

**Organizational, Management  
and Control Model  
pursuant to Legislative Decree  
8 June 2001, n. 231**

**CODE OF ETHICS**

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## **1. PREAMBLE**

### **1.1. The Company and the Code of Ethics**

Hitachi Rail S.p.A. is a Hitachi Group Company engaged in the design, production and sale of rolling stock for urban and mainline rail transport.

Hitachi Rail S.p.A. makes its best efforts to ensure that its production businesses adopt, towards the market, competitive and sustainable policies of product quality and safety.

This Code of Ethics (hereinafter also referred to as the “Code”) expresses the commitments and the ethical responsibilities, related to the conduct of business and company affairs undertaken by the collaborators of Hitachi Rail S.p.A. (hereinafter referred to as “HRI SPA” or the “Company”), either Member of the Board or employees, and/or all those having relationships of any nature with the Company.

The principles and provisions of this Code of Ethics are binding on all the following subjects (hereinafter referred to as the “Recipients”):

- members of the Board of Directors, when setting targets, deciding activities, implementing projects, proposing investments and in any decision or action concerning the Company's business performance;
- members of the Board of Statutory Auditors when controlling and reviewing the correctness, in both form and substance, of the Company's activities and the operation of the internal control system;
- Top Management and Executives, with regard to the Company direction activities, in connection with the management of both internal and external activities;
- employees and all the co-workers with any type of contract with the company, including on an occasional and/or merely temporary basis;
- partner, suppliers and all those having commercial and/or financial relationships of any nature with the Company;
- representatives of directly or indirectly controlled companies.

All the Recipients pursue the company's goals by following principles and values such as ethics, respect, expertise, worthiness, innovation, excellence, internationalism, multiculturalism, rights and sustainability.

## **1.2. Relationships with the Shareholders and Stakeholders**

Hitachi Rail's presence on national and international markets, its operations in different fields and plurality of its interlocutors relationships between Hitachi Rail and third parties make the management of Hitachi Rail relationships with the - shareholders and with the stakeholders of the essence, ("stakeholders" meaning any public or private, Italian and/or foreign, person and/or entity and/or group and/or companies and/or institutions, having any kind of relationship with Hitachi Rail and/or any interest in the Company's activity).

Hitachi Rail's activities are characterized by strict compliance with the laws (both Italian laws and the laws of all countries in which the Company operates), the market's regulations and the principles to which loyal competition aspire.

## **1.3. Key principles**

Compliance with laws, honesty and integrity in conducting business (activities) transparency and correctness in management, trust and cooperation with the stakeholders, sustainability are the ethical principles to which HRI SPA aspires - and from which Hitachi Rail derives its models of conduct - aimed at effectively and loyally competing on the market, improving the level of satisfaction of its clients, adding value for its shareholder and increasing the capabilities and the professional growth of its human resources.

In this respect, being convinced of acting for the benefit of the Company should not justify or incite the adoption of behaviours in conflict with the aforementioned principles.

All the Recipients, without distinction or exception, are therefore compelled to observe these principles and have them observed within their own functions and responsibilities. Such commitment implies that any third party, having any kind of relationship with Hitachi Rail, shall also apply, in those relationships, rules and means inspired by the same values.

#### **1.4. The Code of Ethics**

Hitachi Rail adopted and issue a code of conduct, setting forth principles to be complied with by all the Recipients must conform.

The Code promotes a corporate culture based on high responsibility standard, honesty and integrity in the conduct of business. HRI SPA also applies the principles of transparency, ensuring the truthfulness, the accuracy and the completeness of corporate information. The breach of the structure, the roles and the rules by the Recipients of the Code does not involve any corporate responsibility towards third party, but entails personal assumption of responsibility towards the Company and outside.

Therefore, knowledge of and compliance with the Code by all those who work with or for HRI SPA constitute the primary conditions for the Company's transparency and reputation.

In addition, Hitachi Rail also bring the Code to the attention of all those with whom it has business dealings, who shall be required to know and abide by the rules contained therein.

Within the internal control system, the Code of Ethics represents a management tool for an ethical conduct in business affairs, an effective element of corporate strategy and organisation and an integral part of both the Organizational, Management and Control Model and for the system of sanctions in relation to the alleged breaches of the rules established by HRI SPA pursuant to art. 6 and 7 of Legislative Decree 231 of 2001.

The responsibility for the implementation of the Code of Ethics, its application and updating is a duty of the Board of directors and employees of HRI SPA, who shall report any non-compliance or failure to apply, to the special-purpose body called "the Supervisory Body pursuant to Legislative Decree 231/01" (hereinafter also "OdV").

#### **1.5. Application within the Group**

Since Hitachi Rail is a holding company, with an industrial and strategic direction and coordination, of the Hitachi Group, the achievement of its goals also depends on the optimisation of the synergies which may be developed with and among Hitachi Rail's subsidiaries, provided that all those who operate within the Group, each within the scope of their functions and responsibilities and consistently with the functions and responsibilities of others, make their

own capabilities available, in accordance with applicable laws and with the values identified by the Code of Ethics.

For this reason Hitachi Rail has also incorporated the - Code of Conduct of Hitachi Group, and it has formally adopted it as a management tool and an effective part of corporate strategy and organisation.

Finally, the principles of the Code of Ethics and of the Code of Conduct of Hitachi Group shall apply to all its subsidiaries and are binding on the behaviour of all the Recipients. Furthermore, all HRI SPA affiliates, associates and suppliers are required to keep their conduct in line with the principles of this Code and with the Code of Conduct of Hitachi Group.



