

# **Anti-corruption Code of the Hitachi Rail Italy Group**

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## **INTRODUCTION**

Hitachi Rail Italy S.p.A. (hereinafter also referred to as HRI), in carrying out its operations, is committed to tackling corruption and preventing the risks of unlawful practices, at any operating level and in all geographic areas, by disseminating and promoting values and ethics, and by providing rules of conduct and implementing control processes, in line with requirements established by application regulations and international best practices.

### **1. PURPOSE**

Strict compliance with applicable laws (applicable anti-corruption regulations) and this Anti-corruption Code is extremely important for the Company and its employees, because if employees carry out acts of corruption or take part in/facilitate them, the Company may be liable to severe sanctions and may also be damaged.

Company Management and all people working for or on behalf of the Company, for any reason whatsoever, undertake to comply with all laws applicable in the operating country and in this Anti-corruption Code; all employees shall be made aware that any infringement of this Anti-corruption Code will be treated very seriously.

### **2. COMPETENCY**

The application of this Anti-corruption Code is the duty and responsibility of the CEO of HRI.

In particular, the CEO of HRI, through functions assigned to monitoring and auditing, will guarantee that the Anti-corruption Code is updated and complied with by HRI and its subsidiaries.

### **3. DEFINITIONS**

For the purposes of this Anti-corruption Code, the terms herein have the meaning indicated below.

**Donations to associations and organisations:** donations to non-profit making entities (e.g. associations, foundations, non-profit making organisations of social value).

**Corruption:** an action performed by anyone, with activities directly or indirectly carried out on behalf or in the interest of HRI or subsidiaries, that promises, receives or gives undue benefits and/or payments to third parties, directly or indirectly, for a personal advantage or to the advantage of Hitachi, Group companies or third parties. For the purposes of this Anti-corruption Code, no distinction is made between "corruption in relation to the public administration" and "corruption between private entities".

**Recipients:** Members of Boards of Directors and Boards of Statutory Auditors (or administrative and control bodies), as well as employees, consultants/staff of any kind of HRI and Group companies, as well as entities that have relations with HRI or Group companies based on contracts, payments or non-paying services.

**Supplier:** the natural person or corporate body that supplies HRI, or a Hitachi Group company, with goods or services.

**Sales promotion appointments:** agreements to assist the operations of HRI or a Group company when establishing conditions or opportunities of markets on which the Group operates or to assist HRI or a Group company in preparing a proposal.

**Joint Venture:** agreement for an ongoing partnership with which HRI or a Group Company undertakes, with a third party (**Partner**) an economic activity subject to joint control.

**Gift:** an asset, of modest value, given or received as a gift.

**Facilitation payments:** payments not due, but made, also indirectly, for the purposes of encouraging services, even if due, from the Public Administration.

**Professional services:** any assistance or consultancy service, howsoever called, comprising the supply of intellectual work, pursuant to article 2230 of the Italian Civil Code, by entities registered or otherwise with professional associations.

**Sales promoter:** an entity that, in favour of a Group Company, provides services as of sales promotion appointments.

**Public administration:** the State and its administrations (e.g. governments, ministries, agencies), local government organisations (e.g. regions, provinces, municipalities), organisations governed by public law (e.g. national or international authorities, industry organisations, trade associations, trade show organisations), institutions also with a corporate status to meet needs of general interest, with a non-industrial or commercial status, whose activities are financed and controlled on a majority basis by the state, local public authorities or by other organisations governed by public law.

**Group companies:** Companies directly or indirectly controlled by Hitachi Rail Italy pursuant to article 2359 of the Italian Civil Code.

**Private entities:** corporate bodies governed by private law and natural persons that perform activities for/with Hitachi or for/with Group companies.

**Business expenses:** expenses incurred for the purchase of goods and services intended for promotional purposes or public relations.

**Sponsorships and advertising initiatives:** contracts concerning a specific event, project or activity, stipulated by Hitachi or Group Companies to promote and disseminate the name, image and brand or promote the activities, products and services of the company.

**Undue advantages:** advantages that are not due in connection with the relationship that forms the basis, object or cause (e.g. money, gifts, loans, discounts, award of a contract, etc.).

