
Hitachi HR Strategy as an enabler to deliver Social Value

ESG Briefing

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Hitachi, Ltd.**

Deliver Social Value and Environmental Value to society

and

Deliver Sustainable Return to Shareholders and Investors



**The most important asset to realize
such values is “Talent”**

Hitachi HR Strategy

Increase Social, Environmental, and Economic Value

We accelerate co-creation with customers through Social Innovation Business

1

Transform HR Management to deliver solutions to diverse social problems in global society

2

Build Platform for Hitachi so that diverse talent can demonstrate their performance as One Team

- **Build global common HR management platform**
- Shift to Job-based management
- Create work environment for flexible work style
- Support employees who are caring for young children and elderly parents
- Change mindset of managers

3

Attract, Develop and Place diverse talent in the optimal way

- **Promote Diversity & Inclusion**
- **Develop Business Leaders**
- **Strengthen Digital Talent**

- 1. Transform HR Management**
- 2. Build Global Common HR Management Platform**
- 3. Attract, Develop, and Place Diverse Talent**
 - ① Diversity & Inclusion**
 - ② Select & Develop Business Leaders**
 - ③ Strengthen Digital Talent**

Hitachi delivers Values to Customers and Society through Social Innovation Business

Promote Social Innovation Business

Expand global business

- Explore the needs of the **global** society, customers and provide **services** to solve problems by utilizing products, systems, and IoT
- Execute Business and Projects beyond country and region

Required talent / organization system

- Talent who knows local market, society, and customers well **regardless of nationality, gender, etc.**
- Talent and organizational structure to **work as One Team** across countries and places
- **Talent that accurately explore** customers' issues and **think about solutions, and organizations with that culture**

Past

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



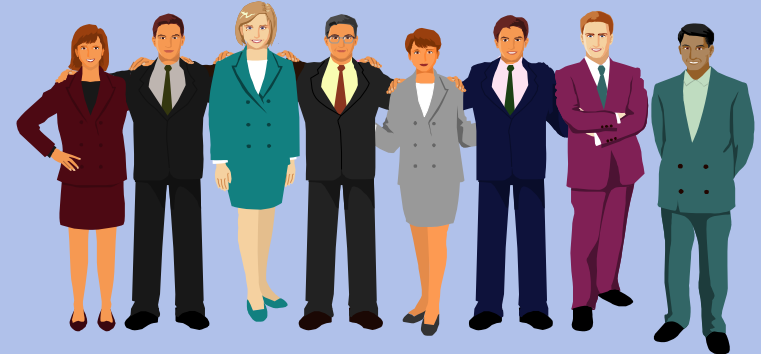
Provide good products and systems based on customers' clear requirements mainly in Japan.

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



Future

Market expansion in emerging countries



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

- Diversified people regardless of nationality, gender, age, etc. work in various places & time as diversified group
- Global Group consolidated

2-1. Build Global Common HR Management Platform

Before 2011

Decentralized HR systems/activities in each company or country

Japan

Overseas

Hitachi, Ltd.

Company A

Company B

⋮

Company C

Company D

Company E

⋮

Launched global HR project in FY2011

Now

Build Global Common HR Management Platform

Japan

Overseas

Hitachi, Ltd.

Company A

Company B

⋮

Company C

Company D

Company E

⋮

Company F

Company G

Common in Japan
(Recruitment, benefit, pension, etc.)

