



# **Anti-Corruption & Anti-Bribery Policy**

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## 1. Purpose and Scope

It is one of the fundamental principles of Befesa, including all its group companies and subsidiaries ("**the Company**") to strictly observe all national and international anti-corruption laws and regulations. Anti-corruption laws and regulations intend to prevent corruption to ensure fair competition. Compliance with anti-corruption laws and regulations is of outstanding importance for the reputation of the Company as an integer business partner committed to fair competition. The Company is committed to compete for business by the quality and price of its products and services, but not by offering improper advantages or benefits to others.

This Anti-Corruption Guideline ("Guideline") is binding on all directors, officers and employees of the Company ("Employees"). Third parties representing the Company (such as agents, sales representatives, distributors, consultants) must agree to represent the Company in a manner consistent with the Guideline as well as all applicable laws and regulations.

This Guideline sets forth the anti-corruption rules defined by the Company to ensure that the Company and its Employees are always regarded as an integer business partner. All Employees and third parties representing the Company must strictly comply with the rules set forth in this Guideline and all applicable laws and regulations concerning corruption or bribery, whichever are more restrictive.

## 2. Compliance with Anti-Corruption Laws is Unconditional and the Personal Responsibility of Every Employee

It is the unconditional policy of the Company to fully comply with all applicable anti-corruption laws and regulations worldwide and to enforce strict compliance throughout the Company.

Each Employee must be familiar with and strictly observe the anti-corruption rules set forth in this Guideline and the anti-corruption or anti-bribery laws and regulations in which he/she is operating or which are affected by his/her operations. Each Employee is held personally responsible to fully comply with the rules set forth in this Guideline and the relevant specific anti-corruption or anti-bribery laws and regulations. Non-Compliance will be taken seriously by the Management of the Company and will lead to personal consequences for the relevant Employee (including disciplinary action up to dismissal for cause).

## 3. "Benefits"

The term "Benefit" as used herein shall mean anything of (material or immaterial) value, including, not limited to, cash and cash equivalents (like checks, loans, moratoriums, waiver of debt), personal discounts and price reductions not generally available, gifts, invitations

to cultural or sportive events, favours, use of facilities, material or equipment, drinks, meals, transportation, lodging, promise of future employment.

#### 4. Benefits to Public Officials

Bribery of domestic public officials has been regarded as a crime in most of the countries for a long time. This has been different with respect to the bribery of foreign public officials, which has not been prosecuted in many countries for many years. As of today also the bribery of foreign public officials has been prohibited in most of the countries in which the Company operates.

Except as provided below, no Employee may, directly or indirectly, offer, promise, grant, authorize or approve the giving of any Benefit to a domestic or foreign Public Official (as hereinafter defined) to influence his or her decision making, to obtain an advantage in return or to give a consideration for a past advantage, irrespective whether such advantage has been or will be legal or illegal. Moreover, to ensure the high reputation of the Company, Benefits to Public Officials are also prohibited if the respective Benefit might cause only the impression as if intended to influence the decision of a Public Official, or to obtain an advantage or to give a consideration for a past advantage.

The term "*Public Official*" as used herein is broadly defined and includes

- any officer, employee or representative of, or any person otherwise acting in an official capacity for or on behalf of a Governmental Authority (for the purposes of this Guideline, the term "Governmental Authority" includes any national or local governmental institutions; associations; enterprises or companies owned or controlled by governments; and any supra-national organizations),
- any political party and any officer of, or individual who holds a position in, a political party, and any candidate for political office,
- any person who otherwise exercises a public function or task for or on behalf of any country or public body.

In practice, this can include (but is not limited to) civil servants, inspectors, members of a political party, employees of a state university, judges, customs and immigration officials, ambassadors and embassy staff, and law enforcement personnel.

The prohibition to offer, promise, grant, authorize or approve any Benefit to Public Officials extends also to Benefits to members of the family of the Public Official and to other *third parties* closed connected with, or related to, a Public Official.

Furthermore, the prohibition also extends to so-called *facilitation payments*. A facilitation payment is an unofficial payment to encourage the recipient or a third party to perform his/her existing obligation or role, or expedite or refrain from performing a routine task he/she may otherwise be obligated to do. This can be payments to perform a routine task such as obtaining a permit, license or other official document and processing

governmental papers (such as visas or work orders). Facilitation payments are forbidden also if they are small or if they may be expected or customary.

