

HITACHI

Hitachi Rail

Sustainability Statement

Fiscal year 2024



Contents

Letter to stakeholders	3	3	Social information	56	
1	General information	5	3.1	Own workforce	57
1.1	Basis for the preparation	6	3.2	Value chain workers and workers of operational control legal entities	80
1.2	Business model, strategy and value chain	7	3.3	Customers	89
1.3	Corporate governance and sustainability governance	12	4	Governance information	93
1.4	Identifying relevant ESG impacts, risks and opportunities	22	4.1	Business Conduct	94
2	Environmental information	25		Annexes	100
2.1	Climate change	26			
2.2	Pollution	34			
2.3	Water	37			
2.4	Resource use and circular economy	40			
2.5	The European Taxonomy	49			



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.

General

Environment

Social

Governance

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.

“

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

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.



General information

A worker in an orange high-visibility jacket and black cap is working on a large industrial machine in a factory setting. The worker is looking up at the machine, which is a large, complex piece of equipment with various pipes and components. The background shows a factory floor with metal structures and other equipment.

In this section

1.1	Basis for the preparation	6
1.2	Business model, strategy and value chain	7
1.3	Corporate governance and sustainability governance	12
1.4	Identifying relevant ESG impacts, risks and opportunities	22

Basis for the preparation

This Sustainability Statement for the fiscal year 2024 (hereinafter also referred to as “FY24”) covers 1 April 2024 to 31 March 2025 and marks the sixth annual report issued voluntarily by Hitachi Rail. It provides a transparent and comprehensive overview of the Organization’s environmental, social and governance (ESG) performance and strategic ambitions.

The reporting scope encompasses the Hitachi Rail Business Unit of Hitachi Ltd. (hereinafter also referred to as “Hitachi Rail”, “Business Unit (BU)”, or the “Organization”) consisting of Hitachi Rail Ltd. and its consolidated subsidiaries.¹ Compared to the previous reporting period, the scope of consolidation has been significantly expanded following the 2024 acquisition of Thales Ground Transportation Systems (GTS) which strategically broadened Hitachi Rail’s railway signalling and systems business. Data relating to companies referred to as GTS is included in this document starting from the date of acquisition, namely June 2024.

For the first time, the document has been prepared with reference to the European Sustainability Reporting Standards (ESRS). This reflects Hitachi Rail’s commitment to progressively align with the requirements of the Corporate Sustainability Reporting Directive (CSRD).

In line with ESRS requirements, the Organization has assessed its operations and sites to determine where operational control is exercised. As a result, the sites in Japan, although formally consolidated by the Japanese parent company Hitachi Ltd., have been identified as falling under the operational control of the Business Unit. Consequently, mandatory environmental indicators for entities under operational control, such as greenhouse gas emissions, are presented separately for these sites throughout the Sustainability Statement. The Mito site and all construction sites are excluded from the reporting scope of environmental data to date. This is because the data collection system at these

sites is currently under implementation. It shall be noticed that Japanese sites are usually considered as part of the business unit, regardless of the control type. ESRS requirement does not specify how to account for employees of legal entities under operational control. Therefore, Hitachi Rail has voluntarily chosen to report available environmental and human resources data for these operationally controlled entities, reaffirming its commitment to transparency.

To ensure alignment with ESRS requirements, workforce data from entities under financial consolidation are reported within the ESRS S1 – Own Workforce section. Meanwhile, information related to the Japanese legal entities under operational control is voluntarily disclosed in chapter 3.2, reflecting the strategic importance and the Business Unit’s responsibility and commitment to the people working there.

The document is structured across four key sections:

- General information
- Environmental information, including disclosures in accordance with EU Taxonomy Regulation 2020/852
- Social information
- Governance information

This Sustainability Statement also includes relevant upstream and downstream value chain information, drawing on both internal and publicly available data. The value chain was considered in the Organization’s first double materiality assessment, which served to identify key ESG impacts, risks and opportunities. With the aim of fostering responsible practices across the entire ecosystem, relevant Hitachi Rail policies, actions and targets have been extended to value chain actors. Further details are available in specific sections of this document. Metrics and qualitative information concerning value chain workers are also disclosed in chapter 3.2.

The ESG targets disclosed in this document have all been set voluntarily by the Organization and are not mandated by any legislation.

No relevant information has been omitted from this report for reasons related to intellectual property, proprietary know-how or innovation confidentiality.

The time horizons used for the purpose of this Sustainability Statement align with those defined under ESRS 1, and are as follows:

- **Short Term:** the reporting period covered by the financial statement
- **Medium Term:** the period following the short term, up to five years
- **Long Term:** a period extending beyond five years

Throughout this report, certain metrics – particularly those related to Scope 3 greenhouse gas (GHG) emissions – include estimates of upstream and/or downstream value chain impacts. These are based on indirect sources, such as industry averages, public databases or other proxy data when direct measurements were not feasible. Wherever estimations or assumptions have been applied, Hitachi Rail has explicitly disclosed the underlying methodologies, approximations and potential sources of uncertainty in the relevant sections of the document. In pursuit of continuous improvement in data accuracy and integrity, Hitachi Rail remains committed to progressively enhancing the use of primary data and reducing dependence on indirect estimates.

Methodological specifications on energy consumption, Scope 1, 2 and 3 calculations are reported in the dedicated annex.

¹ It should be noted that the reporting scope of the present document does not correspond to that of financial statements. This is because Hitachi Rail Ltd. does not currently prepare consolidated accounts.

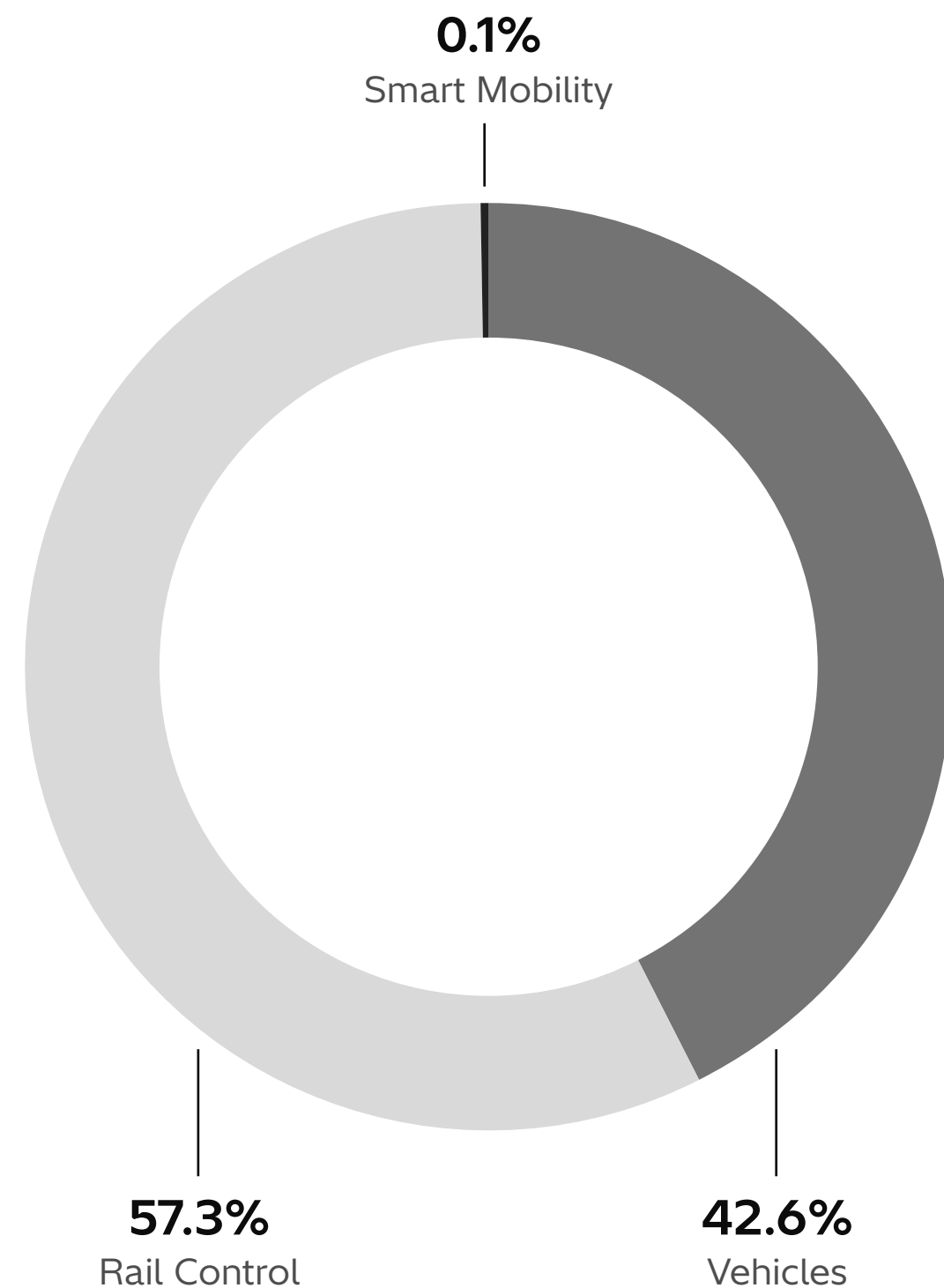
Business model, strategy and value chain

Hitachi Rail is a trusted partner to some of the world’s leading transportation operators and offers a comprehensive portfolio of rail solutions and services across the urban, mainline and freight sectors. The Organization’s offerings include a wide range of Rolling Stock Solutions, such as driverless trains, metro systems, trams, monorails and commuter, intercity, high-speed and battery-powered trains. In addition, Hitachi Rail provides advanced digital asset management capabilities. Its portfolio also encompasses Rail Control and Supervision Systems for urban, mainline and freight networks, as well as Ticketing and Payment Solutions. 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 environmental responsibility.

Hitachi Rail employs 23,695 workers totally (financial and operational control), of which 3,220 are located in Japan, and operates across more than 50 countries, with a strong presence in Europe, Asia-Pacific, the Americas and the Middle East. Its core customer base includes public transport authorities, national and regional rail operators and infrastructure clients. In 2024, the Organization significantly expanded its market reach through the acquisition of Thales Ground Transportation Systems (GTS), which strengthened its

capabilities in signalling and safety systems. Additionally, Hitachi Rail advanced its presence in the digital mobility space, offering integrated Mobility-as-a-Service (MaaS) solutions tailored to evolving urban transport needs.

Total revenues for the FY24, reflecting the aggregated activities of the entire Business Unit—including entities within the scope of operational control—are allocated across the respective business segments as follows:



Hitachi Rail employs 23,695 workers and operates across more than 50 countries, with a strong presence in Europe, Asia-Pacific (APAC), the Americas and the Middle East.

Hitachi Rail organizes its operations into three lines of business, each underpinned by upstream and downstream activities across Europe, Middle East, and Africa (EMEA), Asia-Pacific (APAC) and North America:

Vehicles

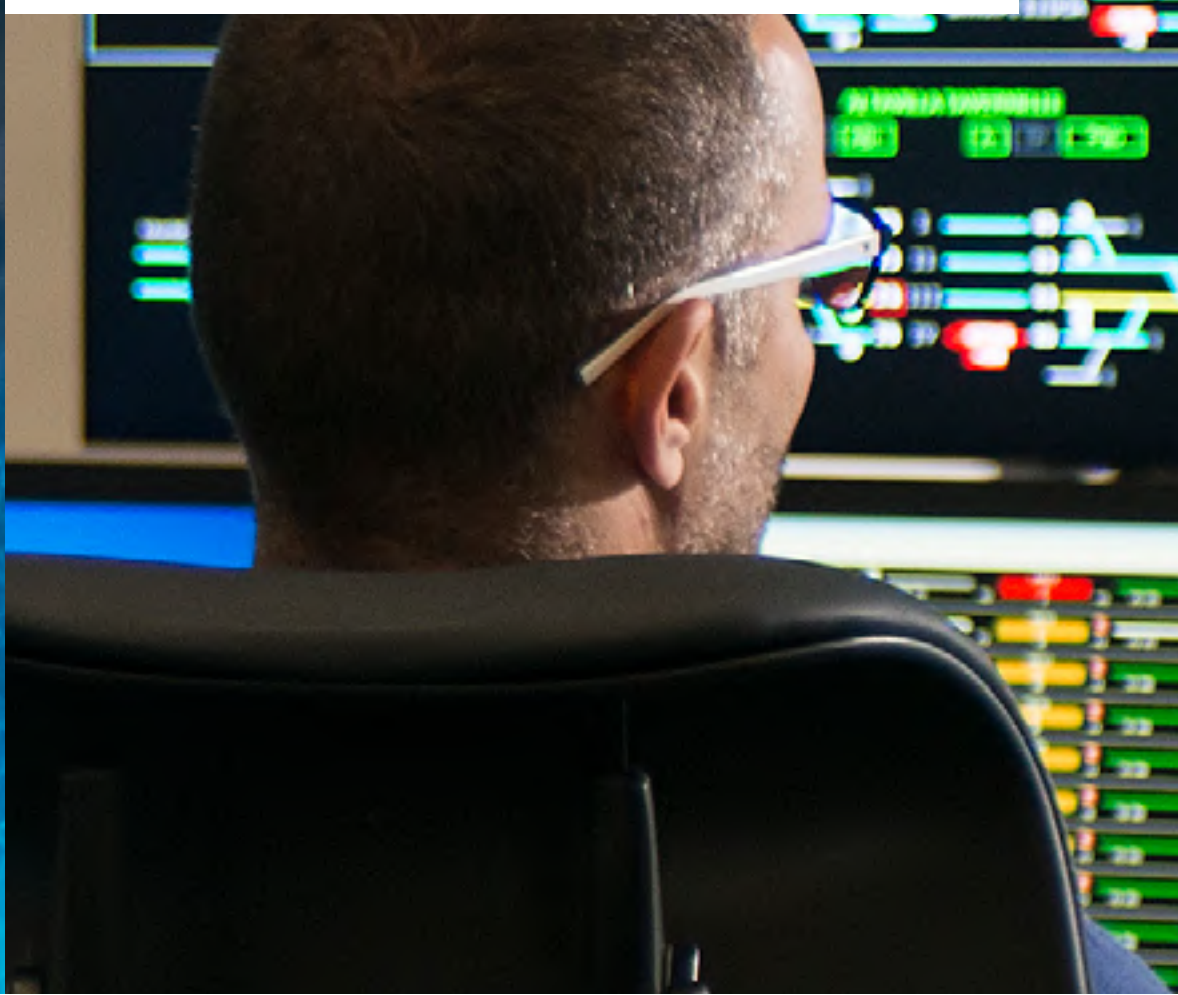
that cover the production of railway products, particularly high-speed trains, mainline trains and mass transit trains. The upstream value chain of Hitachi Rail includes critical inputs (e.g. steel, aluminium, copper, rare earths, energy etc.) and components (e.g. casting and moulding, machining and subsystem assembly etc.) sourced from a global network of suppliers, joint ventures and subcontractors. In its own facilities, the Organization integrates components into fully constructed trains, including electrical and mechanical systems and interior finishing, and validates safety and performance through rigorous testing. Downstream, completed trains are delivered to rail operators and infrastructure owners, who are provided with ongoing support, maintenance operation and upgrades. At end of life, components are returned to certified recyclers for metal recovery and safe disposal of hazardous materials.



Rail Control

encompasses the design, production and installation of advanced signalling systems and comprehensive mobility solutions for the railways, transit and freight lines. Upstream, key inputs include metallic and non-metallic materials and specialized electronics (signal lights, sensors, control panels). In dedicated centers, Hitachi Rail builds wayside and onboard signalling solutions including interlocking, train separation, automation and ground-control systems. These solutions undergo comprehensive testing, commissioning and quality-control processes. Finished signalling systems are deployed to rail operators and infrastructure managers worldwide. Ongoing maintenance, software updates and technical support ensures and sustains reliability and safety throughout system lifecycles.

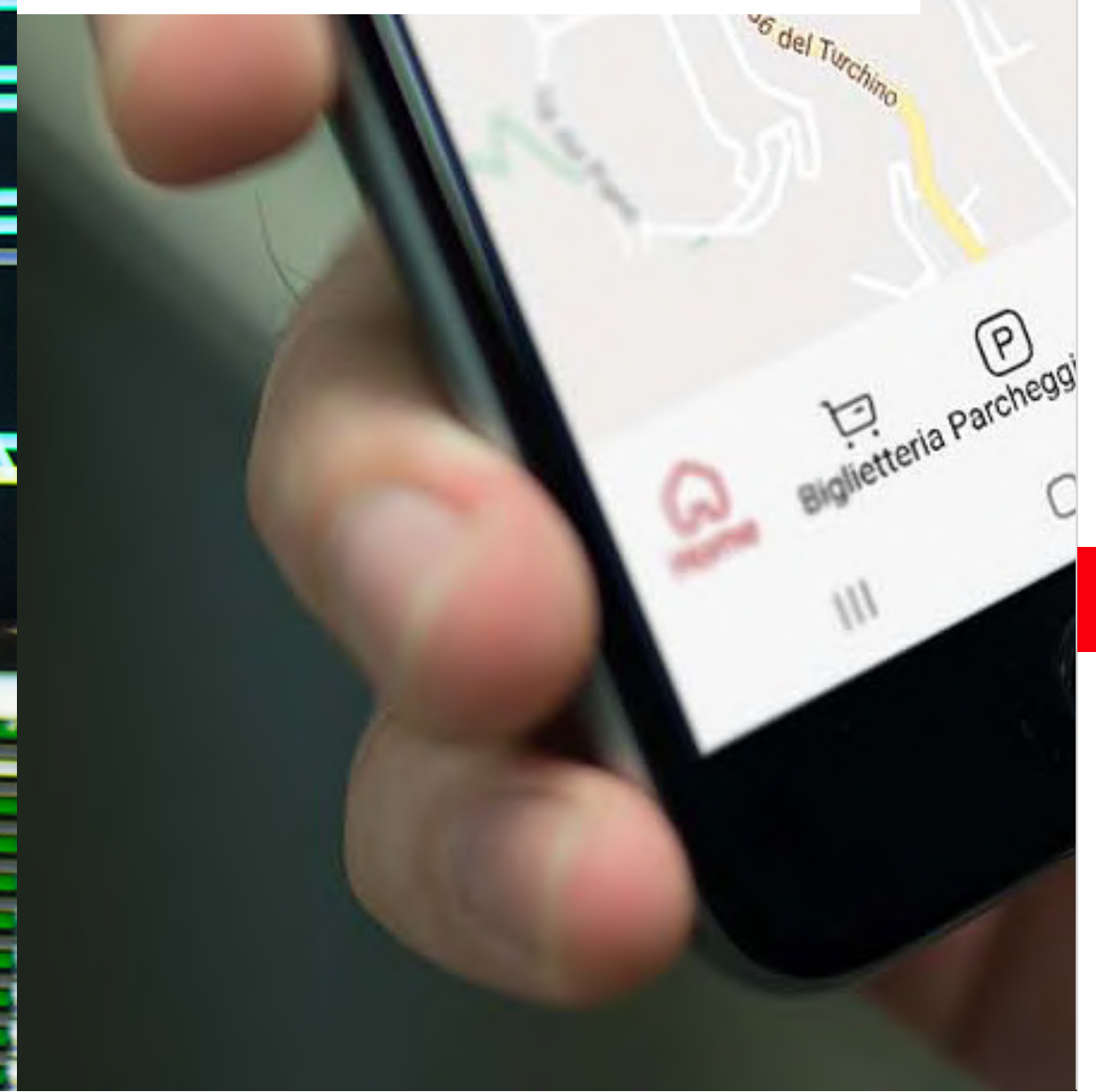
In FY25, Hitachi Rail established the Signalling and Rail Solutions (SRS) Line of Business, bringing together Rail Control and GTS into a single, integrated unit.



Smart mobility

encompasses the deployment of the Lumada Intelligent Mobility Management suite. This comprises a collection of intelligent mobility solutions to assist public transport operators, cities and passengers to realize a more sustainable mobility future. Hitachi Rail sources hardware inputs similarly to its other lines, while its R&D and software teams develop, test and deploy sustainable mobility applications in both cloud and on-premises environments. Solutions are rolled out to transit authorities, urban planners and private operators, who are supported by implementation services, user training, help-desk support and regular software updates.

In FY25, Hitachi Rail launched the Digital & AI Line of Business to accelerate digital innovation, enhance customer value, and strengthen operational efficiency across the Organization.



PLEDGES for the future

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

At Hitachi Rail, sustainability is a fundamental pillar of competitiveness and long-term success. This means fostering innovation, proactively managing risks and leveraging opportunities to generate value for society through advanced mobility solutions.

Hitachi Rail’s global sustainability strategy 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, the Organization has conducted an analysis of global trends, industry best practices and stakeholder expectations, complemented by a renewed materiality assessment. This process identified the most significant risks and opportunities across the value chain and resulted in a clear and actionable strategy that assigns responsibility for sustainability across all organizational levels.

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

Seven strategic pillars

Hitachi Rail’s sustainability strategy is structured around seven pillars: six that reinforce the corporate foundation and a seventh that focuses on creating societal value.

		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.	<ul style="list-style-type: none"> ➤ 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.	<ul style="list-style-type: none"> ➤ Human Capital Development
E	Empowerment The Organization fosters a working environment that values autonomy and active participation, enabling employees to contribute fully and boldly.	<ul style="list-style-type: none"> ➤ 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.	<ul style="list-style-type: none"> ➤ 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.	<ul style="list-style-type: none"> ➤ 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.	<ul style="list-style-type: none"> ➤ Sustainable procurement ➤ Human rights
S	Sustainability for All Accelerate value delivery to society and Hitachi’s sustainable growth through PLEDGE.	<ul style="list-style-type: none"> ➤ Delivering value to society



Hitachi Rail has long been preparing its Sustainability Statements based on materiality analysis criteria. To support its first double materiality exercise, Hitachi Rail conducted a thorough, year-long analysis of its operations alongside its upstream and downstream value chain. This helped the Organization gain a deeper overview of the sustainability context in which it operates. This exercise enabled Hitachi Rail to map all relevant stakeholders – those interacting with the Organization through its direct operations or via its upstream and downstream value chain – who may be affected by or exert influence on its business activities.

Hitachi Rail actively engages with a broad spectrum of stakeholders through structured and continuous dialogue. These engagements aim to foster shared knowledge, leverage resources and drive collective action in support of the Organization’s sustainability objectives, while also serving as a mechanism to monitor and address evolving stakeholder expectations. This helps reinforce inclusive decision-making and transparent communication.

At Hitachi Rail, stakeholder engagement is usually pursued through three distinct and transparent lines of action:

- **Opportunities for information:** unidirectional communication from Hitachi Rail to stakeholders. This is intended 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 several participatory mechanisms, including 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. This allows the Organization to strengthen relationships and cocreate value with diverse partners.

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Stakeholder engagement is integral to the formulation and execution of Hitachi Rail’s corporate strategy. This engagement ensures that business decisions reflect diverse and evolving expectations, and reinforces alignment between corporate objectives and societal priorities.

Stakeholder engagement plays a central role in the definition, review and implementation of Hitachi Rail’s corporate strategy and business model. Stakeholder perspectives contribute to shaping the Organization’s strategic, previously defined pledges. These are informed by the continuous dialogue that the Organization maintains with employees, customers, suppliers, public institutions and local communities, to ensure that its activities remain aligned with evolving expectations.

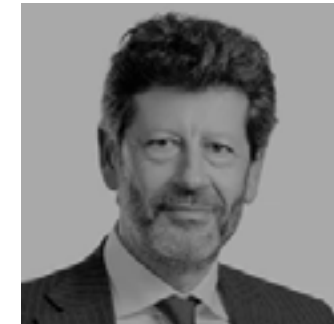
Currently, the Sustainability Committee is responsible for the oversight of sustainability-related aspects, including the stakeholder engagement strategy and its outcomes. This ensures the Organization’s strategy and decision-making process remain aligned with stakeholder perspectives. Looking ahead, Hitachi Rail is committed to enhancing the Board’s involvement in sustainability matters through progressive oversight of ESG impacts, risks and opportunities. For further details on the role of the Board of Directors and the Sustainability Committee see chapter 1.3.

Corporate governance and sustainability governance

Hitachi Rail is governed by a Board of Directors (BoD) which holds the broadest powers of ordinary and extraordinary administration. As of the end of FY2024, the Board was composed of nine members, with two women (22.2%) and seven men (77.8%).

Until 12 March 2025, the Board consisted of 11 members, two of whom resigned on that date. On 8 July 2025 an independent non-executive director was appointed, Hiro Yoshihara, bringing the total number of members to ten. This addition strengthens the alignment of Hitachi Rail’s governance practices with international standards on board independence and oversight.

In the UK legal system, the distinction between Executive and Non-Executive Directors is not formalized in public registers, as it is based on their different roles within the Organization. In line with their operational responsibilities within the Business Unit, four members are identified as **Executive Directors**:



Giuseppe Marino
Hitachi Rail Chief Executive Officer



Luca D’Aquila
Hitachi Rail Chief Operating Officer and Head of the Vehicle Line of Business



Christian Andi
Head of the Rail Control and Ground Transportation Systems Lines of Business



Mitsuo Iwasaki
Head of Japan Business

The remaining five members are **Non-Executive Directors**, as they do not hold operational roles within the Business Unit:



Akihide Hirao
Chief Financial Officer, Mobility Sector



Lorena Dellagiovanna
Chief Sustainability Officer and Chief Human Resources Officer at Hitachi Ltd



Manuel Valverde
Deputy Chief Risk Management Officer at Hitachi Ltd



Kentaro Masai
Executive Adviser, Former Vice President at Hitachi Ltd



Alice Po
Chief Procurement Officer and Head of Value Integration Division at Hitachi Ltd

The nine formal members of the Board of Directors of Hitachi Rail Limited are all classified as **non-independent**. This classification is based on their current or past affiliations with Hitachi Ltd or its subsidiaries. Several board members hold executive or senior advisory roles within Hitachi Ltd or Hitachi Rail, while others are involved in cross-functional leadership across the Business Unit.

Hitachi Rail's BoD does not include members formally designated to represent the workforce. Nonetheless, Hitachi Rail promotes active worker participation through alternative means, such as structured dialogue with trade unions, employee surveys and dedicated engagement platforms (see chapter 3.1). These channels ensure that employee perspectives are considered in strategic decision-making processes, in line with the Organization's commitment to inclusive governance and responsible business conduct.

The composition of Hitachi Rail's BoD reflects a broad and strategic alignment with the Organization's core sectors, products and global footprint. Several members hold senior leadership roles within Hitachi Rail, directly overseeing operations, innovation and business development in key areas such as vehicles, Rail Control and Japanese market operations. Notably, Giuseppe Marino, Luca D'Aquila, Cristian Andi and Mitsuo Iwasaki bring deep operational expertise in railway technologies and regional business execution.

Complementing this, other board members hold high-level experience in finance, risk management, sustainability, human capital and procurement, which are essential in advancing the Organization's ESG strategy and global operations. For example, Akihide Hirao and Manuel Valverde offer financial and risk oversight across the business. On the other hand, Lorena Dellagiovanna brings extensive experience in corporate sustainability strategy and human capital, while Alice Po contributes, among other things, to specific expertise in sustainable procurement practices. Their presence on the Board, alongside the sustainability leadership of Dr. Maiya Shibasaki, Hitachi Rail's Chief Sustainability

Officer and Chief Diversity, Equity & Inclusion (DE&I) Officer, ensures that ESG considerations are embedded into strategic decision-making. This helps to ensure long-term environmental and social commitments are continually reflected in corporate governance.

The presence of executives from Hitachi Ltd reinforces the Board's capacity to address the diverse geographic and sectoral challenges of a multinational enterprise that operates across Europe, the Middle East and Africa, the Americas, Asia Pacific, and other global markets.

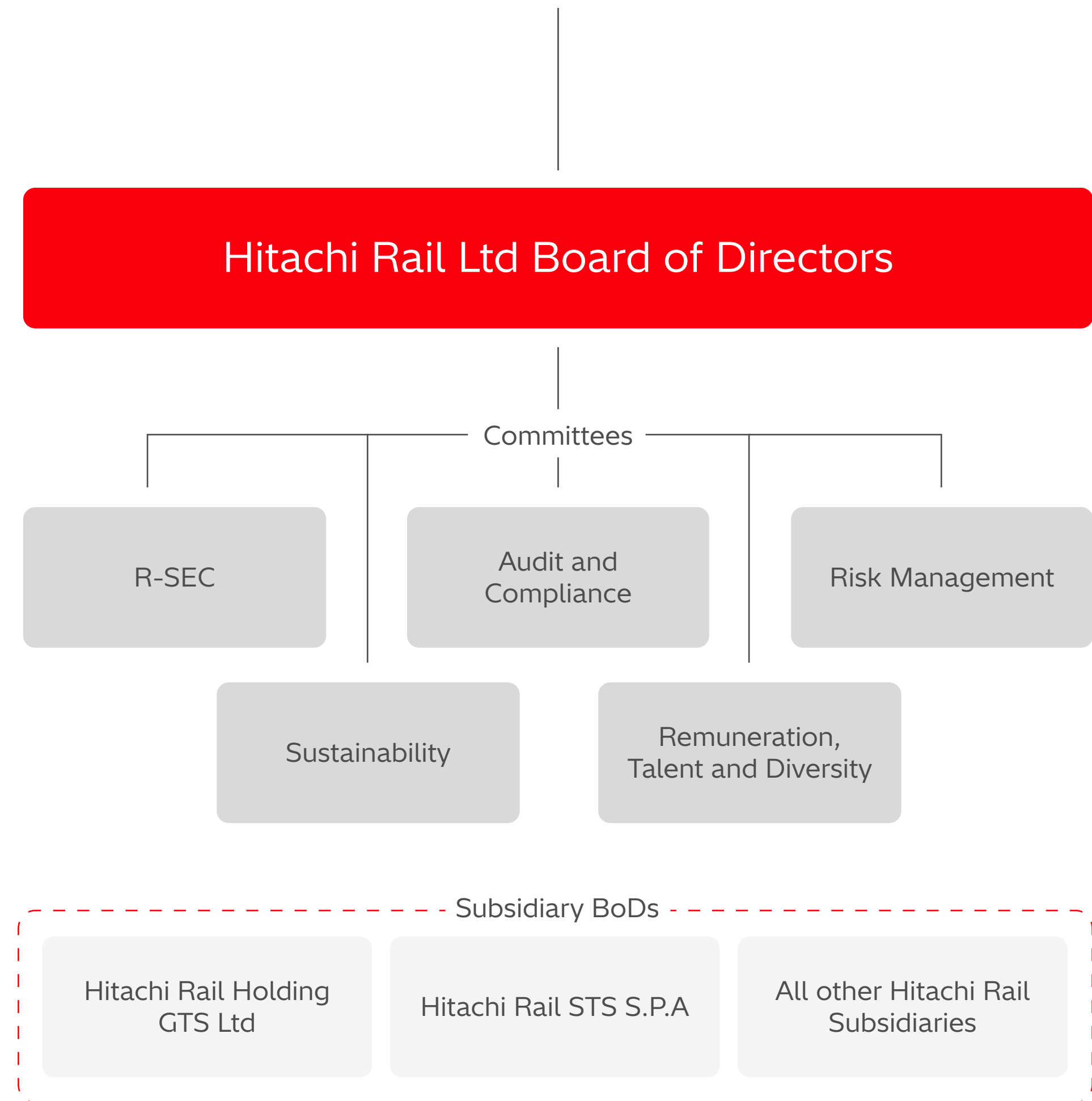
The Board of Directors meets as often as needed to support Hitachi Rail's business needs, and always at least once each quarter. During the meetings, the BoD is responsible for reviewing and approving material changes to the Organization's business strategy, organizational structure and governance framework. It also oversees the approval of financial plans and the Business Unit's compliance and risk management programs, including key processes for monitoring significant risks and exposures.

To ensure effective oversight and strategic alignment across its various business areas, the Board has established five committees:

- **The BU Senior Executive Committee (R-SEC) which is the highest governance body within Hitachi Rail, advising the BU's CEO on strategic, financial and risk-related matters**
- **The Risk Management Committee (RMC)**
- **The Audit & Compliance Committee (ACC)**
- **The Sustainability Committee (SC)**
- **The Remuneration, Talent & Diversity Committee (RemCo)**

The duties and responsibilities of each committee, including those related to the management of impacts, risks and opportunities, are defined in the Business Unit's manual on Governance and Committee.

The overview of Hitachi Rail governance structure is reported below.



The **Sustainability Committee (SC)** 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 was appointed by the Board, on the recommendation of the CEO, and is comprised of the following members:



Giuseppe Marino
Hitachi Rail CEO acting as the Chair of the Committee



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



Alice Po
Hitachi Ltd Chief Procurement Officer



Rob Luijten
Hitachi Rail Chief Human Resources Officer



Megumu Tsuda
Hitachi Ltd Corporate Officer, General Manager of Group Environment Division & Group Sustainability Division

The Sustainability Committee is responsible for:

- Supporting and advising the Board in its **oversight of sustainability matters**.
- Monitoring the implementation of the Business Unit’s **sustainability strategy**.
- **Reporting** on key elements such as position statements, frameworks, ambitions, metrics and targets.
- Identifying **current and emerging sustainability-related issues**, good practices, opportunities and regulatory developments at sectoral, national and international levels. This includes sourcing or promoting relevant training and development opportunities for both the Committee’s members and the BU’s employees.
- Evaluating which developments may impact **Hitachi Rail’s strategy, operations and reputation**, and determining how these should be reflected in the Organization’s sustainability objectives, policies and reporting.
- Reviewing **external disclosures and statements** prior to publication, including the present sustainability disclosure.

The Sustainability Committee convenes regularly to oversee the Organization’s sustainability performance, ensuring that relevant impacts, risks and opportunities are effectively addressed in line with its strategic direction and long-term priorities. The Chief Sustainability Officer, and Chief Diversity, Equity and Inclusion (DE&I) Officer, serves as a member of the Sustainability Committee and permanent attendee at the SEC, with a direct reporting line to the CEO. This dual role reinforces the integration of sustainability and DE&I considerations at the highest executive level and ensures that governance bodies receive regular and structured updates on the Organization’s ESG-related impacts, risks and opportunities.

The UK legal system does not provide for an internal body equivalent to the **Board of Statutory Auditors**, unlike many other European jurisdictions. Oversight of financial, compliance and auditing related activities in Hitachi Rail is ensured in accordance with the UK legal framework, making the Organization fully compliant with the UK corporate governance system. Statutory auditing is carried out by an external audit firm, in line with UK regulations. Once a year external auditors attend the Board to present their report on Hitachi Rail Limited’s financial statements for that financial year. To strengthen the oversight on risk management, financial, compliance, and both internal and external audit related activities, Hitachi Rail has established a **Risk Management Committee** and an **Audit and Compliance Committee**.

The Audit and Compliance Committee (ACC) plays an advisory role to the Hitachi Rail CEO and the BoD. The composition of the ACC includes members formally appointed by the CEO:

- **Alberto De Benedictis** – ACC Chair, who is external to the Business Unit
- **Antonio Coluccia** – Hitachi Rail Chief Financial Officer
- **Bruce Campbell** – Hitachi Rail General Counsel
- **Akihiko Sakae** – Hitachi Ltd Auditor
- **Takashi Tsujiura** – Hitachi Ltd Auditor

Permanent attendees of the ACC include the BU Head of Internal Audit and the BU Chief Compliance Officer, which ensures continuity and subject-matter expertise in all discussions.

The **Audit and Compliance Committee** duties include:

- Conducting regular assessments of the **adequacy and effectiveness** of the Business Unit Internal Control System, taking into account the specific characteristics of the business.
- Ensuring that the **organizational structure** remains aligned with strategic objectives.
- Recommending adjustments to address **emerging operational or strategic issues**, where necessary.
- Reviewing and evaluating the **Internal Audit Plan** to ensure its relevance and effectiveness.
- Monitoring the **implementation and progress of audit activities**, including both those planned and those initiated as a result of control findings, as well as the status of J-SOX testing activities, which are carried out in compliance with Hitachi Ltd’s requirements.
- Exercising oversight in accordance with the **Hitachi Global Compliance Program and the Code of Ethics**. This includes supervising whistleblowing mechanisms, anti-corruption and anti-bribery controls, trade compliance practices, adherence to competition law and compliance with other applicable legal and regulatory requirements.
- Reviewing and evaluating the remedial actions implemented to mitigate **identified compliance risks**, contributing to the Organization’s commitment to ethical conduct and regulatory alignment.

The **Senior Executive Committee (R-SEC)** advises the CEO in reviewing the management and financial status of the Business Unit and making decisions on matters which have a material effect on management/financial status, the Mid-Term Management Plan or the budget. It also makes decisions on appropriate measures with respect to risks and other issues. The CEO generally convenes meetings of the SEC twice a month.

