

Hitachi Rail Limited

Gender Pay Gap Report 2024



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About Hitachi Rail Limited

Hitachi Rail's mission is "to help every passenger, customer and community enjoy the benefits of more connected, seamless and sustainable transport". The company is guided by its values of harmony, sincerity and pioneering spirit – which are just as relevant today as they were when Hitachi was founded in 1910.

Hitachi Rail has deep roots in communities – as an employer, dedicated to developing people, skills and talent, but also as an investor – bringing economic benefits to local places.

At the date we have used for this report (5th April 2024), the Hitachi Rail business in the UK had over 2,500 employees across multiple locations. This has subsequently risen to over 3000 employees in the UK after the acquisition of the Thales Ground Transportation Systems business. Today, Hitachi Rail employs about 24,000 employees globally.

As you will see from this report our Gender Pay Gap trend requires action and we are not where we want to be. At Hitachi Rail in the UK, we understand it is essential we prioritise Diversity, Equity and Inclusion (DEI) to create a more inclusive workplace and attract and retain top talent.

DEI is not only an essential part of our business success, having DEI embedded within the organisation creates a sense of belonging, empowerment and engagement.

Our vision is that DEI is threaded through everything that we do, led by business leaders and becomes part of our DNA.

Is Gender Pay different from Equal Pay?

Gender Pay

Under UK Legislation companies are required to report their mean and median pay gap and their mean and median bonus gap, along with the ratio of men and women in each quartile.

Equal Pay

Compares the pay of a man and woman who do work of equivalent value. Equal pay legislation was introduced in 1970 and requires UK companies to pay the same for the same job regardless of gender.

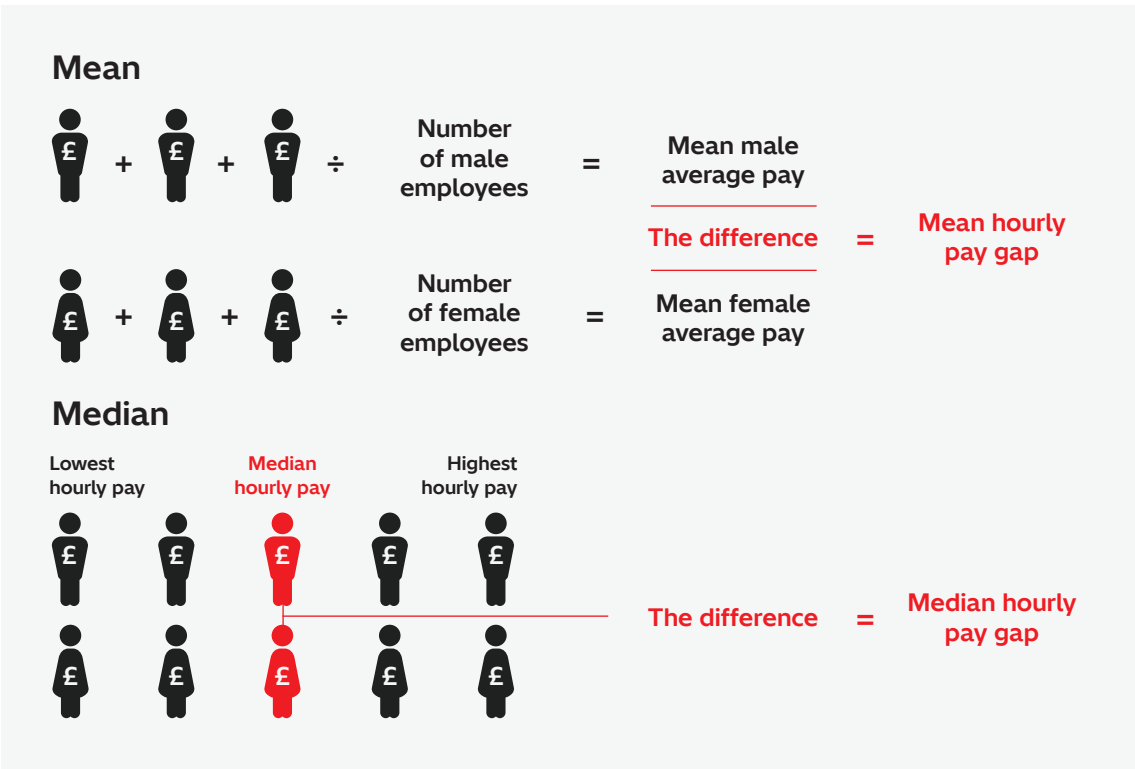
This Report is about our Gender Pay Gap

Its **not about** whether men and women are paid the same for equivalent roles, its about the overall balance of pay between men and women, which is affected by number of different factors

