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Corporate Governance Report

Last Update: August 7, 2026
Hitachi Construction Machinery Co., Ltd.
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https: //www.hitachicm.com/global/en/

The corporate governance of Hitachi Construction Machinery Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

We recognize that sustainability is an important management issue, and that, in addition to improving business performance, the purpose of corporate governance is to deeply acknowledge that a company is a member of society which must devote itself to fair and transparent corporate behavior. By extension, it is our belief that this will lead to an increase in corporate value and a further increase in shareholder value.
Therefore, in order to construct an execution system that will enable the development of management strategies both powerfully and swiftly, and to realize fair and transparent management, we aim to strengthen our corporate governance by separating the management supervision functions and the business execution functions, and have adopted the organizational structure of a "company with committees", such as a nominating committee, etc., as stipulated in Article 2, Item 12 of the Companies Act.
In addition, the Hitachi Construction Machinery Group Code of Conduct is positioned as the basis of the brand and our sustainability promotion activities, and we work to share an understanding of the social responsibilities that companies must fulfill.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Supplementary principle 1-2-5
At this moment in time, there are no plans to conduct the exercise of voting rights by beneficial shareholders at general meetings of shareholders, but we will consider the situation appropriately, in the light of the current legal system and global trends.

Supplementary principle 2-5-1
Our current internal reporting (whistleblowing) system is operated under the supervision of the management to ensure flexibility and reliability in investigations and corrective measures, and is run by outside experts, or the compliance department in the Company ("Secretariat"), as the direct contact point. The Secretariat periodically reports the content of all whistleblowing reports and a summary of their corrective measures to the Board of Directors and the Audit Committee. In addition, for whistleblowing reports where independence or impartiality in the investigation is highly required, the Secretariat reports promptly to the Audit Committee in accordance with the rules and conducts investigations and takes corrective actions under its supervision and instructions. In the operation of the internal reporting system, we have established rules that include the confidentiality of persons providing information and the prohibition of any unfavorable treatment of them.

[Disclosure Based on the Principles of the Corporate Governance Code]

All 83 of the Basic Principles, Principles and Supplementary Principles, including disclosure items based on the principles of the Corporate Governance Code, are described at the end of this report as "Company initiatives regarding each principle of the Corporate Governance Code."

Further, the descriptions of the 83 principles, include supplementary principles described in "Reasons for Non-compliance with the Principles of the Corporate Governance Code", above.

【 Disclosure on Dialogue with Shareholders 】

For the Company's implementation status, please refer to "Principle 5.1 Policy for Constructive Dialogue with Shareholders" above, " III. Implementation of Measures for Shareholders and Other Stakeholders 2. IR Activities" of this report, and "the Stakeholder Engagement" section of our website.

URL: https://www.hitachicm.com/global/en/sustainability/engagement/

[Action to Implement Management focusing on Cost of Capital and Stock Price]

Description	Disclosure of measures (update)
Disclosure in English	Available
Last Update	September 30, 2025

For the continuous improvement of our corporate value and stock price, we are making efforts to increase both our capital efficiency (ROE and ROIC) and rating from the capital market (PER), believing that increasing these will help us improve our stock price-to-book value ratio (PBR) and corporate value.

For the fundamental improvement of our capital efficiency, we started to use an ROIC tree in FY2024 to clarify our relevant improvement targets and monitor the progress made toward the targets from the viewpoints of both investors and ourselves. Specifically, from the viewpoint of investors, we manage the progress with a focus on consolidated invested capital, and from our internal viewpoint, we manage it for each of our business units (BUs) based on their respective working capital and fixed assets.

We also regard reducing the cost of equity as an important target to achieve for higher capital efficiency. Our cost of equity and WACC are affected by the high β value, which means high stock price volatility and hinders us from reducing our capital cost. The causal factors for the value include capital-related factors such as the low free float ratio. If, however, the Value Chain business share of our total sales revenue further increases to stabilize our business performance, it will lead to the reduction of the risk premium and the cost of equity. We will work to stabilize our business performance and increase our capital efficiency to lead the creation of a virtuous cycle of decreasing WACC and increasing our corporate value.

Detailed information is described in CFO message in "Hitachi Construction Machinery Group Integrated Reports 2025".
https://www.hitachicm.com/content/dam/hitachicm/global/en/sustainability/download/docs/ir2025/split-version-pdf/2025_18e.pdf

2. Capital Structure

Percentage of Foreign Shareholders	From 10% to less than 20% /

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
HCJI Holdings, Ltd.	55,290,000	25.99
Hitachi, Ltd.	39,062,310	18.36

The Master Trust Bank of Japan, Ltd. (Trust Account)	29,314,200	13.78%
Citrus Investments G. K.	15,740,200	7.40%
Custody Bank of Japan, Ltd. (Trust Account)	12,195,900	5.73%
STATE STREET BANK AND TRUST COMPANY 505001	2,223,257	1.05%
JPMorgan Securities Japan Co., Ltd.	2,033,013	0.96%
BNYM AS AGT/CLTS 10 PERCENT	1,899,387	0.89%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,844,600	0.87%
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	1,673,120	0.79%

Controlling Shareholder (except for Parent Company)	-
Parent Company	none

Supplementary Explanation

1. Status of Major Shareholders describes the status as of March 31, 2026.
2. The table does not include 2,378,960 shares of treasury stock (as of March 31, 2026).

3. A report of possession of large volume was provided for public inspection on December 6, 2023. However, the information in the report is not included in the above major shareholders since the Company cannot confirm the actual status of shareholdings as of the record date for exercise of voting rights.
   Holders: Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other entity
   Date on which the duty to file report arose: November 30, 2023
   Number of shares, etc. held: 8,893,000 shares
   Ownership ratio: 4.13%

4. A report of possession of large volume was provided for public inspection on March 21, 2025. However, the information in the report is not included in the above major shareholders since the Company cannot confirm the actual status of shareholdings as of the record date for exercise of voting rights.
   Holders: Nomura Asset Management Co., Ltd.
   Date on which the duty to file report arose: March 14, 2025
   Number of shares, etc. held: 13,397,594 shares
   Ownership ratio: 6.23%

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Section
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales(consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

5. Other Special Circumstances which may have Material Impact on Corporate Governance

(1) Group management policy and view of Other Associated Company

HCJI Holdings Ltd. (HCJI) is a major shareholder of the Company, and the Company is equity-method affiliate of HCJI. Citrus Investment G.K. is the parent company of HCJI, and ITOCHU Corporation is the parent company of Citrus Investment G.K.
The Company has no relationship with any Other Associated Companies as its group company; provided, however, that the Company and HCJI have entered into the capital alliance agreement which includes provisions of (i) suggestion of one (1) candidate for the director to nomination committee of the Company and (ii) requirement of prior approval of the Company for transfer of shares of the Company owned by HCJI within five (5) years after the acquisition of such shares.

The Company's basic policy on growth strategy is to contribute to solving issues that its customers face on-site by developing a value chain business (such as parts and services, rentals and used equipment) in addition to its new machinery business, with a focus on major construction machinery, such as hydraulic excavators, wheel loaders, and dump trucks. We consider the Company could realize medium- to long-term business growth and corporate value enhancement by keeping and strengthening the relationships with Itochu, substantial investor of HCJI.

(2) Policy and methods ensuring the independence of the Company from Other Associated Company

HCJI is entitled to propose one candidate for director to the Company's Nomination Committee. As of the submission date, one of the Company's nine directors concurrently serves as Representative Director, Executive Vice President of ITOCHU Corporation and may influence the Company's management policy decisions through statements at Board of Directors meetings. However, a majority of the Company's Board of Directors consists of outside directors registered with the Tokyo Stock Exchange as independent directors, who supervise management from an independent standpoint, so we recognize that the influence on the Company's independence is minimal.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Nomination, etc. Committee, etc.

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson of the Company
Number of Directors	9

[Outside Directors]

Number of Outside Directors	6
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Ito	From the other company											
Toshiko Oka	From the other company											
Kazushige Okuhara	From the other company											
Kiyomi Kikuchi	Lawyer											
Joseph P.Schmelzeis,Jr.	From the other company											
Hiroyuki Tsubai	From the other company					○		○				

* Categories for "Relationship with the Company"
* "○" if the director presently falls or has recently fallen under the category;
"△" if the director fell under the category in the past
* "●" if a close relative of the director presently falls or has recently fallen under the category;
"▲" if a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masaaki Ito	Nomination /Compensation / Audit	Yes	-	As the top executive of a global manufacturing company, he has experience in production and research and development, as well as deep insight in the fields of corporate planning and CSR, and experience in M&A and investment, including the

				acquisition of overseas companies, giving him a deep understanding of all aspects of corporate management. The Company appointed him as the Outside Director so that he can provide advice on the Company's overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing his extensive experience in business and management.
Toshiko Oka	Compensation / Audit	Yes	-	She has experience as the top executive of a consulting firms, as well as knowledge and deep insight in finance, accounting, governance, M&A and human resource development. The Company again appointed her as the Outside Director so that she can provide advice on the Company's overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing her extensive experience in business and management.
Kazushige Okuhara	Nomination / Compensation / Audit	Yes	-	He has experience as the top executive of a global company, as well as extensive knowledge and deep insight ranging from sales and services to personnel and labor policy. The Company again appointed him as the Outside Director so that he can provide advice on the Company's overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing his extensive experience in business and management.
Kiyomi Kikuchi	Nomination / Audit	Yes	-	She has experience in the field of law, as well as knowledge and deep insight in legal affairs, compliance, M&A, and global business. The Company again appointed her as the Outside Director so that she can provide advice on the Company's overall

				management and supervise the execution of duties by Executive Officers from an independent position, utilizing her extensive experience in management and her insight.
Joseph P.Schmelzeis,Jr.	-	Yes	-	In addition to the management experience in a global company, he has extensive experience in including launching venture business, as a strategic consultant, and striving to promote friendly relations between the United States and Japan as Senior Advisor to the Ambassador at the U.S. Embassy in Japan. The Company again appointed him as the Outside Director so that he can provide advice on the Company's overall management and supervise the execution of duties by Executive Officers from an independent position, utilizing his extensive business experience and knowledge of geopolitics.
Hiroyuki Tsubai	-	-	-	He has comprehensive management experience across all aspects of business at a general trading company, as well as knowledge and deep insight in overseas business operations and investments. The Company appointed him as the Outside Director as he can contribute to further strengthening the management structure and improving corporate value over the medium and long term by leveraging this extensive experience to provide advice on all aspects of our business.

[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	4	1	1	3	Outside Director
Compensation Committee	4	1	1	3	Outside Director

Audit Committee	4	0	0	4	Outside Director

[Executive Officers (Shikkoyaku)]

Number of Executive Officers (Shikkoyaku)	20

Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Kotaro Hirano	Yes	Yes	Yes	No	No
Masafumi Senzaki	Yes	Yes	No	Yes	No
Yoshihiro Narukawa	Yes	No	No	No	No
Itaru Nishizawa	No	No	No	No	No
Hidehiko Matsui	No	No	No	No	No
Takeshi Arai	No	No	No	No	No
Keiichiro Shiojima	No	Yes	No	No	No
Kazunori Nakamura	No	No	No	No	No
Tetsuya Hamabe	No	No	No	No	No
Eiji Fukunishi	No	No	No	No	No
Kazuhiro Ichimura	No	No	No	No	No
Hiroshi Kanezawa	No	No	No	No	No
Yasumasa Zaizen	No	No	No	No	No
Makoto Sawada	No	No	No	No	No
Tooru Takatani	No	No	No	No	No
Hiroshi Hosokawa	No	No	No	No	No
Makoto Matsushita	No	No	No	No	No
Satoshi Yamanobe	No	No	No	No	No
Ray Kitic	No	No	No	No	No
Sandeep Singh	No	No	No	No	No

[Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

(1) Matters concerning directors and employees who should assist the work of the Audit Committee of the Company

The Audit Committee Bureau has been established as an organization to assist the duties of the Audit Committee, two (2) personnel members who works exclusively for the Bureau and is not subject to orders and instructions of Executive Officers and one (1) personnel member who also serve for the Internal Auditing

Office in the internal audit department have been assigned to the Bureau from the perspective of BCP. Furthermore, we have appointed one Assistant to the Audit Committee.
In addition to the employees who belong to the Audit Committee Bureau, the Internal Audit Department and the Legal and Human Resource Department also assist the work of the Audit Committee.
There are no Directors with the particularly explicit duty of assisting the duties of the Audit Committee.
(2) Matters concerning the independence of directors and employees in (1) above from executive officers and ensuring the feasibility of instructions given to the directors and employees by the Audit Committee.
In order to ensure independence of the personnel who belong to the Audit Committee Bureau and Assistants from Executive Officers, the Audit Committee shall be informed in advance of planned transfers of such personnel and Assistants, and may request a change to the Executive Officer in charge of human resources as necessary, by providing reasons thereof.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The results of internal audits conducted by the department in charge of internal audits on the Company and its subsidiaries will be reported to the Audit Committee without delay.
The Audit Committee effectively conduct audits based on the annual audit policy and audit plan.
In order to fully understand the status of business operations of the Company and its subsidiaries and improve them, rules regarding internal audits have been established, along with a system to regularly audit each department of the Company and its subsidiaries.
In order for the Audit Committee to supervise the Accounting Auditor and to ensure the independence of the Accounting Auditor from the executive officers, the Audit Committee shall receive prior reports of the Accounting Auditor's audit plans and pre-approve the compensation of the Accounting Auditor.
The Company and its subsidiaries will steadily execute and verify the documented business processes for all matters to be reflected in financial reports, either internally or by an external auditor as necessary.
In order to confirm the status of regulatory compliance and prevent violations of laws and regulations, internal audits is conducted by the Internal Auditing Office and other responsible departments and the departments responsible for the subsidiaries, and we established various committees in accordance with the rules or the decisions of the responsible departments in order to manage regulatory compliance in a cross-functional manner.

[Independent Directors]

Number of Independent Directors	5

Matters relating to Independent Directors

Five of the outside directors who meet the qualification requirements for independent directors are registered as independent directors.

[Incentives]

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Introduction of Performance-linked Compensation

Supplementary Explanation

Introduction of performance-linked Compensation system
We have introduced a performance-based compensation system as part of the compensation of executive officers, which is described in "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" under "Compensation for Directors and Executive Officers" in this Report, with the Compensation Committee determining the basic policy regarding executives' compensation.

Recipients of Stock Options	

Supplementary Explanation

[Compensation for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors' Compensation	No Individual Disclosure
Disclosure of Individual Executive Officers' Compensation	Partial Disclosure

Supplementary Explanation:

The total amount of compensation for Directors and Executive Officers is stated in securities reports and business reports.
In addition, we disclose individual compensation for Executive Officers who receives total consolidated compensation amounts to one hundred million Japanese yen or more in securities reports, as described below:

Compensation for 62nd fiscal term (from April 1st, 2025 to March 31st, 2026)

Ray Kitic (Executive Officer): one hundred and thirty (130) million Japanese yen (including one hundred and thirty (130) million Japanese yen from Hitachi Construction Machinery Oceania Holdings Pty., Ltd.)

Sandeep Singh (Executive Officer): one hundred and fifteen (115) million Japanese yen (including eleven (11) million Japanese yen from the Company, and one hundred and four (104) million Japanese yen from Tata Hitachi Construction Machinery Company Private limited)

*Compensation of both Executive Officers includes performance-linked bonus, and non-monetary compensation is not paid to both Executive Officers.

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

As of the date of submission, Policy on Determining Compensation Amounts and Calculation Methods is disclosed below.
Notice of Convocation of the 62nd Annual Shareholder's Meeting (P51)
https://www.hitachicm.com/content/dam/hitachicm/global/en/ir/stock-and-bond/smeeting/docs/Notice_of_Convocation_for_the_62nd_En.pdf
(Supplementary Principles) 4-2①

[Supporting System for Outside Directors]

(1) Materials for meetings of the Board of Directors are distributed early, and advance explanation of the details of important agenda items is provided where necessary.
(2) Important matters related to the business operations of the company are deliberated on and examined by the Executive Officers' Meeting, etc. before the decision by the Executive Officer in charge is made, in order to reach a careful decision from multiple perspectives. Outside directors can view the materials of the

Executive Committee managed by the Legal Division, and the Legal Division will explain the materials as necessary.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

(1) Business execution, audit and supervision methods
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 division of duties of Executive Officers and makes decisions on matters concerning the relationship between the order and instruction relationship and other mutual relationships between Executive Officers.
The Company holds an Executive Committee (twice a month in principle) comprising all Executive Officers, as an advisory body for deciding the business executions of CEO regarding important matters related to the business operations of the Company. Moreover, in order to deliver a speedy response to the globalization of business and changes in the business environment, the Executive Officers' Meeting and other important meetings have adopted a Web-based meeting system.
In addition, audits and supervision of business execution are conducted in accordance with the rules of the Board of Directors, the rules of the Audit Committee, and the rules of internal audit.

(2) Outline of the membership of the Board of Directors and various committees, their selection methods, frequency of meetings, main items for deliberation, attendance statuses of individual officers, establishment of bureau, etc.

a. Membership, selection methods, main items for deliberation, frequency of meetings and attendance statuses in FY2025
Directors are appointed at general meetings of shareholders, in accordance with the selection of candidates made by the Nominating Committee, and the members of various other committees are decided by the Board of Directors.

