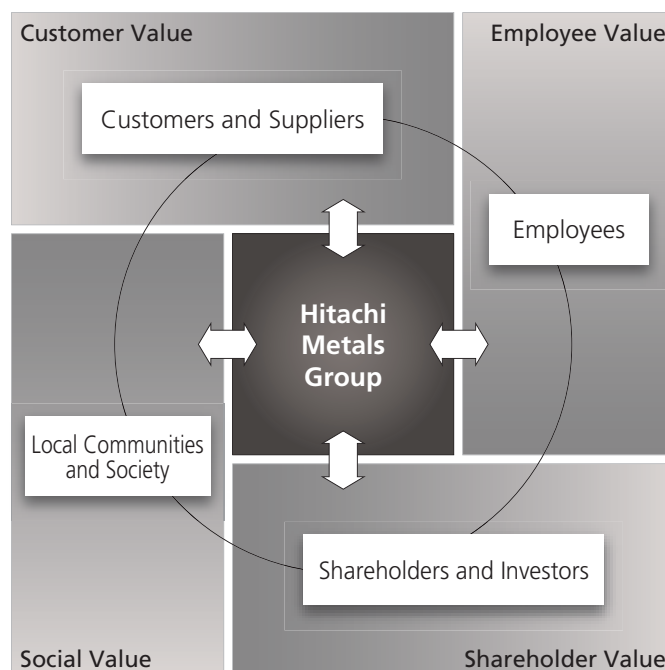


Corporate Social Responsibility

Relationship Between Hitachi Metals and its Stakeholders



Fundamental Management Policies

While fostering a strong sense of trust among stakeholders, including shareholders, investors and business partners, the Hitachi Metals Group engages in business activities based on a fundamental management policy of fulfilling its corporate social responsibility in order to help realize a better society. To this end, Hitachi Metals strives to enhance its fundamental technologies and adopt new challenges in an effort to develop breakthrough technologies that create new products and businesses. Through these means, we endeavor to deliver new value to the communities that we serve. In the development and manufacture of products, Hitachi Metals pays particular attention to the environment and the impact of its activities on future generations. In addition, we focus on the timely disclosure of relevant corporate information and pursue close communication with society through activities that contribute to the local community. While endeavoring to incorporate and reflect the opinions of broader society in the Group's management philosophy and decision-making, Hitachi Metals works to build confidence and bonds of trust with society. Through these endeavors, the Hitachi Metals Group strives to become the best possible company and to enhance its corporate value.

Credo

We aspire to contribute to society by creating "the best possible company" based on harmony among people with affection for our company—a goal to be pursued by drawing on its 100-year history, by ensuring that our mainstay products lead their industries in both quality and quantity, and by applying ourselves to the advancement of technology.

Code of Conduct for Hitachi Metals Group Companies

The Code of Conduct for Hitachi Metals Group Companies was established to clarify the fundamental principles that each and every member of the Hitachi Metals Group, executives and employees alike, must observe in fulfilling their corporate social responsibility and the expectations of society at large. The Code provides a framework for “enhancing awareness of social responsibility and corporate ethics,” “pursuing mutual growth with our business partners,” “promoting truthful communication with society,” “thinking about the next generation with respect to environmentally friendly solutions” and “fostering the welfare of employees and society.” In following these principles, we show the utmost respect for the standpoint of the Group’s stakeholders, which includes shareholders, customers, and all other business partners.

Note: The Code of Conduct for Hitachi Metals Group Companies is available on the Company’s website at <http://www.hitachi-metals.co.jp/e/corp/corp09.html>

Progress of Environmental Management and CSR Activities

Environmental management is a major theme at Hitachi Metals. Based on the Hitachi Metals Group Basic Environmental Protection Policies, the Company is promoting environmental management across the Group along with the development of a comprehensive environmental system. Through this system, Hitachi Metals aims to reduce environmental burden by strengthening compliance and utilizing life cycle assessment. With respect to its CSR activities, the Company produced the *Hitachi Metals Group CSR Guidebook*, which is distributed to employees throughout the Group. At the same time, Hitachi Metals conducts wide-ranging CSR training. From a compliance perspective, the Company engages in activities outlined in “Internal Control System” in the “Corporate Governance and Compliance” section on page 32. In line with the Company’s deep commitment to social contribution activities and under its policies in this area, Hitachi Metals contributes to sports, education and local communities through activities including giving donations and involvement in volunteer programs as well as disaster relief. In addition, the Company discloses information regarding environmental accounting, environmental protection activities, and CSR activities in its *Corporate Social Responsibility Report*.

Environmental Activities

In fiscal 2008, Hitachi Metals achieved the following results from its measures to preserve the environment.

