for 2°C/4°C Scenarios Based on TCFD Recommendations (abridged)

Target businesses	Railway systems	Automotive systems	Water systems	Power generation and power grids	IT systems
Responses to future business risks and opportunities	Continue to strengthen the railway business, as global demand for railways will increase under either scenario	Enhance response to new markets, such as for electric vehicles, under the 2°C scenario, and also to existing technologies like internal combustion engines under the 4°C scenario	Strengthen provision of seawater desalination facilities and other water generation systems in response to increased water demand from global economic growth, urbanization, and population growth under either scenario	Continue to enhance responses to relevant markets in view of expected higher demand for non-fossil energy under either scenario	Continue to develop innovative digital technologies and enhance digital service solutions that generate new value in view of expected market expansion under either scenario

Our Social Innovation Business contributes to improving people’s quality of life and enhancing the value of our business customers. Utilizing our strengths in OT and IT as well as in energy technologies, we seek to help users of our products and services to reduce their CO<sub>2</sub> emissions. Because we pay close attention to market trends and develop our business flexibly and strategically, we believe we have high climate resilience in the medium to long term under either the 2°C or 4°C scenario.

Sustainability Report since fiscal 2013.

Total CO<sub>2</sub> emissions can fluctuate greatly due to the restructuring of our operations, but given the nature of our business, some 90% of our emissions come from the use of sold products in Scope 3. Among our products and services featuring equivalent value, therefore, we give priority to providing customers and society with those that emit less CO<sub>2</sub>. At the same time, we will seek to further reduce CO<sub>2</sub> emissions during production.

## Risk Management

The Hitachi Group is engaged in many different businesses, with each having its own set of risks and opportunities. The impact of those pertaining to climate change is evaluated for each business unit and Group company in accordance with the Environmental Action Plan, updated every three years. The results are tabulated by the Sustainability Promotion Division of Hitachi, Ltd., and their importance is checked at Sustainability Promotion Meetings. Those risks and opportunities perceived as being particularly important for the Group as a whole are deliberated by the Executive Sustainability Committee, chaired by the president and CEO of Hitachi, Ltd.

## Metrics and Targets

Our environmental activities are managed through the Environmental Action Plan, for which the indicators and targets are updated every three years, including those to measure and manage climate-related risks and opportunities.

The 2021 Mid-term Management Plan cites a reduction target of at least 20% for CO<sub>2</sub> emissions across our value chain by fiscal 2021 compared to fiscal 2010. To achieve this goal, targets for each business unit and Group company were established in line with the 2021 Environmental Action Plan, and progress is being monitored on a Group wide basis. Total greenhouse gas emissions (Scope 1, Scope 2, and Scope 3) across the value chain are calculated based on GHG Protocol standards and have been published in the Hitachi

This section on “Climate-Related Information Disclosure (based on TCFD recommendations)” has been abridged due to space considerations. For a full discussion of our initiatives, refer to the Hitachi Sustainability Report 2019.

<https://www.hitachi.com/sustainability/download/index.html>

# Corporate Governance

Hitachi is a company with nominating committee, etc. under the Companies Act of Japan. In June 2003, we changed our organizational design, separating the oversight of management from execution of management. By demarcating responsibilities for management oversight and those for the execution of business operations, Hitachi is working to create a framework for nimble operations, while making management highly transparent.

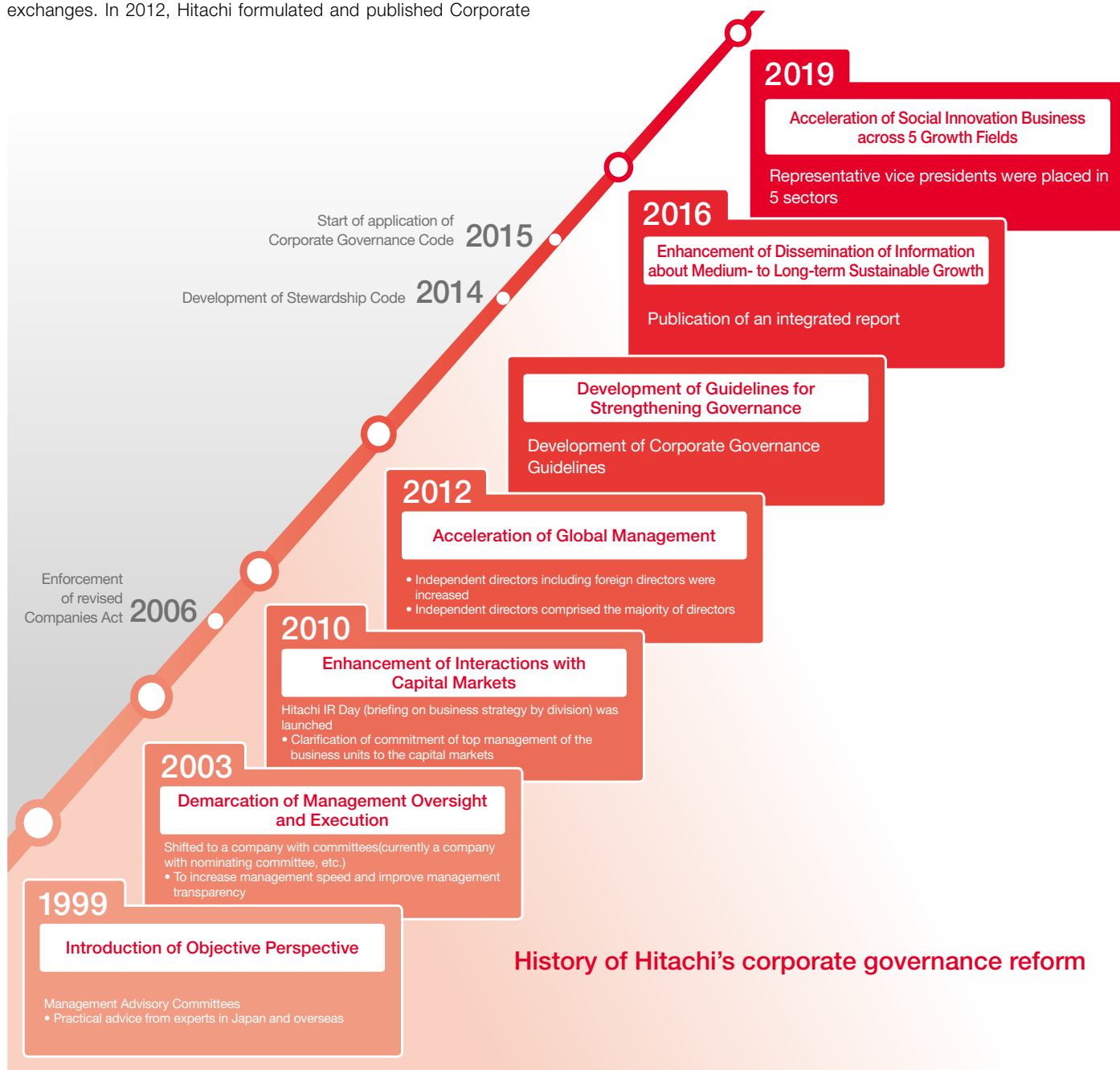
In June 2012, we ensured that 7 of the 13 members of our Board of Directors were independent directors\*, and that some of these independent directors were non-Japanese. These changes will help us to establish management that reflects diverse global perspectives and strengthen our supervisory functions.

