

Hitachi Rail

UK Modern Slavery Statement 2024



Hitachi Rail Limited (Hitachi Rail) is the holding company of the Hitachi Railway Systems Business Unit of Hitachi, Ltd. Hitachi Rail is committed to supporting and respecting human rights, including the abolition of modern slavery and all forms of forced or compulsory labour, wherever it does business.

We are committed to acting ethically and with integrity in all our business dealings and relationships and minimising the risk of slavery or human trafficking in our business and supply chains. We engage with our workforce to help them understand what modern slavery is, how to recognise it, and how to act on risk indicators of these issues.

This is Hitachi Rail's seventh statement made pursuant to section 54 of the Modern Slavery Act 2015. This statement sets out the key activities we have undertaken since 1 April 2023 to deliver on our commitments.

Our Business

Hitachi Rail is a fully integrated, global provider of rail solutions across rolling stock, signalling, operations, service & maintenance, digital technology, and turnkey solutions. Our mission is to contribute to society through the continuous development of superior rail transport solutions. We are proud of our global achievements, from our world-famous 'bullet trains', to our signalling solutions and turnkey projects, state-of-the-art traffic management and digital solutions. Drawing on the wider Hitachi Group's market-leading technology and research-and-development capabilities, we strive for industry leading innovations and solutions that can deliver value for customers and sustainable railway systems that benefit wider society.

Snapshot From The Last 12 Months

- ◆ Maintained an independent Compliance team with senior compliance managers responsible for anti-bribery and anti-corruption, compliance operations, whistleblowing and investigations, and export and trade controls.
- ◆ Continued to ensure that our global workforce undertakes mandatory training regarding the Code of Ethics.
- ◆ Continued provision of our bespoke Modern Slavery training to our global workforce.
- ◆ Continued provision of our EcoVadis refresher training given to our internal buyers and category managers regarding the registration with and use of EcoVadis.
- ◆ Continued provision of our EcoVadis training on corrective actions for procurement.
- ◆ Authorised and released the Hitachi Rail Modern Slavery Policy in April 2024.
- ◆ Continued integration planning activities in anticipation of the acquisition of Ground Transportation Systems (GTS) from Thales, which was completed on 31 May 2024.

Our Staff

Our operations in the UK include a rolling stock manufacturing facility at Newton Aycliffe, County Durham. Our fleets are maintained and serviced at a number of train maintenance centres located around the UK, including those based in Doncaster, Bristol, London and Edinburgh. We employ 2,535 direct employees, of which 40 are part-time. This includes 2,395 permanent roles and 140 fixed term roles. We employ an additional 476 contractors and 14 expat staff. We ensure that all employees are able to demonstrate their eligibility to work in the UK and require all contractors and agency staff to undertake the same before starting work with Hitachi Rail.

Our Supply Chain

Our supply chain comprises other Hitachi Group companies as well as external third-party suppliers. During the reporting period, Hitachi Rail has directly engaged:

- ◆ 21 suppliers from within the Hitachi Group from Australia, France, Germany, India, Italy, Japan, Switzerland, United Kingdom, United States of America, and Vietnam; and,
- ◆ 1080 external suppliers globally. Approximately 85% of these suppliers are based within the United Kingdom. The balance operates or has a manufacturing footprint in Australia, Austria, Belgium, Canada, China, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Poland, Romania, Slovakia, Spain, Sweden, Switzerland, United States of America.

Our Codes And Policies

Hitachi Rail's commitment to prevent modern slavery and human trafficking in our business and supply chains is underpinned by appropriate policies that are regularly reviewed and updated to reflect our evolving business.

Our [Hitachi Group Code of Ethics and Business Conduct](#) (2023) (**Code of Ethics**), applies to all members of our governance and control bodies, executives, workforce and supply chain. Amongst other things, the Code of Ethics further demonstrates Hitachi Rail's dedication to eradicating slavery and all types of forced or mandatory labour, as well as our pledge to support our communities. The Code of Ethics reflects our commitment to, amongst other things:

- ◆ Abolition of slavery and all forms of forced or compulsory labour;
- ◆ Freedom of association;
- ◆ Equal pay for equal work;
- ◆ Equality at work;
- ◆ Just and favourable remuneration;
- ◆ Non-discrimination; and
- ◆ Protection for the organisation of and participation in collective bargaining.

Hitachi Rail also requires our suppliers to comply with our [Expectations of Business Partners](#) (2024) (**Expectations**) where we expressly preclude the use of child, forced, or trafficked labour in our supply chains and where we require our partners to respect human rights and applicable labour laws and comply with legal requirements for abolishing slavery and all forms of forced or compulsory labour. The Expectations were developed in 2024 to replace our supplier code of conduct. They outline Hitachi Rail's requirements for ethical business conduct of all our business partners that we buy from, sell to, or partner with.

