

Achieving a sustainable supply chain together with procurement partners

Materiality4 Action Target3

Action Plan 3 Promote business operations throughout the Hitachi High-Tech Group's supply chain with a strong awareness of CSR

Materiality1 Action Target1

Action Plan 5 Support procurement partners in visualizing CO₂ emissions and reducing from products and commercialization aimed at provision to customers

Key words

HRDD

Mitigation of environmental and human rights risks

Scope 3

Environmental and human rights issues in the supply chain that cannot be solved by one company alone

The products we purchase as consumers are manufactured by combining various raw materials and parts. The flow from material procurement and manufacturing to sales and delivery to the consumer is called the supply chain, and Hitachi High-Tech also manufactures products with the cooperation of many procurement partners. The Hitachi High-Tech Group conducts procurement activities as far in advance as feasible to identify and mitigate procurement risks in the supply chain, such as greenhouse gas emissions and human rights violations.

Among specific measures, we cooperate with our procurement partners to reduce CO₂ emissions upstream in the supply chain by understanding their CO₂ emissions. We also conduct human rights due diligence*¹ (HRDD) to identify risks of child labor and forced labor in our supply chain and confirmed that there were no such issues in FY2023. Furthermore, we aim to build a sustainable supply chain by adhering to the Hitachi Group Sustainable Procurement Guidelines and by requesting suppliers to join EcoVadis*², a sustainability assessment platform.

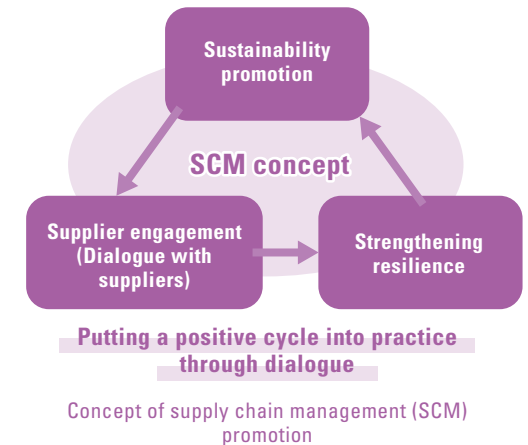
Building a sustainable supply chain through dialogue with procurement partners

The Hitachi High-Tech Group has set a goal to achieve carbon neutrality throughout its value chain by 2050. Currently, approximately 60% of CO₂ emissions in our supply chain are accounted for by upstream Scope 3, which is related to the procurement of raw materials and parts. Therefore, the cooperation of our procurement partners is vital to achieving our goals. We also believe that human rights risks can be mitigated not only by assessing our procurement partners, but also by sharing common values.

Toward this end, we emphasize dialogue with our procurement partners and hold a CSR procurement briefing every year. At these briefings, we strive to deepen our partnerships through two-way communication on issues such as CO₂ reduction, human rights, and labor practices.

Tackling social issues with procurement partners

To address climate change, in FY2023 we analyzed the CO₂ reduction plans and measures of selected advanced environmental partner companies from among our procurement partners. In the future, we will collaborate on further CO₂ reduction initiatives based on the analysis results. In addition, we aim to develop and provide a tool that enables more accurate calculation of CO₂ emissions, which will be the current per-unit-based CO₂ calculations. We will also continue to assess human rights risks and encourage procurement partners identified as high risk to make improvements.



Business partner briefing (Naka Area)

*¹ Human rights due diligence: Involves identifying, assessing, and responding to business-related human rights impacts, taking measures to prevent, mitigate, and remedy negative impacts, then continuously verifying and disclosing the effectiveness of these measures.

*² EcoVadis: Sustainability assessment service platform facilitating comprehensive evaluations in four areas: Environment, labor and human rights, ethics, and sustainable materials procurement.