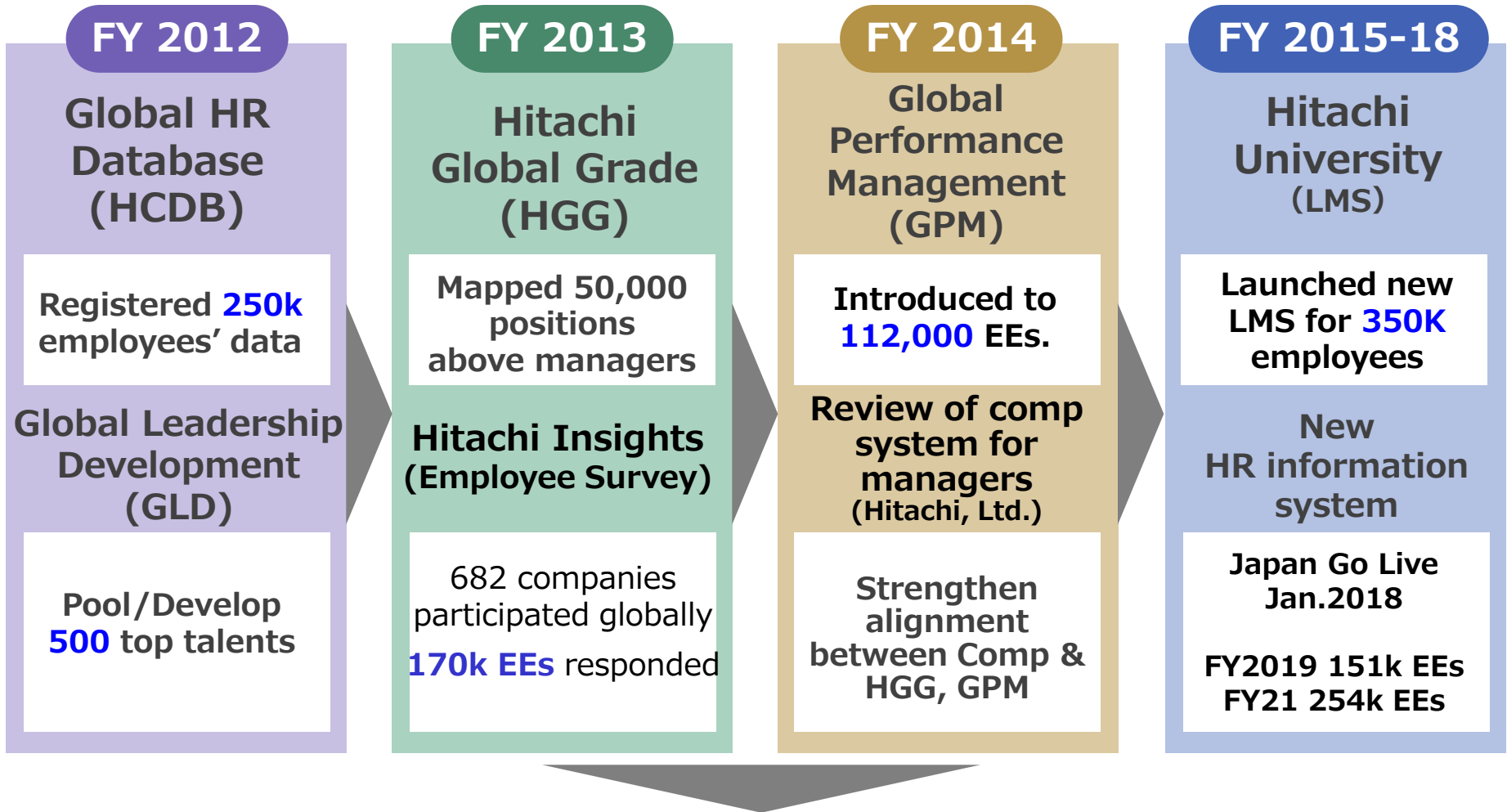
Common in Country A

Common in Country B

Common in Group worldwide

- ◎ Global Human Capital Database (HCDB)
- ◎ Hitachi Global Grade (HGG)
- ◎ Global Performance Management (GPM)
- ◎ Global Leadership Development (GLD) etc.

2-2. Build Global Common HR Management Platform



Global HR Platforms and Systems have been in place!