■Board of Directors
As of the date of submission, the Board consists of three (3) full-time internal directors, and six (6) outside directors, giving a total of nine (9).
In addition to determining the Company's management philosophy, mid-term management plan, consolidated management policy, business budget, and other basic management policies from a wide range of knowledge and perspectives, including those of outside directors specializing in management, finance, and law, the Board also deliberates on and studies the Company's quarterly financial results and the consolidated financial statements.
In principle, the Board convenes once a month, a total of twelve (12) times in FY2025, and the individual attendance was as follows;

Masaaki Ito (Attended 12/12)
Toshiko Oka (Attended 12 /12)
Kazushige Okuhara (Attended 12 /12)
Kiyomi Kikuchi (Attended 10 /10) * Appointed at the general meeting of shareholders in June, 2025
Maoko Kikuchi (Attended 2 /2) * Resigned at the general meeting of shareholders in June, 2025
Joseph P. Schmelzeis, Jr. (Attended 12 /12)
Takeshi Fujisawa (Attended 12 /12)
Hidemi Moue (Attended 12 /12)
Keiichiro Shiojima (Attended 12 /12)
Masafumi Senzaki (Attended 12 /12)
Kotaro Hirano (Attended 12 /12)

■Nominating Committee
As of the date of submission, the Committee consists of one (1) full-time internal directors, and three (3) outside directors, giving a total of four (4).

In addition to selecting candidates for directors, the Committee also deliberates and considers plans to develop successors.
The Committee convened five (5) times in FY2025, and the individual attendance was as follows.

Masaaki Ito (Attended 5 /5)
Toshiko Oka (Attended 5 /5)
Kazushige Okuhara (Attended 5 /5)
Kiyomi Kikuchi (Attended 5 /5) *Appointed in June, 2025
Joseph P. Schmelzeis, Jr. (Attended 5 /5)
Hidemi Moue (Attended 5 /5)
Masafumi Senzaki (Attended 5 /5)
Kotaro Hirano (Attended 5 /5)

■ Compensation Committee
As of the date of submission, the Committee consists of one (1) full-time internal directors and three (3) outside directors, giving a total of four (4).
The Committee deliberates and considers the basic policy of compensation for directors and executive officers, the details and appropriate amount of compensation for each individual.
The Committee convened six (6) times in FY2025, and the individual attendance was as follows.

Masaaki Ito (Attended 6 /6)
Toshiko Oka (Attended 6 /6)
Kazushige Okuhara (Attended 6 /6)
Maoko Kikuchi (Attended 1 /1) * Resigned in June, 2025
Joseph P. Schmelzeis, Jr. (Attended 6 /6)
Hidemi Moue (Attended 6 /6)
Masafumi Senzaki (Attended 6 /6)
Kotaro Hirano (Attended 6 /6)

■ Audit Committee
As of the date of submission, the Committee consists of four (4) outside directors.
In order to audit the Company's financial and accounting conditions, as well as the status of business execution, members of the Committee conduct deliberation, and also conduct on-site inspections and interview via the internet tool to group companies in Japan and overseas. In addition to interviews to the internal audit department, financial and accounting department, and legal department, or each department such as the departments managing product quality, environment, sustainability, and ESG, the Committee also interviews executive officers, etc. regarding the status of the execution of their duties, including exchanging views with representative executive officers (chairman and president), and deliberate and review the appropriateness of the execution of the duties.

The Committee convened thirteen (13) times in FY2025, and the individual attendance was as follows.

Masaaki Ito (Attended 13 /13)
Toshiko Oka (Attended 13 /13)
Kazushige Okuhara (Attended 13 /13)
Kiyomi Kikuchi (Attended 9 /9) * Appointed in June, 2025
Maoko Kikuchi (Attended 4 /4) * Resigned in June, 2025
Joseph P. Schmelzeis, Jr. (Attended 12 /13)
Takeshi Fujisawa (Attended 12 /12)

b. Establishment of Audit Committee Bureau
We appointed an Assistant to the Audit Committee, and established an Audit Committee Bureau with two full-time staff members and one concurrent post member assigned.

(3) Policies and requirements regarding audit standards, selection of candidate directors, and determination of compensation details

a. Audit standards
The authority of the Audit Committee is stipulated in the rules of the Board of Directors, as well as the rules of the Audit Committee, which are complied with.
Moreover, internal audit rules covering the basic matters of internal audits have been established and are complied with.

b. Selection of candidate directors
The authority of the Nominating Committee is stipulated in the rules of the Board of Directors, as well as the rules of the Nominating Committee, which are complied with.

c. Determination of compensation details
The authority of the Compensation Committee is stipulated in the rules of the Board of Directors as well as the rules of the Compensation Committee, which are complied with.

(4) Internal audit
The Company has established the Internal Auditing Office as a department in charge of internal audit. The Internal Auditing Office consists of a general manager who concurrently serves as an assistant to the Audit Committee, twelve (12) dedicated staff, and one (1) person who concurrently works at the Audit Committee Bureau. The Internal Auditing Office chooses subjects to be audited based on the risk-based approach, and conducts management audits covering the overall business activities of each business unit, division and group company.
The Internal Auditing Office has two reporting lines, as it reports directly to the President within the organizational structure while also reporting on audit plans and audit results to the Audit Committee.

In the FY2025, the Internal Auditing Office conducted fifteen (15) internal audits, comprising seven (7) on business units and divisions of the Company and five (5) on overseas group companies, and three (3) on domestic group companies by implementing remote audits that use Internet-based tools, in addition to on-site audits.
With respect to the audit findings, the Internal Auditing Office follow up on the improvement status of each relevant company, including on those from audits in the past years, provide them with support to organizational response, and grasp overall progress.

In addition, the Internal Auditing Office obtains audit plans and audit reports from the group companies with a division dedicated to internal audit to improve the audit quality across the group companies and, at the Internal Auditing Office of the Company, have introduced internal assessment that align with the intent of the Institute of Internal Auditors standards to improve its own audit quality.

(5) Audit by the Audit Committee
As an internal organization of the Board of Directors, the Audit Committee audits whether the execution of duties by Directors and Executive Officers is in compliance with laws and regulations, Articles of Incorporation, and the basic management policies, and whether it is being carried out effectively. Specifically, for monitoring financial and accounting conditions and the status of improvement and operation of the internal control system, and auditing execution of business operations and management appropriateness of subsidiaries, in FY2025 the Committee conducted on-site inspections and interview via the internet tool to group companies in Japan and overseas.

In addition to making inquiries from the internal audit department, the financial and accounting department, legal department, or each department such as the department managing product quality, environment, sustainability and ESG, the committee made inquiries on the status of execution of duties from all Executive Officers, etc., including exchanging views with Representative Executive Officers (Chairman and President), and deliberate and review the appropriateness of the execution of the duties.

Beyond legal responsibility for consideration, the committee has closely worked with the accounting auditors on matters such as inquiries on audit progress in the quarterly audit progress reports, in addition to the reporting of semiannual review and reporting of an annual accounting audit.
In FY2025, the Audit Committee meetings were held thirteen (13) times.

(6) Accounting Auditor
The certified accountants who carried out the accounting audit work for FY2025 are Mr. Yoichi Takanashi, Mr. Takeshi Joichi and Mr. Masato Tetsu, who are business executives of EY Shinnihon LLC.
Furthermore, in accordance with their instructions, certified accountants, assistant accountants, and others belonging to EY Shinnihon Limited Liability Audit Corporation assisted in the accounting audit work as necessary. The number of assistants involved in the Company's accounting audit was thirteen (13) certified accountants and thirty-five (35) other staffs.

3. Reasons for Adoption of Current Corporate Governance System

The current corporate governance system was adopted in order to separate the Company's business execution functions and supervisory functions so as to enable prompt management with clear accountability, and strengthen the supervisory function of the Board of Directors by establishing three committees to realize highly objective and transparent management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Notification is being sent earlier in order to give shareholders.
Scheduling AGMs Avoiding the Peak Day	In order to attract more shareholders, the meeting will be held on a day other days when other shareholder meetings are commonly held.
Allowing Electronic Exercise of Voting Rights	On the dedicated website established by Sumitomo Mitsui Trust Bank, Limited, the Company's shareholder registry administrator, it is possible to exercise voting rights by electromagnetic means.
Participation in Electronic Voting Platform	We uses an electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English	An English text was drafted from the convocation notice of the June 2016 General Assembly and posted on our website at the same time as the Japanese text.
Other	・There is also live broadcast on the day of the general meeting of shareholders (participation type virtual general meeting of shareholders) and archive video broadcast.

2. IR Activities

	Supplementary Explanations	Explanation by representatives
Preparation and Publication of Disclosure Policy	As a "Disclosure Policy," the Company has established a basic information disclosure policy, information disclosure standards, disclosure methods, quiet period settings, and forward-looking statements, and has made these available on the Company website.	
Regular Investor Briefings for Individual Investors	The president periodically explains the Company's business performance and management strategy and other factor. In addition, the Investor Relations Sec. responds to individual inquiries on a case-by-case basis. - Radio NIKKEI program (four times a year, President) - Online explanatory meeting for individual shareholders and investors (multiple times a year, including once by the President) - Facility tours for individual shareholders (once a year, President and other executive officers)	Yes
Regular Investor Briefings for Analysts and Institutional Investors	We regularly hold various briefings and site tours for analysts and domestic and oversea institutional investors, where the President, CFO, and other executives engage in dialogue. The meetings are held in a hybrid format, and institutional investors residing overseas attend mainly online.	Yes

	We also provide video and audio streaming of explanatory meetings for financial results and business executive meeting on our IR website so that those who are unable to attend can view them. Individual interviews are available upon request. - Explanatory meeting for the Medium-term Management Plan (once a year, President) - Financial results explanatory meeting (four times a year, President and CFO) - Business explanatory meeting (once a year, managing director * Site tour may include.) - Small meetings after financial results announcement (four times a year, CFO, CSO and other executive officers) - Individual interviews (As needed, President/CFO/CSO/Investor Relations Sec.)	
Regular Investor Briefings for Overseas Investors	Meetings with overseas investors in Europe, North America, Asia and other regions are held multiple times a year by our management (President and CFO).	Yes
Posting of IR Materials on Website	Earnings reports, financial results briefing materials, securities reports, Hitachi Construction Machinery Group integrated reports, financial data, and news releases, etc., are uploaded onto our website in a timely manner. URL: https: //www.hitachicm.com/global/en/ir/	
Establishment of Department and/or Manager in Charge of IR	Investor Relations Sec. Public Relations & Investor Relations Dept. has been established within the Corporate Brand & Communications Group as a specialized department, and dedicated personnel have been assigned to it.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In corporate rules such as the Hitachi Construction Machinery Group Code of Conduct, it is stipulated that, along with recognizing the fact that a company is a member of society, as we devote ourselves to fair and transparent corporate behavior, we should strive to win the trust of society, including our shareholders, customers, business partners, and local residents in Japan and overseas, in order to realize a truly prosperous society as a conscientious global citizen through harmony with the environment and activities that make positive contribution to society.
Implementation of Environmental Activities, CSR Activities etc.	With regard to sustainability promotion activities for the Hitachi Construction Machinery Group overall, we have set up a specialist department for the sharing and global promotion of a common direction through regular communication with group companies in Japan and overseas. Hitachi Construction Machinery Group has worked with various internal and external stakeholders to analyze issues that could lead to the improvement or detriment of the company's corporate value, and has identified important issues (materiality) that contribute to solving social and environmental issues through its business. Environmental conservation activities and other specific sustainability promotion activities are posted on the Company's website. In addition, the "Hitachi Construction Machinery Group Integrated Report", which is an annual report summarizing the status of said activities, is also posted on the website. Sustainability: https: //www.hitachicm.com/global/en/sustainability/ Integrated Report: https: //www.hitachicm.com/global/en/sustainability/download/

Development of Policies on Information Provision to Stakeholders	A disclosure policy has been posted on the website, based on a fundamental policy of providing fair and highly transparent information disclosure and responding responsibly to a variety of stakeholders such as shareholders, investors, etc., through various communication activities. English URL: https: //www.hitachicm.com/global/en/ir/disclosure-policy/ Climate change is one of the most important environmental issues that has a profound impact not only on the natural environment and ecosystems, but also on the economy and society. In October 2020, Hitachi Construction Machinery announced its support for the Task Force on Climate-related Financial Disclosures (TCFD), and is working to promote activities in line with this recommendation, with the aim of developing sustainable and resilient businesses. The Company is also focusing on strengthening stakeholder engagement through information disclosure based on the TCFD framework. English URL: https://www.hitachicm.com/content/dam/hitachicm/global/en/sustainability/download/docs/ir2025/split-version-pdf/2025_26e.pdf
Other	

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

Outline of basic policy regarding internal control system in accordance with the Companies Act
(1) Basic views (basic policy)
The Company has positioned the "Hitachi Construction Machinery Group Code of Conduct" as a common code of conduct for the entire Group, and we share the core elements of other important rules and basic systems.
(2) Current status
In accordance with the provisions of the Companies Act, the Company's Board of Directors has resolved to "establish a system for ensuring the properness of operations," and is working to develop this.
The outline of the resolution is as follows.

a. Matters concerning Directors and employees to assist in duties of the Audit Committee of the Company
The Audit Committee Bureau has been provided as an organization to assist in the duties of the Audit Committee, and full-time personnel members who work exclusively for the Bureau and are not subject to orders and instructions of Executive Officers have been assigned. In addition, the Company may appoint Assistant who assists in the duties of the Audit Committee. The internal audit department and legal / human resource department also assist the Audit Committee in addition to the above.
There are no Directors with the particularly explicit duty of assisting the duties of the Audit Committee.

b. System for ensuring the independence of the Directors and the personnel in a. above from Executive Officers as well as the effect of instructions to such Directors and personnel from the Audit Committee
In order to ensure independence of the personnel who belong to the Audit Committee Bureau and Assistants from Executive Officers, the Audit Committee shall be informed in advance of planned transfers of such personnel and Assistants, and may request a change to the Executive Officer in charge of human resources as necessary, by providing reasons thereof. In addition, The Audit Committee shall receive prior notification of any personnel transfers of the general manager of the Audit Office, who is the head of internal audit department, and may, if necessary, request changes from the Executive Officer in charge of human resources by stating the reasons therefor.

c. System for reporting to the Audit Committee and ensuring no disadvantageous treatment for reason of reporting
-Executive Officers shall report to the Audit Committee without delay matters related to the Company and its subsidiaries that were brought up to or reported to the Executive Committee.
-Results of internal audits of the Company and its subsidiaries performed by the internal audit department shall be reported to the Audit Committee without delay.
-When Executive Officers become aware of facts that may have adverse effects on the Company, they shall immediately report such facts to the Audit Committee.

-The compliance department, which is the secretariat of the "Compliance Reporting System," shall report to the Audit Committee the status of reporting through the Compliance Reporting System available for employees of the Company and its subsidiaries. Also, the Company stipulates in its regulations that there shall be no disadvantageous treatment to the whistleblower due to such reporting, and the compliance department thoroughly ensures its implementation of such regulations.
- Reports from Executive Officers and employees of the Company as well as directors, corporate auditors and employees of the subsidiaries shall be directed to the full-time member of the Audit Committee. The Audit Committee, by way of a resolution, shall appoint a member of the Committee to receive such reports.

d. Policies related to advance payments and/or reimbursements of expenses incurred for execution of the duties of the Audit Committee of the Company and processing of other expenses and liabilities incurred for execution of duties

The general affairs department is in charge of payment of expenses and other administrative matters related to execution of the duties of the Audit Committee. When there is a request from the Audit Committee for advance payments or other payments for expenses, the general affairs department shall immediately process the requests unless it is clearly evident that such expenses or liabilities are not required for execution of the duties of the Audit Committee.

e. Other systems to ensure the effectiveness of audits by the Audit Committee of the Company

The Audit Committee effectively audits the following matters based on annual audit policies and audit plans.
- The Audit Committee members attend important meetings, make inquiries to Executive Officers and employees of the status about the execution of their duties, and review approval documents, etc. on significant matters.
- The Audit Committee members observe operations and inspect the assets of the Company's headquarter, major offices and subsidiaries, and make inquiries as necessary.
-In order to ensure the effectiveness of the accounting audits by accounting auditors, the Audit Committee receives the audit plans and audit priority items of the accounting auditors in advance, and receives the results along with the accounting audit results. Also, in order to endure independence of the accounting auditors, compensation for accounting auditors and non-guaranteed services requested from accounting auditors shall require the prior consent of the Audit Committee.

f. System for ensuring that execution of duties by Executive Officers and employees is in compliance with laws and regulations and the Articles of Incorporation

The following business management system ensures compliance with laws and regulations on an ongoing basis.
- Same as j. "System for ensuring that execution of duties by employees of the Company and directors and employees of the subsidiaries is in compliance with laws and regulations and the Articles of Incorporation" below.
- In addition to the above, for ensuring that the execution of duties by Executive Officers is in compliance with laws and regulations and the Articles of Incorporation, the Company has implemented a system which enables employees of the Company to report issues through an external agency.

g. System for saving and maintaining the information pertaining to the execution of duties by Executive Officers of the Company

Information pertaining to the decisions and the execution of duties of the Executive Officers are stored and maintained in accordance with the company regulations.

h. Regulations and other systems for management of the risk of losses to the Company and its subsidiaries

