



HITACHI
Inspire the Next

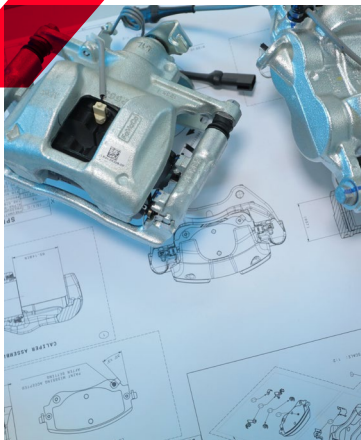
2019 REPORT

Hitachi Automotive Systems'
Brake Business Unit

CORPORATE SOCIAL RESPONSIBILITY

**ALWAYS
GUIDED BY OUR
VALUES**

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In our new business entity, our Corporate Social Responsibility commitment is stronger than ever

I am happy to introduce the 2019 edition of our Corporate Social Responsibility (CSR) Report – which is definitely a landmark in our commitment to the United Nations Global Compact.

One year ago, Chassis Brakes International published its first CSR Report and we publicly stated our company's support to the United Nations Global Compact – which we joined as "active member" in 2017.

Chassis Brakes International was acquired by Hitachi Automotive Systems in October 2019. Today, I am presenting this second CSR Report in my new role as Head of the Brake Business Unit. The Brake Business Unit has brought together Chassis Brakes International and the former Brake Business Unit of Hitachi Automotive Systems, thus building a global leader in automotive advanced safety solutions, renowned for its operational excellence, leading-edge engineering, innovative systems design, and overall environmentally friendly approach.

I am honored to reaffirm our continued commitment to the UN Global Compact as well as our dedication to promote its principles by embedding CSR in all business operations and conducting specific CSR-oriented actions.

I am confident that the strategic alliance exemplified by Hitachi Automotive System's Brake Business Unit responds to the needs of our rapidly changing automotive industry. Today, we are better able to adapt to market megatrends such as increasing electric vehicle requirements, the development of autonomous vehicles and mobility as a service (MaaS), and mandatory

pollution reduction. We are also in a better position to tackle CSR topics with increased momentum, supported by strong corporate values.

We can be proud of what was accomplished in the past by Chassis Brakes International, and proud of what we are accomplishing now at Hitachi Automotive Systems. Health and safety, compliance and ethics, as well as quality – the three components of our licence to operate – are solidly integrated in the core of our business, as is our accountability to our stakeholders and to society, in line with Hitachi's Social Innovation approach.

After working alongside my Chassis Brakes International colleagues for several years I know how dedicated they are, and I thank them all once again for their unfailing engagement. I also wish to pay tribute to our new Hitachi Automotive Systems colleagues who, over the past months, have demonstrated impressive agility and creativity.

2019 was an incredible year, which provided new means and set new goals. Today, the Covid-19 pandemic has created additional challenges. I am convinced that the combined strengths of all Brake Business Unit employees, with their different cultures and knowledges, will enable us to tackle these challenges in order to benefit the company, the planet, and society as a whole. Because for all of us, whatever language we speak, the overall goal remains: "to do the right thing". /



Bernd Schemer,
Head of Hitachi Automotive Systems' Brake
Business Unit

“
2019
**HAS BEEN AN
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AND SET NEW
CHALLENGES.**”



HITACHI AUTOMOTIVE SYSTEMS' BRAKE BUSINESS UNIT

WHO WE ARE?

Today's global picture is extremely complex: business is fast-paced, driven by leading-edge technology, the environment is evolving rapidly due to climate change, and the challenges we face as a society are unprecedented. In this context the automotive industry has a major role to play, and Hitachi Automotive Systems is prepared to contribute actively to all corporate, social and environmental goals.

Our Group is organized to seize opportunities and meet future expectations

HITACHI AUTOMOTIVE SYSTEMS

is engaged in the development, manufacture, sales and services of automotive components, transportation-related components, industrial machines and systems. We focus on developing safer, cleaner, smarter solutions that will support the megatrends impacting the automotive industry, such as connectivity, electrification and autonomous driving.

HITACHI AUTOMOTIVE SYSTEMS' BRAKE BUSINESS UNIT

is one of the world's largest manufacturers of automotive braking solutions. Our products – disc brakes, drum brakes, electro-mechanical parking brakes and rotors – are dedicated to passenger cars, light commercial and two-wheeler vehicles through original equipment manufacturers and aftermarket distribution channels. We have a global footprint with operations in Europe, Asia, South Africa, North and South America.

Thanks to the dedication of the men and women who "make it happen", we can create innovations that transform industries and society for the better, as expressed by Hitachi's Social Innovation motto: "Powering Good". ✓


9,500
employees

17
COUNTRIES


Brazil, China, France, Germany, Italy, India, Indonesia, Japan, Mexico, Netherlands, Poland, Portugal, South Africa, Spain, Thailand, Turkey, USA



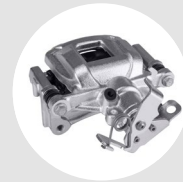
HITACHI AUTOMOTIVE SYSTEMS' BRAKE BUSINESS UNIT PORTFOLIO



ZOHe/4W



ZOHe AST™



BIR/BIRplus



Drum/DIH

DISC BRAKES & DRUM BRAKES



APB (GEN3)



APB HD

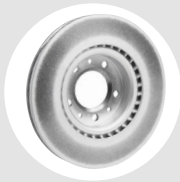


Boost APB



APB-Di

AUTOMATED PARKING BRAKES



Ventilated & solid discs



Drum

ROTORS & DRUMS



Smart Brake

SMART SYSTEM

- ZOHe Zero-Offset Harmonized evolution
- 4W Four-wheeler
- AST™ Active Shape Technology
- BIR Ball-In-Ramp
- DIH Drum-In-Hat
- APB Automated Parking Brake
- Di Motor on Drum Integrated



A SHARED VISION SUPPORTED BY STRONG COMMON VALUES

Bringing together different business entities initially relies on strategic logic, such as the entities' complementarity in terms of geographic footprint, customer relationships, technology portfolio and expertise. Such complementarity provides immediate success; but for a new combined entity to thrive on the long term, it is crucial that the strategic logic be supported by a strong cultural fit.

The new Hitachi Automotive Systems' Brake Business Unit is a vivid illustration of this win-win principle. It has brought together the Chassis Brakes International company and the brake activities of Hitachi Automotive Systems, prompted by their strong business complementarity. **The new Brake Business Unit demonstrates that separate companies, originating from different areas of the world, can successfully join forces thanks to their shared vision and common values:**

- The Hitachi value of Harmony ("Wa") blends in with the Chassis Brakes International value of Cooperation;
- The Hitachi value of Sincerity ("Makoto") is deeply embedded in Chassis Brakes International's values of Trust and Accountability;
- The Pioneering Spirit ("Kaitakusha - Seishin") valued by Hitachi encompasses three Chassis Brakes International values all in one: Agility, Creativity and Excellence.

In summary, although the wording may have been different, both the Japan-based Hitachi Automotive Systems and the Netherlands-based Chassis Brakes International have always shared the true meaning of their values. The new Brake Business Unit can now aim for a combined goal: to "be a global partner in braking solutions, through innovation and passion for success", "deliver innovations that answer society's challenges", and, as a whole, "inspire the next".

HITACHI Inspire the next Corporate Statement

CHASSIS BRAKES INTERNATIONAL Always guided by our values...

HARMONY (Wa)

和

We need to show respect to our clients, our colleagues, our suppliers, our clients and our stakeholders. We show respect to earn respect.

COOPERATION

We work as one team through alignment and collaboration.

SINCERITY (Makoto)

誠

We should act with integrity in all we say and do; this shows that we are sincere in holding to our stated values. We maintain fairness in all our dealings; our reputation is founded on how we go about our business.

ACCOUNTABILITY

We perform to the requirements with a constant sense of ownership and responsibility.

TRUST

We value positive relationships based on respect and transparency.

PIONEERING SPIRIT (Kaitakusha-Seishin)

開拓者精神

We lead with ambition, seeking new challenges; we are not afraid to be flexible and adapt to the changing needs of our business.

AGILITY

We are dynamic, enthusiastic and flexible.

CREATIVITY

We are empowered to test ideas and learn from our experiences.

EXCELLENCE

We are committed to achieving high standards of performance.



THE HITACHI GLOBAL COMPLIANCE PROGRAM



Driven by the Hitachi Top Management, the Hitachi Global Compliance Program provides clear guidelines which are deployed and implemented by management throughout the entire Group, based on a simple principle: maintaining the company's reputation and earning the trust of customers and business partners requires both full compliance with applicable laws and actions in accordance with the highest ethical standards. It reflects the strong commitment of the company's top management to conduct business with the highest integrity standards.

The Compliance Program is a strong tool to build a global mindset common to all Group entities. Each and every employee plays a role in representing Hitachi; this entails a personal responsibility to understand the rules, follow them, and thereby protect Hitachi's reputation at all times.

