

Corporate Governance

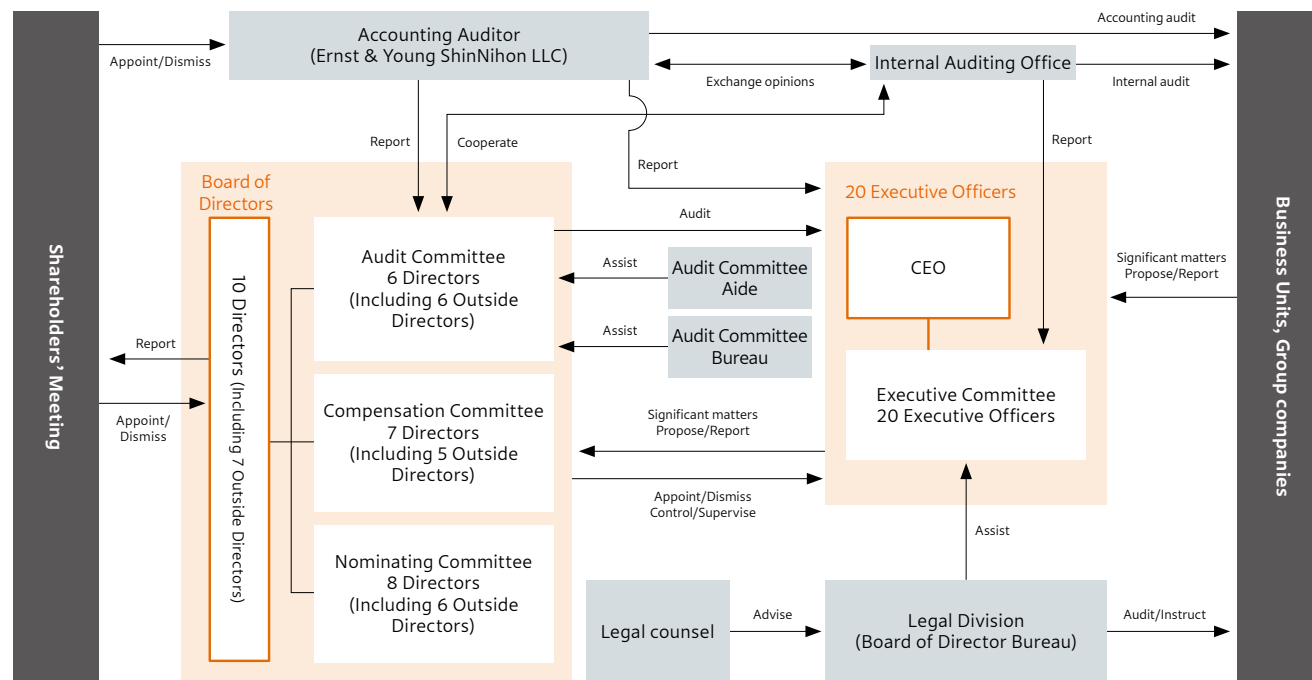
Corporate Governance System

The Hitachi Construction Machinery Group has developed a system to strongly and promptly implement its management strategies and adopted the structure of a company with committees, such as a nominating committee, as provided for in the Companies Act, thereby separating the management supervisory function from the business execution function in order to strengthen corporate governance to ensure fair and highly transparent business management.

The Board of Directors comprises 10 Directors, including 7 Outside Directors (five men and two women). In accordance with the basic management policy established by the Board of Directors, the Representative Executive Officers and Executive Officers, having been thus authorized, make decisions on the execution of business and execute business based on these decisions. The Board of Directors stipulates the duties of Executive Officers and makes decisions on matters concerning the reporting relationship and other relationships between Executive Officers.

As an advisory body to the Chief Executive Officer (CEO), the Group maintains an Executive Committee that meets twice a month in principle and comprises all Executive Officers. This committee controls important matters related to business operations.

Corporate Governance System (as of June 23, 2025)



Corporate Governance

Evolution of Our Corporate Governance

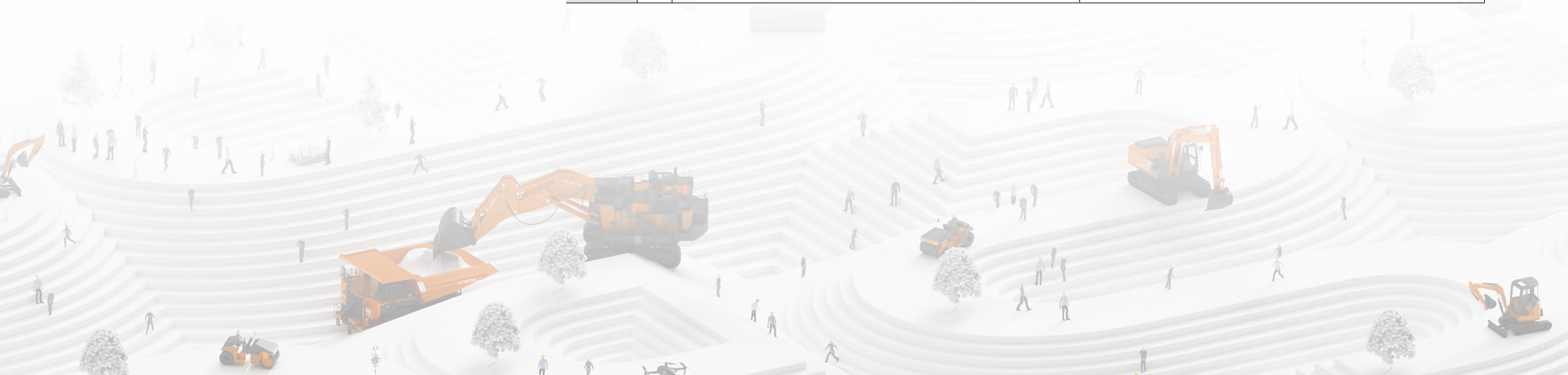
Hitachi Construction Machinery has been enhancing its corporate governance to increase its corporate value in a sustainable manner and achieve growth on a medium- to long-term basis.

