

Direct applicability of the Hitachi Sustainable Procurement Guidelines in GlobalLogic

Background

Hitachi, Ltd. together with its group companies, subsidiaries, and affiliates (collectively “Hitachi Group”) including all GlobalLogic group companies (collectively “GlobalLogic”) maintains a culture of openness and is committed to the highest standards of sincerity, accountability, and ethical conduct throughout its supply chain.

Hitachi Group has introduced the Hitachi Sustainable Procurement Guidelines in July, 2021. The Hitachi Sustainable Procurement Guidelines are a communication tool informing procurement partners about Hitachi Group initiatives. They describe Hitachi policies and initiatives related to sustainability, and specify points that also require compliance by procurement partners.

GlobalLogic, as a Hitachi Group company, has entirely adopted the Hitachi Sustainable Procurement Guidelines without any adjustments and published it on the [website](#) in 2023.

Hitachi Sustainable Procurement Guidelines

Hitachi Group Compliance Team defines the content of the Hitachi Sustainable Procurement Guidelines and reviews it from time to time. Hitachi Group provides GlobalLogic with training materials and documentation supporting promotion of the Hitachi Sustainable Procurement Guidelines.

GlobalLogic Compliance Team in close collaboration with the Hitachi Compliance Team disseminates the content of the Hitachi Sustainable Procurement Guidelines across our supply chain.

Change History

Revision	Change Description	Valid Date	Approver
1.0	First release of this document	16.02.2024	Anna Radzivilovsky Senior Vice President, Finance

Hitachi Group Procurement Partners

Hitachi Group Sustainable Procurement Guidelines

October 2023 (6th Edition)

Hitachi, Ltd.

Value Integration Division

1. Hitachi Group Policies and Initiatives.....	4
1-1. Hitachi Group Policies	4
1-2. Hitachi Group Procurement Initiatives	8
2. Hitachi Group Supplier Code of Conduct	9
A. Labor	9
B. Health and Safety.....	12
C. Environment.....	14
D. Business Ethics	16
E. Management System.....	18
F. Product Quality and Safety	20
G. Prevention of Personal and Confidential Information Leakage.....	20
3. Revision History	22

These Guidelines were established based on Hitachi Group's various policies (the Hitachi Group Codes of Ethics and Business Conduct (revised in March 2023), etc.), initiatives (including the results of human rights due diligence), widely recognized global standards, and other references.(*)

(*References:

- United Nations Universal Declaration of Human Rights
- <https://www.un.org/en/about-us/universal-declaration-of-human-rights>
- United Nations Guiding Principles on Business and Human Rights
- https://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.31_en.pdf
- OECD Guidelines for Multinational Enterprises
- <http://www.oecd.org/daf/inv/mne/48004323.pdf>
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- <http://www.oecd.org/corporate/mne/mining.htm>
- ISO 9000 (QUALITY MANAGEMENT)
- <https://www.iso.org/iso-9001-quality-management.html>
- ISO 14001 (ENVIRONMENTAL MANAGEMENT)
- <https://www.iso.org/iso-14001-environmental-management.html>
- ISO 45001 (Occupational health and safety)
- <https://www.iso.org/standard/63787.html>
- RBA (Responsible Business Alliance) Code of Conduct 7.0 (2021)
- <https://www.responsiblebusiness.org/code-of-conduct/>
- JEITA (Japan Electronics and Information Technology Industries Association)
The Guideline (2020) *Currently Japanese only
- <https://www.jeita.or.jp/japanese/pickup/category/2020/200331.html>

Definition:

procurement partner(s): Hitachi refers to its suppliers as “procurement partners” who build business together on an equal footing.

