

V. Report on Social Aspects

1. Together with Our Suppliers

(1) Basic Policy of CSR Procurement

Based on the Corporate Creed of contributing to society by being “the best enterprise,” Hitachi Metals has formulated its procurement policy to outline its basic concepts regarding material procurement, and published this policy on its website. As our business progresses globally, we share this procurement policy among all of the companies in the Hitachi Metals Group, in order to encourage them to contribute to society through their own business activities. We will continue striving to comply with laws and regulations as well as social norms, and to fulfill our social responsibility with consideration for human rights and the environment, while building a fair and impartial business culture based on relationships of trust with our suppliers.

Procurement Policy

Basic Concept of Material Procurement

- **Open global procurement**

We procure materials from suppliers regardless of their nationality, size, and performance based on the principle of free competition.

- **Fair clean trading**

We select suppliers on a fair and equitable basis according to their economic rationality such as quality, prices, delivery time, technologies, the credibility of management and services. We never receive any personal gifts or offers from them.

- **Maintain partnerships**

We cultivate fair business relations with all of our suppliers on an equal footing. We constantly strive to deepen mutual understanding and trust, and aim to achieve growth, development, and a working partnership with them from a long-term perspective.

- **Compliance with laws**

We conduct procurement activities in compliance with applicable laws and regulations as well as social norms. We are determined not to have any relations with antisocial forces that threaten the order and safety of civil society.

- **Take human rights, occupational safety, and health into consideration**

We take special care to ensure human rights, occupational safety, and health in our procurement activities. We also ask our suppliers to make the same efforts.

- **Maintain confidentiality**

We treat all confidential information of our suppliers obtained through procurement activities as being strictly private and confidential, by using the same degree of care we use to safeguard our own proprietary information. We do not disclose their information to a third party nor use it for purposes other than the original intent without their prior consent.

- **Preserve the environment**

We give priority to suppliers who positively work on environmental preservation as well as to environmentally friendly materials and components.

(a) Issuance of the Hitachi Metals Group Supply Chain CSR Procurement Guideline

Hitachi Metals revised the Hitachi Metals Group Supply Chain CSR Procurement Guideline in May 2017 and published the revised version on its website. The Guideline encompasses a wide range of CSR concepts recognized as a company's social responsibility, including respect for human rights, consideration of the environment, fair trading and ethics, occupational health and safety, product quality and safety, information security, and social contributions. In addition, the Guideline includes a rule that requires correction when a clear violation is discovered. In fiscal 2018, to ensure the understanding of above content among our suppliers, we distributed our CSR Procurement Guideline and checklist to major suppliers (excluding Hitachi Group companies) accounting for 80% of the transaction amounts by business offices and affiliates in Japan, and confirmed the compliance of each. In fiscal 2019, we started sending and collecting check sheets for the CSR Procurement Guideline to our business partners in North America and China to increase awareness regarding the Guideline and to grasp issues. When starting new business relationships, we request compliance with the Guideline, and at the same time conduct corporate surveys regarding bribery risks based on the Hitachi Metals Global Compliance Program (HMGCP) to promote the strengthening of supplier reviews. In fiscal 2021, we will revise the CSR Procurement Guideline in response to progress in the implementation of human rights and environmental initiatives.

[WEB] Hitachi Metals Group Sustainable Procurement Guidelines

http://www.hitachi-metals.co.jp/e/corp/corp11_04.html

(b) Compliance

Acquiring knowledge of laws, regulations, and accurate business knowledge is of utmost importance in conducting procurement transactions. We regularly assemble the staffs at the procurement departments of business offices to provide seminars and study meetings to increase their awareness of laws and internal regulations. In addition to these activities, every year, we put together a list of the problems which has been pointed out during past internal audits and conduct mutual audits at all business offices and Group companies in Japan. We annually instruct auditors dispatched from the Head Office and other business offices to conduct such practical mutual audits to further improve the quality of our management levels.

The staffs of the procurement departments are continuously working on improving operations.