Starting in June 2015, Corporate Governance Code of Japan (the "Code") was applied to companies listed on Japanese stock exchanges. In 2012, Hitachi formulated and published Corporate

Governance Guidelines as a set of enhancing principles and as a framework for corporate governance that includes criteria for determining the roles and composition of the Board of Directors, director appropriateness and the independence of independent directors.

Hitachi agrees with the basic approach of the Code, which is that the Code's appropriate implementation will contribute to the development and success of companies, investors and the Japanese economy as a whole through individual companies' self-motivated actions, so as to achieve sustainable growth and increase corporate value over the medium- to long-term. Moving forward, Hitachi will work to further strengthen corporate governance.

\* The "Independent Directors" are the directors who fulfill the qualification requirements to be outside directors as provided for the Companies Act of Japan and also meet the independence criteria defined by the Company and those provided by Japanese stock exchanges where the Company is listed.



## Implementing All of the Principles of the Corporate Governance Code

We are implementing all of the principles of the Corporate Governance Code.

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

The Company evaluates the effectiveness of its Board of Directors as a whole each year, in a continuous effort to maintain and improve its functions.

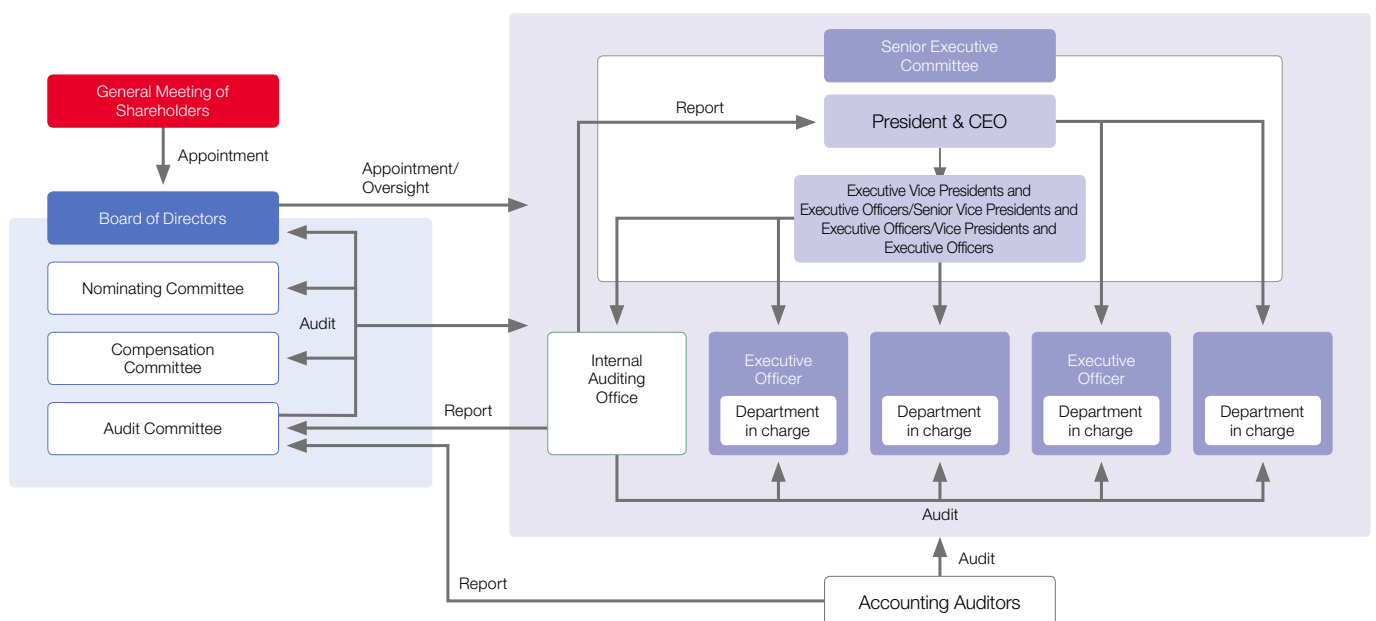
### Fiscal 2018 Evaluation Process

1. Questionnaire-based self-assessment for each director (February–March 2019)	<p>Points of evaluation</p> <ul style="list-style-type: none"> <li>• Composition of Board of Directors: Member diversity, numbers and ratios of independent directors and inside directors, etc.</li> <li>• Operation of Board of Directors: Meeting frequency, discussion time, proposal selection, role of chairperson, etc.</li> <li>• Contribution: Contribution to management strategy formulation and other matters, member demonstration of experience and knowledge, etc.</li> <li>• Status of committee activities: Composition, responsibilities and roles, collaboration with Board of Directors, etc.</li> <li>• Operation supporting system: delivery of information e.g., provision of documents for the Board</li> </ul>
2. Discussions held by independent directors (March 2019)	<ul style="list-style-type: none"> <li>• Independent directors held an exclusive meeting to discuss the effectiveness of the Board of Directors.</li> </ul>
3. Discussion and review within the Board of Directors (May 2019)	<ul style="list-style-type: none"> <li>• The Board of Directors holds a discussion based on the results of the questionnaire-based self-assessment and discussions conducted in the exclusive meeting attended by independent directors, comparing these results to those of the previous year and considering the statuses of related initiatives. Through this discussion the Board of Directors analyzes and evaluates its overall effectiveness and identifies policies through which it can increase this effectiveness.</li> </ul>

### Evaluation Results and Future Initiatives

Overall evaluation in fiscal 2018	
Overall evaluation in fiscal 2018	Fiscal 2018 evaluations determined that membership in our Board of Directors was sufficiently diverse. They also indicated the Board of Directors' overall effectiveness was satisfactory due in part to its active discussions aimed at medium- to long-term growth in corporate value. Each director was found to have contributed his or her own knowledge to these discussions, which were primarily focused on points related to management strategy, including the Mid-term Management Plan.
Future initiatives	
Maintenance and improvement of Board of Director functions	<ul style="list-style-type: none"> <li>• Determine the Company's medium- to long-term strategic direction and further contribute to the formulation of business strategies</li> <li>• Raise contribution to CEO succession planning</li> <li>• Conduct thorough and continuous monitoring of important matters</li> </ul>
Enhancement of support to operation of the Board of Director	<ul style="list-style-type: none"> <li>• Continue to create opportunities to share information, including independent directors visit to Group locations</li> <li>• Apply ingenuity to improve the design and content of documents and work to consistently provide them in advance</li> </ul>

