

Promoting to raise employee capability globally

The base of CSR is raising employee capability. Our group trains employees working all over the world mainly at Kasumigaura Institute, and implements diverse personnel measures and measures for health and safety at work to materialize a pleasant work environment.

Global human resource development

Global human resource development is an important issue for our group, since 73 percent of sales are the sales outside Japan. There were two training sessions for employees working outside Japan at Kasumigaura Institute, which was completed on April 1, 2007.

Thirteen managers from Oceania and Asian countries attended the fourth overseas management training session in January 2008. During the one-week course they learned the visions of our group, the medium-term management plan, marketing, financial analyses, etc. The managers observed plants and made presentations in groups.



Overseas management training

We provided the training to 22 newly-recruited engineers of Telco Construction Equipment in India for five weeks

starting from the end of January. Responding to trainees' wishes to learn our "production culture", the training covered various topics, such as technical explanations on welding, plate working and coating, and welding



Curry

Ms. Neha, a new employee (left), Mr. Roy, an interpreter (right)

I was impressed by the good behavior of the Japanese, for example, accurately sorting rubbish and observing road signals. I experienced no problems during my stay. I am grateful for the curries prepared by the Indian chef. I was impressed by the efforts to reduce production time and the latest welding at Hitachi Construction Machinery Tsuchiura Works. I want to put what I have learned here into practice in India.



training, and included visits to construction machinery users. On the first day of the training, trainees learned some Japanese and how to use the trains and buses to enjoy their stay in Japan. We provided curries prepared by an Indian chef.

Human resource development at group companies

When Kasumigaura Institute provides training according to position, work ability, etc., the Institute accepts half of the trainees from group companies in Japan to raise their human resources. Group companies outside Japan implement diverse measures for human resource development as required. Hitachi Construction Machinery France (the current TCM France), a manufacturing company, believes that it is important to learn Japanese culture and our "production culture" and all of the current five managers have attended training in Japan. Young service staff from Hexindo Adiperkasa, a sales and service company in Indonesia, is receiving one year of training at our Customer Support Division to develop their service capability.



Ms. Véronique, a manager of Hitachi Construction Machinery France

I went to Japan in October last year. Then I toured Tsuchiura Works and visited Kyoto. I was surprised to realize that the new, high-tech culture such as the automatic doors of taxis and the traditional culture such as kimono are completely integrated in Japan.



Mr. Augustin, an employee of Hexindo Adiperkasa

I am staying in Japan for one year to learn service management. I have no difficulty finding somewhere to pray at the office, but I am having difficulty finding food permitted by my religion.

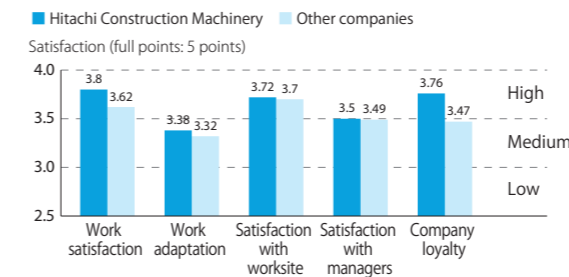
Employee awareness survey

We surveyed on the awareness of our regular employees, continued elderly employees, contractors and others from the end of August through September in 2007. We

conducted the survey to know what the employees are thinking at work, which will be considered to establish a lively and energetic work environment. Of 4,560 employees, 3,623 (79.5%) responded.

We gained good results for satisfaction for all four items of "work", "worksite", "managers" and "the company". The survey revealed high satisfaction with work and high loyalty. Many respondents answered that they respect the managers. However, the number believing they can develop their capability was low, indicating a requirement to improve human resource development. We will make efforts to establishment a pleasant work environment, referring to the results.

Results of the employee awareness survey



Acknowledged as a being company which meets the standards pursuant to the Next Generation Law

The Law for Measures to Support the Development of the Next Generation which became effective in 2005 mandates that companies with more than 300 employees create a general company major activity plan (activity plan) and submit the plan to the labor bureau equal employment opportunity section.

We submitted the first activity plan, which lasted for two years, in fiscal 2005, and is now executing the second activity plan, which ends in March 2009. We met the standards set in April 2007, in accordance with the Next Generation Law, including that male employees take baby break and that at least 70 percent of female employee subjects take baby break, etc. Consequently, we were acknowledged as being a company that meets the standards of the Next Generation Law and is therefore allowed to use the "Kurumin Mark". During the term of the second activity plan, a male employee already took baby break.



Kurumin Mark



Mr. Yasuda, an engineer of Construction Equipment Division

I could take baby break without worry because my colleagues cooperated. Looking after an infant is hard work, for example waking up many times during the night, but I feel we have grown closer together.

Continuing to employ trainees from Indonesia

Hitachi Construction Machinery Camino has accepted sixteen trainees in four groups from Indonesia as part of the Association for International Manpower Development of Medium and Small Enterprises, Japan skill training scheme. The four trainees in the first group were employed by Hitachi Construction Machinery Indonesia in July 2007, but three have already resigned. The stability of trainees was not always good. Four trainees in the second group will also be employed by Hitachi Construction Machinery Indonesia in September when they return to Indonesia.



Mr. Hasni, a skilled worker at Hitachi Construction Machinery Indonesia

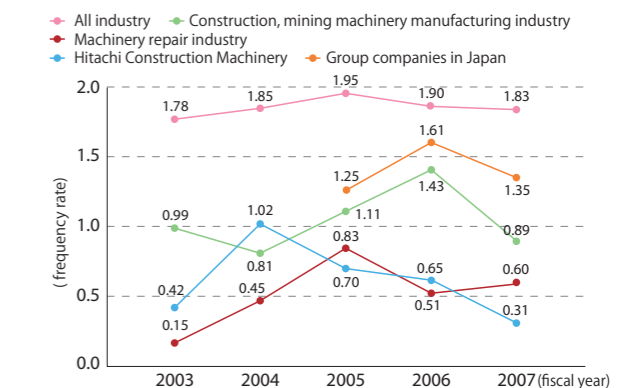


Second group of trainees at Hitachi Construction Machinery Camino

Thorough occupational health and safety

Our Occupational Health and Safety Promotion Committee gathers information concerning labor accidents, etc., from all group companies and informs the companies of accidents to prevent further accidents. However, improvements are required considering the accidents occurring. In fiscal 2007, there was a fatal accident at an office of one of the group companies. Considering this, we will request the Japan Industrial Safety & Health Association to conduct safety inspections at offices and service premises in fiscal 2008, in addition to raising employees' awareness of safety again and conducting safety patrols to eliminate the possibility of accidents.

Trends in the frequency of accidents causing worker fatalities and injuries (frequency rate*)



* frequency rate: Number of deaths and injuries in accidents at work per 1,000,000 man-hours.

EAP (Employee Assistance Program)

In Japan, the number of workers absent from work because of mental problems is increasing, so we implemented EAP in July 2007. About ten people use EAP a month. EAP is effective for mental health care.