THE CODE OF CONDUCT

A part of the Compliance Program, the Hitachi Group Code of Conduct consists of rules and principles intended to assist all officers and employees throughout the Group in making decisions and taking actions in accord with the Hitachi Group Identity. The code constitutes a cornerstone of the Hitachi

Global Compliance Program, and is adapted by the subsidiaries to match their specific constraints – legal systems, social customs, or business characteristics – whilst maintaining full alignment with the Compliance Program.

Several topics are addressed in the Hitachi Code of Conduct:

- The sustainable vision and goal of Hitachi to build a greener future through innovation, creative collaboration and corporate social responsibility;
- The ethical rules of the Group regarding business activities, data and property protection;
- The responsibilities of employees and managers in the correct implementation of the Code of Conduct.

The Compliance Program is currently being implemented throughout Hitachi Automotive Systems' Brake Business Unit, for it to be fully incorporated in 2020. /

COMPLIANCE: WE ARE ALL RESPONSIBLE

Hitachi's reputation is based on our actions and the way others perceive our actions.

It is therefore important to avoid situations which might create even the perception or mere impression of impropriety. We all hold ourselves to the highest ethical standards in order to protect and support Hitachi's reputation. Any employee, in any location in the world, can contact the Compliance Department to report a suspicion of misconduct.



AN ENLARGED SCOPE, COMBINED STRENGTHS... OUR CORPORATE SOCIAL RESPONSIBILITY MOVES TO A NEW DIMENSION



Thierry Couillaud,
Vice President HR,
HSE & Communication,
Brake Business Unit
and **Nathalie Gradelet,**
Communication Director,
Brake Business Unit



The United Nations Global Compact is the world's largest corporate sustainability initiative. What is your involvement with this initiative and what principles does it promote?

Thierry Couillaud: The United Nations Global Compact is an international call to companies to align their operations and strategies, in order to achieve transformational change and build sustainable business around the world. Over 9,500 companies from 160 different countries have already officially stated their commitment to the Global Compact. Hitachi Ltd. has been a member since 2009 and Chassis Brakes International joined the initiative in 2017.

Nathalie Gradelet: The Global Compact offers a framework to organize actions. It supports companies in doing business responsibly by aligning their strategies and operations with ten principles regarding Human rights, Labour Standards, Environment Preservation and Anti-corruption actions. Hitachi Automotive Systems' Brake Business Unit way of working clearly echoes the Global Compact principles. Throughout our sites, our employees strongly support human values, and the company acknowledges their efforts by encouraging and praising them.

T. C.: Labour standards are a permanent guideline, based on providing a healthy environment and valuing the health and safety of all. We tackle environmental issues head on, as responsible automotive manufacturers. And corruption is fought with the utmost energy throughout the company. More than a statement of intent, this Sustainable Development report shows the pragmatic aspects of our actions on all of these points.

The Global Compact also promotes Sustainable Development Goals. Can you explain what they are?

T.C.: The Global Compact encourages companies to take strategic actions to advance broader societal goals such as the UN Sustainable Development Goals (SDGs), with an emphasis on collaboration and innovation. The goals are action-oriented objectives, focused on preserving the planet, contributing to society, and building a "better world" for the future. 17 SDGs were adopted by all 193 UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals. As an active member of the Global Compact, our objective is to meet as many SDGs as possible. ...





WHAT EXACTLY IS CORPORATE SOCIAL RESPONSIBILITY?

The United Nations define Corporate Social Responsibility as “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.”

CSR is the way a company balances its economic, environmental and social imperatives, while at the same time addressing the expectations of its stakeholders”. Head of Hitachi Automotive Systems’ Brake Business Unit Bernd Schemer summarizes CSR in a simpler way: “CSR is just about doing the right thing”.

... **Your 2018 CSR report was published by Chassis Brakes International; this 2019 report is published by Hitachi Automotive Systems’ Brake Business Unit. Does this “switch” modify your commitment to the Global Compact or your CSR approach in any way?**

N.G.: For the Brake Business Unit, it is a top priority to support the Global Compact principles - as it was for Chassis Brakes International when it was a stand-alone company. Joining forces with Hitachi Automotive Systems has been thrilling in terms of CSR: we’ve learnt more about the commitments of Hitachi toward society and social responsibility. Today, as a whole, we are eager to move the CSR cursor further up the scale.

T.C.: Our commitment is even stronger thanks to our enlarged scope! Since it is too early to have consolidated figures covering all Brake Business Unit activities, this report refers essentially to actions carried out within the Chassis Brakes International scope. Over time our CSR approach will take full advantage of our combined strengths; I already see a lot of momentum for that. ...



... This is a “Communication on Progress Report”. Can you give us some examples of the progress achieved since last year?

T.C.: A clear progress indicator is provided by the independent EcoVadis assessment (EcoVadis is an independent agency which provides us with reliable CSR Ratings and Scorecards based on 21 CSR Indicators). The EcoVadis methodology is built on international CSR standards including the United Nations Global Compact, the Global Reporting Initiative, and the ISO 26000, and covers 198 spend categories and 155 countries : our rating has improved from 51 to 59, placing us in the top 20% of companies; our environmental approach achieves 70% satisfaction, and our compliance with labor rights 60%. These good results increase our legitimacy and boost employee engagement. Our OSHA safety rate (the frequency of incidents on work sites requiring external healthcare support, according to the Occupational Safety and Health Administration) has also improved from 0.65 to 0.57.

N.G.: Another progress indicator is our increased number of events on United Nations Days (based on the official calendar), such as the International Women’s Day, the World Safety Day, the Anti-Discrimination Day... Important events to raise awareness on various topics related to health, society or the environment. You will see many examples throughout this report. As a woman, let me draw attention to a particular example regarding gender equality: the newly appointed Hitachi Automotive Systems’ Brake Business Unit CFO (Chief Financial Officer) Katia Robard is a woman, whose exemplary career and skills enabled her to reach this top-level position – real-life evidence that our Group offers equal opportunities at all levels!

T.C.: In addition, I would like to mention that we are actively dealing with the challenges resulting from our new organization. We help our employees understand and overcome cultural differences via specific e-learning modules or face-to-face training – whichever system better suits the trainees. ...

AS WE JOIN FORCES IN THE BRAKE BUSINESS UNIT, OUR OBJECTIVE IS CLEAR: MAKE THE BEST OF BOTH WORLDS.”

THE UNITED NATIONS GLOBAL COMPACT TEN UNIVERSAL PRINCIPLES

HUMAN RIGHTS

- PRINCIPLE 1**
Businesses should support and respect the protection of internationally proclaimed human rights; and
- PRINCIPLE 2**
make sure that they are not complicit in human rights abuses.

ENVIRONMENT

- PRINCIPLE 7**
Businesses should support a precautionary approach to environmental challenges;
- PRINCIPLE 8**
undertake initiatives to promote greater environmental responsibility; and
- PRINCIPLE 9**
encourage the development and diffusion of environmentally friendly technologies.

LABOUR

- PRINCIPLE 3**
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- PRINCIPLE 4**
the elimination of all forms of forced and compulsory labour;
- PRINCIPLE 5**
the effective abolition of child labour; and
- PRINCIPLE 6**
the elimination of discrimination in respect of employment and occupation.

ANTI-CORRUPTION

- PRINCIPLE 10**
Businesses should work against corruption in all its forms, including extortion and bribery.



... In looking to the future, Hitachi Automotive Systems has identified five SDGs as “focus points” to align with the vision of the Hitachi Group, the general trends of the automotive industry, and other societal requirements. How do you approach these SDGs?

T.C.: Among the 17 UN Global Compact SDGs, the five goals identified by Hitachi Automotive Systems are at the top of our list:

SDG 3
“Good Health and Well-being - Ensure healthy lives and promote well-being for all at all ages”.

This goal is already a big focus area for us, the most important one for all our employees. It is included in the assessments of our work environment, and adapted according to local requirements. Our initiatives on this goal are mainly local, and we plan to stimulate them further in the coming year.

SDG 7
“Affordable and Clean Energy - Ensure access to affordable, reliable, sustainable and modern energy for all”.

On this topic, we would like to integrate clean energy alternatives such as solar and wind energy to provide power to our plants – and further help us protect the environment.

SDG 9
“Industry, Innovation and Infrastructure - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”.

Hitachi Automotive Systems’ Brake Business Unit is definitely active on this topic, in particular through its focus on innovation - which is extensively fostered throughout the company.

SDG 11
“Sustainable Cities and Communities - Make cities and human settlements inclusive, safe, resilient and sustainable”.

It is essential that we establish positive relationships with the communities around our sites.

SDG 13
“Climate Action - Take urgent action to combat climate change and its impacts”.

This topic is particularly aligned with our vision of what the automotive industry must do to limit its impact on nature. Our focus is to further reduce our carbon footprint and all other sources of pollution resulting from our activities.



THEY HONOR OUR VALUES

As we prepare this report, the world is confronted with the terrible Covid-19 pandemic. The situation is dramatic in many countries, as it has a huge impact on the population as well as on the global economy. We are doing our best to protect our employees through sanitary measures taken in all locations, and we are maintaining our activity as much as possible.

