

Message from the Chairman of the Board [Corporate Governance](#)

Structure of Directors (as of June 21, 2024)

[List of Directors](#) 

Independent Directors



Katsumi Ihara
(73)

Director, Chairman of the Board
Share ownership: 1,400 shares
Term of office as Independent Director: 6 years
Country of origin: Japan



Ravi Venkatesan
(61)

Share ownership: 700 shares
Term of office as Independent Director:
3 years and 11 months
Country of origin: India



Ikuro Sugawara
(67)

Share ownership: 700 shares
Term of office as Independent Director: 2 years
Country of origin: Japan



Isabelle Deschamps
(54)

Share ownership: 0 shares
Term of office as Independent Director:
newly appointed
Country of origin: Canada



Joe Harlan
(65)

Share ownership: 1,600 shares
Term of office as Independent Director: 6 years
Country of origin: United States



Louise Pentland
(52)

Share ownership: 1,300 shares
Term of office as Independent Director: 9 years
Country of origin: United Kingdom



Takatoshi Yamamoto
(71)

Share ownership: 15,000 shares
Term of office as Independent Director: 8 years
Country of origin: Japan



Hiroaki Yoshihara
(67)

Share ownership: 3,600 shares
Term of office as Independent Director: 10 years
Country of origin: Japan



Helmuth Ludwig
(61)

Share ownership: 5,500 shares
Term of office as Independent Director:
3 years and 11 months
Country of origin: Germany



Directors



Keiji Kojima
(67)

Share ownership: 120,400 shares
Country of origin: Japan



Mitsuaki Nishiyama
(67)




Share ownership: 26,660 shares
Country of origin: Japan



Toshiaki Higashihara
(69)

Share ownership: 212,800 shares
Country of origin: Japan



 : Nominating Committee Member  : Audit Committee Member
 : Compensation Committee Member C: Chairperson

 Independent directors are directors who fulfill the qualification requirements to be outside directors as stipulated in the Companies Act and also meet independence criteria defined by Hitachi and stipulated by Japanese stock exchanges where Hitachi is listed.





* The Company conducted a share split on July 1, 2024, and the listed numbers of shares held by directors are the numbers of shares before the share split.

Highly Experienced Directors (Annual Securities Report)

► Experience, Knowledge, and Capabilities Required for Directors

Hitachi Directors need to have a wide range of experience and knowledge in global and diverse fields to be worthy of leading Hitachi's management to expand the Social Innovation Business globally, and have the qualities of broad experience and expertise in management.

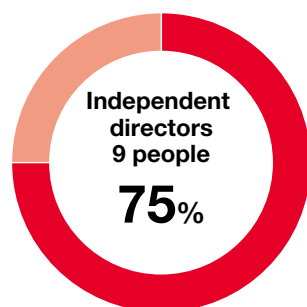
The experience, knowledge, capabilities, and other qualities required for Hitachi directors are as follows.

Core Skills		Number of applicable directors
 Corporate management	Corporate management experience and knowledge	12
 Global business	Business experience outside Japan or management experience at a company expanding business globally	12
 Risk management	Knowledge of the risk assessment and management required to sustain a company	12
 Finance and accounting	Knowledge and management experience pertaining to financial accounting necessary for medium- to long-term corporate value creation from a financial perspective	12

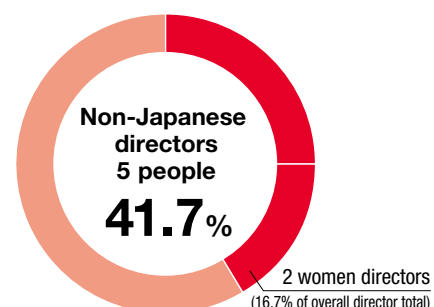
Professional Skills		Number of applicable directors
 Government and international organizations	Leadership experience in government, governmental agencies, international organizations, or economic associations that facilitate an understanding of and response to regulations and social issues, as well as practical experience at educational institutions	5
 Legal affairs	Expertise and practical experience in the legal affairs that are essential for conducting global business and rolling out new business	2
 R&D and intellectual property	Expertise and practical experience in R&D or intellectual property facilitating the utilization of technology and the incorporation of new technologies	3
 Digital	Practical experience in the industrial sector that is vital for promoting DX in the Social Innovation Business	4

