
	AB LIETUVOS GELEŽINKELIAI Safety and Risk Management Department
Anti-Corruption Policy	No. P/FN13/LG/5 Version 01

APPROVED BY:
Management Board of AB Lietuvos Geležinkeliai
Decision No. SPR(VL)- of ... 2020

ANTI-CORRUPTION POLICY

	AB LIETUVOS GELEŽINKELIAI Safety and Risk Management Department
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1. Introduction

1.1. The fight against corruption is one of the essential tasks of the State, that require conceptual, complex legal, organizational, educational measures. The integrity of the measures being developed is manifested through the creation of targeted legislation and the deliberate implementation of its provisions.

1.2. The Anti-Corruption Policy (hereinafter - the Policy) is a prevention against corruption document of the LG Group that establishes a zero-tolerance position for corruption within the LG Group, defines measures to address the risks of corruption Group-wide, and sets out general principles for preventing corruption within the LG Group.

1.3. The purpose of the Policy is to ensure that the LG Group operates to the highest standards of transparency, integrity and accountability.

1.4. LG Group executives set an example for their employees through the demonstration of responsible behaviour and ensure that the activities they carry out within their areas of responsibility are fair and transparent.

1.5. The Policy applies to all LG Group employees, including trainees and interns. LG Group's business partners are also encouraged to comply with the Policy.

1.6. As regards a company within LG Group responsible for performing the functions of the public railway infrastructure manager, the provisions of this Policy shall be effective and apply in so far they are not contrary to the legal acts regulating the principles of independence, impartiality and financial transparency of the infrastructure manager, prohibition of cross-subsidization or other terms and conditions in respect of the business activities established by the legal acts.


1.7. Specific anti-corruption activities and measures within the LG Group are carried out in accordance with processes, methodologies and other internal legislation.

1.8. The Policy has been drafted in accordance with the legal acts of the Republic of Lithuania and the European Union, the Articles of Association of LG and Business Units, the guidelines of the Organization for the Economic Co-operation and Development in Europe as well as the principles of the ISO 37001:2016 "Anti-Bribery Systems. Requirements with guidance for use".

2. Definitions

2.1. The definitions and abbreviations used in this Policy shall mean:

Definition	Description
AB Lietuvos Geležinkeliai Group of Companies (LG Group of Companies)	A group of companies consisting of LG and legal entities under direct or indirect control of LG.
Employee	A private person who has undertaken to perform a job function for a pay under an employment contract with employer. The person who has signed the employment contract with one of the companies within the LG Group
Gift	Any asset, object, discount or service (e.g. transportation, accommodation, catering, training, etc.), benefit, etc., provided free of charge without expecting to receive any benefit, compensation or right, duty, or privilege in exchange for it
Conflict of Interest	A situation in which an employee of the LG Group, in the course of performing his duties or executing orders, is required to make a decision or to participate in the decision making or execute an order which are also related to his private interests.
Corruption	Conduct by individuals incompatible with their mandates, standards of conduct established by the legal acts or internal Company rules to benefit themselves or other persons and in such a way causing harm to the interests of the State or individual natural or legal persons.