In Wuhan, where the pandemic initially started, 85 of our employees volunteered to stay inside in the plant day and night, in order to provide the local ambulances with the brakes they needed. For several months these incredibly dedicated employees completely lived on site; we provided them with beds, and they kept working with an acute sense of “doing the right thing”. To Hitachi Automotive Systems’ Brake Business Unit as a whole, these 85 employees are definitely our “amazing Wuhan heroes”!

... In summary, the Brake Business Unit will continue and amplify its efforts to meet these “top priority” SDGs in the coming year – in parallel with our other CSR initiatives. We know that we can count on our employees, who contribute with energy and imagination to push things forward in the right direction. So our motto is more than ever:

FULL SPEED AHEAD TO MEET THE CSR CHALLENGE! /



DIVERSITY & INCLUSION: AN INTEGRAL PART OF OUR STRATEGY

For Hitachi Automotive Systems, Diversity & Inclusion means leveraging diverse perspectives through different nationalities, cultures, gender, age, sexual orientation, religion and lifestyle. By building on each employee's unique way of thinking, the company unlocks its full potential to become a global leader. Martina Holland, Hitachi Automotive Systems Global Diversity Manager, explains what is at stake.

Martina Holland, Hitachi Automotive Systems' Global Diversity Manager



1. What is your role as Global Diversity Manager?

My role was created in April 2019. Until then, Hitachi Automotive Systems actions related to Diversity & Inclusion were taken at regional or country level and were somewhat dispersed. I was asked to bring everything together at the global level, in order to create a coordinated initiative with a global framework and action plan.

2 - Why is it so important to promote Diversity & Inclusion?

A coherent Diversity & Inclusion approach brings a lot of good things to our employees and the company. It increases creativity: employees with diverse backgrounds contribute a larger variety of perspectives and ideas. In addition, having a visible Diversity & Inclusion policy makes our company more attractive, which enlarges the talent pool and boosts employee engagement. This all leads to better business performance.

3 - Where do you stand today on your Diversity & Inclusion approach?

We've identified three key focus areas: adapt to "personal facets", leverage the richness of diverse views, and encourage flexibility to provide a better work life/private life balance. The global action plan, which is currently being put together, is articulated around these focus areas. Our approach is bottom-up, with regional employee representative groups reporting up to a central Steering Committee, which meets every month. Our aim is to coordinate meaningful actions that match region or country-specific constraints and expectations.

4 - What are the major challenges?

Awareness and company culture! Many people consider the topic to be limited to gender equality, whereas it really means involving all kinds of different people – different nationalities, backgrounds, opinions... – and overcoming

"unconscious bias" aspects. It's all about creating open-mindedness, acceptance, and mutual respect. We must communicate extensively and provide tools (such as training and events) to help our company culture evolve, bearing in mind that we're talking to approximately 35,000 employees spread over 17 countries!

5 - Can you give us some examples of Diversity & Inclusion actions?

We are joining forces and building synergies within the Brake Business Unit, supported by the momentum of ex- Chassis Brakes International. For instance, Hitachi Automotive Systems has recently signed a Statement of Support to the Women's Empowerment Principles – an "extension" of the United Nations Global Compact specifically dedicated to empowering women. In addition, as of 2020, we are going to promote different Diversity & Inclusion – related United Nations days throughout the year, during which we will extensively communicate and educate through various events organized in the regions.

6 - In a nutshell, what is your ambition for Diversity & Inclusion in Hitachi Automotive Systems?

Our ambition is to be able to put the right people in the right place, regardless of who they are, what they look like, or where they come from. It's not just a human resources or management initiative; it starts with all of us, it's about how we adapt and how we can make a difference at the end of the day. I know that we are only at the beginning of this journey, but I am confident that over time, by becoming a more diverse and inclusive company internally, we will also help society become more open to each and every one of its members – and that will be highly beneficial to all of us. /





WE ARE MAKING A BETTER COMPANY

Companies are no longer judged on their financial performance alone. Their behaviors with regard to the United Nation Global Compact principles are closely scrutinized, as is the way Sustainable Development Goals are achieved. The challenge is particularly high for Hitachi Automotive Systems' Brake Business Unit, due to our large international footprint and the different cultures which have been brought together over the past months - but thanks to clear guidelines, efficient tools, and widespread motivation, we are in a strong position to “do the right thing” every day.

A COMPLETE TOOLKIT TO SUPPORT SAFETY, ETHICS AND ANTI-CORRUPTION BEHAVIORS

Hitachi Automotive Systems' Brake Business Unit has placed a strong, permanent focus on Safety, Ethics and Anti-corruption behaviors. It is vital for our company's functioning and reputation to ensure that all employees, at all levels, abide by the rules; a complete toolkit is therefore provided to all sites, in order to support the local deployment of good practices in all day-to-day tasks.



GOLDEN SAFETY RULES

In addition to our manufacturing processes and tools being optimized to enable our employees to make our products safely, it is important to remind all workers of the potential risks that exist when working on a site – for example, the risks caused by suspended loads, moving equipment, gas tests, etc. Our company's Golden Safety Rules explain these risks and provide guidelines to help our employees protect themselves and others, as summarized by our safety motto: "TAKE CARE - HSE is Accountability", CARE standing for Cautious, Authorized, Responsible, Equipped. The Golden Safety Rules manual supplements and supports existing company management systems, programs and policies; it constitutes a common tool to keep our employees safe and prevent work-related accidents.



HEALTH, SAFETY & ENVIRONMENT (HSE) PROCESSES **i-care**

Our HSE approach relies on several processes. To ensure a safe working environment, employees are encouraged to be involved in safety-related topics. Our I-Care portal is a global Safety Information System, designed to support and standardize key HSE processes throughout the company. This portal is a centralized information point on which all employees can communicate safety-related incidents or concerns. Furthermore, the situation in our sites is monitored by a strong HSE network of over 30 members spread over the entire Brake Business Unit footprint. The local HSE teams are in charge of promoting and ensuring the safety of our workplaces. Every month, the HSE Management Call gathers the local HSE teams to provide a clear view of incidents and corrective actions as well as share best practices. In addition, dedicated trainings reinforce HSE messages in a pedagogical way: in 2019, more than 27,500 hours of HSE training were carried out within Chassis Brakes International sites....





... **AMBASSADOR PROGRAM**

A very pragmatic approach to safety is illustrated by our Safety Ambassador Program. This program runs on a permanent basis, in all sites. The idea is simple: every employee, whatever his or her role, can move to a different position, one day per year, in order to observe how things are done and contribute to safety improvements. In 2019, 144 employees became Safety Ambassador for a day – a total of 410 employees since the program was launched in 2018 at Chassis Brakes International.

WHISTLEBLOWER'S PLATFORM

The Whistleblower's platform is an external, encrypted platform which enables all employees, wherever they are located, to anonymously raise a concern, incident or non-compliant act. For employees who don't have access to a computer, complaints may be filed by telephone. Issues to report can concern harassment, safety, competition, illicit financing, export control, conflicts of interest, corruption, etc... The Compliance Officer is directly informed of all whistleblowing reports – translated by the system if necessary – so that proper action can be taken rapidly. In case of major issues, the information is escalated to the Executive team or the CEO. In 2019 - the second year after the platform was launched - 13 cases were reported; five verified cases concerned breaches to the Code of Conduct and were followed by corrective actions. This increased use of the platform



Safety, ethics and anti-corruption rules are a strong guideline for blue-collar and white-collar workers alike.

(from zero to 13 in one year) is a positive sign of our employees' motivation to ensure compliance at all levels.

Benchmarking shows that our safety results are on the right track. In 2019, 28 incidents resulting in medical leave (Lost Time Incident, LTI) were reported for the Chassis Brakes International sites

(compared to 36 LTIs in 2018). These good results encourage us to maintain our approach, communicate, train, observe, report and take corrective actions until we reach our ultimate goal of Zero Incident. /



SAFETY IN ACTION

Safety is a clear priority: every day, everywhere, every employee must strictly comply with efficient safety rules, which have demonstrated their effectiveness in ensuring a safe, suitable and sanitary working environment. For Brice Koch, President & CEO of Hitachi Automotive Systems, Ltd., “Health & Safety, Compliance & Ethics and Quality remain our utmost priorities in everything we do”.

CELEBRATING SAFETY BRINGS US ALL TOGETHER

We all “celebrate” our safety approach on the United Nations World Day for Safety and Health at Work - an annual international campaign to promote safe, healthy and decent work, held on 29 April and observed by the International Labour Organization since 2003.

Our Global Safety Day will further evolve to become a “Safety Week” and sometimes even a “Safety Month” at the sites.

In 2018, our celebrations focused on individual safety; in 2019, “Safer Together” was the chosen theme – a way of building on the 2018 learnings, reinforcing teamwork, increasing safety among colleagues and strengthening the sense of belonging. Various trainings were held in many locations, and a pedagogical yet fun challenge was organized: a global painting workshop to promote Safety!

...



We are building a strong safety culture, through frequent trainings and local events in all workplaces.



2019 SAFETY DAY THROUGHOUT THE BRAKE BUSINESS UNIT



THE ANGERS PLANT placed special focus on road safety and raised awareness through a workshop and in-house exhibitions. The Angers plant is particularly active, as it also organizes Awareness Weeks on topics such as addiction or chemical risks at the plant.