► Board of Directors Composition (as of June 2024)

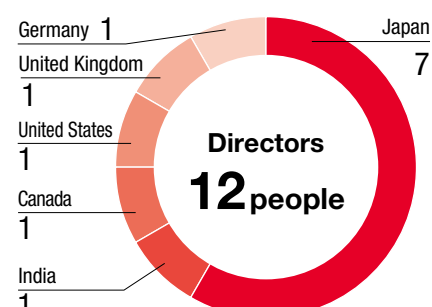
Independence (ratio of independent directors)



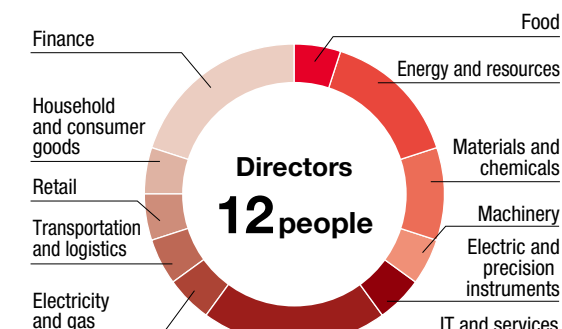
Diversity (ratios of non-Japanese and women directors)



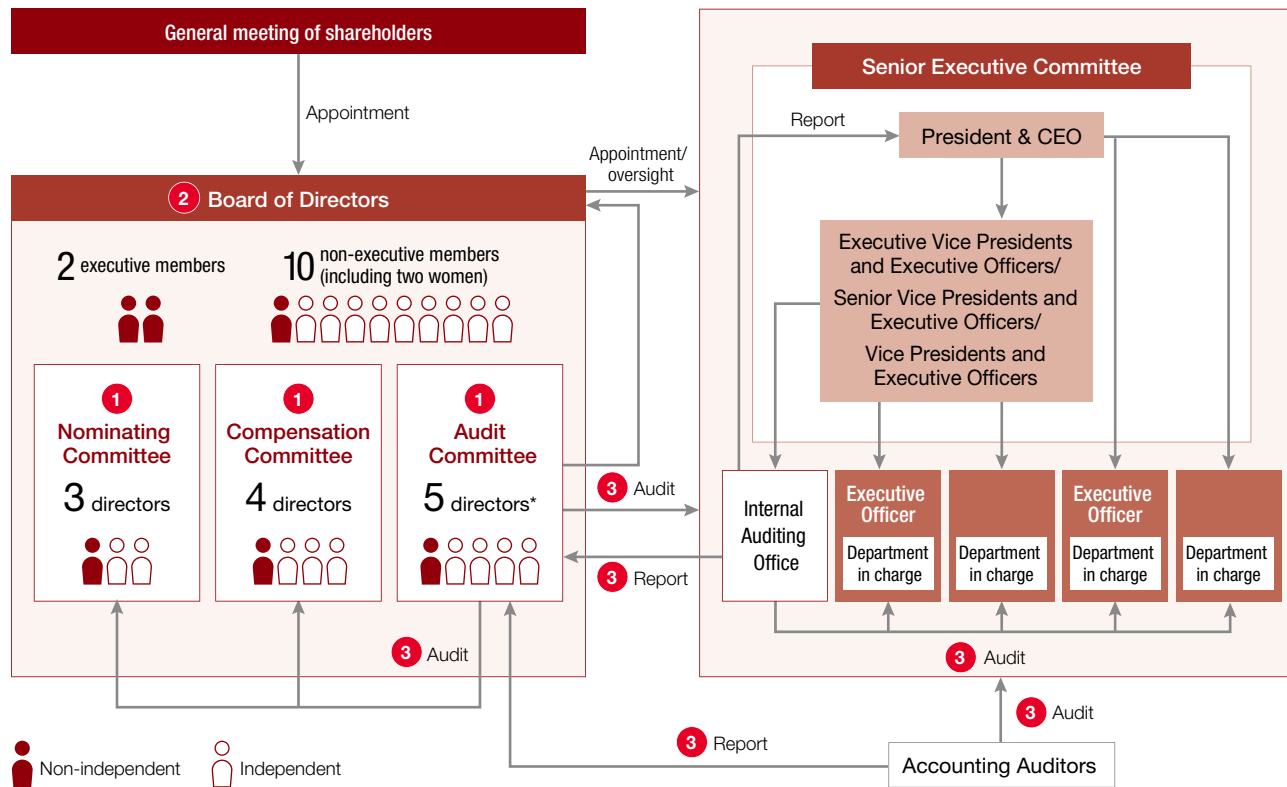
Diversity (country of origin)



