

Human Rights

Hitachi's Approach

In order to ensure respect for human rights not just among Hitachi's employees but throughout its supply chain and among other stakeholders, Hitachi formulated the Hitachi Group Human Rights Policy, created an accompanying framework, and promotes educational and awareness-raising activities as well as the use of grievance mechanisms to address employee concerns throughout the Hitachi Group. In recent years, Hitachi has focused on human rights due diligence and continues to construct and refine systems for accurately grasping and minimizing risk. In fiscal 2018, too, we expanded our business and human rights initiatives both inside and outside Japan.

Respect for Human Rights Throughout the Value Chain

Hitachi Group Human Rights Policy Policy

Hitachi believes that respecting human rights is our responsibility as a global company and indispensable in conducting business. To this end, in May 2013 we formulated the Hitachi Group Human Rights Policy. In this policy, we clarify our understanding of human rights as being, at a minimum, those outlined in the International Bill of Human Rights*1 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*2 in line with the UN Guiding Principles on Business and Human Rights,*3 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 such areas as procurement in fiscal 2015 and human resources in fiscal 2016, assessing and prioritizing the risks of human rights that Group employees and people in the supply chain are likely to confront as well as reviewing measures to reduce such risks.

We recognize the importance of risk assessment based on individual business environments, including business types and models, alongside cross-sectional risk assessment at the Group level. Accordingly, in fiscal 2018 we assessed and prioritized human rights risks at some business units and Group companies and laid the groundwork for a mid-term action plan.



Our Impact on Society

No. of employees (consolidated)

295,941



Our Performance

Distributed CEO's human rights message to

Approx. 258,000 employees

We will continue to incorporate the results of human rights due diligence assessments into the specific measures we take regarding CSR procurement and human resources, as well as promoting human rights due diligence across the Group.

*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: 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 communicating externally.
 *3 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

Respect for the Rights of Children

Hitachi respects the rights of children as outlined in the United Nations Convention on the Rights of the Child, adopted by the General Assembly in 1989, and the Children's Rights and Business Principles developed by the United Nations Children's Fund (UNICEF). We strive to eliminate child labor in the Group and its supply chains as specified in the Hitachi Group Codes of Conduct. We have also set forth in other relevant internal regulations our policy of respecting human rights, including the rights of children.

-  Hitachi Group Codes of Conduct
-  Work-Life Management
-  Applying Advertisement Guidelines

Framework for Human Rights

Frameworks and Systems

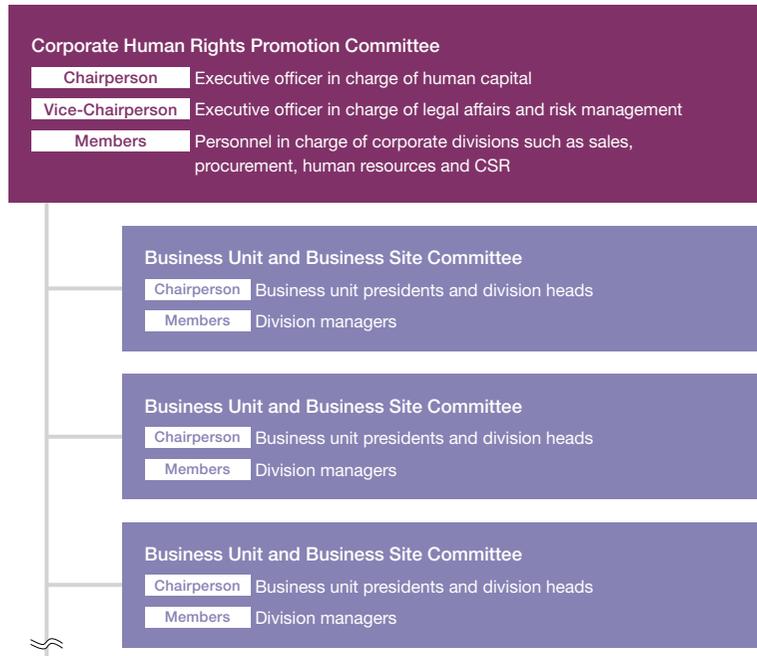
Hitachi, Ltd. established the Corporate Human Rights Promotion Committee in fiscal 1981 to gauge the impact of business activities on stakeholders' human rights and to deliberate on mechanisms and policies for preventing human rights violations. The executive officer in charge of human capital chairs this body, whose members include representatives from sales, procurement, human resources, 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. Policies decided through these deliberations are shared with 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.

As a result of initiating human rights due diligence in our human resources divisions, we reconfirmed the importance of grievance mechanisms. Not only do such mechanisms encourage employees to express concerns over working environments, they also help Hitachi grasp and identify violations of human rights and prevent the recurrence of such violations. In fiscal 2018 we explored ways of streamlining grievance mechanisms based on the common requirements across the Group in accordance with international standards, and from fiscal 2019 we will begin the process of rolling out changes globally.

