NUS MSc Environmental Management

Corporate Social Responsibility in Practice: The Joys and Challenges

13 April, 2018

Christian Bustamante
Corporate Communications Group
Hitachi Asia Ltd.
1. Company Introduction
2. CSR Role
3. Human Rights Promotion
4. Community Investment
5. Environmental vs CSR Practice
6. Emerging Opportunities and Challenges
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Corporate Foundation

Founded in 1910 as a machine repair shop at Kuhara Mining Company in Hitachi City, Japan

Hitachi founding spirit: Harmony, sincerity, pioneering spirit
Corporate credo: Contribute to society through the development of superior, original technology and products

Founder: Namihei Odaira
Original repair shop in Ibaraki pref. (1910)
Business Portfolio in Asia

Information & Telecommunications System
- Consulting, Systems Integration & Outsourcing
- Business Applications & Analytics
- Storage
- Server
- Network & Telecommunication
- Cloud, DC & System Management
- ATMs

Power Systems
- Renewable Energy Power Generation Systems
- Transmission & Distribution Systems

Social Infrastructure & Industrial Systems
- Industrial Machinery and Plants
- Elevators
- Escalators
- Railway Systems

Electronic Systems & Equipment
- Semiconductor and LCD Manufacturing Equipment
- Test and Measurement Equipment
- Advanced Industrial Products
- Medical Electronics Equipment

High Functional Materials & Components
- Wires and Cables
- Semiconductor and Display-Related Materials
- Circuit Boards and Materials
- Automotive parts (plastic moulding, etc)
- Energy Storage Devices
- Specialty Steels
- Magnetic Material and Components
- High Grade Casting Components and Materials

Construction Machinery
- Hydraulic Excavators
- Wheel Loaders
- Mining Equipment

Automotive Systems
- Engine Management Systems
- Electric Powertrain Systems
- Drive Control Systems
- Car Information Systems

Smart Life & Eco-friendly Systems
- Room Air Conditioners
- Refrigerators
- Washing Machines

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Operation in ASEAN

Indonesia
16 Companies
3,789 Employees

Malaysia
30 Companies
2,916 Employees

Myanmar
3 Companies
521 Employees

Philippine
11 Companies
2,582 Employees

Singapore
30 Companies
2,714 Employees

Thailand
34 Companies
13,155 Employees

Vietnam
8 Companies
1,955 Employees

ASEAN TOTAL
132 Companies
27,632 Employees

Note: As of 31 March 2017
## Hitachi Asia Corporate Profile

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Hitachi Asia Ltd.</th>
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<tbody>
<tr>
<td>Date of Incorporation</td>
<td>February 1989</td>
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<tr>
<td>Started as a Representative office in February 1963</td>
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<tr>
<td>Nature of Business</td>
<td>As the regional headquarter for Southeast Asia, Hitachi Asia Ltd. is responsible to grow Hitachi’s Social Innovation Business through our sales and marketing activities.</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>about 400</td>
</tr>
</tbody>
</table>

### Hitachi Asia Ltd.
- **Singapore**
- **Philippines**
- **Myanmar**

### Hitachi Asia (Vietnam) Co., Ltd.
- **Vietnam**
- **Ho Chi Minh Office**
- **Hanoi Office**

### Hitachi Asia (Thailand) Co., Ltd.
- **Thailand**

### Hitachi Asia (Malaysia) Sdn. Bhd.
- **Malaysia**

### PT. Hitachi Asia Indonesia
- **Indonesia**

### Singapore
- **Hitachi APAC Office**
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CSR Role in Hitachi Asia Ltd.

**Environment**
- Environmental Network Meeting
- e-Learning
- Support for environmental audit

**Human Rights**
- Forced Labor Awareness
- HRDD Workshop
- Business and Human Rights e-learning

**Community Investment**
- Hitachi Young Leaders Initiative
- Strategic Community activity
- Donation Administration

**Stakeholder Engagement**
- Dialogue between Business and stakeholders
- Monitoring ESG News
- Information sharing about CSR & Environmental activities
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Hitachi Group Human Rights Policy

Responsibility and Expectation

The Responsibility to Respect Human Rights

- Not infringe on rights
- Address negative impacts where involved
- Respect expected from all officers and employees, business partners

Implementing the Responsibility to Respect Human Rights

- Develop and implement on going due diligence
- Provide remediation
- Adhere to national law and honour international principles
- Provide appropriate training and capacity building
- Engage in dialogue with stakeholders
Forced Labor in Asia and Pacific

20.9M victims contributing to US$150B in illegal profits per year

NUMBER OF VICTIMS BY REGION

- Asia and Pacific (China, South Asia, East Asia, SEA): 11,700,000
- Africa: 3,700,000
- Latin America and Caribbean: 1,800,000
- Eastern Europe and CIS (Russia and North and West of Asia): 1,600,000
- Developed Economies (North America and Western Europe): 1,500,000
- Middle East: 600,000

# Migrant Labor Statistics in ASEAN

Two thirds of migrants in ASEAN come from other ASEAN member states.

