

Statement in Accordance with the UK Modern Slavery Act 2015

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 for the fiscal year ended March 31, 2017 and articulates the steps that Hitachi, Ltd. has taken to minimize the risk of slavery or human trafficking in our supply chains or in any part of our business.

1. Description of the Company

Hitachi, Ltd. is a business corporation headquartered in Tokyo and is, together with its major subsidiaries, providing goods and services through its business units and subsidiaries in and outside of Japan in the field of information and telecommunication systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high functional materials and components, automotive systems, smart life and ecofriendly systems and others. Until December 31, 2016, Hitachi, Ltd. had a branch in the UK which provided support and marketing services for its industrial products business unit. In addition, Hitachi, Ltd. and its major subsidiaries have subsidiaries operating as sales offices, factories, and or service and maintenance sites in the areas of information and telecommunication systems, automotive parts and components, rail systems, construction machinery, power systems, and other related technology sectors. Subsidiaries that are required to produce a statement in accordance with the UK Modern Slavery Act 2015 will issue their own statement.

2. Information on the Supply Chain

Hitachi, Ltd. and its subsidiaries purchase products, materials, parts and components mainly from Asia to produce products or to provide systems and services. The number of suppliers with whom we have a direct business relationship is approximately 30,000 in 66 countries worldwide (as of March, 2017). Among them, are 10 Hitachi Group companies based in UK.

3. Company Policies

Hitachi, Ltd. and its subsidiaries have Group policies and guidelines to show our approach and commitment to addressing modern slavery:

- Hitachi Group Codes of Conduct
- Hitachi Group Human Rights Policy
- Guidelines for Procurement Activities
- Hitachi Group CSR Procurement Guidelines (the 3rd edition)

We have revised “The Hitachi Group Supply Chain CSR Deployment Guidebook” in January 2017 with reference to the EICC Code of Conduct version 5.1. Its new title

is “Hitachi Group CSR Procurement Guideline (the 3rd edition)”.

It will be distributed to tier 1 suppliers of Hitachi, Ltd. and its subsidiaries.

- Hitachi, Ltd. has instituted a whistle blowing system to prevent illegal and unethical behavior, to promptly address infractions and to enhance our ability to self-regulate. This includes issues relating to the life and health of citizens or social justice. Hitachi, Ltd. employees, former and temporary employees, and Hitachi Group company employees, temporary employees and officers, as well as employees and temporary employees of companies which conduct transactions with Hitachi, Ltd. or Hitachi Group companies can report via this system. All reports go directly to the compliance department of Hitachi, Ltd. or to an outside attorney. Contact can be made via mail or e-mail.

4. Actions Taken during FY2016

During the fiscal year 2016, Hitachi, Ltd. took the following actions to respect human rights and address modern slavery under the aforementioned policies and guidelines:

- In order to meet the UN Guiding Principles on Business and Human Rights, Hitachi, Ltd. and the subsidiaries have started a Human Rights Due Diligence (HRDD) process in 2015 focusing on procurement activities. This has involved an impact assessment to identify regions, business models, and specific risks to prioritize at group wide level. The progress was shared during the procurement meeting mentioned above as well as at group CSR meetings. Risks relating to migrant workers, including forced labour are one of the priority areas for action. During FY2016, we have released new Hitachi Group Procurement Guidelines and to ensure that the Guidelines’ provisions are followed, we request acknowledgement of suppliers’ understanding in writing. Tier 1 suppliers are further asked to confirm that tier 2 suppliers also follow the provisions in the guidelines. We plan to revise the Guidelines regularly to ensure that they always reflect the demands of global society regarding corporate supply chain management;
- Moreover, we started the revision of the associated supplier self-check sheet as a result of the assessment. The revised self-check sheet contains more concrete questions including forced labor, treatment of migrant workers, child labour, working conditions in accordance with the revision of new guidelines.
- Hitachi, Ltd. and its subsidiaries asked key suppliers based in the Asian countries identified as high risk areas during a HRDD impact assessment process conducted in FY2015 to conduct CSR self-checks (previous version) including questions about forced

labour. The results were collected and analyzed to take necessary remedial action. These self-checks have been carried out since fiscal 2007. In 2016, we have asked 316 suppliers to conduct and all of them completed a self-evaluation.

- Hitachi, Ltd., have audited its and its subsidiaries' suppliers in China, Malaysia, and Vietnam from among those providing CSR self-check results. Twenty suppliers were audited in fiscal 2016, and areas noted for improvement were included overtime work exceeding stipulated rules (19 suppliers), failure to conduct periodic inspections of machinery and equipment (6), and insufficient management of hazardous waste (9). The relevant suppliers were requested to submit improvement action plans. Hitachi, Ltd., together with its subsidiaries, will work with and advise the suppliers until they complete the planned improvements.
- The CSR supply chain management and green procurement policies implemented by Hitachi, Ltd. were shared during a biannual group-wide meeting on CSR and green procurement. During the 2016 meetings Hitachi, Ltd. shared the results of supplier audits and asked managers of business units and the subsidiaries to guide suppliers.
- To raise awareness and deepen the understanding of the responsibility to respect human rights, executives as well as employees of Hitachi, Ltd. receive ongoing training. To this end, during the fiscal year 2016, we have provided or supported trainings such as:
 - Group-wide e-learning on business and human rights, which includes modern slavery, to the management and employees. Over 185,893 people completed the training using the common e-learning platform;
 - an awareness and learning program on forced labour for procurement and human resource personnel operating in Southeast Asia. The program, consisting of 4 webinars, was facilitated by the NGO, ASEAN CSR Network;
 - a modern slavery e-learning programme for subsidiaries in Europe which raises awareness of different manifestations of modern slavery and trafficking and explains how these should be reported.
- Hitachi, Ltd.'s CEO sent a message which explains about modern slavery to executives and employees of Hitachi, Ltd. and the subsidiaries on Human Rights Day reiterating the importance of respect for human rights.
- Hitachi, Ltd. and its subsidiaries started a HRDD process focusing on the human resources function to assess and prioritize risks and discuss existing grievance

mechanisms with the support of Shift, the independent, non-profit center for business and human rights practice.

- Hitachi, Ltd. and the subsidiaries organized a seminar on CSR including modern slavery related issues and the environment in China for suppliers in January, 2017 to share our CSR policy, result of audits, engagement with NGOs and environmental law updates. Forty-five people from 32 suppliers based in China attended. We received positive feedback and plan to continue such training in China and other countries. In cooperation with external experts, we will endeavor to ensure that suppliers understand our expectations and build their internal capacity to achieve them.

5. Plan for FY2017

During FY2017 and onwards, we plan to:

- Distribute the Hitachi Group CSR Procurement Guidelines (the 3rd edition) among suppliers and Hitachi, Ltd.'s subsidiaries suppliers;
- Complete the revision of the check sheet and send to the suppliers located in priority countries. Since we want to use the check sheet to engage with the suppliers, we will limit the distribution to a manageable number. The engagement will include analyzing the result and reflecting them to our procurement policies and activities including capacity building of suppliers;
- Start communicating internally to integrate the results of the HRDD workshop focusing on human resources held last FY into our existing policies and systems;
- Hold meetings or workshops with business groups or subsidiaries to discuss plans going forward;
- Continue activities to enhance the understanding of human rights including modern slavery, through seminars, meetings, educational tools, CEO message, etc.

August 29, 2017



Toshiaki Higashihara
President & CEO