

HITACHI

Hitachi Rail

Sustainability Statement

Executive summary

Fiscal year 2024



Letter from Giuseppe Marino

Head of Mobility Business
Group CEO Hitachi Rail

For over 100 years, the Hitachi Group has had a strong social purpose, to “contribute to society through the development of superior, original technology and products.”

Hitachi Rail is an important part of this commitment. The rail sector helps cities and countries to grow, enables greater quality of life for citizens, and is a low carbon mode of transportation for both people and freight.

This Sustainability Statement, covering the FY24 period, represents an important chapter in the story of Hitachi Rail.

In FY24, Hitachi Rail closed the acquisition of Thales Ground Transportation Systems.

This increased our global footprint to more than 50 countries, and increased our workforce from 15,000 to nearly 24,000 worldwide.

I am pleased to say that this Sustainability Statement includes the contribution of the Ground Transportation Systems business, whose innovations in the signalling and ticketing sectors help railways to move more efficiently around the world.

During the period, we achieved much more through our ongoing sustainability commitments.

Decarbonisation remains high on the agenda, both for our own operations and the support we provide to our customers through new innovations.

For Hitachi Rail’s operations, we are proud to report that we have achieved important milestone to reach our carbon neutrality across our business sites in 2030 and are on track to achieve net-zero emissions across our entire value chain by 2050.

At its manufacturing facilities, Hitachi Rail launched several climate mitigation initiatives, such as electrifying heating systems in Naples and painting booths in Reggio Calabria, and signing power purchase agreements for photovoltaic systems in Italy and the US.

Our new Plant in Hagerstown (US) is zero emissions for scope 1 and scope 2 thanks to 100% transition away from fossil fuels operating entirely on electric power and 1,8 MW of photovoltaic installed (PPA) which produces 2,3 GWh/year of green energy, with the results of 220 tCO₂ yearly saved.

For Hitachi Rail’s customers, we made great progress with new innovations in digital and battery technologies which are helping customers to reduce their emissions.

In FY24, we launched HMAX. HMAX is our new digital asset management platform, which targets the optimization of both maintenance programmes and energy consumption. Not only are these the biggest cost drivers for our customers, they also represent areas of opportunity for waste and emissions reduction.

While our Italian regional tri-mode battery trains continue to operate daily, in the UK the design phase for the battery-powered train prototypes and interior components was successfully completed. Outside of the FY24 period, we secured the first order for 14 new tri-mode UK Intercity trains ever in the UK – proving the commercial viability of this exciting technology.

A final word on our people and governance

Our Board of Directors provides ongoing oversight of our sustainability agenda. This year, supported by the Sustainability Committee, we have further strengthened our governance structure by appointing an independent non-executive director to our Board.

At Hitachi Rail, people are at the heart of our success. We believe that valuing diverse perspectives and fostering an inclusive culture strengthens our business, drives innovation and enables us to better serve our customers and communities.

We improved various policies, such as our “Be Well” programme and our Diverse Perspectives policies. These initiatives aim to enhance employee engagement, promote mental health awareness and support the work-life balance. We now have over 20 Employee Resource Groups around the world helping to bring these global policies to life locally.

Our Code of Ethics and Business Conduct outlines our core commitments to responsible business conduct, including safeguarding assets, preventing bribery and corruption and respecting human rights. We have also implemented robust due diligence processes to ensure compliance with international standards and mitigate risks related to human rights violations. All employees are required to undertake annual training on Ethics & Compliance to ensure we underline the importance of ethical practices around the world.

As we look beyond the FY24 reporting period, we see increased commitment to Sustainability initiative. In early 2025, Hitachi launched the PLEDGES framework for all Hitachi group companies – the framework guides the work we do to meet our social commitment and the very specific targets and goals outlined in this document.

“ Sustainability is not just about compliance - it’s a strategic business driver that fuels innovation, strengthens competitiveness, and builds long-term value. By embedding it into our operations and decisions, we reduce risks, meet stakeholder expectations, and future-proof our business.

Dr. Maiya Shibasaki
Chief Sustainability Officer, and Chief Diversity, Equity and Inclusion Officer



About Hitachi Rail

As a subsidiary of Hitachi Ltd., Hitachi Rail is a global leader in rail transport solutions and a trusted partner to the world’s leading transportation operators, offering a comprehensive portfolio across the urban, mainline, and freight sectors to support innovation and smarter mobility worldwide.

Hitachi Rail organises our operations into three lines of business, each underpinned by upstream and downstream activities worldwide.

- **Vehicles:** the production of railways products, particularly high-speed trains, mainline trains and mass transit trains.
- **Signalling and Rail Solutions:** the design, production and installation of advanced signalling systems and comprehensive mobility solutions for the railways, transit and freight lines.
- **Digital & AI:** accelerate digital innovation, enhance customer value, and strengthen operational efficiency across the Organization.

From individual components to full systems integration and turnkey railway solutions, Hitachi Rail supports the entire rail lifecycle – including operations, service, and maintenance. Through its pioneering digital technologies, Hitachi Rail enables operators to connect, analyze, and optimize their services across the full railway value chain.

This integrated approach supports the seamless and sustainable movement of both passengers and freight, reinforcing Hitachi Rail’s commitment to innovation and sustainable mobility.

This document provides a top-level overview of our approach to sustainability and our achievement in FY24 (1 April 2024 – 31 March 2025). It marks the sixth annual report issued on a voluntary basis by Hitachi Rail to provide a transparent and comprehensive overview of our environmental, social, and governance (ESG) performance and strategic ambitions.

