



Social Reports

## In Cooperation with Society and the Local Community

The Corporate philosophy of the Hitachi Metals Group is to "contribute to society by creating 'the best possible company,'" and the Code of Conduct for Hitachi Metals Group Companies includes the aspiration to continue to contribute to society as a good corporate citizen. Pursuant to these policies, the Company is engaged in a variety of social contribution activities.

### Harmonious Coexistence with the Local Community

In every location, Hitachi Metals Group companies volunteer both personnel and physical support for local community activities, including popular community races and school athletic events. Hitachi Metals Group companies also proactively engage in com-

munications with the local community, bringing in tour groups, participating in local cleanup activities, and opening company recreational facilities to the public (gymnasiums, play fields, tennis courts, etc.).

#### Sponsoring and Supporting Sporting Events

Kyushu Works	Kanda Friendship Marathon
Moka Works	Wakyo-Hai Volleyball Tournament
Kumagaya Works	Kumagaya Sakura Marathon
Kuwana Works	Hitachi Metals Cup Junior High School Baseball Pennant Tournament Western Region Little League Baseball Tournament
Yasugi Works	Junior High School Goodwill Sporting Event Nakaumi Marathon
Tottori Works	Junior High School Volleyball Tournament
HMW, Ltd.	Wakamatsu Ward Junior High School Baseball Tournament



Kanda Friendship Marathon



Wakyo-Hai Volleyball Tournament



Kumagaya Sakura Marathon



Junior High School Goodwill Sporting Event



Wakamatsu Ward Junior High School Baseball Tournament



Junior High School Volleyball Tournament

### Factory tours

Kumagaya Works	Elementary school student field trip visits, with total participation of about 170 students annually
Kuwana Works	Elementary school student field trip visits, with total participation of about 300 students annually
Yasugi Works	Elementary school student field trip visits, with total participation of about 480 students annually
Tottori Works	High School Factory Tours/Training; approximately 30 individuals/year
Yamazaki Works	Elementary school student field trip visits, with total participation of about 50 students annually
HMW, Ltd.	Elementary school student field trip visits, with total participation of about 50 students annually

### Kuwana Works tour (elementary school students)



Comments/ feedback from children

### Community Cleanup Activities

Kyushu Works	Cleanup activities in front of JR Kanda Station, with participation of about 40 people throughout the year
Moka Works	Cleanup activity at Shiroyama Park, with participation of approximately 40 people throughout the year
Kumagaya Works	Cleanup of the area around the south exit of JR Kagohara Station, with total participation of about 120 people throughout the year
Kuwana Works	Community cleanup activities, with total participation of about 40 people throughout the year
Yasugi Works	Community cleanup activities, with total participation of about 280 people throughout the year
Tottori Works	City cleanup activities in cooperation with local citizens at Tottori Station, city parks, etc., with total participation of about 350 people throughout the year.
HMW, Ltd.	Cleanup of the Iwaya coastline, cleanup and shrub planting in the area along the Hibikinada Industrial Road and cleanup activities in and around the Kitahama industrial area, with total participation of about 320 people throughout the year
Hitachi Ferrite Electronics, Ltd.	Cleanup at Tottori Beach, with total participation of about 60 people throughout the year



Cleanup of the area around the south exit of JR Kagohara Station

### Social Welfare

The Company provides wheelchair and other universal access equipment to social welfare organizations in areas surrounding headquarters and company housing facilities. In addition, the Company supports and contributes to the activities of the "Sawayaka Welfare Foundation," (social welfare foundation) which promotes the creation of groups (local networks) that promote volunteer activities in the community.



Wheelchair donations



Cleanup activity at Shiroyama Park

## In Cooperation with Society and the Local Community

### Preservation of Traditional Culture

Hitachi Metals supports the production of Tataru steel engaged in by the Society for the Preservation of Japanese Art Swords. Tataru is a steel-making technique unique to Japan, with a history spanning more than 1000 years, and resulting in the creation of Tamahagane steel indispensable to the manufacture of Japanese swords. Tataru steel ceased to be produced after the war, but the technique was revived in 1977 as the Nittoho Tataru by the Society for the Preservation of Japanese Art Swords with the support of the Japanese national

government. Hitachi Metals has offered its backing for the restoration of this uniquely Japanese cultural tradition, continuing to support the manufacture of Tataru steel.



