

# HITACHI

Hitachi Rail STS S.p.A.

## Organizational, Management and Control Model (Legislative Decree 231/01)

December 2025

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## 1 SCOPE

### 1.1 Purpose

This document describes the Organizational, Management and Control Model (hereinafter also referred to as the "Model 231") of Hitachi Rail STS S.p.A. (hereinafter also referred to as "Hitachi Rail STS") pursuant to Legislative Decree No. 231 of 8 June 2001.

### 1.2 Applicability

Refer to the table below for the applicability of this document.

Legal Entities	Hitachi Rail STS S.p.A. and its branches and foreign secondary offices, both those already established and those to be established in the future (as of the date of this document: Saudi Arabia, Denmark, United Arab Emirates, Philippines, Greece, Libya, Panama, Peru, Taiwan, Tunisia, Turkey, including the Honolulu Joint Venture and Project Offices in India).
Line of Business (LoB)	All Lines of Business
Project/Bid Type/Criteria	-
Additional Criteria and Notes	-

### 1.3 Effective Date

This document is applicable as soon as it is published.

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## 2 TERMS

### 2.1 Acronyms and Abbreviations

ASPP	Service Operator (Addetto al Servizio Prevenzione e Protezione)
CFO	Chief Financial Officer
Code of Ethics	Hitachi Group Code of Ethics and Business Conduct
DVR	Risk Assessment Document (Documento Valutazione dei Rischi)
Hitachi Rail STS, STS or Company	Hitachi Rail STS S.p.A., including its branches and secondary offices
HSE	Health, Safety and Environment
Legislative Decree 231/2001	Italian Legislative Decree n. 231 of the 8 <sup>th</sup> June 2001
Model 231	Organisation, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001
PA	Public Administration
RLS	Workers' Safety Representative (Rappresentante dei Lavoratori per la Sicurezza)
RSPP	Prevention and Protection Service Manager (Responsabile Servizio Prevenzione e Protezione)
SB or OdV	Supervisory Body (Organismo di Vigilanza)
SPP	Prevention and Protection Service Operator (Servizio Prevenzione e Protezione)
V&V	Process of multiple verifications and validations

### 2.2 Definitions

231 Risk Areas	Activities or processes identified in Model 231 in which there is an abstract risk of the commission of an offence included in Legislative Decree 231/2001
A.T.I.	Temporary associations of enterprises (Associazioni Temporanee di Impresa)
COSMO	Hitachi Rail Corporate Intranet
Intercompany	Relations between Hitachi Rail STS S.p.A and the other companies of the Hitachi Group

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Portale231	Digital platform that allows the compilation and sending of information flows to the SB 231
Public Administration (PA)	<p>Any entity or individual performing public functions or activities aimed at achieving a public interest, qualifying as:</p> <ul style="list-style-type: none"> <li>• Public Official (Article 357 of the Italian Criminal Code): a person who performs functions related to the formation and expression of the will of the administration in the exercise of authoritative and certifying powers.</li> <li>• Person in Charge of a Public Service (Article 358 of the Italian Criminal Code): a person who, although operating within an activity regulated in the form of a public function, lacks the typical powers of such a function, provided that they do not perform merely administrative tasks or purely material work.</li> </ul> <p>This qualification may also be attributed to a private entity or individual entrusted by law or administrative act with the exercise of specific functions.</p> <p>For a more detailed definition, please refer to Special Part A.</p>

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### 3 REFERENCES

#### 3.1 Hitachi Corporate Reference Documents

Unless otherwise noted, references apply to the latest approved revision.

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#### 3.2 GBMS Reference Documents

Unless otherwise noted, references apply to the latest approved revision.

L-IND A08001 rev. 00	Internal Regulation for the prevention of 231 Risks
L-IND A08002 rev.00	Managing Relations with the Public Administration
L-IND A08003 rev. 00	Organizzazione aziendale delle principali Funzioni e della Sicurezza di Hitachi Rail STS S.p.A.
G-MNL A0900 rev.00	Hitachi Group Code of Ethics and Business Conduct

#### 3.3 Applicable Standards and Regulations

Legislative Decree no. 231 of 8 June 2001	Italian regulation concerning the "Regulations on the administrative liability of legal entities, companies and associations, including those without legal personality "
ISO 14001	International standard defining the requirements for the Environmental Management System
ISO 45001	International standard defining requirements for occupational health and safety management system

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## 4 GENERAL PARTS

### 4.1 ITALIAN LEGISLATIVE DECREE NO. 231/2001 AND RELEVANT LEGISLATION

#### 4.1.1 The System of Liability of Legal Entities

Italian Legislative Decree no. 231 of June 08, 2001 (hereinafter "Decree" or ("Legislative Decree 231/01"), issued based on the Government Delegation Law no. 300 of September 29, 2000, introduced the "*Regulations on the administrative liability of legal entities, companies and associations, including those without legal personality*", adjusting Italian legislation governing the liability of legal entities to comply with the international conventions<sup>1</sup> previously stipulated by Italy.

The Decree introduced into the Italian legal system liability for companies and associations with or without legal personality (hereinafter "Entities"), for crimes committed, in their interest or to their advantage, by:

- natural persons who are representatives, directors, or managers the Entities or one of its organizational units with financial and functional autonomy and natural persons who exercise, even on a *de facto* basis, management and control thereof,
- natural persons managed or supervised by any of the foregoing persons.

The liability of the legal entity comes in addition to that of the natural person that materially committed the crime, and they are both examined during the same proceedings brought before the criminal court. The Entity's liability in any case remains autonomously, even if the natural person who perpetrated the crime has not been identified or cannot be punished.

Not all crimes committed in the interests or to the benefit of the Entity, however, give rise to liability in accordance with Decree 231, but only those listed. Over the years, this list, which is also termed the "Catalogue of predicate offenses", initially comprising just a few crimes mainly against the Public Administration, has been gradually supplemented and today includes the following types of crimes:

- Art. 24 (undue receipt of funds, fraud against the State, other public agency, or the EU or for the purpose of obtaining public funds, computer fraud against the State or other public agency and fraud in public procurement),
- Art. 24-bis (cybercrimes and unlawful processing of data),
- Art. 24-ter (organized crime),

<sup>1</sup> More specifically, Legislative Decree No. 231/2001 implements the European Convention of July 26, 1995 (on the protection of the European Community's financial interests) and its related protocols; the European Convention of May 26, 1997, on the fight against corruption involving officials of the European Community or Member States; and the OECD Convention of December 17, 1997 on combating bribery of foreign public officials in international business transactions.

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- Art. 25 (embezzlement, bribery, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits and corruption),
- Art. 25-bis (counterfeiting currency, legal tender, duty stamps, and distinctive signs or marks,
- Art. 25-bis.1 (crimes against industry and trade),
- Art. 25-ter (corporate crimes),
- Art. 25-quater (crimes with the purpose of terrorism or subversion of the democratic order),
- Art. 25-quater.1 (female genital mutilation),
- Art. 25-quinquies (crimes against the person),
- Art. 25-sexies (market abuse),
- Art. 25-septies (involuntary manslaughter and serious or grievous bodily harm committed in breach of workplace health and safety regulations)
- Art. 25-octies (money laundering and using illegally obtained money, assets or other ill-gotten gains, and self-laundering, as well as self-laundering),
- Art. 25-octies1 (offenses relating to non-cash means of payment),
- Art. 25-novies (crimes involving breach of copyright),
- Art. 25-decies (incitement to not testify or to bear false testimony before the courts),
- Art. 25-undecies (environmental crimes) and Art. 256-Bis, Italian Leg. Decree 152/2006 (illegal incineration of waste),
- Art. 25-duodecies (employing foreign nationals without a valid residence permit),
- Art. 25-terdecies (racism and xenophobia),
- Art. 25-quaterdecies (fraud in sporting competitions, illegal gambling or betting and games of chance using prohibited devices),
- Art. 25-quinquiesdecies (tax crimes),
- Art. 25-sexiesdecies (smuggling),
- Art. 25-septiesdecies (crimes against the cultural heritage),
- Art. 25-duodevicies (laundering of cultural assets, destruction and looting of cultural assets and landscapes);
- art. 23 (Failure to comply with disqualification sanctions)
- artt. 3 e 10 della L. 146/2006 (transnational organized crime offences).

