

## Corporate Social Responsibility

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### 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.

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### 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.

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### 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>

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### 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*.

Note: Please access the CSR Report at [http://www.hitachi-metals.co.jp/e/corp/corp14\\_01.html](http://www.hitachi-metals.co.jp/e/corp/corp14_01.html)

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## Environmental Countermeasures

### *CO<sub>2</sub> Emission Regulations:*

The Hitachi Metals Group expects to gain substantial opportunities for growth through its efforts to expand its eco-friendly products business. On the other hand, manufacturing processes consume large volumes of energy. Also, given the possibility of Japan's CO<sub>2</sub> emissions regulations being further strengthened, it may be pointless to continue domestic manufacturing operations if such businesses and their products possess insufficiently high added value. Even though regulations governing manufacturers are growing stricter, the tightening of such regulations provides good opportunities to thoroughly review manufacturing processes. Therefore, we constantly aim to further strengthen our manufacturing productivity through reforms that include shortening lead times.

Promoting environmental protection, Hitachi Metals is aiming to reduce the ratio of CO<sub>2</sub> emissions to net sales at all domestic bases by 1% per year compared with the fiscal 2009 level. Together with this, we will further enhance the value that our manufacturing capabilities impart

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## Environmental Protection Activities in Fiscal 2009

### *Reduction of CO<sub>2</sub> Emissions*

As part of its energy conservation efforts, in fiscal 2009 Hitachi Metals took steps to raise melting efficiency and productivity while deploying amorphous transformers and other highly efficient equipment. Although some of the reduction in CO<sub>2</sub> emissions can be attributed to a temporary drop in production volumes due to the market recession, such efforts executed throughout the Hitachi Metals Group yielded an improvement in fiscal 2009 in Japan to 640,000 t-CO<sub>2</sub> and at overseas Group locations to 313,000 t-CO<sub>2</sub>.

In addition, the Hitachi Metals Group considers the environmental burden of transportation to be an important environmental topic. Reflecting efforts made to improve loading ratios, decrease the number of shipments, implement a further modal shift from transport by truck to railway and shorten transportation distances, in fiscal 2009 domestic transport-related CO<sub>2</sub> emissions amounted to 19,800 t-CO<sub>2</sub>.

### *Reducing Waste*

At the Hitachi Metals Group, we do not simply treat as waste any refuse generated by business activities. Rather, our efforts include the promotion of the "3Rs" of Reduce, Reuse and Recycle as we aim to achieve "zero emissions"\* with our final disposal volume. The demand for slag as a resource, however, fell in fiscal 2009, and the recycling rate stood at 86.3%. Hitachi Metals continues to work toward developing further applications for slag as a resource and to improve manufacturing processes.

\*Zero emissions are deemed to be a final disposal volume of less than 1% of total emissions.

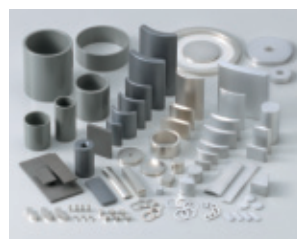
### *Expansion of Eco-Products*

To reduce the environmental burden of its products, Hitachi Metals has introduced "Eco Design Assessment" that takes into consideration the entire life cycle of a product from the design and development stages. The products that satisfy the standards of this assessment are certified as Eco-Products. In fiscal 2009, the Company emphasized the assessment of products produced overseas and the ratio of Eco-Product sales to consolidated net sales rose 13.0% to 73.3%.

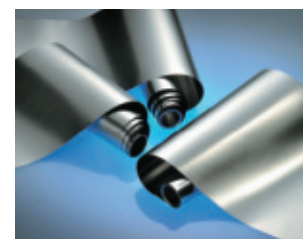
### Leading Eco-Products of the Hitachi Metals Group



**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

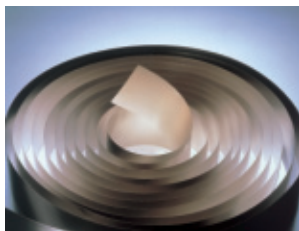


**Piston Ring Materials**  
High-performance stainless steel rings

#### *Metglas Selected for U.S. Advanced Energy Manufacturing Tax Credits*

On January, 2010, U.S. President Obama announced the award of \$2.3 billion in Recovery Act Advanced Energy Manufacturing Tax Credits for clean energy manufacturing projects across the United States. One hundred eighty three projects in 43 states will create tens of thousands of high-quality clean energy jobs and promote the domestic manufacturing of advanced clean energy technologies, including solar, wind and efficiency and energy management technologies.