The reporting scope encompasses the Hitachi Rail Business Unit of Hitachi Ltd (hereinafter referred to as “Hitachi Rail”) consisting of Hitachi Rail Ltd. and its consolidated subsidiaries.



PLEDGES for the future

Hitachi Rail launched its new group sustainability strategy PLEDGES, which include the Organization’s commitment, aspirations and targets for sustainability.

Sustainability is key to Hitachi Rail’s success and competitiveness. The Organization is committed to driving innovation, reducing its impact, managing risks and siezing opportunities to create value for society through its mobility solutions.

Hitachi Rail has defined a global sustainability strategy that is aligned with Hitachi’s PLEDGES framework and supports the achievement of the “Inspire 2027” ambition, embedding Environmental, Social and Governance (ESG) priorities across all business activities.

To achieve this, Hitachi Rail carried out an in-depth analysis of global trends, industry best practices, and stakeholder expectations, supported by an updated materiality assessment. This process identified key risks and opportunities across the value chain and led to a clear, actionable strategy with shared responsibility at all levels – contributing to the achievement of the UN Sustainable Development Goals.

Key performance indicators (KPIs) and targets have been defined, with selected indicators linked to executive remuneration. This reinforces the integration of sustainability into our decision-making processes.

Seven strategic pillars

Hitachi Rail’s sustainability strategy is structured around seven pillars.

These priorities are shaped by ongoing dialogue with employees, customers, suppliers, public institutions, and local communities to ensure our activities stay aligned with the evolving expectations of our stakeholders.

		Sustainability themes included
P	Planet The Organization addresses environmental challenges with urgency and long-term commitment, focusing on decarbonization, circular economy, and nature-positive initiatives.	> Decarbonization > Circular Economy > Nature positive
L	Leadership Hitachi Rail invests in the development of leaders capable of driving transformation, promoting accountability and embedding sustainability into the organizational culture.	> Human Capital Development
E	Empowerment The Organization fosters a working environment that values autonomy and active participation, enabling employees to contribute fully and boldly.	> Employee engagement > Organizational culture
D	Diverse Perspectives Diversity of backgrounds, experiences and perspectives is recognised as a driver of resilience and creativity. Inclusion is therefore an integral component of the sustainability strategy.	> Inclusive workplace and opportunities for all
G	Governance Strong governance underpins organizational resilience. Hitachi Rail strengthens safety, integrity and risk management at all levels, ensuring transparent and reliable operations.	> Business ethics and compliance > Health and safety > Quality and product safety
E	Engagement The Organization builds partnerships across the value chain, including with suppliers, communities and stakeholders, to embed sustainability throughout its operations. This includes responsible procurement, respect for human rights and the co-creation of sustainable solutions.	> Sustainable procurement > Human rights
S	Sustainability for All Accelerate value delivery to society and Hitachi’s sustainable growth through PLEDGE.	> Delivering value to society

FY24: Core achievements

In FY24, Hitachi Rail significantly expanded its market reach through the acquisition of Thales Ground Transportation Systems (GTS), strengthening its capabilities in signalling and safety systems.

100%

Eco-design principles were applied to 100% of new vehicle products developed in fiscal year 2024, in line with our commitment to integrating eco-design and lifecycle assessment (LCA) into our product development processes.

ESG Risk Screening in the Supply Chain

Hitachi Rail conducts ESG risk screening on most of its global suppliers using EcoVadis IQ+, which assesses risk based on country and industry data. This enables targeted EcoVadis invite action on high-risk areas.

In FY24, the system was upgraded to include DocScan, an AI tool that automates document review, improving both accuracy and efficiency in supplier risk profiling.

↑4.9%

Employee engagement levels rose by 4.9 percentage points in FY24.

EatWell

As part of the BeWell framework, Hitachi Rail launched 'EatWell Around the World' to promote wellbeing and celebrate cultural diversity through food. Employees from 15 countries submitted over 100 healthy and inclusive recipes.

Zero landfill

Our Naples, Hagerstown and Reggio Calabria sites both achieved zero-landfill in FY24.



Minimizing our environmental impact

Minimizing our environmental impact is a core part of our sustainability strategy, with a strong focus on reducing emissions and promoting responsible practices throughout our operations.

Climate change

Emissions reduction and climate change mitigation are strategic priorities for Hitachi Rail as part of our broader commitment to sustainability. Committing to carbon neutrality is also vital for our long-term business resilience, reducing risk exposure and strengthening the Organization’s financial and competitive position in the transition toward a low-carbon economy.



Hitachi Rail is committed to achieving **carbon neutrality** across all business sites (facilities and offices) by 2030 and reaching **net-zero** emissions across its entire value chain by 2050.

Our decarbonization commitment (detailed on the following pages) outlines a series of projects and initiatives designed to progressively reduce emissions across our operations to meet our environmental goals.

These targets are in line with Hitachi Ltd.’s commitment to reach carbon neutrality across all business sites by 2030 and net-zero across its entire value chain by 2050.

The Organization has undertaken specific actions at both global and local levels to mitigate risks and seize opportunities related to climate-related issues with differing levels of impact. This ranges from energy efficiency improvements, to the adoption of renewable energy solutions.

Through the use of digital systems, Hitachi Rail also aims to accelerate the decarbonization of rail by developing new electrified railways or deploying battery-powered trains.