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Definition	Description
Corruption Offences	All corruption-related offences as defined in the applicable legal acts of the Republic of Lithuania (e.g. bribery, graft, trading in influence, blackmail or other acts committed in the pursuit of private or other persons' advantage).
LG	AB Lietuvos Geležinkeliai
RoL	The Republic of Lithuania
Bribery	A promise or arrangement by an employee or intermediary to accept unlawful or unreasonable reward (tangible, intangible, with or without market value), i.e. a bribe for a desired act, the requirement or provocation to give a bribe and the acceptance of a bribe.
Nepotism and Cronyism	Patronage, protection of one's family members, relatives and other close persons (including cohabitants, partners), friends and acquaintances, using their current position, name and power.
Graft	An offer, promise, agreement to give any unlawful or unreasonable reward (whether tangible or intangible, with or without market value in the market) by any person, whether by himself or through an intermediary, or giving such reward to any employee or third person.
Misuse of power	Exercise or non-exercise of rights, duties and powers conferred by official position, LG Group's internal legislation and / or other internal documents in a manner contrary to the interests of the LG Group in violation of the objectives of the particular job position as well as excess of authority.
Trading in influence	Unlawful conduct by an employee of the LG Group in the exercise of his authority, powers, family ties and / or acquaintances, or other likely influence in order to influence other employees, companies, institutions or organizations to act illegally or cease to perform their powers, as well as illegal activities as defined by the legal acts of the Republic of Lithuania.
Prevention	Early prevention of consequences.
Private interest	Personal property or non-property interest of an employee of the LG Group or his/her close associates that may influence the employee's decisions.
SRMD	LG Safety and Risk Management Department
SIS	The Special Investigation Service of the Republic of Lithuania
Moi	The Ministry of Interior of the Republic of Lithuania
SSD	The State Security Department of the Republic of Lithuania
BSU	SRMD Business Security Unit

2.2. Other definitions used herein shall be interpreted as defined in the Law on the Special Investigation Service RoL, the Prevention of Corruption Law RoL, the Labour Code RoL, the Law on the Adjustment of Public and Private Interests RoL.

3. General Provisions


3.1. Mission and vision of anti-corruption activities

3.1.1. The vision is developing a zero-tolerance corruption environment within LG Group.

3.1.2. The mission is to implement a sustainable and credible system of integrated actions and measures in the field of corruption prevention.

3.2. Long-term and short-term anti-corruption goals

3.2.1. The long-term goals of anti-corruption activities include:

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3.2.1.1. the ability to identify, in a timely manner, the risks of corruption in its business processes and, after evaluating them, to select proportionate and effective management and control measures to mitigate identified and unacceptable corruption risks for the LG Group;

3.2.1.2. forming an organizational culture in the field of corruption prevention through the continuous implementation of educational measures (training, research, dissemination of information) in order to raise awareness among employees;

3.1.2.3. ensuring that targeted corruption prevention measures are implemented in accordance with the corruption prevention plan;

3.1.2.4. enhancing cooperation with anti-corruption authorities.

3.2.2. The short-term objectives of anti-corruption activities include:

3.2.1. Implementation of the international standard ISO 37001:2016 “Anti-Bribery Systems. Requirements with guidance for use”;

3.2.2. ensuring proper management of conflicts of interest within LG Group;

3.2.3. establishing transparency requirements for business partners and encouraging compliance by business partners;

3.2.4. developing the necessary legal framework in the area of corruption prevention (Staff Code of Ethics, a legal act regulating the acceptance and giving of gifts, etc.).

3.3. Anti-corruption principles

3.3.1. Anti-corruption in the LG Group is designed and implemented in accordance with the following principles:

3.3.1.1. **Zero corruption tolerance** – LG Group does not tolerate any form of corruption and undertakes to take targeted preventive measures to prevent corruption;

3.3.1.2. **Lawfulness** – the anti-corruption measures implemented comply with the requirements of the laws and regulations of the Republic of Lithuania, as well as the legal acts regulating the activities of LG Group in the field of anti-corruption;

3.3.1.3. **Leadership** – LG Group’s executives set a proper example through their conduct, they act exclusively in the interests of LG Group and ensure that activities within areas of their responsibility are carried out in concordance with the provisions of the Policy.