Tataru steel production

### Support Offered through a Foundation

Driven by the goal of contributing to the development of material science research in Japan, Hitachi Metals has provided personnel and physical support to the Research Foundation for Materials Science in Japan, established largely with funds willed by Dr. Kakunosuke Miyashita (former Hitachi Metals vice president), since its inception.

The Hitachi Metals Group also supports and contributes to environmental preservation projects, educational, academic and cultural interchange with Asian

countries, support projects for the healthy development of youth, educational activities in the United States, etc. conducted by Hitachi Group foundations Hitachi Environment Foundation, the Hitachi Scholarship Foundation, the Hitachi Mirai Foundation, and the Hitachi Foundation (U.S.).



Recipients of the 22nd Research Grant

### Disaster Area Support

When earthquakes and other major disasters occur, the Hitachi Metals Group coordinates with related organizations, providing support for the disaster area.

(Fiscal 2007: Noto Hanto Earthquake Relief Fund, Niigata Chuetsu Relief Fund)

### HMA donated land and buildings

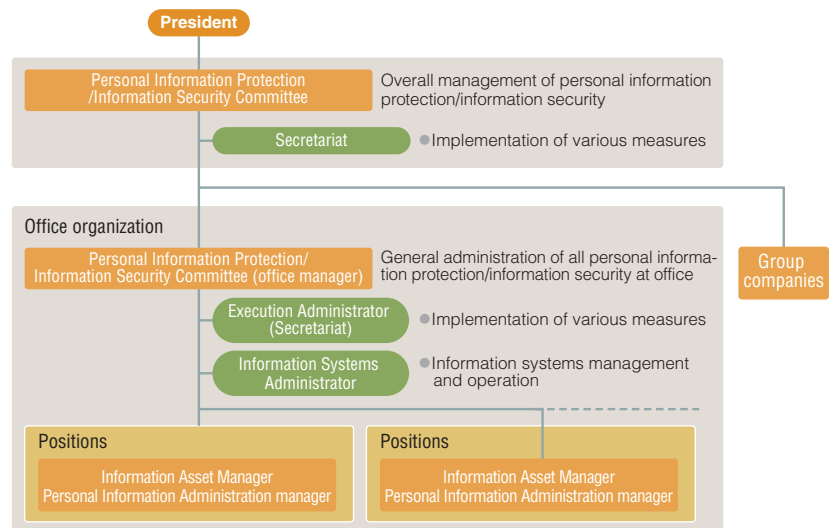
In August 2007 Hitachi Metals America, Ltd. (HMA) donated the former manufacturing site of its subsidiary, Hitachi Magnetics Corp. (HMC), to the Village of Edmore, Michigan. In addition to the 63-acre property and nine buildings used by HMC until its closure in 2005, HMA also provided \$2.4 million to assist in building redevelopment. A signing ceremony was held on August, 27, 2007.

## Personal Information Protection/Information Security Initiatives

The evolution and spread of IT, particularly in the form of the Internet, has resulted in expanded litany of security risks. Managing and protecting corporate information, including the private information of individuals, is more important than ever as a corporate social responsibility. The Hitachi Metals Group established a "Basic Policy of Information Security" in April 2004, followed by a "Personal Information Protection Policy" in January 2005, establishing a system of personal information protection/information security based on these policies. The Company continues to update information security measures on an ongoing basis.

### Personal Information Protection/Information Security Initiatives

Hitachi Metals has instituted a set of rules related to the handling of Company information (including personal information), the use of information equipment, and information security, working to instill an understanding of these rules throughout the entire Company. The Company conducts an annual review of these rules to keep up to date with changes in legal and environmental conditions. During fiscal 2007, the Company added new rules related to restrictions and security measures in connection with high-function mobile communications devices.



### Information Security Measures

Hitachi Metals has systematically implemented measures against external threats from unauthorized access and computer viruses, internal threats such as the unauthorized removal or loss of company information, and other threats including natural disasters, etc. During fiscal 2007, the Company implemented information encryption and restrictions on taking information outside the companies as further measures against the theft/loss of IT equipment, designed to strengthen measures to prevent information leakage.