The **Risk Management Committee (RMC)** optimizes the asset and capital efficiency of the Business Unit, secures profitability from investments made and ensures the long-term profitability of its commercial activities. This includes oversight on ERM, contracts and projects through the rigorous screening of transactions and prudent management of risk. In order to fulfil its primary purpose, the RMC is required to act as a preliminary screening mechanism for the SEC, to provide independent and objective guidance and recommendations on several matters. This includes consistency of investments, mitigation of transactional risks in complex bidding, partnering and project structures, allocation of capital, etc.

Finally, the **Remuneration, Talent & Diversity Committee (RemCo)** serves as an advisory body to the Board and CEO to ensure that Hitachi Rail’s remuneration policies align with its long-term strategy, values and regulatory obligations. Its duties include:

- Supporting fair and performance-linked **employee rewards**
- Advising on **talent attraction and retention** schemes
- Overseeing the outcomes of **performance and talent review** processes
- Evaluating **Board composition**
- Promoting **diverse perspectives**
- Monitoring **employee engagement and wellbeing** initiatives
- Reviewing **external disclosures** related to remuneration, inclusion and equality.

Incentives schemes and remuneration policies linked to sustainability matters

Hitachi Rail’s compensation philosophy is centered on providing a competitive and transparent total rewards package. This marks 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. On the other side,

long-term incentives are intended to align rewards with sustained performance as defined in the business plan, strengthen alignment between shareholder and management interests and support retention of top executives and senior management.

There are also **Restricted Stock Units (RSUs)** representing share-based awards, which currently are applicable to Corporate Officers only, with plans to extend eligibility in FY26 in line with Hitachi Group’s remuneration policy.

Beginning in FY24, specific Key Performance Indicators (KPIs) related to sustainability have been 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.

The overall STIP framework and structure are subject to approval by the Hitachi Rail Talent, Remuneration and Diversity Subcommittee. Implementation is overseen by the Chief Executive Officer and Chief Human Resources Officer, supported by the Compensation & Benefits team. Any exceptions or interpretations of the plan require approval from the CEO and CHRO.

Due diligence statement

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 FY24, the Organization 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 centralized platform, to support due diligence during the supplier qualification process. This model ensures the systematic and coherent screening of red flags in line with Hitachi Rail’s compliance standards.

In keeping with its corporate policies, Hitachi Rail remains committed to the ongoing development and implementation of human rights due diligence. This includes identifying and assessing both actual and potential human rights impacts and taking appropriate measures to prevent or mitigate associated risks. Where the Organization is linked to human rights-related incidents through its business relationships, it will seek to leverage its influence to address the issue and will support or participate in legitimate remediation efforts.

The table below provides an overview of where the core components of the due diligence process are addressed across the various sections of this document:

Core elements of due diligence	Reference in Hitachi Rail's Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	3.2 Value chain workers (Efforts for a human centered value chain) 4.1 Business conduct (Management of relationships with suppliers)
b) Engaging with affected stakeholders in all key steps of the due diligence	3.1 Own workforce (Efforts for a positive work environment) 3.2 Value chain workers (Efforts for a human centered value chain)
c) Identifying and assessing adverse impacts	1.4 Identifying relevant ESG impacts, risks and opportunities 3.1 Own workforce (Management of People-related impacts, risks and opportunities) 3.2 Value chain workers (Managing impacts, risks and opportunities relating to value chain workers)
d) Taking actions to address those adverse impacts	3.1 Own workforce (Management of people-related impacts, risks and opportunities) 3.2 Value chain workers (Managing impacts, risks and opportunities relating to value chain workers)
e) Tracking the effectiveness of these efforts and communicating	3.1 Own workforce (Employees – metrics and targets) 3.2 Value chain workers (Workers in the value chain – metrics and targets)

Risk management and internal controls over sustainability reporting

To ensure the accuracy and reliability of information and data collected throughout the sustainability reporting process, Hitachi Rail has adopted a dedicated reporting procedure, the “Preparation of the ESG Report”, which has been in place since 2022. This procedure clearly defines the roles and responsibilities of the functions involved in 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, and therefore reinforcing the integrity of the information being reported.

Additionally, Hitachi Rail has developed a structured set of **data input** and **Key Performance Indicators (KPIs)** to consistently monitor the information to be reported and regularly monitored for business needs, taking into account both regulatory developments and stakeholder expectations. This list is reviewed and updated regularly to reflect changes, to ensure that sustainability disclosures remain aligned with the most current and relevant developments.

To enhance the credibility of the disclosed sustainability data, a limited assurance was conducted from a third-party assurance provider on a selection of indicators. This reporting year, the results of the assurance process will remain for internal use only. This is intended to build familiarity with assurance procedures and marks the first step toward enhancing the credibility and verifiability of sustainability data over time.

Furthermore, Hitachi Rail is 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.

In line with the objective to progressively align with the ESRS requirements, during 2025 Hitachi Rail initiated the design of its internal control and risk management system for sustainability reporting. As part of this effort, the Organization has started mapping entity-level controls to mitigate cross-cutting risks that could compromise the accuracy and reliability of future Sustainability Statements. To guide this process, Hitachi Rail has identified control objectives aligned with the five components and 17 principles of the COSO Internal Control – Integrated Framework. For each objective, the BU has mapped the relevant controls and assessed their current implementation status. In the coming months, Hitachi Rail aims to further enhance its internal control system. This includes mapping critical information flows and formalizing process-level controls through the development of dedicated risk and control matrices. Hitachi Rail acknowledges that the implementation of a comprehensive internal control system over sustainability reporting is still in progress and the Organization remains committed to a phased approach that will progressively reinforce the data collection process.

While the internal control system over sustainability reporting is evolving, Hitachi Rail benefits from a mature **Internal Audit & J-SOX function**, with a presence in Italy, the UK, the US and Japan. This function is key to overseeing the internal control system over financial reporting and ensuring its continuous improvement. It operates under an annual, risk-based Audit Plan approved by the Audit and Compliance Committee (ACC) and updated periodically to reflect the Organization’s risk profile (provided by ERM) and business needs.

In 2024, Internal Audit & J-SOX conducted nearly 50 audits, primarily focused on operational areas, including key projects, minor entities, branches, internal processes and compliance. The function also tested 2,199 J-SOX controls across core financial processes (e.g. procure-to-pay, order-to-cash, financial close and IT General Controls) in all geographies where Hitachi Rail operates.

Audit results are regularly reported to the ACC, the J-SOX Committee, the Board of Directors, the Board of Statutory Auditors, the Supervisory Body (pursuant to Legislative Decree 231/2001), and, when relevant, other governance bodies and external auditors. In the second half of 2025, Hitachi will execute a compliance and operational review in accordance with the Audit Plan. This review will cover selected ESG topics, including health and safety and the gender pay gap, and will involve the Sustainability and DE&I Organization, Quality and HR functions.

Hitachi Rail also has a dedicated **Enterprise Risk Management (ERM)** function that, is tasked with the assessment of relevant risks. The ERM Function, supported technically by the Sustainability Function, also guides risk assessment activities relating to sustainability reporting, and has the oversight of the Risk Management Committee (RMC) and of the Sustainability Committee (SC). The ERM provides reasonable assurance to Hitachi Rail SEC and RMC that an effective risk management system is in place.

Management system and certifications

The Global Business Management System (GBMS) is the unique set of rules that brings together all parts of a business into one system, making it easier to manage, monitor, and continuously improve.

There are four GBMS sections:

- **Governance:** high level manuals, global objectives and policies (strategy execution).
- **Organization:** organizational structure, roles and mandates (accountabilities for each organizational role), project team structure.
- **Process excellence:** complete sets of operating practices, procedures, rules, forms, templates and detailed instructions.
- **Enterprise architecture:** the Organization's IT platforms and tools.

Since its inception in April 2020, the COSMO GBMS area has grown significantly from the governance area and the support and customer processes clusters, to the execution processes for both Vehicles and Rail Control. This in addition to the organizational Area (lead by HR Functions) containing the organizational Chart, Roles & Mandates, and the Project Organization Structure.



Certifications

As of the end of FY24, Hitachi Rail holds the following certifications, listed by country and site:

Country	Location	IRIS	ISO 9001	ISO 44001	ISO 45001	ISO 14001	EMAS	SA 8000	ISO 50001	ISO 27001	ISO/IEC 20000-1	ISO 37001	ISO 21001	ISO/TS 22163	UNE 166002:2021	ISO 30415
AUSTRALIA	Ground Transportation Systems Australia Pty Ltd		•		•	•										
	Brisbane (Eagle Farm)		•		•	•										
	Perth (Belmont)		•		•	•										
	Sidney		•		•	•										
	Karratha		•		•	•										
AUSTRIA	GTS Ground Transportation Systems Austria GmbH	•												•		
	Hitachi Rail GTS Austria GmbH		•		•	•				•				•		
BELGIUM	Brussels															
CANADA	Hitachi Rail GTS Canada Inc		•		•	•					•					
	Ontario		•		•	•										
CHINA	Beijing GTS Transport Automation Control systems CO.,Ltd.		•		•	•										
	Beijing		•		•	•										
DENMARK	Copenhagen		•		•	•										
FRANCE	Les Ulis		•		•	•										
	Hitachi Rail GTS France		•		•	•										
	REVENUE COLLECTION SYSTEMS FRANCE SAS		•		•	•										
GERMANY	Hitachi Rail GTS Deutschland GmbH	•	•													
	GTS Deutschland GmbH					•				•			•			
HONG KONG	Hitachi Rail RCS Hong Kong Limited		•		•	•										
HUNGARY	Ground Transportation Systems Hungary KFT		•													

Country	Location	IRIS	ISO 9001	ISO 44001	ISO 45001	ISO 14001	EMAS	SA 8000	ISO 50001	ISO 27001	ISO/IEC 20000-1	ISO 37001	ISO 21001	ISO/TS 22163	UNE 166002:2021	ISO 30415
INDIA	RAF-CS India Private Limited		•													
	Kolkata		•		•	•										
	Noida		•		•	•										
	Mumbai				•	•										
	Bangalore		•		•	•										
	Chennai		•													
ITALY	Tito Scalo	•	•		•	•	•	•	•							•
	Naples	•	•		•	•	•	•	•							•
	Pistoia	•	•		•	•	•	•	•							•
	Reggio Calabria	•	•		•	•	•	•	•							•
	Hitachi Rail GTS Italia SRL		•		•	•							•			
	Ground Transportation Systems Italia SRL		•													
	Genoa		•		•	•		•		•						•
	Naples RC		•		•	•		•								•
	Other operational sites Italy							•								•
	Piossasco		•		•	•		•								•
JAPAN	Mito Rail		•		•	•										
	Kasado		•		•	•										
JAPAN	Tokyo and other Operations		•		•	•										
MALAYSIA	Kuala Lumpur		•		•	•										
	Rawang				•	•										
MEXICO	Revenue Collection Systems Mexico, S.A. de C.V.		•			•										
MOROCCO	Agdal															
NETHERLANDS	Hitachi Rail GTS Netherlands B.V		•		•	•										
NEW ZEALAND	Hitachi Rail GTS New Zealand Limited		•		•	•										
NORWAY	Hitachi rail GTS Norway AS		•			•				•						
PERU	Lima		•		•	•										

General

Environment

Social

Governance

Country	Location	IRIS	ISO 9001	ISO 44001	ISO 45001	ISO 14001	EMAS	SA 8000	ISO 50001	ISO 27001	ISO/IEC 20000-1	ISO 37001	ISO 21001	ISO/TS 22163	UNE 166002:2021	ISO 30415
PHILIPPINES	Makati															
POLAND	Hitachi Rail GTS Polska sp. z o.o.		•		•	•										
PORTUGAL	Hitachi Rail GTS Portugal, S.A.		•		•	•										
QATAR	GTS Gulf Technical Consultancy and Services LLC		•													
ROMANIA	GTS Romania S.R.L.				•	•				•						
SPAIN	Madrid		•		•	•										
	Madrid		•		•	•										
	GRUPO GTS									•						
	GRUPO GTS ESPAÑA		•		•	•										
	GTS TRANSPORTATION SPAIN, S.A.U.	•									•					
	GTS TRANSPORTATION SPAIN SA														•	
SAUDI ARABIA	Zaragoza		•		•	•										
	Sustainable Electronic Solutions LTD		•		•	•										
SAUDI ARABIA	Riyadh + Saudi Arabia LLC		•		•	•										
	Hitachi Rail GTS Singapore PTE. LTD.		•		•	•										
SINGAPORE	Hitachi Rail GTS Singapore PTE. LTD.		•		•	•										
SOUTH KOREA	Seoul															
SOUTH AFRICA	Ground Transportation Systems South Africa		•													
SWEDEN	Solna		•		•	•										
SWITZERLAND	GTS Schweiz AG		•			•				•						
TAIWAN	Taipei		•		•	•										
TURKEY	Ankara															
	GTS TURKEY ULAŞIM SİSTEMLERİ VE TİCARET LİMİTED ŞİRKETİ		•													

General

Environment

Social

Governance

Country	Location	IRIS	ISO 9001	ISO 44001	ISO 45001	ISO 14001	EMAS	SA 8000	ISO 50001	ISO 27001	ISO/IEC 20000-1	ISO 37001	ISO 21001	ISO/TS 22163	UNE 166002:2021	ISO 30415
UAE	CENTELEC GTS MIDDLE EAST TRADING LLC - (HO)		•													
	CENTELEC GTS MIDDLE EAST TRADING LLC				•	•										
	Abu Dhabi		•		•	•										
UK	Newton Aycliffe		•		•	•				•						
	Ashford		•		•	•										
	Doncaster		•		•	•										
	Stoke Gifford		•		•	•										
	Landore Swansea		•		•	•										
	Edinburgh (Craigentinny)		•		•	•										
	London (North Pole)		•		•	•										
	London (Bounds Green)		•		•	•										
	London Head Office Ludgate		•		•	•										
	Other operational sites UK RC															
Hitachi Rail GTS UK Limited			•	•	•	•				•	•					
USA	Batesburg	•	•		•	•										
	Hagerstown		•		•	•										
	Pittsburgh PA		•		•	•										
	Pearl city (Honolulu)		•		•	•										

Identifying relevant ESG impacts, risks and opportunities

In 2024, Hitachi Rail conducted a double materiality assessment to identify and assess the Organization's environmental, social and governance (ESG) impacts, risks and opportunities (IROs) to progressively align with regulatory compliance requirements set out by the Corporate Sustainability Reporting Directive (CSRD).

The assessment was conducted in accordance with the European Sustainability Reporting Standards (ESRS) of the European Financial Reporting Advisory Group (EFRAG), which require organizations to analyse ESG issues from two distinct perspectives:

- **Impact materiality** (inside-out perspective), aimed at recognizing ESG impacts – positive or negative, actual or potential – that Hitachi Rail and its value chain can have on people or the environment.
- **Financial materiality** (outside-in perspective), focused on identifying the risks and opportunities related to sustainability issues that can generate an impact on Hitachi Rail's economic and financial performance.

The process, following EFRAG guidelines on double materiality outlined in the Implementation Guidance 1, included three main phases:

- An initial mapping of the long list of IROs potentially relevant to Hitachi Rail.
- Assessing relevance of the identified IROs.
- Identifying the material IROs and related sustainability topics.

Ahead of these steps, Hitachi Rail conducted a structured value chain mapping exercise for each of its three distinct lines of service: Vehicles, Rail Control and Smart Mobility (see chapter 1.2). This allowed us to capture the specificities of the business segments and identify relevant IROs in a comprehensive and tailored manner across each value chain.

Mapping potentially relevant impacts, risks and opportunities (IROs)

During the initial phase of the double materiality assessment, Hitachi Rail conducted a structured review of internal documentation, including the Organization's previous GRI-based materiality assessment, the latest ESG Report, and the climate risk register. This analysis was completed by an assessment of leading sustainability frameworks, such as the Sustainability Advisory Standard Board (SASB) and ESRS, to identify relevant ESG aspects and capture emerging developments. The evaluation led to the identification of Hitachi Rail's impacts, risks and opportunities, defining the preliminary list of sustainability topics most relevant for the Organization. It is also specified that the identification of impacts, risks and opportunities was carried out through the involvement of those functions most exposed to stakeholder interactions within each business segment's value chain, as well as those working in connection with elements related to the identified IROs. For each identified impact, risk and opportunity, Hitachi Rail defined the corresponding business segment, the value chain phase, the applicable time horizon, any potential connection to human rights and the affected stakeholders.



Assessing impacts, risks and opportunities (IROs)

As the second step of the DMA, the Organization evaluated the long list of identified impacts, risks and opportunities.

	Evaluation criteria	Definition
Risks/ Opportunities	Magnitude	The degree of potential economic impact - specifically on adjusted EBITA - or operational, reputational and legal enforcement impacts ² - on the Organization when a risk or opportunity event occurs in the business.
	Likelihood	The likelihood of a risk or opportunity event occurring in the business
Impact	Scale	The degree of positive or negative impact on people and environment when such an impact occurs
	Scope	The extent of scope (geographical reach and/or number of stakeholders affected) of the positive or negative impact when such an impact occurs
	Irremediable	The degree to which a negative impact can be remedied if it occurs
	Likelihood	The likelihood of a positive or negative impact occurring

As outlined by EFRAG, actual impacts were assessed based solely on their severity, while potential impacts were evaluated by averaging severity and likelihood, which measures the probability of the impact materialising. In cases of potential impacts on human rights, severity took precedence over likelihood.

Financial materiality was assessed with the involvement of the Enterprise Risk Management, which considered risks in the context of the DMA with respect to the internal risk register.

The double materiality process engaged different internal stakeholders that were able to provide valuable feedback on sustainability topics, and in particular impacts, by leveraging their expertise. This ensured an accurate representation of Hitachi Rail’s operational context. In parallel, value chain actors – including industry experts, suppliers and customers – were consulted to enhance understanding of the upstream and downstream value chain dynamics, including the relevant IROs pre-identified internally. Their knowledge of the sector informed both the value chain mapping, with particular attention to activities beyond the Organization’s operations, and the outcomes of the double materiality assessment.

Identifying material impacts, risks and opportunities (IROs)

To determine Hitachi Rail’s relevant IROs and related sustainability topics, a materiality threshold was established for both impact and financial materiality. The analysis of the Business Unit’s impacts, risks and opportunities and the assessment process was shared with members of Hitachi Rail’s Sustainability Committee during dedicated sessions.

The representation on the following page outlines the ESRS topic identified as material, from an impact perspective, a financial perspective, or both, across the various phases of the value chain for the different lines of business of Hitachi Rail. A comprehensive overview of the corresponding material impacts, risks and opportunities is provided in the relevant chapters dedicated to the topical standards. ESRS E4 Biodiversity and ESRS S3 Affected Communities were considered not material for Hitachi Rail, based on the outcomes of the Organization’s first double materiality assessment.

² According to the criteria set by the Enterprise Risk Management framework already employed within the risk prioritisation process.

Legend \$ Financial material
 🌲 Impact material

ESRS Topics	ESRS Sub-topic			Materiality	Business
	Upstream value chain	Own operation	Downstream value chain		
E1 - Climate Change		Climate change adaptation		\$	Vehicles / Rail Control / Smart Mobility
	Climate change mitigation			🌲 \$	
		Energy		🌲 \$	
E2 - Pollution	Pollution of air			🌲	Vehicles / Rail Control
E3 - Water and marine resources		Water		🌲	Vehicles / Rail Control / Smart Mobility
E5 - Resource use and circular economy	Resources inflows, including resource use			🌲	Vehicles / Rail Control
	Waste			🌲	
S1 - Own workforce		Working conditions		🌲 \$	Vehicles / Rail Control / Smart Mobility
		Equal treatment and opportunities		🌲 \$	
		Other work-related rights		🌲	
S2 - Workers in the value chain	Working conditions			🌲 \$	Vehicles / Rail Control
	Other work-related rights			🌲 \$	
S4 - Consumers and end-users			Information-related impacts	🌲 \$	Vehicles / Rail Control / Smart Mobility
			Personal safety	🌲	
G1 - Business conduct		Corporate culture		🌲	Vehicles / Rail Control / Smart Mobility
		Protection of whistleblowers		🌲	
	Management of relationship with suppliers			🌲 \$	
	Corruption and bribery			🌲 \$	

General

Environment

Social

Governance

An aerial photograph of a dam and reservoir. The reservoir is a large body of water with a distinct turquoise or emerald green color, contrasting with the surrounding dense green forest. The dam is a long, low structure made of concrete or stone, spanning across the reservoir. A small boat is visible in the water near the dam. The surrounding landscape is a dense forest of tall, thin trees, likely conifers. The overall scene is captured from a high angle, looking down on the dam and the surrounding forest.

Environmental information

In this section

2.1	Climate change	26
2.2	Pollution	34
2.3	Water	37
2.4	Resource use and circular economy	40
2.5	The European Taxonomy	49

2.1

Climate change

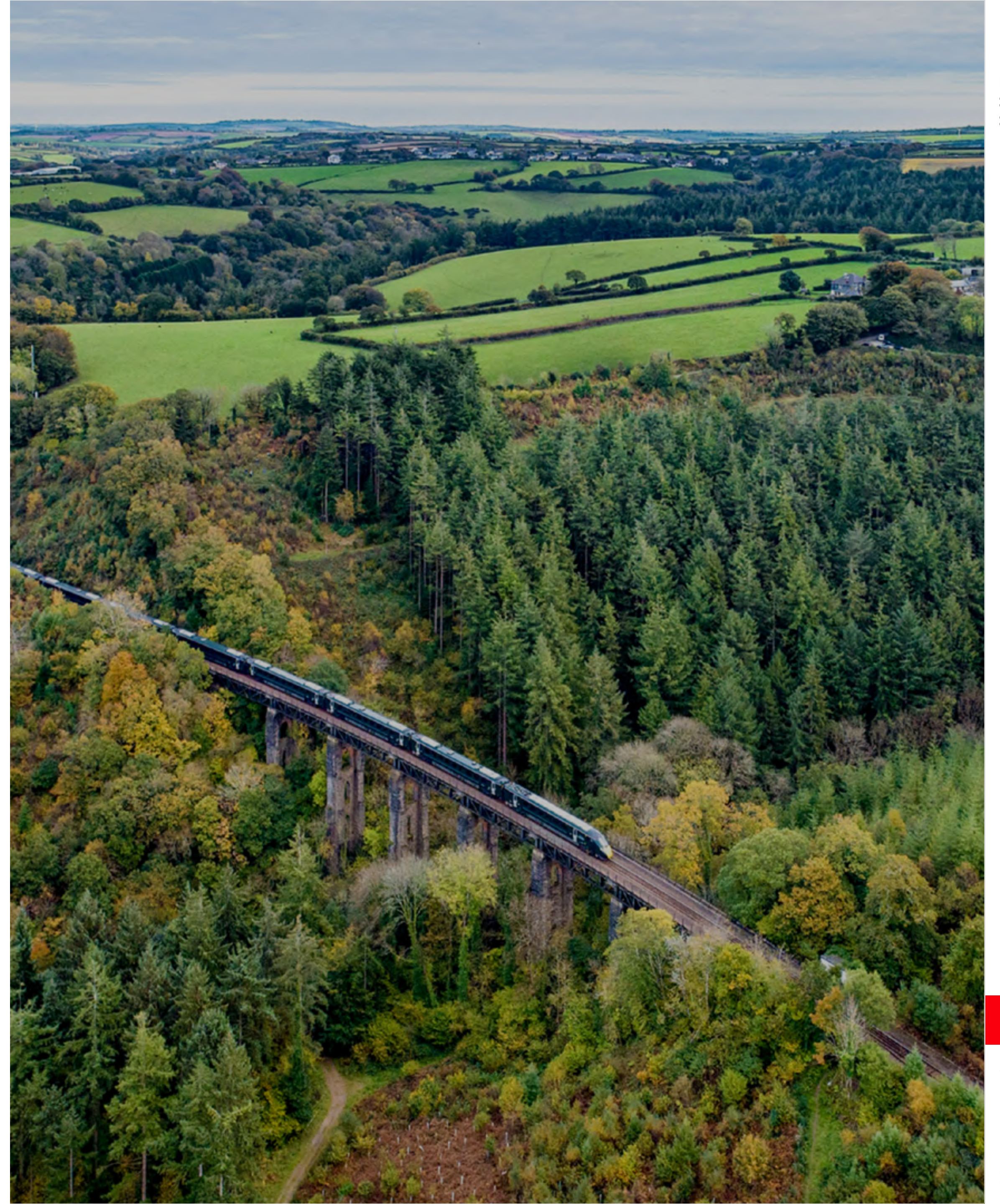
2.1.1 Climate change strategy

Climate change is one of the most significant challenges of our generation, with far-reaching impacts on the environment, society, and the global economy. Hitachi Rail recognizes climate change not only as a global concern, but as a key business issue - one that presents both risks and opportunities across its value chain. The Organization's commitment to climate action is embedded in its strategy, driving innovation, resilience and long-term value creation. Through targeted decarbonization efforts and sustainable solutions, Hitachi Rail aims to play a proactive role in advancing the low-carbon transition.

While Hitachi Rail has not yet formalized a Climate Transition Plan (CTP), the Organization has proactively developed and implemented a broad set of strategic actions that effectively function as the foundation of such a plan. Over the past 1.5 years, Hitachi Rail has continuously advanced its climate strategy to align with Hitachi Ltd.'s SBTi targets and evolving climate science. This includes setting decarbonization goals, engaging stakeholders to identify emissions hotspots and exploring net zero scenarios.

Hitachi Rail's governance structure ensures that climate considerations are embedded at the highest levels of decision-making, with clear oversight from the Board and executive leadership. Hitachi Rail's Sustainability Committee oversees **climate strategy** by setting environmental targets, governing ESG KPIs, and reporting directly to the Board. By enhancing transparency and accountability, Hitachi Rail is not only meeting stakeholder expectations but also strengthening its long-term resilience and competitiveness in a rapidly evolving global market.

The Organization's approach combines structural safeguards, contingency planning and risk transfer mechanisms to ensure continuity in the face of escalating climate-related challenges. In parallel, Hitachi Rail is actively managing transition-related climate risks through a combination of operational controls and forward-looking strategies. These include ESG-based supplier assessments, integration of eco-design and lifecycle analysis, and the deployment of digital tools for energy and emissions monitoring. The Organization has also invested in battery technologies to align with evolving market expectations.



Identifying physical and transition risks

In line with the Organization's commitment to build a more sustainable business, Hitachi Rail has identified a series of **climate-related risks**, both physical and transition, that may affect its operations, supply chain and long-term strategy. Physical risks include extreme weather events, water stress and flooding, which pose direct threats to infrastructure, manufacturing facilities and logistics. Transition risks emerge from regulatory changes, market expectations and technological innovations associated with the shift towards a low carbon economy. The analysis focused on the current and 2050 time-horizons, reflecting a strategic approach to both immediate resilience and long-term sustainability. While the current horizon focuses on near-term operational and regulatory risks that require immediate mitigation, the 2050 horizon aligns with global net-zero targets and guides long-term investment, innovation and strategic planning.

Assessing risks with climate scenarios

Physical and transition risks were assessed using opposing climate scenarios to capture the different challenges posed by climate change. A **high global warming scenario** (greater than 3°C) was used to assess physical climate risks. That's because it represents a future where limited action is taken to reduce emissions, leading to more severe climate impacts such as extreme weather, sea-level rise and heat stress. In contrast, a **low carbon scenario** (1.5°C) was used to assess transition risks and opportunities. That's because it reflects a future in which strong climate policies, technological shifts and market changes are implemented rapidly to limit global warming.

High-carbon scenario for physical risks

These scenarios such as the IPCC Representative Concentration Pathways (RCP) 8.5 assume limited or no climate policy action, leading to higher global warming. Such scenarios help to understand the worst-case physical impacts of climate change such as extreme heat, sea level rise and severe weather events. This helps organizations assess how vulnerable their assets, operations and supply chains are to climate hazards in a warming world.

Low carbon scenario for transition risks and opportunities

These scenarios (e.g., IEA net-zero by 2050) assume a rapid global energy transition driven by no new fossil fuel developments, massive clean energy investment and deployment, behavioral changes and international cooperation to achieve net-zero emissions to limit global warming to 1.5°C. This includes strong climate action, such as carbon pricing, regulation and rapid decarbonization. They are used to evaluate the economic and regulatory impacts of transitioning to a low-carbon economy to help organizations anticipate policy shifts, market changes and innovation opportunities that come with climate action. For this analysis, a variety of databases and reports were used, in which a net-zero scenario was assumed.

Physical climate risks

The physical risk analysis was carried out on both Hitachi Rail's own sites and, qualitatively, on the Organization's supply chain. A total of 28 types of climate risks were assessed across 32 sites accounting for around 95 of total GHG emissions. 25 "Red Flags" (very high exposure level) were identified for 8 climate risks across 17 sites including water stress, drought, subsidence, flooding, heavy rainfall, soil erosion, tornadoes and frost. For instance, sites such as Genoa and Kasado are particularly exposed to flood risk, while Pistoia and Naples are vulnerable to drought and water stress.

For the supply chain, the assessment considered the industrial and services sectors, which together account for approximately 63% of supplier spending. Key risks for the industrial sector include drought, water stress, temperature changes, storms, floods and wildfires. For the services sector, risks include heatwaves, storms, drought and changes in precipitation patterns.

From a geographical perspective, the most relevant countries are Italy, Japan, the UK and the USA, which account for approximately 70% of supplier cost spend. Present vulnerabilities include Italy's river and coastal flooding; Japan's typhoons and potential sea level rise, the United Kingdom's flooding risk and the United States vulnerability to hurricanes, tornadoes, wildfires and glacial risks.

The impact analysis of physical risks on Hitachi Rail's business considered both historical events and forward-looking hazard projections. The analysis revealed that flooding represents a significant operational risk, particularly for sites such as Kasado and Genoa, where such events may cause direct damage, operational disruptions and access issues. Other notable risks include drought and water stress (e.g. Pistoia), heavy rainfall and heat (which increases maintenance costs and poses health risks for employees) and tornadoes (relevant for sites such as Miami, now closed).

For the supply chain, physical risks may lead to production delays, infrastructure damage, increased operational costs and reliability issues with suppliers, affecting both the industrial and services sectors.

Transition climate risks

With the global transition towards net-zero, Hitachi Rail faces transition risks such as material shortages and inflation. This is driven by high demand for critical raw materials, rising costs due to ESG regulations and carbon pricing, and potential loss of market share if sustainable technologies are not promptly integrated into its products. There are also financial risks linked to increased capital costs and non-compliance with emission reduction targets.

A low carbon scenario (1.5°C) was used to assess transition risks and opportunities, as mentioned above. Transition risks may lead to increased costs (due to material shortages, energy inflation and carbon pricing), regulatory pressure and legal expenses, loss of revenue and market share (if sustainability is not embedded in product strategy) and reputational damage in the event of failing to meet emission reduction targets.

Resilience of strategy

Hitachi Rail has conducted a comprehensive evaluation of its strategic resilience in relation to climate risks, both physical and transition. This recognizes the increasing exposure to hazards such as flooding, heat stress and water scarcity, as well as the growing impact of regulatory changes and market dynamics associated with the global shift towards a low carbon economy.

In terms of physical risks, the Organization carried out its assessment under a 1.5°C pathway, implementing a wide range of response measures to address both acute and chronic climate hazards. These include frost, drought, heavy rainfall, subsidence, tornadoes, water stress and soil erosion.

Hitachi Rail currently demonstrates moderate to high resilience, supported by:

- **Strong business continuity and crisis management systems** across global sites
- **Insurance coverage** for most acute risks (e.g. flood, frost, tornado)
- **Site-specific mitigation** actions such as drainage infrastructure, emergency planning and preventive maintenance
- **Residual impact scores** significantly reduced through effective control.

However, chronic risks like water stress and subsidence remain more impactful, especially where insurance is unavailable or mitigation is limited. For instance, the Pistoia site lacks water storage infrastructure, which has highlighted areas for improvement.

To evaluate current risk responses, questionnaires were sent to sites highly exposed to at least one climate hazard. These showed that measures like alert systems and emergency plans have significantly reduced initial risks. However, tornadoes and water stress were rated as having lower response effectiveness. This was due to the unpredictability of tornadoes and the water-intensive nature of production and maintenance processes of water stress.

Hitachi Rail is also addressing transition risks linked to climate change through a mix of current controls and future mitigation strategies. Key risks such as supply chain disruptions, regulatory compliance costs and shifting customer demand are being tackled via ESG supplier assessments, eco-design integration, lifecycle analysis and strategic partnerships.

Initiatives like energy reporting tools, improved batteries, and standardized processes are helping reduce risk across multiple areas. While most risks show a clear reduction from inherent to residual levels, some – particularly those related to energy inflation and carbon pricing in the supply chain – remain static as of today but are expected to decrease in the future.



Overall, Hitachi Rail is strengthening its climate resilience by embedding sustainability into product development, operations and governance. This is helping the Organization position itself to better manage climate risks and meet evolving stakeholder expectations.

Climate opportunities

Throughout its climate-related analysis, Hitachi Rail has also identified three strategic opportunities that enhance its business resilience, reducing risk exposure while also strengthening the Organization's financial and competitive position in the transition toward a low-carbon economy.

- The first is **energy efficiency**, where the Organization is investing in operational improvements to reduce energy consumption and mitigate exposure to energy price volatility and carbon pricing. These efforts are supported by the use of digital tools such as NTT, which enable effective monitoring of energy performance and emissions.
- The second opportunity lies in the **growing demand for low-carbon transport solutions**. Hitachi Rail is well-positioned to benefit from this market shift, driven by government climate targets and evolving customer preferences. This trend offers the potential for increased revenue through sustainable mobility offerings.
- The third opportunity is linked to **strong ESG** credentials, which enhance access to capital and financing. This enables long-term investments in innovation and infrastructure, supporting both climate adaptation and business growth in a decarbonizing economy.

In addition to these core opportunities, Hitachi Rail also integrates **eco-design and lifecycle assessment (LCA)** into its product development processes. These practices are essential for improving recyclability and reducing environmental impact, while also helping the Organization align with market expectations and regulatory trends. Although not classified as standalone opportunities, they play a critical role in mitigating transition risks and strengthening the Organization's overall sustainability performance.

2.1.2 Management of climate-related impacts, risks and opportunities

The relevant impacts, risks and opportunities related to climate change have been identified in accordance with the process described in the 1. General information chapter and are summarized in the table below.

IRO Description	Business	Value chain	Time horizon	IRO type
Climate change adaptation				
The occurrence of extreme weather events can lead to business disruptions, reduced revenue from decreased production capacity and higher costs from negative impacts on workforce	Vehicles / Rail Control	○ ● ○	Short to medium term	Risk
Climate change mitigation				
The extraction of raw materials and the production of (semi)components for the construction of trains and rail infrastructure generates GHG emissions that contribute to climate change	Vehicles / Rail Control / Smart Mobility	● ○ ○	Short to medium term	Actual negative impact
Hitachi Rail's construction and development activities lead to the emission of direct and indirect GHG emissions that lead to climate change	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
Hitachi Rail, by providing low emission transport solutions, positively contributes to the transition to a low carbon society by reducing GHG emission in the transport sector	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to long term	Actual positive impact
Operation in the value chain upstream and downstream connected to Hitachi Rail product production and use as well as general operation lead to emission of greenhouse gasses	Vehicles / Rail Control / Smart Mobility	● ○ ●	Short to medium term	Actual negative impact
The daily operation of trains and rail infrastructure generate GHG emissions that contribute to climate change	Vehicles / Rail Control / Smart Mobility	○ ○ ●	Short to medium term	Actual negative impact
Delayed product/system green innovation and non-compliance with customers requirements	Vehicles / Rail Control	○ ● ○	Medium to long term	Potential negative impact
Implementation of circularity measures and decreasing use of non-renewable and unsustainable materials	Vehicles / Rail Control	○ ● ○	Short to long term	Actual positive impact
Erosion of market share in favour of competitors with lower emissions options and reduced capability to attract capital	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Risk
Embracing circularity supports sustainability goals and market differentiation	Vehicles / Rail Control	○ ● ○	Medium to long term	Opportunity

IRO Description	Business	Value chain	Time horizon	IRO type
Energy				
Hitachi Rail's construction and development activities require the combustion of fossil fuels and the consumption of electricity that contribute to the emission of direct and indirect GHG emissions that lead to climate change	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
Energy supply challenges may increase operational costs and lead to production delays	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Risk
The daily operation of trains and rail infrastructure requires the combustion of fossil fuels and the consumption of electricity that contribute to the emission of GHG emissions that lead to climate change.	Vehicles / Rail Control / Smart Mobility	○ ○ ●	Short to long term	Actual negative impact

Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain

2.1.2.1 Climate change policies

To support effective management of climate-related impacts, risks and opportunities, Hitachi Rail has implemented a comprehensive Health, Safety and Environment (HSE) Policy that sets out guidelines aimed at mitigating the effects of climate change.