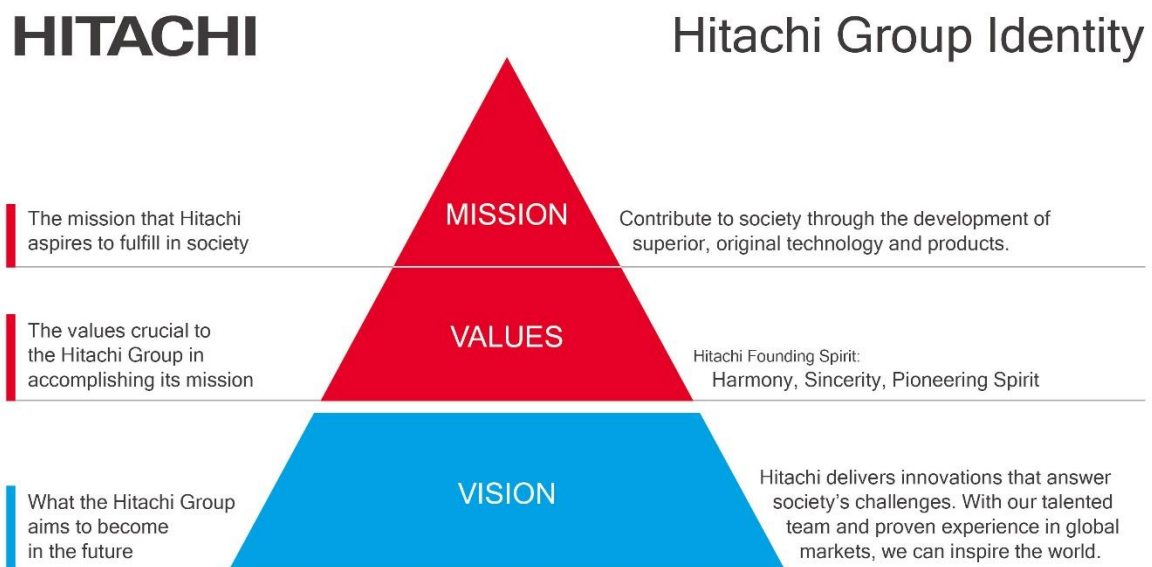
1. Hitachi Group Policies and Initiatives

1-1. Hitachi Group Policies

A. Hitachi Group Corporate-wide Policies

A-1 Hitachi Group Identity

Our Mission is to "contribute to society through the development of superior, original technology and products." In striving to accomplish this, we embrace the values of Hitachi Founding Spirit: Harmony, Sincerity and Pioneering Spirit. Our Vision was created based on our Mission and Values to express what the Hitachi Group aims to become in the future. The Hitachi Group Identity is a simple concept designed to share our Mission, Values, and Vision.



[Hitachi Group Identity: Hitachi \(hitachi.com\)](https://www.hitachi.com)

A-2 Hitachi Group Code of Ethics and Business Conduct

The Hitachi Group Code of Ethics and Business Conduct consists of rules and principles to assist officers and employees make decisions and take actions consistent with the Hitachi Group Identity.

[Code of Conduct • Compliance : Hitachi Global](#)

A-3 Hitachi Group Human Rights Policy

Hitachi formulated the Hitachi Group Human Rights Policy in 2013, and we view this policy as one of our highest internal standards. 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.

[Hitachi Global Human Rights Policy Statement](#)

Hitachi Group Procurement Policies

B-1 Procurement policy

1. Partnership policy

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

2. Our open-door policy

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

3. Fair business relationship policy

It is our policy to always maintain a fair business relationship with all of our procurement partners.

4. Selection of procurement partners policy

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

B-2 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 Group Code of Conduct.
2. HITACHI shall maintain proper partnerships, mutual understanding, and reliable relationships with procurement partners with a view to the long term results.
 - (1) HITACHI shall treat all procurement partners impartially and be prohibited from favoritism such as giving unfair priority to any specific procurement partners.
 - (2) HITACHI respects fair business dealings with procurement partners and will avoid any improper act which might cause a loss to a procurement partner apart from normal and customary business transactions
 - (3) HITACHI shall keep procurement partners' trade secrets strictly confidential and prevent them from being revealed or improperly used.
3. HITACHI develops procurement partners to maintain competitiveness from a worldwide point of view.
 - (1) HITACHI responds to all procurement partners' offers sincerely, and is always willing to offer the information necessary for procurement partners to complete on an even playing field.
 - (2) HITACHI shall periodically check and review procurement partners' performance and will consider offering more advantageous business opportunities when comparison with other resources allows.
4. Through a designated selection process, procurement partners shall be evaluated by product quality, reliability, delivery, price, procurement partners' 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 procurement partners 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 procurement partners.
5. HITACHI members are prohibited from receiving any personal gifts or offers from procurement partners.

B-3 Hitachi Group's policy for Responsible Supply Chain of Minerals

The Hitachi Group is committed to responsible procurement activities as its policy to ensure that the procurement of materials containing conflict minerals (tin, tantalum, tungsten, and gold) and cobalt does not encourage the activities of armed groups, human rights violations including child labor, corruption, and environmental destruction in the conflict and high-risk regions.

