
ANTI-BRIBERY & ANTI-CORRUPTION POLICY

Canonite's guidebook to Zero Dishonest

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CANON INDIA PRIVATE LIMITED

1. Objective

Canon's commitment is to conduct the business in compliant environment with honesty, integrity and in conformity with the highest possible ethical standards to ensure monitoring, prevention and detection of fraud, bribery and all other corrupt business practices. We take a zero-tolerance approach to bribery and corruption and are committed to act professionally, fairly and with integrity in all our relationships and business dealings wherever we operate. We strive to implement and enforce effective systems to counter bribery and promote "Zero Dishonesty".

The objective of this policy is to spread awareness about the possible misconducts related to bribery and corruption amongst Canon employees and set responsibility of all the employees, vendors and partners' etc. to vigilantly observe and uphold the position against bribery & corruption and to ensure compliance with regulatory requirements with respect to Anti-Bribery and Anti-Corruption laws.

2. To whom this policy is applicable?

- 2.1 This Anti-bribery and Anti-corruption Policy (this "Policy") applies to all individuals working for Canon India Private Limited ("Canon" or "CIPL") at all levels and grades, including directors, Managers, officers, employees (whether permanent, fixed-term or temporary), trainees, seconded staff, casual workers, volunteers, interns, agents, or any other person associated with "Canon"(collectively referred to as "You" or "you" in this Policy).

3. What is bribe & Corruption?

- 3.1 A bribe is an act of offering, giving, receiving, or soliciting inducement, payment, reward or advantage offered, promised or provided to recompense to a recipient in exchange for an alteration of their behavior (to the benefit/interest of the giver) that the recipient would otherwise not alter and gain any commercial, contractual, regulatory or personal advantage.
- 3.2 A bribe may be anything of value and not just in form of money gifts, inside information, sexual or other favors, corporate hospitality or entertainment, offering employment to a relative, payment or reimbursement of personal expenses, charitable donation or social contribution, abuse of function – given directly or thru an agent or representative.
- 3.3 Corruption includes wrongdoing on the part of an authority or those in power through means that are illegitimate, immoral or incompatible with ethical standards.

4. Laws and regulations prohibiting bribery and corruption?

It is illegal to directly or indirectly offer or receive bribe. It is also a separate offence to bribe a government/ public official. Indicative Laws & regulations relating to bribery and corruption as applicable to commercial organizations including companies and residents of India mentioned as below:-

- 4.1 Prevention of Corruption Act,1988
- 4.2 Lokpal and Lokayuktas Act – 2013
- 4.3 Companies Act – 2013
- 4.4 Black Money Act – 2015
- 4.5 Indian Penal Code – 1860
- 4.6 Whistle Blowers Protection Act – 2011

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Further important Policies, laws and regulations applicable to CIPL being a subsidiary of CINC, such as:-

- 4.7 Canon's code of conduct.
- 4.8 The Foreign Corrupt Practices Act 1977 ("FCPA").
 - 4.8.1 This is an U.S. legislation dealing with bribery and corruption to government officers in foreign countries (i.e. outside The U.S.) by any company, its subsidiaries, holding companies which are registered in the U.S. stock exchange to obtain or retain business.
 - 4.8.2 The FCPA prohibits offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business.

** FCPA requirements are mandatory to comply for CIPL as it is a subsidiary of CINC which is listed in the U.S. stock exchange.

5. What else could be covered under bribery and corruption?

Below are the suggestive instances which will be considered as an act of bribery or corruption:-

- 5.1 Employee of Canon entering, directly or indirectly into any business transaction with Canon
- 5.2 In order to obtain or provide undue benefit/ undue advantage on behalf of an employee his/ her representative or relative provides, solicits or accepts cash or its equivalent, entertainment, favors, gifts etc. to or from present/ prospective competitors, vendors, suppliers, customers or others.
- 5.3 Non-Disclosure of Conflict of Interest as per policy of Canon India Private Ltd
- 5.4 Claiming/supporting/arranging undue benefits/ undue advantage/ reimbursement from Canon India Private Limited
- 5.5 Loans from any persons or companies having or seeking business with Canon, except recognized financial institutions.
- 5.6 Loans in any form taken from a subordinate in CIPL.

6. Gifting Conventions of Canon India

The basic rule is that we do not accept gifts from Canon partners, suppliers and vendors. It is a good habit to politely decline gifts simply citing our company policy.

In a situation where it is impolite to refuse out rightly being in a public forum/packed condition/gift left at reception in the absence of employee's presence in office, one may accept the same if they are bouquet, garland, headgear, shawl, books, eatables, small promotional items of their company, preferably bearing their logo with an approximate value of not more than INR 2000.