### Employee Education

Each year, the Company conducts information security education for all employees (including temporary staff, etc.) who use IT equipment. This education is designed to instill an understanding of rules related to the use of IT equipment, including the handling of information (including personal information), and the prohibition against using personal PCs for work. During fiscal 2007, the Company conducted on-site training at Hitachi Metals Group locations, while also instituting e-learning training. Both initiatives were designed to improve the security consciousness of every employee within the Hitachi Metals Group.

### Self-Audit

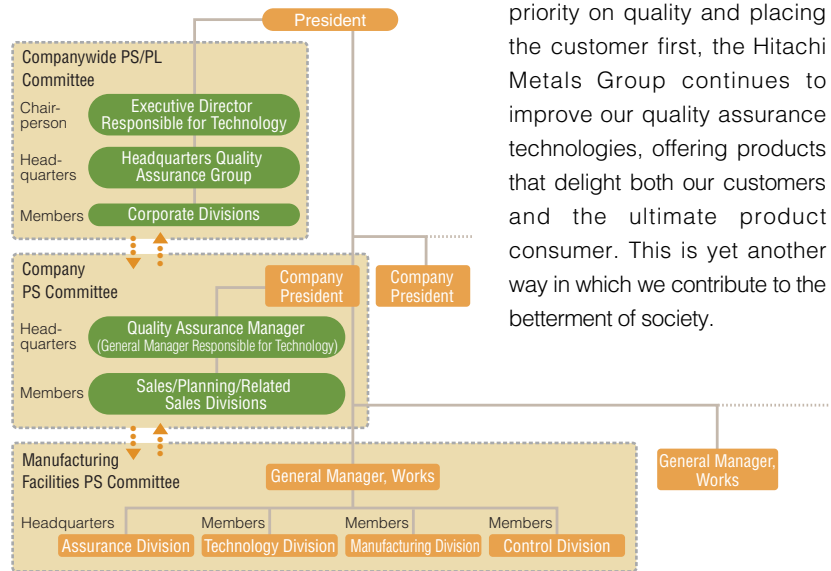
Each year, the Company conducts a self-audit of personal information protection/information security, confirming the status of the rules compliance, and improving any areas that need to be addressed.

## Pursuing Mutual Growth with our Business Partners

## With Our Customers

### Seeking to create products that offer the greatest customer satisfaction

#### Quality Assurance System Diagram



Driven by twin philosophies of priority on quality and placing the customer first, the Hitachi Metals Group continues to improve our quality assurance technologies, offering products that delight both our customers and the ultimate product consumer. This is yet another way in which we contribute to the betterment of society.

#### Quality Assurance Structure

The Group's core materials and components are supplied to a wide range of customers in the steel, automotive and electronics industries. Quality assurance, appropriate to the needs of each customer, is carried out at every site. All domestic factories have received ISO 9001 (2000) or ISO/TS16949 certification, and have established quality assurance structures in place.

The Hitachi Metals Group has manufacturing plants in the United States, Asia and Europe, and is developing businesses appropriate to each area of operation. The factories in Japan function as "mother factories" to their overseas counterparts, and provide guidance regarding manufacturing technologies and quality control through close links. The major factories overseas have also received ISO 9001 (2000) certification.

The corporate Quality Assurance Division provides indirect support to all business units to help them carry out their quality assurance activities smoothly, by performing quality assurance system audits and providing quality control technical courses.

#### Safe Product Supply System

The heads of quality assurance in each corporate division and each internal company compose the Product Safety (PS)/Product Liability (PL)<sup>1</sup> Committee of the entire Group, and carry out PS activities. New products and those in development are subject to thorough PS design reviews, thereby assuring the production of safe products. With the aim of assuring product safety, the Group-wide PS activities are linked with Works-based PS activities. The entire Hitachi Metals Group also has further strengthened its controls on materials of environmental concern.

#### Quality Incident Response Structure

All incidents involving products are reported to the Corporate Division and to the internal company through the designated information channels. In addressing such incidents, both the direct causes and the background factors leading to those causes are investigated thoroughly. When investigating background factors, the Hitachi Metals Group places particular importance on uncovering motivational factors as part of its efforts to prevent recurrences. We also conduct Ochibo Hiroi or "gleanings" meetings in the Hitachi Group tradition, in an effort to learn from incidents. During fiscal 2007, such meetings were held at 18 locations, including internal and overseas manufacturing facilities and group companies.