No Employee shall provide any Benefit to a *third party* acting as an intermediate (such as an "agent" or "consultant") while "knowing" that all or part of the Benefit will be used for granting or promising a Benefit to a Public Official. The term "knowing" also includes situations in which the Employee showed "wilful blindness" or "deliberate ignorance" to circumstances which make it likely or even only possible that the intermediate grants a Benefit to a Public Official. Therefore, all payments to agents, consultants and similar persons must be made by wire transfer or check (not in cash) and the amount of payment must not exceed the amount normally paid for the legitimate kind of service.

Except as provided below, to ensure strict compliance of the company with the strict rules of bribery of Public Officials, any Benefit offered, promised or granted to a Public Official (or to a person closely connected with, or related to, a Public Official) requires the prior written approval of the respective Compliance Officer. The Compliance Officer, for example, may approve the Benefit if the supervisor of Public Official has given his/her consent that the Public Official may accept the Benefit.

Without having obtained a prior approval by the Compliance Officer, a Public Official may be invited to a business meal or drink, if

- the invitation is made in good faith and reflects normal business courtesy,
- the meal and/or drink is not lavish or extravagant in the context provided (taking into account that the threshold when dealing with Public Officials may be considerably lower than the threshold when dealing with a business partner),
- the invitation cannot reasonably be perceived in any way as a bribe, and
- the invitation complies with all applicable laws and regulations.

If any of the above requirements is questionable, Employees should ask for prior written approval by the Compliance Officer.

## **5. Benefits to Persons other than Public Officials**

While bribing a Public Official constitutes a crime in most jurisdictions, commercial bribery, i.e. granting a Benefit to persons other than Public Officials, might be seen less strict in various jurisdictions. Nevertheless commercial bribery is also forbidden and constitutes a crime in many jurisdictions where the Company operates.

Irrespective of how commercial bribery is qualified in the various jurisdictions, the Company is committed to the principles of fair competition, which include competing for a business by price and quality of the products and services and not by improper Benefits to others.

Therefore, except as provided below, no Employee shall, directly or indirectly, offer, promise, grant, authorize or approve any Benefit to a business partner or prospective business partner (including, but not limited to, customers, suppliers, competitors) or their respective employees or persons closely connected with, or related to, them in order to induce or reward the improper performance of the person's relevant function. Moreover, for the sake of the high reputation of the Company, Benefits shall be forbidden already if they could be *construed* as an inducement to or reward for an improper performance of the person's relevant function.

The term "*relevant function*" can include any function or activity connected with a business, any activity performed in the course of a person's employment or any activity performed by or on behalf of a company or enterprise.

Any such function is performed "*improperly*" by a person if the person performs the function in breach of what would be expected from him/her by a reasonable person by reference to any applicable requirements of good faith, impartiality or any position of trust which that person may hold.

Benefits to persons other than Public Officials require the prior approval of the Compliance Officer if

- the Benefit might appear to be offered, promised, granted, authorized or approved to gain an unfair business advantage (in particular if the Benefit is offered, promised, granted, authorized or approved during on-going or upcoming negotiations with the (prospective) business partner) or
- the Benefit might not clearly correspond to courtesy, meet local customs or might be socially not acceptable.

Benefits to persons other than Public Officials are allowed without prior approval by the Compliance Officer

- if the Benefit is not (and does not appear to be) offered, promised, granted, authorized or approved to gain an unfair business advantage (in particular the Benefit is not offered, promised, granted, authorized or approved during on-going or upcoming negotiations with the (prospective) business partner and
- the Benefit clearly corresponds to courtesy, meets local customs and is socially acceptable and
- the applicable anti-corruption laws and regulations do not provide for stricter rules.

*Sales promotion items* (like calendars, appointment books, mouse pads, coffee mugs, pens) must have a reasonable value, and fulfil also the other above requirements. Therefore, unless extraordinary circumstances are given, the giving of normal sales promotion items is permitted. However, as a matter of principle, sales promotion items should not be given during on-going or upcoming negotiations with the (prospective) business partner (unless

approved by the Compliance Officer beforehand), to the same person more than twice a year, and, for the sake of transparency, sales promotion items should not be mailed or delivered to the recipient's home.

