

Hitachi Rail

HITACHI

# 2025 Annual Compliance Report

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# Overview

1

## Chief Executive Officer Foreword

As CEO, I am committed to ensuring that everyone at Hitachi Rail contributes to building a culture of compliance.

In business – and in Compliance – we use many indicators to measure our success. You will see some of those indicators set out in this report. It's important for us to **measure and track our performance** in this area just like we do with health and safety, financial performance, or sales.

It's also important for us to have a well-developed **Compliance Program**, supported by the talented members of our **Compliance Team** who can advise us, guide our processes, train us, and keep us safe.

But what is even more critical for me is knowing that we have a strong **culture of compliance** that we build on every day. For me, this goes beyond following the rules, and includes:

- treating our colleagues, customers, suppliers, and business partners **fairly and honestly**;
- **speaking up** when we see something is wrong, and
- taking **ethical decisions**.

I ask you all to read this report and consider the role you will play in building a strong culture of compliance in our business.

**Giuseppe Marino, Chief Executive Officer**





## Introduction

I am pleased to present Hitachi Rail's second Annual Compliance Report.

It builds upon the inaugural report of 2024, which provided baseline insights into the development and deployment of the Compliance Program at our Company, including its governance, design, strategy, structure, and resourcing.

Hitachi Rail continued to further mature its Compliance Program during the fiscal year (April 2024 – March 2025; “FY24” hereafter). This report highlights key progress, enhancements, and achievements from that period that contributed to our collective culture of compliance and ethical conduct across our organization.

At Hitachi Rail, the Compliance Team is eagerly embracing Hitachi's principles of **Agility, Responsibility and Transparency** as we strive for a more digitally-driven and data-enabled Program that allows us to guide employees, advise our management, and maintain our position as trusted partners to the business.

The call to action for all of us at Hitachi Rail is to continue to demonstrate integrity in all we do, every day.

**Jaclyn Jewell, Group Chief Compliance Officer**



## Executive Summary

During the reporting period, Hitachi, Ltd. was recognized as one of the 2025 World's Most Ethical Companies®.

Hitachi Rail<sup>1</sup> is honored to be associated with this prestigious annual recognition which was given by Ethisphere to only 136 companies worldwide this year. This award reflects our collective dedication, at all Hitachi companies, to upholding the highest standards of compliance, transparency, and corporate responsibility across the world.



Hitachi Rail concluded its acquisition of Ground Transportation Systems (GTS).

During FY24, Hitachi Rail finalized the acquisition of the former Ground Transportation Systems (GTS) business and **progressed post-merger integration** welcoming some 9,000 new colleagues. **We activated the Hitachi Rail Compliance Program on Day 1** within GTS, including **activating the Whistleblowing and Speak-Up Program** and **deploying our compliance controls** for anti-bribery and anti-corruption (including business courtesies and donations and sponsorships) as well as conflicts of interest disclosures.

See the next page for more of our integration highlights and how we prioritized business continuity amidst change management.

We increased employee engagement with compliance controls and content.

We saw increased employee engagement with **anti-bribery and anti-corruption controls**. This is due in part to digitalizing our business courtesies process, making it easier to comply with the requirements. Employees started **disclosing conflicts of interest** and **contact with competitors** with our new policies going 'live'.

We delivered **year-on-year positive trends for our Whistleblowing & Speak-Up Program** (volume, anonymity, and corrective actions).

We concluded a voluntary self-disclosure to Australian authorities and submitted export **license usage reports** to the Italian regulator.

We **strengthened privacy risk management** through data protection impact assessments for all new initiatives.

Employees continued to engage with **accessible Ethics & Compliance content and training**.

## GTS Integration Highlights

### Day 1 Implementation

The **Hitachi Group Code of Ethics and Business Conduct** (the Code) and core **Hitachi Rail ethics and compliance policies and procedures** became applicable to the GTS business and its workforce on Day 1.

### Values, Basics & Ethics Adopted

Some 8,900 GTS employees completed their **Code** e-learning (**99%**), while **95%** completed their **Diversity, Equity & Inclusion** and **Modern Slavery Awareness** e-learning, adopting of our values and Program.

### 79 Bespoke Trainings

The Compliance Team additionally conducted some **79 in-person or hybrid trainings** with GTS employees to further sensitize them on Hitachi Rail's Compliance Program requirements and controls.



### Speak-Up Activated

On Day 1, the **Whistleblowing & Speak-Up Program** was made available to GTS employees. GTS employees reported some 37 concerns since Day 1 (representing **~23%** of total FY24 volume).

### Business Continuity

Different but comparable controls and Programs were maintained for **Due Diligence, Export & Trade Control**, and **Privacy** to ensure business continuity for GTS pending full integration.

### 3,500 Active Suppliers

Retained due diligence approvals, and new GTS suppliers were reviewed and approved under the **Third Party Integrity Assessment (TPIA) process** pending the integrated compliance due diligence Program.

2025 Annual Compliance Report

Key Facts & Figures\*

Governance & Oversight

Reports to the Audit & Compliance Committee  
(Committee Chairman reports to the Board)

3

Leadership briefings

3

CEO Updates

10+

Other Leadership Updates  
(Executive Committees, local entity Boards of Directors, senior leadership team)

Other reporting

20+

Reports to external and statutory auditors (where appointed), Hitachi Internal Audit Office and Hitachi Global Compliance Office, contributions to integrated annual Hitachi Rail ESG report

Business Partner Due Diligence

Business Partners screened

8

Agents

22

Partners (JV or consortium)

115

Customers

864

New suppliers screened; 6,000 suppliers in GTS panel screened pre & post-close

Rejected or conditionally approved Business Partners

14

'Do Not Proceed' or 'No Go' outcome (1 agent, 3 partners, 10 suppliers)

171

'Proceed with preventive actions' outcome (138 suppliers, 12 partners, 42 customers)

Whistleblowing & Investigations

Reports received and triaged

163

Some 150+ required investigation; some 250+ investigative interviews conducted

Y-o-Y volume increase

114%

A 280% increase compared to FY22

Reported anonymously

40%

Y-o-Y decrease of 9 percentage points

Confirmed violations

50%

Closed reports with substantiated or partially substantiated outcomes

Corrective action handover and closure tracking

60+

Discipline (8 exits, 2 suspensions, 20 warnings); 10 trainings/communications; 2 suppliers blocked; 9 controls or policies created or revised; ongoing monitoring and other actions

Compliance Controls

Business courtesies reviewed

~1,000

Business courtesies given

~850

Business courtesies accepted

~200

Business courtesies exchanged with public officials

~300

Giving and accepting

Donations & sponsorships reviewed

72

A 41% increase compared to FY23

Conflicts of interest reviewed

26

Disclosures; 17 with guidelines given for conflict mitigation or management

Engagement, Training & Comms

200+

In-person, virtual or hybrid Compliance-led trainings, communications and engagements with employees

23,000+

Employees completed Code training

5,000+

Views of intranet Ethics and Compliance page and Policies & Procedures sub-page respectively

Trade Compliance

30+

Export licenses used

Privacy

50+

Legal Entity ROPAs

~60

DPIAs conducted



# Framework

2

## Governance & Oversight

Our Compliance Program Manual, documented in our business management system, outlines how our Program is structured, deployed, and how it works in practice.

The Compliance Team must have a **measure of autonomy** to effectively implement its Program. To ensure independent oversight, the Chief Compliance Officer (CCO) reports regularly to the **Audit and Compliance Committee (ACC)**, which presents its report to the Board of Directors of Hitachi Rail Ltd. The ACC meets six times in a calendar year, and during the reporting period, the CCO submitted and presented **three reports** to the Committee.

The CCO also has direct access to the CEO, whenever necessary. Periodic reports and updates, usually on a **quarterly basis**, are provided to the CEO as the Program is regularly reviewed.

Additional **ad-hoc reports and updates** are provided to relevant Executive Committees, Supervisory Bodies, local entity Boards of Directors, and internal, external and statutory auditors. On such occasions, key ethics and compliance messages and expectations for ethical conduct are shared and relevant Program data and updates reviewed.





## Resourcing & Organization

The Compliance Team is adequately resourced and staffed to meet the demands of the Program. Organizational integration with GTS resources is ongoing.

The integrated compliance organization for Hitachi Rail's Program will be supported by approximately **10-15 full-time compliance professionals**.

The team is **deploying a One Hitachi Rail Compliance Program**, and this report reflects integrated activities and data. However, finalization of the integrated compliance organization model is subject to ongoing consultation and will be announced as soon as practical in accordance with management's timeline and local law requirements.

The integrated Compliance Team will deliver its Program on the basis of **a matrixed, regional and central compliance functions model**, driving efficiencies in how we advise and support the business closest to where our projects are executed, and in keeping with global best practices for global organizations such as ours.



## Policies & Procedures

Our ethics & compliance policies and procedures are aligned to our Hitachi Group Code of Ethics and Business Conduct and Hitachi Group Compliance Office requirements.

Our Code and policies and procedures provide clear expectations on ethical behaviour, legal compliance, and corporate responsibility.

The Hitachi Rail ethics & compliance policies and procedures have **standardized ethical conduct requirements** – setting the same rules for all our employees regardless of location or line of business.

Our policies and procedures commit to ensuring Hitachi Rail's compliance with all laws and regulations in effect wherever we do business.

At Hitachi Rail, our policies and procedures are there to ensure we **act with integrity, operate ethically, safeguard data and IP, protect our employees, engage ethical business partners**, and move our goods in accordance with import and export **trade controls**. See the following pages for a complete list of all Hitachi Rail ethics & compliance policies and procedures.



**Anti-Bribery & Anti-Corruption** - we refuse to pay or accept bribes.

**Business Courtesies** - we do not give or accept business courtesies (gifts, travel, entertainment) to influence business decisions.

**Donations and Sponsorships** - we review donations and sponsorships to avoid the perception of bribery or corruption.

**Conflicts of Interest** - we avoid conflicts of interest, or the perception thereof.

**Books & Records** - we present honest and accurate financial and business records that reflect the economic and commercial substance of our business activities.

## Acting with Integrity

**Anti-Money Laundering** - we only conduct business with reputable customers, involved in genuine business activities and whose funds come from legitimate sources.

**Fair Competition** - we compete fairly in the marketplace.

**Fraud Prevention** - we prevent and detect fraud by maintaining a secure and transparent business with appropriate controls and segregation of duties.

**Modern Slavery** - we take reasonable measures to minimize risks of modern slavery and forced labor in our business, operations, and value and supply chains.

## Operating Ethically

We protect our IP and safeguard business confidential information and personal data.

**Privacy and Personal Data Protection** - we responsibly handle personal data entrusted to us.

**Data Protection Impact Assessments** - we collect, handle, and protect personal data responsibly.

**Personal Data Breach Incident Management** - we protect personal data.

**Data Subject Access Requests** - we respect individuals' personal data rights.

**Intellectual Property (IP) Protection** - We rigorously protect the IP that we create, acquire, and use, and we respect the IP rights of others.

## Safeguard Data & IP



**Respectful Workplace** - we provide a respectful, safe, dignified, and supportive environment for our workforce. We embrace our diversity and promote trust and fairness. We do not tolerate workplace-related discrimination and harassment.

**Whistleblowing & Speak-Up** - we promote a speak-up culture and do not tolerate retaliation.

## Protecting Employees

**With the acquisition of GTS**, a working group was formed to harmonize and streamline due diligence (DD) processes. The unified policy and procedures are in the approval process. Until approval in early FY25, each business is using existing processes:

**Compliance Due Diligence** - we screen our business partners and customers to ensure they operate to the highest standards of integrity and quality.

