

# Messages from Newly Appointed Independent Outside Directors

## Contributing to Hitachi

In a career that has spanned 40 years to date, I worked for Sony developing a range of businesses across global markets. Most of this time was spent in consumer electronics and financial services. Change is fierce in consumer electronics markets, and I gained a broad range of experience. For example, in the mobile phone sector where Sony had a joint venture with a major European communications handset maker, I was directly involved in the integration process. In the TV business, during the technology shift from cathode ray tubes to LCD, we had to restructure assets scattered in every region worldwide in a relatively short time. The experiences taught me about the need to anticipate paradigm shifts and major technological changes; about how to set management priorities; and how vital it is to make fast, timely decisions when companies are facing a period of necessary reform.

I am honored to receive the opportunity to serve as an independent outside director for Hitachi, a leader of

## An enterprise that creates new value

Hitachi is a unique global enterprise in its goal to be a leading innovation partner for the IoT era. The internal Group strengths in OT, IT, and Products enable Hitachi to develop integrated digital solutions. The global development of businesses across a wide range of sectors means it can create new value for many customers worldwide by helping to address a range of social or corporate management issues.

The strong leadership displayed by top management has driven transformation at Hitachi across different business sectors, producing noteworthy results. The Group as a whole is working diligently to achieve the goals of the 2018 Mid-term Management Plan. A sustained transformation will probably be required to turn Hitachi into a global force. Continuously

## My aspirations as a director

Hitachi clearly has the potential to be a leading company known worldwide for its excellence. The Mid-term Management Plan to fiscal 2021 will guide evolution towards this goal. I am extremely happy to become an independent outside director of Hitachi at a time when the discussion on how to achieve this is happening in earnest.

To realize further growth for Hitachi, as members of the Board of Directors, our role is to support the



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corporate Japan. I am extremely sympathetic to Hitachi's business vision of applying technology and innovation to the solution of a variety of social issues. Hitachi is currently pursuing additional reforms to evolve into a major player in global markets. Using my experience and knowledge, I hope to provide Hitachi with useful management advice to target global growth.

revising the business portfolio while reinforcing overseas operations are needed so that Hitachi can generate the profits that are consistent with the success of attaining global enterprise status.

The Hitachi Group's highly diversified operations make it no easy task to grasp Hitachi's entire business. In my opinion, this increases the importance of explaining the corporate philosophy and business strategy to varied stakeholders clearly to gain their understanding and empathy. In this global environment, I believe that maintaining communication with many different stakeholders will help Hitachi to build greater enterprise value.

executive officers in our supervisory capacity. I will also be serving on the Audit Committee and the Compensation Committee. While serving on the Board or working in other roles, I hope to utilize my experience to provide various opinions and advice. As a member of a highly diverse and knowledgeable Board, my sincere wish is to contribute to Hitachi's continued growth and to further gains in enterprise value.

## Why I joined the Board of Directors of a trusted and iconic company

It was most gratifying to be asked to be a director of such a prestigious company as Hitachi with its long and successful history. The cultural power of Japan's processes and organization have helped produce one of the world's largest and most sophisticated economies. Having worked in Japan as an executive for GE and then for the former Sumitomo 3M venture, I was naturally aware that Hitachi is regarded as one of Japan's leading companies. I have immense respect for Japan's achievement in setting the de facto standard for quality and innovation.

My business background is in finance and commerce. I hope I can use my experience of working in Europe and Asia in various roles to help contribute to Hitachi's global development.

While corporate governance has evolved quite a bit over the past decade in Japan, I think the



Joe Harlan

increased presence of independent voices at Board level shows Hitachi is a company with an excellent governance structure. I have also been extremely impressed by the quality of the people who serve on Hitachi's Board of Directors. Naturally, I jumped at the opportunity to contribute to the company's continued growth as an outside director.

## In aspiring to global leadership, innovation and marketing are the keys to growth for Hitachi

Enterprises must grow to survive in the modern marketplace. Growth is essential because it leads to more business opportunities, more R&D investment, and better products, services, and solutions. Growth is also vital to provide investors with a return, because trying to shrink your way to success is not a good option.

Innovation in new applications and markets is the key to growing while also keeping the core business healthy. Hitachi has a culture and history of developing unique, differentiated products, services, and solutions that help their customers succeed.

One of the reasons I am so excited to be at Hitachi is the potential to combine its great product track record with the IoT platform "Lumada" to become a leading innovation partner of integrated products, services, and solutions that help link up customers' value chains. It often benefits the customer when one company provides a total solution, rather than having to deal with multiple vendors.

For example, it benefits a city if you can help provide a complete end-to-end transportation solution—not just the trains or rolling stock, but the

controls, signaling, ticketing machines, and related services as well.

Supported by its manufacturing and product development culture, Hitachi has a strong track record in serving customers in this way. And this approach is just as valid across different markets, from energy or water to railway, finance, and healthcare.

Marketing this great story to stakeholders—who include investors, shareholders, customers, and employees—is another vital element in generating continuous growth.

Over time, the success cultivated by great products and services, backed by an organization dedicated to innovative product development and delivered through high-quality sales and marketing, creates its own appeal. I think the aspiration to contribute to society through the development of superior, original technology and products, thereby fulfilling Hitachi's Mission, is also part of Hitachi's appeal. This is a story we need to tell repeatedly to potential customers in cities and countries around the world as we perpetuate our brand awareness.

## A strong desire to contribute to the growth of the enterprise

Growth is a challenge, and meeting that challenge means cultivating change within the organization. In my view, adding more independent voices to the discussion in the executive suite can only help to support constructive change for the benefit of all stakeholders.

Hitachi is undergoing a transformation. Having left a company that did transform, I see great potential for the business to grow using Hitachi's strengths in the integration of OT, IT, and products.

In my time as an independent outside director, I want to look at what Hitachi does commercially and provide insights into where we can move faster, be more agile, or have a better relationship with customers by focusing on core competencies. In this way, I hope that I can help Hitachi to develop and sell total solutions that are truly competitive in the marketplace.

I look forward to contributing to the development of Hitachi as a member of its Board of Directors.