The Group also respects the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and conducts more detailed investigations based on the Guidance while understanding social issues and the expected roles of companies in the regions.

For its procurement partners, the Group will continue to inquire into their minerals' country of origin and supply chains using the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI), and request its procurement partners to procure minerals from smelters certified under RMI's Responsible Minerals Assurance Program (RMAP).

1-2. Hitachi Group Procurement Initiatives

Hitachi attaches great importance to sustainability in its value chains. Hitachi Group's procurement division began working on corporate social responsibility (CSR) in supply chain management in the early 2000s and has accelerated and advanced this initiative since February 2009, when the Hitachi Group announced its participation in the United Nations Global Compact. (*) In dealings with its procurement partners, the Group commits itself thoroughly to procurement activities based on its policies and codes of conduct introduced in "1-1. Hitachi Group Policies." In addition, the Group has distributed the Supply Chain CSR Procurement Guidelines to roughly 30,000 procurement partners to disseminate its Sustainable procurement policies, and asked them to conduct CSR monitoring (completing a check sheet for the Hitachi Group Supply Chain CSR Procurement Guidelines) and auditing with the aim of minimizing procurement risks. The Group has formulated the Hitachi Group's policy for Responsible Supply Chain of Minerals to address the issue of materials containing conflict minerals, and is promoting responsible procurement activities based on international guidelines.

Hitachi is advancing its initiatives with a strong belief that developing business activities with a focus on sustainability will lead to mutual prosperity for the Hitachi Group and its procurement partners. Hitachi deeply appreciates its procurement partners carefully reading and following these Guidelines with the above purposes in mind.

For the latest information and other details concerning Hitachi Group's sustainability, please visit the following website.

[Hitachi Group Sustainability \(hitachi.com\)](https://www.hitachi.com/sustainability)

(*)The United Nations Global Compact, or UNGC, was proposed by then UN Secretary-General Kofi Annan at the World Economic Forum (Davos Forum) in 1999 and officially launched at the UN Headquarters in New York on July 26, 2000. As of May 2021, the UNGC has been signed by more than 17,000 organizations (including roughly 5,700 businesses) that are undertaking activities based on ten principles in the four areas of human rights, labor, the environment, and anti-corruption.

2. Hitachi Group Procurement partner Code of Conduct

A. Labor

Your company must uphold the human rights of workers and treat them with dignity and respect as understood by the international community. This applies to all types of workers, including temporary staff, migrant workers, students, and direct employees.

(1) Recruitment and Employment of Workers

Your company must not use forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery, or human trafficking. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction, or fraud for labor or services. Unreasonable restrictions must not be imposed on workers entering and exiting company-provided facilities (including, if applicable, worker dormitories and living quarters) and workers' freedom of movement in the facilities. As part of the hiring process, your company must provide all workers with a written employment agreement that includes employment terms and conditions stated in their native language or a language properly understood by them. Foreign migrant workers must receive the employment agreement prior to departure from their home country, and no substitution or changes are permitted in the employment agreement upon arrival in the destination country unless these changes are made to meet local laws and provide equal or better terms. All work must be voluntary, and workers are free to leave work at any time or terminate their employment without penalty or punishment if reasonable notice is given as per their contract.

Your company must not retain or otherwise destroy, conceal, or confiscate workers' identification certificates or immigration documents (government-issued identification, passport, work visa, personal ID card, etc.). Employers are allowed to retain these documents only if such retention is required by law, but even in this case, workers are allowed access to their documents at all times.

Your company must not make workers bear recruitment fees or other expenses related to their employment charged by employers' agents or sub-agents. Any such costs found to have been paid by workers will be refunded to the workers.

(2) Employment of Young Workers

Your company must not use child labor at any stage of 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 each country, whichever is highest. Your company must have an appropriate mechanism to verify the age of its workers. Legitimate workplace learning programs are approved as long as they comply with all laws and regulations. Workers under the age of 18 (young workers) are not to

engage in work, including night shifts and overtime, that may jeopardize their health or safety.

Your company must ensure appropriate management of student workers by properly maintaining their employment records, conducting rigorous due diligence of educational partners, and protecting student workers' rights in accordance with applicable laws and regulations. Your company must also provide all student workers with appropriate support and training for their tasks. As for student workers' wages, in the absence of local laws, the wage rates for student workers, interns, and apprentices will be at least the same as those for other entry-level workers performing equal or similar tasks.