Industrial field



▶ Hitachi's Corporate Governance Framework and Features (as of June 2024)



POINT 1 Transparency in Management

Transitioned to a company with committees (currently a company with a nominating committee, etc.) in 2003.

Hitachi established the Nominating Committee, the Compensation Committee, and the Audit Committee, with independent directors comprising the majority of members and serving as chairpersons. This system ensures transparency in management, separates the oversight and execution of management, facilitates the full exercise of oversight functions, and enables discussions and reports to be conducted appropriately within these three committees.

POINT 2 Independence of the Board of Directors

Increased the number of independent directors, including non-Japanese directors, in 2012.

The Board of Directors, which is chaired by an independent director, has 12 members, including nine independent directors, two directors who are also serving as executive officers, and one director who is not serving as an executive officer. In addition, we have established a system that facilitates the full exercise of oversight functions by maintaining separation between management oversight and execution.

POINT 3 Enhanced Collaboration through Tripartite Auditing

Hitachi's Audit Committee and internal audit sections collaborate with third-party accounting auditors to strengthen the Tripartite Auditing aimed at increasing the effectiveness of internal controls.

► Director and Executive Officer Compensation

Revisions to the Executive Compensation System (FY2023) and Introduction of Restricted Stock Compensation Units (RSU) for Directors (FY2024)

With the aim of promoting management from medium- to long-term perspectives and providing incentives for the sustainable enhancement of corporate value by having executives share more value with shareholders through the holding of shares from the moment they assume their posts, Hitachi has introduced a restricted stock-based compensation system for Japanese executive officers and corporate officers, and the officers of some Group companies. In fiscal 2023, to further promote management based on medium- to long-term perspectives and better enhance pay-for-performance under global compensation—the link between corporate value enhancement and compensation—we made further revisions, expanding the ratio of compensation conditioned on stock price, introducing a global competitor comparison as a new stock price condition, and adopting an incentive to be awarded upon achieving the goals of the Mid-term Management Plan 2024.

From fiscal 2024, we newly adopted an RSU system as compensation for directors to ensure that Hitachi directors will provide oversight and advice on management while remaining mindful of the need to enhance corporate value in the medium to long term.

Hitachi has also introduced mechanisms for employee compensation to link individuals' goals with those of the Company and determine compensation based on their achievement, and the management goals set out in the Mid-term Management Plan 2024 are used as an evaluation metric when determining the compensation of individual employees. Hitachi will foster a growth-oriented mindset linking the enhancement of corporate value with compensation among both executives and employees, achieving global growth as One Hitachi.

Compensation Structure

(1) Directors

Compensation for directors is made up of basic compensation as fixed pay and stock-based compensation. The ratio for the base amount of basic compensation to stock-based compensation is 3-to-1. The methods for determining each type of compensation are as follows.

Basic compensation

The amount of basic compensation is decided by adjusting the base amount to reflect full-time or part-time status, committee membership and position, meetings attended, and other factors.

Stock-based compensation

Restricted stock-based compensation units are granted to serve as an incentive to provide management oversight and advice with the medium- to long-term enhancement of corporate value in mind. After three years have passed, Hitachi provides an amount equivalent to the granted units in the form of common stock or cash.

Also note that Hitachi can request the return of compensation if a director is determined to have been involved with misconduct during their term of office (clawback system). A director concurrently serving as an executive officer is not paid compensation as a director.