Health, Safety and Environment Policy

Hitachi Rail's Health, Safety and Environment Policy defines the Organization's commitment to the continuous improvement of its environmental performance throughout the product life cycle and, where possible, the use of natural resources to help prevent climate change impacts. This also supports Life Cycle Assessment (LCA) principles, promoting the responsible selection of materials, the adoption of sustainable design practices and the integration of innovative technological solutions.

This policy applies to the entire Business Unit. The Chief Officer for Safety, Health, Environment & Quality, is the designated individual responsible for the implementation of the policy and its official signatory.

The implementation of this policy is aligned with internationally recognized third-party standards and initiatives, including:

- **ISO 45001** – Occupational Health and Safety Management Systems
- **ISO 14001** – Environmental Management Systems
- **ISO 50001** – Energy Management Systems
- **EMAS** – Eco-Management and Audit Scheme

These frameworks support a systematic approach to HSE management, ensuring the proactive identification and control of hazards, compliance with applicable legal requirements, continuous improvement through learning from both failures and successes and the dissemination of good practices across the Organization.

In developing this policy, due consideration has been given to the interests of key stakeholders, including employees, social partners and contractors. Mechanisms are in place to encourage the proactive reporting and resolution of HSE concerns, and to support the development of the necessary competencies to safeguard individual safety, wellbeing and environmental responsibility. This inclusive approach ensures that stakeholder perspectives are reflected in the policy’s objectives and implementation.

The policy is made accessible to all potentially affected stakeholders, including employees, social partners and contractors.

2.1.2.2 Efforts for climate change mitigation and adaptation

Throughout the year, Hitachi Rail has developed a series of initiatives aligned with its Health, Safety and Environment (HSE) Policy objectives, aimed at minimizing the Organization’s environmental impact.

Main Actions	Timeframe	Status
Italian sites PPA	Medium term	Ongoing
Hagerstown PPA	Short term	Ongoing
Reggio Calabria electrification of painting booths	Medium term	Ongoing
Naples electrification of heating system with also the use of renewable sources	Medium term	Planned
Sustainable Mobility (home-to-work)	Short term	Ongoing

Calabria. This will generate 13.2 GWh/year of renewable energy, covering about 40% of the energy needs of Italian sites and enabling a reduction of approximately 4,000 tCO₂ per year. The agreement applies to the Italian sites of Pistoia, Reggio Calabria and potentially Naples, which is currently being assessed for feasibility.

This initiative is designed to generate a positive environmental impact by introducing renewable energy and avoiding significant greenhouse gas (GHG) emissions. This climate change mitigation action is based on the decarbonization lever of renewable energy deployment, replacing fossil fuel-based electricity with clean energy alternatives.

Naples electrification of heating systems

At the Naples site, Hitachi Rail aims to eliminate 60% of Scope 1 emissions by replacing the existing gas-powered steam generator with electric heat pumps and reducing its negative environmental impact. The project is scheduled for completion by the end of FY27.

The decarbonization lever associated with this climate mitigation measure is the electrification of the heating system, which involves replacing fossil fuel-based infrastructure with electric alternatives. This transition is expected to result in a substantial reduction in direct emissions from operations, leading to an estimated annual decrease of approximately 1,150 tonnes of CO₂.

Best practice

Hagerstown power purchase agreement (PPA)

Hitachi Rail has signed a Power Purchase Agreement (PPA) with Suntrail Energy to install approximately 1.8 MW of photovoltaic panels. This includes 1.6 MW on the roof and 0.2 MW on shelters of its Hagerstown plant in the United States. This will generate around 2.3 GWh of renewable

energy annually, meeting approximately 60% of the plant’s energy requirements and reducing emissions by an estimated 800 tonnes of CO₂ per year.

This action is designed to generate a positive environmental impact by introducing renewable energy, which is identified as the primary decarbonization lever, and avoiding significant greenhouse gas (GHG) emissions.

Electrification of painting booths in Reggio Calabria

Electrification plays a pivotal role in the Organization’s effort to reduce Scope 1 emissions. At the Reggio Calabria site, the objective is to fully eliminate Scope 1 emissions, which amount to approximately 450 tonnes of CO₂ per year. This will transform the facility into a carbon neutral emissions site. The project involves the electrification of three painting booths and one oven, and the installation of a new electrical substation. Initiated at the end of FY24, the project is scheduled for completion by the end of 2026.

The electrification of these industrial processes is the key decarbonization lever, directly reducing fossil fuel dependency by switching to electric alternatives powered increasingly by renewable energy sources.

Best practice

Geothermal in Tito Scalo

Geothermal technology replaces traditional gas heating to eliminate emissions at the source. The new closed-loop system uses a water-antifreeze solution that circulates through underground pipes, transferring heat from the ground to the facility with maximum efficiency. With this upgrade, the Tito Plant will become the second gas-free facility.

Best practice

Italian sites power purchase agreement (PPA)

Hitachi Rail has entered into a Power Purchase Agreement (PPA) with A2A for the installation of approximately 9.2 MW of photovoltaic systems situated on the rooftop of the main building in Pistoia and on the ground in Reggio

Sustainable mobility (home-to-work)

As part of the Home-Work Commuting Plans (PSCL), the collection of updated places of residence/domicile for all Italian employees for FY24 is currently underway. The purpose of this data collection is to analyze employees' commuting habits and identify alternative mobility solutions based on the insights gathered.

The main actions identified to reduce emissions include:

- Engagement with local public transport providers (LPT)
- Promotion of carpooling through a dedicated app
- Where applicable, structural enhancements to encourage cycling, such as the "Bike to Work" campaign during European Mobility Week

To further reduce air emissions associated with business travel, Hitachi Rail launched a Corporate Car Sharing pilot project at its Naples site in December 2022. This initiative was extended to the Genoa site in FY23 and to the Pistoia site in FY24. The current fleet comprises eight electric vehicles: five in Naples, two in Genoa and one in Pistoia. Hitachi Rail STS is also implementing another key initiative to support sustainable mobility for both commuting and business travel: the E-Charge project.

Through the E-Charge service, employees can charge their private or company electric vehicles at charging stations installed across six Italian sites. Charging is facilitated via the E-Charge app or RFID cards. A network of 70 Quick Charge electric vehicle charging points (EVCPs), each offering up to 7 kW, has been installed at the Naples, Pistoia, Tito, Genoa, Piosasco and Reggio Calabria sites.

Both the E-Charge and Corporate Car Sharing services are managed through a single app called "Urban Sharing".

Additionally, Hitachi Rail continues to promote and support remote working as a means of reducing pollution caused by commuting, benefiting employees across its global sites.

For more initiatives related to Scope 3 emission reduction please refer to chapter 2.4.1.2.

2.1.3 Climate change – metrics and targets

2.1.3.1 Energy consumption and GHG emissions

The below table presents values for energy consumption and GHG emissions:

	Energy Consumption and Mix (MWh)	Financial Control	Operational Control	Total
1	Fuel consumption from coal and coal products	-	-	-
2	Fuel consumption from crude oil and petroleum products	31,034	14,286	45,320
3	Fuel consumption from natural gas	56,709	-	56,709
4	Fuel consumption from other fossil sources	-	-	-
5	Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	24,151	4,599	28,750
6	Total fossil energy consumption (calculated as the sum of lines 1 to 5)	111,894	18,885	130,779
	Share of fossil sources in total energy consumption (%)	60.4%	57.8%	60.0%
7	Consumption from nuclear sources	436	-	436
	Share of consumption from nuclear sources in total energy consumption (%)	0.2%	0.0%	0.2%
8	Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	-	-	-
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	71,497	13,804	85,301
10	The consumption of self-generated non-fuel renewable energy	1,442	-	1,442
11	Total renewable energy consumption (calculated as the sum of lines 8 to 10)	72,939	13,804	86,743
	Share of renewable sources in total energy consumption (%)	39.4%	42.2%	39.8%
12	Total energy consumption (calculated as the sum of lines 6, 7 and 11) ³	185,269	32,689	217,958

³Regarding total energy consumption, 60,213.9 MWh belong to GTS.

Energy intensity on financial perimeter

Total energy consumption from activities in high climate impact sectors (MWh)	185,269
Net revenue from activities in high climate impact sectors (M€)	6,258
Energy intensity from high climate impact sectors (MWh/M€)	30

Emissions	Financial Control	Operational Control	Total
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Scope 1 GHG emissions (tCO₂eq)

Gross Scope 1 GHG emissions ⁴	21,910	3,412	25,321
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0.0%	0.0%	0.0%

Scope 2 GHG emissions (tCO₂)

Gross location-based Scope 2 GHG emissions ⁵	26,239	8,539	34,778
Gross market-based Scope 2 GHG emissions ⁶	7,333	2,391	9,724
Total emissions Scope 1 and Scope 2 location-based	48,149	11,951	60,099
Total emissions Scope 1 and Scope 2 market-based	29,243	5,803	35,046

Scope 3 GHG emissions (tCO₂eq)

Category 1 - Purchased goods and services	864,424
Category 2 - Capital goods	59,969
Category 3 - Fuel- and energy-related activities	8,675
Category 4 - Upstream transportation and distribution	21,731
Category 5 - Waste generated in operations	217
Category 6 - Business travel	18,500
Category 7 - Employee commuting	30,166
Category 11 - Use of sold products	6,408,524
Category 12 - End-of-life treatment of sold products	2,602
Total Scope 3 emissions⁷	7,414,808

⁴ Regarding Gross Scope 1 GHG emissions, 7,549 tCO₂eq belong to GTS.

⁵ Regarding Gross location-based Scope 2 GHG emissions, 6,731 tCO₂eq belong to GTS.

⁶ Regarding Gross market-based Scope 2 GHG emissions, 4,292 tCO₂eq belong to GTS.

⁷ Regarding Scope 3 GHG emissions, 483,822 tCO₂eq belong to GTS.

Emissions	Financial Control	Operational Control	Total
Total GHG emissions (tCO₂eq)			
Total GHG emissions (location-based)	7,462,186	7,426,758	7,474,907
Total GHG emissions (market-based)	7,443,280	7,420,611	7,449,853

GHG intensity on financial perimeter (tCO₂eq/ M€)

Net revenue (M€)	6,258
GHG intensity (location-based)	1,195
GHG intensity (market-based)	1,191

Beyond Value Chain Mitigation

In 2024, as part of Hitachi Rail’s broader commitment to mitigate its environmental impact, the Organization purchased carbon credits from certified partners, like ClimatePartner, for a total amount of 920 tonnes of CO₂. The supported climate project with carbon credits purchase is related to Hydropower Virunga DR Congo. These credits have been acquired to offset a portion of the Organization’s emissions in the short term, while continuing to prioritize direct emission reduction measures across operations.

Looking ahead, Hitachi Rail plans to purchase an additional 5,000 tonnes of carbon credits during the period 2025–2027.

All credits are acquired through certified providers and are subject to verification by recognized international standards. This ensures high environmental integrity and traceability.



“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.

2.1.3.2 Energy and GHG emissions targets

Setting clear targets is essential for effectively managing climate-related risks and opportunities. Targets provide a measurable framework that helps Hitachi Rail prioritize actions, allocate resources and track progress toward climate goals. By establishing specific, time-bound objectives, such as emissions reduction goals or targets for low-carbon product development, the Organization can proactively reduce exposure to regulatory, financial and operational risks, whilst positioning themselves to capitalize on emerging opportunities. Additionally, targets signal a commitment to stakeholders, enhance accountability and ensure that climate considerations are embedded into strategic planning and decision-making processes.

Hitachi Rail has defined the following targets⁸:

Scope 1 and Scope 2 emissions reduction Base year: FY2019 FY2024 performance: 34,275 tCO₂eq (Market-based)	2027 target	-75%
	2030 target	-83%
	2050 target	-90%
Scope 3 per activity unit emission reduction for Cat. 1 and 11⁹ Base year: FY2022 FY2024 performance: 7,414,808 tCO₂eq	2027 target	-40%
	2030 target	-52%
	2050 target	-97%

⁸ Please note that Hitachi Ltd has received validation from the SBT initiative for its science-based net-zero target.

⁹ 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.

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.

2.2

Pollution

2.2.1 Management of pollution-related impacts, risks and opportunities

Relevant pollution-related impacts summarized in the table below, have been identified in accordance with the process described in the 1. General information chapter.

IRO Description	Business	Value chain	Time horizon	IRO type
Pollution of air				
Hitachi Rail, with particular reference to its painting activities and the use of ozone-depleting substances that can result in fugitive emissions, generates non-greenhouse gas air emissions that might cause significant and localized environmental and health risks.	Vehicles / Rail Control	○ ● ○	Short to medium term	Actual negative impact
The extraction of raw materials such as metals and the production of iron and steel used for the assembling and construction of trains and rail infrastructure generates non-greenhouse gas air emissions that cause significant and localized environmental and health risks.	Vehicles / Rail Control	● ○ ○	Short to medium term	Actual negative impact

Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain

2.2.1.1 Pollution policies

Hitachi Rail’s commitment on pollution prevention is embedded in the Health, Safety and Environment (HSE) Policy. This policy articulates the Organization’s broader environmental vision, including the promotion of regulatory compliance and the continuous improvement of environmental performance. This includes the management and minimisation of pollution-related impacts.

Hitachi Rail adopts a systematic framework for integrating environmental management practices across its operations, which supports 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 the Organization to manage environmental impacts, such as air emissions, hazardous substances, and wastewater discharge, in a structured and consistent way.

2.2.1.2 Pollution reduction targets

To support pollution reduction efforts, Hitachi Rail has introduced and/or is planning to introduce actions aimed at monitoring and minimizing pollutant emissions and improving environmental performance.

Main Actions	Timeframe	Status
Air Emissions Management Framework	Medium term	Planned
ODS Management Control	Short to medium term	Ongoing
VOC Management Control	Short term	Completed
Best Available Technique (BAT) Adoption	Short term	Planned

Air Emissions Management Framework

Hitachi Rail has introduced a structured initiative to document, assess, and monitor air pollution that results from operational activities of each site, location or project. This integrated approach combines risk evaluation with systematic emissions tracking, ensuring robust environmental management across all companies and operational sites.

The Air Emissions Risk Assessment enables a thorough evaluation of existing controls, supporting documentation, technical drawings, assigned responsibilities, training and any necessary improvements to plant, equipment and operational processes. Where effective control measures are absent or not maintained, immediate corrective actions must be taken to regain control, including halting the process if necessary.

Air Emissions Management Framework (continued)

It's recommended that the assessment follows the source-pathway-receptor methodology and is regularly reviewed to reflect changes in products, processes or operating conditions. This process applies across all phases of Hitachi Rail's activity lifecycle which includes design, construction, maintenance, operation and decommissioning.

In parallel, according to applicable environmental requirements, Hitachi Rail is required to maintain a Register of Air Emissions, covering both direct and indirect pollutant emissions.

The register must include the following information, where applicable:

- The source of the emission (e.g. process, equipment or activity)
- The operating condition under which the emission occurs (normal, abnormal or emergency)
- The category, name, and hazard classification of the emitted substance(s)
- The duration of the emission (daily and/or annual)
- Relevant physical parameters (e.g. volumetric flow rate, air velocity, temperature, chimney dimensions etc.)
- Applicable limit values for key parameters (e.g. volumetric and mass flow rates, concentrations, percentages)
- Details of any pollutant abatement systems in place

These initiatives form part of the global rollout of environmental critical risk controls, scheduled to span a 24-month implementation period. They are specifically designed to address negative environmental impacts already arising from both routine organizational activities (such as production, installation, commissioning, operation, maintenance and service) and non-routine operations (such as mobilisation, demobilisation and abnormal or emergency conditions) within the scope of work for the UK Vehicles Business.

Ozone-depleting substances (ODS) management control

Hitachi Rail is committed to reducing pollution by progressively limiting the import and sale of products containing ozone-depleting substances (ODS). The Organization is also committed to 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. Where identified, they must be either eliminated or incorporated into a formal monitoring and/or replacement program.

To minimize the risk of uncontrolled releases during installation, testing or maintenance of equipment containing ODS or F-gases, local procedures must be strictly followed. In the absence of such procedures, manufacturer guidance is to be applied. The frequency of monitoring and maintenance activities is determined by the quantity of F-gases (measured in kilograms) present in systems across Hitachi Rail's sites, projects and products. However, such activities are required in all cases to ensure full regulatory compliance.

Controls for ODS will be mandatory across all Business Unit sites and projects. Ozone-depleting substances, including F-gases, are typically found in refrigeration and air conditioning systems within Hitachi Rail's building infrastructure and the rolling stock products it manufactures and maintains.

The phase-out of ODS is an ongoing initiative. However, Hitachi Rail 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

Hitachi Rail is committed to controlling the potential environmental and health impacts associated with the use of volatile organic compounds (VOCs) in its activities. VOCs are organic chemical substances that readily vaporise under normal conditions and, due to their high volatility, mobility and resistance to degradation, can travel long distances in the environment. This poses risks to both human health and air quality.

To minimize emissions and ensure safe handling, the Business Unit has implemented a VOCs management control system, which includes the following operational activities:

- **Spraying operations** are conducted exclusively in fixed spray booths to prevent fugitive emissions of organic solvents, isocyanates, odours and particulate matter.
- **Smart paint repairs** are performed within sealed enclosures that are equipped with local exhaust units incorporating pre-filters, activated carbon filters and final filters – excluding small tins (e.g. 0.5 litres).
- **Mixing operations** use covered or enclosed vessels to reduce VOC emissions – excluding small tins (e.g. 25 litres) mixed manually.
- **Material transfers and vessel emptying** is carried out with appropriate containment to prevent uncontrolled releases.
- **Spill response equipment** for organic solvents is readily available in all handling areas.
- **High housekeeping standards** are maintained consistently to support safe and clean working environments.

By implementing robust controls on VOCs use, the Organization can significantly reduce its environmental footprint and safeguard health. This contributes to the prevention of global warming and the degradation of air quality.

Volatile organic compounds (VOCs) management control (continued)

While VOCs controls are mandatory across all global sites and projects, they are typically present in paints used by Hitachi Rail in the manufacturing of its rolling stock products. These controls are already in place and are monitored through both internal and external ISO 14001 audit schedules.

Best Available Technique (BAT) adoption

Hitachi Rail integrates the principle of Best Available Technique (BAT) into the design, construction, maintenance, operation and decommissioning of its facilities and assets. The aim is to prevent or minimize air emissions and their associated environmental impacts. Periodic reviews of environmental risk assessments 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. These measures directly support the Organization’s net-zero by 2030 objective and contribute to the reduction of emissions at key operational sites.

Hitachi Rail is actively implementing BATs across its global Business Unit. This reflects the Organization’s commitment to remediate existing negative impacts through the deployment of advanced emission control measures and identification of alternatives to VOC-containing products, such as zero-VOC pants and low-VOC coatings.

2.2.2 Pollution - metrics and targets

2.2.2.1 Polluting substances

The table below presents the values of air pollutant emissions that Hitachi Rail has chosen to voluntarily disclose.

Air Pollution - FY24			
Total Emissions ¹⁰	Financial Control	Operational Control	Total
Volatile Organic Compounds	120	0.0	120
Volatile Inorganic Compounds	2	0.0	2
SOx [t]	10	0.0	10
NOx [t]	29	0.2	29.2
CO [t]	9.2	0.1	9.3

2.2.2.2 Pollution reduction targets

At present, the Organization has not yet established any measurable targets for pollution reduction and prevention. Nevertheless, Hitachi Rail regularly monitors its performance, through the above-mentioned activities. In particular, the Organization’s air emissions management framework allows the tracking of performance of its sites, locations, and projects. This enables the assessment of its efforts to mitigate pollution.

¹⁰ SOx, NOx and CO values were estimated from the consumption of natural gas and diesel for energy production using EEA emission factors. The emission factors used were those of “Commercial/institutional plants”. Volatile Organic Compounds and Volatile Inorganic Compounds values were aggregated from direct measurements.

2.3

Water

2.3.1 Management of water-related impacts, risks and opportunities

Material impacts pertaining to water consumption, withdrawal and discharge arising from the double materiality process described in the 1. General information chapter are presented in the table below. No material impacts, risks or opportunities related to marine sustainability have been identified.

IRO Description	Business	Value chain	Time horizon	IRO type
Water consumption				
Hitachi Rail, through its activities, makes use of water resources	Vehicles	○ ● ○	Short to medium term	Actual negative impact
Water withdrawals				
Hitachi Rail, in order to conduct its activities, withdraws water resources	Vehicles	○ ● ○	Short to medium term	Actual negative impact
Water discharges				
Hitachi Rail, after the consumption of water for its activities, discharges water.	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain				

2.3.1.1 Water management policies

As of the reporting date, Hitachi Rail does not have a dedicated, standalone policy specifically addressing water management at an organizational level. Nevertheless, environmental matters are generally covered under the Organization’s Health, Safety and Environment (HSE) Policy. This policy provides overarching guidance on environmental stewardship and responsible resource use across operations, as described in chapter 2.1.2.

In addition, many 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. This helps ensure operational-level awareness and control over water-related impacts. Also Hitachi Rail assesses the water footprint of its products through Life Cycle Assessment (LCA) ensuring that water use is considered throughout all relevant stages of the product life cycle. For more details see chapter 2.4.

2.3.1.2 Efforts toward water management

Main Actions	Timeframe	Status
Environmental Critical Risk Controls (eCRC)	Medium term	Ongoing

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. With regard to water-related matters, 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.

**Environmental Critical Risk Controls (eCRC)
(continued)**

The initial phase of the process has involved a limited number of production sites, however the scope of site analysis is expected to broaden over the coming years, as part of Hitachi Rail’s commitment to continuous improvement. The action has been developed based on the principles and frameworks of the EU Taxonomy, specifically the ‘Do No Significant Harm’ criteria, as well as the applicable ISO certifications relating to management systems. Responsibility for the implementation of the action lies with the Health, Safety and Environment (HSE) function of Hitachi Rail.

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.

To minimize the environmental impact of its 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).

Water-related impacts are assessed at business sites through an ISO 14001-certified Environmental Management System. For products, environmental performance is evaluated using internationally recognized LCA methodologies (ISO 14040 and ISO 14044), which help quantify environmental pressures, benefits, trade-offs and opportunities for improvement across the entire life cycle. These assessments also take into account local legal and contractual requirements.

2.3.2 Water - metrics and targets

2.3.2.1 Water consumption, withdrawal and discharge

Water use	Financial perimeter	Control perimeter	Total
Total water consumption [m³]¹¹	70,869	-	70,869
of which 'High Risk' and/or 'High Water Stress' Areas	63,976	-	63,976
Water storage [m³]	660	-	660
of which 'High Risk' and/or 'High Water Stress' Areas	60	-	60

Water recycled/reused	Financial perimeter	Control perimeter	Total
Total water recycled and reused [m³]	515	60	575
of which 'High Risk' and/or 'High Water Stress' Areas	311	-	311

Total water consumption [m³]	70,869
Net revenue (M€)	6,258
Water intensity (m ³ /M€)	11

Water withdrawal	Financial perimeter	Control perimeter	Total
Total water withdrawal [m³]¹²	588,193	171,703	759,896
of which 'High Risk' and/or 'High Water Stress' Areas	451,034	-	451,034

Water discharge	Financial perimeter	Control perimeter	Total
Total water discharge [m³]¹³	517,324	171,703	689,027
of which 'High Risk' and/or 'High Water Stress' Areas	387,058	-	387,058

¹¹ Regarding Total water consumption, 10,969.9m³ belong to GTS.

¹² Regarding Total water withdrawal, 49,935m³ belong to GTS.

¹³ Regarding Total water discharge, 39,238m³ belong to GTS.

The approach to data collection varies depending on the characteristics of each site. Where meters are installed, consumption data is obtained directly from meter readings, ensuring a high level of accuracy. In the case of rented sites where utility bills are available, the reported figures are based on the information provided in those bills. For rented locations where utility costs are managed by the landlord and direct data is not accessible, estimates are made using internal Key Performance Indicators (KPIs), allowing for a consistent and reasonable approximation of consumption.

2.3.2.1 Water reduction targets

At present, Hitachi Rail has set an objective of water usage reduction, intended to support the monitoring of water-related performance, helping to mitigate the Organization's impact on natural resources.

Water usage reduction Base year: FY2019 FY2024 performance: 70,869 m3	2027 target
	-8%
	2030 target
	-10%



2.4

Resource use and circular economy

2.4.1 Management of impacts, risks and opportunities relating to resource use and circular economy

Through the double materiality analysis described in the 1. General information chapter, Hitachi Rail identified the following circular economy-related impacts.

IRO Description	Business	Value chain	Time horizon	IRO type
Resources inflows, including resource use				
Hitachi Rail, in order to build trains and rail infrastructure, increases the market demand for multiple materials and (semi)components	Vehicles / Rail Control	● ● ○	Short to medium term	Actual negative impact
Hitachi Rail, in order to build new trains, participates in the demand of conflict minerals and contribute to their scarcity	Vehicles / Rail Control	● ● ○	Short to medium term	Actual negative impact
Waste				
Hitachi Rail, through its activities, generates hazardous and non hazardous waste that requires appropriate management and disposal	Vehicles / Rail Control	● ● ○	Short to medium term	Actual negative impact
Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain				

2.4.1.1 Circular economy policies

To effectively manage resource inflows and foster circular economy practices, Hitachi Rail has put in place a Conflict Minerals Policy that defines and promotes responsible procurement principles and practices.

Conflict Mineral Policy

The Conflict Mineral Policy, which applies to the entire Business Unit, aims to ensure that the sourcing of materials containing conflict minerals (tin, tantalum, tungsten and gold) and cobalt does not contribute to activities of armed groups, human rights violation, corruption or environmental degradation in conflict-affected and high-risk areas.

The most senior individuals accountable for the implementation of the policy within Hitachi Rail are the Chief Sustainability Officer & Chief Diversity, Equity and Inclusion Officer, and the Chief Procurement Officer.

Hitachi Rail aligns its practices with the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Organization undertakes enhanced due diligence in accordance with this guidance, recognizing the social challenges and the role of businesses in such regions.

In developing and implementing its policy, Hitachi Rail takes into account the interests of key stakeholders, including suppliers and affected communities. Particularly, the Organization continues to engage selected suppliers by requesting disclosure of the country of origin and supply chain of minerals through the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI). Suppliers are also encouraged to source from smelters certified under the Responsible Minerals Assurance Program (RMAP).

The policy is made publicly available to all relevant stakeholders, including those potentially affected and those involved in its implementation, via the Hitachi Rail website.

While the current policy focuses on responsible sourcing of specific minerals, Hitachi Rail acknowledges the importance of reducing reliance on virgin raw materials and may consider, where appropriate, the increased use of secondary (recycled) resources in future developments.

2.4.1.2 Efforts for circularity

In line with circular economy principles, Hitachi Rail has initiated a series of strategic actions aimed at minimizing waste and enhancing material use. These actions also incorporate innovative technologies and sustainable design practices. Initiatives are currently in progress, with varying timeframes, as shown in the table below:

Main Actions	Timeframe	Status
Waste Tracking and Sustainable Disposal Initiatives	Short to Medium term	Ongoing
Circular Economy Transition Project	Short to Medium term	Ongoing
Natural Fiber Composite Material Assessment	Medium term	Ongoing
Rail4Earth	Short to Medium term	Ongoing
Aluminium Carshell Digital Product Passport	Short to Medium term	Ongoing
Integrated Life Cycle Assessment (LCA) program – Vehicles & Rail Control	Short to Medium term	Ongoing
Eco-design Initiatives	Short to Medium term	Ongoing

Waste tracking and sustainable disposal initiatives

Starting from FY24, Hitachi Rail has launched an initiative to centralize the collection of waste data across its manufacturing sites. To ensure consistent monitoring and reporting, waste data is periodically collected through structured engagements with external disposal providers. This initiative helps build a detailed and transparent understanding of waste streams and treatment methods, such as recycling, recovery, reuse, incineration and landfill, with the aim of progressively reducing landfill volumes in collaboration with disposal providers.

As part of this broader effort, specific agreements have been established with Italian waste disposal companies to support the achievement of a zero-landfill target by 2030 for all the manufacturing sites in Italy.¹⁴ Initiated in the current reporting year, this effort is built upon a structured process of waste mapping, treatment assessment and collaborative engagement with disposal providers to identify reduction opportunities and improve treatment routes. Progress is already visible. Naples and Reggio Calabria have reached zero-landfill in FY24, and the Tito site is expected to follow in FY25. Measures to reduce landfill volumes are also underway at Pistoia, starting from FY25.

Beyond Italy, several international facilities, namely Newton Aycliffe, Kasado and Hagerstown, have already attained zero-landfill status. Batesburg is implementing similar practices from 2025 onwards, while the Ground Transportation Systems (GTS) manufacturing sites will join the program from the same year.

Circular economy transition project

Hitachi Rail formally launched a cross-functional initiative to raise awareness among all its stakeholders regarding material inflows and outflows. This had the ultimate goal of strengthening circularity across its operations. The program also supports the achievement of defined sustainability targets and promotes the adoption of circular

design principles that are aligned with the “Design for Sustainability” (D4S) methodology.

Originally initiated within the Italian Vehicle Line of Business in 2021, the program now includes both Vehicles and Rail Control, with GTS joining from FY25 and full integration expected by the following fiscal year.

The core activities undertaken include:

- **Definition** of rules and requirements by the Design Engineering Department and the Manufacturing Department
- **Support** to facilities in drafting procedures and rules for improved waste management and maintenance
- **Review** of GBMS (Global Business Management System) procedures to integrate circular economy requirements
- **Drafting** of “Sustainable Procurement Guidelines” to include specific criteria for suppliers and partners
- **Integration** of ecodesign and circularity requirements into the onboarding process for new suppliers

A key element of the initiative is the collaboration with suppliers of primary raw materials, especially aluminium, contributing to increased recycled content, as well as packaging optimization within the Vehicles Line of Business.

In the coming years, detailed feedback will be provided on the results achieved, including the implementation of new strategies such as refurbishing, remanufacturing, component harvesting, upgrading, reverse logistics and closed-loop systems. In line with this, Hitachi Rail has launched two targeted initiatives that reinforce its 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.

¹⁴ Namely, Naples, Pistoia, Reggio Calabria and Tito.

Circular economy transition project (continued)

1. Increasing circularity of interior components

This initiative promotes the use of more sustainable and recyclable materials in train interiors by replacing traditional glass reinforced plastic (GRP) or fibreglass composites with natural fibre alternatives. Initially developed for specific vehicle components, the program is now being extended to Rail Control and GTS Lines of Business. A pilot is scheduled by the end of FY25, with financial planning to be finalised within the same timeframe.

2. Eurobalise Circularity

Aimed at reducing waste and CO₂ emissions associated with Eurobalise units at end-of-life, this initiative involves a two-phase approach:

1. Feasibility study of circular solutions

2. Evaluation and selection of the most effective option, including:

- Replacement of the Eurobalise shell’s plastic compound with a recycled-content certified material
- Replacement of mineral fillers with natural-origin fibres
- Reuse of Eurobalise shells in new products.

As a cross-cutting product, the initiative engages all Lines of Business globally, involving internal teams (Product Development, Facilities, Manufacturing and Procurement) and external stakeholders (plastic suppliers and customers).

The action plan foresees the development of the business case throughout FY25, followed by the design and implementation of the selected solution between FY26 - FY30.

Best practice

Natural fibre composite material assessment

Hitachi Rail has launched a feasibility study to assess the potential replacement of fibreglass materials used in the Rail Contacts of the Axle Counter System with a natural fibre composite. The initiative aims to evaluate the environmental benefits of using renewable resources and improving end-of-life recyclability, alongside economic and social considerations.

The initiative is being carried out by the German unit of Ground Transportation Systems (GTS) and is scheduled to run from May to November 2025. The expected outcome is a formal recommendation on whether to proceed with the proposed material or to explore alternative solutions.



Launched in 2022, with key milestones scheduled through November 2026, the initiative targets a 30% reduction in CO₂ emissions and aims to extend the operating range of battery-powered trains to 120km.

Rail4Earth

Hitachi Rail is actively contributing to the Rail4EARTH program, under the European Union Rail Joint Undertaking, with direct investment in the development of Energy Storage Systems (ESS) technologies for Battery Electric Multiple Units (BEMUs). Integrating circular economy design principles into the development of new rolling stock platforms.

Launched in 2022, with key milestones scheduled through November 2026, the initiative targets a 30% reduction in CO₂ emissions and aims to extend the operating range of battery-powered trains to 120km. This will be achieved by refurbishing diesel-powered Electric Multiple Units (EMUs) and replacing them with zero-emission Battery EMUs.

This action is specifically targeted at Hitachi Rail and relates solely to R&D and engineering activities focused on the development and demonstration of Energy Storage Systems (ESS) for Battery Electric Multiple Units (BEMU). It does not extend to the entire Business Unit, only to the entities directly engaged in these R&D efforts.

During the reporting period FY22–FY24, Hitachi Rail achieved key milestones in its initiative. The design phase for the battery-powered train prototypes and interior components has been successfully completed, while testing activities for the Energy Storage Systems are currently ongoing. This marks a key step forward in the implementation of the action plan.

The core implementation of the action plan involves substantial R&D expenditure and capital investment in prototyping and testing facilities, partially supported by funding from the EU Rail Joint Undertaking program.

Best practice

Aluminium car shell Digital Product Passport (DPP)

This pilot project aims to develop a fully functional Digital Product Passport (DPP) for aluminium used in Hitachi Rail train cars. The DPP will enable traceability of materials and tracking of CO₂ emissions across the supply chain. This directly supports Hitachi Rail’s sustainability objectives by enhancing Scope 3 emissions reporting, improving supply chain transparency and preparing for compliance with the forthcoming Eco-design for Sustainable Products Regulation (ESPR). The initiative also contributes to digital maturity through the implementation of a traceability platform and promotes alignment of supplier practices with emerging EU policies on circular economy and responsible sourcing.

In general, a DPP enhances resource efficiency by providing full visibility into material composition, origin and processing. This transparency enables manufacturers to reduce the use of critical raw materials (CRMs), design for reuse and recycling and support the targeted recovery of rare earth elements. It also facilitates the optimization of water and energy use throughout the supply chain. Furthermore, the DPP supports compliance with EU legislation such as the Critical Raw Materials Act and encourages more sustainable procurement and end-of-life strategies. Finally, it provides detailed information on material content and processing history, allowing manufacturers to identify and verify high-quality secondary raw materials. This supports the integration of recycled content into new products by ensuring compliance and simplifying sourcing.

The DPP pilot lays the groundwork for circular design by offering visibility into the composition, origin and carbon footprint of aluminium components. By capturing and structuring life cycle data, the DPP will inform design decisions that prioritize durability, disassembly and material recovery. This level of transparency enables higher rates of reuse, repair, refurbishment, remanufacturing, repurposing and recycling, equipping future operators, service teams and recyclers with the information needed to manage

components efficiently at end of life. Over time, this approach will support Hitachi Rail’s transition towards more circular manufacturing and maintenance models.

The pilot focuses on the upstream value chain, beginning with the Tier 1 supplier, through an intermediate supplier, and concluding at Hitachi Rail’s manufacturing site in Pistoia, Italy. The action involves data integration and active engagement with external stakeholders, particularly suppliers, who are required to participate in the traceability program. Participation of internal stakeholders is also essential and includes the following functions: Sustainability, Procurement, Production, and IT.

At this stage, the pilot is limited to the specific entities and components involved and does not yet apply to the entire Business Unit or supplier partners responsible for data input and compliance.

The pilot is planned to run over a 12-month period, during which the flow of aluminium components will be tracked from supplier to final assembly at the Pistoia facility. A complete DPP for a train car will be delivered within this timeframe, with the platform and data reporting capabilities available throughout. Any necessary updates or refinements to the DPP will be managed collaboratively during the pilot.

Integrated Life Cycle Assessment (LCA) program – Vehicles & Rail Control

As part of its broader commitment to environmental sustainability, Hitachi Rail has adopted Life Cycle Assessment (LCA) as a core methodology to evaluate and reduce the environmental impact of products throughout their entire life cycle. This includes raw material extraction through to end-of-life disposal. The program generally involves key internal stakeholders, including manufacturing, product development, supply chain and facility management teams.

Vehicles

A dedicated LCA project is implemented annually for every new product developed. Throughout 2024, eco-design principles were applied to 100% of new products developed. The Line of Business is actively committed to advancing LCA methodologies and models with the aim of improving their quality, granularity and accuracy, to ensure that product environmental impacts are evaluated more effectively.

