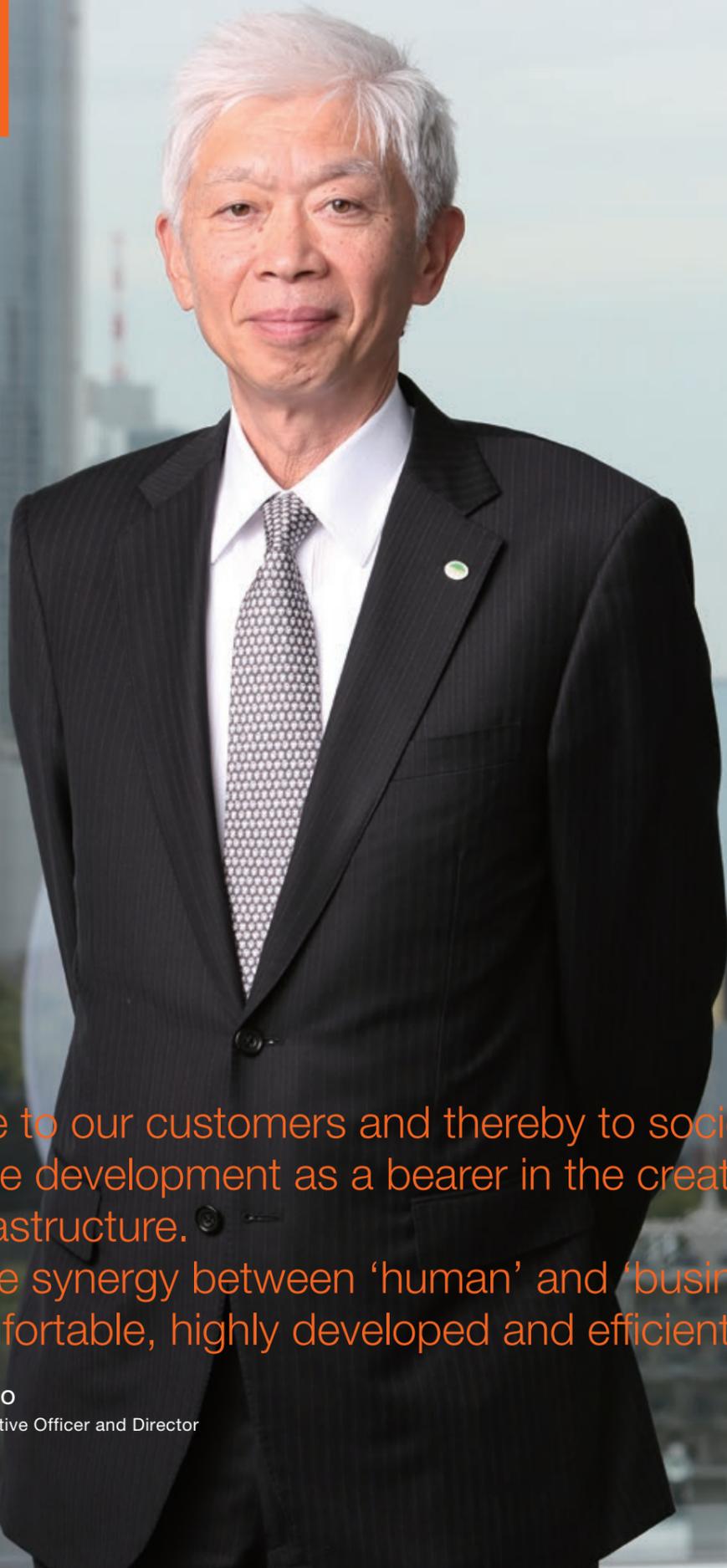


## Top Message



Contribute to our customers and thereby to society for sustainable development as a bearer in the creation of social infrastructure.  
Making the synergy between 'human' and 'business' more comfortable, highly developed and efficient

**Yuichi Tsujimoto**  
President, Chief Executive Officer and Director

### Contribute to our customers and society for sustainable development

The Hitachi Construction Machinery Group is a corporate group that contributes to maintaining social infrastructure and developing resources through the provision of products and services adapted to the needs of our customers and society as whole at sites in every country and region of the world. In addition to our efforts to improve the safety and productivity of our customers' work-sites and reduce life-cycle costs through our provision of products and services, we also believe it is extremely important to reduce the environmental impact associated with using our products and services. When reflecting on the evolution of construction machinery and the historical growth of industry and economics, we believe the value we provide is in how much we can contribute to society for sustainable development and we consider that contribution both our duty and *raison d'être*.