3.3.1.4. **Employee engagement** – employees are made aware of anti-corruption measures being implemented, are introduced to anti-corruption legislation, are taught to behave in a transparent and fair manner, and are encouraged to report breaches of this Policy;

3.3.1.5. **Expedience and risk assessment** – targeted anti-corruption measures are implemented based on the risk of corruption arising in LG Group’s operations over a certain period of time;

3.3.1.6. **Control and effectiveness** – LG Group ensures continuous control of the implementation of anti-corruption measures and monitoring their effectiveness in managing corruption-related risks;

3.3.1.7. **Transparency and publicity** – LG Group, in all stages of its operations (employee selection, procurement, compliance with competition requirements, etc.), acts with responsibility, clearly and openly, provides / discloses information on applicable anti-corruption measures in the procedures prescribed by the legal acts, does not tolerate direct and indirect manifestations of trade influences, including illegal lobbying, refrains from any forms of influence, whether direct or indirect in respect of political parties, politicians, does not fund or otherwise sponsor, or give charities to politicians or political parties, their representatives, election campaigns, foundations or organizations established on behalf of politicians;

3.3.1.8. **Nepotism and cronyism avoidance** – LG Group does not tolerate situations where close persons work in one structural unit (division, etc.) or business area, it is forbidden for close persons to work in job positions that are directly subordinate to one another or are related in respect of decisions made in the course of work (functions) (horizontal subordination).

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3.3.1.9. **Confidentiality** – employees protect the confidential information and trade (manufacturing) secrets of LG Group that have come to their knowledge in the performance of their job functions and / or on other legitimate grounds and do not disclose and / or otherwise transfer this information to third persons (unauthorized to have access to such information).

3.3.1.10. **Avoidance of conflicts of interest** – employees shall avoid situations where private interests may conflict with those of the LG Group and adversely affect the impartial and objective performance of their functions;

3.3.1.11. **Non-abuse of office** – there is no tolerance of employee abuse of office, bribery of any kind. It is forbidden for the employees to offer, give, issue permits to give, request, accept or receive a bribe, directly or indirectly, including through any third persons;

3.3.1.12. **Limiting giving and receiving of gifts** – LG Group employees do not accept, deliver or demand gifts that could influence objective and impartial decisions.

4. A Model for Ensuring Corruption Resistance

4.1. LG Group’s model for ensuring corruption resistance is provided in Fig.1.

4.2. The Boards of LG / Business Units, CEOs of LG / Business Units, Director of LG SRMD are responsible for planning the anti-corruption objectives and resources required to achieve these goals and allocating the resources necessary for effective anti-corruption activities.

4.3. The Director of LG SRMD shall ensure that LG Group has appropriate, effective, advanced, and timely anti-corruption measures in place to help prevent and manage corruption.

4.4. The Director of LG SRMD is responsible for implementation of the anti-corruption program and action plan of the transport sector of the Republic of Lithuania for the relevant period.

4.5. LG SRMD Business Security Unit shall draft and the CEO of LG approve the 2-year LG Group Anti-Corruption Plan, including employee education on anti-corruption issues.

4.6. LG SRMD Business Security Unit shall produce the yearly reports on anti-corruption activities within the LG Group. The reports shall be submitted on a periodic basis to the CEO of LG, the Boards of LG / Business units.

4.7. The Boards of LG / Business Units shall carry out evaluation and monitoring of the anti-corruption activities of the LG Group, make recommendations and suggestions for improving the implementation of anti-corruption measures Group-wide.

4.8. The Director of LG SRMD shall ensure that the LG Group employees are informed about the implemented anti-corruption measures by means of effective communication of their choice. He is responsible for the systematic education of employees on relevant anti-corruption issues.


4.9. Anti-corruption measures within LG Group are implemented by the CEOs of LG / Business Units, the Managers of LG / Structural Units, LG SRMD Business Security Unit, the employees of LG / Business Units within the scope of their assigned competence.

4.10. LG SRMD Business Security Unit conducts investigations into cases of fraud, corruption or other types of crime and manages the Trust Line.

4.11. The Director of SRMD shall notify the CEO of LG/ Business Units on cases of criminal offence committed by LG/ Structural Units employees.

