

A background image showing a group of business professionals in a meeting. They are seated around a table, looking at documents. The image is slightly blurred, focusing on the text overlay.

# SUPPLIER CODE OF CONDUCT

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In April 2018, to better serve our customers, Hitachi Rail restructured from a regional to a global rail operation, bringing together the capability, resource and financial strength of our rail businesses around the world.

As a result, we have established new policies, processes and procedures. They unify our approach to doing business and demonstrate to our customers that we can be trusted to deliver excellence on a global scale.



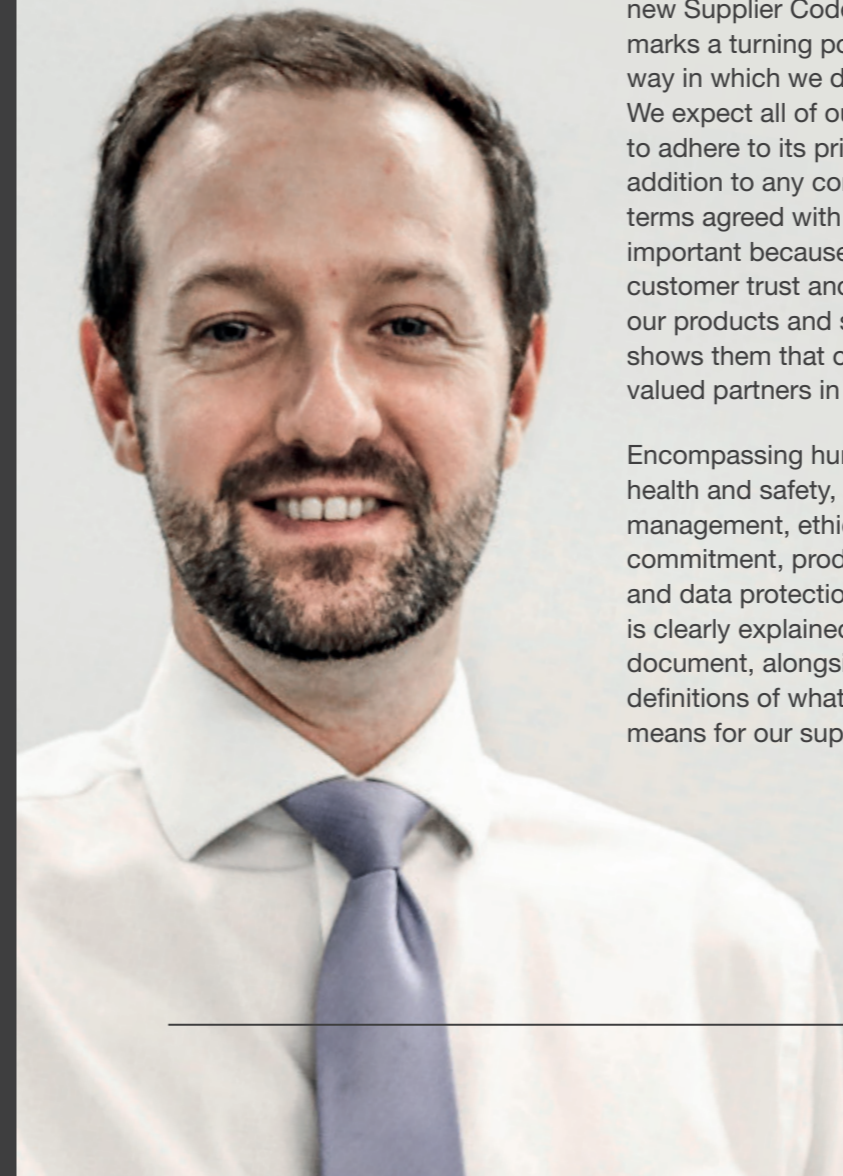
The publication of Hitachi Rail's new Supplier Code of Conduct marks a turning point for the way in which we do business. We expect all of our suppliers to adhere to its principles, in addition to any commercial terms agreed with us. This is so important because it promotes customer trust and confidence in our products and services, and shows them that our suppliers are valued partners in this process.

Encompassing human rights, health and safety, environmental management, ethics, supplier commitment, product quality and data protection, our policy is clearly explained in this document, alongside clear definitions of what each element means for our suppliers.

