

## Anti-Bribery and Anti-Corruption Policy

**Owner:** Hitachi Group Head of Risk Management (GHRM)

**Publication Date:** March 4, 2021

**Effective Date:** April 1, 2021

**Applicability:** Global

### Scope:

This Hitachi Group Anti-Bribery and Anti-Corruption Policy (“Policy”) applies worldwide to Hitachi, Ltd. and all of its consolidated subsidiaries (“Hitachi Group”), to Hitachi Group’s workforce (meaning its officers, employees – whether full-time, part-time or temporary - and contractors). And Hitachi Group’s workforce shall take steps to ensure that anyone doing business with or on behalf of Hitachi Group, including contractors, consultants, advisors, agents, lobbyists, distributors, resellers, suppliers and business associates, as well as their respective officers, employees and subcontractors (collectively “Hitachi Group Business Partners”) comply with the terms of this Policy.

### Objective:

To ensure that Hitachi Group remains in compliance with all anti-bribery and anti-corruption laws in effect in all parts of the world in which it does business, as well as to demonstrate Hitachi Group’s firm commitment to acting with integrity at all times and to conducting business globally in an ethical and legal manner.

### Background:

Corruption is now recognized as an important issue around the world and most countries or regions have enacted some form of legislation to outlaw bribery and other forms of unethical and corrupt behavior, in both the public and private sectors. Hitachi Group has always prided itself on conducting its business ethically, but it is more important than ever that we make sure that we avoid even the perception of corruption or other illegal dealings. While jail time and individual and corporate fines are well-publicized penalties, reputational damage and huge costs are other major problems faced by companies found guilty of bribery or other illegal behavior.

This Policy reflects and expands on the provisions of the Hitachi Group Codes of Conduct and the Hitachi Group Code of Ethics and Compliance.

## Anti-Bribery and Anti-Corruption Policy

### Statements of Principle:

- 1. Hitachi Group, its workforce and Hitachi Group Business Partners shall never engage in bribery, meaning that they shall not offer, promise or give anything of value to anyone, directly or indirectly, with the intent to obtain or retain business or otherwise to gain an improper advantage for Hitachi Group.**
- 2. Hitachi Group's workforce shall never solicit or accept money or anything else of value from any person or organization while conducting Hitachi Group business.**
- 3. Accurate and complete accounting records, including expense reports, must be kept of all transactions entered into in the course of Hitachi Group's business dealings.**

#### **1. Meaning in the Statements of Principle of "offer, promise or give"**

A crime is not just committed if a bribe is given to someone; anti-bribery laws also prohibit merely offering or promising a bribe, even if it is either refused or is not in fact paid or given, or even if it is being given to a third party that is not part of the business transaction, such as a designated charity.

#### **2. Meaning of "anything of value"**

Anti-bribery laws interpret "anything of value" very broadly, so it means anything that is considered to be of value by the intended recipient. While it might be cash, it could just as easily be tickets, a job offer or internship (even unpaid) for a family member, an electronic device, meals, alcohol, a fishing or golf trip, sexual favors, and so on. Or it could be a commission, an extra discount, sponsorships, travel, etc.

#### **3. Meaning of "directly or indirectly"**

The term "directly" means doing it yourself, while "indirectly" means arranging for or allowing someone else to do it on your behalf. If a third party bribes someone for you, you are just as liable as if you had done it in person. In fact, far from insulating you from responsibility for a

## **Anti-Bribery and Anti-Corruption Policy**

bribe, deliberately using an intermediary would increase your exposure to fines and/or jail time. It is no defense to claim that you didn't know about a bribe, if you should have known – meaning, for example, that you looked the other way, that you chose not to do background checks or other due diligence, or that it was likely that a bribe would be paid.

### **4. Meaning of “an improper advantage for Hitachi”**

What makes an advantage improper is that it influences someone to do something that they otherwise would not do in the course of a business relationship. For example, entertaining the procurement director of a government or commercial customer could be perceived as bribery, if it is seen as influencing in Hitachi's favor the selection of the winner of the customer's upcoming contract award.

### **5. Anti-Bribery/Anti-Corruption Laws**

Most countries and international institutions now have laws or conventions that address bribery and corruption, but the ones you will probably hear most about are the Japanese Penal Code and Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act, the Criminal Law of the People's Republic of China, the U.K. Bribery Act, the Swiss Penal Code, the French Loi Sapin II, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the Inter-American Convention against Corruption. Each of these laws has extra-territorial effect, meaning that a breach resulting in a penalty can occur anywhere in the world.

Contact your organization's Legal and Compliance Department (“Legal and Compliance”), if you need details on any particular anti-bribery/anti-corruption law, or if you want to find out about a particular country's laws.

### **6. Government or Public Officers**

While bribery of anyone is unacceptable, the consequences of bribing government or public officers are particularly severe.

Regardless of whether domestic or foreign, government or public officers include:

- a) Any person who provides services for national or local governments
- b) Any person who provides services for an agency or organization affiliated with a government entity
- c) Any person who provides services for a public enterprise or state-owned entity
- d) Any person who is an employee or agent of an international public organization (for example, the United Nations, World Trade Organization or World Bank)

### **Anti-Bribery and Anti-Corruption Policy**

- e) Any political party, party official, or candidate for political office
- f) Any person authorized by a government entity to exercise a public function
- g) Active or reserve members of police and armed forces
- h) Educational and medical employees of state-owned entities, including professors and doctors
- i) Journalists and representatives of state-controlled media
- j) Members of ruling or royal families

#### **7. Facilitation or “Grease” Payments**

Meaning of facilitation or “grease” payments:

Such payments are made for routine administrative activities that a government or public officer is already supposed to perform and they are considered bribery. Common examples include visas, customs’ clearance, cargo handling, permit or license issuance, utility hook-ups, and building or safety inspections.

