

 	AB Lietuvos geležinkeliai Business Resilience
Anti-Corruption Policy	No. P/FN13/LTG/5 Version 02

APPROVED by:
Decision No. PRO-VLP(LTG)-16/2023
of the Board of AB Lietuvos geležinkeliai
of August 11th, 2023

ANTI-CORRUPTION POLICY

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1. Introduction

1.1. In order to bring about fundamental changes in the reduction of corruption and to consistently and comprehensively create a corruption-resistant environment in the country, the Seimas National Anti-Corruption Agenda for 2022-2033 has highlighted the essence of the fight against corruption in terms of its impact on societal maturity, the economy, governance and justice, as well as on the interests of national security.

1.2. The LTG Group of companies has a culture of zero tolerance to corruption. It also implements corruption-proof measures to meet the expectations of its shareholder, the Ministry of Transport and Communications of the Republic of Lithuania, and to comply with the requirements of the Republic of Lithuania Law on Prevention of Corruption.

1.3. The Anti-Corruption Policy (hereinafter referred to as the Policy) is the LTG Group's anti-corruption document that establishes the LTG Group's zero-tolerance stance on corruption, defines the general principles for creating a corruption-resilient environment, and sets out the processes and measures to be implemented in order to manage the risks of corruption in LTG Group.

1.4. The aim of the Policy is to ensure that the LTG Group's activities meet the highest standards of transparency, integrity and credibility.

1.5. LTG Group has implemented an anti-corruption management system in accordance with the international standard ISO 37001:2016 "Anti-Bribery Management Systems. Requirements and Guidelines for Use" (hereinafter referred to as the Standard). The Policy has been developed in the context of LTG's long-term strategy.

1.6. LTG Group's managers set the right example for their employees by acting responsibly and ensuring that the activities in their areas of responsibility are fair and transparent.

1.7. The Policy applies to all employees of the LTG Group, including trainees and apprentices. Depending on the nature and scope of the activities of the downstream legal entity, the size of the company, the holders of the equity interests, the legal status and form, and the jurisdiction applicable to the company, it is also recommended that the provisions of the Policy be complied with by the downstream legal entities. LTG's business partners are also encouraged to comply with the Policy.

1.8. Assurance of the independence of the Public Railway Infrastructure Manager: "the provisions of this Policy shall apply and be applied in respect of the LTG Group company acting as the Public Railway Infrastructure Manager to the extent that it does not conflict with the statutory requirements of impartiality of the management of the public railway infrastructure manager, financial transparency, the allocation of public railway infrastructure capacity and the calculation and payment of the minimum access package fee.

1.9. Specific anti-corruption activities and measures within the LTG Group shall be carried out in accordance with processes, methodologies and other internal regulations.

1.10. The Policy has been prepared in accordance with the Republic of Lithuania Law on Prevention of Corruption, Republic of Lithuania Law on the Protection of Whistleblowers, the Republic of Lithuania Law on the Adjustment of Public and Private Interests in the Civil Service, the Seimas National Anti-Corruption Agenda for 2022-2033, other legislation of the Republic of Lithuania and the European Union, legislation of the Ministry of Transport and Communications of the Republic of Lithuania regulating anti-corruption, Articles of Association of LTG and Operational Units, Organisation for Economic Co-operation and Development guidelines, as well as the requirements of the Standard.