3-1. Attract, Develop, and Place Diverse Talent

(1) Diversity & Inclusion [Concept & Governance Structure]

[Concept]

Diversity & Inclusion
in Hitachi means:

Source of Innovation



**Organization
Development to respect
Talent Diversity**

**Enhance
Competitiveness
as a company**



**Deliver Social,
Environmental,
and Economic Values**

[Governance Structure]

**Representative Executive Officer,
President & CEO**

Toshiaki Higashihara

Adviser: Outside Director

Cynthia Carroll

**Representative Executive Officer,
SVP and Executive Officer, CHRO**

Hidenobu Nakahata

**Hitachi Group Diversity Development
Council**

**Diversity & Inclusion, Human Capital
Group**

**Sustainability Promotion Division,
Government & External Relations
Group**

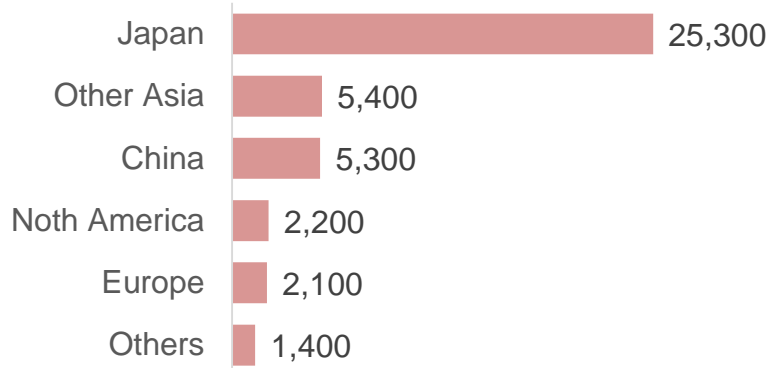
Yukiko Araki

3-2. Attract, Develop, and Place Diverse Talent (1) Diversity & Inclusion [Promote Talent Diversity]

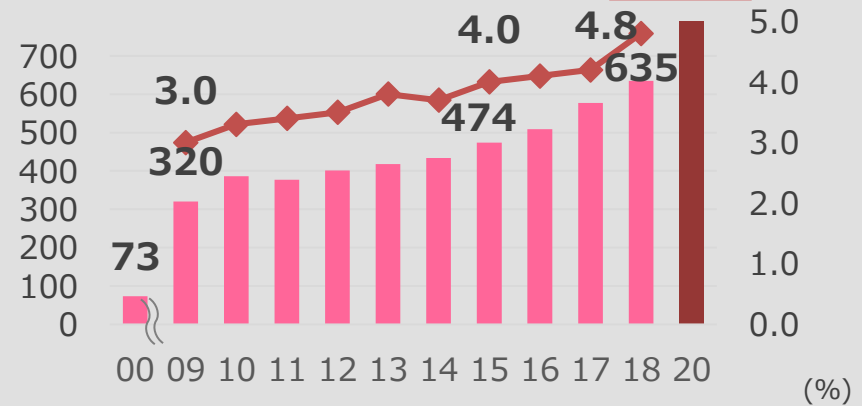
Increase talent who have different career backgrounds and life plans, shifting from typical employee type of "Japanese, Male, Lifetime Employment"

Global Female Employee Ratio **20.2%**

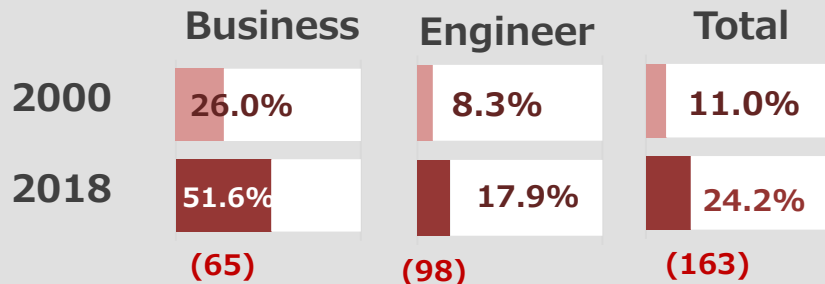
Number of Female EEs by Region



Female Manager Ratio* **Target 800**



Female Ratio of New Hiring* ■ Female ■ Male



Expand Mid Career Recruitment*

	2013		2018		Times
	Hiring	[Ratio]	Hiring	[Ratio]	
New Graduate	640	[91%]	650	[68%]	X1.0
Mid Career	60	[9%]	300	[32%]	X5.0
Total	700		950		X1.4

* The number for Hitachi, Ltd.