Helping to Build a Recycling-Oriented Society

Our mission, and a driver of our business growth, is to contribute to the creation of a sustainable society, reducing the burden on the environment not only from manufacturing processes but throughout the entire product life cycle, from raw materials procurement through consumption to disposal.

With the ultimate goal of achieving zero emissions (a final disposal rate not exceeding 1% of total generated volume) in fiscal 2010, the Hitachi Metals Group is enhancing waste reduction and recycling activities. In fiscal 2008, the Group’s recycling rate in Japan was 96.0%, down from 97.3% in fiscal 2007.

Response to International Environmental Initiatives

As a manufacturer of materials, the Hitachi Metals Group uses a relatively large amount of energy in manufacturing processes. For this reason, the Group has positioned the prevention of global warming as an environmental and management priority. At the same time, the Group is setting medium- to long-term targets as well as promoting the reduction of CO₂ emissions and enhancement of energy conservation measures.

Consistent with its endeavors to prevent global warming, the Hitachi Metals Group is undertaking a host of energy reduction activities. These include introducing and improving energy conservation equipment, improving processes and production efficiency, using heat efficiently (in melting and heat process furnaces) and strengthening management. Moreover, through its introduction of renewable energies and measures for energy conservation in distribution, the Group is proactively engaged in preventing global warming.

Furthermore, the Hitachi Metals Group continues to undertake Environmental CSR-Compliant production activities in order to realize such production from a global perspective—namely, the elimination of the use of hazardous substances. This structure principally comprises a system for eliminating the use of hazardous substances at each of the development, procurement, manufacturing and related stages and a system for determining within 48 hours the extent of impact of any incident in which products containing hazardous substances were mistakenly released by the Group.

The Hitachi Metals Group has classified products as well as the specified chemical substances contained in products and is promoting such actions as preregistration in accordance with the EU REACH Regulation. Moreover, we will continue to work together with customers and business partners to ensure smooth communications regarding issues that concern all participants in supply chains.

Expansion of Eco-Products

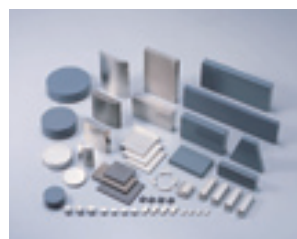
The Hitachi Metals Group is promoting corporate activities that take into consideration energy conservation; resource conservation; the non-use of hazardous substances; and low-emission product design at the earliest stages of product development. In this manner, we are endeavoring to help build a recycling-oriented society while providing Eco-Products. In fiscal 2008, the ratio of Eco-Products sales to net sales was 81.5%, up 7.9 percentage points compared with the previous fiscal year.

Note: "Eco-products" are products in harmony with the environment and that clear internal standards.

Leading Eco-Products of the Hitachi Metals Group



SLD-MAGIC®
High performance next-generation cold-working die steel



NEOMAX®
Rare-earth magnets



Metglas®
Amorphous metals



MANITURBO™
(HERCUNITE® series)
Heat-resistant exhaust casting components



Piston Ring Materials
High performance stainless steel rings

Social Contribution Activities

Hitachi metals puts into practice the concept of business activities firmly rooted in local communities. Stemming from this idea, the Company strives to strengthen cooperation with local communities through various activities, such as maintaining public facilities and running cleanups of public areas.

Disclosure to Shareholders

In accordance with the Code of Conduct for Hitachi Metals Group Companies, we disclose impartial and highly transparent information in a timely and appropriate manner while promoting interactive communications with society and actively building relationships of mutual trust, beginning with shareholders and extending to society as a whole. Moreover, the Company not only discloses financial results on its own website as well as those of various stock exchanges, but also endeavors to provide information regarding each of its business divisions and its medium-term management plans.

Customer Satisfaction

Through continuous technological development and improvements in quality, we provide products and services that please our customers. Because we put customer safety first, we establish safety standards aimed at ensuring the safety not only of the business partners who use our materials in their products, but also of end users in order to achieve complete safety. We establish standards and use third-party checks to ensure the reliability of product specifications that we provide to customers through catalogs, our website and other means.

Suppliers

In order to provide products that create new value for society, we strive in a variety of ways to be good partners with our suppliers and to build cooperative relationships with them. We choose our suppliers not just on the basis of their technological capacity, but also from the standpoints of legal compliance, environmental management and stability. Our purchasing operations are fair, and we treat every supplier with an even-handed attitude.

Employment

In order to create an appropriate corporate culture as a development-driven company, we respect the cultures, laws and employment customs of all nations throughout the world. We aim to create a work environment where all individual staff members can challenge themselves to accomplish their personal goals, and to establish an equitable personnel evaluation system. The Company strives to create an increasingly diverse staff, respecting individuals and their rights, nurturing the careers of women, and promoting the employment of the physically challenged.