Other types of crimes may be added to the Decree in the future by the legislator, extending the liability of the Entity to include new types, for which the Company will assess the potential impact on its business.

Finally, please note that crimes not included amongst the predicate offenses for the application of the sanctions of Leg. Decree no. 231/2001 could be connected to crimes that are included, such as criminal conspiracy or money laundering. The need therefore follows to supervise and take a cautious approach in regulating all relations

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with the Public Administration and, in general, with the Company’s counterparties, regardless of the crimes that may, in theory, be committed.

**4.1.2 Sanctions**

The sanctions that Leg. Decree no. 231/2001 assigns to the Company for administrative offenses depending on the crime for the case of assessing liability are:

- financial penalties,
- disqualification penalties,
- confiscation of the price or profit of the crime,
- publication of the judgment.

Prohibitory sanctions concern the specific activity to which the crime of the Entity refers and consist of:

- disqualification from exercising the activity,
- a ban on contracting with the public administration,
- suspension or revocation of the authorizations, licenses or permits used to commit the offense,
- exclusion from benefits, loans, grants and subsidies and/or withdrawal of those already granted,
- prohibition on publicizing goods or services.

Due to their particular severity, the disqualifying sanctions deserve some further consideration, since they are only applicable when they are expressly provided for in the Decree and if at least one of the following conditions is met:

- the entity has made a significant profit from the crime and the crime has been committed by a person in a senior position or by persons acting under the instructions of others, in which case serious organizational shortcomings determined or facilitated the offence being committed,
- in the event of repeat offenses.

The type and duration of the disqualifying sanction is established by the courts, considering the seriousness of the crime, the extent of the entity’s liability and the actions taken to eliminate the consequences of the crime and to prevent other offences from being committed.

Specifically, if the entity has paid full compensation for the loss and has organizational shortcomings that made the crime possible and has made the proceeds of the crime available for compensation, the disqualifying sanctions will not be applied, without prejudice to the application of fines.

Failure to comply with the prohibitions imposed by the disqualifying sanctions constitutes a different and additional offence on the part of the entity.

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If the conditions exist for the application of a disqualifying sanction, determining the suspension of business operations, in lieu of the sanction, the court may order the continuation of the business operations by a commissioner when:

- the entity performs a public service or a service of public necessity, suspension of which may cause serious harm to the community,
- the suspension may cause significant repercussions on employment.

Disqualifying sanctions are applied in the hypothesis strictly indicated in the Decree only if at least one of the following conditions exists:

- the Entity gained considerable profit from the crime and the crime was committed by:
  - o a person or persons in a senior position, or
  - o persons acting under the instructions and supervised by others when serious organizational shortcomings made it possible or easier to commit the crime,
- or in the event of repeat offences.

The Entity may also be disqualified as a precautionary measure, i.e., at the investigation stage and even before the commencement of the trial, if there is strong evidence of its liability in committing the crime and there are reasonable grounds and specific elements that would seem to indicate the likelihood that crimes of the same kind as the one before the courts may be repeated.

#### 4.1.3 Attempted Crimes

The Entity is also liable for offences connected to attempted crimes.

In the case of attempting to commit the crimes under the Decree, the applicable sanctions are reduced by between one third and one half. If, of its own volition, the Entity prevents the action or event from occurring, sanctions will not be imposed.

#### 4.1.4 Crimes committed abroad

Under Art. 6 of the Italian Criminal Code, a crime is considered as committed in Italy *"when the action or omission comprising it took place entirely or partly there or the event occurred there"*.

Still, Entities with their main place of business in Italy also answer for crimes committed abroad as long as the foreign government does not take action against them. The definition considering a crime committed in Italy as one in which the act

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or omission took place on national territory greatly reduces the application of the rules on crimes committed abroad.

The basis for liability of the Entity for crimes committed abroad are:

- a) the crime must be committed abroad by an individual who is operationally connected to the Entity, in accordance with Article 5(1) of the Decree
- b) the Entity must have its main place of business in Italy
- c) the Entity may be liable only in the cases and under the conditions envisaged in Articles 7, 8, 9, 10 of the Italian Criminal Code.

If the cases and conditions under the foregoing articles of the criminal code exist, the Entity is liable as long as the foreign government where the crime was committed does not take action against it.

**4.1.5 Procedure for the assessment of the crime and verification of the adequacy of the Model by the court**

Liability for the administrative offences relating to crimes is investigated as part of criminal proceedings that, where possible, are the same criminal proceedings with which action is taken against the natural person who committed the crime, with the provisions of the Code of Criminal Procedure being observed *mutatis mutandis* and the provisions relating to the accused being applied to the Entity.

The assessment of the liability of the Entity takes place through:

- verification of the existence of the predicate offense for the company’s liability,
- assessment of the existence of the interest or benefit of the Entity in the perpetration of the crime by its employee or senior management,
- union of suitability on the organizational models adopted,
- establishment of actual implementation of the provisions of the Model.

The Court’s examination of the abstract suitability of the organizational model to prevent the crimes pursuant to the Decree is carried out according to the criterion of “post facto prognosis”. The opinion of suitability is formulated according to a substantively *ex ante* criterion, for which the court falls ideally in the corporate context when the crime took place to test the suitability of the model.

**4.1.6 Conditions that determine the exclusion of administrative liability**

Articles 6 and 7 of the Decree envisage specific forms of exoneration from the administrative liability of the Entity for the crimes committed in the interests or to the benefit of the Entity by both senior managers and employees.

In brief, the Entity is exempt from liability if it can prove that:

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- before the offense was committed, the management body adopted and effectively implemented an organizational and management model suitable for preventing offenses of the type committed,
- an internal body vested with independent powers to act on its own initiative and to monitor compliance (hereinafter “Supervisory Body” or “SB”) was set up to assure the functioning and observance of the Model and to keep it updated,
- the persons committed the offence by fraudulently circumventing the aforementioned Model, the Supervisory Body performed its compliance and oversight responsibilities in full and adequately.

The Model must comply with the following demands:

- to identify the activities in which there is the possibility that the criminal offenses could be committed,
- to provide specific protocols (included in the system of corporate instructions or procedures) for planning the formation and implementation of the Entity's decisions concerning the offenses to be prevented,
- to identify procedures for managing financial resources appropriate to prevent the commission of offenses,
- to envisage information obligations regarding the SB,
- to introduce an internal disciplinary system suited to punishing failure to observe the measures indicated in the model.

Case law has attached particular importance to the specific protocols or procedures aimed at prevention, training of the addressees, the disciplinary system and, above all, the effective implementation of the provisions of the Model, since in practice it has been found that the adequacy of the rules established in the abstract often does not correspond to a sufficient degree of their application in practice.

Finally, it is established that in controlled Companies a specially appointed Committee may exercise oversight activities.

**4.2 ADOPTION OF THE ORGANIZATIONAL AND MANAGEMENT MODEL BY HITACHI RAIL STS**

The preparation of this Model is inspired by the *Confindustria Confindustria Guidelines 231 for the construction of organisational, management and control models* (hereinafter the “Confindustria Guidelines”).

The Company Hitachi Rail STS S.p.A. has adopted an Organization and Management Model in accordance with Italian Legislative Decree no. 231/2001 from when the provision came into force, ensuring the necessary adjustments when the regulatory, jurisprudential context and corporate structures change.

