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# Anti-Bribery and Corruption Policy

## Human Resource

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# 1. About this policy

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The Company values its reputation for ethical behaviour and recognises that the lawful and ethical behaviour of its employees is essential to maintaining its reputation and to ensuring the continued trust and confidence of its customers, business partners and the wider community.

The purpose of this policy is to ensure the Company's compliance with all applicable anti-bribery and corruption laws and regulations in the countries and areas in which it conducts business. This includes the UK Bribery Act 2010, the US Foreign Corrupt Practices Act, and any laws or regulations implemented in fulfilment of obligations under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the United Nations Convention Against Corruption.

Strict compliance with anti-bribery and corruption laws and regulations is extremely important for the Company and its employees for the following reasons:

- failure to observe such laws and regulations is highly damaging to HRE's reputation as an honest and ethical business;
- businesses engaging in bribery or other corrupt activities may be excluded from public procurement opportunities or opportunities to bid for private sector contracts;
- individuals who engage in bribery or other corrupt activities may be subject to considerable criminal fines or imprisonment; and
- if employees of the Company engage in bribery or other corrupt activities, the Company may be exposed to unlimited fines.

The Company's management is committed to complying with anti-corruption laws and regulations and all employees should be aware that any infringements of this policy statement will be viewed very seriously.

This policy does not form part of any employee's contract of employment and the Company may amend, and/or vary, it at any time.

## 2. Who must comply with this policy?

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This policy applies to the Company and any UK-based subsidiaries. All persons working for the Company or on the Company's behalf in any capacity, including employees, people working for the Company on a fixed term or contract basis, directors, officers, agency workers, seconded workers, volunteers, interns and third party business partners (as defined in section 7.1 below) must comply with this policy and all relevant anti-bribery and corruption laws of any country in which the Company conducts its business.

## 3. What is bribery?

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### 3.1 Definitions

**Bribery** is offering, promising, giving or accepting any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage, and bribe shall be constructed accordingly.

An **advantage** includes money, gifts, loans, fees, hospitality, services, discounts, offers of employment, the award of a contract or anything else of value.

A **public official** is someone who:

- holds a legislative, public administrative or judicial position of any kind;
- exercises a public function (including a function within any public agency or public enterprise); or
- is an official or agent of a public international organisation

### 3.2 What is prohibited?

All forms of bribery and corruption are strictly prohibited. All employees of the Company, and anyone acting on its behalf, must comply at all times with the anti-bribery and corruption laws of any country or area in which the Company conducts its business. If you are unsure about whether a particular act constitutes bribery, raise it with your line manager or a member of the compliance or legal teams.

Specifically you must not:

- bribe or otherwise attempt to influence improperly any person (whether they are a public official or not) or organisation with a view to gaining:
  - any unfair commercial, contractual or regulatory advantage for the Company or the Hitachi group; or
  - any unfair personal advantage for themselves or someone connected with them.
- bribe a person with the intention of inducing that person (whether they are a public official or not) to perform their job or function in an improper manner, or to reward a person for such improper performance
- use, or attempt to use, any third party to facilitate a bribe
- solicit or accept any bribe or illicit payment or benefit of any kind from any person or organisation
- give or offer any payment (sometimes called a facilitation or 'grease' payment) to a public official in any country to facilitate or speed up a routine or necessary procedure
- threaten or retaliate against another person who has refused to offer or accept a bribe or who has raised concerns about possible bribery or corruption
- engage in any other activity that is contrary to this policy or which might give the appearance of bribery

## **4. Gifts, hospitality and entertainment**

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This policy does not prohibit the giving or accepting of reasonable and appropriate gifts or hospitality for legitimate purposes such as building relationships, maintaining our image or reputation, or marketing our products and services.

A gift or hospitality will not be appropriate if it is unduly lavish or extravagant, or could be seen as an inducement or reward for any preferential treatment (for example, during contractual negotiations or a tender process).

Gifts must be of an appropriate type and value depending on the circumstances and taking account of the reason for the gift. Gifts must not include cash or cash equivalent (such as vouchers), or be given in secret. Gifts must be given in the Company's name, not your own name.

Promotional gifts of low value such as branded stationery may be given to or accepted from existing customers, suppliers and business partners.

You must not offer to, or accept from, a public official any gift, hospitality or entertainment without the prior approval of the Company. In the first instance, you should discuss this with your line manager or a member of the compliance or legal teams.

Further guidance on appropriate gift and hospitality values can be obtained from the Appendices accompanying Hitachi, Ltd.'s "Global Guideline for Entertainment and Gifts".