**Third Party Integrity Assessment** - Hitachi Rail Ground Transportation Systems conducts compliance due diligence on third parties, to avoid establishing relationships with entities who engage in illegal or unethical activities.

## Business Partners

**With the acquisition of GTS**, a second working group was formed to harmonize the export and trade compliance (ETC) Programs. The unified draft policy is pending approval in early FY25:

**Export and Trade Compliance** - we comply with national and international export control regulations that control the cross-border transfer of our products and services, as well as any economic sanctions and customs laws and regulations.

**Updated Manual** - expected FY25, an integrated and unified export and trade compliance manual will define a single source of export and trade control expectations and operational requirements for integrated Hitachi Rail.

## Trade Compliance

# Compliance in Action

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# Anti-Bribery & Anti-Corruption (ABAC)

## Business Courtesies

The ABAC Program is supported by Procedures on Business Courtesies, and Donations & Sponsorships (D&S), and our Conflicts of Interest (Col) Policy.

These documents define **and standardize pre-approval controls** for business courtesies, donations, sponsorships, and conflicts of interest.

The Procedures are designed to **ensure compliance with ABAC laws by providing transparency** around Hitachi Rail gift, travel and entertainment practices.

The Business Courtesies **Digital** Form and Approval Workflow launched mid-March 2024. This **improved traceability** and employee engagement with the process and has given the Compliance Team the ability to use **data analytics** to provide insight into employee practices when exchanging business courtesies with public officials or others.

The Digital Form was developed and deployed in the Hitachi IT tenant linked to our O365 environment. Given the numerous accounting systems across the business, it is not automatically linked to expense reporting systems; employees can append their Digital Form when submitting expense reports to **evidence compliance**, regardless of which system their business unit or location may use.

The Col Policy creates a consistent approach to **managing and documenting potential conflicts of interest risk** across Hitachi Rail, as well as eliminating actual conflicts of interest.

## Donations & Sponsorships

## Conflict of Interest

# Business Courtesies

# Business Courtesies Key Figures



900%

Increase in number of business courtesies requests submitted for review in FY24 over FY23.

\$796K

Total value in US dollars of business courtesies given, accepted or declined during FY24.

3

The average number of business courtesies approval requests processed per day in FY24.



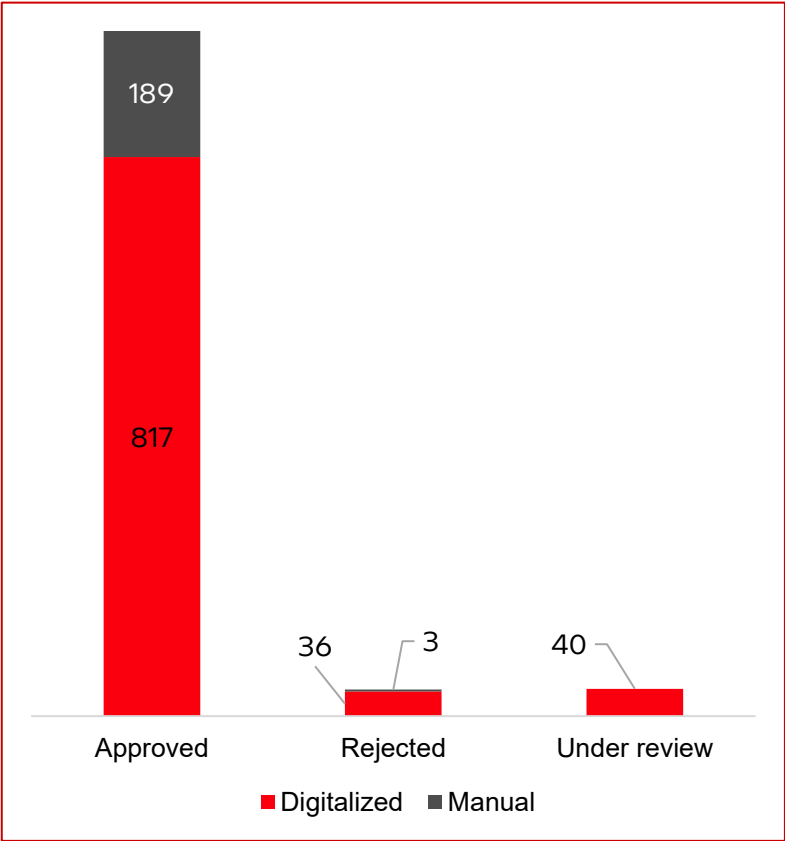
Less than 4% of the requests received were rejected, indicating that our employees generally demonstrate a legitimate business justification for business courtesies.

The digital shift towards the end of FY23 has significantly contributed to the reach of and compliance to the procedure, as seen with the 9x increase in the number of requests this year.

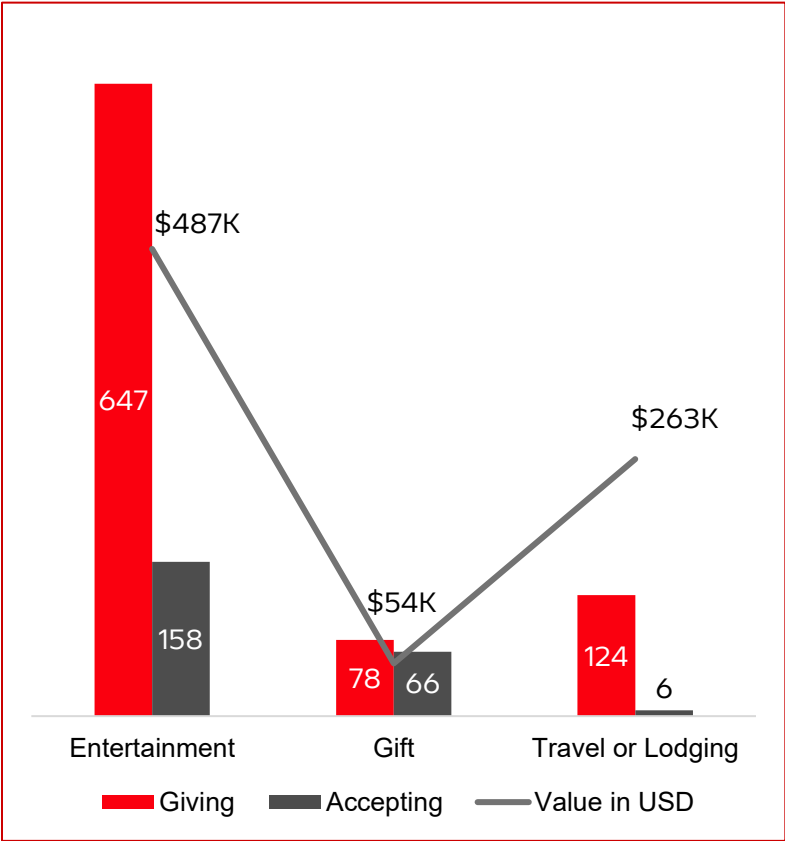
Apart from the statistics for giving and accepting, we saw less than ten instances where courtesies were submitted for a declining request.

The values above should not be considered as complete empirical financial data, as currently the forms provide for 10% buffer and are not auto-linked to financial systems.

Business Courtesies by Status



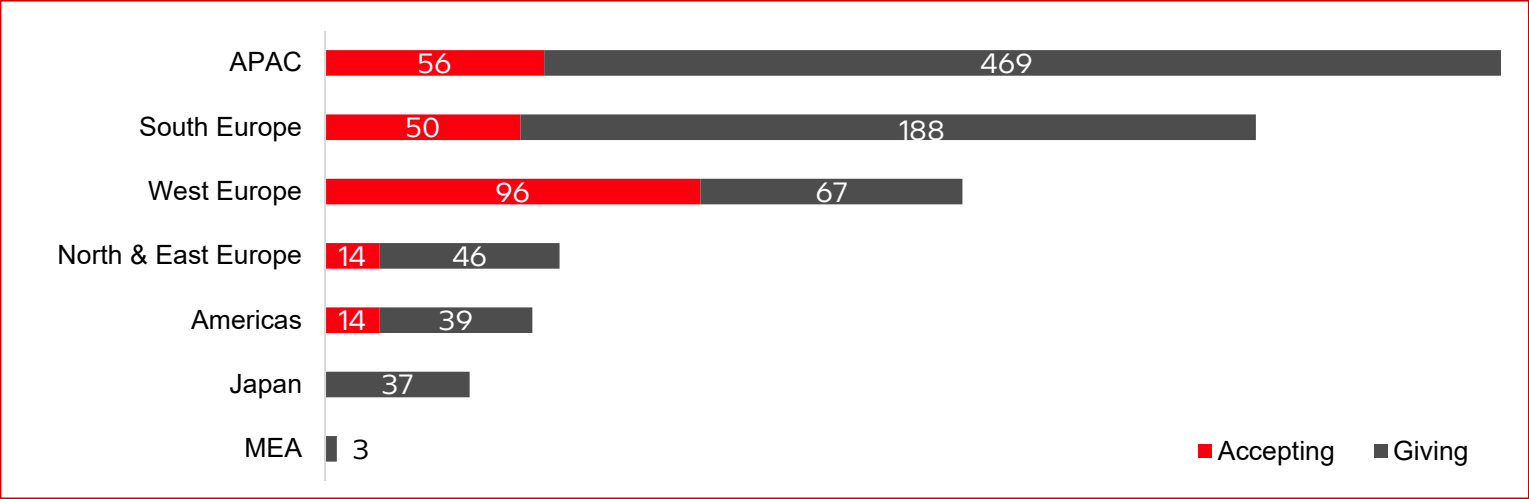
Business Courtesies by Type and Value



# 2025 Annual Compliance Report

## Business Courtesies

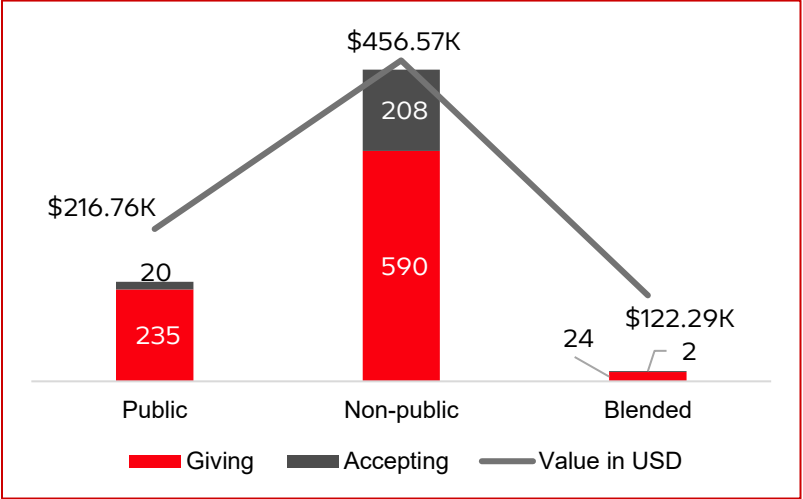
Business Courtesies by Region



Out of a total of 22 countries, the top five - **Italy, UK, China, Australia and India**, respectively – **collectively accounted for more than 70%** of the business courtesies in FY24, with a total of 772 requests made from these countries. This concentration highlights key geographies with highest courtesies-related activity as well as awareness of the business courtesies procedure.