Emissions	Financial Control ¹	Operational Control ²	Total
Scope 1 GHG emissions (tCO ₂ eq)			
Gross Scope 1 GHG emissions ³	21,910	3,412	25,321
Scope 2 GHG emissions (tCO ₂)			
Gross market-based Scope 2 GHG emissions ⁴	8,344	2,391	10,735
Total emissions Scope 1 and Scope 2 market-based	29,243	5,803	35,046
Scope 3 GHG emissions (tCO ₂ eq)			
Total Scope 3 emissions ⁵			7,414,808

Hitachi Rail has defined the following targets⁶:

Scope 1 and Scope 2 emissions reduction Base year: FY2019 FY2024 performance: 34,275 tCO₂eq (Market-based)	2027 target
	-75%
	2030 target
	-83%
Scope 3 per activity unit emission reduction for Cat. 1 and 11 ⁷ Base year: FY2022 FY2024 performance: 7,414,808 tCO₂eq	2050 target
	-90%
	2027 target
	-40%
	2030 target
	-52%
	2050 target
	-97%

Hitachi Rail is committed to achieving Carbon Neutrality across all business sites (facilities and offices) by 2030 and reaching Net-Zero emissions across our entire value chain by 2050.

Hitachi Rail’s Carbon Neutrality and Net Zero Claims

Hitachi Rail is committed to achieving carbon neutrality for Scope 1 and Scope 2 emissions by 2030 across all business sites, prioritizing emission reductions over offsetting. This includes the use of green electricity and high-quality renewable energy certificates (RECs). Residual emissions are offset using third-party verified carbon credits aligned with international standards. Emissions are calculated using the GHG Protocol and a market-based approach for Scope 2, with internal reviews in place.

The company’s net zero claim is aligned with SBTi.

¹ The ability to govern the financial and operational policies of an entity to obtain economic benefits, typically through majority ownership or voting rights.
² The authority to direct day-to-day operational activities and make key decisions, even without full financial control.
³ Regarding Gross Scope 1 GHG emissions, 7,548.57 tCO2eq belong to GTS.
⁴ Regarding Gross market-based Scope 2 GHG emissions, 4,292 tCO2eq belong to GTS.
⁵ Regarding Scope 3 GHG emissions, 483,821.58 tCO2eq belong to GTS.
⁶ Please note that Hitachi Ltd has received validation from the SBT initiative for its science-based net-zero target.
⁷ Activity unit is computed as the ration between Scope 3 emissions category 1 and 11 and the gross margin of the entire business unit, including entities under operational control.





Pollution

The management and minimisation of Hitachi Rail’s pollution-related impacts form part of our broader Health, Safety and Environment (HSE) Policy.

Hitachi Rail has adopted a systematic framework for integrating environmental management practices across our operations to support environmental protection and pollution prevention. Many of these practices are implemented through ISO 14001-certified Environmental Management Systems at site-level, which require the identification of pollution-related risks and the adoption of appropriate control measures. This enables us to manage environmental impacts – such as air emissions, hazardous substances, and wastewater discharge – in a structured and consistent manner.

To support pollution reduction efforts, Hitachi Rail has introduced (and/or is planning to introduce in future years) a range of actions aimed at monitoring and minimising pollutant emissions and improving environmental performance:

➤ **Air Emissions Management Framework**

A structured initiative to document, assess and monitor air pollution resulting from the operational activities of each of our sites, locations or projects. This integrated approach combines risk evaluation with systematic emissions tracking, ensuring robust environmental management across all companies and operational sites.

➤ **Ozone-depleting substances (ODS) management control**

Hitachi Rail is progressively limiting the import and sale of products containing ozone-depleting substances (ODS), and phasing out the use of fluorinated gases (F-gases), which are primarily employed in refrigeration and air conditioning systems. Site-specific air emissions risk assessments are conducted to identify the presence of such substances. The Organization remains committed to aligning with evolving regulatory requirements, with the aim of reducing the negative environmental impacts generated through the use of ODS-containing products and activities.

➤ **Volatile organic compounds (VOCs) management control**

VOCs are organic chemical substances that readily vaporize under normal conditions and, due to their high volatility, mobility and resistance to degradation, can travel long distances in the environment – posing risks to both human health and air quality. To minimize emissions and ensure safe handling, Hitachi Rail has implemented a mandatory VOCs management control system to reduce VOC emissions in the manufacture of our rolling stock products (including processes such as paint spraying, repairing and mixing). By implementing these robust controls, the Organization can significantly reduce our environmental footprint and safeguard health.

➤ **Best Available Technique (BAT) adoption**

Hitachi Rail integrates the principle of Best Available Technique (BAT) into the design, construction, maintenance, operation, and decommissioning of our facilities and assets, with the aim of preventing or minimising air emissions and their associated environmental impacts. Periodic reviews are conducted to ensure the continued effectiveness of existing control measures and to identify opportunities for further improvement in emission prevention and reduction. Where feasible, lower-emission alternatives are actively pursued. For example, the use of zero-VOC paints for rolling stock interiors and low-VOC coatings for exteriors.



**Water usage
reduction**

Base year: **FY2019**
FY2024 performance:
70,869 m3

2027 target
-8%
2030 target
-10%

Water

Hitachi Rail recognizes the importance of continuously improving water quality by reducing pollution, eliminating waste, and preventing the release of hazardous chemicals and materials. The Organization is committed to halving the share of untreated wastewater and significantly increasing both recycling and the safe reuse of water.

Several Hitachi Rail sites operate under ISO 14001-certified Environmental Management Systems, which require the identification, monitoring and management of site-specific environmental aspects, including water usage and discharge. These certified sites ensure operational-level awareness and control over water-related impacts.

