



***Introduction to JR Automation's  
Corporate Social Responsibility (CSR) Procurement Guidelines  
December 2020***

In December 2019 Hitachi Ltd. (Hitachi) completed the acquisition of JR Automation Technologies, LLC (JRA). The following Hitachi CSR Procurement Guidelines have since been adopted by JRA Procurement. Hitachi and JRA believe that actively improving on the supply chain management activities will lead to the mutual prosperity of all suppliers, Hitachi and JRA. We ask that you support these guidelines as part of your business operations.

If you have questions regarding the guidelines, please reach out to your JRA Commodity Manager.

Thank you for your support.

*JRA Supply Chain Team*

HITACHI GROUP  
CSR PROCUREMENT  
GUIDELINE  
THE 3rd EDITION

JANUARY 2017

Value Chain Integration Division  
HITACHI, LTD.

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This guideline was created using the contents of "Hitachi Group Codes of Conduct" (<http://www.hitachi.co.jp/about/corporate/conduct>) as a reference, which was set by our company in August 2010 based on the contents of the "Code of Conduct Version 5.1" (revised on January 2016) of the EICC (Electronic Industry Citizenship Coalition).

## 1 . Introduction

The Corporate Credo of Hitachi Group is to “contribute to society through the development of superior, original technology and products”, and the Group conducts its business activities under the Group Vision of utilizing innovation to solve fundamental problems of the global society in order to bring about a vibrant world.

Under this Vision, Hitachi Group has been actively involved in CSR (Corporate Social Responsibility) activities. The Hitachi Group Procurement Department started supply chain management activities in the early 2000s, which Hitachi Group further accelerated and promoted following the Group’s announcement to participate in the United Nations Global Compact (\*Note 1) in February 2009.

Looking at the world today, many agreements were set within the framework of the United Nations to deal with problems faced by various countries around the world. Examples include the “UN Guiding Principles on Business and Human Rights” endorsed in June 2011, “Sustainable Development Goals (\*Note 2)” in September 2015, and the Paris Agreement which was adopted at the “21st Conference of the Parties to the United Nations Framework Convention on Climate Change (abbreviated COP21)” in December 2015. Companies throughout the world are expected to comply with the details of these agreements and to actively fulfill their roles. In this way, global society now expects companies to fulfill their social responsibilities more so than before, a trend that is expected to accelerate even further in future.

Under these circumstances, the Hitachi Group believes that actively improving on the supply chain management activities will lead to the mutual prosperity of all suppliers and Hitachi Group, and as such has created the 3rd Edition of the “Hitachi Group CSR Procurement Guideline” based on CSR supply chain management methods which have been established as global standards. We would like all our suppliers to carefully read the contents of this Guideline with the abovementioned points in mind, and to receive your support and cooperation in implementing this Guideline.

(\*Note 1) United Nations Global Compact, abbreviated UNGC:

Put forward by then UN Secretary-General Kofi Annan at the 1999 World Economic Forum (Davos meeting) and launched at UN headquarters in New York on July 26, 2000. The UNGC has more than 13,000 signatories (including approx. 8,300 companies) in 160 countries as of July 2015, and operates based on 10 principles in the 4 areas of human rights, labor, environment and anti-corruption.

(\*Note 2) Sustainable Development Goals, abbreviated SDGs:

Adopted in September 2015 at the United Nations General Assembly, the SDGs identify 17 goals that the whole world must work together to achieve by 2030, such as ending poverty and hunger, ensuring inclusive and equitable quality education, decent work, sustainable economic growth, and environmental protection. Strong emphasis is placed on “leaving no one behind” in the SDGs.

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Hitachi, Ltd.  
Value Chain Integration Division

## 2 . Hitachi Group Human Rights Policy

The Hitachi Group supports the realization of human rights by contributing to society through the development of superior, original technology and products, and delivering innovations that answer society's challenges. As a prerequisite to this, Hitachi seeks to meet its responsibility to respect human rights.

### The Responsibility to Respect Human Rights

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. Hitachi understands human rights to be, at a minimum, those outlined in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The responsibility to respect applies to all officers and employees of Hitachi, Ltd. and its consolidated subsidiaries. Hitachi expects its business partners and other parties whose own impacts may be directly linked to Hitachi's operations, products or services to respect and not infringe upon human rights, and will respond appropriately where they are not respecting human rights.