Rail Control

Initially focused on European products, the LCA program will be progressively extended to global operations. The primary objective will be to identify the most carbon-intensive stages across a diverse portfolio of products and to implement measures to reduce their environmental impact. The current action plan defines the application of LCA methodology over a medium-term horizon spanning FY24 to FY27, with assessments scheduled as follows:

- **2024:** Eurobalise, Interlocking and Radio Block Center (RBC) - (completed)
- **2025:** FDC-3G and Communications-Based Train Control (CBTC)
- **2026:** Onboard unit
- **2027:** Prime Management System

As part of the Rail Control Line of Business, Ground Transportation Systems (GTS) is also actively contributing to the broader LCA program. While aligned with the overall Rail Control strategy, the GTS initiative focuses on specific product groups and market segments, providing additional granularity and operational insights.

In FY25, LCAs are planned for four representative products or product groups, each corresponding to a different market segment (e.g. Field Element Controller Unit and Point Machine for main line Signalling). The initiative is expected to result in actionable recommendations to improve product sustainability and promote wider adoption of LCA principles across the GTS.

Integrated Life Cycle Assessment (LCA) program – Vehicles & Rail Control (continued)

To strengthen its commitment to reducing the environmental impact of its products – built upon a robust Life Cycle Assessment (LCA) methodology – Hitachi Rail has also initiated processes towards achieving the following certifications.

Best practice

BSI PAS 2080 certification

Hitachi Rail has achieved and renewed the BSI PAS 2080 certification for the High Speed 2 Train, a globally recognized standard for carbon management in infrastructure. Initially obtained in FY22 and renewed in 2023, the certification was successfully renewed again during 2024. This demonstrates the Organization’s ongoing commitment to reducing carbon emissions across the entire value chain through collaborative, data-driven and life cycle-based strategies.

Product Carbon Footprint certification

In parallel, during the reporting year, Hitachi Rail launched the process to obtain Product Carbon Footprint certification in accordance with the ISO 14067 standard. This initiative, involving the Vehicles Line of Business,¹⁵ is expected to conclude in FY26. Although the formal certification and validation process is yet to begin, throughout the reporting year Hitachi Rail has already defined key internal rules required by the standard, including:

- The definition and integration of a Vehicle Life Cycle Assessment (LCA) procedure to incorporate Product Carbon Management
- The iterative management of LCA across three different design stages to enhance the environmental performance of products
- The release of Environmental Product Declarations (EPDs) for the most valuable projects

Eco-design Initiatives

Hitachi Rail is committed to leading the transition towards sustainable and energy-efficient rail infrastructure. Through the integration of advanced eco-design principles, the Organization seeks to reduce environmental impact, enhance product reliability and optimize life cycle costs across its portfolio. This strategy supports the “zero-infrastructure” program and addresses the evolving expectations of infrastructure managers, particularly in environmentally sensitive markets. By combining innovation, collaboration and digital solutions, Hitachi Rail is shaping a future where sustainability and performance go hand in hand.

This strategic vision is being implemented through three complementary focus areas, each contributing to the Business Unit’s broader environmental and operational goals.

Eco-design passive cooling

This initiative aims to develop a more energy-efficient solution that aligns with Hitachi Rail’s “zero-infrastructure” program and addresses the expectations of infrastructure managers, particularly in markets with heightened sensitivity to environmental performance (e.g. Australian Rail Track Corporation, ARTC). Beyond its environmental advantages, the project seeks to improve the reliability of electronic systems installed in outdoor environments. The design preserves the existing product and application framework, including installation conditions, spatial constraints, cable access, internal accessibility and maintenance procedures. The integration of passive heat dissipation is expected to deliver the following benefits:

- Enhanced thermal performance, with reduced temperature fluctuations over a 24-hour cycle within the cabinet housing the electronics.
- Improved reliability and system availability, as stable internal temperatures contribute to a higher Mean Time Between Failures (MTBF) for electronic components.

- Maintenance optimization, achieved by eliminating fans and external air exchange, thereby reducing internal contamination and removing the need for air filters.
- Lower life cycle costs, with initial investment offset by long-term savings in equipment, energy consumption and maintenance.

The technical scope includes the study, analysis, definition and validation of an outdoor cabinet design that incorporates passive heat dissipation, removing the need for active cooling components such as fans. This approach mitigates issues related to energy use, limited component lifespan and maintenance complexity.

The project is global in scope and involves both internal and external stakeholders.

The first phase, focused on wayside outdoor cabinets, is scheduled for completion in FY25 and the action plan includes:

- Completion of final design and performance validation, including Life Cycle Assessment (LCA) and brand image benefits for Hitachi Rail
- Prototype production
- Performance verification

A second phase, targeting wayside shelters, will extend throughout 2027.

To achieve these objectives and further enhance the energy efficiency of wayside equipment, Hitachi Rail is also implementing a patentable intelligent management system based on shutdown or standby techniques during periods of no train circulation.

¹⁵ It does not include operations based in Japan.

Eco-design Initiatives (continued)

The goal is to verify the patentability of a wayside equipment management system based on shutdown or standby techniques in the absence of train circulation. The solution aligns with Hitachi Rail’s “zero-infrastructure program” and could enable further energy savings and environmental benefits. The system is designed to:

- Reduce energy consumption during idle periods
- Extend the lifespan of electronic components by limiting unnecessary operation
- Support infrastructure managers in achieving sustainability targets

The activity, set for implementation by the end of FY25, covers the whole Business Unit and involves key stakeholder groups.

Eco-design community of practice

The establishment of an interdisciplinary Eco-design Community of Practice is intended to foster shared methodologies, a unified knowledge base and best practices aimed at enhancing the environmental performance of Hitachi Rail’s products and solutions. The initiative supports both regulatory compliance and broader sustainability objectives. The community operates as a flexible and open collaboration platform, addressing common priorities. Structured and regular exchanges enable contributions to emerging global sustainability topics.

This activity, currently implemented within Ground Transportation Systems (GTS), does not have a predefined duration, but runs on a continuous basis through regular meetings, workshops and similar activities. It benefits from dedicated funding and may be extended to other Lines of Business in the future.

Eco-design software solution

GTS has also initiated a tender for the acquisition of an Eco-design Software Solution, designed to meet the requirements of all Hitachi Rail Lines of Business, with

initial deployment within GTS. A long-term partner has been selected to support GTS in fulfilling legal obligations related to substance restrictions (e.g. RoHS, REACH) and to enable the collection of sustainability data across the supply chain. This data will inform product improvements and support Life Cycle Assessments (LCAs). The software will also include functionality to track and report recycled content within the Product Bill of Materials.

The initiative is applicable to the GTS Line of Business, with a go-live date scheduled for October 2025. Additional functionalities will be progressively introduced over the following three years.

During FY24, the pilot phase was successfully completed, encompassing global procurement activities, supplier negotiations and IT infrastructure assessments. Integration and automation of the software has also commenced.

GTS has also begun exploring circularity through two key initiatives focused on virtualisation and digitalization:

1. Virtualisation in Communications-Based Train Control (CBTC) Systems

Within CBTC systems, certain non-vital functions such as Automatic Train Supervision (ATS) have been virtualised. In earlier generations of this solution, multiple physical servers were required, each dedicated to a specific function. These have been consolidated through virtualisation, enabling them to operate on fewer physical machines. This reduces hardware requirements, lowers energy consumption and simplifies system architecture. Ultimately enhancing scalability, resilience and sustainability.

2. Sensor Fusion for Track Vacancy Confirmation

Sensor fusion is an advanced railway signalling approach that combines traditional trackside sensors (e.g. axle counters) with onboard train localization and integrity monitoring systems. This integration improves the accuracy and reliability of train positioning and supports the digitalization of railway infrastructure. By incorporating these innovations, such as moving block and fixed virtual block functionalities (currently being implemented in PIPC and the Radio Block Center (RBC), the number of physical trackside components can be significantly reduced, while maintaining or even increasing network capacity.

3. HMAX (Hyper Mobility Asset Expert)

To help transport operators manage rising energy and maintenance costs while supporting decarbonization goals, Hitachi Rail developed HMAX, a digital solution that optimizes 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.

2.4.2 Resource use - metrics and targets

2.4.2.1 Materials used and waste generated

Materials and substances	Financial perimeter
Material - Aluminium	8,750
of which new material [t]	6,497
of which recycled material [t]	2,253
of which recycled material [%]	25.8%
Material - Steel	534
of which new material [t]	505
of which recycled material [t]	30
of which recycled material [%]	5.6%
Material - Copper	323
of which new material [t]	312
of which recycled material [t]	10
of which recycled material [%]	3.2%
Material - Iron	4
of which new material [t]	0
of which recycled material [t]	4
of which recycled material [%]	100%
Liquefied compressed gases	963
Liquefied compressed gases - nitrogen [t]	96
Liquefied compressed gases - argon [t]	705
Liquefied compressed gases - carbon dioxide [t]	0
Liquefied compressed gases - oxygen [t]	100
Liquefied compressed gases - OTHER	63

Materials and substances	Financial perimeter
Paints (water based) [t]	2,958
Oil [t]	75
Glues and adhesives [t]	31,316
Biological materials [t]	0
Biological materials [%]	0.0%
Other - not specified	0
TOTAL - Overall total weight of products and technical and biological materials used during the reporting period	44,923
Total Recycled materials [t]	2,298
Total Recycled materials [%]	5.1%

Products offered by Hitachi Rail can be distinguished according to its different lines of business, namely Vehicles and Rail Control.

Vehicles

The Vehicles Line of Business focuses on rolling stock products, including metro and tram systems (mass transit), regional and intercity trains (mainline) and high-speed trains (HST). The typical lifespan of rolling stock is approximately 30-35 years, although this may vary depending on customer requirements and market conditions. This lifespan can range from between 20-40 years. The average expected durability of these products is consistent with comparable offerings on the market.

Product reparability is guided by internal engineering standards and tailored to customer specifications. Each customer defines performance criteria related to usage, maintenance, and reparability of the rolling stock systems.

The average recyclable content rate is 95%, excluding packaging materials. As previously described, for each new project, Hitachi Rail develops a Carbon Management Plan that includes a Life Cycle Assessment (LCA) across all design phases. This iterative process aims to optimize environmental performance by the final design stage. Key aspects assessed include:

- Environmental impacts (e.g. carbon footprint, resource use and pollution potential)
- Recyclability and recoverability
- Use of recycled materials
- Circularity of material flows

Rail Control

With Rail Control products, the portfolio includes onboard signalling products for mainline applications, interlocking systems, Communications-Based Train Control (CBTC) systems, Eurobalises and Wayside central and peripheral posts.

Products resulting from the Organization's production processes are developed in alignment with circular economy principles. This means they are purposefully designed to be durable, repairable and disassemblable, thereby supporting long-term sustainability and facilitating efficient maintenance. Each of these systems is engineered with a focus on extending product life cycles, facilitating component reuse and enabling efficient end-of-life material recovery.

The expected durability of Rail Control products is generally **20 years**, with **Eurobalises** reaching up to **25 years**.



Reparability is designed to be efficient, with average repair times of approximately **4 hours**, based on internal benchmarks and customer expectations.

While a complete assessment of recyclable content for Rail Control products is still in progress, efforts are underway to collect and analyze relevant data.

Data sources include direct measurements where available, and indirect estimates based on established databases (e.g. Ecoinvent).

Environmental and circularity assessments are conducted using recognized standards, including:

Below is the information on expected durability of the main Hitachi Rail products.

- ISO 14040 and ISO 14044 for Life Cycle Assessment (LCA)
- Global standard for environmental product declarations, EN 15804+A2
- Product Category Rules (PCRs)
- Internal procedures that define criteria for circular product design

Line	Product	Expected durability of the product	Expected durability of the same average product on the market
Vehicles	Mass Transit Products (Tram & Metro Systems)	30	30
Vehicles	Main line (Regional and Intercity Trains)	30	30
Vehicles	High Speed Trains	30	30
Rail Control	Onboard signalling product mainline	20	20
Rail Control	Interlocking system	20	20
Rail Control	CBTC system	20	20
Rail Control	Eurobalise	25	25

Waste	Financial perimeter	Control perimeter	Total
Diverted from disposal			
Total [t]	9,507	5,020	14,527
Hazardous waste [t]	167	172	340
Preparation for reuse [t]	0.6	-	0.6
Recycling [t]	116	172	289
Other recovery operations [t]	51	-	51
Non Hazardous waste [t]	9,340	4,848	14,188
Preparation for reuse [t]	65	397	462
Recycling [t]	7,334	4,451	11,784
Other recovery operations [t]	1,942	-	1,942
Disposal			
Total [t]	2,097	-	2,097
Hazardous waste [t]	543	-	543
Incineration [t]	378	-	378
Landfill [t]	0.4	-	0.4
Other disposal operations [t]	164	-	164
Non Hazardous waste [t]	1,555	-	1,555
Incineration [t]	286	-	286
Landfill [t]	846	-	846
Other disposal operations [t]	423	-	423
Total waste			
Total waste [t]¹⁶	11,605	5,020	16,625
Of which total radioactive waste [t]	-	-	-

Not recycled waste	Financial perimeter	Control perimeter	Total
Total - Not Recycled [t]	4,155	397	4,552
Total - Not Recycled [%]	35.8%	7.9%	27.4%

¹⁶ Regarding Total waste, 766.1 t belong to GTS.

Hitachi Rail generates a diverse range of waste materials across operations, reflecting both administrative and industrial activities. In office environments, waste primarily consists of paper, plastics and general refuse, including materials largely derived from biomass and synthetic polymers. These are typical of conventional domestic waste streams.

At production sites, the waste profile is more complex and includes mixed-material packaging, plastic and paper waste, wood, metal scraps, paints, residual oils and electronic components. The handling of specific waste types, such as mixed-material packaging, can differ significantly between locations, reflecting local infrastructure and contractual arrangements.

The methodology used to compile waste data is adapted to the operational context of each site. At locations where waste is self-managed, such as manufacturing facilities and main offices, data is sourced directly from documentation provided by waste disposal contractors. This ensures accuracy through direct measurement. In contrast, at leased sites where waste is managed by landlords and direct data is unavailable, waste quantities are estimated using internal Key Performance Indicators (KPIs).

2.4.2.2 Circular economy targets

At present, Hitachi Rail has set an objective to achieve zero landfill waste across the majority of its manufacturing sites, in an attempt to promote circularity and reduce the Organization's impacts on natural resources.

Percentage of manufacturing sites achieving zero landfill waste Base year: N/A FY2024 performance: 97%	2027 target
	95%
Landfill waste Base year: N/A	2030 target
	Zero
New products Base year: N/A FY2024 performance: N/A	2027 target
	Life Cycle Assessment (LCA) for new Product Development; Eco-design application for all new products



The European Taxonomy

The European Taxonomy (“Taxonomy”), introduced by Regulation (EU) 852/2020 and in force since January 1, 2022, is a classification system for environmentally sustainable economic activities.

The purpose of the Taxonomy is to ensure the reliability, consistency, and comparability of sustainable economic activities to protect private investors from greenwashing, assist companies in the sustainable transition, mitigate market fragmentation, and bridge the sustainable investment gap.

Taxonomy has established six objectives for identifying sustainable economic activities:

- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Transition to a circular economy,
- Pollution prevention and control,
- Protection and restoration of biodiversity and ecosystems.

For each environmental objective, a list of relevant economic activities has been established. When a business activity fits the description of an economic activity, it is considered Taxonomy-eligible. To be in line with the EU Taxonomy, the activity must substantially contribute to, at least, one of the environmental objectives, while simultaneously not causing significant harm to the others. Therefore, to be sustainable, an activity must satisfy both the Substantial Contribution (SC) criteria and the Do No Significant Harm (DNSH) criteria, collectively known as the Technical Screening Criteria (TSC). Additionally, the Organization must adhere to Minimum Social Safeguards (MS), specific requirements upholding social and governance principles.

During 2021, the Delegated Act on climate change was published, along with its Annexes I and II, related to the first two objectives of the Taxonomy: Climate Change Mitigation and Climate Change Adaptation. These Annexes identify the eligible economic activities, i.e. included within the scope defined by the EU Taxonomy, and define the related technical screening criteria, according to which it is possible to determine whether an economic activity is taxonomy-aligned, i.e. sustainable, to the first two objectives.

With the publication of the new Environmental Delegated Act in 2023, the Annexes referring to the four remaining objectives were published, broadening the list of economic activities included in the Taxonomy.

The Article 8 of Regulation 852/2020 specifically requires companies subject to the obligation to publish, starting from January 1, 2022, information on how and to what extent their activities are sustainable, according to the European Taxonomy. This measure must be expressed both qualitatively and quantitatively, the latter in terms of revenue (Turnover), capital expenditure (CapEx), and operational expenditure (OpEx).

Hitachi Rail, as an active member of the UNIFE European Railway Association, and associated Sustainable Transport Committee, contributed to the development of a joint statement with other rail sector associations and updated the position paper on the EU Taxonomy.

2.5.1 Eligibility analysis

Although not yet subject to the regulation, Hitachi Rail decided to voluntarily carry out the Taxonomy eligibility assessment for FY23 in anticipation of the entry into force of the Corporate Sustainability Reporting Directive (CSRD).

For FY24, the previous eligibility analysis has been updated, specifically in terms of perimeter. In fact, the perimeter of the Taxonomy disclosure corresponds to the reporting perimeter defined by the Business Unit for compliance with the CSRD. The perimeter corresponds to the area of consolidation of Hitachi Rail Ltd. Hitachi Rail Ltd reports consolidated sustainability information under EU Taxonomy and CSRD in order to exempt its subsidiaries from disclosure. It is essential to note that the 2023 voluntary disclosure included a broader scope of activities and legal entities following a precautionary approach. The legal entities included in the FY23 Report that were not directly consolidated by Hitachi Rail Ltd are, therefore, excluded from the CSRD Report.

Moreover, the initial assessment of Hitachi Rail’s business did not take into consideration the acquisition of GTS, which has been finalized in July 2024. In order to account for the finalization of the acquisition and integration in Hitachi Rail’s business, GTS is included in the current eligibility analysis.

Hitachi Rail operates in the transport sector, offering solutions in 3 different businesses, as illustrated below:

- **Vehicles:** trains and components manufacturing;
- **Rail control:** signalling and traffic management systems, operations, service and maintenance;
- **Smart Mobility:** ticketing and intelligent mobility solutions.

The activities carried out by GTS fall broadly into the Rail Control and Smart Mobility businesses of Hitachi Rail. Specifically, GTS provides solutions for mainline and regional rail, in addition to ticketing solutions for urban transport, including manufacturing of ticketing machines.

Outlined below are the activities considered eligible in accordance with the provisions of the Regulation.

EU Taxonomy sector	3. Manufacturing		8. Information and Communication	
EU Taxonomy activity	3.19. Manufacture of rail rolling stock constituents	3.3. Manufacture of low carbon technologies for transport	6.14. Infrastructure for rail transport	8.1. Data processing, hosting and related activities
Activities description	Manufacture, installation, technical consulting, retrofitting, upgrade, repair, maintenance, and repurposing of products, equipment, systems, and software related to the rail constituents detailed in <u>Point 2.7 of Annex II to Directive (EU) 2016/797</u> . These constituents and services are essential to the environmental performance, operation and functioning over the lifetime of rail rolling stock that comply with Section 3.3. of this Annex.	Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of low carbon transport vehicles, rolling stock and vessels.	Construction, modernisation, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products.	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centers , including edge computing.
Hitachi Rail's activities	Manufacture of train components	Manufacture and maintenance of trains	Construction and maintenance of infrastructure and system for rail transport	Integration, elaboration and management of data for digital solutions
Hitachi Rail's line of business	Vehicles		Smart Mobility	

2.5.2 Alignment analysis

As part of its proactive commitment to transparency and preparedness for future regulatory developments, Hitachi Rail has voluntarily conducted a preliminary assessment of the alignment of its economic activities with the EU Taxonomy criteria for FY24.

This initiative reflects the company's forward-looking approach and dedication to sustainability. Hitachi Rail is fully committed to sharing the comprehensive results of the Taxonomy assessment in future reporting cycles, thereby reinforcing its dedication to sustainability and responsible governance.



2.5.3 Taxonomy KPIs disclosure

The KPIs specified in the Taxonomy cover Turnover, CapEx and OpEx. This allows a quantitative representation of Taxonomy eligible/aligned activities, by presenting the share of each KPI corresponding to such activities.

In order to represent the indicators, the Regulation requires the use of specific templates, provided in Annex V of Delegated Regulation 2023/2486 amending Delegated Regulation 2021/2178, as well as the templates included in the EU Delegated Regulation 2022/1214 regarding economic activities in certain energy sectors.

For FY24, Hitachi Rail has updated its eligibility assessment, including the KPI calculation. In light of the voluntary nature of this first assessment, the data presented below have been subject to a few limitations, due to the availability of information. Nonetheless, Hitachi Rail is working to enhance the level of granularity for future disclosures.

2.5.3.1 Turnover

Definition and reconciliation

The proportion of Taxonomy-eligible turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible/aligned economic activities (numerator) divided by net turnover (denominator) for the Fiscal Year ended March 31, 2025.

The Turnover for the Organization amounts to €6,258 million euros with an eligibility rate of 100%.

2.5.3.2 CapEx

Definition and reconciliation

The Taxonomy-eligible/aligned CapEx reflects the ratio of CapEx deriving from eligible/aligned activities (numerator) to total CapEx (denominator). In particular, the denominator of the CapEx KPI comprises the increases in tangible and intangible assets during the year before depreciation, amortization, write-downs and write-backs, including those deriving from business combinations.

The eligible/aligned portion of CapEx includes capital expenditure relating to assets or processes associated with Taxonomy-eligible economic activities (category a.) pursuant to section 1.1.2.2. Annex I Delegated Regulation art. 8). For fiscal year 2023 no CapEx related to a plan (“CapEx plan”), intended to enable Taxonomy-eligible economic activities to become aligned, nor related to the purchase of products deriving from Taxonomy-eligible economic activities were identified.

The allocation of CapEx to eligible activities was performed by considering CapEx directly attributable to the corresponding activities. CapEx not directly related to the business activities (for example cross-cutting investment) were not included in the eligibility KPI in order to ensure the robustness of the data.

The CapEx for the Organization amounts to 178 million euros with an eligibility rate of 68%.

2.5.3.3 OpEx

Definition and reconciliation

The Taxonomy-eligible/aligned OpEx reflects the proportion of eligible OpEx with respect to the total OpEx. For the purpose of this analysis, only OpEx connected to R&D were considered, as they are the most representative cost items from the shortlist of costs provided by the Taxonomy under the OpEx KPI. OpEx were then allocated to the identified economic activities associated with the main business activities.

The OpEx for the BU amounts to 134 million euros with an eligibility rate of 100%.

The templates for the representation of the Turnover, CapEx and OpEx indicators are shown below.



Table 1 - Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering FY 2024

Financial year 2024				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						MS Y / N	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year 2023 %	Category enabling activity E	Category transitional activity T
Economic Activities	Code	Turnover mInEUR	Proportion of Turnover, year 2024	(1) Y; N; N/EL	(2) Y; N; N/EL	(3) Y; N; N/EL	(4) Y; N; N/EL	(5) Y; N; N/EL	(6) Y; N; N/EL	(1) Y / N	(2) Y / N	(3) Y / N	(4) Y / N	(5) Y / N	(6) Y / N				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
Of which Enabling		-	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-
Of which Transitional		-	%	-						-	-	-	-	-	-	-	-	N/A	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3 CCA 3.3	2,426	39%	EL	EL	N/EL	N/EL	N/EL	N/EL									58%	
Manufacture of rail rolling stock constituents	CCM 3.19	85	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									1%	
Infrastructure for rail transport	CCM 6.14 CCA 6.14	3,742	60%	EL	EL	N/EL	N/EL	N/EL	N/EL									41%	
Data processing, hosting and related activities	CCM 8.1 CCA 8.1	4	0%	EL	EL	N/EL	N/EL	N/EL	N/EL									0%	
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,258	100%	100%	0%	0%	0%	0%	0%									100%	
A. Turnover of Taxonomy eligible activities (A1+A2)		6,258	100%	100%	0%	0%	0%	0%	0%									100%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		0	0%																
TOTAL		6,258	100%																

Table 2 - Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering FY24

Financial year 2024				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023 %	Category enabling activity E	Category transitional activity T	
Economic Activities	Code	CapEx mlnEUR	Proportion of CapEx, year 2024	(1) Y; N; N/EL	(2) Y; N; N/EL	(3) Y; N; N/EL	(4) Y; N; N/EL	(5) Y; N; N/EL	(6) Y; N; N/EL	(1) Y / N	(2) Y / N	(3) Y / N	(4) Y / N	(5) Y / N	(6) Y / N				MS Y / N
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	%	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
Of which Enabling		-	%	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	
Of which Transitional		-	%	-						-	-	-	-	-	-	-	N/A	-	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity E	Category transitional activity T
Manufacture of low carbon technologies for transport	CCM 3.3 CCA 3.3	89	50%	EL	EL	N/EL	N/EL	N/EL	N/EL								50%		
Infrastructure for rail transport	CCM 6.14 CCA 6.14	29	16%	EL	EL	N/EL	N/EL	N/EL	N/EL								19%		
Data processing, hosting and related activities	CCM 8.1 CCA 8.1	3	2%	EL	EL	N/EL	N/EL	N/EL	N/EL								2%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		121	68%	68%	0%	0%	0%	0%	0%								71%		
A. Turnover of Taxonomy eligible activities (A1+A2)		121	68%	68%	0%	0%	0%	0%	0%								71%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		57	32%																
TOTAL		178	100%																

Table 3 - Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering FY24

Financial year 2024				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023 %	Category enabling activity E	Category transitional activity T	
Economic Activities	Code	OpEx mlnEUR	Proportion of OpEx, year 2024	(1) Y; N; N/EL	(2) Y; N; N/EL	(3) Y; N; N/EL	(4) Y; N; N/EL	(5) Y; N; N/EL	(6) Y; N; N/EL	(1) Y / N	(2) Y / N	(3) Y / N	(4) Y / N	(5) Y / N	(6) Y / N				MS Y / N
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	%	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
Of which Enabling		-	%	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	-	
Of which Transitional		-	%	-						-	-	-	-	-	-	-	N/A	-	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity E	Category transitional activity T
Manufacture of low carbon technologies for transport	CCM 3.3 CCA 3.3	16	12%	EL	EL	N/EL	N/EL	N/EL	N/EL								38%		
Infrastructure for rail transport	CCM 6.14 CCA 6.14	106	79%	EL	EL	N/EL	N/EL	N/EL	N/EL								56%		
Data processing, hosting and related activities	CCM 8.1 CCA 8.1	12	9%	EL	EL	N/EL	N/EL	N/EL	N/EL								5%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		134	100%	92%	0%	0%	0%	0%	0%								100%		
A. Turnover of Taxonomy eligible activities (A1+A2)		134	100%	100%	0%	0%	0%	0%	0%								100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		0	0%																
TOTAL		134	100%																

Proportion of turnover/Total turnover		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	100%
CCA	0%	99%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	68%
CCA	0%	68%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	100%
CCA	0%	100%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 4 - Nuclear and fossil gas related activities

Row	Nuclear energy related activities	YES/NO
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Social information

In this section

- | | | |
|-----|---|----|
| 1.1 | Own workforce | 57 |
| 2.2 | Value chain workers and workers of operational control legal entities | 80 |
| 3.3 | Customers | 89 |



3.1

Own workforce

3.1.1 Management of people-related impacts, risks and opportunities

Material impacts, risks and opportunities relating to Hitachi Rail’s workforce have been identified in accordance with the process described in the 1. General information chapter and are summarized in the table below.

IRO Description	Business	Value chain	Time horizon	IRO type
Working conditions				
Hitachi Rail, by operating worldwide and employing the majority of its workers with open-ended contracts, participates in the creation of stable jobs in the railway sector	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Hitachi Rail, with particular reference to lightly regulated regions, might rely on temporary workers and workers who are not employees and are not guaranteed of stable and continuous incomes	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Potential negative impact
Hitachi Rail, with particular reference to lightly regulated regions, notwithstanding the implementation and controls related to the amounts of hours worked, might register episodes of extended working hours	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Potential negative impact
Hitachi Rail, in the management of its human resources, registers pay disparities across job categories	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
Hitachi Rail, with particular reference to lightly regulated regions that lack union representations, registers lack of union representation underestimating the importance of the promotion of the freedom of associations	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
Hitachi Rail, with particular reference to lightly regulated regions, fails to cover a significant percentage of its workers with collective bargain agreements	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
Flexible schedules improving work-life balance	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to long term	Potential positive impact

IRO Description	Business	Value chain	Time horizon	IRO type
Hitachi Rail workers, especially those involved in demanding tasks such as train maintenance and infrastructure management, can suffer injuries from interaction with heavy machinery or exposure to harsh operating conditions.	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual negative impact
High health and safety standards might be effective strategies to attract and retain professionals thus improving productivity	Vehicles / Rail Control / Smart Mobility	○ ● ○	Medium to long term	Opportunity
Poor health and safety practices may lead to higher accident rates and legal liabilities	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Risk

Equal treatment and opportunities for all

Hitachi Rail might participate in the possible occurrence of discrimination between genders, including the perpetuation of the gender pay gap	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Potential negative impact
Failure to address gender inequality can harm the company’s reputation and lead to talent loss	Vehicles / Rail Control / Smart Mobility	○ ● ○	Medium to long term	Risk
Hitachi Rail, by employing people with disabilities in its workforce, contributes to offering equal treatment and opportunities to all, generating a positive impact of the inclusiveness of society	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Excluding people with disabilities can lead to discrimination claims and reputational damage	Vehicles / Rail Control / Smart Mobility	○ ● ○	Medium to long term	Risk
Hitachi Rail, with particular reference to lightly regulated regions, might fail to prevent episodes of violence and harassment of physical, psychological or verbal nature	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Potential negative impact
Hitachi Rail, through the development of training opportunities, contributes to the development of employees' skills aimed at professional growth	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Hitachi Rail, through the implementation of policies, sensibilization initiatives and the creation of a supporting network, aims at promoting and protecting the diversity of its workforce	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Hitachi Rail, with particular reference to lightly regulated regions, might fail to prevent and mitigate all discrimination episodes.	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Potential negative impact
Lack of diversity initiatives may result in employee dissatisfaction and reputational risks	Vehicles / Rail Control / Smart Mobility	○ ● ○	Medium to long term	Risk

Legend	● ○ ○ Upstream value chain	○ ● ○ Own operations	○ ○ ● Downstream value chain
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General

Environment

Social

Governance

IRO Description	Business	Value chain	Time horizon	IRO type
Hitachi Rail, through its employee engagement activities, boosts productivity and reduces the turnover rate of its employees	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to long term	Actual positive impact
Gaps in digital talent retention in the workforce	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to long term	Actual negative impact
Low employee engagement may lead to talent loss and reduced productivity	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Risk
Other work-related rights				
Hitachi Rail, by referring to the major international work standards, prohibits to hire and engage children as workers in the conduction of its construction and development activities	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Hitachi Rail, by referring to the major international work standards, prohibits to hire and engage people in regimes of forced labor in the conduction of its construction and development activities.	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain				

3.1.1.1 Policies for a thriving workplace



Hitachi Rail has put a range of policies in place 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.

Human Rights Policy

Hitachi Rail’s Human Rights Policy reaffirms the Organization’s unwavering commitment to respecting human rights across the entire value chain. The policy also aims to promote equal opportunities and eliminate discrimination in:

- Racial and ethnic origin
- Color
- Sex and sexual orientation
- Gender identity
- Disability
- Age
- Religion
- Political opinion
- National extraction or social origin
- Other forms

This responsibility applies to all officers and employees, and the Organization expects its business partners to uphold the same standards. In instances of non-compliance, appropriate remedial measures are taken.

Responsibility for respecting human rights is entrusted to the Chief Sustainability Officer and Chief Diversity, Equity & Inclusion Officer, and the Chief Human Resources Officer. These executives are also responsible for promoting human rights initiatives in line with the policy. Relevant actions are reviewed by the BU Sustainability Committee and escalated to the BU Board of Directors, where appropriate.

The Human Rights Policy is publicly available on the Organization’s website, ensuring transparency and accessibility for all stakeholders, including those potentially affected and involved in its implementation.

In FY24, Hitachi revised and significantly expanded the policy to reflect changes in the business environment and global trends. The aim was to strengthen the Organization’s commitment to “respect human rights” across the entire value chain.

Hitachi Rail recognizes and respects all internationally acknowledged human rights, including those enshrined in:

- The International Bill of Human Rights
- The ILO Declaration on Fundamental Principles and Rights at Work
- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The Ten Principles of the UN Global Compact
- The SA8000 Standard on Social Accountability
- ISO 30415:2021 on Human Resource Management – Diversity and Inclusion

Hitachi Rail is committed to complying with all applicable human rights laws and regulations in the regions where it operates. Where local legislation falls short of international standards, Hitachi Rail endeavors to uphold the spirit of those higher international norms.

The Organization conducts regular reviews of human rights risks relevant to the nature of its business and global footprint. These assessments include input from internal and external stakeholders, findings from grievance mechanisms and sustainability audits, as well as insights from independent third-party organizations. Based on this comprehensive mapping, the following salient human rights issues have been identified for Hitachi Rail:

- Occupational Health and Safety
- Forced labor and modern slavery, including violation of migrant workers’ rights
- Child labor
- Environmental impact (i.e. pollution and impact on health)
- Inadequate wages
- Equal pay for equal work or work of equal value
- Discrimination
- Violation of Freedom of Association
- Harassment

If a human rights violation is found, Hitachi Rail will use its leverage with business partners to meaningfully address the impacts and actively support them in their efforts to correct the situation. However, depending on the willingness of the business partner to effectively address the issues, Hitachi Rail may need to eventually terminate the relationship.

Diverse Perspectives Policy

Hitachi Group values and embraces diverse perspectives in all their dimensions, including background, age, gender, sexual orientation, family status, disability, neurodiversity, race, nationality, ethnicity, religion and worldview. It is acknowledged that individual uniqueness is a strength and that people may have different needs and lived experiences.

To ensure equitable access to opportunities, the Organization has 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 diverse perspectives of the communities in which the Organization operates.



To ensure equitable access to opportunities, the Organization has established systems, policies and practices designed to support all employees in reaching their full potential.

Allyship is fostered across the entire Business Unit to create an environment where everyone feels safe, supported and empowered to express their authentic selves.

The Diverse Perspectives Policy is publicly accessible via the Organization’s official website, ensuring transparency and availability to all stakeholders. Responsibility for the implementation and oversight of the Diverse Perspectives Policy is delegated to the Chief Sustainability Officer & Chief Diversity, Equity and Inclusion Officer.

Hitachi Rail is fully committed to upholding and embedding the Hitachi Diverse Perspectives Policy across its operations. All employees are expected to actively support the implementation of this policy and ensure, as far as reasonably practicable, that their conduct and work reflect its principles.



Hitachi Rail recognizes that diverse perspectives are a key driver of innovation, resilience, and long-term value creation.

Hitachi Rail recognizes that diverse perspectives are a key driver of innovation, resilience, and long-term value creation. The Organization views diverse perspectives as a strategic asset that enhances its ability to serve partners and customers globally. To this end, employees are educated and empowered to contribute to an inclusive culture.

Hitachi Rail is committed to implementing the Hitachi Diverse Perspectives Policy in alignment with the Hitachi Group Code of Ethics, applicable legal requirements and key international standards and conventions. This includes ISO 30415:2021 – Human Resource Management: Diversity and Inclusion.

This policy supplements the Human Rights Policy and reflects Hitachi Rail’s commitment to respecting the human and labor rights of its workforce, in line with internationally recognized standards. This includes the UN Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) Declaration and the OECD Guidelines.

The policy promotes non-discrimination, equal opportunities and inclusion, and is supported by training initiatives aimed at equipping employees with the skills and competencies needed to foster an inclusive workplace. The policy also addresses key human rights, including forced labor, child labor and human trafficking, and is implemented through internal procedures designed to prevent and respond to discrimination and promote diverse perspectives.

Respectful Workplace Policy

Hitachi Rail is committed to ensuring that all its workplaces, whether physical or job-related settings, 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, color, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national or social origin, or other grounds protected by EU and national law.

This policy applies globally to all legal entities and affiliates within the Hitachi Rail Business Unit and covers all personnel including executives, managers and employees, who are required to comply. It also extends to business partners, defined as any external Organization, entity or individual with whom Hitachi Rail has or may consider a business relationship. These partners are expected to uphold the same standards of integrity, ethical conduct and legal compliance. The workforce is responsible for taking appropriate steps to ensure partner alignment with these expectations.

The Respectful Workplace Policy is publicly available to stakeholders via the Organization’s website.

Responsibility for the implementation of this policy lies with the Chief Legal and Compliance Officer, who ensures that its principles are effectively embedded across the whole Organization.