The *invitation to an ordinary business meal* is permitted, provided that

- the meal has a clear business purpose.
- the invitation is reasonable in frequency.
- The invited person is in a position to offer a similar business meal in return (in order to avoid the appearance that the invitation might induce the invited person to give an improper advantage to the Company in return for the invitation),
- The invitation meets local customs and is socially acceptable, in particular the relevant location does not offer the possibility of any sexual interaction,
- The invitation does not take place during on-going or upcoming negotiations with the (prospective) business partner (unless approved by the Compliance Officer beforehand in writing) and
- The applicable statutory laws and regulations do not provide for stricter rules.

The *invitation to cultural or sportive events* must be viewed as more critical than the invitation to a business meal, because the legitimate business purpose (such as the discussion of a business matter) is less apparent. An invitation to a cultural or sportive event must be viewed even more critical if also the family members of the (prospective) business partner are invited or if the representative of the Company is not actually participating.

A (prospective) business partner may be invited to a cultural or sportive event only, if

- the event is in connection with an objective business meeting or other business event, which is clearly not feigned,
- the cultural or sportive event does not have an exclusive character (such as a golf or tennis championship, hunting or the consumption of VIP tickets),
- both the Employee and the business partner are present at the event,
- the invitation meets local customs and is socially acceptable,
- the invitation does not appear to others as if it is offered with the expectation of gaining an unfair business advantage (in particular the invitation does not take place during on-going or upcoming negotiations with the (prospective) business partner (unless approved by the Compliance Officer beforehand), and
- the invitation does not violate any statutory anti-corruption laws or regulations.

Exceptions can be granted in special circumstances, but always require the prior approval of the Compliance Officer of the Company.

In all cases the invitation to a cultural or sportive event must be accurately and completely recorded in the books of the Company.

*Traveling cost* of a (prospective) business partner or their employees should be borne by the relevant business partner (or his/her company), not by the Company. Taking over or reimbursing such cost might be easily viewed as an attempt of the Company to gain an unfair business advantage. Exceptions are conceivable, but always require the prior approval of the Compliance Officer of the Company.

Granting Benefits during *on-going or upcoming negotiations* with a (prospective) business partner are never permitted – independent from their value, unless expressly permitted by the Compliance Officer beforehand.

Granting Benefits consisting of *cash or cash equivalents* (for example, checks, loans, moratoriums, waiver of debt) and granting Benefits of or with a *sexual or immoral nature* are never permitted.

No Employee shall provide any Benefit to a *third party* acting as an intermediate (e.g. "agent" or "consultant") while "knowing" that all or part of the Benefit will be used for granting or promising a Benefit to a person to induce that person to, or reward that person for, an improper performance of his/her relevant function. The term "knowing" also includes such situations in which the Employee showed "wilful blindness" or "deliberate ignorance" to circumstances which make it likely or even only possible that the intermediate grants a Benefit to a person to induce to or reward for an improper performance of the relevant person's function.

## **6. Accepting Benefits**

Fair competition and the reputation of the Company are also impaired if an Employee of the Company asks or accepts a Benefit which gives the appearance as if he/she might be able to be induced to or is rewarded for an improper performance.

Therefore, except as provided below, no Employee may use his/her job to, directly or indirectly, solicit, ask, demand, accept or be promised any Benefit for himself/herself or any person related to him/her from any person (including, but not limited to, suppliers, customers or competitors of the Company). Moreover, each Employee must avoid any action which might give the *appearance* as if the Employee is soliciting, asking, demanding, accepting or being promised a Benefit.

Employees may accept a Benefit only, if

- the Benefit is not granted (and does not appear to be granted) by the donor to reward an improper performance of the Employee's function



- the donor does not expect (and does not appear to expect) to induce the Employee to an improper performance of his/her function (in particular the Benefit is not granted during on-going or upcoming negotiations with the (prospective) business partner),
- the Benefit corresponds to courtesy, meets local customs and is socially acceptable, and
- the acceptance complies with the relevant statutory laws and regulations.

Benefits which do not meet the above mentioned requirements must be refused or returned by the Employee. If the refusal or return is likely to insult or embarrass the donor or is not possible or socially not acceptable for other reasons, the Employee may accept the Benefit, but must promptly inform the Compliance Officer of the Company. The Compliance Officer will then decide whether the benefit should be retained by Employee, handed to the Company or returned. If the decision is that the benefit is handed to the Company, then the benefit should be given to a nominated charity or made available to all employees of the immediate Business Unit.

