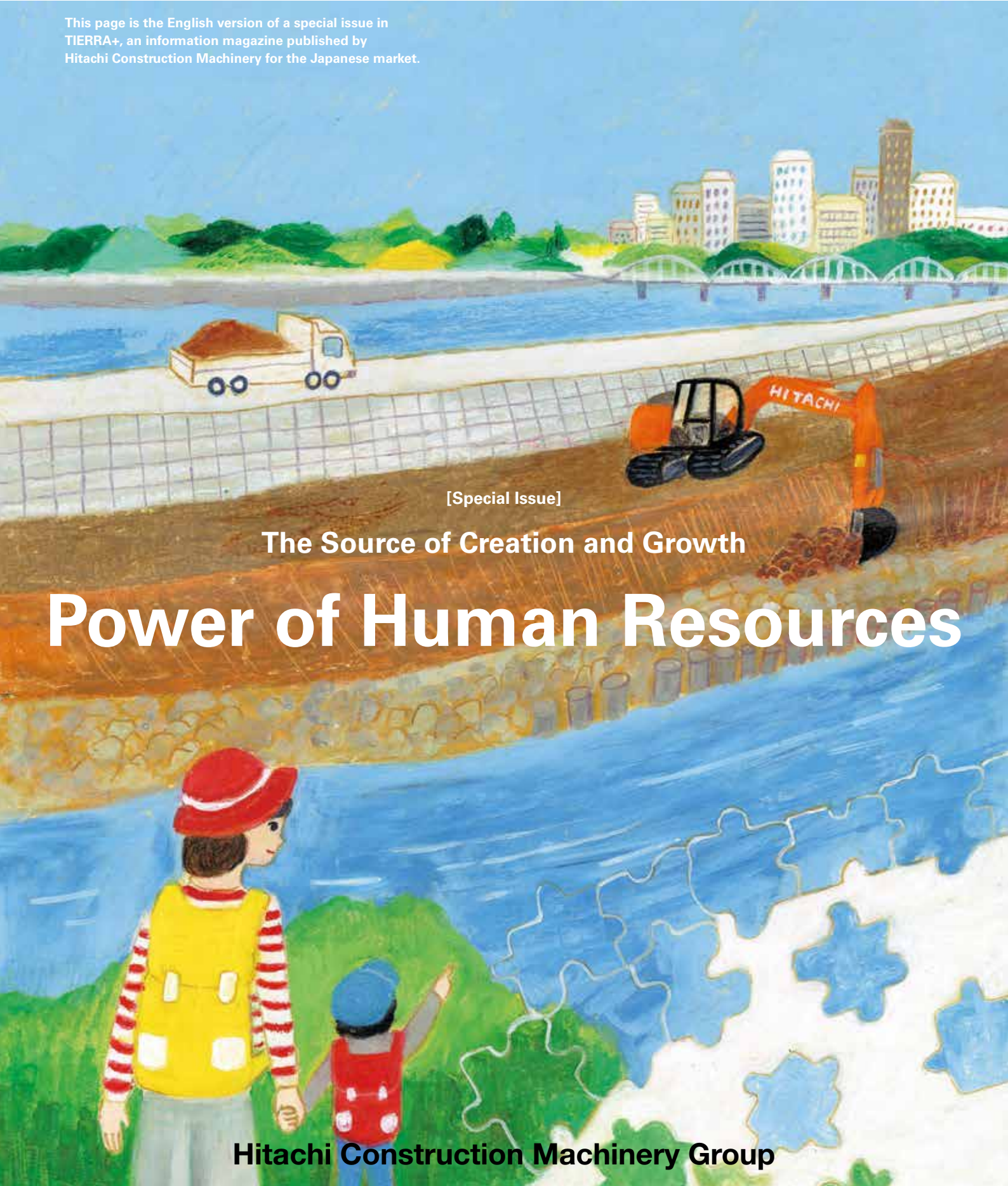


This page is the English version of a special issue in TIERRA+, an information magazine published by Hitachi Construction Machinery for the Japanese market.

