

Hitachi Metals Group

CSR Detailed Activity Report 2015

Published: July 2015, 1st edition
1st revision: September 2015, 2nd edition

Contents

• Contents	1	2. Together with Our Procurement Partners.....	38
• About This Document	2	(1) Our Approach to CSR Procurement.....	38
• Disclaimer	3	(2) Response to Globalization	40
• Corporate Creed	4	(3) Conducting a CSR Questionnaire Survey of Procurement Partners	40
• Hitachi Metals Company Philosophy	4	3. In Cooperation with Society and the Local Community.....	41
• Code of Conduct for Hitachi Metals Group Companies..	5	(1) Basic Approach	41
• Good Practice Guidance for Hitachi Metals Group Companies	5	(2) Our Social Contribution Activities in Fiscal 2014	41
I Message from Management	6	(3) Engagement with and Supporting Development of Local Communities	44
II About the Hitachi Metals Group	8	4. Responsibility to Employees	45
1. Corporate Profile	8	(1) Labor and Management Relations	45
2. Consolidated Operating Performance	8	(2) Promoting Diversity	45
3. Principal Business Bases	9	(3) Occupational Health and Safety	47
4. Business Domains and Major Product Applications	10	(4) Human Resources Training.....	48
III Corporate Governance	11	(5) Employee Benefits and Welfare.....	49
1. Corporate Governance Structure	11	(6) Life Plan Support.....	49
(1) Basic Approach	11	(7) Composition of Employees	49
(2) Management Supervisory Functions and Executive Functions.....	12	5. Responsibility to Shareholders and Investors.....	50
(3) Relations with Controlling Shareholders etc.	13	(1) Shares and Shareholders	50
2. Internal Control System	15	(2) Basic Policy on Profit Allocation	50
(1) Summary of the Development Status of the Internal Control System	15	(3) Information Disclosure and IR Activities.....	50
3. Director Compensation System.....	17	VI Report on Environmental Aspects	51
(1) Policy on the Determination of Compensation and Related Matters for Directors and Executive Officers	17	1. Environmental Management	51
(2) The Total Value of Compensation for Directors and Executive Officers.....	17	(1) The Hitachi Group's Environmental Vision	51
4. Risk Management.....	18	(2) Hitachi Metals Group Basic Environmental Protection Policies.....	52
IV CSR Management	19	(3) Hitachi Metals Group's Environmental Management.....	53
1. CSR Activities at the Hitachi Metals Group.....	19	(4) Medium- and Long-Term Environmental Strategy..	54
(1) Guidelines for CSR Activities	19	(5) The Environmental Action Plan and Its Results....	54
(2) Hitachi Metals Group Stakeholders	20	(6) Environmental Accounting.....	55
(3) System for Promoting CSR.....	20	(7) Integrated Environmental Management System (Integrated EMS)	56
(4) CSR Activity Results and Plans.....	21	(8) Environmental Auditing	56
(5) Economic Performance	26	(9) Environmental Education and Awareness Promotion	56
2. Compliance	27	(10) Environmental Management Level "GREEN21- 2015" Activities.....	57
(1) Basic Approach and Confirmation of Current Status	27	(11) The State of External Communications About the Environment	58
(2) Compliance Education Activities.....	27	(12) Consideration for the Preservation of Biodiversity..	59
(3) Compliance Audits	28	2. Environmental Consideration in Products.....	60
(4) Export Management	29	(1) Environmentally Conscious Vision in Products and Services	60
3. Information Protection and Management	30	(2) Expansion of Eco-products	61
(1) Basic Approach	30	(3) Eco-Design Assessment	61
(2) Promotion Organization	30	(4) Hitachi Metals Group's Environment and Energy-related Products	62
(3) Information Security Measures.....	31	(5) Introducing New Products Contributing to Reduced Environmental Loads	63
(4) Employee Education.....	31	3. Environmental Consideration in Manufacturing..	64
(5) Self-audit.....	31	(1) Material Balance.....	64
(6) Intellectual Property Protection.....	32	(2) Global Warming Prevention	65
4. Respect for Human Rights and Compliance with International Norms.....	33	(3) Waste Reduction	67
V Report on Social Aspects	34	(4) Chemical Substance Management	69
1. Responsibility to Customers	34	(5) Eco-Factory Technology Case Study	72
(1) Basic Approach	34	(6) Site Data.....	73
(2) Quality Assurance Structure	35		
(3) Product Safety	35		
(4) Supervision of Substances Contained in Products	36		
(5) Evaluations from a Third-Party Perspective ...	37		

About This Document

Purpose of Publication

This report is published for the purpose of comprehensive disclosure of the Hitachi Metals Group's basic approach to corporate social responsibility (CSR), and the content of its related activities.

* The main activities for FY2014 are stated in the "CSR Communication Report 2015."

Publication Date

September 8th, 2015 (previous edition published in October 2014, next issue scheduled for September 2016)

The Scope of This Report

Period Covered: The report is centered on FY2014 (April 1st, 2014 to March 31st, 2015)

Organizations covered: Hitachi Metals, Ltd. and consolidated subsidiaries

Scope of recorded data:

Finance Hitachi Metals, Ltd. and 97 consolidated subsidiaries, and 14 equity method companies

* Operating results for Hitachi Metals MMC Superalloy, Ltd. are reflected in the performance of the High-Grade Metal Products and Materials segment from the second quarter of the fiscal year.

* Operating results for Waupaca Foundry, Inc. are reflected in the performance of the High-Grade Functional Components and Equipment segment from November 2014.

Social Unless stated otherwise, Hitachi Metals, Ltd.

Environment The data of environmental burden covers approximately 95% of burden created by the Hitachi Metals Group overall.

Major changes occurring within the reporting period:

On July 1, 2014, Hitachi Metals, Ltd. acquired 51% of the issued shares of MMC Superalloy Corporation (now Hitachi Metals MMC Superalloy Ltd.)

On November 10, 2014, Hitachi Metals, Ltd. acquired all the outstanding shares of Waupaca Foundry Holdings, Inc., which held a 100% stake in Waupaca Foundry, Inc., converting both companies to consolidated subsidiaries.

On March 25, 2015, Hitachi Metals, Ltd. transferred all its shares in Hitachi Metals Techno, Ltd. Accordingly, the company ceased to be a subsidiary of Hitachi Metals Ltd.

Underlying Guidelines

"Environmental Reporting Guidelines" 2012 Edition, the Ministry of the Environment, Japan

"Sustainability Reporting Guidelines Fourth Edition," Global Reporting Initiative

ISO 26000: 2010 (International Organization for Standardization)

Disclaimer

This report contains forward-looking statements and descriptions of plans, estimates and projections, as well as facts about the Hitachi Metals Group in the past and at present. Such statements and descriptions reflect our current assumptions and expectations of the future events based on information available at present. Accordingly, they are inherently susceptible to uncertainties and changes in circumstances, and future performance and events may differ.

This report has been translated into English from the Japanese version. In cases where the Japanese description is different from the English description, the Japanese description shall take preference.

Corporate Creed

懃則彊

Wasureba Tsuyoshi

Hitachi Metals Company Philosophy

The origins of our company can be traced back about one hundred and ten years,
and our main products have been standing at the top in each industry
both qualitatively as well as quantitatively.

We devote ourselves to technology and aspire to contribute to society
by being the best enterprise based on the *wa-kyo* spirit
our people possess and their loyalty to the company.

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.

Formulated July 26, 2006

Good Practice Guidance for Hitachi Metals Group Companies (Formulated Sep 17, 2010)

WEB <http://www.hitachi-metals.co.jp/e/corp/corp15.html>

I Message from Management

Fulfilling the Responsibilities Society Expects, Growing Along with Everyone We Are Involved with

We are deeply grateful to all our stakeholders for their understanding and support. Thank you for taking the time to read this Hitachi Metals Group's CSR Detailed Activity Report 2015.

Since its founding, the Hitachi Metals Group has created products based on materials technology and development—our strengths as a metal material company—while contributing to the development of society. We have advanced along with the times to meet needs and continue breathing life into everyone's daily activities through the function and performance, as well as the convenience and safety, of our finished products.

As we move forward with initiatives aimed at contributing to the global environment and the realization of a sustainable society amid increasingly borderless markets, our role as a materials development manufacturer is growing in significance.

In FY2014, for the first time ever, Group net sales amounted to more than ¥1 trillion, a major turning point in our movement towards sustainable growth. We are executing a variety of restructuring and growth strategy action plans under the keywords “innovation” and “challenge” to establish a management base enabling sustainable growth. To this end, we consider the thorough fulfillment of the corporate social responsibilities (CSR) expected of us to be of utmost importance. CSR according to Hitachi Metals involves not only the creation and provision of top caliber products and services meeting customer needs, but also the establishment of fair and equitable business practices based on laws and corporate ethics. Our aim is to conduct corporate activities that impact society in a responsible manner, to meet the demands of all our stakeholders, and be recognized as a “trustworthy partner” by society.

Through activities including, in the environmental field, the provision of materials and products to a wide range of industries that contribute to the improved environmental performance of finished products and the development of various activities to reduce environmental loads in related manufacturing processes, we are engaged in realizing sustainable societies on a global scale.

Based on this concept, we are executing three action plans announced in our Medium-term Management Plan: Accelerate the global strategy, expand and create business activities, and establish a robust management base.

In terms of accelerating the global strategy, we have added Waupaca Foundry, Inc. (United States) to the Group, thereby establishing an overwhelming position in the global market for transportation machinery iron castings. Also, in the magnet business, we are considering the establishment of a production base in China.

With respect to expanding and creating business activities, we are focusing on the expansion and sustainable growth of a fourth pillar of business—aerospace and energy—in addition to our mainstay

areas of automobiles, electronics and industrial infrastructure. We have acquired and converted to a subsidiary MMC Superalloy Corporation (now Hitachi Metals MMC Superalloy Ltd.), which has a strong track record in the aerospace business. We intend to accelerate expansion of this business through collaboration between this company, our own factories and Japan Aeroforge, Ltd.

We are also engaged in building a robust management base enabling sustainable growth. In addition to creating systems and structures to minimize any negative impacts our business may have on the environment and local communities and accelerate benefits from business integration, we are strengthening risk governance through initiatives aimed at cultivating an ethical awareness among all employees comprising the Hitachi Metals Group.

Going forward, the Hitachi Metals Group will continue to grow along with local communities, customers, suppliers, employees, shareholders, investors, and everyone we are involved with.

We ask all our stakeholders for their understanding and support in future.

Hideaki Takahashi
President and Chief Executive Officer

II About the Hitachi Metals Group

1. Corporate Profile

Corporate Name	Hitachi Metals, Ltd.
Established	April 10, 1956
Headquarters	2-1 Shibaura 1-chome, Minato-ku, Tokyo 105-8614, Japan
Representative	Hideaki Takahashi Representative Executive Officer President and Chief Operating Officer
Capital	¥26,284 million (As of the end of March 2015)
Number of Employees	Hitachi Metals, Ltd., Non-consolidated; 6,306 Hitachi Metals Group, Consolidated; 30,278 (As of the end of March 2015)
Products and Businesses	Manufacture and marketing of high-grade metal products and materials, magnetic materials and applications, high-grade functional components and equipment, wires, cables, and related products
Group Companies	97 companies (38 in Japan, 59 outside Japan) Equity method companies 14 (6 in Japan, 8 outside Japan) (As of the end of March 2015)

2. Consolidated Operating Performance

	(Millions of Yen)	
	FY2013	FY2014
Net sales	807,952	1,006,301
Operating income	59,536	78,216
Assets	840,742	1,065,990
Liabilities	467,544	606,263
Net Assets	373,198	459,727
Capital expenditures	31,987	51,474
Research and development	16,814	20,903

3. Principal Business Bases

Please see the following links on the Hitachi Metals website.

Main Sales Bases

WEB <http://www.hitachi-metals.co.jp/e/corp/bases01.html>

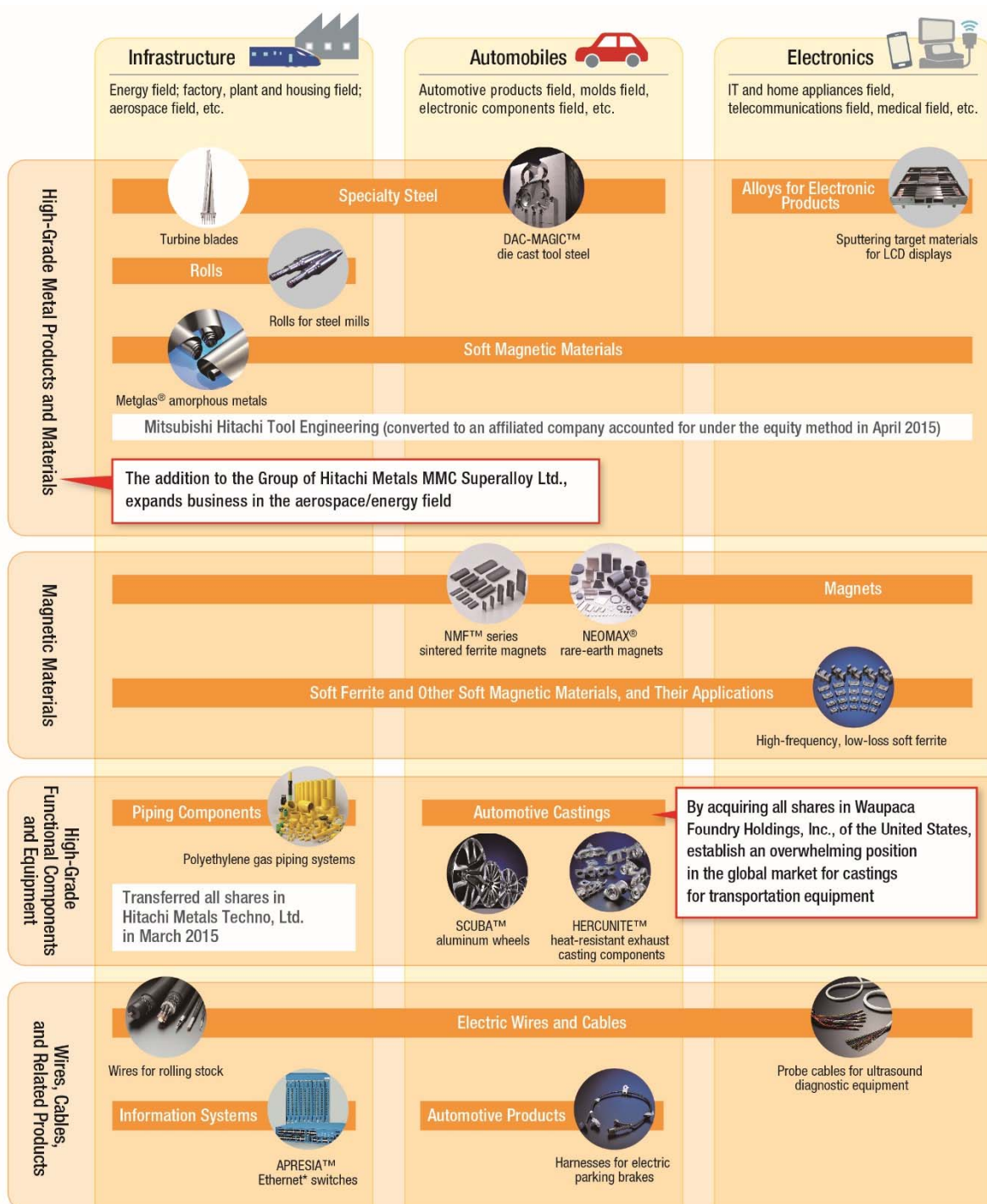
An Introduction to the Each Internal Company

WEB <http://www.hitachi-metals.co.jp/e/corp/bases02.html>

Hitachi Metals Group

WEB <http://www.hitachi-metals.co.jp/e/corp/corp08.html>

4. Business Domains and Major Product Applications



* Ethernet is a registered trademark of Fujii Xerox Co., Ltd.

III Corporate Governance

1. Corporate Governance Structure

(1) Basic Approach

The underlying basis for corporate governance at Hitachi Metals is to ensure transparent and efficient management, meet the needs of our stakeholders, and increase corporate value. We believe this to be one of our most important management challenges.

Accordingly, it is imperative that we create an organizational structure in which management oversight and business operations function effectively and in balance. We also believe that timely, high-quality information disclosure contributes to the improvement of corporate governance. In pursuit of this philosophy, we go beyond simple financial disclosure, regularly publishing the details of individual business segments and mid-term management plans.

We acknowledge that compliance is the linchpin of corporate governance. Consequently, our corporate activities go beyond mere compliance with laws and internal regulations: they also respect social mores and ethics, and recognize our role as a member of society. We established the Code of Conduct and Good Practice Guidance for Hitachi Metals Group Companies, which reflects this stance with specific standards of conduct for company executives and employees.

(2) Management Supervisory Functions and Executive Functions

For our corporate governance structure, we have adopted an institutional composition as a company with a committee governance structure (following the May 1, 2015, revisions to the Companies Act, a “company with nominating committee, etc.”), so that there is a clear division between the executive and supervisory functions of management.

We strive to facilitate prompt decision making through the substantial transfer of authority for business decisions and execution from the Board of Directors to the Executive Officers. While the Board of Directors determines and supervises the basic policies and other aspects of management, we also strive to improve the transparency and efficiency of management by reflecting the objective opinions of members of the Nominating Committee, Audit Committee, and Compensation Committee and outside directors on the Board of Directors, as well as by strengthening supervisory functions. Furthermore, the chair of the Board of Directors, who chairs board meetings, is not also an executive officer. The directors of Hitachi Metals include two external directors appointed as independent directors according to the rules of the stock exchange. By bringing in diverse opinions from a third-party perspective, this system enhances objectivity and independence in the decision-making processes of the Board of Directors.

The Nominating Committee is the body with the authority to decide on the content of proposals related to the appointment and dismissal of directors submitted to the general meeting of shareholders. When determining director candidates, this committee's policy is to ensure that at least one member is an outside director candidate who is independent from the parent company.

The Audit Committee supervises the execution of duties by directors and executive officers. This committee also has the authority to decide the content of proposals for submission to the general meeting of shareholders regarding the appointment and dismissal of accounting auditors, among others.

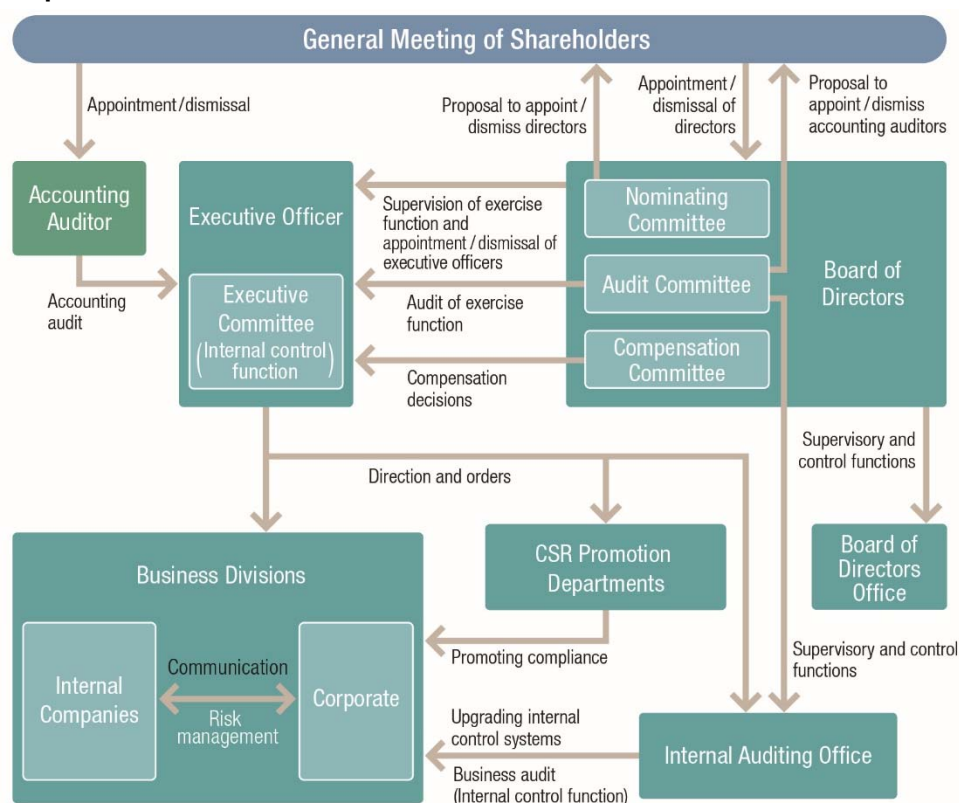
The Compensation Committee has the authority to formulate policies to determine the content of compensation for directors and executive officers, as well as the content of individual compensation. Policies related to determining the content of compensation are provided on page 17.

(3) Relations with Controlling Shareholders etc.

Hitachi, Ltd. and its Group companies (referred to below as the “Hitachi Group”) owns 54.0% of the total number of shareholder voting rights in Hitachi Metals (as of the end of March 2015). In principle, the business operations and transactions of Hitachi Metals are conducted on an autonomous basis and independent of Hitachi and its Group companies. In the implementation of its business activities, however, and as a member of the Hitachi Group, Hitachi Metals has a close collaborative relationship with Hitachi and Hitachi Group companies through joint research and development and other initiatives. Based on the effective use of shared management resources, Hitachi Metals aims to provide high-quality products and services.

As a personnel relationship with Hitachi, Ltd., two executive officers of that company also serve as external directors of Hitachi Metals. Through its expression of opinions and its participation in votes in the Board of Directors of Hitachi Metals, Hitachi, Ltd. could have an influence on the determination of the management policies and other aspects of Hitachi Metals. Nevertheless, two external directors have been appointed as independent directors according to the rules of the stock exchange, diversifying the opinions expressed in the deliberations of the Board of Directors. Therefore, it is our perception that Hitachi Metals is in a position to be able to make independent management judgments. None of the nine executive officers of Hitachi Metals who perform executive duties are also directors of Hitachi, Ltd. Hitachi Metals also conducts a range of transactions with Hitachi, Ltd. based upon the Hitachi Group pooling system. These include borrowing and lending as well as other activities. Hitachi Metals remains convinced, however, that its business activities are not significantly dependent on transactions with Hitachi, Ltd. The terms and conditions of transactions with Hitachi, Ltd. and its Group companies are effectively determined after mutual discussion regarding market interests and market prices.

