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# HR Strategy aligned with Management Strategy

(Progress over the past 10 years and the future)

Senior Vice President and Executive Officer,  
CHRO and Head of Corporate Communications

**Hidenobu Nakahata**

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CHRO and Head of Corporate Communications



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Chief Diversity, Equity & Inclusion Officer(CDEIO)

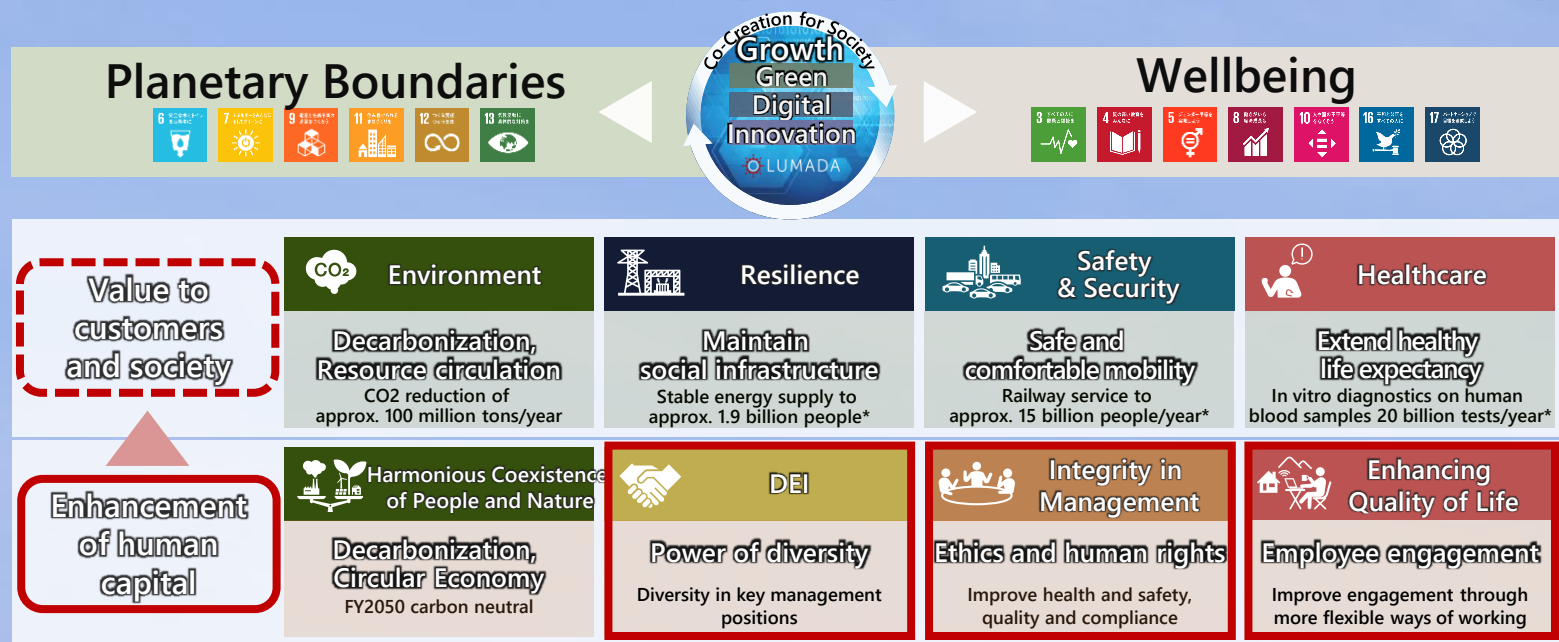


- HR strategy is an important part of management strategy.  
We formulate and implement them **aligned with the management strategy**.
- Hitachi has drastically changed its management strategy since 2010.  
(From “products and systems business” & “domestic focus” to **“Social Innovation Business” & “global expansion”**.)
- HR strategy is also undergoing a **transformation over 10 years**, linked to the change in management strategy.
- MMP2024 aims to **continue & strengthen the management reforms to achieve “further growth”**. Talents are becoming more important than ever, and we need to further **accelerate the implementation of our existing HR strategy**.
- Today, we will cover **the overall HR strategy** aligned with the management strategy and **the main HR measures**, and will explain the progress in 10 years and the future plans.
- Hitachi implements **Diversity, Equity & Inclusion, our sustainability strategy**, as a measure that contributes to the business, while **closely aligning with all HR measures**.

# A key theme in achieving our sustainability goals : Enhancing human capital

8 themes are "Sustainability Goals," which extract the value provided from Hitachi's **materiality**.  
**The most important factor** in realizing the vision of our SIB is **our people**.  
 By **Gathering the power of Hitachi Group's over 300,000 employees and enhancement of human capital**, we can consistently offer value to customers and society.

Provide value to customers and society through the enhancement of human capital



# Agenda

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- 1. HR strategy aligned with management strategy (overall picture)**
- 2. Main HR measures**
  - 1) Implementing DEI, Securing & Developing Global Leaders
  - 2) Securing & Developing Digital Talents
  - 3) Fostering Global Hitachi culture
  - 4) Promotion of job-based HR management in Japan
- 3. Implement KPIs for HR strategy linked to management targets**

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# 1-1. HR Strategy aligned with Business Strategy (Transformation of Management Strategy)

Change in management strategy from MMP2012

In response to the business crisis in 2009, Hitachi has made a major shift in its management strategy. In accordance with digitalization and globalization, Hitachi has shifted from a product business & domestic focus, to contribute to society by providing **the Social Innovation Business** (mainly service businesses) **globally**.

## Business in past

- Providing superior products and systems through high-quality "Monozukuri"
- Business growth with a focus on Japan and export of products originating in Japan



## Current business (Strengthen in the future)

- Expansion of "Social Innovation Business" (Products & Systems + Services Business utilizing data)
- Global business growth (cross-border business, collaborative creation in countries around the world)

# 1-2. HR Strategy aligned with Business Strategy (Transformation of Management Strategy)

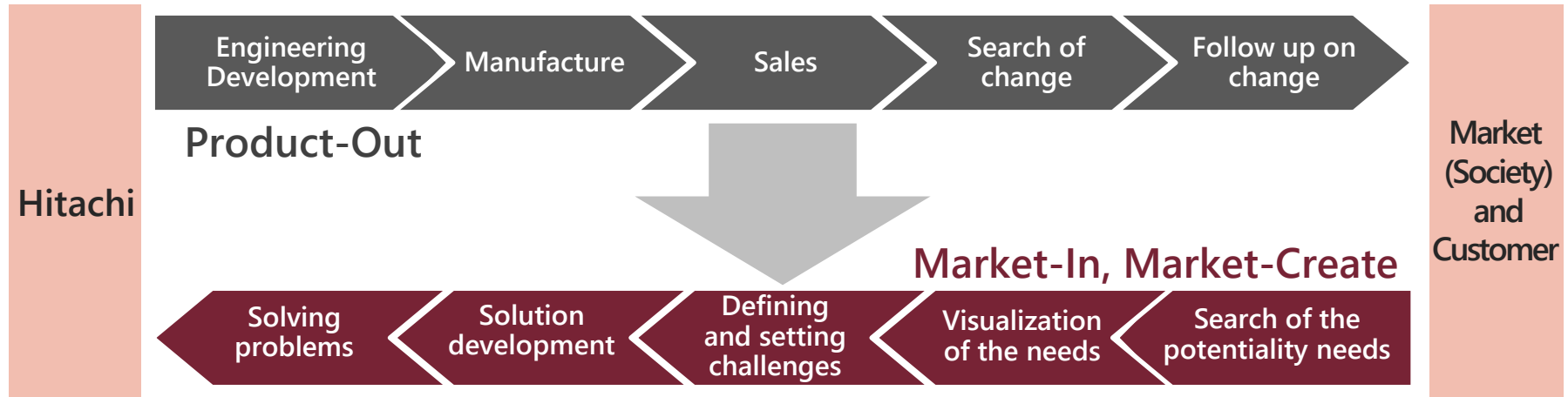
Change in Management Strategy from MMP2012

## Social Innovation Business

- ① Resolve current and future issues of customers and society.
- ② Provide services which include innovative technologies such as IoT / AI / big data analysis rather than merely providing products and systems

⇒ Build a business from exploring current & future needs of customers and society.

### Creation of change by collaborative creation





# 【Reference】 Example of Global Social Innovation Business

A new case of Lumada solution of smart mobility in Genova, Italy

## World's First Smart Mobility Digitally Connects Entire City Transportation Network to Optimize Public Transit Services

Offer railway vehicles/operation system  
(=> One-time business basically)

IoT-based mobility solution which is  
"As a Service" offering

### Issues of society and customers

- Avoidable cost due to traffic jam, exhaust gas, and other greenhouse gas
- Crowds recognized as a risk after the COVID-19 pandemic

### Solutions

- Digitally connect the entire city's transport network including public and private transportation (utilizing IoT technologies)
- Hands-free ticketing and digital twin which realize multi-modal transportation

### Global collaboration across BUs to provide value-driven solutions

Hitachi Rail (Global)