### Top 5 Countries of Origin:
1. Myanmar (2.2M)
2. Indonesia (1.2M)
3. Malaysia (1.0M)
4. Lao PDR (0.9M)
5. Cambodia (0.8M)

### Top 5 Countries of Destination:
1. United States (4.3M)
2. Thailand (3.6M)
3. Malaysia (1.5M)
4. Saudi Arabia (1.4M)
5. Singapore (1.2M)

3 of the top 5 host countries for nationals abroad from ASEAN are other ASEAN member states.

Source: The International Labour Migration Statistics Database for ASEAN. 2015.
Industries Affected by Forced Labor

- Agriculture
- Manufacturing
- Extractives
- Domestic Service
- Construction
- Fishing
- Forestry

### Our Journey: A Snapshot

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<tbody>
<tr>
<td><strong>Due Diligence</strong></td>
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<tr>
<td>Human Rights Policy</td>
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<td>Human Rights Policy</td>
<td>Identified Risks: Migrant Workers, Forced Labor</td>
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<td>HRDD Pilot Program</td>
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<td>HRDD Guidance Document</td>
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<td><strong>Training</strong></td>
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<tr>
<td>Tier 1 Suppliers: CSR Deployment Guidebook Roll Out</td>
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<td>Webinars on Forced Labor Awareness</td>
<td>Updated CSR Deployment Guidebook</td>
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<td>All Staff: Human Rights eLearning</td>
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<td>Human Resources (Japan): HRDD Workshop</td>
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<td><strong>Dialogue</strong></td>
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<td>Membership to BSR</td>
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<td>Shift's Business Learning Program</td>
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<td>Membership to ASEAN CSR Network</td>
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<tr>
<td><strong>Compliance and Remediation</strong></td>
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<td>Supplier Self Evaluation</td>
<td>Selected Audits of Tier 1 Suppliers</td>
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By Hitachi, Ltd.  By Hitachi Asia Ltd.
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Community Investment

26th Annual Christmas Light Up Sponsorship and Donation

- Light Up Ceremony was held on Nov 12.
- Hitachi Group donated S$250,000 to the Community Chest, the fund-raising arm of the National Council of Social Services in Singapore

Thai Library Project – Books Donation

- The project was initiated to provide school books and educational materials to school in need, especially those in the remote areas of Thailand, with the aim of improving the general knowledge of students since 1993.
- In FY16, the project will be conducted from Feb to March.
Hitachi Young Leaders Initiative (HYLI)

Purpose and History: To Nurture Future Leaders of ASEAN

1996
• 1st HYLI
• Singapore (Venue)
• 6 Countries

2007
• 8th HYLI
• Hanoi (Venue)
• 7 Countries (Vietnam)

2010
• HYLI Alumni Forum
• Singapore (Venue)

2015
• 13th HYLI
• Manila (Venue)
• 8 Countries (Myanmar)

2017
• 14th HYLI
• Yangon (Venue)
• 8 Countries (Myanmar)

Strategy:

Pre-HYLI
- University Engagement
- Final Selection
- Pre-Work
- Send-off

HYLI
- First Selection
- HYLI Event

Post-HYLI
- Whitepaper
- HYLI Report Meetings

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14th HYLI Snapshot

Theme: Sustainable urbanization Through Collaborative Creation

- **53** universities
- **31** external selection panel
- **18** external speakers from 5 countries (Indonesia, Japan, Malaysia, Myanmar, Thailand)
- Guest of Honor: H.E. U Phyo Min Thein, Chief Minister, Yangon Region Government

- **263** local guest attendance over 3 days
14th HYLI Delegates

HYLI Delegates (14th Batch)
Yangon, Myanmar
13 July 2017
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Environmental vs CSR Practices

**Environmental**
- Green = Savings
- Developed legal compliance
- Tools, Machinery
- Natural Environment
- People
- Data Driven
- Mature
- Defined scope
- PDCA

**CSR**
- CSR = Cost
- Developing legal compliance
- People
- People
- People
- Issue/Ethics-driven
- Emerging
- Vague scope
- PDCA

**Note:** Observations expressed in this slide represent the presenter’s opinion and may not constitute the position of Hitachi Asia Ltd.
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The SDGs, a universal set of goals by 2030 adopted by all the world's governments at the United Nations in 2015

Business plays a key role to achieve the SDGs
Business and Sustainable Development Commission (BSDC), shows how the Global Goals are a compelling growth strategy for business.

The BSDC identified actions for business leaders to achieve the SDGs and estimates US$12 trillion of market opportunities.
Mona Lisa and UN SDGs: An Analogy

Mona Lisa = Global Opportunity

Global Opportunity = Worth USD$12 trillion

Part of Mona Lisa = Opportunities in ASEAN

• How much of US$12T from ASEAN?

• Where in ASEAN?

• “What’s in it for me” mentality

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Image source: https://binged.it/2GTNeRT