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### 4.2.1 Corporate Mission and Objectives

Hitachi Rail STS is an industrial company with a single shareholder. It is subject to the management and coordination of Hitachi Ltd. and leads the high technology sector for railway and underground railway transport. The Company operates in the design, development and management of rail and underground rail traffic supervision and signaling systems and services, also as lead contractor and in the construction of rolling stock and after-sales assistance and maintenance services.

The Company Hitachi Rail STS S.p.A. has its registered office in Naples, at via Argine 425, as well as plants and/or offices in Genoa, Piosasco (TO), Pistoia, Naples, Reggio Calabria and Tito (PZ). It has branches and sites in various different countries across the globe.

Hitachi Rail STS is subject to continuous corporate changes, dictated by the business in which it operates and this leads it to have a complex, ever-evolving organization.

On this basis, for the purpose of the application of this Model 231, due consideration is given to the organization as reported over time on the corporate intranet COSMO.

### 4.2.2 Governance Model

In adopting the governance model, the Company incorporated the rules of the Parent Company Hitachi Ltd., and in particular those implemented within the Railway Systems Business Unit, to which the Company belongs. The present corporate governance model is always prepared on the basis of international best practice in compliance with the provisions, it is based on the traditional model, is compliant with applicable corporate legislation and is structured as follows:

- Shareholders' Meeting, competent to resolve in ordinary and extraordinary session on matters to it by reserved the law or the Articles of Association,
- Board of Directors, assigned the most extensive powers for the Company administration, with the faculty to act in all ways appropriate to achieving the corporate purposes, with the exception of acts reserved - by the law and articles of association - to the Shareholders' Meeting,
- Board of Auditors, assigned the task of monitoring: a) compliance with the law and the deed of incorporation as well as with standards of correct administration, b) the suitability of the Company's organizational structure in terms of all aspects coming under its purview, of the internal control system and accounting administrative system and the reliability of the latter in providing a correct representation of management events, d) the suitability of the instructions given to Subsidiaries in respect of the information to supply in order to fulfil the communication obligations, e) the financial disclosure process and effectiveness of the internal control, internal audit and risk management systems, f) the statutory auditing of the accounts and the independence of the

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auditing firm, and g) compliance of the procedures adopted on related party transactions,

- Independent auditing firm: the accounts are audited, as envisaged by current legislation, by an independent auditing firm registered on the special list, appointed to this end by the Shareholders' Meeting.

#### 4.2.3 Organizational Structure

The Company's organizational structure is inspired by the principle of the separation of duties, roles and responsibilities between the operational and control functions.

The corporate organizational structure is defined on the basis of the document **L-IND A08003** which represents the corporate organization of the main functions and Safety of Hitachi Rail STS S.p.A., roles and appointments, and the internal communications COSMO.

The organizational documents that describe the aim and main areas of responsibility of the individual aspects of the organizational structure are available from the relevant sections of the corporate intranet COSMO.

#### 4.2.4 Reasons of Hitachi Rail for adopting the Organization, Management and Control model pursuant to italian legislative decree no. 231/01

In order to make sure that the conduct of everyone operating on behalf or in the interests of the Company is always compliant with legislation, regulations and standards of correctness and transparency in the conduct of corporate business, Hitachi Rail STS has chosen to adopt a Model in line with the Decree and on the basis of the Confindustria Guidelines.

This initiative, coupled with the adoption of the Code of Ethics (Hitachi Group Code of Ethics and Business Conduct - **G-MNL A0900**), has been taken in the firm belief that the adoption of this Model - aside from the provisions of the Decree which clarify that the Model is an optional item and not mandatory - can constitute a valid tool for raising awareness in all those operating in the interests and to the benefit of Hitachi Rail STS.

More specifically, the following are the Model Addressees and, as such and under the scope of the specific competences, required to be aware of it and observe it:

- the members of the Board of Directors, in setting the objectives, decide on the activities, develop the projects, propose investments and in any decision or action relative to the Company performance,
- the members of the Board of Auditors, in the control and verification of correctness,
- the Managers, in concretely managing the Company, in handling internal and external activities,

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- the employees and all collaborators with whom contracts are stipulated, for any reason, even if only on an occasional and/or temporary basis,
- all those who entertain relations of any kind with the Company.

**Purpose of the Model**

The Model prepared by Hitachi Rail STS is based on a structured, organic system of procedures and control activities that:

- identify the areas/processes of possible corporate business risk, i.e. those activities under the scope of which it is considered that there is a greater likelihood of the crimes being committed,
- define the internal regulatory system, aimed at the prevention of crimes, which includes, amongst others:
  - the Hitachi Group Code of Ethics and Business Conduct (**G-MNL A0900**), which expresses the commitments and ethical responsibilities in the conduct of business and corporate activities made and accepted by employees, directors and collaborators of various types of the Company,
  - the system of delegations, powers of signature and powers of attorney for signing corporate deeds that assures a clear, transparent representation of the process by which decisions are made and implemented,
  - formalized procedures aimed at regulating the operating procedures in the areas at risk,
- are based on an organizational structure that is consistent with the corporate business, aimed at inspiring and controlling the correctness of conduct, guaranteeing a clear, organized attribution of duties, applying a suitable segregation of duties and making sure that the systems desired by the organizational structure are properly implemented through:
  - a formally defined, clear, suitable organizational chart establishing the activities to be carried out,
  - a system of delegations of internal functions and powers of attorney to represent the Company externally, which assures a clear, consistent segregation of duties,
  - identification of the management and control processes used for the financial resources in the risk activities,
  - attribution to the SB of the task of monitoring the functioning and observance of the Model and propose its update,
  - application of the segregation of duties principle and a control system pursuant to J-Sox compliance, as well as the controls implemented in the SAP and network systems architecture.

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Therefore, the Model's aim is to:

- prepare a structured, organized system of prevention and control aimed at eliminating or minimizing the risk of the committing of crimes connected with the corporate business, with specific regards to the reduction of any unlawful conduct,
- determine, in all those operating for and on behalf of Hitachi Rail STS in the "risk activity areas", the awareness of potentially incurring, in the event of breach of the provisions set out therein, an offense liable to both criminal and administrative sanction, not only for themselves but also in regard to the company,
- inform all those operating for any reason for, on behalf of or in any case in the interests of Hitachi Rail STS, that the breach of the provisions of the Model shall entail the application of specific sanctions and/or termination of contract,
- stress that Hitachi Rail STS will not tolerate any unlawful conduct, in no way pursuing this end or the incorrect belief of acting in the interests or to the benefit of the Company, insofar as such conduct is in any case in conflict with the ethical principles applied by Hitachi Rail STS and, therefore, in conflict with its interests,
- effectively censure any conduct in breach of the Model through the application of disciplinary and/or contractual sanctions.

**The Model preparation process**

In consideration of the provisions of the Decree, Hitachi Rail STS has envisaged an internal process, in which the Supervisory Body plays an active and advisory role aimed at guaranteeing the constant update of this Model.

Consequently, preparation of this Model has been preceded by a series of activities, divided up into different phases, aimed at constructing a system for the prevention and management of the risks described below.

1) Mapping of activities at risk

This phase aims to analyze the business context, in order to map all areas of activity of the Company and, of these, identify the processes and activities during which - abstractly - the crimes envisaged by the Decree could potentially be committed.

2) The identification of the corporate activities and activities/processes exposed to risk has been implemented with the support of consultants specialized in conducting risks assessments through the prior examination of the corporate documentation (organizational charts, main business processes, powers of attorney, etc.) and the subsequent holding of a series of interviews with key players in the company structure.

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The result of this activity has been laid out in a document that contains a map of all corporate activities, indicating those at risk, which may be:

- A) areas at risk of crime, i.e. activities under the scope of which the opportunity may hypothetically arise to act unlawfully as set out in the Decree,
- B) processes that are “instrumental” to the perpetration of crimes, i.e. processes under the scope of which, abstractly, the conditions may be created that would facilitate the committing of crimes or be functional to their perpetration.