THE WROCLAW PLANT gathered all employees to talk about safety based on the new corporate Safety Video Campaign. A painting workshop and exercises with a physiotherapist reinforced the message, and each participant received a rescue blanket – a very useful gift!

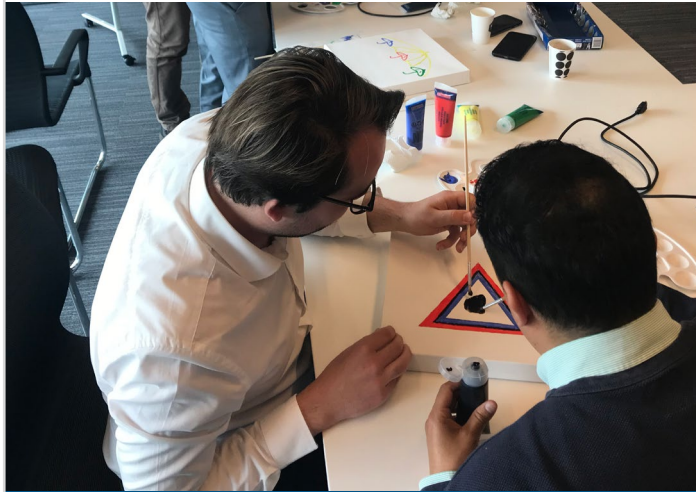
THE BUELNA PLANT's “Shared Surveillance Workshop” reminded all managers and team leaders about the basics of safety and security at work. A 28-question quiz increased 100 participants’ awareness in a game-like manner – a great way of facilitating memorization.



THE CAMPINAS PLANT focused on on-site training. The shop floor is precisely where the employees need to implement safety measures; hands-on training in the “real” environment ensures that reactions will be quick and efficient if need be.



2019 SAFETY DAY THROUGHOUT THE BRAKE BUSINESS UNIT



THE EINDHOVEN OFFICE based its office Safety Day on the various meanings of safety – the topic is wide! The employees were encouraged to be “creative painters” in expressing their perception and ideas about safety and how to increase it. This activity was organized not only in Eindhoven, but in all former Chassis Brakes International sites, in order to widely support safety awareness through creativity and team spirit.



THE BURSA PLANT promotes Health and Safety every year through various initiatives involving all of the employees. It's important that everyone feel concerned by this topic, as it impacts the employees' professional as well as personal lives. In 2019, the Bursa employees produced a video to spread the Health & Safety culture throughout the company. The video was a great success, and it won the local union's HSE competition: well-deserved recognition of the Bursa employees' efforts to ensure that the HSE culture is known, understood and implemented by all.



THE GUANGZOU PLANT is very pro-active on safety matters through its continuous Safety Promotion program. Every month, in turn, a department identifies a theme related to road safety – a topic which directly concerns our activity as brake manufacturer. The department employees work together, as a team, to design a poster which illustrates their theme in a visual way. The poster is then printed and distributed by the team members and the General Manager to all of the plant employees. An approach which combines safety awareness, teamwork and a bit of intra-plant challenge!



THE SUZHOU OFFICE taught its employees the basics of first aid, right inside the offices. The participants learned how to deal with various situations, from minor issues to dramatic cases – when “doing the right thing” can save a person's life.



TODAY'S PRODUCTS, TOMORROW'S TRENDS: SUSTAINABILITY IS THE COMMON FACTOR

Our timeframe extends over 10+ years: we must meet today's needs with our current offer and prepare the future with innovative products, able to shape tomorrow's automotive industry. Erwan Quemener, Global Sourcing Director, and Natacha Torres, Product and Innovation Manager, have complementary responsibilities on this topic.



Natacha Torres,
Product and
Innovation Manager,
and
Erwan Quemener,
Global Sourcing
Director



The levers to action can be summarized as follows: work closely with our suppliers, innovate on several fronts, and detect up-coming megatrends. Three directions, one goal: build on expertise. Regarding suppliers, Erwan Quemener details our scope: “Today, we have a particularly interesting supplier base comprising former Chassis Brakes International suppliers in Europe, India and Latin America, Hitachi suppliers who have consolidated our positions in Mexico, Thailand and China, plus Hitachi suppliers based in Japan. Our aim is to select the “right” suppliers for today’s products and build long-term relationships with them to prepare future products”. Suppliers are selected following a rigorous assessment, which includes the Chassis Brakes International’s Risk Monitoring process and CSR Monitoring process. These processes are fully in line with our Continuous Improvement approach and Hitachi Automotive Systems’ LEAP (Leadership, Engagement, Acceleration, Performance) strategy, and are planned for deployment throughout the Brake Business Unit in the near future. Erwan continues: “The Risk Monitoring process comprises 61 assessment criteria, and the CSR Monitoring process adds 21 more criteria organized in four categories: environment, social,

ethics and supply chain. In 2018 we rated 50 suppliers; in 2019, we achieved 151 supplier ratings - which represents nearly 1/3 of the 560 direct suppliers we work with, and many more suppliers are currently undergoing their assessment. In terms of purchasing spend, our assessments cover over 25% of the €600 million ex-Chassis Brakes International purchasing spend, and we have yet to include the new Hitachi Automotive Systems supply base”. In parallel with our supplier selection processes, innovation is going strong. Natacha Torres has a wide-scale view: “I am in charge of current disc and drum brakes product lines, and I coordinate innovation activities in the Brake Business Unit. I am therefore directly involved in today’s needs and constraints, and fully aware of future opportunities which require a pro-active innovation approach”. In-depth market intelligence supports and orients our innovation dynamics. We must take into account the global market, establish contacts with “knowledgeable” people in various organizations, and stay informed of new legislations. Natacha adds: “Automotive industry megatrends are carefully analysed in order to focus our innovation strategy on needs which are taking form – even if some of them resemble fiction when considered out of our professional ...

**THE NEW
BRAKE
BUSINESS UNIT
HAS BOOSTED
CREATIVITY
THROUGH
INCREASED
SYNERGIES
WHICH ENABLE
US TO HAVE A
MORE GLOBAL
APPROACH”.**
Natacha Torres



... context. A few years ago, who would have imagined autonomous cars without drivers? Yet they will probably be a mass market by 2030..."

The future trends we detect largely include sustainability aspects. The major focus concerns emissions: CO₂, dust, microparticles. This analysis is fully in line with the "Hitachi Environmental Innovation 2050" approach, which includes the long-term environmental target of reducing CO₂ emissions throughout the Group's global value chain by 80% by fiscal year 2050 (compared to fiscal year 2010 levels), with an interim target of 50% by 2030. Natacha continues: "Innovation is then a matter of math and physics.

For instance, we know that CO₂ emissions are mainly linked to fuel consumption: if we reduce the weight of vehicles, we use less fuel and pollute less. We also know that big cars have big brakes; we can work on increasing the performance of our brakes to reduce their size or make the same brake lighter by using different material".

We are also developing brakes able to operate without brake fluid, which eliminates the need to recycle the toxic fluid.

Regulations are also fully integrated in our innovation strategy.

Natacha explains: "For example in Europe, the current "EURO 6" regulation will be followed by a "EURO 7" version, probably



THE INNOVATION PROCESS STARTS WITH MARKET INTELLIGENCE"

Natacha Torres



WE HAVE INCREASED OUR SUPPLIER RATINGS FROM 50 IN 2018 TO 151 IN 2019"

Erwan Quemener

in 2025, which will concern emissions from brakes in addition to pollution from engines. We are in touch with the European Union's research group dedicated to this topic, and we provide information to our design engineers so that they can create a design compliant with this future legislation".

As we detect future trends, we involve our "best" suppliers more closely. Erwan explains: "Every year we organise five "Tech Days" to work on advanced solutions, in particular innovations to reduce pollution from micro-particles, CO₂ or corrosion. During each Tech Day, supplier design engineers get together with the Brake Business Unit experts to discuss innovation opportunities. Follow-up meetings and events complete the process in the longer term.

Our aim is to sign cooperation agreements, such as the strategic partnership agreement signed with MANN+HUMMEL in September 2018, which developed a recyclable add-on brake dust particle filter able to "catch" particulate emissions from passenger car brakes without consuming any energy. Our next step is to work with our friction and casting suppliers, to avoid generating such particulate emissions: simply stated, rather than solve a problem, don't create it!". /

COMPLYING WITH REGULATIONS IS A COMPLEX "MUST"

According to the United Nations, the automotive industry is one of the largest markets for chemicals. Our industry is therefore encouraged to continuously improve its management of materials and substances – in line with the Hitachi Global Compliance Program and the Global Compact principles related to avoiding environmental damage and safely handling dangerous substances.

Denis Bauwens, Material Manager, explains: "We must ensure that we use the "right" materials to make our products. My role is to inform all departments of the regulations they must comply with, everywhere in the world. These rules evolve constantly, they may be international, national or local, and they concern many stakeholders."

For instance, the "REACH" regulation (Registration, Evaluation and Authorisation of Chemicals) requires reporting to customers any components containing "SVHCs" (Substances of Very High Concern, carcinogenic, mutagenic, etc); REACH has many local versions, in China, Korea, Turkey... Another regulation is the California-specific "Prop 65" rule, which requires labelling and ultimately eliminating potentially hazardous product ingredients.

