

Our Goals

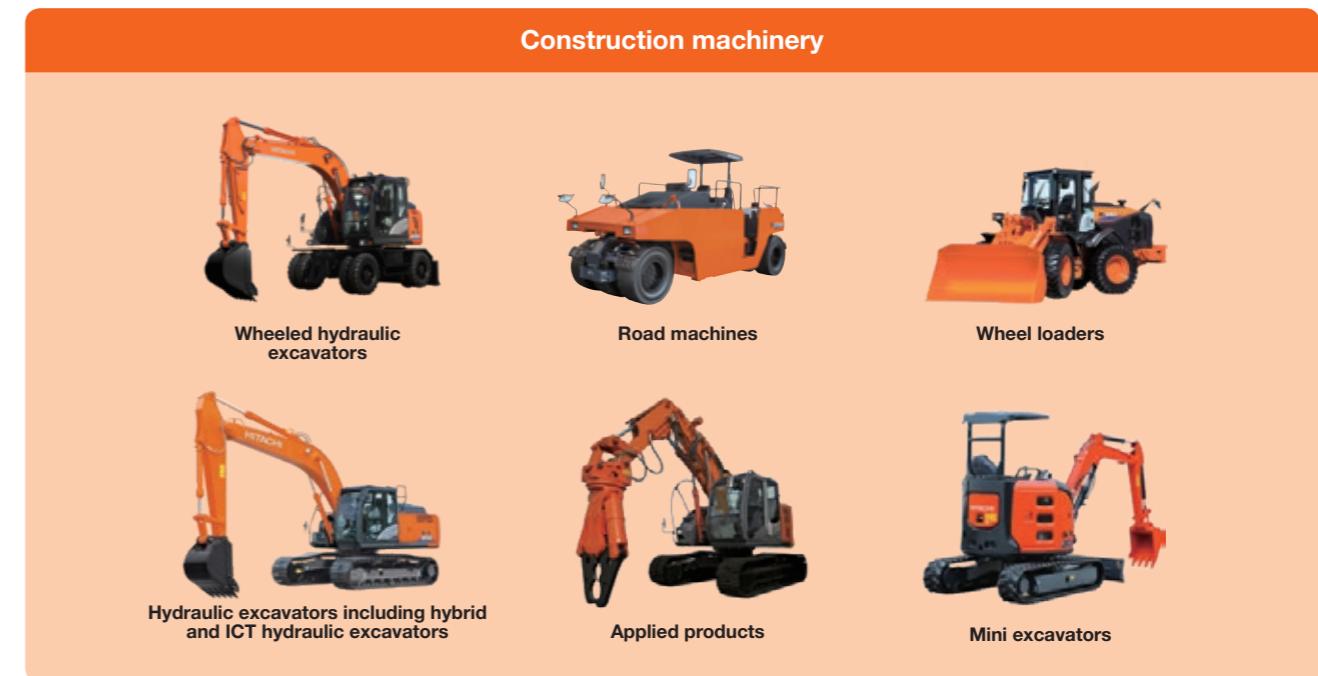
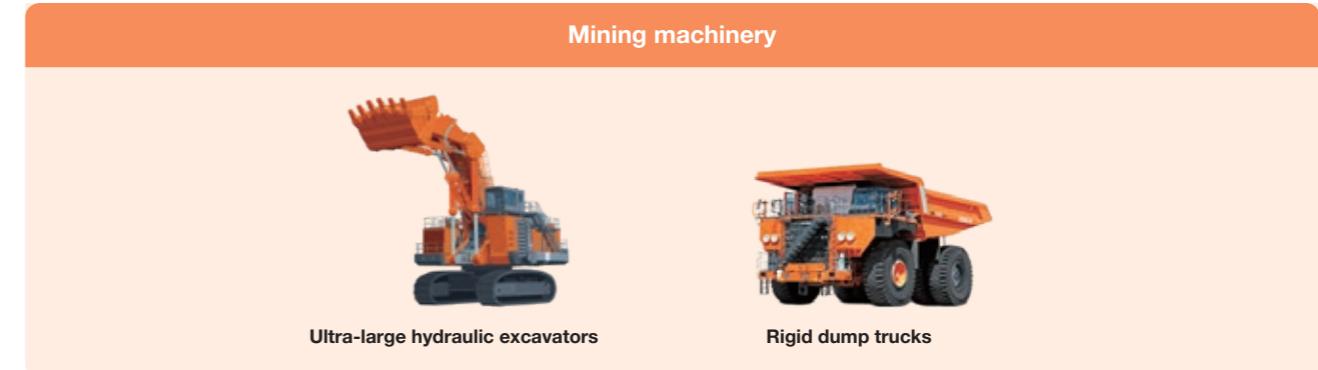
Construction machinery is truly indispensable for the construction of social infrastructure and development of industries. Our creation of construction machinery that deliver high quality, performance and reliability plays a key role in society's development. Under its shared global vision, the HCM Group is working on value creation to maximize business value together with environmental and social value for everyone who is part of the society we aim to achieve.

