

# **Hitachi Group Sustainable Procurement Guidelines**

## **- Digest Edition -**

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# Background of Digest Edition

The digest edition summarizes contents from the Hitachi Group Sustainable Procurement Guidelines (Guidelines) to raise awareness and promote understanding among Procurement Partners.

Please use this digest version to develop a better understanding of the outline and key points of our Sustainable Procurement Guidelines and then acknowledge and comply with the entire detailed contents of the Guidelines available in the link below.

 [Hitachi Group Sustainable Procurement Website](#) 

 [Hitachi Group Sustainable Procurement Guidelines document](#) 

Hitachi refers to suppliers and vendors as "procurement partners."



## 01

### Hitachi Group Policies & Sustainability Activities

**Purpose**  
Introduces Hitachi initiatives to provide background of Guidelines acknowledgement request

#### A) Hitachi Group Policies & Sustainability Activities

1. Hitachi Group Identity
2. Hitachi Group Code of Ethics and Business Conduct
3. Hitachi Group Human Rights Policy
4. Environmental Vision and Long-term Environmental Targets

#### B) Hitachi Group Procurement Policies

1. Guidelines for Procurement Activities
2. Hitachi Group's policy for Responsible Supply Chain of Minerals

## 02

### Hitachi Group Procurement Partner Code of Conduct

**Purpose**  
Summarizes requirements from Hitachi Group to all procurement partners

#### Introduction

- Compliance with applicable laws, rules and regulations
- Response to self-assessment questionnaires & accept on-site audit
- Report any incompliances with this Code of Conduct immediately
- Apply to all companies in the upstream of Hitachi's supply chain

#### Body

- A) Labor
- B) Health & Safety
- C) Environment
- D) Ethics
- E) Product Quality and Safety
- F) Prevention of Personal and Confidential Information Leakage
- G) Management Systems

# Highlights of Hitachi Group Policies & Sustainability Activities

## A) Hitachi Group Policies & Sustainability Activities

### Hitachi Group Identity



Hitachi Group Identity encompasses MISSION, VALUES and VISION. The MISSION communicates the purpose of our business, The VALUES reflect our core principles to fulfill the MISSION, and the VISION conveys what the Hitachi Group aims to become in the future. 

### Hitachi Group Code of Ethics and Business Conduct




The Code enables you to:

- Comply with Hitachi's policies and protocols, as well as applicable laws and regulations;
- Conduct yourself honestly and ethically; and
- Understand what Hitachi expects from you. 


### Hitachi Group Human Rights Policy



Hitachi Group expects all business partners across the value chain to also respect and not infringe upon human rights. 

### Environmental Vision and Long-term Environmental Targets



Hitachi has developed an Environmental Vision that clearly outlines the type of society we aspire to build over the long term, considering global trends in escalating environmental challenges and our own corporate policies. 


## Highlights of Hitachi Group Policies & Sustainability Activities

### B) Hitachi Group Procurement Policies

#### Guidelines for Procurement Activities

Guidelines for Procurement Activities define business transaction standards which shall be applied to all Hitachi executives and employees, etc. in connection with their activities purchasing necessary materials, products, services, and information, etc. from outside sources. 

#### Hitachi Group's policy for Responsible Supply Chain of Minerals

Hitachi is working to ensure responsible procurement in order to avoid supporting armed groups, human rights violations including child labor, corruption, and environmental destruction in conflict and high-risk areas. 

# What is the Hitachi Group Procurement Partner Code of Conduct?

Hitachi believes that focusing on sustainability in our value chains will lead to prosperity for our procurement partners\* and the Hitachi Group.

"Hitachi Group Procurement Partner Code of Conduct" stipulates sustainability contents for all procurement to comply with as described in detailed on following pages.

The four points below are Hitachi's fundamental requests to procurement partners as foundations of our relationship. In extreme cases of non-compliance, Hitachi may take measures such as terminating contracts or verifying legal responsibility for the violations.

\*Procurement partner means suppliers and vendors who have direct business with Hitachi.

## COMPLIANCE

To comply with Sustainable Procurement Guidelines & applicable laws, rules and regulations in all business activities.



## QUESTIONNAIRE & AUDIT

To respond to our questionnaires and accept on-site audits, and then improve and enhance the issues identified in the questionnaires & audits.



## REPORT

To report to Hitachi and discuss and agree on a response if significant risks have already occurred, or if there is a high likelihood that they will occur.



## SCOPE

To extend the Code of Conduct to your suppliers and subcontractors for compliance.





## A. Labor

- To commit to respect the human rights of workers, treat them with dignity and to ensure that their human rights are not abused.

01 Prohibition of Forced Labor

02 Prohibition of Employment of Young Workers and Child Labor

03 Working Hours

04 Wages and Benefits

05 Non-Discrimination / Non-Harassment / Humane Treatment

06 Freedom of Association and Collective Bargaining

07 Land Rights

### > HIGHLIGHTS

#### Prohibition of Forced Labor

Forced labor in any form, including but not limited to, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons, is not permitted. (e.g., foreign migrant workers)

#### Prohibition of Employment of Young Workers and Child Labor

Child labor shall not be used in any business activity including manufacturing. The term "child" refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is the highest.

#### Working Hours

Working hours shall not exceed the maximum set by local law or 60 hours per week including overtime, except in emergencies or extraordinary circumstances. All overtime shall be voluntary.