(2) Executive Officers

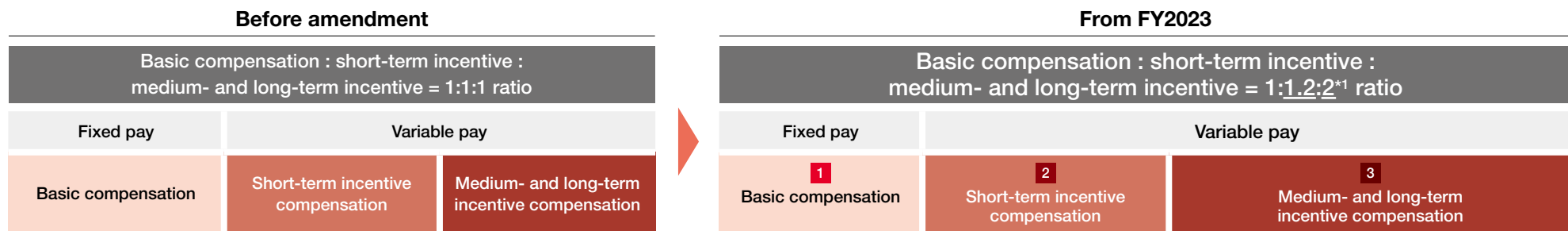
Compensation for executive officers consists of basic compensation as fixed pay and short-term incentive compensation and medium- and long-term incentive compensation as variable pay. The ratio of base amounts for each form of compensation is determined to ensure the enhancement of corporate value through global business growth, referencing ratios for executive compensation at leading global companies, including those in Europe and the United States. In the case of Hitachi's President & CEO, this ratio is 1:1.2:2. In addition, ratios are set so that the higher the rank of an executive officer position, the greater the variable compensation as a percentage of total compensation.

The details of compensation are disclosed in the "Compensation to Directors and Executive Officers, etc." section on page 117 of Hitachi's Annual Securities Report (the 155th business term). [↗](#)

Executive Compensation System

Key Principles: New Incentive Plan	Aiming for growth, profitability, and cash generation	Accelerate sustainable management	Emphasize alignment with shareholder value	Ensure global competitiveness in business and compensation
<ul style="list-style-type: none"> Aligned with the medium- to long-term growth of corporate value and business performance Corporate value growth through Pay-for-Performance 				
<p>Linkage with the Mid-term Management Plan 2024 + Medium- or long-term growth beyond the mid-term plan</p>				
Attract and retain key talent	<p>1 Alignment with the Mid-term Management Plan 2024</p> <ul style="list-style-type: none"> For short-term incentive compensation and medium- and long-term incentive compensation, set performance metrics toward the Mid-term Management Plan as Key Performance Indicators (KPIs) to encourage executives to achieve them. 			
	<p>2 Establishment of a compensation program and a corporate performance program that fosters a growth mindset</p> <ul style="list-style-type: none"> Pursue an optimal balance among short-, medium-, and long-term performance about "growth," "improving profitability," and "cash generation," aiming for improvement of short-term performance and medium- to long-term growth in corporate value. Establish a compensation program that significantly rewards performance by setting stretch goals and commensurate compensation levels. 			
	<p>3 Setting indicators to promote sustainable management</p> <ul style="list-style-type: none"> Develop specific indicators and goals related to "Environments," "Business with integrity," and "Quality of life" under its sustainability strategy, and encourage their implementation. 			
	<p>4 Expansion of stock compensation that rewards growth in corporate value over the medium to long term</p> <ul style="list-style-type: none"> Expand stock compensation to better align with medium- to long-term corporate value. 			
	<p>5 Competitive compensation levels with a global perspective</p> <ul style="list-style-type: none"> Ensure competitive compensation levels to attract and retain key executives in the global market, regardless of their residence or origin, who lead global management of a global organization. 			
	<p>6 Compensation benchmarking with objectivity and transparency</p> <ul style="list-style-type: none"> Reference the benchmarks in the U.S. and European markets in addition to the benchmarks in the Japanese market for analysis and level-setting from multiple perspectives. 			
Transparency, objectivity, and fairness	<p>7 Transparency and objectivity through enhanced compensation disclosure and shareholder engagement</p> <ul style="list-style-type: none"> Endeavor to gain investors' understanding and support through sufficient disclosure of the compensation program with a global perspective and ongoing shareholder engagement, and continuously improve the program based on the insights gained through the engagement. 			