## **2. GENERAL PRINCIPLES**

### **2.1. Compliance to laws and regulations**

Hitachi Rail operates in strict compliance with the laws and regulations in force in any country in which it does business, in accordance with the principles of the Code of Ethics and the regulatory system of the Company, designed as a set of guidelines, procedures and rules which describe and specify the operating modes and responsibilities for process executions and the activities.

Moral integrity is a regular duty for all the Recipients.

Therefore, the Recipients shall be aware and observe, each within their respective area of competence, the laws and regulations in force in any country in which Hitachi Rail operates. Within this framework, attention and observance shall be paid to any competition law and regulation, both on the national market and at international level as well as in accordance with the laws and regulations on exportation and importations.

Any relationship between the Recipients and Public Institutions and Authorities shall be driven by the maximum degree of correctness, transparency and collaboration, in full compliance with the applicable laws and regulations and of their international roles.

### **2.2. Models and rules of conduct**

All the activities undertaken by the Recipients must be performed with professional care, moral rigour and proper management, with a view to safeguarding the image of the Company.

The behaviour and relationships of all the Recipients, both internally and outside the Company, shall aspire to transparency, correctness and mutual respect.

In this regard, Directors and Executives shall be the first to set an example to all Hitachi Rail human resources, through their own behaviour and, in performing their duties, shall comply with the principles of the Code, and with the Company's procedures and regulations and shall promote their circulation among the employees, by asking the same to submit, if necessary, requests for clarifications or proposals for updates.

Particularly, those ones actively propose and realize projects, investments and industrial, commercial and management initiatives, useful to preserve and

increase the economic, technological and professional capabilities of the Company.

In relation to Company events and strategy, Hitachi Rail also makes information sources available, such that the Company offices and bodies, as well as the accounting and internal control bodies and Supervisory Authorities, to carry out the best and most effective control activities. The use of IT and electronic tools must be in compliance with the principles of fairness aimed at the guarantee the integrity and authenticity of the processed data, for the protection of the Company's and of any third party's interests, in particular Public institutions and Authorities.

Hitachi Rail has adopted suitable measures to ensure that electronic and computer data can only be accessed in accordance with the applicable regulations and the privacy of any involved persons, and in such a manner as to guarantee that any information shall be kept confidential and be processed only by expressly authorized persons, and that any intrusions shall be impeded.

### **2.3. Honesty and integrity in the conduct of business activities**

Hitachi Rail and Recipients are committed to meeting the needs and specifications of Customers, operating in compliance with the laws and with quality, safety and environmental standards.

Hitachi Rail undertakes to manage quality, safety and environmental systems which it has adopted

Hitachi Rail undertakes to operate in the market in accordance with the requirements of the Code of Conduct of Hitachi Group.

### **2.4. Dissemination and observance of the Code of Ethics**

Hitachi Rail promotes the knowledge and the observance of the Code of Ethics, of the internal protocols and their updates among all the Recipients, demanding that they observe the Code and establishing, in case of non-compliance, adequate disciplinary or contractual sanctions. Therefore, the Recipients are required to know the contents of the Code of Ethics – by asking for and obtaining any clarification on the interpretation of such contents from the competent offices of the company – to observe such contents and to cooperate to their implementation by denouncing any failure and/or violations (including any attempted violation) which may have come to their knowledge.

Furthermore, Hitachi Rail promotes and encourages the cooperation of the Recipients in causing compliance, knowledge and the implementation of the Code of Ethics and, within their respective competence and functions, of the internal protocols.

## **2.5. Corporate Governance**

Hitachi Rail adopts a Corporate Governance system based upon the highest standards of transparency and fairness in business management and to the best international practices.

The actual structure is based on the coexistence of the elements referred to the Organizational Model in relation to the Legislative Decree 231/01, with the Internal Control System to monitor the efficiency of operations, reliability of financial information, compliance with laws and regulations as well as the protection of corporate assets.

Main components of the Internal Control System are the corporate prescriptive system, the delegation and empowerment system, Risk Assessment activities and, finally, the control activities executed by competent offices of the Company.

Consistency and sustainability of the Internal Control System results from the existence and efficacy of the basic requirements (rules; defined roles, clear and based on separation; data tracking), together with the co-existence of functions dedicated to organizational management and updating of the requirements with functions/organs committed to specific controls (Internal Auditing, Supervisory Body, Board of Auditors), and finally to the interrelations and periodical meetings among them.

Such corporate governance system aims at maximising value to the benefit of shareholders, controlling enterprise risks, maintaining transparency towards the market.

### **3. SUPERVISORY BODY**

#### **3.1. Tasks and characteristics**

The Supervisory Body, which is granted autonomous powers of initiative and control, as relevant for the purposes of Legislative Decree 231/01, is entrusted by the Company's Board of Directors with the task of supervising the operation of, and compliance with, the Model of Organization, Management and Control, which has been adopted and systematically updated by the Company pursuant to Legislative Decree 231/01 and to Code of Ethics, as amended.

The Supervisory Body operates with impartiality, authority, continuity, professionalism and autonomy and, for these purposes (i) is granted access to any HRI SPA's source of information; (ii) is entitled to examine any document and to consult any data; (iii) recommends any update of the Model, the Code of Ethics and of the internal Protocols also on the basis of the submissions from employees; (iv) may perform control activity, also on a periodical basis, on the operation of and compliance with the Model; (v) is attributed adequate human and physical resources so that it can quickly and efficiently operate.

The Supervisory Body also operates with wide-ranging discretionary powers and the full support of HRI SPA top management, and cooperates with the latter on an absolutely independent basis.