The US "Dodd Frank 1502" requires checking supply chains for tin, tungsten, tantalum and gold originating from conflict-affected and high-risk areas, which entails precise tracking and reporting; a similar "EU Conflict Minerals Regulation" will be effective in Europe in 2021. As for the "VHU European directive 2000/53EC" which concerns the recycling and disposal of end-of-life vehicles (Véhicules Hors d'Usage in French), it entails avoiding forbidden substances such as cadmium, chromium 6, etc., right from the design phase.

These are only a few of the regulations that impact our operations, bearing in mind that we must also comply with customer specifications.

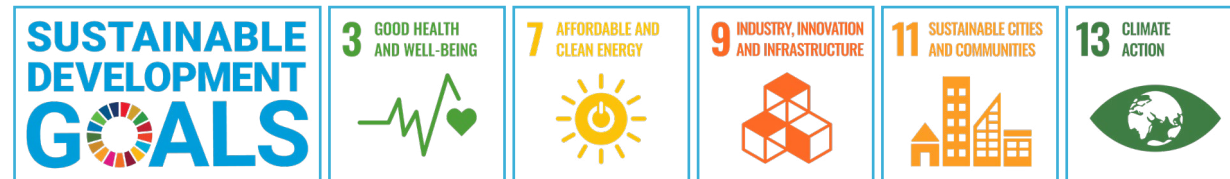
Hitachi Automotive Systems' Brake Business Unit ensures compliance by using the "International Material Data System" (IMDS), the automotive industry reference system. The IMDS collects, maintains, analyzes and archives all materials used for automobile manufacturing. Denis concludes: "Much progress has been made since last year to increase our scope, facilitate our tracking and ensure compliance. Our objective today is to share best practices and determine how we can implement a global tool for automatic tracking and comparisons, in order to simplify the process and ensure optimum compliance at all levels".



ENERGY AND WATER: WE ACTIVELY PRESERVE OUR RESOURCES

We use them to make our products: energy and water are vital to our company, as is their sustainability for the entire planet. Hitachi Automotive Systems' Brake Business Unit is acting with determination at the global level to preserve these precious resources.

Our strategy is in line with the five UN Global Compact SDGs identified by the Hitachi Ltd. as “top priority” for this year, especially the SDG 9 and SDG 11:



SDG 9 Industry, Innovation and Infrastructure:

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

SDG 11 Sustainable Cities and Communities:

Make cities and human settlements inclusive, safe, resilient and sustainable

Our approach combines several objectives which are then adapted to local needs and opportunities. First, we improve our facilities, manufacturing processes, equipment and tools to increase their efficiency and environmental friendliness: visible examples include LED lighting, modern machines, different choices of products... Second, we “spread the word”: specific training and awareness operations promote mindful consumption of resources – with a focus on energy and water – and create a positive mindset among all employees. Finally, several internal processes ensure that we are

working with the right suppliers and purchasing the right products; for example, the Risk Monitoring process maps our suppliers according to 61 criteria, and our CSR Monitoring process adds 21 criteria focused on compliance with corporate social responsibility requirements.

By deploying these measures throughout our geographical footprint and adopting new ways of working, we ensure the sustainability of our activities – and that of the planet as a whole. ...

WATER CONSUMPTION IN WUHAN

From **48** to **15**
TONS
per year (reduced by 2/3)





... **IN WUHAN (CHINA),
GOOD PRACTICES
MAKE A DIFFERENCE**

Our Wuhan site (China) is exemplary in terms of good practices. Actions are numerous and diversified, and they concern all areas of the plant. The rule is simple: wherever an improvement can be made, it is!

See these examples regarding light, water, waste, chemicals and packaging – and our aim is to add more good practices to this list in the future.

- LED lighting has been extensively installed. The former 400W sodium lamps have been replaced by 150W LED lamps, which saves 320,000 kwh of electricity per year. This approach illustrates how changing a “simple” product can be largely beneficial, both for the company and for the planet.

- A machine to recycle and reuse water has been installed and has immediately proven its efficiency: for a 420,000 CNY initial investment, the savings amount to 752,000 CNY per year. This system is safer for the employees, as it uses an automatic pump in place of the former manual one. Water consumption has been divided by three, dropping from 48 tons to 15 tons per year, and the generation of hazardous waste has also been reduced. In summary, a combination of business, human and environmental benefits.

- On the subject of waste, the storage area has been upgraded to comply with the local standard regarding industrial waste – in line with our approach to achieve the highest level of compliance whenever possible.

- Chemicals are a particular issue, as our industry uses a large amount and variety of substances. In Wuhan, the drying agents are reused, which is very good in terms of environmental preservation.

- Finally, the packaging of our production is currently being upgraded. The inner cardboard packaging is expensive, unreliable and hazardous to the environment. Our aim is to switch to recycled packaging in the coming months. This goal will require several adjustments, but we’re taking the necessary measures to achieve it. ✓

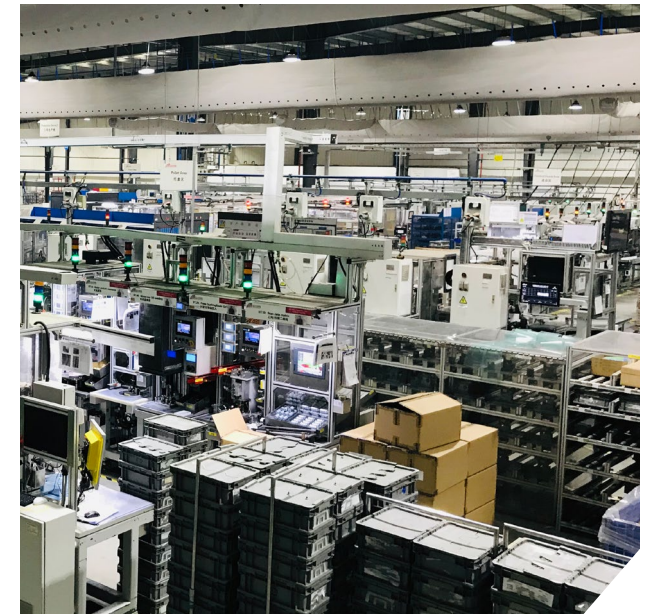


ELECTRICITY IN WUHAN

**320,000
KWH**

saved per year thanks to LED lighting

Exemplary good practices are implemented throughout the Wuhan site.





“DOING THE RIGHT THING” FOR SOCIETY AND FOR THE PLANET

As stated by Toshiaki Higashihara, President & Chief Executive Officer of Hitachi Ltd., it is important that we “increase economic, social and environmental value”. Hitachi Automotive Systems’ Brake Business Unit fully integrates these statements: in all of our locations, we do everything we can to support our people, include the local communities, and promote environment-focused actions which preserve our planet.

HUMAN RIGHTS, LABOR STANDARDS: A TOP PRIORITY

For the United Nations Global Compact, the priority level is clear: six of its ten principles concern human rights and labor standards. The Hitachi Group is on the same line of conduct - and Hitachi Automotive Systems' Brake Business Unit is on the move throughout its scope of influence.

The Hitachi Code of Conduct reflects this credo statement and provides clear guidance: section three specifically refers to Human Rights, and Labor Standards are mentioned throughout the document. In addition to ensuring awareness of these priority rules via the Code of Conduct and other communication means, our HR processes put the guidelines into practice by promoting fairness in all operations such as objective recruitment and elimination of discrimination, in line with our high ethics standards and in compliance with national and international labor rights. Our HR people are also particularly attentive to each employee's personal situation: should anyone have a problem, his or her HR representative is there to support!

Our observance of Labor and Human Rights is a year-round commitment, with special celebrations on official United Nations days: the Zero Discrimination Day and the International Women's Day in March, the World Day for Safety

and Health at Work in April, the Human Rights Day and the International Anti-Corruption Day in December... These focus days are an opportunity for the company to pay tribute to our local teams, through large-scale communication highlighting initiatives and publicizing the awards received. For example, our Bursa plant in Turkey received the 2019 the "Job Board Award" for the 6th consecutive year: this award recognizes the Brake Business Unit locally as a respectful and responsible employer due to its positive actions regarding society.



Throughout the Group, we promote actions to reduce discrimination and promote healthcare, especially for women.

WE ENHANCE OUR PEOPLE'S SKILLS THROUGH TRAINING

In the Brake Business Unit, we go beyond legal requirements to help our people "grow".

For example in India, we support our employees to pursue their studies and gain additional qualifications. The training periods range from 3 to 36 months, and are organized in accordance with the local NEEM regulation – the National Employability Enhancement Mission of the All India Council for Technical Education. In 2019, 50 Manesar employees followed various courses at post-class-10, graduation or post-graduation level.



FULLY MOBILIZED TO SUPPORT LOCAL COMMUNITIES

Wherever Hitachi Automotive Systems' Brake Business Unit people are, things are moving! The company as a whole is strongly involved in supporting local communities. Numerous initiatives are dedicated to wealth sharing – an approach which tangibly enhances local development, fights poverty and reduces inequalities.