Gifts received on personal events (Social gathering invited by employees like wedding etc,) need to be declared (irrespective of amount) for HR/SIA's directions.

Gifting to customers is allowed up to limits prescribed in DOA subject to necessary approvals. The purpose of gifting and details of recipient, needs to be adequately documented. The intention of gifting must not be to provide/gain undue benefit, but to honor social custom.

7. Do's

Every employee, consultant, associate, partner or any other person entering into a contractual relationship on behalf of Canon must:-

- 7.1 Conduct reasonable due diligence to review the integrity of the Third Party before entering a commercial relationship and must present the true facts and information known and collected by him to the approving authority.
- 7.2 Must obtain necessary approvals and shall completely follow the documentation process for engagement and selection of any Third Party.
- 7.3 Communicate each Third Party within your work area about Canon's mandate of ethical business operations.
- 7.4 Ensure fees and commissions agreed will be appropriate and justifiable remuneration for legitimate services rendered.
- 7.5 If you receive an offer of bribe or to be a part of a corrupt act, immediately report the matter through reporting channel.
- 7.6 In the event of any doubt on the integrity of a Third Party, it is your responsibility to contact your Manager, Division head or SIA. The matter can also be reported via the whistle blowing portal through reporting channel.
- 7.7 All relationships with those whom Canon deals with should be cordial, but must be on an arm's length basis.

8. Don'ts

It is prohibited for "You" (or someone on "your" behalf) to: -

- 8.1 Accept an offer of a gift of any size from any "Third Party" which is in negotiation with, or is submitting a proposal with Canon.
- 8.2 Give, promise to give or offer, any payment, gift, hospitality or advantage to obtain or retain business.
- 8.3 Any payments/ undue advantage made to or received from a commercial organizations in return for a business favor/ advantage, such as a payment made/ received to secure the award of a contract.
- 8.4 Any unofficial payment/ undue advantage made to secure/ retain business or expedite a routine government action by a government official which otherwise would not result the same as after making the unofficial payment.
- 8.5 Any unofficial payment/ undue advantage or equivalent received by an employee from his subordinate, dealer, partner, consultant, associate or any other person in contractual relationship with canon.
- 8.6 Any illegal payment/ undue advantage made to a company, agency, media house or alike entity to hide or expose, suppress or reveal, exaggerate or compress any issue, information or fact in order to gain business/ personal advantage.
- 8.7 Any Charitable donation/ undue advantage made to any political party, trust, institution, organization or alike entity in order to obtain/ retain business.
- 8.8 Threaten or retaliate against any employee, partner or vendor who has refused to commit a bribery offence or who has raised concerns under this policy

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- 8.9 Any other willful act with corrupt intent to defeat, by pass the provisions of this policy or other regulations or to enter into any arrangement which lead to breach of this policy or breach the intention of this policy actually or morally.

9. Record-keeping

- 9.1 All accounts, books, invoices and other documents & records must be maintained in reasonable detail which accurately and fairly reflect the transactions and dispositions of the assets of the company.
- 9.2 No accounting entry, expense, provisions will be kept “off the books” in order to facilitate or conceal improper payments or arrangements.

Further preparation of incorrect books of accounts or manipulation with same is also a violation of FCPA.

10. How to report a concern?

Every employee who has a concern relating to any issue or suspicion of any non-compliance, malpractice or any other illegitimate arrangement must report the issue to the WB helpline www.ethicspoint.com (as defined in Vigil Mechanism policy - **SIA/PO/001**) at earliest possible stage.

Alternatively, whistleblower can send a mail directly to the vigilance officer and the nominated director at cipl.vigilance@canon.co.in

Any doubtful act which later may or may not be proven to be a violation to this policy must also be reported or consulted with SIA to determine possibilities of any non-compliance.

11. Whistle Blower Protection

A whistleblower would be given the option to keep his/ her identity anonymous while reporting an incident on Ethics Helpline. The company will make no attempt to discover the identity of an anonymous whistleblower. If the whistleblower's identity becomes known during the course of the investigation, company will ensure that the identity of the whistleblower will be kept anonymous and confidential to the extent possible, unless required by law or in legal proceedings.

Protection under this mechanism would not mean protection from disciplinary action arising out of false allegations made by a whistleblower.

(For further details on reporting and whistle blower protection please read the vigil mechanism available on “Excellence one” and Official website of Canon India Private Limited).

12. Violations and Penalties

In addition to the individual penalties including statutory penalties provided under any law for the time being in force, any employee who breaches this Policy will be subject to disciplinary action, which could result in termination of the employee's services or any other action as deemed fit by the disciplinary committee.

“Annexure – A”

Frequently asked questions (FAQ’s)

Question 1

What is meant by Undue Advantage?