4.12. The Director of SRMD shall inform LG's Board of any alleged unlawful acts of the LG CEO.

4.13. LG SRMD Business Security Unit shall monitor and coordinate the anti-corruption measures within the LG Group.

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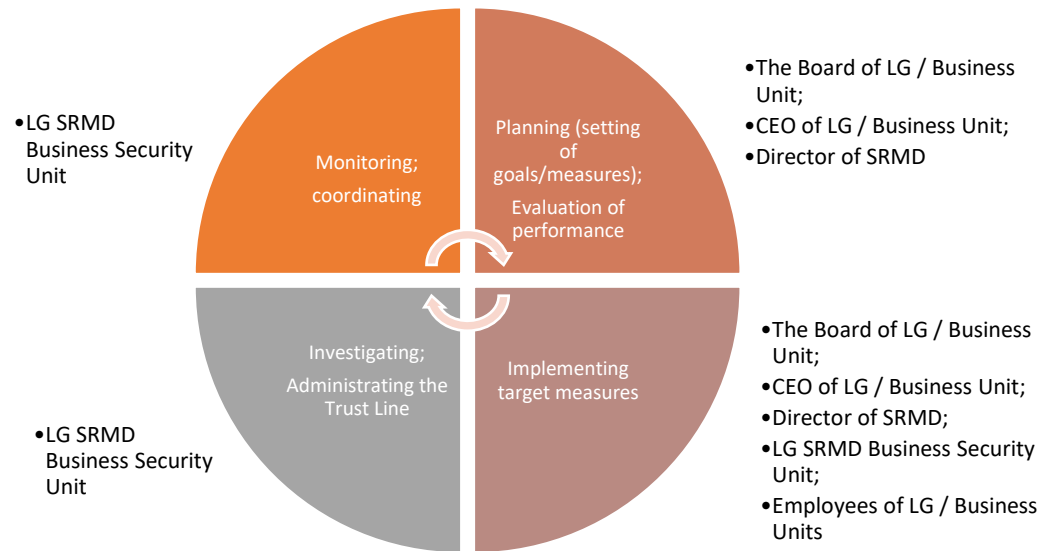


Figure 1 A model for ensuring corruption resistance

4.14. The general principles and methods applied when managing corruption risks are set out in Risk Management Policy No P/FN14/LG/1 and its methodologies and standards.

5. Anti-Corruption Measures

5.1. LG Group-wide anti-corruption measures that have been implemented:

5.1.1. Identification of external, internal, or individual corruption risk factors that may affect corruption within LG Group. Identification of areas of activity within the LG Group that have the highest risk of corruption is followed up by the development of an action plan and proposals as to preventive measures to manage and / or eliminate the identified corruption risk factors;

5.1.2. Ensuring declaration of public and private interests and managing the conflicts of interests;


5.1.2.1. LG Group Employees whose duties or functions are determined by the regulation of the Law on the Adjustment of Public and Private Interests RoL declare their private interests by submitting declarations of private interests in the Electronic Declaration System of the State Tax Inspectorate under the Ministry of Finance RoL. The LG Group shall draw up a list of such positions and / or functions of the employees;

5.1.2.2. LG Group employees having a computerized workplace within the LG Group and who are unlisted of the category of employees referred to in 5.1.2.1 declare their private interests in the self-service module “Manolitrail”;

5.1.2.3. All LG Group Employees must withdraw from any procedures of drafting, discussing or decision making which may give rise to a conflict of interest;

5.1.3. Periodic auditing by the internal auditors of the anti-corruption activities carried out within the LG Group;


5.1.4. Regulations in respect of the conduct of LG Group employees when giving and receiving gifts, using representative funds, as well as the principles of acceptability of gifts and forbidden gifts, the use of representative funds, as well as the principles of other type of conduct for employees to ensure the credibility, integrity and transparency of their activities;