This Code of Conduct is partially derived from principles of the UN Global Compact, of which Hitachi Ltd. is a proud member. For our rail business, the Code of Conduct also reflects the importance of sustainability which is at the heart of the whole Hitachi organisation. We expect our suppliers to strive for sustainability in their supply chains, and innovation and excellence for the rail industry.

Having published our Code of Conduct with transparency and clarity, Hitachi Rail commits to playing our part to deliver the best for the millions of passengers who travel on the world's rail networks every day – and for the benefit of wider society.

**Rory Lamont**  
Group Chief Procurement Officer



# 01 Human Rights — Modern Slavery

## 1.1 Child and Forced Labour

### Our Principles

- a. We do not accept child labour in any stage of manufacturing or any practice that inhibits the development of children
- b. We believe that all employment should be voluntary and workers must be free to leave work at any time or terminate their employment

### What This Means for Our Suppliers

- a. Suppliers must not employ children under the age of 15 years old, or where higher, the mandatory school leaving age in the relevant country
- b. Suppliers must not use forced or bonded labour, involuntary prison labour, slave labour or trafficked persons. Suppliers may not confiscate or deny access to passports or work permits

## 1.2 Fair Pay and Benefits

### Our Principles

- a. We recognise the need for fair pay for skill and performance that is compliant with applicable wage laws; including minimum wage, overtime, and any mandated benefits

### What This Means for Our Suppliers

- a. Standard working hours must not exceed legal limits nor may overtime exceed the maximum permitted by law

- b. Suppliers must comply with local minimum wage requirements. Workers are to be compensated for overtime at pay rates greater than regular hourly rates. All overtime must be voluntary

## 1.3 Humane Treatment

### Our Principles

- a. We treat every human being with respect as a base line expectation for human rights

### What This Means for Our Suppliers

- a. Suppliers must ensure that there is no harsh and inhumane treatment including sexual harassment, sexual abuse, corporal punishment, or physical or mental coercion of workers in their organisation

## 1.4 Diversity and Inclusion

### Our Principles

- a. We behave with respect and honesty in our dealings with one another and do not tolerate bullying or harassment of any kind
- b. We collect and report diversity data within our supply chain
- c. We promote adherence to equality legislation

### What This Means for Our Suppliers

- a. Suppliers must not engage in discrimination based on race, colour, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, and religion in hiring and employment practices
- b. Suppliers are required to promote diversity and equal opportunities for all
- c. Suppliers are required to track and report any spend with local businesses and social enterprises
- d. Suppliers must provide evidence of adherence to their country's equality legislation

# 02 Health and Safety

## 2.1 Occupational Safety

### Our Principles

- a. Our safety goals are to:
  - Create a safe environment with no accidents, no harm to people, no work related ill health and no damage to the environment by having a robust safety management system in place
  - Prevent or minimise the negative impacts of our products and services

### What This Means for Our Suppliers

- a. Suppliers are required to develop, implement, and maintain a management system for managing health and environmental risks
- b. In addition to minimising the incidence of work related injury and illness, suppliers are expected to operate within a safe and healthy work environment that enhances the quality of products and services
- c. Suppliers are required to recognise that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace
- d. Suppliers are encouraged to have a management system in place that is equivalent to the requirements of OHSAS 18001

## 2.2 Occupational Injury and Illness

### Our Principles

- a. We have systems and procedures in place to prevent, manage, and track occupational injury and illness

### What this means for our suppliers

- a. Suppliers must encourage workers to report, classify, and record injury and illness cases. Suppliers must provide any necessary medical treatment, and implement corrective actions

## 2.3 Industrial Hygiene

### Our Principles

- a. We promote and provide appropriate measures to manage occupational hygiene in the workplace.