### Relationship to Hitachi's Values and Policies

Hitachi is aware that as a business enterprise it is a member of society and can contribute to creating an environment in which human rights are respected. Meeting the responsibility to respect human rights is key to operating as a responsible business, and is accepted to be a baseline expectation for all companies. It is an expression of Hitachi Group's Mission and Vision. This policy supplements the Hitachi Group Codes of Conduct and CSR policy.

### Implementing the Responsibility to Respect Human Rights

Hitachi is committed to meeting the responsibility to respect human rights through implementing the UN Guiding Principles on Business and Human Rights.

Hitachi will develop and implement on going human rights due diligence. Due diligence processes will include identifying and assessing potential and actual human rights impacts, and taking appropriate action to prevent or mitigate risks. The processes will also entail tracking to ensure the effectiveness of Hitachi's actions to address impacts and risks. To account for how Hitachi responds to potential and actual human rights impacts, the group will also develop and implement processes to communicate its findings externally.

Where Hitachi identifies that it has caused or contributed to a negative human rights impact, the company will provide for or cooperate in legitimate processes to provide remediation.

Hitachi adheres to national law and regulation in each market in which it operates. Where Hitachi faces conflicts between internationally recognized human rights and national laws, the company will follow processes that seek ways to honor the principles of international human rights.

Hitachi will provide appropriate training and capacity building in order to embed this policy commitment throughout the company and to ensure that its consolidated subsidiaries understand and implement human rights due diligence effectively.

Hitachi is committed to engaging in dialogue with and consulting relevant external stakeholders about addressing potential and actual human rights impacts.

### 3 . Procurement Policy

#### Partnership policy

At Hitachi we fully realize the value of developing trusting relationships with our valued suppliers.

#### Our open-door policy

Regardless of whether a supplier is a domestic or overseas company, we do our utmost to insure free competition.

#### Fulfillment of CSR (Corporate Social Responsibility)

Hitachi Group has established the “Framework of CSR Management”, laid out on the following page, based on the global standard ISO26000. In order for all Hitachi Group employees to reliably carry out CSR activities and continuously improve management quality based on this framework, PDCA activities will be strengthened. We would like to request all our business clients that we enjoy a strong partnership with to understand and support this framework, and to fulfill our corporate social responsibilities.

#### Selection of suppliers policy

We evaluate and select suppliers based upon criteria such as quality, price, lead time, quality of management, technical standards and abilities.

#### Our policy for sharing information and maintaining confidentiality

We attend to all suppliers' offers sincerely, and are willing to offer necessary information to suppliers. At the same time, we realize that suppliers' offers supply us with confidential or sensitive information. We always endeavor to maintain and keep such information strictly confidential.



#### 4 . Guidelines for Procurement Activities

These guidelines define business transaction standards which shall be applied to all HITACHI executives and employees in connection with their activities purchasing necessary materials, products, services, and information from outside sources.

1. Overall procurement activities of Hitachi shall adhere to the 「HITACHI Company Conduct Standards」 .
2. HITACHI shall maintain proper partnerships, mutual understanding, and reliable relationships with suppliers with a view to the long term results.
  - (1) HITACHI shall treat all suppliers impartially and be prohibited from favoritism such as giving unfair priority to any specific suppliers.
  - (2) HITACHI respects fair business dealings with suppliers and will avoid any improper act which might cause a loss to a supplier apart from normal and customary business transactions
  - (3) HITACHI shall keep suppliers' trade secrets strictly confidential and prevent them from being revealed or improperly used.
3. HITACHI develops suppliers to maintain competitiveness from a worldwide point of view.
  - (1) HITACHI responds to all suppliers' offers sincerely, and is always willing to offer the information necessary for suppliers to complete on an even playing field.
  - (2) HITACHI shall periodically check and review suppliers' performance and will consider offering more advantageous business opportunities when comparison with other resources allows.
4. Through a designated selection process, suppliers shall be evaluated by product quality, reliability, delivery, price, suppliers' business stability, technical development ability, fair and transparent information release, compliance with societies' rules, regulation compliance, respect for human rights, elimination of discrimination in respect of employment and occupation, elimination of all forms of forced and compulsory labor, environmental preservation activities, social contributions, good working environment, and recognition of social responsibilities with business partners.
  - (1) HITACHI shall not request quotations from suppliers with whom there is no intention to enter into a future business relationship.
  - (2) In accordance with specified internal procedures, the role and responsibility for specifications, terms and conditions, product acceptance and inspection belongs to each Requester, Procurement Department and Inspection Department.
  - (3) Procurement Departments shall be a representative of HITACHI when contracting with suppliers.
5. HITACHI members are prohibited from receiving any personal gifts or offers from suppliers.

