

Hitachi Rail Limited

Modern Slavery Statement 2019

Hitachi Rail Limited (“Hitachi Rail” or “HRUK”) recognises the importance of identifying and preventing the action and causes of modern slavery in our business and supply chain. This statement, our fourth made under Section 54 of the Modern Slavery Act 2015, sets out the steps we have taken to address modern slavery and human trafficking in our business and supply chain in the year to 31 March 2019.

Hitachi Rail’s Structure, Business and Supply Chain

HRUK is a wholly owned subsidiary of Hitachi, Ltd. and is headquartered in London, UK. We are a total railway system supplier offering rolling stock, traction equipment, signaling, traffic management systems and train maintenance services. Our operations include a rolling stock manufacturing facility at Newton Aycliffe, County Durham and our fleets are maintained and serviced at a number of train maintenance centres located around the UK (including those based in Ashford, Doncaster, Bristol, London and Edinburgh).

In terms of workforce composition, Hitachi Rail employs 1965 direct employees. This includes permanent roles, apprentices, interns, trainees, secondees & expatriates together with an additional 595 contracting staff (including 182 full time contractors and temporary staff). We are currently working to improve visibility and breakdowns across the business on our seasonal, outsourced and agency workforce composition.

In terms of supply chain configuration, HRUK’s supply chain comprises other Hitachi Group companies as well as external third party suppliers. In 2018, HRUK had a direct relationship with 25 Tier 1 companies within the Hitachi Group, operating across six high income countries (being Czech Republic, Denmark, Japan, United Kingdom, Italy and France). The contribution of our Hitachi Group companies is significant in terms of the overall value of products supplied to HRUK.

In 2018, Hitachi Rail had a further direct relationship with 1141 tier 1 external suppliers across 19 high income countries. Approximately 90% of these suppliers are based within the United Kingdom. However, Hitachi Rail also has a direct relationship with suppliers that operate within the following countries: Switzerland, Belgium, Germany, France, Spain, United States, Sweden, Italy, Ireland, Netherlands, Japan, Austria, Czech Republic, Australia, Denmark, Finland, Norway and Liechtenstein.

Hitachi Rail is committed to having more visibility of tier 2 and tier 3 suppliers and we anticipate having more data classified by the sourcing country on our main categories of products, services, parts and raw materials that we procure in due course.

Hitachi’s Policies Relevant to Slavery and Human Trafficking

In terms of leadership, modern slavery is part of our monthly compliance overview which is presented to HRUK’s executive committee every month. Additionally, as part of the ongoing development of an effective implementation of human rights due diligence (including modern slavery), Hitachi Rail is consulting with expert stakeholders, NGOs and international organisations. An example of this is our active participation in the UN Global Compact European Business and Human Rights Peer Learning Meeting.

We are also committed to conducting business ethically and to minimising the risk of slavery or human trafficking in our own business or in our supply chain as much as possible. To do this, we have in place

a number of Hitachi Rail and Hitachi Group policies addressing issues relevant to slavery or human trafficking, including:

- the Hitachi Group Human Rights Policy;
- the HRUK Dignity at Work Policy;
- written employment practices and procedures which ensure fair recruitment and treatment of employees;
- a written whistleblowing policy to encourage employees to report concerns of malpractice, which would include any concerns related to slavery and human trafficking issues;
- a Sustainable Procurement Policy.

Furthermore, we are also developing a Modern Slavery Policy which we plan to roll out internally.

In terms of policy accessibility, Hitachi Rail discloses and makes available externally the following policies that relate to modern slavery:

- the Hitachi Group Codes of Conduct;
- the HRUK Codes of Conduct; and
- the HRUK Supplier Code of Conduct.

Once we have finalised our Modern Slavery Policy, we plan to share this with suppliers for their buy-in.

Hitachi Rail also recognises the importance of international human rights standards such as the ILO labour rights and the UN Guiding Principles on Business and Human Rights. Where possible, we align these standards to our internal and external policies. This is demonstrated with the following policies:

- the Hitachi Group Human Rights Policy is aligned to and references the International Bill of Human Rights, International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights;
- Hitachi Rail's Supplier Code of Conduct was developed with the UNGC Framework (10 Principles) structure as guidance.

In terms of internal accessibility and the dissemination of policies associated with human rights and modern slavery, Hitachi Rail makes its policies available to all workers and internal parties by publishing and managing them via our internal document management system. This ensures that they are reviewed regularly and updated. Furthermore, we communicate them via our intranet where employees can easily find policies using key word searches.

We also include key policies (e.g. code of conduct) within our new employee starter packs and reference certain policies within contracts of employment. This includes, but is not limited to, our anti-bribery and corruption policy and related procedures.