In 2003, the company became a company with committees, such as a nominating committee to separate management supervision functions from business execution functions, with the Board of Directors delegating much of its authority to executive directors for speedier decision making.

The table on the right shows examples of measures implemented by the company for the enhancement of its governance since it became a company with committees, such as a nominating committee.

Going forward, we will persistently work to increase the effectiveness of our governance system while appropriately responding to changes in our management environment and to the needs of stakeholders, thereby continuing to enhance the foundation to increase both our corporate value and earn even more trust from society.

Year	Month	What we did	Aim
2003	6	Shift to a company with committees, such as a nominating committee	Separation of management supervision and business execution functions
2015	10	Established the Corporate Governance Guidelines	Ensure the transparency and rationality of governance
2016	3	Started to conduct the Board of Directors effectiveness evaluation	Increase the effectiveness of the Board of Directors
2019	4	Established the Sustainability Promotion Committee	Enhance the ability to respond to company-wide risks and achieve sustainable growth
2022	4	Established the Enterprise Risk Management (ERM) Committee	Enhance the risk management system
2022	6	Appointed independent outside directors as chairpersons of all three committees	Ensure transparency and objectivity
2023	1	Involved a third-party evaluation organization with the Board of Directors effectiveness evaluation	Ensure transparency and objectivity, and increase the Board of Directors effectiveness
2023	6	Increased the number of independent outside directors from four to five	Enhance the auditing function
2023	6	Appointed the first non-Japanese director for the company	Ensure the diversity of the Board of Directors



Corporate Governance

Deliberations and Activities of the Board of Directors and the Committees (FY2024)

Board of Directors

Chairperson: Kotaro Hirano (Representative Executive Officer, Chairman and Executive Officer, Director)

The Board of Directors decides on the basic management policies and signals the direction of corporate strategies from a medium- to long-term viewpoint. It also effectively supervises the execution of business from an objective perspective. The majority of Board members are outside directors. Being individuals of international caliber, they have sufficient experience and expertise to ask questions and give advice on the execution of business by executive officers and to contribute to open deliberations at Board meetings. Specifically, the directors widely discuss topics such as local business in the Americas and China, value chain businesses, DX, human capital, and the promotion of sustainability.

Deliberation/Activity Themes for FY2024

- Management policies
- Business execution system
- M&A project
- Quarterly business execution report
- Report on the fulfilment of duties by each of the committees
- Resolutions made based on laws, regulations and in-house rules, and others

Nominating Committee

Chairperson: Kazushige Okuhara (Independent Outside Director)

The Nominating Committee has the authority to decide on the details of proposals to be made about the selection and dismissal of directors for submission to the general meeting of shareholders and to make proposals on the selection of representative executive officers to the Board of Directors. The Committee conducts examinations regarding the desirable composition of the Board of Directors (in terms of diversity, expertise and so on), checks the expertise and experience of candidates for director positions by making effective use of the skill matrix set by the company, deliberates and reports about executive officers and candidates for the position by business field for further development of their abilities, and carries out examinations of the roles of the Nominating Committee and its involvement in the formulation of succession plans for the CEO and COO positions.

Deliberation/Activity Themes for FY2024

- Business execution system
- Candidates for executive officer roles
- Definition of director selection criteria (reasons for the selection of the skills and skill matrix)
- Selection of candidates for director roles, and others

Compensation Committee

Chairperson: Kazushige Okuhara (Independent Outside Director)

The Compensation Committee has the authority to decide on the details of the compensation to be paid to each director and executive officer. The Committee conducts deliberations to identify the issues and items to be examined with regard to director compensation, revise the policies on the determination of the details of compensation to be paid to directors and executive officers, and offer incentives to executive officers.

Deliberation/Activity Themes for FY2024

- Basic policies on director and executive officer compensation
- Composition and standards of executive officer compensation
- Evaluation items for executive officers' performance-linked compensation
- Evaluation results for executive officers' performance-linked compensation, and others

Audit Committee

Chairperson: Toshiko Oka (Independent Outside Director)

The Audit Committee confirms whether or not directors and executive officers are performing their duties efficiently and in line with laws and regulations as well as in-house rules and basic management policies. In cooperation with accounting auditors and the internal control department, the Committee monitors the status and operation of the financial, accounting and internal control systems.