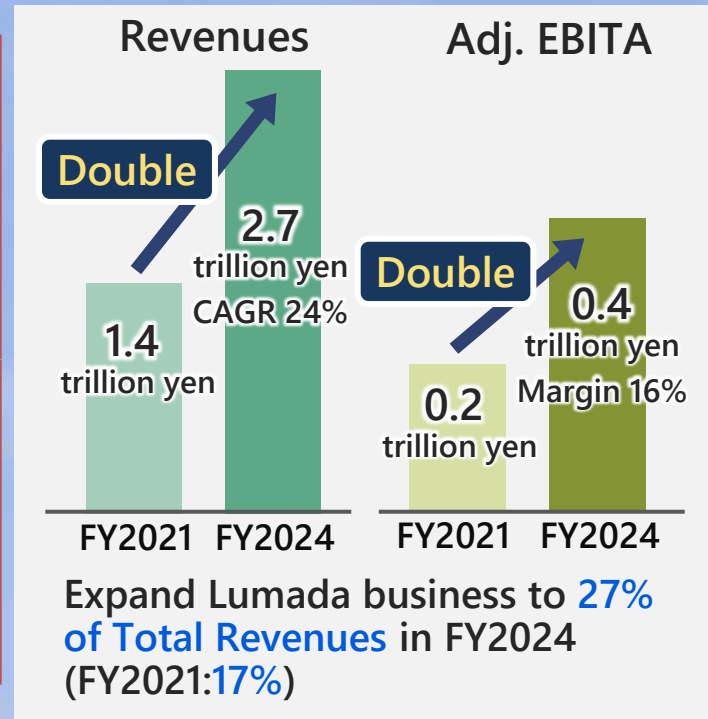
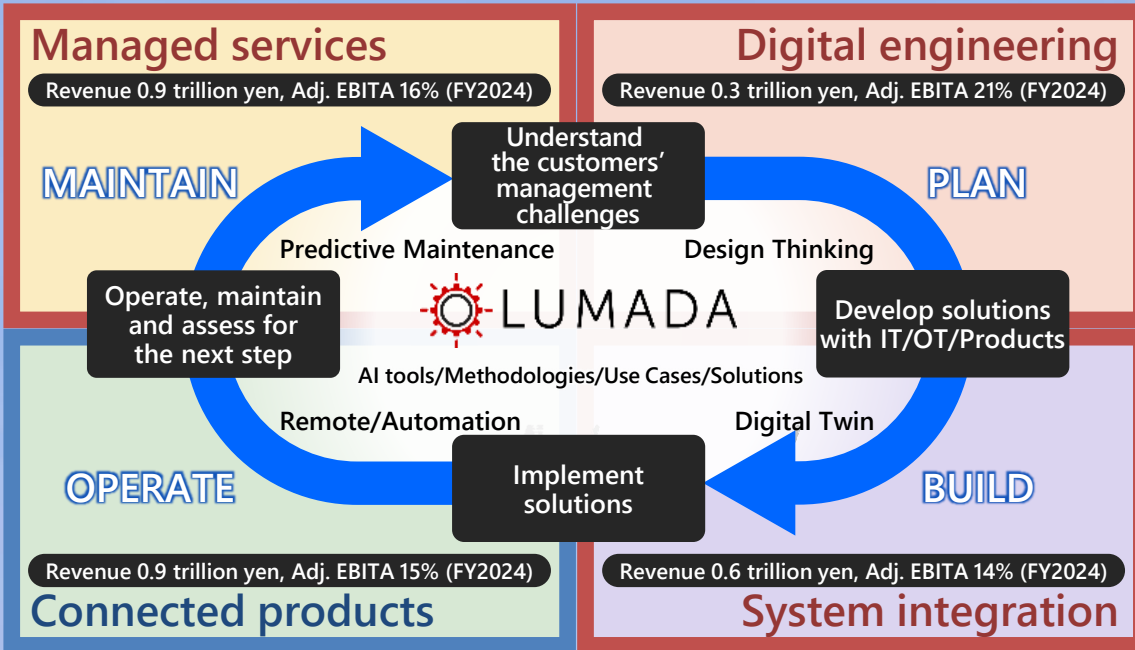
Railway Systems BU (Japan)

Other BUs/Group Companies

# 1-3. HR Strategy aligned with Business Strategy (Transformation of Management Strategy)

MMP2024 : Further Growth by expansion of Lumada business

**Growth Model that expands profit,**  
which is **the data-driven** cycle of value co-creation with customers  
⇒ **Accelerate Growth** (Revenues double from 1.4 trillion yen in FY2021 to 2.7 trillion yen in FY2024)



# 1-4. HR Strategy aligned with Business Strategy (Overview)

Business Direction and Required Talent and Organization

## Management Strategy

### Drive Social Innovation Business

### Expand Global Business

- Under **fast-paced business environment**, identify **current and future issues which societies and customers face in Japan and on a global basis**, and **provide services to solve problems** by utilizing products, systems, and IoT
- Build, promote and execute **globally collaborated business across countries, regions, divisions**



## Required Talent / Organization (Structure/Culture)

### Diversity, Equity

Talent who knows local market (society and customers) well = **Diverse talent with various background such as nationality, gender, etc.**

### Inclusion, Location Free

Talent, Organization to **work as One Team** across countries/regions

### Proactive, Growth Mindset

Talent who can **identify** society & customers' issues **clearly and think proactively about solutions, and organizations with that culture**

### Agility

Talent and Organization that can **quickly adapt to new business portfolios** by capturing changes in the business environment

# 1-5. HR Strategy aligned with Business Strategy (Overview)

Required Talent and Organization (Significant change from the past)

Keywords : "Diversity, Equity and Inclusion" and "Proactive individuals"

## 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

Expansion of Overseas Market (Japanese Market to be sustained)



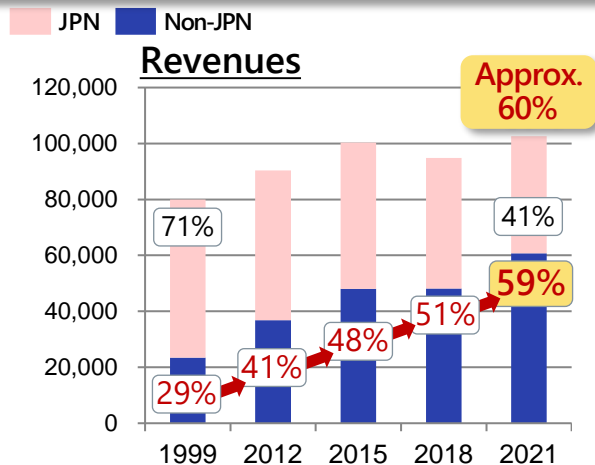
Explore the needs of the global society, clients and provide services to **solve** problems

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

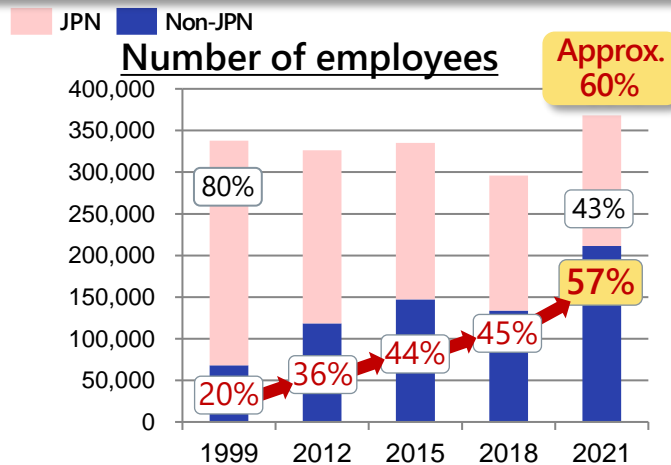
# 【Reference】 Global Expansion of Business coming with Changes of Headcount

Outside Japan, both the sales amount and the number of employees have recorded more than twice of those in 1999.

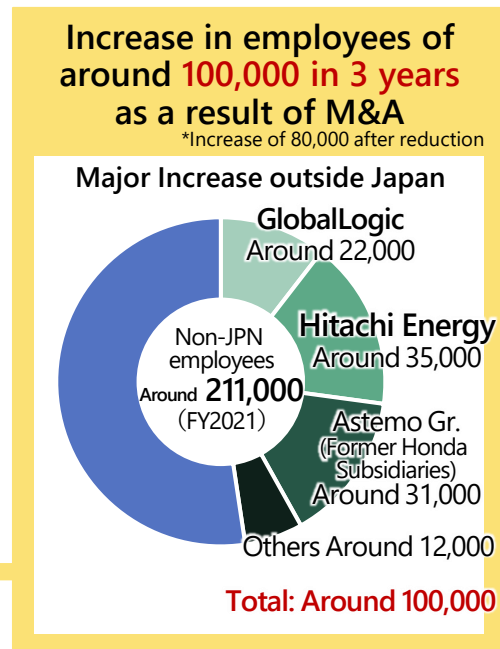
⇒ Increase overseas workforce through M&A and other ways to expand overseas business in growing markets in the MMP2021



Revenues	(trillion yen)				
JPN	5.7	5.4	5.2	4.7	4.2
Non-JPN	2.3	3.7	4.8	4.8	6.1
Total	8.0	9.0	10.0	9.5	10.3



Employees	(thousand persons)				
JPN	270	208	188	159	157
Non-JPN	68	119	147	132	211
Total	338	326	335	291	368



\*Fully consolidated basis (excluding temporary members etc.)

# 1-6. HR Strategy aligned with Business Strategy (Overview)

History of HR Management transformation (continue from 2011)

~MMP2015

**Transform to SIB**

Building a foundation for growth

~MMP2021

**Toward Global Leader  
in SIB**

MMP2024 ~

**Moving Toward New Growth**

- Sustainable Growth with assets by acquisition -

< Major Achievements/Actions >

- **Implement Global HR Platform**  
Human Capital Database, GLD(Leadership Program), HGG(Grading), GPM(Performance Review), Workday (HR integrated platform), Employee Survey etc.
- **Execute HR measures (D&I, Talents)**  
Female and Non-Japanese executive and corporate officers, Female Managers, acquisition of leaders/digital Talents etc.
- **Mindset, Corporate culture approach**  
(Fostering Culture, support to PMI, Promoting Job-based HR Management etc.)

