

# Human Rights

## Hitachi's Aims: Thoroughgoing Respect for Human Rights Across the Value Chain



As our value chain expands on a global scale, we find diverse working environments, 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 respect human rights in their own activities but also to avoid becoming complicit in the human rights infringements of their suppliers and customers.

In carrying out our business, Hitachi recognizes human rights as a key management issue. On the basis of this awareness, we will respect the human rights of all stakeholders, including our own employees and across the supply chain, in every country and region where we operate. We are also engaged in raising awareness of human rights and promoting the use of grievance mechanisms to address employee concerns throughout the Hitachi Group. At the same time, we are strengthening human rights due diligence and expanding the scope of other human-rights-related activities.

## Fiscal 2016 Overview of Activities



In fiscal 2016, we took steps to further propagate the Hitachi Group Human Rights Policy. In addition to implementing human rights due diligence (HRDD), with a focus on human resources divisions, we held training sessions for Group and global employees to enhance respect for human rights.

### Main Plans and Results

#### Respect for Human Rights Throughout the Value Chain

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Propagation of the Hitachi Group Human Rights Policy and implementation of HRDD based on guidelines	<ul style="list-style-type: none"> <li>Implement HRDD within human resources divisions</li> <li>Create guidelines for individual divisions</li> <li>Create an overview edition of guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Hosted three workshops on HRDD within human resources divisions</li> <li>Issued summary of the guidelines (in Japanese and English)</li> <li>Prioritized revision of <i>Hitachi Group CSR Procurement Guidelines</i> and HRDD guidelines for procurement divisions were not drafted</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Have human resources divisions examine measures by taking HRDD results into account</li> <li>Create guidelines for individual divisions</li> <li>Continue to promote HRDD</li> <li>Implement HRDD workshops in Europe</li> </ul>

Policies	FY 2016 goals/plans	Results in FY 2016	Achievement level	FY 2017 goals/plans
Propagation of the Hitachi Group Human Rights Policy and implementation of HRDD based on guidelines	<ul style="list-style-type: none"> <li>Follow up on companies that have yet to formulate company regulations integrating the Hitachi Group Human Rights Policy, based on the findings of a survey on the number of companies that have established the policy as company regulation</li> </ul>	<ul style="list-style-type: none"> <li>Ascertained number of companies with company regulations integrating the Hitachi Group Human Rights Policy and shared information with them; sent reminders to companies that have yet to integrate the policy in their regulations</li> </ul>	★★★	
Promotion of employee understanding of the principles on Business and Human Rights and respect for human rights	<ul style="list-style-type: none"> <li>Implement human rights training sessions for Hitachi, Ltd. executive officers</li> <li>Hold human rights workshops in Europe</li> <li>Plan and produce fiscal 2016 e-learning materials</li> </ul>	<ul style="list-style-type: none"> <li>Implemented human rights training session for Hitachi, Ltd. executive officers</li> <li>Released human rights e-learning materials in three languages: Japanese, English, and Chinese</li> <li>Implemented HRDD training sessions and workshops in Europe</li> <li>Implemented human rights training sessions for Hitachi Group companies in China, ASEAN, and Australia</li> <li>Distributed CEO's human rights message to approximately 156,000 executives and employees</li> </ul>	★★★	<ul style="list-style-type: none"> <li>Continue to hold training sessions in and outside Japan</li> <li>Continue to implement human rights training sessions for Hitachi, Ltd. executive officers</li> <li>Distribute CEO's human rights message</li> </ul>

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

## Respect for Human Rights Throughout the Value Chain

### Hitachi's Approach

The Hitachi Group Human Rights Policy has been formulated to create a value chain where the human rights of all stakeholders are respected. Under the leadership of top management, educational activities targeting all executives and employees are carried out on an ongoing basis to help foster an organization in which human rights infringements do not occur.

Under this policy, we are also building a framework to accurately assess and mitigate human rights risks in the workplace environments of Hitachi's suppliers and other stakeholders.

### 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\*<sup>1</sup> in line with the UN Guiding Principles on Business and Human Rights,\*<sup>2</sup> providing appropriate education to employees, adhering to 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 guidelines on human rights due diligence that explain procedures for everyday business practices. Based on these guidelines, we initiated human rights due diligence in two divisions—procurement in fiscal 2015 and human resources in fiscal 2016—assessing, prioritizing, and considering measures to reduce the human rights risks with which Group employees are likely to be confronted.

\*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 the 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 CSR 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 these deliberations is shared with all employees through business unit 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 2016, approximately 156,000 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.



**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 2016, the participation

rate came to 41.9% at Hitachi, Ltd. and 48.4% among Group companies. We launched an e-learning program on business and human rights in October 2016, in which approximately 186,000 Group executives and employees in Japan and elsewhere had participated by March 2017. 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. In accordance with these goals, the training is provided to all employees once every three years on average and regularly revised based on human rights trends worldwide.