The tax credit obtained by Metglas, Inc., a soft magnetic materials company, is based on the recent expansion of its SMMC amorphous metal production facility in Conway South Carolina. These credits will reduce the tax burden on Hitachi Metals America, Ltd. (HMA) by US\$4,890,000. The credit may be used to offset up to 50% of the HMA's liability in any one year and the unused amount can be carried forward 20 years.



Metglas® amorphous metals  
for power transformers

#### 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.

The Hitachi Metals website makes available on its "Investors" page earnings statements and supplemental presentation materials, as well as annual reports and other information. This site also offers a "Corporate Governance" page on which a chart explaining the corporate governance structure is presented.

**[Written Oath Pertaining to Timely Disclosure]**

In disclosing its corporate information, Hitachi Metals, Ltd., (“the Company”) hereby fully acknowledges that the timely and appropriate disclosure of such information to investors is one of the constituents forming the base of a sound financial instruments market. Therefore, the Company pledges to provide corporate information diligently to investors in a timely and appropriate manner, including by working to implement the internal system described in the attached document in order to conduct appropriately prompt, accurate and fair disclosure of such information at all times, with due consideration given to the standpoint of investors.

### **Summary of Internal System for the Timely Disclosure of Corporate Information**

(Attachment to the Written Oath Pertaining to Timely Disclosure)

Hitachi Metals’ internal system for the timely disclosure of corporate information is as follows.

#### **1. Basic stance on the disclosure of corporate information**

Hitachi Metals has set up a code of conduct to (1) earn trust as a highly transparent “open firm” through proactive corporate information disclosure and (2) disclose information, such as its corporate philosophy, management policy and business activities to shareholders, customers, suppliers and other stakeholders.

Under the code of conduct, Hitachi Metals will comply with the rules and regulations prescribed by the stock exchanges in which it is listed as well as the Financial Instruments and Exchange Act and other relevant laws and regulations. Furthermore, the Company will disclose corporate information in a timely and appropriate manner based on the following internal system.

#### **2. Status of internal system for the timely disclosure of corporate information**

Hitachi Metals engages in the timely disclosure of corporate information based on the following internal system centered on Corporate Communications.

- (1) In accordance with internal rules, relevant divisions are appointed to take charge, depending on the type of the fact required to be disclosed in a timely fashion, and, in cases where it is expected that a matter of importance will be revealed, the relevant division in charge notifies Corporate Communications of the existence of the matter. In cases where a matter of importance has actually occurred, the division in charge will make a confirmation and notify Corporate Communications of the matter. Corporate Communications are also notified of important matters related to subsidiaries by the division in charge of administering the subsidiary.
- (2) Important matters to be decided upon by Hitachi Metals’ decision-making body, that may potentially be required to be disclosed in a timely manner, are normally consulted upon with the Executive Committee meeting. The Corporate Management Planning Office, which is responsible for the operation of the Executive Committee meeting, notifies Corporate Communications of the agenda of such a meeting in advance.
- (3) In reference to the rules of the stock exchanges on which the Company is listed, Corporate Communications determines whether the facts that are subject to notification through the above procedures should be disclosed.
- (4) Based on the determination of Corporate Communications, if the matter falls within the category of items to be disclosed, Corporate Communications promptly discloses it in cooperation with the division in charge and others.
- (5) Full-year accounting information is prepared by the Finance Department responsible for account settlement and is disclosed by Corporate Communications after gaining the Board of Directors’ approval. Quarterly accounting information is also prepared by the Finance Department and is disclosed after reporting to the Board of Directors as well as gaining the President and Chief Executive Officer’s approval.

In addition, Hitachi Metals is implementing its internal control system for financial information based on a standard framework (COSO framework) in accordance with the requirements of Japan’s Financial Instruments and Exchange Act as well as the U.S. Sarbanes-Oxley Act. By doing so, Hitachi Metals is further enhancing the reliability of its financial information.

Hitachi Metals believes that the quality and timeliness of its disclosure helps enhance its corporate governance. Therefore, Hitachi Metals tries to proactively disclose the general status of each business segment and medium-term management plan in addition to disclosing those items for which timely disclosure is required.