Answer.

“Undue Advantage” means any gratification whatever, other than legal remuneration.

Explanation:

- (a) the word “gratification” is not limited to pecuniary gratifications or to gratifications estimable in money;
- (b) the expression “legal remuneration” is not restricted to remuneration paid to an employee, but includes all remuneration which he is permitted by CIPL, to receive.

Question 2

What could be the examples of illegitimate actions taken to Obtain or Retain Business?

Answer.

1. Direct / In-direct offer or acceptance of undue benefits in form of cash or otherwise.
2. Undue influencing the procurement process
3. Circumventing the rules for importation of products
4. Gaining unauthorized access to non-public bid tender information
5. Evading taxes or penalties
6. Influencing the adjudication of lawsuits or enforcement actions
7. Obtaining exceptions to regulations with intent to by-pass laws and regulations

Question 3

What else can be considered as bribe?

Answer.

Any unauthorized or illegitimate payment with corrupt intent of obtaining or retaining a business can be considered as bribe, such expenses could be camouflaged under examples given below:-

1. Commissions or Royalties
2. Consulting Fees
3. Sales and Marketing Expenses
4. Scientific Incentives or Studies
5. Travel and Entertainment Expenses
6. Rebates or Discounts
7. After Sales Service Fees
8. Miscellaneous Expenses
9. Petty Cash Withdrawals
10. Free Goods
11. Intercompany Accounts
12. Supplier / Vendor Payments
13. Write-offs

14. Customs Intervention Payments

Question 4

What are the important Questions to Consider When Making Charitable Payments?

Answer.

1. What is the purpose of the payment?
2. Is the payment consistent with the company's internal guidelines on charitable giving?
3. Is the payment at the request of a government official?
4. Is a government official associated with the charity and, if so, can the government official make decisions regarding your business in the country?
5. Is the payment conditioned upon receiving business or other benefits?

Question 5

What are the common examples of "Routine Governmental Action"?

Answer.

An action which is ordinarily and commonly performed by a Government official in—

1. Obtaining permits, licenses, or other official documents to qualify a person to do business in the country;
2. Processing governmental papers, such as visas and work orders;
3. Providing police protection, mail pickup and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods across country;
4. Providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or actions of a similar nature.

Question 6

What are the possible "Red Flags "to any transaction involving third party, which must be reported to your manager, SIA or on the WB portal (as and when required)?

Answer.

1. You become aware that a third party engages in, or has been accused of engaging in, improper business practices.
2. You learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with government officials.
3. A third party insists on receiving an illegitimate commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us.
4. A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made.
5. A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business.
6. A third party requests an unexpected additional fee or commission to "facilitate" a service.
7. A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services.
8. A third party requests that a payment is made to "overlook" potential legal violations.
9. You receive an invoice from a third party that appears to be non-standard or customized.
10. A third party insists on the use of side letters or refuses to put terms agreed in writing.
11. You notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided.
12. A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
13. You are offered an unusually generous gift or offered lavish hospitality by a third party.
14. Compensation arrangements that are disproportionate, non-transparent or otherwise unusual.

Question 7

What would a Third Party mean in context of this policy document?

Answer.

In this Policy, "Third Party(ies)" means any individual or organization, who / which come into contact with CANON or transact with CANON and also includes actual and potential clients, vendors, suppliers, consultants, intermediaries, representatives, subcontractors, agents, advisers, joint ventures and government & public bodies (including their advisers, representatives and officials).

Question 8

What is Claiming/supporting/arranging undue benefits/reimbursements from the company?

Answer.

Below mentioned are some examples/ categories of corrupt activities of Claiming/supporting/arranging undue benefits/reimbursements from the company in order to gain undue personal benefits:-

1. Presenting fake, false, overpriced, illegitimate, undue claims.
2. Presenting undue claims for activities not actually conducted/ happened (e.g. Claiming expenses for a taxi while actually travelled in a bus).
3. Supporting vendors, Partners etc. to gain undue benefits from a company sponsored event or activity.
4. Receiving kickbacks from vendors, partners etc. for supporting or not disclosing any illegitimate use of company resources and presenting or supporting to present such activity as righteous one.
5. Misrepresentation of liquor bills as food bills claiming the same from the company.
6. Helping or supporting partners to claim undue benefits in form of promoter salaries where the promoter is a "Ghost Employee" or relative of the partner.
7. Camouflaging illegitimate payments such as bribes etc. into righteous expenses (e.g. payment of cash or other gifts to government official and claiming it as miscellaneous expenses from the company).
8. Providing/ arranging services for the company and presenting claims by hiding the fact that you are directly or indirectly related to the vendor.