The analysis of the possible ways in which crimes of manslaughter and bodily harm committed in breach of health and safety at work legislation, has been carried out also taking into account the working risk assessment performed in accordance with the criteria envisaged by Italian Legislative Decree no. 81/08, and also giving due consideration to the Standard ISO 45001:2018 and the UNI-INAIL Guidelines for a health and safety at work management system.

C) Analysis of potential risks

With reference to the mapping of activities, carried out on the basis of the specific context in which Hitachi Rail STS operates and the related representation of the sensitive or at risk activities/processes, the crimes that could potentially be committed under the scope of the corporate business have been identified, and for each crime, the possible opportunities, purpose and methods of perpetration of the unlawful conduct identified.

The result of this activity is then set out in the documentation supporting the risk assessment, which shows the analysis of potential risks and the related controls, with regard to the possible methods by which the crimes may be perpetrated within the specific corporate context.

D) “As-is analysis”

Having identified the potential risks, the system of preventive controls in place in the processes/activities at risk was analysed, in order to thereafter issue an opinion on its suitability in terms of capacity to prevent the risk of the crime.

During this phase, the current in-house control measures were noted (formal procedures and/or practices adopted, verifiability, potential documentation or “traceability” of the operations and controls, separation or segregation of duties, etc.) through the information supplied by the corporate structures and the analysis of the documentation it has supplied.

As regards the risk of possible breach of legislation governing health and safety at work, the analysis in question necessarily considered current preventive legislation and, in particular, Italian Legislative Decree no. no. 81/08, Standard ISO 45001:2018and UNI-INAIL Guidelines for a health and safety at work management system.

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Accident prevention legislation, in fact, not only outlines the potentially relevant risks but also sets out a set of requirements with which the employer must comply. The concrete adoption and implementation of this system of measures has, for the purpose of this Model, been integrated to minimize the risk of conduct potentially forming the crime of manslaughter or bodily harm committed through breach of prevention rules.

E) "Gap analysis"

Based on the results obtained during the previous phase and the comparison with a reference theoretical model (consistent with the Decree, with the Confindustria Guidelines and with national and international best practices), the Company has identified a series of areas of integration and/or improvement in the system of controls, in the face of which suitable action to be taken has been defined.

F) Preparation of the Model

Following the issue of Italian Legislative Decree no. 231/01, Hitachi Rail STS adopted the Code of Ethics and the Organizational Model, thereafter updating the relevant contents following operative, organizational or legislative changes and in connection with specific needs seen.

In order to concretely implement the Decree and correctly and completely map the areas at risk of certain offenses being committed, assessment activities involved a recognition of the corporate activities in order to identify areas in which a risk of crime could be hypothesized, intended as any event or conduct that may determine and/or facilitate the perpetration, or attempted perpetration, of any of the crimes envisaged by the Decree in the Company's interests.

The areas of activities at risk also include those that not only are directly involved as an activity that could form criminal conduct, but also those which may indirectly result in the committing of other crimes, being instrumental to their perpetration. With reference to all areas at risk, including instrumental areas, any indirect relations have also been examined, namely those that Hitachi Rail STS entertains, or could entertain, through third parties.

In addition, the risk profiles were considered connected with the hypotheses whereby company representatives act in concert with subjects outside the Company, both on an occasional and temporary basis (persons acting in concert) and in an organized fashion with the specific aim of committing an indeterminate series of crimes (crimes of association). The analysis also concerned the possibility that the crimes considered could be committed abroad, or in a transnational manner.

In this regard, the analysis has been carried out on the organizational structure, the missions and responsibilities of all corporate structures, in order to achieve a preliminary identification of the potential areas at risk.

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With reference to the areas at risk, as identified above, interviews have then been held with the managers of the relevant structures, with the twofold aim of verifying and better defining the area of activities at risk and analysing the existing preventive control system, to identify, where necessary, the appropriate improvements.

**4.2.5 Document structure**

This Model consists of

- General Part
- Special Parts prepared for the various types of crimes considered as possible risk for Hitachi Rail STS

In the "General Part", after reference to the principles of the Decree, the essential components of the Model with specific reference to the Supervisory Body, the training of personnel and distribution of the Model within and outside the company, the disciplinary system and the measures to be adopted in the event of failure to observe the provisions therein and principles for preparing the document.

The Special Parts, prepared for the various types of crime of possible risk, indicate the areas of risk and the related control measures. These Special Parts are as follows:

- Special Part "A" for crimes to the detriment of the public administration (Articles 24 and 25 of the Decree),
- Special Part "A1" for crimes committed with the purpose of terrorism or subversion of the democratic order (Art. 25-*quater* of the Decree),
- Special Part "B" for corporate crimes (Art. 25-*ter*, Art. 25-*sexies* of the Decree),
- Special Part "B1" for the crime of corruption between private individuals (Art. 25-*ter*, paragraph 1, letter *s-bis* of the Decree),
- Special Part "C" for manslaughter and grievous and grievous bodily harm committed in breach of health and safety at work legislation (Art. 25-*septies* of the Decree),
- Special Part "C1" for the crimes of employment of citizens of third countries with invalid residency and enslavement or maintaining in slavery (Art. 25-*duodecies* and Art. 25-*quinquies* of the Decree),
- Special Part "D" for the crimes of fencing, money laundering and using illegally obtained money, assets or other ill-gotten gains, as well as self-laundering, fraud and counterfeiting means of payment (Art. 25-*octies* of the Decree) and offenses relating to non-cash means of payment (art. 25-*octies.1* del Decreto)
- Special Part "E" on cybercrimes and unlawful processing of data, and crimes involving breach of copyright (Articles 24-*bis* and 25-*novies* of the Decree),
- Special Part "F" on organized crime (Art. 24-*ter* of the Decree),
- Special Part "G" relative to crimes in breach of environmental standards (Art. 25-*undecies* of the Decree) and crimes against the cultural heritage and looting of landscapes (Articles 25-*septiesdecies* and 25-*duodevicies* of the Decree),
- Special Part "H" on crimes concerning obstruction of justice (Art. 25-*decies* of the Decree and Art. 10, paragraph 9 of Italian Law no. 146/2006),

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- Special Part "I" on crimes against industry and trade (Art. 25-bis1, letter f-bis and art. 25-bis of the Decree) and crimes of counterfeiting currency, legal tender, duty stamps, and distinctive signs or marks pursuant to Art. 473 of the Italian Criminal Code,
- Special Part "L" on tax crimes (Art. 25-quinquiesdecies of the Decree),
- Special Part "M" on smuggling (Art. 25-sexiesdecies of the Decree).

The Hitachi Group Code of Ethics and Business Conduct (**G-MNL A0900**) and the list of Internal Risk Regulations 231 (**L-IND A08001**) are also an integral part of this Model 231.

**4.2.6 Adoption and management of the model in Hitachi Rail STS**

Wherever Hitachi Rail finds itself holding direct or direct controlling stakes in Italian companies and they are consolidated, these companies shall have their own Organization, Management and Control Model in line with the provisions of the Decree.

In doing so, these companies will establish their own Supervisory Body with the primary task of controlling implementation of the Model according to the procedures described therein and based on the indications given in Articles 6 and 7 of the Decree.

The Supervisory Body of the Italian subsidiaries that the Parent Company Hitachi Rail STS may find itself holding:

- shall liaise with Hitachi Rail STS so as to guarantee the adoption of an Organization, Management and Control Model in line with the provisions of the Decree, with the Confindustria Guidelines and with the principles of this Model,
- shall promote the transmission to Hitachi Rail STS of the Organization, Management and Control Model adopted and any subsequent updates thereto.

Non-Italian direct or indirect subsidiaries of Hitachi Rail STS and consolidated by Hitachi Rail STS (the Group’s foreign companies) adopt all the organizational and structural provisions that make it possible to correctly and promptly incorporate the provisions of local regulations incorporating the international agreements as per paragraph 4.1.1 above.