How we calculate Gender Pay

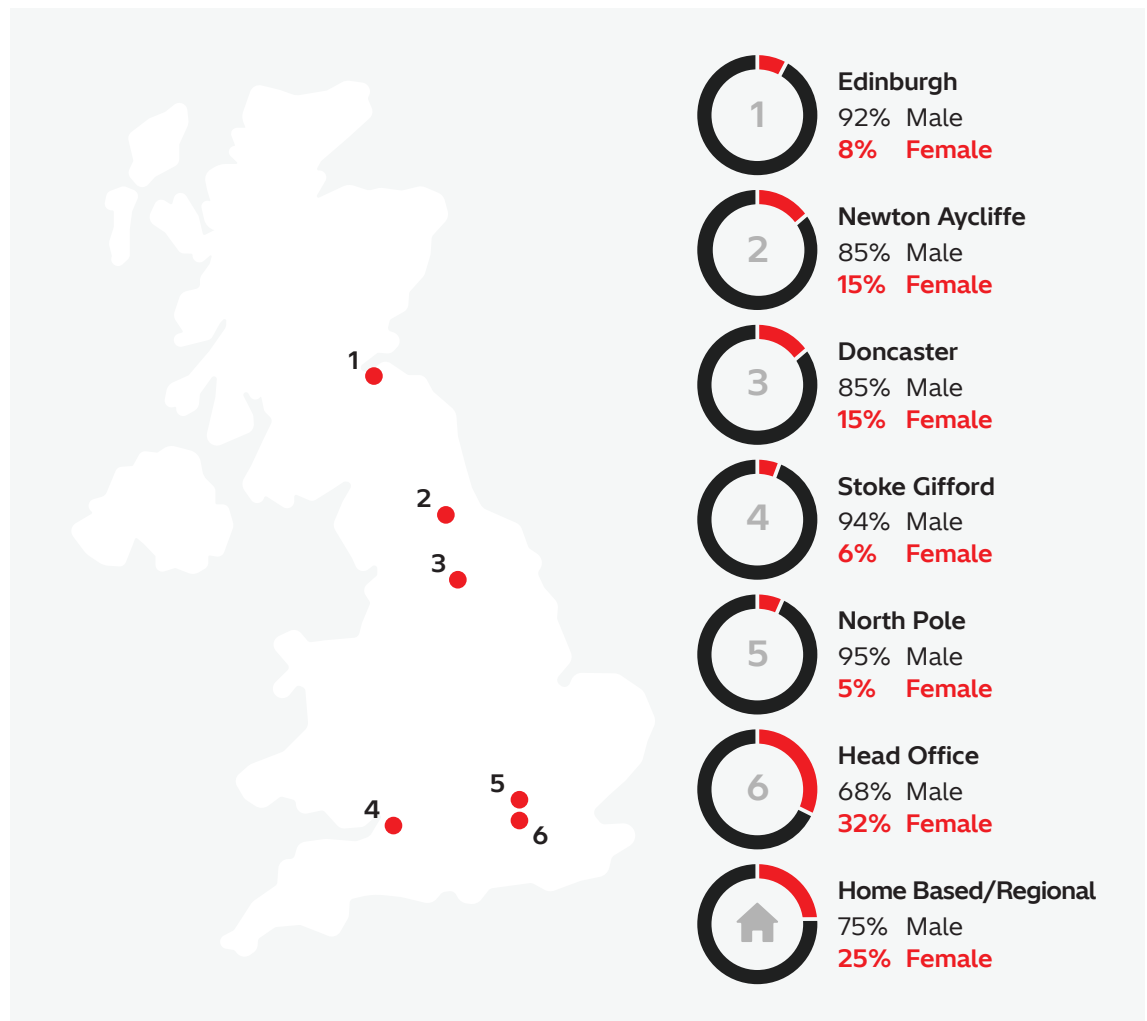
We calculate gender pay using the mean and the median. Mean is the total pay divided by the number of individuals in each for each gender.

The mean represents the middle point of the total pay. The gap is then the difference between these two genders.



Demographics

Top 6 most populated locations including Head Office



Insights

- » Hitachi Rail UK submitted data for a total of 2588 employees in the UK with 12.5% of that population being female.
- » We operate across 26 locations in total (some with only a handful of employees), including regional and home-based employees.
- » 40% of our locations are made up of 100% male employees – these are all operational maintenance locations.
- » Our Head Office is home to 9% of our workforce and our highest female headcount, with a 32% female population.
- » Our second highest female % population is our regional/home-based contracts at 25% (5% of our workforce).
- » Our Head Office and home-based employee group is made up primarily of Group and UK Support Functions, whereas the heavily male populated sites are largely operational in nature.
- » 11% of our locations which are predominately male are not eligible for bonus.

Hitachi Rail Limited

Gender Pay Gap

Our Gender Pay Gap has moved in the wrong direction in the last two years, in favour of men. The mean pay gap stands at 11.1% with the median pay gap at 13.4%, both in favour of men.

Our Gender Bonus Gap remains strongly in favour of women, with the mean bonus gap at 5.8% and median bonus gap at 62.6%, both in favour of women.

We acknowledge that we need to reverse the trend in our Pay Gap. To this end, during 2024, we have implemented a comprehensive Job Architecture and Grading framework, along with a commitment to fostering an inclusive environment through several initiatives.

