

## Post-disaster Restoration Support Emphasizing and Implementing Prompt Aid

Construction machinery plays a critical role in rehabilitation after earthquakes, floods and other disasters. In consideration of the nature of its products, Hitachi Construction Machinery takes emergency aid for disasters as its mission and extends prompt aid in a variety of ways when a domestic or overseas natural disaster occurs.

### Aid for the 2004 Sumatra Earthquake

Upon the occurrence of the Sumatra Earthquake and following Tsunami Disaster in December 2004, Hitachi Construction Machinery provided Indonesia and Thailand with aid equivalent to 100 million yen including a free-of-charge supply of construction machinery and a dispatch of operators. In particular, one of the Group companies, Hexindo in Indonesia, quickly reopened the Banda Aceh Office that had been closed in consideration of public safety and made efforts in terms of training, service and parts supply. As a result, the hydraulic excavators of Hitachi Construction Machinery were selected for UN-backed aid and are now used for rehabilitation work. Even in 2006, the disaster areas are still under a process of reconstruction. Early this year, as part of ODA of the Japanese government, Hitachi Construction Machinery supplied 4 wheel loaders, continuously supporting the rehabilitation and reconstruction work in the areas.

### Supporting Rehabilitation after the Hurricane "Katrina" Disaster

Following the storm surge in southern USA by Hurricane Katrina in August 2005, Hitachi Construction Machinery as a member of the Hitachi Group supported the recovery from its catastrophic damage by contributing a total of one million dollars through the Hitachi Foundation. In December 2005, President Bush paid a visit to Deere-Hitachi Construction Machinery Corporation, a joint venture between Hitachi Construction Machinery and John Deere to express his gratitude for rehabilitation aid as well as local job creation.

### Assistance for Disaster Areas of the Earthquake in Pakistan

Hitachi Construction Machinery promptly extended its post-disaster restoration support after the Kashmir Earthquake in October 2005. As its unique contribution, Hitachi Construction Machinery allocated three construction machines stocked in the HCME Middle East Center, which were diverted to the stricken area; breakers and fine crushers were air-shipped from Japan and equipped to the base machine by local representatives. The machines are now actively used for debris removal and other rehabilitation work.

As part of the aid by the Ministry of Foreign Affairs, one of the Group companies, Hitachi Construction Machinery (Thailand), promptly shipped 10 ZAXIS200 machines to the stricken areas for recovery.

### Domestic Aid

The company is active in contributing to post-disaster recovery and reconstruction in Japan, for example, after the 2004 Niigata Prefecture Earthquake in addition to overseas.



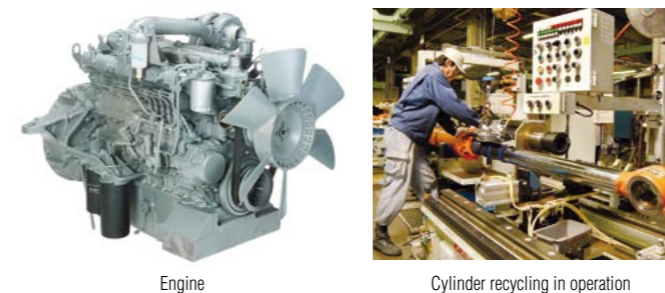
- 1 20-ton hydraulic excavators that HCM supplied free of charge (Indonesia)
- 2 HCM wheel loader provided through the Japanese government ODA (Indonesia)
- 3 Donation ceremony of construction machinery (Thailand)
- 4 President Bush visiting Deere-Hitachi
- 5 On-site checkup of the ZAXIS200 (Pakistan)
- 6 The ZAXIS200 donated through the ODA by the Japanese government (Pakistan)
- 7 Front assembly in Pakistan

## Sustainable Business Model Toward Harmony among the Economy, Environment and Society

Hitachi Construction Machinery Group has been engaged in a variety of efforts and initiatives in order to establish a "sustainable business" balancing the economy, environment and society.

### Parts Recycling Business

Since Fiscal 1998, the Hitachi Construction Machinery Group has started a parts recycling business where unusable machines are collected and their parts are recycled in order to effectively use resources, reduce waste and enhance customer satisfaction by providing low-cost parts and components. Afterwards, the business started to cover equipment other than hydraulic equipment, and current parts and components subject to this recycling include pilot valves, center joints, engines, electrical and electronic parts, transmissions, winches and accelerators. In Fiscal 2005, parts and components equivalent to 5,700 units were recycled and reused. Through this parts recycling business, manufacturing of new parts can be reduced, leading to energy savings. In Fiscal 2005, 4,900 MWh of owner consumption, as well as 1,700 t of CO<sub>2</sub> emissions could be saved annually.



### External Economy (EEBE™, External Economic Benefit Evaluation)\*

The Hitachi Construction Machinery Group attempts to evaluate the scale of corporate contributions to society through the External Economic Benefit Evaluation ("EEBE") in terms of monetary value.

In Fiscal 2005, the company reviewed EEBE regarding landmine clearance efforts. The Hitachi Construction Machinery Group through an ODA provides landmine-contaminated areas with demining machines to support landmine clearance efforts. Mechanizing of conventionally manual work increases safety and work efficiency. Moreover, land cleared of landmines can be used for agriculture, schools, etc. to contribute to recovery and rehabilitation of the community. For this reason, in the landmine clearance EEBE, evaluated were (1) reduction of human damage (those engaged in clearance and general citizens) and (2) land function recovery of landmine-contaminated areas.

The evaluation revealed that with the case in Cambodia in Fiscal

2004, the value was 340 million yen that was, when converted to a value in Japan, equivalent to 41.8 billion yen. International contributions by Hitachi Construction Machinery Group are through demining machines, and it turned out that these efforts are very valuable.

### Evaluation Procedure

EEBE is calculated by (amount of social environment contribution) x (unit amount of social environment value) for each item.

The reduction of human damage due to landmine clearance can be calculated on the basis of the decrease of human damage by the past landmine clearance. The unit amount of social environment value is expressed as lifetime wages or labor wages because if one's extremities are damaged, one will not be able to work. The amount of land function recovery of landmine-contaminated areas by landmine clearance is calculated by the area cleared of landmines multiplied by the gross domestic product per unit area. The land cleared of landmines will contribute to the development of domestic industries for many years, and in this calculation, the years subject to evaluation are assumed to be 20 years, and the amount is converted to the current value.

Furthermore, in consideration of country-by-country money value differences, the calculated EEBE is adjusted using the per capita GDP and converted to the value in Japan.



### EEBE of Landmine Clearance in Cambodia

EEBE details	Fiscal 2003: 10 machines in operation Cleared land area: 1.03 km <sup>2</sup>		Fiscal 2004: 24 machines in operation Cleared land area: 6.22 km <sup>2</sup>	
	EEBE (hundreds of millions of yen)	Corrected EEBE (hundreds of millions of yen)	EEBE (hundreds of millions of yen)	Corrected EEBE (hundreds of millions of yen)
Reduced human damage of general citizens	21	2620	129	15800
Reduced risk for deminer	5	620	22	2600
Functional recovery of landmine-infested land	32	3870	190	23400
<b>Total</b>	<b>58</b>	<b>7110</b>	<b>341</b>	<b>41800</b>

\*This is an evaluation method developed by the research group, Club Ecofacture comprised of business corporations and auditing corporations.