1.11. The LTG Group's Anti-Corruption Management System Manual details the provisions of the Anti-Corruption Policy.

2. Terms

2.1. For the purposes of this Policy, the following terms and abbreviations shall have the following meaning:

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Term	Definition
AB Lietuvos geležinkeliai (LTG Group) Group	Group of companies consisting of LTG and legal entities directly and indirectly controlled by it
Employee	A natural person who undertakes to perform a job function for remuneration under an employment contract with the employer. A person who has an employment contract with an LTG Group company.
Gift	Any transfer of property, goods, concessions or services (e.g. transport, accommodation, meals, training, etc.), benefits, etc., which is gratuitous, i.e. without the expectation of any benefit, remuneration, or the provision of rights, duties and privileges in return.
Conflict of interest	A situation where an employee of the LTG Group, in the performance of his/her duties or in the execution of his/her assignments, is required to make or participate in a decision or to execute an assignment that also concerns his/her private interests.
Corruption	Conduct by persons which does not comply with the powers conferred on them, or with the standards of conduct laid down by law or by the internal rules of undertakings, in order to take advantage of themselves or of other persons, to the detriment of the interests of the State or of individual natural persons or legal entities.
Criminal offences of a corrupt nature	All criminal offences of a corrupt nature as defined in the applicable legislation of the Republic of Lithuania (e.g. bribery, graft, influence peddling, or any other action intended to benefit oneself or another person).
LTG	AB Lietuvos geležinkeliai
RoL	Republic of Lithuania
Bribery	A promise or agreement to accept, by an employee or through an intermediary, an unlawful or unreasonable consideration (whether tangible, intangible, of economic value on the market or not), i.e. a bribe, for a desired act, or a demand or inducement to pay a bribe, as well as the acceptance of a bribe.
Nepotism and cronyism	Guardianship, patronage of one's own family, relatives and other close persons (including cohabitants, partners), friends and associates, using one's position, name and power.
Graft	An offer, promise or agreement by any person, whether made by himself/herself or through an intermediary, to give an unlawful or unjustified consideration (whether tangible or intangible, whether or not it has economic value on the market) or the giving of such consideration to an employee or to a third party.
Abuse of office	Exercising or failing to exercise the rights, duties and powers conferred by official position, by the LTG Group's internal legislation and/or other internal documents in a manner contrary to the interests of the LTG Group, in contravention of the objectives of the position, or in excess of the powers conferred.
Influence peddling	The unlawful act of an employee of the LTG Group using his/her position, authority, relationship and/or acquaintance or other likely influence in order to influence other employees, companies, bodies or organisations to act or refrain from acting, whether lawfully or unlawfully, in the exercise of his/her authority, whether by

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	himself/herself or by an agent, directly or indirectly, or through a third party, by proposing, promising, agreeing, or conspiring to pay a bribe or by accepting or giving one.
Prevention	Prevention of consequences in advance.
Private interests	A personal pecuniary or non-pecuniary interest of an employee of the LTG Group, or of persons close to the employee, which may influence the employee's decision-making.
Business unit	A company belonging to the AB Lietuvos geležinkeliai Group, except LTG.

2.2. Other terms used in this Policy shall be understood as defined in the Republic of Lithuania Law on the Special Investigations Service, Republic of Lithuania Law on Prevention of Corruption, the Labour Code of the Republic of Lithuania, Republic of Lithuania Law on the Adjustment of Public and Private Interests in the Public Service, as well as in other legal acts.

3. General Provisions

3.1. Purpose of the Anti-Corruption Function

3.1.1. The purpose of the Anti-Corruption Function is to establish a sustainable and robust framework of anti-corruption actions and measures to ensure an anti-corruption environment within the LTG Group.

3.2. Long- and short-term objectives for anti-corruption

3.2.1. Long-term objectives for anti-corruption activities:

3.2.1.1. to be able to identify corruption risks in business processes in a timely manner and, after assessing these risks, to select proportionate and effective management and control measures to mitigate the risks of corruption that have been identified and that are unacceptable to the LTG Group;

3.2.1.2. to ensure a sustainable framework for building an anti-corruption environment through the implementation of anti-corruption measures;

3.2.1.3. to achieve an acceptable level of staff maturity in the area of anti-corruption;

3.2.1.4. to monitor the effectiveness of anti-corruption measures implemented;

3.2.1.5. to strengthen cooperation with institutions involved in corruption prevention.

