

HITACHI

Hitachi Rail

Canadian Forced Labour Reporting FY24

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Canadian Statement Against Forced Labour and Child Labour in Supply Chains pursuant to an Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff, referred to as Canada's "*Modern Slavery Act*" (the "**Act**") for the year ending December 31, 2024

1. Introduction:

Hitachi Rail Ltd. ("Hitachi Rail") is the holding company of the Hitachi Railway Systems Business Unit of Hitachi Ltd. Hitachi Rail STS Canada, Inc. ("Hitachi Rail STS Canada") is a third -tier, wholly -owned subsidiary of this company. Hitachi Rail GTS Canada Inc. ("Hitachi Rail GTSC"), formerly known as Ground Transportation Systems Canada Inc., was sold by Thales S.A. to Hitachi Rail on May 31, 2024, joining the Hitachi Railways Systems Business Unit.

Hitachi Rail is committed to supporting and respecting human rights, including the abolition of both forced and child 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 both forced labour and child labour in our business and supply chains. We engage with our workforce to help them understand what forced labour and child labour are, how to recognise it, and how to act on risk indicators of these issues.

2. Structure, activities, and supply chains:

Structure:

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.

Hitachi Rail is improving mobility throughout the USA and Canada, providing passengers, customers, and communities with the benefits of seamless, sustainable journeys.

Hitachi Rail STS Canada's registered address is 66 Wellington Street West, Suite 5300, Toronto, Ontario, Canada M5K 1E6. Hitachi Rail GTSC's registered address is 105 Moatfield Drive, North York, Ontario, Canada M3B 0A2.

With the inclusion of the Ground Transportation Systems business from Thales S.A., Hitachi Rail has grown its business to around 24,000 employees in 50 countries and continues to recruit diverse talent.

Hitachi Rail reflects the diversity of the people and places it serves, as a global business with a multicultural heritage. Hitachi Rail is growing in Canada with steady recruitment planned for the Canadian market as demand for transit increases.

For the period ending December 31, 2024, Hitachi Rail STS Canada employed 103 people. This includes 94 permanent full-time roles. In addition, we have one agency contractor and 8 secondees. Hitachi Rail GTS Canada Inc. employed 1127 people. This includes 1055 permanent roles, 7 fixed term roles and 65 intern roles. In addition, we have 105 contingent positions and 41 subcontractor positions.

We ensure that all employees are able to demonstrate their eligibility to work in the country in which they are based and require all contractors and agency staff to undertake the same before starting work with Hitachi Rail.

Activities:

Hitachi Rail is based in 12 locations in North America. In the US, our locations include Pittsburgh, Washington DC, Honolulu and a new railcar factory in Washington County, Maryland. In Canada, we are based in Ontario with offices in Toronto, North York and Mississauga, as well as in British Columbia, with an office in Burnaby, and in Quebec with an office in Montreal. Further afield, we have a presence in 50 countries, across 11 manufacturing sites on three continents.

Our North American business includes the development and operation of new railways, train building, implementing new digital signalling systems and delivering solutions for transportation programs.

In Canada, Hitachi Rail is leading several transformative projects. As the leader of the Connect 6ix consortium, the company is delivering trains and systems for the Ontario Line and will operate and maintain the line for a 30-year term under a landmark \$9 billion CAD contract.

Beyond this, Hitachi Rail is delivering the Hurontario LRT, which will enhance connectivity across the Greater Toronto Area, and advanced digital signalling technology for the Finch West LRT, improving transit options in Toronto's northwest.

In Ottawa, Hitachi Rail is deploying cutting edge technology on Confederation Line, significantly enhancing efficiency, safety, and capacity. This advanced signaling technology enables high-frequency service, accommodating up to 10,700 passengers per hour per direction. The system represents a major upgrade to Ottawa's transit infrastructure, providing a more reliable and efficient transportation option for the city's growing population.

Vancouver's SkyTrain was the world's first driverless system. The network includes five lines equipped with Hitachi Rail signalling technology: the Expo Line, Millennium Line, Canada Line, and the Broadway Subway and Surrey Langley projects, both of which are under construction. As the backbone of Vancouver's metropolitan transit system, SkyTrain has expanded seven times since its inception. Hitachi Rail signalling technology powers 100% of the network and serves as an international benchmark for driverless systems.

Additionally, in Montreal, Hitachi Rail is modernizing the signalling systems for the Blue Line, improving efficiency, reliability, capacity and ensuring safer and more reliable operations for the city's metro system.

These projects highlight Hitachi Rail's commitment to advancing sustainable and efficient transportation infrastructure across Canada.