In any case, all the Group’s foreign companies shall standardize their conduct as far as possible, assuring it is in line with the control principles set forth in this Model. In addition, the foreign companies shall adopt the Hitachi Group Code of Ethics and Business Conduct.

**4.2.7 Elements of the model**

As mentioned above, the components of the preventive control system that must be implemented at a corporate level to guarantee the effectiveness of the Model are:

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With reference to the criminal offenses:

- ethical principles aimed at preventing the crimes envisaged by the Decree,
- formalized, clear organizational system,
- manual or computerized operating procedures aimed at regulating the activities in the corporate areas at risk with suitable control measures,
- updated, consistent powers of authorization and signature with the organizational and managerial responsibilities defined,
- management control system able to provide prompt reports of the existence and onset of critical situations,
- personnel training and communication system regarding all elements of the Model, including the Code of Ethics,
- disciplinary system able to sanction the breach of the rules of the Code of Ethics and other indications of the Model.

as regards the crimes of manslaughter and bodily harm committed through breach of rules protecting health and safety in the workplace and crimes consisting of the breach of rules protecting the environment:

- Code of Ethics (Hitachi Group Code of Ethics and Business Conduct - **G-MNL A0900**) with reference to the crimes considered,
- an organizational structure with tasks and responsibilities relating to health and safety at work and environmental protection defined formally in line with the company’s organizational and functional structure,
- teaching and training of employee/worker must be adequately trained, with particular reference to his or her own function and duties.
- communication, aimed at assuring the circulation of information within the company to foster the involvement of all those involved and allow for awareness and suitable commitment on all levels,
- control system, relative to risks to health and safety at work and environmental protection, integrated and consistent with the comprehensive management of the corporate processes,
- monitoring system, aimed at verifying the suitability and adoption of prevention and protection measures,
- ISO 14001 certifications for the environment and ISO 45001 for occupational and environmental safety for all production units.

Below, therefore, is a description of the control measures on which the Hitachi Rail STS Model is based with characteristics that apply to all types of offenses envisaged by the Decree, whilst - in any case without prejudice to the provisions of this paragraph - reference is made to the Special Parts for information about protocols with specific characteristics for each type of crime.

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As regards the Code of Ethics, the Supervisory Body, the disciplinary system and the personnel communication and training system, reference is made to the following chapters of the Model, specifically dedicated to these subjects.

Organizational system

The company’s organizational system ensures consistency with the corporate business, correctness of conduct, guaranteeing a clear, organized attribution of duties, in application of a suitable segregation of duties.

Authorization system

The Company’s Authorization System is based on the following principles:

- definition of roles, responsibilities and controls in the process of conferring and revoking powers of attorney,
- monitoring of existing powers of attorney and related update,
- assignment and revocation of powers of attorney in line with the roles held in the organization,
- clear definition of powers of the proxy and limits for the exercise of the powers, in line with corporate objectives,
- need to confer powers of attorney to operate regarding third parties and in particular the Public Administration.

Specifically, the system envisages the attribution of:

- powers of permanent representation, attributable through notary powers of attorney registered in connection with the performance of activities connected with the permanent responsibilities envisaged in the corporate organization. The powers of attorney that confer powers of permanent representation are conferred only by the Chief Executive Officer,
- powers relative to individual and/or multiple affairs, conferred with notary powers of attorney or other forms of delegation in relation to their content, the attribution of such powers is regulated by Company practice as well as by the laws defining the forms of representation, in line with the types of individual deeds to be stipulated.

In order to ensure the constant update and consistency between the authorization system of the powers of company signature and representation and the organizational and managerial responsibilities defined, the appointed company departments act in such a way as to guarantee the constant update of the system of powers, also during:

- the revision of the corporate macro-organizational structure (establishment/surpassing of level one organizational units, etc.),
- significant changes in responsibilities and events involving key positions in the structure,

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- the leaving from the corporate organization of subjects with company powers or the entrance of those requiring company powers.

Corporate procedures in areas at risk

The internal procedures that also apply with regards to areas at risk are characterized by the following elements:

- separation, within each process, of the party making the decision (decision-making), the party authorizing it, the party executing the decision and the subject in charge of controlling the process (i.e. segregation of duties),
- documented evidence of each relevant step of the process, including control (referred to as "traceability"),
- adequate level of formalization.

For the details of the company procedures related to the risk areas outlined in the Special Parts of this Model, please refer to the procedure L-IND A08001 "Internal Regulation for the prevention of 231 Risks".

Management control and cash flows

The management control system adopted by Hitachi Rail STS is structured into the various phases of preparation of the annual budget, analysis of periodic balances and processing of forecasting.

The system guarantees:

- multiple subjects involved, in terms of a fair segregation of duties for the preparation and transmission of information in such a way as to guarantee that all outlays are requested, carried out and controlled by independent departments or subjects insofar as possible that differ to whom, moreover, no responsibilities are assigned such as to determine potential conflicts of interest. The double signature is also required by company managers for the banking payment arrangement.
- capacity to provide timely notice of the existence and onset of critical situations through a suitable, timely system of information flows and reporting.
- the protection of assets with related prohibition to implement financial transactions at risk.

Documentation management

All the internal and external documentation of Hitachi Rail is managed in ways that regulate, as applicable, the update, distribution, registration, archiving and management of the security of documents and records, on the basis of the following principles:

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- definition of roles and responsibilities in the preparation and conveyance of documentation and information,
- definition of controls on the merits and form of the incoming and outgoing documentation and information,
- definition of criteria of traceability and archiving of the incoming and outgoing documentation.

Activities carried out through service companies

In the case of activities carried out by external companies, the Company must take into account the following criteria:

- the formalization of the services provided under specific service contracts,
- the provision for suitable control measures on the activities concretely performed by service companies on the basis of contractually defined services,
- the existence of formalized procedures/company guidelines relative to the definition of the service contracts and the implementation of control measures, also with reference to the criteria used to determine fees and the methods of payment authorization.

**4.2.8 Model amendments and supplements**

As this Model is a “deed issued by the management body” (in compliance with the provisions of Art. 6, paragraph 1, letter a of the Decree), its adoption, implementation and update, as well as subsequent amendments and supplements, are left to the competence of the Board of Directors of Hitachi Rail STS.

In particular, with respect to defining the Model 231, the Board of Directors is responsible for the following matters:

- preliminary examination and approval of the Model or its updates, amendments or supplements, including on the proposal of the SB,
- assessment of any significant critical issues in terms of Italian Legislative Decree no. 231/01 and implementation of corrective action aimed at removing, remedying, or mitigating such critical issues, including on the report of the SB,
- approval of the SB Articles of Association and amendments or supplements thereto,
- appointment, revocation and replacement of the members of the SB and determination of the related fees,
- attribution to the SB, on its indication, of funds to be used to cover the costs and expenses to be incurred in the exercise of its duties,
- application of the disciplinary sanctions, in the cases in which the intervention of the Board of Directors is envisaged.

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For the fulfillment of the above, the Board of Directors seeks the assistance of specific corporate structures.

More specifically, the Hitachi Rail STS Board of Directors is in charge, including on the proposal of the Supervisory Body, of supplementing this Model with additional Special Parts relative to other types of crimes that, as a result of new legislation, may be further connected to the scope of application of the Decree and present risk profiles for the Company.

All the above amendments and supplements will be promptly notified to the various Italian subsidiaries for any adjustment of the respective organizational, management and control models.

**4.3 SUPERVISORY BODY**

**4.3.1 Identification of the Supervisory Body**

Art. 6 of Italian Legislative Decree no. 231/2001, which covers the Supervisory Body, has clarified the nature, characteristics and duties, indicating that:

- the Supervisory Body is the entity's body but which has autonomous powers of both initiative and control,
- its tasks are to monitor the operation and observance of the Model and to take the initiative to update it,
- failure or insufficient monitoring by the Body nullify the whole prevention system implemented by the entity.