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- 5.1.5. Ensuring systemic employee education on relevant anti-corruption topics;
- 5.1.6. Screening of the reputation and solvency of potential business partners in order to identify risks that may arise from the business partners;
- 5.1.7. Ensuring systematic professional development of those responsible for corruption prevention activities;
- 5.1.8. Analysis and evaluation of LG's business activities that may be associated with corruption risks. All LG's business activities associated with corruption risks shall be evaluated at least every 5 years;
- 5.1.9. Annual anti-corruption survey of LG Group employees;
- 5.1.10. Annual evaluation of corruption prevention performance using the transport sector security test (4S Test), which aims to compare the probability of corruption occurring in the transport sector organizations according to uniform criteria, analyse possible shortcomings of corruption prevention measures, improve measures to prevent possible corruption. The 4S Test consists of sections on anti-corruption culture and anti-corruption education, declaration of private interests, protection of reporting channels and whistleblowers, identification of corruption risks and assessment of public procurement risks;
- 5.1.11. Cooperation with SIS, other institutions or competent corruption prevention specialists (experts) by organizing training, making presentations, sharing their know-how and practical experience;
- 5.1.12. Ensuring the security-screening of persons seeking or holding office. According to the Law on Corruption Prevention RoL and the Law on the Protection of Objects of Importance to Ensuring National Security RoL, SIS, SSD and Mol are contacted regarding the submission of information about a person seeking or holding office in LG Group;
- 5.1.13. Ensuring the possibility to anonymously report corruption violations to the Boards of LG / Business Units and SRMD Business Security Unit via LG Group's reporting channels (phone No. (8 5) 269 3600, e-mail prevencija@bekorupcijos.lt, violation reporting template on the website www.litrail.lt/korupcijos-prevencija);
- 5.1.14. Investigating cases that may be potentially fraudulent, corrupt or otherwise criminal;
- 5.1.15. Publicizing anti-corruption activities of LG Group via targeted communication channels such as web pages of LG and the Business Units.
- 5.2. The LG Group may establish additional anti-corruption measures, mechanisms for compliance, implementation, monitoring and control, and procedures that may not be inconsistent with this Policy and that may be associated with corruption risks for a particular period.
- 5.3. LG Group implements anti-corruption measures as set out in the Anti-Corruption Program for the Transport Sector and the Action Plan drafted by the Ministry of Transport and Communications RoL and the LG Group Anti-Corruption Action Plan.
- 5.4. LG Group is committed to the principles of organizational and financial transparency. The LG Group follows the State Enterprise Transparency Guidelines in disclosing (publishing) information on its websites. On the website www.litrail.lt LG Group publishes (discloses) LG Corporate Governance Scheme, the Scheme of LG Subsidiaries (associated companies), LG Ownership Percentage, the Articles of Association of LG, performance-related information, financial ratios and other information required by legal acts of the Republic of Lithuania.
- 5.5. Each year the LG Group publishes audited financial statements drafted in accordance with the financial reporting standards, followed by the annual report of LG Group. At the end of each half-year LG Group publishes on LG website www.litrail.lt the report and financial statements that are not subject to audit, approval or submission to the register of legal entities.

6. Liability for Violation of the Policy

- 6.1. Violation of the policy provisions can be considered as a serious violation of the job duties and may be subject to liability established by the legal acts of the Republic of Lithuania.

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6.2. If the violation of this Policy is indicative of a criminal offence, it will be reported to the competent authorities and may be subject to legal liability.

7. Final Provisions

7.1. The Policy is approved by the decision of LG Board.

7.2. The Policy shall take effect upon the date of its approval.

7.3. The Policy shall be reviewed at least once a year and updated if required. The Business Security Unit of the Security and Risk Management Department shall initiate the revision of the Policy.

7.4. Newly hired and existing LG Group's employees shall be made familiar with the Policy against their signature.

7.5. The Policy is applied insofar as it is in compliance with the laws of the Republic of Lithuania and / or other applicable legal acts.