## Corporate Governance Framework



# Corporate Governance

## Board of Directors

### Summary

- Independent directors comprise 8 of the 11 Board members.
- Each of the Nominating, Audit, and Compensation Committees has been established with independent directors in the majority.
- Independent directors have extensive experience and insight in international business management and administration serve to strengthen the Board's supervisory function.

The Board of Directors approves basic management policy for Hitachi Group and supervises the execution of the duties of executive officers and directors in order to sustainably enhance corporate value and shareholders' common interests. The basic management policy includes the Mid-term Management Plan and annual budget compilation. The Board of Directors focuses on strategic issues related to the basic management policy as well as other items to be resolved that are provided in laws, regulations, the Articles of Incorporation, and Board of Directors Regulations. The Board of Directors was made up of 11 directors, 2 of whom concurrently serve as executive officers. Hitachi aims to reinforce the oversight function of the Board of Directors, of which 8 independent directors, including non-Japanese, account for the majority, reflecting their global and diverse viewpoints. The term of office for directors is 1 year.

Within the Board of Directors, there are 3 statutory committees—the Nominating Committee, the Audit Committee, and the Compensation Committee—with independent directors accounting for the majority of members of each committee. The Board of Directors meetings were held on 12 days during the fiscal year ended March 31, 2019, and the attendance rate of directors at these meetings was 96%. The attendance rates for each independent director were as shown in the table on the right. To assist with the duties of the Board of Directors and each committee, staff who are not subject to orders and instructions from executive officers are assigned.

### (1) Nominating Committee

The Nominating Committee has the authority to determine proposals submitted to the general meeting of shareholders for the election and dismissal of directors. The Nominating Committee consists of 4 directors, 3 of whom are independent directors. The Nominating Committee meetings were held on 9 days during the fiscal year ended March 31, 2019.

### (2) Audit Committee

The Audit Committee has the authority to audit the execution of duties of directors and executive officers and to decide on proposals submitted to the general meeting of shareholders for the election and dismissal of accounting auditors. The Audit Committee consists of 5 directors, including 4 independent directors and 1 standing Audit Committee member. The Audit Committee meetings were held on 17 days during the fiscal year ended March 31, 2019.

### (3) Compensation Committee

The Compensation Committee has the authority to determine remuneration policies for directors and executive officers and remuneration for individuals (including amounts of remuneration) based on them. The Compensation Committee consists of 4 directors, 3 of whom are independent directors. The Compensation Committee meetings were held on 6 days during the fiscal year ended March 31, 2019.

The Board of Directors continuously supervises succession planning for the CEO. The CEO is appointed or dismissed in line with the proposal of the Nominating Committee in consideration of the matters: 1) that the candidate has the highest personal and professional ethics, integrity, insight, and leadership, and 2) that the candidate is believed to be the one most qualified to realize sustainable enhancement of the Company's corporate value and shareholders' common interests, with rich experience and a distinguished record in the area of corporate management.

Furthermore, Hitachi formulated and published Corporate Governance Guidelines outlining the framework of corporate governance, such as the function and composition of the Board of Directors, qualifications for directors, criteria for assessing the independence of independent directors, and rules on those serving concurrently as officers at other companies.

