

A long-exposure photograph of a city street at night, showing light trails from cars and buildings. The image is dominated by warm yellow and orange tones, with a dark road surface and white lane markings. The Hitachi logo and slogan are overlaid in the top right corner.

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**Hitachi Rail Australia
Modern Slavery Statement 2020**

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1 Introduction

Hitachi Rail STS Australia Pty Ltd (ABN 34 068 707 380) (“Hitachi Rail Australia”) recognises the importance of the *Australian Modern Slavery Act 2018 (Cth)* (“Act”) and the importance of businesses such as Hitachi Rail Australia:

- assessing and identifying the risks of modern slavery and human trafficking in their operations and supply chains; and
- taking actions to address those risks to mitigate any modern slavery and human trafficking and its causes in their businesses and supply chains.

This is the first Modern Slavery Statement for Hitachi Rail Australia (“Statement”).

This Statement is made for the purposes of, and in compliance with, the Act, and sets out the steps that Hitachi Rail Australia is taking, and will continue to take, to assess the risk of, identify, and mitigate any modern slavery and human trafficking in its operations and supply chains.

2 Hitachi Rail Australia’s Structure, Operations and Supply Chains

2.1 Hitachi Rail Australia’s Structure

Hitachi Rail Australia is a company that is part of a larger group of entities. It is wholly owned by Hitachi Ltd, as are its subsidiaries Hitachi Rail STS Malaysia Sdn Bhd (“Hitachi Rail Malaysia”) and Hitachi Rail STS India Pvt Ltd (“Hitachi Rail India”).

Hitachi Rail Australia is responsible for the operations undertaken by Hitachi Rail Malaysia and Hitachi Rail India.

Hitachi Rail Australia’s head office is situated at 11 Viola Place, Eagle Farm, Brisbane, Queensland 4009, Australia. Hitachi Rail Australia also has offices in Perth, Karratha and Newcastle, as well as two warehouses, one based in Perth, Australia and one based in Brisbane, Australia.

Hitachi Rail Australia currently employs four hundred and ninety-four direct employees. The majority (approximately ninety-two percent) are white-collar office workers and the minority (approximately eight percent) are blue-collar site workers. This total includes four hundred and forty-seven full time employees, five part time employees, two apprentices, twenty-nine fixed term employees and eleven casual employees.

Hitachi Rail Australia has also engaged twelve students through internships in 2020 and five contractors.

Hitachi Rail Malaysia’s office is situated at Level 10 Plaza Pengkalan 3rd Mile Jalan Sultan Azlan Shah (Jalan Ipoh) 51200 - Kuala Lumpur, Malaysia, where it has sixty-eight employees, which are all white-collar full-time employees.

Hitachi Rail India’s head office is situated at 35, SLV Complex, AVS Compound, 80 Feet Road, Koramanfala IV Block, Bangalore – 560034 – Karnataka, India. Hitachi Rail India also has offices in Kolkata, Mumbai and Noida.

Hitachi Rail India currently employs two hundred and eighty-nine direct employees of which the majority (approximately eighty percent) are white-collar office workers, and the minority (approximately twenty percent) are blue-collar site workers, all of which are full time employees.

2.2 Hitachi Rail Australia's Operations and Supply Chains

The Hitachi Rail group of companies adheres to global standards, policies and procedures regarding the manner in which the business operates. Such standards, policies and procedures, once created at a global level, are deployed and applied throughout the Hitachi Rail group of companies, including by Hitachi Rail subsidiaries at a local level, including by Hitachi Rail Australia and its subsidiaries. Given that the global standards, policies and procedures are common to all Hitachi Rail group companies, this Statement focuses on the activities directly undertaken by Hitachi Rail Australia in Australia. In 2021, Hitachi Rail Australia will expand its assessment of and identification of modern slavery and human trafficking in its operations and supply chains.

Hitachi Rail Australia is a fully integrated provider of rail solutions across rolling stock, signalling, operations and maintenance, digital technology and turnkey operations.

The solutions that Hitachi Rail Australia develops, aim to ease urban mobility and solve the challenges of increasing populations in fast-growth cities and regional centres.