[Special Issue]

The Source of Creation and Growth

Power of Human Resources



The Source of Creation and Growth

Power of Human Resources



We live in a time in which uncertainty in business and society has increased to unprecedented levels due to the spread of novel coronavirus infections.

Human resources are intangible assets that are indispensable for building a competitive advantage as a global company. At Hitachi Construction Machinery we are strategically promoting an environment in which diverse human resources are able to flourish. Human resources with various experiences, skills and ideas are combined like a jigsaw puzzle and lead to the creation of value that only Hitachi Construction Machinery can provide.

Text: Minako Fujita, Ryusuke Fujita Photographs: Norio Sekine (p. 3-6) Illustrations: Keiko Shibata

Human resource development with a global standard, allowing each individual to experience growth and a sense of fulfillment

What is essential for improving business performance in these uncertain times is human resource who bring about reformation and innovation. Let's have a look at the systems at Hitachi Construction Machinery for cultivating such human resources.



Hisashi Fujiyama
General Manager,
Human Resources Div.,
Human Capital Group



Shunichi Watanabe
Assistant Manager, Labor
Relations and Employment
Planning Sec.,
Global Human Resources
Planning Dept.,
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The environment around the construction machinery industry is currently undergoing great changes.

While interest in sustainability is rising and the trend to curb investment continues globally, operation time of construction machinery are getting longer. Amid these circumstances, Hitachi Construction Machinery is aiming to increase its profitability and efficiency by bolstering its value chain business and focusing on rental business, used-machine sales, and after-sales such as parts remanufacturing business, as well as evolve its structure to be more adaptable to change.

This is represented by the brand concept "Reliable solutions," which expresses the ideal state of Hitachi Construction Machinery. We will continue to focus on our customers' concrete issues of improving safety and productivity, and reducing lifecycle costs. Furthermore, we will provide ideas and services one step ahead of the competition a reliable partner to our customers. The foundation that supports this mission is still human resources.

The essential principle for allowing each individual to realize "Reliable solutions" is the "Kenkijin Spirit," our shared values and code of conduct. On the basis of three keywords starting with C—Challenge, Customer and Communication, we endeavor to challenge ourselves as professionals without fear of failure, to con-

sider what our customers truly need, and to act while trusting in our teamwork.

These 3 "C" keywords were defined by fleshing out and breaking down the concepts of each section of development, manufacturing, sales, services, rental business and corporate management. They are shared among all employees via the Kenkijin Spirit Handbook, and the arrangement allows everyone to connect themselves to their individual goals and achieve them. The Handbook is translated into eight languages, including English and Chinese, and plays a part in globally disseminating the Kenkijin Spirit to the entire Group.

Out of our 80 group companies, 73 are overseas, making global HR management a cornerstone of human capital strategy for Hitachi Construction Machinery, given that roughly 60% of its staff are local employees. Even during the COVID-19 pandemic, overseas sales account for over 75% of the total, showing the importance of the activities of our local staff in different countries.



The Kenkijin Spirit Handbook, which summarizes everyone's specific standards of value and conduct, is translated into various languages and distributed to approximately 25,000 employees.



In order to support their activity, we have been working on sharing our HR policies globally since the second half of fiscal 2020. We have introduced a global standard model for our HR management and development programs, which previously differed by country. The aim is to create an environment in which more diverse human resources can play an active role by optimizing the performance of the human capital and the corporate organization.

Hitachi construction Machinery is furthermore focused on the cultivation of future global leaders. Executive trainees who have been selected from various countries, primarily in their 30s and 40s, are invited to Japan to study management and various businesses for a year or two. It is expected that before long, more diverse executives will join global management, which will further strengthen cooperation across our group.

These human resource strategies form a system that also allows employees to feel that they can play an active role in the company and that they are being properly evaluated. This feeling of growth and sense of fulfillment will likely create fertile ground for various initiatives and innovations.

Beginning with the next page, we will showcase the comments of employees who keep challenging themselves to accomplish new value creation at Hitachi Construction Machinery.