(c) Green Purchasing

In 1998, Hitachi Metals created its Green Procurement Guidelines in order to share our approach to environmental consciousness with our suppliers, including the prevention of climate change, recycling of resources, and conservation of biodiversity and ecosystems. Since then, we have revised these Guidelines repeatedly in response to the latest laws and regulations including those related to chemicals. We have notified our suppliers of the details of these revisions. We work to comply with laws and regulations, respond to customer demands, and reduce environmental impacts (conserving resources, saving energy, recycling, and appropriate management of chemical substances contained in products) by regularly sharing the latest information.

(d) Procurement BCP Initiatives

Hitachi Metals seeks to enhance its risk preparedness in the face of earthquakes, wind and flood damage, and other natural disasters, as well as new strains of influenza, fires, electrical outages, and other factors that could halt its business. For this reason, we engage in procurement BCP activities. We are working to minimize procurement risks by promoting procurement protection measures, such as diversifying our sources of procurement while asking our suppliers to establish their own BCP measures.

(2) Response to Globalization

The Hitachi Metals Group strives to establish a global procurement network across Europe, North America, and Asia, while expanding its procurement base. We are working to support the optimization of procurement activities overall and reinforcement of monozukuri, while enhancing CSR risk management and increasing concentration and consolidation of purchasing across the Group. We have also set up Global Procurement Offices (GPOs) in four locations—Europe, the United States, Asia, and China—tasked with seeking out excellent suppliers with a focus on carrying out transparent procurement activities with optimal suppliers worldwide. In fiscal 2019, we started measures to strengthen governance which involve GPOs periodically conducting an audit on each overseas Group company that is based on the procurement standards common to overseas Group companies. In fiscal 2020, audits were conducted mainly in China.

In addition, the Hitachi Metals Group is working on responsible mineral procurement. We seek to make the supply chain transparent in response to the conflict mineral problem—an issue raising concerns of a serious human rights violation. The Group is conducting a survey to identify the country of origin and smelter of minerals. We strive to carry out responsible procurement activities, requiring our suppliers to procure from conflict-free smelters (CFSs)* that are certified as not using conflict minerals. Starting from fiscal 2019, we include cobalt in survey targets in response to requirements from customers.

* CFS (conflict-free smelter): A smelter that is certified as having no involvement in regional conflicts by the Responsible Minerals Initiative (RMI), established by RBA/GeSI.

2. In Cooperation with Society and the Local Community

(1) Basic Approach

The Hitachi Metals Group pursues social contribution activities in fields such as sports promotion, environmental protection, social welfare, arts and culture, community activities, and support at time of disasters, to bring progress to communities around the world where the Group is active. We also work together with social welfare organizations and educational institutions to gain a sense of what communities want from the Hitachi Metals Group as we carry on with our activities.

Besides social contribution activities as a company, we support volunteer activities by employees through volunteer leave and a system of volunteer awards as part of our efforts to nurture a corporate culture that helps create a better society.

Hitachi Metals' characteristic social contribution activities include support for Japan's research into materials science and technology by supporting the Hitachi Metals' Materials Science Foundation, which was established largely with funds willed by Dr. Kakunosuke Miyashita (a former Hitachi Metals vice president). We also contribute to the preservation of Japan's traditional culture through our work with the operations of Nittoho Tatara, which was revived in 1977 by the Society for Preservation of Japanese Art Swords.

(2) Our Social Contribution Activities in Fiscal 2020

In fiscal 2020, the Hitachi Metals Group carried out social contribution activities worth a total of 80 million yen,* including donations, while reducing the number of programs and sessions organized for sporting and other events, environmental protection activities, factory tours, among others, compared with fiscal 2019, principally due to the spread of COVID-19. The main content of our contribution activities was as follows:

* This figure includes the calculated equivalent values of employees and company facilities required for activities.