3-3. Attract, Develop, and Place Diverse Talent (1) Diversity & Inclusion [Promote Talent Diversity]

Hitachi Women's Summit in Singapore in October 2018

Hitachi Global Women's Summit (The 3rd Summit)



- **160 female employees from 17 countries** participated (Held on October 2, 2018 in Singapore)
- Higashihara, Director Cynthia Carroll, and Nakahata Attended

1st: 2016 in London
2nd: 2017 in Las Vegas
3rd: 2018 in Singapore
4th: 2019 in Tokyo (plan)

[Aims]

- ① Empowerment through sharing of female leader experience stories
- ② Awareness to demonstrate leadership at each workplace
- ③ Commitment on gender diversity of executives
- ④ Learning and creating personal connections through interaction between female leaders of the Hitachi Group

3-4. Attract, Develop, and Place Diverse Talent

(1) Diversity & Inclusion [Appointment in Management Level]

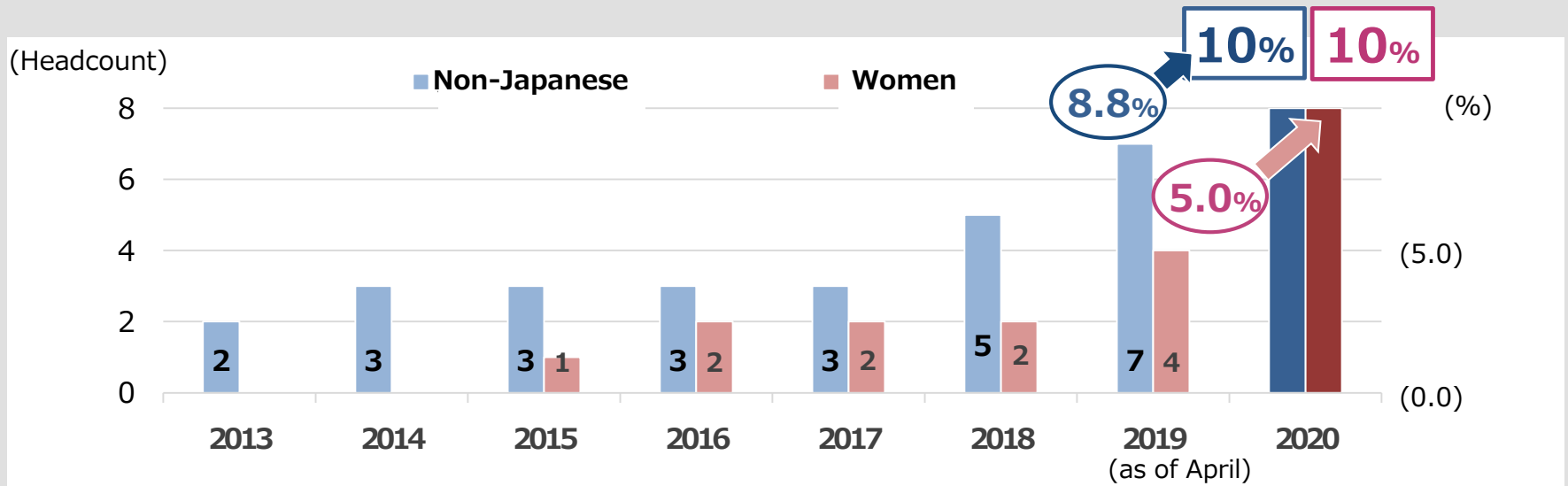
	Name	Assignment as of FY2019	Remarks
1	Alistair Dormer	Representative Executive Officer, EVP and Executive Officer Assistant to the President (in charge of Building Systems Business and Railway Systems Business) [April 2019-: Working in Japan]	Experience in manufacturing business in Europe
2	Andrew Barr	VP and Executive Officer CEO of Railway Systems Business Unit, and CEO of Hitachi Rail STS [April 2019-: Running railway business with sales of 600B yen]	Experience in railway company in UK
3	Brice Koch	Corporate Officer, President & CEO of Hitachi Automotive Systems [April 2018-, sales of 970B yen, working in Japan]	Experience in manufacturing business in Europe
4	Hicham Abdessamad	Corporate Officer, Deputy General Manager of Social Innovation Business Division [April 2018-: In charge of SIB (outside Japan)]	Experience in IT company in US
5	Chie Mashima	Corporate Officer, Managing Director of Hitachi Australia [April 2019-: Promoting business in Oceanian region]	(Management experience outside Japan)
6	Yoshihiko Kawamura	SVP and Executive Officer CSO and GM of Future Investment Division [April 2018-: Responsible for MMP]	Experience in trading company
7	Seiichiro Nukui	VP and Executive Officer Managing Director of Industry & Distribution BU [April 2019: In charge of global front]	Experience in consulting firm