In a practice launched in fiscal 2014, we distribute a human rights message by President and CEO Toshiaki Higashihara every year on December 10, Human Rights Day. In fiscal 2018, approximately 258,000 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



Group executives and employees globally had participated by March 2019. 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.

Executive officers from Hitachi, Ltd. participate in annual officer training sessions on human rights. In July 2018, 32 executive officers participated in a session titled “From CSR as an Ethics to ESG as a Strategy—Based on the Perspective of Human Rights,” led by Mariko Kawaguchi, chief researcher, Research Division, Daiwa Institute of Research Ltd. The session covered a wide range of issues from an investor’s viewpoint, including the importance of human rights in the new framework of international society, the global-level challenges that we face, and the background to the growing ESG investment movement.



A scene from the officer training session.

Raising Human Rights Awareness Among Executives and Employees

Objectives, Activities, and Achievements

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 2018, the participation rate came to 66.3% at Hitachi, Ltd. and 49.3% among Group companies. We provide employees at the levels of section manager and above with education for creating a workplace free from harassment. In addition to these group sessions, we launched an e-learning program on business and human rights in October 2016, in which a total of more than 200,000

Human Rights Due Diligence Initiatives

Objectives, Activities, and Achievements

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

Addressing the Risks of Child and Forced Labor

Objectives, Activities, and Achievements

we developed a document offering guidelines for implementing human rights due diligence in collaboration with the nonprofit organization Shift.

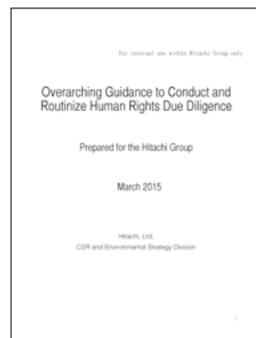
In fiscal 2015, we initiated human rights due diligence in the procurement divisions, whose activities are at risk of negatively impacting the human rights of workers in the supply chain and local communities. In fiscal 2017, we incorporated the results of human rights due diligence into the revision 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. In fiscal 2018 we initiated human rights due diligence in some business units and Group companies, assessing the risks of human rights violations for each operation, prioritizing action points, and reviewing measures to reduce such risks. Going forward, Hitachi will further promote human rights due diligence across the Group.

Human Rights Due Diligence in Procurement



A scene from the human rights due diligence workshop led by Shift senior advisor, David Kovick.



Guidance document for implementing human rights due diligence.

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 nongovernmental organizations and businesses implementing advanced countermeasures were invited to lead the webinars.

In fiscal 2017, we visited one of our suppliers in Malaysia with 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.

In fiscal 2018 we assessed the risks of forced labor at about 100 offices of Hitachi Group companies located in seven Southeast Asian countries (Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam). The assessment was conducted with the cooperation of Verité Southeast Asia (VSEA), an internationally active nonprofit organization, using a checklist for suppliers revised in fiscal 2017 based on the Responsible Business Alliance (RBA) Code of Conduct, formerly the Electronic Industry Citizenship Coalition (EICC). The results

of the assessment will be used to strengthen measures against human rights violations and improve the quality of the checklist.

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



Response to Technical Intern Training Program Issues

Objectives, Activities, and Achievements

In 2018, the Organization for Technical Intern Training conducted on-site inspections at Hitachi, Ltd. and 10 Group companies. These inspections identified violations of the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees, and the relevant companies were provided with recommendations for improvement regarding intern training. Additionally, in September 2019, Hitachi, Ltd. received an order for improvement regarding the construction of its systems for carrying out proper technical intern training according to authorized plans. Companies that received recommendations or orders for improvement have already taken corrective measures. We have taken strict measures to ensure that no further violations will take place throughout the entire Group, such as constructing Group-wide policies, guidelines, and check systems for technical intern training, and we continue to strive to carry out appropriate technical intern training in accordance with relevant laws and the aims of the Technical Intern Training Program.

Freedom of Association and Collective Bargaining

Respecting the Rights of Employees

Policy

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 has 25,646 members out of a total of 40,430 employees as of October 31, 2018.

Employee-Management Dialogue

Frameworks and Systems

The relationship between employees and management at Hitachi, Ltd. and Group companies in Japan is stable with healthy ongoing dialogue. At Hitachi, Ltd., the Central Management Council, the Business Units Management Council, and the Business Sites Management Council work to enhance mutual communication between employees and management, contributing to smooth management and business development, and improving working conditions for union members.

We also hold Hitachi Group management meetings to share information and exchange views and opinions on Group business conditions among the Federation of Hitachi Group Workers Unions (FHGWU).

Group companies outside Japan also actively pursue dialogue with individual labor unions and their representatives in accordance with the laws and regulations in each country and region to deepen mutual understanding of employee working conditions and treatment as well as business conditions.

Notification of Work-related Transfers and Reassignments

Frameworks and Systems

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

Frameworks and Systems

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.