

# Materiality and SDGs (Sustainable Development Goals)

The HCM Group's vision calls for us to contribute to society by playing an important role in maximizing the creation of productive environment and prosperous cities, which stand as a symbol of comfortable living spaces.

To achieve this vision, we have given priority to identifying materiality (CSR key initiative themes) and incorporating these themes into our daily business activities.



In FY 2015, the HCM Group has identified eight key themes for its CSR initiatives to contribute to the realization of a sustainable society by taking economic, social, and environmental factors into consideration in efficiently allocating important management resources. In particular, the three themes with a high degree of social expectations and relevance to our business are positioned as CSV themes. We are now working to reinforce these initiatives further.

3 CSV Themes			
Themes with a high level of social expectations and correlation with our business operations			
Item	Relevant SDGs	Key issues	Scope of impact
<b>CSV theme 1</b> Resolving global environmental issues → P37		<ul style="list-style-type: none"> <li>•Development of clean technologies and environmentally conscious technologies</li> <li>•Address risks of climate change</li> <li>•Reuse and recycling of products</li> <li>•Reduce environmental impact for manufacturing processes</li> <li>•Utilize renewable energy</li> </ul>	Whole value chain
<b>CSV theme 2</b> Enhancing initiatives to increase social infrastructure workforce → P41		<ul style="list-style-type: none"> <li>•Develop products and solutions using ICT and IoT</li> <li>•Enhance services globally</li> </ul>	Whole value chain
<b>CSV theme 3</b> Contributing to community development → P45		<ul style="list-style-type: none"> <li>•Supply and support construction machinery</li> <li>•Development support in local communities through cooperation with outside organizations</li> <li>•Provision of technical/educational assistance and opportunities</li> </ul>	Whole value chain

5 Base Themes			
Themes that will become a platform for realizing CSV			
Item	Relevant SDGs	Key issues	Scope of impact
<b>Base theme 1</b> Pursuing safe, effective, and sophisticated products and working environments → P49		<ul style="list-style-type: none"> <li>•Improvement of quality</li> <li>•Provision of correct product/service information</li> </ul>	<ul style="list-style-type: none"> <li>•HCM Group</li> <li>•Customers</li> <li>•Business partners</li> </ul>
<b>Base theme 2</b> Occupational safety and work style reform → P51		<ul style="list-style-type: none"> <li>•Promote a safe and secure work environment</li> <li>•Employee health advancement</li> <li>•Realization of flexible working styles</li> </ul>	HCM Group
<b>Base theme 3</b> Developing human resources globally and locally → P53		<ul style="list-style-type: none"> <li>•Development and hiring of local personnel</li> <li>•Empower women in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>•HCM Group</li> <li>•Local communities</li> </ul>
<b>Base theme 4</b> Creating better business transactions and value chains → P55		<ul style="list-style-type: none"> <li>•Promote CSR throughout the entire value chain</li> <li>•Respect for human rights in the supply chain</li> </ul>	Whole value chain
<b>Base theme 5</b> Governance → P57		<ul style="list-style-type: none"> <li>•Risk management, including ESG</li> <li>•Strengthening of global governance</li> </ul>	HCM Group

## Verification of validity

The identified key CSR initiative themes are discussed and reviewed regularly in terms of validity through dialogue with external stakeholders and the internal Sustainability Promotion Committee, which is comprised of executive officers and the president as members. Also, going forward we plan to conduct reviews based on changes in external environment.