To minimize the environmental impact of our operations on water resources, Hitachi Rail invests in the ongoing enhancement of internal water management practices. This includes the adoption of advanced technologies, the dissemination of internal knowledge and the implementation of best practices based on Life Cycle Assessment (LCA) of our products to ensure water use is considered throughout all relevant stages of the product life cycle.

- **Environmental Critical Risk Controls (eCRC)**
- Hitachi Rail has initiated an ongoing risk assessment process, known as Environmental Critical Risk Controls (eCRC), focusing on water management and biodiversity protection. In terms of water, the analysis aims to investigate potential impacts associated with water use and consumption efficiency, including in areas subject to water stress, as well as impacts related to water pollution. This process is designed to identify key environmental and operational risks, with the objective of mapping potential areas for improvement and implementing targeted mitigation measures.

Percentage of manufacturing sites achieving zero landfill waste

Base year: N/A
FY2024 performance: 97%

Landfill waste

Base year: N/A

New products

Base year: N/A
FY2024 performance: N/A

2027 target

95%

2030 target

Zero

2027 target

Life Cycle Assessment (LCA) for new Product Development;
Eco-design application for all new products

Circularity

Circular economy principles are at the core of Hitachi Rail’s sustainability strategy, driving innovation in resource efficiency, waste reduction, and the development of sustainable products and services throughout the lifecycle. In line with circular economy principles, Hitachi Rail has initiated a series of strategic actions aimed at minimising waste and enhancing material use. These actions also incorporate innovative technologies and sustainable design practices:

- **Waste Tracking and Sustainable Disposal Initiatives**
In FY24, Hitachi Rail launched a structured initiative to centralize the collection of waste data across our manufacturing sites. To ensure consistent monitoring and reporting, waste data is periodically collected through structured engagements with external disposal providers.
- **Circular Economy Transition Project**
Hitachi Rail launched a cross-functional initiative to raise awareness among all our stakeholders about material inflows and outflows, with the ultimate goal of strengthening circularity across our operations. This programme also supports the achievement of defined sustainability targets and promotes the adoption of circular design principles. The Organization also launched two targeted initiatives that reinforce our commitment to reducing reliance on virgin materials and advancing product circularity. Products are designed to incorporate a higher proportion of reused or refurbished components and include re-manufacturing and end-of-life strategies like recycling.
- **Natural Fiber Composite Material Assessment**
Hitachi Rail began a feasibility study to assess the potential replacement of fiberglass materials used in the Rail Contacts of the Axle Counter System with a Natural Fiber Composite. The initiative aims to evaluate the environmental benefits of using renewable resources and improving end-of-life recyclability, alongside economic and social considerations.

- **Rail4Earth**
Hitachi Rail is a key participant in the EU’s Rail4EARTH programme, launched in 2022 to reduce CO₂ emissions by 30% and extend battery train ranges to 120 km by replacing diesel EMUs with zero-emission Battery EMUs. Between FY2022 and FY2024, Hitachi Rail completed the design of battery train prototypes and interior components, and is currently testing the Energy Storage Systems, advancing the project’s implementation.
- **Aluminium Carshell Digital Product Passport**
This pilot project develops a Digital Product Passport (DPP) for aluminium in Hitachi Rail train cars, enabling material traceability and CO₂ emissions tracking across the supply chain. It supports sustainability goals by improving Scope 3 emissions reporting, supply chain transparency, and preparing for new regulations (ESPR). The DPP provides detailed lifecycle data, helping design for durability, disassembly, and material recovery. This transparency promotes reuse, repair, refurbishment, and recycling, supporting Hitachi Rail’s shift towards circular manufacturing and maintenance.
- **Integrated Life Cycle Assessment (LCA) Programme – Vehicles and Signalling and Rail Solutions**
Life Cycle Assessment (LCA) has been adopted as a core methodology to evaluate and reduce the environmental impact of our products throughout their entire life cycle – from raw material extraction to end-of-life disposal.
- **Eco Design Initiatives**
Through the integration of advanced eco design principles, the Organization seeks to reduce our environmental impact, enhance product reliability, and optimise life-cycle costs across our entire portfolio. This strategy supports the “zero-infrastructure” programme and addresses the evolving expectations of infrastructure managers, particularly in environmentally sensitive markets.

Highlight examples

Going solar in Hagerstown

In FY24, Hitachi Rail signed a Power Purchase Agreement (PPA) with Suntrail Energy to install approximately 1.8 MW of photovoltaic panels on the roof of our Hagerstown plant in the United States. The plant is sustainable by design, combining solar panels and substantial planting around the site with digital and AI systems that optimize energy efficiency. This initiative will generate around 2.3 GWh of green energy annually, meeting approximately 60-70% of the plant’s energy requirements and reducing emissions by an estimated 870 tonnes of CO₂ per year.

Electrification in Reggio Calabria

Electrification plays a pivotal role in Hitachi Rail’s efforts to reduce Scope 1 emissions. At the Reggio Calabria site in Italy, the objective is to fully eliminate Scope 1 emissions – amounting to approximately 450 tonnes of CO₂ per year – transforming the facility into a carbon neutral emissions site. The project involves the electrification of three painting booths and one oven, along with the installation of a new electrical substation. Initiated at the end of FY24, the project is scheduled for completion by the end of 2026.

HMAX (Hyper Mobility Asset Expert)

To help transport operators manage rising energy and maintenance costs while supporting decarbonisation goals, Hitachi Rail developed HMAX, a digital solution that optimises railway operations and reduces environmental impact. By creating a digital twin of the rail ecosystem—trains, signalling, infrastructure—HMAX enables predictive maintenance, smarter decision-making, and extended asset life, reducing material use and operational costs.