(3) Working Hours

Studies on business practices have revealed that overwork is clearly linked to lower productivity, higher turnover, and a greater risk of injury and illness. Your company must therefore ensure that working hours do not exceed the limit set by local laws. Further, the total weekly working hours, including overtime, must not exceed 60 hours or the legal working hour limit, except in the case of emergencies or unusual circumstances. All overtime work must be voluntary. Efforts must also be made to prevent workers from being overworked, and workers will be granted appropriate days off (at least one holiday that complies with local laws or 24 consecutive hours of rest in any seven-day period, whichever is longer).

(4) Wages and Benefits

Compensation paid to workers must comply with all applicable wage laws, including those relating to minimum wages, overtime work, and legally mandated benefits. In compliance with local laws, workers must be paid for overtime work at a rate higher than their regular hourly rate. Workers must be timely provided with easy-to-understand pay slips that include sufficient information to verify accurate compensation for the work performed during each payment period. All temporary, dispatch, and outsourced workers are to be used within the limits of local laws.

(5) Humane Treatment of Workers

No workers will be subjected to harsh or inhumane treatment that includes violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse; nor will there be the threat of any such treatment. Your company must clearly define and communicate to workers its disciplinary policies and procedures in support of these requirements.

(6) Non-Discrimination/Non-Harassment

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

(7) Freedom of Association

Your company must respect the right of all workers to form and join trade unions of their own choosing, bargain collectively, and participate in peaceful assembly as well as the right to refrain from such activities in accordance with local laws. Workers and/or their representatives must be able to openly communicate and share their 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 must recognize that a safe and healthy work environment enhances the quality of products and services, product consistency, and workforce stability and morale, in addition to minimizing the occurrence of work-related injuries and illnesses. Your company must also recognize that continuously providing information and education to workers is essential to identify and resolve health and safety issues in the workplace. Widely recognized management systems, such as ISO 45001 and the ILO Guideline on Occupational Safety and Health Management Systems, may provide useful information to formulate corporate codes.

(1) Occupational Safety

Your company must identify and assess its workers' exposure to potential health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and falls), and mitigate the hazards using the Hierarchy of Controls. This approach includes eliminating hazards, substituting processes and materials, controlling through proper design, implementing engineering and administrative controls, preventive maintenance, and safety work procedures (including lockout/tagout), and providing ongoing occupational health and safety training. When hazards cannot be controlled properly by these means, workers must be given appropriate, well-maintained personal protective equipment, and education on the risks related to these hazards must be provided effectively in a language properly understood by workers. Appropriate measures must also be taken for pregnant women and nursing mothers, such as work reassignment to avoid serious hazards, eliminating or reducing occupational health and safety risks involving their work assignment, and providing reasonable accommodation for nursing mothers.

(2) Emergency Preparedness

Your company must identify and assess potential emergency situations and events, and minimize the impact by implementing emergency plans and response procedures, including emergency reports, notification to employees, evacuation procedures, and training and drills for workers. Emergency drills must be conducted at least once a year or as required by local laws, whichever is more stringent. Emergency measures include appropriate fire alarm and suppression systems, visible and unobstructed exit routes, facilities with appropriate emergency exits, contact information for emergency responders, and recovery plans. These measures and procedures must focus on minimizing harm to life, the environment, and property.

(3) Occupational injury and illness

Your company must have procedures and systems in place to prevent, control, track, and report occupational injuries and illnesses. These procedures and systems must include provisions to encourage reporting from workers, classify and record injury and illness cases, provide the necessary medical treatment, investigate the cases in detail, implement corrective measures to eliminate the causes, and facilitate the workers' return to work.

(4) Industrial Hygiene

Your company must identify, assess, and control workers' exposure to chemical, biological, and physical agents based on the Hierarchy of Controls. If potential hazards are identified, your company must seek opportunities to eliminate or reduce the hazards. If elimination or reduction is not feasible, the hazards must be controlled through proper design, and engineering and administrative controls. When hazards cannot be controlled properly by these means, workers must be provided with and use appropriate, well-maintained personal protective equipment free of charge. Protection programs must be implemented continuously and include education on the risks associated with these hazards.

(5) Accommodation for Physically Demanding Work

Your company must identify, assess, and control the risk of injury for workers engaged in such work as manual material handling, physically demanding tasks, repetitive heavy lifting, prolonged standing, and forceful assembly tasks in order to prevent problems from occurring.