In order to assure the autonomy, independence and competence of the Supervisory Body, the Hitachi Rail STS Board of Directors has approved specific Articles of Association, annexes to this Model, whereby it has established rules for the appointment, membership and operation of the Body, the term of office, the suspension and replacement of its Members, the duties and powers and the reports to the corporate bodies and senior management.

For details, refer to the Articles of Association. Here, it suffices to stress that the Articles of Association establishes that the Body shall comprise multiple members, including external members, one of whom shall act as Chairman, identified from scholars and professionals of proven skill and experience in legal, economic and financial matters and at least one internal member.

In turn, the Body has a specific Regulation, an expression of its operative and organizational autonomy, aimed at regulating in particular the function of its business.

The Supervisory Body reports directly to the Chief Executive Officer and Board of Directors and informs the Board of Auditors of its activities.

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**4.3.2 Information flows to the Supervisory Body**

The information flows to the SB are of three types:

- Periodic information flows
- *Ad hoc* information flows
- Reports

**Periodic information flows**

The Company, in agreement with the Supervisory Body and in compliance with Article 6, Paragraph 2 of Legislative Decree 231/2001, has established a system of periodic information flows to the Supervisory Body. This system is designed to systematically acquire information on the main 231 risk areas in order to assess compliance with the control principles of Model 231 and its effective implementation.

The 231 information flow system of STS is managed through a dedicated digital platform called "Portale231", which enables the compilation and submission of the following reporting forms to the Supervisory Body:

- *Declaration of Absence of Conflicts of Interest*  
Statement regarding any situations that could create a conflict of interest due to a personal or family interest, whether direct or indirect, that may influence business decisions made by Hitachi employees. This declaration must be completed annually by members of the Board of Directors, executives, and attorneys (including HSE delegates),
- *Senior Management Form*  
Declaration of compliance with the principles of Model 231 and the Code of Ethics, as well as the reporting of any violations or 231 offenses. This form must be completed quarterly by employees holding managerial positions with independent decision-making authority,
- *Meetings with Public Administration, Authorities, and Private Clients Form*  
Reporting document ensuring traceability of significant interactions with representatives of the Public Administration, private clients, or public entities, in accordance with **L-IND A08002** "Managing Relations with the Public Administration". This form must be completed quarterly by employees authorized (by proxy) to represent the company before the Public Administration and private clients.
- *Risk Area Forms*  
Declarations and collection of information regarding activities/areas where 231 offenses could potentially be committed (e.g., HSE). This form must be completed quarterly by the responsible individuals.

The information sent serves to allow the SB to direct its investigations and analyses aimed at assessing the degree of suitability and effectiveness of the Model for

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preventing predicate offenses for the application of Italian Legislative Decree no. 231/2001 as well as the level of concrete implementation of the provisions of the Model.

Each of the supervisors shall answer for the aspects relative to the area of competence and the persons who depend on him, acquiring the information necessary from the offices and guaranteeing the correctness.

### **Ad hoc information flows**

*Ad hoc* information flows include information that the heads of the company departments shall direct to the SB when current critical issues occurring in their offices or learned during the exercise of their activities, need, in view of their severity and importance, to be notified to the SB immediately and without respecting the pre-established frequency. The information in any case includes:

- provisions passed by the legal authority or other authorities relating to the existence of criminal proceedings for predicate offenses for the application of Italian Legislative Decree no. 231/2001,
- requests for legal assistance submitted by directors, employees or managers for events that are relevant in accordance with Legislative Decree no. 231/2001,
- the results of the verifications carried out by the internal audit department on themes relating to the risk profiles pursuant to Italian Legislative Decree 231/01 or compliance with 231 protocols,
- the reports and notifications prepared by the corporate departments and any reports received, including anonymous reports, which reveal critical issues in respect of observance of Leg. Decree no. 231/2001 or that established by the Model,
- information relative to any serious injuries that have occurred,
- information relative to episodes concerning risks or serious damage to the environment,
- particularly important situations that show risks of the perpetration of predicate offenses for the application of Italian Legislative Decree no. 231/2001.

### **Reports and Whistleblowing**

Hitachi Rail is committed to conducting its activities in full compliance with the Law and for this reason, encourages all those who are aware of illicit conduct or suspect illicit conduct to report it.

Reports are managed according to the regulatory requirements regarding "Whistleblowing" predicted by the Legislative Decree. 24/2023 which transposes EU Directive 2019/1937.

Reports may concern:

- administrative, accounting, civil or criminal offences;

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- relevant illicit conduct pursuant to Legislative Decree no. 231/2001, or violations of the Code of Ethics (**G-MNL A0900**) applicable to the Company from time to time, or violations of the organization, management and control models provided therein.

The reports may also concern well-founded suspicions regarding violations committed or which, based on concrete elements, could be committed, as well as information relating to conduct aimed at concealing the violations.

The individual, internal and external to the company, as identified by the art. 3 paragraph 3 Legislative Decree. 24/2023 has various reporting channels available, and in particular:

- Company workers can report in writing or orally to the "Human Resources" and "Legal and Compliance" functions of the Company.
- All interested parties, internal and external, can submit an online report to the Hitachi Group's "compliance hotline" at "[hitachi.ethicspoint.com](https://hitachi.ethicspoint.com)". The hotline is available 24 hours a day, 7 days a week;
- All interested parties, internal and external, can submit a report by mobile using one of the numbers available on the "hotline" at "[hitachi.ethicspoint.com](https://hitachi.ethicspoint.com)";
- All interested parties, internal and external, can submit a report to the Supervisory Body at the address «[odv@hitachirail.com](mailto:odv@hitachirail.com)»

A receipt of the report is carried out via a third-party platform called "NAVEX", which receives and processes all reports reported in a secure and confidential manner. NAVEX confirms receipt of the report to the reporting party and forwards the report to the Company's relevant "compliance" function.

If the report concerns areas relating to this Model or in any case relevant conduct pursuant to Legislative Decree 231/01, the receiving function will send it to the Supervisory Body, which ensures the carrying out of the appropriate and necessary checks on the facts reported, guaranteeing that these are carried out in compliance with the provisions of the law and in particular the privacy and confidentiality aspects related to the reported person and the person reporting the information.

The system adopted by the Company is based on two fundamental conditions required by law: protection of confidentiality and protection from retaliation.

In particular, with regards to the protection of confidentiality, the identity of the reporting person cannot be revealed, without his express consent, to people other than those in charge to receive or follow up on the reports. This prohibition is also extended to any other information from which such identity can be deduced, directly or indirectly.

The protection of identity also concerns people involved and those mentioned in the report, until the conclusion of the proceedings initiated due to the report in compliance with the same guarantees provided in favor of the reporting person.

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With regards to protection from retaliation, the Company prohibits any act of retaliation or discrimination, direct or indirect, against the whistleblower for reasons connected, directly or indirectly, to the report made (for example dismissal, mobbing, demotion, etc.).

In the event that, following the checks carried out, the validity of the facts reported is ascertained, the relevant outcomes are communicated to the competent company functions, so that the most appropriate sanctioning measures are taken, as described in the paragraph "Disciplinary system and measures in case of failure to comply with the provisions of the Model" of this document (paragraphs 4.5 and following General Part).

For anything not expressly referred to in this paragraph, please refer to the Law, the Group Directive «Whistleblowing Policy» as well as the «Whistleblowing & Speak-up Policy» and the «Hotline Instruction Guide» available on the company website in the «hitachi» section.ethicspoint.com»

All information relating to reports is retained for a period not exceeding five years.

The company guarantees that all are aware of the reporting procedures and of the related rights and protections adopted.

**4.3.3 Actions of the Supervisory Body**

The Supervisory Body considers and examines information and reports received and envisages the analyses it considers necessary, following the procedures outlined in the "Whistleblowing & Speak-up Policy".