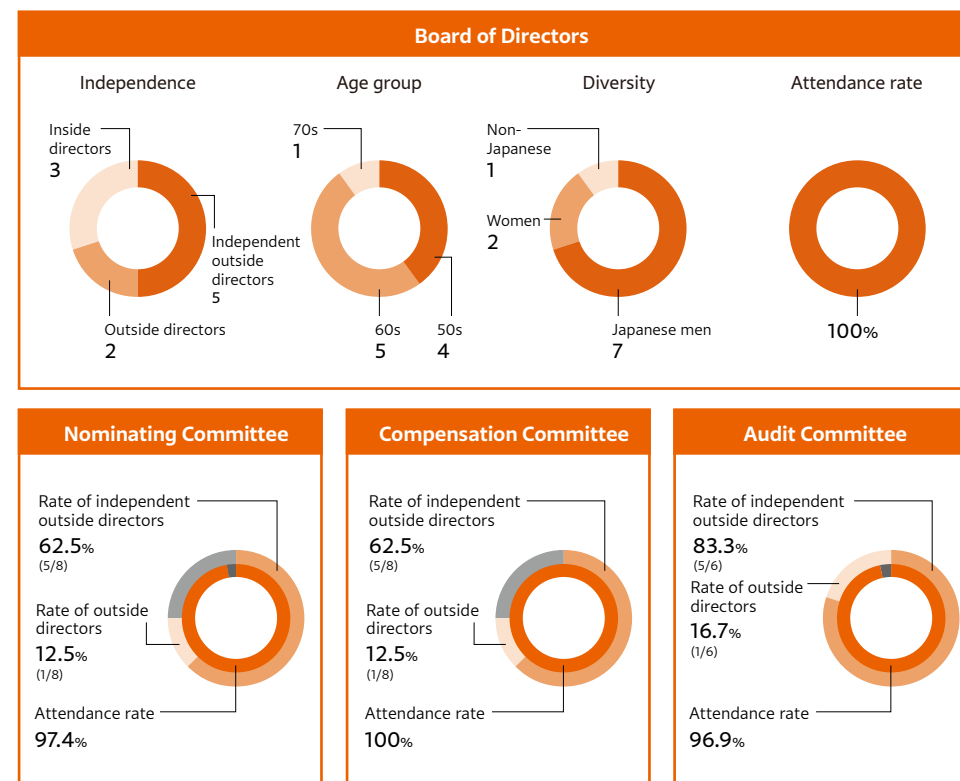
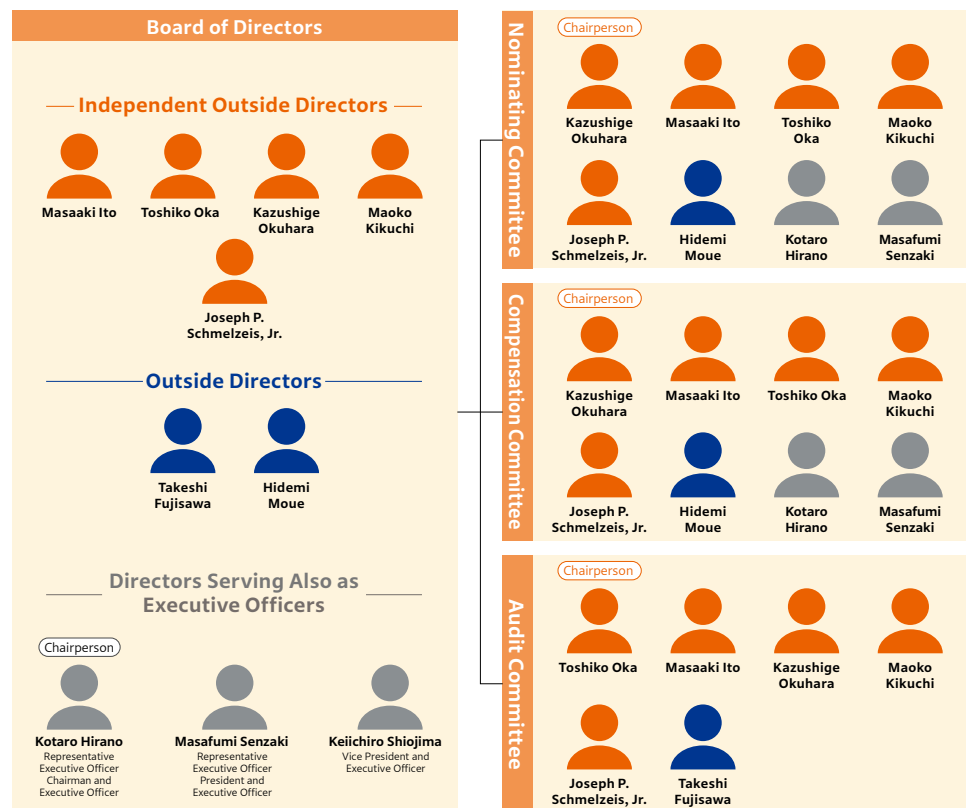
A "Company with a Nominating Committee, etc." under the Companies Act is mandated to ensure that the majority of members of the relevant committees are outside directors. Accordingly, in its Group Governance Guidelines, Hitachi Construction Machinery provides that the majority of its Audit Committee members are independent outside directors and is making efforts to further enhance the Committee's supervisory function.

Deliberation/Activity Themes for FY2024

- Exchange of opinions with representative executive officers (chairman and president), and interviews with executive officers and others who are heading the Business Units about their execution of duties
- Interviews with Group companies in and outside Japan about their business execution
- Interviews on the internal audit results and on the establishment and operation of internal control systems
- Interviews on environmental, quality and compliance audits
- Interviews on audits by accounting auditors
- Attendance at important meetings and perusal of written approvals by the Audit Committee Aide

Corporate Governance

Composition of the Board of Directors and the Committees (as of March 31, 2025)



* Ms. Maoko Kikuchi resigned from the position as of the end of the shareholders' meeting held on June 23, 2025.

Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

Hitachi Construction Machinery has been conducting an annual evaluation of the effectiveness of its Board of Directors to maintain and increase its effectiveness, as provided for in Article 12 (Board Evaluation) of its Corporate Governance Guidelines.

The following provides an outline of the evaluation of the effectiveness of the Board of Directors conducted for FY2024.

Evaluation of the effectiveness of the Board of Directors

Target	All 10 directors who were incumbent as of FY2024
Evaluation method	(1) The Board conducted a self-evaluation questionnaire survey targeting all 10 directors in January 2025 via a third-party organization. (2) The third-party organization interviewed all 10 incumbent directors in February 2025 in reference to the survey results. (3) The third-party organization tabulated and analyzed the survey and interview results. (4) The secretariat for the Board made a report on the results of the evaluation conducted by the third-party organization at the Board meeting held on March 28, 2025. Based on the results, participants in the meeting deliberated on improvement measures for the issues and strengths to be further enhanced and finalized the evaluation of the Board's effectiveness for FY2024.
Question items	1. Expectations regarding the Board of Directors' operations 2. Composition of the Board of Directors 3. Management of the Board of Directors 4. Discussions by the Board of Directors 5. Monitoring functions provided by the Board of Directors 6. Performance of duties of Directors and Outside Directors 7. Support system and training for Directors 8. Dialogue with shareholders (investors) 9. Effectiveness of the Nominating, Audit and Compensation Committees 10. General assessment

Improvements made to the issues identified in the effectiveness evaluation conducted for the previous fiscal year

Based on the results of the Board of Directors effectiveness evaluation conducted for FY2023, the related parties worked to make improvements, in particular those related to the following matters.