► **Compensation to Executive Officers (from FY2023)**

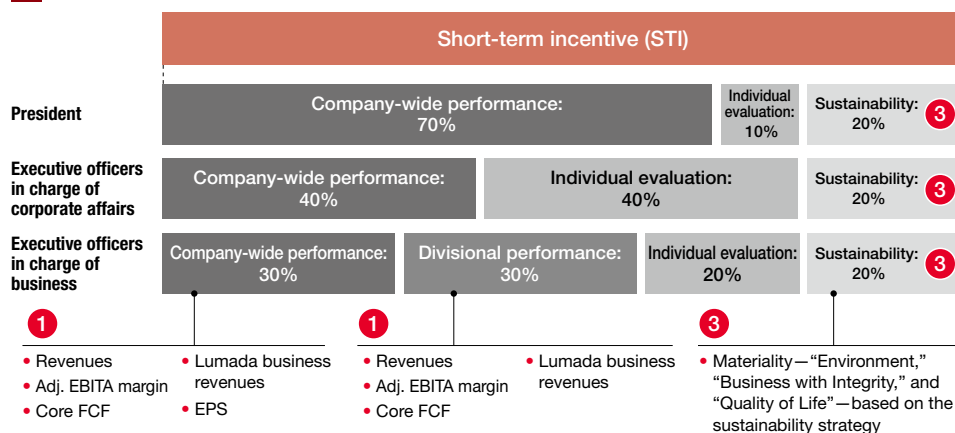


*1 For President & CEO

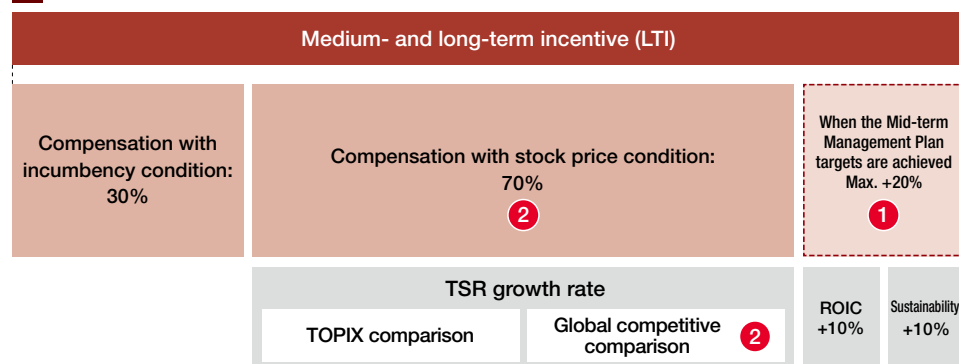
1 Basic compensation

Set according to the relevant position by adjusting that amount to reflect financial results and individual performance.

2 Short-term incentive compensation



3 Medium- and long-term incentive compensation



Points of amendment

1 Strengthening the link with the Mid-term Management Plan 2024

- Adopt the key indicators set forth in the Mid-term Management Plan 2024 as KPIs (STI)
- Introduce incentives for achieving the Mid-term Management Plan (LTI)

2 Strengthening the link with Corporate Value Enhancement

- Increase the stock price condition compensation ratio (LTI)
- Establish a global competitive comparison (LTI)

3 Further evolving of Sustainable Management

- Separate sustainability evaluations and set at 20% (STI)
- Create new evaluations regarding our Materiality—"Environment," "Business with Integrity," and "Quality of Life"—based on the sustainability strategy (STI)