The acquisition of Ground Transportation Systems, effective since May 31, 2024, is expected to increase innovation, investment, and competition in the rail sector internationally, and to allow a greater capability to deliver for customers, develop new technology and get closer than ever to the markets it serves.

Supply Chain:

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

For Hitachi Rail STS Canada:

- ▶ Fifteen suppliers from within the Hitachi Group from Canada, Japan, Italy, United Arab Emirates, United States, Saudi Arabia, China, Taiwan, Spain, France; and
- ▶ 137 external suppliers globally. Approximately 65% of these suppliers are based within Canada. The balance operates or has a manufacturing footprint in Germany, Israel, Italy, Singapore, Spain, France and the United States.

For Hitachi Rail GTSC:

- ▶ Three suppliers from within the Hitachi Group from the United States, Germany and Spain;
- ▶ 159 external suppliers globally. 51% of these suppliers are based within Canada, 30% in the United States, with the rest operating or having a manufacturing footprint in Europe, China, India and Qatar.

3. Policies and due diligence processes:

Hitachi Rail's commitment to prevent forced labour and child labour in our business and supply chains is underpinned by appropriate policies that are regularly reviewed and updated to reflect our evolving business.

Hitachi Rail will persist in embedding responsible business conduct into our policies and management systems that align with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.

Our internal **Compliance Programme Manual** (2023) describes how we prevent, detect, and respond to compliance risks and misconduct, and promote a culture of ethical conduct. It provides for the architecture, implementation and testing and monitoring of the effectiveness of our Programme. This infrastructure provides for governance and oversight as well as the necessary framework and tools to manage, measure, and improve the Compliance Programme to identify and mitigate potential risks to the Company. Our Compliance Programme is benchmarked periodically against industry and global best practices and aligns to Hitachi Group compliance standards, including the U.S. Department of Justice's requirements for an effective ethics and compliance programme.

The recently updated 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. 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 started to require our suppliers to comply with the Hitachi Rail Supplier Code of Conduct (2021) (**the Supplier Code of Conduct**), where the use of forced, bonded, indentured, involuntary or exploitative labour, slavery, and human trafficking in our supplier chains was expressly precluded. The Supplier Code of Conduct was developed to reflect our commitment to the 10 Principles of the United Nations Global Compact, and was replaced and superseded in May 2024 by the **Expectations of Business Partners**, which is provided to suppliers across all Hitachi businesses in order to pursue the ‘One Hitachi’ approach. The **Expectations of Business Partners** similarly reflect our expectation that business partners respect human rights, abide by international standards, and avoid causing or contributing to negative human rights impacts and comply with applicable laws, rules, and legal requirements for abolishing slavery and all forms of forced or compulsory labour. Within Hitachi Rail, suppliers are asked to confirm they comply with the Expectations of Business Partners.

Our **Whistleblowing & Speak-Up Policy** (2023) 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 those who report concerns or whistleblowers;

Our **Modern Slavery Policy** (2024) details our commitment to maintaining a culture of integrity and openness in all our business dealings and relationships, including that we take reasonable measures to minimize risks of modern slavery and forced labour in our business, operations, and value and supply chains.

Our **Respectful Workplace Policy** (2024) provides for a respectful, safe, dignified, and supportive environment for our workforce; we embrace our diversity and promote trust and fairness; and we do not tolerate workplace-related discrimination and harassment or workplace violence.

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

- ▶ **Human Rights Policy** (2025) that reflects our commitment to comply with the Universal Declaration of Human Rights when conducting business;
- ▶ **Health, Safety and Environment Policy** (2025) and **Quality and Product and Product Safety Policy** (2025) 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;
- ▶ **Conflict Minerals Policy** (2025) that states our commitment to responsible procurement activities to ensure that the procurement of materials containing conflict minerals and cobalt does not encourage human rights violations, including child labour;
- ▶ **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;
- ▶ **Respect in the Workplace, Workplace Harassment and Workplace Violence Policy and Program** (2023) describes Hitachi's responsibility, in co-operation with its employees, to take every reasonable precaution in the circumstances to protect the health and safety of its employees, establish and maintain a respectful work environment, free from violence, harassment and discrimination and comply with all applicable provincial legislative obligations.
- ▶ 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 through publication on our internal document management system and intranet. We regularly review and update our policies.