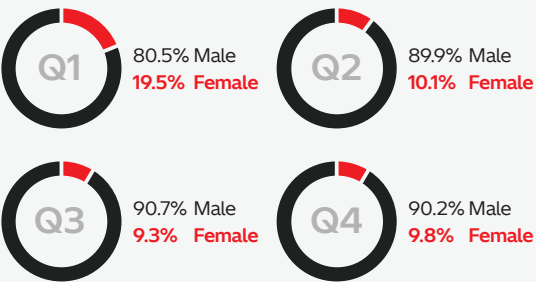
We have a rigorous self audit ongoing to create a roadmap to embedding DEI more deeply throughout our business.

Women account for only 12.5% of the Hitachi Rail UK workforce, with our female workforce being predominantly in the lower pay quartiles. We have relatively few women in senior roles, continuing to skew the pay gap in favour of men.

Pay gap

| Mean pay gap | Median pay gap |
|---|---|
| 2024 | |
| +11.1% | +13.4% |
| 2023 | |
| +9.5% | +7.2% |
| The difference in mean hourly pay for men and women | The difference in median hourly pay for men and women |

The ratio of **men** to **women** in each quartile, lowest to highest in 2024



Bonus gap

| Mean bonus gap | Median bonus gap |
|--|--|
| 2024 | |
| -5.8% | -62.6% |
| 2023 | |
| -5.0% | -78.3% |
| The difference in mean bonus paid to men and women | The difference in median bonus paid to men and women |

The ratio of **men** to **women** who received a bonus in 2024



Data in this report is as of [insert date here], consistent with UK reporting requirements.

Hitachi Rail UK Creating a fairer environment



Hitachi Global Grading (HGG)

Ensuring consistent job evaluation linked to the job architecture framework. It is market driven, using external comparators in the market and industry. The assessment and classification for the HGG are based on the environment in which each role holder works, based on a combination of their relative value.

Flexible benefits for all

We give all employees access to a suite of benefits tailored to their exact requirements; including gym memberships, healthcare, health screening for them and their partners, financial planning and a full complement of insurances.

Employee Resource Groups (ERG)

Our ERGs continue to grow from strength to strength, running educational events, providing support and ally-ship for members, representing Hitachi Rail at external events and supporting the ongoing feedback loops to help the business learn and build on our inclusivity. Our current ERGs include the Women's Network, Pride, Ethnic Diversity & Multi Faith and Disability & Impairment.

Prioritising well-being and support

We have already made a positive impact across all UK locations, with the implementation of our BeWell Framework which includes five pillars:

- » Mentally well,
- » Physically well,
- » Financially well,
- » Valued and included,
- » Able to learn and grow

We will continue to focus on education and support in these areas as well as running our annual calendar of focussed campaigns throughout all locations with the support of our network of Champions, Manbassadors and Menopause Champions.

Job Architecture Implementation

In 2024, we implemented a structured system, organising roles and responsibilities by job family to create improved talent development, pay equity and workforce planning with the following principles:

Consistency:

Fair pay for the same level of responsibility across departments

Transparency:

Roles evaluated fairly

Career paths:

Employees are empowered to map out their own progress within the company

Merit-based Pay

Pay reviews are conducted based on performance throughout the year, with awards based on contribution to business performance and working towards parity across teams; empowering leaders to ensure fair pay.

Opportunities for all

We have removed internal barriers for progression by ensuring all vacancies are advertised internally and open to all applicants.

Hitachi Rail UK Actions ahead



Attract

- » We are currently refreshing our Employee Value Proposition and Employer Branding through the lens of DEI to allow us to attract a more diverse workforce
- » We are analysing the market and trends to ensure we are advertising in the right places and in the right manner to attract the best talent
- » We are training all hiring managers to ensure fair and transparent selection processes
- » We are trialling diverse methods of assessment, to remove barriers through the process

Ensure equitable pay & benefits

- » We will conduct an audit of all pay against the newly implemented Job Architecture framework, using the HGG pay bands to ensure fair pay across job families
- » We will introduce a new step to the pay review process, ensuring that pay equity is reviewed and accounted for when awards are being made
- » We will embed performance management which is based on behavioural competences as well as professional achievement

Prioritising Diversity, Equity & Inclusion

- » We will train leaders in Cultural Intelligence to create a workplace that can optimise diversity
- » We will continue to actively support our ERGs in growing membership and
- » We will develop a DEI roadmap based on the self-audit aligned to the DEI Maturity Model
- » We will continue to give space and support to our ERGs to build communities, provide education, ally-ship and valuable feedback to the business
- » We will continue to grow our network of volunteer champions across the business supporting mental health, menopause and male health

Retain

- » We will focus on retaining our teams by ensuring they feel supported under the five pillars of the BeWell Framework: Be mentally well, physically well, financially well, valued and included, able to learn and grow
- » We will improve talent mobility throughout our Global business and Hitachi Group companies to enable talented people to build and grow their careers in a diverse and exciting organisation