

# Corporate Social Responsibility

## 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.

## Corporate Philosophy

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

### 1. Enhancing Awareness of Social Responsibility and Corporate Ethics

Adhering to the principle of “Obey the law and walk the path of virtue,” we will develop our corporate activities in an ethical manner, with full grasp of our social responsibility and the potential effects of our corporate activities. As we conduct business on a global scale, we will comply with all relevant international conventions and the laws of each country, while striving to understand each country's local religions, cultures, and customs in order to contribute to regional economic development.

### 2. Pursuing Mutual Growth with Our Business Partners

With the aim of generating the highest possible customer satisfaction, we will engage in the development of unique basic technologies and new technologies that empower us to continue providing high-quality, reliable products. In achieving this aim, we will conduct fair and appropriate business transactions with our suppliers. Based on an awareness of social responsibility shared jointly with our business partners, we will carry out corporate activities to realize mutual growth.

### 3. Promoting Truthful Communication with Society

We will disclose appropriate corporate information in a timely, fair, and transparent manner to our shareholders and other stakeholders. At the same time, we will endeavor to establish a relationship of mutual trust with society through well-coordinated two-way communication.

### 4. Thinking about Our Next Generation—An Environmentally Friendly Solution

Recognizing the importance of protecting the environment, we will ensure effective and environmentally conscious utilization of limited natural resources in order to bestow a clean environment to the next generation. Through creation of new products and businesses that bring new value to society, we will base our sustainable growth on the provision of high-quality products in harmony with the environment.

## 5. Fostering the Welfare of Employees and Society

We will create a safe and ideal workplace, embracing the great diversity of our individual employees and their capabilities, while promoting their personal development through work. As a good corporate citizen, we will continue efforts to contribute to society through sincere, nondiscriminatory corporate activities based on mutual trust with all members of society.

## 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 80.

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 Countermeasures

### CO<sub>2</sub> Emissions 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 reduced 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. We will continue to actively promote measures to prevent global warming.

### Global Warming Prevention Activities in Fiscal 2012

All business sites in the Hitachi Metals Group take the environment into consideration and work to prevent global warming and reduce waste.

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

In accordance with the energy conservation measures laid out in its Fiscal 2012 Medium-Term Management Plan, Hitachi Metals is working to increase productivity and yield by strengthening

its manufacturing capabilities, thereby reducing its annual CO<sub>2</sub> emissions basic unit by 1%. In 2012, however, the conversion factor of electricity into CO<sub>2</sub> became worse by the tight condition of electric supply, and in the result CO<sub>2</sub> emissions had risen to 810,000 tons domestically and 470,000 tons overseas, an increase of 1% in terms of CO<sub>2</sub> emissions basic unit (to net sales) from that in the previous fiscal year.

### 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 three Rs—reduce, reuse, and recycle—as we aim to achieve zero emissions\* with our final disposal volume. The recycling rate in 2012 stood at 87.1%. Hitachi Metals continues to work toward developing further applications for slag as a resource and to improve manufacturing processes.

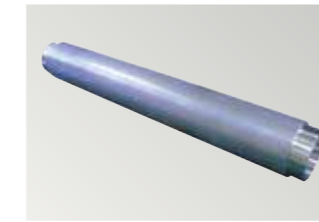
\*Zero emissions are deemed to be a final disposal volume of less than 0.5% of total emissions.

### Expansion of Eco-Friendly Products

To reduce the environmental burden of its products, Hitachi Metals has introduced the Eco Design Assessment, which takes into consideration the entire life cycle of a product from the design and development stages. Products that satisfy the standards of this assessment are certified as Eco-Friendly Products. In fiscal 2012, the ratio of Eco-Friendly Product sales to consolidated net sales rose 0.2%, to 76.2%.



DAC-MAGIC™  
die cast tool steel



Sputtering target materials for  
CIGS photovoltaic cell panels



HERCUNITE™  
heat-resistant exhaust casting  
components



NEOMAX® rare-earth magnets



Piston ring materials



Metglas®  
amorphous metals

### Disclosure to Shareholders

Hitachi Metals has set up the Code of Conduct for Hitachi Metals Group Companies to earn trust as a highly transparent "open firm" through proactive corporate information disclosure and disclose information, such as its corporate philosophy, management policy, and business activities, to shareholders, customers, suppliers, and other stakeholders. Believing that the timely and impartial disclosure of information contributes to effective corporate governance, Hitachi Metals does not just practice timely disclosure, it also endeavors to provide information regarding each of its business divisions and its medium-term management plans.

[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 components 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 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 other.
- (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.