In July 2016, 30 executive officers from Hitachi, Ltd. participated in an officer training session on the theme of human rights challenges for global businesses led by Shigeyuki Kumisaka, president of the Buraku Liberation League, which is fighting for the rights of the descendants of former outcast communities. Touching on several cases, Kumisaka discussed the human rights situation in Japan and the challenges that must be overcome to solve the global immigration issue as Hitachi's business becomes increasingly globalized.



A scene from the officer training session.

**Human Rights Due Diligence Initiatives**

In our Hitachi Group Human Rights Policy, we pledged to develop mechanisms for and to continue the implementation of human rights due diligence. Toward that end, in fiscal 2013 some business units launched pilot programs for human rights due diligence to identify key issues that need to be clarified for Group-wide implementation while also analyzing and evaluating human rights risks in six ASEAN countries. Based on the results of these pilot programs, in fiscal 2014 we developed a document offering guidelines 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, whose activities are at risk of negatively impacting the human rights of workers in the supply chain and local communities. In fiscal 2016, we incorporated the results of human rights due diligence into the revision of our CSR procurement guidelines for suppliers and in other specific initiatives.

Fiscal 2016 also saw the launch of human rights due diligence for human resources divisions at Hitachi. The operations in those divisions touch on many issues connected to human rights for employees, including working hours, employee treatment, and health and safety. The human resources and CSR divisions at Hitachi, Ltd. also played a central role in a working group that was formed to assess and prioritize human rights risks for employees and explore mitigation strategies. The group included CSR representatives from two business units, three Group companies, and four regional headquarters outside Japan. It also investigated grievance mechanisms, analyzing existing procedures and exploring ideas for improvement. Starting from fiscal 2017, Hitachi will

begin implementing specific human resources initiatives based on the results of human rights due diligence in fiscal 2016.

 Human Rights Due Diligence in Procurement

### Addressing the Risks of Child and Forced Labor

The Hitachi Group Codes of Conduct clearly express Hitachi's firm stance against the use of child labor or forced labor either in Group companies or along our supply chain. The company president's human rights message for fiscal 2016 also addressed the issues of forced labor and human trafficking. Recognizing the growing risks of forced labor amid the ongoing globalization of business, Hitachi also developed an e-learning program for all Group executives and employees on the subject of human rights. The program draws on specific case studies to convey the importance of preventing forced labor and human trafficking problems before they occur.

Hitachi's CSR procurement guidelines for suppliers also clearly forbid the use of child labor or forced labor. As part of our efforts to raise awareness all along the supply chain, these guidelines are distributed to tier 1 suppliers of business units and Group companies. In fiscal 2016, a four-part webinar\*<sup>1</sup> series was also held for employees responsible for procurement and human resources in Southeast Asia, where the risk of forced labor is expected to be higher. Speakers from nongovernmental organizations and businesses implementing advanced countermeasures were invited to lead the webinars, each of which was attended by an average of 45 people.

All of these initiatives designed to prevent any instance of the "modern slavery" of forced labor and human trafficking either within Group companies or along our supply chain are covered

in the statement published by Hitachi, Ltd. in accordance with the UK Modern Slavery Act 2015.

\*1 Webinar: A portmanteau word combining "web" and "seminar," used to refer to an interactive seminar held online.

 Supply Chain Management

 Statement in Accordance with the UK Modern Slavery Act 2015

## Respect for Workers' Rights

### Hitachi's Approach

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

Hitachi's longstanding approach has been to give importance to building a mutually beneficial relationship with our employees as partners in a common effort. Given the globalization of our business, there is a growing need to respect workers' rights not only by complying with international ethics codes but also by taking into account the respective practices and cultures of each country.

Moving forward, we will continually strengthen our system of mutual cooperation to build an equitable worker-employer 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 were approved by the Senior Executive Committee to specify the standards of behavior applicable throughout the Hitachi Group. It calls for the upholding of the fundamental human rights of employees, in line with the principles of the United Nations Global Compact.

In Japan, where labor unions are recognized, for example, we espouse the three fundamental rights of labor unions (to organize, to bargain collectively, and to act collectively) as seen in the collective agreement between the CEO of Hitachi, Ltd. and the representative of 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 and the Hitachi Workers Union are dedicated to improving health and safety levels through employee-management cooperation. This includes signing a collective agreement on the promotion of, among other things, health and safety mechanisms, a health and safety committee, education and training programs, and health checks for employees.

The committee works to ensure a healthy and safe work environment through initiatives that include planning and tracking health and safety activities each year, reviewing measures to prevent industrial accidents, and sharing information on whether employees have received their annual health check-ups.