Hitachi Rail supplements the above with the following relevant internal policies and manuals that are subject to continuous review and improvement:

- ◆ **Human Rights Policy** (2022) that reflects our commitment to comply with the Universal Declaration of Human Rights when conducting business;
- ◆ **Whistleblowing & Speak-Up Policy** (2023) that promotes a "speak-up" culture whereby anyone can report, in good faith, actual or suspected violations or breaches of laws, regulations, our Code of Ethics, or our policies and emphasises that Hitachi does not tolerate retaliation against whistleblowers;
- ◆ **Internal Compliance Programme Manual** (2023) that describes how we prevent, detect, and respond to compliance risks and misconduct and promote a culture of ethical conduct;

- ◆ **Modern Slavery Policy (2024)** that sets out our commitment to reasonable measures to minimize risks of modern slavery in our business, operations, and value and supply chains.
- ◆ **Environmental Policy (2022), Quality Policy (2022), Product Safety Policy (2022) and Health and Safety Policy (2022)** that set our commitment to provide safe, effective, quality and fit for purpose systems, products and services to customers, in compliance with good practice, applicable international and national standards and all legal obligations;
- ◆ **Social Accountability Manual (2022)** that reiterates Hitachi Rail's commitment to the highest standards of ethics and sustainable development by respecting and implementing the principles of Standard SA8000 (Social Accountability) for human rights and workers' rights;
- ◆ **Corporate Social Responsibility Governance Manual (2022)** that sets out our strategic objectives in relation to Corporate Social Responsibility (**CSR**) and identifies the roles and responsibilities of our Social Performance Team and CSR & Sustainability Committee in supporting the application of the United Nations Global Compact to our business;
- ◆ **Integrated Risk Management Framework Manual (2021)** that describes our integrated risk management (**IRM**) framework, which provides assurance on IRM activities through the organisation, both at enterprise and project level; and
- ◆ Other written employment practices and procedures that ensure fair recruitment and treatment of our workforce.

Hitachi Rail continues to make our policies available to our workforce, in multiple languages where appropriate, through publication on our internal document management system and intranet. We regularly review and update our policies.

Due Diligence For Modern Slavery And Human Trafficking

Hitachi Rail has identified certain materials and services procured by our business during the reporting period as giving rise to the highest risk of human rights or of giving rise to the highest risk of forced labour, child labour and trafficking. Hitachi Rail identifies, assesses, controls, and monitors the risk of modern slavery and human trafficking in these industries, and our supply chain more generally, through our supplier due diligence. Core activities include:

- ◆ **Supplier mapping:** Mapping direct supply chain and business relationships to measure and identify areas where there is potential or indirect risk for modern slavery using published data.
- ◆ **Hitachi Rail Assessment & Screening:** Initial desktop assessment of all suppliers based on a compliance risk assessment protocol whereby new suppliers are screened for: i) compliance and reputational risk events (e.g. negative news, regulatory enforcement including fines or other penalties, and legal actions including litigations); ii) export trade sanctions and blacklisting; iii) corruption risk (including corruption perception scores, financial secrecy, and corporate tax haven indices); and iv) human rights risk (including Ecovadis industry and country risks, and worker's rights indices).
- ◆ Prospective suppliers are required to agree to adhere to the Expectations and complete the Hitachi Rail screening questionnaire that includes information to understand the supplier's compliance with regulatory requirements and best practices.