- A system shall be established in which each relevant department shall establish rules and guidelines as necessary, conduct training, and prepare and distribute manuals, etc. with respect to risks such as safety and health, compliance, information security, environment, disaster, quality assurance and export control. Subsidiaries of the Company shall establish the same system depending on the size, etc. of the respective subsidiaries.
- Efforts shall be made to identify possible new risks through periodic reports, etc. from Executive Officers on the status of business operation of the Company and its subsidiaries. Should it become necessary to take measures for a new risk, the President and Executive Officer instructs each relevant department and promptly appoints an Executive Officer responsible for taking measures therefor.

i. System for ensuring efficient execution of duties of Executive Officers of the Company and directors of the subsidiaries

The following business management system ensures the efficiency of the execution of duties by Executive Officers of the Company and directors of the subsidiaries

- For any matters that may affect the Company and the Group, Executive Committee regulations, etc. require such matters to be deliberated from various points of view in the Executive Committee and management meetings, etc. before a decision is made by an Executive Officer in charge.
- Performance of the Company and its subsidiaries is managed using a matrix framework, i.e., by each component unit responsible for its financial performance and by each component unit responsible for its managerial performance.
- Rules for internal audit shall be established and a system shall be implemented to audit each department in the Company and its subsidiaries regularly in order to understand the status of and improve business operations of the Company and its subsidiaries.
- The Audit Committee oversees the accounting auditors. Also, for ensuring the independence of accounting auditors from Executive Officers, the duties of the Audit Committee include receiving reports in advance about audit plans of accounting auditors and prior approval of the fees to be paid to the accounting auditors.
- A documented business process for matters to be reflected in financial reports shall be executed and examined by internal auditors, or external auditors when necessary, within the Company and its subsidiaries.
- The Company dispatches Directors and corporate auditors to subsidiaries and establishes a support desk to respond to inquiries from its subsidiaries regarding corporate matters including legal, accounting, and general administrative issues, research and development activities, and intellectual property management such as patents in order to operate properly and efficiently as the Group.

j. System for ensuring that execution of duties by employees of the Company and directors and employees of the subsidiaries is in compliance with laws and regulations and the Articles of Incorporation

Following business management system ensures compliance with laws and regulations on an ongoing basis

- Internal audits by the Internal Audit Office, other relevant departments of the Company and its subsidiaries are conducted to ensure compliance and to deter violations of laws and regulations. In addition, various committees may be established in accordance with regulations of the Company or a decision by relevant departments in order to achieve cross-functional management regarding compliance.
- The Company has implemented a “Compliance Reporting System” which enables employees of the Company and its subsidiaries to internally report any illegal activities, etc. to the relevant departments of the Company. Further, the compliance department in charge of this system carries out necessary investigations, etc., replies to the whistle-blower, and also ensures there is no disadvantageous treatment to the whistle-blower.
- As compliance education, the Company and its subsidiaries conduct training using educational materials such as handbooks, for the applicable laws and regulations related to their business activities.
- To ensure implementation and effectiveness of the overall internal control systems, Executive Officers, as their duties, establish various policies and company regulations with primary focus on compliance with laws and regulations applicable to operations of the Group, including information security, environmental matters, quality control, export control, and prohibition of anti-social transactions. Establishment, amendment or abolishment of regulations that stipulate matters relating to internal controls shall be approved by the Board of Directors. An Executive Officer shall be appointed to approve establishment and abolishment of other company regulations depending on their materiality.
- Policies and regulations, etc. that should be formulated as common across the Group are informed to the subsidiaries, and subsidiaries shall establish their own rules that are in conformity with such policies and regulations, etc.

k. System for reporting the execution of duties by Directors of the subsidiaries to the Company

- Any significant operational matters regarding the subsidiary shall be deliberated in the Executive Committee of the Company.
- In the medium-term management plan and budget system, performance targets and measures, etc. are determined and evaluations are performed on a consolidated basis including subsidiaries. Subsidiaries will report the status to the Company through this system.

l. System for ensuring the appropriateness of operation of a corporate group consisting of the Company, its parent and subsidiaries
-The Hitachi Construction Machinery Group Code of Conduct (the “Code of Conduct”) is positioned as a basis for the brand and our sustainability promotion activities and the company shares an understanding of the corporate social responsibilities that companies must fulfill.
-We establish policies and regulations, etc. at the Company and its subsidiaries in conformity with the Code of Conduct.
- The Company and its subsidiaries have a policy to conduct transactions within the Hitachi Construction Machinery Group fairly based on market prices.

m. Basic Views on Preventing Anti-Social Forces
The Code of Conduct stipulates that "we will take strict measures in accordance with laws against anti-social forces that threaten social order and safety." The Code of Conduct has been deployed in each group company, and the entire group is working to exclude antisocial forces.

2. Basic Views on Preventing Anti-Social Forces and Current Status

(1) Basic policy
Our basic views on preventing anti-social forces are described in “m. Basic Views on Preventing Anti-Social Forces” of “Basic Views on Internal Control System and the Progress of System Development”.
(2) Current status
In accordance with the Code of Conduct, entire group companies have established the " Hitachi Construction Machinery Group Anti-Money Laundering and Prevention of Anti-Social Transactions Policy" and conduct due diligence of all business partners.
The Compliance Management Committee, composed of department heads of the Company, promotes the thorough understanding and implementation of the policies and monitors the status of the due diligence of business partners.
Every year, we conduct training about the policies for all employees through the e-learning program (Compliance Instruction Program).

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

By listing the Company's shares, we are able to raise the funds necessary for maintaining business operations and expanding our business from the stock market, and to be evaluated by our shareholders, investors and the stock market. We believe that recognizing the expectations of the Company and the Group in response to this constant evaluation and conducting our management with a sense of urgency will greatly contribute to the improvement of our corporate value.
Based on the basic policy described above, the Company is working to build a governance system and formulate and promote management plans to improve corporate value and maximize the value widely provided to all shareholders.

2. Other Matters Concerning to Corporate Governance System

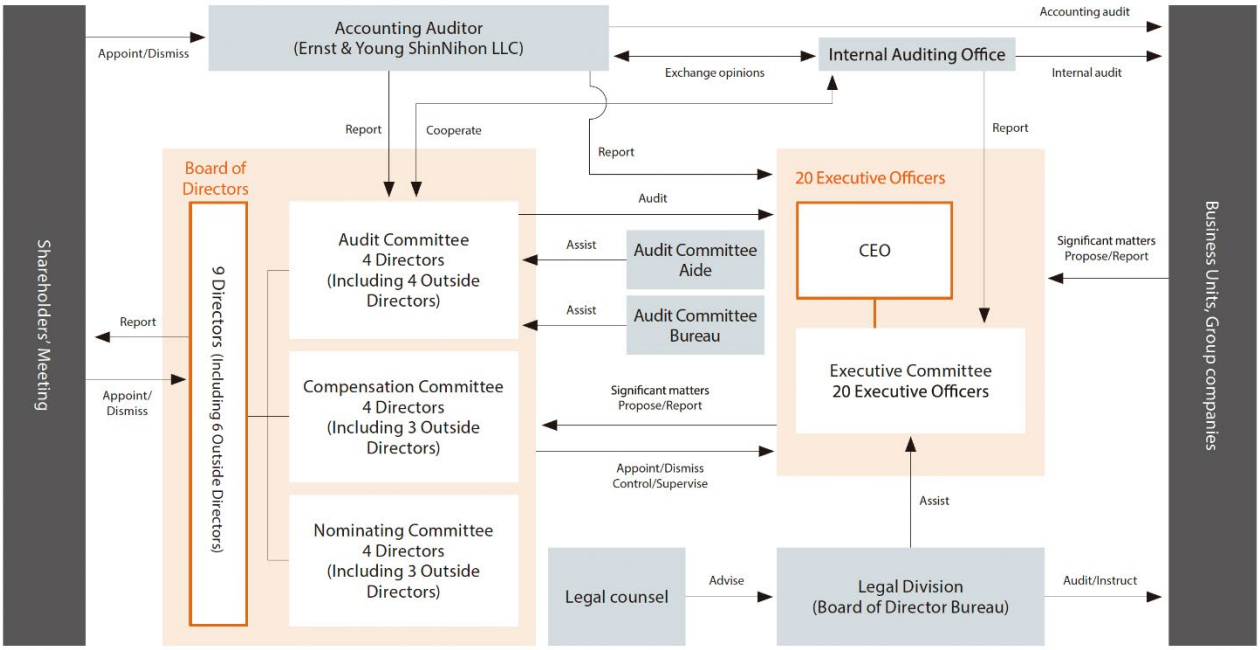
Outline of timely disclosure system
The Company has stipulated in its disclosure policy that information will be appropriately disclosed in a fair and transparent manner in accordance with pertinent laws and regulations and the rules established by the financial instruments exchanges on which the Company is listed.
Under this disclosure policy, the Company complies with the Financial Instruments and Exchange Act and other laws and regulations, and the rules established by the Tokyo Stock Exchange through the internal system described below, and discloses appropriate company information in a timely manner.
・ Status of internal systems related to timely disclosure of company information

(1) According to internal regulations, the departments in charge of information are determined according to the type of facts that need to be disclosed in a timely manner, and if the facts to be disclosed are expected to occur, the department in charge will notify the Brand Communication Department.
(2) Regarding the facts related to the Company's decisions, as a general rule, facts requiring to be disclosed in a timely manner are to be submitted to the Executive Committee and the Board of Directors as necessary.
(3) The Brand Communication Department confirms the information with the Accounting Department and the Legal Affairs Department as necessary, and judges the necessity of the disclosure of the information after confirming the pertinent laws and regulations, such as the Financial Instruments and Exchange Act and the rules established by the Tokyo Stock Exchange.
(4) If said information is judged to fall under the category of a disclosure item, the Legal Affairs Department cooperates with the department in charge of disclosure and prepares disclosure materials in accordance with the Financial Instruments and Exchange Act, and the Brand Communication Department prepares disclosure materials in accordance with the rules established by the Tokyo Stock Exchange. Then, with the approval of the related executive officers, and the President, the information is disclosed in a timely manner.
(5) In addition, the Brand Communication Department and the accounting department in charge of settlement of accounts jointly prepare materials for the full-year and quarterly financial results, and the Brand Communication Department discloses these after obtaining a resolution of the Executive Committee and the Board of Directors.
In accordance with the Financial Instruments and Exchange Act, we are developing an internal control system for financial information using a standard framework (COSO framework), in order to further improve the reliability of our financial information.
In addition, the Company does not only disclose information stipulated in laws and regulations and disclosure regulations, but recognizes that business and financial information judged by the Company to be useful in deepening the understanding of stakeholders regarding our management policy and business content, as well as environmental, social and other non-financial information, is important information regarding our corporate activity and is required by society, and pro-actively discloses it.

・ Responding to sustainability issues

Important sustainability issues including climate change are reported to the Sustainability Promotion Committee (held twice a year), which consists of executive officers and higher position members. The President and Executive Officer, and COO, who has the highest responsibility and authority for sustainability, chairs the Sustainability Promotion Committee. This committee deliberates and approves important management-related issues related to sustainability. These important issues are proposed for approval, or reported to the Executive Committee and the Board of Directors for appropriate monitoring and supervision.
Furthermore, sustainability activities in general are reported regularly to the Board of Directors, and shared at the Global Sustainability Promotion Managers Meeting, which consists of members including the presidents of domestic and overseas group companies and the general managers of business groups, to promote and strengthen sustainability initiatives in the entire group companies.
English URL:https://www.hitachicm.com/global/en/sustainability/management/

Corporate Governance System (as of June 29, 2026)



August 7th, 2026

Hitachi Construction Machinery Co., Ltd.

Company's measures on cooperating with Japan's Corporate Governance Code

Section 1: Securing the Rights and Equal Treatment of Shareholders

【*General Principle 1*】

Companies should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.

In addition, companies should secure effective equal treatment of shareholders.

Given their particular sensitivities, adequate consideration should be given to the issues and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

→

Based on our corporate vision, we have established a disclosure policy and in order to maintain and develop relationships of trust with various stakeholders involved with our company, such as shareholders and investors, customers, business partners, employees, and local communities, we disclose information fairly and transparently, and at the same time act with a sense of responsibility to our stakeholders through various communication activities.

From the perspective of fair disclosure, in order to ensure the substantial rights of shareholders, and to ensure an environment for exercising their rights and substantial equality, we disseminate information in Japanese and English.

【*Principle 1.1 Securing the Rights of Shareholders*】

Companies should take appropriate measures to fully secure shareholder rights, including voting rights at the general shareholder meeting.

→

The Company acts legally and appropriately with regard to the exercise of shareholder rights, in accordance with pertinent laws and regulations, such as the Companies Act, so that the rights of all shareholders are substantially secured.

Further, with regard to the exercise of voting rights at general meetings of shareholders, we continue to respond appropriately to shareholders' needs, such as advance voting via the Internet, by using an electronic voting rights exercise platform, and the exercise of voting rights by shareholders attending the general meeting of shareholders on the day.

(Supplementary Principles)

1－1①

When the board recognizes that a considerable number of votes have been cast against a proposal by the company and the proposal was approved, it should analyze the reasons behind opposing votes and why many shareholders opposed, and should consider the need for shareholder dialogue and other measures.

→

Legal Division of the Company analyzes the results of the general meeting of shareholders every year, after which appropriate action is taken, such as feeding back the results of the analysis to the Board of Directors, in order to reflect the opinions of the shareholders in management.

(Supplementary Principles)

1－1②

When proposing to shareholders that certain powers of the general shareholder meeting be delegated to the board, companies should consider whether the board is adequately constituted to fulfill its corporate governance roles and responsibilities. If a company determines that the board is indeed adequately constituted, then it should recognize that such delegation may be desirable from the perspectives of agile decision-making and expertise in business judgment.

→

By adopting the organizational structure of a company with Nominating committee, etc., the Company has separated its management supervisory functions and business execution functions in order to realize prompt management with clear accountability. The three committees for nomination, audit, and compensation are made up of directors, the majority of whom are outside directors with various specialized skills in the fields of management, finance, accounting, and law, thereby further enhancing the supervisory function of the Board and realizing highly objective and transparent management. Based on such governance structure, the Articles of Incorporation stipulate that the Board of Directors may resolve some of the matters to be resolved at general meetings of shareholders, such as dividends of surplus, in order to ensure the agility and expertise of management decisions.

(Supplementary Principles)

1－1③

Given the importance of shareholder rights, companies should ensure that the exercise of shareholder rights is not impeded. In particular, adequate consideration should be given to the special rights that are recognized for minority shareholders with respect to companies and their officers, including the right to seek an injunction against illegal activities or the right to file a shareholder lawsuit, since the exercise of these rights tend to be prone to issues and concerns.

→

The Company's rules for the handling of shares stipulate procedures for the exercise of the rights of shareholders, so that shareholders are not prevented from exercising their rights.

【*Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings*】

Companies should recognize that general shareholder meetings are an opportunity for constructive dialogue with shareholders, and should therefore take appropriate measures to ensure the exercise of shareholder rights at such meetings.

→

In the interests of constructive dialogue with shareholders at the general meeting of shareholders and the provision of sufficient information for that purpose, the Company has implemented various measures, such as setting the date of the general meeting of shareholders so as to avoid days when there are likely to be many other such meetings, the early disclosure of the notice of convocation for the shareholders' meeting on the corporate website in both Japanese and English, the exercise of voting rights via Internet or the use of an electronic voting platform, and the live-streaming of the general meeting on the day and its subsequent availability for streaming from archive, etc.

(Supplementary Principles)

1－2①

Companies should provide accurate information to shareholders as necessary in order to facilitate appropriate decision-making at general shareholder meetings.

→

The Company strives to provide shareholders with more easily understandable and concrete information, by using color, charts and photographs to enhance the content of the notice of convocation, so that the shareholders can make appropriate decisions.

In addition, we provide materials, such as securities reports, financial statements, integrated reports, and news releases, including past materials, in both Japanese and English on our website in an effort to provide the shareholders with information that will assist them in making judgments. From FY2026, we disclose securities reports before the date of general shareholder meetings (Japanese version only).

(Supplementary Principles)

1－2②

While ensuring the accuracy of content, companies should strive to send convening notices for general shareholder meetings early enough to give shareholders sufficient time to consider the agenda. During the period between the board approval of convening the general shareholder meeting and sending the convening notice, information included in the convening notice should be disclosed by electronic means such as through TDnet or on the company's website.

→

The notice of convocation is sent to shareholders earlier than legally required deadline and before sending the notice, the Company releases the notice of convocation on the Company website and TD-net no later than three weeks before the date of the general meeting.

(Supplementary Principles)

1－2③

The determination of the date of the general shareholder meeting and any associated dates should be made in consideration of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

→

So that more shareholders can attend, the date of the general meeting is set to Mondays that also avoid days on which other such meetings tend to be held.

(Supplementary Principles)

1－2④

Listed companies need to create an environment in voting rights can be exercised electronically (such as the use of an electronic voting rights exercise platform), in consideration of the proportion of institutional investors and overseas investors among their own shareholders, and provide English translations of the notices of convocation.

In particular, prime market listed companies should provide access to an electronic voting platform, at least for institutional investors.

→

From the general meeting of shareholders held in June 2006, the option of electronic voting has been made available, from the perspective of enabling communication with more shareholders, as well as securing a quorum. We also use a voting platform for institutional investors operated by ICJ, Inc.