Corporate Governance Structure



Membership composition of each committee and affiliations of chairpersons

	All members	Full-time members	Internal directors	External directors	Chairperson
Nominating Committee	3	0	1	2	Internal director
Compensation Committee	3	0	1	2	Internal director
Audit Committee	4	1	1	3	Internal director

More detailed information on corporate governance at the Hitachi Metals Group is provided in the Report on Corporate Governance.

This report has been uploaded to our website, as well as those of the Tokyo Stock Exchange.

WEB <http://www.jpx.co.jp/english/listing/cg-search/index.html>

Parent company information

Item	Details
Name of company	Hitachi, Ltd.
Location	Chiyoda-ku, Tokyo
Capital	¥458,791 million
Main business	Manufacture and sale of electrical equipment
Percentage of voting rights holders	Directly: 53.5% Indirectly: 0.5%
Directors with additional posts	Two directors
Capital assistance	None
Business transactions	Clients of Group products and Group suppliers
Facility leasing	None

Related party transactions (Millions of yen)

Category	Name of company	Content of transactions	Transactional amount	Unsettled sums
Parent Company	Hitachi, Ltd.	Deposits through the Hitachi Group pooling system*1, 2	Drawings 24,625 *3	24,571
Equity-method companies	SH Copper Products Co., Ltd.	Representative purchase of materials*4	41,400	16,068
Equity-method companies	Sumiden Hitachi Cable Ltd.	Product sales *4	24,798	14,006

(Note 1) Hitachi Metals joined the Hitachi Group pooling system for collective cash management. The year-end balance indicates the amount deposited at that point in time.

(Note 2) Interest rates on lending are determined rationally by referring to market interest rates.

(Note 3) Capital financing is conducted daily. The transaction amount indicates difference from the amount at the end of the preceding fiscal year.

(Note 4) Product sales and supplies, and representative purchases of materials, are determined according to general terms and conditions in consideration of market prices.

2. Internal Control System

(1) Summary of the Development Status of the Internal Control System

Hitachi Metals has developed the following internal control system.

(a) Internal Controls Organization

- i) An Executive Committee consisting of all executive officers has been formed to ensure that the business activities of executive officers comply with laws, regulations and the Company's Articles of Incorporation, and are carried out efficiently. Significant business issues that have an impact on the entire company are deliberated by this committee, with the decision made by the executive officer responsible.
- ii) A Compliance Officer responsible for developing the Company-wide compliance system has been appointed under the Compliance Office.
- iii) CSR Promotion Departments have been established to facilitate a Company-wide approach to compliance, social contributions and corporate social responsibility.
- iv) An Auditing Office has been established as an internal auditing department, which conducts internal audits of business divisions and Group companies to ensure compliance with laws, regulations and internal rules, as well as the efficiency of their business activities. The results of internal audits are reported to the president and the Audit Committee to confirm whether directives are being correctly carried out.

(b) Framework of Internal Controls

The Company has continued to implement a system of internal controls for financial information under the Financial Instruments and Exchange Act, based on a standard framework (COSO Framework). The system executes and validates administrative processes recorded in documents covering all matters to be reflected in financial reporting.

(c) Compliance Reporting System

Hitachi Metals formulated the policy for its Compliance Reporting System in April 2005, and launched the internal reporting system at Hitachi Metals and Group companies in order to help prevent legal violations or improper actions, and to quickly correct the situation should violations occur. This system allows all employees at Hitachi Metals or its Group companies to report incidents in their workplace by e-mail or sealed letter. Employees can use this system to directly report and resolve issues when they are unable to consult with their supervisor, or receive no response. In this system, employees can not only report anonymously or through a specified channel for the Compliance Hotline but also directly to the Audit Committee. An explanation of the Compliance Reporting system is included in all company-wide compliance training to ensure a high level of awareness of its existence is maintained among all employees.

(d) Policy on Antisocial Forces

Our policy is to take a resolute stance against antisocial forces that pose a threat to the order and safety of civil society, and cut off all ties with them. The following systems have been put in place to ensure the efficacy of this policy.

- i) The department with jurisdiction over risks involving antisocial forces shall be the one in charge of risk countermeasures, and a risk countermeasures officer and person in charge is appointed for each business office. These personnel gather and provide risk-related information, and explain response procedures for risk scenarios.
- ii) To ensure close liaison with the Tokyo Metropolitan Police Department and other police departments with jurisdiction, and with Tokubouren, The National Center For The Elimination Of Boryokudan, the Bar Association, and other external agencies, we will keep up visits and other links in order to build up information on antisocial forces. If there is the possibility of harm from such forces, we will promptly notify these agencies and consult with them, and act in partnership with them.
- iii) To eliminate transactions with antisocial forces, we will work to enact rules on the prevention of such transactions, establish a system for the departments responsible for risk countermeasures in all divisions to vet new trading partners, and introduce clauses for the elimination of gang activity from contracts and transaction terms. The risk countermeasure departments will conduct internal audits to confirm the state of compliance.
- iv) To raise awareness among employees of how to handle antisocial forces, we distribute guidebooks etc. declaring "We absolutely refuse all contacts and demands from antisocial forces and groups," and strive to make all employees aware of the declaration.

3. Director Compensation System

(1) Policy on the Determination of Compensation and Related Matters for Directors and Executive Officers

(a) Policy determination method

Pursuant to Companies Act provisions relating to companies with committees, the Compensation Committee formulated a policy for determining the individual compensation packages etc. of directors and executive officers.

(b) Policy summary

- i) The directors and executive officers who manage the Company determine management policies from a long-term perspective, and formulate and execute Medium-term Management Plans and annual budgets. By doing so, they expand our corporate value and perform management that contributes to shareholders and other stakeholders, for which they are compensated.
- ii) A compensation system shall be implemented that reflects the Company's performance over the short, medium, and long terms. Compensation shall be provided for outstanding performance in an effort to take full advantage of the management expertise, skills, and know-how of directors and executive officers and to serve as a source of motivation.
- iii) Compensation paid by the Company shall be in the form of basic compensation and period-end bonuses.
 - (a) Basic compensation: Basic compensation payments shall be determined on the basis of individual director and executive officer performance, reflecting individual responsibility, experience, knowledge, acumen, and specialist skills. In addition, compensation for directors and executive officers shall be consistent with levels paid by other companies.
 - (b) Period-end bonuses: Period-end bonuses shall be linked to performance.

(2) The Total Value of Compensation for Directors and Executive Officers

Category	No. of people	Total compensation (Millions of yen)
Directors(external directors)	8 (4)	103 (44)
Executive officers	5	311
Total	13	414

Notes: 1. Directors who work as executive officers receive compensation as executive officers and do not receive compensation as directors.

2. During this term, the following payments were made as end-of-term bonuses for the preceding term.

Five directors, 10 million yen (including three external directors, 6 million yen)

Eight executive officers, 112 million yen

The "Total value of compensation for directors and executive officers" in the business report for the preceding term included the provision of reserves for end-of-term bonuses (17 million yen for directors (including 6 million yen for external directors) and 95 million yen for executive officers).

3. Retirement benefits of 42 million yen were paid to two directors, who retired from their post at the conclusion of the 77th Ordinary General Meeting of Shareholders held on June 25, 2014, corresponding to the term of their office until the date on which the retirement benefit system was abolished.

4. The total value of compensation etc. received by external directors also serving as directors of the parent company or subsidiaries of Hitachi Metals, from those companies (excluding Hitachi Metals) during the period during the term for which they were external directors was 117 million yen.

4. Risk Management

Hitachi Metals has put in place a risk management system in which the chief compliance officer is the chief officer in charge of risk management. By comprehensively consolidating information at headquarters to prevent misuse, accumulating expertise in handling misuse, and clarifying misuse handling processes, we swiftly implement uniform procedures which are not influenced by the site at which the misuse occurred.

We have also prepared business continuity plans (BCPs) at domestic sites envisaging the risks of a major earthquake or new influenza pandemic. At sites outside Japan, we have prepared BCPs envisaging the risks that give most cause for concern. We regularly conduct BCP drills and check and update BCPs to ensure ongoing increases in their effectiveness.

By developing its risk management organization, Hitachi Metals Group strives to avoid risk incidents and mitigate the impact of incidents that do occur. Nevertheless, it is possible that we may not be able to fully avoid or mitigate risks, so there could be repercussions affecting management performance and financial status.

The main risks that could possibly impact the management performance and financial status of the Hitachi Metals Group are as follows:

- Risks involving economic circumstances in the market, related to product demand
- Risks involving fluctuations in raw material prices
- Risks involving financing
- Risks involving fluctuations in exchange rates
- Risks involving fluctuations in securities prices
- Risks involving business expansion outside Japan
- Risks involving competitive advantage and the development and commercialization of new technologies and products
- Risks involving intellectual property rights
- Risks involving environmental regulations, etc.
- Risks involving product defects
- Risks involving legal and official regulations
- Risks involving earthquakes and other natural disasters, etc.
- Risk involving information security
- Risks involving pension payment liabilities
- Risks involving relations with the parent company
- Risks involving M&A
- Risks involving the Medium-term Management Plan

IV CSR Management

1. CSR Activities at the Hitachi Metals Group

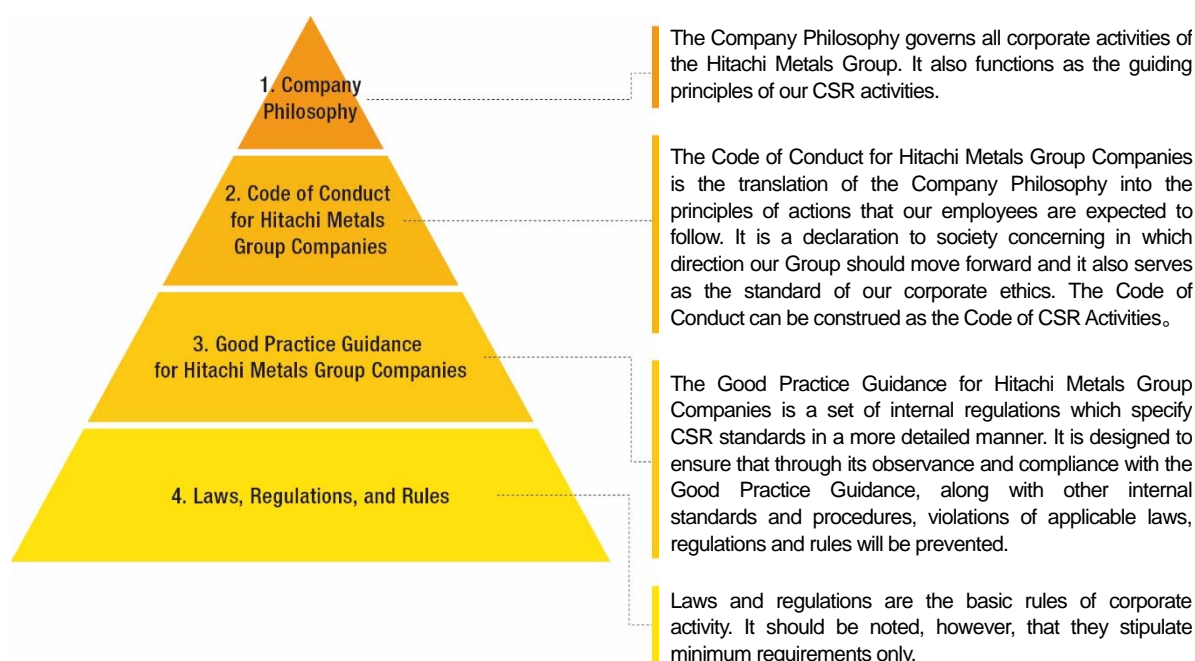
Since our independence from Hitachi, Ltd. in October 1956, we at Hitachi Metals have operated under our Company Philosophy, which aims to contribute to society by being “the best enterprise.” Accordingly, we have worked to help solve social issues by utilizing our advanced technologies and capabilities.

CSR management, which calls on corporations not only to pursue profitability but also to meet stakeholders’ expectations and contribute to the development of society, is literally consistent with our aspiration declared in our Company Philosophy. It is fair to say that the guiding principles of CSR are the Company Philosophy which we have embraced since our independence.

We at the Hitachi Metals Group will promote CSR activities based on our Company Philosophy, aiming to contribute to society through our business operations.

(1) Guidelines for CSR Activities

Hitachi Metals Group systematically established guidelines for CSR activities as follows:

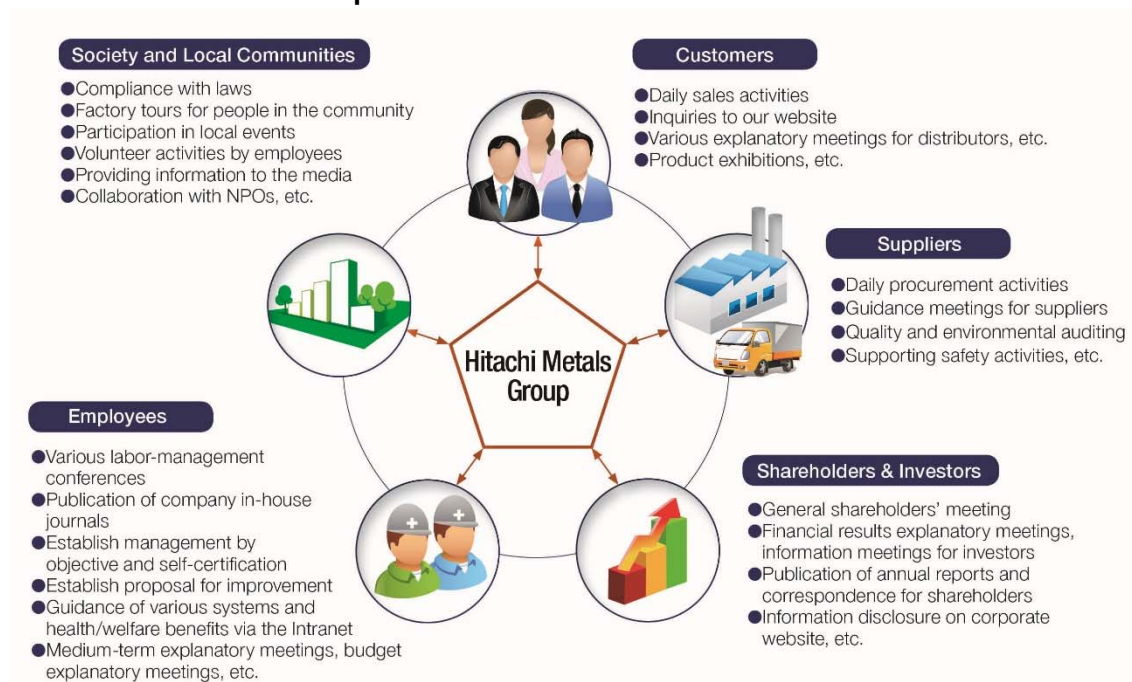


Hitachi Metals Group aims to carry out its social responsibility and realize its management philosophy through the observance, by all directors and employees, of laws and regulations and the Hitachi Metals Group Code of Conduct, and their implementation of the Hitachi Metals Group Corporate Principles, in their daily duties.

(2) Hitachi Metals Group Stakeholders

The business of the Hitachi Metals Group is materialized through engagement with stakeholders. The Hitachi Metals Group considers stakeholders strongly associated with its business activities as “customers,” “suppliers,” “shareholders and investors,” “employees” and “society and local communities,” and develops its CSR activities by continuously responding to requests and expectations from those stakeholders.

Main Stakeholders and Responsibilities



(3) System for Promoting CSR

At Hitachi Metals, the CSR Promotion Department liaises with CSR-related departments at headquarters (such as those involved with environmental preservation, quality assurance, procurement, management planning and customer satisfaction), as well as internal companies and the CSR departments of global Group companies. These departments meet on a regular basis to promote global activities with a shared orientation.

Thorough CSR and compliance have taken on increasing importance for the Hitachi Metals Group as its business domains have expanded rapidly on a global scale due to M&A and other activity. Consequently, in January 2015, we established compliance promotion departments at each of our internal companies, thereby creating a structure to encourage each company to carry out CSR and compliance activities more autonomously than in the past. The CSR Promotion Department is the secretariat for the Compliance Management Committee, which is chaired by the chief compliance officer (CCO) and whose members include the heads of CSR-related departments at headquarters and of compliance promotion departments at internal companies. This committee meets quarterly to confirm companywide policies on various CSR- and compliance-related issues, share information, and formulate and implement measures to prevent the recurrence of inappropriate activities. In this manner, we have created a structure to steadily enact thorough CSR and compliance.

(4) CSR Activity Results and Plans

(a) Ongoing Improvements in Management Quality in Line with ISO 26000

In 2014, the Hitachi Group revised the Hitachi Group CSR Policy (formulated in 2005), which is aimed at furthering the integration between management and CSR. These revisions were made to provide a new framework based on ISO 26000, the global standard for corporate social responsibility. In accordance, Hitachi Metals will further reinforce its PDCA cycle for CSR management to accurately recognize international society's expectations, to make steady progress toward fulfilling its responsibilities and to ensure ongoing improvements in management quality.

In FY2014, Hitachi Metals confirmed its current status with regard to this new framework, aligning key issues and setting activity policies and implementation plans. The CSR Promotion Department, which serves as the CSR supervisory department, spearheaded the effort of working with CSR-related departments to determine the state of the Company's initiatives with respect to the seven core ISO 26000 subjects. We then solicited advice from Caux Round Table Japan in considering materiality with respect to the Hitachi Metals Group's business characteristics. On this basis, we established medium- to long-term implementation targets and key performance indicators (KPIs), formulating a roadmap with plans through FY2015.

Under this new framework, every year after FY2015 the Hitachi Metals Group will evaluate its activity results and set targets and measures for upcoming fiscal year. By repeating this cycle of roadmap-setting and implementation, we aim to continuously enhance management quality.

New CSR Management Framework for the Hitachi Group



Hitachi Metals Group Initiatives in FY2014



(b) FY2014 Initiative Results and FY2015 Plans

★★★ Achieved ★★ 90% Achieved ★ Not Achieved

Theme	FY2014 Measures (Planned)	FY2014 Measures (Results)	Self-assessment	Measures Planned for FY2015
1. Recognition of Social Responsibility	• Seek advice on/assessment of the company's CSR activities from outside experts (ongoing)	• Received advice and assessment from Professor Hasegawa, Faculty of Humanity and Environment at Hosei University; see "Third-Party Opinion" section of this report.	★★★	• Seek advice on/assessment of the company's CSR activities from outside experts (ongoing)
	• Standards for materiality analysis	• Researched relevant guidelines and case studies, organized CSR activity issues based on ISO 26000 with the aim of carefully examining present conditions	★★★	• Begin review aimed at materiality analysis
2. Organizational Governance	• Establish a Compliance Management Committee	• Established Compliance Promotion departments in each company. Created Compliance Management Committee consisting of CSR-related department heads and Compliance Promotion department heads, with CCO as chairman and CSR Promotion Department as secretariat	★★★	• Compliance Management Committee will meet quarterly to analyze social and environmental risks, formulate preventative measures and share information
	• Improve assessment within "Green 21-2015" ^{**1} , the Hitachi Group's environmental activity level assessment system	• Improved assessment within "Green 21-2015" (581 GP)	★★★	• Improve assessment within "Green 21-2015" (target level: 544 GP)
	• Conduct traveling CSR training at all business offices • Conduct environmental education at the Head Office and each company	• Conducted CSR training tour at all 235 business offices • Conducted environmental e-learning (100% of employees) and environmental auditor development training (once)	★★★	• Conduct traveling CSR training at all business offices (ongoing) • Conduct environmental education at the Head Office and each company (ongoing)
	• Conduct "Hitachi Insights" research to assess Hitachi Group employee satisfaction	• Conducted "Hitachi Insights" targeting all back office workers (6,585 employees on a consolidated basis)	★★★	• Ongoing implementation of "Hitachi Insights" Hitachi Group employee satisfaction survey
	• Spread awareness of "Hitachi Metals Group Human Rights Policy" (formulated March 2014) to Group companies	• Made "Hitachi Metals Group Human Rights Policy" an official regulation in global Group companies	★★★	• Further inculcation of "Hitachi Metals Group Human Rights Policy" among Group companies • Standardize human rights due diligence according to Hitachi Group policies
3. Human Rights	• Conduct human rights training systematically throughout entire Hitachi Metals Group	• Systematically conducted human rights training throughout entire Hitachi Metals Group (2,572 employees)	★★★	• Conduct human rights training systematically throughout entire Hitachi Metals Group (ongoing)

