

Hitachi Construction Machinery Co., Ltd.
Vice President and Executive Officer
CHRO, President, Human Capital Group
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Chief Human Resources Officer

CHRO Message

Human capital is the true source of value creation. To lead growth, we will continue to foster happiness among our employees.

[My Role as CHRO]

Fostering Employee Happiness from Three Perspectives

At Hitachi Construction Machinery Group, we believe that our employees are the foundation of our business and are the true source of value creation. Based on the philosophy that an organization built from outstanding employees has the power to transform business; we are striving to reform our human capital management based on this belief. We are pursuing a vision for each aspect of human capital management, to achieve our medium-term management plan, "Create new value through human capital and our organization, and to contribute to the creation and transformation of our business."

In this era of rapid change, raising the value of people is of the most importance among the four major management resources of people, goods, funds, and information. I believe that the key to improving the value of our human capital is the Organizational Health/Employee Satisfaction*. I also recognize that fostering employee happiness will lead to the growth of our business.

We approach fostering happiness from three perspectives.

The first is the management perspective, which is to implement human resource strategies in line with business strategies to produce results. The second is the manager's perspective, which is to connect the goals of each individual to the goals of the company to achieve results as a team. The third is the employee perspective, which is to provide a company culture that encourages each employee to think and act on his or her own initiative, to support a vibrant career path that is uniquely his or her own, and to utilize their personal growth as the driving force for the company's growth. As CHRO, I believe this is my role to balance and manage human capital from these perspectives.

In this age of volatility, uncertainty, complexity, and ambiguity (VUCA), we will recognize each employee as a unique individual, embracing their unique goals as much as possible, and utilize their growth potential to improve the ability to overcome challenges and adapt to change (resilience) of our company.

*Organizational Health Index: An index to evaluate the health of an organization from various perspectives, including employee engagement and Diversity & Inclusion.

Human Capital Group/Global Medium-Term Management Plan Policies

Mission	To create new value through human resources and our organization, contributing to the creation and transformation of our businesses.
Vision	[Human Capital] Each individual pursues their own goals, creates new value, and experiences growth and fulfillment [Organization] Organize a highly productive organization with diversity to create and transform businesses [Culture] Prioritize safety and health, improve organizational health, and foster a vibrant corporate culture [Human Capital Group] Promote transformation and become a global top-level human resources sector

[Hitachi Construction Machinery's Strengths in Human Capital]
Building a common foundation for global human resources management based on the core values of the Kenkijin Spirit

Of our 80 group companies, 73 are located overseas. Employees outside of Japan accounts for 60% of our total workforce. The greatest strength of Hitachi Construction Machinery Group lies in the fact that 24,987* employees from various cultural backgrounds have embraced the *Kenkijin Spirit* as a core value, embodying this spirit in their efforts around the world. Whenever I see the word *Kenkijin* used as common language among local employees at our overseas locations, I feel a renewed sense that the *Kenkijin Spirit* has truly become a core value of each employee.

We strive to draw on the strengths of diverse human capital and win over the competition as a team, amid differing business environments and challenges faced by each global company. To this end, in 2020, we began communicating a shared global

*As of March 2022

human capital policy, to develop a global human capital management system. In March 2022, Hitachi Construction Machinery America was given the function as a regional headquarters of North, Central and South America market. In conjunction with this organizational change, we have begun a review of employee compensation and benefits policies using our global human capital policy.

In the future, we plan to hire professionals from outside the company and review our human capital management system to accelerate global hiring of the right people for the right place and bring attention to individual employees. We also plan to create a training system that aligns with each employee's individual career and development plans.

[Human Capital Challenges]

Develop talent with transformational leadership and achieve set goals

The Hitachi Construction Machinery Group has long been committed to Diversity & Inclusion. We established a global human capital management system that encourages people of all backgrounds to maximize their potential. In terms of women's empowerment, we are proud of the many women in management positions globally, and we are working to increase the ratio of women in management positions to the same level as men.

And we continue to take on new challenges, including responses to capital changes, strengthening our business in the Americas, and introducing a business unit structure. The most important thing is for each of us to demonstrate leadership for change. In fiscal 2019, we began developing a Self-Transforma-

tion Program for all employees globally. This program is designed to build the foundational skills and mindset to effectively accomplish goals. We also provide ongoing training for global leaders to strengthen leadership for change. For the ever-important Digital transformation (DX), we are strengthening our training in this area.

Under the leadership of senior management during the COVID-19 pandemic, we will continue to work together as a team to enact a major transformation (capital change, strengthening business in the Americas, introducing a business unit structure, etc.)

[Vision of Ideal Organization]

Organization with the culture in which the dreams and aspirations of employees lead to value creation

We recognize the rising importance of human rights-related risks in our business activities over the past few years. We are conducting human rights due diligence to understand human rights risks and prioritize actions. Specific activities include human rights training and increasing employee awareness, as well as conducting surveys to our suppliers to ascertain risks in order to prevent human rights violations in our supply chain as well. And to create workspaces where diverse employees can gather and enjoy their work, we strive to create safe, healthy, and rewarding workplace. It is also important to create a company culture that eliminates unconscious bias.

Methods to quantify an ideal organization include organizational health indexes and employee satisfaction, but the most important thing is that every employee works with dreams and aspirations. My desire is that every employee feels that their work is connected to the company and society. Our goal should have each employees aspiration, company goals, and society aligned together, in other words, a state in which every one of us is achieving happiness. I envision this as the ideal organization. As

a company, we believe diverse human capital who accept each other and feel fulfillment in their work will lead to the creation of new value. We will continue to promote work-style reforms and diversity initiatives, to create an organization culture, and where anyone can work feeling safe, vibrant and filled with vitality.

