

TOPICS: Initiatives to Identify Social Issues

At the Hitachi Metals Group, we believe we can address perennial market needs by seeking solutions for social issues through our core business operations. Choosing not to consider the entire Group collectively, we identify important social issues based on the characteristics of each of our four companies and have started reflecting these in various activities.

Materiality Analysis Approach

In light of future mega trends, we identified social issues that may impact the Group's sustainable growth and evaluated the importance of such issues from multifaceted perspectives.

STEP 1

Identify social issues

Looking at social issues and mega trends that will affect the future, such as the Sustainable Development Goals (SDGs), set by the United Nations, we pinpointed social issues pertaining to the Group.



STEP 2

Examine actions to address social issues

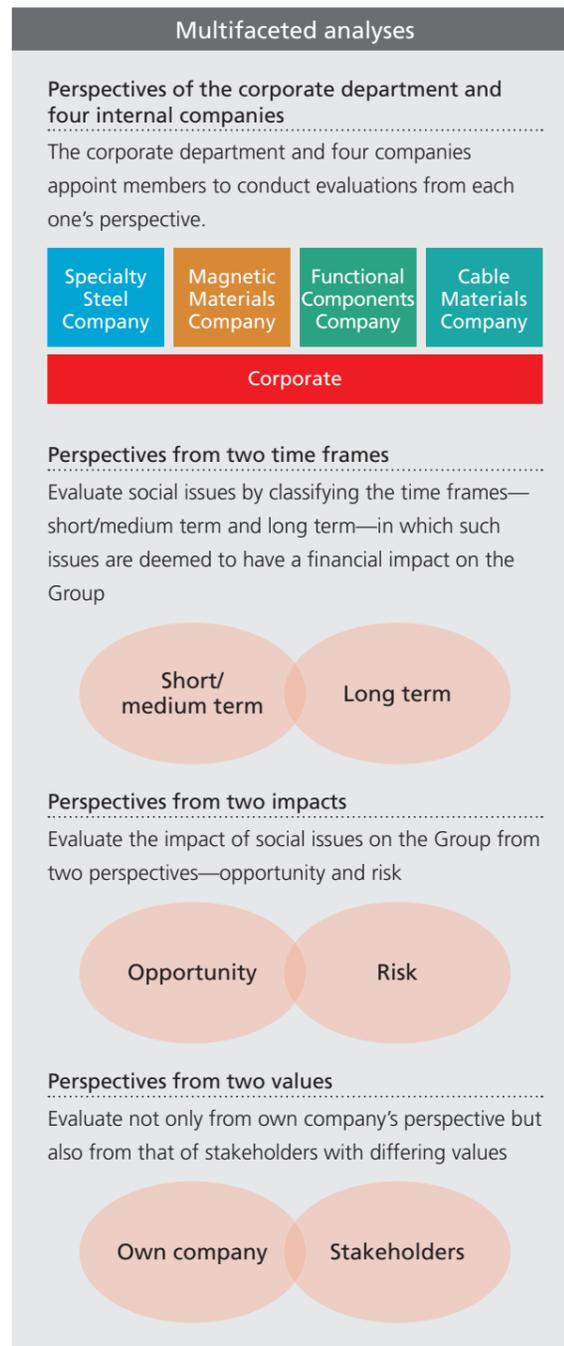
Our corporate department and our four internal companies considered actions to address the identified social issues, using assumed time frames.

STEP 3

Evaluate social issues

For each time frame, we assessed the size of the impact on the Group—from the perspectives of both risk and opportunity—and evaluated the social issues according to strategic priorities.

Dialogue with stakeholders conducted
 (Please refer to the next page.)



Dialogue with Stakeholders Conducted

We held a dialogue with stakeholders and outside experts to obtain opinions about social issues that the Hitachi Metals Group should prioritize from the perspective of stakeholders.

Date: February 27, 2017
Location: Conference Room, Hitachi Metals Head Office



Keisuke Takegahara
 Executive Officer, Deputy Chief Research Officer, the Development Bank of Japan Inc.



Makiko Akabane
 Country Director, Japan, CSR Asia Tokyo Office

For the stakeholder dialogue, we invited two outside experts—Mr. Keisuke Takegahara, Executive Officer, Deputy Chief Research Officer, the Development Bank of Japan Inc., and Ms. Makiko Akabane, Country Director, Japan, CSR Asia Tokyo Office—with participation by six members of our Materiality Analysis Project.

Discussions focused on social issues, which differ according to evaluation perspectives, namely, business perspectives of the project members and stakeholder perspectives put forward by the outside experts.

Mr. Takegahara praised the effectiveness of our materiality analysis, which this time was conducted for each internal company rather than the entire Group. He also emphasized the need to reaffirm the importance of resolving social issues through our core business, which as a matter of course is ensuring a stable supply of products from the perspective of long-term investors.

Ms. Akabane pointed out the importance of understanding social issues from the perspective of each country and region, stating that Hitachi Metals, as an entity that operates globally, should address issues that could arise in various countries and regions, such as fraud and resource-related problems, in addition to issues important to Japan. She also offered advice on the importance of efforts in areas that could become major social issues in the future, such as ethics and employees' health.

Our project members obtained feedback about the results of evaluations conducted from their own business perspectives. Through a Q&A session, they also gained a deeper understanding of social issues that Hitachi Metals should address.

VOICE | Opinion of project member

The Materiality Analysis Project has been promoted mainly by six members from the corporate management planning division and each internal company. They conducted evaluations of issues important to the Group from the perspectives of opportunity and risk, while considering the perceived scale of any impact on our business environment in light of SDGs and other future social issues and mega trends, as well as projected changes in the world over the medium and long terms.

Hitachi Metals provides highly functional materials to the automotive, industrial infrastructure, and electronics sectors. Due to the wide range of products handled by our four internal companies, however, it was very difficult for the project members to have the same thinking about materiality analysis. Still, although the discussion stalled at times, the project members used their collective, cross-lateral capabilities, with advice from outside experts, to gain a deeper understanding of social issues that the Group should address.

I hope that the project's activities can be used to formulate the Group's next medium-term management plan.



Mikio Kawai
 General Manager, Planning Department, Magnetic Materials Company