- Review of the agenda explanation materials to secure more time for discussion

In order to make effective use of the limited time available for Board of Directors meetings, the Board of Directors and its secretariat worked to include more objective and multifaceted information in the reference materials provided to directors prior to the meetings. Some, however, demanded even more improvements, such as including more detailed descriptions of the goals and risks and of the positioning of items in the overall strategy to make the content of the reference materials more balanced.

- Restructuring of the skill matrix and enhancement of discussions on the selection and promotion of directors with the required expertise

In order to review the skills, experience and others required for the implementation of the company's management strategies and vision and to discuss fully the selection of directors based on the skills and expertise required for the position, the Nominating Committee and its secretariat worked to make improvements by measures such as fostering deliberations and providing independent outside directors with opportunities to discuss among themselves. Some, however, pointed out the need to hold deeper discussions on the selection of director candidates and the succession of outside directors in consideration of the skills, experience and others required for the positions for gender balance and the implementation of the vision set for the Board.

Overview of the evaluation results and issues to be addressed for greater effectiveness

Based on the questionnaire and interview results and the improvements made in the previous fiscal year, the following items were selected as those to be addressed as priorities.

- Expectations regarding the Board of Directors' operations
Some made comments, such as "I want to have deeper discussions on the

functions and roles of the Board." In response, opportunities to discuss and examine the roles of the Board will be provided along with the opportunities to discuss and examine the skill matrix based on the roles.

2. Management of the Board of Directors

- Regarding the issues to be discussed by the Board, some made comments, such as "I want to discuss more deeply broad themes apart from individual agenda items, such as the direction of the company, firmwide strategies and further corporate growth, by limiting the time allocated to the individual items." In response, the Board of Directors will discuss and examine the revision of the discussion items and criteria to have enough time to discuss the direction of the company, firmwide strategies and further corporate growth.

- Respondents also gave comments such as "I want to have more time for deliberation," and "The meeting should be more balanced in terms of its agenda." In response, the Board of Directors will discuss and examine how to keep balance between the agenda items and the time allocated to them.

3. Dialogues with shareholders (investors)

In response to the comments such as "Need to give more feedback about reactions from shareholders and investors" and "I want to discuss more deeply the status of dialogue with shareholders," the Board of Directors will give more feedback about the present situation and secure opportunities and time to discuss and examine the dialogue policy and how to implement it.

4. Expectations regarding the Committees

Some commented, "I want to clarify the roles" of the Committees and gave opinions about the composition and number of members of the Committees. In response, the Board of Directors will (1) discuss, examine and clarify the roles of the Committees and (2) discuss and examine the composition of each of the Committees based on their roles. Also, the Committees will reexamine their own roles and then the Board will again discuss and examine the roles as necessary.

Corporate Governance

System to Provide Outside Directors with Information and Support

Hitachi Construction Machinery (mainly its Human Capital Group and the Legal Div., which serves as the secretariat for the Board of Directors), provides its outside directors with opportunities to learn about the Hitachi Construction Machinery Group's businesses and other matters that they need to know for the fulfillment of their duties as directors of the company, in addition to holding an orientation for newly appointed directors. Specifically, the outside directors are briefed on how the company's executive officers are executing their business duties as well as on what business activities are conducted by employees in managerial positions and how these managers are addressing issues. They are also provided with various information on market trends, general industry information, and information about the company's financial and organizational systems.

Support System

Hitachi Construction Machinery has established a system for its Audit Committee members to interview executive officers and employees of the company and other Group companies about how they are fulfilling their job duties as well as about their business situations. The members are also given access to important decision/approval-related documents, including the agenda of Executive Committee meetings. The Legal Div., which serves as the secretariat for the Board of Directors, and the Audit Committee Aide and the Audit Committee Bureau give support to members of the Board and members of the Audit Committee, respectively, so that they can obtain the necessary information.

For matters concerning Hitachi Construction Machinery and other Group companies discussed/reported at Executive Committee meetings, the executive officers share the details with the directors in a timely manner. The results of the audits carried out by internal auditors on Hitachi Construction Machinery and other Group companies are reported via the Audit Committee Aide to the Audit Committee and then to the Board of Directors through regular reporting to the Board by the Audit Committee. Collaboration between internal auditors and directors, including Audit Committee members, is thus ensured.

Costs related to the fulfillment of duties by the Audit Committee members are paid by the company, excluding costs deemed to be clearly

unrelated to the fulfillment of the duties.

Activities Conducted in FY2024

In FY2024, we conducted the following activities in order to help outside directors deepen their understanding of the Hitachi Construction Machinery Group and contribute to transparent, fair and bold decision making by the Group, in addition to providing them with necessary information.

- Briefed outside directors on the Group's businesses (Four times in total in May)
 - Invited them to participate in the Debate Session for Senior Officer (Nine times in total in and after July as a monthly event)
 - Took them on a tour of the Tsuchiura and Kasumigaura Works, where they exchanged opinions with on-site employees
 - Held a meeting for reporting and the exchange of opinions with executives, targeting outside directors visiting manufacturing and other facilities as members of the Audit Committee
- Overseas: Hitachi Construction Machinery (Europe) NV (Held online interviews and meetings for reporting and opinion exchange in Sept.)
PT Hitachi Construction Machinery Indonesia and Hexindo Adiperkasa Tbk PT (in Oct.)
- In Japan: Hitachi Kenki Logistics Technology (in Nov.)
- Invited outside directors to participate in in-house competition and presentation meetings (e.g. firmwide VEC presentation meeting and commercialization & research presentation meeting in Oct.; International skills competition and firmwide small-group presentation meeting in Nov.)



