

# Working Toward a Society in Harmony with Nature—Addressing Biodiversity

## Basic Concept

Biodiversity has been positioned as an issue closely tied to climate change that needs to be tackled, and governments, investors, and others are increasingly demanding that companies address this issue.

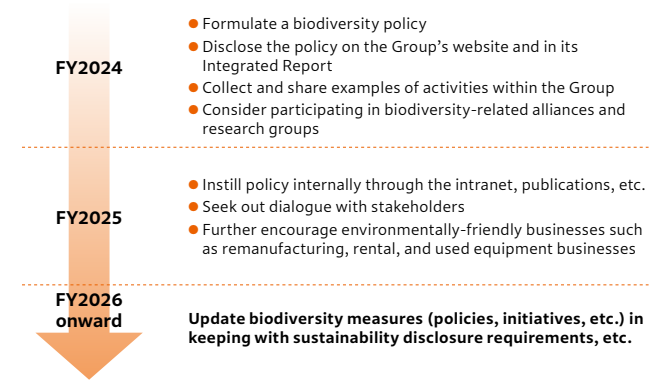
For its part, the Hitachi Construction Machinery Group is already implementing biodiversity-conscious initiatives at its business sites, and we believe it is important to actively communicate these initiatives internally and externally to further promote biodiversity initiatives.

Accordingly, the Hitachi Construction Machinery Group has formulated a “Biodiversity Policy” that serves as the basis for the Group's biodiversity initiatives. The Group will continue undertaking biodiversity initiatives based on this policy.

## Biodiversity Policy Formulation Process

- (1) The Sustainability Promotion Group formulated a secretariat draft based on external developments such as the creation of the Task Force on Nature-related Financial Disclosure (TNFD) and the release of the Ministry of the Environment’s “National Biodiversity Strategy 2023-2030”
- (2) This draft was approved via the Sustainability Promotion Committee, etc.
- (3) Reports were then submitted to the Executive Committee and the Board of Directors (subsequent changes will fall under the jurisdiction of the Board of Directors)

## Roadmap for Biodiversity Measures



### Biodiversity Policy

#### 1. Commitment

- The Hitachi Construction Machinery Group's vision, “Ensure a prosperous land and society for the future. We contribute toward realizing a safe and sustainable society,” represents our vision of a society based on harmonious coexistence with society. Based on this vision, and recognizing that the Group's business activities depend on the benefits of biodiversity and have the potential to affect ecosystems, we aim to realize a society in harmony with nature through the development of environmentally friendly products and the promotion of a circular economy, including regeneration projects.

#### 2. Compliance with national laws and regulations in accordance with international conventions

- We comply with the relevant laws and regulations of each country, including the prohibition of illegal logging of forests, in accordance with international biodiversity conventions such as the Convention on Biological Diversity, and work to conserve biodiversity in the areas where we operate.

#### 3. Addressing biodiversity through business

- We strive to reduce environmental impact along the value chain, from design and development to production and logistics, with the aim of promoting a circular economy and realizing nature positivity.
- We aim to reduce the impact on the ecosystem by actively working on the lengthening of product life cycles and the remanufacturing business based on the “4 Rs”,<sup>\*1</sup> thereby reducing waste and new resource inputs.
- By actively developing and providing ICT construction solutions, we will improve productivity and shorten construction periods, thereby contributing to the reduction of greenhouse gases and sustainable forestry management.

#### 4. Understanding the relationship between business and biodiversity and reducing impacts

- With the aim of preventing biodiversity loss (no net loss), we will select priority areas for biodiversity conservation, assess the impacts and dependencies on nature, including biodiversity, arising from our operations, as well as risks and opportunities, and promote appropriate measures. In addition, we aim to create a net positive impact (i.e. the effect of compensatory measures on biodiversity exceeds the loss of biodiversity) by 2050, and we will work to prevent deforestation that has a negative impact on ecosystems through afforestation and other reforestation initiatives.
- When operating in priority areas from a biodiversity perspective, targets and indicators will be managed by adopting the concept of prioritization (mitigation hierarchy<sup>\*2</sup>), whereby negative impacts are avoided, reduced or minimized and compensatory measures are taken for those impacts that still remain.

#### 5. Stakeholder engagement and disclosure

- Collaborate and dialogue with the Hitachi Construction Machinery Group's employees, procurement partners, local communities and NGOs to increase the effectiveness of biodiversity conservation initiatives.
- Proactively disclose information on initiatives based on this policy.

#### 6. Scope and jurisdiction

- This policy will be promoted within not only the Hitachi Construction Machinery Group, but also procurement and business partners for their endorsement.
- The Board of Directors will report on and approves the development and changes to this policy.

\*1 4Rs: Reduce, Reuse, Recycle, Renewable

\*2 Mitigation hierarchy: A framework for minimizing adverse effects on nature with a long-term perspective. It is a concept that guides organizations to first avoid impacts, and if that is not possible, to reduce the impact on nature, and finally to fulfil their responsibility to restore affected areas and ecosystems

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### Hitachi Construction Machinery Group Initiatives for Biodiversity Conservation

#### Example 1 Hitachi Construction Machinery Tierra's efforts to conserve Lake Biwa

Local characteristics and collaboration with stakeholders are important perspectives when addressing biodiversity.

Shiga Prefecture has designated July 1 as “Lake Biwa Day,” and the public and private sectors are working together to clean up the lake. Located near Lake Biwa, Hitachi Construction Machinery Tierra supports this aim by cleaning the roads around its plant and the ditches of nearby rice paddies. We are also participating in the “Fish Cradle Paddy Field Project,” a Shiga Prefecture initiative to restore the scenery that was once commonplace around Lake Biwa by installing fishways in rice paddies where the number of living creatures has declined dramatically. In addition, we are promoting efforts to deepen the public’s understanding of Lake Biwa by offering rice planting and harvesting experiences and other opportunities to observe the creatures that live in rice paddies and agricultural waterways.

In 2015, the Lake Biwa Conservation and Restoration Act was enacted, positioning Lake Biwa as a national asset. We must pass on its precious natural environment and abundant blessings to future generations. Hitachi Construction Machinery Tierra will therefore continue its activities to protect the richness of Lake Biwa.



Rice planting and harvesting experiences and events to observe the living creatures living in rice paddies and agricultural waterways

#### Example 2 Tree planting through “Plant a Million Zambia”

With the issue of climate change becoming a global challenge, the importance of afforestation activities that contribute to the direct regeneration of forests has been reaffirmed. New reforestation through the planting of trees absorbs CO<sub>2</sub> and cleans the water and air, contributing to climate change mitigation, ecosystem stability, and human health.

Hitachi Construction Machinery Zambia is participating in the “Plant a Million Zambia” initiative aimed at promoting economic and sustainable development by bringing local schools and communities together to reaffirm the importance of forests and trees. In August 2023, Hitachi Construction Machinery Zambia, in partnership with the implementing organization, planted 365 saplings in primary and secondary schools in Chongwe District. Employee volunteers participated and helped out in this tree-planting initiative that also helped raise environmental awareness among employees.



Hitachi Construction Machinery Zambia volunteers and Plant a Million Zambia staff

#### Example 3 Soil rehabilitation after mine closure

Soil rehabilitation is an important issue for preserving the environment and enabling stable use of a site after mining is completed.

It is important to return mines to a self-sustaining natural ecosystem or a state that ensures the safety of future land use, and our business partners are actively working on soil rehabilitation.

We will continue our efforts to address biodiversity from the perspective of cooperation with stakeholders.

##### Rehabilitation Process