It also supports energy efficiency by identifying optimal driving patterns. With one customer, Hitachi Rail achieved 8% energy savings, with potential to reach 15% at scale.



Enhancing our social responsibility



Hitachi Rail actively engages with a broad spectrum of stakeholders to foster shared knowledge, leverage resources and drive collective action in support of our sustainability objectives. Our continuous dialogue with employees, customers, suppliers, public institutions and local communities enables us to monitor and address evolving stakeholder expectations while reinforcing inclusive decision-making and transparent communication.

Our engagement with stakeholders usually happens in three ways:

- **Opportunities for information:** direct communication from Hitachi Rail to stakeholders to provide relevant information, updates and insights to keep stakeholders informed.
- **Consultation / dialogue:** actively seeking the invaluable opinions and perspectives of Hitachi Rail's stakeholders through surveys, polls and focus groups. This also includes permanent discussion groups to allow for ongoing dialogue and the exchanging of ideas.
- **Partnerships:** forging specific projects in collaboration with stakeholders to work together on goals of mutual interest, allowing us to strengthen relationships with diverse partners.

As part of Hitachi Rail's commitment to providing a transparent and comprehensive overview of our environmental, social, and governance (ESG) performance and strategic ambitions, the Organization focuses on the following areas when it comes to social responsibility:

- **Our employees**
- **Training and development**
- **Health and safety**
- **Value chain workers**
- **Our customers**

Employee engagement

Base year: N/A
FY2024 performance: 75.3

Ethical culture and compliance perceptions assessment

Base year: N/A
FY2024 performance: 76.9

Employee awareness

Base year: N/A
FY2024 performance: Several training sessions completed

Fatal accidents

Base year: N/A
FY2024 performance: 0

2027 target

76.8

2027 target

82

Yearly target

Increase employee’s awareness on Sustainability, Diverse Perspectives, Ethics and Human Rights through training sessions and a communication campaign

Yearly target

Zero

Our employees

Hitachi Rail employs a total of 23,695 workers (financial and operational control), of which 3,220 are located in Japan. The Organization operates across more than 50 countries, with a strong presence in Europe, Asia-Pacific, the Americas and the Middle East.

The people who work for us are our principal stakeholders, and employee wellbeing is an essential driver of our long-term success. The Organization has put in place a range of policies aimed at fostering a thriving workplace that embraces diverse perspectives and inclusion, supports both personal and professional growth, and upholds full respect for human rights.

Hitachi Rail actively interacts with, and gather feedback from, our workforce to inform decision-making. Hitachi Rail conducts the annual *Hitachi Insights Survey* to measure employee engagement and satisfaction with management and internal processes, whilst identifying employee needs and informing targeted actions. The results also guide our actions at global and local levels to improve engagement, motivation and inclusion. By welcoming employee feedback, the Organization ensures that individuals feel heard, valued, and empowered.

Through inclusive practices and professional development opportunities the Organization is reducing inequalities by advancing diverse hiring, fair compensation, and career growth for underrepresented groups.

➤ **Diverse Perspectives Policy**

Hitachi Group values and embraces diverse perspectives in all its dimensions, including background, age, gender, sexual orientation, family status, disability, neurodiversity, race, nationality, ethnicity, religion and worldview. Individual uniqueness is recognised as a strength, and it is acknowledged that people may have different needs and lived experiences. To ensure equitable access to opportunities, Hitachi Rail has have established systems, policies and practices designed to support all employees in reaching their full potential. A respectful, inclusive, and representative workplace is actively promoted, with teams encouraged to reflect the diversity of the communities in which the Organization operates. Allyship is fostered across the entire Organization to create an environment where everyone feels safe, supported and empowered to express their authentic selves.





➤ **Respectful Workplace Policy**

Hitachi Rail is committed to ensuring that all our workplaces are safe, inclusive and respectful environments where every individual feels valued and protected. The Organization strictly prohibits all forms of harassment (including bullying), discrimination, abuse, and workplace violence. The definition of unacceptable conduct includes, but is not limited to, discrimination based on racial or ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national or social origin, or other grounds protected by EU and national law.

➤ **Whistleblowing and Speak-Up Policy**

Hitachi Rail provides channels for any individual – whether internal or external to Hitachi Rail – who wishes to report actual or suspected misconduct that may constitute a violation of applicable laws, our Code of Ethics and Business Conduct, or any of our policies. Depending on the nature of the concern or local legal criteria, reporters may qualify as “whistleblowers” and be entitled to legal protections.

➤ **Living Wage Commitment**

Hitachi Rail remains steadfast in our commitment to fair compensation by embedding the principle of a living wage – remuneration sufficient to ensure a decent standard of living for employees and their families – within our global sustainability strategy. Efforts are currently underway to develop and implement policies and tools that facilitate benchmarking against recognised living wage standards, enable assessment of employee coverage and identify gaps. Our goal is to build a transparent and resilient framework that supports the implementation of living wage practices across all regions, ensuring readiness for any external evaluations and alignment with broader social responsibility goals.

➤ **European Forum for representatives**

Following our acquisition of Thales Ground Transportation Systems (GTS) in FY24, we established a European Forum for Representatives to reinforce ongoing social dialogue and promote constructive cooperation with employee representative bodies across multiple European countries. This Forum acts as an early-stage communication channel, enabling timely dissemination of key information to national levels, while also offering a valuable platform for understanding the perspectives and needs of Works Councils and trade unions. It encourages active engagement between employee representatives and the Senior Leadership Team.