The HCM Group's Philosophy



Main Products and Services

The HCM Group offers a truly broad range of products and services, from construction machinery with world leading performance and quality to services supporting customers' businesses. Through our products and services we are helping to achieve a sustainable society.



Integrating Management Strategy and Sustainability

The world today continues to face myriad social and environmental issues that remain unresolved. These include worsening global warming, water shortages and growing economic disparities caused by globalization. Given this, companies are expected to play an even greater role in building a sustainable society.

In September 2015, the United Nations adopted the Sustainable Development Goals (SDGs*), which represent a common set of targets for the international community to achieve by 2030. The SDGs call for companies to be one of the key actors in achieving the 17 goals and 169 targets.

The HCM Group believes its own businesses play an important role in attaining the SDGs. We will continue to exert our best efforts to attain the SDGs while cooperating with customers, suppliers and partners in various aspects, including the provision of products and services centered on construction machinery.

In recent years, the investment community, too, now re-

CSR roadmap

The HCM Group aims to achieve sustainable growth and enhance its corporate value by integrating CSR measures with management strategies to thereby contribute to solving social issues through core business operations.

Realizing the sustainable society that the HCM group aspires to come true

2030 CSV* GOAL

Identifying Materiality*

- Establish framework to integrate CSR into management strategies
- Create 8 key CSR initiative themes

* **Materiality:**
Issues that could potentially have substantial impact on an organization's performance

At present Creating medium/long-term goals

Previous mid-term management plan
FY2014 - FY2016 "GROW TOGETHER 2016"

Current mid-term management plan
FY2017 - FY2019 "CONNECT TOGETHER 2019"

Corporate target

- Reflect CSR actions into the next mid-term management plan
- Disclose goals and targets, and information on progress towards their achievement
- Curb CO₂ emissions via products: Reduce by ▲ 33%

Target for solutions

Improve safety and productivity, reduce life cycle cost

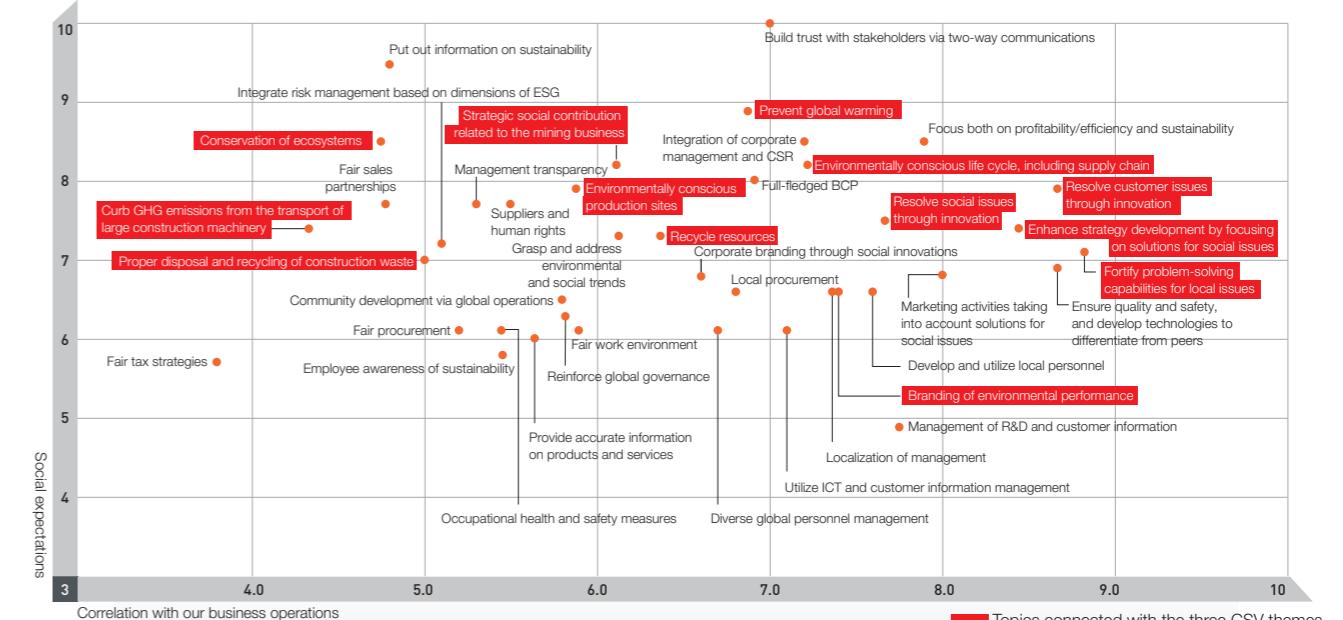
***(Creating Shared Value (CSV):**
An approach to management that seeks to create both social value and economic value.