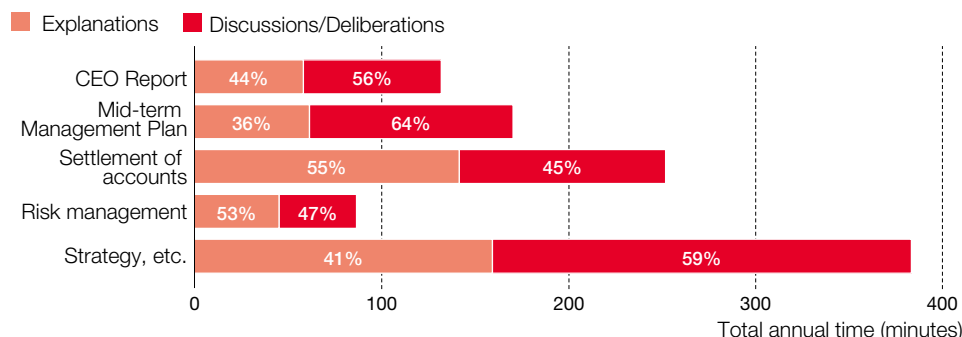
▶ Administrative Performance of the Board of Directors

The Board of Directors approves the basic management policy for the Hitachi Group and oversees 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 the Board of Directors Regulations. In fiscal 2023, we reported on the progress of the Mid-term Management Plan 2024, including overall priority items and progress in each sector, and confirmed consistency with the plan. In addition to management plans and business strategy, wide-ranging discussion and deliberation took place regarding responses to cybersecurity, the risks of generative AI, and other matters. Aside from these strategic discussions on basic management policies and risk-related discussions, recognition is shared between the supervisory and executive sides of management by reporting to the Board of Directors on important topics discussed in the Senior Executive Committee, an advisory body to the President & CEO, in order to promote discussion. To facilitate more lively discussion on these topics, more time is allotted to exchanging opinions than explaining each topic.

Board of Directors meetings in FY2023

FY2023 Board of Directors Meeting Results	
Meetings held	Nine
Average number of agenda items	8.2 per meeting
Average meeting length	2.9 hours (longest meeting 5.8 hours)

FY2023 time spent and ratios of explanations and discussions of important topics (results up to January 31, 2024)



Total ratio of time spent on explanation vs. discussion



▶ Providing Information to Independent Directors

The Board of Directors holds individual meetings and site visits to improve the effectiveness of the Board of Directors and increase opportunities for information sharing.

Hitachi holds Board of Directors meetings in countries closely related to its business once a year in general. In September 2023, we held a board meeting in Stockholm, Sweden. At the meeting held in Stockholm, directors discussed business strategy and environmental strategy in Europe, attended lectures by local experts, and visited local subsidiaries. In addition, in December 2023 Hitachi held a Board of Directors meeting at the Kyoso-no-mori, the R&D Group's Kokubunji site, which is one of Hitachi's research-and-development sites. Directors discussed research-and-development strategy and innovation strategy, and were briefed on research-and-development initiatives by front-line employees.

Hitachi has also created opportunities for directors to increase their understanding of the businesses and engage in dialogue with senior management and frontline employees, including participation in the Hitachi Social Innovation Forum, internal business conferences, and research presentations held at research institutes, including those online, as well as visits to Hitachi Origin Park and other sites.



May, 2023: Visit to Hitachi Global Air Power (United States) by Audit Committee members



September, 2023: Board of Directors meeting in Sweden

▶ Activities of the Three Committees

Nominating Committee

■ Major activities

In fiscal 2023, the Nominating Committee decided on the details of the election of directors to be submitted for proposal to the Annual General Meeting of Shareholders, discussed candidates for successor to the CEO, and received and confirmed a preliminary report on the structure of the executive officers for fiscal 2024. In addition, to develop management-level leadership candidates, the members of the Nominating Committee held discussions and conducted one-to-one interviews with leadership candidates.

In fiscal 2023, the Nominating Committee held 10 meetings.

Audit Committee

■ Major activities

In fiscal 2023, the Audit Committee's major activities involved taking up important matters for consideration, such as strengthening Hitachi's Tripartite Audit structure (Audit Committee, Internal Audit Office, and accounting auditor), promoting information sharing, and auditing the development and operational status of an internal control system based on risk management and the appropriateness of business execution. In addition, the standing Audit Committee member worked to keep abreast of timely and accurate information and share information with other committee members by coordinating with the Internal Audit Office and other departments, and attending important internal meetings including those of the Senior Executive Committee.

In fiscal 2023, the Audit Committee held 15 meetings.