	Category and description of activity	Company name and business office name
Social welfare	Donation of wheelchairs, etc. to social welfare councils and social welfare facilities	Hitachi Metals head office
	Central Community Chest of Japan, Year-End Mutual Aid Fund	Hitachi Metals and domestic Group companies
	Ran blood drives, provided cooperation to activities to prevent the spread of COVID-19*1	Hitachi Metals, Ltd. and global Group companies
	Made donations, mainly of food, clothing, and blankets, to low-income families through charitable organizations. Made donations to welfare organizations.*1	Waupaca Foundry, Inc. Hitachi Cable America, Inc.
	Supported patients with amyotrophic lateral sclerosis (ALS) and acute myeloid leukemia (AML)	Waupaca Foundry, Inc.
	Made donations to local facilities (hospitals, fire stations, churches, recreation facilities)	Waupaca Foundry, Inc. Ward Manufacturing, LLC
	Supported cancer foundations and participated in associated events	Waupaca Foundry, Inc.
	Sponsored activities of the local food bank (for providing free meals to low-income people and others)	Hitachi Cable America, Inc PT. HITACHI METALS INDONESIA
	Christmas gifts for low-income children*2	Waupaca Foundry, Inc
	Gave food and gifts to children with disabilities	Hitachi Cable Vietnam Co., Ltd
	Supported low-income students	Namyang Metals Co., Ltd.
	Supported Boy Scout and Girl Scout activities	Waupaca Foundry, Inc
	Supported elderly people	Pacific Metals Co., Ltd.

Health, medicine, sports	Supported the Tokyo 2020 Olympic and Paralympic Games through the Sports Promotion Fund	Electric Wire & Cable Business Unit, Casting and Rolling Production Dept., Advanced Components & Materials Division,
	Sponsored the Mie Prefecture Rubber Baseball Association Kuwana Branch Junior High School Baseball Pennant Tournaments*2	Kuwana Works, Hitachi Metals, Ltd.
	Sponsored the Boys' Baseball Western Regional Tournament	Kuwana Works, Hitachi Metals, Ltd.
	Dispatched employees to local competitions	Various Hitachi Metals works
	Company sports teams hosted sports clinics for elementary, junior high and senior school students	Various Hitachi Metals works and global Group companies
	Supported local sporting events and sports teams	Various Hitachi Metals works and global Group companies
Academic and research education	Support through Hitachi Metals' Materials Science Foundation	Electric Wire & Cable Business Unit, Casting and Rolling Production Dept., Advanced Components & Materials Division,
	Donation of education and research funds to universities	Hitachi Metals, Ltd. and global Group companies
	Visiting lecture program and internships for local schools	Hitachi Metals, Ltd. and global Group companies
	Hosted factory tours by schools and other groups	Various Hitachi Metals works and global Group companies
	Scholarship support for students	Waupaca Foundry, Inc.
	Support for local school boards for education promotion*3	Yasugi Works, Hitachi Metals, Ltd.
	Supported Hitachi Future Innovator Program's activities (sent instructors to elementary school classes)	Electric Wire & Cable Business Unit, Casting and Rolling Production Dept., Advanced Components & Materials Division,
	Donated books to libraries, etc.	Waupaca Foundry, Inc. Hitachi Cable Vietnam Co., Ltd.
Environmental conservation	Made donations to forest conservation activities (Shimane CO ₂ absorption certification system)	Yasugi Works, Hitachi Metals, Ltd.
	Tree planting activities	Hitachi Cable Vietnam Co., Ltd.
	Cleaning activities in areas near business offices*4	Various Hitachi Metals works and global Group companies
Community activities, preservation of historical sites and traditional culture	Participated in Eco Forums in Sendai and Tagajo	Tohoku Rubber Co., Ltd.
	Supported Nittoho Tataru operations, guided operations of mini-tatara	Yasugi Works, Hitachi Metals, Ltd. HMY, Ltd.
	Sponsored regional festivals and sporting events	Various Hitachi Metals works and global Group companies
Support to disaster-affected areas	Supported victims of the eruption of Taal Volcano	San Technology, Inc.
Disaster prevention Community development	Participated in traffic safety and disaster prevention events	Various Hitachi Metals works and global Group companies
	Support for local fire stations	Waupaca Foundry, Inc. Ward Manufacturing, LLC
Facility open days	Opened sports grounds, gymnasias, tennis courts, welfare facilities, parking lots, etc. to local communities	Various Hitachi Metals works and domestic Group companies
	Opened facilities to local events	Various Hitachi Metals works and domestic Group companies
Other	Sponsored Christmas light-up event	Hitachi Metals Singapore Pte. Ltd.
	Sponsored various organizations, including the Hitachi Global Foundation	Hitachi Metals, Ltd. and global Group companies



*1. Donated masks (NEOMAX Kinki Co., Ltd.)



