

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.

Key SDGs



Hitachi and Society

Our Impact on Society

No. of employees (consolidated)

307,275

Our Performance

Distributed CEO's human rights message to

Approx. **178,000** people



Human Rights

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*1 in line with the UN Guiding Principles on Business and Human Rights,*2 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 areas such as procurement in fiscal 2015 and human resources in fiscal 2016, assessing, prioritizing, and considering measures to reduce the human rights risks that Group employees and people in the supply chain are likely to confront. We will continue to incorporate the results of human rights due diligence into the specific measures we take regarding CSR procurement and human resources.

*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

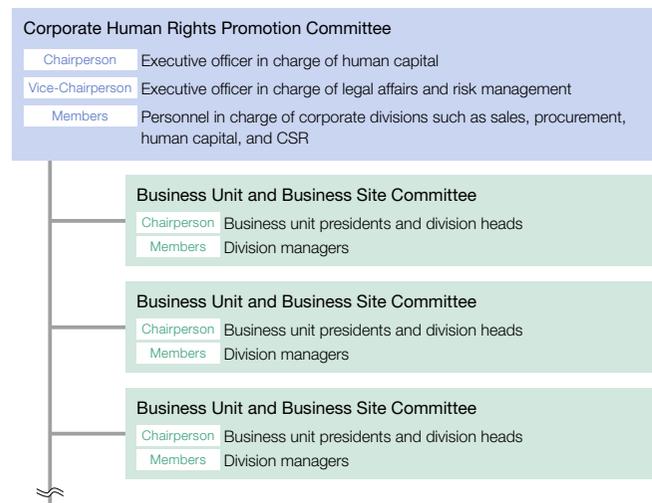
Hitachi, Ltd. established the Corporate Human Rights Promotion Committee in fiscal 1981 to gauge the impact of business activities on stakeholders' human rights and to deliberate on mechanisms and policies for preventing human rights violations. The executive officer in charge of human capital chairs 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 these deliberations is shared with all employees through business unit and business site committees, led by business unit presidents and division heads. Each business site provides consultation services through which employees can seek consultation on issues such as sexual harassment and works to ensure that those who come 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 2017, approximately 178,000 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 site 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 2017, the participation rate came to 60.6% at Hitachi, Ltd. and 48.0% 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 2018. 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 2017, 31 executive officers from Hitachi, Ltd. participated in an officer training session on the theme of global business and human rights led by Hiroji Tanaka, a lead researcher of the Business Ethic Research Center. Touching on several cases, Tanaka discussed the corporate responsibility for human rights that must be taken into consideration at the management level 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 sites 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 2017, we incorporated the results of human rights due diligence into the revision of our CSR procurement guidelines for suppliers while also thoroughly revising the questions on the check sheet used in supplier CSR monitoring (self-checks), to better grasp the issues related to workers' rights at suppliers as well as health and safety and the environment.

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. Human rights risks for employees were assessed and prioritized, and mitigation strategies were explored. They also investigated grievance mechanisms, analyzing existing procedures and exploring ideas for improvement. Going forward, Hitachi will further promote human resources initiatives by its business units and Group companies.



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 2017 also addressed the issues of forced labor and human trafficking, clearly stating that Hitachi as a global company must take preventive measures in its business and supply chain. 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*¹

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 non-governmental organizations and businesses implementing advanced countermeasures were invited to lead the webinars.

In fiscal 2017, we visited one of our suppliers in Malaysia with members of the US nonprofit organization BSR (Business for Social Responsibility) to conduct an assessment on migrant workers, who are socially vulnerable and often said to be exploited by forced labor. The assessment was based on interviews with managers of human resources and production divisions, recruitment agencies, and migrant workers, along with inspection of the factories and dormitories.

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



Supply Chain Management

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 its 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 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 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. The union had 27,021 members as of October 31, 2017.

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, Ltd. 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.