(Supplementary Principles)

1－2⑤

In order to prepare for cases where institutional investors who hold shares in street name express an interest in advance of the general shareholder meeting in attending the general shareholder meeting or exercising voting rights, companies should work with the trust bank (shintaku ginko) and/or custodial institutions to consider such possibility.

→

At this moment in time, there are no plans to conduct the exercise of voting rights by beneficial shareholders at general meetings of shareholders, but we will consider the situation appropriately, in the light of the current legal system and global trends.

【*Principle 1.3 Basic Strategy for Capital Policy*】

Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

→

Our new Mid-term Management Plan "LANDCROS 2028", which kicked off in April 2026, presents management index targets, including capital policy, and reveals the policies and concrete measures to achieve them.

		Prior Mid-term Plan FY25 Actual	New Mid-term Plan FY28 Target*2	Reference FY30 Target
Growth	Business scale	Revenue 1,405.5	The scale we can achieve to become one of the top three by 2030 (CAGR 9%)	One of the top three in the industry
	Own business revenue in the Americas	229.7	380.0	600.0
	Latin America business revenue	38.4	80.0	150.0
	Mining business revenue	424.0	550.0	700.0
	Parts and service business revenue	322.2	370.0	500.0
	R&D investment*1 (3-year cumulative)	103.9	130.0	
Profitability	Adjusted operating income	133.0	200.0	
	Net income attributable to owners of the parent	73.2	120.0	
	Operating cash flow (3-year cumulative)	381.1	490.0	
Efficiency	ROE	8.6%	11.5%	
	ROIC	6.7%	9%	
Shareholder return	Consolidated dividend payout ratio	50.9%	40%	

*1 R&D expenses and start-up related investments

*2 Targets are set at the stated figures or more

【*Principle 1.4 Cross-Shareholdings*】

When companies hold shares of other listed companies as cross-shareholdings, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

→

The policy for the cross-shareholding (strategic shareholding) of other listed companies' shares, and the criteria for the exercise of the voting rights of strategically held shares are stipulated in the Company's "Corporate Governance Guidelines" Article 16. (Policy for holding shares of listed companies), as follows.

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/guidelines/

Article 16. (Policy for holding shares of listed companies)

The policy for holding shares of listed companies shall be as follows:

1) The policy for holding shares

The Company shall not hold shares of listed companies other than the case where such holding is recognized to contribute in increasing the Company's corporate value in the medium and long term such as stable supply for the material and strengthen relationship in sales. In the event that each holding share does not meet the above policy, such share shall be sold to reduce the holding shares as necessary.

2) Validation of reasonability of holding shares

The reasonability of each holding shares shall be concretely verified referring the Company's policy for holding shares hereinabove and capital costs, and the results of such validation shall be disclosed.

3) Standards for voting

With respect to the voting right of holding shares, the Company shall exercise its voting right with a comprehensive judgment in accordance with holding purpose, in consideration of the continuous growth and enhancement of corporate value of the share issuing company in the medium and long term, and the contribution onto the enhancement of the shareholder' s value of the Company.

4) Relationship with shareholders which holds the Company's share

Each transaction with the shareholders which holds the Company's share shall be continued considering the conditions of transaction from the view point of the economical reasonability. In the event that the shareholders which holds the Company's share shows the intention to sell the Company's share, the Company shall not interfere such intention.

Every year, the Board of Directors individually verifies the necessity of the continued holding of all strategic holding shares and discloses the details of the verification on Annual Securities Report.
In addition, when shareholders of the Company indicate their intention to sell, we support their intention without interference.

(Supplementary Principles)

1－4①

When cross-shareholders (i.e., shareholders who hold a company's shares for the purpose of cross-shareholding) indicate their intention to sell their shares, companies should not hinder the sale of the cross-held shares by, for instance, implying a possible reduction of business transactions.

→

In the event that shareholders indicate an intention to sell their shares, the Company will not take any action to hinder the sale, such as by implying a reduction in existing transactions.

(Supplementary Principles)

1－4②

Companies should not engage in transactions with cross-shareholders which may harm the interests of the companies or the common interests of their shareholders by, for instance, continuing the transactions without carefully examining the underlying economic rationale.

→

Regardless of whether a business partner is a shareholder or not, the Company fully verifies the economic rationale of its transactions so that there are none that would harm the interests of the Company or the common interests of shareholders.

【Principle 1.5 Anti-Takeover Measures】

Anti-takeover measures must not have any objective associated with entrenchment of the management or the board. With respect to the adoption or implementation of anti-takeover measures, the board and kansayaku should carefully examine their necessity and rationale in light of their fiduciary responsibility to shareholders, ensure appropriate procedures, and provide sufficient explanation to shareholders.

→

The Company has not implemented anti-takeover measures, but may consider them as and when necessary.

(Supplementary Principles)

1－5①

In case of a tender offer, companies should clearly explain the position of the board, including any counteroffers, and should not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

→

In the case of a tender offer for shares of the Company, the Board of Directors of the Company will promptly make its views known to the shareholders, in accordance with mandatory disclosure rules under the provisions of the Financial Instruments and Exchange Act, and rules of the Tokyo Stock Exchange, Inc., regarding timely disclosure, in order to provide information that will help shareholders decide whether or not to accept the tender offer.

【Principle 1.6 Capital Policy that May Harm Shareholder Interests】

With respect to a company's capital policy that results in the change of control or in significant dilution, including share offerings and management buyouts, the board and kansayaku should, in order not to unfairly harm the existing shareholders' interests, carefully examine the necessity and rationale from the perspective of their fiduciary responsibility to shareholders, should ensure appropriate procedures, and provide sufficient explanation to shareholders.

→

In the event of the implementation of capital policy in the Company that leads to changes in control or significant dilution, the Board of Directors will consider its necessity and rationale and offer a full explanation to the shareholders, and follow the procedures in accordance with the pertinent laws and regulations.

【Principle 1.7 Related Party Transactions】

When a company engages in transactions with its directors or major shareholders (i.e., related party transactions), in order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and prevent any concerns with respect to such harm, the board should establish appropriate procedures beforehand in proportion to the importance and characteristics of the transaction. In addition to their use by the board in approving and monitoring such transactions, these procedures should be disclosed.

→

Prior approval and subsequent reporting by the Board of Directors are required for any conflict-of-interest transactions or any competitive transactions by directors and executive officers. The related policies and procedures are stipulated in the Company's "Corporate Governance Guidelines" Article 15. (Conflicts of Interest) as described below. The Board of Directors supervises these transactions so that they do not harm the common interests of the Company or its shareholders and so that no such concerns are raised.

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/guidelines/

Article 15. (Conflicts of Interest)

All directors and executive officers shall not pursue interests of themselves or third parties that would constitute a real or perceived conflict of interest with the Company.

Even without intentions to pursue interests described above, all directors and executive officers shall obtain approval by the Board resolution to conduct any transactions that would constitute a conflict of interest or competition with the Company stipulated by the Companies Act of Japan.

Directors and executive officers who have their personal or professional interests in the above-mentioned transactions may not participate in the vote in the Board resolution.

Also, transactions with major shareholders requires prior approval of Board of Directors in accordance with Board's rules. The Board of Directors monitors adequacy of such transactions to avoid causing damage on interests of the company and shareholders.

Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders

【General Principle 2】

Companies should fully recognize that their sustainable growth and the creation of mid-to long-term corporate value are brought about as a result of the provision of resources and contributions made by a range of stakeholders, including employees, customers, business partners, creditors and local communities. As such, companies should endeavor to appropriately cooperate with these stakeholders.

The board and the management should exercise their leadership in establishing a corporate culture where the rights and positions of stakeholders are respected and sound business ethics are ensured.

→

The Company recognizes that business and financial information judged by the Company to be useful in deepening the understanding of stakeholders regarding our management policy and business content, as well as environmental, social and other non-financial information required by society regarding our corporate activities, is important information, and actively discloses it in the interests of appropriate collaboration with the stakeholders. We also regularly issue messages from the President to all officers and employees of the corporate Group aimed at fostering a corporate culture that respects the rights and positions of stakeholders and sound business ethics.

【*Principle 2.1 Business Principles as the Foundation of Corporate Value Creation Over the Mid-to Long-Term*】

Guided by their position concerning social responsibility, companies should undertake their businesses in order to create value for all stakeholders while increasing corporate value over the mid-to long-term. To this end, companies should draft and maintain business principles that will become the basis for such activities.

→

The corporate vision of the Group is "Ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society." All employees continue to create value for customers while embodying "Challenge, Customer, and Communication," the Group-wide codes of conduct.

Based on this, under our new corporate brand "LANDCROS", we will leverage the solid technological capabilities we have steadily accumulated since our founding as a cornerstone, provide core products globally, and develop a value chain that is grounded in the customer's perspective. In addition, through the utilization of digital technology and our "Open Strategy," we will establish a competitive advantage in the market by providing innovative solutions that address the essence of our customers' issues. Backed by the overwhelming trust we have earned from our customers, our Group will pursue sustainable business growth as among the world's leading manufacturers of construction and mining machinery.

At the same time, through ongoing initiatives to enhance management efficiency, we will raise profitability and strengthen our ability to generate cash. In addition, we will also contribute to the realization of a sustainable society by positioning SDG- and ESG- related matters as management issues. Through these initiatives, we will work to enhance corporate value and further increase shareholder value.

【*Principle 2.2 Code of Conduct*】

Companies should draft and implement a code of conduct for employees in order to express their values with respect to appropriate cooperation with and serving the interests of stakeholders and carrying out sound and ethical business activities. The board should be responsible for drafting and revising the code of conduct, and should ensure its compliance broadly across the organization, including the front line of domestic and global operations.

→

In addition to the Hitachi Construction Machinery Group's corporate vision, the Company aims to be an organization that is resilient to change, and has established the "Hitachi Construction Machinery Group Code of Conduct" in order to contribute to all stakeholders. The vision and code of conduct are formulated and reviewed by the Board of Directors, and are posted on the Company's intranet and issued through internal notifications, etc., so that the information can be thoroughly disseminated to all officers and employees of the Hitachi Construction Machinery Group.

In addition to the above, we have established other codes of conduct such as the Hitachi Construction Machinery Group Human Rights Policy and the Personal Information Protection Policy, and expect all officers and employees of the Group to know them well and put them into practice.

All officers and employees of the Hitachi Construction Machinery Group understand and comply with the Code of Conduct, and perform their duties in good faith, with the highest ethical standards.

Code of Conduct: https://www.hitachicm.com/global/en/corporate/conduct/

(Supplementary Principles)

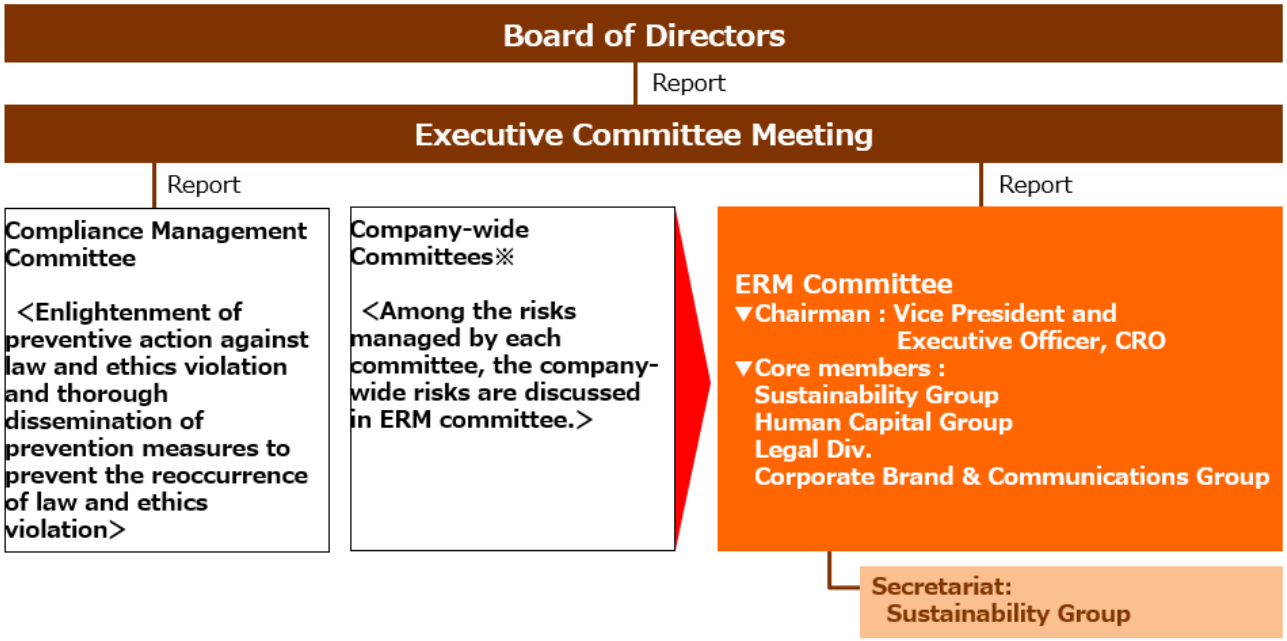
2－2①

The board should review regularly (or where appropriate) whether or not the code of conduct is being widely implemented. The review should focus on the substantive assessment of whether the company's corporate culture truly embraces the intent and spirit of the code of conduct, and not solely on the form of implementation and compliance.

→

In accordance with the Hitachi Construction Machinery Group Value Standards and Codes of Conduct, we have established a system in which specialist committees, etc., are set up. In April 2022, we established the ERM (Enterprise Risk Management) Committee, which is responsible for company-wide risk management. Under the leadership of the CRO (Chief Risk management Officer) and other members of management, we have a system in place that enables us, when faced with risks that require company-wide response policies and management decisions based on business operations, to quickly respond with overall management and countermeasures to. In principle, the committee meets once a term, and extraordinary meetings are held in response to requests for unexpected company-wide risk responses, or at the request of the chairperson, committees, or related departments. Ethical and legal violations are discussed by the Compliance Management Committee, which raises awareness to prevent incidents from occurring and implements measures to prevent recurrence. Important matters such as the policy of company-wide risk countermeasures by the ERM Committee

and important compliance matters by the Compliance Management Committee will be reported to the Executive Board and the Board of Directors.



※Company-wide Committees : Not a statutory committee, but a committee run by the department in charge as the secretariat

【*Principle 2.3 Sustainability Issues, Including Social and Environmental Matters*】

Companies should take appropriate measures to address sustainability issues, including social and environmental matters.

→

The Company responds appropriately to issues related to sustainability, such as ESGs and SDGs, as described in the following supplementary principle 2-3 (1).

(Supplementary Principles)

2－3①

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to long-term.

→

With regard to sustainability promotion activities for the Hitachi Construction Machinery Group overall, we have set up a specialist department for the sharing and global promotion of a common direction through regular communication with group companies in Japan and overseas.

Hitachi Construction Machinery Group has worked with various internal and external stakeholders to analyze issues that could lead to the improvement or detriment of the company's corporate value, and has identified important issues (materiality) that contribute to solving social and environmental issues through its business. Climate change response and other specific sustainability promotion activities are posted on the Company website. In addition, the status of said activities are also given in the annual "Hitachi Construction Machinery Group Integrated Report".

Sustainability: https://www.hitachicm.com/global/en/sustainability/

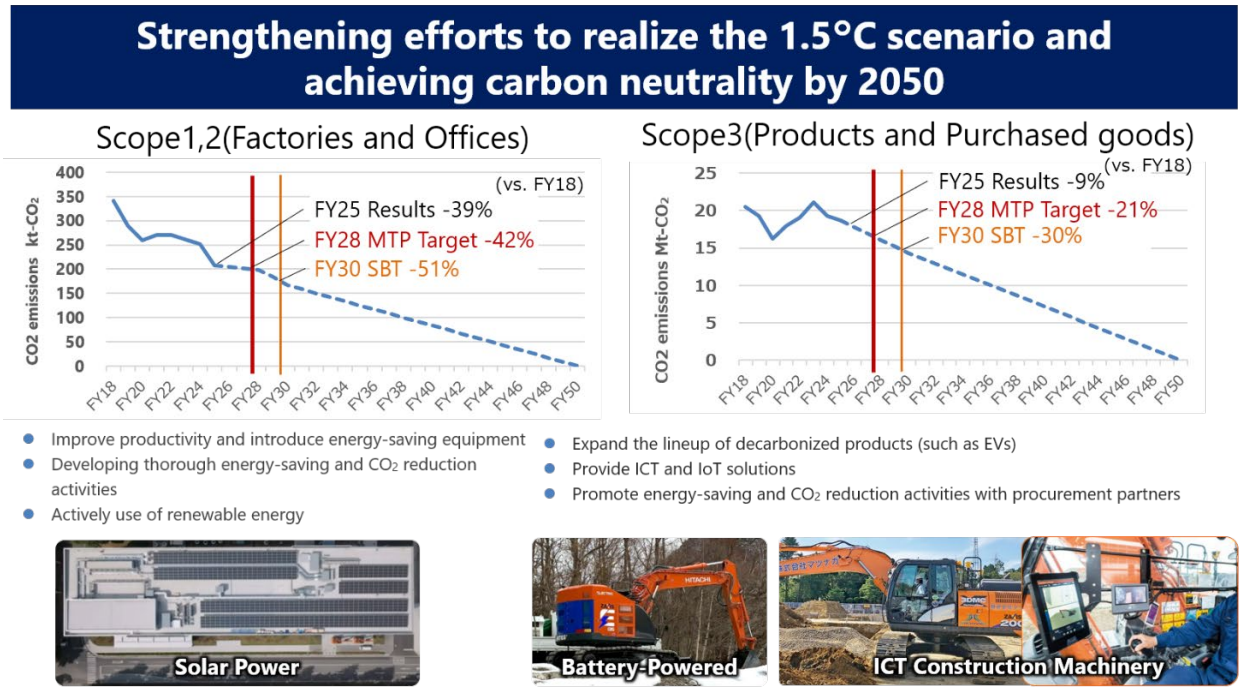
Integrated Report: https://www.hitachicm.com/global/en/sustainability/download/

＜Sustainability promotion system＞

Product and technology development contributing to climate change mitigation and adaptation	Greenhouse gas emission suppression Response to climate change impacts
Conversion to recycling-oriented business model	Resource saving and waste generation control Long product lifetimes and cyclical use
Creating innovative solutions for challenges faced by customers supporting social infrastructure	Improving safety, Increasing productivity, Reducing lifecycle costs
Strengthening global governance	Governance management Supply chain management Occupational safety and human resource development

<Four materialities identified by Hitachi Construction Machinery Group>

■achieving carbon neutrality by 2050



【*Principle 2.4 Ensuring Diversity, Including Active Participation of Women*】

Companies should recognize that the existence of diverse perspectives and values reflecting a variety of experiences, skills and characteristics is a strength that supports their sustainable growth. As such, companies should promote diversity of personnel, including the active participation of women.