(6) Machinery Safeguarding Measures

Your company must assess safety hazards of production and other machinery. Physical guards, interlocks, and barriers must be installed and properly managed and maintained where machinery poses an injury risk to workers.

(7) Sanitation, Food, and Housing

Your company must provide workers with ready access to clean toilet facilities, potable water, and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by your company must be maintained in a clean and safe condition, and be equipped with appropriate emergency exits, hot water for bathing and showering, proper lighting, heating, ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space with easy access.

(8) Health and Safety Communication

Your company must provide appropriate workplace health and safety information and training on all identified workplace hazards (including, but not limited to, mechanical, electrical, chemical, fire, and physical hazards) to workers in their native language or a language properly understood by them. Health and safety-related information must be clearly posted in facilities or placed in locations identifiable and accessible to workers. Training will be provided to all workers prior to the beginning of work and regularly thereafter. Workers will be encouraged to raise health and safety concerns without retaliation.

C. Environment

Your company must recognize that environmental responsibility is integral to the manufacture of world-class products, and identify the environmental impact of manufacturing activities and minimize the adverse effects on the community, the environment, and natural resources while safeguarding public health and safety. For Hitachi Group's green procurement approaches, please refer to the Hitachi Group Green Procurement Guidelines.

(1) Environmental Permits and Reporting

Your company must obtain, maintain, and update all required environmental permits (e.g. discharge monitoring), approvals, and registrations, and comply with their operational and reporting requirements.

(2) Pollution Prevention and Resource Reduction

Your company must minimize or eliminate pollutant emissions and waste generation at the source by installing additional pollution control equipment, modifying production, maintenance, and facility processes, or implementing other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, must be controlled through modifications of production, maintenance, and facility processes, materials substitution, reuse, conservation, and recycling, or other means.

(3) Environmentally Hazardous Materials

Chemicals, waste, and other materials posing a hazard to humans or the environment must be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

(4) Solid Waste

Your company must implement a systematic approach to identifying, managing, reducing, and responsibly disposing of or recycling solid waste (non-hazardous).

(5) Air Emissions

Your company must characterize, routinely monitor, and control air emissions of volatile organic chemicals (VOCs), aerosols, corrosives, particulates, ozone depleting substances, and combustion byproducts generated from operations, and treat these substances as required prior to discharge. Ozone depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. Your company must routinely monitor its handling of substances emitted into the air and the performance of its air emission treatment systems.

(6) Materials Restrictions

Your company must comply with all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and during manufacturing, including labeling for recycling and disposal.

(7) Water Management

Your company must implement a water management program that documents, characterizes, and monitors water sources, use, and discharge, while seeking opportunities to conserve water and controlling contamination routes. All wastewater must be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Your company must routinely monitor its wastewater treatment systems and water tanks to ensure optimal performance and regulatory compliance.

(8) Energy Consumption and Greenhouse Gas Emissions

Your company must establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scope 1 and 2 greenhouse gas emissions must be tracked and documented, and their comparisons with the reduction goal publicly reported. Your company must seek ways to improve energy efficiency and minimize its energy consumption and greenhouse gas emissions.

(9) Conservation of Biodiversity and Ecosystems

To conserve biodiversity and ecosystems that serve as the foundation for the survival of both humanity and business, your company must procure raw materials and products with an awareness of their impact while keeping the following items in mind.

- Preferential procurement of paper and office supplies confirmed to be produced with consideration given to biodiversity and ecosystems
- Ecologically friendly approaches to mining raw materials and developing, producing, and procuring raw materials, components, and products
- Consideration for the local ecosystem, such as protecting rare species in the region before land acquisition or rebuilding and avoiding habitat fragmentation
- Promotion of nature conservation activities, including growing forests with native species and planting trees to conserve ecosystems
- Pollution prevention from the perspective of ecosystem conservation, 3R (reduce, reuse, and recycle) activities, and continuous improvements of energy conservation activities
- Request for procurement partners to promote ecosystem conservation

D. Business Ethics

Your company must uphold the following highest standards of business ethics to meet its social responsibilities and to achieve success in the marketplace.

(1) Continuing Commitment to Business Integrity

Your company must maintain the highest level of integrity to continue its business, and uphold a zero-tolerance policy that prohibits all forms of bribery, corruption, extortion, and embezzlement. All business transactions must be conducted with transparency and accurately reflected in your company's accounting books. Monitoring and procedures must be implemented to ensure compliance with anti-corruption and related laws.