Theme	FY2014 Measures (Planned)	FY2014 Measures (Results)	Self-assessment	Measures Planned for FY2015
4. Labor Practices	<ul style="list-style-type: none"> • Conduct diversity training for management professionals at all major company centers across Japan • Create management/professional rating system incorporating diversity management as assessment criteria 	<ul style="list-style-type: none"> • Conducted diversity training for management professionals (six times, four locations) • Incorporated diversity management category into competency evaluation (behavioral assessment) targeting managers and professionals (1,800 employees) beginning in FY2015 	★★★	<ul style="list-style-type: none"> • Conduct diversity training (ongoing) • Begin operation of manager and professional evaluation system
	<ul style="list-style-type: none"> • Update childcare-related system in line with labor agreement revisions 	<ul style="list-style-type: none"> • Extended age limit regarding shortened working hours for childcare from 3 year olds to 3rd year elementary school students • Segmented childcare working hour unit from 0.5 hour to 0.25 hour • Extended age limit regarding overtime consideration from beginning elementary school to 3rd year elementary school students • Added "fertility treatment" to reserve annual paid vacation usage category • Enabled acquisition of childcare leave in half-day increments 	★★★	<ul style="list-style-type: none"> • Launch initiatives to acquire "Kurumin" mark and other certifications • Conduct review of systems promoting equal opportunities for women
	<ul style="list-style-type: none"> • People with disabilities at legal employment rate of 2.0% 	<ul style="list-style-type: none"> • Met legal employment rate for people with disabilities of 2.0% 	★★★	<ul style="list-style-type: none"> • Aim to increase ratio of employees with disabilities above legal rate to 2.2%
	<ul style="list-style-type: none"> • Conduct risk assessment with participation of all personnel focused on health and safety management in non-routine work 	<ul style="list-style-type: none"> • Conducted risk assessment: 0 fatal accidents 	★★★	<ul style="list-style-type: none"> • Review countermeasures based on risk assessment results • In addition to annual safety education, conduct education focused particularly on foreman training and working with hazardous materials
	<ul style="list-style-type: none"> • Conduct reviews aimed at application of minimum safety standards in line with Hitachi Group policies at each business base 	<ul style="list-style-type: none"> • Conducted reviews for application of minimum safety standards at each business base 	★★★	<ul style="list-style-type: none"> • Begin sequential application of minimum safety standards at each business base
	<ul style="list-style-type: none"> • Formulate human resource development plan for employees representing the next-generation, conduct systematic personnel rotation and training programs • Promote national staff development at Group companies outside Japan 	<ul style="list-style-type: none"> • Invited management candidates from priority support companies selected by Hitachi Metals Group companies to Japan and provided education • Conducted training to promote the spread of company philosophy and culture among national staff from various countries 	★★★	<ul style="list-style-type: none"> • Promote horizontal deployment of activities conducted in FY2014 (including education of next-generation leaders in Group companies outside Japan)

Theme	FY2014 Measures (Planned)	FY2014 Measures (Results)	Self-assessment	Measures Planned for FY2015
5. The Environment	• Reduce active mass per production unit of VOC emissions 14% (compared to base year FY2006)	• Reduced active mass per production unit of VOC emissions 18% (compared to base year FY2006)	★★★	• Reduce active mass per production unit of VOC emissions 22% (compared to base year FY2006)
	• Reduce active mass per production unit of energy consumed 9% (compared to base year FY2005)	• Reduced active mass per production unit of energy consumed 14% (compared to base year FY2005)	★★★	• Reduce active mass per production unit of energy consumed 10% (compared to base year FY2005)
	• Reduce active mass per production unit of waste/valuable generation 16% (compared to base year FY2005)	• Reduced active mass per production unit of waste/valuable generation 23% (compared to base year FY2005)	★★★	• Reduce active mass per production unit of waste/valuable generation 18% (compared to base year FY2005)
	• Increase eco-friendly product sales ratio (goal: 88%)	• Increased eco-friendly product sales ratio (98%)	★★★	• Increase eco-friendly product sales ratio (90%)
	• Control CO ₂ emissions of applicable products (goal: 1.30 million tons)	• Controlled CO ₂ emissions of applicable products (1.33 million tons)	★★★	• Control CO ₂ emissions of applicable products (1.5 million tons)
6. Fair Operating Practices	• Conduct extraordinary compliance (Anti-Monopoly Act) audit	• Conducted extraordinary compliance audit (document review, hearing with all sales department managers)	★★★	• Conduct extraordinary compliance (Anti-Monopoly Act) audit (ongoing)
	• Conduct survey to ascertain CSR response status at each company and spread awareness of company CSR-related policies*2 among suppliers	• Conducted CSR response status survey at each company and spread awareness of company CSR-related policies among 439 suppliers in Japan representing 90% of procurement, with 435 companies responding (99.1% response rate)	★★★	• Analyze results of FY2014 CSR survey and conduct CSR survey among suppliers outside Japan
	• Conduct Corporate Ethics Month (October) (ongoing since FY2009)	• Conducted various measures to ensure thorough legal compliance and ethical behavior during Corporate Ethics Month in October	★★★	• Conduct Corporate Ethics Month in October (ongoing) • Review audit of corruption-related laws and status of legal compliance
	• Conduct information security education • Conduct information security self audits • Confirm that business information has been erased from privately-owned computers • Targeted email attack countermeasures	• Conducted information security education among everyone with a company email address • Conducted information security self-audits to check status of compliance with rules at Hitachi Metals Group business offices • Confirmed that business information had been erased from privately-owned computers among everyone with a company email address • Conducted targeted email attack simulations among everyone with a company email address	★★	• Conduct information security education (ongoing) • Conduct information security self audits (ongoing) • Confirm that business information has been erased from privately-owned computers (ongoing) • Conduct cyber attack simulations (ongoing)

Theme	FY2014 Measures (Planned)	FY2014 Measures (Results)	Self-assessment	Measures Planned for FY2015
7. Customers (Consumer Issues)	<ul style="list-style-type: none"> • Conduct gleaning meetings*³ attended by company executives at main unit factories and major domestic subsidiaries (10 times per year) • Expand company-sponsored mini gleaning meetings at consolidated subsidiaries 	<ul style="list-style-type: none"> • Held gleaning meetings attended by company executives (ten times) • Held first-time company-sponsored mini gleaning meetings at two locations in Japan and two locations outside Japan 	★★★	<ul style="list-style-type: none"> • Conduct gleaning meetings at consolidated companies (ongoing) • Expand company-sponsored mini gleaning meetings at business offices globally (ongoing)
	<ul style="list-style-type: none"> • Expand new product sales ratio and development of strategic new products 	<ul style="list-style-type: none"> • Expanded new product sales ratio and developed strategic new products (new product sales ratio: 27%) 	★★★	<ul style="list-style-type: none"> • Expand new product sales ratio and develop strategic new products (new product sales ratio: 30% or higher) • Formulate technological development medium-term road map in light of technological mega trends
8. Community Involvement and Development	<ul style="list-style-type: none"> • Conduct regional contribution activities mainly in regions where offices and factories are located 	<ul style="list-style-type: none"> • Conducted regional contribution activities mainly in regions where offices and factories are located (social contributions amounting to 230 million yen) 	★★★	<ul style="list-style-type: none"> • Consider social contribution activities enabling a closer relationship with regional citizens and culture
	<ul style="list-style-type: none"> • Contribute to material science technical research through support of the Material Science Foundation research assistance fund • Support ancient Japanese "tatara" method of iron manufacturing 	<ul style="list-style-type: none"> • Contributed to material science technical research through support of the Material Science Foundation research assistance fund (4 million yen) • Supported "tatara" method of iron manufacture (operations and personnel) conducted by The Society for Preservation of Japanese Art Swords at "Nittoho Tatara" in Okuizumo, Shimane Prefecture 	★★★	<ul style="list-style-type: none"> • Support the Material Science Foundation research assistance fund (ongoing) • Support "tatara" method of iron manufacture (ongoing)
9. Review and Improvement of CSR Activities	<ul style="list-style-type: none"> • Improve management quality using CSR research 	<ul style="list-style-type: none"> • Conducted activities linked to next steps based on feedback from the CSR research results of relevant divisions (improved to 73rd place) 	★★★	<ul style="list-style-type: none"> • Improve management quality using CSR research (ongoing)
	<ul style="list-style-type: none"> • Develop activities conforming to international standards for CSR and various research and assessment institutions 	<ul style="list-style-type: none"> • Organized CSR activity issues based on International Standard for Organization (ISO) social responsibility guidance ISO 26000 • Improved scope of disclosure in accordance with sustainability reporting international guideline GRI-G4 	★★★	<ul style="list-style-type: none"> • Develop activities conforming to international standards for CSR and various research and assessment institutions (ongoing) • Improve responses to carbon disclosure project (CDP)*⁴

*1. Mechanism for assessing degree of environmental action plan target achievement and activity details classified into environmental activities consisting of eight categories and 52 items. Each category is scored out of a possible 100 green points (GPs), while each item is assessed according to one of five levels.

*2. Consisting of a supply chain CSR guidebook, procurement policies, conflict mineral procurement policies and BCP support requests.

*3. Meetings conducted from the customers' perspective to determine the primary causes of product accidents and deliberate preventative measures.

*4. Project that works with institutional investors to disclose the greenhouse gas emissions of major corporations.

(5) Economic Performance

(a) Direct economic value generated and distributed

Please refer to the following pages.

Investor Package

WEB <http://www.hitachi-metals.co.jp/e/ir/ir-pack.html>

Social Contribution Activities Page 41

- 3. In Cooperation with Society and the Local Community
- (2) Our Social Contribution Activities in Fiscal 2014

Environmental Accounting Page 55

- 1. Environmental Management
- (6) Environmental Accounting

(b) Corporate Pension System

As of the end of FY2014, the Company had lump-sum-at-retirement and defined-benefit pension liabilities payment obligations of ¥204.1 billion. Of this amount, ¥146.0 billion (coverage ratio of 71.5%) was contributed to an external fund as plan assets. The ¥58.1 billion underfunded by the difference between retirement benefit obligations and plan assets is recorded under reserves.

(c) Government Grants and Subsidies

In FY2014, the Company received government grants and subsidies totaling ¥5.4 billion.

2. Compliance

(1) Basic Approach and Confirmation of Current Status

In July 2006, Hitachi Metals embodied its management philosophy in the “Hitachi Metals Group’s Corporate Principles,” which are rules of conduct expected of employees. After that, in a solemn response to cases of violation of the Anti-Monopoly Act discovered in 2006 and 2007, Hitachi Metals set “Obey the law and walk the path of virtue,” which is stipulated in the Corporate Principles, as the bedrock of our corporate activity. In September 2010, we enacted the “Hitachi Metals Group Code of Conduct” as internal rules to complement the Corporate Principles, in an ongoing effort to nurture the highest ethics and thoroughly instill compliance with the law.

However, in 2013, we were again surcharged by the Fair Trade Commission for a violation of the Anti-Monopoly Act. In February 2014 (local time), we were notified of a decision of the European Commission to impose a fine for violation of the European Competition Law. Furthermore, in October 2014 (local time), we concluded a plea-bargain agreement with the U.S. Department of Justice in which we agreed to pay a fine of US\$1.25 million with regard to violation of U.S. Antitrust Law.

The Hitachi Metals Group will continue to implement measures to prevent recurrence of this kind of legal violation, including routine training at global business offices by their compliance departments.

(2) Compliance Education Activities

(a) Hitachi Metals Group Corporate Ethics Month

In FY2014, as well, October was designated as the Hitachi Metals Group Corporate Ethics Month. During this month, we carried out the following measures.

- i) We held a Hitachi Metals Group Corporate Ethics Month Compliance Conference, providing a compliance workshop to company directors, corporate officers, business-segment officers, directors, branch managers, sales office managers, research center managers, corporate division managers, Group-company presidents, and the presidents of sales subsidiaries outside Japan.
- ii) We distributed a message prepared by the president (in Japanese, English, German, Korean, Thai, Indonesian, Chinese, Vietnamese, Malaysian, Spanish, Ukrainian, Czech, French, Portuguese, Polish and Italian) to employees of the Hitachi Metals Group.
- iii) All employees filled out the Hitachi Metals Group CSR Guideline Self Audit Checklist, and reported the results to their superiors.
- iv) Each division filled out a Self Evaluation Report in accordance with the Hitachi Metals Group CSR Guidebook, and submitted it to our corporate headquarters.

(b) On-site Training

	Business offices in Japan	Business offices outside Japan
Training content	Compliance with the Antimonopoly Act and the Code of Conduct, global compliance for the prevention of acts of bribery, and information security	
Teachers	Sales director and Compliance Department	Compliance Department
Target offices for training	Hitachi Metals head office, branch offices, sales offices, manufacturing sites and research centers; and Group companies' head offices and sales sites	Business offices outside Japan
Target employees	All holders of e-mail addresses	Manager level and above
Term	August to December 2014	January to May 2015
Number of sessions	112 seminars for 169 business offices (including joint and multiple sessions)	58 seminars for 66 business offices (including joint sessions)

(c) Compliance Training for Specific Levels and Positions

2014 Apr. Training for new hires

Jun. Training for newly appointed assistant managers

Jul. Training for newly appointed junior executive

Jul., Dec. Customer relations training

Aug. Training for newly managers

(3) Compliance Audits**(a) Compliance Extraordinary Audits** (Term: January - April 2015)

The Compliance Department of Hitachi Metals conducted extraordinary audits of all its business offices. Auditors reviewed documents related to these businesses (such as invoices, and papers on industrial organizations to which they belong) and took statements from all sales managers to ensure there were no violations of the Antimonopoly Act.

We also reviewed the minutes from meetings of industry groups and the like that our employees attended (Compliance Record*), and confirmed that no illegal activity was carried out.

* Compliance Record: A record stating that no action was taken in violation of applicable law in occasions where meeting with employees of competitors was unavoidable, such as industry-group conferences or similar events.

(b) Compliance Audits

The Compliance Department of Hitachi Metals Group conducts internal audits of all its offices led by the Internal Auditing Office. The Compliance Department joins this audit activity in order to conduct compliance audits to check whether there is any suspicion of illegal practice.

(4) Export Management

In its Corporate Principles, Hitachi Metals sets “Obey the law and walk the path of virtue” as the basis of its actions. On this basis, our basic policy on export management is “Strictly observe export-related laws and contribute to the maintenance of international peace and security”. In 1989, we enacted our Compliance Program (now the “Rules on Safety assurance and export controls”) according to the policy, and we have been strictly observing export controls. Specifically, we scrutinize the destination countries and regions, applications, and customers of all exported goods and technologies as we perform procedures on the basis of relevant laws. We guide global Group companies in enacting export control rules and establishing systems to ensure that they control exports appropriately, in line with the policy. We also provide educational assistance and perform internal audits.

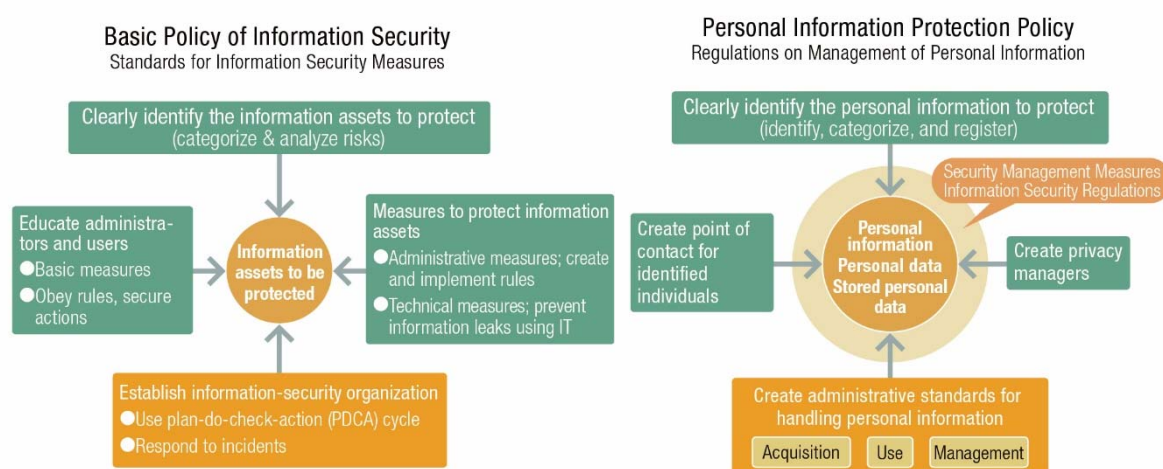
Hitachi Metals will make exhaustive efforts to carry out our social responsibility for the maintenance of international peace and security in future.

In FY2014, the Hitachi Metals Group committed no major violations of export controls.

3. Information Protection and Management

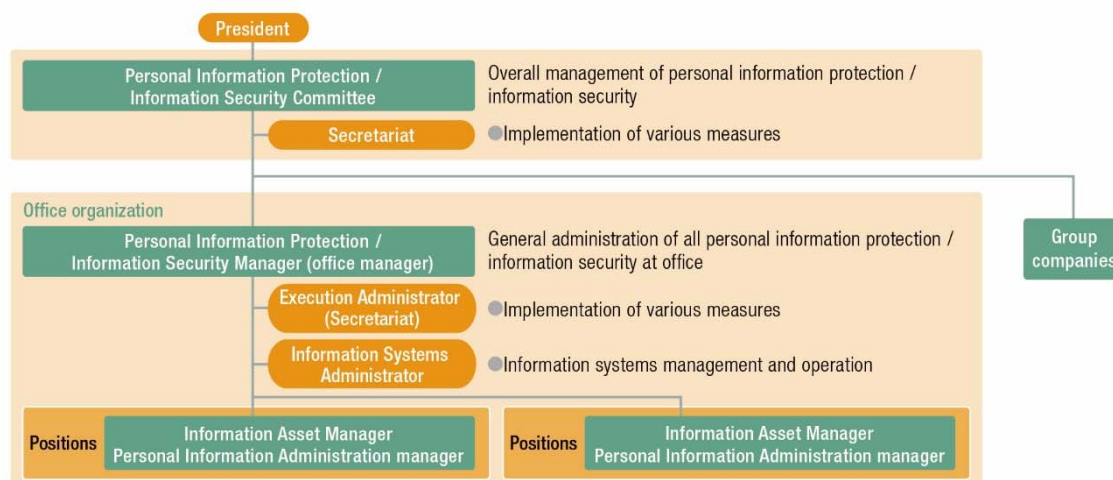
(1) Basic Approach

The evolution and spread of IT, particularly in the form of the Internet and social networking services (SNSs), has resulted in expanded litany of security risks. Managing and protecting corporate information, including the private information of individuals, is more important than ever as a corporate social responsibility. The Hitachi Metals Group established a "Basic Policy of Information Security" in April 2004, followed by a "Personal Information Protection Policy" in January 2005, establishing a system of personal information protection/information security based on these policies. The Company continues to update information security measures on an ongoing basis.



(2) Promotion Organization

Hitachi Metals has instituted a set of rules related to the handling of Company information (including personal information), the use of information equipment, and information security, working to instill an understanding of these rules throughout the entire Company. The Company conducts an annual review of these rules to keep up to date with changes in legal and environmental conditions.



(3) Information Security Measures

Hitachi Metals has systematically implemented measures against external risks from targeted attacks and other unauthorized access and computer viruses, internal risks such as the unauthorized removal, loss or theft of company information or mis-sent e-mails, and other risks including natural disasters, etc.

The Hitachi Metals Group has been searching the personal PCs owned by employees continuously since 2006, to find and delete business information, and this was performed again in fiscal 2014. Since fiscal 2007, the Company has also requested its business partners to deploy equivalent measures to prevent business information leakage via file-sharing software etc. on personal PCs. Since fiscal 2009, we have introduced a filtering system to monitor all e-mails sent externally as a measure to prevent external leaks of operational information. Further efforts have also been made to enhance the measures for the prevention of information leaks, such as reviewing and improving our management system for portable information terminals in order to prevent losses of increasingly capable mobile phones, smartphones, and other devices.

(4) Employee Education

Each year, the Company conducts information security education for all employees (including temporary staff, etc.) who use IT equipment. This education is designed to instill an understanding of rules related to the use of IT equipment, including the handling of information (including personal information), and the prohibition against using personal PCs for work. During fiscal 2014, the Company conducted on-site training at Hitachi Metals Group locations (simultaneously with compliance training) and training using simulated emails about targeted attacks as a means of countering targeted attacks on corporate information from outside the Company. Both initiatives were designed to improve the security awareness of every Hitachi Metals Group employee.

	On-site training at business offices in Japan	On-site training at business offices outside Japan	Training using simulated emails about targeted attacks
Implementation timing	August 2014 - December 2014	January 2015 - May 2015	June 2015 - July 2015
Training recipients	All persons with e-mail addresses of the Hitachi Metals Group	Managerial employees at business offices outside Japan	Holders of mail addresses within Japan
Number of sessions	112 sessions covering 169 business offices (some were joint sessions, and some took place multiple times)	58 sessions at 66 locations (including joint sessions. Record of implementation up to May 2015)	One session

(5) Self-audit

Each year, the Company conducts a self-audit of personal information protection / information security, confirming the status of the rules compliance, and improving any areas that need to be addressed. Our fiscal 2014 audit was performed between November and December.

(6) Intellectual Property Protection

Hitachi Metals' basic policies state that we must "actively create intellectual property, protect it appropriately, and strive to put it to effective use," and "respect the intellectual property rights of others."

In order to appropriately protect and effectively use intellectual property created in research, development, and manufacturing, Hitachi Metals acquires the rights to inventions and ideas produced by employees in the course of their work, under the company's rules. With the global expansion of our business, we protect and maintain the intellectual property rights necessary in each country, and use them to further the sustainable growth of the Hitachi Metals Group. We take appropriate action against infringements of our own intellectual property rights, including exercise of our rights through legal action.

Respecting the intellectual property rights of others, we strive to prevent infringements of the intellectual property rights of others and smoothly advance our business. To that end, we investigate the IP rights of other parties globally, in advance of all stages of R&D and design etc. for new products and technologies, in accordance with Hitachi Metals rules. If that investigation reveals a need to use the intellectual property rights of others, we acquire licenses.

We also provide our employees with ongoing education and training about intellectual property, to instill awareness of the protection and respect of our IP rights and those of others.

4 Respect for Human Rights and Compliance with International Norms

In our Corporate Principles, the Hitachi Metals Group declares that “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 December 2013, Hitachi Metals enacted its Hitachi Metals Group Human Rights Policy as a supplement to the Hitachi Metals Group Corporate Principles, and the Hitachi Metals Group Code of Conduct. This policy recognizes the human rights stated in the International Declaration of Human Rights and in the ILO Declaration on Fundamental Principles and Rights at Work as the minimum levels of those rights. It clearly states that the Hitachi Metals Group pursues methods 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. Besides establishing various harassment hotlines and company systems to support them, we are engaged in a planned campaign to raise awareness of human rights through e-learning education and training for each level of employees. These efforts are intended to incorporate our policy into all the activities of the Hitachi Metals Group. We are also working on preparations towards the implementation of human rights due diligence in future.