<sup>1</sup> PS/PL PS : Product Safety  
PL : Product Liability

### CSR-Compliant Procurement

The Hitachi Metals group has declared "compliance with laws, regulations and social requirements" as the first principle of its Procurement Policy, and we are working to fulfill this CSR pledge through our procurement activities.

A shared consciousness regarding social responsibility is imperative for business partners, including suppliers with whom we conduct collaborative business operations. Hitachi Metals has communicated our Procurement Policy widely throughout our business

### Green Procurement

As an upstream materials manufacturer, the Hitachi Metals Group is engaged in the production and sales of Eco-Products designed with the environment in mind. To this end, we must focus on reducing the burden on the environment from the procurement stage (materials, components) forward.

The Hitachi Metals Group promotes a priority focus on green procurement, sourcing products and services that meet the Group's demands for quality in terms of environmental conscious-

### Green Purchasing

Hitachi Metals began a green purchasing initiative with office paper, stationery and other office supplies, which has since expanded to include office equipment and more. The Company has consolidated purchasing to one department to prevent waste, engaging in purchasing activities that prioritize products featuring an energy-efficient/energy-conservation design.

network, instilling and promoting our CSR philosophy throughout the entire production process.

During fiscal 2007, we asked our business partners to prohibit their employees from using personal PCs for work in order to prevent information leakage incidents. At the same time, we had them conduct surveys to determine whether Hitachi Metals Group business information was being stored on personal PCs, enforcing the deletion of such information where discovered.

ness. For fiscal 2007, we increased our green procurement to 82% on a monetary basis, already surpassing our fiscal 2008 goal (80% for Hitachi Metals on a non-consolidated basis).

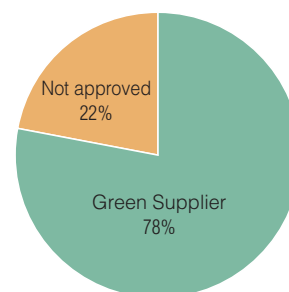
The Company has continued to engage in "Environmental CSR-Compliant Procurement," first started during fiscal 2005, responding to the requirements of the RoHS Directive<sup>2</sup>, the ELV Directive<sup>3</sup>, and other regulations regarding the use of chemicals.

The Company purchases indirect materials via the Internet to allow a choice of products conforming to the Law on Promoting Green Purchasing and other environmentally conscious products. During fiscal 2008, the Company expanded the purchasing of products utilizing this green purchasing network, emphasizing a roll-out throughout the entire Hitachi Metals Group.

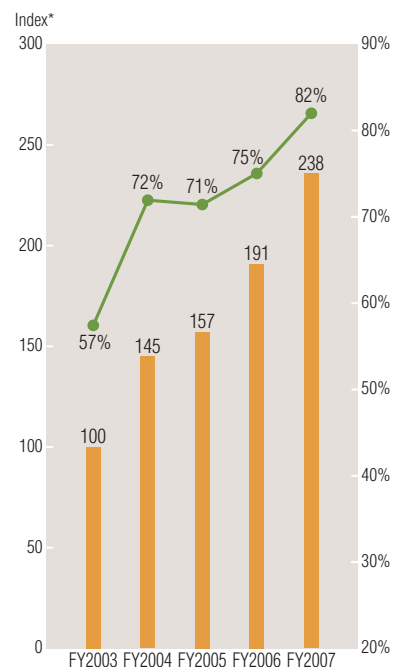
### Procurement Policy

- Comply with laws, regulations and social requirements
- Fair, clean trading
- Open, global procurement
- Maintain partnerships
- Keep confidentiality
- Preserve the environment

**Green Supplier Ratio (Number of Companies)**



**Green Procurement Ratio (Value of Procurement) (Hitachi Metals Non-Consolidated)**



\*For presentation of index, the amount spent on green procurement in fiscal 2003 is set as base figure of 100.

<sup>2</sup> RoHS Directive: An EU (European Union) regulation that prohibits electrical and electronic equipment from containing specific hazardous substances (enforced in July 2006)

<sup>3</sup> ELV Directive: An EU (European Union) Directive enacted to promote the recycling of discarded automobiles. Includes provisions that prohibit new vehicles from containing specific hazardous substances. (enforced in July 2003)

## Fostering the Welfare of Employees and Society

### With Our Employees

#### Human Resources Training

Since our inception, our core philosophy has been "strength through harmony," distilling our attitude toward our "people". Based on this foundation, Hitachi Metals has continued to engage in activities oriented toward creating a management environment in which employees can exercise their individuality

and independence. As a company, our responsibility is to support the growth of many "human resources" who, in addition to having technical expertise, can take the initiative to uncover and resolve initiatives on their own. Specifically we have implemented the following measures.

