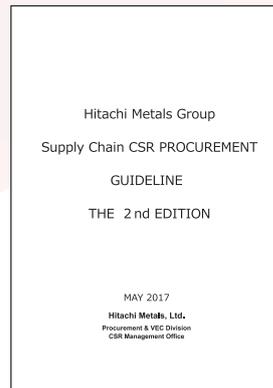


CSR-Conscious Procurement

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

Hitachi Metals revised the Hitachi Metals Group Supply Chain CSR Procurement Guideline in May 2017 and published the revised version on its website. The Guideline encompasses a wide range of CSR concepts recognized as a company's social responsibility, including respect for human rights, consideration of the environment, fair trading and ethics, occupational health and safety, product quality and safety, information security, and social contributions. We have shared our philosophy of carrying out social responsibility not only within the Company, but throughout our supply chain. In addition, when starting new business relationships, we communicate this policy, and at the same time conduct corporate surveys regarding bribery risks based on the Hitachi Metals Global Compliance Program (HMGCP) to promote the strengthening of supplier reviews.



Hitachi Metals Group
Supply Chain CSR Procurement Guideline
The 2nd Edition, May 2017
Hitachi Metals, Ltd.
Procurement & VEC Division,
CSR Management Office

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. Furthermore, 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.

The Hitachi Metals Group also practices responsible procurement with the aim of addressing the issue of conflict minerals. In order to make our supply chain transparent and practice responsible procurement, we conduct surveys of mineral-producing countries and our supply chain, using the Conflict Minerals Reporting Template developed by the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI), which are organizations working on the issue of conflict minerals. At the same time, we continue to demand procurement from Conflict-Free Smelters (CFS)*.

* CFS (Conflict-Free Smelter): A smelter that is certified not to be involved in regional conflicts by the Responsible Minerals Initiative (RMI), established by RBA/GeSI.

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

In 1998, Hitachi Metals created its Green Procurement Guidelines in order to share our approach to environmental consciousness with our suppliers, including prevention of global warming, recycling of resources, and conservation of biodiversity and ecosystems. Since that time, we have revised these guidelines many times in response to the latest laws and chemical substance regulations. By sharing the latest information, we are working to reduce our environmental impact (conserving resources, saving energy, recycling, and appropriate management of chemical substances contained in products).

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 diversifying our sources of procurement, while asking our key suppliers to have their own BCP measures in place.