#### **3.2. Submissions to the Supervisory Body**

In order to facilitate the flow of information and submissions towards the Supervisory Body, a dedicated information channel has been established (through which anyone becoming aware of any illicit behaviour, may freely, directly and on a confidential basis, report it to the Supervisory Body. To this is entrusted the rigorous and timely control of the information received, with a view to submitting the case in question to the competent offices of the Company, for the imposition of disciplinary sanctions or for the activation of contract termination procedures.

In this context, the Supervisory Body has been tasked with monitoring the efficacy of the predisposed contractual clauses and the assessment of the suitability of initiatives being undertaken by the reference functions in the business.

## **4. HUMAN RESOURCES AND EMPLOYMENT POLICY**

### **4.1. Principal conditions**

Human resources are an essential element for the existence of the Company and a crucial factor for successful competition on the market

Staff's honesty, fairness, competence, professionalism, technical expertise, commitment, integrity, sense of belonging, equity, transparency, sharing values, objectives and results, economical, social and environmental sustainability, are therefore the principal conditions for the attainment of company objectives and are the pre-requisites that Hitachi Rail demands of its Directors, members of the Board of Statutory Auditors, employees and co-workers in their various capacities.

Hitachi Rail is committed to contribute to employment with proper appropriate consideration of its social responsibility, proceeding with the recruitment of personnel in compliance with national current laws in each Country or Area in which it operates.

### **4.2. The policy for selection**

For the purposes of contributing to the development of the company goals and of ensuring that such goals are pursued by everyone in compliance with the ethical principles and values which inspire Hitachi Rail, the company policy is aimed to select each employee and co-worker in any capacity whatsoever, in accordance with the above values and characteristic.

Therefore Hitachi Rail offers equal work opportunities, and grant a fair treatment on the basis of individual expertise and skills. Within the context of such selection – to be carried out in compliance with the principles of equal opportunity and without any discrimination based on private life or candidates' opinions – HRI SPA makes every effort to ensure that its human resources are consistent with the Company's effective needs, selecting exclusively on grounds of professional expertise and competence and therefore eschewing favouritism and any kind of facilitation.

The staff of HRI SPA has been employed under a regular employment contract, in application of the laws, of applicable regulations and national collective bargaining agreements, with particular attention to children protection against exploitation. In particular, Hitachi Rail shall not allow or tolerate any

employment relationships involving a breach of applicable labour regulations concerning child, feminine and immigrant work from third-country, whose staying is illegal, even if conducted by external co-workers, suppliers or trade partners.

#### **4.3. Development of skills**

Hitachi Rail aims to develop and reinforce human capital, using both a classification and improvement system for the best resources, and the enrichment of capacity and competences of the entire workforce. Therefore, the Company offers to everyone opportunities for both personal and professional growths.

The skills development of the employees is a key factor for the Company's success. For this reason HRI SPA plans and develops individual growth paths for the employees to keep them in step with technological innovation and continuous changes caused by the market.

Hitachi Rail respects economic, union, health and safety rights of workers, through ethical principles and social responsibility concerning equal opportunities, occupation improvement, exclusion of child labour and illegal work, safety of integrated management and environmental aspects.

In pursuing company targets, the worker must be aware that ethics are a major interest of Hitachi Rail and that there shall be no tolerance for any conducts in breach of the law, of the regulations currently in force, of the Organizational, Management and Control Model or of this Code of Ethics, even if apparently aiming at ensuring a benefit for the Company or for the Group.

#### **4.4. Human resources and the Code of Ethics**

Through its functions and dedicated resources, Hitachi Rail constantly promotes and takes care of the acquaintance with the Code of Ethics, the annexed protocols and any update thereof, as well as with the areas of activity of the various offices, by setting forth responsibilities, chain of command and the description of the personnel's tasks and training.

Information on and knowledge of the Code of Ethics and the related specific protocols is primarily ensured through the circulation of specific documentation to all those having relationships with the company, and in this respect, those operators are required by the Company to sign – at the time of delivery of any

materials containing information on the Code of Ethics – a statement of acknowledgement of such documentation.

Secondly, Hitachi Rail provides its employees and co-workers, in any capacity and at any level, with special training and follow-up programmes organised by the competent functions, on the Code of Ethics and pertaining protocols. All Company employees may at any time seek guidance and clarifications from their superiors on the contents of the Code and the protocols and on the tasks that they have been assigned to perform.

At the time of creation of new labour and/or consultancy and/or collaboration relationships, HRI SPA shall provide the interested parties in a timely manner with the information necessary for their adequate acquaintance with the Code and with the protocols, with particular regard to those related to the functions specifically involved.

#### **4.5. Work environment and privacy protection**

Hitachi Rail is committed to providing a work environment which guarantees to all the Recipients, and particularly employees and co-workers in any capacity and at any level, the respect of personal dignity and where the characteristics of an individual cannot give rise to any form of discrimination or conditioning.

Adopting proper safety measures during the progress of the activities is an essential operating condition, that Hitachi Rail guarantees with a Safety Management System, compliant to the OHSAS 18001 standard.

Particularly, in compliance with the provisions of Legislative Decree no. 81 of 2008, and any other provisions in this matter, Hitachi Rail is committed to the safeguard of the workers' health, by applying any necessary and appropriate measures and the best technical and scientific know-how to guarantee the absolute compliance of the work place to the highest standards in matters of health and safety.

In this context HRI SPA is also fostering and establishing a culture of safety, protection of workers' health in the workplace, developing risk awareness and promoting responsible behaviour by all its employees and/or co-workers.