On the contrary, eight countries - Panama, Canada, France, Korea, Singapore, UAE, Thailand and Africa - each recorded fewer than ten requests during the year, with a collective total of only 30 requests during FY24. The low volumes in these countries may align with the scale of business operations, employee headcount, culture of exchanging business courtesies, or laws restricting what public officials can accept. However, it may also reflect a lack of awareness of the procedure, resulting in underreporting. These insights further present an opportunity to strengthen communication and reinforce procedural awareness in these countries.

Business Courtesies by Party Involved



The “blended” category refers to courtesies involving both public officials and non-public persons. E.g., for-large group meetings between representatives from a public customer and its consortium of suppliers including Hitachi Rail.

Apart from the above giving and accepting categories, there were six requests in the declined category included five instances involving non-public parties and one involving a public official.

# Donations & Sponsorships

## Donations & Sponsorship Key Figures

2.3x

FY24 saw more than double the count of donations and sponsorship requests compared to FY23.

\$848K

Value of requests totaled to \$848,102, with \$555,524 towards sponsorships alone.

<10%

With six rejections out of the 72 requests, less than a 10% rejection rate during the year.



# Donations & Sponsorships

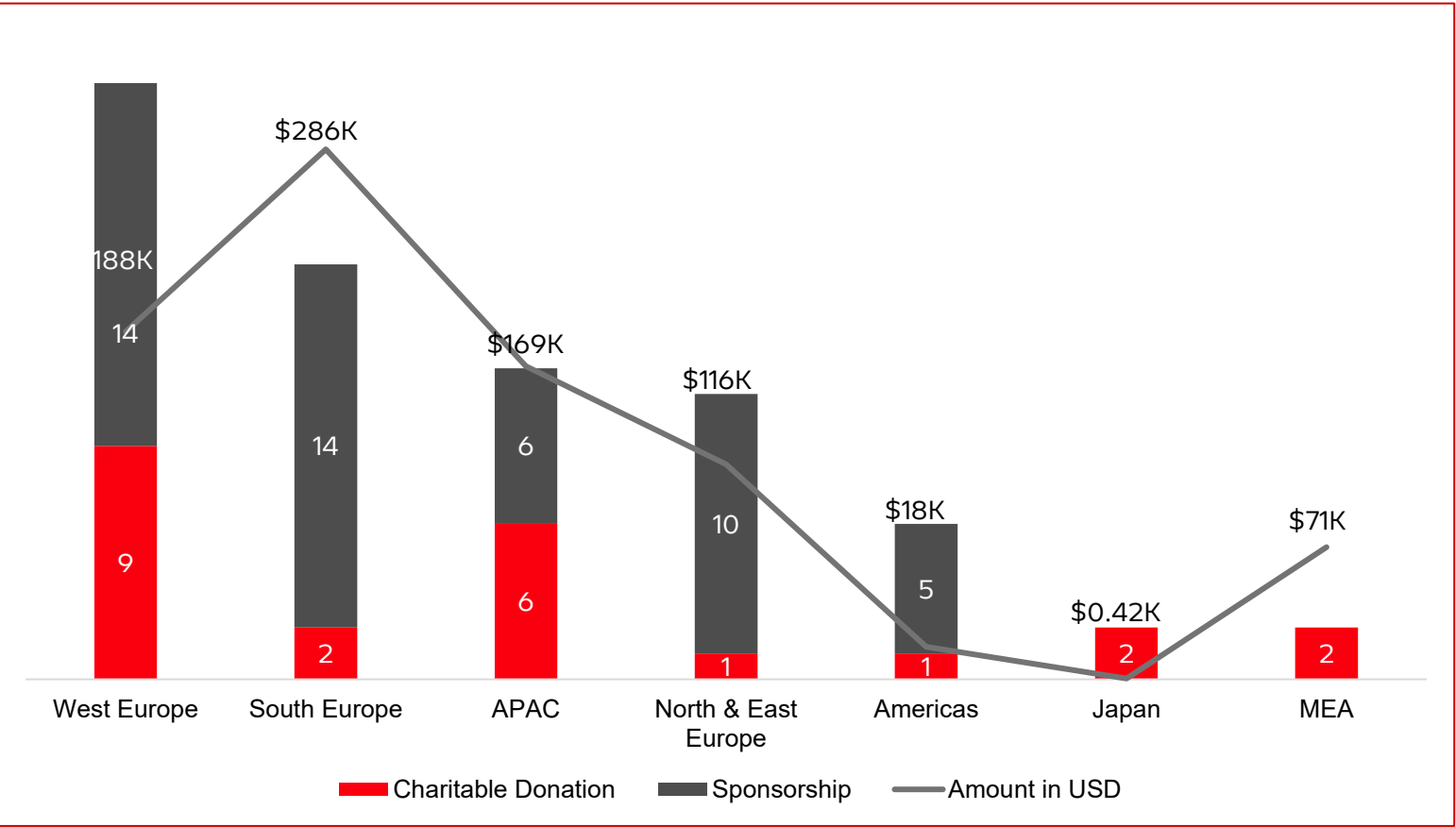
The top ten requests by value accounted for >50% of the overall cumulative value of total of the 72 requests received during the year. Notably, only one of these high-value requests was rejected.

**The UK was the top contributor** during the year **by count** with 21 requests while **Italy was the top contributor by value** at \$286,190. At the bottom were Egypt by count (only one) and Japan by value (\$420).

Overall requests were received from only 11 countries, which is in significant contrast to the number of countries where employees are requesting approvals to exchange business courtesies..

This disparity may be attributed to higher likelihood of frequency of business courtesies vis-à-vis a donation or sponsorship, but also to wider reach of the digitalized business courtesies forms compared to the manual donation & sponsorship forms.

Donation and Sponsorships by Region





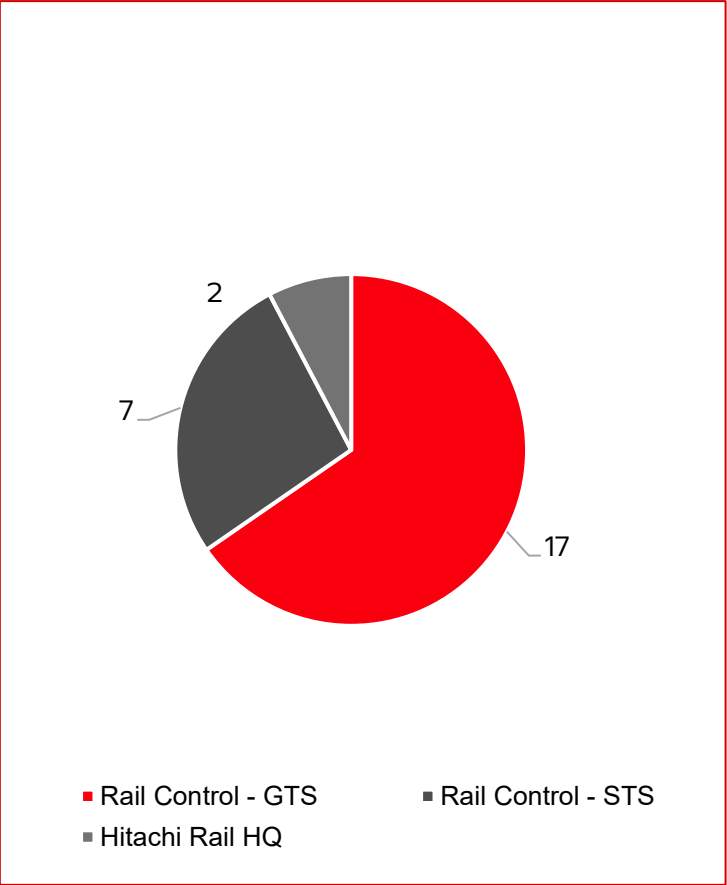
# Conflicts of Interest

A total of 26 cases of conflict-of-interest disclosures reviewed during FY24

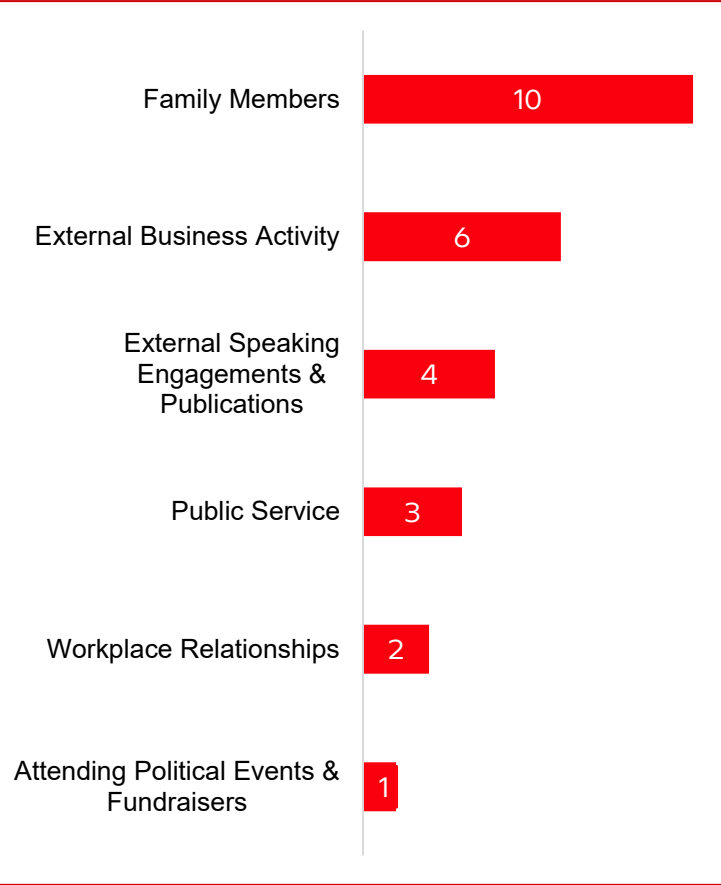
>60% of disclosures involved family members or external business activities of employees

~65% were approved with guidelines for conflict mitigation or management

Total Disclosures by Business



COI Disclosure by Activity Type



# Business Partner Due Diligence & Management

## Business Partner Due Diligence & Management: Integrated Data Highlights

### Agents

Subject to the highest level of due diligence, as they represent the highest risk. Hitachi Rail works to minimize the use of Agents in our business. In FY24, integrated Hitachi Rail conducted due diligence on **eight agents**.

### Partners

Subject to the full-scope due diligence process, with analysis and disposition prepared by the Hitachi Rail Compliance team. In FY24, integrated Hitachi Rail conducted due diligence on **22 partners**.

### Suppliers & Customers

Are screened as part of the onboarding process and escalated to full-scope due diligence, if required. In FY24, integrated Hitachi Rail screened **864 suppliers and 115 customers**.



## Due Diligence: Towards an Integrated Approach

Hitachi Rail conducts due diligence on business partners (third parties) to avoid establishing relationships with entities who engage in illegal or unethical activities.

The level of due diligence conducted on our business partners is determined using **a risk-based assessment**. Business partners are external companies, entities, organizations or individuals with whom Hitachi Rail has, or may consider having, a business transaction or relationship.

The third-party risk assessment differs between the Hitachi Rail business and the legacy GTS business.

**Business continuity** was maintained during FY24 with different due diligence tools and processes deployed; however, adequate and equivalent Programs were maintained.

A working group is developing a consistent approach to business partner due diligence with the goal of implementing harmonized procedures in FY25.

Good progress has been made towards an integrated framework while ensuring business continuity and screening protocols during post-merger activities.