→

Diversity, equity and inclusion are the source of new value creation for our company. To that end, it is important that we recognize the values and individuality of each and every employee who supports our business, regardless of race, nationality, gender, age, etc., and to act with respect for diversity. Based on this concept, our Company is working to promote diversity.

(Supplementary Principles)

2－4①

Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.

In addition, in light of the importance of human resource strategies for increasing corporate value over the mid-to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.

→

1. On ensuring diversity

With respecting the individuality and diversity of each person and realizing a workplace where everyone can play an active role, we are working on to lead to the sustainable growth of individuals and the organization. The Company first prioritizes the promotion of the active participation of women and localize key positions in our group companies.

(1) Supporting the active participation of women in the workplace

To enhance Inclusion & Diversity across the Group globally, we are implementing various initiatives to promote the active participation of women in the workplace in Japan, with the aim of addressing the concerns and challenges faced by our female employees.

At Hitachi Construction Machinery on a standalone basis, recognizing that the proportion of female employees remains low, we are actively reaching out to women during the recruitment process. To increase the number of female employees, we organize job fairs specifically for women and distribute informational brochures. We are also working to improve the workplace environment to support women's participation in manufacturing operations. Furthermore, starting in fiscal year 2026, we introduced Care and Support Leave to accommodate health issues specific to women, such as menstrual and menopausal symptoms. In addition, we are implementing initiatives aimed at creating an environment where employees—regardless of gender—can flexibly balance work and childcare according to their individual preferences. As part of these efforts, we are sending employees to return-to-work support seminars and have introduced the "Childcare Future Concierge" (a daycare matching service). We are also focusing on support for balancing work and caregiving. In fiscal year 2024, we introduced a Caregiving Concierge (a specialized consultation service staffed by care managers and other professionals) to ensure that employees facing caregiving responsibilities can continue working with peace of mind. Under our flexible work systems, we are working to create an environment that makes it easier to balance work and caregiving. Going forward, we will continue to promote the development of an environment that enables our diverse workforce—including women—to maintain high levels of motivation and continue working while balancing their careers with life events.

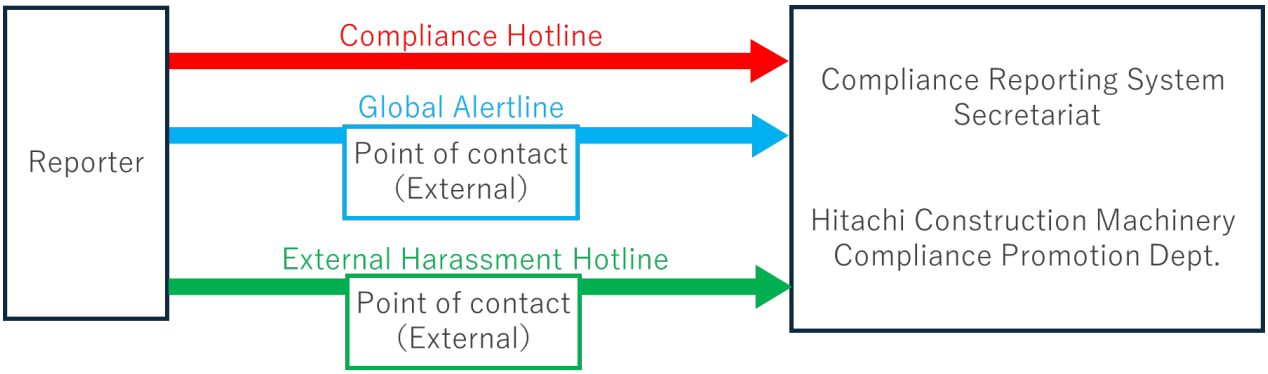
(2) Employment of non-Japanese staff

The Company is promoting the hiring of human capital, regardless of nationality, and currently about 300 non-Japanese people are employed, of whom about 10 are in managerial positions.

Currently 2 executive officer is non-Japanese.
In addition, in the Group's overseas consolidated companies, over 60% of posts of director are filled by local staff. We are also promoting the localization of the post of general manager positions and above, with approximately 75% being local at the moment.
(3) Appointment of mid-career hires
Mid-career hires account for some 20% of the Company's managerial positions, and approximately 30% of executive posts. We will continue to actively recruit and ensure diversity in our workforce.
2. Human resource development policy for ensuring diversity, internal environment improvement policy
The Group regards human capital development as one of its most important management topics, and positions it along with governance as the foundation of all management strategies. Out of 81 Group companies, 74 are situated overseas, and global personnel management is a cornerstone of the human capital strategy of the Company, in which local employees account for about 60% of the workforce.
In order to support their active participation, a global HR policy was established from the second half of 2020, and we are working to share personnel systems and initiatives globally. By introducing global standard models for the treatment systems and training programs in each country and maximizing the performance of human capital and organizations, we are working to develop an environment in which more diverse human capital can play active roles.
We are also putting our energies into developing people who can become global leaders. We select management leaders globally from the Group and utilize our human capital based on each individual's development plan. Specifically, personnel are rotated systematically based on their career paths, sent on selective management training courses, and given interviews with executives so that they can develop a management mindset.
Going forward, we will continue to promote the active participation of diverse human capital for the sustainable growth of the Company.

【*Principle 2.5 Whistleblowing*】
Companies should establish an appropriate framework for whistleblowing such that employees can report illegal or inappropriate behavior, disclosures, or any other serious concerns without fear of suffering from disadvantageous treatment. Also, the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework, and ensuring and monitoring its enforcement.
→
Hitachi Construction Machinery Group has established three types of whistleblowers reporting systems comprising the Compliance Hotline, Global Alertline, and external hotline for harassment-related issues ("External Harassment Hotline"). The purpose of these lines is to ensure thorough compliance with laws, regulations, corporate ethics, manners and morals, heighten self-improvement by quickly detecting and addressing possible frauds including compliance violations, and raise

awareness about compliance.



Our Compliance Hotline is a reporting system managed by the Compliance Promotion Department of Hitachi Construction Machinery ("Secretariat"), which serves as the point of contact for compliance-related reports. After receiving a report, the Secretariat reviews its content, forms an investigation team, conducts an investigation, and implements appropriate countermeasures.

The Global Alertline is a global reporting system set up outside the company that allows people who do not speak Japanese and employees of Hitachi Construction Machinery Group companies overseas to report matters regardless of time of day or language. The Global Alertline is available 24 hours a day 365 days a year in many languages. The External Harassment Hotline is a reporting system in which an external specialist serves as a point of contact to receive reports of sexual harassment, power harassment, and other forms of harassment and take initial responses.

The above three reporting systems have been established and are operated in accordance with our "Compliance Reporting System Management Rules." The establishment, revision, and abolition of these rules are deliberated and resolved by the Board of Directors. In addition, the Board of Directors and the Audit Committee receive regular reports from the Secretariat regarding the status of the reporting system.

(Supplementary Principles)

2－5①

As a part of establishing a framework for whistleblowing, companies should establish a point of contact that is independent of the management (for example, panel consisting of outside directors and outside kansayaku). In addition, rules should be established to secure the confidentiality of the information provider and prohibit any disadvantageous treatment.

→

Our current internal reporting (whistleblowing) system is operated under the supervision of the management to ensure flexibility and reliability in investigations and corrective measures, and is run by outside experts, or the compliance department in the Company ("Secretariat"), as the direct contact point. The Secretariat periodically reports the content of all whistleblowing reports and a summary

of their corrective measures to the Board of Directors and the Audit Committee. In addition, for whistleblowing reports where independence or impartiality in the investigation is highly required, the Secretariat reports promptly to the Audit Committee in accordance with the rules and conducts investigations and takes corrective actions under its supervision and instructions. In the operation of the internal reporting system, we have established rules that include the confidentiality of persons providing information and the prohibition of any unfavorable treatment of them.

【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】

Because the management of corporate pension funds impacts stable asset formation for employees and companies' own financial standing, companies should take and disclose measures to improve human resources and operational practices, such as the recruitment or assignment of qualified persons, in order to increase the investment management expertise of corporate pension funds (including stewardship activities such as monitoring the asset managers of corporate pension funds), thus making sure that corporate pension funds perform their roles as asset owners. Companies should ensure that conflicts of interest which could arise between pension fund beneficiaries and companies are appropriately managed.

→

Because the operation of the Company's corporate pension fund not only affects employees' stable asset formation, but also the Company's own financial condition, the following operations are conducted through the Hitachi Construction Machinery Pension Fund.

- In order to secure the planned investment yield required in the long term, we have formulated the "Basic Investment Policy" and "Policy Asset Mix" and invest in an appropriately diversified portfolio.
- Personnel from the parent company with HR and financial expertise have been appointed as fund directors, along with an external investment consultant, to strengthen operational capabilities and specialized knowledge.
- By entrusting the management of reserve funds to multiple investment institutions that have been appointed after appropriate evaluation, and entrusting the selection of individual investment target stocks and the exercise of voting rights to these investment institutions, we are able to properly manage any conflict of interest that may arise between the Company and the beneficiaries of the corporate pension fund.
- The operational status of the outsourced investment institutions (including the exercise of voting rights) is regularly monitored through investment report meetings held by the fund.

Section 3: Ensuring Appropriate Information Disclosure and Transparency

【General Principle 3】

Companies should appropriately make information disclosure in compliance with the relevant laws and regulations, but should also strive to actively provide information beyond that required by law. This

includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.
The board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is accurate, clear and useful.
→
The Company appropriately discloses information in accordance with pertinent laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, and also strives to proactively disclose information other than disclosures required by laws and regulations, such as the Integrated Report, on the Company's website.

【*Principle 3.1 Full Disclosure*】
In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:
i) Company objectives (e.g., business principles), business strategies and business plans;
ii) Basic views and guidelines on corporate governance based on each of the principles of the Code;
iii) Board policies and procedures in determining the remuneration of the senior management and directors;
iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku candidates; and
v) Explanations with respect to the individual appointments/dismissals and nominations based on iv).
→
(1) Management Philosophy, Management Strategy and Management Plans
The Company's management philosophy, management strategy, management plans and other latest information are posted on the corporate website.
Hitachi Construction Machinery's "Vision" https://www.hitachicm.com/global/en/corporate/
【Medium-term Management Plan】https://www.hitachicm.com/global/en/corporate/mid-term-management-plan/
【Integrated Report】https://www.hitachicm.com/global/en/sustainability/download/
(2) Basic concept and basic policy regarding corporate governance in the Company
Described in this report "1.1 Basic Views" and our "Corporate Governance Guidelines".
https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/
(3) Policies and procedures for determining remuneration for management executives and directors
The policy regarding the determination of the amount of remuneration, etc., is described in the report, under "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods." In

accordance with this policy, the Compensation Committee determines the amount of remuneration for each individual.

(4) Policies and procedures for the Board of Directors to select or remove management executives and nominate candidates for the Director

The policies regarding the selection and removal of management executives are set out in the Company's "Corporate Governance Guidelines" Article 3. (Composition of the Board), Article 4. (Composition of Committees) and Article 14. (Policy on Selection and Removal of Executive Officers), as follows

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/

Article 14. (Policy on Selection and removal of Executive Officers)

The Board shall, referring the opinion of Nominating Committee, determine the selection and removal of executive officers in consideration of the following standards:

1) Standards of Selection

1. that such person has the highest personal and professional ethics, integrity, insight and leadership; and
2. that such person is believed to be the one most qualified to realize sustainable enhancement of the Company's corporate value and the shareholders' common interests, with rich experience and a distinguished record in the area of corporate management.

2) Standards of Removal

1. in the event of any act against public order and morals;
2. in the event of difficulty to continue the work assigned due to any health problem.
3. in the event that such person damages the Company's corporate value by negligence or omission of the work assigned.
4. in the event that such person is judged as not to meet the Standards of Selection provided hereinabove.

Article 3. (Composition of the Board)

In nominating a director candidate, the Nominating Committee shall consider:

1. diversity in the experience, expertise, sexuality and nationality, etc. of the director candidates, the composition ratio between outside directors and other directors (directors concurrently serving as executive officers and non-executive directors from within the Hitachi Construction Machinery Group), and other such matters in order to ensure the effectiveness of the management supervision and decision-making functions of the Board;
2. that to maintain the continuity of the Board, new candidates do not constitute all or almost all of the candidates; and
3. the period of time since the candidate's assumption of office as the Company's director and the candidate's age to keep bringing fresh ideas and viewpoints regularly to the Board.

In principle, a person shall not be nominated as a director candidate after his or her 75th birthday. However, the Nominating Committee may nominate a person over 75 as a director candidate in special circumstances.

Article 4. (Composition of Committees)
To ensure the transparency and objectivity, the Nomination Committee and Compensation Committee shall consist of a majority of outside directors, and the Audit Committee shall consist of a majority of independent outside directors.

In keeping with these policies, the Board of Directors appoints or removes executive officers, and the Nominating Committee determines candidates for Director.

(Supplementary Principles)
3－1①
These disclosures, including disclosures in compliance with relevant laws and regulations, should add value for investors, and the board should ensure that information is not boilerplate or lacking in detail.
→
In addition to the accuracy and speed of information disclosure, the Company strives to add value to users by describing it in a concrete and easy-to-understand manner, and to contribute to a greater understanding of the Company.

(Supplementary Principles)
3－1②
Bearing in mind the number of foreign shareholders, companies should, to the extent reasonable, take steps for providing English language disclosures.
In particular, companies listed on the Prime Market should disclose and provide necessary information in their disclosure documents in English.
→
Based on the ratio of overseas investors, etc., the Company discloses not only convocation notices and securities reports, but a variety of other releases, etc., in English on the global pages of the corporate website.

(Supplementary Principles)
3－1③
Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and

intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.
In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.
→
Climate change is one of the most serious environmental issues, profoundly impacting not only on the natural environment and ecosystems, but also the economy and society. In October 2020, Hitachi Construction Machinery announced its support for the Task Force on Climate Related Financial Disclosures (TCFD) proposal, and is working to promote activities in line with this proposal, with the aim of developing sustainable and resilient businesses.
By conducting risk assessments and scenario analyses of future forecasts and impacts on the business environment going forward, we seek to avoid or mitigate losses caused by possible future climate change, as well as to explore potential opportunities to create new businesses.
https://www.hitachicm.com/content/dam/hitachicm/global/en/sustainability/download/docs/ir2025/split-version-pdf/2025_26e.pdf

Biodiversity is positioned as an issue that is closely related to climate change, and governments and investors are increasingly demanding companies' response to this issue.
Biodiversity-friendly initiatives are already put into practice at the Hitachi Construction Machinery Group business sites, and we believe it is important to actively communicate these initiatives internally and externally and link them to develop biodiversity initiatives.
In light of this situation, the Hitachi Construction Machinery Group formulated the Biodiversity Policy in June 2024, which will serve as the basis for the Hitachi Construction Machinery Group's biodiversity response. We are promoting biodiversity initiatives based on this policy. For the Biodiversity Policy, please refer to our website "For a Harmonized Society with Nature".
https://www.hitachicm.com/global/en/sustainability/environment/nature/

Regarding strategies related to human capital, one of Mid-term management plan's management strategies from fiscal year 2026 to fiscal year 2028 is to strengthen human capital and corporate capabilities, and we have clarified our stance on further linking management strategies with human capital strategies.
Against this background, we established two human capital KGI(Key Goal Indicator) - "Improving Organizational Health Index" and "Improving Productivity" - as quantitative targets that indicate that the implementation of various human capital initiatives is linked to management strategies and leads to the enhancement of corporate value over the medium to long term. We are working to strengthen and improve various human capital initiatives that contribute to these goals.

Human capital strategies and targets linked to management strategies, as well as the various human capital initiatives we are working to achieve, are introduced in the Human Capital Report, which is posted on our website.

