

Group Anti-Corruption Manual

-Extract¹-

¹ This document is an extract of the Group Anti-Corruption Manual available for all employees on the Hitachi Rail STS Intranet.

CONTENTS

FUNCTIONAL UNITS INVOLVED	3
GLOSSARY	4
1 INTRODUCTION AND PURPOSE OF THE DOCUMENT	6
2 REGULATORY FRAMEWORK	6
3 GENERAL GROUP ANTI-CORRUPTION PRINCIPLES	8
4 GROUP ANTI-CORRUPTION SYSTEM	8
4.1 ROLES AND RESPONSIBILITIES.....	9
4.1.1 <i>Governance and Control Bodies</i>	9
4.2 DUE DILIGENCE	9
4.3 COMMUNICATION AND TRAINING.....	9
4.4 REPORT & INVESTIGATION (“WHISTLEBLOWING”).....	10

FUNCTIONAL UNITS INVOLVED

Name of Functional Unit
<i>General Counsel & Compliance Unit</i>
<i>Internal Audit Function</i>
<i>Human Resources & Organization Department</i>

GLOSSARY

Charity Donations: any monetary donation, gift, or “in kind” contribution (e.g. goods or services) or anything of value provided directly or indirectly by or on behalf of the Group to non-profit making subjects or Non-governmental organization without receiving any kind of service from the addressee.

Corruption: the definition includes both:

- offering, promising, giving, paying – or authorizing somebody to offer, promise, give or pay – directly or indirectly, an economic advantage or any other benefit in favor of public or private parties (“*Active Bribery*”);
- accepting a request or solicitation – or authorizing someone to accept a request or solicitation – concerning an economic advantage or any other benefit from public or private parties (“*Passive Bribery*”).

Entertainment expenses: expenses such as theatre, exhibition or sport event tickets, corporate events.

Facilitation Payments: payments of small amounts for the purpose of accelerating, promoting or ensuring the fulfilment of functions and responsibilities assigned to the recipient.

Gifts: items of low value, provided to third parties to promote the Group image or to develop the relationships with external parties, purchased for specific needs or corporate events.

Group: Hitachi Rail STS Group.

Hospitality: expenses such as travel, accommodation, receptions, meals, beverages of any kind.

OdV: The Surveillance Body appointed by the Board of Directors of Hitachi Rail STS S.p.A. under L.D. 231/2001. Such Body is of a multi-entity nature and shall be composed of two external members, whereof one as Chairman (identified amongst academics and professionals with proven competence and experience in juridical, economic and financial issues), and one internal member as pro-tem representative from the General Counsel & Compliance Department. Furthermore, it is noted that this body is composed by the same members of the Supervisory Body established under the Code of Ethics of Hitachi Rail STS S.p.A.

Manual: Group Anti-Corruption Manual.

Public Official: means any of the following, regardless of whether domestic or foreign: (i) any person who provides services for national or local governments; (ii) any person who provides services for an agency or organization affiliated with a government entity; (iii) any person who

provides services for a public enterprise or state-owned entity; (iv) any person who is an employee or agent of an international public organization; (v) any political party, party official, or candidate for political office; or (vi) any person authorized by a government entity to exercise a public function.

Sponsorships: contracts related to a specific event, project or activity that are drawn up by the Group in order to promote and circulate the corporate name, image and trademark or advertise corporate activities, products and services.

Supervisory Body: Bodies established in each of the Group controlled companies under respective Codes of Ethics.

1 INTRODUCTION AND PURPOSE OF THE DOCUMENT

The Group is committed to combating all forms of corruption.

For the purpose of this Manual, corruption can be defined as payments and provision of anything of value to empowered persons – either in the private or public sector – to provide or promote an unlawful advantage for the Group or a persons benefit which can damage the Group’s image. Corruption definition includes both:

- offering, promising, giving, paying – or authorizing somebody to offer, promise, give or pay – directly or indirectly, an economic advantage or any other benefit in favor of public or private parties (“Active Bribery”);
- accepting a request or solicitation – or authorizing someone to accept a request or solicitation – concerning an economic advantage or any other benefit from public or private parties (“Passive Bribery”).

Hitachi Rail STS S.p.A. has defined this Manual to provide principles, define roles and responsibilities and identify the main elements to be implemented to manage risk of corruption within Hitachi Rail STS Group. The contents of this document are consistent with Hitachi’s Global Compliance Program and in particular with Hitachi’s Anti-Corruption Regulations provisions.

This Manual applies to the members of the governance and control bodies, executives, employees, the corporate representatives of directly or indirectly controlled companies, as well as the workers of the Group maintained through contractual relationships of any kind, including occasional and/or temporary ones (hereinafter “internal Recipients”), and by those, where possible, with whom the Group has contractual relationships (hereinafter “external Recipients”, e.g. agents, business partners, consultants, suppliers, professionals, etc.).

2 REGULATORY FRAMEWORK

External Regulations

The Group, for the purpose of combating corruption, is inspired and guided by the principles and provisions contained in relevant Conventions, International Standards and Best Practices. Set out below are the major references, which constitute the Group framework:

- Organization for Economic Cooperation and Development (OECD), “Convention of Combating Bribery of Foreign Public Officials in International Business Transactions”, 1997;
- United Nations Organization, “Convention Against Corruption”, adopted by Resolutions 58/4 of 31 October 2003;

- Council of Europe, “Criminal Law Convention on Corruption”, and “Civil Law Convention on Corruption”, 1999;
- EU Council, “Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector”, 2003;
- Internal Chamber of Commerce, “ICC Rules on Combating Corruption”, 2011;
- Transparency International, “Business Principles for Combating Bribery, a Multi-Stakeholder Initiative led by Transparency International”, 2013;
- G-20 “2015-16 G20 Anti-Corruption Implementation Plan”, 2014.