Visit to PT Hitachi Construction Machinery Indonesia by outside directors

Criteria for the Independence of Outside Directors

Hitachi Construction Machinery has set criteria for the independence of outside directors and defines outside directors to whom none of the following items apply as independent outside directors. Also, according to the rules set by Tokyo Stock Exchange, Inc., the company notified the stock exchange of the following five people as its independent outside directors as of June 23, 2025: Masaaki Ito, Toshiko Oka, Kazushige Okuhara, Kiyomi Kikuchi and Joseph P. Schmelzeis, Jr.

- Any of their first- and second-degree relatives is, or has been within the last three years a director or an executive officer of Hitachi Construction Machinery or any of its subsidiaries;
- The outside director is currently an executive director, an executive officer or an employee of a company that has made payments to, or received payments from, Hitachi Construction Machinery for products or services in an amount which, in any of the last three fiscal years, exceeds 2% of that company's consolidated sales;
- The outside director has received during any of the last three fiscal years more than 10 million yen in direct compensation for their services as a specialist in law, accounting or tax, or as a consultant from Hitachi Construction Machinery, other than director compensation.
- The outside director serves as an executive officer or director of a not-for-profit organization, and Hitachi Construction Machinery's charitable contributions to the organization in any of the last three fiscal years exceeded both 10 million yen and 2% of that organization's annual gross revenue or recurring revenue.

Corporate Governance

Details of Skills Required of Directors

Hitachi Construction Machinery specifies the skills required of directors based on the Hitachi Construction Machinery Group's management policies, Group Identity, medium-term management plans and other management strategies so that it can select candidates who have diverse backgrounds to collectively cover all the skills required of directors. The skills and why they were selected as necessary skills are detailed on the right.

Details of the skills

Skill	Details	Why they were selected as necessary skills
International business management	Business experience in and outside Japan, and management experience at a global company	Our overseas sales ratio has exceeded 80% of the total, and we are working for the expansion of the Americas business. Under these circumstances, directors need to have this skill to be able to make prompt management decisions from an international viewpoint and based on an understanding of geopolitical risks.
R&D	Expertise and practical experience in R&D for the co-creation of innovative products, services and solutions	The construction industry is facing environmental changes including a shrinking working-age population. We need to continue to deliver innovative products and solutions that will help customers in the industry respond to such changes through labor-saving measures and others, for which directors need to have this skill in order to supervise the planning of necessary strategies and the establishment of necessary systems.
Quality, production and procurement	Expertise and practical experience regarding quality, production and procurement	Directors need to have this skill to supervise the planning of necessary strategies and the establishment of necessary systems for the Group to continuously increase its productivity and provide customers with high-quality products and solutions.
Sales and marketing	Expertise and practical experience in the formulation of sales and marketing strategies based on an appropriate understanding of the global business environment and customer needs	Directors need to have this skill to supervise the planning of necessary strategies and the establishment of necessary systems for the company to continue to be a close and reliable partner to customers based on an appropriate understanding of their needs.
IT and digital technology	Expertise and practical experience in the effective use of digital technology	Directors need to have this skill to promote DX within the company and to supervise the planning of necessary strategies and the establishment of necessary systems to expand value chain businesses through the effective use of digital technology.
Financial accounting	Expertise and practical management experience in financial accounting to continue to increase corporate value	Directors need to have this skill to ensure precise financial reporting and to supervise the planning of capital policies and the establishment of relevant systems based on management strategies.
M&A	Expertise and practical experience in growth investment for the continuous increase of corporate value	Directors need to have this skill to supervise the planning of necessary strategies and the establishment of necessary systems for the company to implement cooperative projects with partners across the world and in different industries in line with the progress of globalization and the expansion of value chain businesses.
Legal affairs and compliance	Expertise and practical experience in legal affairs and compliance for continuous business growth	Directors need to have this skill to foster and supervise the establishment of a system to ensure compliance with laws, regulations and corporate ethics based on "Basics and Ethics," one of our fundamental values, and to fulfill their monitoring function to ensure appropriate business management.
Personnel affairs, human rights and human resource development	Expertise and practical experience in personnel affairs, human rights and human resource development for continuous business growth	Directors need to have this skill to enhance the abilities of employees and their organizations and to supervise the planning of necessary strategies and the establishment of necessary systems to realize Hitachi Construction Machinery's vision for human capital management: "Where every Kenkijin can be themselves in Harmony."

Corporate Governance

Skill Matrix for Current Directors

Name	Position/Title	Nominating Committee	Compen- sation Committee	Audit Committee	Independent director	Tenure	Major field of expertise and experience/Field in which contributions are expected								
							International business management	R&D	Quality, pro- duction and procurement	Sales and marketing	IT and digital technology	Financial accounting	M&A	Legal affairs and compliance	Personnel affairs, human rights and human resource development
Masaaki Ito	Independent outside director	●	●	●	●	1	●	●	●				●		
Toshiko Oka	Independent outside director	●	●	● Chairperson	●	4	●					●	●		●
Kazushige Okuhara	Independent outside director	● Chairperson	● Chairperson	●	●	9	●		●	●				●	●
Kiyomi Kikuchi	Independent outside director	●		●	●	Newly appointed	●						●	●	
Joseph P. Schmelzeis, Jr.	Independent outside director	●	●	●	●	2	●			●	●	●			●
Takeshi Fujisawa	Outside director			●		1	●	●			●				
Hidemi Moue	Outside director	●	●			3	●					●	●		
Keiichiro Shiojima	Director					4	●					●	●		
Masafumi Senzaki	Director	●	●			2	●	●	●	●	●	●		●	●
Kotaro Hirano	Director	●	●			8	●		●	●		●	●	●	●

*The tenure is as of the end of the 61st shareholders' meeting held on June 23, 2025.