Hitachi Rail fully complies with the "Personal Data Protection Code" of Legislative Decree no. 196 of 2003 and regulations for the protection of the privacy of all the Recipients and, in general, of anyone having contacts with the Company at any title. For this purpose, HRI SPA adopts appropriate regulations aimed at specifically providing for the prohibition to communicate and/or

circulate personal data improperly, without the prior consent of the person concerned.

In particular, the respect for the dignity of each worker is ensured through the respect of privacy in correspondence and interpersonal relationships between employees, by prohibiting interferences in meetings or dialogues and any intrusion or form of control or manipulation of personality which may have harmful effects.

Hitachi Rail is committed to the safeguard of the moral integrity of all its employees and/or self-employed co-workers, guaranteeing their right to dignified working conditions and the full exercise of political and union rights.

Hitachi Rail protects its workers against acts of psychological violence or mobbing and opposes any discriminating attitude or behaviour which might cause prejudice to the person, its beliefs and inclinations. Molestation of any kind in any work relationship is absolutely forbidden and it is forbidden, in general, to behave in any way that might compromise the peaceful performance of the functions assigned and otherwise cause prejudice to the dignity of the worker.

HRI is committed to also ensure that its employees can take leaves for pregnancy, childbirth, child-raising, and family nursing care as necessary and in accordance with their legal entitlement.



## **5. CONFLICT OF INTEREST**

### **5.1. Company and individual interests**

The relationship between Hitachi Rail and its directors and employees at any level is based upon complete trust, within which it is the primary duty of each director and employee to use the Company's assets and his/her own working capacity to achieve the Company's interests, in compliance with the principles set forth in the Code of Ethics, to which HRI SPA aspires.

From this point of view, Hitachi Rail directors, employees and collaborators shall avoid any situation, and refrain from any activities, which may involve conflict between a personal interest, either direct or indirect, and the interest of the Company or which may create interference and obstacles to the ability of taking decisions in the interest of the Company, in an impartial and objective manner. Any conflict of interest would not only be in contrast with the applicable law and the principles set forth in the Code of Ethics, but also prove detrimental to the Company's image and integrity.

Therefore, Directors, employees and collaborators shall avoid any possibility of overlapping or crossing, through the instrumental use of their own office positions, any economic activity linked to their personal and or family interests, with their functions within the Company.

Any situation of conflict, even potential, must be promptly communicated in detail to the Company – in the person of one's manager and of the Supervisory Body pursuant to Legislative Decree 231/01. The individual in potential conflict must refrain from being involved or participating in any act that might prejudice the Company or any third parties, or damage their image.

## **5.2. Prevention of conflicts of interest**

In order to avoid any situation (even potential) of conflict of interest, Hitachi Rail requests its Directors, Executives and heads of organizational units as well as to those with delegation signature or expense, to sign, at the time of assignment of their functions or of the commencement of their labour relationships, a specific statement on the absence of any condition of conflict of interest between the individual and the Company.

Such declaration also contains a personal undertaking to make HRI SPA aware in a timely manner in case of these situations may occur lately. Similarly, consultants and commercial partners must also undertake specific commitments intended to avoid any situation of conflict of interests, refraining from using, in any way and any title whatsoever, the activity carried out on behalf of the Company with a view to achieving any illicit advantage for themselves or for others.

Hitachi Rail also requires anyone who may become aware of any situation of conflict of interest must give timely notice – in a detailed form, through dedicated channels.

## **6. OPERATING PROCEDURES AND ACCOUNTING DATA**

### **6.1. Specific protocols**

Specific protocols inspired by the Code of Ethics and aimed at preventing damaging events and any consequent and potential negative impact on the Company's situation, have been prepared – and shall be properly integrated and modified – pursuant to an analysis of the Company's situation, aimed at highlighting any risks for the Company, as well as the existing control system and its adequacy.

These protocols, related – if necessary – to the Code of Ethics, must be adopted – by whoever, at any title, plays any role in the operative process – within the terms and pursuant to the procedures set forth and described by the competent Hitachi Rail offices. Their proper enactment makes it possible to identify the responsible persons/bodies within the context of the procedures for decision, authorization and performance of the corporate operations: for these purposes – in accordance with the principle of control carried out on the basis of the separation of tasks – it is necessary that each task be carried out, in the various stages, by different operators, whose competence is clearly identified and known within the organization in order to avoid unlimited and/or excessive powers being attributed to individual operators.

Particularly, company procedures shall regulate the performance of any operation and transaction and, in relation thereto, it must be possible to verify (by means of control elements such as, for example, joint signatures, accounting support documentation, in-depth notes on activities of third parties, etc.) the legitimacy, authorization, consistency, congruency, proper recording and possibility of control, also in relation to the use of financial resources. In this way, the traceability of each process regarding company affairs must also be guaranteed, so as to ensure that the motivations of the choices operated, the persons in charge and any other relevant data for assessing whether the correct choices have been made, can always be traced in the future.

## **6.2. Compliance with procedures**

The Recipients, within the limits of their individual duties and functions, are required to comply strictly all the company procedures and the regulating elements defined to guard from the risks of crime referred to the Legislative Decree 231 of 2001.

The observance of the indications provided for by the specific protocols makes possible, inter alia, to spread out and promote, at all organizational levels, the culture of control, to contribute to the improvement of management efficiency and, therefore, represents a means for supporting management activity.