Under the harmonized approach, full-scope due diligence requests will be raised with the Hitachi Group Compliance Office Due Diligence Team. The Hitachi Rail Compliance team also has access to self-service screening tools that are used to find information on the third party, including politically exposed persons, adverse media, ultimate beneficial owners, and key personnel.

Data that follows in this annual report deep dives into the current due diligence process used by the Hitachi Rail business. Integrated highlights considering the Hitachi Rail business and legacy GTS business are included in the key facts and figures on page 7 and the highlights on the preceding page.



# Hitachi Rail: New Supplier Onboarding

A risk assessment protocol is deployed in Hitachi Rail’s supplier onboarding system (Jaggaer) whereby new suppliers are screened for:

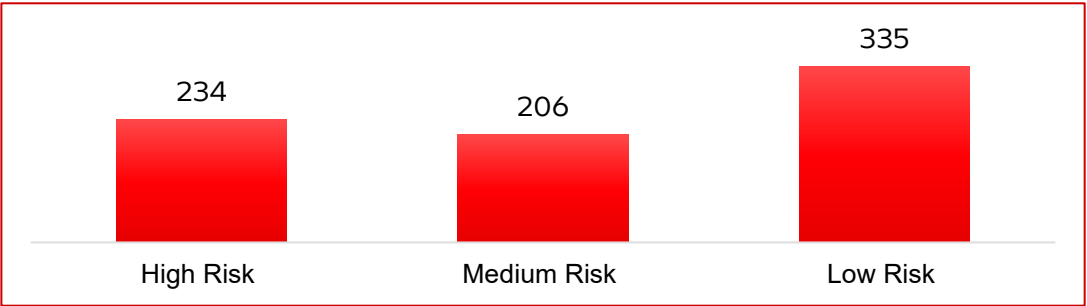
- **compliance and reputational risk** events (e.g., negative news, regulatory enforcement, active investigations, and litigations)
- **export trade sanctions and blacklisting**
- **corruption risk** (including corruption perception scores, financial secrecy, and corporate tax haven indices)
- **human rights risk** (including EcoVadis scores and worker’s rights indices)

Some **775 new suppliers** were screened, out of which **440 with medium- or high-risk findings**, in any of the above four screening areas, were escalated to the Compliance Team for review and disposition.

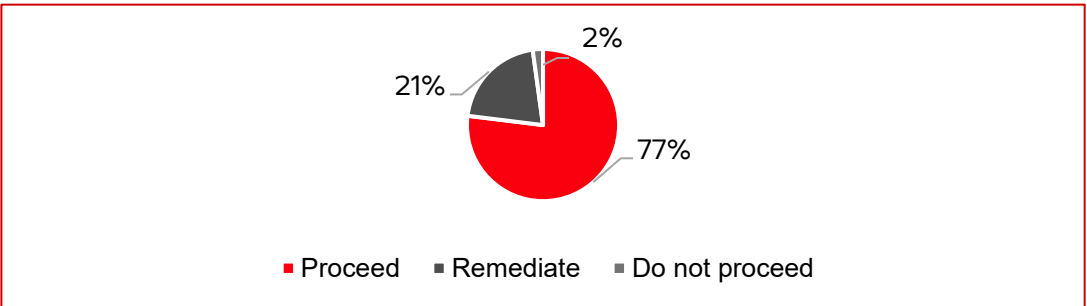
The Compliance Team may deem the identified risk as already sufficiently remediated, or irrelevant to Hitachi Rail’s proposed scope and engagement, in which case a ‘**proceed**’ outcome is given. The review may also result in a ‘**remediate**’ outcome whereby specified preventive measures or remedial actions are to implemented by the supplier themselves or Hitachi Rail to mitigate risk. In instances whereby the review identifies active material or reputational risk, a ‘**do not proceed**’ outcome is assigned, and the supplier does not enter our supply chain.

**775 screenings** were initiated, with **440** Medium- and High-Risk Suppliers **escalated** to Compliance for review

Suppliers Screened

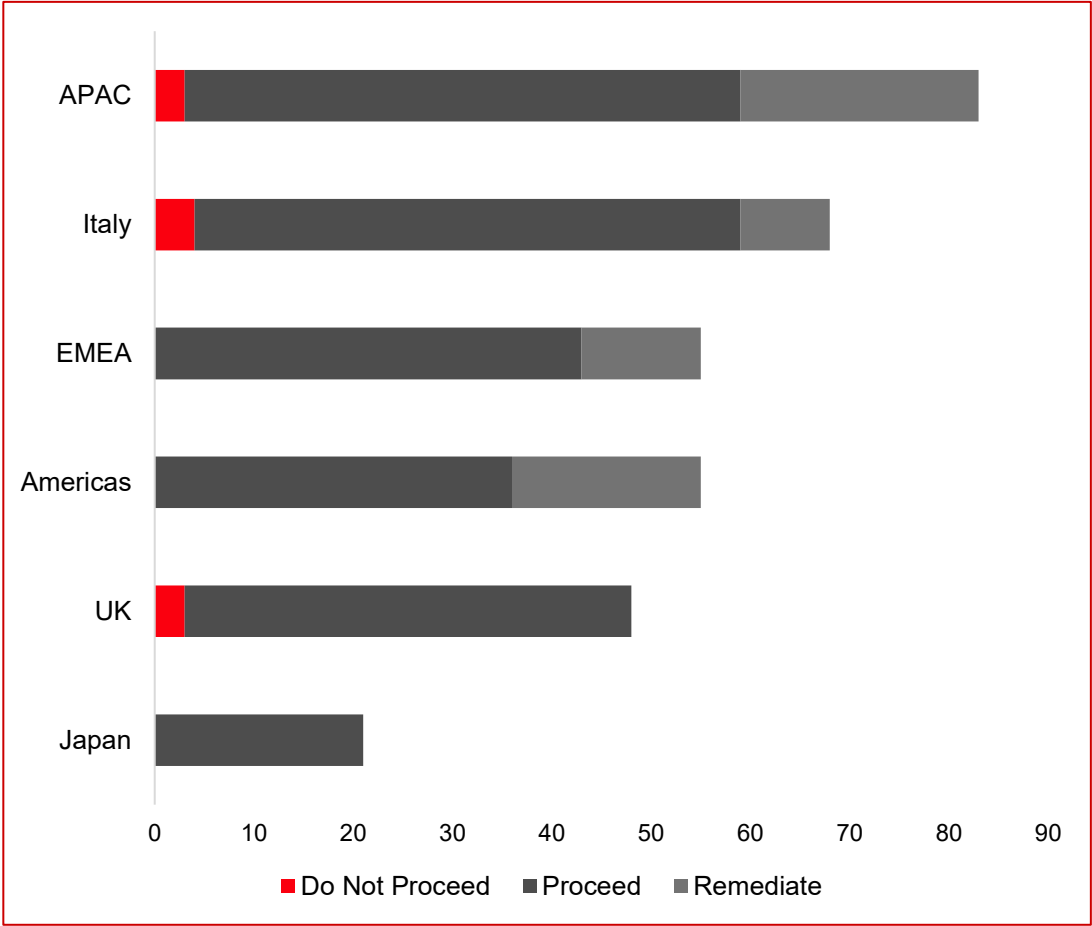


Medium- to High-Risk Suppliers Dispositioned



# Hitachi Rail: New Supplier Onboarding

FY24 Compliance Due Diligence Dispositions by Regions



Suppliers are reviewed by the Compliance Manager in the country or region where the legal entity engaging the supplier is located, rather than the supplier’s location.

The bulk of the suppliers escalated are in **Italy**, where most of the Company’s suppliers are onboarded.

There is a significant number of suppliers escalated in the **APAC** and **Americas** regions, due to the presence of **high-risk countries** and amount of **business activities** in these regions.

96 Suppliers required remediation

10 Suppliers classed ‘Do Not Proceed’

## Hitachi Rail: Due Diligence During Supplier Lifecycle

Changes to the Procurement process in FY24 resulted in the Compliance Team additionally conducting due diligence at different times in the supplier lifecycle.

This change allows the Compliance Team to identify significant integrity concerns found via adverse media and sanctions screening **before engaging with a supplier via the due diligence questionnaire (DDQ).**

In FY24, the Compliance Team reviewed 114 additional requests as follows:

- **Supplier Request** – Suppliers that do not require full due diligence and qualification (e.g., utility companies).
- **Supplier Unblock** – Legacy suppliers that have not been used and must go through full due diligence before onboarding.
- **Supplier Requalification** - Existing supplier that procurement or the business has requested be reassessed.
- **Spot Check** – Potential supplier that is being considered by procurement.



# Hitachi Rail GTS: Onboarding New Business Partners

The risk assessment protocol deployed for GTS business is managed under the Third Party Risk Assessment (TPIA) Policy for all new or renewed business relationship with partners, suppliers and/or customers.

Under the TPIA, the risk profile of a third party is determined using identified risk mapping criteria, and the resulting preventive measures implemented appropriate to the determine risk level. Preventive measures may include screening, contractual language, and action plans, based on the risk posed by the third party.

GTS screenings are performed with the support of **ADIT** screening services and **Hitachi Rail self-service screening tools**.

More than 400 new business partners were escalated to the Compliance team for review and disposition, among which there were:

99 customers  
13 partners

216 suppliers  
49 others\*

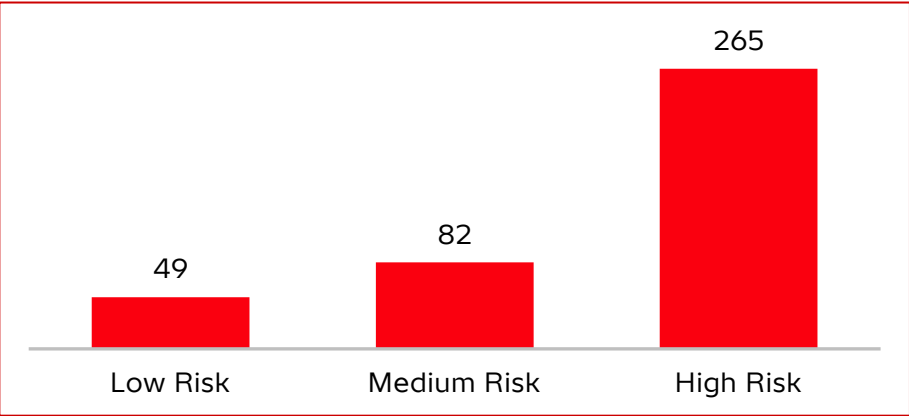
\* (i.e., beneficiaries of donation or sponsorship, law firms, etc..)