Sustainability Issues and Key Initiative Themes

In FY2015, the HCM Group, along with outside experts and other external stakeholders, analyzed key CSR themes as a step toward achieving its goal for further growth. Taking into account recent trends in the global society at the time, we pinpointed 40 social issues, which we believed had a strong correlation with our business operations. We mapped out these issues and

assessed them based using two parameters; their significance to HCM Group businesses and the expectations the public has of the HCM Group. From this we were able to define eight CSR initiative themes that factored in the opportunities and risks of each issue.

Mapping of materiality topics examined and identified by the HCM Group



After creating a materiality map, we systematically reviewed each topic and came up with eight key initiative themes. Those matters of particular importance are positioned as CSV themes, which aim to link business growth with the solving of social issues. The other topics which are essential to implementing CSV themes were positioned as basic themes.

8 Key Initiative Themes

3 CSV themes

Three themes having high social expectations and a high level of correlation with our business operations

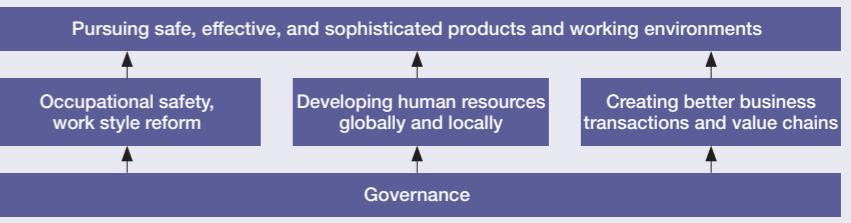
Resolving global environmental issues

Enhancing initiatives to increase social infrastructure workforce

Contributing to community development

5 base themes

Five themes that provide the foundation for our three CSV themes



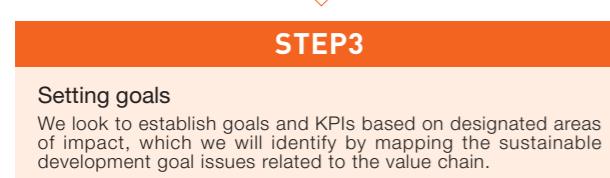
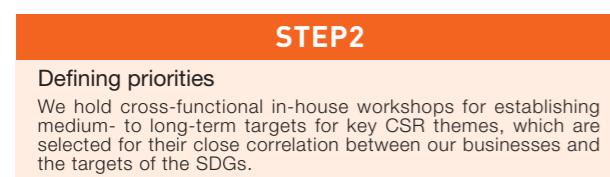
Our approach towards SDGs

At the United Nations Sustainable Development Summit 2015, held in September, more than 150 UN member nations agreed on universal sustainable development goals.

Undertaking SDGs is not only a way to improve corporate value but a valid approach to strengthen stakeholder relations. Moreover, each SDG has an extremely close affinity to the HCM Group's eight key initiative themes. Therefore, the HCM Group has scrutinized the relationship between its corporate activities and the SDGs to take action as part of its sustainable growth strategy capitalizing on its own strengths.