This policy is aligned with the Hitachi Rail Diverse Perspectives Policy and the Human Rights and Social Accountability Policy. It also reflects the principles of ISO 30415:2021 – Human Resource Management: Diversity and Inclusion, and supports the UN Sustainable Development Goals. The Respectful Workplace Policy is also consistent with, but not limited to, the following legislation:

- Japan’s Labor Standards Act
- The UK Equality Act
- EU Directive 2002/73/EC and its national transpositions
- Italy’s Legislative Decree No. 198/2006
- Spain’s Royal Legislative Decree 2/2015
- France’s labor and Penal Codes
- India’s PoSH Act
- Relevant U.S. civil rights and anti-discrimination laws
- Any other applicable legislation in jurisdictions where Hitachi Rail operates

Through the policy, the Organization promotes equal opportunity, fair treatment and the dignity of all individuals. This includes a commitment to identifying and managing psychosocial risks and ensuring a healthy and respectful work environment.

To support these goals, Hitachi Rail:

- Ensures that its **workforce and business partners uphold the dignity** of all individuals and refrain from any form of discrimination, harassment or abuse
- Provides a **safe, respectful, and healthy work environment**, including the identification and management of psychosocial risks, in full compliance with applicable laws
- Meets statutory obligations to publish **annual pay-gap or equal pay reports** where required
- Implements **targeted policies and training** to prevent harassment, discrimination, and workplace violence

A dedicated procedure is in place for reporting actual or suspected violations, enabling the Organization to investigate and take appropriate action. Reports may be submitted to managers, HR, Legal & Compliance, or via the Hitachi Global Compliance Hotline as detailed in chapter 4.1.

Whistleblowing and Speak-Up Policy

The Whistleblowing & Speak-Up Policy provides speak-up channels for any individual, whether internal or external to the Organization, who wishes to report actual or suspected misconduct (hereafter referred to as the “concern reporter”) that constitutes a violation of applicable laws, the Organization’s Code of Ethics and Business Conduct, or any of its policies. Depending on the nature of the concern or local legal criteria, reporters may qualify as “whistleblowers” and be entitled to legal protections.

This policy applies globally to all legal entities and affiliates within the Business Unit and to all its personnel. Executives, managers and employees are required to comply with its provisions. The most senior level accountable for the implementation of the policy is the Chief Legal and Compliance Officer.



Hitachi Rail is committed to fostering an inclusive, equitable and respectful workplace environment, in alignment with the international standard ISO 30415:2021.

Hitachi Rail is committed to fostering an inclusive, equitable and respectful workplace environment, in alignment with the international standard ISO 30415:2021. This commitment is reflected in the implementation of effective mechanisms for reporting misconduct and concerns. The Hitachi Group Code of Ethics and Business Conduct, together with the Hitachi Group Whistleblowing Policy, outlines multiple speak-up channels through which concerns may be reported. These include Managers, Human Resources, Legal & Compliance and the Hitachi Global Compliance Hotline (hereafter referred to as the “Hotline”). In line with specific local laws and regulations, this policy also provides additional internal speak-up channels within Hitachi Rail, such as supervisory bodies and other eligible recipients.

Navex, an independent third party, securely and confidentially receives and processes all concerns submitted via the Hotline. A report is then forwarded to the designated member of Hitachi Rail’s Compliance function. All individuals who report concerns through the Hotline receive an acknowledgment of receipt via the NAVEX EthicsPoint case management system.

All members of the workforce are responsible for speaking up and reporting concerns. When doing so, they should provide as much relevant information as possible to support proper assessment and investigation. Managers, HR, Legal & Compliance and other designated recipients must listen to and respond appropriately to all concerns, in line with this policy. Reporters are not required to be certain that a violation has occurred, only to act in good faith when they believe something illegal or improper may have taken place.

3.1.1.2 Learning and development policies

Hitachi Rail is committed to providing a learning ecosystem in which employees’ competences are developed and improved through the deployment of specific processes, programs and tools. To support this, Hitachi Rail has implemented ad hoc procedures to regulate the process for mapping, assessing and developing its employees’ competences, as well as for complying to local obligations on safety-critical personnel qualifications. The Learning and Development (L&D) Unit plays a central role in supporting regional HR teams and ensuring consistency in methodologies, tools and data integration within a global framework. L&D systematically collects and examines employee development needs, leading to the creation of new learning frameworks, methods and initiatives. These support both global and regional learning programs that are aligned with Hitachi Rail’s strategic priorities, competence growth targets and mandatory requirements.

Following the identification of training priorities, L&D plans, designs and delivers global learning initiatives. Individual learning requirements are also captured through the Global Performance Management (GPM) process and addressed via structured individual plans. All initiatives are assessed for their impact and value creation, ensuring continuous improvement of both organizational capabilities and individual performance.

3.1.1.3 Health and safety policies

Health, Safety and Environment Policy (HSE)

The objective of the HSE Policy is to ensure that all employees and contractors return home safely each day, free from injury or illness. The policy includes principles related to wellbeing and motivation, which are essential to fostering a safe, healthy and engaged workforce. The policy also aims to minimize environmental impact across the entire product life cycle and to optimize the use of natural resources, as previously detailed in chapter 2.1.

The HSE policy applies to the whole Business Units and the most senior level accountable for its implementation is the Chief Safety, Health, Environment & Quality Officer.

In implementing the Organization’s sustainability and safety policies, Hitachi Rail aligns with internationally recognized standards and frameworks to ensure responsible and transparent operations. These include:

- **ISO 45001** for Occupational Health and Safety Management Systems
- **ISO 14001** for Environmental Management Systems
- **ISO 50001** for Energy Management Systems
- **EU Eco-Management and Audit Scheme (EMAS)**, which reinforces continuous improvement in environmental performance, legal compliance and transparent communication

Hitachi Rail also commits to respecting third-party standards and initiatives that support these frameworks, ensuring that its operations meet or exceed industry best practices.

In defining the policy, consideration is given to the interests of key stakeholders, including employees, contractors, customers, regulatory bodies and local communities. Their expectations and feedback is integrated into policy development through structured engagement processes.

The policy is made available to potentially affected stakeholders and those responsible for implementation through internal platforms, training sessions and public disclosures. For further details regarding the Health, Safety and Environment (HSE) policy see chapter 2.1.2.1.

Living Wage Commitment

Hitachi Rail remains steadfast in its commitment to fair compensation by embedding the principle of a living wage within its global sustainability strategy. In full compliance with all applicable minimum wage regulations, the Organization acknowledges that a living wage – defined as remuneration sufficient to ensure a decent standard of living for employees and their families – constitutes a fundamental aspect of its Environmental, Social and Governance (ESG) responsibilities.

Efforts are currently underway to develop and implement policies and tools that facilitate benchmarking against recognized living wage standards, enable assessment of employee coverage and identify any existing gaps. The goal is to build a transparent and resilient framework that supports the implementation of living wage practices across all regions. This ensures readiness for any external evaluation and alignment with broader social responsibility goals.

This commitment reflects Hitachi Rail’s broader ambition to foster equity, dignity and wellbeing throughout its workforce.

3.1.1.4 Efforts for a positive work environment

Employee representation and engagement

Employee engagement at Hitachi Rail is managed through structured internal communication channels and where applicable, via workers’ representatives. Employees are encouraged to express their views, leave comments and participate in discussions through Hitachi Rail’s internal social networking and employee engagement platforms. These are monitored by the Internal Communication team to assess engagement levels. These interactions are further supported by town hall meetings and leadership team visits, where direct dialogue with the workforce is actively promoted.

Labor relations are maintained through a multi-level engagement framework, designed to foster transparency, early involvement and constructive dialogue with employee representatives across jurisdictions:

- **European Forum:** Established in November 2024, it serves as a structured platform for dialogue with employee representatives and trade unions. It convenes twice a year, typically once virtually and once in person, to provide updates on the Organization’s strategy, ongoing projects and business performance. It also facilitates early-stage discussions with Works Councils. Sessions usually last around four hours and include contributions from members of the Senior Leadership Team, with the opening presentation delivered by the Hitachi Rail CEO. The next three sessions will take place in person.

- **Labor Relations Center of Excellence (LR CoE):** Reporting directly to the Chief Human Resources Officer (CHRO), the LR CoE ensures global coordination of labor relations. It disseminates information through local HR channels, such as the European Labor Relations Community Call, which is held at least every eight weeks, or more frequently if needed. This oversees the rollout of global initiatives requiring local consultation. The CoE is led by a qualified legal professional and collaborates closely with country-level HR and labor relations leaders.

- **Local Engagement:** At the national level, HR and labor relations representatives hold regular meetings with Works Councils and trade unions to inform, consult and discuss business updates or upcoming projects. The frequency of these meetings varies by country, depending on national practices, the nature of the topics and the size of the local business. Meetings may occur weekly, monthly or quarterly, with increased frequency during key events such as collective bargaining negotiations.

In each country, designated HR country leaders, regional leaders or labor relations managers are responsible for managing local social dialogue and ensuring compliance with national legislation. These individuals possess extensive knowledge of local labor law and consultation requirements.

The Organization actively seeks interaction with its workforce through various channels, including meetings, calls, updates and surveys. Feedback is continuously gathered from employees and their representatives to inform decision-making. As part of this commitment, Hitachi Rail conducts the annual *Hitachi Insights Survey* to measure employee engagement and satisfaction with internal processes, while identifying employee needs and informing targeted actions. The *Hitachi Insights Survey* results provide a rich set of data and insights, guiding concrete actions at both global and local levels to improve engagement, motivation and inclusion. By listening to employee feedback, the Organization ensures that individuals feel heard, valued and empowered.

The merger with Ground Transportation Systems (GTS) presented a significant cultural integration challenge, which was addressed by involving 9,000 new colleagues in the *Hitachi Insights Survey*. The survey was instrumental in measuring mindset and sentiment, helping to bridge cultural differences and laying the foundation for the One Hitachi culture.

Through webinars, communication campaigns and the active involvement of senior and people managers from both organizations, more than 22,000 employees participated, achieving a completion rate of 84%. The engagement score reached 75.3%, an increase of 4.9% compared to 2023, demonstrating strong alignment with the One Hitachi vision.

Engagement

The engagement score reached 75.3%, an increase of 4.9% compared to 2023, demonstrating strong alignment with the One Hitachi Rail vision.

75.3%

The Human Resources function manages the corporate *Hitachi Insights Survey*, while the Sustainability Function supports wellbeing and community engagement initiatives.

To promote inclusion and provide targeted support to individuals in vulnerable or at-risk situations, Hitachi Rail has also established dedicated Employee Resource Groups (ERGs) in selected countries. These ERGs offer safe spaces for connection, advocacy and empowerment across a range of communities, including women and gender equity, LGBTQIA, religion, race and ethnicity, disability, neurodiversity, wellbeing and diverse perspectives. Diverse perspectives-focused training programs are also offered to support these groups.

To ensure accessibility, the Organization translates its key policies, such as the Code of Conduct, into multiple languages. Internal platforms, as well as corporate emails, regularly feature multilingual content that's typically in English, German, Italian, Spanish, French and Japanese. Additional translations are managed locally as needed, and increasingly, technology is leveraged to support live translation.

Since 2025, a Quarterly Leadership Cascade meeting has been introduced to ensure that strategic and key messages are effectively communicated throughout the Organization via participating leaders and managers. The Senior Leadership Team also conducts regular site visits, where Q&A sessions are integrated into town halls or other meetings. Plus, local management teams hold their own town halls to maintain open dialogue at the regional level.

Hitachi Rail is dedicated to fostering a positive work environment grounded in social dialogue, respect for diverse perspectives, and the continuous development of its people, through the following initiatives:

Main actions	Timeframe	Status
BeWell program (including EatWell) and diverse perspectives initiatives	Short term	Completed
Thrive program	Medium term	Ongoing
European Forum for Representatives	Short term	Completed
Human Rights Due Diligence (HRDD) initiatives	Short term	Ongoing

BeWell program and Diversity, Equity and Inclusion initiatives

Hitachi Rail is strongly committed to promoting employee wellbeing by fostering an environment where individuals can thrive, regardless of their role or location. This aims to enhance engagement through active participation, strengthen the sense of belonging and ultimately support employee retention. To achieve this, the Organization has adopted a holistic strategy that integrates diversity and inclusion with wellbeing, laying the foundation for the emerging One Hitachi culture. Hitachi Rail's Diversity, Equity and Inclusion (DE&I) policies are designed to cultivate a sense of community and emotional safety, reinforcing the Organization's broader commitment to creating a supportive and inclusive workplace for all.

In FY24, this commitment was reflected in a wide range of people-centered initiatives. These include training sessions, webinars and awareness campaigns aimed at both employees and senior leadership, focusing on 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**, centered on nutrition and healthy eating habits
- **Mentally Well**, promoting mental health awareness and support

Both are embedded within the Global BeWell framework, which targets five key areas of wellbeing:

- Feeling physically well
- Feeling mentally well
- Feeling valued and included
- Feeling financially well
- Feeling able to learn and grow

These initiatives are part of a broader strategy requiring each country to define a three-year plan to ensure comprehensive coverage of all five pillars. 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. The program is sustained through internal investment and ongoing corporate commitment. The budget, allocated at Business Unit level, covers model definition, framework development and internal coordination.

Views

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.

22,000

BeWell program and Diversity, Equity and Inclusion initiatives (continued)

The initiatives contribute to overall wellbeing by monitoring indicators related to stress, mental health and employee engagement. This includes investments in physical workspace (such as ergonomic enhancements), access to wellness resources and flexible working arrangements. These efforts are reinforced by targeted internal communications designed to raise awareness, encourage participation and strengthen a culture of engagement and inclusion across the Organization. Targeted corrective actions and psychological support strategies are implemented to prevent burnout and foster a healthier, more motivating work environment. These efforts also help mitigate the risk of talent loss and reduced productivity associated with low engagement.

To ensure the effective implementation of the BeWell Framework and related wellbeing and DE&I initiatives, several internal functions play a key role. HSE and HR Regional Directors oversee regional alignment with the global strategy, while country-level BeWell Referents (from HSE and HR) lead local programs, supervise corrective actions and monitor progress. Procurement and Operations teams are involved in supplier relations, ensuring compliance with safety and wellbeing standards. Plus, internal and external communication teams ensure the broad and effective dissemination of wellbeing and inclusion messages and initiatives.

In alignment with global sustainability objectives, Hitachi Rail's wellbeing and diversity and inclusion strategy contributes directly to the United Nations Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Wellbeing), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities). This helps to foster fair and equitable employment through inclusive practices and professional development opportunities, whilst reducing inequalities by advancing diverse hiring, fair compensation and career growth for underrepresented groups.

Looking ahead, Hitachi Rail aims to consolidate this progress by prioritizing the strengthening of the Mentally Well pillar, advancing psychological safety, addressing local wellbeing needs and encouraging diverse perspectives at all levels of the Organization. All whilst maintaining the strong engagement momentum achieved to date.

The Organization also leverages its business relationships to manage impacts through a systematic approach, visible and committed leadership, active employee engagement, value chain integration and the use of digital tools and innovation. Participation in industry and multi-stakeholder initiatives further supports Hitachi Rail's commitment to addressing material negative impacts. These efforts align with broader sustainability and social responsibility goals, and enhance the Organization's reputation as an employer of choice.

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, which are now featured in a multilingual recipe book. The book is available to the public at [Rise Against Hunger](#), which supports childhood nutrition initiatives.

Thrive program

Employee wellbeing is essential for motivation, personal fulfilment and organizational performance. That's why, in alignment with the BeWell Framework and its commitment to fostering a high level of employee wellbeing, Hitachi Rail launched the Thrive program to equip employees with practical tools for managing stress, preventing burnout and maintaining a sustainable work-life balance. Between October and December 2024, the program reached nearly 300 employees in Australia through 24 dedicated workshops. Similar initiatives are planned for rollout across other regions as part of the 2027 midterm strategy.

To support long-term mental health practices, the program introduced resources such as the *BeWell Journal* and the *Take 5* card, designed to reinforce daily wellbeing habits and promote resilience.

The Thrive program serves a dual purpose:

- **Protecting employees** from potential negative health impacts
- **Mitigating organizational risks** linked to workforce dependencies

By focusing on prevention rather than remediation, it aims to reduce the likelihood of material impacts before they arise. This helps enhance health and wellbeing, consequently improving productivity and financial performance, strengthening the employer brand and supporting talent retention.

The initiative was prompted by rising global workplace stress trends observed since the onset of COVID-19, alongside increased societal attention to mental health and the ongoing integration efforts at Hitachi Rail. These factors underscored the need for proactive measures to safeguard employee wellbeing.

The program received an average evaluation score of 4.7 out of 5, reflecting high levels of participant satisfaction. Feedback highlighted the practicality of the strategies shared, the quality of facilitation and the overall value of the sessions. The impact on perceived wellbeing will be monitored through the Hitachi Insights Survey to ensure continued focus on workforce health. The Health, Safety and Environment (HSE) department operates independently from HR and Operations, reporting directly to the Senior Executive Committee. This structure ensures impartiality and enables effective resolution of issues when tensions arise.

European Forum for representatives

As part of the integration process between legacy Hitachi Rail and Ground Transportation Systems (GTS), a European Forum for Representatives has been established. The aim is 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 the timely dissemination of key information to national levels, while also offering a valuable platform to understand the perspectives and needs of Works Councils and trade unions. It encourages active engagement between employee representatives and the Senior Leadership Team.

The Forum convenes twice annually and includes representatives from France, Germany, the United Kingdom, Poland, Romania, Italy, Spain, Netherlands and Austria. Each country’s Works Council appoints representatives in proportion to the size of its local workforce, with approximately 23 participants currently involved. Stakeholders include internal representatives from both legacy organizations and the Hitachi Rail Senior Leadership Team. The initiative was completed in 2024, with the forum’s ground rules formally agreed in November 2024 between employee representatives and management.

The forum has created a positive opportunity to strengthen collaboration with Works Councils and trade unions, acting as a bridge between all parties and fostering trust for the future. It lays the foundation for structured dialogue, mutual understanding and proactive engagement across the Organization.

By proactively establishing the forum, the Organization has created a mechanism through which workforce concerns can be raised early at the European level. This reduces the risk of unresolved issues and enables timely responses. The forum also facilitates direct interaction between employee representatives and the Senior Leadership Team, fostering the exchange of views and the cascading of information to national levels.

Each meeting includes dedicated Q&A sessions to assess the relevance and effectiveness of discussions. Feedback is actively collected from participants, and all open points are followed up without exception. Although no formal process had previously identified the need for such a structure, the concept emerged during the due diligence phase prior to day 1 of the Ground Transportation Systems (GTS) acquisition. With integration in mind, the Leadership Team determined that a voluntary, combined forum would positively contribute to the integration process and future collaboration.

Human Rights Human Rights Due Diligence (HRDD) initiatives

Hitachi Rail integrates respect for human rights across all business processes and its value chain, in line with the UN Guiding Principles on Business and Human Rights and the Human Rights Policy.

The HRDD approach follows a continuous 4-step process:

1. Assess Risks – Identify and evaluate risks

Hitachi Rail assesses human rights risks based on severity and likelihood.

Key risks identified include forced labor, child labor, harassment, discrimination and occupational health and safety.

2. Integrate and Act – Implement corrective measures

Actions are developed to address and monitor identified risks.

Examples include supplier self-assessment questionnaires, analysis of recruitment practices (e.g., passport retention), and collaboration with partners to eliminate unjust recruitment fees.

3. Track – Monitor and evaluate progress

Regular reviews, interviews, surveys, and workshops are conducted to assess the effectiveness of actions and improve HRDD practices over time.

4. Communicate – Disclose and engage with stakeholders

Hitachi reports on initiatives and progress through its Sustainability Statement and website.

Hitachi Rail aims to further strengthen its HRDD framework by enhancing tools, training, monitoring systems, and stakeholder engagement to ensure effective, transparent, and proactive human rights management.

SDG’s Award 2024

Hitachi Rail received the Award for Outstanding Assessment Design at the SDGs Leaders Summit 2024 for its 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, which aligns personal purpose with organizational sustainability goals. More than a selection process, it’s a transformative experience that promotes systemic change and inspires the HR ecosystem to embrace inclusive, impact-oriented recruitment. To support the project, the Organization has integrated the Hitachi values matrix, competency model and the IDG (Inner Development Goals) framework, with the aim of reinforcing the alignment between individual purpose and corporate sustainability objectives.

General

Environment

Social

Governance

Welcome Logo UNHCR

Hitachi Rail received the UNHCR “Welcome” logo, recognizing its commitment to refugee integration through inclusive hiring practices. The journey began in Turin in 2022 with the launch of the High Speed Talent Refugees project, aimed at creating job opportunities for displaced talent and promoting diversity. As part of this effort, UNHCR launched the “Welcome in One Click” platform in 2024, which is currently active. This allows refugees to easily access employment opportunities and support from participating companies through the Welcome Net network. Hitachi Rail is proudly featured on the homepage and can upload dedicated job openings for refugee candidates.

Other achievements	Timeframe	Status
SDG’s Award 2024	Short term	Completed
Welcome Logo UNHCR	Short term	Completed

3.1.1.5 Employee Learning and Development

Hitachi Rail places significant strategic emphasis on the training and development of its workforce, recognizing it as a key driver of organizational resilience, innovation and long-term success. By embedding principles of fairness and transparency in training and leadership pathways, and by ensuring the responsible use of employee data in learning analytics, the Organization safeguards the rights and wellbeing of its workforce. The following initiatives reflect a targeted approach to employee training, covering a broad spectrum of areas from wellbeing and safety to leadership and integration. These are designed to support both individual growth and collective performance:

Main Actions	Timeframe	Status
Competency Management framework	Medium term	Planned
QualityUp training	Short to medium term	Ongoing
Technical & specialist training	Short to medium term	Ongoing
Managerial & Project Management training	Short to medium term	Ongoing
Human Rights training	Short to medium term	Ongoing
LMS migration	Medium term	Ongoing
Safety Leadership Training	Medium term	Planned



Competency management framework

A new competency framework is set to be launched by the end of 2026, with full implementation expected by FY27. Designed to align employee skills and competencies with their respective roles, the framework will establish a consistent structure across the entire Business Unit and serve as a strategic enabler for the newly integrated Organization. Its primary objective is to generate a positive impact by proactively addressing skill gaps and inconsistencies resulting from previous integrations, while supporting talent development and long-term workforce planning.

By mitigating risks associated with fragmented workforce structures and uneven skill development, the framework aims to reduce misalignment between employee capabilities and evolving business needs, helping to limit inefficiencies, disengagement and workforce turnover. The initiative also addresses existing gaps in workforce development and role clarity, which have emerged over time from past integrations. Through transparency and consistency, this commitment to skills and career progression will support the realignment of expectations, training and career development pathways, thereby enhancing workforce planning, talent mobility and employee engagement. These efforts contribute to broader strategic goals such as innovation, agility and competitiveness.

The framework also plays a role in supporting the transition to a greener economy by enabling reskilling and upskilling in sustainability-related competencies, facilitating workforce planning for emerging green roles and improving adaptability in response to evolving regulatory and market demands linked to climate objectives.

The need for this initiative arose during an internal audit, which highlighted the importance of clarifying skill expectations by role and strengthening the skills recognition process through a robust and structured approach. This need was further validated through benchmarking against industry best practices in competency management.

Effectiveness of the competence framework will be monitored through several indicators, including:

- Skill gap analysis
- Employee feedback on role clarity and development opportunities
- Internal mobility rates
- Training completion and certification rates aligned with the framework
- Engagement surveys assessing perceived fairness and transparency in career development

QualityUp training

The *QualityUp Training program* is a structured initiative designed to strengthen culture and operational excellence across Hitachi Rail. It aims to influence long-term behaviours through the Nudge Approach for Quality Improvement, empowering project managers, engineers and leaders to facilitate monthly problem-solving sessions within their teams. The program ensures that project team members are familiar with key processes, to enhance collaboration and accountability. It also promotes cross-functional dialogue through Virtual Gemba Walks and reinforces a quality mindset in production through hands-on simulations and practical applications.

This supports policy objectives by increasing process awareness and adherence, fostering collaboration and communication across teams, and embedding a preventive approach to quality management.

The program spans the entire business activities, from design and homologation to manufacturing and supply chain, and involves multiple geographies and stakeholder groups, particularly within the Vehicles and Rail Control lines of business.

Launched across the current and previous fiscal years, the initiative is ongoing and designed to address both past quality issues and proactively prevent future ones. It contributes to remediation by tackling legacy challenges through targeted training and practical tools, while also generating positive impacts by improving employee skills, job satisfaction and project outcomes.

The initiative helps prevent material negative impacts on the workforce by reducing errors, lowering stress and improving working conditions by enhancing process understanding and problem-solving capabilities. It also supports reskilling for greener operations by integrating sustainable quality practices into training content.

Effectiveness is monitored through participant feedback and key performance indicators (KPIs) related to quality and error reduction. The need for the program was identified through Learning Needs Analysis (LNA), historical quality data, employee and manager feedback and process assessments.

Technical and specialist training

Hitachi Rail is committed to maintaining a technically skilled and adaptable workforce, equipped to meet evolving job demands and industry standards. Its technical and specialist training initiative is designed to enhance employee capabilities, support career growth and promote a culture of continuous learning. While it may help bridge existing skill gaps, its core purpose is to generate positive outcomes for the workforce and reinforce the Organization’s resilience in the face of future challenges.

By combining technical expertise with specialist training, the program fosters continuous professional development. This enables employees to stay abreast of technological change and contribute to strategic objectives, such as operational excellence, innovation and sustainable growth.

General

Environment

Social

Governance

While not exclusively focused on the green transition, the initiative contributes to it through reskilling in digital tools that support sustainable infrastructure. This includes Building Information Modeling (BIM), cybersecurity training to protect systems critical to green mobility and alignment with future green roles as the Organization evolves towards more sustainable operations. It also supports broader policy goals, including talent retention, improved productivity, digital transformation and innovation. Plus, the program helps mitigate risks linked to skill obsolescence, workforce disengagement and inefficiencies, while addressing gaps stemming from technological shifts or past integration efforts. This ensures knowledge standardization and equitable access to essential learning resources.

Training needs are identified at both local and global levels via the LNA process. This includes transversal competencies such as Building Information Modelling (BIM) and cybersecurity which are critical for digital upskilling and change management.

The initiative is implemented across the Business Unit (BU) and most geographies, with Japan following a separate process but maintaining alignment on global and transversal programs. Hitachi Rail GTS companies are not yet included, as integration of learning processes is ongoing. The program currently remains internal and does not extend to external stakeholders such as suppliers or contractors.

These training programs are recurring, refreshed annually through the budget cycle to reflect evolving business priorities, technological developments and employee feedback. Training plans are continuously updated to ensure relevance and effectiveness.

Implementation was informed by LNA outcomes, performance review feedback from managers and employees and benchmarking against industry standards and future skill requirements. Funding covers internal and external training programs, digital learning platforms, certifications, SME contributions and LNA coordination.

In some countries, government funding is also leveraged to expand access to training aligned with public policy priorities such as digital transformation, cybersecurity and sustainability. Non-financial resources include internal trainers and mentors, HR and L&D teams, digital infrastructure and partnerships with technical institutions.

Effectiveness is monitored through LNA outcomes, training participation and completion rates, employee satisfaction surveys and compliance audits for mandatory certifications. The Organization ensures equity and transparency in training access, ethical data use in performance tracking and regular reviews of HR and procurement practices.

Managerial and project management training

Managerial and project management training programs are designed to strengthen leadership capabilities across the Business Unit. This enhances the effectiveness of project delivery through improved project and work package management, and builds a robust pipeline of future leaders aligned with Hitachi Rail’s strategic objectives. These initiatives contribute to broader policy priorities, such as operational excellence, talent development and retention and improved customer satisfaction, whilst creating stronger client relationships.

This is intended to prevent and mitigate risks associated with ineffective project execution, leadership gaps and inconsistent managerial practices. These factors can result in delivery delays, employee disengagement and reduced operational performance. By investing in leadership and project management capabilities, the Organization supports a more resilient and capable workforce. The initiative also enables remedy by addressing existing capability gaps in project leadership and team management, which may have emerged due to rapid business growth, integration of new entities or increased project complexity.

Programs such as LEAD and other corporate leadership initiatives help harmonize and elevate leadership standards across the Business Unit.

The initiative also supports the sustainability transition by:

- **Equipping leaders** with the competencies needed to manage complex, sustainability-oriented projects
- **Strengthening change management capabilities** crucial for advancing the green transformation
- **Preparing the workforce** to operate effectively in digitally enabled, low carbon environments

The action applies to all BU entities globally. Whilst Japan manages learning processes separately, global corporate initiatives (e.g. Corporate Leadership programs) are shared across the entire Hitachi Group. Ground Transportation Systems (GTS) companies are currently undergoing integration, and while not fully included yet, targeted onboarding initiatives have been launched to align them with group-wide learning strategies. The action does not currently extend to external stakeholders such as suppliers or contractors.

The program is a recurring activity refreshed annually as part of the business planning cycle. Each year, plans are updated to reflect evolving business priorities, technological changes and employee feedback. Training programs are then adjusted accordingly to ensure relevance and effectiveness.

While no sustainable finance instruments (e.g. green or social bonds) are currently used, the initiative aligns with social objectives such as workforce development, leadership equity and organizational resilience.

General

Environment

Social

Governance

Managerial and project management training (continued)

Resources allocated include:

- Internal budget for training design, delivery, and platforms
- External partnerships with business schools and training providers
- Corporate and leadership academies
- Government funding in some countries, which support broader access and scalability

Effectiveness is tracked through participation and completion rates of training programs, feedback surveys from participants and their managers and performance evaluations linked to leadership and project outcomes.

The need for action was identified through the LNA process and feedback from managers and employees during performance reviews, as well as benchmarking against industry standards and future skill requirements.

Human rights training

The Human Rights training aims to raise awareness and understanding of ethical conduct, anti-discrimination and human rights principles. This helps foster an inclusive and respectful workplace culture, reducing the risk of misconduct, bias and discrimination, harassment or human rights violations, whilst strengthening compliance with internal policies and international standards. These outcomes directly support Hitachi Rail’s policy objectives related to ethical business conduct, workforce inclusion and equity and social responsibility and sustainability.

The training applies to all employees across the Railway Systems Business Unit (RSBU), with mandatory modules for specific roles. It covers the global perimeter of Hitachi Rail, with localized content where necessary, to reflect legal and cultural contexts.

Corporate-wide initiatives are extended to all Hitachi Rail entities, though Ground Transportation Systems (GTS) companies are still in the process of integration. Some targeted onboarding and awareness sessions have already been delivered to these entities.

This is a recurring initiative with annual mandatory refreshers for ethics and compliance training and periodic Diversity, Equity & Inclusion and Human Rights (modern slavery, SA8000) modules based on evolving priorities and regulatory requirements.

The resources allocated to achieving this action’s goals include internal budgets dedicated to L&D, as well as digital learning platforms that enable global training delivery and progress tracking. Content development is supported by internal subject matter experts and external partners. In some countries, government funding may also be leveraged when public support is available for diverse perspectives or human rights education. While no sustainable finance instruments (such as green or social bonds) are currently in use, the initiative remains aligned with key social objectives, including the promotion of equity and inclusion, the protection of human rights and ethical conduct and the support of sustainable workforce practices.

The training provides a remedy by addressing past incidents of exclusion or misconduct. It includes restorative practices, awareness-building and clear reporting mechanisms, enabling affected employees to seek redress and support.

The primary purpose is to:

- **Empower employees** through knowledge of their rights and responsibilities
- **Foster a culture of respect and inclusion**, improving morale and collaboration
- **Enhance the Organization’s attractiveness** to diverse talent and socially conscious investors

Effectiveness is tracked through pre-training and post-training assessments, employee feedback surveys, diversity and inclusion metrics (e.g. representation and promotion rates), incident reporting trends, third-party audits or certifications.

The need for action was identified through the LNA process, feedback from managers and employees during performance reviews and benchmarking against industry standards and future skill requirements.

LMS Migration

Hitachi Rail has launched a strategic initiative to consolidate its learning infrastructure into a single Learning Management System (LMS), known as Hitachi University. This encompasses all training and development activities currently managed across multiple platforms, such as onboarding, compliance, technical skills and professional development. It impacts both upstream (content creation and management) and downstream (employee access and completion) processes.

LMS Migration (continued)

This integration is expected to significantly enhance the employee learning experience by streamlining access to training materials, simplifying progress tracking and improving the overall usability of the platform. The LMS is designed to generate positive impacts by improving training efficiency, centralizing data management for better tracking and reporting, and enhancing employee engagement through a more cohesive and accessible learning experience.

This helps prevent and mitigate material negative impacts by reducing complexity and ensuring consistent access to required training, thereby lowering the risk of non-compliance and performance issues. It also enables remedy by addressing existing training gaps and centralizing records to ensure all employees meet regulatory and internal requirements.

The action applies to all geographies where Hitachi Rail operates and includes all employees who rely on the LMS for their training needs. The migration to the new Learning Management System is being implemented in phases over a 24-month period to ensure a smooth transition with minimal disruption.

Initial financial resources allocated to the first two phases of the migration covered setup costs, licensing and infrastructure upgrades. Further estimates, particularly related to the integration of Ground Transportation Systems (GTS) systems, are still under evaluation. Future funding will support ongoing maintenance, platform enhancements and user support. The budget includes operational costs, internal coordination and change management efforts. While no sustainable finance instruments are currently used, the initiative aligns with social objectives such as workforce development and organizational resilience.

The need for this initiative was identified through employee and manager feedback, compliance audits and strategic planning aligned with Hitachi Rail's broader goals for operational excellence and workforce development.



The LMS is designed to generate positive impacts by improving training efficiency, centralizing data management for better tracking and reporting, and enhancing employee engagement through a more cohesive and accessible learning experience.

Safety Leadership Training

Hitachi Rail empowers its leaders to foster psychologically safe workplaces, demonstrating their commitment through visible, felt leadership. A key initiative supporting this goal is the “Safety Starts with Me – Leadership Masterclass”, which encourages leaders to reflect on how their leadership style influences health and safety culture within their teams. The program also equips them with simple, practical tools to actively and visibly demonstrate strong safety leadership in their daily work.

The masterclass is designed to generate positive impacts by strengthening safety culture, improving safety performance and enhancing employee wellbeing. It also contributes to organizational resilience by reducing workplace incidents, minimizing legal risks and improving operational efficiency. By equipping leaders with the knowledge and tools to manage safety effectively, the program enables proactive resolution of workforce safety issues.

The need for this program was identified during a strategic Health, Safety and Environment (HSE) workshop, where senior HSE leaders analyzed organizational needs and areas for improvement. The outcome highlighted the need for greater leadership awareness and accountability in safety, leading to the development of a globally standardized approach to safety leadership.

The initiative is deployed globally across the Business Unit (BU), with particular focus on the top three leadership levels. All leaders within these levels are expected to complete the training by the end of FY25.

The HSE Leadership and Strategy Workshops are flagship initiatives sponsored annually by the Global Head of HSE. These are delivered using internal HSE Managers across global locations. While no sustainable finance instruments (e.g. green or social bonds) are used, the initiative aligns with social objectives such as workforce protection and leadership accountability.

The effectiveness of the masterclass is assessed through multiple indicators:

- Results from the annual employee insights survey on safety culture
- Trends from the corporate health and safety attitudes survey, conducted every 3–4 years
- The evolution of injury rates across the Organization



A key initiative supporting this goal is the “Safety Starts with Me – Leadership Masterclass”, which encourages leaders to reflect on how their leadership style influences health and safety culture within their teams.

3.1.1.6 Efforts for health and safety

Hitachi Rail continues to strengthen its commitment to health, safety, and wellbeing through targeted initiatives that support a safer, more resilient and more efficient working environment. These actions reflect the Organization’s broader strategy to embed a proactive safety culture and leverage innovation to improve performance, engagement and compliance across its global operations.

Main Actions	Timeframe	Status
Critical Risks & Life Saving Rules	Short to medium term	Ongoing
Digitalization	Short to medium term	Ongoing

Best practice

Critical risk and Lifesaving rules

The implementation of Hitachi Rail’s Critical Risks and Life-Saving Rules represents a cornerstone of the Organization’s Serious Injury and Fatality (SIF) Elimination program. 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 2024 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.

By fostering a safer work environment, the program contributes to improved employee engagement, improved operational efficiency, minimizing disruptions and supporting higher productivity. It also aligns with Hitachi Rail’s broader policy objectives of maintaining a safe and healthy workplace, promoting a culture of care and accountability, and ensuring regulatory compliance. These efforts reinforce the Organization’s commitment to Hitachi’s core values of ‘Harmony’, ‘Sincerity’ and ‘Pioneering Spirit’.

Activities

1000+

In 2024 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.