In addition, the Group has taken into account specific local legislations of countries in which its directly or indirectly controlled companies operate as well as relevant laws and regulations with extraterritorial applicability, with particular reference to:

- the UK Bribery Act, 2010;
- the US Foreign Corrupt Practices Act, 1977;
- the Sapin II Law, 2017;
- the Legislative Decree no. 231/2001.

On the basis of local specific regulatory requirements, particular idiosyncrasies related to the Manual’s elements should be managed through the definition of specific Annexes. Such Annexes must at least define the regulatory provisions that have required their implementation and modalities for the management of the above-mentioned regulatory requirements which the Group has identified. Annexes are required to be discussed and approved by the Group Anti-Corruption Officer (as identified in the following chapters).

Internal Regulations

This Manual forms part of the Group internal documentation related to the management of corruption risk, which the following documents are the most relevant:

- Codes of Ethics of Group Companies;
- Organizational, Management and Control Model under Legislative Decree no. 231/2001 of Hitachi Rail STS S.p.A.;
- other policies and procedures aimed at regulating Areas at High Risk of Corruption.

3 GENERAL GROUP ANTI-CORRUPTION PRINCIPLES

The Hitachi Rail STS Group is a multinational industrial group, operating world-wide in a leadership position in the railway and underground transportation sector, to provide innovative solutions which offer the best possible combination of safety, efficiency and return on investments.

The Group, promoting and implementing a corporate culture inspired by responsibility, fairness and ethics, bases its activity on ethical values, compliance with which is critical for the achievement of corporate goals and success in the market and influences the relationships with any parties with an interest in Hitachi Rail STS Group. In this regard, the Group carrying out its activities considers integrity and respect for Laws, including Anti-Corruption laws and regulations, as fundamental ethical principles and requires its Groups' senior management to set the example for all employees and co-workers with their behavior.

In accordance with these principles – also considering the values and provisions contained in the Codes of Ethics of controlled companies, including the Organizational, Management and Control Model adopted by Hitachi Rail STS S.p.A. under Legislative Decree no. 231/2001 – Hitachi Rail STS Group shall not tolerate any kind of corruption, in any form, manner or jurisdiction in which it should manifest, even if such activity is conceded under different laws and regulations of Countries in which the Group operates. Such activities include payments of small amounts for the purpose of accelerating, promoting or ensuring the completion of a routine activity or other provided within the duties of the recipient (i.e. facilitation payment). Based on this approach, characterized by the “zero tolerance” principle, this Manual represents the major point of reference for anti-corruption.

4 GROUP ANTI-CORRUPTION SYSTEM

Hitachi Rail STS S.p.A., in order to manage corruption risk, has designed a Group Anti-Corruption System consisting of the following elements, which integrate other provision required by local Anti-Corruption laws and regulations:

- Anti-Corruption Governance, intended as definition of roles and responsibilities connected to the management of corruption risk;
- Anti-Corruption Risk Assessment realized at Group and local levels, periodically updated and aimed at identifying the Areas at High Risk of Corruption. Risk Assessment results should be reviewed by the members of the Board of Directors in each Company of the Group;
- definition of specific principles of conduct and control measures in relation to each Area at High Risk of Corruption identified in Anti-Corruption Risk Assessment activity;

- Third parties due diligence process, aimed at evaluating third parties with which the Group operates;
- Training Plan and communication activities concerning the Anti-Corruption Program measures and on specific requirements provided by local laws and regulations;
- implementation of channels through which internal and external Recipients are able to safely and confidentially report any violations of the Anti-Corruption System and Anti-Corruption local legislations (so-called “Whistleblowing”);
- implementation of procedures and controls aimed at mitigating corruption risk;
- specific measures in order to keep accurate books, records and accounts;
- definition of a Reporting System for the Governance and Control Bodies involved in the management of corruption risk.

4.1 ROLES AND RESPONSIBILITIES

4.1.1 GOVERNANCE AND CONTROL BODIES

The Governance and Control Bodies of Hitachi Rail STS Group Companies are involved in the management of corruption risk.

4.2 DUE DILIGENCE

The Group requires due diligence activities to be executed prior to engaging in relationships with third parties (i.e. Business Partners, Commercial Advisors, Commercial Promoters, Consultancy Services and suppliers), which require periodical reviewed, taking in consideration the characteristics of the contractual relationships. Such activities, among others, are aimed at identifying potential reputation, legal compliance and corruption risks.

Furthermore, with reference to specific relationships and transactions which present significant risk profiles, the Group requires the execution of additional due diligence activities (“enhanced due diligence”), prior to the engagement of such transactions or relationships.

4.3 COMMUNICATION AND TRAINING

Hitachi Rail STS Group promotes the knowledge of the Group Anti-Corruption Manual and its subsequent updates among the Recipients, who are required to know its contents and comply and contribute to the implementation thereof.

4.4 REPORT & INVESTIGATION (“WHISTLEBLOWING”)

The Group promotes the role played by internal and external Recipients concerning the protection of its integrity. For this purpose, a secure and accessible channel is active through which internal and external Recipients are able to communicate any violations or suspected violations of the Anti-Corruption measures or local Anti-Corruption laws and regulations. This channel ensures the possibility to communicate in fully confidence and without risk of reprisal, discrimination or punishment.