## 5 . Framework of CSR Management

CSR Management Framework



### ■ The 9 Subjects and the Vision

| Subject                                     | Vision  |
|---|---|
| 1. Recognition of Social Responsibility     | We will properly recognize our social responsibilities as well as the positive and negative impacts of our business activities on society   |
| 2. Organizational Governance                | We will develop a corporate system as well as a culture to integrate CSR into the decision-making process at all management levels  |
| 3. Human Rights                             | We will raise awareness of Business and Human Rights among relevant internal and external stakeholders in addition to meeting our responsibility to respect human rights through the execution of Human Rights Due Diligence based on our Global Human Rights Policy. |
| 4. Labor practice                           | We will comply with labor laws, regulations and international principles to sustain and develop fair labor practices and provide decent work and working environment with fair employment and opportunities for all relevant workers.                                 |
| 5. The Environment                          | We will prevent potential environmental pollution directly or indirectly caused by our business activities and we will contribute to mitigating climate change, promoting sustainable resource use, and protecting the environment and biodiversity.                  |
| 6. Fair Operating Practice                  | We will act ethically in dealing with our business partners (customers, suppliers, etc.) and promote social responsibility throughout the entire value chain.   |
| 7. Customers (Consumer Issues)              | We will share adequate information about products, services, and quality assurance. We will respect consumers' rights through the protection of privacy, accessibility to products/services etc. and we will contribute to promoting sustainable consumption.         |
| 8. Community Involvement and Development    | We will build mid/long-term relationships with the communities relevant to our business and support their development through business as well as social contribution activities.   |
| 9. Review and Improvement of CSR Activities | We will reflect stakeholder expectations into our business activities to improve management quality and maintain and develop trust relationships with society through fulfilling our social responsibility.   |

For the latest information on Hitachi Group's CSR activities, please refer to the following URL:  
<http://www.hitachi.co.jp/csr/foundation/management.html>

## 6 . Hitachi Group Conflict Minerals Procurement Policy

### Conflict minerals:

There are numerous types of mineral resources buried within the lands of the Democratic Republic of the Congo, located in central Africa, and its neighbouring countries. Ores containing minerals such as tin which is used in solders to secure electronic parts to printed circuit boards, tantalum which is used in capacitors, tungsten which is used in superhard materials, and gold which is used in lead frames can be found in this region. The locals extract these ores, which traders and brokers export to other countries in order to earn valuable foreign currencies, but part of those foreign currencies are forcibly collected and used as funds to purchase weapons by armed groups that repeatedly engage in conflict and violate human rights in the same region, which has become a major problem. As such, the minerals listed above are called “conflict minerals”.

### Procurement policy:

The policy for procurement departments in all Hitachi Group companies have always been and will continue to be to ensure that procurement activities do not result or aid in conflicts within the same region and that the armed groups described above do not benefit from those activities, while continuing responsible procurement activities of minerals that are not related to the conflicts in the region based on local laws. Additionally, we will continue to support the practice of due diligence based on the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” among companies. With these in mind, Hitachi Group would like to request all our suppliers to utilise the Conflict Minerals Reporting Template developed by EICC/GeSI to continue checking the country of origin and supply chain of minerals, and also to procure from the \*CFS (Conflict Free Smelter) listed within.

### \*CFS(Conflict Free Smelter):

A list of smelters who have been identified as “not being involved in the conflict within the same region” by the Conflict-Free Sourcing Initiative (CFSI), an organisation that was founded by the EICC/GeSI, which is a group that aims to solve the conflict minerals problem.