* Human rights due diligence: Defining and assess impacts on human rights in business, taking action to prevent and mitigate negative impacts, and continually validate the effects of that action.

V Report on Social Aspects

1. Responsibility to Customers

(1) Basic Approach

Driven by our philosophy underpinning quality assurance activities that is grounded in the legendary Hitachi "Ochibo Hiroi" (gleanings) concept, the Hitachi Metals Group continues to improve our quality assurance technologies, offering products that delight both our customers and the ultimate product consumer. This is yet another way in which we contribute to the betterment of society.

July 1, 1988

President

Philosophy of Quality Assurance Activities

1. Objectives behind the establishment of our philosophy of Quality Assurance Activities

The company creed of the Hitachi Metals is relentless pursuit of technology, contributing to the betterment of society through the manufacture and sales of high-quality, unique products. Quality assurance activities are pillars of our "monozukuri." We practice quality assurance activities as a fundamental part of our daily work. To further instill an awareness of quality assurance activities throughout our organization, we have established a company-wide standard, clearly defining our philosophy regarding quality assurance activities within Hitachi Metals.

2. Philosophy of Quality Assurance Activities

The Hitachi Metals' philosophy concerning quality assurance activities is built on the famous Hitachi "Ochibo Hiroi" (The spirit of the Gleaning). The philosophy of this activity is as described below.

(1) Quality First, Customers First

Product quality is the highest priority among our many duties to our customers. Our primary objective is to be a trusted company that satisfies customers and plays a role in the betterment of society.

(2) Build quality into our products, and conduct final inspections from the standpoint of the customer

Quality is the starting point for all of our corporate activities. Our development, production, sales and other departments maintain a focus on quality, aligning efforts as a team to consistently improve quality within the organization, to build quality into our products. Manufacturing and final inspection are the twin pillars of quality assurance.

Error-free technology and equipment, process control, and a continuous approach to final inspection from the standpoint of the customer is what ensures the quality of Hitachi Metals products.

(3) A sincere response to quality issues and prevention of recurrence

If we ever inconvenience our customers because of a quality defect, we believe it is our responsibility to resolve the issue in the best manner possible. We must fully investigate the underlying cause of the issue, learning the lessons that will ensure the issue never happens again.

(2) Quality Assurance Structure

The quality assurance departments of each company and Group companies do quality assurance work for the products under its jurisdiction, and strives to enhance quality. The quality assurance departments of engineering centers support the departments of all companies with a broad perspective. They promote the quality assurance activities of all companies and provide quality-related education, so that quality-related activities in all departments can proceed smoothly.

The Group's core materials and components are supplied to a wide range of customers in the steel, automotive and electronics industries. Quality assurance, appropriate to the needs of each customer, is carried out at every site. Domestic factories have received ISO 9001 (2000) or ISO/ TS16949 certification, and have established quality assurance structures in place. The Hitachi Metals Group has manufacturing plants in the United States, Asia and Europe, and is developing businesses appropriate to each area of operation. The factories in Japan function as "mother factories" to their counterparts outside Japan, and provide guidance regarding manufacturing technologies and quality control through close links. The major factories outside Japan have also received ISO 9001 (2000) or ISO/ TS16949 certification.

(3) Product Safety

(a) Safe Product Supply System

New products and those in development are subject to thorough product safety (PS) design reviews, thereby assuring the production of safe products. We have established product safety committees companywide, and in each other company and plant, and these committees work together as they advance PS activities. The entire Hitachi Metals Group also has further strengthened its controls on substances of chemicals included in products.

(b) Quality Incident Response Structure

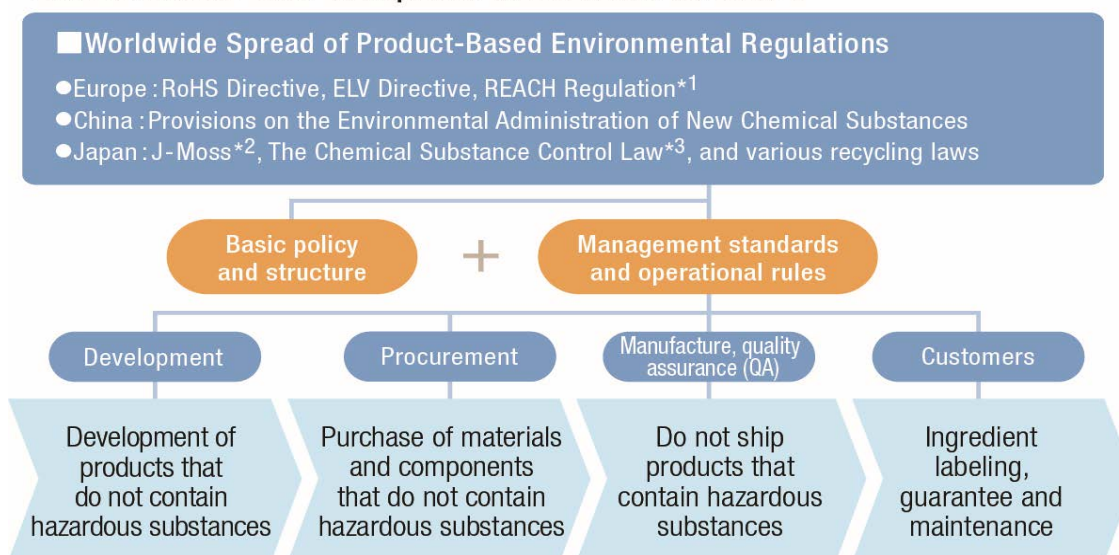
In the event of an incident involving a product, we respond in good faith, on the principle of putting the customer first, and escalate information on all incidents to the company and to Corporate through the specified information route. In addressing incidents, both the direct causes and the background factors, including psychological factors, leading to those causes are investigated thoroughly. When investigating background factors, the Hitachi Metals Group places particular importance on uncovering motivational factors as part of its efforts to prevent recurrences. The legendary Hitachi Group "Ochibo Hiroi" (gleanings) meeting is one activity that we undertake to ensure that we learn lessons from accidents and other mistakes. This meeting is held annually within each Group company, as well as at company sites, Group companies, and elsewhere.

(4) Supervision of Substances Contained in Products

The Hitachi Metals Group embraces a global approach to "Environmental CSR-Compliant *Monozukuri**" activities—methods of production that do not incorporate harmful substances. As shown in the figure below, these activities involve applying mechanisms to eliminate harmful substances at each stage of production. Doing so allows us to promote the identification of chemical substances contained in our products, and register and file for approval of chemical substances and provide information on them to our customers with regards to REACH and other regulations. We also intend to cooperate with our customers and business partners to ensure that we can provide information in an efficient manner.

*The Japanese word *monozukuri* expresses the art and joy of making things as perfectly and efficiently as possible, while respecting nature in terms of the materials used and the environment.

Environmental CSR-Compliant Monozukuri Structure



*1 REACH regulation: Registration, Evaluation, Authorization and Restriction of Chemicals

*2 J-Moss: Refers to a new set of regulations issued in December 2005 to coincide with the revision of the Law for the Promotion of Effective Utilization of Resources. These regulations are stipulated as a JIS standard (JIS C 0950:2005) and are in line with the EU's RoHS Directive. J-Moss concerns the disclosure of the presence of specific chemical substances in electrical and electronic devices.

*3 The Chemical Substances Control Law: (The formal name is the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.) Promote the identification of chemical substances included in products; register and file for approval of chemical substances, provide information regarding chemical substances to customers.

(5) Evaluations from a Third-Party Perspective

As part of its ongoing efforts to further improve quality, the Hitachi Metals Group takes seriously the evaluations it receives from customers and third-party institutions. These evaluations include recognition of our improvement activities, as well as awards.

For example Hitachi Metals (Thailand) Ltd. (HMT), our production base in Thailand, was selected to receive the FY2014 “GOOD FACTORY Prize Factory Management Award.” The Japan Management Association has awarded the GOOD FACTORY Prize since 2011 as part of a system to recognize common-benefit activities that support global manufacturing. The award targets local companies and plants of Japanese companies developing their businesses in China and other parts of Asia, as well as factories in Japan, and is bestowed following documentation and on-site surveys by the GOOD FACTORY Prize judging committee, comprising experienced academics and specialists. HMT won the Factory Management Award, which signifies a high level of comprehensive factory operation and recognizes that a factory has achieved a good overall management balance.

In Japan, Hitachi Metals received a Monozukuri Technology Award from Hitachi, Ltd., at its Yasugi Works in recognition of “the world’s first technology for the die-forging of ultra large turbine blades.” The Monozukuri Technology Award recognizes that an organization has dramatically improved a manufacturing technology, creating a manufacturing technology or structure superior to its competitors.

2. Together with Our Procurement Partners

(1) Our Approach to CSR Procurement

Conscious of social responsibility and its impact, Hitachi Metals has formulated its procurement policy to outline its basic concepts with regard to material procurement, with the aim of conducting fair and impartial procurement activities. We have also published this policy on our website. In promoting our business globally, we are sharing this procurement policy among all companies in the Hitachi Metals Group to encourage an awareness of and thoroughly instill CSR considerations in the Group's procurement activities.

Procurement Policy

Basic Concept of Material Procurement

●Open, global procurement

We procure materials from suppliers regardless of their nationality, size, and performance based on the principle of free competition.

●Fair, clean trading

We select suppliers on a fair and equitable basis according to their economic rationality such as quality, prices, delivery time, technologies, the credibility of management and services. We never receive any personal gifts or offers from them.

●Maintain partnerships

We cultivate fair business relations with all of our suppliers on an equal footing. We constantly strive to deepen mutual understanding and trust, and aim to achieve growth, development and a working partnership with them from a long-term perspective.

●Comply with laws

We conduct procurement activities in compliance with applicable laws and regulations as well as social norms. We are determined not to have any relations with anti-social forces that threaten the order and safety of civil society.

●Make consideration to human right, occupational safety and health

We take special care to ensure human rights, occupational safety and health in our procurement activities. We also ask our suppliers to make the same efforts.

●Keep confidentiality

We treat all confidential information of our suppliers obtained through procurement activities as being strictly private and confidential, by using the same degree of care we use to safeguard our own proprietary information. We do not disclose their information to a third party nor use for purposes other than the original intent without their prior consent.

●Preserve the environment

We give priority to suppliers those who positively work on environmental preservation as well as to environmentally friendly materials and components.

(For our environment-related procurement activities, please see the section of "Green Procurement")

(a) Creation of a Supply Chain CSR Guidebook

Hitachi Metals wrote the “Hitachi Metals Supply Chain CSR Guidebook” in fiscal 2013, in line with the guidebook published by the Japan Electronics and Information Technology Industries Association (JEITA). Recognizing that companies are members of society, Hitachi Metals aims to work with its procurement partners to ensure social responsibility. To this end, Hitachi Metals strives to foster an understanding among its procurement partners of its procurement policy and perspective on CSR, in the interest of cultivating ongoing trust-based relationships. For this reason, in addition to publishing CSR guidebook content on its website, whenever it undertakes new business transactions Hitachi Metals communicates the policies to its procurement partners.

To share its social responsibility further throughout the supply chain, Hitachi Metals plans to step up its interactive communications going forward.

Supply-Chain CSR Deployment Guidebook

WEB http://www.hitachi-metals.co.jp/e/corp/corp11_04.html

(b) Compliance

The Company makes a daily commitment to thoroughly obey laws, regulations, and social proprieties in our transactions with its procurement partners.

On a regular basis, we call together our procurement specialists to provide ongoing education regarding laws and regulations, as well as to confirm the status of compliance. Specific initiatives regarding legal compliance include regular self-auditing and establishing internal rules for self-regulation regarding compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

(c) Green Purchasing

Hitachi Metals began a green purchasing initiative with office paper, stationery and other office supplies, which has since expanded to include office equipment and more.

All of our factories 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. We are presently looking to expand this practice across other Group companies, as well.

(d) Procurement BCP Initiatives

Hitachi Metals seeks to minimize its risk in the face of earthquakes, wind and flood damage, and other natural disasters, as well as acts of terrorism, epidemics, fires, electrical outages and other factors that could halt its business. For this reason, we engage in procurement BCP activities. In addition to diversifying our sources of procurement, we ask our key procurement partners to have their own BCP measures in place to minimize procurement risk.

(2) Response to Globalization

We strive to establish and expand a global procurement network across Europe, North America, and Asia, while sharing our procurement policy and enhancing CSR risk management within the network.

(a) Promoting Local Procurement

In line with its global business expansion, Hitachi Metals is promoting local procurement activities by cultivating optimal procurement partners in various parts of the world. We have designated “regional supervisors” to oversee local procurement for four regions (North America, Europe, Asia and China) and cultivate local procurement partners in their regions. We are also working with procurement partners to reinforce our supply chain CSR activities.

(b) Our Initiatives to Address the Issue of Conflict Minerals

In 2010, the US Dodd–Frank Wall Street Reform and Consumer Protection Act was established. The act sets out the obligation of US listing companies to report to the Securities and Exchange Commission (SEC) about their use of conflict minerals (i.e., four minerals of gold, tantalum, tin and tungsten that are the funding sources of the armed groups) produced in the Democratic Republic of the Congo and its neighboring countries (“DRC countries”). This aims to cut off funding sources from armed groups engaging in human rights abuses such as tyranny and oppression in the conflict-ridden DRC countries.

The Hitachi Metals Group will never be complicit in such human right abuses. In order to maintain responsible procurement, we strive to improve the transparency of our supply chains and procure minerals without giving any advantage to the armed groups engaging in human right abuses through collaboration with Hitachi, Ltd. and other Group companies as well as our suppliers.

(3) Conducting a CSR Questionnaire Survey of Procurement Partners

We created and published the Hitachi Metals Supply Chain CSR Guidebook in 2013. Carrying on from that point, in FY2014 we conducted a CSR questionnaire survey of our key domestic procurement partners to determine the status of their CSR responses. We took this opportunity to reiterate Hitachi Metals’ procurement policy, as well as eliciting information about individual companies’ efforts with regard to human rights, labor, the environment, safety, fair transactions, information management and other topics, as well as their efforts on BCPs and handling of conflict minerals. Going forward, we plan to work with our procurement partners to enhance CSR responsiveness.

3. In Cooperation with Society and the Local Community

(1) Basic Approach

Hitachi Metals Group pursues social contribution activities in fields such as sports promotion, environmental protection, social welfare, arts and culture, community activities, and support for disaster and refugee relief, to bring progress to communities around the world where the Group is active. We also work together with NGOs, NPOs, and educational agencies to gain a sense of what communities want from Hitachi Metals Group, as we carry on our activities.

Other than social contribution activities as a company, we also recommend to our employees that they should take volunteer leave under the accumulated annual paid leave system, and we present volunteer awards under our incentive system. These and other measures are part of our efforts to nurture a corporate climate that helps to create a better society.

Hitachi Metals' characteristic social contribution activities include our support for Japan's research into materials science and technology by supporting the Research Foundation for Materials Science in Japan, which was established largely with funds willed by Dr. Kakunosuke Miyashita (former Hitachi Metals vice president). We also work with the operations of Tataru Steel, which was restored in 1977 by the Society for the Preservation of Japanese Art Swords.

(2) Our Social Contribution Activities in Fiscal 2014

In fiscal 2014, social contribution activities of the Hitachi Metals Group made contributions including staging events such as sports competitions, environmental protection activities, and welcoming tours of our factories. The total expenditure was equivalent to JPY230 million*. The main content of our contribution activities is as follows:

*This figure includes the calculated equivalent values of employees and company facilities required for activities.

Genres and activity content		Company name and business office name
Social welfare	Donation of wheelchairs etc. to social welfare councils and social welfare facilities	Hitachi Metals headquarters
	Central Community Chest of Japan, Year-End Mutual Aid Fund	Hitachi Metals and domestic Group companies
	Cooperation with blood donation activities	Hitachi Metals and global Group companies
	Received the Golden Order of Merit Medal from the Japanese Red Cross Society	Hitachi Metals
	Donation of food, clothing, toys, etc. through welfare groups, etc.	North-American Group companies
Health, medicine, sports	Supported a fellow employee who participated in the INAS For Para-Athletes with an Intellectual Disability (INAS-FID) 2014 FIFA World Cup as a member of the Japan National Football Team* ¹	Hitachi Metals and domestic Group companies
	Sponsored the Hitachi Metals Cup Tottori Prefecture Junior High Volleyball Tournament * ²	Hitachi Ferrite Electronics, Ltd.
	Organized the Wakamatsu Junior High School Rubber Baseball Tournament * ³	HMW, Ltd.
	Organized the Junior High School Goodwill Sporting Event * ⁴	Yasugi Works, Hitachi Metals, Ltd.
	Organized the Wakyo-Hai Volleyball Tournament * ⁵	Moka Works, Hitachi Metals, Ltd.
	Sponsored the Kumagaya Sakura Marathon	Kumagaya Works, Hitachi Metals, Ltd., and Group companies
	Sponsored the Japan Rubber Baseball Association Kuwana Branch Junior High School Baseball Pennant Tournaments * ⁶	Kuwana Works, Hitachi Metals, Ltd.

Health, medicine, sports	Sponsored the Boy's Baseball Western Regional Tournament	Kuwana Works, Hitachi Metals, Ltd.
	Ohmachi Citizens' Golf Tournament Support Fund	Saga Works, Hitachi Metals, Ltd.
	Sports club: Dispatched referees to contests	Hitachi Metals sports departments
Academic and research	Assistance through the Research Foundation for Materials Science	Hitachi Metals, Ltd.
	Donated money to universities to support education	Hitachi Metals, Ltd.
Education	Presented Manufacturing Hands-On Learning Experience (for local elementary and junior high school students)* ⁷	Yasugi Works, Hitachi Metals, Ltd.
	Hitachi Environmental Classroom at local kindergartens (rubbish sorting)* ⁸	Hitachi Cable (Suzhou) Co., Ltd.
	Conducted classes at local schools (about global markets)* ⁹	AAP St. Marys Corp.
	Jointly hosted Hitachi Science Seminars* ¹⁰	Hitachi Metals, Ltd.
	Welcomed factory visitors (Kumagaya Commercial High School and others)	Kumagaya Works, Hitachi Metals, Ltd.
	Took in interns (Nagaoka University of Technology and others)	Kumagaya Works, Hitachi Metals, Ltd.
	Took in interns (Fukuoka Prefectural Yahata Technical High School)	Hitachi Metals Wakamatsu
	Took in factory tours and interns	Various Hitachi Metals factories and global Group companies
	Donated trash bins to local elementary schools* ¹¹	PT. NX INDONESIA
	Dispatched practical skills teachers to Wakamatsu Labor Standards Association	Hitachi Metals Wakamatsu
	Organized sports classes (skills coaching) by sports teams (basketball, tennis, baseball, kendo, and other teams) for elementary, junior high, and high school students.	Hitachi Metals, Ltd.
Culture and art	Performance by the Hitachi Yasugi brass band	Yasugi Works, Hitachi Metals, Ltd.
Environment	Conducted staff training to introduce transformers using Japanese low-loss materials and other high-efficiency equipment to power networks in Vietnam (FY2014 bilateral credit acquisition infrastructure maintenance survey operations (training related to MRV regulations for reducing greenhouse gas emissions))	Hitachi Metals, Ltd.
	Tottori Sand Dunes Weeding Volunteers* ¹²	Hitachi Ferrite Electronics, Ltd.
	Participated in forest conservation activities (Shimane CO ₂ absorption certification system)* ¹³	Yasugi Works, Hitachi Metals, Ltd.
	Tree-planting activities	San Technology, Inc., others
	Cleaning activities in areas near business offices	Various Hitachi Metals factories and global Group companies
Community activities, preservation of historical sites and traditional culture	Supported a cutting steel symposium	Yasugi Works, Hitachi Metals, Ltd.
	Sponsored the Yasugi Knife Festival	Yasugi Works, Hitachi Metals, Ltd.
	Supported Tatara Steel operations	Yasugi Works, Hitachi Metals, Ltd.
	Organized the Hidaka Summer Festival* ¹⁴	Hitachi Works, Hitachi Metals, Ltd., and Group companies
	Held a Cultural Festival* ¹⁵	Hitachi Metals (India) Pvt. Ltd. Hitachi Metglas (India) Pvt. Ltd.
	Supported community festivals, etc.	Various Hitachi Metals factories and domestic Group companies

Disaster Support Area	Participated in the Millennium Hope Hills tree-planting festival *16	Tohoku Rubber Co., Ltd.
	Donated to the Hiroshima 8/20 rain damage relief fund	Hitachi Metals, Ltd.
Urban development and disaster prevention	Street activities during the National Road Safety Campaign	Hitachi Metals Trading, Ltd.
	Participated in “Children’s Dial 110 House” registration	Hitachi Alloy Co., Ltd.
	Rotating community traffic activities	Hitachi Cable (Suzhou) Co., Ltd.
Facility open days	Opened sports grounds, gymnasias, tennis courts, welfare facilities etc. to the general public	Various Hitachi Metals factories and domestic Group companies
	Provided free parking facilities for community events, etc.	Various Hitachi Metals factories and domestic Group companies
Other donations, etc.	Sponsored the Orchard Road Christmas Lightup	Hitachi Metals Singapore Pte. Ltd.
	Assisted the running of “Japan Day”	Hitachi Metals Europe GmbH
	Support to Düsseldorf Youth Kendo Club activity fund	Hitachi Metals Europe GmbH
	Supported the AMANC (Mexican association helps children with cancer)	HC Queretaro, S.A. de C.V.
	Donated to the American Cancer Society	SinterMet, LLC.
	Donated to various bodies, including the Hitachi Scholarship Foundation	Hitachi Metals and global Group companies



*1 Supported INAS-FID 2014 World Cup Japan National Football team members (Hitachi Metals, Group companies in Japan)



*2 Organized the Wakyo-Hai Volleyball Tournament (Mooka Works, Hitachi Metals, Ltd.)