Over 400 Business Partners screenings have been escalated

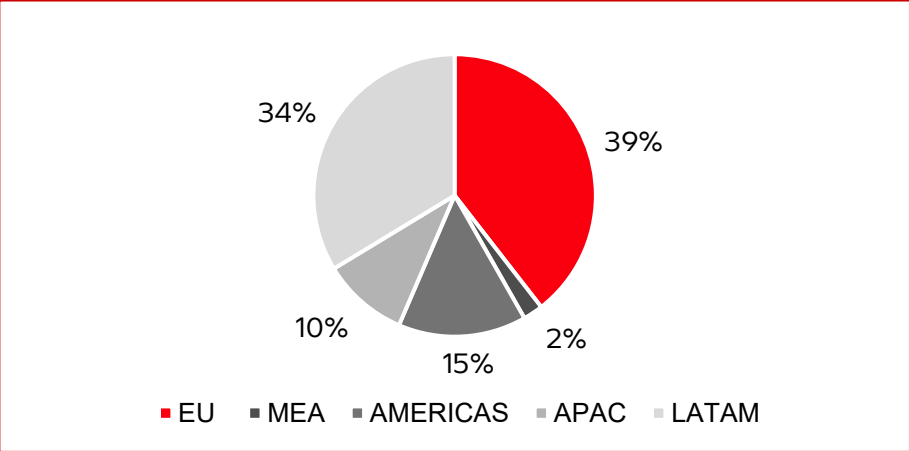
211 Business Partners required remediation

Around 10 Business Partners have been stopped/rejected

Business Partners Screened



Localization of GTS Business Partners



# Programs

4

# Whistleblowing & Investigations





## Whistleblowing & Investigations

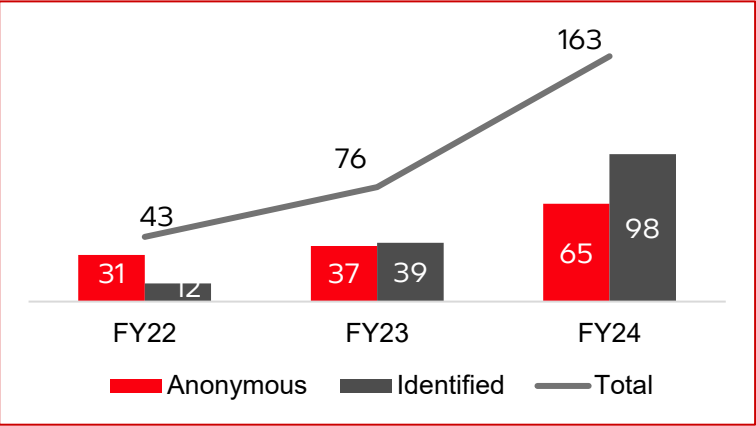
Hitachi Rail promotes a speak-up culture whereby anyone can report, in good faith, actual or suspected violations or breaches of laws, regulations, our Code of Ethics and Business Conduct, or our policies. We do not tolerate retaliation.

In FY24, the Compliance Team managed **163 concerns**, representing a **114% year-on-year increase in volume** compared to fiscal year 2023 (76 reported concerns) and a 279% increase in volume compared to fiscal year 2022 (43 reported concerns). This objective was achieved through communication and awareness campaigns and dedicated instructor-led training sessions for internal Speak-Up channels (HR and Managers).

Appropriate steps were taken for the Program to be applicable to GTS employees as of Day 1 post-integration. Our former GTS colleagues have actively participated in the Program, having reported 37 concerns since joining Hitachi Rail.

# Whistleblowing & Investigations

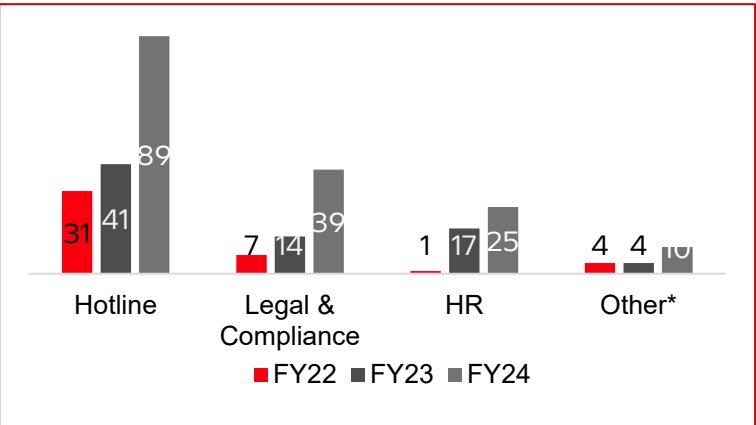
Y-o-Y Volume, Anonymity



**Anonymous reporting** was 72% in fiscal year 2022, 49% in fiscal year 2023 and 40% in fiscal year 2024, with a total decrease of 32 percentage points from fiscal year 2022, demonstrating increased trust in the Program and process.

**Vitality rate** (reported concerns per '00 employees) increased year-on-year, from 0.3 in FY22 to **0.7 in fiscal year 2024 (including the increased population after GTS acquisition)**. A healthy vitality rate indicates an open culture. This upward trend in vitality rate is a positive development, although the business has some way to go to reach a global median rate of 1.4 for global multinational companies.

Confidential Reporting Channels



During the reporting period, most concerns were reported through the **Hotline (55%)**, maintaining the same trend highlighted in the previous fiscal years.

However, in fiscal year 2024 trust in the **Legal & Compliance** (24% of concerns reported against 16% in fiscal year 2022) and **Human Resources** teams (15% of concerns reported against 2% in fiscal year 2022) as Speak-Up channels increased indicating **improvements in employee trust** in approaching and reporting via these channels and success in instructor-led training to these channels.

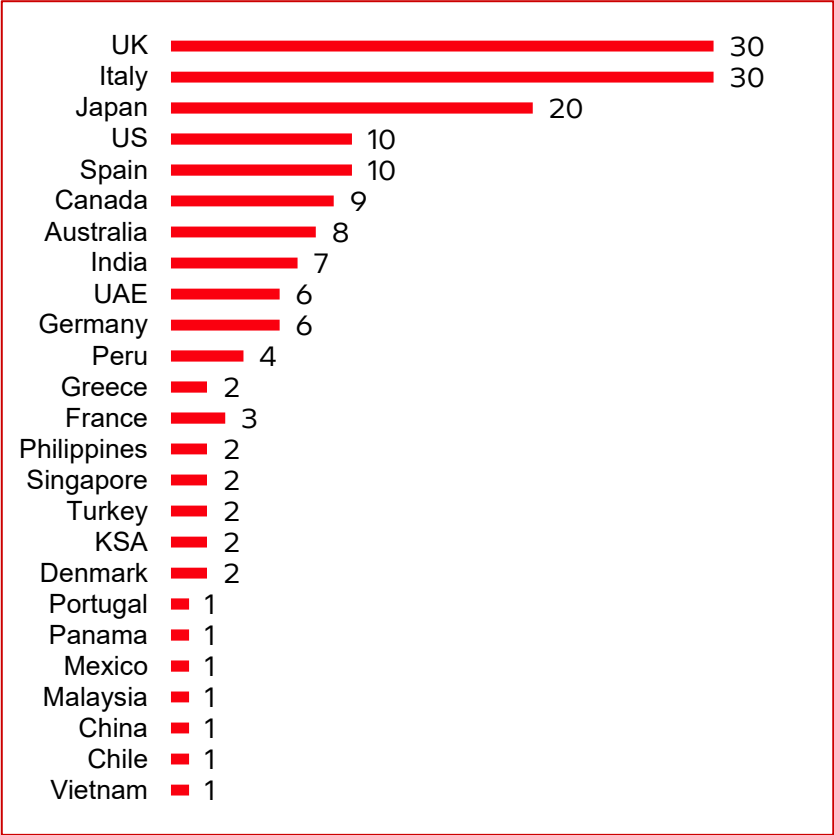
# Whistleblowing & Investigations

Concerns were reported across all regions. The countries with the highest number of reported concerns were the **UK and Italy** (18% each), followed by **Japan** (12%).

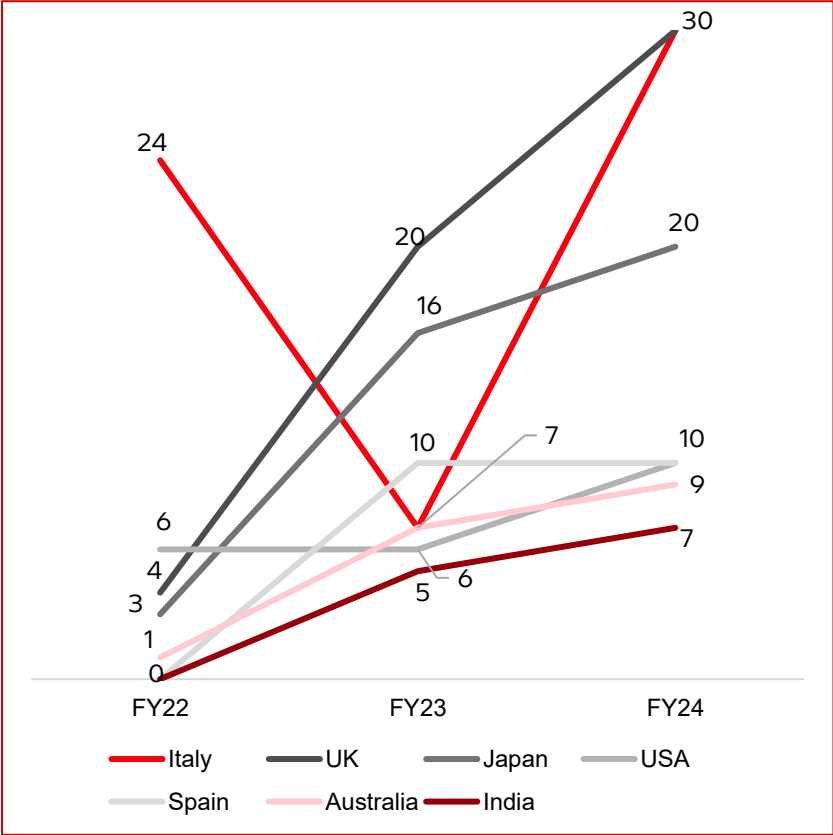
Italy has seen unpredictable volume year-to-year, whereas **the UK, Japan, Australia and India** have measured **steady year-over-year** increases in their reporting.

Data for concerns reported during fiscal year 2024 includes data as 1 June from our legacy GTS colleagues.

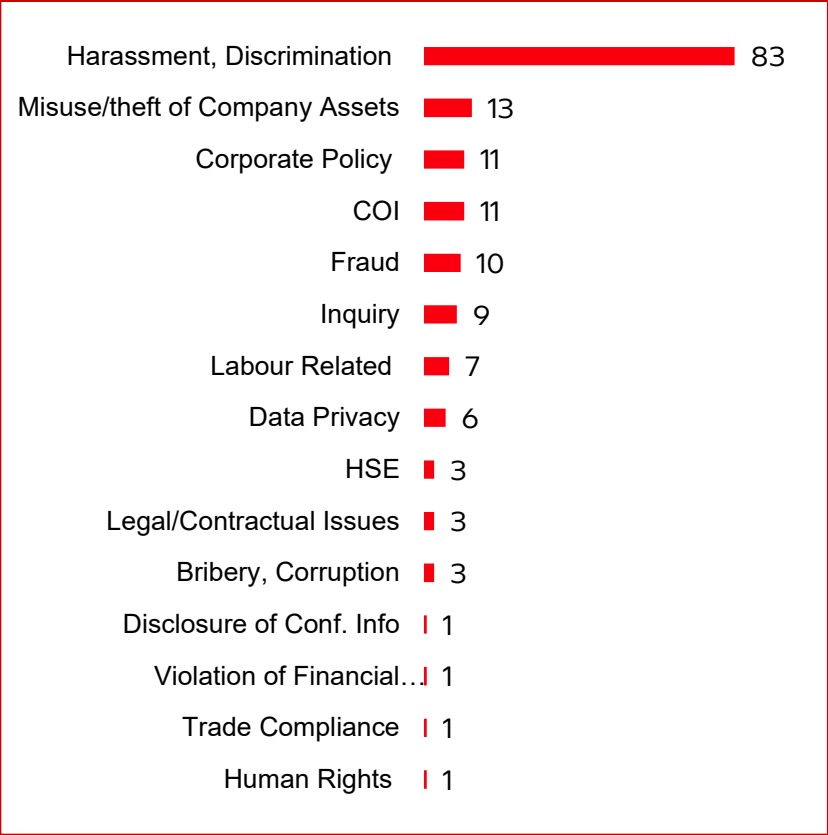
Concerns by Country (FY24)



YoY Concerns by Country (FY22-FY24)



Primary Issues Reported (FY24)



In terms of primary issues reported, **harassment and discrimination-related concerns account for 51% of volume** (83 of 163 concerns), followed by **misuse/theft of company assets at 8%**, corporate policy violations and conflicts of interest at 7% of volume. Benchmark data indicates a median of 50-54% of volume is harassment, discrimination and workplace respect concerns; Hitachi Rail is not an outlier in terms of reporting of such issues.