Global  
HR management 3.0

Mindset, Corporate culture approach

Global  
HR management 2.0

Execute HR measures( D&I, Talents)

Global  
HR management 1.0

Implement Global HR Platform

**2011 Start of Global HR Initiatives**

2024

**Beyond**

**Contribute to Business through  
Diverse Talents, Equitable Opportunity  
and Inclusive Organization**

\*GLD...Global Leadership Development program

\*HGG...Hitachi Global Grade

\*GPM...Global Performance Management

# 【Reference】 Roadmap of HR strategy in 10 years (2011-2021)

2011-2015  
Implement  
Global HR Initiatives

2016-2018  
Execute HR measures  
D&I, Talents

2019-2021  
Start mindset,  
Corporate culture approach

## Global Human Resource Management 1.0

- Establishment of Global Human Resources Database (HCDB)
- Introduction of Hitachi Global Grade (HGG)
- Global Leadership Development (GLD)
- Global performance management (GPM)
- Global Employee Survey (Hitachi Insights)
- Global Mobility Establishment (IAP)
- Establishment of the Global Compensation philosophy
- Global Management Training (Ready to Lead)
- Reward and HGG linkage reinforcement
- Inspiration of the year (Culture Award)
- Transformation of HR Org. to a global Org.
- Promotion of standardization of policy & systems in Japan and role reform

## Global Human Resource Management 2.0

- Global Integrated Human Resources Information System (Workday)
- Global HRD Platform (Hitachi University)
- Global Management Training (GAP series)
- Disclosure of D&I targets for executives and managers (Hitachi, Ltd.)
- Holding of Global Women's Summit
- Strengthened GLD Human Resources Committee, F50 system launched
- SIB front Talent development (110,000EEs -> 130,000EEs)
- Make a Difference! (Mindset initiative)
- Hitachi Discovery Program (PMI)
- Promotion of Work-Life Innovation (Japan)
- Expansion of support for balancing work and childcare (Japan)
- Full-fledged job-type labor-management discussions (Japan)
- Optimization of global assets
- Holding Town-hall meetings

## Global Human Resource Management 3.0

- Implementation of Workday GPM/TR/ GLD (Implementation of One HCM)
- H-Univ., HCDB Workday migration
- Establishment of CDIO, first female executive officer
- Achievement of D&I targets and establishment of new targets (Hitachi, Ltd.)
- Big-scale implementation of TR (introduced at Hitachi Ltd.)
- Mentoring for GT+ and F50
- Acquisition and development of Digital Talent (approx. 51,000 EEs)
- Digital literacy Training (160,000 EEs in Japan)
- Hitachi Group Competency Revision
- Opening of Origin Park
- Supporting Cross-border M&A, PMI (PG, GL, etc.)
- New way of working, seal-less Paperless
- Introduction of Job descriptions
- Promotion of Job-based HR measures (1on 1, career development etc.)
- Reorganization of HR report line and establishment of BP
- Launching GBS-HR PJ

Global HR Initiatives

Talent Mgmt. (DEI, Global Leader, Digital Talent)

Corporate Culture, Work Life Innovation, New way of Working

HR Transformation

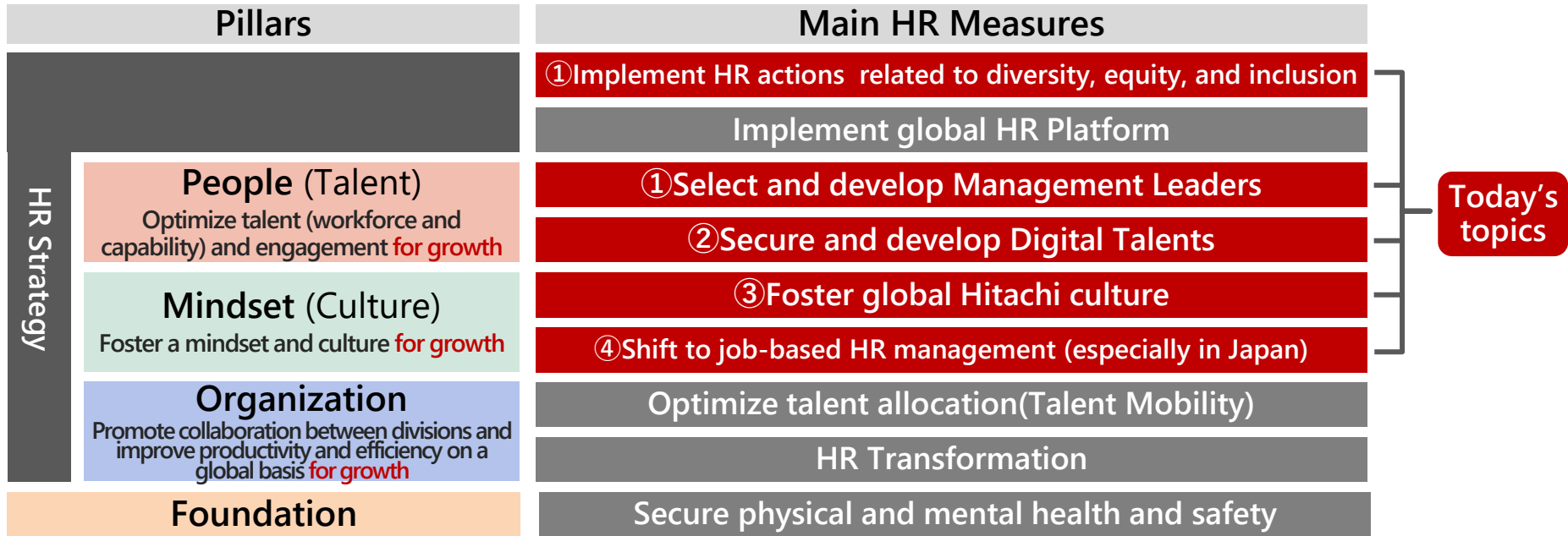
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## 2. Main HR Measures (Major HR actions in 2024 MMP)



### Mission

Contribute to Business through Diverse Talents, Equitable Opportunity and Inclusive Organization

### Vision

- We lead transformation into “Employer of choice” in global market
- Become a vibrant “Talent Destination” that contributes to society
- Become “The World’s #1 HR pioneers” who cope with changes and contribute to business

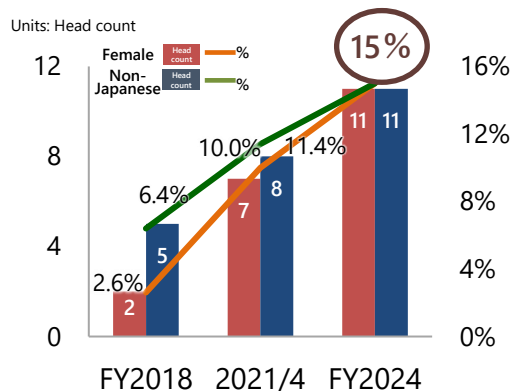
# 【Reference】 Disclosure of KPIs (targets) related to Talents in 2024MMP

**Quantitative KPI settings** for HR strategic targets and **implementation of HR measures** for achievement are required.

Strengthen acquisition and development of digital talent which is key for growth  
Contribute to a sustainable society and business growth through DEI improvement

## ① Implement DEI, Select and develop of diverse Management leaders

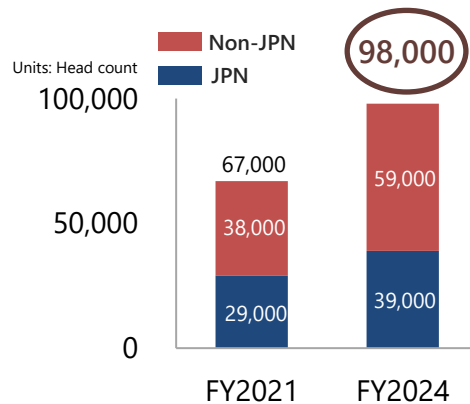
- Enhance co-creation and productivity through inclusion of diverse talent



Diversity in gender and nationality among executive and corporate officers

## ② Acquire and develop digital talent

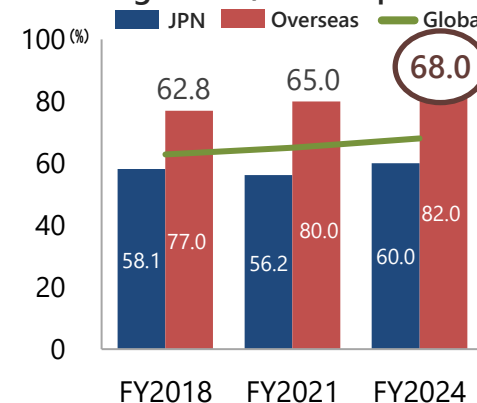
- Increase digital talent, mainly overseas, to 98,000



Number of the digital talents

## ③④ Strengthen employee engagement (Culture, Job-based HR)

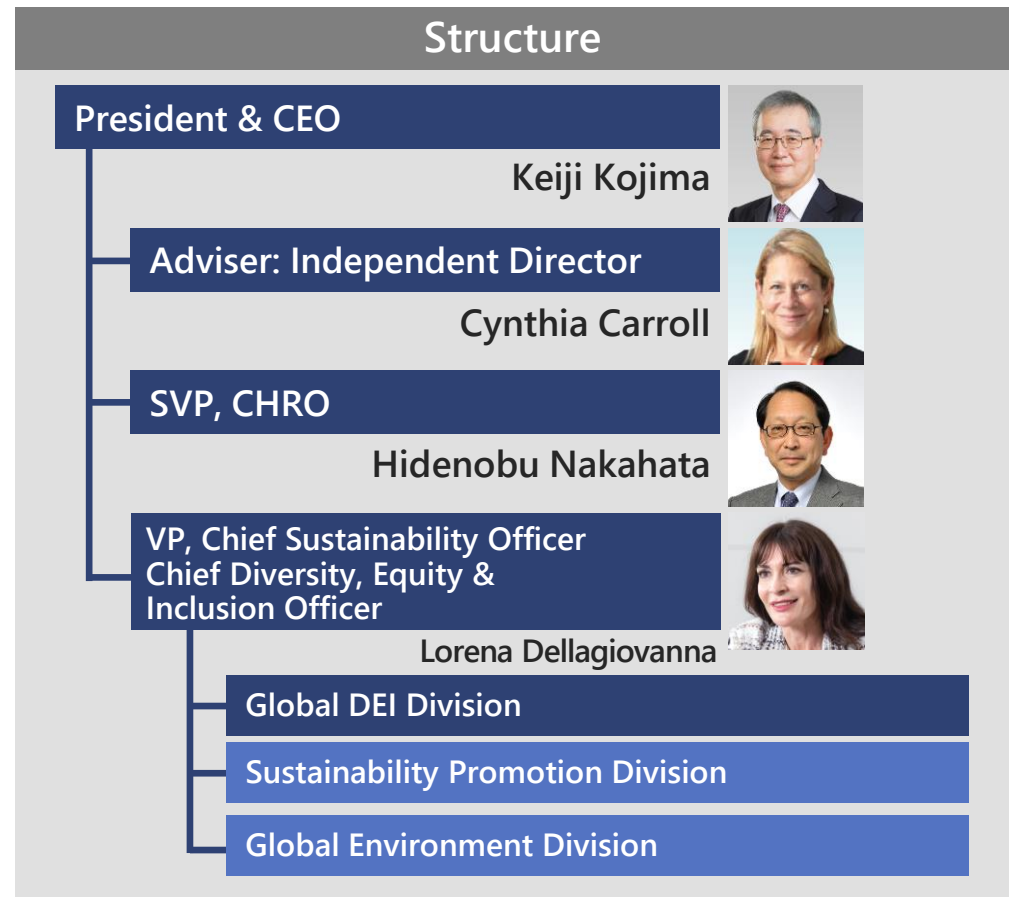
- Create a culture where each employee engages with solving societal challenges as his/her own problems



