

To: Working Group on the issue of human rights and transnational corporations and other business enterprises; Special Rapporteurs

May 21, 2021

Re: Hitachi Group's reply to the Joint Communication from Special Procedures (AL OTH 105/2021)

Dear Madams and Sirs,

The Hitachi Group appreciates the concerns raised in the communication. Hitachi supports societies through the development of superior, original technology and products, and delivering innovations that answer society's challenges. Hitachi strives to meet its responsibility to respect human rights by not infringing on human rights and addressing negative human rights impacts with which the company may be involved through its operations and business relationships. We are committed to meeting the responsibility to respect human rights through implementing the UN Guiding Principles on Business and Human Rights in our Hitachi Group Human Rights Policy. The vast majority of Hitachi products in operation around the world are used to improve global economic development and standards of living.

In response to your inquiries, we reply as follows:

1. After ASPI (the Australian Strategic Policy Institute) report was published we conducted a social compliance review based on an international standard via a third party, to review the supplier's management system, specifically looking at how employees were managed, given the allegations stated in the report. Since the supplier does not have production facilities in the Xinjian Uyghur Autonomous Region, the review was conducted on the factories outside of the Region where the components for us were made. As a result, there were no findings to support the forced labor.
2. We understand that HRDD is a continuous process. We made commitment to conduct HRDD in our Code of Conduct and Human Rights Policy and accordingly, we have been promoting the process and trying to improve our human resources and supply chain management.

Through our HRDD process, we identified that forced labor and migrant workers' labor conditions are the issues that we should assess deeper and take measures to prevent and/or mitigate. From this year,

the CEO and the heads of business units will receive reports on the progress of the initiatives and will hold discussions on a regular basis in the Executive Sustainability Committee in order to enhance the company's actions on human rights due diligence and the prevention of forced labor. We are also strengthening the systems and frameworks and provided a practical guide for our business units and group companies to enable them to identify, prevent or mitigate their salient human rights risks.

The progress is reported mainly in our Sustainability Report.

3. We made Hitachi Group CSR Procurement Guidelines which were revised based on the results of human rights due diligence performed by procurement departments and version 5.1 of the Responsible Business Alliance Code of Conduct. We are revising the Guidelines and plan to do it regularly in the future to ensure that they always reflect global demands regarding corporate supply chain management. To ensure that our suppliers understand our policy and improve their operation, we have been asking key suppliers to answer to CSR Procurement Guidelines Conformity Check Sheet on labor conditions, health and safety, environment, business ethics and management and providing feedback internally on the results. These findings are then used to identify potential improvements.

We also hold CSR procurement seminars so that suppliers will understand our policy, requests, global trends and national laws, and necessary improvements.

Furthermore, Hitachi has been performing third party audits of certain manufacturing bases of its and its group companies' suppliers in China and the rest of Asia. Hitachi requests suppliers, that are identified as needing improvement, for planned actions and monitors them.

This year we made a list of questionnaires focused on forced labor and migrant workers' labor conditions for production sites of ourselves as well as business partners of certain criteria. The results will be used as a basis for the improvement combined with other measures.

About the "cascading" to our suppliers, we ask our tier 1 suppliers to ensure that their suppliers understand and respect our policy. We include it in our CSR Procurement Guidelines.

4. To raise awareness and knowledge among the management and employees, since 2009, we invited external experts to speak to executive officers about global business and human rights and in 2013, we started e-learning for employees which is revised on a regular basis. Since 2014, our CEO sends an annual message on Human Rights Day to the management and employees. We also have a global compliance hotline system that allows employees to report any human rights-related issues.

For our suppliers, we provide our CSR Procurement Guidelines which is revised based on our result

of risk assessment process of HRDD. To ensure their awareness, knowledge, and tools, we have been asking key suppliers to answer to CSR Procurement Guidelines Conformity Check Sheet and this year questionnaires on forced and migrant labor, as well as organizing the meetings as explained in the above. We have appointed procurement officers to oversee local procurement in China, the rest of Asia, Europe, and the Americas. These officers carry out activities such as working group, CSR audits, and CSR procurement seminars, as well as support distribution and collection of the Check Sheet to the suppliers in their respective regions.

5. Firstly, we have asked the supplier about the fact and they explained the situation. Then we conducted a social compliance review via a third party. Although forced labor was not found, through these processes we had dialogues with them and reminded them the importance of our policy.

6. We have reported to the Japanese government.

We will make continued improvement in our HRDD process and our supply chain management through various measures to prevent or mitigate human rights violation.

7. In general, after fact-finding, if we found that we have caused adverse impact on human rights, we will correct and take measures to prevent further violation. If our supplier caused, we will request them to take corrective measures and follow up. While we have our grievance mechanisms, we ask suppliers to establish it in our CSR Procurement Guidelines.

8. As a grievance mechanism for human rights issues, we have a global compliance hotline system operated by a third party.

This allows Hitachi Group employees to report human rights-related issues in multiple languages securely and confidentially at any time, any day of the year. It is a part of our actions as a result of HRDD.

Best Regards,

Sustainability Promotion Division