<b>Goals</b>	<b>Foster human resources with innovative strategies</b>	<b>Encourage self-independence</b> ( Create a corporate culture that fosters self-responsibility and awareness of the importance of career formation )
<b>Specific Measures</b>	<ul style="list-style-type: none"> <li>● Provide career path assessment opportunities through regular HR development conferences</li> <li>● Support system for entrepreneurship</li> <li>● Evaluate areas of specialization and create working environments that challenge people with potential</li> </ul>	<ul style="list-style-type: none"> <li>● Introduce a career development system, including career registration, self-assessment, publicity and the Hitachi Metals' Free Agent (FA) Career Selection System</li> <li>● Strengthen career design research, career consulting services</li> </ul>

#### 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. The employee unions of the Hitachi Metals Group companies have formed a union council, using the forum to periodically exchange opinions and making clarification regarding Group management policies and plans, enhancing mutual understanding.

reporting harassment or other issues, and has committed resources to build a consciousness of human rights through level-appropriate training, etc.

#### Respecting Human Rights

In becoming the "best possible company" to which we aspire, we must create a work environment of mutual trust, where the individuality and rights of each person are respected without discrimination. The Company has established communications channels for

#### Training and Education System

This is the sixth year of our "Selective Course" system whereby employees select the training they wish to attend. Our "interview system" was designed for goal management to support the creation of a management environment in which employees can exercise their individuality and independence, and has gradually become an increasingly effective program. During fiscal 2007, we started the Company-wide "Wing '08" initiative, creating a "mother office" system from which our global expansion is coordinated. We continue to engage in business activities from a bottom-up approach through small group activities, working toward building a muscular business network, while continuing to reassess our monozukuri (manufacturing) infrastructure, which is the foundation of all of our businesses.

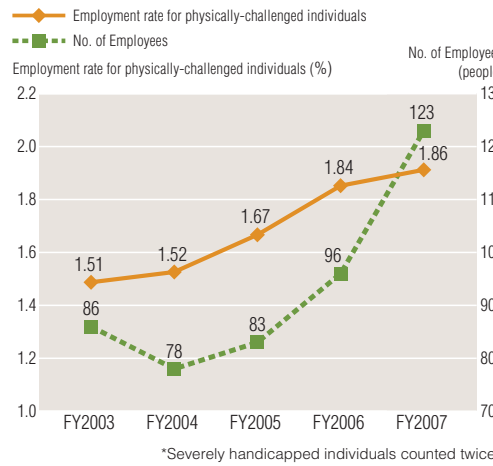
## Employment of the Physically-Challenged and Support for Nurturing the Next-Generation

Hitachi Metals has been an early adopter in building a system providing employment opportunities for physically challenged individuals. In 1998, Hitachi Metals established the Hallow, Ltd. special subsidiary, followed by Kuwana Create Co., Ltd. in 2006, which received special government certification as a company offering employment opportunities for the physically challenged. These two companies have been recognized by their local communities for their policies, including the active hiring of mentally impaired individuals. Beginning fiscal 2008, the Company has established a children 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 firms to adopt a system to re-employ individuals who

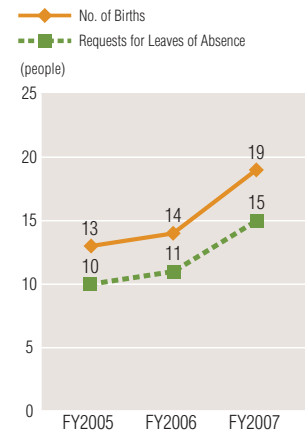
have retired from the Company due to childbirth or home-care, demonstrating once again our forward-thinking policies. A system of child-rearing/home

nursing leave of absence has gradually taken root, and the Company plans to make operational improvements in this system in the future.