Our actions cover a wide range of themes: awareness campaigns on various topics, healthcare promotion including sports activities, children-focused operations, support to elderly or disabled people, collections and donations of food, clothes, equipment... Our employees demonstrate a lot of “pragmatic imagination” to put together and carry out actions, and we regularly team up with charities to increase our efficiency, in particular for operations which are repeated and amplified year after year.

An example of teamwork is illustrated by an initiative taken in Lisbon, Portugal; eight volunteer employees donated blood in partnership with the Instituto Português do Sangue e da Transplantação: enough blood was collected to save several lives.

We also mobilize our forces to respond to emergencies, as shown by the example of our Jalgaon site in India. During the summer of 2019, the country experienced its heaviest monsoon in the last 25 years, causing dramatic floods. The Maharashtra region – where our Jalgaon site is located – was one of the most severely affected areas with over 400,000 people evacuated. Our employees quickly launched a dynamic fund-raising operation to help the populations in need; the result was 51000 INR (over 600€) collected and handed over to the Jalgaon town district collector for proper distribution. ✓



During the dramatic floods of 2019 in the Maharashtra county (India), the plant of Jalgaon organized a fundraising operation to support the local communities.



10 REDUCED INEQUALITIES



IN WROCLAW, Poland, 15 employees participated in a fundraising race organized by the Everest Foundation, an organization which takes care of sick children and promotes a healthy lifestyle.



4 QUALITY EDUCATION



IN SUZHOU, China, our plant donated several second-hand items – a table tennis table, a badminton blanket and a pool table – to a local disadvantaged school.



3 GOOD HEALTH AND WELL-BEING



IN WUHAN, China, our employees visited a group of elderly people without family in a care center – an important activity, organized every year, which limits solitude and brings smiles back!



2 ZERO HUNGER



IN CAMPINAS, Brazil, employees organized a large food donation to celebrate the International Day of Charity: 120 kg of food and several toys were collected and given to a local foundation.



BY PROMOTING EDUCATION, WE MAKE BETTER LIVES POSSIBLE



There are many ways a company can transform people's lives – and promoting education is perhaps the strongest one. In certain areas, the Brake Business Unit plant is the main employer; as such, it is our responsibility to take the lead and act on several registers.

Many initiatives “start at the beginning” by supporting standard academic education to help younger children acquire all necessary basic knowledge, through various scholarship programs organized locally. For example in Lerma, Mexico, our employees' children were honored for their outstanding academic performance during a ceremony at the plant. The children received diplomas, scholarships and school supplies as a reward. Along the same lines, one of our two plants in Queretaro, Mexico organized a complete celebration combining an award ceremony, a fun lunch and a plant tour for 30 children; in addition, all employees whose children were in Kindergarten, Elementary and High School received a gift of school supplies.

Regarding teenagers and young adults, partnerships with schools and universities are set up in numerous Hitachi Automotive Systems' Brake Business Unit locations, and students regularly visit our plants. Such actions achieve several goals at the same time: they promote and teach our know-how while giving the participants a longer-term view – our aim being to provide them with a larger number of options for their future. In 2019, 1000 trainees, 121 apprentices and 6 “V.I.E.” (the French “Volontariat International en Entreprise”, i.e. Volunteers for International Experience) joined us to learn from our teams and provide us with their own knowledge and experiences.

Their presence was acknowledged by events on the UN World Youth Skills Day on July 15th, 2019; we hope to have

created vocations and that some of the youngsters who spent time with us this year will join us permanently in the future.

The bottom line of our initiatives to promote education can be simply stated: wherever they are organized and whatever form they take, our initiatives are memorable events for the participants – and an excellent way of encouraging them to push their limits further! /



In Lerma (Mexico), various initiatives promote the commitment of employees' children to schooling.

VISIT OF...



...Burapha students at Rayong plant, Thailand: On September 27th, 2019, five students from the University of Burapha – located 30 km from our site – came to visit the plant and learn about our performance review process. It is to be noted that the plant regularly offers internship positions to the local universities (four interns in 2019).



...Maharashtra Institute of Technology (university) at Manesar plant, India: In December 2019, 40 students from the Maharashtra Institute of Technology visited the plant, guided by the plant manager. Several topics were presented: the manufacturing and assembling of parts, the operations layout, the various policies implemented in the plant... The students' overall feedback was very positive, and they were thankful for this practical experience in the automotive industry.



GENDER EQUALITY

OPENS OUR COMPANY TO MORE TALENTS



Hitachi Automotive Systems abides by the rules: in all Business Units, the Code of Business Conduct states that fair and equitable treatment must be ensured for all, with no discrimination based on gender, in particular with regard to salary, and in application of local jurisdictions.

Our headcount numbers are our main indicator in terms of gender equality. In looking at our numbers, we note that gender equality has improved since last year, although there is still room for improvement due to the fact that the automotive industry has always been, and still is, more attractive to men. This is clearly illustrated by the former Chassis Brakes International population (5,500 of the 9,500 employees of the Brake Business Unit): men represent approximately 85% of the total headcount versus 15% women. However, there are major differences in the male-female ratio depending on the type of position. For instance, among the managers – who represent 10% of the total headcount – 8% are men and 2% are women. At the same time, in the central functions, five manager positions are held by women (three in finance, two in HR-Communications).



Regarding large categories, men definitely outnumber women in many blue-collar positions: to mention only a few, there are 2,757 men operators versus 333 women, 151 men forklift drivers versus two women, and 155 maintenance technicians versus only one woman. The situation is more balanced in other positions, such as controllers (19 men, 15 women), finance managers (6 men, 5 women), or production planners (17 men, 14 women). Going further, we have many more women than men in more white-collar positions – customer contact employees (15 women, 8 men), HR administration (16 women, 4 men), assistants (33 women and only one man) – and the extreme example is the Global Communications department with 100% women.

The general conclusion of these numbers is that although women are increasingly present, we must still work on this issue. Our objective is to encourage women to join us through various awareness operations explaining the opportunities and career paths we can offer. In particular, we aim to enhance recruitment of women in R&D and Product Engineering, activities at the heart of the company. The objective is clear: to keep fighting stereotypes to attract the talents of more women, which will contribute to a more dynamic and comprehensive grasp of how our company can contribute to building a more sustainable automotive industry. ...

THE 7 WOMEN'S EMPOWERMENT PRINCIPLES

1

Establish high-level corporate leadership for gender equality

2

Treat all women and men fairly at work – Respect and support human rights and non-discrimination

3

Ensure the health, safety and well-being of all women and men workers

4

Promote education, training and professional development for women

5

Implement enterprise development, supply chain and marketing practices that empower women

6

Measure and publicly report on progress to achieve gender equality

7

Promote equality through community initiatives and advocacy



... **BURSA: OUR TURKISH CHAMPION FOR GENDER EQUALITY AND WOMEN EMPOWERMENT**

Turkey is a challenging country when it comes to gender equality. The Organisation for Economic Cooperation and Development (OECD) estimates the world's average female employment at 63% - a number which drops to 29.3% in Turkey. The main obstacle lies in culture and stereotypes, which are not in favour of women holding jobs.

Yet for the second year, our Bursa site in Turkey stands out as a pioneer plant. For example, there is no salary difference between Bursa male and female employees holding the same position, whereas in Turkey, for the same job, a woman earns on average 41% less than a man.

Furthermore, Bursa actively supports the Women's Empowerment Principles (WEPs) - a set of 7 Principles established by the UN Global Compact and UN Women. These principles offer guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. So far, nearly 3,000 business leaders around the world have signed a Statement of Support to the Women's Empowerment Principles, including former Chassis Brakes International in 2018 and Hitachi Automotive Systems in 2020.

Bursa's local program for women's empowerment and gender equality, led by Cisil Güler, Bursa HR manager, in partnership with several local associations, deploys a large span of activities for both our employees and the communities of women around

our plant, with a major focus on awareness and education. We also sponsor the annual conference to promote gender equality and women empowerment in business: in 2019, this event was attended by over 500 persons working in companies in Bursa and Istanbul.

From a human resources standpoint, the number of women working in the Bursa plant remains steady due to a small turnover. In 2019, 25 of our 300 employees were women, including four managers. To further raise awareness of gender equality, an internal training provided by both male and female employees will be implemented in 2020. /

The women of the Bursa plant (Turkey), gathered for Women's Day 2019.



“MY PROFESSION, MY FUTURE” PROJECT

In order to hire more qualified women for the shop floor, Bursa plant's “My Profession, My Future” project promotes technical education for girls. In 2019, we organized three conferences: over 1,000 parents and their daughters attended, and ten new schoolgirls registered in the pilot High School (Karacabey Farabi Health Vocation High School) – bringing the total number of girl students up to 16. This positive influence of our awareness operations was also noted in the three other technical and vocational High Schools of the region: the number of girl students registered increased from 112 in 2018 to over 450 in 2019 (+300%)!

