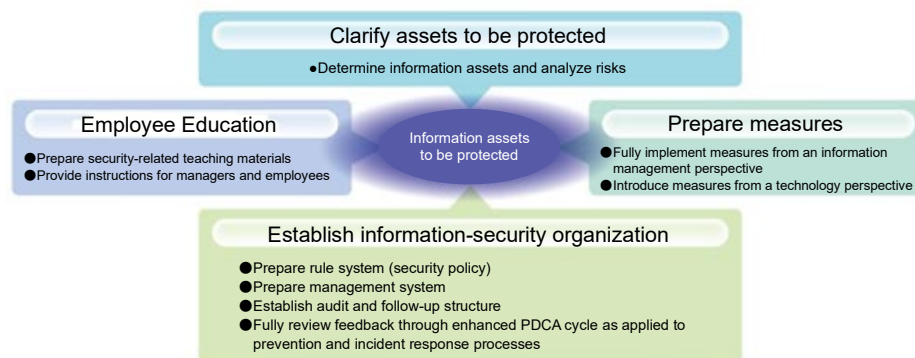


### 3. Information Protection and Management

#### (1) Basic Approach

As utilization of IT has become essential to increasing the profitability of many business corporations, such corporations are facing a growing exposure to increasing and ever more sophisticated cyberattacks aiming to access personal information of customers and important technology information held by the corporations. It is becoming ever more important for corporations to appropriately manage and protect corporate information, including personal information, as part of their social responsibility. The Hitachi Metals Group established the “Basic Policy of Information Security” in April 2004, followed by the “Personal Information Protection Policy” in January 2005, establishing an organization of personal information protection/information security based on these policies. The Company has continued to update information security measures in line with these policies.

Basic concept of information asset protection >>



In January 2016, private companies along with local governments and other organizations across Japan began using the My Number system, a social security and tax information system for individuals.

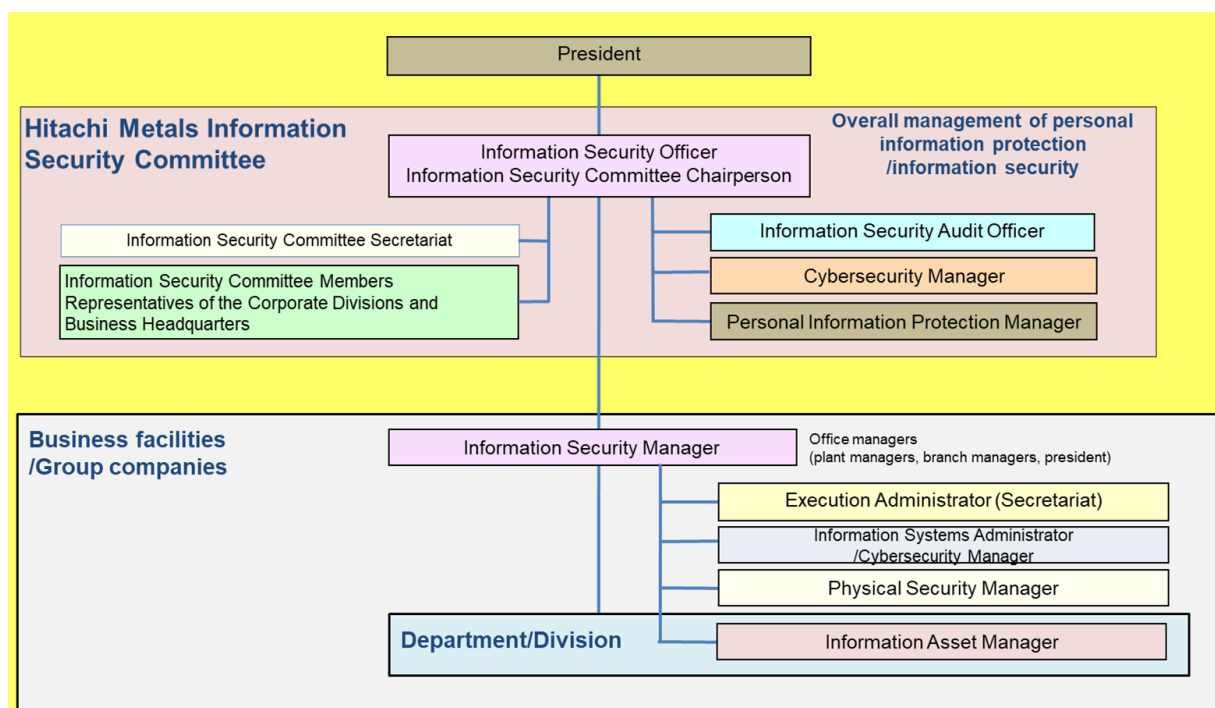
At corporations, human resources and general administration departments deal with employees' My Number information, legal departments handle investors' My Number information, and procurement departments collect My Number data on sole proprietors. Consequently, the My Number launch precipitated the need to amend personal information protection policy along with regulations on the management of personal information as well as peripheral rules, detailed regulations, guidelines, and other administrative formalities. However, personal information, including that of the My Number system, is a valuable asset that companies must manage and safeguard. To date, Hitachi Metals has applied a two-pillared approach—rules pertaining to information security that hinged on the Basic Policy for Information Security and rules pertaining to the management of personal information that hinged on the Personal Information Protection Policy. Two corporate structures—the Personal Information Protection Committee and the Information Security Committee—worked as one to expediently promote measures. Consequently, the introduction of My Number provided an opportunity to implement a system with a single set of rules and to integrate the corporate structures as well.