We are committed to conducting our business with honesty and integrity, and we expect all employees to maintain high standards. Our policies aim to encourage employees to report suspected wrongdoing as soon as possible and their concerns are required to be taken seriously and investigated appropriately.

Due Diligence

In terms of assessing forced labour and modern slavery risks before entering into contracts with suppliers, Hitachi Rail is in the process of reviewing its existing contracts and category risks to identify whether there is sufficient coverage (or gaps) of risks related to modern slavery.

Our supply contract templates take account of modern slavery risk factors and contain provisions relating to offences under the Modern Slavery Act 2015. We have been actively rolling this out to our suppliers and will continue to do so. We also intend to undertake an assessment of existing contracts where the risk of modern slavery offences may be of greater risk.

In terms of cascading our policies, we require first tier suppliers to flow down our human rights and modern slavery standards into their own supply chains. To support this, we have actively engaged with a number of suppliers to gain understanding of the measures taken by them to prevent and mitigate modern slavery in their business. We intend to conduct further analysis of our supply chain to identify where the likelihood of risks related to modern slavery can occur. In addition, we intend to understand the adoption and engagement appetite of suppliers in mitigating human rights offences.

Compliance with HRUK's Supplier Code of Conduct (including supply chain accreditation) is mandated and required of all suppliers and is included by reference within our supplier contracts. To underpin this, we also intend to actively review suppliers' compliance with this code of conduct.

Our commitment and work to mitigate human rights violations is strongly supported by Hitachi, Ltd. whose President and CEO, Toshiaki Higashihara, has signed the World Business Council for Sustainable Development's CEO Guide to Human Rights. This recommended that CEOs drive transformative change for human rights on a corporate basis (over and above compliance requirements).

Hitachi Group is also a member of the following multi-stakeholder initiatives related to human rights and modern slavery: Tech UK, UNGC, GRI, Global Compact UK, CSR Europe, London Benchmarking Group, BSR Human Rights and the World Business Council Sustainable Development. We intend to contribute to the discussion in industry initiatives related to the mitigation and protection of human rights including modern slavery. As an example of this, we plan to continue participating in the annual UN Global Compact Peer Meetings organised by the UNGC, to represent the wider Hitachi Group at the BSR Human Rights Working Group and participate in the International Labour Organisation (ILO) training event on International labour standards and corporate social responsibility.

In terms of our plans in the upcoming financial year, Hitachi Rail is in the process of establishing a Modern Slavery Working Group with the following broad aims:

- to promote the adoption and endorsement of existing and new human rights (MSA) standards;
- to improve MSA data sharing, exchange and usability;
- to strengthen management, preservation and stewardship of MSA-related data;
- to increase MSA awareness and training;
- to enhance MSA global risk visibility and align to international frameworks and objectives;
- to create a MSA plan, roadmap and reporting framework; and
- to finalise the MSA Policy.

Risk Assessment

Hitachi has undertaken a preliminary risk assessment in its own business which includes modern slavery risks. This exercise entailed the process of mapping out our tier 1 supply chain and assessing areas of potential risk for modern slavery. Building on this pilot, it is our plan to develop additional robust processes to identify risk, looking in more detail at category and country profiling. We also intend to develop a reporting framework, plan and roadmap to support actions and to manage and mitigate any findings.

Training

In terms of provision of training on company policies and standards related to modern slavery risks, all Hitachi Rail employees are expected to complete the HRUK Code of Conduct training as part of our compliance programme, which references human rights.

HRUK actively encourages all procurement team members to undertake the annual Ethical Procurement and Supply e-learning and online test which covers anti-bribery and modern slavery. We are actively working with our procurement team to identify gaps in training.

As an output of the Modern Slavery Working Group, HRUK will develop a training programme to improve awareness of modern slavery issues which we intend to embed into our mandatory e-learning programme. This will include internal training and capacity building on risks, policies and standards related to modern slavery and human trafficking along with bespoke training for target audiences related to modern slavery risks they are likely to encounter in their work.

In terms of training format, the mandatory Code of Conduct training is an e-learning module that employees complete annually using HRUK's Learning Management System. We anticipate that any training format will be proportionate to the targeted audiences to ensure successful landing and impact. The Code of Conduct training content was created with the support of Hitachi Rail's legal team and subject matter experts. It is required to be taken annually and all new employees must complete it within the first three months of starting employment with HRUK.

This statement is made pursuant to Section 54(1) of the Modern Slavery Act 2015 and constitutes Hitachi Rail's anti-slavery and human trafficking statement for the financial year ended 31 March 2019. It has been approved by the board of directors of Hitachi Rail Limited.



Karen Boswell

Managing Director

26 September 2019