Training and development

Hitachi Rail recognizes the pivotal role of training in fostering employee engagement and enhancing awareness across key topics. Through the implementation of targeted training programs and dedicated communication campaigns, the Organization aims to strengthen awareness about sustainability and diversity across the whole Organization by 2027.

Critical Risk and Life-Saving Rules

Workplace health and safety is fundamental to Hitachi Rail, with zero fatal accidents in FY24; a record the Organization fully intends to maintain through our Critical risk and Lifesaving rules, which represent a cornerstone of Hitachi Rail’s Serious Injury and Fatality (SIF) Elimination Programme. This initiative is designed to significantly reduce workplace incidents by enforcing robust safety protocols, particularly in high-risk operational environments. It also aims to raise employee awareness through continuous training and communication. In FY24 alone, over 1,000 communication, training, and engagement activities were delivered across the Organization, all focused on critical risks and their associated life-saving rules.

Value chain workers

To uphold human rights across our operations and throughout our value chain, Hitachi Rail has adopted a set of policies that promote ethical business practices and responsible sourcing to ensure all workers – regardless of where they operate within the value chain – are treated with fairness, dignity, and respect. The following policies are designed to ensure that all business partners and third parties engaging with us align with our values.

➤ **Human Rights Policy**
Hitachi Rail has a zero-tolerance approach to human rights violations and is firmly committed to upholding internationally recognised human rights standards throughout our entire value chain. This commitment is embedded in our Human Rights Policy, which applies to all individuals engaged in our operations, including direct employees, contractors, workers employed by suppliers and business partners. All stakeholders are expected to respect and promote human rights in line with international principles and frameworks. To ensure transparency and accountability, the Human Rights Policy is publicly accessible on our website.

- **Conflict Minerals Policy**
Hitachi Rail is committed to responsible procurement practices that uphold human rights and ethical sourcing across our supply chain. Our Conflict Minerals policy ensures that the sourcing of materials containing conflict minerals and cobalt does not contribute to illegal activities or human rights violations, including risks associated with armed groups and child labor. Our due diligence processes are aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and include enhanced assessments that take into account broader social risks and the responsibilities expected of companies operating in complex contexts.
- **Modern Slavery Policy**
Modern slavery – understood as the coercive exploitation of adults or children, often for labour or sexual purposes – is recognized as a serious human rights violation and criminal offence in many jurisdictions. In line with our Human Rights Policy, the use of forced labour is strictly prohibited. Hitachi Rail is committed to eradicating all forms of modern slavery, forced labor and human trafficking across our global operations, while promoting the right to freedom of association, collective bargaining, and safe, healthy, and hygienic working conditions across all operations. In jurisdictions where required by law, the Organization issues annual Modern Slavery Statements that describe the actions taken to combat forced labor and human trafficking.



Our customers

Our core customer base includes public transport authorities, national and regional rail operators, and infrastructure clients.

Hitachi Rail is committed to continuous improvement and recognize the critical role that customers play in shaping our products and impact management practices. Customers’ perspectives are actively sought and integrated into decision-making processes, helping us to better understand expectations, identify areas for enhancement, and align with evolving needs.

To ensure that the voices of these stakeholders are meaningfully considered, the Organization conducts yearly customer satisfaction surveys. For the FY24, more than 150 people were involved in this activity either externally or internally. Through direct engagement, Hitachi Rail gathered valuable information about customers’ experiences and preferences, allowing us to tailor products, services and processes to drive positive change and enhance overall satisfaction.

This holistic approach ensures that customer feedback is not only collected but also effectively used to drive positive change and enhance overall satisfaction with Hitachi Rail’s products and services.

For the FY24, the results of this survey were as follows:



Overall, average satisfaction level for FY24 – an overall weighted global score of 7.5 – increased compared to previous year.

In FY24, Hitachi Rail also, we also launched a new internal process called Customer Satisfaction Perception, designed to strengthen early detection of issues and promote continuous improvement. This self-assessment is conducted across all major projects and evaluates performance across eight key dimensions, as rated by the project team itself. The results are displayed through a dedicated dashboard, offering a comprehensive and visual overview of each project’s performance. This enables timely, data-driven decisions and the implementation of targeted corrective actions where needed.

Health and safety

Ensuring functional safety for consumers and end users

At Hitachi Rail, safety is considered a fundamental priority across all operations and projects. To ensure this, each Line of Business operates an independent entity known as RAMS (Reliability, Availability, Maintainability and Safety). RAMS is tasked with ensuring that the design and implementation of safety-critical systems, from single components to complete trains or metro lines, does not result in hazardous conditions for passengers or service personnel.

Safety extends beyond the organizational structure, encompassing all activities required by internationally recognized standards and best practices.

Quality and Product Safety Policy

Hitachi Rail’s Quality and Product Safety Policy strives to exceed customer expectations by ensuring that all technical, safety, economic, and scheduling requirements are met according to the following priorities:

- **Safety (S)** – ensuring the protection of all individuals involved.
- **Quality (Q)** – delivering products and services that meet the required standards.
- **Delivery (D)** – ensuring timely completion of commitments.
- **Cost (C)** – maintaining cost-effectiveness without compromising the priorities above.

