

Modern Slavery Act Transparency Statement

Hitachi Europe Limited

Modern Slavery Act 2015 Statement for the year ending 31 March 2020

Hitachi Europe recognises the importance of identifying and preventing modern slavery and its causes in our business and supply chain. This statement, our fifth made pursuant to Section 54(1) of the Modern Slavery Act 2015, sets out the steps we have taken to prevent modern slavery and human trafficking in our business and supply chain in the year ending 31 March 2020 as well as our plans for the current year. It covers Hitachi Europe Limited only. For other Hitachi Group company statements please see the relevant company website or visit www.hitachi.eu/en-gb/modern-slavery-act.

Our Business

Hitachi Europe is part of the Hitachi Group and is a wholly owned subsidiary of Hitachi, Ltd. in Japan. Our business in the UK is headquartered in Maidenhead, with significant presences in London and Cambridge. We also have branch offices in Istanbul (Turkey), Warsaw (Poland), Zurich (Switzerland), Johannesburg (South Africa) and Copenhagen (Denmark), and a representative office in Bucharest (Romania). These offices are involved in sales and/or business development.

Operations

Our Maidenhead office operates as the European corporate centre for Hitachi, Ltd. providing support and services to Hitachi's European Group companies and, along with our other UK based locations, also houses a number of diverse businesses, which are organised in operational business groups supplying a variety of products and services under the Hitachi brand. In the financial year ending 31 March 2020 these included:

- The Digital Media Group – sources and sells televisions, soundbars, refrigerators and motion sensors. Consumer products are available in the UK via retailers such as Argos;
- The Security Business Group – focusses on digital security solutions and finger vein technology, a secure, simple and safe way for banks to identify their customers by reading their unique vein pattern;
- The Power Device Division – provides advanced high reliability semiconductors – including insulated gate bipolar transistors, integrated circuits and diodes – to industrial, rail, automotive and consumer markets. These components deliver high power efficiency for precise electric power control, in applications ranging from motors to grid level power transmission;
- The Particle Beam Therapy Group – provides systems to deliver proton therapy, one of the most advanced forms of cancer therapy available, offering treatment with pinpoint accuracy and minimal side effects;
- The Digital Solutions Group – offers digital solutions, combining Hitachi's extensive operational technology and advanced IT capability to meet client needs in areas including connected communities, energy management and electric mobility; and
- The Social Innovation Business Group - is responsible for developing new digital solutions that harness Hitachi's extensive experience in IT and operational technologies to bring new value to our customers. Activities are focused on delivering solutions in three core areas of expertise: Transport, Manufacturing and Smart Energy

We also provide corporate, administrative, compliance and governance services to other Hitachi Group companies. Our UK business, and its overseas branch and representative offices, employs approximately 420 people. In the 2019 financial year, Hitachi Europe had a turnover of approximately £154 million.

Our Supply Chain

We have approximately 50 active trade suppliers (of which 14 are Hitachi Group companies) that supply either complete products or components of our products. Half of these are based in the UK or Japan. A review of our suppliers in 2019 indicated one fifth of our trade suppliers are based in countries identified as posing a high risk of modern slavery, namely China (including Hong Kong), Greece, Malaysia, Thailand and Turkey. The others are based in other lower risk European countries, Australia, Singapore and the US.

We have approximately 1200 further suppliers which are categorised as non-trade. They supply everything used for our operations that is not a product or product component. The majority of these suppliers are located in the UK and Japan, while a small number are based in higher risk countries including China, Egypt, India, Oman, Qatar, Romania, Russia, Saudi Arabia and Turkey.

Our Approach

We are committed to conducting business ethically and to minimising the risk of slavery or human trafficking in our own business and in our supply chains.

Our commitment and work is strongly supported by Hitachi, Ltd. In 2019, Hitachi, Ltd.'s President and CEO, Toshiaki Higashihara, signed the World Business Council for Sustainable Development's [CEO Guide to Human Rights](#) calling for CEOs to go beyond compliance to drive transformative change in corporate respect for human rights.

In line with Hitachi's global human rights approach to create a value chain where the human rights of all stakeholders are respected, Hitachi Europe seeks to work with suppliers that actively address modern slavery and to work collaboratively with those still developing their processes in this area. We also strive to engage employees and other Hitachi Group companies in understanding why addressing modern slavery is important and how to identify and act on indicators of slavery.

Our four key areas of focus in addressing modern slavery are (1) implementing Human Rights Due Diligence (HRDD), (2) raising awareness and building expertise in Hitachi Europe and across the Hitachi Group in Europe, (3) collaborating with external organisations and stakeholders, and (4) monitoring progress.