Corporate Governance Guidelines of Hitachi, Ltd.

<https://www.hitachi.com/IR-e/corporate/governance/guidelines.html>

### Attendance at meetings of the Board of Directors by independent directors in the fiscal year ended March 31, 2019

Name	Attendance / Number of days on which the meetings were held*			
	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee
Katsumi Ihara	100%	—	100%	100%
Cynthia Carroll	100%	100%	—	—
Joe Harlan	100%	—	—	—
George Buckley	100%	—	—	—
Louise Pentland	100%	—	—	—
Harufumi Mochizuki	◎100%	◎100%	100%	◎100%
Takatoshi Yamamoto	100%	—	100%	100%
Hiroaki Yoshihara	92%	100%	◎100%	—

\* Number of days during term of office during which Board of Director meetings were held: 12 (9 in the cases of Mr. Ihara and Harlan)

Number of days during term of office on which Nominating Committee meetings were held: 9 (7 in the case of Mr. Yoshihara)

Number of days during term of office on which Audit Committee meetings were held: 17 (11 in the case of Mr. Ihara)

Number of days during term of office on which Compensation Committee meetings were held: 6 (5 in the case of Mr. Ihara)

◎ Indicates role as board or committee chairperson

## Executive Officers

Executive officers decide on matters delegated to them by the Board of Directors and execute Hitachi's business affairs within the scope of assignments determined by the Board of Directors. As of the end of June, 2019, Hitachi has 39 executive officers.

## Senior Executive Committee

The Senior Executive Committee is a council to ensure that the President deliberately decides on important managerial matters, which may affect the business of Hitachi or the Hitachi Group, through discussion from diverse viewpoints. This committee consists of 12 members as of the end of June, 2019: the President & CEO, 6 Executive Vice President and Executive Officers, 4 Senior Vice President and Executive Officers, and 1 Vice President and Executive Officer.

## Director and Executive Officer Compensation

### Basic Policy

- Compensation shall be such that it enables the Company to attract necessary personnel to achieve an improvement in corporate value through global business growth.
- Compensation shall be commensurate with roles and responsibilities of each Directors and Executive Officers.
- Compensation for Directors shall be such that it enables them to exercise functions of supervision of management effectively.
- Compensation for Executive Officers shall be such that it enables them to contribute to sustained improvement in corporate value through the execution of business and employs an appropriate balance between short-term performance and medium- and long-term performance.
- The level of compensation shall be determined taking into account compensation levels at other companies as well as economic and market trends.
- The Compensation Committee utilizes external experts to gain expert advice and an objective viewpoint, if necessary, for considering the details and amounts of compensation.

## Compensation Structure

### (1) Directors

Compensation for Directors is basic remuneration as fixed pay. The amount of basic remuneration is decided by adjusting a basic amount to reflect full-time or part-time status, committee membership and position, and travel from place of residence, etc. 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 remuneration as fixed pay, and short-term incentive compensation and medium- and long-term incentive compensation as variable pay. The basic amount of each type of compensations is set based on the ratio of 1:1:1 as the standard from compensation for the fiscal 2019, taking into account the composition of executive compensation for major global companies, in order to improve corporate value through the growth of global businesses. The higher position of Executive Officers holds, the higher proportion of variable pay is set to the total annual compensation.

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

Please refer to Compensation to Directors and Executive Officers on P.75-80 of Annual Securities Report.  
[https://www.hitachi.com/IR-e/library/stock/hit\\_sr\\_fy2018\\_4\\_en.pdf](https://www.hitachi.com/IR-e/library/stock/hit_sr_fy2018_4_en.pdf)

## Compensation to Executive Officers (FY2019)

Total remuneration				
Fixed pay (Basic remuneration)	Variable pay			
	Short-term incentive compensation		Medium- and Long-term incentive compensation	
	Individual target-linked component	Performance-linked component		The shares of restricted stock
Company performance		Division performance		
Set according to the relevant position by adjusting that amount to reflect financial results and individual performance.	Varies according to the evaluation of the level of achievement of individual target for each Executive Officer determined based on his/her responsibility.	Evaluated referring to consolidated revenues, adjusted operating income, EBIT, and net income attributable to Hitachi, Ltd. stockholders in order to measure the level of achievement of consolidated financial forecasts disclosed to stakeholders, including shareholders and investors.	Evaluated referring to adjusted operating income and operating cash flows for each division, among other indicators, to measure the level of achievement of targets under the Midterm Management Plan and the annual budgets for divisions.	<p>The shares of restricted stock are granted in order to propel management from a medium- and longterm perspective and to provide incentives to bring about a sustainable increase in enterprise value by further promoting senior management's shared values with shareholders through the holding of shares during their term of office.</p> <p>· The restriction on transfer shall be lifted if executive officers resign from all of the positions of the Company's executive officer, director, and corporate officer.</p> <p>· With regard to one-half of granted shares of restricted stock, the number of shares whose transfer restriction is lifted shall be determined after ex-post evaluation in which the total shareholder return of Hitachi stock is compared to growth rate of TOPIX. Lifting of transfer restrictions shall apply to all granted shares if the TSR/TOPIX Growth Rate Ratio is 120% or more. Lifting of transfer restrictions shall apply to part of granted shares if the TSR/TOPIX Growth Rate Ratio is between 80% or more but less than 120% (*). Transfer restrictions shall not be lifted for any shares if the TSR/TOPIX Growth Rate Ratio is less than 80%. Shares whose transfer restrictions are not lifted shall be acquired by the Company without consideration.</p> <p>* Number of shares whose transfer restrictions are lifted            = Number of granted shares × ((TSR/TOPIX Growth Rate Ratio × 1.25) - 0.5)</p>