Efforts for Improving Growth and Sense of Fulfillment

Cultivating local leaders with the Succession Plan



For us a global strategy means earnestly cultivating local managers at our overseas group companies. We are strongly conscious of localization, so that everyone can make the best effort with an approach appropriate for their region.

According to the succession plan, 72.2% of posts above the general manager class are expected to be local staff in 2023. We hold a meeting with the presidents of the Group companies every year, where we debate on how to cultivate leaders.



Promoting women's careers



From a global perspective, the ratio between men and women in managerial positions is nearly the same (men: 14.2%, women: 13.8%). However with regard to only Japan, we find that there is a noticeable gap. One of our objectives is to bring the balance closer to the global standard. We have a full range of systems, including support for childbirth and childcare, so our challenge is to raise awareness of these systems within the company.

In order to foster a workplace culture in which women can play an active role, we held an exchange meeting for female employees. Based on the opinions expressed, a workshop was held with male managers who have female subordinates, and these opinions were utilized in the implementation of measures



Evaluating the organization's health through employee surveys



Each year we carry out an employee survey consisting of 50 to 60 questions, which helps reveal the points that need improvement. It is two years ago that we began promoting our human resource strategy with the present policies, and after just one year we got solid results as the satisfaction rate has visibly risen.

We also hold workshops for young employees to present improvement measures to executives on issues identified in the employee survey. Younger employees seem to feel a sense of openness, saying, "I am glad that the company is trying to reflect our opinions."



Global 01

Key Person's Voice

I want to continue to be unafraid of change in order to survive in the global competition.

By working overseas, I found the courage to change my existing approach!



Makiko Obashi
Manager,
Planning and
Administration Dept.,
Marketing Group

Realizing my own growth as a businessperson through trial-and-error struggles in Thailand

After joining Hitachi Construction Machinery, I worked for the overseas section of its Marketing Group, and was responsible for marketing and sales promotion at a sales company in Thailand until 2019. I returned to Japan in January 2020, and presently my main duties are managing the entire Marketing Group in its Planning and Administration Dept.

I studied Thai at my university, and was already familiar with and loved the Thai culture and people, but there were many difficult aspects in business. I struggled to get local staff and customers to understand and agree with rules and concepts of compliance, something widely accepted at Japanese businesses. Each time I was asked why we couldn't do something that our competitors could do because we were a sales company directly owned by a Japanese manufacturer, I racked my brain to explain why. And I was reminded each time that things that I considered obvious and correct were nothing more than a "Japanese way of thinking" and weren't necessarily applicable to the rest of the world.

Speaking Thai gave an advantage in smooth communication with local staff and more precisely understanding our customers' requests. On the other hand, because I understood their feelings and arguments, I sometimes also found myself caught between the local and Japanese staff. However, I believe that precisely because of this experience, I acquired the



skills that I can apply to my current duties and that allow me to go about my work while keeping a comprehensive view of the whole picture.

The speed and change needed in Japanese businesses, and awareness of one's own role in evoking a sense of crisis

Because of my experience of being transferred overseas, I newly realized that Japan is just one country in this vast world and that each country and each individual has their own sensibilities and ways of thinking.

In order to survive harsh global competition, greater speed than before and the courage to change conventional approaches are essential. I think that the Japanese business culture, which carefully solidifies the foundation and does things steadily, is unrivaled in terms of quality and is wonderful. However, it is also true that in the world of global business, quality is not always prioritized in all cases, and you cannot compete globally in the way you take for granted in Japan. This tendency is particularly noticeable in Asia, where the aggressiveness of China and South Korea is intense.

Now that I have returned to Japan and am surrounded once more by Japanese business culture, I sometimes find myself thinking in terms of Japanese business practices. Without forgetting the days when I was struggling overseas, I hope to proactively make suggestions to make us a stronger company overall by applying such global perspectives within its Japanese organization.



What are "Reliable solutions" to me?

To define our strengths, truly understand the needs of our customers, and always work on improving our technical solutions — that's the spirit I hope to embody. In this sense, my interest is in development. I intend to always support the marketing section even if I'm not a member of that team.