Among other projects, passenger rail solutions aimed at improving urban mobility currently being delivered by Hitachi Rail Australia include:

- Designing and delivering a new railway signalling system for South East Queensland as part of the Cross River Rail Project. The ETCS L2 system will add capacity and efficiency to the inner-city rail network and support the safe operation of trains in Brisbane's Cross River Rail tunnels.
- Designing and delivering the complete signalling and telecommunications systems for the Perth Transport Authority's extension of its northern metropolitan railway line to the airport called Forrestfield Airport Link.

Hitachi Rail's breakthrough train management technology has also been central in the delivery of the world's first autonomous heavy freight long distance rail network, known as AutoHaul®, which commenced operations in Western Australia's Pilbara region in 2018. Hitachi Rail Australia continues to work in partnership with Rio Tinto to develop the full potential of this breakthrough technology.

Hitachi Rail Australia does not undertake any manufacturing activity in the development and delivery of these systems and services. The highly specialised products and components required to assemble these systems and services are supplied from within the Hitachi Rail group's factories based in Italy, France, the USA and Japan.

Australian-based suppliers are engaged to manufacture the aluminium and stainless steel racks in which Hitachi Rail Australia products are housed, and to produce the pre-fabricated trackside 'huts' in which the Hitachi Rail Australia railway signalling equipment is installed.

Hitachi Rail Australia relies on Tier 1, 2 and 3 suppliers and subcontractors for the purchase of materials including circuit boards, mechanical and plastic parts, cables, industrial PCs, on-board equipment and electromechanical components.

Tier 1 suppliers or subcontractors are suppliers that have advanced standards and processes, are considered leaders in their field, aim to reduce resellers in the supply chain, largely self-execute work, have mature Health, Safety, Environment and Quality standards, and can deliver a complete end-to-end supply.

Tier 2 suppliers or subcontractors are suppliers or subcontractors that have a quality offering that is not as diverse as Tier 1 suppliers or subcontractors, may limit work to their specialty area rather than trying to deliver turnkey solutions or complete scope, and which may be working towards becoming Tier 1 suppliers or subcontractors.

Tier 3 suppliers or subcontractors are suppliers or subcontractors that are predominantly labour hire or non-safety critical / low risk service providers, whose personnel may work under Hitachi Rail Australia's Health, Safety, Environment and Quality Management systems, or are COTS (commercial off the shelf) parts suppliers or resellers, who have lower limits of exposure and do not seek to offer integration or end-to-end services.

Hitachi Rail Australia leases a number of commercial and warehouse facilities to support its operations. The cleaning and maintenance services procured for each of these facilities are outsourced.

2.3 Hitachi Rail Australia's Policies and Procedures

Hitachi Rail Australia has a number of policies in place that are intended to promote ethical and legally compliant business conduct. These policies contribute to Hitachi Rail Australia's commitment to mitigate violations of human rights such as modern forms of slavery in its business and include its Code of Ethics and Hitachi Rail STS Anti-corruption Manual. Furthermore, once the Hitachi Rail group finalises its Global Responsible Sourcing and Human Rights Policy, it will be shared with Hitachi Rail Australia suppliers and subcontractors for their adoption.

Hitachi Rail Australia employees, and third parties that Hitachi Rail Australia works with, are able to report any violations of laws and regulations, and of the Code of Ethics, via a website hitachi.ethicspoint.com which is accessible 24 hours a day, 7 days a week, 365 days a year.

Additionally, Hitachi Rail Australia has a local Code of Ethics supervisory body, which is in place for the purpose of facilitating reporting of any violations of laws, regulations, or the Code of Ethics. Hitachi Rail Australia employees can raise concerns in a protected manner, by contacting the supervisory body on ethicsaustralia@hitachirail.com or by raising ethical concerns through the Hitachi Rail global portal.

Additionally to promote awareness and compliance with the Code of Ethics, Hitachi Rail Australia employees must complete the Hitachi Rail group's Code of Conduct e-learning package on an annual basis. Should a case of non-observance or violation occur appropriate disciplinary action or contractual sanctions will be undertaken.