Sustainability - Hitachi Construction Machinery

The Hitachi Construction Machinery Group Code of Conduct sets forth our basic policy for protecting our own intellectual property and respecting the intellectual property of others. We conduct intellectual property activities based on this policy. We have maintained an overseas patent application ratio of 30% or more since fiscal 2011. Going forward, we will increase and enhance our applications for value chain-related technologies and establish a global first-class portfolio of our intellectual property. Our Value Creation Process relating to intellectual capital is disclosed as bellow.
Integrated Report (Value Creation Process relating to intellectual capital):
https://www.hitachicm.com/content/dam/hitachicm/global/en/sustainability/download/docs/ir2022/2022_15-16e.pdf

【*Principle 3.2 External Auditors*】

External auditors and companies should recognize the responsibility that external auditors owe toward shareholders and investors, and take appropriate steps to secure the proper execution of audits.

→

In order to fully recognize the responsibilities of the external accounting auditor and enable the external accounting auditor to carry out appropriate and sufficient audits, the Company receives the audit plan and priority audit items after prior consultation and confirmation every year, and also strives to secure the systems necessary for the smooth execution of audits, disclose sufficient material, and provide explanations.

(Supplementary Principles)

3－2①

The kansayaku board should, at minimum, ensure the following:

i) Establish standards for the appropriate selection of external auditor candidates and proper evaluation of external auditors; and

ii) Verify whether external auditors possess necessary independence and expertise to fulfill their responsibilities.

→

The Audit Committee conducts evaluation based on the global audit system of external accounting auditors, audit quality such as the audit execution contents and results based on the audit plan and audit priority items for the relevant fiscal year, or the degree of appropriate understanding of the Company's business content cultivated through communication with the Audit Committee and

executive officers, and accounting auditor evaluation criteria that comprehensively evaluate audit fees, etc., and make their decisions with regard to reappointment.
The appointed external accounting auditors have a system whereby they can carry out global accounting audits, have excellent professional expertise and strict independence as external accounting auditors as the result of comprehensive consideration of systems that enable accounting audits to be conducted legally and properly internationally, and are confirmed to be appropriate audit corporations in their capacity as external accounting auditors.

(Supplementary Principles)

3－2②

The board and the kansayaku board should, at minimum, ensure the following:

i) Give adequate time to ensure high quality audits;

ii) Ensure that external auditors have access, such as via interviews, to the senior management including the CEO and the CFO;

iii) Ensure adequate coordination between external auditors and each of the kansayaku (including attendance at the kansayaku board meetings), the internal audit department and outside directors; and

iv) Ensure that the company is constituted in the way that it can adequately respond to any misconduct, inadequacies or concerns identified by the external auditors.

→

The Audit Committee, which consists only outside directors and is chaired by independent outside director receives, discusses and considers explanations of the audit plan and audit priority items from the external accounting auditors in advance every year, confirms that sufficient time has been secured in order to enable a rigorous audit to be conducted.
In terms of communication between the external accounting auditors and executive officers, interviews are held with the CEO once a year, COO twice a year and with the CFO at least four times a year, and also with other executive officers every year so that, through this communication, the external accounting auditors have the opportunity to obtain information that will be useful to them in conducting their audits, and to deepen their understanding of the Company.
Also, in addition to the accounting audit results reports that include semi-annual report review results and quarterly audit status, the external accounting auditors discuss and examine with the Audit Committee what they have ascertained about the development and operational status of the internal reporting system, their evaluation of risk, and audit priority items and key audit matters (KAM), etc., so that there are at least six communication opportunities each year, through which collaboration is strengthened.
The internal audit department and the external accounting auditors share the content of internal audit findings and the internal control (J-Sox) assessments in the Company and group companies at least once a quarter, and the external accounting auditors and their global network share the

management letters issued to the Company and group companies, and exchange opinions in order to understand the risks relating to accounting and business operations, and to make improvements.
Should there be any instance of irregularity, deficiency, or other issues in the Company's business operations, the Audit Committee, the internal audit department, and the external accounting auditors will share information on the case, and will fully monitor the actions taken by the business executing departments involved in the case, as well as their recurrence prevention measures.

Section 4: Responsibilities of the Board

【General Principle 4】

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid-to long-term and enhance earnings power and capital efficiency, the board should appropriately fulfill its roles and responsibilities, including:

(1) Setting the broad direction of corporate strategy;

(2) Establishing an environment where appropriate risk-taking by the senior management is supported; and

(3) Carrying out effective oversight of directors and the management (including shikkoyaku and so-called shikkoyakuin) from an independent and objective standpoint.

Such roles and responsibilities should be equally and appropriately fulfilled regardless of the form of corporate organization - i.e., Company with Kansayaku Board (where a part of these roles and responsibilities are performed by kansayaku and the kansayaku board), Company with Three Committees (Nomination, Audit and Remuneration) or Company with Supervisory Committee.

→

In the Board of Directors, the Company makes decisions on corporate strategies, such as the formulation of the Mid-term Management Plan in consideration of the corporate vision, the sustainable growth of the Company, and the improvement of our corporate value over the mid- to long term.
By adopting the organizational structure of a company with nominating committee, etc., as described in Supplementary Principle 1-1②, the Company has separated the business execution function from the supervisory function, enabling prompt management with clear accountability. Additionally, in order to further enhance the supervisory function of the Board of Directors, over half of the directors are outside directors, providing us with highly objective and transparent business management.
In addition to the supervisory function of each director provided by the Companies Act, the Audit Committee, which consists only outside directors and is chaired by independent outside directors supervises the status of business execution even more strictly, and strives to ensure highly objective and transparent business management.

【*Principle 4.1 Roles and Responsibilities of the Board (1)*】

The board should view the establishment of corporate goals (business principles, etc.) and the setting of strategic direction as one major aspect of its roles and responsibilities. It should engage in constructive discussion with respect to specific business strategies and business plans, and ensure that major operational decisions are based on the company's strategic direction.

→

For the realization of Hitachi Construction Machinery's corporate vision "Ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society", we hold constructive discussions on the formulation and progress management of specific management strategies and the Mid-term Management Plan.

(Supplementary Principles)

4－1①

The board should clearly specify its own decisions as well as both the scope and content of the matters delegated to the management, and disclose a brief summary thereof.

→

As a company with nominating committee, etc., we have completely separated the supervisory and execution functions. In principle, decisions involving business execution other than those stipulated by laws and regulations, the Articles of Incorporation, and corporate rules, are the responsibility of the execution system.

In addition, corporate rules have been established regarding matters that should be discussed and resolved by the Board of Directors and those that should be delegated to the execution system. These rules are reviewed as necessary so that appropriate management supervision and business execution can be carried out.

(Supplementary Principles)

4－1②

Recognizing that a mid-term business plan (chuuki keiei keikaku) is a commitment to shareholders, the board and the senior management should do their best to achieve the plan. Should the company fail to deliver on its mid-term business plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.

→

The Company recognizes that the realization of the Mid-term Management Plan is one of its important commitments to the shareholders, and discloses the progress of various measures for the achievement of its goals through the Explanatory Meeting for Business Results, etc. In formulating the next management plan, we analyze the results of the current Mid-term Management Plan and investigate the causes of any problems in order to make new improvements.

(Supplementary Principles)

4－1③

Based on the company objectives (business principles, etc.) and specific business strategies, the board should proactively engage in the establishment and implementation of a succession plan for the CEO and other top executives and appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources.

→

The Company's "Corporate Governance Guidelines" Article 14. (Policy on Selection and Removal of Executive Officers) stipulates the following policy for the selection and removal of executives.

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/

Article 14. (Policy on Selection and removal of Executive Officers)

The Board shall, referring the opinion of Nominating Committee, determine the selection and removal of executive officers in consideration of the following standards:

1) Standards of Selection

1. that such person has the highest personal and professional ethics, integrity, insight and leadership; and
2. that such person is believed to be the one most qualified to realize sustainable enhancement of the Company's corporate value and the shareholders' common interests, with rich experience and a distinguished record in the area of corporate management.

2) Standards of Removal

1. in the event of any act against public order and morals;
2. in the event of difficulty to continue the work assigned due to any health problem.
3. in the event that such person damages the Company's corporate value by negligence or omission of the work assigned.
4. in the event that such person is judged as not to meet the Standards of Selection provided hereinabove.

Based on this policy, the Nominating Committee proactively discusses plans for management executives' successors, and the Board of Directors formulates and promotes the plans, in consideration of the opinions of the Nominating Committee, and appoints successors to the management team.

【Principle 4.2 Roles and Responsibilities of the Board (2)】

The board should view the establishment of an environment that supports appropriate risk-taking by the senior management as a major aspect of its roles and responsibilities. It should welcome proposals from the management based on healthy entrepreneurship, fully examine such proposals from an independent and objective standpoint with the aim of securing accountability, and support timely and decisive decision-making by the senior management when approved plans are implemented.

Also, the remuneration of the management should include incentives such that it reflects mid-to long-term business results and potential risks, as well as promotes healthy entrepreneurship.

→

The Board of Directors determines basic management policy and supervises the execution of business by the executive officers. The authority to make business decisions in accordance with the basic policy is largely delegated to the executive officers. Therefore, in accordance with the division of duties stipulated by resolutions of the Board of Directors, the executive officers make decisions on business related matters and carry out their duties. In addition, important matters that have an overall impact are deliberated by the Executive Committee, which is made up of executive officers, so that prudent decisions can be made after consideration from multiple aspects. The details of any decisions are reported to the Board of Directors as appropriate, and the Board of Directors also deliberates and decides upon these matters, as necessary.

(Supplementary Principles)

4－2①

The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid-to long-term results and the balance of cash and stock should be set appropriately.

→

The basic policy regarding executives' remuneration is determined with the Compensation Committee.

The disclosed details of the policy for determining the amounts and calculation method of remuneration as follows.

1) Method of determination of policies

The compensation committee of the Company sets forth the policy on the determination of the details of compensation for 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 Policy

(i) Matters relating to both Directors and Executive Officers

Compensation will be commensurate with the scope and range of the Company's business, the ability required of, and the responsibilities and risks to be borne by, the Company's Directors and Executive Officers, taking into consideration compensation packages at other companies.

(ii) Director

Compensation for Directors consists of monthly compensation.

・ Monthly compensation shall be set as a fixed amount in light of the duty that is the supervisory function. The level of payment is determined in accordance with a full-time or

part-time basis, basic salary, allowance for committee members for committees to which the Director belongs and his or her position.

In case of Directors who also serve as Executive Officers, compensation as a Director is not paid.

(iii) Executive Officer

Compensation for Executive Officers consists of monthly compensation and performance-linked bonus and restricted stock compensation.

a. Monthly compensation: Standard amounts are set according to job positions and fixed amounts are paid in cash every month.

b. Performance-linked bonus: The standard amount for performance-linked bonus shall fluctuate depending on the degree of achievement of standard performance targets and achievement of individual roles. The fluctuation range is about 0 to 200%. Performance-linked bonus is paid in cash in June every year.

The evaluation indicators and composition ratios of performance-linked bonus are as follows.

Evaluation 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		Executive Officer serving concurrently as Head of Regional Operations Overseas and President of an Overseas Group Company	
Company-wide performance	Consolidated net income (in ¥100 million)	50%	80%	30%	60%	10%	30%
	Consolidated operating cash flows (in ¥100 million)	20%		10%		5%	
	Consolidated value chain sales (in ¥100 million)	–%		10%		10%	
	ESG assessment (*1)	10%		10%		5%	
Division performance targets		–		30%		50%	
Individual Division targets (three indicators for the management issues including organizational health)(*2)		20%		10%		20%	

*1 ESG assessment is a comprehensive evaluation of CDP's climate change and water security, Dow Jones Best-in-Class Indices (DJBIC) selection, and progress on CO2 reduction rates in the production activities and use of our products.

*2 Organizational health is an indicator that assesses the health of an organization from various perspectives, including employee engagement and diversity & inclusion.

* For foreign Executive Officers, standard compensation is set according to the benchmarks of compensation levels of the country or region in question from the viewpoint of retaining capable personnel, taking into account the competitiveness of the compensation.

c. Restricted stock compensation: The Company grants restricted stock at a certain time every year as non-monetary compensation to Executive Officers for the purpose of providing incentives for them to continuously improve corporate value over the medium to long term, and to promote further value sharing with shareholders. The transfer restriction period of the granted stock shall be from the date of allotment until the retirement from their position as the Company's Executive Officer, etc., and the restrictions on the transfer shall be, in principle, lifted upon the expiry of the transfer restriction period, provided that a person eligible for the allotment has continued to serve in their role as the Company's Executive Officer, etc., from the beginning of the fiscal year in which the stock was granted until the end of the same fiscal year. Persons eligible for the allotment shall be Executive Officers residing in Japan. The

Company provides monetary claims as compensation relating to restricted stocks to the eligible Executive Officers, based on a resolution by the Company's Compensation Committee, taking into consideration the purpose of the plan, the Company's business conditions, the scope of the eligible Executive Officers' responsibilities, and other factors.

(iv) Ratios of compensation by type are as follows.

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

(Supplementary Principles)

4－2②

The board should develop a basic policy for the company's sustainability initiatives from the perspective of increasing corporate value over the mid-to long-term.

In addition, in light of the importance of investments in human capital and intellectual properties, the board should effectively supervise the allocation of management resources, including such investments, and the implementation of business portfolio strategies to ensure that they contribute to the sustainable growth of the company

→

The Hitachi Construction Machinery Group is striving to promote sustainability through the practice of materialities, with the aim of helping to create a sustainable society.

In line with this aim, we established the Sustainability Basic Policy. We will continue endeavoring to improve our corporate value via the provision of construction machinery that will, in turn, contribute to the sustainable development of society. For the Sustainability Basic Policy, please refer to our website.

https://www.hitachicm.com/global/en/sustainability/management/

Board of Directors' sustainability initiatives system

Important sustainability issues including climate change are reported to the Sustainability Promotion Committee (held twice a year), which consists of executive officers and higher position members. The President and Executive Officer and COO, who has the highest responsibility and authority for sustainability, chairs the Sustainability Promotion Committee. This committee deliberates and approves important management-related issues related to sustainability. These important issues are proposed for approval, or reported to the Executive Committee and the Board of Directors for appropriate monitoring and supervision. Furthermore, sustainability activities in general are reported regularly to the Board of Directors.
Due to the commitment of top management, the domestic and overseas Groups are united in promoting Sustainability initiatives.

【*Principle 4.3 Roles and Responsibilities of the Board (3)*】
The board should view the effective oversight of the management and directors from an independent and objective standpoint as a major aspect of its roles and responsibilities. It should appropriately evaluate company performance and reflect the evaluation in its assessment of the senior management.
In addition, the board should engage in oversight activities in order to ensure timely and accurate information disclosure, and should establish appropriate internal control and risk management systems. Also, the board should appropriately deal with any conflict of interests that may arise between the company and its related parties, including the management and controlling shareholders.
→
As a company with nominating committee, etc., personnel affairs regarding directors are deliberated and decided by the Board of Directors. In addition, the Board of Directors also decides upon personnel matters regarding executive officers who carry out executive duties.
In order to execute the duties assigned them by the Board of Directors in a timely and accurate manner, the executive officers maintain an internal control system and risk management system within the Executive Committee, which is composed of executive officers.
They also share information on these systems with the Board of Directors, as appropriate.

(Supplementary Principles)
4－3①
The board should ensure that the appointment and dismissal of the senior management are based on highly transparent and fair procedures via an appropriate evaluation of the company's business results.
→
As a company with nominating committee, etc., the Company's Nominating Committee picks candidates for Director based on their individual qualities, experience and specialisms, in light of the makeup (diversity and expertise, etc.) of the Board of Directors. Also, with respect to executive officers, after reporting to the Nominating Committee, the Board of Directors conducts very careful discussion and decision based on evaluation of past achievements.

(Supplementary Principles)

4－3②

Because the appointment/dismissal of the CEO is the most important strategic decision for a company, the board should appoint a qualified CEO through objective, timely, and transparent procedures, deploying sufficient time and resources.

→

As a company with nominating committee, etc., the Company's Nominating Committee reports and deliberates every year on plans to secure successors for the CEO and other top executives, and strives to nurture potential successors.

(Supplementary Principles)

4－3③

The board should establish objective, timely, and transparent procedures such that a CEO is dismissed when it is determined, via an appropriate evaluation of the company's business results, that the CEO is not adequately fulfilling the CEO's responsibilities.

→

As a company with nominating committee, etc., the rules of the Board of Directors provide the Board with the authority to appoint and remove executive officers and representative executive officers. Consequently, if it is recognized that the CEO has failed to perform satisfactorily, the CEO may be removed from office by the Board of Directors, in accordance with the Board's rules.

(Supplementary Principles)

4－3④

The establishment of effective internal control and proactive enterprise risk management systems has the potential to support sound risk-taking. The board should appropriately establish such systems on an enterprise basis and oversee the operational status, besides utilizing the internal audit department.

→

With regard to the risks related to compliance, information security, the environment, disasters, quality and export control, etc., each responsible department has systems for the establishment of rules and guidelines, the implementation of training, and the preparation and distribution of manuals, etc., as necessary, and the Group companies also are required to develop systems compliant with those of the Company, in accordance with the size of each company.

Through regular reports from executive officers on the status of business execution in the Company and the Group companies, efforts are made to understand the possibility of new risks occurring, and if new risks need to be addressed, the President notifies each related department and promptly appoints an executive officer who will be responsible for the response measures.

The Board of Directors receives appropriate reports on the responses to the above mentioned risks, and manages and supervises them.

