

Human Resource Strategy



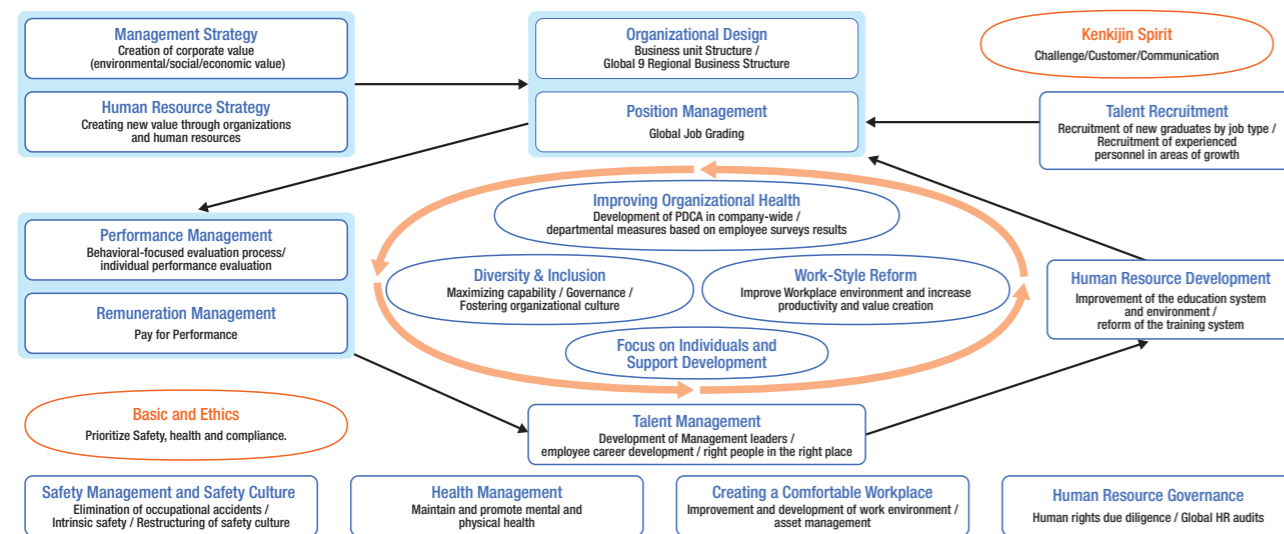
A company is its people. Human resources is the true source of value creation. The Hitachi Construction Machinery Group will promote global human capital management by developing and utilizing a diverse human resource, improving organizational health, and thoroughly implementing human capital governance.

Global Human Resource Management

The strength of Hitachi Construction Machinery comes from the fact that the individuals who make up our diverse global workforce share the same vision, mission, strategies, and plans, and execute them with the Kenkijin spirit in order to achieve results and create corporate value. The mechanism for achieving this is a global human resource management system. The Group is

promoting human resource governance, including the advancement of diversity in our workforce and improvement of organizational health, as well as health, safety, and human rights, by deploying and sharing the Global Human Resource Management Policy among the Group companies.

Human Resource Management System Chart



Diversity & Inclusion

We, Hitachi Construction Machinery Group seeks to enhance corporate value by providing opportunities for individuals in our workforce who come from diverse backgrounds and by maximizing their abilities and characteristics. With diversity and inclusion as a key management challenge, we will work to develop mechanisms and operations from the perspectives of governance, personnel systems, global, women's empowerment, and organizational culture. Specifically, we are promoting the (1)

strengthening of governance by diversifying the management team, (2) development of a personnel system that gives equal opportunity regardless of their attributes, (3) localization of the management team at overseas subsidiaries, (4) active promotion of female managers, and (5) fostering organizational culture by developing a PDCA cycle using diversity and inclusion KPIs from our employee survey.

Consolidated Targets

Category	KPI	Present	Consolidated Targets	
			FY2025	FY2030
Organizational culture Management System	Diversity & Inclusion score (percentage of favorable responses to employee survey)	65.8%	67.0%	70.0%
	share of global human resource management policy	share	—	—
Governance	Ratio of outside directors (independent outside directors)	40%	Compliance of Corporate Governance Code	
	Percentage of female and foreign directors	20%		
Global	Localization ratio of GM positions or higher in overseas group companies	71%	75%	80%
Women's empowerment	Ratio of management positions by gender	Female 10.4% Male 14.9%	12.9% 15.0%	Equalization of the ratio of men and women

Improve Organizational Health (Engagement)

Corporate performance and organizational health are both essential elements. Through the improvement of organizational health, we will build an organizational culture in which employees with diverse backgrounds can play an active role and achieve results, and promote the development of a workplace environment in which everyone can work with vitality and enthusiasm. We monitor our annual employee survey, and develop PDCA cycles for the entire company and individual divisions to improve

organizational health.