Engagement score

# ① Implement DEI, Select and develop of diverse Management leaders

## (1) Concept & Governance structure



# ① Select and develop of diverse Management leaders

(2) What is expected of Hitachi's management leaders

## Requirements of 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.
- It is also required to respond to Digitalization, Globalization



\*Red Column...Competency which is required especially for future Leaders

Select and develop "people who can lead change and innovation" as management leaders from diverse talents.  
(based not only on performance but also on future potential)

# ① Select and develop of diverse Management leaders

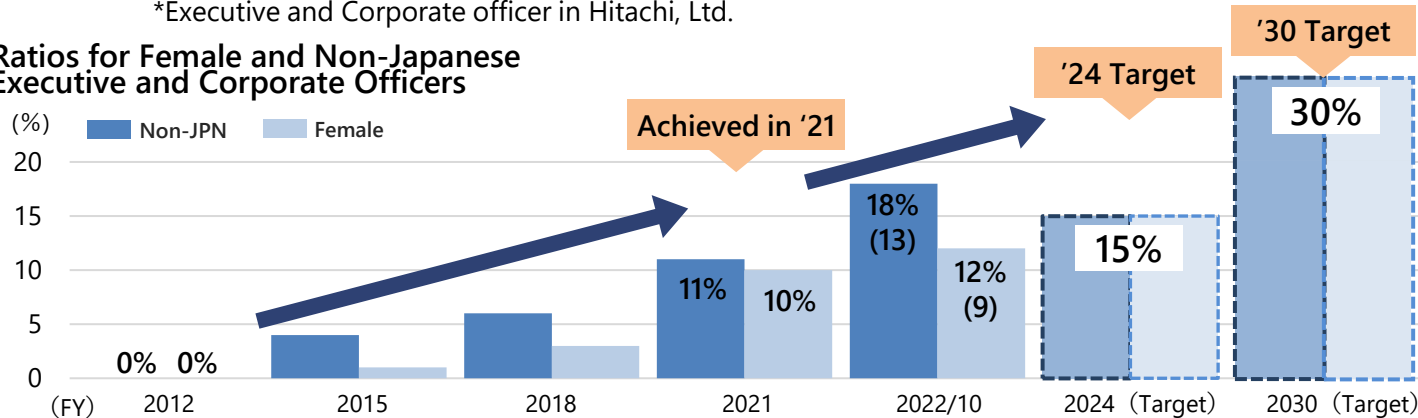
## (3) Implementing DEI in Executive class

### Achievement / Target

Achievement to reach 10% in female and non-Japanese executives class\* in FY2021. Setting a New Goal of 15% Ratios for Female and Non-Japanese Executive and Corporate Officers by FY2024 to reach 30% Ratios by FY2030

\*Executive and Corporate officer in Hitachi, Ltd.

Ratios for Female and Non-Japanese Executive and Corporate Officers



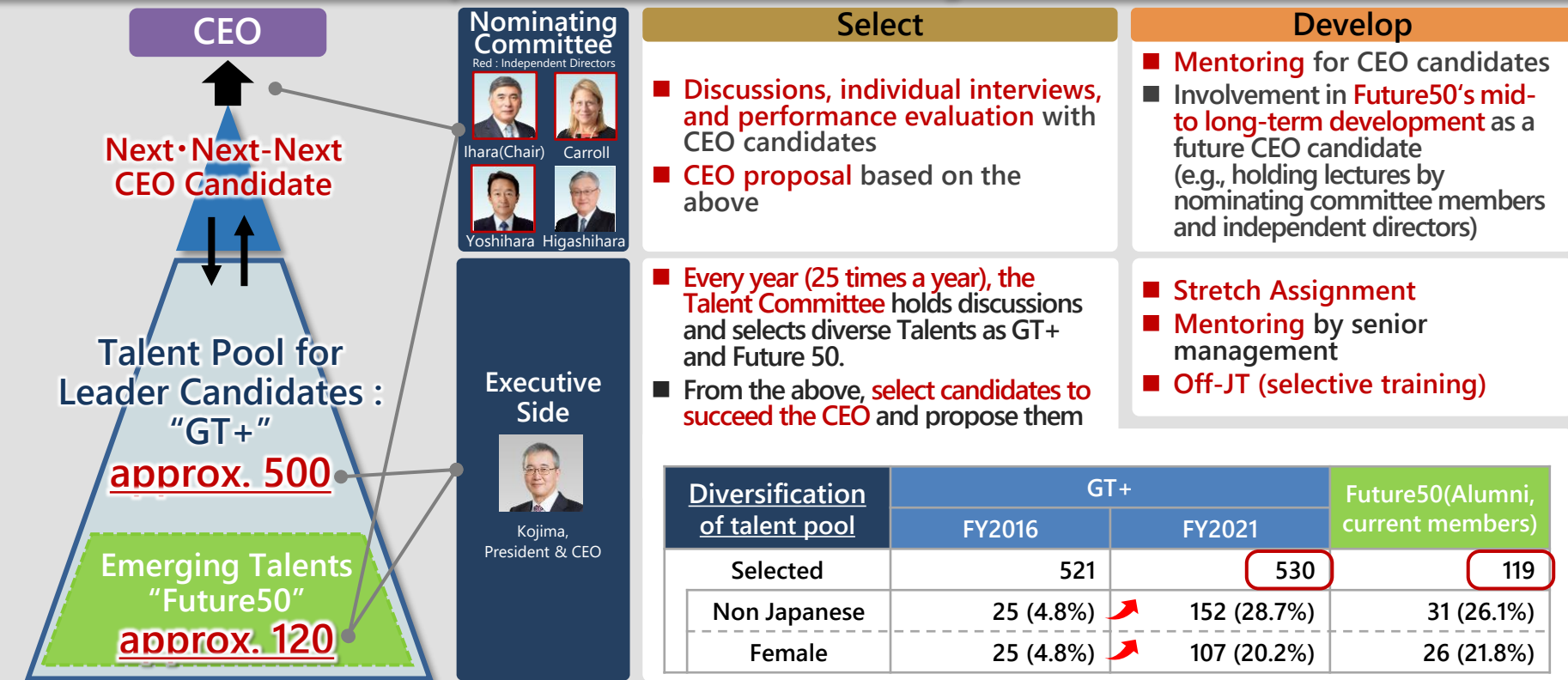
Non-Japanese and Female in Executive class (as of Oct. 2022)



# ① Select and develop of diverse Management leaders

(4) Building a pipeline of leaders (select & develop on the nominating committee and executive side)

The Nominating Committee and the Executive Committee work together to "select" and "develop" talents who will "lead change and innovation"



# ① Select and develop of diverse Management leaders

(5) Unique development program for emerging talents "Future 50"

The president commits to select and develop 119 candidates for change-driven global management in order to create leaders who will lead Hitachi for the next 100 years.

## Development

In order to acquire the necessary requirements such as the ability to change in a limited time, we execute intensive training from the perspective of "maximizing each individual's potential" and "increasing the speed of growth"

## ① Reinforcement of planning and execution of special assignment plans (OJT) customized to each individual's development status

(Assignments to presidents, etc. of Gr. companies with large business scale such as the President of Hitachi Global Life Solutions, Inc.)

Assignment	FY2017		FY2020
Management [President of Gr Companies etc.]	0%	↗	14.3%
Different BU [joining PJ crossover BUs]	34.3%	↗	74.3%
Different Occupation [Dispatch to International Organizations]	37.1%	↗	68.6%
Different countries	71.4%	↗	82.9%

## ② Planned Off-JT

## ③ Mentoring by senior management

## ④ Discussions with nominating committee members and independent directors

## ② Secure & Develop Digital Talents

(1) HR Strategy Linked to Lumada Business Goals and Strategies

Accelerate growth through Lumada business. Increase in both its revenues and profit as a percentage of total revenues and profit  
 ⇒ Securing and developing digital talents is essential to realize Lumada business

### Target of Lumada Business

Revenues

Adj. EBITA

Unit: yen

**Doubled**

2.7 trillion  
CAGR 24%

1.4 Trillion<sup>\*1</sup>

**Doubled**

0.4 trillion  
Margin 16%

0.2 trillion<sup>\*1</sup>

Ratio 17% 27%

Ratio 29% 33%

FY2021 FY2024

FY2021 FY2024

### HR Strategy

Number of Digital Talent<sup>\*2</sup>

JPN

Non-JPN

Unit: employee

98,000

67,000

38,000

59,000

30,000

11,000

19,000

29,000

39,000

FY2019

FY2021

FY2024

\*1 Excluded the revenues and Adj. EBITA from Listed subsidiaries

\*2 Digital talents: Talents with capability to drive Lumada business. Total number of employees who are categorized in specific 12 groups.



# ② Secure & Develop Digital Talents

(2) Define and Strengthen the Required Talents

Clarify our digital business to identify and strengthen the required capabilities and scale