The program serves a dual purpose:

- **Protecting** the workforce from material negative impacts
- **Safeguarding** the Organization from risks linked to workforce dependencies

It is designed to prevent incidents before they occur, rather than to remedy past material impacts. Nonetheless, it plays a vital role in delivering meaningful outcomes for both employees and the Organization such as reducing the risk of serious injuries and fatalities and supporting productivity, financial performance, brand reputation and talent retention.

The initiative is applied across the entire Business Unit, covering all geographies and extending to contracted companies to ensure consistent safety standards. In 2024, following the integration of Ground Transportation Systems (GTS), the Critical Risks and Life-Saving Rules framework underwent a comprehensive review. Minor adjustments were made to reflect the risk profile of the newly unified One Hitachi Organization. The program was refocused to identify 11 shared critical risks, with a new communication plan scheduled for 2025 and full alignment expected by 2026. The formalized list of critical risks is based on risk assessments and injury history across Hitachi Rail’s Vehicle and Rail Control operations. The initiative is embedded in routine operations and is continuously updated to reflect evolving risks and best practices.

To ensure that operations do not cause or contribute to negative impacts such as injuries or illness, Hitachi Rail

implements measures in line with 5 strategic enablers as outlined in its Health, Safety and Environment (HSE) Policy.

These include:

- **Empowering leaders** to foster psychologically safe workplaces through visible, felt leadership
- **Applying a systematic approach** to HSE and wellbeing management, including proactive hazard identification, legal compliance, continuous improvement and knowledge sharing
- **Engaging employees, social partners and contractors** in reporting and addressing HSE concerns
- **Embedding HSE and wellbeing** into the value chain across all operations
- **Leveraging digitalization and innovation** for improved monitoring, reporting and outcomes

In 2024, more than 1,000 programs were carried out to embed critical risk awareness into operational processes. In 2025, an updated framework will be communicated, incorporating lessons from the Ground Transportation Systems (GTS) integration and aligning standards with recognized good practices. Requirements for contractors to adhere to life-saving rules are embedded in bids and contracts. The overarching goal remains the reduction and eventual elimination of serious injuries.

Effectiveness of the initiative is assessed through:

- The number of critical risk programs implemented
- Audit results and closure rates of identified gaps
- The critical incident frequency rate
- Responses to the employee insights survey

The initiative is grounded in the recognition that eliminating serious injury and fatalities (SIFs) requires a targeted approach to high-energy hazards, as general injury prevention strategies are insufficient. This is supported by research from the Campbell Institute, which found that the causes of SIFs differ significantly from those of less severe injuries.

General

Environment

Social

Governance

HSE Digitalization

Hitachi Rail is advancing the digitalization of its Health, Safety and Environment (HSE) processes with the objective of delivering improved outcomes across the Organization. This initiative enhances employee engagement in identifying and reporting HSE issues, strengthens risk management and root cause analysis, ensures regulatory compliance and provides transparent visibility into proactive and reactive performance metrics, including injury rates. It also aims to increase the efficiency and productivity of HSE operations.

This effort is fully aligned with Hitachi Rail’s policy commitment to transform ambition into action by leveraging digitalization and innovation to improve outcomes, monitor performance and ensure effective reporting.

The initiative applies to the entire Business Unit and was first implemented in 2022. Since then it has undergone continuous improvement iterations, with further enhancements planned for 2025. It is designed to generate positive impacts by streamlining processes and improving data quality and accessibility.

The digitalization program also mitigates material negative impacts on both Hitachi Rail’s workforce and its contractors. In 2024, the initiative was extended to Ground Transportation Systems (GTS) sites, ensuring consistent safety standards across the integrated Organization.

HSE colleagues worldwide have contributed to the design and ongoing development of the digital tool, which has significantly increased stakeholder engagement. This engagement is reflected in improved proactive metrics, such as near-miss reporting and leadership-led safety activities, all tracked via the tool’s reporting capabilities. The system also facilitates consistent injury reporting across regions, monitors audit completion timelines and tracks the status of corrective actions.

While the direct impact of the tool on workforce outcomes is not explicitly measured, its effectiveness is evidenced by positive trends in safety indicators captured through internal surveys. The initiative is guided by three strategic drivers:

- Alignment with Hitachi’s broader digital transformation agenda
- The need to improve the structure and quality of HSE reporting
- The implementation of a scalable tool capable of monitoring Health, Safety and Environment performance across a complex, global Organization.

3.1.2 Employees – metrics and targets

3.1.2.1 People

Characteristics of the Hitachi Rail workforce

The following tables provide an overview of the workforce characteristics of Hitachi Rail for FY24, including contract types, working arrangements and gender distribution. Data is also broken down by country to offer a comprehensive view of the Organization’s global employee footprint:

Characteristics of the Hitachi Rail’s employees					
Category	Men	Women	Other	Not reported	Total FY24
Employees with open-ended contracts [headcount]	15,888	4,007	18	136	20,049
Employees with temporary contracts [headcount]	312	105	0	5	422
Non-guaranteed hours employee [headcount]	4	0	0	0	4
Total employees [headcount]	16,204	4,112	18	141	20,475
Full-time employees [headcount]	15,931	3,778	17	140	19,866
Part-time employees [headcount]	273	334	1	1	609
Total employees [headcount]¹⁷	16,204	4,112	18	141	20,475

¹⁷ Regarding Total employees, 9,572 belong to GTS.

Employee by country	
Country	Total employees [headcount]
Algeria	7
Australia	641
Austria	452
Belgium	21
Bulgaria	11
Canada	1,166
Chile	49
China	84
Denmark	179
Dominican Republic	15
Egypt	335
Finland	8
France	953
Germany	2,234
Greece	17
Hong Kong	304
Hungary	76
India	378
Israel	57
Italy	4,776
Korea	8
Latvia	13
Malaysia	87
Morocco	10

Employee by country	
Country	Total employees [headcount]
Mexico	177
Netherlands	145
New Zealand	21
Norway	55
Panama	65
Peru	95
Philippines	81
Poland	276
Portugal	275
Qatar	24
Romania	619
Saudi Arabia	449
Senegal	27
Singapore	182
South Africa	18
Spain	1,035
Sweden	65
Switzerland	109
Taiwan	105
Thailand	24
Turkey	50
United Arab Emirates	162
United Kingdom	3,243
USA	1,292
Total	20,475

The table below outlines employee turnover and hiring figures for FY24.

Turnover and number of hires	
Total employees [headcount]	20,475
Employees hires [headcount]	2,096
Employees turnover [headcount]	1,544
Turnover rate [%]	7.5%

The table below presents the workforce breakdown by years of service, offering insight into employee tenure across the Organization:

Workforce by seniority					
Category	Men	Women	Other	Not reported	Total FY24
< 5 [headcount]	5,586	1,690	14	130	7,420
5-10 [headcount]	3,874	1,011	2	4	4,891
11-15 [headcount]	1,908	434	1	3	2,346
16-20 [headcount]	2,007	410	-	3	2,420
21-25 [headcount]	1,251	238	-	-	1,489
> 25 [headcount]	1,578	329	1	1	1,909
Total employees [headcount]	16,204	4,112	18	141	20,475

The following tables present workforce turnover and hiring data of Hitachi Rail for FY24, segmented by generation. Turnover figures show that Generation X and Y experienced the highest number of departures, while Baby Boomers also recorded a notable exit rate. In contrast, hiring trends indicate a strong intake among younger generations, reflecting a strategic renewal of the workforce. These insights support generational workforce planning and help monitor demographic shifts within the Organization:

Workforce turnover by generation					
Category	Men	Women	Other	Not reported	Total FY24
Traditionals (1926-1945) [headcount]	-	-	2	-	2
Baby Boomers (1946-1965) [headcount]	289	58	-	-	347
Generation X (1966-1985) [headcount]	444	108	-	1	553
Generation Y (1986-1995) [headcount]	332	110	-	-	442
Generation Z (1996-2005) [headcount]	160	40	-	-	200
Total turnover [headcount]	1,225	316	2	1	1,544

Workforce hires by generation					
Category	Men	Women	Other	Not reported	Total FY24
Traditionals (1926-1945) [headcount]	-	-	-	-	-
Baby Boomers (1946-1965) [headcount]	80	11	-	-	91
Generation X (1966-1985) [headcount]	534	143	-	-	677
Generation Y (1986-1995) [headcount]	559	147	1	-	707
Generation Z (1996-2005) [headcount]	459	141	21	-	621
Total hires [headcount]	1,632	442	22	-	2,096

The following tables present key workforce diversity indicators for Hitachi Rail, focusing on gender distribution at the top management level, both in terms of headcount and percentage:

Gender distribution at top management levels & employees by age					
Category	Men	Women	Other	Not reported	Total FY24
Executives [headcount]					
<30	-	-	-	-	-
30-50	36	8	-	-	44
>50	94	11	-	-	105
Total - Executives	130	19	-	-	149
Middle management [headcount]					
<30	-	-	-	1	1
30-50	606	156	-	-	762
>50	754	135	-	-	889
Total - Middle Management	1,360	291	-	1	1,652
White collars [headcount]					
<30	1,196	522	-	107	1,825
30-50	6,282	1,956	5	4	8,247
>50	2,883	745	3	3	3,634
Total - White collars	10,361	3,223	8	114	13,706
Blue collars [headcount]					
<30	610	69	2	26	707
30-50	2,528	317	6	-	2,851
>50	1,215	193	2	-	1,410
Total - Blue collars	4,353	579	10	26	4,968
TOTAL [headcount]					
<30	1,806	591	2	134	2,533
30-50	9,452	2,437	11	4	11,904
>50	4,946	1,084	5	3	6,038
Total	16,204	4,112	18	141	20,475

Category	Men	Women	Other	Not reported	Total FY24
Executives [%]					
<30	-	-	-	-	-
30-50	27.7%	42.1%	-	-	29.5%
>50	72.3%	57.9%	-	-	70.5%
Middle management [%]					
<30	-	-	-	100%	0.06%
30-50	44.6%	53.6%	-	-	46.1%
>50	55.4%	46.4%	-	-	53.8%
White collars [%]					
<30	11.5%	16.2%	-	93.9%	13.3%
30-50	60.6%	60.7%	62.5%	3.5%	60.2%
>50	27.8%	23.1%	37.5%	2.6%	26.5%
Blue collars [%]					
<30	14.0%	11.9%	20%	100%	14.2%
30-50	58.1%	54.8%	60%	-	57.4%
>50	27.9%	33.3%	20%	-	28.4%
TOTAL [%]					
<30	11.2%	14.4%	11.1%	95.0%	12.4%
30-50	58.3%	59.3%	61.1%	2.8%	58.1%
>50	30.5%	26.4%	27.8%	2.1%	29.5%

The following table presents data of non-employees in Hitachi Rail's own workforce:

Characteristics of non-employees in the Hitachi's own workforce					
Category	Men	Women	Other	Not reported	Total FY24
Non-employees [headcount]	1,280	294	-	-	1,574

Collective bargaining agreements and social protection

The following tables provide an overview of collective bargaining coverage and employee representation across Hitachi Rail’s workforce. They detail the percentage of employees covered by collective bargaining agreements, both within and outside the European Economic Area (EEA), as well as the share of employees represented by workers’ representatives. This overview reflects Hitachi Rail’s commitment to fair labor practices and structured social dialogue across its global operations:

Coverage of collective bargaining					
Category	Men	Women	Other	Not reported	Total FY24
Total number of employees covered [headcount]	9,576	2,226	4	9	11,815
Number of employees [headcount]	16,204	4,112	18	141	20,475
Total number of employees covered [%]	59.1%	54.1%	22.2%	6.4%	57.7%
Estimate of non-employees whose working conditions and terms of employment are determined or influenced by collective bargaining agreements [headcount]	767	154	-	-	921
Number of non employees [headcount]	1,280	294	-	-	1,574
Total number of non employees covered [%]	59.9%	52.4%	-	-	58.5%

Coverage of social dialogue [EEA countries]	
Employees covered by workers' representatives [headcount]	8,401
Number of employees [headcount]	10,005
Employees covered by workers' representatives [%]	84.0%

Coverage of collective bargaining and social dialogue			
Coverage rate	Collective bargaining coverage		Social dialogue
	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)	Workplace representation (EEA only) (for countries with >50 empl.)
0-19%			United Kingdom
20-39%			Italy
40-59%	United Kingdom		
60-79%			
80-100%	Italy, Germany		Germany

Coverage of collective bargaining [Italy]	
Category	Total FY24
Total number of employees covered [headcount]	4,776
Number of employees [headcount]	4,776
Total number of employees covered [%]	100%

Coverage of collective bargaining [Germany]	
Category	Total FY24
Total number of employees covered [headcount]	1,896
Number of employees [headcount]	2,291
Total number of employees covered [%]	82.8%

Coverage of collective bargaining [United Kingdom]	
Category	Total FY24
Total number of employees covered [headcount]	1,799
Number of employees [headcount]	3,243
Total number of employees covered [%]	55.5%

¹⁸ ESRS mandates the request “Employees covered by workers’ representatives [%]” only for the European Economic Area (EEA) countries. Therefore, only employees from these countries are considered for the rate calculation.

Coverage of collective bargaining and social dialogue [EMEA - non EEA]	
Category	Total FY24
Total number of employees covered [headcount]	4
Number of employees [headcount]	949
Total number of employees covered [%]	0.4%

Coverage of collective bargaining and social dialogue [APAC]	
Category	Total FY24
Total number of employees covered [headcount]	93
Number of employees [headcount]	1,915
Total number of employees covered [%]	4.9%

Coverage of collective bargaining and social dialogue [AMERICAS]	
Category	Total FY24
Total number of employees covered [headcount]	173
Number of employees [headcount]	2,830
Total number of employees covered [%]	6.1%

Persons with disabilities

The following tables provide an overview of the representation of persons with disabilities within Hitachi Rail’s workforce, subject to legal limitations on data collection. The data includes the percentage of employees with disabilities, broken down by gender, and is accompanied by contextual information explaining how the data was compiled and interpreted. This disclosure supports transparency and inclusivity in workforce reporting:

Persons with disabilities					
Category	Men	Women	Other	Not reported	Total FY24
Employees with disabilities [headcount]	255	110	-	-	365
Number of employees [headcount]	16,204	4,112	18	141	20,475
Percentage of employees with disabilities	1.6%	2.7%	-	-	1.8%

UK data is not disclosed due to privacy reasons.

Work-life balance

The following table presents key metrics related to family-related leave entitlements and usage within the Organization:

Work-life balance metrics					
Category	Men	Women	Other	Not reported	Total FY24
Employees entitled to take family-related leave (parental leave, maternity leave, and paternity leave) [headcount]	14,275	3,641	14	4	17,934
Employees that took family-related leave (parental leave, maternity leave, and paternity leave) [headcount]	843	327	-	-	1,170
Number of employees [headcount]	16,204	4,112	18	141	20,475
Share of employees entitled to take family-related leave (parental leave, maternity leave, and paternity leave) [%]	88.1%	88.6%	77.8%	2.8%	87.6%
Share of employees that took family-related leave (parental leave, maternity leave, and paternity leave) [%]	5.2%	8%	-	-	5.7%

Incidents, complaints and severe human rights impacts

Hitachi Rail places the highest priority on ensuring ethical conduct and respect of human rights within its own workforce. As part of this commitment, Hitachi Group operates the Hitachi Global Compliance Hotline and a dedicated case management system, designed to receive and address reports of non-compliant behavior across its internal operations. These platforms are available 24/7 and can be accessed via telephone or online by all Hitachi Group employees, as well as third parties.

The system enables individuals to report actual or suspected misconduct confidentially and, if preferred and where permitted by law, anonymously. This includes actual or suspected breaches of laws, regulations, the Hitachi Group Code of Ethics and Business Conduct, or Hitachi Rail policies. Reports are categorized by issue type. This enables more effective analysis and resolution of issues that affect both employees and non-employee workers under Hitachi Rail’s direct responsibility. All data is securely recorded and maintained within the case management system.

General

Environment

Social

Governance

In relation to human rights, the Hotline features a primary issue type titled “Harassment and Discrimination”. This is further divided into predefined sub-categories to better specify the nature of each concern:

- Workplace Harassment
- Workplace Sexual Harassment
- Workplace Discrimination
- Workplace Retaliation or Retribution
- Personal Conduct Violations

Incidents, complaints and severe human rights impacts

Incidents of discrimination, including harassment, reported in the reporting period FY24	
Total number of incidents of discrimination	75
of which harassment	66
Total number of closed cases	63
of which closed (substantiated or partially substantiated)	38
of which closed (not substantiated or dispositioned)	25
of which currently under investigation	12
Complaints filed through channels for people in Hitachi’s own workforce to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for OECD Multinational Enterprises FY24	
Total number of complaints filed by workers	75
of which: through the Organization’s own channels	75
Identified cases of severe human rights incidents (e.g., forced labor, human trafficking or child labor) FY24	
Number of severe human rights incidents	-
Total amount of fines, penalties and compensation for damages for the incidents described above FY24	
The total amount of fines / penalties / compensation for the incidents during the reporting period	-

Among the cases reported through the channels and subsequently investigated, none were classified as severe human rights violations (e.g. forced labor, human trafficking or child labor).

Also no fines, penalties or compensation for damages were reported or recorded related to the outcomes of any reported concerns under the Hitachi Rail Whistleblowing & Speak-Up Policy and process.

However, in FY24, the Compliance Team managed a significantly increased number of concerns compared to the previous fiscal year.

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 Ground Transportation Systems (GTS) employees as of day 1 post-integration. The Organization’s former GTS colleagues have actively participated in the program, having reported more than 30 concerns across multiple issue types since joining Hitachi Rail.

3.1.2.2 Learning and career development

Annual performance review					
Category	Men	Women	Other	Not reported	Total FY24
Executives [headcount]	130	19	-	-	149
Middle management [headcount]	1,354	291	-	1	1,646
White collars [headcount]	10,288	3,196	8	114	13,606
Blue collar [headcount]	4,184	499	10	26	4,719
Total [headcount]	15,956	4,005	18	141	20,120
Number of employees [headcount]	16,204	4,112	18	141	20,475
Percentage of employees that participated in career development reviews					
Executives [%]	0.8%	0.5%	-	-	0.7%
Middle management [%]	8.4%	7.1%	-	0.7%	8.0%
White collars [%]	63.5%	77.7%	44.4%	80.9%	66.5%
Blue collar [%]	25.9%	12.1%	55.6%	18.4%	23.1%
Total [%]	98.5%	97.4%	100%	100%	98.3%

Average hours of training	Men	Women	Other	Not reported	Total
Executives	13.3	19.4	-	-	14.1
Middle manage	11.3	10.9	-	3.5	11.2
Other White Collars	17.0	15.1	2.7	4.7	16.4
Blue collars	5.9	5.5	0.0	0.6	5.8
Total average	13.5	13.5	1.2	3.9	13.4

Average hours of training	
Technical specialist	42.8%
Language	4.4%
Managerial	5.4%
Environment	0.2%
Health and Safety	19.1%
Quality	8.5%
Human Rights	2.2%
Business Ethics\Ethical Aspects	11.5%
Anti-corruption	0.6%
Sustainability	0%
Other	5.3%

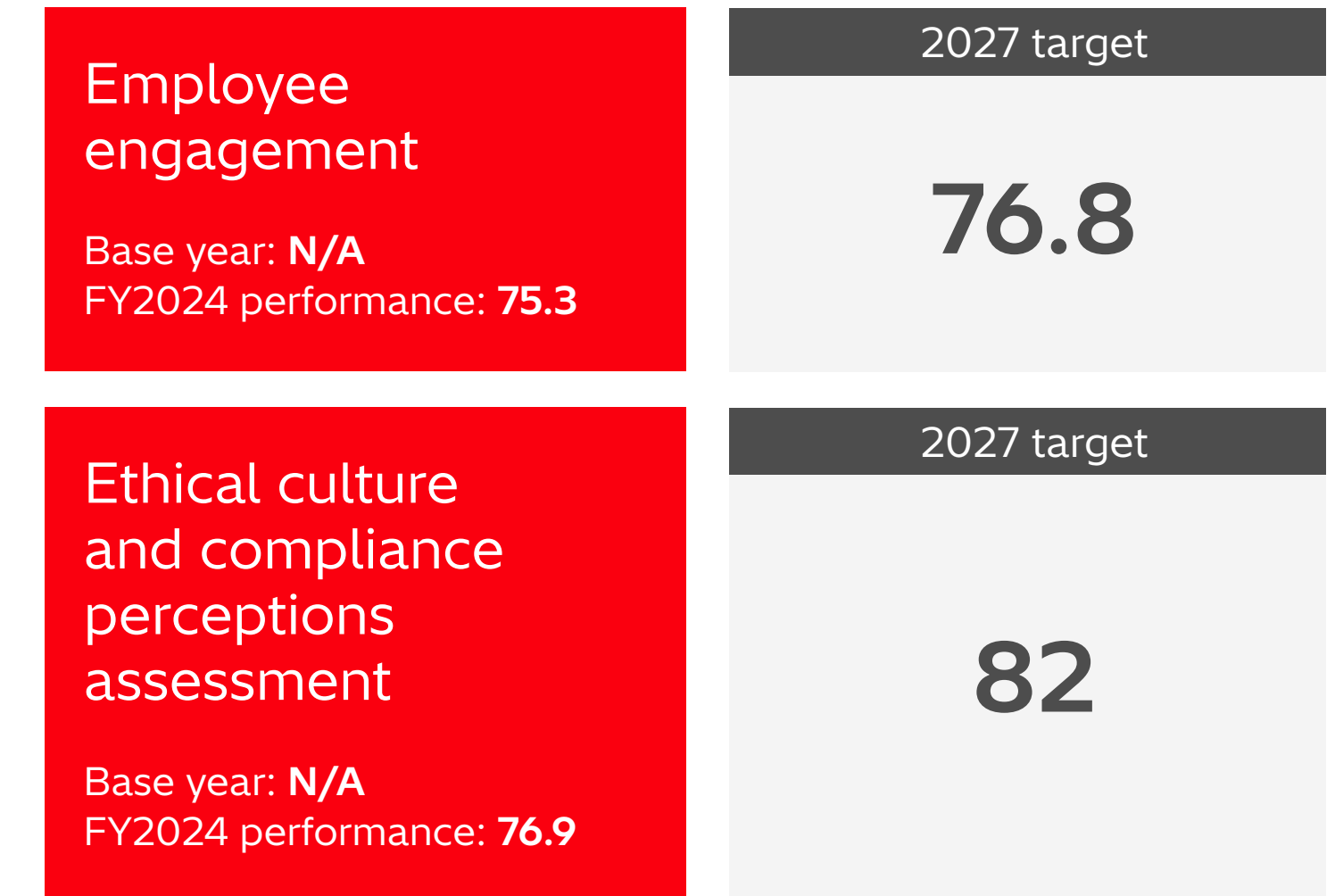
3.1.2.3 Safety in the workplace

The following section presents data relating to health and safety within the Organization, both for employees and non-employees:

Health and safety - employees	FY24
Number of recordable work-related injuries	101
of which fatalities as a result of work-related injury	0
of which high-consequence work-related injuries (excluding fatalities)	1
of which lost time work-related injury	92
of which Medical Treatment and Restricted Work Case	8
Rate of recordable work-related accidents	2.5
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	2,216
Number of near misses	330
Number of first-aid	231
Number of cases of recordable work-related ill health	4
Number of fatalities as a result of work-related ill health	-
Number of employees covered by an occupational health and safety management system	19,121
Rate of employees covered by an occupational health and safety management system [%]	93.0%
Health and safety - not employees (agency workers)	FY24
Number of recordable work-related injuries	5
of which fatalities as a result of work-related injury	0
of which high-consequence work-related injuries (excluding fatalities)	1
of which lost time work-related injury	5
of which Medical Treatment and Restricted Work Case	0
Rate of recordable work-related accidents	5.8
Number of non employees covered by an occupational health and safety management system	936
Rate of non employees covered by an occupational health and safety management system [%]	98%

3.1.2.4 Employee-related targets

Employee wellbeing is recognized as an essential driver of the Organization’s long-term success. Hitachi Rail remains committed to improving the Organization’s Wellbeing Index. This is done through continuous monitoring of its performance on initiatives aimed at enhancing personal and professional development, and fostering active employee participation within the Organization.



3.1.2.5 Targets related to 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, Hitachi Rail aims to strengthen awareness across the whole Organization on Sustainability and Diverse Perspectives, Human Rights, and Ethics by FY27.

<p>Employee awareness</p> <p>Base year: N/A FY2024 performance: Several training sessions completed</p>	<p>Yearly target</p> <p>Increase employee's awareness on Sustainability, Diverse Perspectives, Ethics and Human Rights through training sessions and a communication campaign</p>
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3.1.2.6 Health and safety targets

Employees' health and safety is fundamental to Hitachi Rail, which has set the following target:

<p>Fatal accidents</p> <p>Base year: N/A FY2024 performance: 0</p>	<p>Yearly target</p> <p>Zero</p>
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3.2

Value chain workers and workers of operational control legal entities

3.2.1 Managing impacts, risks and opportunities relating to value chain workers and workers of operational control legal entities

Through its first double materiality assessment, described in the first chapter, Hitachi Rail was able to identify the following material impacts, risks and opportunities pertaining to workers of its value chain including workers of operational control legal entities.

IRO Description	Business	Value chain	Time horizon	IRO type
Working conditions				
In the conduction of activities such as the extraction of raw materials and the production of (semi) components, workers might not receive an adequate pay or wage causing them to be unable to provide for themselves and their families	Vehicles / Rail Control	● ○ ○	Short to long term	Potential negative impact
Inadequate wages can result in workforce dissatisfaction and increased turnover rates	Vehicles / Rail Control	● ○ ○	Short to medium term	Risk
In the conduction of activities such as the extraction of raw materials and the production of (semi) components, especially when considering sites located in lightly regulated regions, workers are subject to health and safety risks that lead to the occurrence of accidents such as injuries and/or fatalities.	Vehicles / Rail Control	● ○ ○	Short to medium term	Actual negative impact
Strong health and safety practices foster a healthier and more productive workforce	Vehicles / Rail Control	● ○ ○	Medium to long term	Opportunity
Poor safety standards may lead to legal consequences and higher insurance costs	Vehicles / Rail Control	● ○ ○	Short to medium term	Risk

IRO Description	Business	Value chain	Time horizon	IRO type
Other work-related rights				
In the conduction of activities such as the extraction of raw materials and the production of (semi) components, especially when considering sites in lightly regulated regions, there might be episodes of child labor that violate the most basic human rights	Vehicles / Rail Control	● ○ ○	Short to medium term	Potential negative impact
The use of the so-called conflict minerals (e.g., cobalt, copper, gold, graphite, iron, lead, lithium, nickel, silicon, silver, tantalum, tungsten, tin, and zinc) the majority of which are found in hotspot states perceived to be conflict affected and high-risk areas (CAHRAs) may entail child and forced labor.	Vehicles / Rail Control	● ○ ○	Short to medium term	Potential negative impact
Child labor violations may lead to severe legal and reputational consequences	Vehicles / Rail Control	● ○ ○	Short to medium term	Risk
Forced labor practices can result in significant legal and reputational damage	Vehicles / Rail Control	● ○ ○	Short to medium term	Risk
Hitachi Rail, having been developing a comprehensive human rights due diligence, aims at ensuring fair labor practices and ethical sourcing across the supply chain.	Vehicles / Rail Control	● ○ ○	Short to long term	Potential positive impact
Human rights violations in the supply chain can lead to reputational damage and legal action	Vehicles / Rail Control	● ○ ○	Short to medium term	Risk
Legend	● ○ ○ Upstream value chain	○ ● ○ Own operations	○ ○ ● Downstream value chain	

3.2.1.1 Policies for socially responsible value chain

To uphold human rights across its operations and throughout the value chain, Hitachi Rail has adopted a set of policies that promote ethical conduct and responsible business practices. These policies are designed to ensure that all business partners and third parties engaging with the Organization align with its values and commitment to respecting human rights.

Human Rights Policy

Hitachi Rail is firmly committed to upholding internationally recognized human rights standards throughout its entire value chain. This commitment is embedded in the **Human Rights Policy**, which applies to all individuals engaged in the Business Unit’s 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 the Organization’s website. For further information on its key principles, reference standards and the senior management role responsible for its implementation and oversight see chapter 3.1.1.

Conflict Minerals Policy

Hitachi Rail is committed to responsible procurement practices that uphold human rights and ethical sourcing across its supply chain. In support of this commitment, the Organization has implemented a Business Unit-wide policy aimed at ensuring that the sourcing of materials containing conflict minerals and cobalt does not contribute to illegal activities or human rights violations. This includes risks associated with armed groups and child labor, as outlined in chapter 2.4.1.

Recognizing the need to address systemic risks such as modern slavery, Hitachi Rail takes proactive steps to identify and mitigate these risks across its operations and supply chains. In jurisdictions where it’s required by law, the Organization issues annual Modern Slavery Statements that describe the actions taken to combat forced labor and human trafficking.

The Organization’s due diligence processes are aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. It also includes enhanced assessments that consider broader social risks and the responsibilities expected of companies operating in complex contexts.

For further details of the senior management function responsible for policy oversight, as well as the operational mechanisms in place to ensure compliance see chapter 2.4.1.

Modern Slavery Policy

Hitachi Rail is committed to eradicating all forms of modern slavery, forced labor and human trafficking across its global operations. The Organization is also committed to promoting the right to freedom of association, collective bargaining and safe, healthy, and hygienic working conditions across all operations. Modern slavery, understood as the coercive exploitation of adults or children (often for labor or sexual purposes) is recognized as a serious human rights violation and criminal offence in many jurisdictions. In line with the Organization’s Human Rights Policy, the use of forced labor is strictly prohibited.

This policy applies globally to all legal entities and affiliates within the Business Unit and is binding on all personnel. Breaches may result in disciplinary action, including dismissal, and failure to report or cooperate in investigations may also lead to sanctions.

The individual with the highest level of accountability for its implementation is the Chief Legal and Compliance Officer.

Hitachi Rail expects all business partners acting on its behalf to comply with relevant modern slavery legislation and to align with the Organization’s values and standards. Recognizing that partners may face risks within their own operations or supply chains, Hitachi Rail applies robust due diligence procedures to ensure compliance.

Due diligence is conducted at the onset of business relationships and periodically thereafter, covering legal, ethical and reputational risks related to child labor, forced labor, human trafficking and other workers’ rights. Risk assessments are guided by sector and geographic risk profiles. Where potential issues are identified, they are evaluated and addressed through mitigation plans.

These activities are governed by the Organization’s Procurement Policies and Procedures, the Compliance Due Diligence Policy, and, in the case of Ground Transportation Systems, the Third Parties Integrity Assessment Governance Instruction. The Procurement function, supported by the Compliance team, oversees these screening and risk mitigation processes.

Where feasible, Hitachi Rail conducts human rights impact assessments before entering into new partnerships, examining the structure and practices of potential partners. Business partners are also encouraged to perform similar assessments within their own supply chains, strengthening overall due diligence and alignment with international human rights standards.

3.2.1.2 Efforts for a human centered value chain

Hitachi Rail engages with workers across the value chain either directly or through its tier 1 suppliers. The goal is to ensure that ethical standards, fair working conditions and health and safety practices are upheld throughout its extended supply network. This is achieved through a combination of onboarding processes, contractual obligations, active engagement initiatives and continuous monitoring mechanisms.

As part of supplier onboarding, Hitachi Rail conducts comprehensive due diligence, including screening for sanctions, adverse media and politically exposed persons, covering key individuals (e.g. directors, managers, beneficial owners or controlling shareholders). Additional requirements may be applied based on spend thresholds and supplier risk profiles. In the contractual phase, clauses outlining suppliers’ responsibilities (covering labor rights, HSE standards and ethical conduct) are embedded in both framework agreements and individual purchase orders. Invoiceable transactions also include clauses reinforcing supplier obligations, which reference Hitachi

Rail’s Expectations of Business Partners covering Business Ethics & Compliance, HSE, Human Rights and Confidential Business Information & Personal Data.

To further strengthen its supplier oversight, most suppliers undergo an annual sustainability risk screening by EcoVadis, which evaluates four key areas:

- Environment
- Labor & Human Rights
- Ethics
- Sustainable Procurement.

In addition, in 2025 Hitachi Rail launched a program to conduct Workplace Conditions Assessments with selected suppliers to directly evaluate working and environmental conditions on the ground.

Information on key suppliers gathered through Hitachi Rail’s due diligence framework and activities is subject to annual review, ensuring alignment with current legal obligations, ethical principles and sustainability commitments.

The Chief Procurement Officer oversees the due diligence process and ensures that feedback from value chain workers is considered, with the support of the Head of Health, Safety and Environment (HSE) who ensures effective oversight of HSE issues across the stakeholder value chain. For more details on Hitachi Rail’s approach to supplier’s relationship management see chapter 4.1.1.2.

Engagement on Health and Safety

Hitachi Rail recognizes the strategic importance of value chain workers, particularly those employed by contractors and partners. As a result, the Organization integrates actual and potential impacts on these workers into the design and implementation of health and safety initiatives. Maintaining high safety standards is essential to mitigating legal, financial and reputational risks, as inadequate practices can lead to legal liabilities, financial penalties and increased insurance costs.

This active engagement and continuous development of suppliers, subcontractors and their workforce is fundamental to achieving Hitachi Rail’s HSE performance objectives. Suppliers are regularly subject to HSE audits and inspections, conducted through the Organization’s risk-based HSE Audit program, to ensure continuous compliance with corporate standards and regulations.

Workers across the value chain are also involved in Health, Safety and Environment (HSE) programs, including awareness campaigns, training sessions and performance monitoring that covers workplace risks, safety procedures and emergency protocols. Subcontractors are engaged through targeted communication initiatives, such as the Life Saving Rules, to reinforce shared responsibility for safe and ethical working conditions.

Hitachi Rail monitors program effectiveness using participation data and performance indicators, such as the **Total Recordable Frequency Rate (TRFR)**, which includes both direct employees and contractor personnel.

In accordance with national legislation and international frameworks (e.g. European Health & Safety Directives), the Organization pays particular attention to the vulnerabilities of workers, both internal and across the value chain, with regards to gender, age and disability status. Suppliers and their workforce are informed about grievance mechanisms, including the SpeakUp platform, which provides a confidential channel for reporting concerns.

Hitachi Rail aligns with the Hitachi Group Human Rights Policy, grounded in the UN Guiding Principles on Business and Human Rights. The Organization acknowledges its responsibility to provide or contribute to remedy where it has caused or contributed to material negative impacts on value chain workers. When such impacts are identified, the Organization supports legitimate remediation processes, either directly or in collaboration with relevant stakeholders. These may include corrective action plans with suppliers, follow-up assessments and engagement through grievance mechanisms. The effectiveness of these actions is evaluated through ongoing human rights due diligence, supplier monitoring tools such as EcoVadis and the tracking of outcomes related to specific incidents or audit findings. This ensures that remediation efforts are both implemented and assessed for their ability to prevent recurrence and address the concerns of affected workers.

In line with its commitment to open and constructive dialogue, Hitachi Rail engages with Health & Safety (H&S) trade unions and workers’ representatives. Depending on the country or project context, local H&S Committees may be established to facilitate communication, promote HSE improvements and incorporate workers’ feedback.

To ensure accessibility and confidentiality, Hitachi Rail provides multiple grievance channels:

- **An anonymous email address** linked to the Code of Ethics, as part of the whistleblowing process.
- **The SpeakUp platform**, a secure and confidential tool available in multiple languages. This enables employees and value chain workers to report actual or suspected violations of laws, policies or ethical standards.

These mechanisms are designed to ensure that all concerns, whether related to health and safety, human rights or other material issues, are received, assessed and addressed in a timely and fair manner. The process includes clear responsibilities for investigation, protection against retaliation and follow-up actions to ensure resolution. For more information on the grievance mechanism see chapter 4.

Hitachi Rail communicates the availability of grievance mechanisms to suppliers and value chain partners through the Hitachi Group Code of Ethics and Business Conduct. These outline expectations regarding ethical behaviour, compliance and the right to raise concerns.

In 2025, Hitachi Rail joined Railsponsible, a member-led initiative of 22 companies across the railway value chain committed to advancing sustainability in the sector. Through this platform, the Organization contributes to the development and implementation of forward-looking sustainability strategies and standards, addressing key challenges in the industry.

As part of this commitment, Ground Transportation Systems (GTS) actively participates in the One Rail Approach, reinforcing a unified and collaborative response to sustainability priorities across the rail sector.

Hitachi Rail is dedicated to safeguarding the rights and wellbeing of all individuals working within its operations and

General

Environment

Social

Governance

across its entire value chain, both upstream and downstream. This commitment extends beyond its own workforce to include all workers engaged through suppliers, contractors and other business partners.

