

**Social**

- Human Capital
- Diversity, Equity and Inclusion

**Human Rights**

**Executive Summary**


Respect for Human Rights Throughout the Value Chain

- Responsible Procurement
- Quality and Customer Satisfaction
- Social Contribution Activities
- Social Data

**Human Rights**

**Basic Concept**

Hitachi believes that respect for human rights is our responsibility as a global company and essential to our business activities. We emphasize engagement with stakeholders to understand and respond to human rights impacts effectively. We are making continuous efforts not to engage in any acts that may impair individual dignity or discriminate on the basis of sex, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, or disability.

Topic	Overview	Targets, KPIs, and Results
 <p>Respect for Human Rights Throughout the Value Chain</p>	<p>The Hitachi Group Human Rights Policy is one of our highest internal standards. We conduct human rights due diligence (HRDD) throughout the value chain based on the Human Rights Risk Management Implementation Manual, which we produced in accordance with the UN Guiding Principles on Business and Human Rights. We hold HRDD Execution Managers Meetings once or twice a year as occasions for group-wide information sharing and deliberation, addressing human rights risk management as an entire Hitachi Group effort.</p>	<p><b>Conduct human rights due diligence and strengthen monitoring of procurement partners for responsible procurement, including human rights</b></p> <p>FY2023 Target: Conduct human rights risk assessments at all Bus (10 Bus) and major Hitachi Group companies</p> <p><b>FY2022 Results: Conducted human rights risk assessments for certain Group companies</b></p>

Note: Hitachi normally refers to suppliers (including vendors or providers) as *procurement partners* who build business together on an equal footing.

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## Respect for Human Rights Throughout the Value Chain

### Respecting the Human Rights of All People

#### Approach

Hitachi believes that respecting human rights is our duty as a global company and essential to conducting business.

We refuse to engage in any acts that may impair individual dignity or discriminate on bases such as gender, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, or disability.

We place great importance on engagement with stakeholders in order to understand and manage our impact on human rights. Stakeholders whose human rights are affected or may be affected by Hitachi's operations include employees at Hitachi and its procurement partners, local communities, consumers, other individuals or groups whose livelihoods or working environments may be affected, industry associations, government entities, investors, NGOs/NPOs, and human rights organizations, etc.

### Hitachi Group Human Rights Policy

#### Policy

GRI 2-23

Hitachi formulated the Hitachi Group Human Rights Policy in May 2013, and we view this policy as one of our highest internal standards. This policy declares our respect for human rights as recorded in the International Bill of Human Rights\*<sup>1</sup> and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The policy stipulates basic rights at work, including freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, the elimination of discrimination in respect of employment and occupation, and safe and healthy environment.

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To formulate this policy, we invited representatives of the European Commission, ILO, NGOs, corporations, and lawyers specialized in human rights issues to take part in stakeholder dialogues. We then incorporated opinions and suggestions offered during the dialogues and formulated the policy following deliberation and approval by the Senior Executive Committee.

Hitachi has been a member of the United Nations Global Compact since 2009. We declared our support for the UN Global Compact, which outlines a set of universal principles that companies should adhere to in the four areas of human rights, labor, the environment, and anti-corruption.

Accordingly, we continue to pursue efforts in each area.


Hitachi also protects freedom of expression and the right to privacy, as recognized by international norms, such as the International Covenants on Human Rights, to ensure no violations of human rights. Hitachi conducts human rights due diligence (HRDD)\*<sup>2</sup> in line with the UN Guiding Principles on Business and Human Rights,\*<sup>3</sup> and provides appropriate education to employees. Furthermore, we comply with the laws and regulations in the regions and countries where we operate. Where there is a conflict between internationally recognized human rights and the laws and regulations of a specific country or region, Hitachi will follow processes that seek ways to honor international human rights principles.


With respect to the human rights of children, we are striving to ensure there is no child labor nor forced labor in our company or supply chain. The Hitachi Group Code of Ethics and Business Conduct stipulates that consideration be given to human rights, including those of children.


\*1 International Bill of Human Rights: Collective name for the Universal Declaration of Human Rights and International Covenants on Human Rights adopted by the United Nations.