## 7. CSR Procurement Guideline

### A. LABOR

Your company is committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, foreign, student, contract, direct employees, and any other type of workers. The labor standards are:

#### 1) Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery labor or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment.

Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law.

Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

#### 2) Young Workers

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers

under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime.

Your company shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable laws and regulations. Your company shall provide appropriate support and training to all student workers. In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

### 3) Working Hours

Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the lesser of either the maximum hours as set by local law or 60 hours per week. Workers shall be allowed at least one day off every seven days.

### 4) Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

### 5) Humane Treatment

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

## 6) Non-Discrimination

Your company should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests or physical exams that could be used in a discriminatory way.

## 7) Freedom of Association

In conformance with local law, your company shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

## B. HEALTH and SAFETY

Your company recognizes that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Your company also recognizes that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace.

Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Code and may be a useful source of additional information.

The health and safety standards are:

### 1) Occupational Safety

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, administrative controls, preventative maintenance, and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards. Workers shall be encouraged to raise safety concerns.

## 2) Emergency Preparedness

Potential emergency situations and events are to 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, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

## 3) Occupational Injury and Illness

Procedures and systems are to be in place and managed to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

## 4) Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control the risk of exposure. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

## 5) Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling, physically demanding work, work consisting mainly of repetitive tasks, prolonged

standing, and highly repetitive or forceful assembly tasks is to be identified, evaluated, and controlled.

#### 6) Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

#### 7) Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities. Furthermore, when providing potable water and sanitary food preparation, storage, and eating facilities, all facilities are to be hygienically maintained and operated.

When worker dormitories are provided by the Participant or a labor agent, they are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate heat and ventilation, and reasonable personal space along with reasonable entry and exit privileges.

#### 8) Health and Safety Communication

Your company shall provide workers with appropriate workplace health and safety training in their primary language. Health and safety related information shall be clearly posted in the facility.

### C. ENVIRONMENT

Your company recognizes that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public. For information on the Hitachi Group philosophy regarding green procurement, refer to the Hitachi Group's "Green Procurement Guidelines". Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the CSR Procurement Guideline.

The environmental standards are:



### 1) Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained, and kept current, and their operational and reporting requirements are to be followed.

### 2) Pollution Prevention and Resource Reduction

The use of resources and generation of waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling, and re-using materials.

### 3) Hazardous Substances

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling, or reuse and disposal.

### 4) Wastewater and Solid Waste

Your company shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

Wastewater generated from operations, industrial processes, and sanitation facilities are to be characterized, monitored, controlled, and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater. Your company shall conduct routine monitoring of the performance of its wastewater treatment systems.

### 5) Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Your company shall conduct routine monitoring of the performance of its air emission control systems.

### 6) Materials Restrictions

Your company is to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

#### 7) Storm Water Management

Your company shall implement a systematic approach to prevent contamination of storm water runoff. Your company shall prevent illegal discharges and spills from entering storm drains.

#### 8) Energy Consumption and Greenhouse Gas Emissions

Energy consumption and greenhouse gas emissions are to be tracked and documented, at the facility and/or corporate level. Your company is to look for cost-effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

#### 9) Management of Water Usage

Your company shall strive to use water appropriately in order to prepare for the increased demand for water due to population increase and economic growth. In addition to the issue of regional water shortages, it is predicted that the amount of usable water will decrease due to factors such as water pollution, changes in water distribution in association with climate change, etc. In order to avoid risks including operate stoppage due to water shortages, increased water prices, disputes over water with local residents, and power shortages due to decrease capacity of hydroelectric power, your company shall manage the amount of water use and wastewater, and shall implement measures to decrease the effect on upstream and downstream areas of river basins.

#### 10) Preservation of Biodiversity and Ecosystems

In order to maintain healthy biodiversity and ecosystems, the foundations of both human and business survivability, your company is required to be conscious of their effects and to procure raw materials and products while constantly remaining conscious of the following items.