*3 Organized the Wakamatsu Junior High School Rubber Baseball Tournament (Wakamatsu Works, Hitachi Metals)



*4 Organized the Junior High School Goodwill Sporting Event (Yasugi Works, Hitachi Metals, Ltd.)



*5 Organized the Wakyo-Hai Volleyball Tournament (Mooka Works, Hitachi Metals, Ltd.)



*6 Sponsored the Japan Rubber Baseball Association Kuwana Branch Junior High School Baseball Pennant Tournaments (Kuwana Works, Hitachi Metals, Ltd.)



*7 Manufacturing Hands-On Learning Experience (Yasugi Works, Hitachi Metals)



*8 Hitachi Environmental Classroom at a local kindergarten (Hitachi Cable (Suzhou) Co., Ltd.)



*9 Class at a local school (AAP St. Marys Corp.)



*10 Jointly hosted Hitachi Science Seminars (Hitachi Metals, Ltd.)



*11 Donated trash bins to local elementary schools (PT. NX INDONESIA)



*12 Participated in Tottori Sand Dunes Weeding Volunteers activity (Hitachi Ferrite Electronics, Ltd.)



*13 Participated in forest conservation activities (Shimane CO₂ absorption certification system) (Yasugi Works, Hitachi Metals, Ltd.)



*14 Organized the Hidaka Summer Festival (Hitachi Works, Hitachi Metals, Ltd., and Group companies)



*15 Held a Cultural Festival (Hitachi Metals (India) Pvt. Ltd., Hitachi Metglas (India) Pvt. Ltd.)



*16 Participated in the Millennium Hope Hills tree-planting festival (Tohoku Rubber Co., Ltd.)

(3) Engagement with and Supporting Development of Local Communities

Please refer to the following pages of the Hitachi Metals website.

Charity and Volunteer Activities

WEB <http://www.hitachi-metals.co.jp/e/corp/corp05.html>

Environmental Activities

WEB <http://www.hitachi-metals.co.jp/e/corp/corp04.html>

4. 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. Since fiscal 2010, we have been fully implementing a new labor and management structure that corresponds to our company-based system (currently a division-based system). Increasing the level of communications will help establish a stronger relationship between labor and management within the Company. The employee unions of the Hitachi Metals Group companies have formed a union council, using the forum to periodically exchange opinions and making clarification regarding Group management policies and plans, enhancing mutual understanding.

(2) Promoting Diversity

As markets and business operations diversify, Hitachi Metals has recognized that diverse human resources are essential. Besides participating in the Hitachi Group Diversity Promotion Council, we are vigorously promoting a variety of initiatives. For example, we provide manager and administrator training aimed at changing awareness, and we have set targets for female hiring rates within new hires. To carry on growing in global markets, we must strengthen the management base of our business sites outside Japan, and strengthen their profitability. To that end, we are working on education for the local management personnel who will be in charge of that business.

(a) Promoting Employment of Handicapped Persons

Regarding the hiring of people with disabilities, we participate in the Hitachi Group's hiring fair. Also, in 1998, Hitachi Metals established Hallow, Ltd., a special subsidiary, followed by Kuwana Create Co., Ltd. (current Hitachi Metals FineTech, Ltd.) in 2006, which received special government certification as a company offering employment opportunities for handicapped persons. We have received high marks for these efforts, including awards from local communities.

We plan to continue working to further expand employment throughout the Hitachi Metals Group.

Change in employment rate of handicapped persons



*Figures based on the Handicapped Persons' Employment Promotion Act

(b) Support for Nurturing the Next Generation

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 re-employ individuals who have retired from the Company due to childbirth or home care, demonstrating once again our proactive and forward-thinking policies. In addition, Hitachi Metals has an established child-care/home-care leave program. This program provides employees with generous conditions in terms of the scope and period of leave that exceed the requirements under the revised Child Care and Family Care Leave Act. For example, employees can take home-care leave not only for their children but also their parents (or in-laws) and spouse.

Number of Employees Using Work-Life Balance Support Systems

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of Employees Taking Childcare Leave	21	19	16	24	23
Number of Employees Using Shorter Working Hours for Child Care	11	9	10	33	28
Number of Employees Taking Nursing Care Leave	0	1	1	1	0
Number of Employees Using Reduced Working Hours for Nursing Care	1	2	2	2	0

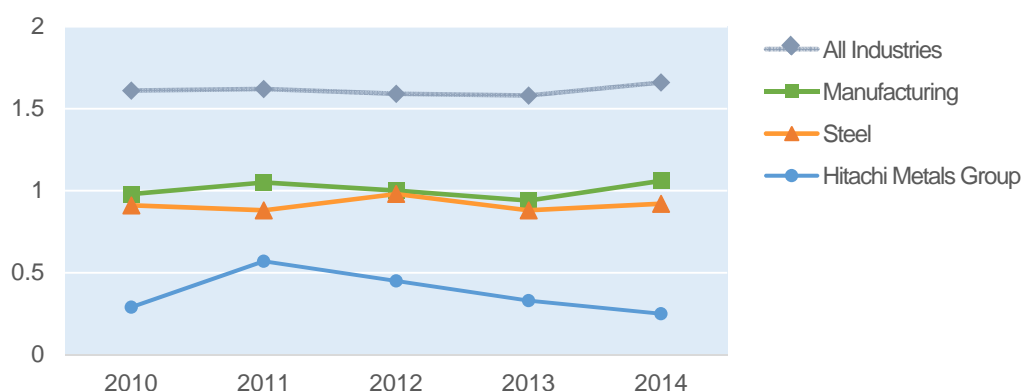
(3) Occupational Health and Safety

(a) Action to Eliminate Work Accidents

The safety records of our Group in 2013 show three accidents involving lost work time at Hitachi Metals and five accidents at the Hitachi Metals Group in Japan. Although this figure was slightly down from the nine experienced in the previous year, we are not making sufficient progress toward our goal of zero accidents involving lost work time. Work accidents in 2014 were characterized by an incident that had the potential for turning into a major accident, and an accident at a plant that had never experienced an accident until 2013. We believe that the reason for this situation is that although changes at our plants are accelerating in response to growing globalization, our responses on the safety front are lagging, and that safety awareness needs improvement. Taking these conclusions to heart, we will conclude our measures to reduce risk based on a severe risk assessment of non-stationary activities that we have been undertaking since 2014. Furthermore, we will step up our systematic response to changes by creating structures such as the Occupational Safety and Health Management System (OSHMS).

In 2015, we will continue to implement a company-wide safety and health program under the slogan "Entrench the concept of 'Safety always comes first' in the culture of Hitachi Metals Group with all-out efforts by each employee."

Frequency of Occupational Injuries (by calendar year)



*Frequency of Occupational Injuries = No. of occupational deaths or injuries ÷ total labor hours × 1,000,000

Frequency of Occupational Injuries

	2010	2011	2012	2013	2014
All Industries	1.61	1.62	1.59	1.58	1.66
Manufacturing	0.98	1.05	1.00	0.94	1.06
Steel	0.91	0.88	0.98	0.88	0.92
Hitachi Metals Group	0.29	0.57	0.45	0.33	0.25

(b) Promoting Everyone's Emotional and Physical Health

We actively support health management that promotes the emotional and physical aspects of health.

To encourage physical health, we recommend that all employees undertake a secondary checkup following their regular medical examination, and we focus on lifestyle disease and other health guidance. To encourage mental health, we have created an annual mental health promotion plan. In 2015, in line with revisions to the Industrial Safety and Health Act we have introduced a "stress check" system as part of our efforts to enhance primary prevention of mental health issues.

(4) Human Resources Training

(a) Basic Approach

With the management philosophy of "contributing to society by being the best enterprise" and the management policy of pursuing high-quality products, we aim to achieve new global growth through "transformation" and "challenge." In order 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 Magic," 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 our 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 the Hitachi Metals' management philosophy and corporate creed, 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) Nurturing 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 and training programs.

•Cultivating local management personnel at each location

At Group companies outside Japan, we are supporting efforts to cultivate locally hired personnel. We are also proceeding with plans to cultivate these personnel and promote them to positions of responsibility.

(5) Employee Benefits and Welfare

In order 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 building," in addition to such conventional benefits as dormitories for single employees and company-run houses and provision of medical services for employees. Within a range of points that each employee has earned ("Cafeteria Points"), he or she can choose the type of support wanted when necessary.

(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

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of Employees	5,130	5,066	4,675	6,362	6,306
Male	4,632	4,568	4,239	5,720	5,660
Female	498	498	436	642	646
Ratio of Female Employees	9.7	9.8	9.3	10.1	10.2
Average Age (years)	42.6	42.9	43	42.1	43.0
Average Service (years)	21.4	21.7	21.8	19.2	20.0
Number of Female Managers	9	8	6	10	10
Employment of Ratio of People with Disabilities	2.06	2.05	2.16	2.26	2.08

5. Responsibility to Shareholders and Investors

(1) Shares and Shareholders

The total number of outstanding shares in Hitachi Metals as of March 31st, 2015 was 428,904,352, and there were 26,287 shareholders (including shareholders who only hold odd lots). The distribution of shares between owners is as follows:

Segment	Number of shareholders	Number of shares held (thousands of shares)	Percentage of shares held
Financial institutions	78	53,722	12.67
Financial instruments business operators	46	4,749	1.12
Other domestic corporations	449	237,056	55.89
Foreign nationals	456	97,988	23.10
Individuals and others	9,868	30,609	7.22

Notes1: including shares representing less than one unit.

2: Treasury shares (1,303 share units) are included in "Individuals and others."

(2) Basic Policy on Profit Allocation

As customer needs and technologies evolve and globalize, we regard it as our responsibility as a company to return appropriate profits to our shareholders in the long term, by strengthening our international competitiveness and expanding corporate value. With that responsibility in mind, our basic policy is to determine profit allocations to shareholders and internal reserves with the emphasis on medium and long-term growth, giving overall consideration to the management environment, future business expansion, and business performance. Internal reserve funds are used to invest in the development and commercialization of new materials, the creation of new business, the increased production and streamlining of competitive products, and other applications, with a view to future business expansion. We will also acquire our own shares, where appropriate, for purposes such as enabling dynamic capital policy, taking into account the necessity of such acquisition, the financial situation, the share price level, and other factors.

(3) Information Disclosure and IR Activities

To earn trust as a highly transparent "open firm," the Hitachi Metals Group is working to enhance in-house systems to appropriately implement prompt, accurate and fair disclosure of company information and publish information in a timely manner.

Divisions work together, centered on the Hitachi Metals Communications Department, to disclose quarterly operating and financial results information, and hold presentations including operating results briefings for institutional investors and analysts. This effort extends beyond information on operating results, and we also actively disclose information on topics by separate business and our medium-term management plans.

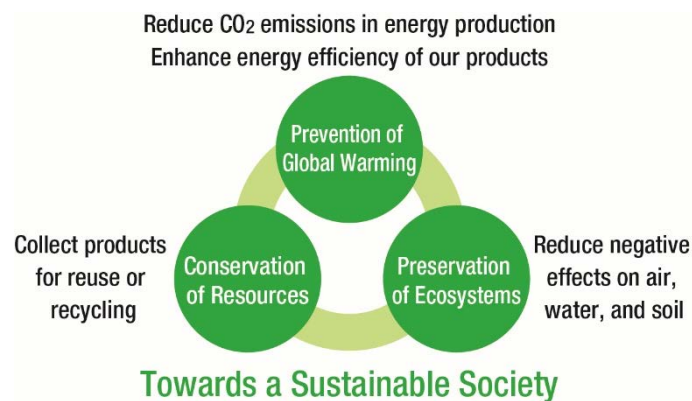
The Hitachi Metals Group communicates our management philosophy via shareholder newsletters, annual reports (English), corporate websites and numerous other communications channels.

VI Report on Environmental Aspects

1. Environmental Management

(1) The Hitachi Group's Environmental Vision

Hitachi Metals Group advances “Prevention of global warming,” “Conservation of resources,” and “Preservation of ecosystems” as the three key pillars of the Hitachi environmental vision. It promotes global *monozukuri* with the aim of reducing environmental loads through product lifecycles, to realize a sustainable society.



(2) Hitachi Metals Group Basic Environmental Protection Policies

Hitachi Metals Group Basic Environmental Protection Policies

Philosophy

Hitachi Metals' fundamental corporate philosophy is to be "the best possible company" and to contribute to a greater society. In line with this philosophy, we regard it as crucial to ensure that humanity's shared environmental resources can be passed down to future generations in the best possible condition. Accordingly, throughout our operations we treat environmental considerations as an issue of the highest importance and strive actively to promote environmental protection efforts on both the global and local community levels.

Slogan

- With a deep awareness that environmental protection is major issue for all humanity, fulfill social responsibilities by striving to establish a sustainable society in harmony with the environment regarding it as one of the essential aspects of corporate activity.
- Contribute to society by developing highly reliable technologies and products in response to needs for environmental protection and the limited nature of resources.

Business Conduct Guidelines

1. Compliance with environmental laws and regulations, and prevention of pollution

Comply with all applicable laws and regulations concerning environmental issues on all levels, from international laws to national, regional, and local pacts. Establish voluntary environmental standards as needed in order to assure compliance.

Identify potential environmental problems and take action to prevent pollution. In the event that environmental problems have happened, take appropriate countermeasures to minimize environmental impact.

2. Maintenance of environmental organizational structure and enhancement of environmental supervision

Maintain an organizational structure that includes leadership by an executive responsible for managing environmental issues, as well as an underlying administrative structure. Promote environmental protection activities by applying voluntary environmental standards and establishing clear environmental-related goals.

Additionally, strive to continually improve our environmental management through confirming that our environmental protection activities are being carried out in an adequate, effective, and proper manner.

3. Promotion of global manufacturing with consideration of LCA (Life Cycle Assessment)

Endeavor to reduce the environmental burden at entire life cycle, including R&D, product design, manufacture, distribution, sale, use, and disposal.

Promote the following as global manufacturing priorities: environmentally conscious products in society, prevention of global warming, conservation and recycling of resources, chemical management, as well as conservation of biodiversity.

4. Environmental consideration at the sites all over the world

Consider environmental impact in the areas around our manufacturing sites, and strive to carry out policies responsive to the requirements and needs of the local communities.

5. Education and training to increase environmental awareness

Educate and train employees about environmental protection and importance of compliance with environmental laws and regulations to raise employees' awareness of environment with a broad perspective.

6. Information disclosure

Promote positive communication through the disclosure of information regarding environmental protection activities to stakeholders, and strengthen the mutual understanding and collaborative relationship.

April 1, 2010

(3) Hitachi Metals Group's Environmental Management

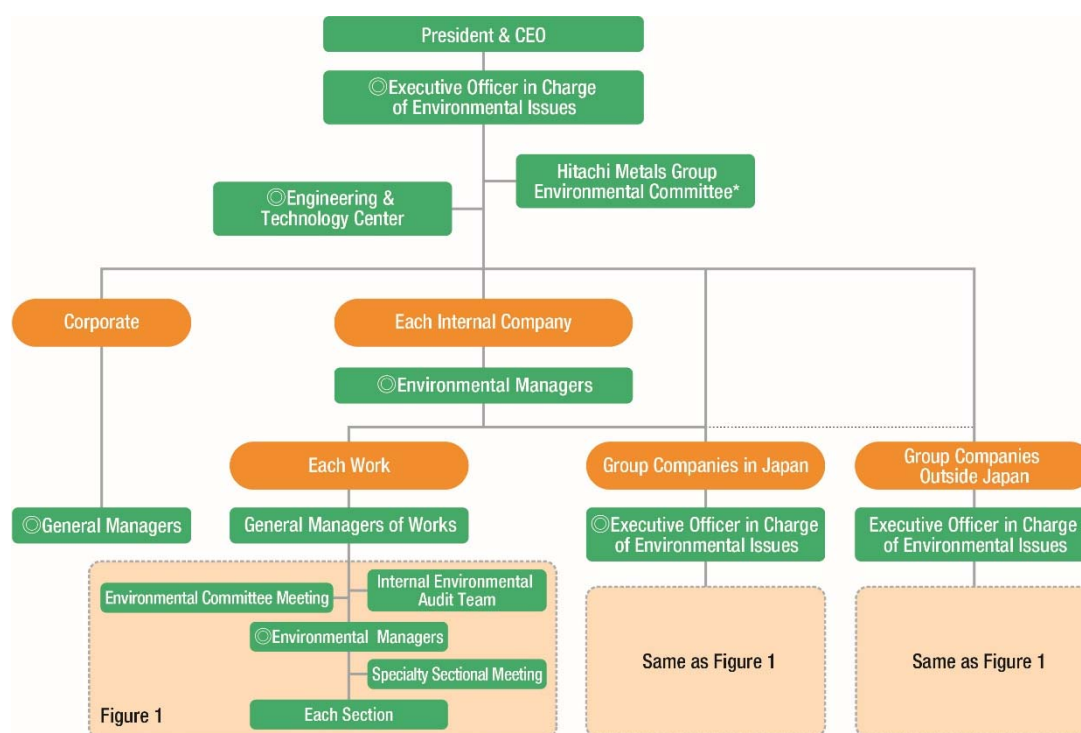
The Hitachi Metals Group's Environmental Management is a structure where the Engineering & Technology Center, headed by an executive officer responsible for managing environmental issues of Hitachi Metals, Ltd., promotes environmental management in coordination with senior managers responsible for environmental issues in internal companies.

In April 2010, we formulated the Hitachi Metals Group Basic Environmental Protection Policies, which clarifies our company-wide commitment to environmental management.

Especially, in order to advance environmental management suited to a corporation that does business globally, we strive to ensure that the basic environmental policies are thoroughly shared in the Hitachi Metals Group, taking into account national and regional differences.

Our efforts to reduce environmental burden and our response to environmental risk are based on these shared policies. Policies and targets related to environmental activities are reviewed and revised annually at the Hitachi Metals Group Environmental Committee.

The Hitachi Metals Group environmental management promotion structure



* Hitachi Metals Group Environmental Committee are attended by the following members, marked with (©) in the above chart: the executive officer in charge of environmental issues, environmental managers at each internal company, environmental managers at the Works, the general managers of corporate divisions, the Executive offices of Group companies in charge of environmental issues, and the staffs of the Engineering & Technology Center.

(4) Medium- and Long-Term Environmental Strategy

●Promotion of Global Environmental Management

Hitachi Metals Group aims to share its basic policies on environmental conservation and its Environmental Action Plan, while taking into account the characteristics of the countries and regions where it does business. In doing so, it hopes to strengthen environmental load reduction activities and, in particular, reinforce environmental risk management.

●Prevention of Global Warming

Catching up society's need to prevent global warming as a good opportunity, we promote manufacturing process through strengthening our *monozukuri*, to reduce our energy consumption per production unit.

●Promotion of Eco-products

We concentrate management resources in the creation and expansion of Eco-products, which are based on identifying environmental aspects, such as saving energy and resources, preventing global warming, and reduction of hazardous substances, as product needs, so that we can contribute to the construction of a recycling oriented society.

●Effective Use of Resources

We promote various actions, such as waste reduction through innovation of manufacturing process, developing applications for recycled waste, and collecting used products.

(5) The Environmental Action Plan and Its Results

We have gathered targets, results, and assessments for the Environmental Action Plan, which Hitachi Metals Group is working on from FY2013 to FY2015.

Results of the Environmental Action Plan in FY2014

🌲🌲🌲 : Target Achieved 🌲🌲 : Target 90% Achieved 🌲 : Target Not Achieved

Categories	Items	FY2014 Action Target	FY2014 Results	Rating	FY2015 Targets
Establishment of a corporation that creates environmental Value	Helping reduce CO ₂ emissions by 100 Mt till 2025 through products	1.30 million t-CO ₂	1.33 million t-CO ₂	🌲🌲🌲	1.50 million t-CO ₂
Eco-mind	GREEN 21-2015	498GPs	581GP	🌲🌲🌲	544GP
	Environmental education and training	e-learning participation rate 95%	100%	🌲🌲🌲	100%
Next-generation products & services	Promotion of Eco-products	Sales ratio 88%	98%	🌲🌲🌲	90%
		Increasing "Eco-Products Select" models	9 models (2011-2014 cumulative total)	🌲🌲🌲	9 models total
Eco-Factories	Global warming prevention	Improvement of energy consumption ratio per production unit at least 9% (Base year FY2005, global)	13.9%	🌲🌲🌲	10%
	Effective Use of resources	Reduction of waste/valuable generation per production unit at least 16%(Base year FY2005, global)	22.5%	🌲🌲🌲	18%
		Promote registration ratio of Electric Waste Manifest System at least 75% (in Japan)	79%	🌲🌲🌲	90%
		Reduction of water usage per sales amount at least 18% (Base year FY2005, outside Japan)	34.9%	🌲🌲🌲	20%

(6) Environmental Accounting

The Hitachi Metals Group has introduced environmental accounting in order to allocate corporate resources appropriately, and continuously improve the efficiency of environmental investments and activities. The Group also aims to increase the understanding of its stakeholders by disclosing information about the effect and efficiency of its activities.

Environmental costs include things like environment-related capital investment, equipment maintenance and administration costs, and R&D costs. Environmental effects include both economic effects, which are measured in monetary terms, and physical effects, which are measured in terms of environmental impact.

The analysis of our collated results for FY2014 is as follows:

(a) Environmental Costs

Our environmental costs in FY2014 were 8.32 billion yen in expenses and 800 million yen in investment, for a total of 9.12 billion yen.

(b) Environmental Effects

In terms of economic effect, resource circulation via waste elimination and recycling initiatives resulted in a total of 9.82 billion yen. Waste elimination and energy conservation also had an effect on the material amounts.