\*2 Human rights due diligence (HRDD): An ongoing process to identify and assess potential and actual human rights negative impacts, take appropriate action to prevent or mitigate potential impacts, track the effectiveness of actions to address impacts, and communicate externally.

\*3 *Guiding Principles on Business and Human Rights*; John Ruggie, Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises; March 2011.

 [Hitachi Group Human Rights Policy](https://www.hitachi.com/sustainability/esg_summary/pdf/human_rights_policy.pdf)  
https://www.hitachi.com/sustainability/esg\_summary/pdf/human\_rights\_policy.pdf

 [Hitachi Group Code of Ethics and Business Conduct](https://www.hitachi.com/corporate/about/conduct/pdf/conduct_e.pdf)  
https://www.hitachi.com/corporate/about/conduct/pdf/conduct\_e.pdf

 [Hitachi Group Sustainable Procurement Guidelines](https://www.hitachi.com/procurement/csr/EN_HG_SPG.pdf)  
https://www.hitachi.com/procurement/csr/EN\_HG\_SPG.pdf

 P.106 Encouraging Procurement Partners to Conduct Activities


### Hitachi Global Compliance Hotline

#### System

GRI 2-26/406-1

Hitachi established a Group-wide internal reporting system called the Hitachi Global Compliance Hotline.

We investigate all reports, including those concerning human rights and harassment, and following verification of the relevant facts, we inform those who submitted reports of the investigation results. We make every effort to deal with situations as appropriate, including taking remedial action when necessary. (Over 20 languages supported)

 [Hitachi Global Compliance Hotline](https://secure.ethicspoint.eu/domain/media/en/gui/109107/index.html)  
https://secure.ethicspoint.eu/domain/media/en/gui/109107/index.html

 P.145 Hitachi Global Compliance Hotline (Whistleblower System)

### Structure for Promoting Respect for Human Rights

#### Structure

GRI 2-13/2-24/2-25/3-3

Hitachi continues to strengthen human rights risk management worldwide through efforts that include tasking the Chief Sustainability Officer with Group-wide human rights promotion and the formulation of policies based on the status of HRDD

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progress throughout the Hitachi Group. Our HRDD Promotion Secretariat, established within the headquarters of Hitachi, Ltd., (consisting of the human capital division, procurement division and sustainability division) takes charge of core promotion activities based on inter-divisional cooperation that include investigating HRDD promotion measures for the Hitachi Group and its procurement partners, preparing implementation-oriented manuals and guidelines, and responding to inquiries from Business Units (BUs) and Group companies.

Hitachi comprises diverse business entities and must manage human rights risks by taking into consideration the characteristics of each business and its value chain. To achieve this, Hitachi appoints the heads of BUs and presidents of key Group companies as HRDD promotion officers. HRDD

execution managers are then appointed to take charge of HRDD execution in the respective BUs and Group companies, convening HRDD Promotion Meetings. We take measures to advance the formulation and maintenance of an implementation framework, aiming to address global human rights risks. Subsidiaries of BUs and key Group companies outside Japan work closely with regional headquarters to share region-specific issues (cultural and religious backgrounds, legislative trends, etc.) and discuss how to respond.

In addition, we hold the HRDD Execution Managers Meeting once or twice a year as an occasion for Group-wide information sharing and deliberation. Important matters discussed by the meeting may also be deliberated and decided on by the Senior Executive Committee and reported to the

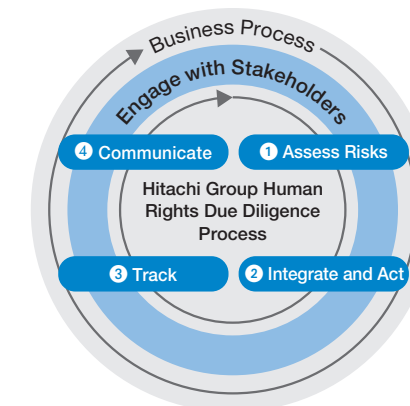
Board of Directors as necessary. The Audit Committee, composed of independent directors, conducts operational audits on sustainability-related operations, while the responsible executive officer reports on important human rights issues.