In December 2015, Hitachi Metals unified existing rules related to information security and rules related to the management of personal information along with rules related to the handling of confidential documents, and then merged them into rules related to information security, which are the mainstay of information security management rules.

Hitachi Metals' efforts to enhance information security are driven by four considerations: 1) establish an information security organization, 2) clarify assets to be protected, 3) educate employees, and 4) maintain various security measures. The Company works steadily to implement steps to achieve each one. Particular emphasis, however, is placed on prevention, responding quickly if a situation arises, heightening employees' sense of ethics, and making them more security conscious. In addition, Hitachi, Ltd. leads the Hitachi Group, of which Hitachi Metals is a part, in promoting information security management and working toward a higher level of security throughout the wider group organization.

## (2) Promotion Organization

Following the integration of related rules in December 2015, the Personal Information Protection Committee and the Information Security Committee were reorganized into a new Information Security Committee. As a function to reinforce the Information Security Committee, the Cybersecurity Manager was appointed in 2017 to address the growing threats of cyberattacks, and the Privacy Protection Manager appointed in 2020 to cope with privacy-related risk and compliance issues.



## (3) Information System Security Measures

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

Since fiscal 2006, the Company has been continuously inspecting the personal computers of employees who have a Group e-mail address to find and delete business information, and this was done again in fiscal 2020. At the same time, the Company instructed its employees to submit, through the website, a written pledge not to retain business information in personal computers and other devices which they own. Since fiscal 2007, the Company has also requested that its business partners deploy equivalent measures to prevent leaks of business information from personal computers owned by their employees. Since fiscal 2009, we have introduced a filtering system to monitor all e-mails sent externally to prevent external leaks of business information. Further efforts have also been made to enhance measures preventing information leaks, such as reviewing and improving our management system for portable information terminals to prevent losses of increasingly capable mobile phones, smartphones, and other devices. In addition, as a countermeasure against the sending of e-mails to unintended recipients, erroneous transmission prevention software has been installed on all business PCs of the Hitachi Metals Group.

As countermeasures against cyberattacks, quarantine programs were introduced in 2018 to increase capabilities to address the vulnerability of company computers, and Endpoint Detection and Response (EDR) software was introduced in 2020 to improve endpoint security.

Despite these measures, in the Hitachi Metals Group in fiscal 2020, some e-mails were sent to unintended recipients. Nevertheless, there were no incidents involving breach of customer privacy or leaked customer information.

#### **(4) Employee Education**

Each year, the Company provides 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 computers for work. The education has been provided in the e-learning format since fiscal 2020 to replace the previous on-site visits, as a measure to control COVID-19 infection. In order to improve capabilities to protect from targeted e-mail attacks, which have been becoming ever more sophisticated and posing a growing threat of malware infection, relevant training is run on an ongoing basis to raise the security awareness of individual employees.

|                       | e-learning training in Japan and overseas | Training using simulated e-mails about targeted attacks                     |
|-----------------------|-------------------------------------------|-----------------------------------------------------------------------------|
| Implementation timing | September 2020–March 2021                 | February–March 2021                                                         |
| Stocktaking required  | Hitachi Metals Group employees            | Employees at business offices connected to the Hitachi Metals Group network |

#### **(5) Self-audit**

Each year, the Company conducts a self-audit of personal information protection/information security, confirming the status of compliance with the rules, and improving any areas that need to be addressed. Our fiscal 2020 audit was performed between January and March 2021.

## **(6) Protection and Respect for Intellectual Property**

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Hitachi Metals practices the principle set forth in its Codes of Conduct that reads: “We will protect our own intellectual property, respect third-party intellectual property, and use both effectively for smooth business operations.”

Specifically, to appropriately protect and effectively apply intellectual property created in such processes as research, development, and manufacturing, Hitachi Metals acquires the rights to inventions and ideas devised by employees in the course of their work, in accordance with the Company’s rules, which have been established through legally stipulated procedures. With the global expansion of our business, we acquire and maintain the rights to these inventions and ideas as intellectual property rights inside and outside Japan, forming assets that will support 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.

At the same time, we strive to prevent infringements of the intellectual property rights of others and smoothly advance our business. To that end, we investigate the intellectual property rights of others globally, in advance of all stages of research, development, 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 intellectual property rights and those of others.