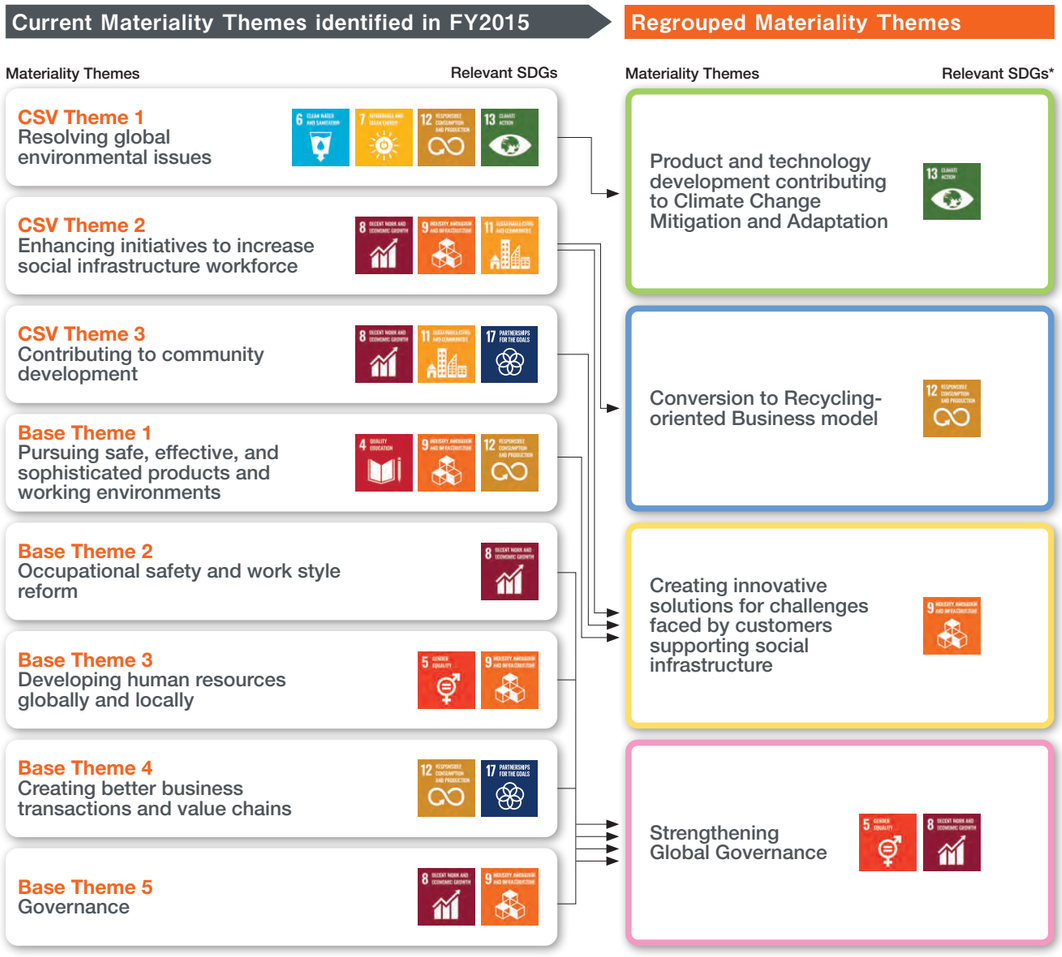
Hitachi Construction Machinery Group's Materiality

In fiscal 2015, the Hitachi Construction Machinery Group identified "eight CSR priority themes" as our Materiality together with internal and external stakeholders. Due to the drastic change in the global society as well as the policies and regulations of each country, we started to review the materiality in FY2020.

The materiality reviewed this time emphasizes not only the perspectives of SDGs and ESG, but also issues that lead to the improvement and damage of the company's corporate value. Regarding identifying the materiality themes, we had a lot of discussions while incorporating the opinions of internal and external stakeholders, including several dialogues with outside experts and were approved by the Executive Board and the Board of Directors in July 2021. In the future, we plan to confirm the progress of the medium-term management plan and reflect our Materiality in the management strategy process.

The Process of Reviewing Materiality



* In fiscal 2018, the Hitachi Construction Machinery Group selected 10 priority goals on which to focus among the 17 goals of the SDGs. The SDGs most relevant to the newly identified materialities are listed here, but they will also contribute to achieving other goals. (Reference) *Approaches to the SDGs* https://www.hitachicm.com/global/sustainability/sdgs/

Materiality Themes	Key Initiatives	Why it Matters
Product and technology development contributing to Climate Change Mitigation and Adaptation	[Mitigation] (Measures to curb greenhouse gas emissions) • Differentiation by expanding the development of decarbonization technologies such as electric and hydrogen engines • Realization of decarbonized products by understanding potential market needs and accelerating the speed of development • Acceleration of decarbonization by open innovation • Highly efficient mine operation management system (Improving the efficiency of the entire mine) • CO_2 reduction in the entire value chain • Proactively introducing renewable energy and systematically investing in high-efficiency facilities • Optimization of global production and procurement [Adaptation] (responding to current and projected climate change impacts) • Prompt provision of optimal solutions for disaster prevention and mitigation, emergency response, and recovery and reconstruction • Strengthen BCP for the entire supply chain • Establish a global production and procurement system to prepare for disasters	"Climate change" has a great impact on the Group's business in terms of risks and opportunities. As a TCFD supporter, this issue is undoubtedly critical and significant to tackle. We have selected this theme to clarify our stance of tackling this challenge by going one step further than the conventional solutions to global environmental issues.
Conversion to Recycling-oriented Business model	[Resource saving / waste generation control] • 3R (Reduce/Reuse/Recycle) + Renewable • AI Production Control [Longer term and effective use of products, etc.] • Longer service term and improved durability through eco-design [Global expansion of resource recycling] • Remanufacturing business of parts with the same quality as new products • Development of certified brand-name used equipment • Differentiation through high-quality rental machines and utilization of data	Increase the sustainability of business activities and ensure competitiveness over the medium to long term. To this end, it is important to shift to a business model that circulates and uses resources efficiently. This is the direction that is being sought internationally.
Creating innovative solutions for challenges faced by customers supporting social infrastructure	[Optimal relationship between people and machines] • Ensuring safety / quality, developing differentiating technologies • Contribution to cooperative construction machinery, driver assistance systems, and site safety [Productivity improvement by DX] • Expanding machines, systems and solutions that improve construction efficiency • Development and provision of labor-saving machines using unmanned and robotized technology [Lifecycle cost reduction] • Stable machine operation and reduction of life cycle cost [Localization] • Local development of machines and human resources • Providing finance and machinery for infrastructure development	While utilizing advanced technologies such as ICT, our group is confronting various issues in workplace, such as shortages of both workers and skilled engineers. It is our mission to solve customer issues such as improvement of safety, productivity, and reduction of life cycle costs.
Strengthening global governance	[Governance] • Management Transparency • Compliance • Risk management [Supply Chain Management] • Respecting human rights • Fair sales partnership [Employee occupational safety and human resource development] • Diversity human resource development locally and globally • Global Occupational Safety and Health Management (including infectious disease control)	We will aim to establish an organizational structure that will lead to increased corporate value in the long term. Furthermore, we must develop corporate governance on a global scale, including the creation of an environment in which employees from diverse backgrounds can play active roles. These things are essential. For the Group, which operates in more than 100 countries around the world, it is essential to consolidate corporate governance globally.