Corporate Governance

Directors and Executive Officers (as of June 23, 2025)

Directors



Director,
Chairman of the
Board of Directors
Kotaro Hirano

Apr. 1981:	Joined the company
Apr. 2013:	Deputy General Manager, Production & Procurement Div.
Apr. 2014:	Executive Officer
Apr. 2016:	Vice President and Executive Officer
Apr. 2017:	Representative Director, President and Executive Officer
Jun. 2017:	Director (current)
Apr. 2023:	Representative Director, Chairman and Executive Officer (current)



Independent Outside
Director
Toshiko Oka

Apr. 1986:	Joined Tohmatsu Touche Ross Consulting Ltd.
Jul. 2000:	Joined Asahi Arthur Andersen Ltd.
Apr. 2005:	President and Representative Director of ABeam M&A Consulting Ltd.
Apr. 2016:	Partner at PwC Advisory LLC
Jun. 2016:	Outside Director, Hitachi Metals, Ltd. (presently Proterial, Ltd.)
Jun. 2018:	Outside Director, Sony Group Corporation
Jun. 2019:	Outside Director, Happinet Corporation (current)
Jun. 2020:	Outside Director, ENEOS Holdings, Inc. (current)
Apr. 2021:	Full-time professor at Meiji University Graduate School of Global Business (current)
Jun. 2021:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)
Mar. 2024:	Outside Director, Earth Corporation (current)



Independent Outside
Director
Kiyomi Kikuchi

Apr. 1986:	Joined The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.) (until December 1990)
Apr. 1999:	Registered as a lawyer and joined Asahi Law Offices
May 2003:	Admitted to the bar of the State of New York
Sept. 2004:	Joined Taiyo Law Office (currently Paul Hasting LLP/Gaikokuho Kyodo Jigyō)
Sept. 2006:	Joined JP Morgan Securities Japan Co., Ltd.
Apr. 2008:	Joined TMI Associates (current)
Mar. 2016:	External Auditor of Nissay Asset Management Corporation (current)
Jun. 2019:	Outside Director, Mitsubishi Chemical Holdings Corporation (current)
Jun. 2025:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)



Outside Director
Takeshi Fujisawa

Apr. 1989:	Joined Hitachi, Ltd.
Apr. 2015:	General Manager, Public Solutions Department 3, Public System Div., Information & Communication Systems Company
Apr. 2019:	General Manager, Enterprise Solutions Div., Industry & Distribution Business Unit
Apr. 2020:	General Manager, Digital Solutions Div., Industry & Distribution Business Unit
Apr. 2022:	General Manager, Digital Solutions Business Div., Industrial Digital Business Unit
Apr. 2024:	COO of Social Infrastructure Business Unit (current)
Jun. 2024:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)



Independent Outside
Director
Masaaki Ito

Apr. 1980:	Joined Kuraray Co., Ltd.
Apr. 2010:	General Manager of Methacrylate Division, Chemicals Company
Jun. 2012:	Executive Officer
Apr. 2013:	Vice President, Functional Materials Company
Jun. 2013:	Managing Executive Officer
Apr. 2014:	Officer responsible for Corporate Management Planning Division and CSR Division, General Manager, Corporate Management Planning Division
Jun. 2014:	Director
Jan. 2015:	Representative Director and President
Jan. 2021:	Chairman and Director (current)
Jun. 2024:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)



Independent Outside
Director
Kazushige Okuhara

Apr. 1970:	Joined Fuji Heavy Industries Ltd
Oct. 1999:	Senior Managing Director, TOKYO SUBARU INC
Jun. 2001:	Corporate Vice President, Senior General Manager of Japan Region, Subaru Sales & Marketing Division, Chief General Manager of Subaru Parts & Accessories Division and General Manager of Customer Service Center, Fuji Heavy Industries Ltd.
Jun. 2003:	Corporate Senior Vice President, Chief General Manager of Subaru Japan Sales & Marketing Division and Chief General Manager of Subaru Marketing Division
Apr. 2005:	Corporate Senior Vice President and General Manager of the Human Resources Department
Jun. 2006:	Director, Corporate Executive Vice President and General Manager of the Human Resources Department
Jun. 2006:	President and Chair of the Business Reforms Promotion Committee at Subaru System Service Co., Ltd.
Jun. 2010:	Representative Director and Deputy President of Fuji Heavy Industries Ltd.
Jun. 2011:	Representative Director and President of Subaru Kohsan Co., Ltd.
Jun. 2016:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)



Independent Outside
Director
**Joseph P.
Schmelzeis, Jr.**

Jul. 1984:	Joined Bain & Company
Jul. 1988:	Vice President, American Express International
Apr. 1998:	Chief Operating Officer, Fortworks International
Dec. 1999:	Interim CEO, Crimson Ventures
Nov. 2001:	Representative Director, JPS International, Inc. (current)
Jun. 2011:	Corporate Director and Division Manager, SEGA CORPORATION
Jun. 2015:	Senior Advisor, SEGA SAMMY HOLDINGS INC.
Feb. 2018:	Senior Advisor to the Ambassador, U.S. Embassy in Tokyo
Mar. 2021:	Executive Manager, Cedarfield Godo Kaisha (current)
Jun. 2022:	Outside Director, DENSO CORPORATION (current)
Jun. 2023:	Outside Director, Central Japan Railway Company (current)
Jun. 2023:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)



Outside Director
Hidemi Moue

Apr. 1979:	Joined The Industrial Bank of Japan, Limited
Jun. 1996:	General Manager, Capital Markets Department 2, IBJ Securities Co., Ltd.
Feb. 1998:	General Manager, Business Development Department, IBJ Securities Co., Ltd.
Oct. 2000:	General Manager, Corporate Finance Department, Mizuho Securities Co., Ltd.
Nov. 2002:	President and CEO, Japan Industrial Partners, Inc. (current)
Jun. 2010:	Auditor, Mobile Internal Capital, Inc. (current)
Jun. 2022:	Outside Director, Hitachi Construction Machinery Co., Ltd. (current)
Aug. 2022:	Representative Director and President, HCJ Holdings, Ltd. (current)
Jan. 2023:	Director, Proterial, Ltd. (current)
Dec. 2023:	Director, TOSHIBA CORPORATION (current)