① Recruiting, ② Development, ③ M&A to strengthen capability

**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

**Accelerate co-creation  
with customers**

**Security specialist**

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

**Engineer, etc.**

Designs/implements/operates digital technology-based systems

**Recruitment of new members**

**Training of current employees**

**Mergers and acquisition of digital engineering companies**

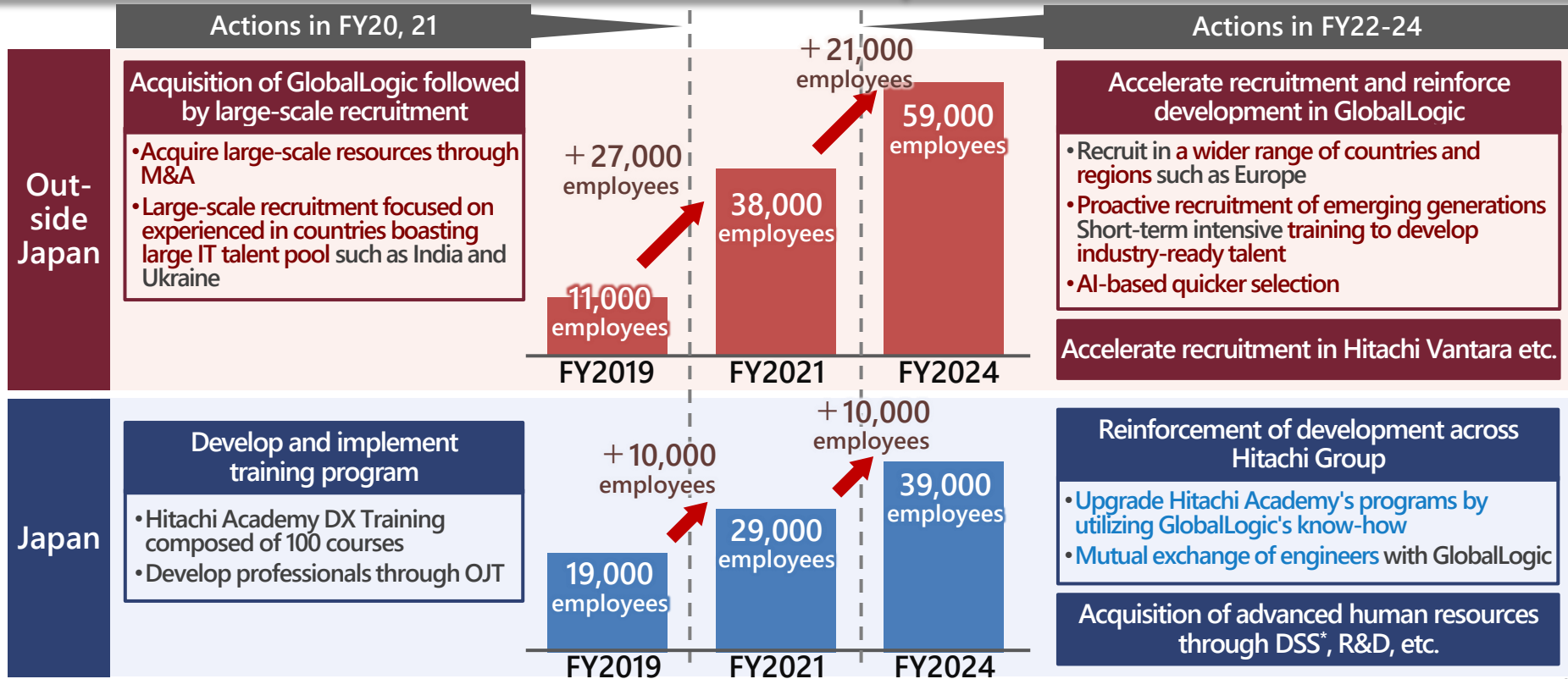
Acquire and develop 31,000 employees by the end of FY2024

- Global recruitment and development centering on GlobalLogic
- Develop Japanese talent in the 3 sectors and Astemo

## ② Secure & Develop Digital Talents

(3) Actions for Strengthening Talents Inside/Outside Japan

Accelerate the strengthening of digital talents through the acquisition of GlobalLogic and use of recruitment and development schemes.



\*DSS: Digital System & Service sector

### ③ Foster Global Hitachi Culture

(1) Share the Hitachi Values with 100,000 New Colleagues and Foster the Growth Culture

Welcoming more than 100,000 new colleagues and new organizations, improve engagement through penetration of Hitachi's universal values and evolution of culture towards growth



# ③ Foster Global Hitachi Culture

(2) Actions for Smooth PMI (e.g. GlobalLogic)

## Close communication for mutual understanding / implementation of HR measures

### Direct communication between executives



GlobalLogic Office Visit and Communication (May 2021, USA)

### Employee event Celebrating new members of Hitachi Group



Approximately 5,900 people attended the Global Townhall Meeting (July 2021)



### Culture Diagnosis

- Visualize cultural commonality and differences
- Promote mutual understanding via workshop



### Human Capital Management Platform

- Work in progress



### Global Employee Survey

- Implemented (FY22-)

## Monitoring

- Monitor engagement across overall GlobalLogic's employees with regular pulse surveys.
- Identify retention targets, quickly identify signs of risk, and flexibly take countermeasures.

# ③ Foster Global Hitachi Culture

## (3) Actions to Change Behavior Through Opportunities

Opportunity

**HITACHI**  
Inspire the Next

### Embody the company mission "Contribute to society" - Humanitarian Aid for Ukraine -

Quick decision-making and implementation of support for Ukraine including GlobalLogic's employees and their families

Total donation including that through a donation program matching employee and company (Benevity)

**400M+ JPY**



Sending messages of encouragement from employees to colleagues in Ukraine

### 【Message from GlobalLogic】



Joshua Abramson  
Associate VP, Environmental, Social & Governance

With all my heart, thank you so much for your extraordinary efforts and support to make this happen.

**We are forever grateful and feel so supported by our Hitachi family.**

### Cultivating Growth Mindset through idea contest "Make a Difference!"

Stimulate mindset of employees and encourage actions by giving opportunity to propose solutions of social issues

Number of entries (FY21)

**457**

Entries from overseas

**185**



### 【New Business Plan (FY17 award winner)】



Realized the winner's hope for the world securing children's health and parent's safe work environment. **"Infectious Disease Forecasting Service\*\*", which was released in October 2020.**

\*Utilizing epidemic prediction AI, the service will provide forecasts of infectious disease epidemic trends by region based on various big data centered on medical institutions

# ③ Foster Global Hitachi Culture

(4) Implementation Status of Global HR Management Platform



Accelerate PMI by introducing a common global platform  
Penetrate growth-centered behavior through group-wide common HR measures



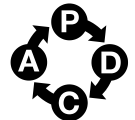
Human Capital Management Platform(Workday)

FY18 79,000 people ⇒ FY21 **181,000**



Global Employee Survey

FY21 **544** companies **210,000** employees participated



Global Performance Management

FY14 112,000 employees ⇒ FY21 **177,000** employees



Learning Platform

Hitachi University

FY18 148,000人 ⇒ FY21 **205,000**人



Global Management Training Course

**4,000** employees / year

# ④ Shift to Job-based HR Management in Japan

## (1) Background

370,000 employees in Hitachi Group globally

Overseas (210,000) : "Job-based" HR management is already in place

Japan (160,000) : "Membership-based" HR management remains (**Need to review** for business growth)

### Changes in Global Business Environment

#### ● Advancement of Digital Technology

(AI, Robot, IoT, etc.)

→ Frequent innovations

→ Competition of ideas/business model

#### ● Changes in global market

→ Expansion of overseas markets

#### ● Promoting Social Innovation Business

#### ● Global business growth

→ Need for active recruitment of diversity talent and collaboration between Japan and overseas talent

#### ● Shift to service and solution business

### Business Direction of Hitachi

### Social Issues in Japan

#### ● Advancement of declining birthrate and aging population

⇒ Decline in working population

⇒ Advent of super-graying society

Inevitable leverage of diverse talent

#### ● Rigid & closed labor market

#### ● Wider gap between regular & non-regular employment

#### ● Greater diversity of talent

(Female/Foreigners/Experienced/Elderly/Challenged)

#### ● Changes in values (across generations)

(Stronger attention to career path (job switch), focus of WLB\*) \* work-life balance

#### ● Changes in lifestyle/family structure

(Working couples, declining birthrate, late marriage, etc.)

### Changes in Employees (Individuals)

Review of HR Management for Business Growth

# ④ Shift to Job-based HR Management in Japan

## (2) Direction of HR Management Transformation



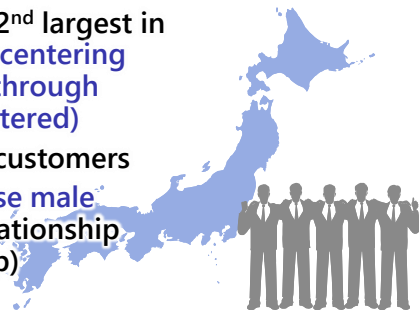


# ④ Shift to Job-based HR Management in Japan

## (3) Reasons of the Shift: Viewpoint from Changes in Business Environment

### Previously

- Market of Japan grew into 2<sup>nd</sup> largest in the world, Business growth **centering on/originating from Japan** through "Monozukuri" (product-centered)
- Mainly **domestic** and **male** customers
- Workers are mainly **Japanese male regular employee** (Fixed relationship within a homogenous group)



- Products / Systems developed and offered by a homogenous group, **Sales (profits) are linked to hours worked/ production volume**



→ Working style with designated venue and time

- **Stability, security and balance within the company** are important considerations



Membership-based and time management was able to function

### From now on

- Expansion of **overseas markets** (Japanese market remains unchanged)  
Growth in **the global market** through "Social Innovation Business" (service-centered)
- **Globalization and diversification** of customers
- **Diversification in attributes and values** of workers (Highly mobile and open interpersonal relationships)



- Expanding business with diverse views and ideas, **Sales (profits) are not directly linked to hours worked**

→ Flexible working style without being constrained by time and place

- **Change, challenge and active role inside/outside company** are important considerations



Job-based management and management based on results are required

# ④ Shift to Job-based HR Management in Japan

(4) HR Management Which Hitachi Aims at (continuous goal from 2013)

## Objective

**“Growth” of Organization AND Individuals, fostering “growth mindset and culture”**

Offering values through the global social innovation business  
and self-realization of employees through their job

- Promote proactive mindset and career building → Improved engagement
- Allocate the best talent found inside/outside Hitachi → Active and diverse talent
- Accelerate talent mobility to growth business → Higher labor productivity

The right person to the right place according to the eagerness and capabilities of the individual, regardless of such attributes as age

### Visualization of “Job Duties”

#### Job Description

- Basic roles, required skills

#### HGG

- Scale of each job’s role and responsibility

#### GPM

- Target for the year

### Visualization of “Human Resources”

#### Talent Review

- Review of development and allocation based on individuals’ strengths and career intent, etc.

#### Workday

- Integrated HR management platform

The right person to the right place to be realized by matching “job” and “talent”

Foster mindset and culture for growth:

Build and choose career proactively, self-learn, challenge, and learn from mistakes

# ④ Shift to Job-based HR Management in Japan

(5) Actions taken from 2013 and Future Plans

Convert the system and structure to a job-based system, and take time to communicate the need for a job-based system, leading to a change in employee awareness and behavior.