4. Forced labour and child labour risks:

Hitachi Rail has identified the following materials and services procured by our business during the reporting period as giving rise to the highest risk of human rights:

- ▶ Activities of employment placement agencies
- ▶ Construction of other civil engineering projects
- ▶ Electrical, plumbing, and other construction installation activities
- ▶ General cleaning of buildings
- ▶ Manufacture of communication equipment
- ▶ Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus
- ▶ Manufacture of general-purpose machinery
- ▶ Manufacture of other chemical products n.e.c.
- ▶ Manufacture of other electrical equipment
- ▶ Manufacture of other transport equipment n.e.c.
- ▶ Manufacture of plastics products
- ▶ Transport via railways
- ▶ Wholesale of other machinery and equipment

Hitachi Rail has also identified the following materials and services procured by our business during the reporting period as giving rise to the highest risk of forced labour, child labour and trafficking:

- ▶ Activities of employment placement agencies

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 human rights due diligence (HRDD) programme.

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 from sources such as Transparency International's Corruption Index, The Global Slavery Index, ITUC Global Rights Index, International Labour Organisation (ILO), and Trafficking in Persons Report, Freedom House and various World Bank World Governance Indicators that specifically focus on Corruption, Government Effectiveness and Rule of Law Indicators.

Hitachi Rail Assessment & Screening:

Initial desktop assessment of all suppliers for, anti-money laundering, anti-bribery and corruption, adverse media, sanctions, watchlists and politically exposed persons. Prospective suppliers are required to agree to adhere to the Expectations of Business Partners and complete the Hitachi Rail screening questionnaire that includes information to understand the supplier's compliance with regulatory requirements and best practices. This screening is repeated on a periodic basis. This process has been automated and harmonised under the online platform, Jaggaer.

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 with a total of 6,944 suppliers from 204 industries and 55 countries, registering an increase of 142 suppliers with respect to last year, and provides critical insights on the inherent risk profile of our suppliers in terms of the industries they work in and the countries in which they operate. We anticipate 2024 data to be available in June 2025.
- ▶ In FY24 Hitachi Rail upgraded to the latest EcoVadis IQ plus solution. This screening solution includes DocScan with contactless AI data mining and AI powered document review.
- ▶ We have also actively invited suppliers, based on risk and supplier materiality, to register in the EcoVadis ratings platform, providing more detailed visibility of their CSR and sustainability performance. Ending March 2024, we had approximately 1269 suppliers registered with EcoVadis ratings (up from approximately 954 suppliers in the last reporting period) and continue to engage with suppliers and promote the EcoVadis tool.
- ▶ Of this, ending March 2024, we had 7 Canadian suppliers rated.
- ▶ 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. We also organise social audits of suppliers that have been identified as giving rise to human rights concerns, including modern slavery.

- ▶ In our UK 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 four third party audits.

- ▶ The scope of the audits included in-person checks at the supplier's premises in January 2021, March 2022, July 2023 and March 2025, reviewing key documentation and interviewing management and front-line workers. Based on the scope and 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. As noted above, 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 our Supplier Code of Conduct.

5. Remediation measures:

Based on its knowledge, Hitachi Rail processes and tools have not identified any instances of forced labour or child labour in its supply chains. Consequently, no remediation measures were required for the fiscal year ended December 31, 2024, in respect of any modern slavery – including forced labour or child labour – in Hitachi Rail's supply chains

6. Remediation of loss of income:

As noted above, as Hitachi Rail has not identified any instances of forced or child labour in its supply chains, it has not taken any associated measures to remediate loss of income to the most vulnerable families that result from measures taken to eliminate the use of forced or child labour in their supply chains.

7. Training:

Internal 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 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.

- ▶ For North America, our percentage completion rate for the Code of Ethics & Business Conduct FY2024 is 84.5%

We have deployed bespoke Modern Slavery e-learning to our workforce globally that helps them identify potential instances of Modern Slavery in our business and supply chain and explains our procedures for preventing and reporting the same. Over half of our global workforce with access to eLearning have completed the training to date, and we have targeted 100% completion.

We have deployed bespoke mandatory Respect in the Workplace training to all our workforce (employees and contractors) locally. This course helps protect the health and safety of our employees. This is provided when an employee is onboarded; it is either delivered in person and instructor-led or delivered via online and is mandatory for all new hires to complete within the first 90 days of employment.

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.

External Training:

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.

8. Assessing effectiveness:

We continue to monitor the effectiveness of our human rights due diligence (HRDD) programme and the processes to ensure that we source responsibly, trade ethically and prevent human trafficking within our business and supply chain.

9. Report approval & attestation:

In accordance with the requirements of the Act, and in particular section 11(4)(b)(i) thereof, we each attest that we have reviewed the information contained in the report. Based on our knowledge, and having exercised reasonable diligence, each of us attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I am providing this attestation in my capacity as President, Hitachi Rail STS Canada, Inc.

Signed version filed with relevant government authority

Joseph R. Pozza

31 May, 2025

I am providing this attestation in my capacity as President, Hitachi Rail GTS Canada, Inc.

Signed version filed with relevant government authority

Ziad Rizk

31 May, 2025