The company has structured its approach to supporting the strengthening corporate governance into a comprehensive framework. The company acknowledge that the Three Lines Model below contributes to the strengthening of governance and are promoting its penetration within our company group.

Three Lines Model of the Company

・1st Line（Business units）

Business units have direct responsibility as owners of risks that arise from business operations, including controlling (identifying, evaluating, response, and monitoring) these risks.

・2nd Line（Risk management organization, including the corporate departments and various committees）

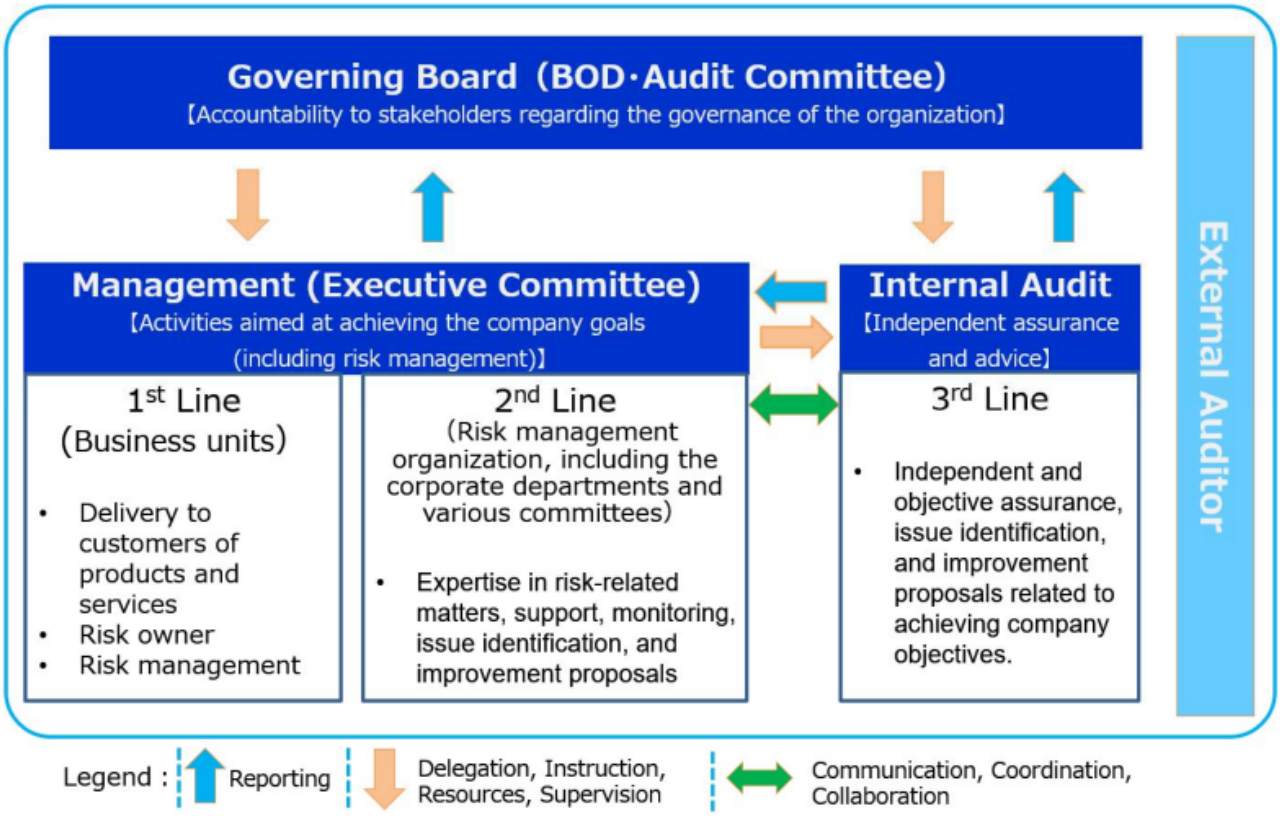
Risk management organizations, using their expertise, provide support, verification, and challenge regarding risks, and manage risk. While working in collaboration with the 1st line, they monitor and report on the adequacy and effectiveness of the 1st line's risk management.

・3rd Line（The Audit Office）

As a directly reporting organization to the COO, the 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 1st and 2nd lines.

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

【The company's overall Three Lines Model diagram】



Reference : Created with reference to the IIA's Three Lines Model.

【Principle 4.4 Roles and Responsibilities of Kansayaku and the Kansayaku Board】

Kansayaku and the kansayaku board should bear in mind their fiduciary responsibilities to shareholders and make decisions from an independent and objective standpoint when executing their roles and responsibilities including the audit of the performance of directors' duties, appointment and dismissal of kansayaku and external auditors, and the determination of auditor remuneration.

Although so-called "defensive functions", such as business and accounting audits, are part of the roles and responsibilities expected of kansayaku and the kansayaku board, in order to fully perform their duties, it would not be appropriate for kansayaku and the kansayaku board to interpret the scope of their function too narrowly, and they should positively and proactively exercise their rights and express their views at board meetings and to the management.

→

As a company with nominating committee, etc., the Company has an Audit Committee, which consists only independent outside directors, in place of corporate auditors and an Audit and Supervisory Board, which makes appropriate decisions from an independent and objective standpoint, in view of their fiduciary responsibility to the shareholders.

In addition, since the Audit Committee members are directors, they provide appropriate opinions and guidance to executive officers who are executors of business operations, through the Board of Directors.

(Supplementary Principles)

4－4①

Given that not less than half of the kansayaku board must be composed of outside kansayaku and that at least one full-time kansayaku must be appointed in accordance with the Companies Act, the kansayaku board should, from the perspective of fully executing its roles and responsibilities, increase its effectiveness through an organizational combination of the independence of the former and the information gathering power of the latter. In addition, kansayaku or the kansayaku board should secure cooperation with outside directors so that such directors can strengthen their capacity to collect information without having their independence jeopardized.

→

As a company with nominating committee, etc., the Company's Audit Committee consists of four independent outside directors.

【Principle 4.5 Fiduciary Responsibilities of Directors and Kansayaku】

With due attention to their fiduciary responsibilities to shareholders, the directors, kansayaku and the management of companies should secure the appropriate cooperation with stakeholders and act in the interest of the company and the common interests of its shareholders.

→

The Company's directors and executive officers recognize their fiduciary responsibilities to their shareholders, provide innovative solutions to society for the resolving of social issues, promote collaborative creation with partners and stakeholders, and carry out corporate activities with a sense of responsibility to the people of the world and the global environment.

【Principle 4.6 Business Execution and Oversight of the Management】

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.

→

As a company with nominating committee, etc., the Company's Board of Directors consists of six outside directors (five members are independent outside directors), three directors who also serve as executive officers, giving a total of nine. This ensures the effective implementation of independent and objective management supervision.

【Principle 4.7 Roles and Responsibilities of Independent Directors】

Companies should make effective use of independent directors 9, taking into consideration the expectations listed below with respect to their roles and responsibilities:

i) Provision of advice on business policies and business improvement based on their knowledge and experience with the aim to promote sustainable corporate growth and increase corporate value over the mid-to long-term;

ii) Monitoring of the management through important decision-making at the board including the appointment and dismissal of the senior management;

iii) Monitoring of conflicts of interest between the company and the management or controlling shareholders; and

iv) Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders.

→

Independent directors of the Company provide beneficial advice for enhancement of corporate value of the Company in the medium and long term, and monitor the Company to properly protect benefit of minority shareholders, based on each independent director's specialized knowledge and rich experience.

Board of Directors provides independence of discussion at Nominating, Audit and Compensation Committees, by forming each committee by majority of independent directors and appointing independent director as their chair.

Independent directors monitor the management of the Company by making important decisions at the Board of Directors and discussing appointments and dismissal of the senior management at nominating committee.

Board of Directors of the Company include directors who serve as the senior management of major shareholders, however the majority of Board of Directors are independent directors so they can monitor conflicts of interest with major shareholders and reflect opinions from stakeholders including minor shareholders, from the standpoint independent of the major shareholders.

【Principle 4.8 Effective Use of Independent Directors】

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid-to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

→

Out of the Company's nine current directors, six outside directors (five independent outside directors) have been appointed. Each of the outside directors brings their own specialized knowledge, and we judge that the roles and responsibilities of independent outside directors are being fulfilled based on sufficient discussions at the Board of Directors.

The concept of the composition of the Board of Directors is stipulated in Article 3. (Composition of the Board) of the Company's "Corporate Governance Guidelines", as follows.

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/

Article 3. (Composition of the Board)

In nominating a director candidate, the Nominating Committee shall consider:

1. diversity in the experience, expertise, sexuality and nationality, etc. of the director candidates, the composition ratio between outside directors and other directors (directors concurrently serving as executive officers and non-executive directors from within the Hitachi Construction Machinery Group), and other such matters in order to ensure the effectiveness of the management supervision and decision-making functions of the Board;
2. that to maintain the continuity of the Board, new candidates do not constitute all or almost all of the candidates; and
3. the period of time since the candidate's assumption of office as the Company's director and the candidate's age to keep bringing fresh ideas and viewpoints regularly to the Board.

In principle, a person shall not be nominated as a director candidate after his or her 75th birthday. However, the Nominating Committee may nominate a person over 75 as a director candidate in special circumstances.

(Supplementary Principles)

4－8①

In order to actively contribute to discussions at the board, independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this.

→

The independent outside directors create opportunities for free discussion as a forum for the exchange of information in order to consider Company issues from an independent and objective standpoint. In addition, in order to promote lively discussions and share their understanding of internal information, they strive to visit workplaces, participate in various kinds of important meetings, and share important meeting materials.

(Supplementary Principles)

4－8②

Independent directors should endeavor to establish a framework for communicating with the management and for cooperating with kansayaku or the kansayaku board by, for example, appointing the lead independent director from among themselves.

→

In order to further facilitate discussion among independent outside directors, the Company has established the role of "Lead Independent Outside Director", selected by mutual election among the independent outside directors, and has set up a system whereby the independent outside directors are able to fulfill their roles and responsibilities satisfactorily.

(Supplementary Principles)

4－8③

Companies that have a controlling shareholder should either appoint at least one-third of their directors (the majority of directors if listed on the Prime Market) as independent directors who are independent of the controlling shareholder or establish a special committee composed of independent persons including independent director(s) to deliberate and review material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders.

→

The Company does not have controlling shareholders.

Further, regarding transactions with major shareholders which are not controlling shareholders, decisions are made rationally, in consideration of such factors as market price, etc.

Of the Company's directors, the majority of the directors are independent outside directors, thereby maintaining operational independence.

【*Principle 4.9 Independence Standards and Qualification for Independent Directors*】

Boards should establish and disclose independence standards aimed at securing effective independence of independent directors, taking into consideration the independence criteria set by securities exchanges. The board should endeavor to select independent director candidates who are expected to contribute to frank, active and constructive discussions at board meetings.

→

The concept of the composition of the Board of Directors is stipulated in Article 6. (Criteria for Independency) of the Company's "Corporate Governance Guidelines", as follows.

https://www.hitachicm.com/global/sustainability/governance/corpgovernance/

Article 6. (Criteria for Independency)

The Nominating Committee considers an outside director to be independent unless:

1. his or her immediate family member is, or has been within the last three years, a director or an executive officer of the Company or any of its subsidiaries;
2. he or she is currently an executive director, an executive officer or an employee of a company that has made payments to, or received payments from, the Company for property or services

in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies' consolidated gross revenues;

3. he or she has received during any of the last three fiscal years more than ¥10 million in direct compensation for his or her service as a specialist in law, accounting or tax, or as a consultant from the Company, other than director compensations; or
4. he or she serves as an executive officer or director of a not-for-profit organization, and the Company's discretionary charitable contributions to the organization in any of the last three fiscal years are more than ¥10 million and 2% of that organization's annual gross revenues.

【*Principle 4.10 Use of Optional Approach*】

In adopting the most appropriate organizational structure (as stipulated by the Companies Act) that is suitable for a company's specific characteristics, companies should employ optional approaches, as necessary, to further enhance governance functions.

→

The Company has adopted the organizational structure of a "company with nominating committee, etc." as stipulated in the Companies Act, and has three committees for nomination, audit, and compensation.

(Supplementary Principles)

4－10①

If the organizational structure of a company is either Company with Kansayaku Board or Company with Supervisory Committee and independent directors do not compose a majority of the board, in order to strengthen the independence, objectivity and accountability of board functions on the matters of nomination (including succession plan) and remuneration of the senior management and directors, the company should seek appropriate involvement and advice from the committees, including from the perspective of gender and other diversity and skills, in the examination of such important matters as nominations and remuneration by establishing an independent nomination committee and remuneration committee under the board, to which such committees make significant contributions.

In particular, companies listed on the Prime Market should basically have the majority of the members of each committee be independent directors, and should disclose the mandates and roles of the committees, as well as the policy regarding the independence of the composition.

→

The Company has developed an execution system that can ensure the prompt and exact performance of our business strategies, and has also adopted the structure of a "company with nominating committee, etc.", as provided for in the Companies Act, thereby separating the management supervisory function from the business execution function in order to strengthen corporate governance. In addition, the majority of the members of the Nominating Committee, Audit Committee

and Compensation Committee, are independent outside directors, thereby maintaining the independence of these committees.

【*Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness*】

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender, international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as kansayaku. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as kansayaku.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

→

(1) The Company's Articles of Incorporation limit the number of members of the Board of Directors to fifteen or fewer. Currently, the Board of Directors consists of nine members (seven males and two females), including seven outside directors.

The detailed work histories and ages of the Company's directors and outside directors are given of the "Notice of Convocation of the 62nd Annual Shareholder's Meeting".

(https://www.hitachicm.com/content/dam/hitachicm/global/en/ir/stock-and-bond/smeeting/docs/Notice_of_Convocation_for_the_62nd_En.pdf)

(Please Refer to Supplementary Principle 4-11 ① for the concept of the composition of the Board of Directors.)

(2) The Company appoints persons who have appropriate experience and skills, and the necessary knowledge of finance, accounting, and legal affairs as Audit Committee members, appointing in particular individuals who are sufficiently knowledgeable of finance and accounting.

(3) The effectiveness of the Board of Directors is evaluated every year to confirm that the effectiveness of the Board of Directors of the Company is ensured, and to continuously improve its functionality.

(For details, refer to Supplementary Principle 4-11 (3).)

(Supplementary Principles)

4－11①

The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a "skills matrix". When doing so, independent director(s) with management experience in other companies should be included.

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The balance of knowledge, experience and skills of the Board of Directors as a whole, and the thinking behind its diversity and scale, and the policies and procedures relating to the selection of directors, are as stipulated below in the Company's "Corporate Governance Guidelines, Article 3. Composition of the Board, and Article 5. Qualifications for Directors".

https://www.hitachicm.com/global/sustainability/governance/corpgovernance/

Article 3. (Composition of the Board)

In nominating a director candidate, the Nominating Committee shall consider:

1. diversity in the experience, expertise, sexuality and nationality, etc. of the director candidates, the composition ratio between outside directors and other directors (directors concurrently serving as executive officers and non-executive directors from within the Hitachi Construction Machinery Group), and other such matters in order to ensure the effectiveness of the management supervision and decision-making functions of the Board;
2. that to maintain the continuity of the Board, new candidates do not constitute all or almost all of the candidates; and
3. the period of time since the candidate's assumption of office as the Company's director and the candidate's age to keep bringing fresh ideas and viewpoints regularly to the Board.

In principle, a person shall not be nominated as a director candidate after his or her 75th birthday. However, the Nominating Committee may nominate a person over 75 as a director candidate in special circumstances.

Article 5. (Qualification for Directors)

In nominating a director candidate, the Nominating Committee shall consider that:

1. such candidate has the highest personal and professional ethics, integrity and insight; and
2. such outside director candidate has distinguished records of leadership or experience at policy making levels in business, law, administration, finance, accounting or education, etc..

The combination of directors' work histories and skills is disclosed in the Notice for the convocation for the Shareholder's Meeting. We have appointed independent outside directors who have rich experience and high levels of insight and expertise, including those who have experience of management in other companies, and we believe that this ensures the diversity of the Board.

【Notice for the convocation for the Annual Shareholder's Meeting】

https://www.hitachicm.com/global/en/ir/stock-and-bond/smeeting/

(Supplementary Principles)

4－11②

Outside directors, outside kansayaku, and other directors and kansayaku should devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities. Therefore, where directors and kansayaku also serve as directors, kansayaku or the management at other companies, such positions should be limited to a reasonable number and disclosed each year.

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The Notice for the convocation for the Shareholder's Meeting discloses the status with regard to important concurrent positions on the Board of Directors of the Company.

【Notice for the convocation for the Annual Shareholder's Meeting】

https://www.hitachicm.com/global/en/ir/stock-and-bond/smeeting/

Further, the policy with regard to the concurrent positions of officers of listed companies is stipulated as follows in the Company's "Corporate Governance Guidelines" Article 7. Service in Other Companies".

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/

Article 7. (Service in Other Companies)

Directors are encouraged not to serve as more than 4 listed companies' director, corporate auditor, or executive officer in addition to the Company's director because they are expected to invest the time necessary to understand the Company's business, participate in and prepare for the Board's meetings.

Directors shall advise the director as set forth in the Article 8 when receiving an invitation to serve as an officer from other companies.

(Supplementary Principles)

4－11③

Each year the board should analyze and evaluate its effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director. A summary of the results should be disclosed.