Appoint Diverse Talent to Important Roles through Fair Assessment

3-5. Attract, Develop, and Place Diverse Talent (1) Diversity & Inclusion [Target Setting]

Published our target on talent diversity for FY2020 (Nov. 28, 2017)
10% each for Non-Japanese and women in executive officers and corporate officers in Hitachi, Ltd.

Transition in the ratio of women and non-Japanese in Executive Officers



3-6. Attract, Develop, and Place Diverse Talent

(2) Develop Business Leaders [Concept]

To Deliver Social, Environmental, and Economic Values,
it is essential to **Select & Develop Change Leaders**
rather than just to create a succession plan

Business Strategy

Clarify business leader positions
to achieve business goals

Required Business Leader Roles

Demand

Develop Leaders for WIN

Supply

Select & Develop Internal Talent with
sufficient potential in the world
Hire External Talent

Required Roles for Business Leaders

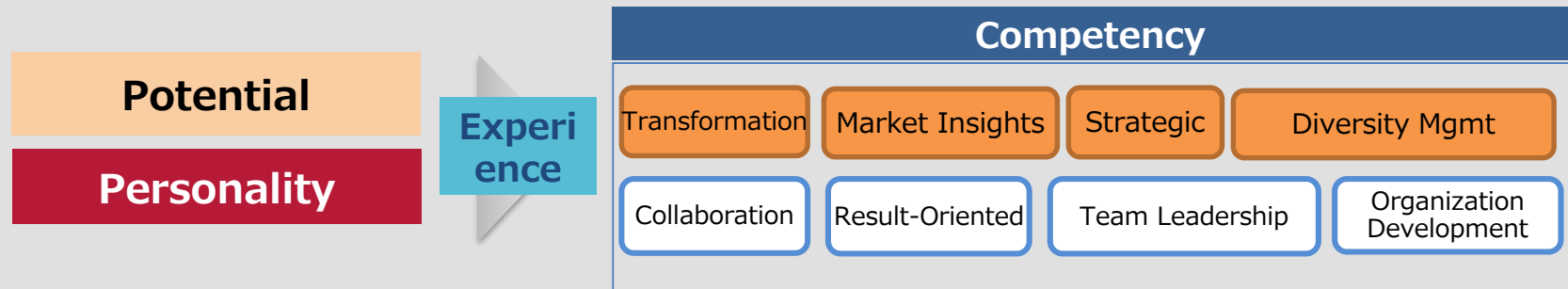
- ✓ Capture what is valuable for Society
- ✓ Seize structural change and turning point of industrial society
- ✓ Make decisions in a timely manner based on sufficient understanding of market trend

3-7. Attract, Develop, and Place Diverse Talent

(2) Develop Business Leaders [Select & Develop]

Requirements of Selective Leaders

- ✓ It is not enough that he/she has a deep understanding in his/her own business fields
- ✓ It is required to make a business decision and execute it at own risk under an uncertain situation of globalization and digitalization, even he/she can utilize internal/external support.



Selection Criteria

- ✓ Past Performance
- ✓ Present Competency Level
- ✓ Future Potential

※Including Management Appraisal from External Consultant

Development

- ✓ Intentionally Tough Assignment
- ✓ External Training & Coaching
- ✓ Mid-long Term Development by Executives and Nominating Committee members

3-8. Attract, Develop, and Place Diverse Talent (2) Develop Business Leaders [Talent Pipeline]

Executive Officer (EO)