Any violation of the regulating elements defined to guard from the risk of crime as previously referred by the protocols and by the Code of Ethics – which must be submitted without delay to the Supervisory Body pursuant to Legislative Decree 231/01 – is capable of jeopardizing the fiduciary relationship between Hitachi Rail and whoever, for whatever reason, interacts with the Company.

## **6.3. Accounting transparency**

Truthfulness, accuracy, completeness and clarity of basic information are the necessary conditions of transparency in accounting records and represent fundamental values for Hitachi Rail, also in view of its goal of ensuring that the shareholders and any third parties be provided with a clear picture of the Company's assets and economic and financial situation.

For the protection of those values, it is first of all necessary that the documentation of the basic events, to be referred to in the company accounts in support of the records, be complete, clear, truthful, accurate and valid, and be kept in the records in view of any control. The related accounting records shall reflect, in a complete, clear, truthful, accurate and valid manner, whatever may be described in the support documentation. In the presence of any element having an economic nature and/or which is related to assets and based on evaluations, the relative recording must be made observing the criteria of reasonableness and prudence, explaining clearly in the underlying documentation the criteria which guided the valuation of the asset.

Whoever may become aware of any possible omission, counterfeit, irregularity in the book-keeping, including the basic documentation or of any violation of the principles established by the Code of Ethics and/or by the specific protocols is required to timely denounce those facts to the Supervisory Body pursuant to Legislative Decree 231/01. Such violations constitute a breach of the fiduciary

relationship with the Company, are relevant for disciplinary purposes and shall be adequately sanctioned.

Hitachi Rail, within the limits established by applicable laws, shall provide exhaustive and prompt information, clarifications, data and documents required by the shareholders, clients, suppliers, Supervisory authorities, institutions or bodies in the performance of the respective activities and functions. Any relevant information must be promptly communicated both to the company's bodies in charge of controlling the management of the company, and to the Supervisory authorities.

#### **6.4. Activities of economic control and risk management**

Hitachi Rail constantly pursues the objective of an efficient business risk management, implementing the most suitable instruments adopted by the companies, that work in regulated markets and in strategic sectors through organizational choices and dedicated operating procedures, adopted by the Hitachi Group in the general model and in the economic control and the risk management tools.

The model, which affects all the development stages of the contracts starting from the bidding phase, is based on methods and tools applied to business processes and regulated by special directives and/or procedures.

In particular, the operating principles follow (i) the Earned Value Management System, which defines the rules to be adopted in planning schedules, cost estimation and performance controls, (ii) the Risk Management, which defines the way to estimate, monitor and update the map of contract risks and associated action plans designed to mitigate the risks identified along the entire life cycle of the project from the bidding phase, (iii) the Economic Value Added, which synthetically measures the creation of value linked to single programs/contracts, through the combination of economic and financial variables, (iv) the Phase Review, which defines the methodology used for the evaluation of the pass/achievement of the main project milestones and possibly the definition of the corrective actions related to the identified problems.

## **7. PROTECTION OF COMPANY ASSETS**

### **7.1. Custody and management of resources**

Hitachi Rail takes all necessary measures to ensure that the utilization of available resources – in compliance with current legislation and the contents of the company by-laws and in line with the principles of the Code of Ethics – be aimed at protecting, increasing and reinforcing the company assets in view of the best protection of the Company, of its shareholders, of the creditors and of the market.

Therefore, the use of company assets must comply with the law and the applicable regulations as well as with operating procedures.

### **7.2. Unlawful transactions on shares or company capital**

To safeguard the integrity of the Company's assets, it is prohibited, except for those transactions expressly permitted by the law (i) to return, in any form, to the shareholders their contributions or to release the shareholders from their obligations to make those contributions; (ii) to distribute profits which have not effectively been earned or which are destined to reserve funds pursuant to the law or to distribute reserve funds which, pursuant to the law, cannot be distributed; (iii) to acquire or subscribe shares or quotas of the Company or of any controlling company; (iv) to reduce the company capital or to carry out mergers or divisions in breach of the provisions on the protection of creditors; (v) to falsely form or increase the company capital; (vi) in the case of liquidation, to satisfy the claims of the shareholders, to the detriment of the Company's creditors.

In order to prevent the aforementioned violations, HRI SPA within its company organization, is committed to promote the circulation of, and the acquaintance with, the provisions of the law, of the Code of Ethics and of the annexed protocols, by providing specific programs for training and update for the directors and employees on company crimes.

### **7.3. Design and production process**

Hitachi Rail expects the utmost technical and professional diligence, regarding both methods and operating processes, to be applied to the realisation of its products and new products for new markets.

In order to avoid irreparable damage to the Company – which could in certain circumstances result in a crime- HRI SPA asks all its employees involved, and not only those engaged in technical areas, to observe all legal provisions or best practices with a view to the correctness and completeness of the design process, as well as to the safety of company products and their components.

Hitachi Rail is committed to adequately protect its intellectual property and to use it as effectively as possible. Recognizing that intellectual property rights relating to intellectual works created in relation to the tasks carried out by their companies belong to these same as defined by applicable laws, Hitachi Rail is committed to comply with the provisions of the internal regulations for the protection and use of such rights.

Hitachi Rail is committed to respect the intellectual property of other parties and to prevent the violation of their rights as well as to verify its property, before undertaking any research, development, design, manufacture and sales activity of new products or technologies.

## **8. INTERCOMPANY RELATIONSHIPS**

### **8.1. Autonomy and common ethical values**

Hitachi Rail recognizes the autonomy of the Group companies, which are required to conform to the principles of the Code of Ethics and of the Code of Conduct of Hitachi Group and to loyally cooperate with a view to achieving the Company's goals in compliance with the laws and regulations in force.