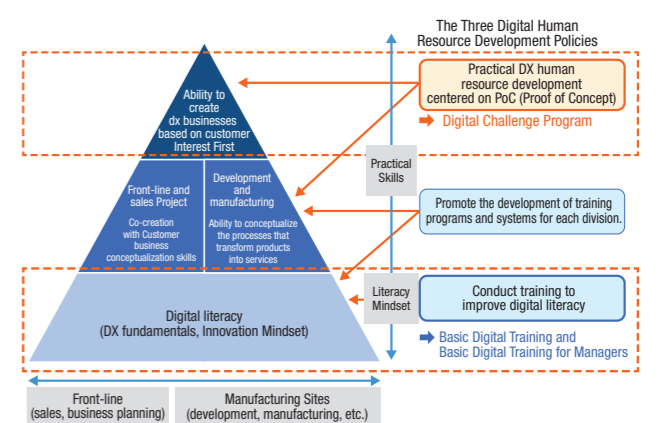
Employee Survey Results

		2017	2018	2019	2020	2021
Consolidated	Response rate (%)	69.9	66.3	79.7	85.2	91.2
	Favorable rate (%)	62.4	62.6	63.3	65.7	63.7
Individual	Response rate (%)	66.9	70.4	86.1	92.1	96.3
	Favorable rate (%)	56.2	56.0	58.1	60.3	58.2

Developing human resources to meet the challenges of transformation and digitalization

In times of change, the skills and mindsets required to accomplish goals are critical in enabling a diverse global workforce to execute strategies and plans and achieve results. The Self-Improvement Program is a human resource development program designed to transform the Group into an organization that consistently delivers results. The program has been implemented in Japan since fiscal 2019, with 3,500 employees participating in the training, and is currently being expanded overseas. Meanwhile, we are promoting the development of digital human resources with the aim of strengthening front-line and technical capabilities. From 2021, we started both the Digital Challenge Program and the Digital Basics Training Program to improve digital literacy. Approximately 1,000 people are expected to participate in the program by 2023.

Overview of Digital Human Resource Development Policies



Respecting Human Rights

The Hitachi Construction Machinery Group has clarified the Group Code of Conduct and the Group Human Rights Policy to promote respect for human rights. We also respect international human rights principles, including the UN Guiding Principles on Business and Human Rights. In May 2021, the Hitachi Construction Machinery Human Rights Due Diligence Promotion Council was established with the president as the person responsible.

The council focused on forced and migrant labor as priority issues, conducted human rights due diligence on consolidated companies and suppliers in priority regions, and reported the results and status of improvement measures at the February 2022 meeting. We will continue to develop the PDCA cycle of human rights due diligence to reduce business risks.

Thorough Safety Management

Under the basic policy of "Prioritize safety and health," the Group oversees group safety and health activities led by the Safety and Health Promotion Committee to (1) eliminate occupational accidents, (2) ensure that machinery and equipment are intrinsically safe, and (3) rebuild a safety culture. In addition, we are working to prevent accidents and injuries by developing a PDCA cycle based on an occupational health and safety management system and by engaging in a two-way safety dialogue through safety talk and safety time. Reduction of occupational accidents is an urgent issue, and we will strive to eliminate them with the goal of halving the number of accidents compared to the previous year.

Pursue Health Management

The Group pursues health management with the aim of establishing a vibrant work environment in which everyone can work with vitality. In both 2021 and 2022, Hitachi Construction Machinery was certified as a Health & Productivity Management Outstanding Organization. In the current fiscal year, we will further promote the strengthening of health management initiatives with the aim of maintaining and improving our employees' mental and physical health. Specifically, while strengthening the industrial health system, we will strive to expand mental health programs based on the results of stress check survey, with the goals of reducing overall health risks (2 points) and further enhancing health management.