*2. Sponsored the Mie Prefecture Rubber Baseball Association Kuwana Branch Junior High School Baseball Pennant Tournaments (Kuwana Works, Hitachi Metals, Ltd.)



*3. Support for local school boards for education promotion (Yasugi Works, Hitachi Metals, Ltd.)



*4. Cleaning activities in areas near business offices (Hitachi Ferrite Electronics, Ltd.)

3. Responsibility to Employees

(1) Labor and Management Relations

Hitachi Metals sincerely addresses common management-labor issues, respecting the basic rights and responsibilities of each, built on a “foundation of mutual trust.” The Company provides full explanations of management policies, business plans, management measures, etc., at various meetings, while at the same time listening to feedback from the employee union as Company management works for the rapid implementation of various corporate measures. We will advance and deepen our labor-management relations by building a labor and management structure that corresponds to the business division system and by fostering closer communication. The employee unions of the Hitachi Metals Group companies have formed a union council, using the forum to periodically exchange opinions and clarifying Group management policies and plans, enhancing mutual understanding.

(2) Promoting Diversity

Hitachi Metals considers diversity and inclusion to be important management strategies, and is pursuing various measures based on the belief that “resolutely implementing diversity management will increase corporate value.”

In particular, we are actively implementing measures to promote the participation and advancement of women in the workplace, based on our management’s firm commitment regarding this issue as an important theme in diversity promotion.

[Policy on promoting the participation and advancement of women in the workplace]

- 1) Setting targets for the ratio of women among newly hired graduates
(Technical positions: 10%, administrative positions: 40%)
- 2) Enhancing support for retention (Career support, awareness-raising for those in management-level positions, networking among women in career-track positions, etc.)
- 3) Systematic promotion of female employees
(Target ratio for women in management-level positions: 1.8% in fiscal 2020)

In May 2020, in recognition of the above efforts, the Company was certified as an excellent employer with respect to women’s empowerment (generally referred to as the *Eruboshi* certification) based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. We will continue working to promote diversity, and to create an environment in which all employees can participate fully.

(a) Promoting Employment of People with Disabilities

Regarding the hiring of people with disabilities, Hallow, Ltd. (currently, Hitachi Metals Hallow, Ltd.), a special subsidiary, was established in 1998, to support the employment of people with disabilities and help them become socially and financially independent. In addition, in 2006, Kuwana Create Co., Ltd. (currently, Hitachi Metals FineTech, Ltd.) received special government certification as a company offering employment opportunities to people with disabilities.

The Hitachi Metals Group has received high marks for these efforts, including awards from local communities. Meanwhile, HMY, Ltd. maintains a program through which supervisors themselves acquire qualification as employees of private companies who assist disabled co-workers at the job site. In addition, HMY has a history of actively hiring people with disabilities through job centers, independent living support centers, special needs schools, and “Hello Work” Public Employment Security Offices. In fiscal 2020, the employment ratio of people with disabilities for Hitachi Metals (non-consolidated) in Japan was 2.27%, exceeding the legally required ratio of 2.2%. We plan to continue working to further expand employment throughout the Hitachi Metals Group.

(b) The Act on Advancement of Measures to Support Raising Next-Generation Children, and the Act on the Promotion of Female Participation and Career Advancement in the Workplace

Starting from fiscal 2008, the Company has established a child allowance benefit for employees as a policy for supporting the development of the next generation, strengthening our support of employees who are raising children.

In 1992, Hitachi Metals was also one of the first companies to adopt a system to reemploy individuals who had to give up their jobs due to childbirth or home care, demonstrating once again our proactive and forward-thinking policies. With regard to leave related to child care, nursing care for the elderly, and time needed to care for someone who is sick, we have created a supportive environment that enables employees to address various family responsibilities without worrying about job security. For example, since fiscal 2018, child care leave has been extended, with a limit of three years, to the end of the month in which a child completes the first year of the elementary school, and for employees taking nursing care leave, we now provide an amount equivalent to 50% of their salary as family care leave benefits during this leave of absence. In addition, we provide employees with generous conditions in terms of the scope and period of leave that exceed the requirements under the revised Child and Family Care Leaves Act. As such, employees can take leave for a variety of reasons: nursing care, child care, or to look after their parents, spouse, same-sex partner, or the parents of their spouse or same-sex partner. Furthermore, following the introduction of the Act on the Promotion of Female Participation and Career Advancement in the Workplace, effective from April 2016, we prepared an integrated action plan covering that Act as well as the Act on Measures to Support Raising Next-Generation Children. We have disclosed the content of this action plan, namely, initiatives over the three years to reduce overall annual work hours in back-office departments and establish diversity-oriented hiring ratio targets.