## **5. Charitable and political donations**

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We only make charitable donations that are legal and ethical under local laws and practices. You must not offer or make any donation on behalf of the Company without prior approval. In most cases donations require the approval of the Company's Managing Director (and proposals should be discussed with your line manager in the first instance), but local arrangements have been made for employees to apply for small charitable donations of up to £100 from the Company. Please refer to the Donation Requests Guidelines document or contact your local CSR team for further information. Charitable donations include 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 Company to an individual or organisation in support of a charitable purpose.

Political donations or contributions may not be made unless approved by the Company's Managing Director. Political donations include any contributions made to an individual or organisation for the purpose of promoting, supporting or influencing any political process, political organisation, political party/candidate or any election for public office.

Further guidance on donations can be obtained from Hitachi, Ltd.'s "Global Guideline for Charitable and Political Contributions".

## 6. Business partners

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### 6.1 Definition

**Business partners** are third party companies or individuals who assist the Company with its business and include agents, advisors, consultants, representatives, distributors, resellers, contractors, suppliers, or any other business associate collaborating with the Company.

### 6.2 Dealing with business partners

All dealings with business partners should comply with the principles set out in Hitachi group's Global Guideline for Third Party Due Diligence, including the checkpoints set out in appendices to that Guideline.

Appropriate due diligence should be conducted on all business partners, both at the outset of the business relationship and at appropriate intervals during the relationship, to identify and evaluate any potential corruption risk and to determine:

- whether the business partner is a public official or has public officials as owners, directors or employees;
- whether the business partner is appropriately qualified to perform the services for which they are being engaged; and
- whether the business partner presents a heightened risk of engaging in corrupt activities.
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Due diligence should be conducted in accordance with guidelines adopted by the Company from time to time.

Each new business partner should be assigned a risk classification (high, medium or low) by reference to a number of criteria, including:

- the business partner's reputation;
- the location of the business partner and/or the goods/services to be provided;
- the industry sector;
- the nature of the work being performed;
- the proposed payment arrangements;
- the monetary value of the contract; and
- any relationships with public officials.

The classification assigned will determine the level of due diligence required to be performed before the Company can contract with the business partner.

A record should be retained of all due diligence performed on business partners.

All business partners will be required to provide their services in compliance with the requirements of this policy:

- all contracts should include an anti-bribery and corruption provision approved by Legal Services;
- certain business partners may be required to provide anti-corruption compliance certificates; and
- the proposed contract should be reviewed and the Contract Approval Request form completed.

Business partners engaged for more than a year should be re-evaluated periodically to determine whether risk-based due diligence should be repeated.

No financial transactions may be conducted with any business partner suspected of being in breach of the requirements of the Company's policy.

## **7. Reporting corruption**

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Employees are required to report promptly any actual or suspected acts of corruption or attempted corruption (whether by Company representatives or by third parties seeking to induce Company to engage in corrupt practices) to their manager or the Company's Managing Director. Alternatively, if a concern involves an employee's immediate manager or the Company's Managing Director, a report may be made in accordance with the process set out in the Company's Whistleblowing Policy. In either case, all reports will be dealt with in accordance with the Company's Whistleblowing Policy.

## **8. Record-keeping**

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You must declare all hospitality or gifts given, offered or received to your Department Manager. This includes any gifts or hospitality that you are offered but do not accept. You must also submit all expenses claims relating to hospitality, gifts or payments to third parties in accordance with the Company's Expenses Policy and record the reason for expenditure.

All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared with strict accuracy and completeness, and in accordance with the Company's accounting policies. Accounts must not be kept "off-book" to facilitate or conceal improper payments.

## **9. Audit**

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The Company's Managing Director will have responsibility for the implementation of an anti-corruption compliance programme which may from time to time include compliance audits of all or part of the business. The nature and scope of such audits will be determined having regard to areas of identified potential risk. Internal control systems will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption. You are expected to co-operate fully with any such audits, if required to do so.

## **10. Compliance and education**

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It is the responsibility of the Company's managers to ensure their department's compliance with this policy, including providing appropriate education to their team members.

## **11. Disciplinary action for non-compliance**

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An employee who fails to observe the requirements of this policy and/or any applicable anti-corruption laws or regulations will be subject to disciplinary action, which may include dismissal. This is in addition to any criminal prosecution or civil proceedings which may be taken against them.

## **12. Communication**

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This policy will be communicated to all employees through the Company's established internal communication channels. It will also be communicated to the Company's contractors and business partners, who will be required to comply with it to the extent that they conduct business with or on behalf of the Company.