### What This Means for Our Suppliers

- a. Suppliers must keep the workplace environment free from any biological and chemical harms, noise, and odour, which are harmful to the health of its employees, and provide appropriate prevention measures
- b. Suppliers are required to protect their workers' health by providing the appropriate personal protective equipment

## 2.4 Health and Safety Environment

### Our Principles

- a. Our company provides an effective health and safety environment, which is vital to the development of our positive safety culture. This involves providing sufficient resources; labour, infrastructure and equipment to ensure the safety of all our employees, contractors and visitors while at work

### What This Means for Our Suppliers

- a. Suppliers must provide sufficient resources to ensure the safety of all their employees while at work
- b. Suppliers must implement and maintain improvements to health, safety and welfare management systems with appropriate responsibilities defined at all levels of their company to ensure the safety of their workforce

## 2.5 Health and Safety Communication

### Our Principles

- a. Our company provides an effective health and safety communication system, which is vital to the development of our positive safety culture

### What This Means for Our Suppliers

- a. Suppliers must provide workers with appropriate health and safety training. All health and safety information must be posted in clear view throughout all premises

# 03 Environmental Management

## 3.1 Environmental Certification

### Our Principles

- a. We strive to conduct business management and operations observing environmental legislation, as well as voluntary standards and best practice
- b. We assess the environmental risks associated with our environmental aspects and impacts and continually strive to minimise any adverse impacts our activities, products and services may have on the environment and realise potential opportunities
- c. We aim to prevent environmental incidents and have robust emergency response procedures in place to minimise any resulting environmental impacts

### What This Means for Our Suppliers

- a. We require our suppliers to provide evidence of having an environmental policy and managing their environmental aspects and impacts via an Environmental Management System (EMS);
- b. We require our suppliers to have obtained (or finalised a plan to obtain) external certifications, including ISO 14001 or any other industry relevant EMS certifications; and
- c. We require our suppliers to notify us of any environmental sanctions, including but not limited to, notices or fines received from an environmental regulator and/or local authority



## 3.2 Reducing Environmental Burden

### Our Principles

- a. We are responsible for environmental conservation and endeavour to promote and ensure environmental conservation activities, including improving environment-related rules and setting goals for reducing environmental burden
- b. We strive to contribute to society by developing highly reliable technologies and manufacturing processes, while identifying needs that take into consideration the prevention of global warming

### What This Means for Our Suppliers

- a. Suppliers are expected to employ best available technology and techniques to minimise the environmental burden of their products or services, including demonstration of the following:
  - Resource Efficiency
    - » Using recycled parts or resources
    - » Improving product durability
    - » Minimising water usage

- Recycling
  - » Collecting and recycling products (recycling rate) at the end of their life
  - » Considering the ease of disassembly and sorting
- Packaging Materials
  - » Reducing packaging materials and where essential considering the use of returnable and reusable packaging
- Preservation of ecosystems
  - » Endeavouring to use less hazardous and toxic substances and minimising the risk of their release into the environment
- Continuous improvement
  - » Setting measurable environmental guidelines to ensure continuous improvement and provide manufacturing information detailing the use or non-use of ozone-layer-depleting substances in the manufacturing process

# 04 Ethics

## 4.1 Anti-Bribery and Corruption

### Our Principles

- a. We value our reputation for ethical behaviour and recognise that the lawful and ethical behaviour of our employees is essential to maintaining our reputation and to ensuring the continued trust and confidence of our customers, business partners and the wider community

### What This Means for Our Suppliers

- b. Suppliers are expected to behave ethically in all business dealings.
- c. Suppliers must not give or accept anything of value that may be viewed as (or has the effect of) improperly influencing business decisions
- d. Suppliers must comply with all applicable anti-bribery and corruption laws and regulations of the countries in which they operate.



## 4.2 Fair Business and Competition

### Our Principles

- e. Strict compliance with the Competition Regulations is extremely important for us. It is our policy to conduct business ethically and to comply with both the letter and the spirit of the all applicable competition laws and regulations of the jurisdictions in which we conduct business

### What This Means for Our Suppliers

- f. Suppliers must comply with all competition (antitrust) laws in the countries in which they operate or sell products or services
- g. Suppliers must not coordinate market conduct with competitors or their own suppliers in a way that improperly restricts competition

## 4.3 Responsible Sourcing of Materials

### Our Principles

- h. We continue to ensure that procurement activities do not result or aid in areas of conflict and armed groups do not benefit from our procurement activities