Corporate Governance



Director
**Keiichiro
Shiojima**

Apr. 1988:	Joined Hitachi Construction Machinery Co., Ltd.
Apr. 2011:	General Manager, Credit Management Department, Finance Div.
Apr. 2014:	Director, Hitachi Construction Machinery Asia and Pacific Pte. Ltd.
Apr. 2016:	General Manager, Finance Department, Finance Div., Corporate Management Group, Hitachi Construction Machinery Co., Ltd.
Apr. 2019:	Deputy General Manager, Finance Div., Corporate Management Group
Apr. 2020:	Executive Officer, General Manager of Finance Div.
Jun. 2021:	Director (current)
Apr. 2022:	Vice President and Executive Officer, General Manager of Finance Div. (current)



Director
**Masafumi
Senzaki**

Apr. 1991:	Joined Hitachi Construction Machinery Co., Ltd.
Apr. 2017:	General Manager, Russia and CIS Business Div. President and Director of Hitachi Construction Machinery Eurasia Manufacturing LLC
Apr. 2018:	Executive Officer, General Manager of Marketing Group, Hitachi Construction Machinery Co., Ltd.
Apr. 2021:	Vice President and Executive Officer, General Manager of Corporate Strategy and Operations Management Groups
Apr. 2022:	Senior Vice President and Executive Officer, General Manager of Corporate Strategy Group
Apr. 2023:	Representative Executive Officer, President and Executive Officer (current)
Jun. 2023:	Director (current)

Executive Officers

Representative Executive Officer, Chairman and Executive Officer, CEO

Kotaro Hirano

Representative Executive Officer, President and Executive Officer, COO

Masafumi Senzaki

Representative Executive Officer, Executive Vice President and Executive Officer
Officer responsible for Security Trade Control, President of Construction Business Unit

Yuusuke Kajita

Senior Vice President and Executive Officer
CTO and President of Research & Development Group

Itaru Nishizawa

Senior Vice President and Executive Officer
General Manager of America Business Div.
(Also serving as Chairman & CEO of Hitachi Construction Machinery Americas Inc.)

Hidehiko Matsui

Vice President and Executive Officer
CFO, President of Financial Strategy Group

Keiichiro Shiojima

Vice President and Executive Officer
President of Power & Info Control Platform Business Unit

Kazunori Nakamura

Vice President and Executive Officer
Officer responsible for MONOZUKURI, President of Production & Procurement Group

Yoshihiro Narukawa

Vice President and Executive Officer
CRO and Governing External Affairs

Tetsuya Hamabe

Vice President and Executive Officer
President of Mining Business Unit

Eiji Fukunishi

Executive Officer
CSO, President of Corporate Strategy Group

Takeshi Arai

Executive Officer
President of Compact Business Unit
(Also serving as President and Director of Hitachi Construction Machinery Tierra Co., Ltd.)

Kazuhiro Ichimura

Executive Officer
Vice President of Mining Business Unit

Hiroshi Kanezawa

Executive Officer
CHRO, President of Human Capital Group

Makoto Sawada

Executive Officer
President of Global Marketing Group
President of Rental & Used Equipment Business Unit

Tooru Takatani

Executive Officer
CDIO, President of New Business Creation Unit

Seimei Toonishi

Executive Officer
President of Spare Parts & Service Business Unit

Hiroshi Hosokawa

Executive Officer
President of Safety/Health & Compliance Group

Satoshi Yamanobe

Executive Officer
General Manager of Oceania Business Div.
(Also serving as Managing Director of Hitachi Construction Machinery Oceania Pty., Ltd. and Managing Director of Hitachi Construction Machinery Australia Pty., Ltd.)

Ray Kitic

Executive Officer
General Manager of India Business Div.
(Also serving as President & Director of Tata Hitachi Construction Machinery Company Private Limited)

Sandeep Singh

Note: Listed by title and in the order of the Japanese kana syllabary

About the abbreviations

CDIO:	Chief Digital & Information Officer
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
CHRO:	Chief Human Resources Officer
COO:	Chief Operating Officer
CRO:	Chief Risk management Officer
CSO:	Chief Strategy Officer
CTO:	Chief Technical Officer

Corporate Governance

Policies on Determining the Amount of Compensation, etc., for Directors and Executive Officers

1. How to determine the policies

At Hitachi Construction Machinery, the Compensation Committee sets forth the company's policies on the determination of the amount of compensation to be paid to individual directors and executive officers pursuant to the provision of the Companies Act applicable to companies with a nominating committee, etc.

2. Overview of the policies

(1) Matters related to both directors and executive officers

Compensation will be commensurate with the scope and range of the Company's business as well as the ability required of and the responsibilities and risks to be borne by its directors and executive officers, taking into consideration compensation packages at other companies.

(2) Matters related to directors

The compensation of directors consists only of a monthly salary.

- Directors shall be paid their monthly salary in a fixed amount in view of the fact that their duty is of a supervisory nature. The specific amount shall be determined in accordance with the individual's position, full-time or part-time status and basic allowance for the position and may also include an allowance for committee membership. Compensation for serving as a director shall not be paid to directors who also serve as executive officers.

(3) Matters relating to executive officers

Compensation for executive officers consists of a monthly salary, performance-linked compensation and restricted stock compensation.

a. Monthly salary

Executive officers shall be paid their monthly salary according to the standards set for each position.

b. Performance-linked bonus

The amount of performance-linked bonus shall vary according to the level of achievement against the standard target and the results

achieved by each person in their respective position, and the range of variation shall be from 0% to around 200%. The bonus will be paid every June. The evaluation indicators and composition ratio for the bonus are as follows.