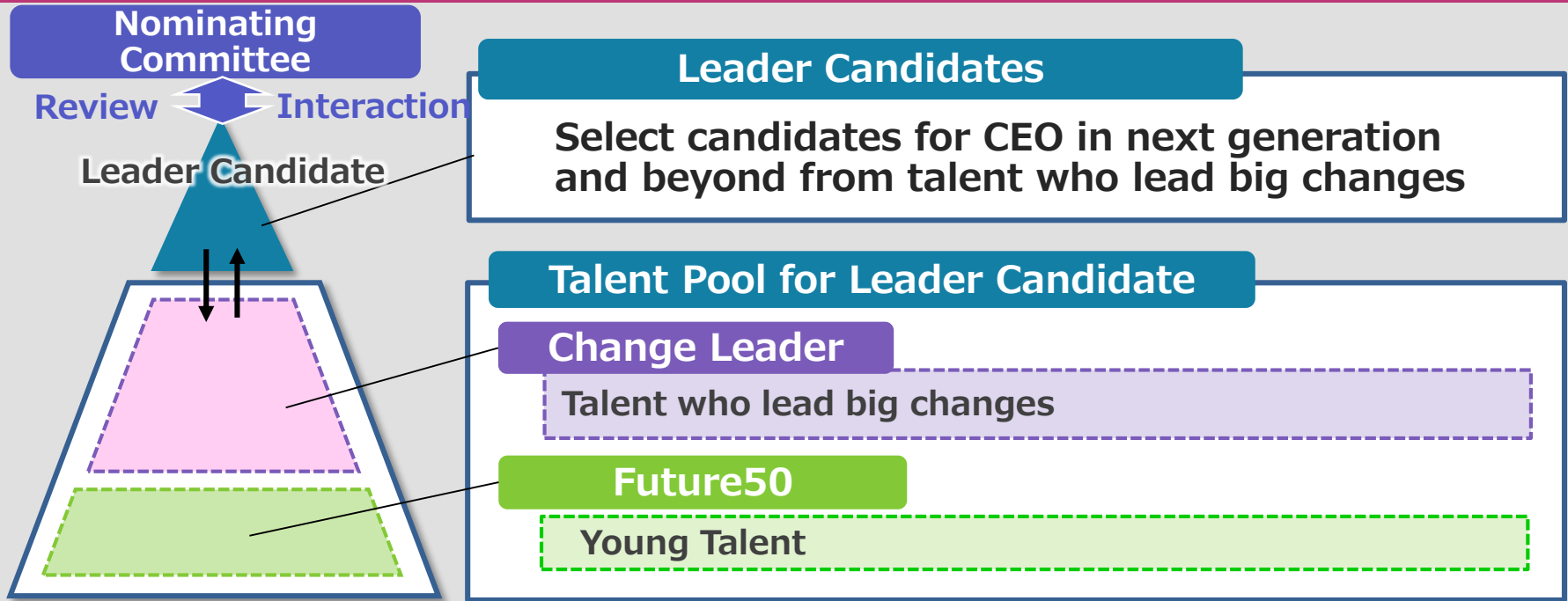
- ✓ Select & develop leader candidates globally
- ① Discuss through 30 times of Talent Committee meetings
- ② Give tough assignments to 400 candidates including Females and Non-Japanese

Nominating Committee (NC)

- ✓ Commit to mid-term development of candidates for CEO in next generation and beyond through discussion and individual interviews

EO+NC

- ✓ Intensively develop young talent selected as Future50, through measures such as tough assignments, 1on1 with CEO, and interaction with NC members



3-9. Attract, Develop, and Place Diverse Talent (3) Strengthen Digital Talent [Concept]