(2) Elimination of Improper Advantages

Your company must not promise, offer, authorize, give, or accept bribes or other means of obtaining undue or improper advantages. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly, through a third party in order to acquire or retain business, assign business to someone else, or otherwise gain improper advantages. Monitoring, record keeping, and procedures must be implemented to ensure compliance with anti-bribery and anti-corruption laws.

(3) Disclosure of Information

All business transactions must be conducted with transparency and accurately reflected in your company's accounting books and records. Your company must disclose information regarding its labor, health and safety, environmental conservation efforts, business activities and structures, financial status, and performance in accordance with applicable regulations and prevailing industry practices. Falsification or misrepresentation of events occurring in your company's supply chains or implemented measures is unacceptable.

(4) Intellectual Property

Your company must respect and protect intellectual property rights. Transfer of technology and knowhow must be conducted in a way that does not infringe on intellectual property rights, and information of customers and procurement partners must also be safeguarded.

(5) Compliance with Fair Business, Advertising, and Competition Laws

Your company must conduct its business activities in accordance with fair competition rules, and its activities must comply with all applicable competition laws, such as accuracy and integrity in advertising. Appropriate measures must also be taken to protect customer information.

(6) Protection of Whistleblowers and Elimination of Retaliation

Your company must maintain a program to ensure the protection of procurement partner and employee whistleblowers, unless prohibited by law, and disseminate and support a process to enable its personnel to raise concerns without fear of retaliation. A system that allows allegations of wrongdoing to be reported must be guaranteed.

(7) Responsible Minerals Procurement

To reasonably assure the procurement of minerals is consistent with the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or equivalent due diligence frameworks. Your company must adopt policies and conduct due diligence on the sources and chains of custody for minerals such as tin, tantalum, tungsten, and gold contained within its manufactured products. Please refer to the Hitachi Group's policy for Responsible Supply Chain of Minerals to better understand our procurement approaches.

E. Management System

Your company must adopt or establish a management system with a scope related to the contents of this Code. The management system must be designed to ensure the following:

- a. Compliance with applicable laws, regulations, and customer requirements related to your company's operations and products;
 - b. Conformance with these Guidelines; and
 - c. Identification and mitigation of operational risks related to these Guidelines.
- The management system must also facilitate continual improvements.

The management system must contain the following elements:

(1) Company Commitment

Your company must provide corporate social and environmental responsibility policy statements affirming its commitment to compliance and continual improvements that are endorsed by the executive management and posted in its facilities in the local language.

(2) Management Accountability and Responsibility

Your company must clearly identify the senior executive and company representative(s) responsible for ensuring the implementation of its management system and associated programs. Senior management must review the status of the management system on a regular basis.

(3) Response to Legal and Customer Requirements

Your company must establish a process to identify, monitor, and understand the applicable laws, regulations, and customer requirements, including the items listed in these Guidelines.

(4) Risk Assessment and Management

Your company must establish a process to identify legal compliance, environmental, health and safety risks(*) as well as labor practices and ethical risks associated with its operations. To manage identified risks and ensure regulatory compliance, your company must determine the relative significance of each risk and implement appropriate procedural and physical controls.

(*)Areas to be included in a risk assessment of the environment, health, and safety are production bases, warehouse/storage facilities, plant/facility support equipment, laboratories and test areas, sanitation facilities (toilets), kitchens/cafeterias, and worker housing/dormitories.

(5) Setting of Improvement Objectives

Your company must present written performance goals, targets, and implementation plans to improve its social, environmental, and health and safety performance, including a periodic assessment of your company's performance in achieving these objectives.

(6) Development of Training Programs

Your company must establish training programs for managers and workers to implement its policies, procedures, and improvement objectives and to meet the applicable legal and regulatory requirements.

(7) Communication with Workers, Procurement partners, and Customers

Your company must establish a process to communicate clear and accurate information about its policies, practices, expectations, and performance to workers, procurement partners, and customers.

(8) Worker Feedback, Participation, and Grievance

Your company must establish ongoing processes, including an effective grievance mechanism, to assess workers' understanding of the practices and conditions covered by these Guidelines and promote continuous improvements after obtaining feedback and identifying violations. A safe environment must be provided for workers to voice grievances and offer feedback without fear of reprisal or retaliation.

(9) Audits and Assessments

Your company must implement periodic self-evaluations to ensure conformity with legal and regulatory requirements, these Guidelines, and customer contract requirements related to social and environmental responsibility.