2.4 Potential Risks in Hitachi Rail Australia's Operations and Supply Chains

Hitachi Rail Australia's:

- vetting and selection of its suppliers and subcontractors; and
- purchase of assets, goods and services;

is carried out in accordance with the principles of the Hitachi Rail group Code of Ethics and internal quality procedures, as well as current health, safety and environmental regulations.

Whilst Hitachi Rail Australia's adherence to the above processes and procedures ensures that Hitachi Rail Australia does have a degree of visibility regarding the supply chains of its Tier 1 and Tier 2 suppliers and subcontractors, Hitachi Rail Australia is aware that modern slavery may potentially occur in its global supply chains. Accordingly, Hitachi Rail Australia has an internal audit team who continuously monitor its practices locally to ensure that Hitachi Rail Australia is complying with the Hitachi Rail group global standards, policies and procedures and is continuously improving the manner in which the business operates.

In light of the revelations of exploitation and increasing visibility of human rights abuse in global supply chains due to the global pandemic, Hitachi Rail Australia understands that all forms of human rights abuse (including that of child and forced labour) is not just a legal or ethical concern but a business risk. Hitachi Rail Australia recognises that it has a responsibility to ensure that its products do not contribute to, cause, or prolong human rights abuse.

Addressing forced labour is complex. In many cases, systemic abuse can be prevalent within certain industries and regions. However, Hitachi Rail Australia recognises the need for responsible supply chain management and for multi-stakeholder engagement, and understands that it can be, and must be, a force for change to prevent such abuse and human rights violations.

Over the next twelve months, Hitachi Rail Australia will focus on protecting vulnerable workers and being an agent for positive change. To do this Hitachi Rail Australia will need to have more visibility of its supply chain and the associated risks that are (directly or indirectly) linked to slavery and labour abuse. Furthermore, Hitachi Rail Australia will continue to strengthen its understanding of the risks of modern slavery practices that are caused by, or contributed to by, or directly linked to, Hitachi Rail Australia's business operations and supply chains.

Areas of priority and immediate concern are:

- the use of forced labour in countries with existing or increasing violations in disregard for the protection of human rights; and
- to identify areas within Hitachi Rail Australia's supply chain that have been impacted by the global pandemic or are at risk in any future pandemics.

3 Hitachi Rail Australia's Commitment

Hitachi Rail Australia is committed to having greater visibility of its supply chains and supply chain partners. Over the next year Hitachi Rail Australia's areas of focus will include, but are not limited to:

- Establishing a dedicated steering group with established relevant KPIs to develop and lead Hitachi Rail Australia's activities to better understand and implement action to:
 - minimise the risk of modern slavery and human trafficking in Hitachi Rail Australia's operations and supply chains; and
 - report to the Board of Hitachi Rail Australia on a quarterly basis.

- Aligning the Hitachi Rail global and local procurement policies and procedures to the United Nations Guiding Principles framework.
- Continuing to ensure that Hitachi Rail Australia’s procurement and bidding policies and procedures continue to include terms and conditions (including in contracts that Hitachi Rail Australia enters into, or that its subsidiary companies enter into) that:
 - specifically address modern slavery risks including those that cause or contribute to, or are directly linked to, modern slavery practices; and
 - introduce a due diligence framework to identify and mitigate the risk of modern slavery within Hitachi Rail Australia’s business.
- Hitachi Rail Australia is also working on standard wording for addition into all contracts that it enters into to ensure that all parties that it contracts with commit to taking steps to comply with all modern slavery laws, including the Act. Where possible, Hitachi Rail Australia’s focus is to not exacerbate or cause further harm within Hitachi Rail Australia’s operations and supply chains, and before ceasing any engagements, Hitachi Rail Australia’s focus will be to take appropriate remedial action and introduce corrective action plans.
- Building awareness among Hitachi Rail Australia’s employees (with those employees engaged in Procurement, Supply Chain Planning and Logistics to be a priority) about modern slavery risks and the requirements of, and importance of, the Act. Modern slavery risks and the requirements of, and importance of, the Act will be communicated regularly through targeted presentations to build greater awareness of modern slavery risks within Hitachi Rail Australia’s business and the importance of identifying and addressing such risks. This will include the following:
 - training on Hitachi Rail group’s policies and standards related to modern slavery risks to relevant personnel including management;
 - bespoke training for target audiences related to modern slavery risks that they are likely to encounter; and
 - training of suppliers and subcontractors on risks, policies, and standards related to modern slavery and human trafficking.
- Disclosure of more information on training statistics, training plans, training partnerships, and effectiveness of such training. Hitachi Rail will encourage its suppliers and subcontractors to provide training to their employees, suppliers and subcontractors on modern slavery.
- Identifying areas of low visibility in Hitachi Rail Australia’s supply chains, and introducing mechanisms that will increase that visibility.
- Conducting an initial review of the supply chains of Hitachi Rail Australia’s subsidiary companies with the goal of:
 - meeting with key internal stakeholders of the subsidiary companies in which Hitachi Rail Australia holds a “controlling interest” to communicate Hitachi Rail Australia’s expectations regarding identifying and mitigating the risk of human