Management and HR are partnering to **drive cultural change** across all levels of the organization to ensure Hitachi Rail fosters an inclusive and respectful workplace and that senior and middle managers model this.

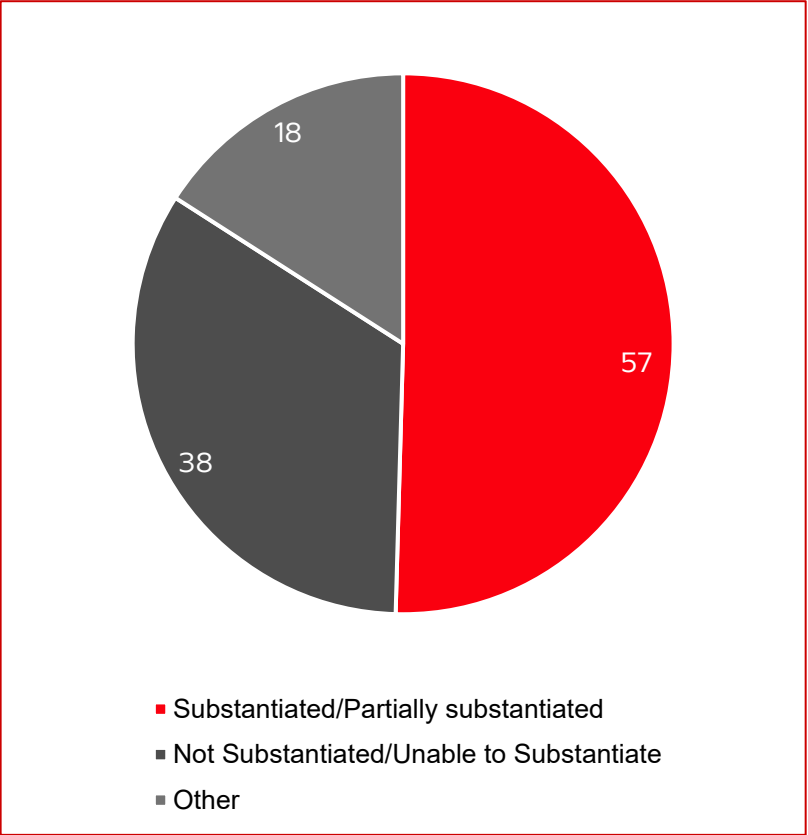
The fifth highest issue reported was fraud (6%), which includes a wide range of sub-issues including, for example, non-financial related misrepresentation of information.

# Whistleblowing & Investigations

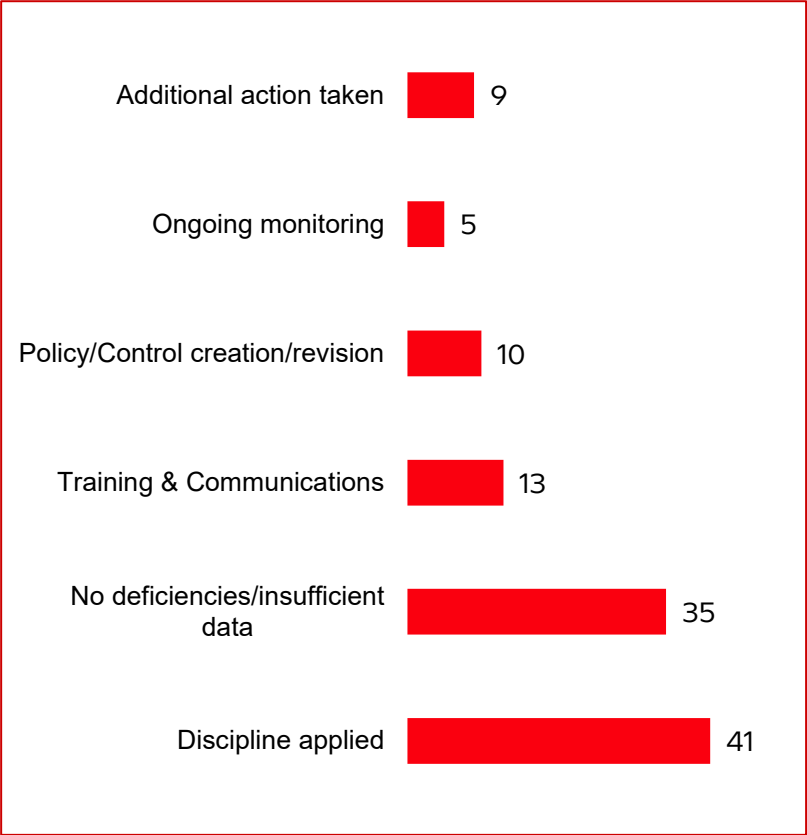
A healthy range of confirmations was maintained (50%), including substantiated or partially substantiated cases. Some 16% of reported concerns were inquiries or matters not related to compliance concerns, which were duly answered or dispositioned and handed over to the relevant function within the business for resolution.

The business implemented a range of corrective actions, including **41 instances** where some form of **discipline** was applied in response to substantiated violations or misconduct. **Multiple instances of training and communications** to reinforce expectations were also delivered to employees.

Case Outcomes and Findings (FY24)



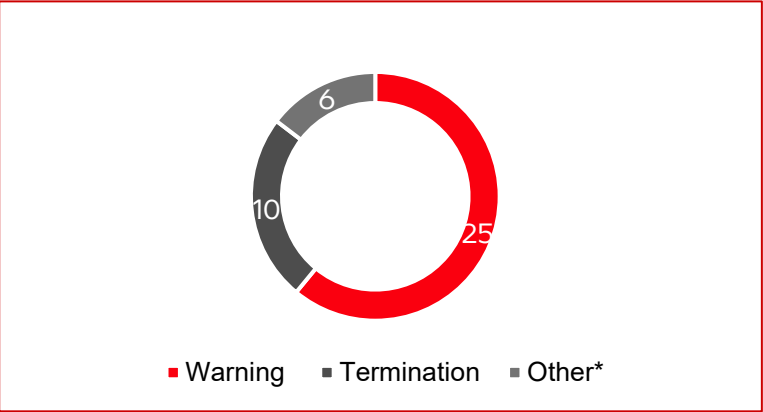
Corrective Actions (FY24)





# Whistleblowing & Investigations

## Disciplinary Actions (FY24)

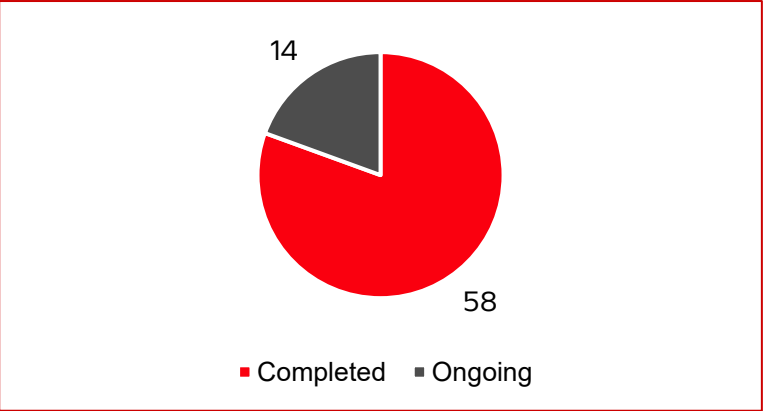


The 41 instances of discipline during the reporting period include:

- **Ten terminations;**
- **25 written or verbal warnings;**
- One mutual separation;
- Five suspensions.

Disciplinary actions were associated with a range of violations across different issue types. Terminations were for confirmed instances of retaliation, sexual harassment, workplace harassment, misuse/theft of company assets, conflicts of interest, and legal or contractual issues.

## Corrective Actions Status (FY24)



Corrective actions' status is also tracked by the Compliance team until completion. During the reporting period, **80% of the assigned corrective actions were completed** by the relevant owners. Follow-up will continue until completion of all actions.

# Privacy

## Privacy

Hitachi Rail continues to prioritize the protection of personal data across all regions in which we operate, aligning with evolving legal requirements, Group principles, and best practices.

In FY24, the Compliance Team built on the foundation laid in previous years, **shifting focus from framework development to operational integration and governance refinement** across entities and jurisdictions.

Following the strategic direction outlined in FY23, this year marked tangible progress in aligning privacy governance across all jurisdictions. Notably, in May 2024, different entities within Hitachi Rail (HRL, STS and GTS) signed an **intragroup data transfer agreement**. This agreement reflects both legal and operational harmonization of data protection practices and ensures continuity and compliance with cross-border transfer obligations during post-merger integration.

A key milestone in FY24 was the facilitation of our **first cross-entity privacy summit**, bringing together privacy leads from different entities. The summit served as a platform to understand the nuances of existing privacy governance models, enabling a clearer path toward strategic convergence. This dialogue has laid the groundwork for future consolidation where appropriate and will inform the direction of the Privacy function as it evolves to support an increasingly integrated business.

Operationally, we strengthened our risk management through data protection impact assessments (DPIAs), with **~58 completed or updated DPIAs** across functions and regions, including those supporting the GTS integration. Updates to privacy notices, particularly across the APAC region, ensured transparency and compliance amid business and legal changes.

Ongoing engagement with Hitachi Group also remained a focus. Hitachi Rail achieved **100% completion rate** in the annual RSBU Data Protection Monitoring Survey, with all 64 Hitachi Rail entities receiving positive feedback. Notably, **our privacy implementation survey score rose by 12% year-on-year, from 72% in FY23 to 84% in FY24**, demonstrating continued maturity and embedding of privacy practices.

# Export & Trade Compliance

# Export and Trade Compliance (ETC)

1,000+

Number of ‘configuration items’ for which Hitachi Rail maintained product classification in FY24 for STS Rail Control (approximately 75% EU and 25% US)

20+

Individual/general export licenses maintained in FY24 for France, Germany, and Italy by the legacy GTS business

10

Active individual and general Italian export licenses maintained by Hitachi Rail businesses

Hitachi Rail is committed to complying with regulations regarding the export, import, re-export or re-transfer of dual-use products (tangible or intangible), technologies, information, and services.

Hitachi Rail shares the concerns of the international community on the proliferation of weapons of mass destruction. We do not deal in military products. We conduct export and trade compliance-related due diligence against any possible illicit transactions and ensure that no products are provided, and no trade is carried out in any country or any entity in violation of laws or regulations.

During FY24, we validated STS hardware manufactured at Hitachi Rail factories classified against the relevant 1,000 “configuration item” codes that are considered **dual-use due to encryption**. A workstream was implemented for product classification in the Vehicles business.