(10) Corrective Actions

Your company must establish a correction process to respond to the deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

(11) Documentation and Records

Your company must create and maintain documents and records to ensure regulatory compliance, conformity with company requirements, and appropriate confidentiality to protect privacy.

(12) Procurement partner Responsibility

Your company must establish a process to communicate these Guidelines to procurement partners and monitor their compliance.

F. Product Quality and Safety

(1) Product Safety

Your company must ensure sufficient product design safety and sell products with an awareness of its responsibility as a manufacturer. Product safety must be ensured in compliance with laws and regulations, with consideration also given to the safety that should be expected from products. Laws, regulations, and safety and other standards related to product safety (Japan: Act on Product Safety of Electrical Appliances and Materials, Consumer Product Safety Act, Household Goods Quality Labeling Act, detailed rules in various laws and regulations, Japanese Industrial Standards (JIS), etc.; overseas: Underwriters Laboratories (UL), British Standards Institution (BSI), Canadian Standards Association (CSA), etc.) must be observed. Product safety must also include traceability (procurement of parts and materials, manufacturing processes, etc.) and other management methods and prompt response to problem solving.

(2) Promotion of Quality Assurance Activities

Your company must formulate a quality assurance policy and accordingly proceed with quality assurance activities on a daily basis to make continuous improvements through the Plan-Do-Check-Act (PDCA) cycle. To this end, your company will establish and promote a quality management system that develops an organizational structure, outlines an activity plan, and specifies responsibility assignment and procedures. For major quality management systems, please refer to ISO9000, ISO/TS16949, and ISO13485.

G. Prevention of Personal and Confidential Information Leakage

(1) Protection against Threats to Computer Networks Including Cyberattacks

Your company must take measures to prevent threats to computer networks, including cyberattacks, from affecting its internal and external operations. These threats include viruses, worms, spyware, ransomware, social engineering, and targeted attacks. Computers or servers infected with viruses and other malware may leak customer and confidential information or attack other companies' computer networks, causing serious harm due to the stagnation of daily operations and the loss of trust. In addition, careful attention must be paid to targeted attacks and other types of threats by hackers who may break into computer networks and leak or destroy a variety of information, resulting in similar damage.

(2) Privacy Protection

Your company must be committed to effectively protecting personal information and privacy of all people involved in its business, including procurement partners, customers, consumers, and workers. Personal information must be collected, stored, processed,

transmitted, and shared in accordance with laws and regulations related to privacy and information security.

(3) Measures to Prevent Personal Information Leakage

Your company must 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, while thoroughly managing the information through the PDCA cycle.

(*)Personal information refers to information about a living individual that can be used to distinguish that specific individual's identity, such as name, date of birth, and other descriptions (including anything that easily matches other information to identify a specific individual).

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

Your company must ensure that all confidential information(*) of customers and third parties is not obtained, used, disclosed, or leaked illegally and unfairly by thoroughly managing the information through the PDCA cycle.

(*)Confidential information refers to information disclosed in a written form (including electromagnetically or optically recorded data information) that is designated as confidential in an agreement or information orally disclosed after confidentiality is notified.

3. Revision History

Edition	Date	Details
1	January, 2009	Created 1st edition of the Hitachi Supply Chain CSR Promotion Guidebook.
2	June, 2009	In the "Introduction", added/inserted text declaring participation in The United Nations Global Compact.
3	January, 2017	(1) Changed the title to "Hitachi CSR Procurement Guideline". (2) In the "Introduction", added/inserted text related to SDGs and COP21. (3) Deleted the "Hitachi Group CSR Activities Policy" and replaced it with the "Framework of CSR Management". (4) Inserted the "Hitachi Group Human Rights Policy". (5) Inserted the "Hitachi Group Conflict Minerals Procurement Policy". (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".
4	July, 2021	(1) Changed the title to "Hitachi Group Sustainable Procurement Guidelines". (2) Established based on Hitachi Group's various policies (the Hitachi Group Codes of Conduct (revised in February 2018), etc.), initiatives (including the results of human rights due diligence), widely recognized global standards, and other references.
5	March, 2023	Replaced "supplier" to "procurement partner".
6	October, 2023	(1) Changed based on Hitachi Group Codes of Ethics and Business Conduct (revised in March 2023), etc.). (2) Changed the content of "Hitachi Group Human Rights Policy".