As part of our 2020 VISION, amid the rapidly changing construction machinery industry the Hitachi Construction Machinery Group aims to become a global company whose products and services are chosen by customers in every country and region of the world. As the second step towards realizing this vision, we have created a mid-term management plan titled GROW TOGETHER 2016 and are currently building the foundations for growth. When looking at the FY2015 business environment, due to the slowing of the Chinese economy and the large-scale drop in the value of resources it becomes clear that there have been major changes to several of the conditions pre-supposed in our FY2013 business plan. We believe these circumstances are exactly what make it so important to strengthen development marketing, sales marketing, mining operations, parts and services operations, SCM reform, and MONOZUKURI (manufacturing by skilled craftsmen), in order

### 2020 VISION

A "Close and Reliable Partner"  
Anywhere on the Earth with  
Best Solutions through Kenkijin Spirit

to reinforce every link in the value chain.

Our construction machinery can be found in operation around the world, both in developed and emerging countries, and it is known for having an extremely long product life-cycle. From research and development to production, sales, after-sales service, parts remanufacturing, and used machine sales, we communicate with our customers throughout the product life-cycle in order to work on developing and providing products and services that reduce environmental impact, improve safety and productivity, and lead to reduced life-cycle costs.

In addition, in terms of maintenance of social infrastructure and resource development the safe and stable operation of machinery is also important. In order to ensure that operation we use a Global e-Service employing information and communication technology (ICT) to consolidate our machinery's operational status, operational record, repair record, and client information, which allows us to provide various services that aim to reduce sudden troubles and loss due to downtime. In other words, enhancing the value of our products and services is directly related to increasing the value of our clients' businesses, resulting in our contribution to the creation of social value.

### Identifying the Materiality that shows the relationship between business and society

As you can see, we have long been aware of the relationship between our business model and the value it has on the environment and society; however, we renewed our focus on this fact when selecting the key initiatives for our FY2015 CSR activities. The three approaches we identified with respect to creating shared value (CSV) through business are: Resolving global environmental issues; Enhancing initiatives to increase social infrastructure workforce; and, Contributing to community development. Furthermore, underpinning all of our business activities are our initiatives for employee work safety and diversity, and governance. We now have renewed awareness of the importance of these initiatives, and we are currently undertaking their reinforcement.

By undergoing Materiality (priority issues) identification process we have been able to rediscover the relationship between our business and social issues, and we believe that having this shared awareness is an extremely meaningful thing that will inform our future business policy development.



### Resolving global environmental issues to achieve sustainable development

Last year's UN agreements on Sustainable Development Goals (SDGs) and the adoption of the Paris Agreement at COP21 show the directions being taken to solve global social issues. Our products and services include the machinery and systems used to build social infrastructure; our accurate grasp of our clients' work environment needs in every region of the world, and our provision of the optimal products and services suited to those needs, allows us to assist in creating that infrastructure in a safe and efficient environment at work-sites without any unnecessary impact on the environment. Through initiatives like the development of products reducing carbon emissions, such as our hybrid hydraulic excavator and our first domestic mid-size hybrid wheel loader, our business model is directly contributing to sustainable development and environmental conservation. At the same time, the stable and efficient operation of machinery while reducing energy consumption and operational costs is also an important issue, and our ConSite service menu that watches over our machinery in operation around the world is already available for over 30,000 units globally.

### Enhancing initiatives to increase durable social infrastructure workforce

In addition to the deterioration of the buildings and infrastructure supporting society, the lack of staff and decrease in skilled workers in the construction industry as part of the falling birth-rates and population aging that will lead to a large-scale drop in productivity throughout society are becoming major domestic issues. As a countermeasure for this, the Ministry of Land, Infrastructure, Transport and Tourism has begun undertaking the i-Construction initiatives geared at optimizing the construction process for civil engineering and public works and increasing productivity. Meanwhile, we plan on introducing an ICT hydraulic excavator to the market that has an onboard "machine control" feature that allows for semi-automation of traditionally complicated operations through inputting 3D data. In addition, we are also moving forward with technological development aimed at reducing injuries and casualties caused by falls and collisions through the use of unmanned dump trucks at mining sites. If the various technologies that are currently under development are realized, the full implementation of i-Construction may not be all that far off.