FY	Actions from 2013 to 2021	Ongoing actions in 2022	Future actions from 2023
<b>GOAL</b>	Construction of foundations Change in Awareness	<b>Concrete Changes in Behavior</b>	Growth of Organization and Individuals
<b>Build systems</b>	<b>Build foundations to realize job-based management</b> "Visualize job duties" <span>HGG('13) (Job-based Grade)</span> <span>Job Description('21)</span> "Visualize talent" <span>GPM('14) (Review system)</span> <span>Workday('18) (Global HRIS)</span> <b>Job-based recruitment</b> <span>Transform to career Kick-off Session('21)</span> <span>Job based Internship('21)</span>	<b>System to optimize talent allocation</b> Stimulate internal labor market (voluntary transfer) Internal career agent <b>System to promote reskilling</b> LXP* (AI-based recommendation of training and learning program without limit) <b>Reflection on appraisal system</b> Examine Job-based rewarding system	<b>Shift of entire system and framework</b> 
	<b>Commitment of executives</b> <span>Discussion on SEC ('13~)</span> <span>Dialogue with Executives for Job-based HR ('20~)</span> <b>Employee communication on Job-based management</b> <span>Discussion with HWU('17~)</span> <span>Dialogue with Manager Class (10 thousands) ('20~)</span>	<b>Support change in awareness of managers</b> Training of management skills <b>Support employees to build career</b> Career training for managers <b>Continuous communication with employees</b>	<b>Change in behavior through process of "notice" "think" "action"</b> 

**Systems**  
(Creation of Standard Job descriptions)

approx. **450**

**Change in Awareness & Behavior**  
("positive answer" in Survey result)

Necessity of Job-based HR  
**82%**

Necessity of proactive career building  
**87%**

Actions to acquire necessary skills  
**42%**

\*Learning Experience Platform

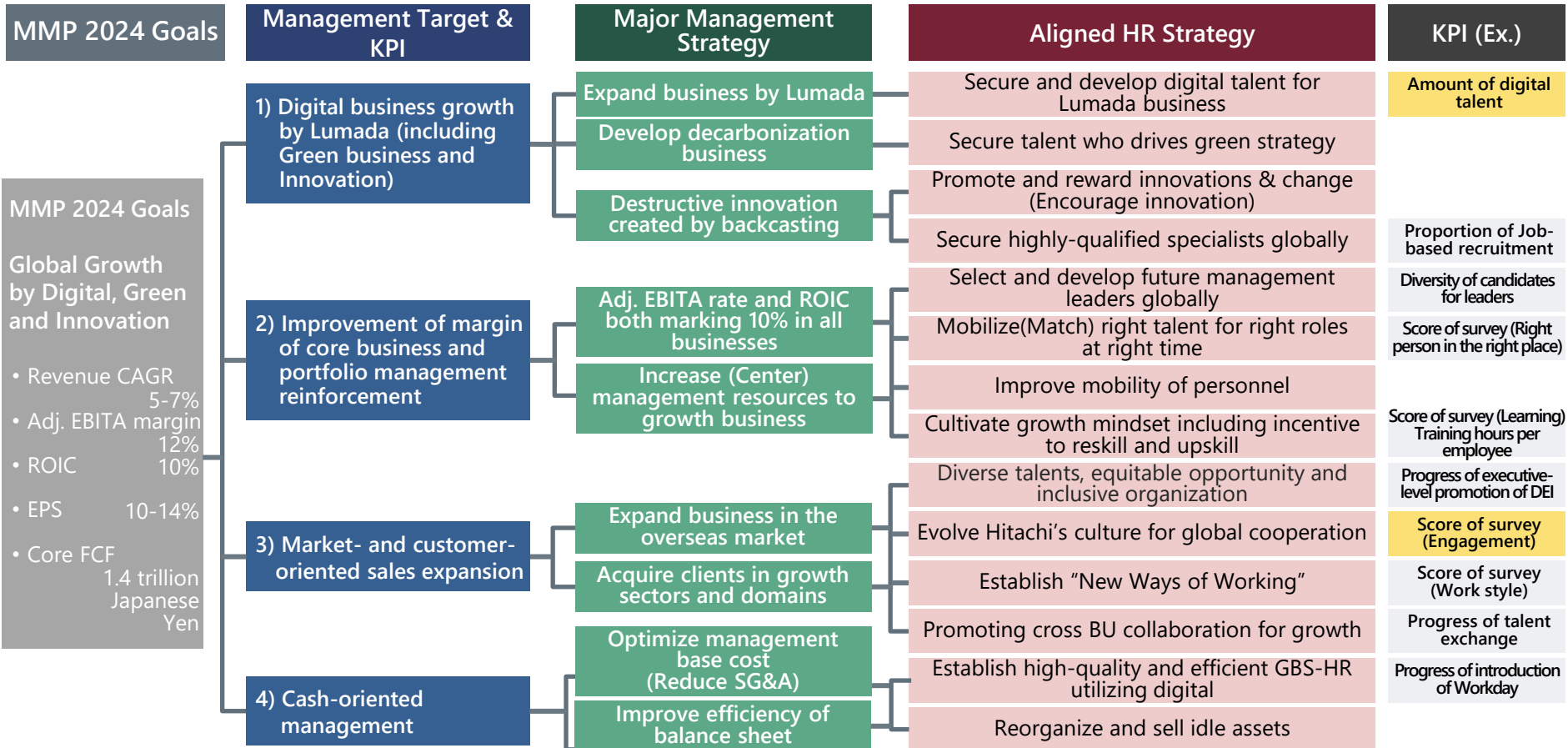
# Agenda

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1. HR strategy aligned with management strategy (overall picture)
2. Main HR measures
  - 1) Implementing DEI, Securing & Developing Global Leaders
  - 2) Securing & Developing Digital Talents
  - 3) Fostering Global Hitachi culture
  - 4) Promotion of job-based HR management in Japan
- 3. Implement KPIs for HR strategy linked to management targets**

# 3-1. Set and fulfill HR strategy KPI aligned with business goals

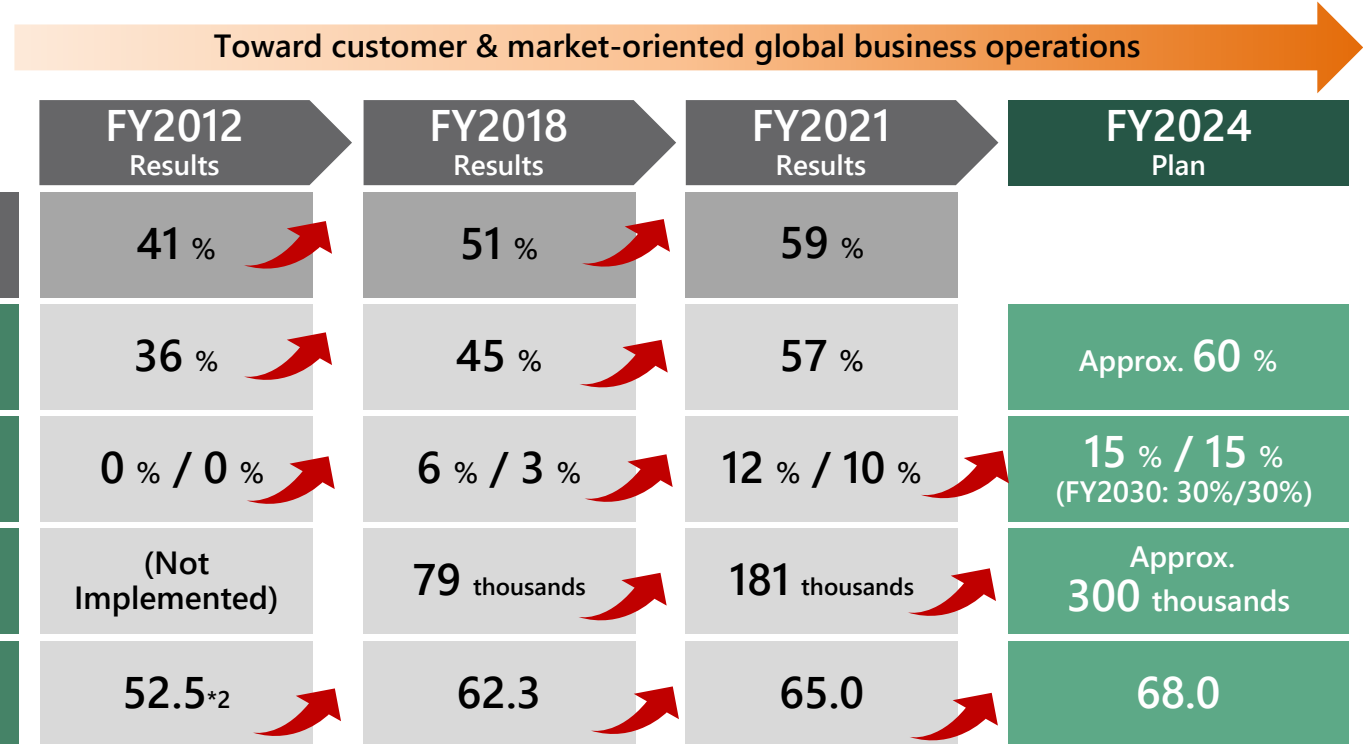
(1) Design HR Strategy and KPIs according to business goals and business strategy



# 3-2. Set and fulfill HR strategy KPI aligned with business goals

(2) Status of HR strategy and target for FY2024 ① (global business expansion)

## Human Resource KPIs for global business expansion



\*1: Number of executive and corporate officers in Hitachi, Ltd. (calculated in June yearly) \*2 Data of FY2013 (The introduction year)

# 3-3. Set and fulfill HR strategy KPI aligned with business goals

(2) Status of HR strategy and target for FY2024 ② (Talent Shift to high growth business (Social Innovation Business))

## Human resource KPIs for growth business expansion, including Lumada business

Achieve growth by shifting talents to growth businesses

		FY2012 Results	FY2018 Results	FY2021 Results	FY2024 Plan
Lumada business		-	1,127 billion yen*2	1,393 billion yen	2,700 billion yen
Digital Capability Talents		-	30,000 employees	67,000 employees	98,000 employees
DX training at Hitachi Academy (Multiply number of employees by days)		-	-	Around 24,000 person-day	Approx. 28,000 person-day
Introduction of Job Descriptions in Japan		(Before introduction)	(Before introduction)	Around 8,000 positions (Around 35,000 in FY2022)	Approx. 160,000 positions
Talent mobilization	Talent acquisition Ratio of experienced Employees in Hitachi, Ltd.	3.6 %	33.3 %	40.0 %	50.0 %
	Number of open call realized in Japan group companies*1 (divided by total number of job opportunities)	24 / 68	112 / 152	149 / 477	Approx. 500 / -

\*1: Open call in Japan group companies: Results in FY2012 to FY2021 is the total number of calls in 13 voluntary participant companies. The forecasted result of FY2024 is that in Hitachi, Ltd.

\*2: The definition and the scope of Lumada business were redefined in FY2019.