Category	Evaluation indicator	Composition ratio			
		Chairman and Executive Officer (CEO) President and Executive Officer (COO) Executive Vice President and Executive Officer		Senior Vice President and Executive Officer Vice President and Executive Officer Executive Officer	
(1) Company-wide performance	Net income	50%	80%	30%	60%
	Consolidated operating cash flows	20%		10%	
	Consolidated value chain revenue	—		10%	
	ESG assessment*1	10%		10%	
(2) Departmental performance targets		—		30%	
(3) Departmental targets (Three indicators for management issues including organizational health)*2		20%		10%	

^{*1} ESG assessment is an overall assessment based on the CDP's climate change and water security ratings, Dow Jones Sustainability Indices (DJSI) and the reducing rate of CO₂ emissions related to production and products.

^{*2} Organizational health is an index to evaluate the health of an organization from various perspectives such as employee engagement and diversity & inclusion.

^{*} For foreign executive officers, standard compensation is set according to the benchmarks of compensation levels of each country and region from the viewpoint of retaining capable personnel, taking into account the market competitiveness of the compensation.

c. Restricted Stock Compensation

Hitachi Construction Machinery annually offers restricted stock compensation to its executive officers living in Japan as non-monetary compensation that gives them incentives to continuously increase the company's corporate value on a medium- to long-term basis and to share more value with its shareholders. The transfer restriction

period for the shares allocated to the officers shall be from the day of the allocation to the day of their resignation from the position. When the transfer restriction period expires, the restriction on the transfer of the shares shall be lifted in principle, based on the precondition that the executive officer served in the position from the beginning through to the end of the fiscal year in which the restricted stock compensation for the year was paid.

In consideration of the purpose of the restricted stock compensation system, business situation of the company and the scope of responsibility assumed by the targeted executive officers, and based on the resolution made by the Compensation Committee, Hitachi Construction Machinery gives monetary claims to the officers, which they will exchange for the shares of the company to be allocated to them as restricted stock compensation.

(4) Ratio by compensation type

Title	Monthly salary	Performance-linked bonus	Restricted stock compensation
Chairman and Executive Officer (CEO) President and Executive Officer (COO)	42%	42%	16%
Executive Vice President and Executive Officer	55%	30%	15%
Senior Vice President and Executive Officer, Vice President and Executive Officer	60%	25%	15%

Corporate Governance

Framework for Strengthening Governance

Hitachi Construction Machinery recognizes that sustainability is an important management issue and that, in addition to improving business performance, the purpose of corporate governance is to acknowledge the company's status as a member of society that must engage in fair and transparent corporate behavior. By extension, the company believes that this will lead to an increase in its corporate value and a further increase in shareholder value. In addition to addressing important management issues, the company has structured its approach to supporting the strengthening of corporate governance into a comprehensive framework.

Corporate Governance at Hitachi Construction Machinery

1. Corporate Governance

The monitoring and control of management by the Board of Directors are defined as mechanisms that are intended to ensure that the company's decision-making and business execution take into consideration the interests of shareholders and other stakeholders, are in compliance with laws and regulations, are carried out efficiently, and enable the company to achieve sound and continuous development.

2. Governance (In-house governance)

The monitoring and control of employees by management are defined as mechanisms intended to ensure that the business is run properly, and in accordance with the requests of the Board of Directors.

The Company's Three Lines Model

The Three Lines Model is widely recognized as an effective structure and process that strongly supports governance and risk management while enabling the achievement of corporate objectives. The company acknowledges that the Three Lines Model below contributes to the

strengthening of governance and is promoting its adoption within the Group.

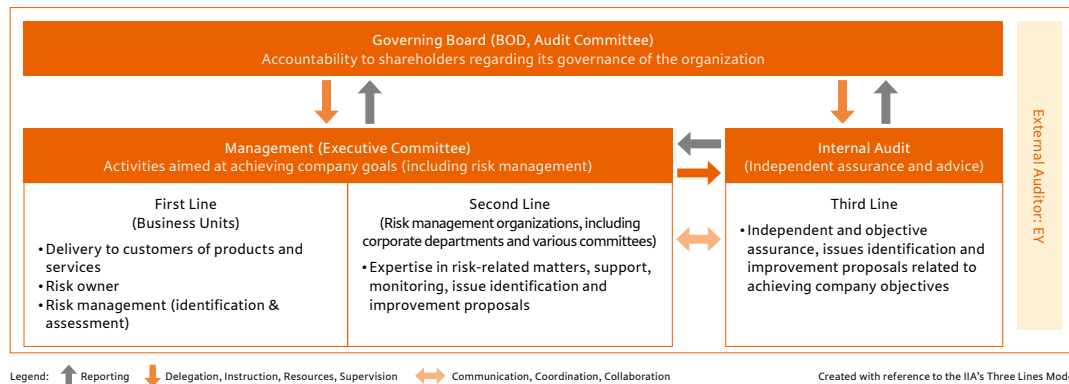
- **First Line (Business units)**
Business units have direct responsibility as owners of risks that arise from business operations, including for controlling (identifying, evaluating, responding to and monitoring) these risks.
- **Second Line (Risk management organizations, including corporate departments and various committees)**
Risk management organizations use their expertise to provide support, conduct verification and raise objections regarding the management of risks. While working in collaboration with the first

line, they monitor and report on the adequacy and effectiveness of the first line's risk management.

- **Third Line (Internal Audit Office)**
As an organization reporting directly to the COO, the Internal Audit Office provides independent and objective assurance and advice to management and governing bodies (such as the Board of Directors and the Audit Committee) on the adequacy and effectiveness of the risk management of the first and second lines.

With these three lines working in collaboration, the company will prevent the materialization of risks and strengthen its governance.

The company's overall Three Lines Model diagram



Framework for Strengthening Governance
https://www.hitachicm.com/content/dam/hitachicm/global/en/sustainability/governance/corpgovernance/docs/240724_Framework_for_Strengthening_Governance.pdf