To demonstrate this responsibility, Hitachi Rail has made the Hitachi Global Compliance Hotline accessible to all stakeholders, including employees, non-employee workers and third parties. The Hotline serves as a confidential and, if desired, anonymous channel for reporting concerns related to misconduct, ethical violations and human rights issues.

Within the case management system, these types of concerns are categorized under a primary issue of “Human Rights”, which includes the following predefined sub-issues:

- Human rights violations
- Fair trade violations
- Modern slavery



In 2025, Hitachi Rail joined Railsponsible, a member-led initiative of 22 companies across the railway value chain committed to advancing sustainability in the sector.

Incidents, complaints and severe human rights impacts

Incidents of discrimination, including harassment, reported in the reporting period (number) FY24	
Total number of incidents of discrimination	9
of which harassment	5
Total number of closed cases	7
of which closed (substantiated or partially substantiated)	2
of which closed (not substantiated or dispositioned)	5
of which currently under investigation	2
Complaints filed through channels for Hitachi Rail’s workers in the value chain to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for OECD Multinational Enterprises FY24	
Total number of complaints filed by workers	9
of which: through the Organization’s own channels	9
Identified cases of severe human rights incidents (e.g., forced labor, human trafficking or child labor) FY24	
Number of severe human rights incidents	-
Total amount of fines, penalties and compensation for damages for the incidents described above FY24	
The total amount of fines / penalties / compensation for the incidents during the reporting period	-

In FY24, a concern highlighted a reputational risk involving a supplier under investigation for allegedly recruiting workers at low wages. Following internal review, the supplier was removed from Hitachi Rail’s supply chain, reinforcing the Organization’s zero-tolerance approach to human rights violations.

This proactive stance reflects Hitachi Rail’s broader commitment to ethical business practices and responsible sourcing, ensuring that all workers (regardless of where they operate within the value chain) are treated with fairness, dignity and respect. To ensure effective management of impacts, risks and opportunities relating to its value chain workers, Hitachi Rail has implemented the following recurring actions:

Main Actions	Timeframe	Status
HSE Contractor Management program	Medium term	Ongoing
EcoVadis Assessment	Short to medium term	Ongoing



In FY24, a concern highlighted a reputational risk involving a supplier under investigation for allegedly recruiting workers at low wages. Following internal review, the supplier was removed from Hitachi Rail’s supply chain, reinforcing the Organization’s zero-tolerance approach to human rights violations.

HSE Contractor Management program

Hitachi Rail has launched a comprehensive Contractor Management program to strengthen (HSE) performance across its global operations. This Organization-wide initiative provides a structured framework to ensure consistent and effective contractor safety management at both industrial plants and project sites.

The program reflects the core principles of Hitachi Rail’s HSE Policy, which affirms:



It is our objective to see everybody return home every day without injury or illness.



As a colleague or contractor, each of us has a responsibility to contribute at our individual level to creating a safe, healthy and sustainable working environment, putting people and the planet at the center of everything we do.

The program is global in scope and applies to both the BU’s industrial plants and project sites. Designed with a three-year implementation horizon, the program is being progressively rolled out, with initial pilot training sessions completed in Italy and the United Kingdom. The first regional deployment is planned for Europe, the Middle East and Africa (EMEA) region, which is home to the majority of Hitachi Rail’s plants and a high concentration of Rail

Control projects. It’s expected this is where the initiative will deliver the greatest impact on HSE performance due to the region’s significant operational footprint.

The program is supported by dedicated operational expenditure (OpEX) across two fiscal years as follows:

- **Investments for FY24 include Contractor Management Project design, material delivery and Train the Trainer delivery**
- **Investments for FY25 include the implementation along the value chain and delivery of Training Contractor Management Program**

These investments reflect Hitachi Rail’s commitment to embedding a culture of safety and accountability throughout its value chain.

The program’s ultimate aim is to improve Health, Safety, and Environmental (HSE) performance across both Hitachi Rail and its contractors, raise internal awareness of contractor HSE responsibilities and reduce the Total Recordable Injury Frequency Rate (TRIFR). The program will also help share tools, resources and best practices with contractors to enhance working conditions for value chain workers. Furthermore, the program supports business continuity and operational excellence, while offering strategic advantages such as market differentiation and enhanced customer trust through demonstrable HSE leadership.

The program also supports the development of small and medium-sized enterprises (SMEs) by providing access to training, tools and guidance. This helps build internal capabilities and align SME practices with Hitachi Rail’s expectations.

The program’s effectiveness will be monitored through specific HSE key performance indicators (KPIs), including the number of training sessions and workshops delivered, as well as TRIFR trends. These metrics will help track progress and ensure alignment with the Organization’s broader HSE Strategy.

This program is supported by cross-functional collaboration across key areas of the business, including Supplier Qualification, Manufacturing, Project Management, Design, Construction, Procurement and Human Resources. By combining performance oversight with capacity-building, Hitachi Rail aims to foster a safer, more resilient and more sustainable value chain.

EcoVadis Assessment

Hitachi Rail adopts a structured and proactive approach to supply chain sustainability. This includes leveraging the EcoVadis platform to screen, assess and monitor supplier performance across key ESG (Environmental, Social and Governance) criteria.

Core actions include:

- **ESG risk screening** through EcoVadis IQ+, enabling early identification of potential sustainability risks and targeted efforts for ratings assessment
- **Sustainability performance assessments** via EcoVadis ratings, supporting informed decision-making and continuous improvement
- **Integration of ESG requirements** into contractual documentation, including Codes of Conduct, Procurement Guidelines and dedicated ESG clauses in contracts and purchase orders
- **Access to grievance mechanisms** through the Hitachi Ethics Reporting Platform, ensuring transparency and accountability across the value chain
- **Ongoing supplier engagement**, including structured dialogue and targeted training initiatives to promote ESG awareness and compliance

For further details on the EcoVadis assessment process see chapter 4.1.1.2.

General

Environment

Social

Governance

3.2.2 Workers in the value chain and workers of operational control legal entities – metrics and targets

3.2.2.1 Metrics relating to value chain workers and workers of operational control legal entities

Below is a section of data derived from the disclosure requirements for own workforce (ESRS S1) applied to human capital data of the Japanese legal entities under operational control. As highlighted in chapter 1, these Japanese sites are usually considered as part of the business unit, regardless of the control type. Since the ESRS requirement does not specify how to account for employees of legal entities under operational control, Hitachi Rail has voluntarily chosen to report related human resources data in this section of the Sustainability Statement. This reaffirms the Organization’s commitment to transparency and to the people working there.

Characteristics of the workforce

Characteristics of Hitachi’s workers of operational control legal entities (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Employees - 'Operating control' with open-ended contracts [headcount]	2,786	257	-	-	3,043
Employees- 'Operating control' with temporary contracts [headcount]	167	10	-	-	177
Non-guaranteed hours employees - 'Operating control' [headcount]	-	-	-	-	-
Total employees - 'Operating control' [headcount]	2,953	267	-	-	3,220
Full-time employees - 'Operating control' [headcount]	2,920	264	-	-	3,184
Part-time employees - 'Operating control' [headcount]	33	3	-	-	36
Total employees - 'Operating control' [headcount]	2,953	267	-	-	3,220

Gender distribution at top management levels & employees by age - Operating control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Executives - Operating control [headcount]					
<30	-	-	-	-	-
30-50	4	-	-	-	4
>50	24	-	-	-	24
Total - Executives - ‘Operating control’	28	-	-	-	28
Middle management - Operating control [headcount]					
<30	-	-	-	-	-
30-50	302	18	-	-	320
>50	383	8	-	-	391
Total - Middle Management - ‘Operating control’	685	26	-	-	711
White collars - Operating control [headcount]					
<30	224	36	-	-	260
30-50	1032	109	-	-	1,141
>50	333	63	-	-	396
Total - White collars - ‘Operating control’	1,589	208	-	-	1,797
Blue collars - Operating control [headcount]					
<30	100	2	-	-	102
30-50	342	12	-	-	354
>50	209	19	-	-	228
Total - Blue collars - ‘Operating control’	651	33	-	-	684
TOTAL - Operating control [headcount]					
<30	324	38	-	-	362
30-50	1,680	139	-	-	1,819
>50	949	90	-	-	1,039
Total - ‘Operating control’	2,953	267	-	-	3,220

Gender distribution at top management levels & employees by age - Operating control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Executives - 'Operating control' [%]					
<30	-	-	-	-	-
30-50	14.3%	-	-	-	14.3%
>50	85.7%	-	-	-	85.7%
Middle management - Operating control [%]					
<30	-	-	-	-	-
30-50	44.1%	69.2%	-	-	45.0%
>50	55.9%	30.7%	-	-	55%
White collars - Operating control [%]					
<30	14.1%	17.3%	-	-	14.5%
30-50	65%	52.4%	-	-	63.5%
>50	21%	30.3%	-	-	22.0%
Blue collars - Operating control [%]					
<30	15.4%	6.1%	-	-	14.9%
30-50	52.5%	36.4%	-	-	51.8%
>50	32.1%	57.6%	-	-	33.3%
TOTAL - Operating control [%]					
<30	11%	14.2%	-	-	11.2%
30-50	56.9%	52.1%	-	-	56.5%
>50	31.1%	33.7%	-	-	32.3%

Characteristics of Hitachi's workers in the value chain - Operating Control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Non-employees - 'Operating control' [headcount]	32	23	-	466	521

Coverage of collective bargaining and social dialogue - Operating control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Total Number of employees - 'Operating control' covered [headcount]	2,953	267	-	-	3,220
Number of employees - 'Operating control' [headcount]	2,953	267	-	-	3,220
Total Number of employees - 'Operating control' covered [%]	100%	100%	-	-	100%
Estimate of Non-employees - 'Operating control' whose working conditions and terms of employment are determined or influenced by collective bargaining agreements [headcount]	32	23	-	466	521

Persons with disabilities

Persons with disabilities - Operating control (Japanese legal entities)"					
Category	Men	Women	Other	Not reported	Total FY24
Employees - 'Operating control' with disabilities [headcount]	-	-	-	-	-
Number of employees - 'Operating control' [headcount]	2,953	267	-	-	3,220
Percentage of employees - 'Operating control' with disabilities	-	-	-	-	-

Work-life balance metrics

Work-life balance metrics – Operating control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Employees - 'Operating control' entitled to take family-related leave (parental leave, maternity leave, and paternity leave) [headcount]	2,953	267	-	-	3,220
Employees - 'Operating control' that took family-related leave (parental leave, maternity leave, and paternity leave) [headcount]	69	12	-	-	81
Number of employees - 'Operating control' [headcount]	2,953	267	-	-	3,220
Share of employees - 'Operating control' entitled to take family-related leave (parental leave, maternity leave, and paternity leave) [%]	100%	100%	-	-	100%
Share of employees - 'Operating control' that took family-related leave (parental leave, maternity leave, and paternity leave) [%]	2.3%	4.5%	-	-	2.5%

Learning and Career Development

Annual performance review - Operating control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Executives - 'Operating control'	28	-	-	-	28
Middle management - 'Operating control'	685	26	-	-	711
White collars - 'Operating control'	1,515	177	-	-	1,692
Blue collar - 'Operating control'	564	28	-	-	592
Total - 'Operating control'	2,792	231	-	-	3,023
Number of employees [headcount]	2,953	267	-	-	3,220
Annual performance review - Operating control (Japanese legal entities)					
Executives - 'Operating control'	0.95%	-	-	-	0.87%
Middle management - 'Operating control'	23.2%	9.8%	-	-	22.1%
White collars - 'Operating control'	51.3%	66.3%	-	-	52.6%
Blue collar - 'Operating control'	19.1%	10.5%	-	-	18.4%
Total	94.6%	86.5%	-	-	93.9%

Average hours of training - Operating control (Japanese legal entities)					
Category	Men	Women	Other	Not reported	Total FY24
Executives	1	-	-	-	1
Middle managers	21	23	-	-	21
Other White Collars	32	40	-	-	33
Blue collars	33	35	-	-	34
Total	30	38	-	-	30

Health and Safety

Health and safety - employees - Operational control sites (Japanese legal entities)	FY24
Number of recordable work-related injuries	6
of which fatalities as a result of work-related injury	-
of which high-consequence work-related injuries (excluding fatalities)	-
of which lost time work-related injury	3
of which Medical Treatment and Restricted Work Case	3
Rate of recordable work-related accidents	1.0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	289
Number of near misses	140
Number of first-aid	3
Number of cases of recordable work-related ill health	-
Number of fatalities as a result of work-related ill health	-
Number of employees covered by an occupational health and safety management system	2,975
Rate of employees covered by an occupational health and safety management system [%]	92.4%

Health and safety - not employees - Operational control sites (Japanese legal entities)	FY24
Number of recordable work-related injuries	-
of which fatalities as a result of work-related injury	-
of which high-consequence work-related injuries (excluding fatalities)	-
of which lost time work-related injury	-
of which Medical Treatment and Restricted Work Case	-
Rate of recordable work-related accidents	0
Number of non employees covered by an occupational health and safety management system	521
Rate of non employees covered by an occupational health and safety management system [%]	100%

Health and safety - contractors (All legal entities)	FY24
Number of recordable work-related injuries	59
of which fatalities as a result of work-related injury	-
of which high-consequence work-related injuries (excluding fatalities)	1
of which lost time work-related injury	51
of which Medical Treatment and Restricted Work Case	7
Rate of recordable work-related accidents	4.5
Number of contractors covered by an occupational health and safety management system	5,415

3.2.2.2 Targets relating to value chain workers and workers of operational control legal entities

At this stage, the Organization has not yet set measurable targets specifically addressing the impacts and risks relating to workers of its value chain. However, Hitachi Rail remains committed to monitoring the effectiveness of its actions to ensure that material impacts and risks are appropriately managed, in line with due diligence processes and policy commitments.

3.3

Customers

3.3.1 Management of impacts, risks and opportunities relating to customers

Material impacts and risks related to customers and end-users have been identified in accordance with the process described in the 1. General information chapter and are summarized in the table below.

IRO Description	Business	Value chain	Time horizon	IRO type
Personal safety of consumers and/or end-users				
Hitachi Rail is responsible of the safety of users of their vehicles and signalling system, therefore potential failure in the technical safety of Hitachi Rail could cause damage to a broad number of people.	Vehicles / Rail Control / Smart Mobility	○ ○ ●	Short to long term	Potential negative impact
Increased product safety	Vehicles / Rail Control	○ ○ ●	Short to long term	Actual positive impact
Hitachi Rail works with systems capable of handling traffic data from railway infrastructure. The proper functioning of these systems enables international traffic to function properly and prevents malicious incidents or accidents that could endanger the safety of the rail network and people.	Vehicles / Rail Control / Smart Mobility	○ ○ ●	Medium to long term	Actual negative impact
Information-related impacts for consumers and/or end-users				
The failure to guarantee data protection of consumers and end users may result reputational damage and regulatory fines	Vehicles / Rail Control / Smart Mobility	○ ○ ●	Short to medium term	Risk
Reduced commitment and strategic coordination on the basis of customer/market needs	Vehicles / Rail Control	○ ○ ●	Short to long term	Potential negative impact
Failure to meet customer expectations may result in market share loss	Vehicles / Rail Control / Smart Mobility	○ ○ ●	Short to medium term	Risk
Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain				

3.3.1.1 Customer-related policies

Hitachi Rail has adopted the following policies to enable efficient management of impacts and risks pertaining to its clients and end-users.

Quality and Product Safety Policy

Hitachi Rail’s Quality and Product Safety Policy supports a customer-focused approach, striving to exceed customer expectations by ensuring that all technical, safety, economic, and scheduling requirements are met. Customer satisfaction is monitored regularly to support continuous improvement.

Through the adoption of the Quality and Product Safety Policy which applies to the whole Business Unit and is available on the intranet platform, Hitachi Rail aims to ensure the following order of 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

To operationalize these principles, Hitachi Rail has implemented a Quality Management System fully integrated into its Global Business Management System (GBMS). This system reflects the Organization’s commitment to innovation and digitalisation, enhancing product and service quality across the value chain.

A strong safety culture is promoted, reinforcing the idea that safety is a shared responsibility across all levels of the Organization. The Organization actively engages with stakeholders, including suppliers, to promote hazard reporting and ensure effective communication of safety objectives and policy commitments.

The Chief Safety, Health, Environment & Quality Officer is the most senior executive responsible for the implementation of the policy. All employees and managers are expected to actively support the implementation of this policy and to ensure that their work is carried out in accordance with the stated quality principles, as far as is reasonably practicable.

Hitachi Rail recognizes that **people engagement and teamwork** are fundamental to delivering value. The Organization therefore fosters a culture of accountability and excellence by:

- **Promoting** appropriate managerial behaviours
- Adopting a **First Time-Right** approach
- Providing continuous **training** at all levels

This commitment ensures that all employees are equipped to contribute to the Organization’s objectives in a safe, efficient and sustainable manner. Compliance is ensured with the expectations of both internal and external parties, including alignment with corporate strategic guidelines, adherence to legal obligations and conformity with applicable national and international standards.

Information Security Policy

Hitachi Rail is committed to delivering safe, effective, high-quality and fit-for-purpose systems, products and services to customers, in compliance with applicable laws, international and national standards and recognized good practices. To support this commitment, the Organization has implemented an Information Security Management System (ISMS) within its Global Business Management System (GBMS), in accordance with the requirements of the ISO/IEC 27001 standard.

The Information Security Policy, which applies to the whole Business Unit, is maintained at the corporate level and communicated to relevant stakeholders, ensuring alignment with Hitachi Rail’s broader policies and standards.

The most Senior executive in charge of the implementation of the policy is Tim Coles, Group Chief Information Officer. However, all employees and managers are expected to co-operate and assist in implementation, whilst ensuring that their own work, so far as is reasonably practicable, is carried out to fulfil the security principles.

Information Security Objectives Policy

The Information Security Objectives Policy sets out the overall information security objectives to be globally pursued by Hitachi Rail, independently from the specific enterprise process or information system.

This policy is designed to align with the regulatory and legislative requirements, as well as the ISF Standard of Good Practice for Information Security, ISO/IEC 27001 and the NIST Cybersecurity Framework.

The policy applies to all Business Unit’s employees, agents, contractors, consultants, suppliers, service providers, system owners and business partners involved in managing, or able to influence, the information security of the Organization’s IT assets.

Hitachi Rail’s Chief Information Security Officer (CISO) is responsible for defining and enforcing the Information Security Objectives in accordance with Hitachi Rail Corporate and Business strategies, policies and standards. This includes communicating and sharing with all the relevant functions and levels. The CISO is the most senior level accountable for the implementation of the policy.

3.3.1.2 Efforts for a customer oriented organization

Hitachi Rail is committed to continuous improvement and recognizes the critical role that customers and end-users play in shaping its products and impact management practices. Their perspectives are actively sought and integrated into decision-making processes, to help the Organization better understand expectations, identify areas for enhancement and align with evolving needs. To ensure that the voices of these stakeholders are meaningfully considered, Hitachi Rail adopts the following engagement methods:

Customer Satisfaction Survey

The Information Security Objectives Policy sets out the overall information security objectives to be globally pursued by Hitachi Rail, independently from the specific enterprise process or information system.

Hitachi Rail conducts yearly customer satisfaction surveys, to understand and address the needs of its customers. These surveys are conducted by Project Managers and/or Quality Assurance teams, who engage in detailed interviews to gather comprehensive customer feedback.

Throughout 2024, more than 150 people were involved in the customer satisfaction survey, either externally or internally. Through direct engagement, Hitachi Rail gathered valuable information about customers’ experiences and preferences, allowing the tailoring of products, services and processes. 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. The results showed an overall weighted global score of 8, including both Rail Control and Vehicles Lines of Business, with the following breakdown of scores:

- **Responsiveness** – average score of 7.6
- **Effectiveness** – average score of 7.8
- **Technology** – average score of 8.0
- **Collaboration** – average score of 8.6

Overall, satisfaction levels increased in FY24 compared to previous years.

Continuous improvement process

To anticipate potential sources of customer dissatisfaction, Hitachi Rail adopts a proactive and structured approach. In 2024, the Organization implemented an 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.

To further enhance responsiveness, project-related complaints are now managed through the Organization’s Eco Online software. This ensures structured, timely handling and ongoing monitoring of customer concerns, improving overall transparency and accountability.

As part of the Hitachi Rail Global Hotline (an independent and confidential reporting platform) a dedicated section is available for submitting concerns related to product and service quality. This allows users to report relevant issues anonymously, thereby promoting transparency and accountability. The platform is managed by an external third-party provider to ensure impartiality and safeguard confidentiality. For more details on the Organization’s Global Hotline see chapter 4.

Hitachi Rail implements targeted actions aimed at strengthening trust and satisfaction among customers and end-users, with the dual objective of enhancing product and service quality and addressing potential adverse impacts.

Main Actions	Timeframe	Status
Cybersecurity business process	Short term	Completed
Ensuring functional safety for consumers and end users	Short/medium term	Ongoing

Cybersecurity business process

Hitachi Rail implements a Cybersecurity Process according to IEC 62443¹⁹ and TS 50701²⁰ to ensure customer data integrity, confidentiality and availability against attacks and misuses. This ensures the cyber protection of Signalling Generic Products (GP), Generic Applications (GA), Specific Applications (SA), Telecommunication and Automation technologies and finally Turnkey Systems developed by Hitachi Rail. An update is currently underway to incorporate Incident Management policies in line with the NIS 2 Directive. It is applied consistently across all projects and customer environments and remains continuously active.

The Cybersecurity Process is structured into defined tasks and actions, including:

- **Cybersecurity Strategy Definition**
Based on applicable laws, standards and customer/product requirements, the Head of Cybersecurity defines the strategy, scope of risk management and training needs. The output is the Cybersecurity Management Plan.
- **GP/GA Cybersecurity Design**
A Cybersecurity Risk Assessment is conducted to determine the risk level of GP/GA components, resulting in a Cybersecurity Risk Assessment Report.
- **SA Cybersecurity Design**
A similar assessment is performed for Specific Applications, with the output being the SA Cybersecurity Risk Assessment Report.
- **System Cybersecurity Design**
A comprehensive System/Subsystem Risk Assessment Report is developed to demonstrate that system-level risks are within acceptable thresholds. This includes Automation and Telecommunication technologies and infrastructure protection.
- **Security Operations**
Operational recommendations and O&M guidelines are provided to support the management of cybersecurity, in line with contractual requirements.

This process applies to all technologies within Hitachi Rail, including both internally developed and commercial off-the-shelf (COTS) solutions. The Cybersecurity Process is shared across the Organization and implemented through a systematic approach. A strong cybersecurity culture is promoted internally and extended to customer environments, reinforcing awareness and accountability at all levels.

Furthermore, to mitigate the risk of customer data breaches, Hitachi Rail has integrated a series of cybersecurity measures across the entire project life cycle. These include:

- Risk management activities during project execution
- The design and implementation of protective measures for customer data, systems and infrastructure
- Testing and commissioning of technologies within customer environments
- Ongoing support during the revenue service phase

In the event of a cybersecurity incident, a dedicated Product Incident Response Team (PIRT) is activated to manage the situation. The PIRT is responsible for responding to faults and minimizing operational and reputational impacts in customer environments. To strengthen its incident management framework, Hitachi Rail is also developing an Incident and Vulnerability Management Policy.

¹⁹ IEC 62443 is a series of standards defining the requirements and processes for implementing and maintaining electronically secure Industrial Automation and Control Systems (IACS). These standards provide a comprehensive framework to protect industrial assets from cybersecurity threats, ensure system integrity, and support the secure operation of critical infrastructure.

²⁰ Technical specification 50701 provides cybersecurity requirements specifically tailored to the railway sector, building upon the IEC 62443 framework.

Cybersecurity business process (continued)

The Organization is also working to enhance cybersecurity resilience of its signalling products.

Additionally, Cybersecurity Supply Chain Management remains a key strategic focus. Cross-functional collaboration among Quality, Supply Chain, Procurement and Cybersecurity teams is underway to establish new rules and controls aimed at managing third-party dependencies and associated risks.

Key points are:

- **Strengthening** Supply Chain Risk Management (SCRM) security across the full life cycle, from supplier selection to decommissioning
- **Embedding** cybersecurity controls for both IT/OT (and product) within supplier qualification, contracts and monitoring
- **Adapting** SCRM activities so that they are able to meet regulatory requirements including the NIS2 Directive, CRA and upcoming standards: 63452

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. Compliance is systematically demonstrated with reference to norms such as:

- **EN50126** – Railway Applications: Specification and demonstration of Reliability, Availability, Maintainability and Safety (RAMS)
- **EN50176** – Railway Applications: Communication, signalling and processing systems – Software for railway control and protection systems
- **EN50129** – Railway Applications: Communication, signalling and processing systems – Safety-related electronic systems for signalling

For most critical projects, activities are subject to thorough verification conducted by independent external bodies (ISA – Independent Safety Assessor) and national safety authorities, providing an additional level of scrutiny and reliability.

This multifaceted approach reflects Hitachi Rail's continuous commitment to safeguarding individuals using or operating within its systems. It also underlines the Organization's role as a responsible and accountable actor within the rail industry.

3.3.2 Customers – metrics and targets

3.3.2.1 Customer-related targets

Hitachi Rail has not yet set measurable, outcome-oriented targets to address customer-related impacts and risks. Despite this, the Organization regularly monitors the effectiveness of its actions aimed at fostering and maintaining a customer-centric Organization, where customers' perspectives are actively sought and integrated into the decision-making process. This helps support Hitachi Rail in identifying areas for improvement and aligning its practices with stakeholder expectations.



Governance information



In this section

4.1 Business conduct

4.1

Business Conduct

4.1.1 Management of impacts, risks and opportunities relating to business conduct

The following impacts and risks were deemed as relevant for Hitachi Rail based on the double materiality analysis as described in the 1. General information chapter.

IRO Description	Business	Value chain	Time horizon	IRO type
Corporate culture				
Hitachi Rail, through the implementation of specific policies, promotes responsible, ethical and transparent business practices	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Corruption and bribery				
Hitachi Rail, through the conduction of specific training on anti-corruption helps raising employee awareness on the risks and consequences of corruption, promoting transparent and honest practices	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
The failure to implement legally required corruption prevention measures might lead to significant legal consequences and reputational damage	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Risk
In the conduction of activities such as the extraction of raw materials and the production of (semi) component, especially when considering lightly regulated and controlled regions, it is possible to register corruption and bribery episodes	Vehicles / Rail Control	● ○ ○	Short to medium term	Potential negative impact
Hitachi Rail, as a global player in the railway sector, might register episodes of corruption and bribes in its operations that could compromise the effectiveness and safety of rail services and lower employees' morale	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Potential negative impact
Hitachi Rail's public and private relationships with potential customers, obtaining favouritism in public procedures such as tenders or contracts, episodes of corruption and bribes could compromise the effectiveness and safety of rail services and lower end-users' trust	Vehicles / Rail Control / Smart Mobility	○ ● ○	Medium to long term	Potential negative impact
Incidents of corruptions might lead to regulatory sanctions and reputational damage	Vehicles / Rail Control	● ○ ○	Short to medium term	Risk

IRO Description	Business	Value chain	Time horizon	IRO type
Management of relationship with suppliers				
The achievement of a strong ESG ratings might lead to access incentive schemes, tax advantages, and financing opportunities, and produce reputational gains	Vehicles / Rail Control	○ ● ○	Short to medium term	Risk
Low control of business partners and exposure to disputes and sanctions	Vehicles / Rail Control	● ○ ○	Short to long term	Potential negative impact
Gaps in monitoring and enforcement lead to potential human rights violations in lower-tier suppliers	Vehicles / Rail Control	● ● ○	Short to long term	Potential negative impact
Protection of whistleblowers				
Hitachi Rail, through the implementation of efficient whistleblowing mechanisms, guarantees the protection of whistleblowers and promotes a transparent and accountable work environment	Vehicles / Rail Control / Smart Mobility	○ ● ○	Short to medium term	Actual positive impact
Legend ● ○ ○ Upstream value chain ○ ● ○ Own operations ○ ○ ● Downstream value chain				

4.1.1.1 Approach to business conduct and corruption prevention

Hitachi Rail has adopted a set of policies to ensure that impacts, risks and opportunities related to responsible business conduct are effectively addressed, and that all business activities are carried out in an ethical, lawful and transparent manner.

All Ethics & Compliance Policies are made easily accessible on a dedicated Ethics & Compliance portal on the internal intranet, COSMO, and through the VivaEngage engagement channels. All Policies are translated into multiple languages for Hitachi Rail's global workforce. Each Policy includes dedicated sections such as "What to Watch

For" and "In Your Daily Work", offering practical guidance. The implications of non-compliance are clearly outlined in the "Impact of Non-Compliance" section.

Code of Ethics and Business Conduct

The Hitachi Group Code of Ethics and Business Conduct (hereinafter also referred to as "the Code") defines the ethical standards and principles that govern the conduct of all individuals engaging in business with Hitachi Rail. This includes employees, executives, directors and third parties that represent or act on behalf of Hitachi Rail. 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.

General

Environment

Social

Governance

The Code sets out core commitments related to responsible business conduct. These include:

- **Being aware:** making good decisions and reporting concerns
- **Protecting what is ours:** safeguarding assets, intellectual property and non-public 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 and complying with trade compliance laws
- **Caring for Hitachi Rail’s communities:** caring for the planet, respecting human rights, appreciating diversity, equity, and inclusion, providing a workplace free of harassment, promoting health and safety and investing in local communities.

The Code is supported by a set of global policies adopted by Hitachi Rail, such as the Anti-Bribery & Anti-Corruption (ABAC) Policy, which is described in detail in the following section. It is further complemented by two operational procedures: Business Courtesies and Donations & Sponsorships.

The Code applies to all individuals working for, or representing, Hitachi Rail. This includes members of the Board of Directors, management, employees and temporary workers. Furthermore, Hitachi Rail expects its business partners to act in a manner consistent with the values of the Code and in compliance with all applicable laws and regulations, as specified in the Expectations of Business Partners.

In addition to internal dissemination to all employees, the Code is publicly available on both the Hitachi Group and Hitachi Rail websites, ensuring accessibility and awareness of the standards of conduct expected.

²¹ IEC 62443 is a series of standards defining the requirements and processes for implementing and maintaining electronically secure Industrial Automation and Control Systems (IACS). These standards provide a comprehensive framework to protect industrial assets from cybersecurity threats, ensure system integrity, and support the secure operation of critical infrastructure.

Anti-Bribery and Anti-Corruption Policy

The Anti-Bribery and Anti-Corruption (ABAC) Policy helps ensure Hitachi Rail’s full compliance with all applicable laws and regulations in every jurisdiction in which it operates. Its primary objective is to prevent bribery and corruption by clearly defining unacceptable conduct and promoting a culture of integrity and transparency.

Bribery and corruption are defined as the offering, promising, giving, or accepting of anything of value (whether financial, non-financial or of other advantage) in exchange for, or as a reward for, improper behaviour or actions. This also includes any payments or other advantages made by Hitachi Rail to third parties, or by business partners acting on the Organization’s behalf.

The policy is designed to address risks such as legal and regulatory sanctions, reputational damage and financial losses and operational disruption, by identifying clear rules, responsibilities and procedures for ethical business conduct.

The policy is further supported by two associated procedures: Business Courtesies and Donations & Sponsorships. These procedures establish standardized pre-approval controls for the offering or acceptance of business courtesies, as well as for the provision of donations and sponsorships. Their purpose is to ensure full compliance with anti-bribery and anti-corruption (ABAC) regulations, to promote transparency in Hitachi Rail’s approach to gifts, travel and entertainment given to or accepted from external parties, and to provide employees with clear guidance on appropriate conduct. Recipients of donations or sponsorships are subject to screening by the Compliance function, to verify their legitimacy and reputation. This process ensures that beneficiaries have no improper connections to public officials, government representatives or Hitachi Rail’s business partners, and that no other compliance risks are identified prior to approval.

The Anti-Bribery & Anti-Corruption Policy applies globally to all legal entities and affiliates within the Railway Systems Business Unit. The Legal and Compliance Function is tasked with maintaining it.

All business partners are required to conduct appropriate due diligence on business partners, both at the outset of the relationship and at regular intervals thereafter, in line with the principles and procedures set out by the Compliance Due Diligence Policy. This helps identify and assess any potential bribery or corruption risks that could lead to reputational damage for Hitachi Rail.

Hitachi Rail is committed to conducting business only with entities and individuals who share its values of integrity, ethical conduct and responsible business practices. Hitachi Rail expects all business partners²¹ representing or acting on its behalf to comply with applicable anti-bribery and anti-corruption laws and regulations. If a business partner is suspected to be acting in breach of any law, regulation or Hitachi Rail policy, concerns shall be reported via the dedicated speak-up channels, e.g. the Hitachi Global Hotline.

Fraud Prevention Policy

The Fraud Prevention Policy aims to uphold the integrity of Hitachi Rail’s operations. It does this by protecting assets from fraudulent activity, fostering a culture of fraud awareness and prevention and ensuring robust controls are in place to comply with all applicable legal obligations in every jurisdiction where the Organization operates.

Fraud is defined as any deliberate act or omission intended to deceive, resulting in a loss to the victim and/or a benefit to the perpetrator. It may include, but is not limited to:

- Falsifying or misrepresenting documents or financial records
- Withholding relevant information
- Misappropriating assets or resources
- Theft
- Improper handling or reporting of financial transactions
- Abuse of position
- Dishonest use of services
- Fraudulent travel or expense claims

General

Environment

Social

Governance

This policy is intended to complement the Hitachi Rail Anti-Bribery & Anti-Corruption Policy, the Books & Records Policy, and the Anti-Money Laundering Policy. This policy applies globally to all legal entities and affiliates of the Railway Systems Business Unit. While the Legal and Compliance Function sets the policy, day-to-day operational compliance is overseen by the Chief Financial Officer (CFO) and the Finance function. Support is given from Legal & Compliance, who together are tasked with developing and implementing appropriate global and local controls, policies and procedures to support the objectives of this policy.

All members of the BU workforce are required to act in accordance with the Organization's set of policies, including the Fraud Prevention Policy and the Code of Ethics and Business Conduct, to prevent unlawful behaviour. Fraud can have a significant and lasting impact on the Organization, including financial losses, reputational harm and broader business consequences.

Hitachi Rail has implemented internal controls designed to prevent and detect fraud. Circumventing these controls, whether intentionally or inadvertently, can undermine the Organization's ability to safeguard against fraudulent activity. Any suspected or actual incidents of fraud, whether involving Hitachi Rail personnel, business partners or external parties, must be reported.

Anti-Money Laundering Policy

The purpose of the Anti-Money Laundering Policy is to ensure that Hitachi Rail complies with all applicable anti-money laundering (AML) laws and regulations in force in every jurisdiction in which it operates. Money laundering is an unlawful process used to conceal the origins of funds generated through criminal activities, such as drug trafficking, fraud, human trafficking, tax evasion or terrorism. It typically involves funnelling illicit proceeds through legitimate businesses to make them appear lawful. It also encompasses the use of legitimate funds to finance criminal activities or terrorism, also known as anti-social transaction.²²

This Anti-Money Laundering (AML) Policy applies globally to all legal entities and affiliates within the Railway Systems Business Unit.

Hitachi Rail's personnel must never engage in or tolerate money laundering. This means they must not initiate or assist in any conduct involving Hitachi Rail's products, services or solutions that contravenes tax, trade or anti-money laundering laws. This includes the evasion of taxes or import duties.

Furthermore, Hitachi Rail is committed to only conducting business with individuals and entities that uphold its standards of integrity, ethical behaviour and values-based business practices. Even a distant association with parties that breach anti-money laundering laws and regulations can damage the Organization's reputation or expose it to legal risk. Therefore, all potential business partners must be thoroughly assessed before entering into any business relationship, to identify any links to money laundering or other illicit activities. Any suspicion that a business partner may be in breach of relevant laws or regulations must be promptly reported.

Conflicts of Interest Policy

The Conflicts of Interest Policy is intended to establish a consistent approach to managing conflicts of interest across the Organization. A conflict of interest (COI) arises when a member of Hitachi Rail's workforce finds themselves in a situation where their personal interests are at odds with those of the Organization. Such circumstances pose an unacceptable risk when they compromise the individual's ability to make impartial and objective decisions in the best interests of the BU. This policy covers actual, perceived and potential conflicts of interest.

This Conflicts of Interest (COI) policy applies globally to all legal entities and affiliates within the Railway Systems Business Unit and to all personnel.

The Legal & Compliance function within Hitachi Rail is responsible for maintaining the COI Policy, while the Human Resources function is tasked with implementing local policies and procedures that support it. This includes the disclosure of COIs during recruitment or pre-employment screening, and in relation to workplace relationships. Where local policies and procedures are more stringent than this policy, the local provisions shall take precedence. In cases where this policy conflicts with local laws or regulations, the local laws or regulations shall prevail.