**Change in employment rate of physically-challenged individuals (Hitachi Metals non-consolidated)**



**Requests for Child-Rearing Leaves of Absence (Hitachi Metals non-consolidated)**



## Effort to Eliminate Occupational Injuries

Important Occupational Safety Goals for Fiscal 2007

—Encourage Communications; Create a new "Culture of Safety"—

The Company has continued to engage in activities focusing on pride as a manufacturing professional and personal responsibility for one's actions, emphasizing safety as an overriding priority. At present, we cannot say that these policies have been fully embraced by

our employees, as equipment-pinch accidents when working alone accounted for more than half of such incidents during fiscal 2007. To eradicate occupational accidents, each individual employee must have a strong awareness of their role as part of a

workplace community, promoting occupational safety activities through mutual communications in the workplace, striving for the creation of a new culture of safety within the Hitachi Metals Group.

## Trends in Labor Accidents and Labor Accident Rate (rate of lost worktime injuries)

- Hitachi Metals, Ltd. - Accidents resulting in lost worktime (Number of incidents)
- Hitachi Metals, Ltd. - Accidents without lost worktime (Number of incidents)
- Hitachi Metals, Ltd. (Rate of lost worktime injuries)
- Hitachi Metals Group (Rate of lost worktime injuries)
- Steel industry (Rate of lost worktime injuries)
- Manufacturing industry (Rate of lost worktime injuries)

Rate of lost-worktime injuries:  
An indicator of the number of accidents resulting in lost worktime per one million working hours



## Promoting Truthful Communication with Society



**Materials Mag:c**

### Introduction to the Hitachi Metals Group IR websites

As a tool to bring us closer to our shareholders and investors, we have established Internet websites designed for shareholders and investors as well as personal investors. On these sites we publish timely disclosure materials, annual reports, slide presentation materials regarding operating results and other materials, and release information pertaining to operating results. We also have established an e-mail address just for IR purposes, which we are employing as one communications tool for listening to what our shareholders and investors have to say.

Shareholder and investor information website



Website for personal investors

Shareholder and investor information website  
[http://www.hitachi-metals.co.jp/e/ir/indx\\_ir.html](http://www.hitachi-metals.co.jp/e/ir/indx_ir.html)

Website for personal investors  
<http://www.hitachi-metals.co.jp/mms/index.html>

E-mail address  
[hmir@hitachi-metals.co.jp](mailto:hmir@hitachi-metals.co.jp)

## With Society, Including Our Shareholders and Investors

### Timely Publication of Information

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 Communications Office, to disclose quarterly operating and financial results information, and hold presentations including operating results briefing for institutional investors and analysts. This effort extends beyond information on operating results, and we also actively disclose information on topics by separate business and our medium-term management plans.

To explain our management policies in greater detail, we release information to

help stakeholders understand the value of the Hitachi Metals Group. In addition to expanding the tools used to publish corporate information including shareholder communications, our annual reports (English-language version), and the group's website, for personal investors we publish IR operating results advertisements in newspapers after the announcement of our quarterly results, and report a summary of our operating performance.

In recognition of our commitment to information disclosure, the Company received the "IR Advertising Prize" in 2006 at the Nikkei Advertising Awards sponsored by The Nikkei. We were honored again in 2007, winning the "Excellent Prize" at the same awards event.

Operating results IR advertisement "To Our Investors" May 9, 2008 The Nikkei morning edition, 5 columns



### Interactive Communications with Shareholders and Investors

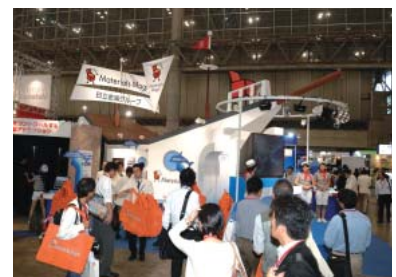
The Hitachi Metals Group strives to achieve interactive communications with all of its shareholders and investors while providing information through a variety of communications tools such as advertisements, our website and various events.



IR Fair for personal investors

### Exhibitions

We position exhibitions as valuable opportunities that enable us to communicate directly with a broad spectrum of interested parties. We also exhibit at IR events for personal investors, as a venue to introduce the details of our business to shareholders and investors and deepen their understanding of the Hitachi Metals Group.



CEATEC JAPAN 2007

### Participation in major exhibitions

- CEATEC JAPAN
- Tokyo Motor Show
- Eco-Products