Hitachi Rail refrains from any behaviour which, in its sole interest, could prejudice the integrity, autonomy or image of other companies of the Group.

### **8.2. Cooperation and communication within the Group**

Hitachi Rail considers the communication process not as a simple transmission of data and information, but as a proactive tool to transform the quality of people's work, allow organizational improvement and company development.

In this perspective, the company believes that a comprehensive communication, internal, external and intra-group, would include the transfer of information, goals and strategic directions, so that it can be a key element for the staff involvement and motivation.

Anybody appointed by HRI SPA to an office in a board of any company of the Group has an obligation to attend regularly the meetings convened and perform the duties assigned to him/her with honesty and fairness, stimulate communication amongst the companies of the -Hitachi Group, encourage and use the intra-group synergies for cooperation in the pursuit of common objectives. The circulation of information within the Group, in particular for the purposes of the preparation of the consolidated balance sheet and of other communications, shall be in accordance with the principles of truthfulness, loyalty, correctness, completeness, clarity, transparency and prudence and shall occur with observance of the autonomy of each company and of its specific area of activity.

The transactions with the Stakeholder are stipulated by means of official communications of the corporate bodies in charge. Any transactions negotiated between the Group Companies must be duly and formally stipulated and be carried out in compliance with the principles of fairness, actual occurrence and safeguard of the respective interests, with a particular attention to any aspects concerning the circulation of economic resources.

## **9. EXTERNAL RELATIONSHIPS**



**9.1. Relations with Authorities, Public Institutions and other bodies representing the Public Interests**

9.1.1. Relations with Authorities and the Public Administration

Any relationship which may have to do with the activity of the Company and which is kept up with public officers or persons in charge of public services – operating on behalf of the central or local Public Administration or of legislative bodies, the EU institutions, international public organisations and any foreign state – with the judicial authorities, with any public authority in charge of Supervisory, with any other independent authority or with any private partners which may be in charge of public services, shall be commenced and continued with full and rigorous compliance with the laws and regulations in force, with the principles of the Code of Ethics and of the internal protocols, in such a way as to safeguard the integrity and reputation of both parties.

Attention and care shall be applied in the relationship with the above mentioned persons/entities with particular regard to operations relating to: contract tenders, contracts, authorizations, licenses, concessions, requests for and/or management of, any financing in any currency from any public institution (national or European), management of contracts, relationships with any authority in charge of Supervisory or with any other independent authority, with social security institutions, tax institutions, bankruptcy management bodies, civil, criminal or administrative proceedings, and so on.

In order to avoid any action in conflict with the provisions of the law or in any way harmful to the image and integrity of the Company, the above mentioned operations and the related management of financial resources, shall be carried out by the competent officers of the Company with due compliance with the laws and with the principles of the Code of Ethics and internal protocols.

With regard to relations with Italian and foreign institutions, Hitachi Rail undertakes to act for its interests and put forward its requirements in a correct and transparent manner, in compliance with the principles of independence and impartiality in the choices of the Public Administration and in such a way as not to induce it in error or misdirect its decisions.

In order to guarantee clear and straightforward relations, contacts with international counterparts shall be exclusively kept by authorized persons and in such a manner as to guarantee fairness and traceability of the contact.

#### 9.1.2. Relations with political organisations and trade unions

Hitachi Rail does not favour or discriminate against, either directly or indirectly, any political organisation or trade union. The Company refrains from providing any political party and/or movement, any committees and political organisations and any trade unions and their representatives and candidates with any direct or indirect contributions, except for those contributions which are due pursuant to specific legal provisions.

#### 9.1.3. Gifts, benefits and promises of favours

Hitachi Rail prohibits all the Recipients to accept, offer or promise, whether directly or indirectly, any money, gifts, goods, services, business, undue favours in connection with any relationship with public officers, persons in charge of public services or other private persons or entities, for the purpose of influencing their decisions, with a view to more favourable treatment or of undue services or activities or for any other purpose.

In relations with the Italian or foreign Public Administration, Hitachi Rail shall not unduly influence the activity, choices or decisions of the other party, for example by offering undue advantages consisting in sums of money or other benefits, employment or assignment of consultancy arrangements and so on., to the public person or his/her family or to natural or legal persons connected to him/her.

Any request for or offer of money or for any kind of favour (including but not limited to, gifts of significant value), which may be unduly made to, or by, whoever operates on behalf of HRI SPA, within the context of any relationship with the Italian or any foreign public administration or with any private person or entity, whether Italian or of a foreign nationality, shall be immediately brought to the attention of the Supervisory Body as well as of the competent offices of the Company, with a view to taking the appropriate measures.

In the event of any requests whatsoever from the Judicial Authorities and, in general, of any contact with the said Authority, HRI SPA shall offer its full cooperation and refrain from any behaviour that may cause hindrance or prejudice, in compliance with the laws and regulations currently in force and in accordance with the principles of fairness, loyalty and transparency.

**9.2. Relations with clients and suppliers (other parties in transactions, business and/or financial partners, ecc.)**

9.2.1. Business conduct

Hitachi Rail conducts its business in compliance with the principles of loyalty, fairness, transparency, efficiency, obedience to the law and the values expressed in the Code of Ethics and openness to the market and requires a similar behaviour from all those having commercial and/or financial relationships of any nature, paying particular stress on the choice of other parties in transactions, suppliers, business partners, consultants, and so on.