Our dual-use hardware requires export licenses. Hitachi Rail holds **over 30 active export licenses**. We complied with reporting requirements and submitted bi-annual reports to the Italian regulators in July and December 2024. We also concluded a voluntary self-disclosure to Australian regulators for after-market repairs whereby goods were shipped back to Italy without the necessary Australian permit. We remain in good standing with the regulator and have fully regularized all transactions.

As part of integration activities, a dedicated Central Trade Compliance Manager has been onboarded for the former GTS business. ETC personnel conducted **site visits and conducted training** to partner functions.



# 2025 Annual Compliance Report

## Dual-Use Exports

Hitachi Rail and the legacy GTS businesses export dual-use items to 25 countries:

Legacy GTS businesses exported to:

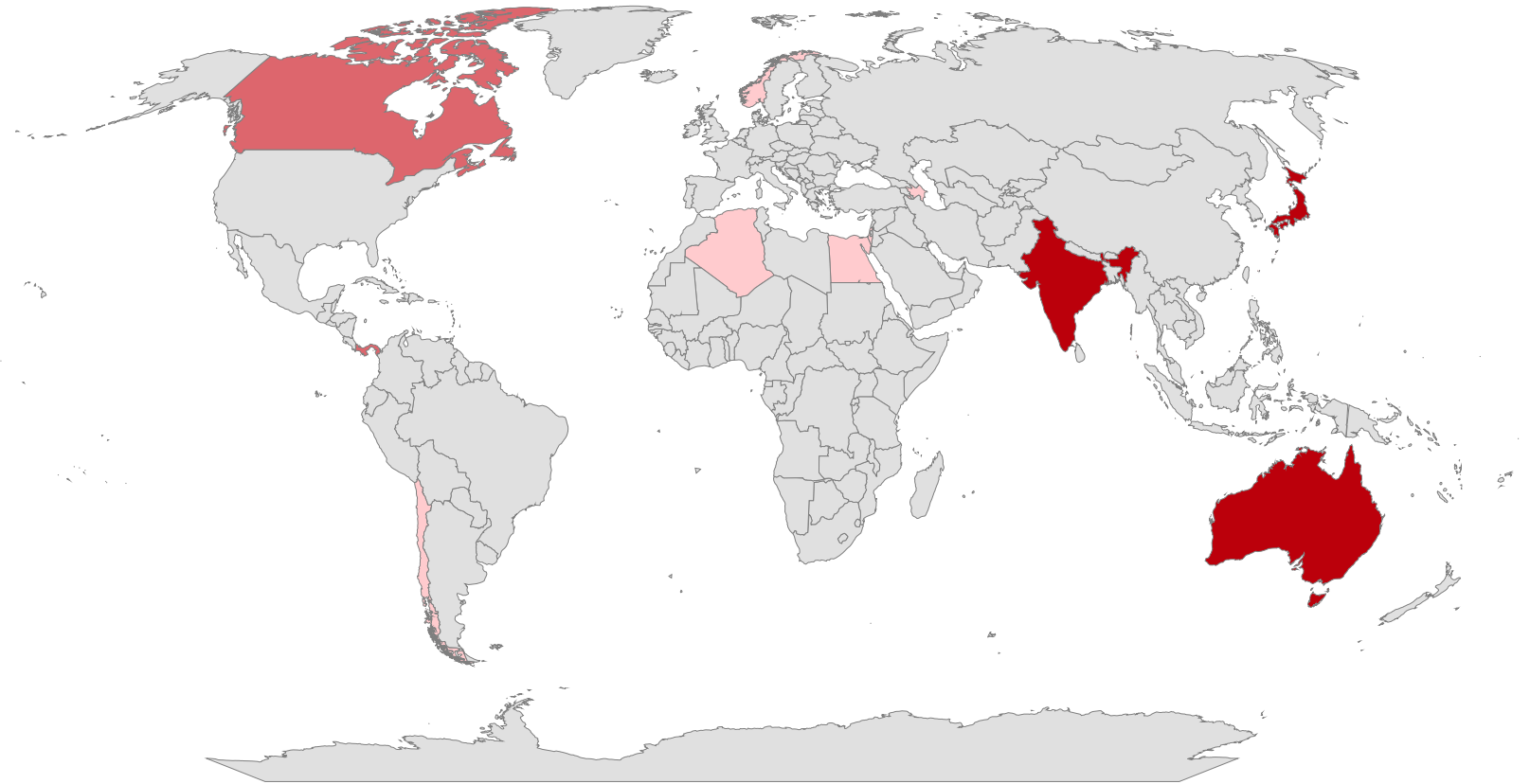
- Algeria, Azerbaijan, Chile, Egypt, Hong Kong, Israel, Norway, Qatar, Saudi Arabia, Senegal, Switzerland, Thailand, and Vietnam

Hitachi Rail businesses exported to:

- Australia, India, Japan, Peru, Philippines, Taiwan, UAE, and USA

Both businesses exported to:

- Canada, Panama, Türkiye and the UK



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Powered by Bing

# Culture & Engagement

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# Ethical Perceptions



## Ethical Perceptions

Hitachi encourages employees to apply high ethical standards in their day-to-day work as we improve our ethical culture.

Hitachi Group established a KPI based on the results of an **awareness assessment on corporate ethics and compliance** commissioned to Ethisphere, a U.S. research institute specializing in global corporate ethics. Our target is to achieve a standard score of 60 points or higher (100-point scale) in the first year, improving each year thereafter.

The score of the first assessment conducted in June 2023 was 76.5 (Hitachi Group), achieving the goal for the first year. After analyzing the results and improving the "One Hitachi Compliance Program," the second assessment conducted in May 2024 resulted in a score of 79.8 (Hitachi Group) and 76.9 (Hitachi Rail), surpassing the previous year and achieving the target for the second consecutive year.

At Hitachi Rail, the Compliance team is committed to continuous improvement of our of scores and employees' awareness and perceptions of ethics and compliance. The next page details on action plan to drive and deliver on such improvements.

## Ethical Perceptions: Improvement Plan

Hitachi Rail is working to implement these measures to improve ethical perceptions:

### Leadership Engagement: Tone from the Top

- Continue promoting a speak-up culture with senior leadership and middle managers
- Continue to support direct CEO messaging on ethics and compliance
- Encourage middle managers to consistently set a positive tone and model ethical behaviour, using tools and aids provided by the Compliance Team

### Speak-Up: One Hitachi Compliance Hotline

- Continue promoting the Hitachi Hotline through posters and regular training to speak-up channels
- Continue to promote Hitachi Rail Whistleblowing and Speak-Up Policy, including non-retaliation and concerns management
- Continue to transparently share anonymized disciplinary actions in an annual compliance report

### E&C Trainings and Engagement

- Continue to update and promote the dedicated Ethics and Compliance COSMO intranet pages
- Drive completion rates for Annual Code training with multi-faceted engagement and communication strategy
- Continue to implement Hitachi Group Compliance Office ethics and compliance initiatives, along with initiatives developed by the Hitachi Rail Compliance Team



# Training & Communications

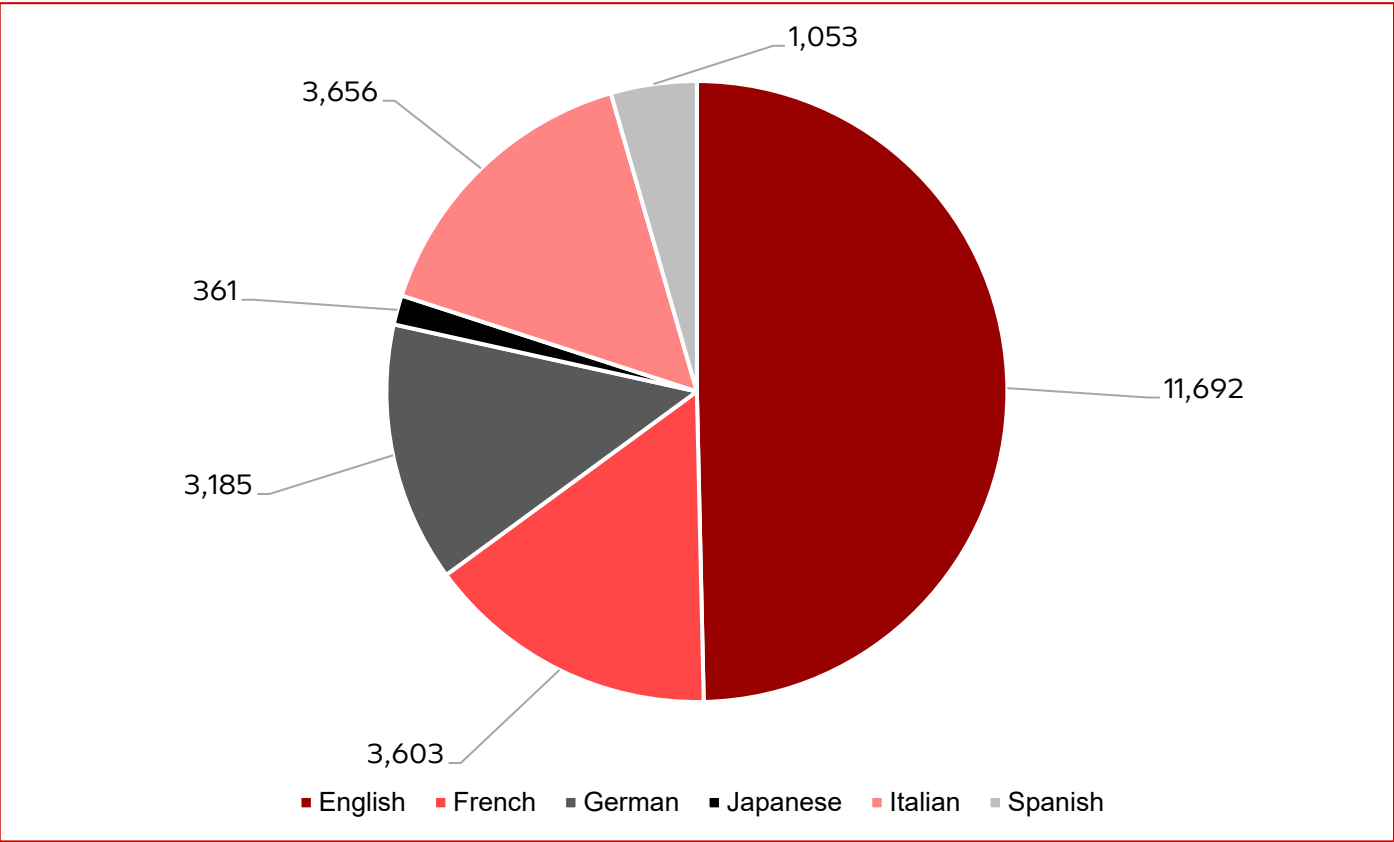
# Training & Communications

In supporting our employee-facing focus, the Compliance Team facilitated and ensured all our internal Ethics & Compliance Policies and Procedures have been translated into the core languages of our workforce, including **Japanese, Italian, French, Spanish, and German.**

Importantly, to ensure all **compliance-related materials are accessible for all**, in addition to translations, the Compliance Team maintains its dedicated COSMO Ethics & Compliance Pages (COSMO LITE for the Legacy GTS business).