GIRLS FOLLOWING TECHNICAL STUDIES IN BURSA



BUILDING AN INCLUSIVE SOCIETY: NO ONE IS LEFT OUT



In society as a whole, certain populations are targeted more than others by discrimination and disregard: physical or mental impairments create barriers which are difficult to overcome without help. The Brake Business Unit plays its part by contributing to local projects and associations, in particular those involved in inclusive initiatives, as part of our CSR commitments.

Inside the Group, in all of our sites around the world, we take special care of employees suffering from a physical impairment. Showing respect is the first rule, and perhaps the most meaningful one for the employees concerned. Recruitment discrimination is systematically eliminated. Moreover, we adapt the workplace or work schedule whenever necessary to provide impaired employees with proper working

conditions, so that they can work in harmony with their colleagues. Regarding the communities around our sites, we participate in numerous initiatives dedicated to people who need extra help. For example, our Buelna site in Spain outsources certain business activities to two companies employing disabled workers: the AMPROS company, which is specialized in gardening, and

the SOEMCA company which cleans work uniforms. A similar approach exists in Paris, France, where we have partnered with an “ESAT” (“Etablissement et Service d’Aide par le Travail” in French), an employment center for handicapped people. A very different approach is illustrated by our Abrantes site in Portugal and its “Cantar as Janeiras” (Sing The Januaries) project. Cantar as Janeiras is a long-standing Portuguese tradition, during which people play and sing traditional songs – a festive event, during which disabilities “disappear” behind smiles. Every year in January, the plant welcomes children and young adults from the “Centro de Recuperação e Integração”, a rehabilitation center for mentally incapacitated people, to sing together and have a good time with our employees. /



The traditional “Cantar as Janeiras” organized in Abrantes (Portugal) with a local rehabilitation center.



OUR KORAT PLANT IS REWARDED FOR ITS OUTSTANDING DISABILITY SUPPORT

In Thailand, the Ministry of Social Development and Human Security has acknowledged the strong commitment of the Korat plant and its excellence in disability support by awarding us the “Thailand Excellence Disability Support Award” for the 4th consecutive year. This award honors companies that have demonstrated extraordinary social contribution in their support to disabled employees. Receiving the award is tangible evidence that we are doing the right thing: our support reflects the diversity of the company and of the Thai community, and our handicapped employees are treated fairly, with the same opportunities and benefits as other employees – including in terms of career path.



HEALTH: CARING ABOUT ALL



Our employees are our strength! They move things forward every day, with all their energy. The company acknowledges their efforts by deploying specific measures and actions in our sites in order to ensure that each person's health is preserved. This, in turn, improves the general health situation of the communities around our sites, where most of our employees live with their families.

In most Hitachi Automotive Systems' Brake Business Unit locations, medical support is ensured by the presence of on-site doctors and nurses who deal with occupational health issues as well as personal issues if necessary. First-aid training is regularly offered, with both theory and practice based on simulations; such know-how is important to enable the participants to react the right way, both inside the plant and in case of emergencies during personal activities.

Many other initiatives focus on prevention: awareness campaigns provide information about diseases such as diabetes, addiction, mental health illnesses...

Regarding cancer, we go even further by offering the employees special check-ups for breast or prostate cancer; for example in Bursa, Turkey, all 40 female employees working in the site participated in our breast cancer prevention operation in March. We also organize vaccination days to protect our employees – as the saying goes, “better safe than sorry”.

Our Lisbon site in Portugal promotes health for its employees in a particularly dynamic way. The site's “Healthy Week”, held once a year, encourages a healthy lifestyle by setting up activities such as sports, gymnastics, and massages, and “Healthy Workshops” promote good nutrition and cooking habits - including fruit baskets and wide sharing of recipes to make at home. In 2019 all Lisbon departments participated actively in the various challenges; 31 office people enjoyed a massage, and the general feedback was excellent with a 4.7/5 satisfaction score. A great way to reinforce an overall positive mindset! ✓

40 FEMALE EMPLOYEES WORKING AT THE BURSA SITE PARTICIPATED IN OUR BREAST CANCER PREVENTION OPERATION”

ROAD SAFETY

Road safety is a major goal for Hitachi Automotive Systems' Brake Business Unit. As a responsible manufacturer with a renowned expertise in braking solutions, our primary focus is to provide equipment which ensures a high level of safety – simply stated, our brakes save lives! We work and innovate to improve our customers' safety, day after day, on all roads – wherever they are.

Inside the Group, we also tackle road safety from another angle: we make sure that all employees are aware of road traffic risks and commit to take them into account. In 2019, numerous actions were set up. For example in Angers, France, training sessions and car checks were organized. In Guangzhou, China, our employees attended a simulation training about the “blind spot” - the area on the side of the car which is not visible in the driver's rear-view mirror.

In Buelna, Spain, a driving simulator was made available to the employees on the World Day of Remembrance for Road Traffic Victims on November 17th, 2019. Our hope is that these initiatives will contribute to adopting safe behaviors when on the road, in order to preserve lives – and families – in the future.



3 GOOD HEALTH AND WELL-BEING



IN THE YOKOHAMA OFFICE

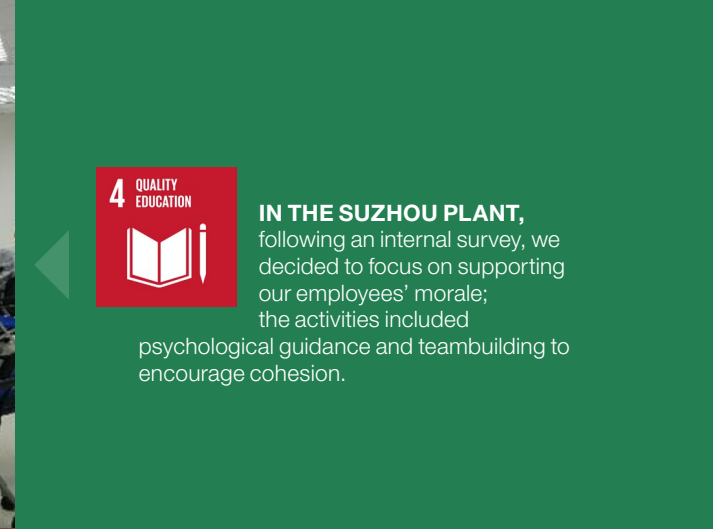
in Japan, all employees have access to an in-house blood pressure device to make sure their blood pressure is normal – a simple check to detect problems and promote self-care in the workplace .



4 QUALITY EDUCATION



IN THE SUZHOU PLANT, following an internal survey, we decided to focus on supporting our employees' morale; the activities included psychological guidance and teambuilding to encourage cohesion.



3 GOOD HEALTH AND WELL-BEING



IN THE CAMPINAS PLANT,

Brazil, many annual awareness campaigns are organized. In 2019, the site observed the Suicide Prevention Day with training delivered by a mental health professional.



HEALTH AND WELL-BEING: OUR “FEEL-GOOD” INITIATIVES

Sport is one of the most international activities in the world: whether collective or individual, as a long-term commitment or an occasional hobby, it's a way to feel good – both physically and mentally.

All kinds of sports activities take place on our sites in many countries: running, cycling, ball games, etc... Whatever the type of sport, each activity achieves one – or several – goals: it favors a healthy lifestyle, it promotes our company externally, and in some cases, it enables our employees to raise money for a good cause. The Paris example achieves all of these goals through its “#QuiPartCourtDonne” (Running & Giving) operation – a concept based on the “Running Heroes” idea, which transforms the distance you run into money for a charity. Every year, the Paris employees collectively vote to select a charity of their choice, and then GO! They run because they care, and the more they run, the more money they collect for the charity – it is as simple as that. In 2019, the Paris employees collected 1€ for each 1.5km they ran, which resulted in over 600€ distributed to five different charities. Well-being at work is also a subject that we, as a company, are acting on. While a safe, efficient working environment is our first objective, we also aim to provide a lively place where our employees feel good and thrive. Many activities are set up, including fun teambuilding events such

as the “ugly sweater contest” or “Secret Santa” – when employees secretly draw a co-worker's name and give him or her a small Christmas present. “Family Days” are also organized every year in numerous sites, to bring together our employees and their families in a relaxed atmosphere which creates happy memories. An example of such an event is given by our Abrantes site in Portugal, which holds its Family Day on the International Day of Happiness, a United Nations event celebrated since 2013 as a way to recognise the importance of happiness in the lives of people around the world.

PEOPLE WHO ACT

A comprehensive initiative to improve “whatever can be improved” is illustrated by the Gente Que Faz (People who act) operation in our Campinas site in Brazil. The principle is simple: every year, employees nominate co-workers for their positive actions. In 2019, over 50 employees nominated 254 co-workers, and a total of 91 initiatives were included in the program. For example, a team of 6 employees stood out in two categories: Human Values (helping and valuing people) and Business (actions

resulting in financial gain and improvement of processes). About 70 employees attended the ceremony rewarding the 2019 winners. A great way to foster engagement and reward the creativity of our employees! /

EVERY YEAR,
THE PARIS EMPLOYEES
COLLECTIVELY VOTE
TO SELECT A CHARITY
OF THEIR CHOICE,
AND THEN GO!”