- Prioritization of the procurement of paper and office products which are confirmed as being conscious of biodiversity and ecosystems
- Mining of raw materials which consider the ecosystem; development, production and procurement of raw materials, parts, and products which consider the ecosystem

- Consideration for the local ecosystem, including protection of rare species in that region when acquiring land or reconstructing buildings, and avoidance of dividing the natural habitats of animals
- Promotion of nature conservation activities such as greening and afforestation via native species to preserve the local ecosystem
- Continuous improvement of activities to prevent pollution from the perspective of ecosystem conservation, of 3R (Reduce, Reuse, Recycle) activities, and energy-saving activities
- Requesting that suppliers implement activities for ecosystem preservation

#### D. ETHICS

To meet social responsibilities and to achieve success in the marketplace, your company and their agents are to uphold the highest standards of ethics including:

##### 1) Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Your company shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion, and embezzlement. All business dealings should be transparently performed and accurately reflected on Participant's business books and records. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

##### 2) No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given, or accepted. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.

##### 3) Disclosure of Information

Information regarding participant labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.

#### 4) Intellectual Property

Intellectual property rights are to be respected; transfer of technology and knowhow is to be done in a manner that protects intellectual property rights; and, customer information is to be safeguarded.

#### 5) Fair Business, Advertising and Competition

Standards of fair business, advertising and competition are to be upheld. Appropriate means to safeguard customer information must be taken.

#### 6) Protection of Identity and Non-Retaliation

Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers are to be maintained, unless prohibited by law. Your company should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

#### 7) Responsible Sourcing of Minerals

Your company shall make further improvements to the transparency of the supply chain and shall engage in responsible procurement of materials and parts. Accordingly, your company shall agree with Hitachi Group procurement for conflict minerals as listed on page 9. In order to ensure procurement of conflict free minerals, you company shall participate in activities for constructing a responsible supply chain.

### E. MANAGEMENT SYSTEM

Your company shall adopt or establish a management system whose scope is related to the content of this Guideline. The management system shall be designed to ensure (a) compliance with applicable laws, regulations, and customer requirements related to the participant's operations and products; (b) conformance with this Guideline; and (c) identification and mitigation of operational risks related to this Guideline. The management system should also facilitate continual improvement, and should contain the following elements:

#### 1) Creation of CSR Policy

A corporate social and environmental responsibility policy statements affirming Participant's commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

#### 2) Appointment and Responsibility of Executive Officers in Charge of the Management Systems

The Participant clearly identifies senior executive and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

#### 3) Legal and Customer Requirements

A process to identify, monitor and understand applicable laws, regulations, and customer requirements, including the requirements of this Guideline.

#### 4) Risk Assessment and Risk Management

A process to identify the legal compliance, environmental, health and safety\* and labor practice and ethics risks associated with Participant's operations. Determination of the relative significance for each risk and implementation of appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance. Furthermore, when performing risk assessment, in addition to the degree of effect on the business and operation of your company, also consider the effect on people (employees of your company/suppliers, customers, local citizens, etc.) related to the products and services of your company.

\*Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria, and worker housing/dormitories.

#### 5) Improvement Objectives

Your company shall create written performance targets and implementation plans to improve the Participant's social and environmental performance, including a periodic assessment of each Participant's performance in achieving those objectives.

#### 6) Training

Your company shall create and hold training programs for instilling managers and workers with the skills listed below to implement Participant's policies, procedures, and improvement objectives and to meet applicable legal and regulatory requirements.

- a. Be able to carry out methods for implementing your company's policies and behavior based on those policies, and for engaging in activities to reach improvement targets.
- b. Be able to engage in work which is governed by applicable laws and regulations.

#### 7) Communication for Workers, Suppliers, and Customers

A process for communicating clear and accurate information about Participant's policies, practices, expectations, and performance to workers, suppliers, and customers.

#### 8) Worker Feedback and Participation

Ongoing processes to assess workers' understanding on practices and conditions covered by this Guideline, to obtain feedback from workers, and to foster continuous improvement. Methods of obtaining feedback from workers include establishing contact points such as hotlines where employees can make inquiries and report on matters of concern, employee surveys, and discussions with workers and union representatives. You company must not engage in adverse treatment against workers who use methods such as those listed above.

#### 9) Audits and Assessments

Periodic self-evaluations to ensure conformity to the content of laws and regulations, the content of this Guideline and customer contractual requirements related to social and environmental responsibility.