Hitachi Europe's HRDD process is in line with that outlined in the UN Guiding Principles on Business and Human Rights. We seek to:

- assess where human rights and modern slavery risks exist, the severity and likelihood of impact, and to prioritise the order in which we will address them;
- integrate and act on the findings of our assessments;
- track progress to ensure our actions are effective; and
- communicate outcomes appropriately to relevant stakeholders.

We acknowledge that we are on a journey and, in common with other companies, face challenges which include engaging suppliers where we have low leverage and fully understanding the sub-tiers of our supply chain. This is why we collaborate with external stakeholders and experts to overcome such challenges and ensure that our work is robust and effective.

Our Policies

We continue to apply our company and Group policies which address issues relevant to slavery and human trafficking:

- The Hitachi Group Codes of Conduct ([LINK](#)) refer to respecting human rights, in particular hiring employees according to international standards and not engaging in child or forced labour.
- The Hitachi Group Human Rights Policy ([LINK](#)) sets out Hitachi's commitment to undertake Human Rights Due Diligence in accordance with the UN Guiding Principles to identify and address human rights issues, including those related to modern slavery.
- The Hitachi Group CSR Procurement Guideline ([LINK](#)) is shared with suppliers and specifically calls for freely chosen employment, appropriate working ages, working hours, wages and benefits as well as humane treatment, non-discrimination and freedom of association.
- Our written employment practices and procedures ensure fair recruitment and treatment of employees.
- A written whistleblowing procedure encourages employees to report concerns of malpractice, which would include any concerns related to modern slavery and human trafficking issues.

Our Progress to Date

Over the last year, we have:

1. Continued to implement Human Rights Due Diligence
 - We reviewed and updated our Supplier Self-Assessment Questionnaire; and
 - we drafted questions on modern slavery and human trafficking to be included in the supplier onboarding process with the objective of raising red flags at the outset.
2. Raised awareness and built expertise
 - We continued to co-ordinate a cross-group European Responsible Supply Chain Working Group co-led by our Sustainability and Value Chain Integration teams. All Hitachi Group companies in Europe are invited to join this collective learning group which aims to support Group companies in strengthening their consideration of social impacts within their supply chains, and specifically to:
 1. increase the understanding of Hitachi's approach as set out in the Hitachi Group's Human Rights Policy and with reference to drivers for implementing the UN Guiding Principles, such as the regulatory environment in Europe in relation to business and human rights including the UK Modern Slavery Act;
 2. build capacity in understanding how salient human rights issues in the supply chain can be assessed and prioritised;
 3. build capacity in managing challenges and identified salient human rights risks proactively;
 4. equip group companies with the knowledge, guidance and tools on how to embed human rights due diligence with suppliers; and
 5. provide an information exchange platform among Hitachi companies in Europe to discuss challenges and good practice.
 - Our modern slavery e-learning module was made mandatory for all Hitachi Europe employees.
3. Collaborated with external organisations and stakeholders
 - We continued to participate in:
 - The UN Global Compact's UK Modern Slavery Working Group (MSWG). We have benefited from cross-sector learning, including presentations and discussion with the Slavery & Trafficking Risk Template Committee.

- BSR (Business for Social Responsibility), a global not for profit organisation, participating in their Human Rights Working Group. We took part in peer learning, openly discussing challenges and solutions.
 - techUK's Sustainable Supply Chain group, providing access to learning from peers in the technology sector on modern slavery.
 - We participated in modern slavery statement peer review exercises facilitated by the UNGC MSWG and techUK, feeding learning across Hitachi Group companies.
 - We collaborated with Shift, the business and human rights experts, to input into and guide the direction of the European Responsible Supply Chain Working Group.
4. Monitoring progress
- We continue to work towards the development of KPIs. However, we have continued to focus on ensuring we have the right processes in place and fully understand the risks in our supply chain before we set and agree KPIs.

Our Future Plans

Over the coming year and beyond we plan to focus on the following areas:

- Implementing Human Rights Due Diligence
 - Further develop the risk analysis of our suppliers and increase awareness with key suppliers as appropriate.
 - Add questions on modern slavery and human trafficking within the supplier onboarding process.
- Raising awareness and building expertise
 - The plans for the Human Rights Working Group for relevant procurement and CSR colleagues in Hitachi Group companies in Europe will build on the FY19 focus on preventing and mitigating Supply Chain Social Risks in practice. The working group will consider how to roll-out the self-assessment questionnaire to suppliers and analyse the returned self-assessment questionnaires.
- Collaborating with external organisations and stakeholders
 - Continue membership of techUK's Sustainable Supply Chain Group.
- Monitoring progress
 - We will continue to assess the feasibility of setting effective KPIs to monitor progress.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Hitachi Europe Limited's slavery and human trafficking statement for the financial year ended 31 March 2020. It has been approved by Hitachi Europe Limited's Board of Directors.

Naotoshi Nishida
 Managing Director
 Date: 21 August 2020