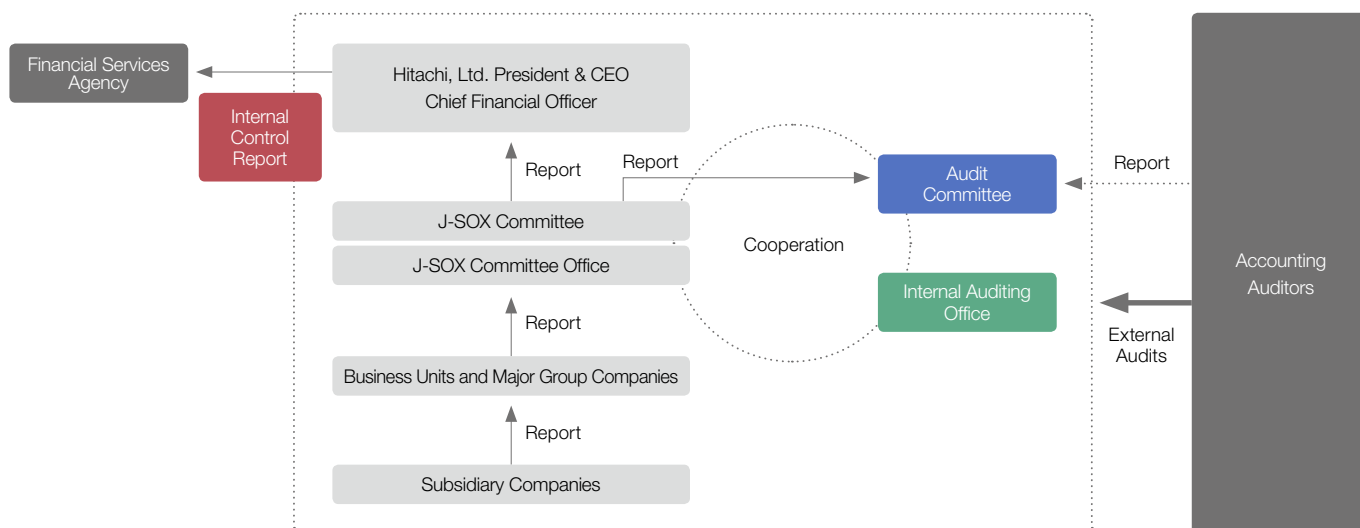
# Corporate Governance

## Internal Control over Financial Reporting

To ensure the reliability of its consolidated financial reporting, the Hitachi Group is establishing and implementing relevant internal controls. We evaluate their effectiveness by adhering to standards for the evaluation of internal controls related to financial reporting that are generally accepted as fair and reasonable.

Furthermore, we have established the J-SOX Committee with the goal of raising the effectiveness of these internal controls. This committee evaluates internal control effectiveness and establishes frameworks designed to improve and strengthen them.

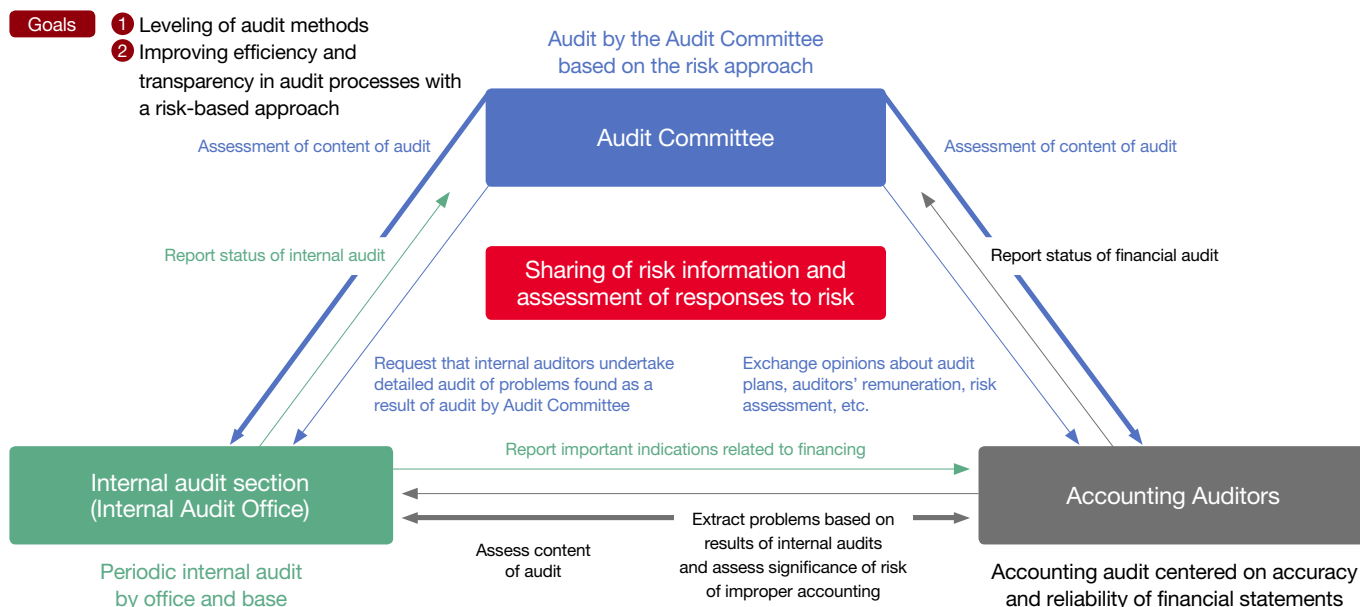
### Internal Control Assessment Framework



## Enhanced Collaboration through Tripartite Audits

In pursuit of sustainable growth in corporate value, Hitachi's Audit Committee and internal audit section collaborate with third-party accounting auditors to strengthen its "tripartite auditing," which aims to increase the effectiveness of internal controls. Our Audit Committee takes the lead in this regard, as the three parties communicate closely to share risk information and assessments concerning risk response while securing transparency and ensuring appropriate checks and balances.