3.2.2. Short-term objectives for anti-corruption activities:

3.2.2.1. to update the necessary legal framework in the area of anti-corruption;

3.2.2.2. to increase the involvement of LTG Group employees in the development of an anti-corruption framework (through the reporting of perceived unlawful activities, participation in the implementation of individual anti-corruption measures, etc.).

4. Principles against corruption

4.1. Anti-corruption in the LTG Group is designed and implemented according to the following principles (Fig. 1):

4.1.1. **Zero tolerance to corruption** – LTG Group does not tolerate any form of corruption and is committed to taking targeted preventive measures to prevent corruption from occurring;

4.1.2. **Legitimacy** – the anti-corruption measures implemented comply with the provisions and requirements of the laws and regulations of the Republic of Lithuania, as well as the legal acts regulating the LG Group's activities in the area of anti-corruption;

4.1.3. **Executive leadership** – LTG's Group executives lead by example, act solely in the interests of the LTG Group and ensure that activities in their areas of responsibility are carried out in a manner that properly implements the Policy;

4.1.4. **Employee engagement** – employees are informed about the anti-corruption measures in place, acquainted with the legislation governing anti-corruption actions, educated to behave transparently and honestly, and are required to report suspicious incidents;

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4.1.5. **Targeting and risk assessment** – targeted anti-corruption measures are implemented based on the risks of corruption occurring in the LTG Group's operations over a given period;

4.1.6. **Transparency and openness** – the LTG Group is committed to transparency and openness at all stages of its operations (selection, procurement, competition, etc.), acts responsibly, clearly and openly, provides/publicizes information on the implemented anti-corruption measures in accordance with the law, does not take or give bribes, does not tolerate direct and indirect influence peddling, including illegal lobbying, refrains from any form of influence, direct or indirect, on political parties, politicians, and does not finance or otherwise support or give charity to politicians or political parties, their representatives, election campaigns, foundations or organisations established in the name of politicians;

4.1.7. **Avoidance of nepotism and cronyism** – the LTG Group does not tolerate the appointment of close persons or other persons to positions where this could lead to a potential conflict of interest; close persons working in the same department or area of work, where there is a direct reporting relationship between them; or close persons working in a position in which one of them would make a decision for the other person in the course of performing a job/function (horizontal subordination);

4.1.8. **Avoidance of conflicts of interest** – employees shall avoid situations where private interests may interfere with the interests of the LTG Group and adversely affect the impartial and objective performance of their functions;

4.1.9. **Selflessness** – abuse of the position of employees, bribery in any form, or seeking of benefits for personal or other interests shall not be tolerated;

4.1.10. **Restrictions on giving and receiving gifts** – LTG Group employees shall not accept, give or solicit gifts that could influence objective and impartial decision-making.

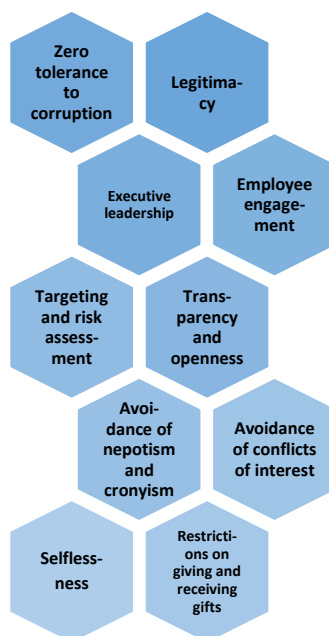


Fig. 1. Principles against corruption

5. Anti-Corruption Model and Key Processes

5.1. Anti-corruption model

5.1.1. The LTG Group's anti-corruption actions are carried out through a standardised and semi-centralised model: (i) standardised: the LTG Group as a whole is guided by a common set of

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established anti-corruption policies, methodologies and processes; and (ii) semi-centralised: the implementation of anti-corruption is carried out by the employees of the LTG/operating units, and the monitoring of the same is performed on a centralised basis.