Hitachi Rail shall refrain from any relationship whatsoever, even if indirect or through intermediaries, with natural or legal persons that are known to be, or are reasonably suspected of being, part - or as carriers out of activities in support - of any criminal organization of any nature whatsoever, including mafia-like organizations or those involved in the trafficking of human beings and the exploitation of child labour, as well as persons or groups acting for the purposes of terrorism, regarding as such any conduct that may cause serious damage to a Country or an international organization, carried out in order to intimidate the population or force public authorities or an international organization to act or abstain to act in any way whatsoever or destabilize or destroy basic political, constitutional, economic and social structures of a Country or an international organization.

Commercial transactions require and obligate to pay particular attention to the receipt and payment of money, banknotes, credit instruments and securities in general, in compliance with specific protocols, in order to avoid the risk of putting to the public counterfeit or altered securities.

### 9.2.2. Gifts, complimentary deliveries and benefits

In business relationships with clients and suppliers, any complimentary delivery, benefit (whether direct or indirect), gifts, complimentary acts and forms of hospitality are prohibited, unless they are of such nature and value as not to compromise the image of the company and which may not be interpreted as aimed at obtaining a favourable treatment considered action of direct influence in trade relationships.

Any Director, member of the Board of Statutory auditors who receives gifts which exceed ordinary business courtesy practices, in order to obtain favorable treatment in the conduct of any business activity, must immediately notify it to the Board of Directors, Statutory Auditors or, for employee, to his own hierarchical manager who shall immediately inform the specific bodies and / or the specific corporate function that will ensure, through the functions in charge to manage the communication outwardly and inform the author of the gift, homage, etc., about the company's policy line in the matter.

### **9.3. Sustainability and environmental protection**

Hitachi Rail updates and renews its commitment to the environment in its widest exception. In line with its belief the protection of the environment, the safety of the transport system and the protection of workers' health represent its priority targets for its growth and the development of civil society as a whole. Hitachi Rail's Environmental Policy is inspired by values as responsibility, respect and attention to people and the environment.

HRI SPA's fundamental commitments, in order to adopt a policy of protection appropriate to the nature and the environmental impacts of its activities and products, are:

- environmental awareness of its employees, contractors and suppliers;
- the evaluation and control of all present and future activities;
- the design and development of products that protect the environment at every stage of their lives;
- the prevention and mitigation of pollution;
- the management of environmental emergencies in cooperation with the competent authorities;
- maintaining an open dialogue on environmental issues with social players and institutions both inside and outside the company.

HRI SPA implemented the development and application of an Environmental Management System (hereinafter EMS), compliant with the UNI EN ISO 14001 norm. The EMS is integrated with the Safety Management Systems.

## **10. COMPANY INFORMATION**

### **10.1. Availability of and access to information**

Hitachi Rail, within the limits established by current legal provisions, makes provision for the timely release of complete information, clarifications, data and documentation which may be requested by the shareholders, any client, supplier, the authorities in charge of public Supervisory, institutions, bodies, entities and any other stakeholders in the course of performing their respective functions.

Any relevant company information shall be given in a timely manner both to the corporate bodies in charge of controlling the Company's management and to the authorities in charge of Supervisory.

Comprehensive, clear company communication ensures, amongst other things, the fairness of relationships: (i) with the shareholders who, in accordance with the legislation in force, shall be granted easy access to the information; (ii) with any third parties which may come into contact with the Company and which shall be given a truthful picture of the economic and financial situation of the company, also in relation to the assets; (iii) with the authorities in charge of Supervisory; (iv) with the bodies in charge of accounting control and internal control, which shall efficiently perform their control activities for the protection of the shareholders and of the market; (v) with the other Group companies, in view of the preparation of the consolidated balance sheet and of other company communications.

### **10.2. Relevant communications and market solicitations**

Hitachi Rail pursues its mission ensuring the full transparency of the choices made and offering to the market any necessary information so that investors' decisions may be based upon full and correct data. Therefore, any communication by the Company shall be characterized by not only the strict observance of the provisions of current laws and regulations but also shall be drawn up in a comprehensible language, conveying full information, and in a prompt and balanced manner to all investors.

External communications concerning the Company may only be made by the functions charged to do so and in compliance with the company procedures in force at the time, specifically aimed at ensuring the truthfulness and proper dissemination of the information.

Special care shall be taken in the disclosure of communications which are important for the Company and may have significant effects on its business or on its credibility and reliability with other companies and banks or any particularly significant business initiatives, negotiations and agreements.

For this purpose, specific protocols set out the procedures of verification and control so that the company information required by law, information for shareholders and the public about the position of the company and the expected economic and financial outlook, shall always be truthful, free from omissions and stating facts which, notwithstanding they are the object of evaluation, are true so that those who receive the information are not misled.

Similarly, operations concerning financial instruments, whether listed or not, carried out on behalf or anyway to the benefit of Hitachi Rail, must be inspired by principles of fairness, observance to current laws and regulations, actual occurrence and transparency, in order to allow all those who operate in the market to have a complete and correct understanding of the transaction and its motivations, with a view to promoting the awareness of investment choices and the protection of savings.

## **11. MEDIA RELATIONS AND INFORMATION MANAGEMENT**

### **11.1. Conduct guidelines**

Relationships with the press, the media and, more in general, any similar third party, shall be conducted only by those persons who have been expressly delegated to perform this task, in compliance with the procedures or regulations adopted by the Company.

Any request for information from the press or from the media and received by Hitachi Rail's personnel shall be communicated to the persons (company offices) who are responsible for external communications, before any commitment to reply is undertaken.