### Improving Internal Control through a "Tripartite Audit" Function



## Building a More Effective and Efficient Auditing System

Our Audit Committee formulates audit plans in accordance with its risk-based approaches and conducts audits for each consolidated business unit. Audit Committee members meet directly with business unit heads before the internal audit section's audits are carried out. Then, these members inform the internal audit section about concerns and issues related to the implementation of business strategies aimed at achieving sustainable growth that require attention. At this time, Hitachi also verifies matters that carry high levels of risk in terms of quality, measuring these risks through employee awareness surveys and thorough implementation of business strategies.

Hitachi's internal audit section performs regular internal audits at each business site and location. This section reports directly to the CEO and is independent from organizations that are subject to its audits. The internal audit section also formulates audit plans based on past audit records and the most recent business circumstances. Additionally, this section performs audits upon receiving direction from the Audit Committee, ensuring their effectiveness.

The internal audit section at Hitachi is responsible for confirming the legality and appropriateness of all business operations, including those related to accounting, production management, sales, purchasing, IT systems, compliance and personnel labor. Furthermore, employees are well versed in the ideas and policies of our management and, acting on behalf of our management team, confirm whether operations are being carried out based on these ideas and policies and if business strategies are being implemented in a way that will efficiently lead to sustainable growth.

To further raise audit effectiveness, we implemented a "executive auditor" system in each of our 5 growth sectors (IT, Energy, Industry, Mobility, Smart Life) in April 2019. We also established internal control systems which are headed by executive auditors who report to the vice presidents who manage each sector. Although these executive auditors do not act as legal agents under the Companies Act, they still assume responsibility for governance in each sector. They also function as a reporting line for statutory auditors at Hitachi subsidiaries who are legal agents under the Companies Act and are working to improve the efficiency of our internal control systems.

When conducting business audits, we use IT systems to expeditiously search for reference information contained within materials submitted prior to audit in an attempt to improve efficiency. We are currently building a system that will allow our internal audit section to share information with professional accounting auditors using the Lumada platform's data lake and expect it to be complete sometime in fiscal 2020. When reading audit reports submitted by the internal audit section, our CEO must be able to quickly understand the issues identified by these reports and make prompt judgments concerning whether immediate action is required. In the future, our internal audit section will continue to maintain its transparency and independence while working to improve audit efficiency as one member of our tripartite audit system.

Our accounting auditors perform audits that focus on the accuracy and reliability of our financial statements. First, they adopt a risk-based

approach in response to the Group's overall financial status. Applying this approach, they then determine the scope and methods of the audit, formulate an audit plan and share opinions with the Audit Committee. Next, based on the audit plan, they perform audits on each of the 5 growth sectors and the business units that comprise them, enabling effective and efficient understanding of data related to Hitachi's finance department and each of its business segments. If, during the auditing process, our accounting auditors discover a degree of risk that could impact future financial statements significantly or issues that, even if monetarily small, could have a large qualitative effect, they share related information regarding these risks and issues and progress on response from related divisions with the Audit Committee and internal audit section. They also work to improve and raise the effectiveness of audits by submitting "management letters" containing points of concern and improvement suggestions through the accounting department. Recently, they have also been working to raise the efficiency of checks on the accuracy of numerical figures by using IT systems to investigate all cases, rather than performing test-checking through sampling.

## Dialogue with Shareholders and Investors

Hitachi, Ltd., believes in the importance of dialogue with a wide range of stakeholders, including institutional investors and analysts, and conducts extensive IR activities.

In fiscal 2018, we held quarterly results briefing sessions and a briefing on the progress of our 2018 Mid-term Management Plan. In addition, we held the Hitachi IR Day for the ninth consecutive year. At this IR event, the people in charge of individual businesses explained principal business strategies and management measures in line with the Mid-term Management Plan.

We also held a briefing by the R&D Division, which is the source of our value creation, and members of our management team visited institutional investors in North America, Europe and Asia, explaining our management strategies for achieving medium- to long-term growth. Including these visits, we held some 550 one-on-one meetings for institutional investors and analysts in Japan and overseas. We reflect the opinions we obtain through these IR activities into our management and business operation as we strive to enhance corporate value.

On our website that provides information for shareholders and investors, in a timely manner we post materials used in briefing sessions, as well as videos of these briefings, plus graphs showing operating performance and our share price. We are improving the responsiveness of our website (making browsing from smartphones and tablets more convenient) as part of an ongoing effort to enhance disclosure.

Information for shareholders and investors:

<https://www.hitachi.com/IR-e/index.html>

Disclosure Policy:

<https://www.hitachi.com/IR-e/corporate/disclosure/index.html>

# Management System

## Independent Directors\* At the end of the Annual General Meeting of Shareholder held in June 2019



**Katsumi Ihara** ● ▲

Share ownership: 300 shares

Term of office as Independent Director: 1 year

- 2005 Executive Deputy President, Representative Corporate Executive Officer, Member of the Board, Sony Corporation
- 2009 Executive Deputy President, Corporate Executive, Sony Corporation
- Executive Vice President, Representative Director, Sony Financial Holdings Inc.
- 2010 President, Representative Director, Sony Financial Holdings Inc.
- 2011 President, Representative Director, Sony Life Insurance Co., Ltd.
- 2015 Chairman, Director, Sony Life Insurance Co., Ltd. (Retired in June 2017)
- 2016 Chairman, Director, Sony Financial Holdings Inc. (Retired in June 2017)
- 2018 Director, Hitachi, Ltd.



