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Human Rights Respect for Human Rights Throughout the Value Chain

Human Rights

Hitachi's Aims

As our value chain expands on a global scale, we find diverse working conditions, business norms, and trade practices in countries and regions around the world, and this has highlighted the need to ensure respect for human rights in our operations. Society's awareness of human rights issues is also rising, and companies are expected to address human rights issues in accordance with such international standards as the UN Guiding Principles on Business and Human Rights. Companies are now being asked not only to undertake initiatives for the in-house promotion of human rights but also to avoid abetting human rights infringements by suppliers and customers.

In carrying out our business, Hitachi recognizes human rights as a key issue related to risk management. On the basis of this awareness, we will respect the human rights of all stakeholders, including our own employees and supply chain, in every country and region where we operate. We are also engaged in raising awareness of human rights throughout the Hitachi Group and in expanding the scope of our activities through such measures as the launching of human rights due diligence.

Main Plans and Results

| Policies | FY 2015 goals/plans | Results in FY 2015 | Achievement level | FY 2016 goals/plans |
|---|---|---|-------------------|--|
| <ul style="list-style-type: none"> Promotion of employee understanding of the Principles on Business and Human Rights and respect for human rights | <ul style="list-style-type: none"> Implement human rights training session for Hitachi, Ltd. executive officers Hold human rights workshops in Europe | <ul style="list-style-type: none"> Initiated human rights due diligence in procurement Implemented human rights due diligence training for legal and compliance officers in six Group companies in Europe Distributed human rights message by CEO Toshiaki Higashihara to approximately 148,000 executives and employees | ★★★ | <ul style="list-style-type: none"> Implement human rights training sessions for Hitachi, Ltd. executive officers Hold human rights workshops in Europe Conduct e-learning Implement human rights due diligence |

★★★: Achieved ★★: Partially achieved ★: Not achieved

Respect for Human Rights Throughout the Value Chain

Hitachi's Approach

Hitachi operates in line with the Hitachi Group Human Rights Policy and other guiding principles that set forth its respect for international human rights norms. To implement these principles, we carry out educational activities targeting executives and employees on an ongoing basis to help

foster an organization in which human rights infringements do not occur. At the same time, we are pressing forward with human rights due diligence. In fiscal 2015 we took steps in our procurement divisions to assess potential human rights risks in the supply chain, identify higher-priority issues and craft specific measures to address them.



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Respect for Human Rights

Human Rights Initiatives

In May 2013, we adopted the Hitachi Group Human Rights Policy to supplement the Hitachi Group Codes of Conduct, drawn up in fiscal 2010. In this policy, we clarify our understanding of human rights as being, at a minimum, those outlined in the International Bill of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. This policy shapes Hitachi’s approach to meeting the responsibility to respect human rights, including implementing human rights due diligence*1 in line with the UN Guiding Principles on Business and Human Rights,*2 providing appropriate education to employees, adhering to national laws and regulations in all the regions and countries where we operate, and seeking ways to honor the principles of international human rights when faced with conflicts between internationally recognized human rights standards and national laws.

In fiscal 2014, Hitachi added the perspective of Business and Human Rights to its existing structures and policies and developed a guidance on human rights due diligence that explains procedures for everyday business practices. Based on this guidance, in fiscal 2015 we initiated human rights due diligence in procurement, assessing and prioritizing human rights risks in the supply chain and considering measures to reduce these risks.

*1 Human rights due diligence: An ongoing process to identify and assess potential and actual human rights impacts, integrate findings, and take appropriate action to prevent or mitigate potential impacts or to provide for or cooperate in remediation of actual impacts. The processes also cover tracking the effectiveness of actions to address impacts and communicating externally.

*2 UN Guiding Principles on Business and Human Rights: Included in the March 2011 Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie (A/HRC/17/31).

Hitachi Group Codes of Conduct

Hitachi Group Human Rights Policy

Framework for Human Rights

Hitachi, Ltd. established the Corporate Human Rights Promotion Committee in fiscal 1981 to gauge the impact of business activities on stakeholders’ human rights and to deliberate on mechanisms and policies for preventing human rights violations. The executive officer in charge of human capital chairs this body, whose members include representatives from sales, procurement, human capital, CSR, and other corporate units. Hitachi is improving its Group-wide human rights awareness based on the guidelines discussed and written by the Corporate Human Rights Promotion Committee. Information from deliberations is shared with all employees through business

units and business site committees, led by business unit presidents and division heads. Business units provide consultation services through which employees can seek consultation on issues such as sexual harassment and are working to ensure that those coming forward are treated with respect and dignity.

In a practice launched in fiscal 2014, we distribute a human rights message by Representative Executive Officer, President, and CEO Toshiaki Higashihara every year on December 10, Human Rights Day. In fiscal 2015, approximately 148,000 executives and employees at Hitachi, Ltd. and Group companies in and outside Japan received an e-mail message regarding global trends in human rights, Hitachi’s human rights policy and activities, and the importance of individual employees respecting human rights in their work.

Compliance Reporting System

Hitachi, Ltd. Framework for Promoting Respect for Human Rights



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



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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.

Human Rights Due Diligence Initiatives

In our Hitachi Group Human Rights Policy, we pledged to continue to develop structures for human rights due diligence. Toward that end, in fiscal 2013 some business units implemented pilot programs for human rights due diligence to identify key issues that need to be clarified for implementation of due diligence throughout the Hitachi Group, while also analyzing and evaluating human rights risks in six of the ASEAN countries. Based on the results of these pilot programs, in fiscal 2014 we developed a guidance document for implementing human rights due diligence in collaboration with the nonprofit organization Shift.

In fiscal 2015, we initiated human rights due diligence in the procurement divisions, the activities of which can potentially have negative impacts on the human rights of workers in the supply chain and local communities.



Human Rights Due Diligence in Procurement

Respect for Workers' Rights

Hitachi's Approach

Our employees are tasked with maintaining respect for human rights within the supply chain, but at the same time, in their role as employed persons, they are also stakeholders whose human rights must be upheld.

Hitachi's longstanding approach has been to give importance to building a mutually beneficial relationship with our employees as partners in a common effort. Moving forward, we will continually strengthen our system of mutual cooperation to build an equitable worker-employee relationship and improve worker health and safety levels based on respect for workers' fundamental rights.

Freedom of Association and Collective Bargaining

Respecting the Rights of Employees

The Hitachi Group Codes of Conduct, formulated to specify the standards of behavior applicable throughout the Hitachi Group, call for the upholding of fundamental human rights of employees, in line with the principles of the United Nations Global Compact.

In countries and regions where labor unions are recognized, we espouse the three fundamental rights of labor unions (to organize, to bargain collectively, and to act collectively) as seen, for example, in the collective agreement between Hitachi, Ltd. and the Hitachi Workers Union.

Notification of Work-related Transfers and Reassignments

The collective agreement between Hitachi, Ltd. and the Hitachi Workers Union states that any transfer or reassignment of an employee for work-related reasons should adequately take into consideration the situation of the employee, as well as requiring the company to promptly inform the Hitachi Workers Union of the decision. More specifically, in cases of large-scale transfers or reassignments, the company will consult with the labor union regarding the basic issues involved.

Cooperating to Improve Health and Safety

Hitachi is dedicated to improving health and safety levels through employee-management cooperation. This includes signing a collective agreement with the Hitachi Workers Union on the promotion of, among other things, health and safety mechanisms, a health and safety commission, education and training programs, and health checks for employees.