- HR strategy is an important part of management strategy.  
We formulate and implement them **aligned with the management strategy**.
- Hitachi has drastically changed its management strategy since 2010.  
(From “products and systems business” & “domestic focus” to  
**“Social Innovation Business” & “global expansion”**.)
- HR strategy is also undergoing a **transformation over 10 years**,  
linked to the change in management strategy.
- MMP2024 aims to **continue & strengthen the management reforms to achieve “further growth”**.  
Talents are becoming more important than ever, and we need to further  
**accelerate the implementation of our existing HR strategy**.
- Today, we will cover **the overall HR strategy** aligned with the management strategy and  
**the main HR measures**, and will explain the progress in 10 years and the future plans.
- Hitachi implements **Diversity, Equity & Inclusion, our sustainability strategy**, as a measure  
that contributes to the business, while **closely aligning with all HR measures**.



An aerial view of a city at sunset, with a globe in the foreground and a Hitachi logo graphic. The text is overlaid on the cityscape.

Hitachi Social Innovation is  
**POWERING GOOD**

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**[APPENDIX]**

# Appendix 1. Structure of New Global HR Division(HQ)

Operating as One Team **across Countries/Regions/Companies**

Execute HR strategies and measures **from a non-Japan-centric, global perspective** for global business expansion.



**Hidenobu Nakahata**  
SVP, Exec. Officer  
CHRO, Hitachi, Ltd.



**Imtiaz Shaikh**  
Deputy CHRO



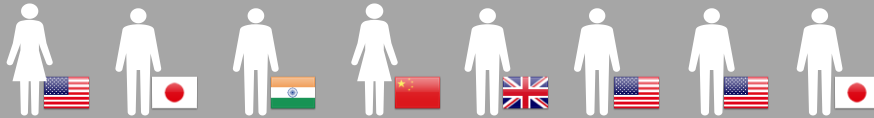
**Paresh Thacker**  
Global Programs &  
Transformation Office

Note) Icon



15 USA	15 India	5 UK	2 Poland
2 Singapore	2 China	1 Germany	1 Spain
1 Australia	1 Vietnam	45 Japan	Total : 90
			36 Female

Digital HR (Incl. Implementation, Operation PJ team) 270



Learning



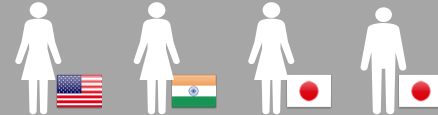
Hiring



Talent Management & Performance Management



Culture & Engagement



Total Rewards



GBS / HR Shared Service (Incl. GBS each region team) 65



# Appendix 2. Progress of Globalizing the Company

## A Case of Rail Business Unit (Expansion of Global Business)

Strongly promote globalization corresponding to market changes  
Business unit operating as One Team beyond countries or legal entities  
(Active engagement of diverse talent across the borders)



VP, CEO, Railway Systems BU  
Andrew Barr

○UK  
(CEO of railway business  
in residence)

○Italy

□India

□Singapore

□Australia

○China

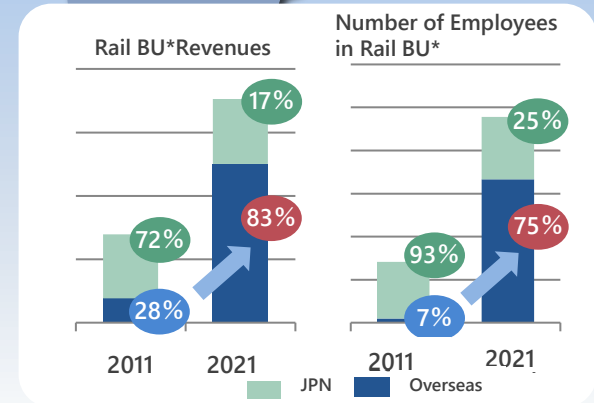
△□Korea

△Vietnam

○Japan

○US

○Legal Entity  
△Project  
□Sales Force



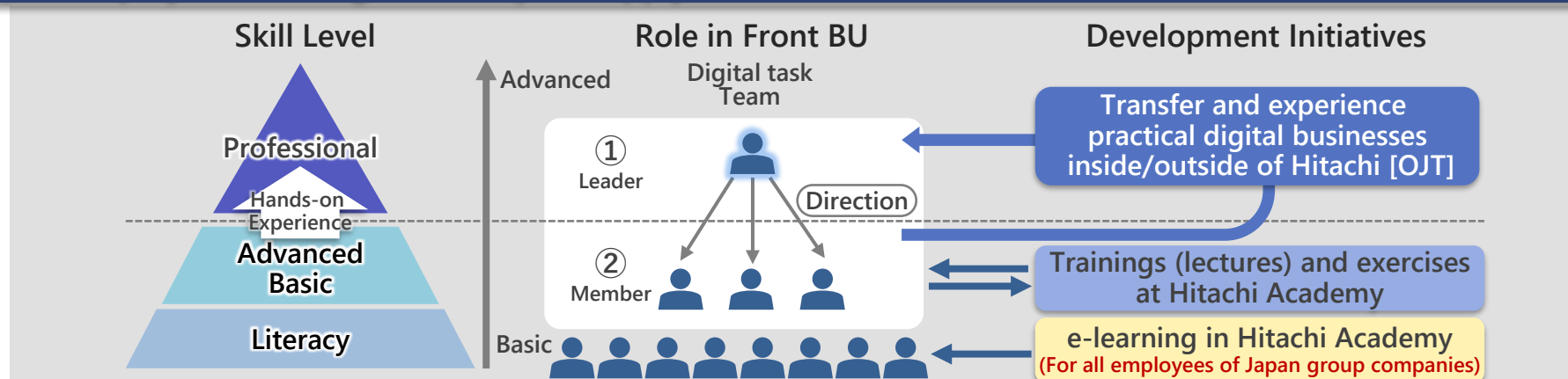
# Appendix 3. Accelerate Assignment of Diversified Talents to High Positions

## Appoint diverse talent to High Positions through fair assessment

	Name	Assignment as of FY2022	Remarks
1	Yoshihiko Kawamura 	<b>EVP, CFO &amp; CRMO</b> [Apr. 2022] [former CSO, Responsible for planning MMP, 2018]	Experience in Other Business Fields
2	Lorena Dellagiovanna 	<b>VP, Chief Sustainability Officer</b> [Apr.2022] acting <b>Chief Diversity, Equity &amp; Inclusion Officer</b>	Global Management Experience
3	Gajen Kandiah 	Corporate Officer, CEO of Hitachi Vantara, Acting <b>Chief Digital Transformation Officer</b> in <b>DSS Sector</b> [Apr.2022]	Experience in Global IT Companies
4	Sabine Busse 	Corporate Officer, <b>Deputy GM of Corporate Sales &amp; Marketing Group</b> Acting <b>CMO in charge of Global Marketing &amp; Sales transformation</b> [Apr. 2022]	Experience in Global Companies
5	Stephen Manetta 	Corporate Officer, <b>Chief Intellectual Property Officer</b> [May. 2022]	Experience in Global Companies
6	Megumu Tsuda 	Corporate Officer, <b>GM of Sustainability Promotion Division</b> [Apr. 2022]	Experience in Other Business Fields
7	Imtiaz Shaikh 	Corporate Officer, <b>Deputy CHRO</b> [Apr. 2022]	Global Management Experience
8	Brice Koch 	<b>President &amp; CEO of Hitachi Astemo</b> [Apr.2018 business with sales of 1.5T yen]	Experience in Global Companies
9	Claudio Facchin 	<b>SVP, CEO of Power Grids Business Unit</b> Acting CEO of Hitachi Energy Ltd. [Start Working in JapanApr.2022]	Experience in Global Companies
10	Andrew Barr 	<b>VP, CEO of Railway Systems Business Unit</b> [business with sales of 600B yen]	Experience in railway company(UK)
11	Chie Mashima 	Corporate Officer, <b>GM of SIB Division</b> in DSS sector [Former CEO of Hitachi Australia, 2019]	Global Management Experience

## Development programs of Digital Talent

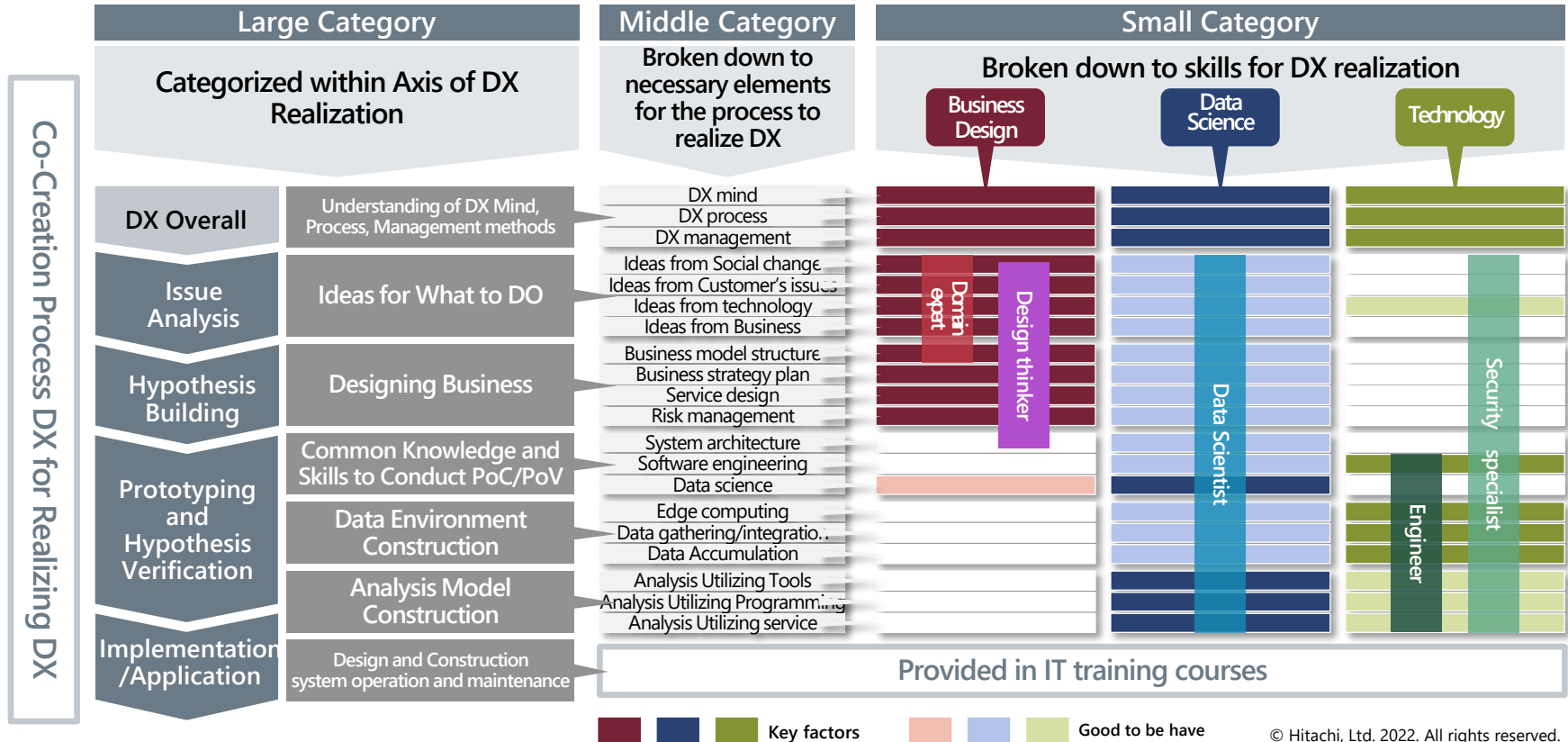
- (A) Gain practical experience under professionals' guidance to become a project leader
- (B) Participate in trainings and exercises to acquire a way of thinking and techniques in the specific area to become PJ members
- (C) All employees have digital literacy and apply it to their own work