**Cynthia Carroll** ●

Share ownership: 1,000 shares

Term of office as Independent Director: 6 years

- 1991 General Manager, Foil Products, Alcan Inc.
- 1996 Managing Director, Aughinish Alumina Ltd., Alcan Inc.
- 1998 President, Bauxite, Alumina and Speciality Chemicals, Alcan Inc.
- 2002 President & CEO, Primary Metal Group, Alcan Inc.
- 2007 CEO, Anglo American plc. (Retired in April 2013)
- 2013 Director, Hitachi, Ltd.



**Joe Harlan**

Share ownership: 300 shares

Term of office as Independent Director: 1 year

- 1999 Vice President and Chief Financial Officer, Lighting Business, General Electric Company (USA)
- 2001 Vice President, Corporate Financial Planning and Analysis, 3M Company (USA)
- 2002 President and Chief Executive Officer, Sumitomo 3M Ltd.
- 2004 Executive Vice President, Electro and Communications Business, 3M Company (USA)
- 2009 Executive Vice President, Consumer and Office Business, 3M Company (USA)
- 2011 Executive Vice President, Performance Materials, The Dow Chemical Company (USA)
- 2012 Executive Vice President, Chemicals, Energy and Performance Materials, The Dow Chemical Company (USA)
- 2014 Chief Commercial Officer and Vice Chairman, Market Business, The Dow Chemical Company (USA)
- 2015 Vice Chairman and Chief Commercial Officer, The Dow Chemical Company (USA) (Retired in August 2017)
- 2018 Director, Hitachi, Ltd.



**George Buckley**

Share ownership: 5,300 shares

Term of office as Independent Director: 7 years

- 1993 Chief Technology Officer, Motors, Drives and Appliances, Emerson Electric Company
- 1994 President, US Electrical Motors, Emerson Electric Company
- 1997 President, Mercury Marine Division and Corporate Vice President, Brunswick Corporation
- 2000 President and Chief Operating Officer, Brunswick Corporation, Chairman and Chief Executive Officer, Brunswick Corporation
- 2005 Chairman of the Board, President and Chief Executive Officer, 3M Company
- 2012 Executive Chairman of the Board, 3M Company (Retired in May 2012)
- Chairman, Arie Capital Partners Limited (Retired in December 2015)
- Director, Hitachi, Ltd.



**Louise Pentland**

Share ownership: 700 shares

Term of office as Independent Director: 4 years

- 1997 Admitted as a Solicitor (UK)
- 2001 Senior Legal Counsel, Nokia Networks, Nokia Corporation
- 2007 Vice President, Acting Chief Legal Officer and Head of IP Legal, Nokia Corporation
- 2008 Senior Vice President and Chief Legal Officer, Nokia Corporation
- 2009 Admitted to New York State Bar Association
- 2011 Executive Vice President and Chief Legal Officer, Nokia Corporation (Retired in May 2014)
- 2015 General Counsel, PayPal, eBay Inc. Director, Hitachi, Ltd.
- Senior Vice President and Chief Legal Officer, PayPal Holdings, Inc.
- 2016 Executive Vice President, Chief Business Affairs and Legal Officer, PayPal Holdings, Inc. (currently in office)



**Harufumi Mochizuki** ● ▲

Share ownership: 2,900 shares

Term of office as Independent Director: 7 years

- Chairman of the Board
- Chair of the Nominating Committee
- Chair of the Compensation Committee
- 2002 Director-General for Commerce and Distribution Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry of Japan ("METI")
- 2003 Director-General, Small and Medium Enterprise Agency, METI
- 2006 Director-General, Agency for Natural Resources and Energy, METI
- 2008 Vice-Minister of Economy, Trade and Industry of Japan
- 2010 Special Advisor to the Cabinet of Japan (Retired in September 2011)
- Senior Advisor to the Board, Nippon Life Insurance Company (Retired in April 2013)
- 2012 Director, Hitachi, Ltd.
- 2013 President and Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (Currently in office)

\* The "independent directors" are the directors who fulfill the qualification requirements to be outside directors as provided for the Companies Act of Japan and also meet the independence criteria defined by the Company and those provided by Japanese stock exchanges where the Company is listed.



**Takatoshi Yamamoto**



Share ownership: 7,700 shares

Term of office as Independent Director: 3 years

1995 Managing Director, Morgan Stanley Japan Limited  
1999 Managing Director and Vice Chairman,  
Tokyo Branch, Morgan Stanley Japan Limited  
2005 Managing Director and Vice Chairman,  
UBS Securities Japan Co., Ltd.  
2009 Managing Director, CASIO COMPUTER CO., LTD.  
2011 Advisor, CASIO COMPUTER CO., LTD. (Retired in June 2012)  
2016 Director, Hitachi, Ltd.



**Hiroaki Yoshihara**



Share ownership: 1,800 shares

Term of office as Independent Director: 5 years

Chair of the Audit Committee  
1978 Joined Peat Marwick Mitchell & Co.  
1996 National Managing Partner, the Pacific Rim Practice,  
KPMG LLP  
1997 The Board Member, KPMG LLP  
2003 Vice Chairman and Global Managing Partner,  
KPMG International (Retired in April 2007)  
2014 Director, Hitachi, Ltd.

