

Hitachi Ltd.

TICKER:
TYO: 6501

MARKET CAPITALIZATION:
US\$ 32 billion

HEADQUARTERS:
Japan

12 OUT OF 20
Company’s Overall Ranking

34 OUT OF 100
Company’s Overall Score

Hitachi LTD. (Hitachi) provides average disclosure of its policies and practices aimed at addressing human trafficking and forced labor risk in its supply chain, ranking twelfth on this benchmark overall. The company discloses several policies where it commits to addressing human trafficking and forced labor, including its business Code of Conduct and its Human Rights Policy. It also discloses relevant information in areas such as supply chain governance, training programs, and purchasing practices. Hitachi has an opportunity to improve its disclosure with respect to cascading its forced labor requirements beyond first-tier suppliers. Furthermore, the company may consider strengthening its approach to responsible recruitment practices in its supply chain and disclosing evidence that it ensures supply chain workers’ voices are heard.

THEME LEVEL SCORE

Commitment and Governance	73 out of 100
Traceability and Risk Assessment	38 out of 100
Purchasing Practices	38 out of 100
Recruitment	0 out of 100
Worker Voice	10 out of 100
Monitoring	68 out of 100
Remedy	13 out of 100

LEADING PRACTICES

None.

NOTABLE FINDINGS

Commitments and Governance: Hitachi has a Supply Chain CSR Deployment Guidebook that prohibits forced labor. The company also has a Corporate Human Rights Promotion Committee which is responsible for overseeing Hitachi’s operational impact on stakeholders and preventing human rights violations in its supply chain. The Committee is chaired by an executive officer and includes representatives from sales, procurement, human capital, corporate social responsibility, and other divisions.

Training: In Hitachi’s Group Human Rights Policy, the company commits to provide training and capacity building to its employees on human rights due diligence processes. The company further



states that it offers training on human rights, including forced labor, for its employees, management, and executive officers. For example, in 2016 Hitachi offered training on its human rights due diligence processes for legal and compliance officers in its European offices. The training included a review of case studies of the company's practices and international trends such as those relating to the UK Modern Slavery Act.

Purchasing Practices: Hitachi discloses the results of its human rights due diligence process applied to its procurement activities, specifically that short-term contracting was identified as a high-risk business activity. Furthermore, the company discloses a supplier assessment process that includes evaluation of a supplier's compliance to the company's human rights requirements, including a prohibition on forced labor. To assess suppliers' capacity, Hitachi, prior to establishing a partnership with suppliers, considers their size and history of work with other companies. Moreover, once it has begun working with a supplier, the company provides short- and medium-term demand to avoid sudden changes to suppliers' workload.

OPPORTUNITIES FOR IMPROVEMENT

Cascading Standards through the Supply Chain: Hitachi is encouraged to ensure that its suppliers cascade the company's supply chain standards, including the prohibition on forced labor, to their own suppliers.

Recruitment: The company is encouraged to adopt and disclose an approach to responsible recruitment practices in its supply chain. For example, it may consider adopting a policy that requires recruitment agencies in its supply chain to uphold workers' rights. It may also consider auditing recruitment agencies used in its supply chain to assess human trafficking and forced labor risks.

Worker Voice: Hitachi may improve its performance by engaging supplier's workers. The company is encouraged to communicate its human trafficking and forced labor policies to supply chain workers in their native languages. Furthermore, the company may consider requiring suppliers to ensure workplace environment in which their workers are able to exercise their right to self-organization, even in environments where there are regulatory constraints on freedom of association.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:

[Yes.](#)