During this phase of analysis, all investigations considered necessary shall be carried out, querying the people to obtain the necessary information, acquiring documentation, liaising with Compliance and other corporate bodies and external consultants. All activities of the SB are minuted and conclude with a report, explaining:

- archiving when the SB believes that no further measures are necessary,
- a recommendation when an adjustment is needed to the Model, a procedure or organizational deed,
- a suggestion of disciplinary action when a breach is identified of procedures or the Model.

**4.3.4 Collection, storage and access to the archives of the Supervisory Board**

All information, reports and notifications envisaged in the Model are stored by the Supervisory Body in specific electronic archives, access to which is only permitted (under the terms reported in the SB Regulation) to the Members of the Supervisory Body and its Technical Secretariat.

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## 4.4 PERSONNEL TRAINING AND DISTRIBUTION OF THE MODEL IN THE CORPORATE CONTEXT AND EXTERNALLY

### 4.4.1 Staff Training

Hitachi Rail STS promotes awareness of the Model, the in-house regulatory system and their relevant updates of all employees who are required to know the contents, observe it and help implement it.

In cooperation with the Supervisory Body, the Company manages personnel training on the contents of the Decree and the implementation of the Model through a specific plan.

In this context, the communications envisage:

- inclusion of this Model and Code of Ethics (Hitachi Group Code of Ethics and Business Conduct - **G-MNL A0900**) in the company intranet, in the specific dedicated section of the Company website, also in the English version,
- permanent on-line course on the company intranet on the contents of the Decree, the Organizational Model and the Code of Ethics,
- specific training sessions for senior management,
- e-mail providing an update of the changes made to the Model or the Code of Ethics, consequent to significant legislative and/or organizational changes relative to the Decree, including with reference to the on-line course on the company intranet.

Participation in training sessions and the on-line course is mandatory and Hitachi Rail STS constantly monitors to ensure that the training course is used by all personnel. In addition, learning is checked through specific questionnaires. Providing correct answers to the questionnaire questions is essential to obtain the course completion certificate.

Traceability of participation in training on the Decree is implemented through the request for signing an attendance sheet and as regards e-learning activities, through a course attendance certificate.

Any update training sessions, in addition to specific investigations into the matter held for new employees under the scope of the process of inclusion in the company, will be carried out in the event of major changes to the Model, the Code of Ethics or onset legislation relative to the work of the Company, if the Supervisory Body does not consider the simple distribution of the change in the above manner to be sufficient.

### 4.4.2 Information to external collaborators and partners

Hitachi Rail STS promotes awareness and observance of the Model and Code of Ethics including amongst the commercial and financial partners, consultants, collaborators, customers, and suppliers of the Company.

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The information is provided, for the subjects listed above, through the circulation of an official communication on the existence of the Model and Code of Ethics, with an invitation to consult the Company's website.

Hitachi Rail STS inserts specific clauses in contracts with commercial, financial and consultant counterparties, which may affect the validity of the contract in the event of non-compliance with the principles established in the Model and in the Code of Ethics by these parties.

## 4.5 DISCIPLINARY SYSTEM AND MEASURES IN THE EVENT OF FAILURE TO OBSERVE THE MODEL PROVISIONS

### 4.5.1 General Principles

Preparation of a suitable sanction system for the breach of the Model provisions is essential in order to assure the Model's effectiveness.

In this regard, in fact, Article 6, paragraph 2, letter e) of the Decree establishes that the organizational and management models must *"introduce a disciplinary system able to sanction failure to comply with the measures set out in the model"*, specifying that this disciplinary system must envisage specific sanctions *"in regard to anyone breaching the measures protecting the whistleblower and anyone deliberately or negligently making reports that are unfounded"* (Art. 6, paragraph 2-bis, letter d) and Case Law has on multiple occasions ruled that the existence of the disciplinary system is an essential part of the Model pursuant to Italian Legislative Decree no. 231/2001.

For the purpose of this Disciplinary System and in compliance with the provisions of applicable laws and that established by collective bargaining agreements, where applicable, any action or conduct implemented in breach of the Model shall be subject to sanction. As this latter also consists of the legislative corpus, which is an integral part thereof, it therefore follows that "breach of the Model" shall be construed as breach of one or more procedures and/or principles of the Code of Ethics.

The application of the disciplinary sanctions is regardless of the start and/or outcome of any criminal proceedings, insofar as the rules of conduct laid down by the Model are accepted by the Company in complete autonomy.

The identification and application of sanctions must consider the principles of proportionality and suitability of such to the alleged breach. To this end, the following circumstances are important:

- type of offense reported,
- concrete circumstances in which the offense was committed,
- method by which the conduct was implemented,

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- severity of the breach, also taking into account the subjective attitude of the perpetrator,
- any committing of multiple breaches under the scope of the same conduct,
- any collaboration of more than one party in committing the breach,
- any repetition by the perpetrator.

**4.5.2 Sanctions for employees**

**White Collar workers and Middle Management**

Employees’ violation of the rules of conduct outlined in this Organizational Model are defined as disciplinary infractions.

The sanctions that can be charged come under the scope of those envisaged by the corporate disciplinary regulation, in compliance with the procedures envisaged by Article 7 of the Workers' Statute and any special legislation applicable and applicable collective regulations.

In connection with the foregoing, the Model refers to the disciplinary system set out in the collective bargaining agreement.

More specifically, in compliance with the provisions of the National Collective Bargaining Agreement of Metal-Mechanical Workers, it is established that:

- any worker who adopts conduct that is not compliant with the provisions of the Model, shall be subject to VERBAL WARNING, WRITTEN WARNING, FINE, SUSPENSION FROM WORK AND PAY, as such conduct shall constitute breach of the duties of the employee as identified by the National Collective Bargaining Agreement (Section IV - Title VII - Art. 9 - letter I) and prejudicial to the rules and moral of the company,
- any worker who, in working in areas at risk, breaches this Model in a manner that although more significant than those considered by the point above, are not so serious as to result in the sanction of dismissal without notice, shall be DISMISSED WITH NOTICE,
- any worker who, in working in areas at risk, behaves in a way that is clearly intended to commit an offense sanctioned by the Decree or in breach of the provisions of the Model, such as to determine the concrete application to the Company of measures envisaged by the Decree shall be DISMISSED WITHOUT NOTICE as such conduct is seen as an extremely serious breach such as to seriously morally and/or materially harm the company.

This document details, with specific reference to the crimes envisaged by the Decree, the disciplinary code adopted in the company and is made available to all Company employees through the standard means of distribution used by the company.

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**Managers**

In the event of breach by managers of the provisions of the Model and/or Code of Ethics, or of the adoption of conduct that is not compliant with the Model, the most suitable measures will be taken against the parties responsible, in compliance with the provisions of the National Collective Bargaining Agreement for Industrial Managers.

**4.5.3 Measures taken against directors and auditors**

In the event of breach of the Model by one or more Directors and/or Auditors of Hitachi Rail STS, the SB informs the Board of Directors and the Board of Auditors, who - on the basis of their respective competences - will proceed to take one of the following initiatives, taking into account the severity of the breach and in compliance with the powers envisaged by the law and/or the Articles of Association:

- declarations in the minutes of meetings,
- formal notice,
- revocation of the appointment and/or delegation, request to convene or convening of the Shareholders' Meeting with the agenda featuring the adoption of suitable measures in regard to the perpetrators of the breach, including the exercise of lawsuits aimed at acknowledging the liability of the director in regard to the Company and the restoration of damages suffered.

Taking into account that the Directors of Hitachi Rail STS are appointed by the Company’s Shareholders’ Meeting, in the event of breach of the Model such as to compromise the trust with the company representative or if there are serious reasons connected with the protection of the interests and/or image of the Company (for example the application of interim measures or referral to the opinion of the Directors in connection with the perpetration of crimes that may result in the Company incurring administrative liability), the Shareholders’ Meeting will be convened to resolve on the revocation of the mandate.