(c) Results of Environmental Accounting

■ Environmental Costs

(100 million yen)

Cost Classification			FY2013		FY2014	
			Expense	Investment	Expense	Investment
Business Area Costs	Pollution Prevention		17.6	0.4	16.6	0.7
	Global Environmental Preservation		6.3	3.5	4.6	3.6
	Resource Recycling		24.1	0.3	26.9	0.2
	Subtotal		48.0	4.2	48.0	4.5
Upstream and downstream Costs			4.8	0.0	0.0	3.5
Management Activity Costs			7.2	0.0	7.4	0.0
Research and Development Costs			30.6	0.0	26.1	0.0
Community Activity Costs			0.7	0.0	1.2	0.0
Others			0.7	0.0	0.5	0.0
Total			92.1	4.2	83.2	8.0

■ Environmental Effects

(100 million yen)

Economic Effects	Item	FY2013	FY2014
	Waste Processing and Recycling	110.7	91.9
	Energy Conservation	3.6	3.0
	Others	4.5	3.3
	Total	118.7	98.2

■ Physical Effects

Physical Effects	Item	FY2013	FY2014
	Energy Saved (Crude oil equivalent)	2,606 kL	1,381 kL
	Waste Reduction	1,206 t	2,743 t

● Scope of disclosure: The Hitachi Metals Group in Japan

● Calculation period: April 1, 2014 to March 31, 2015

(7) Integrated Environmental Management System (Integrated EMS)

Hitachi Metals Group has introduced ISO14001 as its environmental management system.

We began acquiring certification for individual factories in 1997, and went on to promote the building of integrated Environmental Management Systems (integrated EMS) at each of four internal companies (High-Grade Metals Company, Magnetic Materials Company, High-Grade Functional Components Company and Cable Materials Company). This action was prompted by the increasing necessity of close linkage with headquarters departments in areas such as engineering, planning and sales, in order to comply with product environmental regulations and expand sales of Eco-products.

(8) Environmental Auditing

The Engineering & Technology Center conducts companywide environmental auditing in an attempt to achieve thorough adherence and compliance with environmental-related laws and regulations, appropriate EMS management regarding environmental action plans and comprehensively mitigate environmental risks.

In FY2014, environmental affairs auditing was conducted at eight sites in Japan and nine sites outside Japan in conjunction with internal auditing. While 38 cases of minor non-conformance were revealed, we confirmed that there were no major non-conformities requiring administrative guidance.

(9) Environmental Education and Awareness Promotion

Hitachi Metals Group has built workplace-specific training and training systems as part of our EMS, and has established clearly defined roles for Company wide training and individual factory-level training for further improvement of the staff's environmental awareness as well as the enhancement of knowledge and skills relevant to each workplace.

(a) Environmental Training Structure

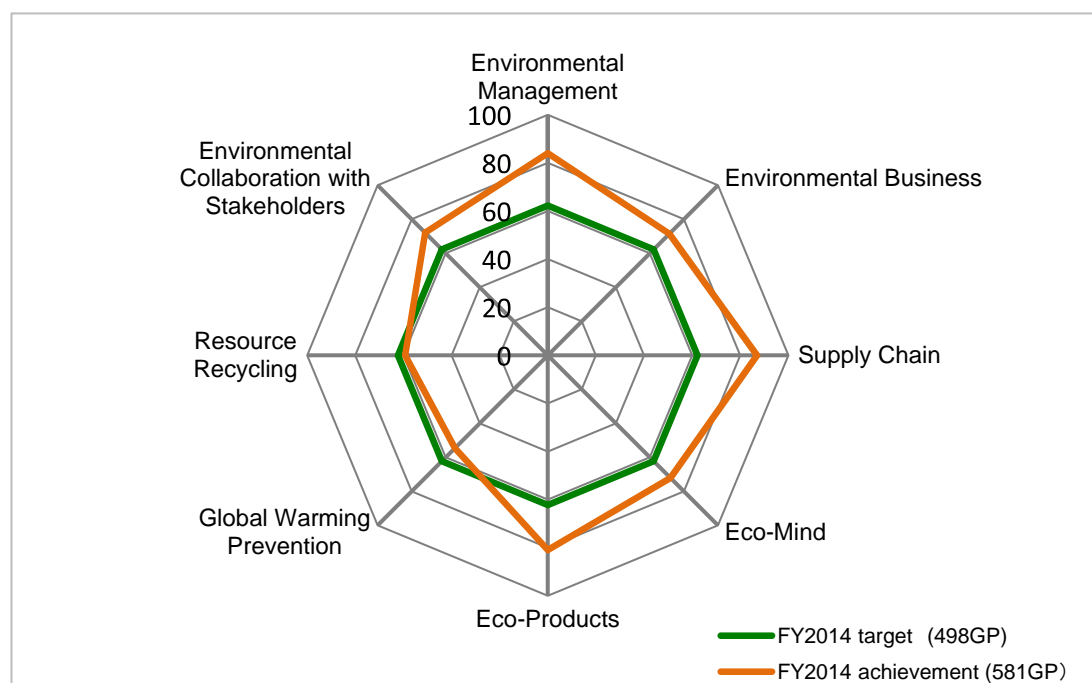


(10) Environmental Management Level “GREEN21- 2015” Activities

The Hitachi Group promotes “GREEN 21” as a system to assess point scores for ongoing improvement in environmental activities and for raising the level of activity. We have revised the assessment criteria three times to date, and are working on GREEN 21 for the five years from FY2011 to FY2015.

In GREEN21-2015, we make point-score assessments of environmental activities, to keep close track of those activities. The Hitachi Metals Group scored 581 Green Points (GP) in eight categories in FY2014, surpassing our target of 498GP.

The reasons for this significant overachievement include enhanced environmental management structures in the China sector, improved level of management at increasingly important sites outside Japan and the systematic implementation of environmental affair auditing targeting manufacturing sites in and outside Japan in an attempt to improve the level of environmental activities. In FY2015, we aim to further increase activities focused on global warming prevention and resources recycling.



No.	Category (Rating Form)	Main Rating Contents
1	Environmental Management	Environmental management, environmental accounting, regulatory compliance
2	Product/Service Strategy	Reduce CO ₂ emission by 100 million ton, environmental business strategy
3	Supply Chain	Collection and forwarding of environmental information through the supply chain
4	Eco-Mind	Environmental education, development of environmental experts
5	Eco-Products	Assessment of products and services etc.
6	Eco-Factories Global Warming Prevention	CO ₂ emission reduction, energy-saving efforts, energy reduction during transportation
7	Eco-Factories Resource Recycling	Resource recycling, Management of chemical substances
8	Environmental Collaboration with Stakeholders	Information disclosure, communication activities, global citizenship activities, preservation of eco-systems

Target level (GP)

FY2013	FY2014	FY2015
450	498	544

(11) The State of External Communications About the Environment

(a) Participating in Exhibitions

The Hitachi Metals Group participates in various exhibitions and introduces its environmentally conscious technology, products, etc. The Group tries to show how its products contribute to the reducing of environmental burden.

Event date	Exhibition name (location)
April 8th - 10th, 2014	SAE 2014 World Congress (Detroit, USA)
April 23rd - 26th, 2014	Japan International Welding Show 2014 (Tokyo)
May 21st - 23rd, 2014	The Automotive Engineering Exposition 2014 (Yokohama)
May 28th - 30th, 2014	JECA Fair 2014 - The 62nd Japan Electrical Construction Association Fair (Osaka)
July 18th -19th, 2014	2014 A Prosperous Future Together (Tokyo)
July 23rd - 25th, 2014	TECHNO-FRONTIER 2014 (Tokyo)
August 27th - 29th, 2014	International Touch Panel and Optical Film Exhibition: Touch Taiwan 2014 (Taipei)
October 1st - 3rd, 2014	Plumbing & Sanitary Materials and Equipment Show 2014 (Tokyo)
October 7th - 11th, 2014	CEATEC JAPAN 2014 (Chiba)
October 15th, 2014	Hitachi SOCIAL INNOVATION FORUM Berlin (Berlin, Germany)
November 11th - 13th, 2014	FABTECH 2014 (Georgia, USA)
December 11th - 13th, 2014	Eco-Products 2014 (Tokyo)

(b) External Awards

Hitachi Metals Group's Eco-products won the following four external awards in fiscal 2014.

Company name	Product awarded	Title of award	Awarding body
Hitachi Metals Ltd. Cable Materials Company	Copper alloy cable using titanium particles rivaling pure copper (high-purity copper HiFC [®])	National Invention Awards 2014 "21st Century Invention Award"	Japan Institute of Invention and Innovation
Hitachi Metals, Ltd. High-Grade Metals Company	Giant turbine blade die forging technology	15th Monozukuri Harvest Festival "Monozukuri Technology Award"	Hitachi, Ltd.
Hitachi Metals (Thailand) Ltd.	-	Green Industry (Level 3)	Thai Ministry of Industry
Thai Hitachi Enamel Wire Co., Ltd.	-	Green Industry (Level 3)	Thai Ministry of Industry

(12) Consideration for the Preservation of Biodiversity

Hitachi Metals Group activities that consider the preservation of biodiversity include environmental education, forest conservation and cleanup activities in areas surrounding factories.

(a) Forest Conservation Activities

In September 2014, at the Yasugi Works, we conducted forest conservation activities using Shimane Prefecture's CO₂ absorption certification system under the guidance of the Wako Club, a local forest conservation association. About 50 Hitachi Metals employees participated in tree thinning in the woods surrounding Kanayago-jinja Shrine.



Yasugi Works participation in the Shimane Prefecture Forest Preservation Activity (tree thinning).

(b) Education Related to the Protection of Biodiversity

Hitachi Metals Group Environmental Management Staff Committee was held in January 2015, at the Hitaka Works. Twenty practitioners from each site discussed various environmental issues, inviting Biodiversity Working Group members from four Electric and Electronic Industry Associations to conduct a special lecture and workshop on biodiversity. It was a good opportunity for those in attendance to consider their own initiatives and actions of their company as business to deepen their understanding regarding biodiversity.



Special lecture and workshop on biodiversity during the Environmental Management Staff Committee meeting

2. Environmental Consideration in Products

The Hitachi Metals Group considers "Thinking about next generation – An environmental friendly solution" as an important managerial issue. We contribute to the realization of a sustainable society through the creation of new products and new technologies that give rise to such needs, as well as through the provision of advanced Eco-Products.

(1) Environmentally Conscious Vision in Products and Services

The Hitachi Metals Group is focusing our attention on environmental and energy sectors as we promote the development of new products with our next-generation flagship products. What is more, for the development and design of new products we promote environmentally friendly product development based upon the "Hitachi Group Eco-Design Management Guidelines."

R&D Case Studies

Field	Environmental key words	R&D field
Energy	Renewable energy	Materials for solar cells (amorphous cut cores, interconnector materials, target materials) Materials for wind power generation (rare-earth magnets, amorphous metal materials, Finemet cores, plated wires)
	High efficient power generation	Ultra heat-resistant metal materials, Precision casting blades for turbine wheels, Components for SOFC* ¹ fuel-cell components (electrode materials, interconnector materials)
	Energy-saving / electricity storing / electricity transforming / smart grids	Amorphous metal materials for low-loss transformers and high-efficiency amorphous motors, electrode components for secondary cells, high-efficiency amorphous motor components
Automobiles	Exhaust gas regulations	Components that help clean exhaust gas
	Reduced weight and size / low fuel consumption	Heat-resistant cast steel materials, light weight components for engines, light weight aluminum wheels, CVT* ² belt materials, magnets for EPS* ³ , brake hoses, various sensors
	Hybrid / Electric vehicles	Rare-earth magnets for motors, amorphous metal materials, finemet cores, clad metals for secondary battery electrodes, high-efficiency motor winding wires, battery harnesses
Electronics	More compact, lighter weight	Radio front end module, and multi-layer ceramics components, switching hubs
	Electromagnetic field	Magnetic components for EMC* ⁴ , various antenna
	Energy-saving consumer electronics	Air conditioning / refrigerator compressor magnets
	Semiconductors / liquid crystal panels	Mass flow controllers, linear stages, compound semiconductors
	Regulations on hazardous substances	Materials / products free from hazardous substances
Industries / Infrastructure	Long-life, high performance products	Long-Life Die Steels, Carbide Rolls, Carbide Tools, Eco Green Cables, Wires and Cables for Rail Rolling Stock

*1 SOFC: Solid Oxide Fuel Cell

*2 CVT: Continuously Variable Transmission

*3 EPS: Electronic Power Steering

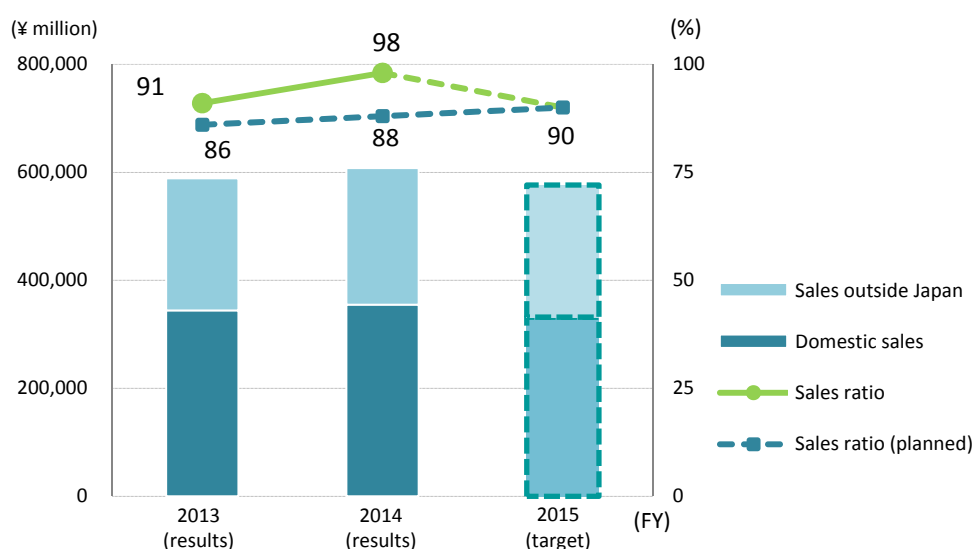
*4 EMC: Electro-Magnetic Compatibility

(2) Expansion of Eco-products

Eco-products are friendly to the environment, with reduced environmental loads throughout their lifecycles, from the procurement of raw materials through design, development, manufacturing, distribution, use, and disposal. They satisfy certain standards under the "Eco-design assessment" established by Hitachi Group. Hitachi Metals Group calls for the expansion of Eco-products in its environmental action plan, and promotes such products accordingly. Sales of Eco-products in FY2014 totaled 607.6 billion yen, accounting for 97.8% of sales of products subject to environmental compliance*. This represents an 88% rate of target achievement. In the future, we are carrying on with activities to expand Eco-products.

* Sales of products subject to environmental compliance: Sales of products for which Hitachi Metals Group can control, or at least influence, environmental consideration concerning the product.

Eco-Product Sales and Sales Ratio



(3) Eco-Design Assessment

The Hitachi Metals Group uses "Eco-Design Assessment" to evaluate its Eco-Products.

This assessment method is used as certification criteria for "Eco-Products", by assessing the degree of environmental consciousness at each stage of product life cycle ranging from product development, designing, material procurement to usage and disposal.

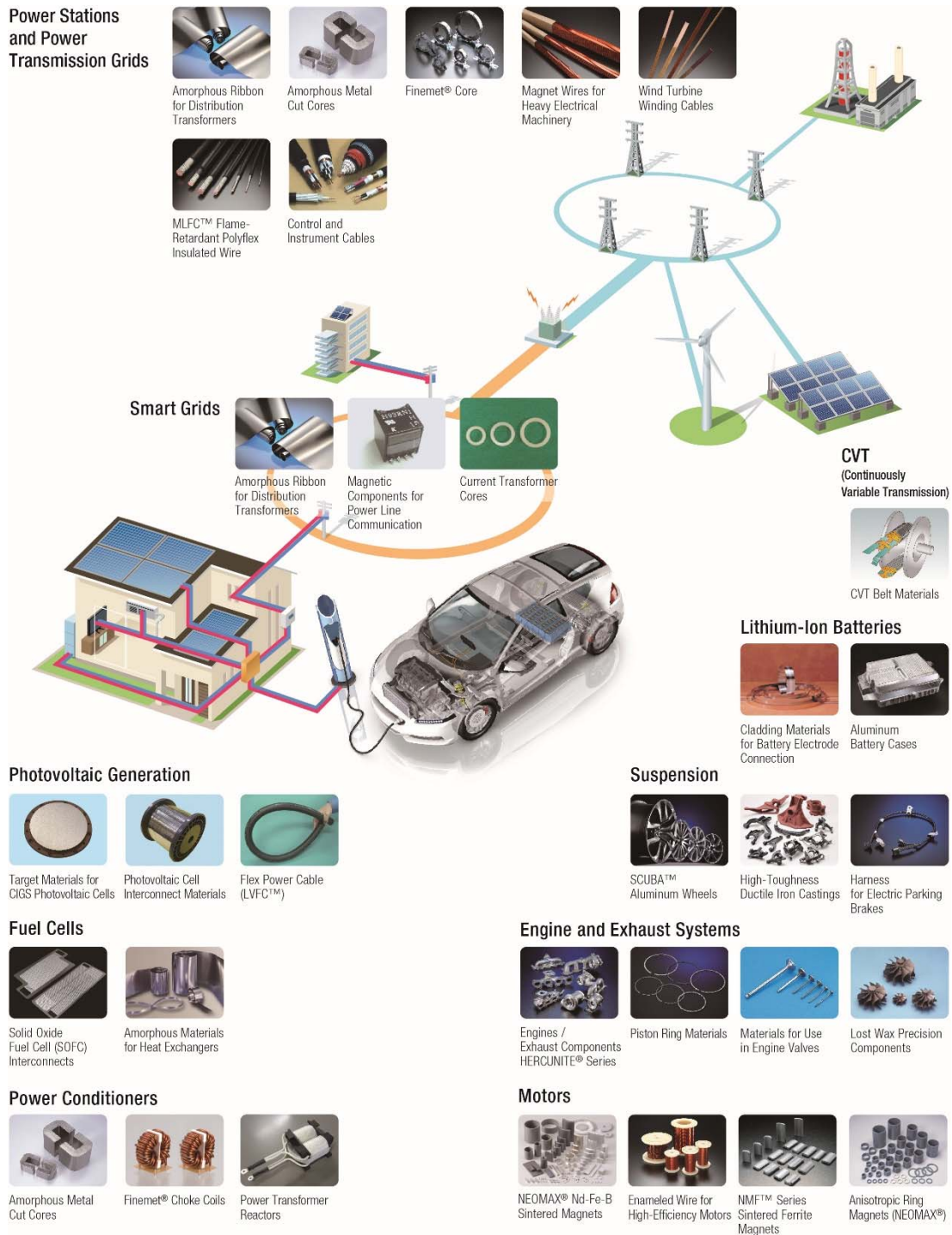
Items and Points of the Eco-Design Assessment (Revised)

Evaluation Items		Design for Environment (DfE) Evaluation Points
DfE on the R&D / Design and Procurement		Eco-Design (design review), fulfillment of required categories, environmental consideration of customers
DfE on the manufacturing	(energy conservation)	Energy savings during manufacture, introduction of energy-saving equipment, productivity improvements, process improvements
	(resource conservation)	Improved yield rate, expanded use of recycled products, improved recycling rate, reduced water use
	(chemical substances)	Reduced use and proper management of hazardous chemicals, lowered VOC air emissions
Environmental consideration in products	(energy conservation)	Energy savings and low fuel consumption during product use, higher environmental functions, improved efficiency during use
	(resource conservation)	Product compacting and lighter weight, long life span, reduce rare metals
	(chemical substances)	Management of product chemical substances content, responses to RoHS Directive and REACH Regulations
DfE on the sales, distribution, and product disposal		Supply of product environmental information, recyclability of packing materials, reduced transportation burden, recovery and recyclability, etc.

(4) Hitachi Metals Group's Environment and Energy-related Products

Hitachi Metals Group develops and delivers materials and products in fields ranging from generators and transformers, through factories, plants, offices, homes, and vehicles, contributing to the environment and energy in wide-ranging aspects of society.