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In order to ensure and improve the effectiveness of the Board of Directors, it is evaluated every year in accordance with Article 12 (Board Evaluation) of the Company's "Corporate Governance Guidelines." The fiscal year 2025 evaluation of the effectiveness of the Board of Directors has itself been analyzed and evaluated, and the outline of the results is as follows.

<Evaluation Method>

(1) In February 2026, conducted a self-assessment questionnaire-based survey based on the following items for all ten (10) Directors via a third-party organization.

Questionnaire Items

No.	Items	No.	Items
1.	Desirable Status of Board of Directors	6.	Performance of Executive Officers and Outside Directors

2.	Composition of Board of Directors	7.	Support system and training for Directors
3.	Management of Board of Directors	8.	Dialogue with shareholders (investors)
4.	Discussion of Board of Directors	9.	Effectiveness of Committees (Audit Committee, Nominating Committee, Compensation Committee)
5.	Monitoring function of Board of Directors	10.	Summary

(2) In March 2026, third-party organization interviews were conducted for all ten (10) Directors based on the results of the survey.

(3) The third-party organization aggregates and analyzes the survey results, based on the questionnaires and interviews.

(4) The Board of Directors Bureau reported the evaluation results by the third-party organization at the Board of Directors meeting held on May 25, 2026. Based on the results, the Board of Directors discussed mainly on how to resolve issues and develop strengths, and finalized the evaluation of the effectiveness of the Board of Directors in FY2025.

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<Progress of response to the recognized issues based on effectiveness evaluation results of the Board of Directors in the preceding fiscal year>

Based on effectiveness evaluation results of the Board of Directors in FY2024, the Board of Directors and the Board of Directors Bureau focused efforts particularly on the following points.

- Desirable Status of Board of Directors

Opportunities were provided for all Directors and members of the Nominating Committee to exchange opinions regarding the roles of the Board of Directors and the skills matrix based on such roles.

As a result, particularly with respect to the skills matrix, there were opinions evaluating these efforts, including comments that “discussions are still ongoing” and “areas for improvement have been discussed through opinion exchange meetings and other forums.”

- Management of Board of Directors

All Directors exchanged opinions regarding reviews of matters subject to discussion by the Board of Directors and the standards for submission of proposals. In addition, opportunities were provided in

advance for discussing the Company's direction, its overall strategies, and how to achieve growth. At the same time, discussions and considerations were conducted regarding the allocation of deliberation time according to agenda items.

In response to these efforts, there were opinions evaluating the initiatives, including comments that "the management of Board of Directors meetings has become more organized than before by narrowing down agenda items," while opinions were also expressed requesting further refinement of the standards for submission of proposals. Furthermore, regarding deliberation time, there were opinions calling for further improvement, such as "time spent on reports should be reduced so that discussions can focus on highly important themes" and "standardization and focusing explanations on key points would enable deeper discussions."

- Desirable Status of Each Committee

All Directors exchanged opinions regarding clarification of the roles of each committee, and each committee re-verified its respective roles.

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

Based on the questionnaire survey, interviews and the progress of improvement from the preceding fiscal year, we confirmed that efforts will be focused on the following items in FY2026.

- Management of Board of Directors

Regarding matters to be discussed by the Board of Directors, there were opinions that "the standards should be reviewed in line with the scale of business," "the degree of emphasis should vary depending on the proposal," and "the Board of Directors should clarify the points requiring deliberation for proposals that have already passed through the Executive Committee."

In response to such opinions, the Board of Directors will discuss and consider reviews on the matters subject to discussion and the standards for submission of proposals. In addition, we will consider classifying agenda items into those requiring detailed explanations and those that should be simplified. Furthermore, we will consider a format whereby materials submitted to the Executive Committee include a summary that identifies the key points to be deliberated by the Board of Directors.

- Discussion on Management Strategies and Management Plans

Regarding management strategies and management plans, there was an opinion that "opportunities are needed to discuss the current situation that forms the basis of such strategies and plans, as well as differentiation from other companies." In addition, comments were also made regarding follow-up

efforts, including the opinion that "explanations and discussions are required concerning deviations from the Mid-term Management Plan and the causes thereof."

In response to these opinions, we decided to establish opportunities separate from Board of Directors meetings for discussing management plans and management strategies, and at the same time to provide opportunities for follow-up on progress.

- Risk Management and the Role of the Audit Committee

Regarding risk management, there were opinions that "the Audit Committee should independently discuss business risks and potential risks separately from conventional risk management meetings" and that "business risks and potential risks should be shared with and linked to the Board of Directors based on such discussions." These issues will be discussed and considered by the Audit Committee.

- Division of Roles and Coordination between the Audit Committee and the Internal Audit Department

There was an opinion that "the reporting line to the Audit Committee, as well as the distinction and division of roles between the Audit Committee and audits conducted by the Internal Audit Department, are unclear." In response to this opinion, the Board of Directors will discuss and consider the division of roles and methods of coordination between the Audit Committee and the Internal Audit Department.

【Principle 4.12 Active Board Deliberations】

The board should endeavor to foster a climate where free, open and constructive discussions and exchanges of views take place, including the raising of concerns by outside directors.

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So that there can be open and constructive discussions and exchanges of opinions at meetings of the Board of Directors, time for dialogue among all directors is set aside.

(Supplementary Principles)

4－12①

The board should ensure the following in relation to the operation of board meetings and should attempt to make deliberations active:

i) Materials for board meetings are distributed sufficiently in advance of the meeting date;

ii) In addition to board materials and as necessary, sufficient information is provided to directors by the company (where appropriate, the information should be organized and/or analyzed to promote easy understanding);

iii) The schedule of board meetings for the current year and anticipated agenda items are determined in advance;

iv) The number of agenda items and the frequency of board meetings are set appropriately; and

v) Sufficient time for deliberations.

→

Materials for meetings of the Board of Directors are distributed well in advance of meeting dates.
In principle, proposals of the Board of Directors are submitted after approval by the Executive Committee, so that each director can check the materials at the stage of submission to the Executive Committee, and the Board of Directors Bureau can receive objections, if necessary.
In order to ensure sufficient time for discussions when holding meetings of the Board of Directors, each director is notified of the meeting schedule and deliberation time in advance.
In accordance with the Companies Act and the rules of the Board of Directors, the frequency of Board meetings is set appropriately, and the Board of Directors Bureau organizes the number of items to be discussed and utilizes remote meetings, etc., in order to ensure sufficient time for discussions.
In order to give a brief outline of the main points, materials are shared in advance, and an explanation period for each agenda item is set in advance in order to ensure sufficient deliberation time.

【Principle 4.13 Information Gathering and Support Structure】

In order to fulfill their roles and responsibilities, directors and kansayaku should proactively collect information, and as necessary, request the company to provide them with additional information.

Also, companies should establish a support structure for directors and kansayaku, including providing sufficient staff.

The board and the kansayaku board should verify whether information requested by directors and kansayaku is provided smoothly.

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The members of Audit Committee, which consists only independent outside directors, attends important meetings, hear from all executive officers, employees, and group companies about the status of execution of their duties and business conditions, and decide important matters, such as draft agendas of Executive Committee meetings, and are also able to peruse approval documents.
In addition, in order to assist each director in obtaining sufficient information, the Board of Directors Bureau and the Audit Committee play central roles in supporting the directors and the Audit Committee, respectively.

(Supplementary Principles)

4－13①

Directors, including outside directors, should request the company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, kansayaku, including outside kansayaku, should collect information appropriately, including the use of their statutory investigation power.

→

Directors can request additional information as needed, in order to ensure transparent, fair, prompt and decisive corporate decision-making, and they obtain the necessary information through the Board of Directors Bureau.

(Supplementary Principles)

4－13②

Directors and kansayaku should consider consulting with external specialists at company expense, where they deem it necessary.

→

There is a system in place whereby the Company's directors can avail themselves of expert advice at company expense, as required.

(Supplementary Principles)

4－13③

Companies should ensure coordination between the internal audit department, directors and kansayaku by establishing a system in which the internal audit department appropriately reports directly to the board and the kansayaku board in order for them to fulfill their functions. In addition, companies should take measures to adequately provide necessary information to outside directors and outside kansayaku. One example would be the appointment of an individual who is responsible for communicating and handling requests within the company such that the requests for information about the company by outside directors and outside kansayaku are appropriately processed.

→

In the Company, any issues regarding the Company or Group companies submitted or reported to the Executive Committee are shared without delay by the executive officers to the Audit Committee. In addition, the results of internal audits conducted by the department in charge of internal audits on the Company and its group companies are reported to the Audit Committee, and regular reports from the Audit Committee to the Board of Directors ensure coordination between the internal audit department and the Board of Directors, including those directors who are also Audit Committee Members.

In order to provide appropriate information to outside directors, the Company has set up the Legal Division, which is the Board of Directors Bureau, and the Audit Committee Aide and the Audit Committee Bureau, which assists the duties of the Audit Committee.

【Principle 4.14 Director and Kansayaku Training】

New and incumbent directors and kansayaku should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities

suitable to each director and kansayaku along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.

→

In order for newly appointed directors to deepen their understanding of the Company's business and structure, and the roles and responsibilities of directors in the Company, the head of each business division will provide opportunities for dialogue on business activities, future business goals and business risks.

(Supplementary Principles)

4－14①

Directors and kansayaku, including outside directors and outside kansayaku, should be given the opportunity when assuming their position to acquire necessary knowledge on the company's business, finances, organization and other matters, and fully understand the roles and responsibilities, including legal liabilities, expected of them. Incumbent directors should also be given a continuing opportunity to renew and update such knowledge as necessary.

→

After new directors take office, opportunities are provided for briefings on current business execution status by executive officers and regular reports by executives on business activities and initiatives to address issues, etc., thereby providing them with a wide range of information on finance and organizational structure, in addition to market trends and industry-specific information.

(Supplementary Principles)

4－14②

Companies should disclose their training policy for directors and kansayaku.

→

The training policy for directors is stipulated in the Company's "Corporate Governance Guidelines" Article 11. (Education of Directors), as follows.

https://www.hitachicm.com/global/en/sustainability/governance/corpgovernance/

Article 11. (Education of Directors)

The Company shall provide directors with an orientation upon assuming office as well as other opportunities, if necessary, in order for them to acquire knowledge, such as of the Hitachi Construction Machinery Group's business, necessary for discharging their duties as directors.

Section 5: Dialogue with Shareholders

【General Principle 5】

In order to contribute to sustainable growth and the increase of corporate value over the mid-to long-term, companies should engage in constructive dialogue with shareholders even outside the general shareholder meeting.

During such dialogue, senior management and directors, including outside directors, should listen to the views of shareholders and pay due attention to their interests and concerns, clearly explain business policies to shareholders in an understandable manner so as to gain their support, and work for developing a balanced understanding of the positions of shareholders and other stakeholders and acting accordingly.

→

In order to realize constructive dialogue with shareholders and investors, the Company holds various opportunities in addition to the general meeting of shareholders such as the explanatory meeting for financial results, executive meeting, business explanatory meeting, small meetings and individual interviews.

In addition, at these briefings and interviews, from the perspective of emphasizing dialogue with shareholders and investors, senior management, including the President (COO) and CFO, attend to a reasonable extent and directly explain the Company's management policies.

【Principle 5.1 Policy for Constructive Dialogue with Shareholders】

Companies should, positively and to the extent reasonable, respond to the requests from shareholders to engage in dialogue (management meetings) so as to support sustainable growth and increase corporate value over the mid-to long-term. The board should establish, approve and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.

→

In order to promote dialogue with shareholders and investors, we have established the Investor Relations Sec., Public Relations & Investor Relations Dept., Corporate Brand & Communications Group, as a specialized department under the COO, the executive in charge of IR. We strive to disclose information fairly and transparently so that our shareholders and investors can fully understand our management policies and financial conditions, and properly evaluate our corporate value. Disclosures regarding overall management policies and financial conditions are discussed and shared in advance between directors and executive officers and related departments. The opinions of shareholders and investors obtained through IR activities are regularly reported and discussed at meetings of the Board of Directors and the Executive Committee, and are used for management.

(Supplementary Principles)

5－1①

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and kansayaku, should have a basic position to engage in dialogue (management meetings) with shareholders.

→

From the perspective of emphasizing dialogue with shareholders and investors, senior management, including the President (COO) and CFO, attend to a reasonable extent and explain those issues.

(Supplementary Principles)

5－1②

At minimum, policies for promoting constructive dialogue with shareholders should include the following:

i) Appointing a member of the management or a director who is responsible for overseeing and ensuring that constructive dialogue takes place, including the matters stated in items ii) to v) below;

ii) Measures to ensure positive cooperation between internal departments such as investor relations, corporate planning, general affairs, corporate finance, accounting and legal affairs with the aim of supporting dialogue;

iii) Measures to promote opportunities for dialogue aside from individual meetings (e.g., general investor meetings and other IR activities);

iv) Measures to appropriately and effectively relay shareholder views and concerns learned through dialogue to the senior management and the board; and

v) Measures to control insider information when engaging in dialogue.

→

(i) The Company has designated an executive officer in charge of IR, and management actively engages in dialogue with shareholders and investors.

(ii) Investor Relations Sec., a specialized department, has been set up and a system put in place whereby there is constant discussion and collaboration with related departments, such as business management planning, finance, and legal affairs, regarding the perspectives and issues of shareholders and investors, so that they are ready to engage in constructive dialogue.

(iii) In addition to individual interviews, the following dialogue opportunities are regularly offered.

< For institutional investors and analysts >

- Explanatory meeting for the Medium-term Management Plan (once a year, President)
- Financial results explanatory meeting (four times a year, President and CFO)
- Business explanatory meeting (once a year, President and managing director)
- Site tour (once a year, executive in charge)
- Small meetings after Financial results announcement (four times a year, CFO and other executive officers)

< For individual investors >

-Radio NIKKEI program (four times a year, the President)

- Online explanatory meeting for individual shareholders and investors (once a year, the President/ twice a year, IR Group)
- Site tours for individual shareholders (once a year, executive in charge)

(iv) Opinions from shareholders and investors obtained through IR activities are summarized by Investor Relations Sec. and regularly reported and discussed at meetings of the Board of Directors and the Executive Committee, and are utilized for management purposes.

< Summary of dialogue >

- Speakers: President, CFO, other executives (President of Business Unit, etc.)

- Overview of institutional investors: Domestic/overseas (Europe, North America, Asia, etc.), active management, portfolio managers / analysts / ESG officers / voting officers

< Main topics of dialogue and items of interest >

- Measures to improve and stabilize profitability, with a focus on expanding the value chain business
- Market conditions, sales performance, and future strategies in the Americas, where the company is focusing on independent expansion
- Measures to expand the mining business and the specialized parts and service business
- Shareholder return policy and outlook, including dividend forecasts and the company's stance on share buybacks
- The company's views on changes in major shareholders' holdings, the impact on operations, and whether there have been any internal changes, etc.

< Status of Feedback >

Opinions received from shareholders and investors and stock price trends are reported and discussed at the Board of Directors and the Executive Committee as part of quarterly Investors Relations activity reports, so that these can be utilized in business management.

< Actions taken based on the dialogue and later feedback >

- Providing historical data on cost of capital, various financial figures, and indicators via the company's website
- Expanding explanations of cash allocation measures, including shareholder returns
- Explaining key initiatives related to future growth potential and their progress at business briefings and other events

(v) In accordance with the "Insider Information Management and Insider Trading Prevention Regulations" established as internal rules, Investor Relations Sec. has a central role in the management of insider information and has constructed an appropriate information management system.

(Supplementary Principles)

5－1③

Companies should endeavor to identify their shareholder ownership structure as necessary, and it is desirable for shareholders to cooperate as much as possible in this process.

→

For the purpose of strengthening IR activities and constructive dialogue with shareholders, the Company conducts a shareholder identification survey of beneficial shareholders, as well as ascertaining the distribution of shareholders in the register of shareholders at the end of March and the end of September every year.

【Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans】

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.

→

The Group formulates Mid-term Management Plan to achieve sustainable growth and enhance corporate value. In the Mid-term Management Plan "LANDCROS 2028" commencing in FY2026, we have positioned North American Business, Latin American Business, Mining Business, and Parts and Service Business as priority businesses and allocate management resources primarily to these businesses for our expansion. We establish and manage quantitative targets from the perspectives of profitability and efficiency and pursues sustainable growth and long-term enhancement of corporate value by improving earning power, capital efficiency, and cash generation capabilities through strategic investments in R&D, human resources, digital technologies, and AI, as well as through ongoing reviews of our business portfolio.

For more details, please refer to the "Mid-term Management Plan" section on our company website.
https://www.hitachicm.com/content/dam/hitachicm/global/en/ir/stock-and-bond/smeeting/docs/Notice_of_Convocation_for_the_62nd_En.pdf

(Supplementary Principles)

5－2①

In formulating and announcing business strategies, etc., companies should clearly present the basic policy regarding the business portfolio decided by the board and the status of the review of such portfolio.

→

The Group positions the continuous review of our business portfolio as an important management priority to achieve sustainable growth and enhance corporate value. Each business is regularly assessed from perspectives such as market growth potential, competitive advantage, profitability, and capital efficiency. We promote the optimal allocation of management resources based on these assessments. Through ongoing business reviews, the Group revises its investment plans and business strategies as appropriate, with the aim of enhancing profitability, capital efficiency, and cash generation capabilities, thereby increasing corporate value over the medium-to-long term.