Compensation Committee

■ Major activities

In fiscal 2023, in accordance with the policy for determining the details of compensation for directors and executive officers, the committee determined the amount of compensation for each individual director and executive officer, including the assessment of Basic compensation, as well as confirmation of and deliberation over the processes and details of performance evaluations and individual target evaluations regarding short-term incentive compensation for executive officers.

The committee also held discussions in light of analysis results from an outside third party organization on whether the new compensation system for executive officers revised in the previous fiscal year was functioning soundly as an incentive for enhancing corporate value in the medium to long term. Specifically, the committee confirmed the appropriateness of compensation levels based on a compensation benchmark analysis with the Japanese, European, and U.S. markets, and verified whether the new incentive system was functioning effectively from various angles, including verifying target settings and the validity of assessments.

In addition, the committee discussed the role of compensation for the Company's directors, a group made up of talent from various regions, in light of the compensation benchmark analysis. As a result, the committee decided to introduce a new compensation system from fiscal 2024 to promote greater awareness of enhancing corporate value in management supervision and advice. More specifically, the committee revised compensation to levels that are competitive in the global market and introduced stock-based compensation with the aim of fostering an awareness of medium- to long-term enhancement of corporate value and sharing value with shareholders.

Note that in conducting its deliberations, the Compensation Committee took into account changing management conditions and feedback from shareholders and investors, while also seeking the necessary information, advice, and other insight from third-party organizations with global knowledge and experience.

In fiscal 2023, the Compensation Committee held seven meetings.

▶ CEO Appointment, Dismissal, and Succession Plan

After a preliminary report to the Nominating Committee, Hitachi's Board of Directors decides upon the appointment and dismissal of executive officers with the goal of constructing an optimal business execution system for management. As stipulated in our Corporate Governance Guidelines, our basic policy concerning the CEO requires that individuals serving in the position of CEO have extensive experience and achievements in the field of company management. They must also be considered optimally suited for conducting management aimed at achieving Hitachi's goals of continuously raising its corporate value and further serving the common interests of its shareholders. Decisions regarding the appointment or dismissal of the CEO shall be made based on prior deliberations and proposals by the Nominating Committee.

Regarding our CEO Succession Plan, as the speed of change in the management environment accelerates, we are striving to build a system that enables us to appropriately and promptly secure and develop (both internally and globally) necessary management personnel who will provide leadership that will allow us to realize our growth strategies. Accordingly, we are also concentrating on providing training for selected employees while targeting the early development of candidates for future management positions. Through this, participants discuss what is necessary for Hitachi's future growth, and by providing a forum for making recommendations to management, we foster next-generation leaders capable of acting authoritatively and resolutely.

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

Hitachi evaluates the effectiveness of its Board of Directors each year in a continuous effort to maintain and improve its functions.

FY2023 Evaluation Process

	Points of evaluation
1. Self-assessment by each Director (February 2024)	<p>All Directors carried out a self-assessment of the Board for the following points through distributed questionnaires.</p> <ul style="list-style-type: none"> • Board Role. • Board Composition (Diversity of the Board, the number and proportion of Independent Directors, etc.) • Board Operation (Relation between the Board and Executive Officers, appropriateness of agenda setting, time allocation, meeting frequency, etc.) • Committee Activities (Composition, roles, report to the Board, etc.) • Information to the Board (Provision of information such as the Board materials and business information, etc.) • Contribution of the Board member itself (Utilization of Director's knowledge and experience, understanding of Hitachi Group Identity, etc.) • Contribution by the Board (Role of Chairperson, contribution to the succession plan of CEO, external PR activities and dialogue with investors, etc.)
2. Discussions among independent directors (March 2024)	<ul style="list-style-type: none"> • Independent directors had a meeting and discussed the Board effectiveness there referring to the Board's activities in each evaluation item set out in 1. above.
3. Discussions at the Board meeting (May 2024)	<ul style="list-style-type: none"> • The Board analyzed and evaluated its effectiveness as a whole and confirmed the policy on approaches to further enhance the Board's effectiveness based on the results of the preceding process, considering comparison to the evaluation results for the previous year and measures taken for improving its effectiveness.

