

# Hitachi Ltd.

**TICKER**  
TKS:6501

**MARKET CAPITALIZATION**  
US\$38 billion

**HEADQUARTERS**  
Japan

**DISCLOSURES**

UK Modern Slavery Act: Yes (Disclosure of Subsidiary)

California Transparency in Supply Chains Act: Not applicable

**TARGETS**

None

**OVERALL RANKING**

**25 out of 49**

([2018 Rank](#): 12 out of 40)

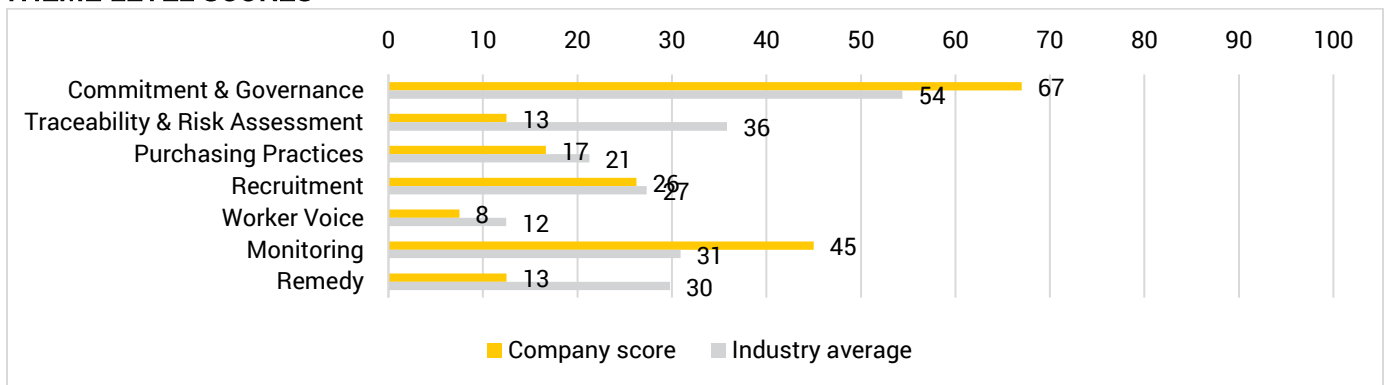
**OVERALL SCORE**

**27 out of 100**

**SUMMARY**

Hitachi Ltd. (Hitachi), an electronics equipment supplier to companies such as Apple and Intel, ranks 25<sup>th</sup> out of 49 companies. While the company discloses slightly less information on its forced labor policies and practices than its global peers, it is the highest-scoring Japanese company on Commitment & Governance and Monitoring. Compared to 2018, the company's rank decreased from 12<sup>th</sup> to 25<sup>th</sup>. This is because the company does not seem to have taken additional steps to strengthen its performance and disclosure. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company discloses that it made a "request for corrective action," but does not disclose engagement with affected stakeholders nor remedy outcomes for workers. The company is encouraged to improve its performance and disclosure on the themes of Purchasing Practices, Worker Voice, and Remedy.

**THEME-LEVEL SCORES**



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#). It includes an [allegation in the company's supply chains regarding forced labor of ethnic minorities transferred from Xinjiang to factories across other provinces in China](#), which falls outside of the research timeframe.

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**KEY DATA POINTS****SUPPLIER LIST**

No

**NO-FEE POLICY**

Yes (Employer Pays Principle)

**AVERAGE SUPPLIER SCORE**

N/A

**REMEDY FOR SUPPLY CHAINS WORKERS**

No

**HIGH-RISK SOURCING COUNTRIES**China, Malaysia<sup>1</sup>

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**LEADING PRACTICES**

None.

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**NOTABLE FINDINGS**

**Stakeholder Engagement:** Hitachi discloses that it leads the CSR committee of the Japan Business Council in Europe, which it states focuses on responsible supply chains and human rights. It states that it has held two sessions on the UK Modern Slavery Act. The company also discloses that it is a member of the BSR Human Rights Working Group and that forced labor is one topic dealt with by this group.

**Recruitment:** The company's supplier code prohibits worker-paid recruitment fees, and, where such fees have been paid, requires suppliers to reimburse workers. The code further prohibits the retention of workers' identification documents and requires that workers in its supply chains receive a written employment agreement in their native languages.

**Monitoring:** Hitachi discloses that it audits its suppliers based on the SA8000 auditing standards, which include unannounced audits, a review of relevant documents such as employment contracts and wage records, interviews with workers, and 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. Hitachi reports that it conducted an assessment of risks related to migrant workers at a Malaysian supplier, which it notes are often deemed at risk of forced labor.

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**OPPORTUNITIES FOR IMPROVEMENT**

**Purchasing Practices:** While the company discloses creating an internal working group on procurement and CSR, it is encouraged to develop and disclose further details, namely to adopt responsible purchasing practices (such as improving planning and forecasting) and to provide procurement incentives (such as price premiums or increased orders) to suppliers to encourage or reward good labor practices. In addition, the company is encouraged to integrate supply chain policies that include forced labor in its supplier contracts.

**Worker Voice:** To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in

which workers in its supply chains are able to pursue alternative forms of organizing. Further, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights.

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

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**ENGAGED WITH KNOWTHECHAIN**

Yes ([Provided Additional Disclosure](#)).

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<sup>1</sup> The US Department of Labor lists China and Malaysia as countries where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."