#### **4. NORMATIVE REFERENCES AND BEST PRACTICES**

The Code is based on and shall be interpreted according to the principles of Group *anti-corruption regulations and policy guidelines*, as well as international *best practices*.

In particular, reference is made to the following documents:

- ✓ Hitachi Group and HRI Code of Conduct
- ✓ HRI Code of Ethics
- ✓ Hitachi Group Anti-Corruption Regulations
- ✓ Anti-Bribery and Corruption Policy - HRE-000-HUR-POL-00002
- ✓ HRI Compliance Programme pursuant to Italian Legislative Decree no. 231/2001.
- ✓ Anti-corruption regulations applicable in countries where HRI and Group Companies operate and in any case regulations applicable on so-called "domestic" markets, in particular *Italian Legislative Decree no. 231/2001*, the *US Foreign Corrupt Practices Act (1977)* and the *UK Bribery Act (2010)*;
- ✓ Relative Conventions of the Council of Europe (*Civil and Criminal Law Conventions on Corruption -1999*);
- ✓ *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)* and *United Nations Convention against corruption (2003)*.

## 5. GENERAL PRINCIPLES OF CONDUCT

In order to comply with this Anti-corruption Code, the following general principles shall be observed for main areas at risk and instrumental areas:

- ✓ **separation of responsibilities:** duties, operating activities and control functions shall be appropriately separated, so that the person in charge of the operating activity is always different from the person controlling and authorising it;
- ✓ **system of powers of signature:** powers of signature, that are formally defined, shall be connected and consistent with organisational and management responsibilities assigned and exercised within defined value limits;
- ✓ **clarity and simplicity:** the duties and responsibilities of all entities involved in company processes, as well as activities and relative controls, shall be defined clearly and mechanisms shall be put in place for their easy application;
- ✓ **impartiality and absence of conflicts of interest:** Recipients of the Code shall operate in a professional, impartial manner, and in compliance with anti-corruption regulations. They are therefore required to avoid any situation that may give rise to a conflict of interest which is such that it affects - even potentially - their ability to act in the interest of the company and in compliance with aforementioned regulations;
- ✓ **traceability and filing:** all activities - and relative controls - shall be traced and verifiable ex post, where possible, also using appropriate hard/soft copies; documents produced shall be adequately filed.

More specifically, relations with the Public Administration and with Private Entities shall be overseen exclusively by dedicated company structures. No Recipient may unduly take action, in particular agreeing to, giving or receiving, directly or indirectly, advantages of any kind, that exceed normal business practices or acts of courtesy, or that are intended in any case to obtain undue treatment in favour of conducting any business activity, even if said practices are considered as "customary" in the country where the Group operates, including facilitation payments.

## **6. PRINCIPLES OF CONDUCT IN MAIN AREAS AT RISK**

With reference to HRI activities, the following areas have been identified as having a greater risk of corruption. As regards these areas, the above general principles are grouped below into specific principles of conduct.

### **6.1. Loans**

The management of loans shall comply with the following principles:

- the traceability of relations with the lender;
- the completeness, accuracy and truthfulness of documents concerning different stages of loan applications and management;
- the clear identification of roles, duties and responsibilities, also by assigning authority, in relation to signing loan applications and documents concerning reporting to send to the lender;
- the monitoring of project execution for which the loan was provided and the consistency of accounts with actual figures;
- the correctness, accuracy and truthfulness of accounting records.

### **6.2. Acquisition and management of job orders**

The acquisition and management of job orders, including public contracts, shall comply with the following principles:

- the separation of duties and regulation of the process concerning the offer, including control and authorisation stages;
- the identification of entities authorised to oversee relations with clients (the public administration or private clients), when preparing and also presenting the proposal;
- the traceability of decision-making process documents;
- compliance with powers assigned for signing proposals to send to customers and signing contracts;
- compliance with principles of fairness, transparency and confidentiality guaranteeing the integrity and good reputation of the parties;

- compliance, starting from the proposal stage, with principles of transparency and objectivity in identifying and selecting partners and subcontractors, as applicable;
- the separation of duties and formal definition of responsibilities, and operating procedures for opening, managing and controlling job orders;
- the clear identification of roles, duties and responsibilities within the framework of the company organisation, for the management of job orders, including testing activities;
- compliance with the system of powers/authority for signing all amendments to contracts or additional documents.