5.1.2. The LTG Group's anti-corruption model is shown in Fig. 2.

5.1.3. The Boards of LTG/Business Unit and the General Manager of LTG/Managers of Business Units carry out evaluative analysis and monitoring of the LTG Group's anti-corruption activities, and make recommendations and suggestions on the effectiveness and improvement of the implementation of anti-corruption measures within the LTG Group;

5.1.4. The Director of LTG's Business Resilience is responsible for planning anti-corruption objectives and the measures needed to achieve them, and the resources needed to carry out effective anti-corruption activities; ensuring that appropriate, effective, innovative and timely anti-corruption measures are implemented within the LTG Group to mitigate and manage corruption risks, and that LTG Group employees are informed about the implemented anti-corruption measures through selected effective means of dissemination, and is responsible for systematically educating employees on relevant anti-corruption topics;

5.1.5. LTG's Business Resilience Anti-Corruption Policy Manager coordinates and monitors the effectiveness of the anti-corruption measures implemented;

5.1.6. The LTG Group Corruption Risk Assessment Task Force assesses the LTG Group's activities in terms of corruption risk and draws up a list of activities that may be affected by corruption risk; analyses the non-compliances identified within the LTG Group in the area of prevention of corruption; and decides which of these non-compliances should be included in the Register of Corruption Risks;

5.1.7. LTG's internal audit conducts periodic corruption audits and corruption risk management assessments;

5.1.8. Anti-corruption measures within the LTG Group are implemented by the General Managers of the LTG/Business Units, the Heads of Function of the LTG/Business Units, LTG Business Resilience, and the employees of the LTG/Business Units, in accordance with their assigned responsibilities and in accordance with the requirements of the Standard;

5.1.9. Investigations into cases of fraud, corruption or other criminal offences within the LTG Group shall be carried out by LTG Business Resilience, and the Helpline and Whistleblower Protection Channel shall be managed by LTG Business Resilience;

5.1.10. The Director of the Business Resilience shall inform the General Manager of the LTG/Business Unit of any unlawful acts committed by employees of the LTG/Business Unit which have the elements of a criminal offence;

5.1.11. The Director of Business Resilience shall inform the LTG Board of the potentially illegal actions of the General Manager of LTG.

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LTG / BU Board LTG / BU CEO	• Evaluative analysis and monitoring; • Providing suggestions and recommendations for efficiency
Director of Business Resilience	• Determining the directions of activities • Planning (determining of goal/measures)
Manager of Anti-corruption Policy at Business Resilience	• Coordinates the effectiveness of the anti-corruption measures implemented • Monitors the effectiveness of the implementation of targeted measures
LTG Risk Assessment Group	• Assessment of corruption risks and draw up the list of risk activities • Analysis of non-compliance and decisions regarding their inclusion in Corruption Risk Register
LTG' Internal Audit	• Assessment of Corruption Risk Management • Auditing activities and processes from a corruption perspective
LTG/BU CEO, employees of LTG Business Resilience, All employees	• Implementation of targeted measures

Fig. 2. Responsibility allocation scheme

5.1.11. The general principles and methods to be applied for the management of corruption risks shall be determined in accordance with the Risk Management Policy No. P/FN14/LG/1 and the methodologies and standards that implement this Policy.

6. Final Provisions

6.1. The Policy shall be approved by a decision of the LTG Board.

6.2. The review and update of the Policy shall be initiated by the Director of Business Resilience of LTG.

6.3. The Policy shall be reviewed at least once a year and updated as necessary.

6.4. The Policy shall apply to the extent that it does not conflict with the laws of the Republic of Lithuania and/or other applicable legal acts.

6.5. Violation of the provisions of the Policy may be considered as a case of gross misconduct and may be subject to the liability provided for by the legislation of the Republic of Lithuania.

6.6. The Policy shall be published on the LTG website.