### What This Means for Our Suppliers

- i. Suppliers are required to make further improvements in the transparency of their supply chain and must engage in responsible procurement of materials and parts
- j. Suppliers must further encourage the responsible sourcing of materials throughout their own supply chain networks

# 05 Supplier Commitment

## 5.1 Risk Management

### Our Principles

- a. We determine the relative significance of all risks and implement appropriate procedural controls to identify risk and ensure regulatory compliance
- b. We protect our assets by ensuring our supply chain maintain appropriate policies, processes and insurance commensurate to each specific requirement

### What This Means for Our Suppliers

- a. Suppliers must have a process in place to identify the environmental, financial, legal compliance, health and safety, labour practice and ethics risks within their operations
- b. When performing risk assessments, suppliers must also consider the effect on people within their company and its relation to products and services
- c. Suppliers must maintain the mandatory employer and public insurance cover for any negligent acts, errors or omissions in carrying out of the works

## 5.2 Improvement Objectives

### Our Principles

- a. We are committed to continuous improvement by working collectively and complying with agreed processes across businesses and functions.

### What This Means for Our Suppliers

- a. The supplier is required to create written performance targets and implementation plans to improve the performance, including periodic assessment of each participant's performance in achieving those objectives

## 5.3 Corrective Action Process

### Our Principles

- a. We strive to respond promptly and honestly to any claim made by customers with regard to the quality of our products and services, making every effort we can to determine the causes and implementing appropriate measures to make sure deficiencies do not reoccur
- b. We endeavour to prevent environmental incidents, however in the event of an incident we strive to ensure a proactive and timely respond to reduce any potential environmental damage

### What This Means for Our Suppliers

- a. Suppliers must construct a process for timely correction of deficiencies identified by internal or external third-party assessments, inspections, investigations and reviews
- b. Suppliers must ensure that they are collaborative in the event of an environmental incident on site and respond in line with local level spill response procedures

## 5.4 Collaborative Business Relationships

### Our Principles

- a. We identify operational objectives and where these objectives are enhanced through the adoption of collaborative working approaches
- b. We identify and assess corporate social responsibility and business continuity processes, which could result in significant risks to performance

### What This Means for Our Suppliers

- a. Suppliers are encouraged to have a business management system in place that is equivalent to the requirements of ISO 44001
- b. Suppliers must show evidence of a business continuity plan outlining disaster and accident response

# 06 Product Quality



## 6.1 Ensuring Product Safety

### Our Principles

- a. We will also make every effort we can to create products and services without defects, so that we can instil in our customers the necessary feeling of safety

### What This Means for Our Suppliers

- a. We request suppliers to secure product safety by conducting management of traceability (history of materials, parts, processes, etc.) and prompt response for problem solving

## 6.2 Application of a Quality Management System

### Our Principles

- a. We are committed to implementing and administering appropriate quality management systems

### What This Means for Our Suppliers

- a. We request our suppliers to have obtained (or finalised a plan to obtain) external certifications including ISO 9001
- b. The supplier's quality management system must include practices, procedures and processes which promote the overall quality assurance of the product or service and where appropriate comply with our policies and quality management systems

# 07 Information Security and Data Protection



## 7.1 Cyber Security

### Our Principles

- a. We regard initiatives for information security as vital for the safe management of information assets stored for customers in business operations

### What This Means for Our Suppliers

- a. We require suppliers to secure computer networks against threats including cyber-attack

## 7.2 Intellectual Property

### Our Principles

- a. We have effective protocols in place for securing and protecting proprietary and intellectual property

### What This Means for Our Suppliers

- a. Suppliers must have information classification protocols in place and adopt industry best practices on sharing, protecting and securing information

## 7.3 Protection Privacy

### Our Principles

- a. We will observe all data protection legal requirements and process personal data for which suppliers are the data controller in accordance with our supplier privacy policy, which is available on our website;

### What This Means for Our Suppliers

- b. Suppliers will only transfer personal data, for which they are the data controller, to any Hitachi Rail where lawfully entitled to do so and in compliance with applicable data protection law (including the General Data Protection Regulation (GDPR))
- c. We also expect all our suppliers to comply with the requirements of GDPR when processing personal data on our behalf, and to only process such personal data on our instructions and on the basis of binding contractual terms that comply with the requirements of GDPR





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