Hitachi does not allow facilitation or “grease” payments to be made, even if they are culturally acceptable in some countries. They may in rare instances be permitted, when there is an immediate threat to life, safety, security or freedom, or if public officers can provide a formal receipt or written confirmation of their legality. However, you must promptly report such payments to Legal and Compliance and record them accurately in finance and accounting records.

#### **8. Gifts, Travel and Entertainment**

Lavish or extravagant gifts, travel and entertainment (“GTE”) are a major area of enforcement focus by anti-corruption authorities, notably if the GTE lead to favorable treatment by or improper influence from the recipient or other party. In particular, there is a growing push-back against all cash or cash-equivalent gifts, including red envelopes and gift, restaurant and store cards, even in countries in which they were previously an integral part of the culture. Hitachi prohibits the giving of any cash or cash-equivalent gifts.

Each Hitachi Group company is required to publish and maintain lists of value limits for each category of GTE and covering each geographic region and country in which it does business. Hitachi Group companies shall also address in their anti-corruption documentation the giving of charitable donations and political contributions.

#### **9. Red Flags**

### **Anti-Bribery and Anti-Corruption Policy**

The most common “red flags” for bribery and corruption are:

- Bribery known or suspected to occur regularly in a given location such as a high risk country under the Corruption Perception Index (CPI)
- High fees or discounts; “extra margin”
- Lack of relevant expertise
- Third party refusal to certify compliance with anti-bribery/anti-corruption laws
- Use of unapproved third parties or consultants to conduct a transaction
- Late addition of a previously unknown third party to a transaction
- A party with a history or reputation of unethical behavior
- Offshore and/or cash payment requests
- Relationships between a party (e.g., consultant or distributor) and local public officers
- Requests for charitable donations or political contributions
- Requests for things of “value” (e.g., a paid trip to a resort, lavish gifts, reimbursement of a family member’s expenses, etc.)

#### **10. Measures to Prevent Bribery and Corruption**

Each Hitachi Group company will:

- a) Assign qualified staff to manage anti-corruption promotion within its organization.
- b) Periodically train its workforce (meaning its officers, employees – whether full-time, part-time or temporary - and contractors) on how to recognize and avoid bribery and corruption.
- c) Human resources practices, including recruitment, promotion, training, performance evaluation, remuneration, recognition and business ethics in general, reflect these Rules.
- d) Undertake due diligence on all entities with which it does business, including when making investments, charitable donations and political contributions.
- e) Verify the legality and appropriateness of contract terms by undertaking the laid down procedure for “Legal Review and Approval of Contracts” .
- f) Obtain management and Finance approval of payment arrangements. Approving department Insist on documentation of the services actually rendered before paying the contractual compensation and expenses.

### **Anti-Bribery and Anti-Corruption Policy**

- g) Develop separate Policies to address the giving and receiving of GTE, as well as charitable donations and political contributions.
- h) Use caution and comply with anti-bribery laws and applicable guidelines, when considering the hiring of current or former public officers or their family members.
- i) Adopt best practices to prevent corruption in its business dealings and carry out self-audits to ensure compliance with this Policy.

#### **11. Exceptions to this Policy**

Should any Hitachi Group company wish to adopt stricter or more lenient principles or examples than those outlined in this Policy, an application must be made in writing to the GHRM, whose decision on such exceptions will be final.

#### **12. Hitachi's Expectations**

Anti-bribery/anti-corruption laws vary in terms of their focus, their stringency and their degree of flexibility. For this reason and to comply with Hitachi's commitment to conducting business in an ethical and legal manner worldwide, this Policy reflects the highest level of integrity expected of Hitachi Group, its workforce and Hitachi Group Business Partners, irrespective of any lesser requirements that may exist in any given region or country in which Hitachi Group does business.

#### **13. Accounting and Business Records**

Many anti-bribery/anti-corruption laws emphasize the need to keep accurate and timely books and records. Trying to hide or disguise bribes or other inappropriate expenditures through false accounting entries is not only against the law, but it will be treated as an exacerbating factor when penalties are being assessed. All records to demonstrate the compliance with this Policy must be retained in accordance with the relevant rules on retention of compliance related documents of the Hitachi Group.

Contact Finance or Legal & Compliance, if you have any questions as to how to record payments, either made or received.

#### **14. Personal Liability**

### **Anti-Bribery and Anti-Corruption Policy**

While companies are fined large amounts for breaches of anti-bribery and anti-corruption laws, penalties for individuals may include both personal fines and significant jail time. Separately, Hitachi Group's workforce who violate this Policy will be subject to disciplinary action, up to and including termination of employment. Prompt and proper disciplinary action must be taken after undertaking proper investigation of all violations of this Policy, whether actual or suspected, carried out in accordance with the relevant rules on conducting compliance related internal investigations and compliance related disciplinary actions of the Hitachi Group.

#### **15. Suspicions and Reporting Violations**

You must report any actual or suspected instance of a breach of this Policy to your manager or Legal and Compliance. You may also file a report with the Hitachi Global Compliance Hotline ("Hotline"), either online or by phone. When using the Hotline, you may report anonymously, unless prohibited by local law. Hitachi Group will never retaliate against you or tolerate harassment, discrimination or retaliation by others, if you report in good faith.