- Nominating Committee
- Audit Committee
- ▲ Compensation Committee
- ✦ Representative Executive Officer

**Directors** At the end of the Annual General Meeting of Shareholder held in June 2019



**Hiroaki Nakanishi**



Share ownership: 70,600 shares

1970 Joined Hitachi, Ltd.  
2003 Vice President and Executive Officer  
2004 Senior Vice President and Executive Officer  
2005 Chairman and Chief Executive Officer,  
Hitachi Global Storage Technologies, Inc.  
(Retired as CEO in March 2009)  
2006 Executive Vice President and Executive Officer, Hitachi, Ltd.  
(Retired in December 2006)  
2009 Executive Vice President and Executive Officer, Hitachi, Ltd.  
Chairman of the Board, Hitachi Global Storage Technologies, Inc.  
(Retired in March 2010)  
2010 President, Hitachi, Ltd., President and Director, Hitachi, Ltd.  
2014 Chairman & CEO and Director, Hitachi, Ltd.  
2016 Executive Chairman and Representative Executive Officer,  
Hitachi, Ltd.  
2018 Executive Chairman and Executive Officer, Hitachi, Ltd.



**Toyoaki Nakamura**



Share ownership: 16,200 shares

1975 Joined Hitachi, Ltd.  
2006 General Manager, Finance Department  
2007 Senior Vice President and Executive Officer  
2010 Senior Vice President, Executive Officer and Director  
2009 Senior Vice President and Executive Officer  
2012 Executive Vice President and Executive Officer  
(Retired in March 2016)  
2016 Director



**Toshiaki Higashihara**



Share ownership: 69,900 shares

1977 Joined Hitachi, Ltd.  
2007 Vice President and Executive Officer (Retired in March 2008)  
2008 President, Hitachi Power Europe GmbH  
2010 President and Chief Executive Officer,  
Hitachi Plant Technologies, Ltd.  
President and Representative Director,  
Hitachi Plant Technologies, Ltd.  
2011 Vice President and Executive Officer, Hitachi, Ltd.  
2013 Senior Vice President and Executive Officer, Hitachi, Ltd.  
2014 President & COO, Hitachi, Ltd.  
President & COO and Director, Hitachi, Ltd.  
2016 President & CEO and Director, Hitachi, Ltd.

**Each Committee is composed of the following members (chair names underlined)**

Nominating Committee: Harufumi Mochizuki, Cynthia Carroll, Hiroaki Yoshihara, Hiroaki Nakanishi

Audit Committee: Hiroaki Yoshihara, Katsumi Ihara, Harufumi Mochizuki, Takatoshi Yamamoto, Toyoaki Nakamura

Compensation Committee: Harufumi Mochizuki, Katsumi Ihara, Takatoshi Yamamoto, Toshiaki Higashihara



## Executive Officers As of June 30, 2019

### President & CEO



**Toshiaki Higashihara\***

Overall management

### Executive Vice Presidents and Executive Officers



**Masakazu Aoki\***

Assistant to the President (business for industry & distribution sectors, water & environment business, and industrial products business)



**Keiji Kojima\***

Assistant to the President (smart life & ecofriendly systems business, automotive systems business, and healthcare business) and smart life & ecofriendly systems business



**Keiichi Shiotsuka\***

Assistant to the President (systems & services business and defense systems business), systems & services business and social innovation business promotion



**Hideaki Takahashi\***

Assistant to the President (cost structure reform and supply chain management), cost structure reform and supply chain management (MONOZUKURI and quality assurance)

### Senior Vice Presidents and Executive Officers



**Alistair Dormer\***

Assistant to the President (building systems business, and railway systems business)



**Toshikazu Nishino\***

Assistant to the President (nuclear energy business and energy business)



**Atsushi Oda**

Nuclear energy business and energy business



**Yoshihiko Kawamura**

Management strategies, investment strategies, and strategies for next-generation business



**Kenichi Kokubo**

Regional strategies (China)



**Setsuo Shibahara**

Services & platforms business



**Hideaki Seki**

Building systems business



**Yoshitaka Tsuda\***

Marketing & sales, regional strategies, and social innovation business promotion



**Hidenobu Nakahata\***

Corporate communications, legal matters, risk management, corporate auditing, and human capital



**Mitsuaki Nishiyama\***

Finance and corporate pension system

### Vice Presidents and Executive Officers

#### Keiichi Akino

Marketing & sales (business for financial institutions, government, public corporation and social infrastructure systems, and defense systems business)

#### Jun Abe

Business for industry & distribution sectors

#### Hitoshi Ito

Governments & external relations

#### Kenji Urase

Energy business

#### Ryuichi Otsuki

Investment strategies

#### Kohei Kodama

Legal matters, risk management, and corporate auditing

#### Norihiro Suzuki

Research & development

#### Yoji Takeuchi

Marketing & sales (business for industry & distribution sectors, water & environment business, building systems business, railway systems business and healthcare business)

#### Hidetoshi Takehara

Nuclear energy business

#### Toshiaki Tokunaga

Services & platforms business

#### Osamu Naito

Governments & external relations, CSR & environmental strategy and executive support

#### Kojin Nakakita

Regional strategies (APAC)

#### Katsuya Nagano

Business for government, public corporation, and social infrastructure systems

#### Seiichiro Nukui

Business for industry & distribution sectors

#### Yasushi Nomura

Information technology strategies

#### Andrew Barr

Railway systems business

#### Kentaro Masai

Supply chain management (MONOZUKURI and quality assurance)

#### Shinya Mitsudomi

Railway systems business

#### Masashi Murayama

Supply chain management (procurement)

#### Mamoru Morita

Management strategies

#### Tsugio Yamamoto

Business for financial institutions

#### Takashi Yoda

Marketing & sales (nuclear energy business and energy business)

#### Masaya Watanabe

Information security management and cost structure reform

### Executive Officer

#### Hiroaki Nakanishi

General

Note: Executive officers are listed by position and in Japanese alphabetical order within each grouping. \* Denotes executive officers who are representative executive officers.