I joined Hitachi Construction Machinery Africa in 2011. Its main attraction was that it is a global company. I had already intended to work for a major company that would allow transfers between departments in order to



apply my skills in as many fields as possible. I came to Japan with my family in May 2019 with the fortunate opportunity to work at the IT Promotion Headquarters (currently the DX Promotion Headquarters) in the Head Office, which I find very fulfilling.

My responsibility in the DX Promotion Group is to support the introduction of the core selling systems for our overseas group companies. What I like about the Japanese culture is that it's so wonderfully rich in altruistic spirit. Japanese people tend to be great at seeing things from the other person's standpoint. I believe that it's because the country has a long history and its culture has matured. When I return to South Africa someday, I definitely hope to take this culture back with me and help it take root there as well.

What our South African customers look for most from their suppliers is support. Support means to be our customers' partner. We respond swiftly to inquiries, solve trouble, and supply new equipment if needed. Our support rooted in Japan's altruism will likely be a big advantage in business in South Africa.

Key Person's Voice

02

I want to contribute to the development of South Africa with a truly Japanese spirit of altruism.

I want to proactively digitize our customer experience

A field where I feel there's room for advances is digitization. South African customers are active smartphone users. They like to access support systems and simply order the parts they want from their screen without going to the office. For developing such systems, tight cooperation and coordination with the headquarters is necessary. I hope to be a bridge in this kind of situation and simultaneously establish our corporate vision at local group companies.

South Africa is a country blessed with plentiful natural resources and has great potential in the field of mining. At present, companies are reluctant to take part in the project due to the risk of political instability, but once there are more businesses embarking on serious projects, our machinery will become a significant presence in the country.

Unfortunately the unemployment rate in South Africa is at an extremely high level for the moment, at 28% or more. It would make me exceedingly happy if we can in the future provide solutions to stimulate the local economy and contribute to creating employment through Hitachi Construction Machinery Africa's business.



I want to become a bridge that spreads our corporate vision to local group companies in South Africa.



Ian Diedericks
Manager,
Deployment Support Sec.,
IDMS Promotion Dept.,
IT Solution Div.,
DX Promotion Group

What are "Reliable solutions" to me?

Whether talking to a customer or a colleague, it's important to first listen to the other side's views and be willing to see things from their perspective. Moreover, I always want to work on building relationships with other people that allow us to create better solutions and circumstances together, by sharing and suggesting my own views and those of the company. This is true regardless of whether the situation is global or local. I simply wish to accept differences in thinking among the colleagues I work with in a positive manner.



Hitachi Construction Machinery has a cultural background in which different cultures and ways of thinking intermix to generate progress.



Lee Hyejeong
IoT Systems Sec.
Advanced Development Center,
Research and Development Group

What are "Reliable solutions" to me?

I always continue to be open to new challenges, in order to stay up to date with global trends in digital technologies like IoT and 5G. And applying technologies to move society forward while communicating with customers and my colleagues at the company—I believe that's an important attitude for someone engaged in development.

Shiny orange construction machinery led me to join Hitachi Construction Machinery

I am from South Korea and studied chemistry at my university. My hope for the future was to use my science education to work for a company that has world-class technology and contribute to it with my own expertise. I was living in the United States at that time, but when people around me heard about my future hopes, they said, "You can speak Japanese. Why don't you work in Japan?", so I began considering working for a Japanese manufacturer. Then I remembered footage of a disaster site from the Great Sichuan Earthquake in China that I had seen on TV years ago. The orange construction machineries working steadily for disaster recovery amid the sad scenery full of rubble and soil had left an impression on me. I later learned that they belonged to Hitachi Construction Machinery, which became a big motivation for me to join the company.



Since actually joining, I have noticed how broad-minded the company is as a global enterprise. Although women's careers are still lagging behind in Japan, I know from my experience living in various countries that in reality there are no differences in ability based on gender. Change may be gradual, but if all women keep doing their best, surely paths will open up and eventually turn into a big road. I believe that Hitachi Construction Machinery has a foundation that welcomes ambitious women, and a firmly-rooted corporate culture

in which talented people from various backgrounds work together for progress.