#### 10) Corrective Action Process

Your company shall construct a process for timely correction of deficiencies identified by internal or external third-party assessments, inspections, investigations, and reviews.

#### 11) Documentation and Records

Creation, maintenance, and continued verification of documents and records to ensure that confidentiality policies for protecting all forms of privacy conform to laws and regulations.

#### 12) Supplier Responsibility

A process to communicate Guideline requirements to suppliers and to monitor supplier compliance to this Guideline.

## F. PRODUCT QUALITY & SAFETY

### 1) Ensuring product safety

In the product design phase, the product safety shall be sufficiently ensured with consideration of the product liability and responsibility as a manufacturer. On product safety, normally requested safeties as well as compliance with laws are considered.

The followings are examples of laws on product safety in Japan:

- Electrical Appliance and Material Safety Law
- Consumer Products Safety Law
- Household Goods Labeling Law

Safety standards are defined in detailed regulations of laws, JIS, etc. International safety standards include UL, BSI, and CSA. Securing of product safety includes management of traceability (history of materials, parts, processes, etc.) and prompt response for problem solving.

### 2) Establishment and apply a quality management system

The quality management system is a part of the overall quality management system that includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources to promote quality assurance activities.

Quality assurance activities here mean to develop, implement, achieve, review, and to maintain the quality policy in order to promote the continuous improvement program using the so-called PDCA (Plan Do Check Action) closed-loop.

Some of the typical quality management systems are ISO9000 family, ISO/TS16949, and ISO13485.

## G. PREVENTION LEAKAGE OF PERSONAL / CONFIDENTIAL INFORMATION

### 1) Securing computer networks against threats including cyber attack

Threats on computer network refer to, as examples, computer viruses, computer worms, spy wares, ransom wares, social engineering, and targeted attacks. If a computer connected to the

Internet should get infected by computer threats, customer information and confidential information may be leaked out and/or these computer threats may attack computers of other companies, resulting in serious damages such as suspension of business or loss of credibility. Therefore, it is important to take effective measures against such threats on computer networks so as to avoid harmful influence inside and outside the company.

## 2) Protection privacy

Your company shall take measures to rationally protect the personal information and privacy of all persons involved in your business, including suppliers, customers, consumers, workers, etc. When collecting, saving, processing, transmitting, and sharing personal information, your company shall act in accordance with the content of laws/regulations related to privacy and information security.

## 3) Prevention the leakage of personal information

In order to prevent unreasonable or improper obtainment, utilization, disclosure, or leakage of personal information\*, your company shall establish a code of conduct and policies to be complied with by workers, and shall implement and thoroughly operate a PDCA cycle.

\*Personal information: Information on live individuals that can identify a specific person by name, birth date, and other descriptions in the information (including information that can be easily compared with other information to identify a specific person.)

## 4) Prevention the leakage of customer and third-party confidential information

In order to prevent unreasonable or improper obtainment, utilization, disclosure, or leakage of all confidential information\* of customers, third parties, etc., your company shall implement and thoroughly operate a PDCA cycle.

\*Confidential information: Information disclosed from a document, etc. (including electromagnetic- or optically-recorded data information) that that is deemed as confidential, or orally disclosed after confidentiality is notified.

(End)



## 8 . Revision History

| Edition # | Date            | Details  |
|-----------|-----------------|--|
| 1         | January 5, 2009 | Created 1st edition of the Hitachi Supply Chain CSR Promotion Guidebook.   |
| 2         | June 5, 2009    | In the "Introduction", added/inserted text declaring participation in The United Nations Global Compact.   |
| 3         | January 5, 2017 | <p>(1) Changed the title to "Hitachi CSR Procurement Guideline".</p> <p>(2) In the "Introduction", added/inserted text related to SDGs and COP21.</p> <p>(3) Deleted the "Hitachi Group CSR Activities Policy" and replaced it with the "Framework of CSR Management".</p> <p>(4) Inserted the "Hitachi Group Human Rights Policy".</p> <p>(5) Inserted the "Hitachi Group Conflict Minerals Procurement Policy".</p> <p>(6) From page 13 on onwards, inserted the "CSR Procurement Guideline" while referring to contents of the "Hitachi Group Code of Conduct", as based on the "EICC Code of Conduct Version 5.1".</p> |