Adherence to Hitachi Rail's policies and procedures aimed at promoting business conduct, including the Conflicts of Interest Policy, is a fundamental obligation for all workforce members. Hitachi Rail also expects its business partners who represent or act on behalf of the Organization to avoid conflicts of interest in the course of their work.

Fair Competition Policy

The Fair Competition Policy aims at ensuring that Hitachi Rail complies with all applicable competition laws and regulations in force in every jurisdiction in which it operates, upholding and promoting fair competition. The latter is a key cornerstone of the free market, fostering innovation, enabling fair pricing and supporting the quality and variety of products and services. These dynamics ultimately benefit both consumers and customers, while also reinforcing the Organization's business and reputation.

This Fair Competition Policy applies globally to all legal entities and affiliates within the Business Unit of Hitachi, Ltd.

The Chief Legal and Compliance Officer is the most senior individual within Hitachi Rail responsible for the implementation of this Policy.

Hitachi Rail, its workforce and its business partners acting on the Organization's behalf shall compete fairly and in full compliance with the policy and all applicable competition laws and regulations. They must not engage in deceptive business practices, participate in activities that unlawfully restrict trade or attempt to monopolize any market for a particular product, service, or solution.

²² The term refers to any dealings—whether direct or indirect and regardless of the parties involved—that support, conceal, or are otherwise connected to criminal acts or organizations. This includes the financing of terrorism and any business undertakings, such as investments or joint ventures, involving anti-social forces (including individuals or entities listed on any country's sanctions lists).

This commitment applies to both horizontal relationships (i.e. between Hitachi Rail and its competitors) and vertical relationships (i.e. between and among Hitachi Rail companies and various levels of their supply and distribution chains). For the purposes of this policy, companies that compete with Hitachi Rail in recruiting or retaining employees are also considered competitors.

Breaches of this policy may result in disciplinary action, up to and including termination of employment or engagement, in accordance with local laws and regulations. Failure to report violations or refusal to cooperate in investigations may also result in disciplinary measures.

Business Continuity Policy

Hitachi Rail has established and maintains a robust and effective Business Continuity Management System (BCMS), as part of its Global Business Management System (GBMS). The Business Continuity Policy is designed to ensure the continuity and timely restoration of critical services in the event of business disruptions, in line with the principles of ISO 22301:2019. It sets out clear roles, responsibilities, rules and procedures to effectively manage and mitigate operational risks.

The policy aims to minimize the impact of disruptive incidents on operations, customers and stakeholders, while strengthening the Organization’s overall resilience and preparedness, in line with relevant standards and regulatory requirements. The Business Continuity Policy also contributes to managing risks such as operational disruptions caused by natural disasters, cyber-attacks or supply chain failures, potential reputational damage and financial losses due to service unavailability, and legal or regulatory consequences arising from non-compliance.

The Business Continuity Policy applies across the entire BU and its implementation is supervised by the Chief Safety, Health, Environment & Quality Officer.

The Organization is committed to effectively managing relationships with internal and external stakeholders (including during crisis situations) by adopting a proactive approach to ensure resilience. This includes identifying the needs and expectations of relevant parties, as well as aligning business continuity objectives with corporate strategic guidelines and the broader organizational context.

Prevention and detection of corruption and bribery

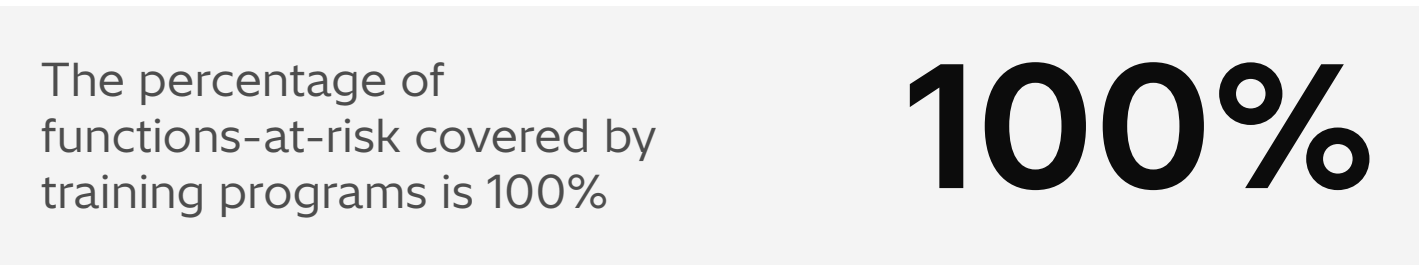
The previously described set of policies and complementary procedures implemented at Hitachi Rail help to define the expected standards of behaviour when entering into and maintaining business relationships with the Organization. They are designed to prevent unethical and unlawful conduct and promote a culture of integrity and compliance.

To further prevent, detect and address suspected or actual cases of corruption and misconduct, Hitachi Rail has established a range of whistleblowing channels governed by the **Whistleblowing & Speak-Up Policy**. These include reporting to line managers, members of the Human Resources and Legal & Compliance teams, and where required by local laws, designated Supervisory Bodies. In addition, concerns may be reported through the Hitachi **Global Compliance Hotline**, an independent and confidential platform available in 21 languages. All Speak-Up channels are clearly communicated and accessible externally via Hitachi Rail’s corporate website and internally through a dedicated Ethics & Compliance sub-page on the intranet platform, COSMO.

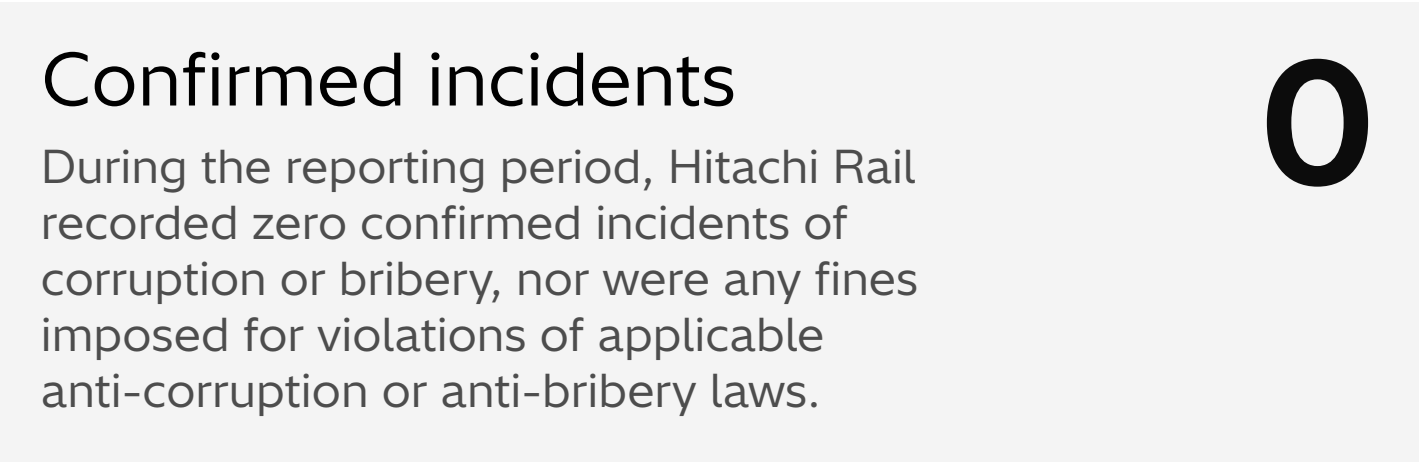
Reports received through these channels are promptly and thoroughly assessed by the Compliance function to determine the appropriate course of action. Where necessary, formal investigations are conducted in accordance with the Whistleblowing & Speak-Up Policy and the applicable laws and regulations, following a consistent and structured process. Investigations are based on principles of impartiality, fairness and the presumption of innocence. The Chief Compliance Officer, or a delegated representative, appoints an independent investigator who must disclose any potential conflicts of interest and withdraw if appropriate. Investigators operate independently from any Business Unit involved in the reported matter. Confidentiality is maintained to the fullest extent possible, and appropriate safeguards are provided to whistleblowers and all individuals involved.

The Chief Compliance Officer periodically reports key performance indicators related to the Whistleblowing & Speak-Up Program, as well as the outcomes of investigations, to the Audit and Compliance Committee. Reports are also submitted directly to the Chief Executive Officer on a regular basis. In addition, quarterly reports are provided to Supervisory Bodies concerning matters within their scope and relevant legal entity or jurisdiction.

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.



In addition to the annual Code training, the Hitachi Rail Compliance team delivers targeted, instructor-led training, either in person or online, focused on reinforcing the requirements of the Anti-Bribery and Anti-Corruption Policy, as well as the associated Business Courtesies and Donations & Sponsorships Procedures. These sessions are directed at employees and teams identified as posing higher compliance risks, such as those in Sales and Procurement. This ensures that all personnel understand their ethical obligations and that compliance risks are proactively managed across the Organization. The percentage of functions-at-risk covered by training programs is 100%.



Hitachi Rail Management is also required to complete annual e-learning on the Hitachi Group Code of Ethics and Business Conduct. In addition, supervisory bodies have been provided with relevant information regarding the Code, as well as the Organization’s internal policies and procedures, to support their oversight responsibilities and reinforce a culture of integrity and accountability.

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. Furthermore, no breaches of internal procedures or standards relating to anti-corruption and anti-bribery compliance were identified.

No employees were dismissed or subject to disciplinary measures for misconduct related to corruption or bribery. Similarly, no contracts with business partners were terminated or not renewed due to such violations.

Finally, no public legal proceedings concerning corruption or bribery were initiated or concluded against the Organization or its employees during the reporting period, including cases carried over from previous years.

4.1.1.2 Management of relationships with suppliers

Hitachi Rail’s relationships with its suppliers are governed by a clear set of principles aimed at ensuring that all business is conducted ethically, legally and responsibly. These guiding principles are made available to supplier stakeholders through the applicable contractual documentation or via the purchase order. These include:

- Hitachi Group Code of Ethics & Business Conduct
- Hitachi Expectations of Business Partners
- Hitachi Group Sustainable Procurement Guidelines
- Hitachi Group Green Procurement Guidelines
- The Hitachi Rail ESG Clause²³

In specific cases, Hitachi Rail’s expectations and guiding principles shall also be communicated to the employees, contractors and business partners of tier 1 suppliers when working with or on behalf of the Organization. The Hitachi Group Sustainable Guidelines is distributed to Hitachi Procurement Partners providing links to corporate policies covering Ethics & Business Conduct, Human Rights, the Environment, Responsible Supply Chain and Hitachi’s Global Compliance Hotline.

The Hitachi Group Green Procurement Guidelines invites Procurement Partners to share their efforts to reduce the environmental burden of the products and services they provide to Hitachi Group companies. Procurement Partners are asked to share their environmental certifications, green procurement efforts, policies and management systems that support the reduction of environmental impact.

The Hitachi Rail ESG clauses have been included in the Organization’s standard Purchase Order terms and conditions and Supplier Agreement templates. The clauses place a requirement on the supplier to perform its obligations in a way that assists Hitachi Rail in achieving its ESG targets, to participate in Hitachi Rail’s supplier sustainability program and to proactively respond to corrective actions required by Hitachi Rail or by Hitachi Rail’s ESG rating partners.

Hitachi Rail adopts a structured and proactive approach to managing sustainability within its upstream supply chain, aiming to monitor, assess and improve the environmental, social and ethical performance of its business partners. Hitachi Rail leverages the **EcoVadis** suite of tools (an independent provider of business sustainability ratings) to screen, assess and monitor the performance of its suppliers across a range of ESG criteria. This enables the Organization to embed sustainability considerations into supplier engagement in a consistent and data-driven manner.

The sustainability activities of Hitachi Rail’s supply chain span across different actions, with the support of the **EcoVadis suite of tools**. This third-party provider of business sustainability ratings allows organizations to better assess their sustainability performance and that of their suppliers. It supports with the following actions:

Best practice Risk Screening

ESG risk screening is conducted on the majority of Hitachi Rail’s active global supplier base using **EcoVadis IQ+**. This profiles and maps suppliers based on inherent environmental, social and ethical risks derived from country and industry-specific data. This allows Hitachi Rail to gain a comprehensive view of the sustainability risk exposure across its supply chain and to focus resources where the potential risk is highest. In 2024, the Organization upgraded to the “Plus” version of the platform, which includes DocScan, an AI-powered tool enabling automated document mining and review, enhancing the accuracy and efficiency of the risk profiling process.

Sustainability Performance Evaluation

Active global suppliers are invited to undergo a sustainability assessment through **EcoVadis Ratings**. This provides an independent evaluation of their sustainability management systems and practices across four key pillars:

- Environment
- Labor & Human Rights
- Ethics
- Sustainable procurement

Each supplier is assessed based on 21 sustainability criteria, the relevance of which is determined by factors such as industry sector, company size and geographic location, in line with EcoVadis’ published methodology. The assessment criteria are aligned with internationally recognized sustainability standards, including the Ten Principles of the UN Global Compact, the conventions of the International Labor Organization (ILO), the Global Reporting Initiative (GRI) Standards, ISO 26000, the CERES Roadmap and the UN Guiding Principles on Business and Human Rights (Ruggie Framework).

²³ The ESG Clause is only applied to a selected number of suppliers.

In 2024,²⁴ Hitachi Rail was awarded a ‘Gold’ rating by EcoVadis, scoring 77/100 and placing in the top 5% of companies assessed within its industry. This rating, based on Hitachi Rail’s Non-Financial Reporting, is highly valued by key clients and reflects the Organization’s commitment to a sustainable business strategy.

The results of these assessments are made available to the Procurement function and are used to inform supplier selection and engagement decisions. However, it is important to note that, at present, the integration of sustainability criteria into supplier selection processes is not yet mandatory. Rather, it forms part of an ongoing and continuous improvement journey, reflecting the Organization’s commitment to gradually strengthening sustainability in procurement practices.

Carbon Scorecard

As part of the broader sustainability assessment, Hitachi Rail also leverages the EcoVadis Carbon Action Module, which includes a Carbon Scorecard to evaluate suppliers’ maturity in managing greenhouse gas (GHG) emissions. The scorecard provides insights into the supplier’s carbon management practices across key areas such as measurement, reporting, target-setting and emissions reduction actions. This enables Hitachi Rail to identify suppliers’ readiness for climate action and to progressively engage its supply chain in decarbonization efforts. Around 9 in 10 of Hitachi Rail’s eligible suppliers on EcoVadis have a Carbon Scorecard (473 increase on last year) and of those, over 50% have a GHG management system rated as Intermediate or above.

4.1.2 Business Conduct – metrics and targets

Hitachi Rail is committed to promoting the enhancement of suppliers’ performance and contributing to the transition to a low carbon economy, as shown below. Furthermore, Hitachi Rail is advancing the assessment of its suppliers through the EcoVadis platform, progressively expanding the number of evaluated partners to strengthen transparency and accountability across its supply network:

Number of suppliers to set CO₂ reduction plans and targets

Base year: N/A
FY2024 performance: 0

Yearly target

80



²⁴ This rating covers the Hitachi Rail business pre-June 2024 and does not currently cover the newly acquired Ground Transportation Systems area of the business.

Annex I – Methodological note on energy consumption and GHG emissions computation

Consumption data was collected at the operational site level in the original unit of measurement. The conversion factors used for translating energy consumption into MWh are those provided by the UK Government’s Department for Environment, Food and Rural Affairs (DEFRA).

Scope 1

The calculation structure and methodology follow the guidelines provided by the ESRS E1 and the GHG Protocol, considering emissions conversion factors recognized by the international community and consistent Global Warming Potential (GWP) rates. Scope 1 emissions are calculated using the factors provided in their most up-to-date publicly available version by the UK Government’s Department for Environment, Food and Rural Affairs (DEFRA).

Scope 2

Market-based emissions were calculated using a combination of emission factors provided directly by the suppliers, market-based factors of EU AIB (Association of Issuing Bodies) and, residually, for sites where the previous factors were not available, IEA (International Energy Agency) Emission Factors. The market-based methodology considers contractual instruments (e.g. Power Purchase Agreements) and energy attribute certificates (RECs, GOs, etc.). Location-based emissions instead were calculated using IEA (International Energy Agency) Emission Factors provided by Hitachi Ltd. and used at a Group level.

Scope 3

In line with last year’s methodology, to account for the highest number of applicable categories as possible, a hybrid calculation method has been adopted. This follows the hierarchic order provided by the GHG Protocol Guidelines, which has been applied following this logic:

Whenever the internally gathered values allow for an in-depth calculation methodology (e.g. distance-based method, waste-type specific method, etc.), more precise methods have been selected.

If not available, the spend-based method has been selected. This provides a high level analysis based on the costs of purchased goods and services. By applying the mixed method approach, it was possible for Hitachi Rail to confirm the extensive perimeter analyses and identify the main sources of emissions, prioritizing future activities necessary to address them.

Computation methodology for each emission category is specified to the right:

Emission category	Methodology
1. Purchased Goods and Services	Computation adopting a hybrid methodology considering both a spend-based method and, when applicable, Supplier-specific method. The spend-based methodology was implemented considering Environmentally Extended Input-Output (EEIO) emission factors. Emission factors, specific to the country and product or service provided by a supplier have been mapped to all expenditures made by Hitachi Rail. The categorisation and emission factor mapping of all activities has been reviewed and approved by Hitachi Rail’s procurement team. All the EF derives from Exiobase database through our supplier. Additionally, Hitachi Rail has started to incorporate direct actual emissions from suppliers, based on the criteria of the presence of third-party assurance of the emissions data or emissions data according to relevant GHG standards. This year, Hitachi Rail included direct actual emissions from 76 suppliers in our scope 3.1 and 3.2 computation. For scope 3.1, this data represented 14.93% of emissions. This ongoing effort reaffirms Hitachi Rail’s vision to shift toward full actual data computation in the upcoming years.
2. Capital Goods	Computation adopting a hybrid methodology considering both a spend-based method and, when applicable, Supplier-specific method. The spend-based methodology was implemented considering Environmentally Extended Input-Output (EEIO) emission factors. Emission factors, specific to the country and product or service provided by a supplier have been mapped to all expenditures made by Hitachi Rail. The categorisation and emission factor mapping of all activities has been reviewed and approved by Hitachi Rail’s procurement team. Additionally, Hitachi Rail has started to incorporate direct actual emissions from suppliers, based on the criteria of the presence of third-party assurance of the emissions data or emissions data according to relevant GHG standards. This year, Hitachi Rail included direct actual emissions from 76 suppliers in the Organization’s scope 3.1 and 3.2 computation. For scope 3.2, this data represented 0.95% of emissions. This ongoing effort reaffirms the Company vision to shift toward full actual data computation in the upcoming years.
3. Fuel and energy-related activities	Computation following GHG Protocol provisions, incorporating fuel and energy related activities not mapped in scope 1 and 2 with the updated DEFRA conversion factors for T&D, losses and WTT GHG impact.
4. Upstream transportation and distribution	Computation adopting a spend-based methodology. The spend-based methodology was implemented considering Environmentally Extended Input-Output (EEIO) emission factors. Emission factors, specific to the country and product or service provided by a supplier have been mapped to all expenditures made by Hitachi Rail. The categorisation and emission factor mapping of all activities has been reviewed and approved by Hitachi Rail’s procurement team. Due to the nature of the calculation Scope 3.4 and 3.9 have been merged due to the impossibility to split upstream, downstream and intra-company logistic flows.

General

Environment

Social

Governance

Emission category	Methodology
5. Waste generated in operations	Computation adopting a waste-type-specific method using DEFRA emission factors: sum of the multiplication, by the respective conversion factor, of treated water and hazardous and non-hazardous waste, also broken down by disposal method (recycling, incineration, landfill). DEFRA factors (DBAIS) have been updated for FY23 and FY24 due to a mistake identified by the governing body which justifies the drop in emissions correlated to the category from the previous year.
6. Business travel	Computation adopting a distance-based method using DEFRA emission factors. Business travel data was collected with particular reference to air travel with a split between domestic, long-haul, and short-haul flights and leased vehicles and taxis.
7. Employee Commuting	Emissions were estimated using average travel distances and modal split data from Numbeo, tailored to each country where the company operates. Emission factors were sourced from the UK Department for Business, Energy & Industrial Strategy (DBEIS). The methodology aligns with CSRD requirements for Scope 3 disclosures, ensuring consistency and transparency.
8. Upstream leased assets	Category not calculated.
9. Downstream transportation and distribution	Category not applicable as all Hitachi Rail shipments meet the characteristics of category 4.
10. Processing of sold products	Category not calculated.
11. Use of sold products	<p>Components: For traction products, the same CO2 emission values of Japanese vehicles were used as precautionary overestimation. Japanese vehicles emission computation based on railway operator public emission data because Hitachi Rail does not have any primary data for Japanese projects as the project belongs to the customer. Hitachi Rail has started working on simulation to obtain primary data on energy consumption of traction products so that Scope 3.11 emissions will be calculated in line with the GHG Protocol guideline.</p> <p>Rail Control: Methodological Approach for Estimating Energy Consumption and Emissions of Signalling Systems: The adopted methodology is based on the development of mathematical models derived from consumption data and nominal power ratings of system components, provided for the main projects activated during the reference FY24. The models have been categorized into two main types: Mainline: signalling systems for High-Speed/High-Capacity (HS/HC) interurban railway lines; Urban Line: metropolitan transport systems based on Communications-Based Train Control (CBTC) technology. Given the multi-year nature of the projects managed by the Line of Business (LoB), a criterion based on activations rather than deliveries was adopted. This choice allows for a more accurate representation of the systems that were actually put into operation during the reference period, regardless of the delivery date of individual components. The models were scaled according to the activations planned for FY2024, taking into account the technical specifications and dimensions of each system. Specifically: For systems that are homogeneous with the reference model, consumption data were scaled proportionally to the length of the activated line (linear scaling approach). For systems that include only a subset of the components in the reference model, only the activated elements and their respective energy consumption were considered.</p>

Emission category	Methodology
11. Use of sold products (continued)	<p>Based on the estimated energy consumption, emissions were calculated using the energy mix of the country where the activation occurred, applying conversion factors from the Ecoinvent database. This approach was discussed and aligned with colleagues from GTS, ensuring a shared and consistent framework within the current Signalling Railway Systems (SRS) Line of Business.</p> <p>Vehicles: Japanese vehicles emission computation based on railway operator public emission data because Hitachi Rail does not have any primary data for Japanese projects as the project belongs to the customer. Hitachi Rail has started working on simulation to obtain primary data on energy consumption of traction products so that Scope 3.11 emissions will be calculated in line with the GHG Protocol guideline. For all other vehicles designed by Hitachi Rail, Scope 3 Category 11 calculation method is in line with GHG Protocol guidelines. Rolling stock vehicles are products that directly consume energy (electricity) during use: their type of emissions are “Direct use-phase emissions”. It was decided to include maintenance emissions when available from product LCA results. Emission factors from the Ecoinvent database are chosen based on the region in which the product sold operates and the type of voltage (low, medium, high) it requires to operate. The emission factors used in the calculation were extracted from Simapro software with Ecoinvent 3.10 database and “EN 15804 + A2 Method V1.03 / EF 3.0 normalization and weighting set (including both infrastructure and long-term emissions, fossil+biogenic+LUC) method. Electricity and diesel emission factors are on a WTW basis following SBTi Criteria.</p>
12. End-of-life treatment of sold products	Computation based on available EPDs for a portion of Vehicles delivered in the FY24. Materials data was paired with waste fate emission factors Ecoinvent 3.8 factors for material groups. The emission related to category 12 currently encompasses only the vehicles production business of Hitachi Rail.
13. Downstream leased assets	Category not applicable as it does not apply to our business model.
14. Franchises	Category not applicable as it does not apply to our business model.
15. Investments	Category not calculated.

General

Environment

Social

Governance

Annex II – ESRS contents index

ESG Category	ESRS Topic	Disclosure Requirement	Page	Notes	
General	2	Governance (GOV)	GOV-1	The role of the administrative, management and supervisory bodies	12-15
General	2	Governance (GOV)	GOV-2	Information provided to and sustainability matters addressed by Hitachi’s administrative, management and supervisory bodies	12-15
General	2	Governance (GOV)	GOV-3	Integration of sustainability-related performance in incentive schemes	15
General	2	Governance (GOV)	GOV-4	Statement on due diligence	15-16
General	2	Governance (GOV)	GOV-5	Risk management and internal controls over sustainability reporting	16-17
General	2	Strategy (SBM)	SBM-1	Strategy, business model and value chain	7-9
General	2	Strategy (SBM)	SBM-2	Interests and views of stakeholders	10-11
General	2	Strategy (SBM)	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	7-9
General	2	Impact, Risk and Opportunity (IRO) Management	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	22-24
General	2	Impact, Risk and Opportunity (IRO) Management	IRO-2	Disclosure requirements in ESRS covered by Hitachi’s sustainability report	24; 109-114
Environmental	E1	Climate change	GOV-3	Integration of sustainability-related performance in incentive schemes	15
Environmental	E1	Climate change	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	7-9
Environmental	E1	Climate change	E1-1	Transition plan for climate change mitigation	26-28

ESG Category	ESRS Topic	Disclosure Requirement	Page	Notes		
Environmental	E1	Climate change	IRO-1	Description of the processes for identifying and assessing the significant impacts, risks, and opportunities related to climate change	29	
Environmental	E1	Climate change	E1-2	Policies related to climate change mitigation and adaptation	29-30	
Environmental	E1	Climate change	E1-3	Actions and resources in relation to climate change policies	30-31	
Environmental	E1	Climate change	E1-4	Targets related to climate change mitigation and adaptation	33	
Environmental	E1	Climate change	E1-5	Energy consumption and mix	31-32	
Environmental	E1	Climate change	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	32	
Environmental	E1	Climate change	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	32	
Environmental	E1	Climate change	E1-8	Internal carbon pricing	N/A	Not applicable for Hitachi Rail
Environmental	E1	Climate change	E1-9	Anticipated financial effects from material physical risks	N/A	Phase-in exercised
Environmental	E2	Pollution	IRO-1	Description of the processes for identifying and assessing the significant impacts, risks, and opportunities related to pollution	34	
Environmental	E2	Pollution	E2-1	Policies related to pollution	34	
Environmental	E2	Pollution	E2-2	Actions and resources related to pollution	34-36	
Environmental	E2	Pollution	E2-3	Targets related to pollution	36	
Environmental	E2	Pollution	E2-4	Pollution of air, water and soil	36	
Environmental	E2	Pollution	E2-6	Anticipated financial effects from material pollution	N/A	Phase-in exercised
Environmental	E3	Water & Marine Resources	IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	37	

General
Environment
Social
Governance

ESG Category	ESRS Topic		Disclosure Requirement		Page	Notes
Environmental	E3	Water & Marine Resources	E3-1	Policies related to water and marine resources	37	
Environmental	E3	Water & Marine Resources	E3-2	Actions and resources related to water and marine resources	37-38	
Environmental	E3	Water & Marine Resources	E3-3	Targets related to water and marine resources	39	
Environmental	E3	Water & Marine Resources	E3-4	Water consumption	38	
Environmental	E3	Water & Marine Resources	E3-5	Anticipated financial effects from material water and marine resources	N/A	Phase-in exercised
Environmental	E5	Resource use and circular economy	IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	40	
Environmental	E5	Resource use and circular economy	E5-1	Policies related to resource use and circular economy	40	
Environmental	E5	Resource use and circular economy	E5-2	Actions and resources related to resource use and circular economy	41-45	
Environmental	E5	Resource use and circular economy	E5-3	Targets related to resource use and circular economy	48	
Environmental	E5	Resource use and circular economy	E5-4	Resource inflows	46	
Environmental	E5	Resource use and circular economy	E5-5	Resource outflows	46-47	
Environmental	E5	Resource use and circular economy	E5-6	Anticipated financial effects from material resource use and circular economy	N/A	Phase-in exercised
Social	S1	Own Workforce	SBM-2	Interests and views of stakeholders	10-11; 61-62;	
Social	S1	Own Workforce	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	57-58	
Social	S1	Own Workforce	S1-1	Policies related to own workforce	58-61	

ESG Category	ESRS Topic		Disclosure Requirement		Page	Notes
Social	S1	Own Workforce	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	61-62	
Social	S1	Own Workforce	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	76-77; 97-98	
Social	S1	Own Workforce	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks	62-71	
Social	S1	Own Workforce	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	78-79	
Social	S1	Own Workforce	S1-6	Characteristics of Hitachi's employees	71-74	
Social	S1	Own Workforce	S1-7	Characteristics of non-employees in Hitachi's own workforce	74	
Social	S1	Own Workforce	S1-8	Collective bargaining coverage and social dialogue	75-76	
Social	S1	Own Workforce	S1-9	Diversity metrics	74	
Social	S1	Own Workforce	S1-10	Adequate wages	N/A	Omitted for FY24
Social	S1	Own Workforce	S1-11	Social protection	N/A	Phase-in exercised
Social	S1	Own Workforce	S1-12	Persons with disabilities	76	
Social	S1	Own Workforce	S1-13	Training and skills development metrics	77-78	
Social	S1	Own Workforce	S1-14	Health and safety metrics	78	
Social	S1	Own Workforce	S1-15	Work-life balance metrics	76	
Social	S1	Own Workforce	S1-16	Remuneration metrics (pay gap and total remuneration)	N/A	Omitted for FY24
Social	S1	Own Workforce	S1-17	Incidents, complaints and severe human rights impacts	76-77	
Social	S2	Workers in the value chain	SBM-2	Interests and views of stakeholders	10-11; 81-82	
Social	S2	Workers in the value chain	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	80	

General

Environment

Social

Governance

ESG Category	ESRS Topic	Disclosure Requirement	Page	Notes	
Social	S2	Workers in the value chain	S2-1	Policies related to value chain workers	81
Social	S2	Workers in the value chain	S2-2	Processes for engaging with value chain workers about impacts	81
Social	S2	Workers in the value chain	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	83; 97-98
Social	S2	Workers in the value chain	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	81-84
Social	S2	Workers in the value chain	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	88
Social	S4	Consumers and end users	SBM-2	Interests and views of stakeholders	10-11; 90-91
Social	S4	Consumers and end users	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	89
Social	S4	Consumers and end users	S4-1	Policies related to consumers and end-users	80-90
Social	S4	Consumers and end users	S4-2	Processes for engaging with consumers and end-users about impacts	90-91
Social	S4	Consumers and end users	S4-3	Processes to remediate negative impacts and channels for consumers and end	90-91; 97-98
Social	S4	Consumers and end users	S4-4	Taking action on material impacts on consumers and end	91-92
Social	S4	Consumers and end users	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end	92
Governance	G1	Business Conduct	GOV-1	The role of the administrative, management and supervisory bodies	12-15

ESG Category	ESRS Topic	Disclosure Requirement	Page	Notes	
Governance	G1	Business Conduct	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	94
Governance	G1	Business Conduct	G1-1	Business conduct policies & corporate culture	94-97
Governance	G1	Business Conduct	G1-2	Management of relationship with suppliers	98-99
Governance	G1	Business Conduct	G1-3	Prevention and detection of corruption and bribery	97-98
Governance	G1	Business Conduct	G1-4	Incidents of corruption or bribery	97-98

Annex III – List of data points in general and thematic standards deriving from other EU regulations

Disclosure Requirement	Data Point	SFDR reference	Third pillar reference	Benchmark	EU climate law reference	Page	Not material/Phase in
ESRS 2 GOV-1 Board gender diversity	21 d	•		•		12	
ESRS 2 GOV-1 Percentage of independent board members	21 e			•		12	
ESRS 2 GOV-4 Statement on due diligence	30	•				15-16	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	40 d i	•	•	•			No involvement.
ESRS 2 SBM-1 Involvement in activities related to chemical production	40d ii	•		•			No involvement.
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	40 d iii	•		•			No involvement.

General
Environment
Social
Governance

Disclosure Requirement	Data Point	SFDR reference	Third pillar reference	Benchmark	EU climate law reference	Page	Not material/Phase in
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	40 d iv			●			No involvement.
ESRS E1-1 Transition plan to reach climate neutrality by 2050	14				●	26-28	
ESRS E1-1 Whether the undertaking is excluded from Paris aligned Benchmarks paragraph	16 g		●	●			The undertaking is not excluded from Paris aligned benchmarks.
ESRS E1-4 GHG emission reduction targets	34	●	●	●		33	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	38	●				31	
ESRS E1-5 Energy consumption and mix	37	●				31	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	From 40 to 43	●				32	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	44	●	●	●		32	
ESRS E1-6 Gross GHG emissions intensity	From 53 to 55	●	●	●		32	
ESRS E1-7 GHG removals and carbon credits	56				●	32	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	66			●			Phase in

Disclosure Requirement	Data Point	SFDR reference	Third pillar reference	Benchmark	EU climate law reference	Page	Not material/Phase in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a)	66 c		●				Phase in
ESRS E1-9 Location of significant assets at material physical risk							
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	67 c		●				Phase in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities	69			●			Phase in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	28	●				36	
ESRS E3-1 Water and marine resources	9	●				37	
ESRS E3-1 Dedicated policy	13	●				37	
ESRS E3-1 Sustainable oceans and seas	14	●					Not material
ESRS E3-4 Total water recycled and reused	28 c	●				38	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations	29	●				38	
ESRS 2 IRO-1 - E4	16 ai	●					Not material
ESRS 2 IRO-1 - E4	16 b	●					Not material

General

Environment

Social

Governance

Disclosure Requirement	Data Point	SFDR reference	Third pillar reference	Benchmark	EU climate law reference	Page	Not material/Phase in
ESRS 2 IRO-1 – E4	16 c	●					Not material
ESRS E4-2 Sustainable land/agriculture practices or policies	24 b	●					Not material
ESRS E4-2 Sustainable oceans/seas practices or policies	24 c	●					Not material
ESRS E4-2 Policies to address deforestation	24 d	●					Not material
ESRS E5-5 Non-recycled waste	37 d	●				47	
ESRS E5-5 Hazardous waste and radioactive waste	39	●				47	
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor	14 f	●				57-58	
ESRS 2 – SBM3 – S1 Risk of incidents of child labor	14 g	●				57-58	
ESRS S1-1 Human rights policy commitments	20	●				58	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8	21		●			58	
ESRS S1-1 Processes and measures for preventing trafficking in human beings	22	●				58	
ESRS S1-1 Workplace accident prevention policy or management system	23	●				70-71	
ESRS S1-3 Grievance/complaints handling mechanisms	32 c	●				76-77	

Disclosure Requirement	Data Point	SFDR reference	Third pillar reference	Benchmark	EU climate law reference	Page	Not material/Phase in
ESRS S1-14 Number of fatalities and number and rate of work-related accidents	88 b and 88 c	●		●		78	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness	88 e	●				78	
ESRS S1-16 Unadjusted gender pay gap	97 a	●		●			N/A
ESRS S1-16 Excessive CEO pay ratio	97 b	●					N/A
ESRS S1-17 Incidents of discrimination	103 a	●				76-77	
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD	104 a	●		●			N/A
ESRS 2 SBM-3 – S2 Significant risk of child labor or forced labor in the value chain	11 b	●				80	
ESRS S2-1 Human rights policy commitments	17	●				81	
ESRS S2-1 Policies related to value chain workers	18	●				81	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	19	●		●			N/A
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8	19			●		81; 84	

General

Environment

Social

Governance

Disclosure Requirement	Data Point	SFDR reference	Third pillar reference	Benchmark	EU climate law reference	Page	Not material/Phase in
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain	36	•				83	
ESRS S3-1 Human rights policy commitments	16	•					Not material
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	17	•		•			Not material
ESRS S3-4 Human rights issues and incidents	36	•					Not material
ESRS S4-1 Policies related to consumers and end-users	16	•				89-90	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	17	•		•			N/A
ESRS S4-4 Human rights issues and incidents	35	•					N/A
ESRS G1-1 United Nations Convention Against Corruption	10 b	•					N/A
ESRS G1-1 Protection of whistleblowers	10 d	•					N/A
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws	24 a	•		•			N/A
ESRS G1-4 Standards of anti-corruption and anti-bribery	24 b	•					N/A

Annex IV – Significant events occurred after the closing of the Fiscal Year covered by the Sustainability Statement

Grand Opening Hagerstown Factory

Sustainability and efficiency were integrated into the design from the very beginning. The facility operates with carbon neutral emissions, supported by self-produced renewable energy via solar panels on the roof and 100% electric plant equipment.

Living Wage Policy

Hitachi Rail has adopted a Living Wage Policy as part of its commitment to promoting fair and inclusive working conditions across its operations. Ensuring that all employees receive a wage that supports a decent standard of living reflects the organization’s dedication to respecting human rights and advancing social sustainability. The policy also supports long-term employee wellbeing, engagement and resilience, aligning with international best practices and stakeholder expectations.

HITACHI