What's important in digitization is people's feelings

I currently belong to the IoT Systems Section in the Research And Development Group. Construction machinery needs applications that make full use of IoT not only for moving machines, but also improving accuracy and usability. I am working on this kind of advanced technology. Specifically, I am involved in the development of applications that allow processes to operate efficiently and safely, such as by locating the workers and machineries deployed on the entire worksite.



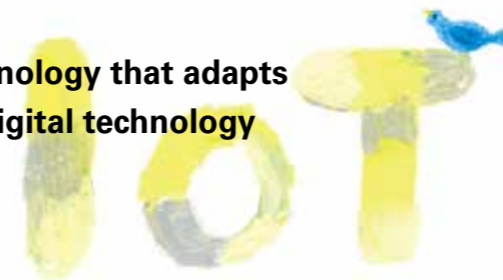
Progress in digitization has enabled work with a minimum number of staff. However, the users of systems and machinery are always people. It's important not to force digital technology onto people, but allowing the users themselves to choose whether or not they will use it. At the development stage I therefore make sure to leave room for users to make modifications or adaptations themselves.

One of the strengths of our machinery is its high operability. When I hear that experienced users compliment the ease of use of our IoT and ICT solutions, in addition to the characteristics of our construction machinery which allow operators to perform fine movements as intended, that's a huge encouragement for me as a developer.

Key Person's Voice

03

Aiming for user-friendly technology that adapts to people all the more in digital technology



Work-life balance

Key Person's Voice

04

A workplace with flexible options in accordance with the stage in one's life

I joined Hitachi Construction Machinery as a recent graduate in 2014. My major at my university was related to machinery, so I thought it would be nice to work for a company that made "large machines," and went to information sessions for various manufacturing industries including airplanes, ships and trucks in addition to construction machinery.

What was decisive for me to join Hitachi Construction Machinery out of all these companies was the congenial atmosphere I felt at its information session. Even after joining the company, this impression has not changed. I like the openness of the workplace, where we can talk frankly about both work and private matters. Since there are many employees from overseas, I also learn a lot from getting to experience different ways of thinking.



I currently work at the Tsukuba Central Parts Depot in Ibaraki Prefecture, where I am responsible for parts inventory management and shipping for overseas sales companies and distributors. I make use of the reduced work-hours system from 9:30am to 4:15pm (regular hours are from 9:00am to 5:30pm) while my three-year-old son is at his preschool. I find this system very reassuring and convenient, since I can set my work hours in 30-minute increments depending on need and can work reduced hours until my child graduates from elementary school.

Ingenious ideas are needed for improving the construction industry's image

Because my son often had a fever, I sometimes had to take a sudden day

off at least twice a month during his first year in preschool. I was grateful that my colleagues kindly supported me when I took several days off.

The reduced work-hours system is very helpful, but I sometimes wish we could choose work arrangements that would be a little more flexible.

For example, when there are tasks that can't be completed in time due to an unexpected request for another task or the like, that is conventionally handled by working overtime, but because I can't do that, I have to depend on the others. It would be great if there were a system that would allow me to work in the evenings when I have relatively more time to spare.

Overall I believe that it's a friendly environment for women to work in. People say that there are still very few women working in the construction machinery industry, and maybe we need more ingenious ideas to improve our image in order to fix that.

I myself grew up between an older and a younger brother, and have liked machines and robots since I was little. Machines and robots have a "boyish" image, but if girls come in contact with them since an early age, they too will become interested in them. For example, if fun and appealing cartoons on the theme of construction machinery were to be made, a lot more women might want to work in this industry.



I am grateful for my boss's and team members' support in reconciling work and childcare!



Konomi Shibuya
Order & Delivery Management Sec.
Parts Operation Dept.
Spare Parts Div.
Life Cycle Support Group

What are "Reliable solutions" to me?

Communication with sales companies and distributors is central in my work and I don't have opportunities to directly deal with customers. Nonetheless, I hope I never forget that my work ultimately helps our customers. That's why I always think back about my actions in terms of "If I do this, the customer will be happy," or "If I don't do this, it will inconvenience the customer."