

More Robust Global Risk Management

Activities of the ERM Committee

Developments in information and communication technology, geopolitical risks, and changes in economic conditions bring day-to-day changes to our society and business environment. The Hitachi Construction Machinery Group monitors and analyzes these environmental changes on a daily basis to prepare against risks and grasp growth opportunities in consideration of social issues as well as the Group's competitive advantages and management resources. The Group thus controls risks and opportunities and reflects them in its management strategies.

In April 2022, the Enterprise Risk Management (ERM) Committee was established to take charge of company-wide risk management and the prompt implementation of measures, with the Chief Risk Management Officer (CRO) and other management members taking the lead in the overall management of the risks that require company-wide response policies and management decisions based on the status of business operations.

Company-wide risks are identified by having the secretariats of company-wide committees determine risks once each term. The extracted risks are then evaluated in terms of importance, urgency, etc., from a company-wide perspective, and those issues positioned as important topics are shared with the ERM Committee.

The ERM Committee discusses and makes decisions on environment-related issues such as climate change, pollution, and disasters, as well as risks that could shake the very foundations of our global operations, including pandemics, cybersecurity, human rights, geopolitical risks, economic security and community issues. The committee basically meets once per term, but extraordinary meetings may be held in response to sudden requests to address company-wide risks or at the request of the chairperson, other committees, or relevant business units. In FY2024, the ERM Committee deliberated and reported on risk management systems, responses to geopolitical

risks, and compliance with legal regulations. Ethical and legal violations are discussed by the Compliance Management Committee, which is charged with raising awareness to prevent violations and implementing measures to avert their reoccurrence.

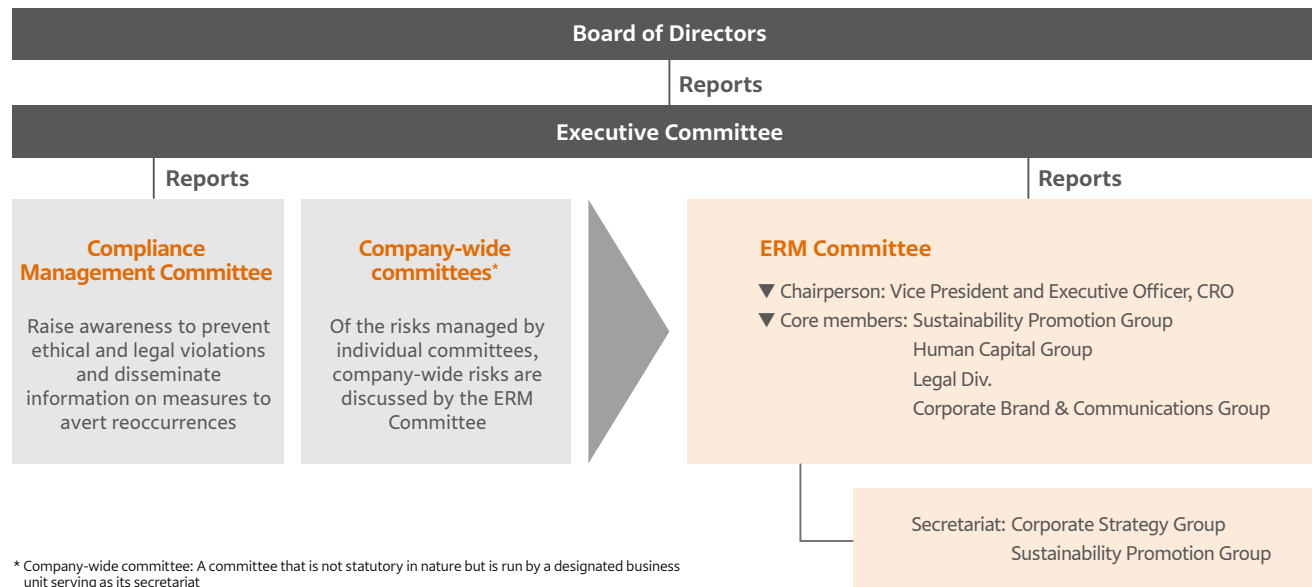
The ERM Committee reports on important matters such as company-wide risk response policies and the Compliance

Management Committee reports on major compliance matters to the Executive Committee and the Board of Directors.



Risk Management
<https://www.hitachicm.com/global/en/sustainability/governance/riskmanagement/>

ERM Committee Structure



* Company-wide committee: A committee that is not statutory in nature but is run by a designated business unit serving as its secretariat