### HRDD Initiatives

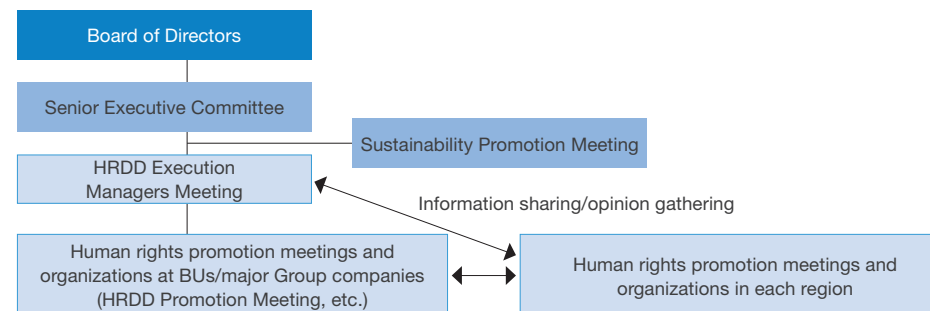
Activities Materiality

Hitachi manages human rights risks according to the following HRDD process, based on the *Human Rights Risk Management Implementation Manual* prepared for practical use for each BU and Group company, and in line with the UN Guiding Principles on Business and Human Rights.

#### HRDD Process



#### Framework for Promoting Respect for Human Rights



#### Roles of Human Rights-Related Meeting Body and Organization

Meeting body/Organization	Members	Purpose/Role
HRDD Execution Managers Meeting	HRDD execution managers at BUs and key Group companies	<ul style="list-style-type: none"> <li>Providing information from experts</li> <li>Sharing of the status of each company's initiatives</li> <li>Requests for surveys/status checks</li> </ul>
Human rights meetings and organizations at BUs/major group companies	Persons responsible for HRDD promotion, persons responsible for HRDD implementation, and persons in relevant divisions	<ul style="list-style-type: none"> <li>Pursue human rights activities tailored to the business characteristics of each BU/key Group company</li> </ul>
Human rights meetings and organizations in each region	Persons in charge of HRDD promotion at regional headquarters, regional/local representatives selected from BUs/major Group companies	<ul style="list-style-type: none"> <li>Conduct and support understanding of HRDD based on the UN Guiding Principles on Business and Human Rights</li> <li>Share regional regulatory trends and risk information</li> <li>Consider measures to address human rights issues in major projects based on regional characteristics</li> </ul>

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#### 1 Assess Risks

Based on the experience of addressing salient risks (forced labor, potential violations of migrant workers' rights) across the Group in fiscal 2021, Hitachi began business-specific HRDD in fiscal 2022 for each BU and major Group company, taking into consideration the characteristics of respective businesses, value chains, and operating regions.

Based on the results of the risk assessments conducted at each BU and major Group company for fiscal 2022, we identified salient human rights risks such as those included in the following table.

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### ▶ Salient Human Rights Risks

	Stakeholders Potentially Affected			
	Procurement partners	Own employees	Customers/end-users	Local communities
Forced labor	●			
Long working hours	●			
Low wages	●			
Child labor	●			
Harassment	●	●		
Occupational health and safety	●	●		
Violation of migrant worker rights	●	●		
Human rights issues in high-risk areas (conflict areas)	●	●	●	●

### Activities in 2022

In fiscal 2022, Hitachi focused on human rights risk assessment in the HRDD process. With guidance from external experts at Shift, a human rights NPO based in the United States, we conducted a total of four HRDD guidance sessions for BUs and major Group companies. A total of 163 participants from 5 BUs, 11 Group companies, and R&D divisions attended these guidance sessions to deepen understanding of the human rights risk assessment process.

### ▶ Guidance Sessions

No. of sessions	Agenda	Agenda at Each BU and Major Group Company
1	Identify areas where human rights risks are likely to exist	Identify targets for detailed risk assessment
2	Identify and prioritize potential risks in identified areas	Prioritize based on risk identification, severity, and likelihood of occurrence
3	Consider countermeasures for high priority, salient risks	Formulate action plan proposals
4	Reflect on the risk assessment process	Learn and share insights and issues

### ② Integrate and Act and ③ Track

We plan to implement specific measures in fiscal 2023 and beyond for the salient human rights risks identified through the risk assessments conducted in fiscal 2022. We will continue to seek guidance from experts and evaluate the effectiveness of measures implemented.