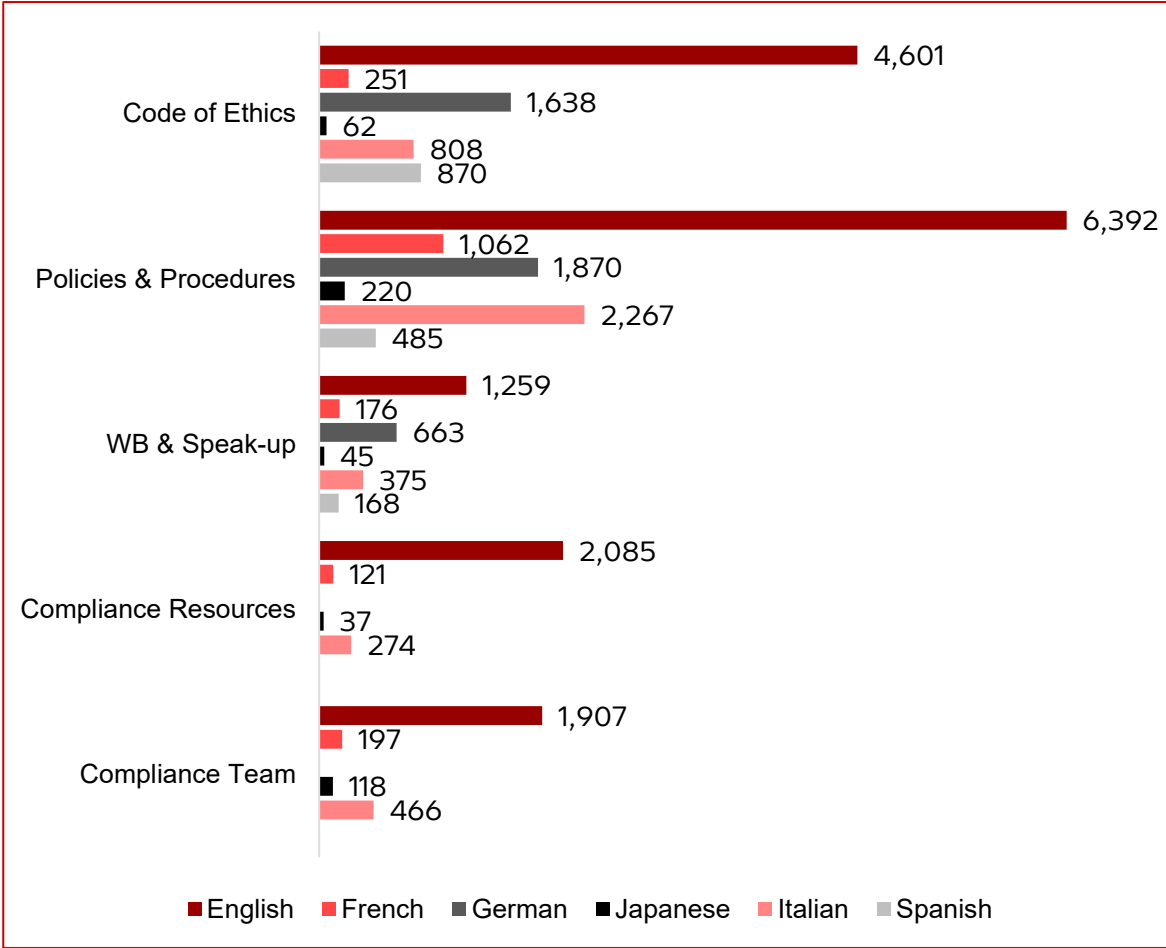
Since its creation in January 2024, the E&C Home Page has received over **23,000 visits** across all languages. The most visited Home Pages are the **English, Italian and French** versions, which account for **80% of all visits.**

Ethics & Compliance Home Page Visits



# Training & Communications

## Ethics & Compliance Sub-Page Visits



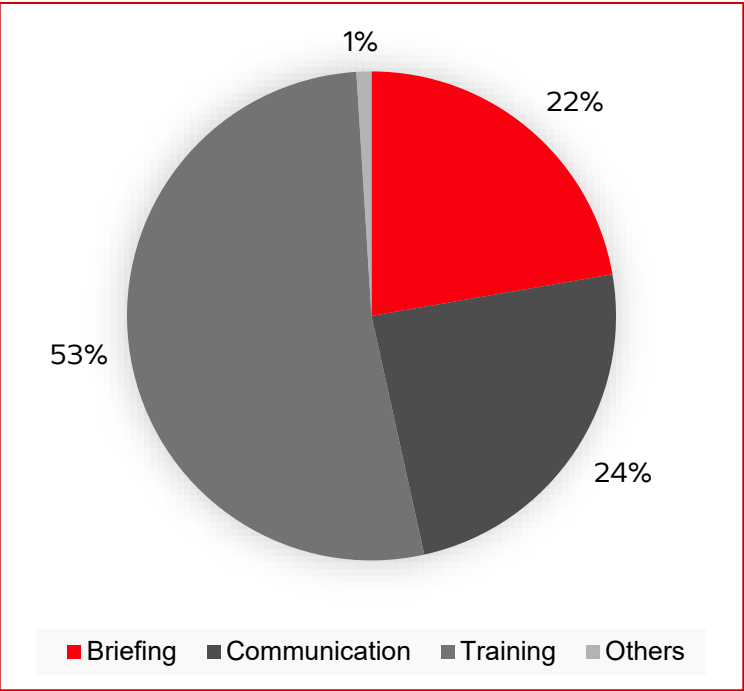
The Ethics & Compliance Pages on our Intranet (COSMO) serve as a resource for our employees. There are numerous sub-pages.

- **Code of Ethics and Business Conduct** - access to the Code in 23 languages
- **Compliance Policies & Procedures** - access to all issued policies, procedures and associated forms in all core languages used by our workforce (English, Japanese, Italian, French, Spanish and German)
- **Whistleblowing & Speak-Up** - easy, clickable links to the Hotline and other available speak-up channels and guidance on how to report.
- **Compliance Resources** - repository for useful content on compliance topics including promotional materials, quick guides, and training or briefing packs.
- **Your Compliance Team** - easy and quick reference so employees know who to reach out to with any questions.

# Training and Communications

The Compliance Team also strategically delivered and deployed **communications, trainings, quick guides, and briefings** to raise awareness on ethics & compliance topics throughout the reporting period, leveraging and using the Hitachi Rail Global Community on Viva Engage for high-visibility engagement with all employees, regardless of location.

Types of Engagements



Compliance Engagements by Topic



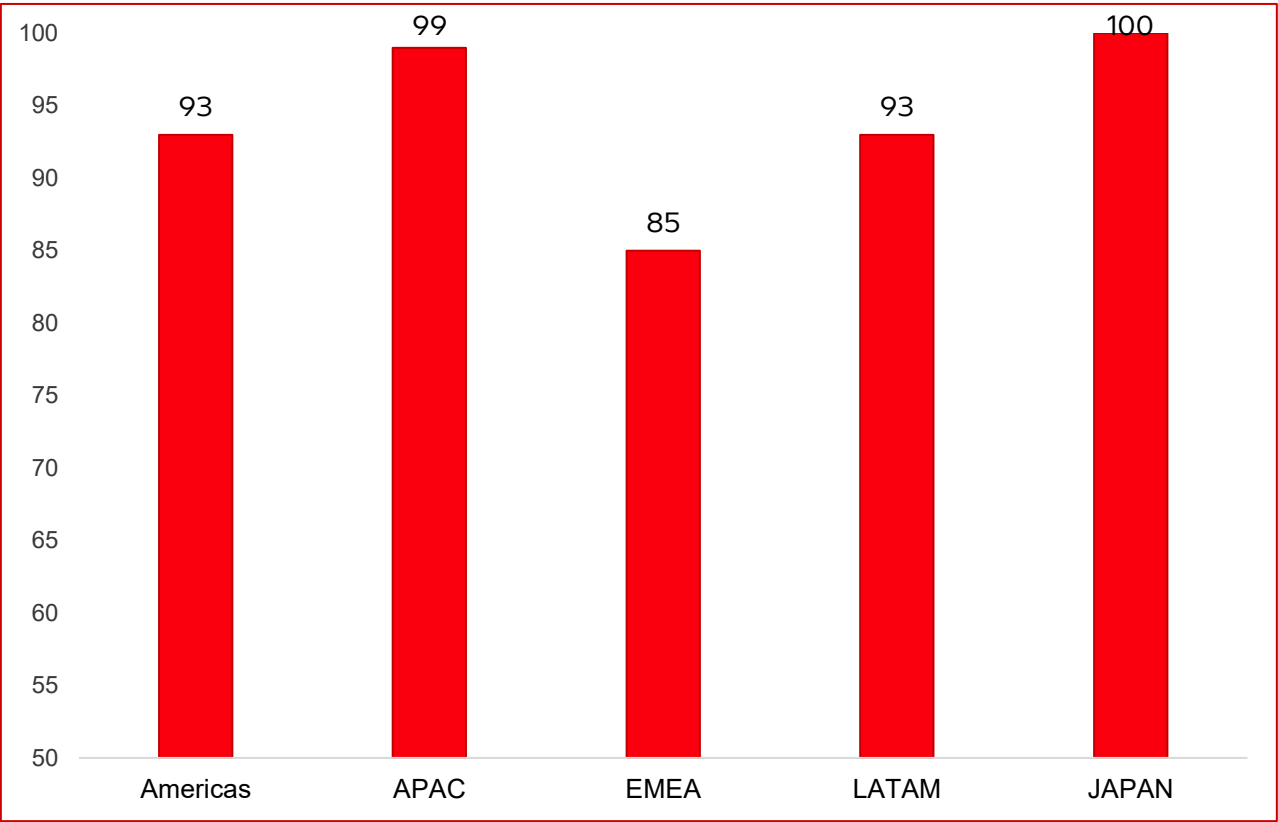
# Training and Communications

As part of Hitachi’s Ethics Month in October 2024, the Compliance Team partnered with the Learning and Development Team to launch **annual Code training**.

**The training period was from 1 October to 30 November.**

While the completion target for the training is 100%, Hitachi Rail achieved **95% overall completion** compared to **86% in 2023**. More than **23,000 employees** completed their annual training during FY24.

Completion rates (%) by Regions





# Looking Ahead

6

## Future Priorities

During the year(s) ahead, the Compliance Team aims to improve the Compliance Program with the following initiatives:

- **Integration** – build an integrated Hitachi Rail Compliance organization based on a model of regions and central functions to deliver synergies and strengthen compliance delivery. Develop people leaders within the integrated organization and build team resiliency.
- **Whistleblowing and Inclusivity** – protect and promote whistleblowing and speak-up. Find efficiencies to reduce investigations cycle time. Improve ethical perceptions scores and promote inclusivity. Ensure our employees are aware, trained, and know what do to for compliance controls.
- **Digitalization** – continue digitalization of compliance processes and recordkeeping best practices to delivery efficiencies, time-savings, and a digitally-driven and data-enabled Program.
- **Due diligence** – strengthen capability and determine common tools, processes, and best practices for the team to deliver on an integrated commercial compliance and due diligence strategy to improve interface with bids, sales, legal, contract management and procurement processes.
- **Privacy** – solve for an integrated privacy Program by hiring an additional Global Privacy Leader & Data Protection Officer to cover all entities and plan the long-term privacy strategy for Hitachi Rail with standardized policies and procedures across entities and jurisdictions.
- **Export and Trade Compliance (ETC)** – complete updates to the ETC Manual defining integrated expectations and operational requirements for Hitachi Rail. Standardize the product classification determination process across the company and enhance ETC awareness with more training.
- **Policies and Procedures** – enhance our policies and procedure to reflect the impacts of integration of the GTS business, changes to legal requirements and incorporate newly identified best practices.

**HITACHI**