**4.5.4 Measures in regard to collaborators, consultants, partners, counterparties and other external subjects**

All conduct implemented under the scope of a contract by collaborators, auditors, consultants, partners, counterparties and other external subjects in conflict with the lines of conduct indicated by the Code of Ethics (Hitachi Group Code of Ethics and Business Conduct - **G-MNL A0900**), may affect, thanks to the activation of certain clauses, the validity of the contract. The legal department, collaborating with the SB, assures the preparation, update and inclusion in the letters of appointment or business agreements or partnerships of these specific contractual clauses.

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#### 4.5.5 Sanction application procedure

The procedure for the application of sanctions consequent to breach of the Model and Code of Ethics (Hitachi Group Code of Ethics and Business Conduct - **G-MNL A0900**) differs for each category of addressees in terms of the phase:

- of the report of the breach to the party concerned,
- of the determination and subsequent application of the sanction.

The application procedure may, in any case, start following receipt by the company bodies competent as applicable and indicated below, of the notice with which the SB informs the relevant body of the breach of the Model.

More specifically, in all cases where notice is received or acquired during monitoring, and where elements have been proven as constituting danger of breach of the Model, the SB has the task of acting to carry out all checks and audits under the scope of its activities.

Once the verification and control is complete, on the basis of the elements in its possession, the SB evaluates the existence of conditions for the activation of the disciplinary procedure, duly informing the Head of Human Resources, also in order to assess any relevance of the conduct with respect to other applicable laws or regulations.

##### 4.5.5.1 The disciplinary procedure with regard to directors and auditors

If the breach of the Model should be noted by a subject holding the position of Director, who is not tied to the Company by a subordinate contract of employment, the SB shall send to the Chief Executive Officer for subsequent sending to the Board of Directors and to the Board of Auditors of a report containing:

- a description of the conduct noted,
- an indication of the provisions of the Model that have been breached,
- the general details of the subject responsible for the breach,
- any documents proving the breach and/or other relevant elements,
- proposal with regard to an appropriate sanction for the specific case in hand.

Within ten days of receipt of the report by the SB, the Board of Directors shall call the member specified by the SB for a Board meeting. This shall be held no later than thirty days following receipt of said report.

The notice of calling must:

- be made in writing,
- contain indication of the alleged conduct and provisions of the Model purported to have been breached,
- notify the party concerned of the date of the meeting, with notice of the faculty to present any findings and/or objections, both in writing and verbally. The

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notice of calling must be signed by the Chairman and at least two members of the Board of Directors.

During the meeting of the Board of Directors, which the members of the SB are also invited to attend, the party concerned will be heard, any counterclaims made by this latter will be formulated, and any further checks deemed to be appropriate shall be completed.

On the basis of the elements acquired, the Board of Directors shall thus determine an applicable sanction, providing grounds for any disagreement with the proposal with respect to the proposal formulated by the SB.

The resolution made by the Board of Directors and/or the Shareholders’ Meeting, as applicable, shall be notified by the Board of Directors to the party concerned and the SB for any appropriate checks, in writing.

The above proceedings also apply if breach of the Model is noted by a member of the Board of Auditors within the limits permitted by applicable provisions of law.

In all cases where a breach of the Model is noted by a Director tied to the Company by a subordinate contract of employment, proceedings will be started as envisaged below in regard to the Managers/Employees.

Should the results of these procedures entail the sanction of termination of employ, the Board of Directors shall call the Shareholders’ Meeting without delay to resolve the revocation of the Director from his office.

**4.5.5.2 The disciplinary procedure with regard to managers**

The procedure for ascertaining the offense with regards to the Managers is performed in compliance with current legislative provisions and applicable collective bargaining agreements.

Specifically, the SB sends the Chief Executive Officer and the Head of Human Resources, to whom the management of managers is assigned, a report containing:

- a description of the conduct noted,
- an indication of the provisions of the Model that have been breached,
- the general details of the subject responsible for the breach,
- any documents proving the breach and/or any other relevant documents.

Within five days of the acquisition of the SB report, the Chief Executive Officer summons the Manager concerned by means of a notice of complaint, setting out:

- the indication of the conduct noted and the subject of the breach in accordance with the Model,
- notice of the date of the discussion and the right of the party concerned to there to submit any considerations, in writing or verbally, on the events.

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Thereafter, the Chief Executive Officer, together with the Head of Human Resources, will define the position of the party concerned and the implementation of the relevant sanction proceedings.

If the party against whom the proceedings have been brought holds a position of Manager with the attribution of delegations by the Board of Directors, and if the investigation proves their involvement in accordance with Italian Legislative Decree no. 231/01, the following is envisaged:

- the Board of Directors may decide on whether or not to revoke the delegations attributed according to the nature of the appointment,
- the Chief Executive Officer can take action to define the position of the person concerned and implement the related sanction proceedings.

In general terms, the provision applying the sanction is notified in writing to the party concerned within six days of receipt of explanations by the manager. These terms will run from the date on which the written justifications are provided or, if later, the oral explanations. Under the scope of the procedure described above, it is envisaged that the Company’s Board of Directors is informed in both these cases of the results of the internal audits and the sanction profile applied.

A copy of the sanction resolved will be sent to the SB for its information, and they will therefore verify its application. Without prejudice to the faculty to seize the legal authorities, within thirty days of receipt of the written notice of dismissal, the manager may petition the Conciliation and Arbitration Panel in accordance with the procedures envisaged by applicable contracts. In the event of appointment of the Panel, the disciplinary sanction is suspended until the ruling of said body.

**4.5.5.3 The disciplinary procedure with regard to employees**

The procedure for the application of the sanction to Employees takes place in compliance with the provisions of Art. 7 of the Workers' Statute and the National Collective Bargaining Agreement.

In particular, in the event of reports, the SB sends the Head of Human Resources a report setting out:

- the general details of the subject responsible for the breach,
- a description of the conduct noted,
- an indication of the provisions of the Model that have been breached,
- any documents and elements in support of the charges.

Through the Head of Human Resources, promptly with respect to the acquisition of the report, the Company sends the Employee a written notice of the charges pursuant to Art. 7 of the Workers' Statute, containing:

- a timely indication of the conduct noted,

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- the provisions of the Model allegedly breached,
- notice of the faculty to provide written clarification and/or explanations withing five days of receipt of the notice and to request the involvement of the representative of the trade union to which the employee adheres or grants power of attorney.

Following any rebuttal arguments submitted by the party concerned, the Head of Human Resources shall take steps in respect of the application of the sanction, determining the relevant entity. The sanctions must be applied within six days of receipt of the explanations. The related provision shall also be notified to the SB, which also verifies the effective application of the sanction applied.

Without prejudice to the possibility of seizing the legal authorities, within twenty days of receipt of the order, the Employee may promote the establishment of a conciliation and arbitration panel, in this case with the sanction suspended until the relevant ruling.

Under the scope of the procedure described above, it is envisaged that the Company’s Board of Directors is informed of the results of the internal audits and the sanction profile applied with regard to employees.

**4.5.5.4 The proceedings in regard to third party model addressees**

In order to allow for the assumption of the initiatives envisaged by the contractual clauses, the SB sends the Manager of the Department that manages the contract and, for his information, the Chief Executive Officer, a report setting out:

- details of the party responsible for the breach,
- a description of the conduct noted,
- an indication of the provisions of the Model that have been breached,
- any documents and elements in support of the charges.

If the contract has been resolved by the Company’s Board of Directors, this report must also be sent to the attention of it and the Board of Auditors.

The Head of the Department that manages the contract, by agreement with the legal department and on the basis of any determinations passed in the meantime by the Chief Executive Officer and the BoD and Board of Auditors in the cases envisaged, sends the party concerned a written notice setting out the indication of the conduct noted, the provisions of the Model allegedly breached and an indication of the specific contract clauses to be applied.

The SB will be responsible for monitoring the initiation of disciplinary proceedings and their possible outcomes, resulting from violations of the Code of Ethics and Model, as proposed by the OdV itself.

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