

Hitachi Ltd.

TICKER
TSE:6501

MARKET CAPITALIZATION
US\$38 billion

HEADQUARTERS
Japan

COMPLIANCE

UK Modern Slavery Act: [Disclosure available, but not compliant](#)

California Transparency in Supply Chains Act: [Not applicable](#)

COMMITMENTS
[Yes](#)

OVERALL RANKING

12 out of 40

(2016: 12 out of 20)

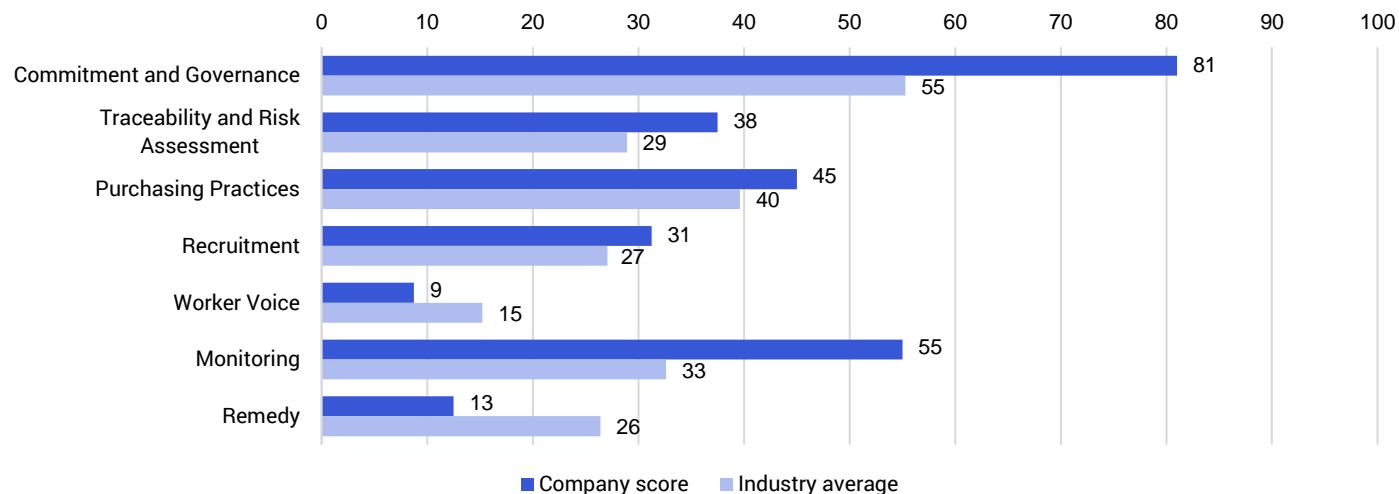
OVERALL SCORE

39 out of 100

SUMMARY

Hitachi Ltd. (Hitachi), an electronic equipment company supplying to companies such as Hewlett Packard Enterprise and Intel, ranks 12th out of 40 companies. It discloses more information on its forced labor policies and practices than its peers on all themes except worker voice and remedy and is the highest scoring of the eight Japanese companies assessed. It has increased its score by five points since 2016 by joining the Responsible Business Alliance (RBA) and adopting the RBA code which prohibits worker-paid recruitment fees as its supplier code of conduct. It has also started to train its suppliers on modern slavery and requires first-tier suppliers to cascade its standards to lower-tier suppliers. The company has an opportunity to improve its performance and disclosure on the themes of recruitment, worker voice, and remedy.

THEME LEVEL SCORES



LEADING PRACTICES

None

NOTABLE FINDINGS

Training: Hitachi states that it trained executives and employees via e-learning modules on business and human rights, including on modern slavery. Over 185,893 staff completed this training. It further delivered an awareness raising program on forced labor specific to procurement and human resources staff in Southeast Asia which was made up of four webinars and facilitated by the ASEAN CSR Network. Hitachi also reports on an e-learning program it has in place for subsidiaries in Europe which focuses on raising awareness of modern slavery and how to report concerns. The e-learning program is provided to all employees every three years and is regularly updated. Hitachi also provides a detailed example of a training for executive officers on human rights challenges for global businesses, such as migration. The company has also worked with the NGO Shift to develop guidelines directed at different internal business units, such as procurement. Hitachi also delivered a modern slavery seminar in China, which was attended by 32 suppliers.

Purchasing Practices: Hitachi states that it selects suppliers based on criteria which include elimination of forced labor. Further, Hitachi requires its first-tier suppliers to have in place a process to communicate its supplier code to their suppliers and to monitor compliance.

Monitoring: Hitachi discloses that it audits its suppliers based on the SA8000 auditing standards which includes unannounced audits, a review of relevant documents such as employment contracts and wage records, interviews with management and workers, as well as visits to dormitories and workers' housing. The company further discloses that it uses an auditor who assesses suppliers on their human and labor rights and is recognized by the RBA. The company discloses it has undertaken 20 supplier audits and provides some details on the audits' findings.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: The company may consider requiring employment recruitment agencies – and where relevant employment agencies – in its supply chains to uphold workers' fundamental rights and freedoms, and to disclose information on the recruitment agencies used by its suppliers. To avoid the exploitation of migrant workers in its supply chains, the company is encouraged to ensure that employment and/or recruitment agencies used in its supply chains are monitored, and to provide details of how it supports ethical recruitment in its supply chains (for example, by using ethical recruitment agencies or supporting the development of ethical recruitment schemes).

Worker Voice: To prevent and address forced labor and human trafficking risks in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and can exercise their right to freedom of association. While the company discloses it has a whistleblower system in place where stakeholders such as suppliers may report unethical behavior, the company may consider ensuring this mechanism or another formal grievance mechanism is available to, trusted and used by suppliers' workers.

Remedy: The company may consider establishing a process to ensure remedy is provided to workers in its supply chains in cases of human trafficking and forced labor, and disclosing details on this process, such as timeframes, engagement with affected stakeholders, responsible parties, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to suppliers' workers.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes](#)