### **6.3. Procurement of goods and services**

Recipients involved in various processes concerning the procurement of goods and services shall act in compliance with the system of governance and company organisation, as well as the authorisation processes of the Group Company where they operate.

Processes for the procurement of goods and services shall be based on the following principles:

- cost-effectiveness, efficiency, timeliness and fairness;
- free competition, equality, non-discrimination, transparency;
- minimising risks and maximising value.

The procurement of goods and services shall comply with the following principles:

#### Supplier qualification

- the identification of roles, duties and responsibilities and definition of the process flow concerning supplier qualification, in compliance with the principle of keeping functions separate;
- the identification of supplier qualification drivers (direct and indirect);
- the traceability of documents concerning the qualification process;
- the identification of responsibilities and operating procedures for monitoring suppliers, in order to maintain qualification;



- the separation of duties and definition of operating procedures for management of supplier master records (creation, updating of records, etc.) and the supplier register.

#### Supplier selection

- the definition, scheduling, monitoring and approval of goods and services purchasing requirements;
- the clear identification of possible types of negotiations and relative case records and activation procedures;
- the identification of responsibilities and (technical and economic) appraisal criteria for proposals;
- compliance with powers assigned for signing contracts (and any amendments) with the selected supplier;
- the traceability of documents concerning the supplier selection process.

#### Management of the contract with the supplier

- the monitoring of supplier activity trends;
- the formal identification of roles, duties and responsibilities and definition of the process flow concerning management of the receipt of goods/services, in compliance with the principle of keeping functions separate;
- the traceability and documentation of operations.

### **6.4. Joint venture operations**

Any operation in a *joint venture* shall ensure *due diligence* of the other party in order to verify:

- the identity and requirements concerning the good reputation, good name and integrity of the partner;
- possible areas at risk of corruption of the company in the *joint venture*;
- the existence of anti-corruption policies at the company in the *joint venture*;
- the existence of any proceedings, sanctions or rulings concerning the infringement of anti-corruption regulations by partners, directors or the management of the *joint venture*.

HRI and Group Companies, also through their representatives, will act to promote the adoption of Code provisions by the *joint venture*, in order to prevent conduct that could constitute infringements of anti-corruption regulations, and so that Hitachi or Group Companies may, as part of activities attributable to *joint ventures*, carry out specific anti-corruption controls.

## **7. PRINCIPLES OF CONDUCT IN INSTRUMENTAL AREAS**

Areas that may be instrumental as regards the risk of corruption and relative applicable principles of conduct are outlined below.

### **7.1. Gifts and business expenses**

All fees and/or business expenses shall:

- comply with applicable laws and regulations
- not consist of a cash payment or equivalent (e.g. vouchers);
- be made public and in the name of the Company;
- refer to specific company provisions (e.g. catalogue of gifts, facilities with special agreements with the company);
- be made or received in good faith and in relation to legitimate business purposes;
- be notified (if received from or given to third parties) to the employee's superior and authorised in compliance with company rules;
- conform to generally acceptable standards of professional courtesy and in any case shall not be such that they may be interpreted as intended to obtain a favour;
- not be intended to exercise undue influence or based on the expectation of reciprocity;
- be for recipients that have roles concerning company activities and that meet generally recognised requirements of a good reputation and good name;
- take account of the recipient's profile as regards customary practice in institutional or professional relations.

## **7.2. Sponsorships and donations to associations and organisations**

All sponsorship or donations to associations and organisations shall be preceded by *due diligence*, an approval process as per specific company directives/procedures and followed up with controls, to check:

- that the initiative is permitted by law;
- the nature, importance or reputation of the event, project or activity;
- the identity and requirements concerning the good reputation, name and integrity of recipients of the sponsorship or donation;
- that the event, project or activity concerned are carried out in line with the expectations of Hitachi or Group Company providing the sponsorship or making the donation.

## **7.3. Personnel recruitment**

Personnel recruitment is based on principles of fairness and impartiality, in compliance with the professional skills and competencies of the worker.

As part of personnel recruitment, the Hitachi Group operates so that resources match profiles actually necessary for company requirements, avoiding favouritism and help of any kind, and basing choices solely on criteria of professionalism and competency.