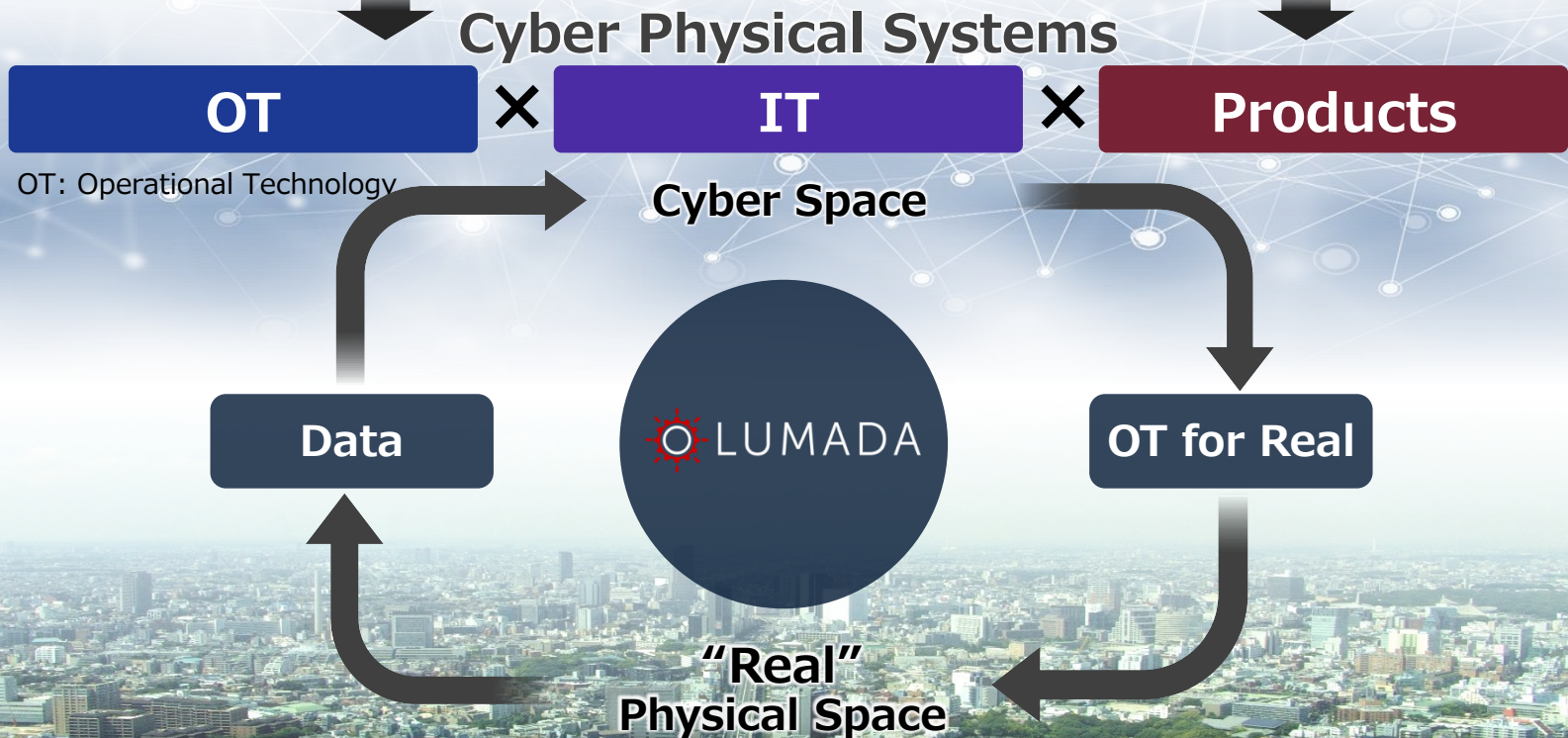
We should secure and develop talent with the ability to achieve innovation connecting digital and real spaces

[Strengthen Digital Talent]

FY2021: 30,000 digital specialists in IT sector to support Lumada

FY2021: 3,000 data scientists in Hitachi group

FY2021: 2,000 digital specialists in research area such as AI



3-10. Attract, Develop, and Place Diverse Talent

(3) Strengthen Digital Talent [Strategy]

Enhancing the number of digital specialist / human capital that support Lumada to approximately 30,000 by FY2021, through development of specialist and enhancement of basic training.

Design thinker

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

Data scientist

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

Domain expert

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

Security specialist

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

Acceleration of
co-creation with
customers

Engineer, etc.

