

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: 1.6% in fiscal 2019)

In recognition of these efforts, Hitachi Metals was selected as a fiscal 2019 “Nadeshiko Brand,” as a company that is outstanding in terms of encouraging the success of women in the workplace. We will continue working to promote diversity, and to create an environment in which all employees can participate fully.

① 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 2019, the employment ratio of people with disabilities for Hitachi Metals (non-consolidated) in Japan was 2.26%, 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 Promotion of Women’s Participation and 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 Promotion of Women’s Participation and Advancement in the Workplace, effective from April 1, 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 next 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

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees taking child care leave	23	24	25	32	27	32
Number of employees using shorter working hours for child care	28	35	35	40	4.5	55
Number of employees taking nursing care leave	0	0.0	1	0.1	2	5
Number of employees using shorter working hours for nursing care	0	0	0.0	1	1	0.1

(3) Occupational Health and Safety

(a) Action to Eliminate Work Accidents

The safety results for the Hitachi Metals Group in 2019 revealed four accidents involving lost working time at Hitachi Metals and five such accidents in the Hitachi Metals Group in Japan. Although the number of cases decreased by five from 2018, it remained high. In particular, accidents involving inexperienced workers (with less than three years' experience) were still dominant, accounting for approximately 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 2020, we promoted 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." The key strategies in this effort are as follows: 1) Managers and supervisors investigate the workplace to ensure that safety and health management is properly maintained as well as executed; 2) carry out risk assessment with the participation of all employees to ensure that equipment and work are essentially safe, 3) promote the application of disaster cause analyses and recurrence prevention measures in other areas of the organization, and 4) strengthen health management efforts.

Frequency of Occupational Injuries

	2015	2016	2017	2018	2019
All industries	1.61	1.63	1.66	1.83	1.80
Manufacturing	1.06	1.15	1.02	1.20	1.20
Steel	0.67	0.69	0.83	1.16	0.89
Hitachi Metals Group	0.31	0.27	0.55	0.42	0.27

(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

With the Corporate Creed of "contributing to society by being the best enterprise" and with the management policy of pursuing high-quality products, we aim to achieve global growth, setting forth "Building People, Building Innovation, Building the Future" as the vision of the medium-term management plan. 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 "strength through harmony," 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

	FY2015 (As of the end of March 2016)	Annual Dividends (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 2019)
Number of employees	5,966	5,858	6,315	7,067	7,022
Male	5,339	5,241	5,654	6,227	6,215
Female	627	617	661	790	807
Ratio of female employees	10.5	10.5	10.5	11.2	11.5
Average age (years)	43.5	43.9	43.6	43.1	43.5
Average service (years)	20.6	21.0	21.0	18.4	18.8
Number of female managers	11	12	16	19	19
Employment rate of people with disabilities	2.34	2.40	2.31	2.21	2.26