List of Environment and Energy-related Products



(5) Introducing New Products Contributing to Reduced Environmental Loads

Giant Turbine Blades

High-Grade Metals Company

- Features: Realizes mass production of giant turbine blades utilizing Hitachi Metals die forge technology
- Uses: Cutting-edge thermal power generation steam turbines
- Contributions: Effective use of resources, global warming prevention due to improved turbine generation efficiency



Titanium 50-inch turbine blades



Usage Example
Power generator steam turbine final phase rotor blade

ABS Integrated EPB Harness

Cable Materials Company

- Features: Integrates electric parking brake (EPB) system and anti-lock brake system (ABS) sensor harnesses
- Uses: In-vehicle applications
- Contributions: Effective use of resources, global warming prevention due to lighter vehicle weight and reduced number of parts mounted on car body



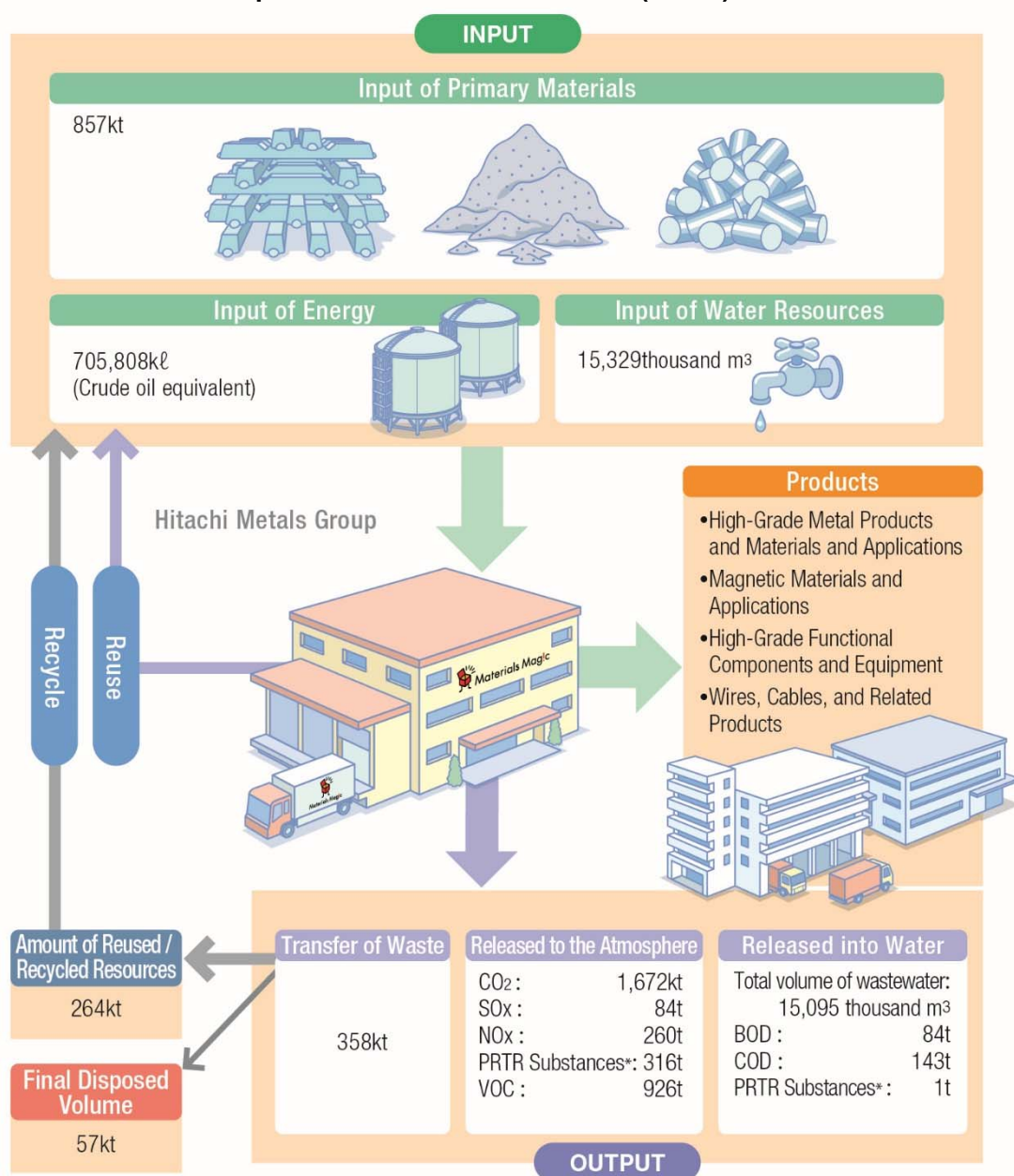
ABS Integrated EPB Harness exterior

3. Environmental Consideration in Manufacturing

This is a graphical representation of the balance of materials in manufacturing processes at Hitachi Metals Group for fiscal 2014. The Hitachi Metals Group is promoting the reduction of the environmental burden in two directions: reducing the volume of inputs through the efficient use of resources and energy, and reducing the volume of outputs by controlling atmospheric releases and wastewater discharges, reducing and recycling waste, and so on.

(1) Material Balance

The Hitachi Metals Group Material Balance of Fiscal 2014 (Global)



* PRTR Substance : Substances targeted by the PRTR Law in Japan

(2) Global Warming Prevention

The Hitachi Metals Group is a materials manufacturer and uses much energy in its manufacturing processes. For this reason, the Group positions the prevention of global warming as its management priority. The Group has established medium-to long-term targets and is now working on energy conservation measures to reduce its energy consumption rate and CO₂ emissions.

(a) Visions for Preventing Global Warming

Hitachi Metals Group positions fiscal 2014 as the midpoint of a three-year plan, which sets the following targets, running to fiscal 2015.

●Targets for Fiscal 2014 in Medium Term Environmental Action Plan

Improvement of energy consumption ratio per production unit*¹ at least 9% from the base year fiscal 2005 (global)

*1: (Energy consumption converted into crude oil units) ÷ (amount of activity*²)

*2: A figure representing the scale of business activities such as sales or production weight

●Fiscal 2014 Results

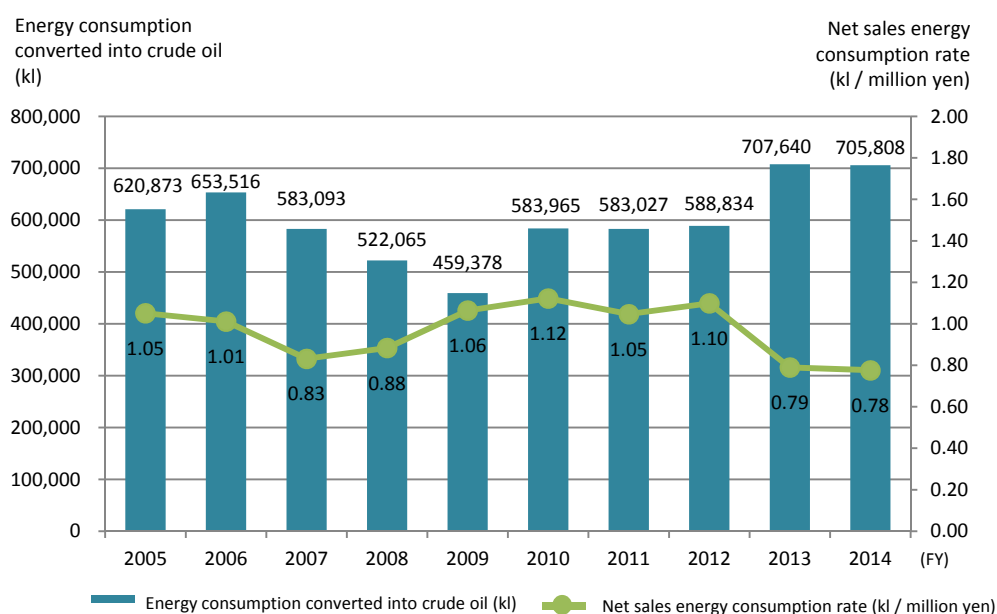
Rate of reduction per production unit of energy consumption ratio : 13.9%

(b) Trends in energy consumption and net sales energy consumption ratio per production unit

Hitachi Metals Group global energy consumption in FY2014 was equivalent to 705,808 kl of crude oil. Amid an increased need for energy due to complex manufacturing processes in line with increased quality requirements, activities including manufacturing improvements, machinery upgrades, higher yield rates and increased equipment operation rates resulted in the FY2014 net sales energy consumption ratio per production unit decreasing from 0.79 to 0.78 year on year.

Note: From FY2013, former Hitachi Cable data was added, thus there are significant differences before and after this change.

Trends in energy consumption and net sales energy consumption rate

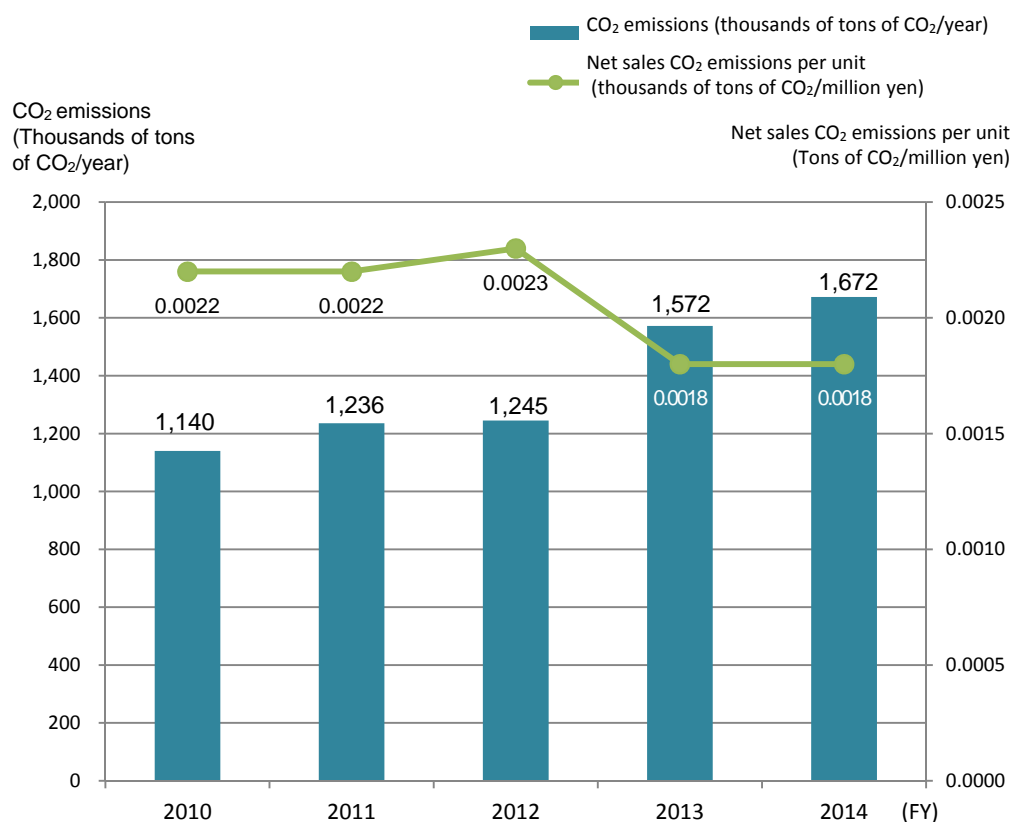


(c) Trends in CO₂ Emissions from Energy Usage and CO₂ Emissions per Unit

In FY2104, CO₂ emissions from energy used for business activities at Hitachi Metals Group business offices increased year on year to 1.672 million tons* globally. The main reason for this was an increase in the domestic power company emissions coefficient. At the same time, CO₂ emissions per unit dividing emissions by net sales was nearly flat.

* From FY2013, former Hitachi Cable data was added, thus there are significant differences before and after this change.

Trends in CO₂ Emissions from Net Sales CO₂ Emissions per Unit



Note: In Japan, the power company CO₂ emissions coefficient is based on the "power supplier emissions coefficient" announced by the Ministry of the Environment; outside Japan, it is based on the 2008 IEA "country-specific conversion coefficient."

(3) Waste Reduction

(a) Waste Reduction Vision

The Hitachi Metals Group has been committed to the creation of a recycling-oriented society by preventing the illegal disposal or dumping of waste, and helping to improve resource productivity, recycling rates, and reduce final disposal volumes as laid out in the 3rd Basic Plan for Establishing the Recycling-Based Society, and also reusing and recycling waste internally.

In FY2014, steel slag conditions caused problems in the steel industry resulting in a temporary increase in slag landfill disposal, thus final disposal volumes temporarily increased. Subsequently, FY2014 recycle rates declined slightly to 92.6%, but from FY2015 we expect recycling rates to increase due to the establishment of a new recycling outlook.

Meanwhile, we have been continuously working on recycling activities in order to reduce our final disposal volume in particular. However, due to the fact that it has become difficult to treat with the social changes in the demand for recycling, we are now working to reduce waste generation, which is measured by a generation of waste per unit as an indicator, focusing on process innovation such as *kaizen* of production processes.

(b) Results of Waste Management

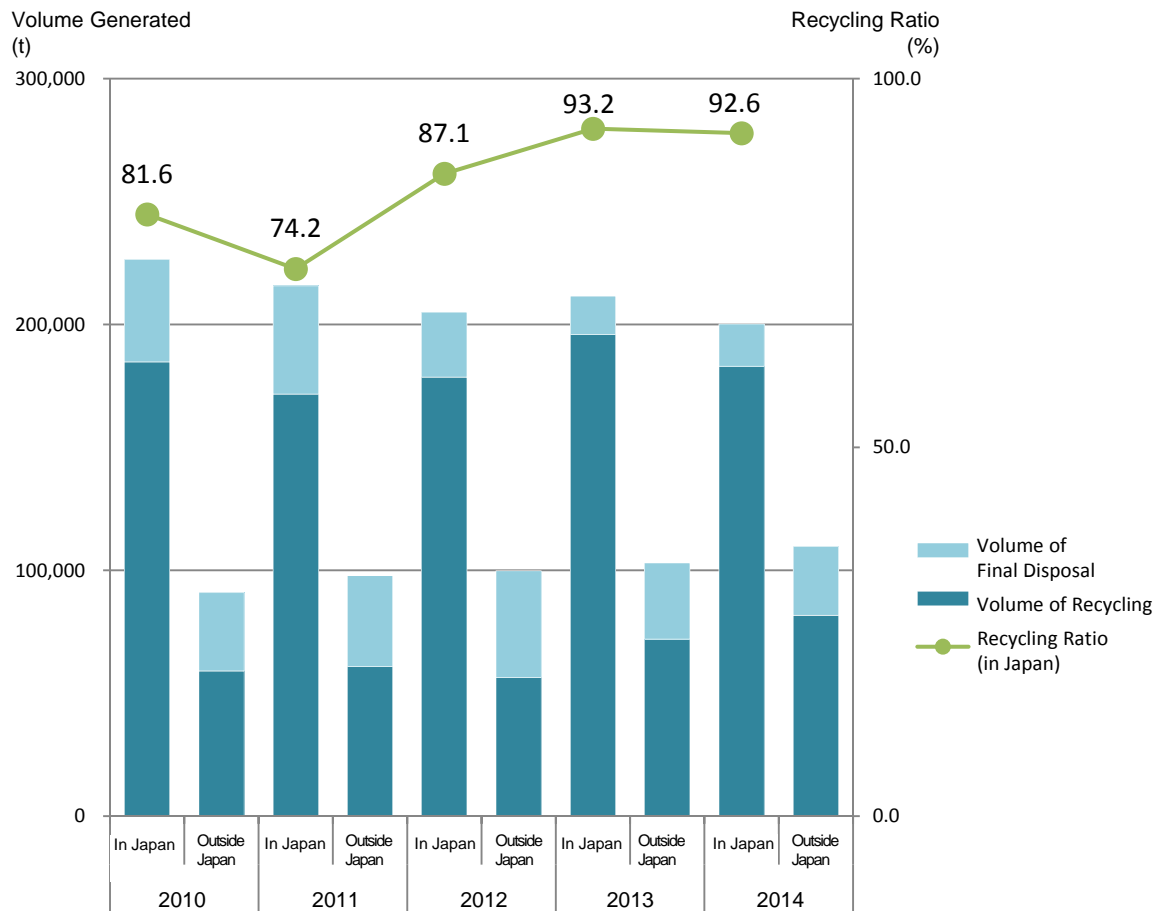
In fiscal 2014, the Hitachi Metals Group in Japan produced a total of about 231 thousand tons of waste. It recycled approximately 183 thousand tons into resources, and sent approximately 17 thousand tons for final disposal. This resulted in a resource recycling rate of 92.6%. Additionally, the Group achieved zero emissions* at 21 sites. Total emissions increased 4,000 tons year on year. Slag conditions in the steel industry caused final disposal volumes to increase 1,000 tons.

Slag conditions in the steel industry caused recycling volumes to decline despite attempts in FY2014 to recycle slag by using it as a land engineering material, part of our effort to create new recycling applications. Nevertheless, we expect final disposal volumes to decline from FY2015 due to exploration of new recycling issues.

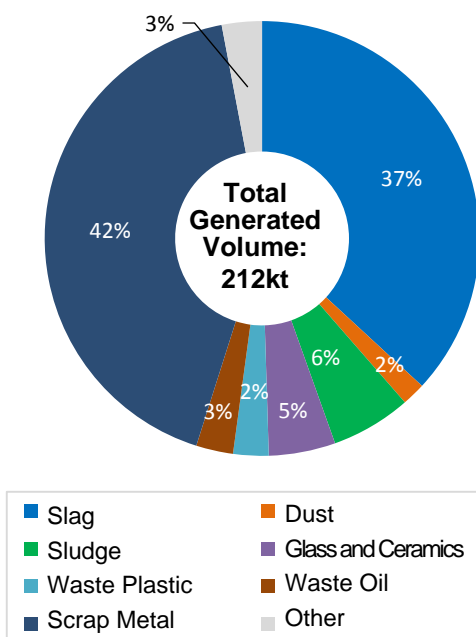
We have successfully achieved a 22.5% reduction compared to the fiscal 2005 level in generation of waste per unit, a management indicator of the Environmental Action Plan.

* Zero emissions : Deemed to be a final disposal volume less than 0.5% of total emissions.

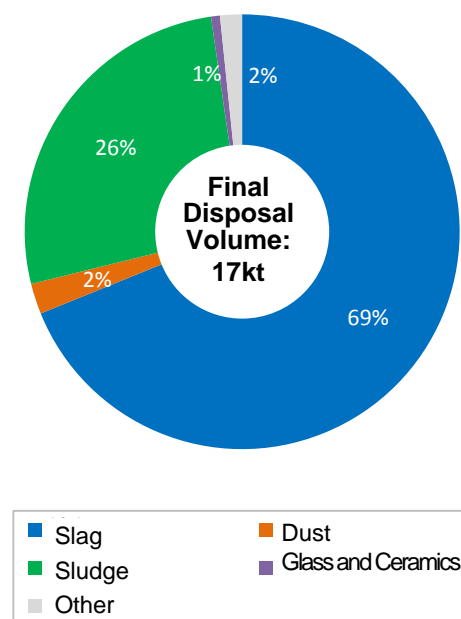
Trends in Volumes of Waste Generated and Recycling (in Japan)



Breakdown of Total Generated Volume (in Japan)



Breakdown of Final Disposal Volume (in Japan)



(4) Chemical Substance Management

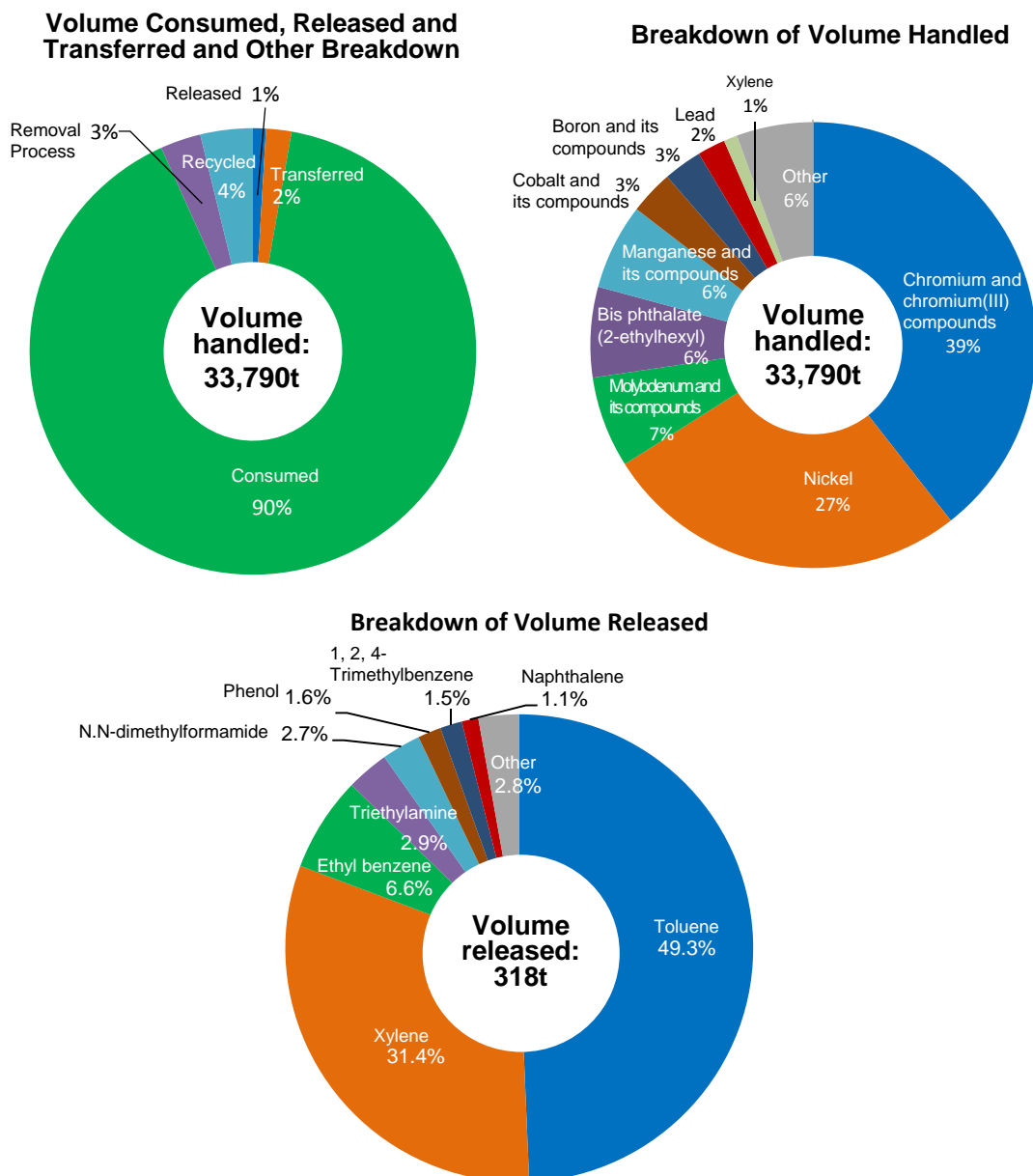
(a) Reduction of Substances of Environmental Concern

Of the volume of substances handled that are the subject of PRTR* Law, chromium, nickel, cobalt, manganese, molybdenum and boron are regulated by the law and are essential raw materials for Hitachi Metals' products. These six substances constitute approximately 85% of the regulated materials handled by the domestic Group, and 66% of the total amount transferred.

Of this total amount of release, 99% or more was released into the atmosphere and 87% of atmospheric release were comprised of three Volatile Organic Compounds (VOCs), which are toluene, xylene and ethylbenzene.

* PRTR Law: Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management.

