

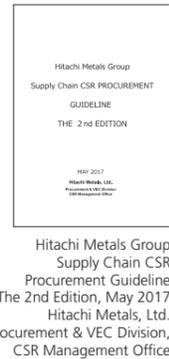
## CSR-Conscious Procurement

The Hitachi Metals Group procures materials from suppliers in countries and regions around the world. Conscious of social responsibility and its impact, we have formulated our procurement policy with the aim of practicing fair and impartial procurement activities and, with the cooperation of many suppliers, engage in procurement that considers CSR.

### Issuance of Hitachi Metals Group Supply Chain CSR Procurement Guideline

Recognizing that companies are members of society, the Hitachi Metals Group aims to work with its suppliers to ensure social responsibility. To that end, the Hitachi Metals Group created the Hitachi Metals Supply Chain CSR Guidebook in fiscal 2013 and since then has operated under the guidebook. Furthermore, due to increasing concern about the adverse impacts of transactions on human rights and the environment, we issued the revised Hitachi Metals Group Supply Chain CSR Procurement Guideline in May 2017. This version emphasizes the elimination of forced labor and human trafficking, as well

as environmental measures and fair transactions, in accordance with the EICC (Electronic Industry Citizenship Coalition, an electronics industry CSR alliance) Code of Conduct Ver. 5.1. We will continue to work with our suppliers to promote procurement activities that consider CSR in the supply chain.



### Response to Globalization

The Hitachi Metals Group strives to establish a global procurement network across Europe, North America, and Asia, while expanding its procurement base. We are working to support the optimization of procurement activities overall and reinforcement of *monozukuri*, while enhancing CSR risk management and increasing concentration and consolidation of purchasing across the Group.

We are promoting local procurement activities by cultivating optimal suppliers in various parts of the world. Through the establishment of four Global Procurement Offices (GPOs), in Europe, the U.S., Asia, and China, we are finding excellent suppliers and providing various forms of support while exercising procurement governance within the regions.

Furthermore, with regard to conflict minerals (minerals extracted in war zones), the Hitachi Metals Group is working to improve the transparency of its supply chains in cooperation with suppliers to maintain responsible procurement. We will continue striving for procurement activities that do not benefit groups that engage in human rights abuses.



Information regularly exchanged between the Procurement & VEC Division in the Head Office and GPOs

### Compliance

Believing that thorough obedience to laws, regulations, and social proprieties in our transactions with suppliers is essential, we call together our procurement specialists at business offices on a regular basis for education regarding laws and regulations. In addition, we have established and follow internal rules for self-regulation regarding compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc., to Subcontractors, and conduct regular self-auditing with regard to legal compliance.

### Green Procurement

Our green procurement policy gives priority to suppliers who are actively engaged in environmental conservation efforts, and we are expanding this initiative to include office equipment and more. All of our business offices have adopted the use of common Hitachi Group Internet-based procurement, allowing us to select and purchase indirect materials that conform to the Law on Promoting Green Purchasing or are otherwise environmentally friendly, and we are working to expand green procurement across the entire Hitachi Metals Group.

### Procurement BCP Initiatives

We engage in procurement BCP activities as preparation against risks that could halt our business, including earthquakes, wind and flood damage, and other natural disasters, as well as new strains of influenza, fires, and power outages. We are working to minimize procurement risk by creating an emergency contact system and diversifying our sources of procurement, while asking our key suppliers to have their own BCP measures in place.

## Respect for Human Rights and Compliance with International Norms

In our Code of Conduct, the Hitachi Metals Group declares, "We build relationships of mutual confidence with people in society, and pursue corporate activities that are in good faith and free of discrimination," and our fundamental stance is to respect the human rights of all stakeholders in our business activities. In addition to implementing the Hitachi Metals Group Human Rights Policy, we engage in ongoing efforts including educational activities for officers and employees and the establishment of hotlines, with the aim of promoting the creation of a corporate culture in which human rights abuses do not occur.

### Formulation of the Hitachi Metals Group Human Rights Policy

We formulated the Hitachi Metals Group Human Rights Policy in December 2013 as a supplement to the Code of Conduct for Hitachi Metals Group Companies and the Good Practice Guidance for Hitachi Metals Group Companies. This policy recognizes the human rights stated in the International Declaration of Human Rights and in the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work as the minimum levels of those rights. It

clearly states that the Hitachi Metals Group pursues measures to observe the international principles of human rights. Specifically, we will implement human rights due diligence and appropriate education on the basis of the UN Guiding Principles on Business and Human Rights, together with strictly observing the laws of the regions and countries in which we do business.

### Initiatives on Human Rights Due Diligence

Human rights due diligence refers to defining and assessing impacts on human rights, taking action to prevent and redress negative impacts, and continually validating the effects of that action. The Hitachi Metals Group will assess the actual and potential impact on human rights resulting from the business activities of the Company, our value chain, and develop countermeasures based on ranking human rights risks in terms

of "seriousness" and the "likelihood of occurring."

We have participated in human rights due diligence centered on Hitachi, Ltd. The procurement division assessed impacts on human rights in the supply chain in fiscal 2015, and the human resources division assessed impacts on employee human rights in fiscal 2016. The issues were ranked in terms of priority, and countermeasures were studied.

### Human Rights Educational Activities and Harassment Prevention Efforts

We regularly use e-learning to conduct human rights education and training for each level of employee to systematically raise awareness of human rights (with 5,108 employees, on a consolidated basis, receiving human rights-related training in fiscal 2016).

As our business activities expand rapidly on a global basis, we will enhance human rights awareness and support measures to prevent abuses of human rights based on differences of religion or nationality, the presence or absence of disabilities, gender, or other factors.