trafficking and modern slavery within business operations and supply chains, and to understand the approach such subsidiary companies will take in mitigating this risk; and

- meeting with key internal stakeholders of the subsidiary companies in which Hitachi Rail Australia does not hold a “controlling interest” to understand their approach to identifying and mitigating the risk of human trafficking and modern slavery within their operations and supply chains, and to offer assistance regarding identifying and mitigating this risk.
- Design and implement internal mechanisms, and use them in conjunction with external mechanisms, to understand the effectiveness and impact of the initiatives undertaken by Hitachi Rail Australia in order to assess and track the performance and effectiveness of each activity Hitachi Rail Australia and its subsidiaries undertakes to identify and mitigate the risk of human trafficking and modern slavery within the operations and supply chains of the business.

The Board of Hitachi Rail Australia views this, its first Modern Slavery Statement, as an opportunity to not just comply with its legislative obligations, but to communicate its approach to, and ongoing commitment to, conducting and implementing comprehensive due diligence to identify, assess, address and mitigate the risk of modern slavery within its business operations and supply chains.

Hitachi Rail Australia is committed to:

- identifying and remedying human trafficking and modern slavery risks in its supply chains and operations; and
- ensuring that its processes, policies and procedures remain effective in identifying, preventing and remediating such human trafficking and modern slavery.

This Statement was approved by the Board of Hitachi Rail STS Australia Pty Ltd (ABN 34 068 707 380) of 11 Viola Place, Eagle Farm, Brisbane, Queensland 4009, Australia on 16 December 2020



Raphael Ferreira

Director

Hitachi Rail STS Australia Pty Ltd

Appendix

This Statement was prepared to meet the mandatory reporting criteria set out under the Act.

The table below identifies where each criterion is disclosed within the different sections of this Statement.

The Act Criteria	The Statement	
	Page	Section
Identify the reporting entity	2	1 Introduction
Describe the reporting entity's structure, operations and supply chains	2 – 4	2 Hitachi Rail Australia's Structure, Operations and Supply Chains 2.1 Hitachi Rail Australia's Structure 2.2 Hitachi Rail Australia's Operations and Supply Chains 2.3 Hitachi Rail Australia's Policies and Procedures
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or control	4 – 5	2.4 Potential risks in Hitachi Rail Australia's Operations and Supply Chains
Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	4 – 7	2.4 Potential risks in Hitachi Rail Australia's Operations and Supply Chains 3 Hitachi Rail Australia's Commitment
Describe how the reporting entity assesses the effectiveness of these actions	4 – 7	2.4 Potential risks in Hitachi Rail Australia's Operations and Supply Chains 3 Hitachi Rail Australia's Commitment
Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	4 – 7	2.4 Potential risks in Hitachi Rail Australia's Operations and Supply Chains 3 Hitachi Rail Australia's Commitment
Provide any other relevant information	4 – 7	2.4 Potential risks in Hitachi Rail Australia's Operations and Supply Chains 3 Hitachi Rail Australia's Commitment