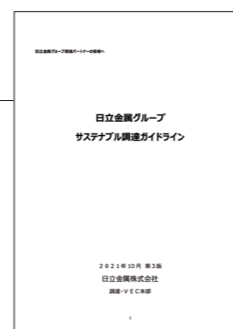


The Hitachi Metals Group procures materials from suppliers in countries and regions around the world. Conscious of social responsibility and its impact, we have formulated our procurement policy with the aim of practicing fair and impartial procurement activities and, with the cooperation of many suppliers,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

Issuance of the Hitachi Metals Group Supply Chain CSR Procurement Guideline

Hitachi Metals published the Hitachi Metals Group Supply Chain CSR Procurement Guideline on our website in October 2021. Following the publication of the previous version of the Hitachi Metals Group Supply Chain CSR Procurement Guideline, the contents of this Guideline have been updated based on the latest standards that have been acknowledged worldwide. The Guideline encompasses a wide range of CSR concepts recognized as a company's social responsibility, including respect for human rights, consideration of the environment, fair trading and ethics, occupational health and safety, product quality and safety, information security, and social contributions. When a clear violation is discovered among any procurement partner, the

Guideline stipulates that corrective measures must be taken. When starting a new business relationship, we request compliance with our Sustainable Procurement Guideline, and, at the same time, we conduct corporate surveys on bribery risks based on the Hitachi Metals Global Compliance Program (HMGCP) to strengthen our screening of suppliers.



Hitachi Metals Group Sustainable Procurement Guideline October 2021 Hitachi Metals, Ltd. Procurement & VEC Division,

Response to Globalization

Hitachi Metals Group is striving to establish a global procurement network while augmenting our procurement base. We are working to support the optimization of procurement activities overall while enhancing CSR risk management and increasing concentration and consolidation of purchasing across the Group. We have also set up Global Procurement Offices (GPOs) in four locations—Europe, the United States, Asia, and China—where we are promoting transparent procurement activities from optimal suppliers worldwide, at the same time as strengthening governance at our overseas Group companies. As part of this, since fiscal 2019 we have been pushing forward the standardization of procurement operation criteria for overseas Group companies, and in fiscal 2021 worked to embed these standards through auditing and guidance carried out by GPOs.

Responsible Mineral Procurement

In July 2010, the United States enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), out of concern that minerals mined in the Democratic Republic of the Congo (DRC) and surrounding countries could become fund sources for armed groups, designating the following four minerals (3TG) as conflict minerals: tantalum, tin, tungsten, and gold. The region covered by the EU Conflict Minerals Regulation, passed

in July 2021, was expanded to include Conflict-Affected and High Risk Areas (CAHRAs) when it came into force in January 2021.

In recent years, there have been growing concerns about other aspects including serious human rights violations and environmental pollution, in addition to conflict. In the wake of such developments, the Hitachi Metals Group announced the Conflict Minerals Procurement Policy in September 2013 and the Hitachi Metals Group's Policy for Responsible Supply Chain of Minerals in August 2021. The Hitachi Metals Group, in coordination with industry groups, has clarified that it is working to ensure responsible procurement that does not contribute to conflict and human rights violations, and is accelerating efforts in coordination with industry groups to enhance the transparency of its supply chain.

To carry out responsible procurement, we conduct activities including surveys using the Conflict Minerals Reporting Template (CMRT) and other tools published by the Responsible Minerals Initiative (RMI), to specify the countries of origin and smelters of the minerals used in the supply chain, and request suppliers to procure minerals from smelters that are compatible with the Responsible Minerals Assurance Process (RMAP). Up to now, no cases of armed groups being funded or problematic uses of minerals have been found.

Periodic Audits of Operations

Acquiring correct and legal knowledge of operations is indispensable during procurement transactions. We regularly assemble our procurement specialists at business offices for training about laws and regulations. Additionally, all offices and Group companies in Japan perform annual mutual audits of operations. The auditors are procurement managers from offices and Group companies, and executives from the Head Office.

In fiscal 2020 as well, despite restrictions on movement due to the COVID-19 pandemic, we performed most mutual audits remotely for all offices and Group companies to monitor whether operations were being conducted in accordance with laws and internal regulations, as well as with Company regulations.

Green Procurement

Hitachi Metals Group procures products with a minimal environmental footprint from procurement partners which are working proactively on environmental conservation activities. In 1998, Hitachi Metals issued the "Green Procurement Guidelines" to share with our suppliers our views on environmental considerations, including the prevention of global warming, the recycling of resources, and the conservation of biodiversity and ecosystems. Since then, we have repeatedly revised these guidelines in response to the latest laws and chemical regulations

and have notified our suppliers of the latest information. In addition, in June 2021, we endorsed the TCFD recommendations; going forward, we will take up initiatives on reducing our environmental footprint (reduced resource consumption, reduced energy consumption, recycling and appropriate management of various chemicals contained in products), keeping in mind not only compliance with the law and responding to demands from our customers but also the transition towards a low-carbon society.

Procurement BCP Initiatives

We engage in procurement BCP activities as preparation against risks that could halt our business, including earthquakes, wind and flood damage, and other natural disasters, as well as new infectious diseases, fires, and power outages. We are working to

minimize procurement risk by diversifying and decentralizing our sources of procurement, while asking our key suppliers to have their own BCP measures in place.

The Hitachi Metals Group stipulates respect for human rights in the Hitachi Metals Group Code of Conduct and the supplementary Hitachi Metals Group Human Rights Policy. Our basic stance is to respect the rights of all persons involved in our business operations, and make all possible efforts to avoid infringing such rights.

The Hitachi Metals Group Human Rights Policy in Practice

We formulated the Hitachi Metals Group Human Rights Policy in December 2013. This policy recognizes the human rights stated in the International Declaration of Human Rights and in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work as representing the minimum starting point for such rights. It clearly states that the Hitachi Metals Group pursues

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

Initiatives on Human Rights Due Diligence

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

"likelihood of occurring," and putting countermeasures in place based on level of priority.

Our participation in human rights due diligence is centered on Hitachi, Ltd. We study priorities and countermeasures, including assessments by the procurement divisions regarding the impact on human rights in our supply chain, and assessments by the human resources divisions regarding the impact on human rights of employees.

Human Rights Educational Activities and Harassment Prevention Efforts

We regularly use e-learning to conduct human rights education and training for each level of employee to systematically raise awareness of human rights (with 14,150 employees, on a consolidated basis, receiving human rights-related training in fiscal 2021; this includes employees who received harassment-related training). In addition, we established various harassment hotlines to incorporate the

Hitachi Metals Group Human Rights Policy into all of our activities.

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

Efforts to Strengthen Global Human Rights Risk Management

In April 2021, we established the Human Rights Risk Management Committee as part of our efforts to strengthen global human rights risk management. The Committee is conducting activities with a focus on its priority issues of forced labor and immigrant labor. We are currently surveying the status of labor management at our major

Group production bases in each country and plan to expand the scope of the survey to include business partners (suppliers). We will promote sound management of human rights risks by evaluating the results of the surveys and taking appropriate measures.