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## B. Health and Safety

- To maintain a safe and healthy working environment in addition to minimizing the incidence of work-related injuries and illnesses
- To conduct ongoing worker input and education to identify and solve health and safety issues in the workplace

01 Occupational Health and Safety

02 Emergency Preparedness

03 Occupational injury and illness

04 Industrial Hygiene

05 Physical Demanding Work

06 Equipment Safeguarding

07 Sanitation, Food and Housing

08 Health and Safety Communication

### › HIGHLIGHTS

#### Emergency Preparedness

Potential emergency situations and events shall be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training, and drills.

#### Occupational injury and illness

Procedures and systems shall be in place to prevent, manage, track and report occupational injuries and illnesses. We require your company to allow workers not to return until the occupational injury or illness is mitigated.

#### Health and Safety Communication

We require your company to provide workers with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to.



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## C. Environment

- To recognize that environmental responsibility is essential in conducting business activities
- To identify the impacts on local communities, environment and natural resources and to minimize adverse effects, while safeguarding public health and safety.

01 Environmental Permits and Reporting

02 Greenhouse Gas Emissions Management and Reduction

03 Contribution to Circular Economy

04 Pollution Prevention and Resource Reduction

05 Hazardous Substances

06 Air Emissions

07 Materials Restrictions

08 Water Management

09 Conservation of Biodiversity and Ecosystems

### > HIGHLIGHTS

#### Greenhouse Gas Emissions Management and Reduction

We request your company to establish a science-based, corporate-wide greenhouse gas reduction target in line with Hitachi's reduction target.

#### Contribution to Circular Economy

We request your company to proactively identify, manage, reduce, and responsibly dispose of or recycle waste in its business activities, and strive to improve efficiency of resource use through a systematic approach.

#### Water Management

We request your company to implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination.



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## D. Business Ethics

- To promote transparency and accountability in your business activities in order to meet social responsibilities and increase your market value **with compliance with each clause.**

### 01 Prevent Bribery and Corruption

02 Give and Receive Gifts and Entertainment Responsibly

03 Conduct Business Transactions

04 Security Trade Control

### 05 Compete Fairly

06 Prevent Money Laundering

### 07 Identify and Manage Conflicts of Interest

08 Disclose information

09 Respect intellectual Property

10 Protect Identity and Non-Retaliation

11 Responsible Sourcing of Minerals

## > HIGHLIGHTS

### Prevent Bribery and Corruption

To prevent bribery and corruption, and comply with applicable anti-bribery and anti-corruption laws and regulations.



### Compete Fairly

To compete fairly and comply with antitrust and competition laws in all countries in which you do business with, or on behalf of, Hitachi.



### Identify and Manage Conflicts of Interest

To identify and manage conflicts of interest and avoid situations in which personal interests, outside activities, financial interests, or relationships conflict or appear to conflict with the interests relating to Hitachi activities.



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## E. Product Quality and Safety

- To ensure sufficient product design safety and sell products with an awareness of your responsibility as a manufacturer
- To comply with the requirements of laws and regulations related to product safety and safety standards.

### 01 Product Safety

### 02 Promotion of Quality Assurance Activities

#### ➤ HIGHLIGHTS

##### Product Safety

We request your company to design products with adequate safety measures in place and sell products, complying with the requirements of laws, regulations and safety standards related to product safety.

##### Promotion of Quality Assurance Activities

We request your company to formulate a quality assurance policy and conduct continuous improvement activities through the Plan-Do-Check-Act (PDCA) cycle based on policy.



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## F. Prevention of Personal and Confidential Information Leakage

- To take measures in accordance with applicable laws and regulations to prevent threats to computer networks
- To protect personal information and privacy of all people involved in your business
- To ensure that personal information is not obtained, used, disclosed, or leaked illegally and unfairly

01

Protection against Threats to Computer Networks Including Cyberattacks

02

Privacy Protection

03

Measures to Prevent Personal Information Leakage

04

Measures to Prevent Leakage of Customer and Third-party Confidential Information

### › HIGHLIGHTS

#### Privacy Protection

We require your company to be committed to effectively protecting personal information and privacy of all people involved in your business, including suppliers, customers, consumers, and workers.

#### Measures to Prevent Personal Information Leakage

We require your company to ensure that personal information is not obtained, used, disclosed, or leaked illegally and unfairly by formulating codes and policies to be complied with by workers.



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## G. Management System

- To monitor your company's operations and supply chain carefully
- To adopt or establish a management system with a scope that is related to the content of the Code of Conduct

### 01 Company Commitment

### 02 Management Accountability and Responsibility

### 03 Legal and Customer Requirements

### 04 Risk Assessment and Risk Management

### 05 Improvement Objectives

### 06 Training

### 07 Communication

### 08 Worker/Stakeholder Engagement and Access to Remedy

### 09 Audits and Assessments

### 10 Corrective Action Process

### 11 Documentation and Records

### 12 Due Diligence for Suppliers Upstream in the Supply Chain

## > HIGHLIGHTS

### Company Commitment

To establish human rights, health and safety, environmental and ethics policy statements affirming your company's commitment to due diligence and continual improvement, endorsed by executive management.

### Corrective Action Process

To establish a process for timely correction of deficiencies identified by internal or external audits and assessments, grievance mechanisms, inspections, investigations, and reviews and to take corrective actions where required.

### Due Diligence for Suppliers Upstream in the Supply Chain

To communicate the requirements of this code of conduct to suppliers upstream in the supply chain before starting transactions, conduct due diligence on these companies, and mitigate any identified risks.



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