

Risk Management

More Robust Global Risk Management

Developments in information and communication technology, geopolitical risks, and changes in economic conditions bring day-to-day changes to the business environment surrounding society. The Hitachi Construction Machinery Group regularly ascertains and analyzes this business environment, implementing risk management in terms of both risks requiring preparation and opportunities for further growth and in keeping with social issues, its competitive advantages, and management resources, and reflects these risks and opportunities in its management strategies while controlling them.

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

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

The ERM Committee discusses and makes decisions on environment-related issues such as climate change, pollution, and disasters, as well as risks that could shake the very foundations of our global operations, including pandemics, cybersecurity, human rights, geopolitical risks, economic security, and community issues. The committee basically meets once per term to discuss and make decisions on these risks, but extraordinary meetings may be held in response to sudden requests to address company-

wide risks or at the request of the chairperson, other committees, or relevant business units. Ethical and legal violations are discussed by the Compliance Management Committee, which is charged with raising awareness to prevent violations and implementing measures to avert their recurrence.

The ERM Committee reports to the Executive Committee and the Board of Directors on important matters such as company-wide risk response policies, and the Compliance Management Committee reports on major compliance matters.

ERM Committee Structure