Process for setting medium/long-term goals



The Sustainable Development Goals

Goal 1	End poverty in all its forms everywhere
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3	Ensure healthy lives and promote well-being for all at all ages
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5	Achieve gender equality and empower all women and girls
Goal 6	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10	Reduce inequality within and among countries
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12	Ensure sustainable consumption and production patterns
Goal 13	Take urgent action to combat climate change and its impacts
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16	Promote peaceful and inclusive societies for sustainable development provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

Key issues in the value chain

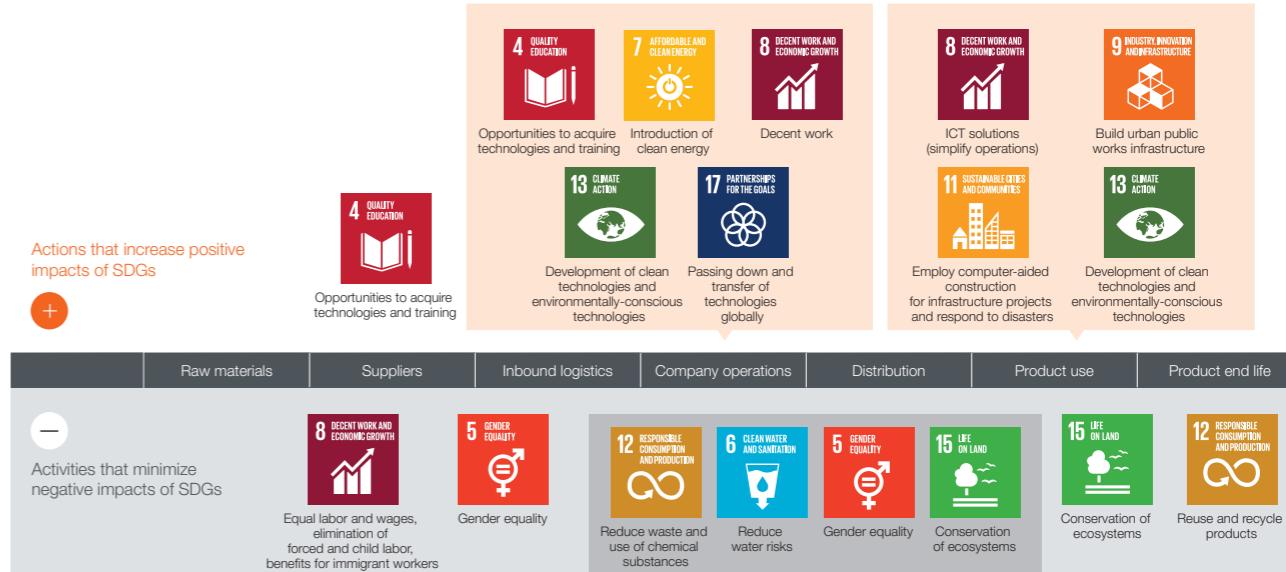
Construction machinery manufactured by the HCM Group is used in a variety of situations in society. This includes resource development at mines, development of social infrastructures, and in the agriculture, forestry, and livestock industries. It is now important that we clarify the correlation with sustainability issues throughout the value chain from the production and transport of construction machinery to their disposal, and not simply during use.

We assess the impact of our business operations to the

environment and society throughout the entire value chain by grasping an understanding of areas of impact, and analyzing the corresponding sustainable development goals and targets, and clarifying what initiatives are necessary for the group.

We plan to disclose information on the progress we are making towards SDGs in our value chain. We also aim to implement activities to achieve these goals while cooperating with various stakeholders.

Mapping the SDGs against the value chain



* The value chain categories above are the same in the SDG Compass recommended in the UN Global Compact

The SDGs strongly connected with our CSV themes

CSV theme 1 Resolving global environmental issues	CSV theme 2 Enhancing initiatives to increase social infrastructure workforce	CSV theme 3 Contributing to community development
13 CLIMATE ACTION 	Global greenhouse gas (GHG) emissions are trending upward. At present, the amounts of GHG emissions are increasing by more than 50% in comparison to levels in 1990*. We aim to address global climate change by working with suppliers and customers to develop more sophisticated environmentally-conscious products and activities to reduce environmental impact.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES 	The sharp growth of cities in emerging economies presents a variety of issues, including the lack of engineers to support the social infrastructure. We aim to contribute to sustainable urban development in both emerging and advanced economies, mainly through energy-saving technologies and solutions for optimizing operations in the frontlines.	8 DECENT WORK AND ECONOMIC GROWTH

* Source: United Nations Development Programme website

The purpose of the SDGs is to attain decent work that is worthwhile and full and productive employment for all men and women by 2030. To this end, we aim to support local hiring and development through our construction machinery business by accurately grasping the needs of the local community.

We need to revitalize our global partnerships to achieve the UN's sustainable development goals and targets. We aim to further strengthen collaborations with external organizations by leveraging the comprehensive capabilities of the Hitachi Group, to undertake initiatives for the realization of a sustainable society.