After all, construction machinery can already be considered 'robotic' in the broader sense of the word due to its provision of exponential amounts of labor in place of human beings and its role of operating in dangerous locations. Even when it comes to the Great East Japan Earthquake, we responded to conditions at the sites and developed and provided equipment and services that helped with reconstruction. This is another example of how we would like to use open innovation with the Hitachi Group and ICT solutions optimized for the creation of the future to solve labor shortage, safety, and all other 'human' issues.

machines. These combined with our ConSite service that makes use of Global e-Service functions managed on a network allows for timely contact with our client sites through the automatic email transmission of malfunction information to our clients and our closest service centers.

### Aspiring to even higher levels of service through the consolidated power of One Hitachi

More than just providing our clients with improved products and technology, in order to realize our 2020 VISION it will be important to determine how we can provide solutions that balance the hard and soft elements. From an environmental perspective, in addition to providing low-carbon products we will also need to provide solutions such as ICT construction machinery that efficiently reduces carbon emissions throughout the construction process and self-driving dump trucks. The mining industry involves unearthing, hauling, and pulverizing minerals as well as transporting them via rail to ports, but electricity generation and water treatment are also essential processes. Providing various products and services through the Hitachi Group's wide range of businesses and responding to our clients' deeper needs are the keys to differentiating ourselves. These kinds of above and beyond contributions are the true purpose of One Hitachi, and lead to the reduction of our clients' operational costs and result in increased safety and decreased environmental impact. In addition to our collaborative creation with the Hitachi Group, we believe that undertaking open innovation in the provision of solutions that resolve the business problems of our clients in various different industries is a major pillar in our future growth.

### Unearthing undeveloped capacity and contributing to the development of communities

While simultaneously improving our machinery and systems, we are also undertaking initiatives to directly tackle the 'human' elements. To start with, in terms of 'creation' we are undertaking our Made by Hitachi initiative in 35 works and plants around the world and aiming for unified global quality. As part of this initiative we are implementing quality diagnostics for each site and skill certification for processes such as welding, machining and painting, as well as holding skill competitions every year. Whether it is Japan, China, or India, we are working together with our suppliers in every region of the world to increase the level of the Group's MONOZUKURI.

Furthermore, there is a global increase in the need for sustainable development, and one of the Group's major duties is to back future-focused development in any community. In emerging countries the conditions of the work-sites using our machinery are quite varied, and the skill levels of the operators can differ widely. Since the concept of after-sales service can differ by country and region, we conduct training adapted to location with regards to the Group's standards of service. Underpinning all of this are the Global Positioning System (GPS) capabilities and sensors onboard each and every one of our

Furthermore, Hitachi Construction Machinery's Kenkijin Spirit is built upon the three ideas of Challenge, Customer, and Communication. Our group will come together as one in order to embody these ideas in every corner of the world.

#### Glossary

<sup>\*1</sup> SDGs  
Sustainable Development Goals. A continuation and development of the Millennium Development Goals (MDGs) whose deadline was in 2015, adopted by the United Nations General Assembly in September of 2015 as The 2030 Agenda for Sustainable Development. These are specific guidelines for action for advanced and developing countries that stipulate responsibility for poverty, famine, discrimination, climate change, and biodiversity.

<sup>\*2</sup> COP21  
The 21st Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change, held in Paris, France on November 30, 2015. The Paris Agreement, which forms the framework for the year 2020 onward when the Kyoto Protocol expires, has been adopted by 196 countries and territories around the world. This is the first agreement to include developing countries in the promise to reduce greenhouse gases.

<sup>\*3</sup> i-Construction  
An initiative by the Ministry of Land, Infrastructure, Transport and Tourism promoting the maintenance of safety and improvements to wage standards for people who work on construction sites by making use of information and communication technologies (ICTs) to improve civil works and construction site productivity and efficiency and ameliorate the corporate business environment. The i-Construction Committee was launched in December of 2015 and established their basic policy as working towards the introduction of ICTs to construction machinery and surveying, as well as standardization of specifications and leveling of yearly construction periods.