### Activities in 2022

Based on the results of the Survey of forced labor and violations of the rights of migrant workers that were identified as priority risks in fiscal 2021, Hitachi implemented measures during fiscal 2021 at most operational sites. We also conducted additional surveys in fiscal 2022, confirming that measures at certain sites had not yet been addressed. We will utilize our Group-wide experience in addressing forced labor and migrant worker rights violations as priority issues to update guidelines, which includes examples of problems we identified and effective measures. We will continue to use the guidelines to assess the actual situation and formulate measures at each BU and Group company.

### ④ Communicate

We disclose information on initiatives concerning respect for human rights, including HRDD, through our Sustainability Report, websites, and other means. We also strive to deepen an understanding of Hitachi initiatives through appropriate communication in response to questions, observations, and the like from investors, ESG evaluation organizations, NGOs, and media outlets. In addition, we incorporate opinions from both inside and outside our organization when considering future measures.

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### Engage Stakeholders

Hitachi participated in the *Business and Human Rights Academy: Human Rights Due Diligence Training for Japanese Companies* organized by the United Nations Development Programme (UNDP) in fiscal 2022. We gained a better understanding of this issue through presentations by experts from Japan and outside Japan regarding how Japanese companies and business partners should respond to human rights risks. During individual guidance sessions, the UNDP, overseas business and human rights advisory firms, and lawyers provided suggestions on improving our human rights policy, how to implement HRDD for companies working across a wide range of business areas, developing HRDD for

secondary and other procurement partners, and how to respond to human rights-related laws and regulations. We will consider improving our human rights efforts based on the feedback we received.

### Roadmap for the Future

By the end of fiscal 2023, Hitachi plans to complete human rights risk assessments across all BUs (10 BUs) and major Group companies in areas identified as high-risk. At the same time, we will implement HRDD processes at all BUs and major Group companies by the end of fiscal 2024 that include integrating and acting on countermeasures, tracking the effectiveness of countermeasures, and communicating outcomes.

### 📍 Implementation Status of Recent Major HRDD

	Initiatives
FY2020	Established the HRDD Promotion Secretariat. Prepared and deployed a survey concerning priority risks common to the Hitachi Group (forced labor and violations of the rights of migrant workers) within the Group with the support of the NGO The Global Alliance for Sustainable Supply Chain (ASSC). Created our Human Rights Risk Management Implementation Manual. This manual incorporated Shift's advice on consistency with the UN Guiding Principles on Business and Human Rights and explanations of each step in HRDD. Implemented improvement measures for grievance mechanisms, including the integration with the Hitachi Global Compliance Hotline.
FY2021	Implemented countermeasures (provided corrective guidance, held workshops, published countermeasure consideration guide, etc.) at each BU and Group company based on the fiscal 2020 survey to address Group common priority risks.
FY2022	BUs and major Group companies conducted HRDD, and we held a total of four guidance sessions with Shift to assess human rights risks.

### Initiatives to Prevent Child Labor and Forced Labor

#### Activities

To prevent child labor, Hitachi reviews official documents to confirm that the age of an employee does not constitute child labor when he or she is hired.

Our Business and Human Rights e-learning course and other awareness-raising materials offer case studies and other

methods to inform employees that, in accordance with the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect the rights of their workers as well as those of their procurement partners with respect to child labor and forced labor.

### Encouraging Procurement Partners to Conduct Activities

#### Activities

GRI 408-1/409-1

To deepen respect for human rights throughout our entire supply chain, Hitachi includes the Hitachi Group Human Rights Policy in the Hitachi Group Sustainable Procurement Guidelines for our procurement partners. We encourage an understanding of the Hitachi policy to strengthen respect for human rights and strive to ensure that our approach is put into practice. Moreover, the guidelines make it clear that child labor and forced labor must be eliminated. We ensure to raise awareness for human rights and engagement with procurement partners in our supply chain by efforts including Sustainability Procurement Seminars in various regions.

