

Engaging in Responsible Procurement

As a company that procures products and services from suppliers in regions and countries around the world, Hitachi was quick to introduce policies on CSR and green procurement. Moreover, Hitachi has taken the lead in responding to the issue of conflict minerals, which has been the focus of public interest in recent years, by scrutinizing the countries where raw materials are mined in order to prevent the infringements on human rights by countries engaged in conflict.

Raising Human Rights Awareness Among Executives and Employees

Hitachi conducts regular group training and seminars and uses videos to educate employees in each business unit and Group company. The target is for each employee to attend these sessions at least once every three years (equivalent to a yearly participation rate of 33.3%). In fiscal 2015, the participation rate came to 71.8% at Hitachi, Ltd. and 46.0% among Group companies. We also offer an e-learning program on business and human rights, launched in June 2013; as of March 2015, approximately 187,000 Group employees in Japan and elsewhere had taken the program. Using educational materials developed in line with the Hitachi Group Human Rights Policy, adopted in May 2013, the program aims to ensure that employees understand Hitachi's human rights policy and act accordingly. The training is provided to all employees once every three years on average, taking into account human rights trends worldwide.

In July 2015, moreover, 25 Hitachi, Ltd. executive officers participated in an officer training session on the theme of human rights in global businesses, led by Takaji Hishiyama of the Center for Corporate Behavior. Touching on several cases, Hishiyama discussed what the international community expects of corporations regarding respect for human rights and how human rights risks translate into business risks, among other topics.



A scene from the officer training session.

CSR Supply Chain Management Framework

Given the global reach of Hitachi's business, there is a growing likelihood of supply chain risks creating management problems, and we are working hard to identify and mitigate these risks beforehand as much as possible. We established a CSR/Ecological Procurement Promotion Center within the Hitachi headquarters in fiscal 2011. We have also established the Hitachi Group CSR Green Procurement Committee, which includes committee members from in-house and key Group companies. This completes a framework that will enable our CSR supply chain management and green procurement philosophy and initiatives to be shared throughout the Group.

In order to share the philosophy of Hitachi among our suppliers, in fiscal 2015 we also introduced a new initiative to provide suppliers directly with information in a face-to-face format, in addition to the information shared on the Hitachi website as well as our CSR monitoring, CSR audits, and other measures. The first of these face-to-face events was held in January 2016 at a CSR and green procurement seminar held in Shanghai for Hitachi Group partners in China. The event was attended by 15 people from 12 companies, primarily suppliers in eastern China. At the seminar, Hitachi explained topics including its fundamental CSR philosophy, the CSR audit situation, regulatory trends under Chinese environmental laws, and Hitachi's related policies. Feedback from participants included a comment from one person who was "impressed by the emphasis the Company places on not only *monozukuri* craftsmanship but also on fulfilling its social responsibility in a range of areas." Another participant "gained a sense that profitability is not the sole aim and that it is important to adhere to environmental laws." As reflected in the comments, the seminar served to deepen the understanding of Hitachi initiatives related to CSR and green procurement.

Guidelines for Procurement Activities

http://www.hitachi.com/procurement/policy/___icsFiles/afieldfile/2010/08/30/guidelines.pdf

Procurement Policy

<http://www.hitachi.com/procurement/policy/index.html>

CSR/Green Procurement

<http://www.hitachi.com/procurement/csr/index.html>