Evaluation Results and Future Initiatives

Evaluation results	
Overall evaluation in FY2023	<ul style="list-style-type: none"> • The Board assessed that Board members are diverse and make use of their knowledge and expertise to speak out, having vigorous discussions especially on matters related to business strategies such as the Mid-term Management Plan targeting the medium-/long-term growth of corporate value. The Board, therefore, concluded that the effectiveness of the Board as a whole is maintained.
Future initiatives	
Enhancement of corporate governance and further improvement of the effectiveness of the Board	<ul style="list-style-type: none"> • Based on discussions at the Board meetings, set up meetings to provide feedback and confirm future action items with executives to further promote shared recognition between the Board members and the executives. • The Board will respond to requests for dialogue from investors etc. to the extent possible, with prior confirmation of the content and selection of appropriate personnel. • The Company will expand opportunities for the Independent Directors to support in the development program of executive candidates.
Enhance the Board support system and improve practical issues in operations	<ul style="list-style-type: none"> • Increase opportunities for Independent Directors to further understand the businesses of the Company such as visiting operation sites of Hitachi Group. • Further improve the structure and content of materials for the Board meeting and operation of provision of materials well in advance of the Board meeting.

▶ Executive Officer Structure*

President & CEO



Keiji Kojima ○

Overall management

Executive Vice Presidents and Executive Officers



Jun Abe ○

Assistant to the President (business for industrial digital, water & environment business, industrial products business, industrial equipment systems business, building systems business, smart life & ecofriendly systems business, measurement and analysis systems business and healthcare business)



Brice Koch ○

Assistant to the President (management strategies, regional strategies, investment strategies, risk management, corporate export regulation, cost structure reform and information security management)



Alistair Dormer ○

Assistant to the President (railway systems business, nuclear energy business, energy business, power grids business)



Toshiaki Tokunaga ○

Assistant to the President (growth strategies, cloud services platforms business, digital engineering business, business for financial institutions, business for government, public corporation and social infrastructure business, defense systems business, social innovation business promotion and digital strategies)

Vice Presidents and Executive Officers

Atsuhiko Aketa

Regional strategies (China)

Noriharu Amiya

Urban business strategies and building systems business

Takashi Iizumi

Healthcare business and measurement and analysis systems business

Yasunori Inada

Nuclear energy business

Yoshiaki Kagata

Cost structure reform and information security management

Tadashi Kume

Supply chain management (manufacturing strategies and quality assurance) and safety and health management

Takashi Saito

Marketing & sales strategies (business for connective industries)

Jun Taniguchi

Digital strategies

Senior Vice Presidents and Executive Officers



Tatsuro Ueda

Business for financial institutions, Assistant to Executive Vice President (Digital Systems & Services (APAC))



Tomomi Kato ○

Finance strategies, corporate pension system, investment strategies, investor relations strategies and risk management



Shashank Samant

Regional strategies (Americas)



Lorena Dellagiovanna

Sustainability strategies, environmental strategies, human capital strategies, safety and health management, and diversity, equity & inclusion strategies



Katsuya Nagano

Business for government, public corporation and social infrastructure business and defense systems business, Assistant to Executive Vice President (Digital Systems & Services (Japan))

Kojin Nakakita

Regional strategies (APAC)

Hideshi Nakatsu

Water & environment business

Itaru Nishizawa

Research & development

Seiichiro Nukui

Information technology strategies

Andrew Barr

Regional strategies (EMEA)

Nitesh Banga

Digital engineering business

Hirohide Hirai

Government & external relations

Yoshinori Hosoya

Cloud services platform business



Hidenobu Nakahata

Legal matters, risk management, corporate auditing, government & external relations and corporate communications strategies



Masahiko Hasegawa ○

Marketing & sales strategies



Andreas Schierenbeck

Power grids business



Giuseppe Marino

Railway systems business

Executive Officer



Toshiaki Higashihara ○

General

Chie Mashima

Marketing & sales strategies (business for digital systems & services) and social innovation business promotion

Yuto Matsumura

Legal matters

Kazunobu Morita

Business for industrial digital

Takashi Yoda

Marketing & sales strategies (business for energy) and energy business

Note: Executive officers are listed by position and in Japanese alphabetical order within each grouping. The double circle (○) denotes executive officers who are representative executive officers.