Highlight examples

BeWell programme and initiatives to enhance diverse perspectives

Hitachi Rail integrates wellbeing into our diverse perspectives policy to cultivate a sense of community and emotional safety, reinforcing the company’s broader commitment to creating a supportive and inclusive workplace for all. In FY24, this commitment was reflected in the launch of our global BeWell framework, which targets five key areas of wellbeing: feeling physically well, mentally well, valued and included, financially well, and able to learn and grow. Through a range of people-centred training sessions, webinars and awareness campaigns, employees and senior leadership staff learned more about inclusion, emotional intelligence and mindset development. Diverse personal stories were also shared to inspire and connect.

In parallel, Hitachi Rail launched two global initiatives: EatWell, centred on nutrition and healthy eating habits; and Mentally Well, promoting mental health awareness and support. All countries were involved in the EatWell and Mentally Well initiatives, with 15 actively participating, generating over 22,000 views and more than 2,000 interactions on internal platforms.

Looking ahead, Hitachi Rail aims to consolidate this progress by prioritising psychological safety, addressing local wellbeing needs, and encouraging diverse perspectives at all levels of the Organization, while maintaining the strong engagement momentum achieved to date.

SDG’s Award 2024

Hitachi Rail received the Award for Outstanding Assessment Design at the SDGs Leaders Summit 2024 for our High Speed Green Talent project — an innovative initiative that redefines sustainable recruitment. Launched in 2021, High Speed Green Talent is a scalable model designed to identify future change-makers by assessing behavioral skills and green mindset through immersive methods like Lego® Serious Play® and simulation scenarios. The project has already involved more than 200 young talents across various locations in Italy. Hitachi Rail earned this recognition for pioneering a values-driven approach to talent acquisition, aligning personal purpose with organizational sustainability goals. More than a selection process, it’s a transformative experience that promotes systemic change and inspires the Human Resources ecosystem to embrace inclusive, impact-oriented recruitment. To support the project, the Organization has integrated the Hitachi values matrix, our competency model, and the IDG (Inner Development Goals) framework, with the aim of reinforcing the alignment between individual purpose and corporate sustainability objectives.



Ensuring strong governance practices

Hitachi Rail is governed by a Board of Directors, composed of nine members. In FY24, two members were women (22.2%) and seven were men (77.8%). Several members hold senior leadership roles within Hitachi Rail, directly overseeing operations, innovation, and business development in key areas such as Signalling and Rail Solutions (SRS) , ground transportation and Japanese market operations. From FY25, the Board of Directors will benefit from the support of a recently appointed independent non-executive director. This addition supports the alignment of Hitachi Rail's governance practices with international standards on board independence and oversight.

The Sustainability Committee is an advisory body to the Board of Directors, providing ongoing oversight of Hitachi Rail's sustainability agenda, including oversight of impacts, risks and opportunities. The Sustainability Committee is responsible for supporting and advising the Board of Directors in its oversight of sustainability matters, monitoring the implementation of the Business Unit's sustainability strategy, and reporting on key elements such as position statements, frameworks, ambitions, metrics and targets. The Sustainability Committee also plays a proactive role in identifying current and emerging sustainability-related issues, good practices, opportunities and regulatory developments at sectoral, national, and international levels.

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The Sustainability Committee is responsible for supporting and advising the Board of Directors in its oversight of sustainability matters.

Policies to strenghten governance

To ensure the accuracy and reliability of information and data that are disclosed in our Sustainability Statement, Hitachi Rail has a dedicated reporting procedure, which has been in place since 2022. This procedure clearly defines the roles and responsibilities of the functions involved in the report’s data collection, validation, and approval. The procedure represents a first step toward establishing a structured governance aimed at enhancing transparency and accountability across the reporting process, thereby reinforcing the integrity of the information being reported.

Hitachi Rail is currently developing a new digital tool aimed at streamlining ESG data collection and reporting. Integrated with both internal and external systems, the tool will be used to enhance the reporting process and data analysis, fostering continuous improvement in the consistency and readability of sustainability information.

Hitachi Rail has adopted a set of policies to ensure that all our business activities are carried out in an ethical, lawful and transparent manner.

➤ **Code of Ethics and Business Conduct**
The Hitachi Group Code of Ethics and Business Conduct (the Code) defines the ethical standards and principles that govern the conduct of all individuals engaging in business with Hitachi Rail, including employees, executives, directors, and third parties. The rules, values and principles outlined in the Code are intended to guide decision-making and ensure behaviours are aligned with the Hitachi Group Identity. The Code sets out core commitments related to responsible business conduct, including:

- **Being aware:** making good decisions and reporting concerns.
- **Protecting what is ours:** safeguarding assets, intellectual property, and nonpublic information.
- **Demonstrating accountability:** selecting business partners carefully, maintaining accurate financial records, preventing money laundering, exchanging business courtesies responsibly, identifying and managing conflicts of interest, and safeguarding personal data.

- **Dealing fairly with others:** building customer trust, competing fairly, preventing bribery and corruption, complying with trade compliance laws.
- **Caring for Hitachi Rail’s communities:** caring for the planet, respecting human rights, appreciating diverse perspectives, providing a workplace free of harassment, promoting health and safety, and investing in local communities.

➤ **Incentives schemes and remuneration policies**
Hitachi Rail’s compensation philosophy is centred on providing a competitive and transparent total rewards package, marking a shift from a core pay-based approach to a total compensation mix that includes both fixed and variable components. This package comprises both Short-Term Incentive Plan (STIP), structured as an annual cash bonus, and Long-Term Incentive Plan (LTIP), which envisages a deferred cash bonus. Short-term incentives are designed to reward both the Organization and individual performance on an annual basis, benchmarked against comparable roles in the market.

From FY24, specific Key Performance Indicators (KPIs) related to sustainability were integrated into the STIP framework.