- ◆ **CSR & Sustainability Risk Assessment:** In December 2021, we launched an internal programme to enhance visibility of supply chain risks in the corporate social responsibility (CSR) and sustainability space, partnering with EcoVadis, a global leader in business sustainability ratings. We have uploaded and risk-assessed our supply base using the EcoVadis IQ platform which has enabled us to create a CSR & Sustainability risk profile for our suppliers against 4 key criteria: Environment, Labour & Human Rights, Ethics and Sustainable Procurement
- ◆ The risk assessment was updated in 2023 and now represents approximately 94% of our total annual third party spend, being 6,944 suppliers registering an increase of 142 suppliers with respect to the last reporting period) and provides critical insights on the inherent risk profile of our Tier 1 suppliers in terms of the industries they work in and the countries in which they operate. We have also actively invited suppliers, based on spend and risk, to register in the EcoVadis ratings platform, providing more detailed visibility of their CSR and sustainability performance. We now have approximately 954 direct suppliers registered with EcoVadis ratings (up from approximately 759 direct suppliers in the last reporting period) and continue to engage with suppliers and promote the EcoVadis tool. Through the EcoVadis tool, registered suppliers have access to the EcoVadis Academy training which includes e-learning courses on Child Labour, Forced Labour & Human Trafficking topics.
- ◆ **Site Visits and External Audits:** We organise and undertake supplier visits and audits for quality & assurance and health & safety in accordance with Hitachi Rail internal policies and procedures.
- ◆ In our Modern Slavery Statement for 2021 we first advised that a human rights issue was raised following the publication of a report by the Australian Strategic Policy Institute (**ASPI**). This report focuses on the potential forced enrolment of Uyghur people in the supply chains of major international companies. The report mentions one of Hitachi Rail's suppliers.
 - ◇ Following the publication of the ASPI report, Hitachi Rail undertook an in-depth review of potential forced labour issues in the supplier referenced, including internal interviews, document reviews and three third party audits.
 - ◇ Methodology of the review, the documentation and information received from the supplier and external audits organised, no instances of forced or compulsory labour were identified at the plants that supply Hitachi Rail. Hitachi Rail will continue to monitor this specific case and assess potential human rights issues in its supply-chains generally.
- ◆ **Internal Audit:** We have a framework in place for all current procurement processes. These are all tested internally and externally through rigorous audits that look at compliance and the application and adherence to processes. Where there is a non-conformity report or recommendation, we build them into the process development.
- ◆ **Whistleblowing & Speak-Up:** Hitachi Rail provides various speak-up channels for any person, internal or external to our business, seeking to report a concern regarding actual or suspected misconduct that may be a violation or breach of any applicable law or regulation, our Code of Ethics, or any of our policies. Our speak-up channels include managers, members of our Human Resources or Legal & Compliance functions, and our dedicated 24-7 Hitachi Global Compliance Hotline, which provides for online or telephonic reporting. Hitachi Rail additionally provides for specific email addresses for supervisory bodies and other eligible recipients as speak-up channels, as required by certain local laws and regulations where we operate. Hitachi Rail does not tolerate retaliation against whistleblowers.
- ◆ **Compliance:** We have a dedicated compliance team, led by our Chief Compliance Officer. The compliance team is supported by all functions over the business, but in particular Internal Audit, Legal, Finance, Human Resources, Procurement and Sales.

- ◆ **Contracts:** Hitachi Rail binds suppliers to comply with all applicable laws, including the Modern Slavery Act 2015, and the Expectations.

Training

Raising awareness and building expertise is another process used by Hitachi Rail to manage human rights risks. Hitachi Rail ensures that all new members of our workforce undertake mandatory annual training on our Code of Ethics (translated into 15 languages) within three months of joining. This training is refreshed annually for our whole workforce. The training explains how to spot and report potential or actual breaches of the Code of Ethics, including in relation to human rights, and details the consequences for failing to comply with the Code of Ethics.

Our global bespoke Modern Slavery e-learning helps our workforce to identify potential instances of Modern Slavery in our business and supply chain and explains our procedures for preventing and reporting the same. More than 88.04% of our workforce with access to eLearning have completed the training to date. Hitachi Rail first deployed the training in 2023 and plans to refresh the training to all our workforce every two years

We actively work with our procurement teams and management to identify gaps in individual and role training as part of the wider due diligence activities and responsible sourcing programme. Our responsible sourcing training is delivered via the EcoVadis Academy and is accessible to both Hitachi procurement teams and suppliers.

Effectiveness And Further Steps

We continue to monitor the effectiveness of our processes to ensure that we source responsibly, trade ethically and prevent human trafficking within our business and supply chain. This section outlines key performance indicators (**KPIs**) to help measure progress against our goals.

KPIs

Goal	Status
Ensure new members of the workforce have completed Code of Ethics training within 3 months of new employee start date	Achieved
Ensure that existing workforce have undertaken refresher Code of Ethics training annually	Achieved
Ensure workforce with access to eLearning have completed Modern Slavery training by 31 March 2024	On track
Publish Hitachi Rail Modern Slavery Policy by 30 April 2024	Achieved
Develop an engagement strategy for suppliers that EcoVadis has identified as having a “high” or “very high” inherent sustainability risk profile to register and complete the sustainability assessment with EcoVadis by 31 March 2025	On track
Continue to ensure that anti-slavery clauses and compliance with the Supplier Code of Conduct are embedded into all high-risk contracts	On track

Screen suppliers through EcoVadis, including in respect of child labour, forced labour, human trafficking, and workers' rights

Achieved

This statement was approved by the Hitachi Rail Ltd Board of Directors on **11 September 2024**.

Signed version filed with relevant government authority

Giuseppe Marino
Group CEO