The State of PRTR substance handling in fiscal 2014 (domestic Group)



PRTR data (in Japan)

(Unit: Tons/year)

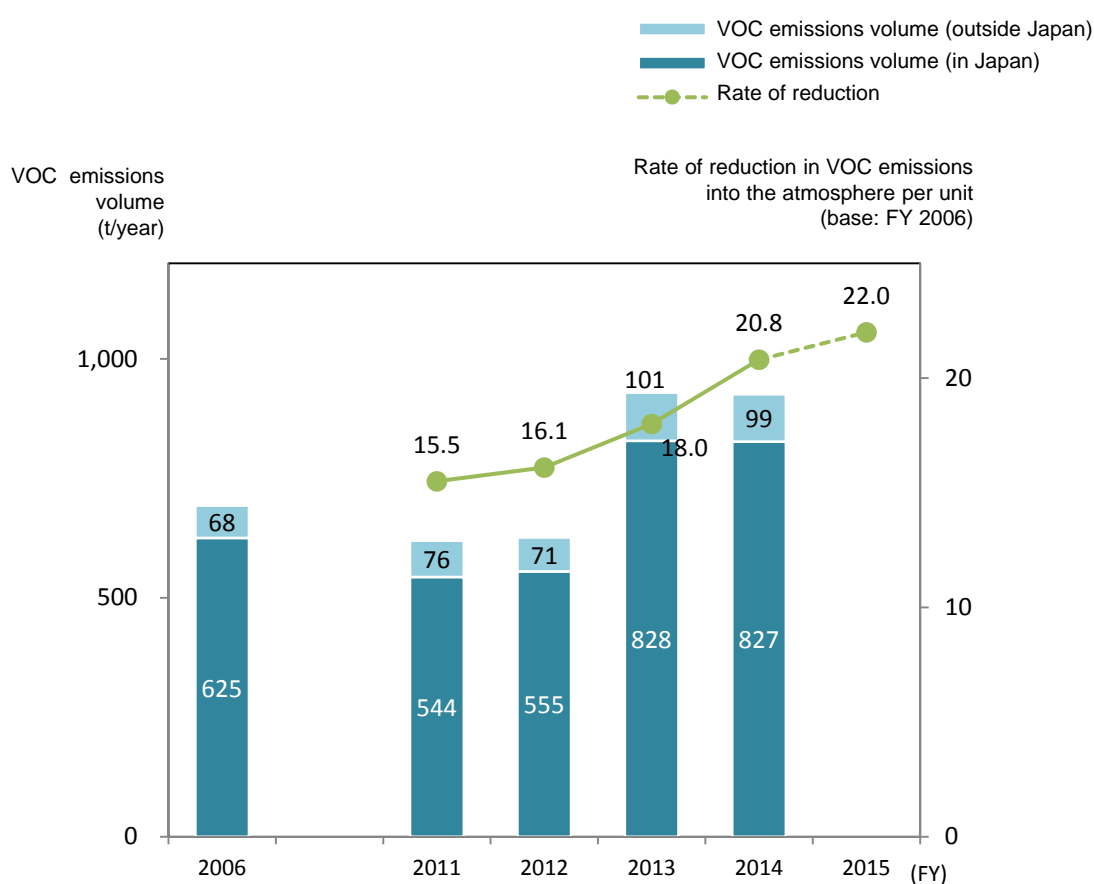
Ordinance number	Chemical substance	CAS No.	Volume handled	Volume released					Volume transferred		
				Released to the atmosphere	Released to public water system	Released to soil	Disposal to landfill at own site	Total released	Transfer to sewage system	Others (waste)	Total transferred
31	Antimony and its compounds	-	209.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0
37	4,4'-isopropylidenediphenol (Synonym bisphenol A)	80-05-7	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	2-imidazolidinethione	96-45-7	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
44	Indium and its compounds	-	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	Ethylbenzene	100-41-4	73.9	20.7	0.0	0.0	0.0	20.7	0.0	9.4	9.4
71	Ferric chloride	7705-08-0	214.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	1330-20-7	336.1	99.4	0.0	0.0	0.0	99.4	0.0	42.0	42.0
82	Silver and its water-soluble compounds	-	46.4	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
86	Cresol	1319-77-3	233.9	1.4	0.0	0.0	0.0	1.4	0.0	5.1	5.1
87	Chromium and chromium (III) compounds	-	13,312.8	0.0	0.1	0.0	0.2	0.3	0.0	203.0	203.0
132	Cobalt and its compounds	-	1,076.4	0.0	0.0	0.0	0.0	0.0	0.0	2.4	2.4
144	Inorganic cyanide compounds (except complex salts and cyanates)	-	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
213	N,N-dimethylacetamide	127-19-5	3.1	0.3	0.0	0.0	0.0	0.3	0.0	0.1	0.1
230	N-(1-,3-butylidimethyl)-N'-phenyl-phenylenediamine	793-24-8	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
232	N,N-dimethylformamide	68-12-2	265.8	8.5	0.0	0.0	0.0	8.5	0.0	29.2	29.2
265	Tetrahydromethyl phthalic anhydride	11070-44-3	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
268	Tetramethylthiuram disulfide (Synonym thiuram or thiram)	137-26-8	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
277	Triethylamine	121-44-8	25.6	9.3	0.0	0.0	0.0	9.3	0.0	0.0	0.0
296	1, 2, 4-Trimethylbenzene	95-63-6	47.2	4.8	0.0	0.0	0.0	4.8	0.0	2.2	2.2
297	1, 3, 5-Trimethylbenzene	108-67-8	7.4	1.9	0.0	0.0	0.0	1.9	0.0	0.4	0.4
300	Toluene	108-88-3	202.6	156.1	0.0	0.0	0.0	156.1	0.0	39.8	39.8
302	Naphthalene	91-20-3	5.3	3.6	0.0	0.0	0.0	3.6	0.0	1.4	1.4
304	Lead	7439-92-1	683.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	-	59.5	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
308	Nickel	7440-02-0	8,989.8	0.1	0.0	0.0	0.0	0.1	0.0	22.3	22.3
309	Nickel compounds	-	93.2	0.0	0.3	0.0	0.0	0.3	0.0	41.0	41.0
330	Bis (1-methyl-1-phenylethyl) = peroxide	80-43-3	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
332	Arsenic and its inorganic compounds	-	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
349	Phenol	108-95-2	279.9	5.1	0.0	0.0	0.0	5.1	0.0	14.1	14.1
354	Dinormal butyl phthalate	84-74-2	2.1	0.1	0.0	0.0	0.0	0.1	0.0	0.2	0.2
355	Bis phthalate (2-ethylhexyl)	117-81-7	2,215.7	0.0	0.0	0.0	0.0	0.0	0.0	15.4	15.4
374	Hydrofluoric acid and its water-soluble salts	-	2.9	0.0	0.0	0.0	0.0	0.0	0.0	1.9	2.0
391	Hexamethylene = diisocyanate	822-06-0	11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
400	Benzene	71-43-2	1.3	1.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0
405	Vanadium compounds	-	944.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.8
411	Formaldehyde	50-00-0	4.1	2.0	0.0	0.0	0.0	2.0	0.0	0.7	0.7
412	Manganese and its compounds	-	2,100.4	0.1	0.3	0.0	0.3	0.7	0.0	158.0	158.0
413	Phthalic anhydride	85-44-9	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
438	Methylnaphthalene	1321-94-4	32.0	0.7	0.0	0.0	0.0	0.7	0.0	0.0	0.0
453	Molybdenum and its compounds	-	2,239.6	0.0	0.0	0.0	0.0	0.0	0.0	23.8	23.8
Total of 50 substances with annual handled volumes less than one ton			13.8	1.0	0.3	0.0	0.0	1.3	0.1	3.8	3.9
Total			33,790	316.2	1.0	0.0	0.5	317.8	0.1	622.2	622.3

(b) Reductions of Volatile Organic Compound (VOC) Emissions

The Hitachi Metals Group has been working on the treatment of solvent components used for product coating, which are a major cause of our VOC emissions. In order to reduce VOC emissions, efforts in technical investigations and changes in the equipment have been made to find substitutes for coating materials and improve processes. We aim to achieve 22% of reduction rate of VOC emissions to the atmosphere by fiscal 2015, setting the fiscal 2006 level as a baseline.

The FY2014 basic unit improvement ratio was 20.8%, demonstrating solid improvement. Atmospheric emissions decreased 3 tons compared to the previous fiscal year due to the introduction of encapsulated cleaning equipment at companies outside Japan.

Changes in VOC emissions



(5) Eco-Factory Technology Case Study

Recognition as a Green Industry in Thailand

Hitachi Metals (Thailand) Ltd.
Thai Hitachi Enamel Wire Co., Ltd.

Two Hitachi Metals Group subsidiaries, Hitachi Metals (Thailand) Ltd., and Thai Hitachi Enamel Wire Co., Ltd., were awarded Green Industry (Level 3)* by Thailand's Ministry of Industry. Before receiving the Green Industry award, these companies were engaged in a wide range of green activities, including the creation of internal systems, employee awareness education, energy conservation and garbage separation.

Going forward, these activities will be further developed within and outside the Company in an aim to take them to an even higher level.

* Green Industry: An award for green industrial practices conferred by Thailand's Ministry of Industry. The award is separated into five levels; as a company achieves each level, they received a Green Industry Mark. Level 3, the Green System, recognizes the introduction of systematic environmental management.



Green Industry certificate
Hitachi Metals (Thailand) Ltd.



Green Industry Award Hitachi Metals (Thailand) Ltd.



Thai Hitachi Enamel Wire Co., Ltd., Green Activities

Participation in Bilateral Credit Acquisition and Other Infrastructure Maintenance Research Projects

High-Grade Metals Company
Soft Magnetic Materials Division

The Ministry of Economy, Trade and Industry's "FY2014 Human Resource Education Regarding 'Measurement of Greenhouse Gas Emissions Reductions' etc., Bilateral Credit*1 Acquisition and Other Infrastructure Maintenance Research Projects (MRV*2)" adopted Hitachi Metals "Human Resource Education for the Introduction of Transformers and Other High-Efficiency Equipment Using Japanese Low Loss Materials into the Vietnam Power Network."

In January 2015, Vietnamese government officials, power company representatives and transformer company employees were invited to Japan for four days of technological seminars and factory tours.

*1. Bilateral offset credit system, also known as a Joint Crediting Mechanism (JCM). A new framework for offset credit promoted by Japan. An initiative used to achieve reduction targets where developing countries adopt countermeasures and technologies, products and services related to reducing greenhouse gas emissions; the reductions and absorption are used in Japan to quantitatively evaluate degree of contribution.

*2. MRV: Measurement, Reporting and Verification.



Amorphous alloy low loss transformer technological seminar and tour at Hitachi Metals Yasugi Works

(6) Site Data**Materials flow in major manufacturing sites in the Hitachi Metals Group in fiscal 2014**

Classification	INPUT					OUTPUT								
	Primary Materials (t/year)	Subsidiary Materials (t/year)	Energy Usage (Crude oil kl/year)	Water Use (Thousand m³/year)	PRTR chemical substances (t/year)	Water (t/year)	CO ₂ * ¹ (t/year)	SOx* ² (t/year)	NOx* ² (t/year)	BOD* ² (t/year)	COD* ² (t/year)	Waste water (Thousand m³/year)	PRTR emission* ³ (t/year)	PRTR Transfers* ³ (t/year)
Kyushu Works (including Kyushu Technometal Co., Ltd.)	8,787	12,382	19,808	169	2,989	18,068	49,046	0.0	4.5	0.0	0.4	50	4.8	58.8
Moka Works (including Moka Technos, Ltd.)	40,663	14,351	26,674	547	38	20,387	56,792	0.0	1.4	0.3	0.4	547	29.3	0.0
Kuwana Works	18,384	2,320	15,344	641	34	10,855	37,711	2.2	4.5	-	-	639	0.7	6.2
Yasugi Works	132,433	28,468	175,895	6,052	20,234	86,225	488,876	61.0	141.0	1.0	16.3	6,052	0.7	337.3
Kumagaya Works	26,785	983	28,243	266	242	23,920	56,854	0.7	9.5	7.8	8.0	679	180.1	61.9
Kumagaya Works	11,277	2,438	26,345	516	1,088	6,714	54,877	3.1	-	-	-	-	0.0	2.1
Kumagaya Works	41	557	4,171	102	—	311	8,573	0.0	1.5	0.1	0.1	102	—	—
Saga Works	1,196	5,460	6,812	37	24	439	16,840	0.0	0.0	0.0	0.0	37	0.0	0.0
Metglas Yasugi Works	40,462	174	12,591	49	3	530	36,036	0.0	0.0	-	-	48	0.0	0.0
Densen Works	2,252	67	2,553	1,005	30	290	5,126	0.0	0.9	7.7	0.0	1,005	7.8	7.8
Hitaka Works (including Takasago Works)	24,216	970	21,771	878	2,263	5,217	45,636	0.4	5.6	28.3	27.1	878	8.8	8.7
Toyoura Works	107,913	3,632	26,974	261	1,071	5,421	54,913	0.2	5.0	3.8	0.5	261	30.0	70.0
Hitachi Tool Engineering, Ltd., Narita Plant	314	856	4,909	29	36	1,130	10,240	-	-	-	-	29	0.0	0.0
Hitachi Tool Engineering, Ltd., Yasu Plant	132	126	4,172	19	14	383	8,608	-	-	1.1	0.9	19	0.0	0.0
Hitachi Metals Techo, Ltd.	13,126	55	1,329	134	5	1,913	2,673	-	-	-	-	134	4.7	0.0
HMY, Ltd.	0	5,003	11,577	9	104	1,374	32,884	0.4	0.7	0.0	0.0	9	20.0	3.8
Hitachi Metals Precision, Ltd.	4,641	3,933	7,509	6	1,357	4,283	20,572	-	-	0.0	0.0	6	0.5	0.2
Seitan Inc.	21,644	271	5,543	1,289	10	4,787	13,452	-	2.0	1.3	0.0	1,289	0.0	0.0
Hitachi Valve, Ltd.	3,310	18	705	4	2	265	1,439	-	-	-	-	4	1.5	0.2
Hitachi Metals Wakamatsu, Ltd.	27,462	5,409	23,725	146	866	38,737	59,922	0.0	7.7	0.6	0.0	146	83.5	37.8
NEOMAX Engineering Co., Ltd.	4,244	1,616	7,745	167	2,183	4,505	15,952	0.0	0.4	0.0	-	167	0.7	2.1
NEOMAX KINKI Co., Ltd.	3,224	2,719	15,800	239	33	987	32,690	0.1	1.4	0.5	0.6	239	0.0	0.4
Hitachi Metals Nanotech Co., Ltd.	110	797	1,067	48	17	137	2,625	-	-	1.2	0.0	46	0.0	0.0
NEOMAX KYUSHU Co., Ltd.	6,688	225	9,280	58	68	1,107	22,654	1.6	11.2	-	-	58	0.0	1.7
TOYO SEIHAKU CO., LTD., Akita Works	1,514	479	2,792	53	4	212	6,755	0.7	3.0	0.8	1.6	53	0.0	0.0
TOYO SEIHAKU CO., LTD., Niigata Works	99	43	220	19	8	37	505	-	-	0.0	0.0	19	0.1	0.5
Hitachi Metals Tool Steel, Ltd.	0	1,134	6,057	22	-	1,155	12,590	-	-	-	-	22	-	-
Hitachi Alloy, Ltd.	11,824	119	4,068	137	82	580	8,422	0.0	0.0	0.6	0.9	137	0.0	0.0
Tonichi Kyosan Cable, Ltd., Ishioka Works	47,017	0	6,240	71	907	2,275	12,817	0.1	0.4	-	-	71	0.4	11.5
Tohoku Rubber Co., Ltd.	44	41	1962	66	62	516	4833	1.2	0.9	0.1	0.5	66	26.4	3.3
Hitachi Ferrite Electronics, Ltd.	204	980	4582	48	33	111	13,168	-	-	0.3	0.0	48	0.0	7.1

*1: Calculations of CO₂ emissions for electric power use the adjusted emission coefficients for each power company.

*2: Atmospheric emission concentrations measured based upon the Air Pollution Control Law.

*3: PRTR emission quantities are totals of emissions to the atmosphere, public waterways, and soil. PRTR Transfers are totals of transfers to waste materials and to sewers.

Environmental analysis data at major manufacturing sites in the Hitachi Metals Group in fiscal 2014

Classification	Type of Facility	Exhaust gas quality *4						Wastewater quality									Main discharge destinations
		SOx[Nm3/h]		NOx[ppm]		Dust[g/Nm3]		pH		SS[mg/L]		COD[mg/L]		BOD[mg/L]			
		Regulation Levels	Results	Regulation Levels	Results	Regulation Levels	Results	Regulation Levels	Results	Regulation Levels	Results	Regulation Levels	Results	Regulation Levels	Results		
Kyushu Works	Sintering	—	—	180	26	0.1	0.0009	5.8~8.6	7.7	50	4.0	15	3.7	—	—	The Inland Sea	
Moka Works	Melting	—	—	200	26	0.2	0.0013	5.8~8.6	7.5	50	2	—	—	25	1	Kinugawa River	
Kuwana Works*5	Melting	5.64	0.05	200	27	0.1	0.002	5.8~8.6	7.9	100	5	25	1	—	—	—	
Yasugi Works	Boiler	11.93	0.32	130	80	0.25	0.0078	5.8~8.6	7.1	150	5.7	20	3.1	—	—	Nakaumi Lake	
Kumagaya Works	Melting	2.5	0.0045	180	28	0.2	0.035	5.8~8.6	7.7	60	3	—	—	25	13	Arakawa River	
Kumagaya Works	Rotary kiln	3.73	0.063	—	—	0.4	0.0047	—	—	—	—	—	—	—	—	—	
Yamazaki Manufacturing Center	Boiler	—	—	150	33	0.1	0.009	5.7~8.7	7.6	300	7	—	—	300	8.8	Sewerage	
Saga Works	Sintering	—	—	—	—	0.2	ND	5.8~8.6	7.2	—	—	30	4.8	—	—	Rokkakugawa River	
Metglas Yasugi Works	Melting	—	—	—	—	0.1	0.0008	—	—	—	—	—	—	—	—	—	
Densen Works	Boiler	—	—	150	25	0.1	-	5.8~8.6	8.0	25	<5	15	2.8	-	-	Kazusawagawa River	
Hitaka Works	Boiler	1.688	0.01	180	86	0.3	<0.01	5.8~8.6	7.3	40	4	-	-	25	3	Pacific Ocean	
Toyoura Works	Melting	6.43	0.01	180	42	0.2	0.007	5.8~8.6	7.9	40	6	-	-	25	5.6	Juogawa River	
Hitachi Tool Engineering, Ltd., Narita Plant *5	—	—	—	—	—	—	—	5.8~8.6	7.1	70	43	25	12	—	—	Sewerage	
Hitachi Tool Engineering, Ltd., Yasu Plant *5	—	—	—	—	—	—	—	5.0~9.0	7.6	600	25	—	—	600	57	Sewerage	
Hitachi Metals Techno, Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
HMY, Ltd.	Boiler	0.63	0.018	180	70	0.3	0.003	5.8~8.6	7.2	30	0.7	—	—	20	3.7	Nakaumi Lake	
Hitachi Metals Precision, Ltd.	Melting	—	—	—	—	0.2	0.0053	—	—	—	—	—	—	—	—	—	
Seitan, Inc.	Heating	—	—	180	44	0.20	<0.01	5.8~8.6	6.5	90	1	—	—	25	0.9	Uonogawa River	
Hitachi Valve, Ltd.*5	—	—	—	—	—	—	—	5.8~8.6	6.8	100	2	—	—	100	3	—	
Hitachi Metals Wakamatsu, Ltd.	Sintering	—	—	200	37	0.25	0.002	5.0~9.0	7.7	600	76	—	—	600	31	Sewerage	
NEOMAX MATERIALS Co., Ltd.	Melting	—	—	—	—	0.1	0.0031	5.7~8.7	8.0	300	1	—	—	300	1.65	Sewerage	
NEOMAX KINKI Co., Ltd.	Sintering	2.27	0.015	180	91	0.25	0.002	5.8~8.6	7.6	60	4	—	—	25	5	Maruyamagawa River	
Hitachi Metals Nanotech Co., Ltd.	—	—	—	—	—	—	—	5.0~9.0	7.4	300	4	—	—	600	26.5	Sewerage	
NEOMAX KYUSHU Co., Ltd. *5	Rotary kiln	10	ND	220	90	0.15	ND	5.8~8.6	8.0	150	12	—	—	25	20	—	
TOYO SEIHAKU, CO., LTD., Akita Works	In-house power generation	1.82	0.01	950	430	0.1	0.026	5.8~8.6	7.3	70	1	—	—	30	1.7	Yoneshirogawa River	
TOYO SEIHAKU, CO., LTD., Niigata Works	—	—	—	—	—	—	—	5.8~8.6	7.2	90	<1	—	—	60	2	Shinanogawa River	
Hitachi Metals Tool Steel, Ltd.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Hitachi Alloy, Ltd.	Melting	—	—	—	—	0.1	<0.01	5.8~8.6	7.8	60	8.2	—	—	25	4.62	Arakawa River	
Tonichi Kyosan Cable, Ltd. , Ishioka Works	Boiler	0.42	<0.004	260	91	0.3	0.001	5.8~8.6	7.6	40	8	—	—	25	<1	Kasumigaura	
Tohoku Rubber Co., Ltd.	Boiler	0.52	0.027	130	44	0.1	0.014	5.8~8.6	7	20	4	20	7.9	—	—	Pacific Ocean	
Hitachi Ferrite Electronics, Ltd.	—	—	—	—	—	—	—	5.0~9.0	7.2	600	2.3	600	22.4	—	—	Sewerage	

* 4: Representative facilities in sites regulated by the Air Pollution Control Law.

* 5: Wastewater is not subject to regulation. The figures given are voluntary standards.