In achieving company objectives, the worker shall operate in the knowledge that any behaviour which goes against this Anti-corruption Code will not be tolerated, even if seemingly in favour of HRI or the Group.

In particular, in order to avoid even potential situations of a conflict of interest, HRI requires its staff, on recruitment, to declare that no conditions of a conflict of interest exist between them and the company.

Personnel recruitment shall comply with the following principles:

- separation
- the definition, generally, of a short-list of candidates for the position;
- the comparative evaluation of candidates based on criteria of professionalism, knowledge and aptitude in relation to the duties they are being recruited for.

#### **7.4. Professional / sales promotion appointments**

The process to recruit professionals / sales promoters shall comply with the following principles:

- compliance with applicable laws and regulations, even in local contexts;
- compliance with ethics, the existing system of powers and authority and indications in procedures;
- the separation of duties and regulation of the process (recruitment of the professional / sales promoter, stipulation of the contract, management of the relationship and monitoring of activities carried out, etc.);
- the definition of requirements of a good name and professionalism, to verify during recruitment and to monitor during contract performance;
- the formalisation of the appointment, contract obligations and terms of payment;
- the traceability and documentation of the process to assign the appointment, as well as the monitoring of the service provided and acknowledgement of payments.

#### **7.5. Bookkeeping and auditing**

HRI, as regards bookkeeping (general accounting, financial statements and other company reporting), has established an internal control system and controls accounts, in order to guarantee the reliability of financial reporting and the preparation of the financial statements, in compliance with the Group's accounting policies and applicable regulations.

#### **7.6. Management of payments**

- the identification of entities authorised to sign letters arranging for payments;
- the separation of duties and definition of the process flow concerning the management of supplier and client master records (including the management of bank details);
- the separation of duties and definition of the process flow concerning the management of payments (identification of invoices to pay, preparation and signing of letters arranging for payments, registration in accounting records and controls);

- the separation of duties as regards registering and checking the receipt of payments;
- the monitoring of payments made and received.

## **8. REPORTED INFORMATION**

HRI acquires and examines reported information on possible infringements of this Code and anti-corruption regulations, in compliance with procedures in the “Directive on the management of reported information”.

For reported information concerning HRI and its subsidiaries, the information channels set up by each company in compliance with the "Directive on the Management of Reported Information" are valid.

## **9. SANCTIONS AND CONTRACT CLAUSES**

Infringements of the principles of conduct established in the Code require an internal response from Group Companies, with disciplinary actions being taken, and an external response, with the utmost assistance given to competent public authorities. These infringements will be dealt immediately and appropriately, with adequate and commensurate disciplinary measures, taking into account the criminal significance of such infringements and the possibility of criminal proceedings, as applicable.

### Sanctions for Group Companies not governed by Italian law

If the principles of conduct in the Code and Anti-corruption Regulations are infringed in relation to Group Companies not governed by Italian law, these Companies will adopt measures established by applicable laws, for members of their administrative and control boards and for their employees.

## **10. ADDITIONAL PROVISIONS**

### **10.1. Implementation of the Anti-corruption Code at Hitachi Rail Italy (HRI)**

The Anti-corruption Code is implemented via applicable communication channels. Moreover, to guarantee familiarisation with the principles in the Anti-corruption Code, HRI:

- will obtain, from each employee - including personnel seconded to or employed by permanent establishments or Branches - a signed statement that they undertake to act in compliance with the principles, according to the template in Attachment 1;
- will provide specific training material.

### **10.2. Implementation of the Anti-corruption Code at HRI subsidiaries**

The top management of subsidiaries is responsible for the adoption of this Anti-corruption Code and for guaranteeing its dissemination to subsidiary employees and their familiarisation with it.

In this regard, HRI subsidiaries shall:

- send notification that this Anti-corruption Code has been adopted. This notice, prepared according to the template in Attachment 2, shall be addressed to the CEO of HRI;
- submit a statement, each year, on the implementation status of this Anti-corruption Code according to the template in Attachment 2, which shall also be addressed to the CEO of HRI.

## **11. ATTACHMENTS**

Attachment 1 - Form stating that the employee has read and accepted the Anti-corruption Code

Attachment 2 - Statement on implementation/adoption status