Notably, 20% of the STIP payout is directly linked to sustainability targets, covering areas such as safe operations, environmental performance, diversity, and employee engagement. These sustainability metrics will continue to be applied throughout 2025.

➤ **Due diligence**
Hitachi Rail conducts due diligence assessments, covering key areas such as human rights, conflict minerals, modern slavery, business partner integrity, and export and trade compliance. In FS24, the Organization carried carried out approximately 600 supplier compliance reviews, focusing on identifying potential red flags related to entity ownership, management structures, and affiliations. These screenings assessed risks associated with sanctions and watchlists, regulatory enforcement actions, adverse media, corruption, human rights violations, and broader reputational concerns. Following these evaluations, Hitachi Rail implemented a tailored risk model, integrated into a centralised platform, to support due diligence during the supplier qualification process. This model ensures the systematic screening of red flags coherently with our compliance standards.

Number of suppliers to set CO₂ reduction plans and targets

Base year: N/A
FY2024 performance: 0



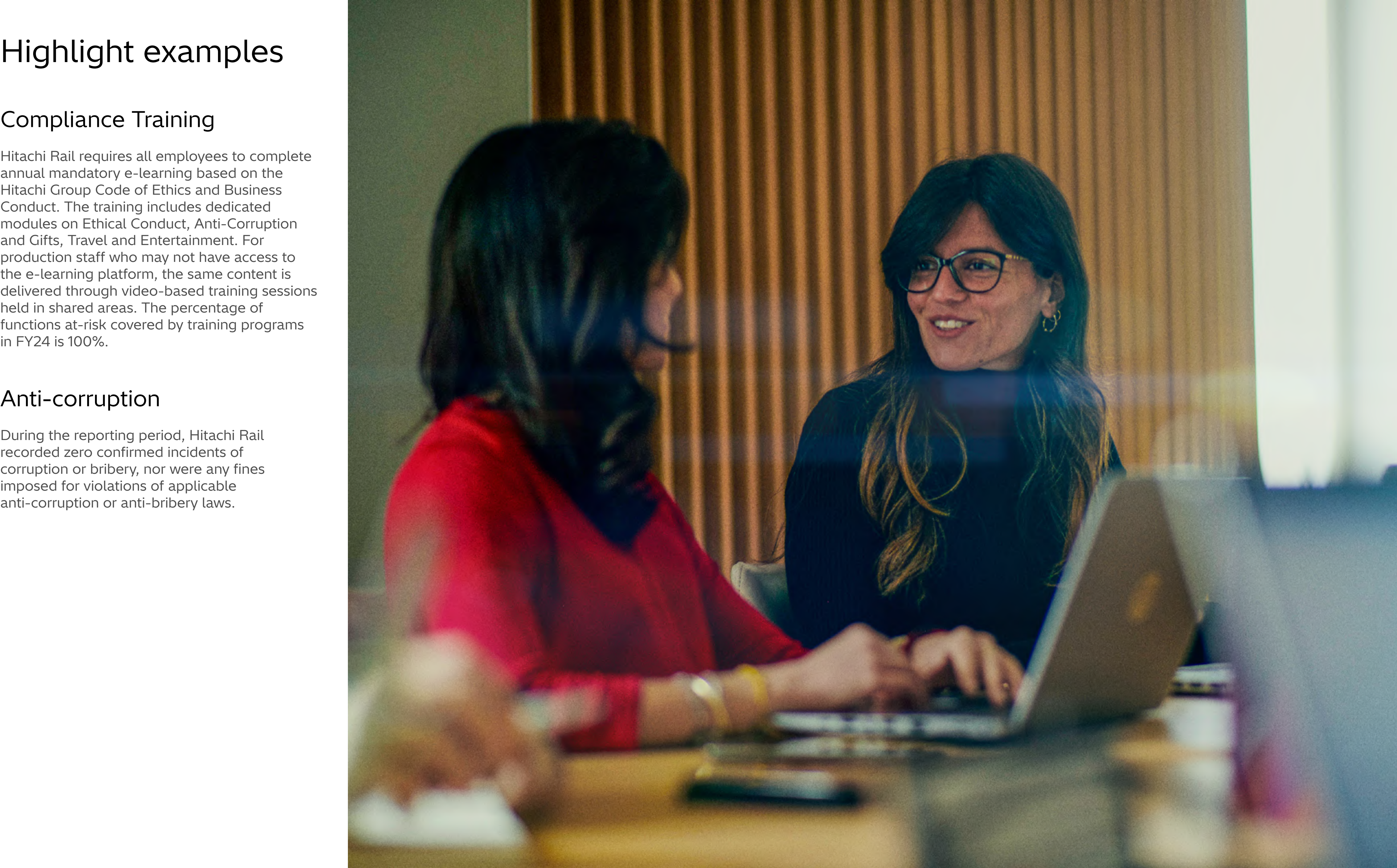
Highlight examples

Compliance Training

Hitachi Rail requires all employees to complete annual mandatory e-learning based on the Hitachi Group Code of Ethics and Business Conduct. The training includes dedicated modules on Ethical Conduct, Anti-Corruption and Gifts, Travel and Entertainment. For production staff who may not have access to the e-learning platform, the same content is delivered through video-based training sessions held in shared areas. The percentage of functions at-risk covered by training programs in FY24 is 100%.

Anti-corruption

During the reporting period, Hitachi Rail recorded zero confirmed incidents of corruption or bribery, nor were any fines imposed for violations of applicable anti-corruption or anti-bribery laws.



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