Designs/implements/operates digital technology-based systems

Strengthening talent to lead digital business

Talent Acquisition

- Recruitment of excellent talent in & outside Japan
- Utilizing new Hitachi Vantara
- Through M&A

Talent development

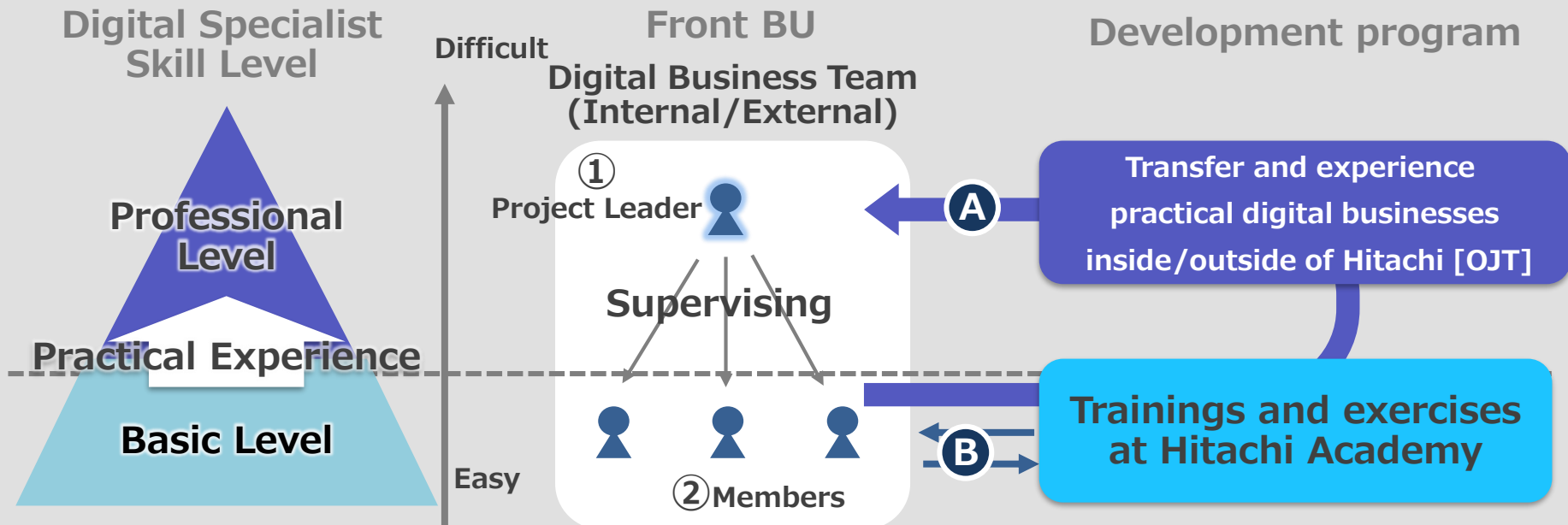
- Opportunities for practical experiences in front functions
- Hitachi Academy training courses
- Internal qualification systems: Hitachi Certified IT Professional

3-11. Attract, Develop, and Place Diverse Talent

(3) Strengthen Digital Talent [Development Plan]

Development programs of Digital Talent

- (A) Gain practical experience under professionals' guidance to become a project leader
- (B) Participate in trainings and exercises to acquire a way of thinking and techniques in the specific area



No	Target	Description	Development program
①	Professional Development Program	Have knowledge in the specific area and can play an organizing/leading role on the area in PJs	A Gain practical experience in actual businesses, on the assumption that basic skills have already been acquired
②	Basic Talent Development Program	Have practical experience in the specific area and can play an implementing role under professionals' guidance	B Acquire knowledge and techniques through trainings (lectures) and exercises

Deliver Social and Environmental Value to Customers and deliver Sustainable Return to shareholders and investors by promoting Social Innovation Business Globally



Diversity & Inclusion
Attract, Develop and Place diverse talent in the optimal way

Build Platform for Hitachi so that diverse talent can demonstrate their performance as One Team

Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this document.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, particularly Japan, Asia, the United States and Europe, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- the possibility of cost fluctuations during the lifetime of, or cancellation of, long-term contracts for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- credit conditions of Hitachi’s customers and suppliers;
- fluctuations in product demand and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in product demand, exchange rates and/or price of raw materials or shortages of materials, parts and components;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- uncertainty as to the success of cost structure overhaul;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained in other materials published by Hitachi.

Hitachi Social Innovation is

POWERING GOOD

HITACHI
Inspire the Next 