The external communications shall be made in accordance with the fundamental principles of truthfulness, correctness, transparency, and prudence and shall be aimed at encouraging acquaintance with the Company's policies, programs and projects. Relationships with the media shall aspire to the observance of the law, the Code of Ethics, related Protocols and the principles which have already been outlined with reference to the relationship with public institutions and which are aimed at safeguarding the Company's image.

### **11.2. Price sensitive information**

It is strictly prohibited that any form of investment be made, whether direct or through intermediaries, originating from the knowledge of inside information (i.e. information which is not in the public domain and which, if made public, would be likely to affect the price of financial instruments) acquired in the course of the activity carried out within the Group.

The communication or dissemination of such information shall not be carried out in any form whatsoever, outside the normal performance of the functions assigned.

Hitachi Rail shall adopt any appropriate measure to protect price sensitive information, in such a way as to prevent the access by any unauthorized person or handling of such information in an undue manner.

### **11.3. Commitment to confidentiality**

All the Recipients shall keep strictly confidential - and, therefore, shall not disclose or unduly ask for information - all documents, know how, research projects, transactions and, in general, all information obtained by virtue of the performance of their work.

In particular, the information regulated by specific laws and regulations, because relating to, for example, , inventions, scientific findings, protected technologies or new industrial applications, as well as information to be kept secret on the basis of contractual arrangements, are to be considered as confidential and secret.

Furthermore, all information obtained during or for the performance of working activities, the circulation and utilization of which may be a cause of risk for or damage to the Company and/or of undue profits for employees are also to be considered as confidential.

The breach of the duty of confidentiality by employees or collaborators seriously affects the fiduciary relationship with the Company and may lead to the application of disciplinary or contractual sanctions also in terms of it being a breach of the Code of Ethics.



## **12. BREACHES OF THE CODE OF ETHICS – DISCIPLINARY SYSTEM**

### **12.1. Reporting breaches**

With reference to the information on a breach, attempted breach or request for breach of the rules contained in the Code of Ethics and in the annexed protocols, the Company shall ensure that nobody, in his/her working activity, may suffer undue reactions, influences, nuisances or discriminations of any kind, because he/she has denounced to the Supervisory Body, also through the dedicated channel, such violations of the contents of the Code of Ethics or of the internal procedures or of the specific protocols.

Therefore following such a submission, the Company shall promptly perform all proper checks and apply adequate sanctions.

### **12.2. Disciplinary system**

#### 12.2.1. General principles

The violation of the principles set forth in the Code of Ethics and in the procedures set forth by the internal protocols, affects the fiduciary relationship between Hitachi Rail and the Recipients.

Those violations shall, therefore, be prosecuted by the company effectively, promptly and immediately, through suitable and adequate disciplinary measures, independent of any possible criminal relevance of the relevant behaviours and of the institution of criminal proceedings, when those behaviours also amount to a crime.

The effects of the breaches of the Code of Ethics and of the internal protocols shall be seriously considered by all the Recipients: to this end, HRI SPA circulates the Code of Ethics, the internal protocols and the information on the established sanctions, as well as the mechanics and procedures for their application.

The Company, in order to safeguard its image and its resources, shall not have any relationship with any person/entity which does not intend to operate in strict compliance with the laws in force and/or which refuses to behave in compliance with the principles set forth in the Code of Ethics and with the procedures and regulations contained in the annexed protocols.

#### 12.2.2. Directors and Members of the Board of Statutory Auditors

Any breaches of the ethical principles set out in this Code on the part of Directors or members of the Board of Statutory Auditors of Hitachi Rail, shall be denounced by the Supervisory Body to the related entity, which – depending on their respective responsibilities – proceed to adopt the most appropriate and adequate measures consistent with the seriousness of the breach and in accordance with the powers granted by the law and/or the Articles of Association (statements in the minutes of meetings, calling of or requesting to call a Shareholders Meetings to discuss appropriate measures towards the individuals responsible for the breach etc.), in accordance with Disciplinary Regulation pursuant to Legislative Decree 231/01.

#### 12.2.3. Executives

Any breaches, on the part of Executives, of the ethical principles set out in this Code of Ethics determine the application, against the violator, of the most suitable measures in accordance with the provisions of the National Collective Labour Agreement for industrial executives, as detailed in the Disciplinary Regulation pursuant to Legislative Decree 231/01.

#### 12.2.4. Workers and middle management

Any behaviour of employees which is in breach of any rule of conduct deduced from this Code of Ethics shall be defined as disciplinary offence.

The sanctions applicable to the said employees shall fall within the provisions of the National Collective Labour Agreements, the Company's disciplinary rules and in accordance with the workers' statute of rights and any specific applicable regulations.

In relation to the above, the Organizational Model and the Code of Ethics, which is an integral part of it, refer to categories of punishable acts under the existing sanctioning mechanisms.

These categories describe sanctioned behaviours according to the emphasis assumed by the single case in point and the sanctions actually provided for committing such acts, depending on how serious they are.

In particular, the “Criteria for correlating workers’ offences and disciplinary measures” contained in the current National Collective Labour Agreement for private engineering industry workers are detailed in the Disciplinary Regulation pursuant to Legislative Decree. 231/01.

12.2.5. Co-workers, Consultants, Partners, other parties in transactions and other external parties

Any behaviour adopted by co-workers, consultants, partners, other parties in transactions or external parties which is in contrast with the lines of conduct indicated in this Code of Ethics may determine, by application of the appropriate clauses, the termination of the contractual relationship.

The Legal Department of Hitachi Rail shall look after the drafting, update of and insertion in engagement letters or business and partnership agreements, of such specific contractual clauses.