2019 GENTE QUE FAZ AWARDS

The recognition program organized in Brazil (Campinas plant)

- **Business:** We rewarded a team of six employees, whose outstanding performance enabled us to obtain our first project with a new passenger vehicle manufacturer.
- **Human Values:** We rewarded an employee who organized a food collection operation, in order to support an outsourced employee whose family was in need. And two other employees were rewarded for providing the largest number of nominations of colleagues and actions.
- **Both:** Six employees received an award for registering the largest number of “Olhos Abertos” (reporting of unsafe conditions in the plant) and implementing “KZTs” (improvement projects). All together, they reported 90 unsafe situations and implemented 120 projects!



PRESERVING OUR PLANET IS PROTECTING OUR HOME

From the United Nations Global Compact, preserving the environment is detailed in three principles:

PRINCIPLE 7:
Business should support a precautionary approach to environmental challenges.

PRINCIPLE 8:
Business should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9:
Business should encourage the development and diffusion of environmentally friendly technologies.



Hitachi Automotive Systems' Brake Business Unit makes it a rule to support these principles, everywhere in the world – and our employees are our best advocates to do so.



LIFE ON LAND: EVERY LITTLE BIT HELPS



From an official viewpoint, protecting “life on land” is the 15th United Nations Sustainable Development Goal - but in everyday life, it is much more than that. It is an imperative obligation, all over the globe: by contributing to environmental preservation, in large and small ways, we protect ourselves and ensure that future generations can thrive.



The environment is the central focus of a series of events.



The Paris office welcomed several beehives on its roof in 2019.



Every year, the Campinas plant organizes its Environment Day.

Trees, in particular, are essential to us in that they provide oxygen and control heat. Many local initiatives therefore encourage reforestation: by planting trees we “green” our sites and promote a sustainable mindset among the employees, whose families are involved in certain locations. The overall motto is easy to memorize: do the right thing while having fun! For example in Mexico, employees of both the Lerma and the Queretaro sites were invited with their families to the Sierra

Morelos Park, where the annual reforestation operation was carried out. The participants brought their own tools and after receiving instructions, they planted a large number of trees with their families’ help – in the years to come, they will be able to watch “their” trees grow with pride. In India, the Jalgaon employees planted 800 trees to reduce the heat level during the summer season, and Manesar also contributed to reforestation by planting 75 trees in 2019, to add to the trees already

planted during previous years. In France, where the Paris site has no green area to plant trees, our employees had a different idea: several beehives were installed on the office rooftop, a “honey-sweet” way of increasing awareness about the instrumental role played by bees in the global environment life cycle, as well as the need to protect them. Trash disposal is also an important environmental topic. This year In China, our employees rolled up their sleeves in several sites: Wuhan volunteers ...





Tree-planting in Wroclaw, Poland.



Tree-planting in Jalgaon, India.



The Environment Day celebrated in Wuhan, China.



The Forest & Water Day celebrated in Rayong (Thailand) promotes responsible ways of consumption.

- ... collected about 50 kg of trash in two hours, and Guangzhou employees picked up 9 kg of trash in the Wantian ecology park next to the plant.
- More generally, the United Nations World Environment Day was widely celebrated throughout Hitachi Automotive Systems' Brake Business Unit locations; for instance in Campinas, Brazil, the employees were invited to "adopt" seedlings and plants, and in Suzhou, China, elementary students received booklets about how to protect the environment.
- Another environment-friendly approach is the organization of life in the workplace. For example, several locations such as Rayong, Thailand, have eliminated the use of straws in the cafeteria. Others have increased awareness through "Sustainable Weeks" or implemented waste separation. /



CLEAN AIR, PLENTIFUL WATER... WE ARE TAKING ACTION ON VITAL NEEDS



Air and water have always been high-level priorities for the United Nations. In June 2019 the theme of the World Environment Day was “Beat Air Pollution”, and water has always been integrated in global environmental goals. Hitachi Automotive Systems’ Brake Business Unit is active on these particularly meaningful topics.

AIR

Regarding air pollution, the United Nations “invites us all to consider how we can change our everyday lives to reduce the amount of air pollution we produce, and thwart its contribution to global warming and its effects on our own health”. Our actions cover several aspects.

- Our “Safer, Cleaner, Smarter” systems and products are systematically designed to decrease air pollution by reducing CO₂ emissions from brakes. A promising example is our disc brake ZOHe AST™ (Active Shape Technology) which has already achieved a very low residual drag of 1 Nm - our goal being a zero residual drag by 2025.
- Around our sites, actions include collective transport systems such as the company buses set up by Wrocław, Poland. In Paris, France, a “bicycle incentive” launched in 2018 encourages employees to ride their bike to work via a bonus in proportion to the distance covered with “personal muscle power”. In 2019 the initiative gained momentum with a bonus distribution to 20 employees. /

OUR PRODUCTION IS READY TO DO BATTLE TO LIMIT AIR POLLUTION

Several local initiatives are particularly smart in the way they include environmental protection in their production. In Jalgaon, India, an in-house alloying system produces two tons of alloy per month while reducing CO₂ emissions thanks to its fuel-efficient induction furnace. In Dalian, China, a foundry process set up in 2018 reduces emissions of Volatile Organic Components (VOC) by 24 tons per year: it’s positive for the planet as well as for the employees, who can benefit from healthier working conditions.

WATER

Regarding our focus on water we used more resources in 2019 (+33% of water consumption), though we focused on improving our recycling processes (from 10.45% to 10.65% of reused water between 2018 and 2019).

The Brake Business Unit also largely promotes a water-saving mindset through annual “Water Day” campaigns organized throughout our sites with different kinds of local initiatives such as seminars. /



Annual “water day” campaigns are organized by the sites to promote a daily water-friendly approach (here in Abrantes, Portugal).



MAKING BETTER USE OF WHAT WE HAVE



For a sustainable approach to be efficient, the Group's long-term vision must be supported by pragmatic actions – even those which may seem limited in scope. Such actions, when multiplied and diversified, do, over time, have significant results!

One of our rules is to be mindful of our consumption in all processes, whether in offices or in plants. An illustration of this rule is provided by our Guanzhou site, which participates in the “Earth Hour” initiative – a worldwide movement organized by the World Wide Fund (WWF) and supported by 190 countries so far. Every year, millions of people around the world turn their lights off for one hour to show their steadfast commitment to protecting nature. During the “Earth Hour”, our Guanzhou site in China switches the power off in the entire plant during two nights: a nice gesture for Nature as a whole. Recycling is another way of making optimum use of our resources. In the Hitachi Automotive Systems global manufacturing processes, 93% of the waste products are reused or recycled. Many local initiatives throughout our worldwide scope give products a “second life”, for example, by donating

ageing furniture, computers or other equipment to local charities. In Heilbronn, Germany, old IT equipment is sorted once a year to be sold to employees, and the money raised also goes to a charity. As for our Lisbon site in Portugal every year, it organizes a poster campaign for Fundação do Gil, an association which recycles toners and ink cartridges – an operation which also preserves the environment, as such products are harmful if improperly disposed of. ✓



GOING FOR THE CSR CHALLENGE AT FULL SPEED

This document illustrates our unflinching commitment to the United Nations Global Compact and our determination to promote its ten Principles on human rights, labour rights, environmental preservation and anti-corruption rules and behaviors, inside and beyond our company.



Today, Hitachi Automotive Systems' Brake Business Unit is a strong business entity combining the strengths of Hitachi Automotive Systems and Chassis Brakes International. Thanks to the harmony, sincerity and pioneering spirit shared by our 9,500 employees, we are more than ever able to deploy a sustainable CSR strategy benefitting the company, the planet, and society as a whole.

The CSR commitments we presented one year ago have been fulfilled and, in many cases, exceeded. Despite the Covid-19 challenges, we have maintained and delivered on all goals:

– We have increased the number and visibility of our CSR actions, based on a consolidated calendar of events. In 2019, we organized specific actions on 16 United Nations Days, in particular the Zero Discrimination Day, the International Women's Day, the World Day for Safety and Health at Work, the Human Rights Day and the International Anti-Corruption Day. In 2020, we will intensify our approach by organizing actions on 20 United Nation days – a 25% increase!

– We have strengthened the alignment of our products with our “Safer, Cleaner, Smarter” philosophy. Our innovative processes blend CSR requirements into

customer requests and boost the development of superior, original products and technologies. In 2020 we will build on this positive trend, in line with the Hitachi Group Corporate guidelines, in order to contribute visibly and efficiently to the evolution of society - and its progress.

– We have focused more specifically on the areas selected for 2019: gender equality, diversity, environmental awareness and safety at work. Thanks to our teams' imagination and motivation, numerous actions have favorably influenced attitudes and behaviors, both inside our locations and in the surrounding communities. In 2020, these aspects will remain top priorities for our company. In particular, we will join the ambitious Hitachi Automotive Systems Diversity & Inclusion strategy supported by a large variety of local initiatives.

In conclusion, this past year brought together separate companies which saw a huge potential in joining their forces to build a global leader, able to tackle new challenges head-on. Today, by working all together as one within Hitachi Automotive Systems' Brake Business Unit, we can “make a difference” in building a sustainable future. Our overall goal is stronger than ever: we can, and will, “Do the right thing right”. /



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.