Number of Employees Using Work-Life Balance Support Systems

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees taking child care leave	25	32	27	32	41
Number of employees using shorter working hours for child care	35	40	45	55	46
Number of employees taking nursing care leave	1	1	2	5	2
Number of employees using shorter working hours for nursing care	0	1	1	1	1

(3) Occupational Health and Safety

(a) Action to Eliminate Work Accidents

The safety results for the Hitachi Metals Group in 2020 revealed three accidents involving lost working time at Hitachi Metals and four such accidents in the Hitachi Metals Group in Japan. Although the number of cases decreased by two from 2019, it remained high. In particular, accidents involving inexperienced workers (with less than three years' experience) were still dominant, accounting for more than 50% of the total, and there were also incidents that could have resulted in serious disasters if something had gone wrong. Given this situation, in fiscal 2021, we are promoting occupational health and safety activities throughout the entire Group, under the slogan, "Entrench the concept of 'Safety always comes first' in the culture of the Hitachi Metals Group with all-out efforts by each employee." For promoting activities to eliminate work accidents, we have specified four priority areas: 1) eliminate similar accidents; 2) abide by health and safety rules, laws and regulations, and basic rules; 3) reinforce safety culture; and 4) pursue health management.

Frequency of Occupational Injuries

	2016	2017	2018	2019	2020
All industries	1.63	1.66	1.83	1.80	1.95
Manufacturing	1.15	1.02	1.20	1.20	1.21
Steel	0.69	0.83	1.16	0.89	0.87
Hitachi Metals Group	0.27	0.55	0.42	0.27	0.23

(b) Promoting Everyone's Mental and Physical Health

We actively support health management that promotes good mental and physical aspects of health.

To promote physical health, we recommend that all employees undertake a secondary checkup following their regular medical examination, and we focus on lifestyle diseases and other health guidance. Regarding mental health, the stress check system is implemented every year. In addition to encouraging individuals to pay attention to their own mental health, we strive to improve the work environment through Groupwide analysis of the stress check results.

(4) Human Resources Training

(a) Basic Approach

Bearing in mind its corporate creed to "contribute to society by being the best enterprise," Hitachi Metals is striving to grow business globally. To grow as a global company amid turbulent market conditions, we need to cultivate human resources who can constantly develop and put on the global market products that are original.

Our approach to our people is the distillation of "Wa sureba tsuyoshi" (united by respect), our fundamental spirit since the inception of our company. Based on this philosophy, we continue to develop "People of action with global perceptions at Hitachi Metals" who are able to demonstrate their own personality and values through good teamwork.

Under the determination for each and every employee within the organization to be a key driver of growth, a sentiment incorporated into our communications symbol "Materials Mag!c," we support our employees in developing their expertise so that they become an efficient workforce who can actively seek out challenges and take action to achieve success or solve problems, as well as being shining examples for the Company.

(b) Training and Education Systems

We are building a personnel education system that links three elements: OJT, a personnel system that supports OJT, and OFF-JT for training, etc. OFF-JT training, etc., in planning fields sets personnel targets and requirements based on Hitachi Metals' Corporate Creed and Corporate Philosophy, plans training to match requirements, and implements training accordingly. We have formulated a training system by global categories of management, planning/administration, technical, sales, and core business divisions.

(c) Developing the Next Generation of Human Resources

In the interest of sustainable corporate growth, we are deliberately cultivating the next generation of human resources who will take responsibility for operations on a global scale.

- **Cultivating the next generation of human resources**

We have formulated a plan for cultivating the personnel who will take responsibility for the Company in the next generation, and are conducting regular employee rotations, tough assignments, and OFF-JT training programs. We also support employees who study abroad to earn MBAs.