In fiscal 2022, we utilized EcoVadis\*<sup>1</sup>, a third-party evaluation platform, to assess and monitor our sustainability performance relating to human rights, including efforts to address forced labor and child labor. This assessment involved gathering written survey to understand the actual situation on the ground. We also conducted sustainability audits, including labor and human rights, in reference to responses to our written survey. We explained to our procurement partners the issues identified during the audits and requested that they make improvements.

\*1 EcoVadis: A sustainability assessment service platform that evaluates companies in the four areas of the environment, labor and human rights, ethics, and sustainable procurement.

▶ P.110 Sustainable Procurement

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## Human Rights Education and Raising Awareness Among Employees and Executive Officers

### Training

In accordance with the Hitachi Group Human Rights Policy, Hitachi familiarizes Hitachi Group executives and all employees with human rights through a human rights message on the importance of respect for human rights from the President & CEO on Human Rights Day, human rights e-learning, and other efforts.

In Japan, we aim for every employee to attend annual group training, lectures, or video-based educational activities held at each business site or Group company. We began introducing video-based education for managers and others in October 2022, designed to encourage correct understanding of LGBTQIA+ issues and prevent harassment. Approximately 9,000 employees having taken the video-based education as

of April 2023. In addition, we conduct various awareness initiatives that include onboarding training directed at new hires, training by job positions, and training for employees transferred abroad. In this way and others, we strive to convey to each employee the significance of respecting human rights in their own work.

Regional headquarters for Group companies outside Japan engage in various HRDD awareness initiatives tailored to local conditions to facilitate regional coordination and support. Examples include HRDD seminars for HRDD personnel in the region, HRDD awareness surveys for regional headquarters executives, and dialogues between outside experts and regional headquarters executives.

### Implementation Status of Activities to Raise Awareness of Human Rights

Target	Details	Number of participants in FY2022
Hitachi Group executives and all employees	Distributed a human rights message by President & CEO on Human Rights Day (every year)	Approximately 238,000 emails sent to executives and employees
	E-learning course on business and human rights (provided in 15 languages, taken about once every three years)	Approximately 169,000 people completed the course
Executive officers of Hitachi, Ltd.	Lecture on human rights by an outside expert (held annually)	Attended by approximately 90 executive officers and Board members

### Achievements in Fiscal 2022

Every year, Hitachi, Ltd. provides human rights training to executive officers. During fiscal 2022 and the first half of fiscal 2023, approximately 90 participants attended workshops for executive-level officers (executives and corporate officers) on the topic of creating inclusive organizations in which employees from diverse backgrounds have equal opportunities to flourish.

## Initiatives to Promote Broad-Based Black Economic Empowerment (B-BBEE) in South Africa

### Activities

As Hitachi conducts business in South Africa, we pursue activities aligned with the country's Broad-Based Black Economic Empowerment (B-BBEE)<sup>\*1</sup> policy to create employment and economic development. As of November 2022, Hitachi Energy in Southern Africa achieved level 1 under B-BBEE.

Hitachi Energy South Africa is obliged to meet the Employment Equity Act (EEA)<sup>\*2</sup> targets and plans, which are reviewed every three to five years and which require annual progress reporting. The ultimate aim is to ensure that diversity in the workforce, including gender diversity.

The company's training strategy is aligned with the skills development targets linked to B-BBEE. The company also invests in its current employees in line with diversity and equity to enhance performance and promotability of internal talent. Every year, Hitachi Energy South Africa hires graduates and trainees with Historically Disadvantaged South Africans (HDSA) backgrounds. Currently, employees with HDSA backgrounds comprise 34% of management/supervisory positions at Hitachi Energy South Africa.

<sup>\*1</sup> B-BBEE: Companies and organizations in South Africa are scored on B-BBEE approaches and contributions, rated on a scale from level 1 (highest) to level 8 (lowest), or as *non-compliant*.

<sup>\*2</sup> Employment Equity Act (EEA): A South African law that promotes fairness and equal opportunities in the workplace for all employees.