#	Target	Description
①	Professional	Have knowledge in the specific area and can play an organizing/leading role on the area in PJs
②	Advanced and Basic (10thousands/year)	Have practical experience in the specific area and can play an implementing role under professionals' guidance ( <b>Data scientist, security specialist, design thinker, etc.</b> )
③	Literacy (All Hitachi Gr. Employees in Japan)	Have a basic digital knowledge, understand the fundamental content of Hitachi's digital business.

# Appendix 5. DX Training Programs in Hitachi Academy

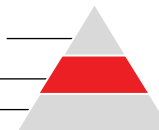
Providing approx. 100 specialized courses in alignment with the co-creation process to realize DX.



## VALUES

[Hitachi Founding Spirit]

MISSION  
VALUES  
VISION



和

Harmony

Have frank discussions between all class of employees, and once a decision is made, work together to make it success.

誠

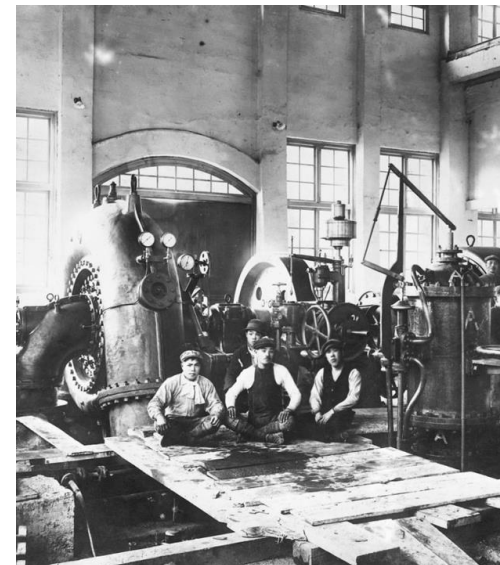
Sincerity

Act with a sense of honesty and ownership at all times and never pass the buck. The spirit to meet society's expectations and generate credibility for Hitachi.

開拓者精神

Pioneering Spirit

Tackle the unknown, and be eager to develop new products and new technologies. Proactively innovate to find solutions to basic issues facing our global society.



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Hitachi Founding Spirit was shaped through the trials and challenges that Namihei Odaira and Hitachi's other pioneers overcame. These are Values that we have cultivated over a period of 100 years.

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Apply global common criteria across the group to rank around 50,000 executives and managers all over the world

Manager Position Class	Hitachi Global Grade	Company A			
		HQ in Japan	Company B in US	Company C in China	Company D in Germany
**	Top Exe.	President			
**	Grade A	Vice President	CEO		
**				CEO	
**		GM	COO		
**				SVP	
**	Grade B	General Mgr	GM		President
**				VP	
**		Senior Mgr		Senior Mgr.	VP
**			Director		
**	Grade C				Director

Evaluate positions from four perspectives (on a scale of 1 to 10)

Impact	What and how much impact the position has through the responsibility and operations
Negotiation	Responsibility in negotiations inside/outside the organization
Innovation	Competency required by the position to innovate and improve methods, services, and products
Knowledge	Required knowledge to accomplish the responsibility

- Rate all managers and executives across Hitachi Group globally by evaluating their roles and responsibility on global common criteria
- Finished rating around the 50,000 employees across the world in FY2012

Established global common criteria to develop, allocate, and reward talent

# Appendix 8. Implement Common Global HR Initiatives Across the Group

Global Human Capital Management Platform (Workday)

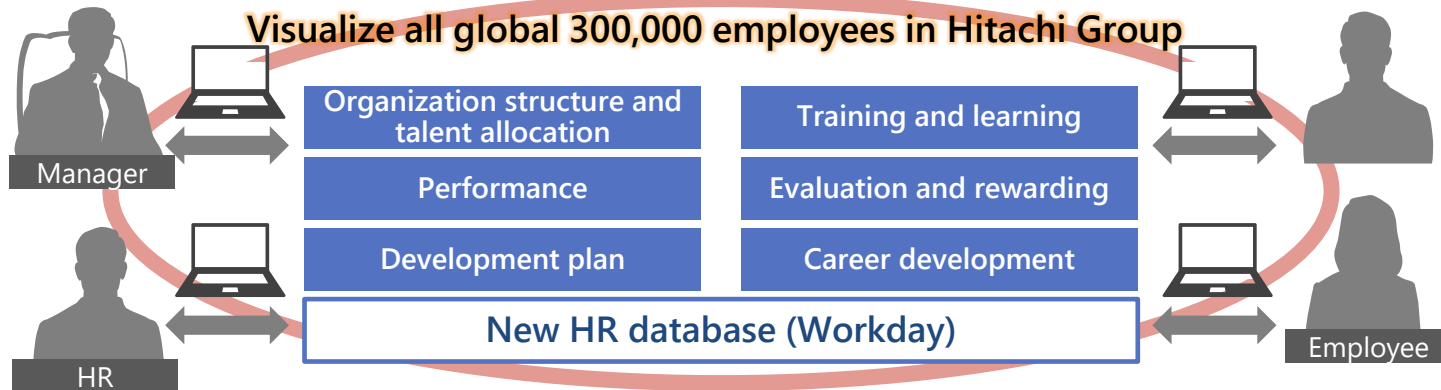
## Globally integrate information, processes, and databases regarding HR management



Scattered HR Data

## Global Talent Management Platform

- 2015 Start Implementation
- 2019 180 thousand EEs
- 2021 260 thousand EEs



# Appendix 9. Shift to Job-based HR Management

Implement Learning Experience Platform (LXP)

To be introduced in the second half of FY2022 to enhance employees' reskilling after taking into account the opinions of employees.  
(Investment in career development support: 400 million yen/year)

## What is Expected of Employees

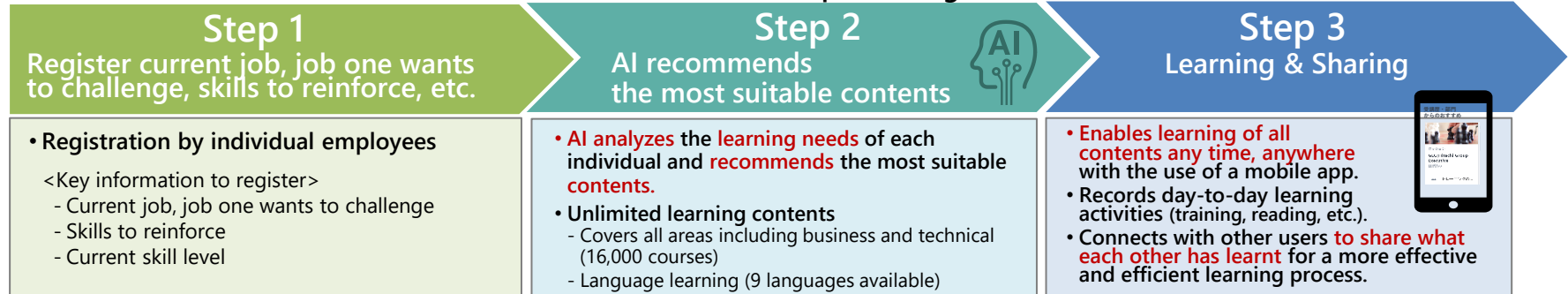
To **take the initiative to continue acquiring the necessary abilities and skills** according to environmental changes and the business direction (Reskilling, upskilling)

## Employees' Opinions in Job-Based Ideas Campaign

- **Recommendation** of trainings and learning materials
- System that **eases participation** in trainings that the employee has **selected on his/her own**, including contents outside the company
- **Mutual learning** among employees

Introduced as a system for supporting autonomous learning and reskilling according to the career orientation of each individual

## Overview (Conceptual Image)



AI analyzes the learning history of the user/Hitachi employee, and provides further recommendation of the most suitable contents

In response to the recent rise in ESG investment, Hitachi is **proactively engaged in dialogue with shareholders and investors on both financial and non-financial information**, while also focusing efforts on co-creation to improve disclosure of non-financial information.

## ESG Disclosure Study Group

- Hitachi took the lead in establishing the ESG Disclosure Study Group to explore ways of disclosing ESG information that contribute to long-term corporate value enhancement while also keeping an eye on global trends.
- Hitachi, Ltd. Serves as the co-chairman and secretariat of this study group, and leads these activities.

- ✓ Compile reports on ESG disclosure recommendations for corporations, institutional investors and standard setting bodies and disseminated to relevant organizations within and outside Japan.

## Kyoto University and Hitachi Joint Project

- An academic approach (quantitative research) to determine the financial impact of non-financial values such as environmental and social values created by business activities and intangible asset measures such as human resource measures.
- Since 2021, Hitachi, Ltd. has engaged with this experimental research conducted in collaboration with Graduate School of Management, Kyoto University.

- ✓ It was quantitatively confirmed that Hitachi's initiatives could have a positive impact on financial indicators (ROIC/WACC).
- ✓ In the future, in addition to non-financial and intangible asset measures and financial indicators, we will also examine causal relationships, including the results of employee surveys.



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