- **Cultivating local management personnel at each location**

At Group companies outside Japan, we are supporting efforts to cultivate locally hired personnel, with an emphasis on future executive candidates. We are also proceeding with measures to cultivate such personnel and promote them into positions of responsibility.

(5) Employee Benefits and Welfare

To make the lives of employees and their families more affluent and stable, Hitachi Metals offers a comprehensive range of measures to support them. These include housing support systems such as providing dormitories and housing allowances, as well as asset-building savings and group insurance.

As one of the employee benefits and welfare initiatives to support self-help efforts and the independence of employees, in 2003, the Company implemented the “Cafeteria Plan System” (selective benefit and welfare system). This system offers options to meet the different lifestyles and needs of individual employees such as ability and skill development, child rearing, nursing, and health development, in addition to such conventional benefits as dormitories for single employees and company-run houses and the provision of medical services for employees. Each employee can choose the type of support they desire, when necessary, based on “Cafeteria Points” they have earned.

(6) Life Plan Support

In this day of declining birthrates and an aging population, and as lifestyles in old age become more diversified, having a definitive life plan is becoming more and more important. Hitachi Metals provides information to serve as the basis for life planning after retirement (retirement benefits, company pension, welfare pension, health insurance, employment insurance, etc.) and hosts Life Plan Seminars as an opportunity to think about one’s current work style and one’s lifestyle after retirement.

(7) Composition of Employees

	FY2016 (As of the end of March 2017)	FY2017 (As of the end of March 2018)	FY2018 (As of the end of March 2019)	FY2019 (As of the end of March 2020)	FY2020 (As of the end of March 2021)
Number of employees	5,858	6,315	7,067	7,022	6,623
Male	5,241	5,654	6,227	6,215	5,826
Female	617	661	790	807	797
Ratio of female employees	10.5	10.5	11.2	11.5	12.0
Average age (years)	43.9	43.6	43.1	43.5	43.4
Average service (years)	21.0	21.0	18.4	18.8	20.1
Number of female managers	12	16	19	19	18
Employment rate of people with disabilities	2.40	2.31	2.21	2.26	2.27

4. Responsibility to Shareholders and Investors

(1) Shares and Shareholders

The total number of outstanding shares in the Company as of March 31, 2021 was 428,904,352, and there were 20,782 shareholders (including shareholders who only hold odd lots). The distribution of shares between owners is as follows:

Classification	Number of shareholders	Number of shares held (hundreds of shares)	Percentage of shares held
Financial institutions	44	584,981	13.66
Other domestic corporations	472	2,333,912	54.48
Foreign nationals	496	1,020,643	23.82
Individuals and others	16,787	264,385	6.17

1. Shares representing less than one unit are not included.

2. Treasury shares (13,407 share units) are included in "Individuals and others."

(2) Basic Policy on Profit Allocation

As customer needs and technologies evolve and globalize, we regard it as our responsibility as a company to return appropriate profits to our shareholders in the long term, by strengthening our international competitiveness and expanding corporate value. With that responsibility in mind, our basic policy is to determine profit allocations to shareholders and internal reserves with the emphasis on medium- and long-term growth, giving overall consideration to the management environment, future business expansion, and business performance.

Internal reserve funds are used to invest in the development and commercialization of new materials, the creation of new businesses, the increased production and streamlining of competitive products, and other applications, with a view to future business expansion. We will also acquire our own shares, where appropriate, for purposes such as enabling dynamic capital policy, taking into account the necessity of such acquisition, the financial situation, the share price level, and other factors.

(3) Information Disclosure and IR Activities

To earn trust as a highly transparent "open firm," the Hitachi Metals Group is working to enhance in-house systems to appropriately implement prompt, accurate, and fair disclosure of company information and publish information in a timely manner.

Divisions work together, centered on the Hitachi Metals Corporate Communications Department, to disclose quarterly operating and financial results information, and hold presentations including operating results briefings for institutional investors and analysts. This effort extends beyond information on operating results, and we also actively disclose information on topics by separate businesses and our medium-term management plans via briefings and the corporate website, etc. The Hitachi Metals Group also communicates our management policies via integrated reports, corporate websites, and numerous other communications channels.