Notwithstanding the above, each Employee must *notify* in writing the Compliance Officer if he/she has accepted a Benefit with an excessive value (other than invitations to an ordinary business meal in line with the rules of this Guideline, which must not be reported to the Compliance Officer) The notification must contain the following information: (i) kind of Benefit received, (ii) estimated value, (iii) name and position of the donor, (iv) company of the donor, (v) relationship between the Employee and donor, (vi) time and place of receipt.

Employees may accept the *invitation to an ordinary business meal*, if

- the meal has a clear business purpose,
- the meal is reasonable in cost.
- the invitation is reasonable in frequency.
- the Employee is in a position to offer a similar business meal in return (in order to avoid the appearance that the Employee might be induced to improperly perform his/her function in return for the invitation),
- the invitation meets local customs and is socially acceptable, in particular the relevant location does not offer the possibility of sexual interaction, and
- the invitation is in line with applicable statutory laws and regulations.

If there are on-going or upcoming negotiations with the (prospective) business partner, Employees should be reluctant to accept any invitation to a business meal.

Furthermore, Employees should be reluctant to accept any *invitations to cultural or sportive events*. This applies in particular if the invitation is extended to family members, because then the business purpose can be very often easily questioned. In an exceptional case an invitation to a cultural or sportive event can be accepted, if

- the event is in connection with an objective business meeting or other business event, which is clearly not feigned,
- the cultural or sportive event does not have an exclusive character (such as a golf or tennis championship, hunting or the consumption of VIP tickets),
- both the Employee and the business partner are present at the event,
- the invitation meets local customs and is socially acceptable,
- the invitation does not appear to others as if it is offered with the expectation of gaining an unfair business advantage (in particular the invitation is not made during on-going or upcoming negotiations), and
- the invitation fully complies with the relevant statutory laws or regulations.

Costs for *business travel and accommodation* of Employees shall always be borne by the Company according to the relevant travel guidelines. This does also apply for cost for travel to a cultural or sportive event to which an Employee might be invited (including transportation to the event, lodging for an event and meals not directly provided in conjunction with the event).

If a business partner provides "in-house" accommodation, the Employee should determine the fair market value, make the appropriate payment to the business partner, and arrange for reimbursement via the expense report. If a reimbursement is likely to insult or embarrass the business partner or is not possible for other reasons, the Employee must promptly inform the Compliance Officer of the Company, who will then decide on any steps which may be necessary.

Employees may take advantage of *discounts and other promotions* offered by suppliers, customers or other business partners of the Company, if (and only if) such discounts or promotions are available to *all* Employees of the Company.

Benefits must not be accepted during *on-going or upcoming negotiations* with a (prospective) business partner – independent from their value, unless expressly permitted by the Compliance Officer beforehand. An exception to this strict principle applies to the invitation to a business meal or drink, provided the invitation meets the above mentioned requirements.

Benefits consisting of *cash or cash equivalents* (like checks, loans, moratoriums, waiver of debt) and Benefits with a *sexual or immoral nature* may never be accepted by any Employee.

## **7. Selection and Monitoring of Representatives**

Representatives of the Company (such as agents, distributors, sales representatives, consultants acting for or on behalf of the Company) ("Representatives") must represent the

Company in a manner consistent with this Guideline as well as with all applicable laws and regulations.

All agreements with a Representative must contain a written confirmation of the Representative that

- the Representative has received a copy of the Anti-Corruption Guideline,
- he/she will abide by this Guideline and all applicable anti-corruption laws and regulations,
- the Company is entitled to terminate the agreement for cause if the Representative is in breach of this obligation, and
- the Company is entitled to monitor and audit such compliance.

Before selecting a Representative, the respective Employee must conduct a due diligence in order to determine the commitment of the (prospective) Representative to legal and ethical business practices. Any behavior which may raise the slightest concern from the perspective of an objective third party that the (prospective) Representative may have an illegal or unethical business behavior disqualifies this person as an appropriate business partner of the Company.

To facilitate the selection process and the later monitoring process of the (prospective) Representative, a list of "Red flags" is set forth in **Annex A**. In case one or more of these Red Flags shows up, each Employee should be warned with respect to entering into or continuing a business relationship with the respective person. In any such case, the Employee should investigate further in order to ensure that the respective person meets the integrity requirements of a Representative of the Company.

## **8. Political Contributions**

Political contributions mean contributions of anything of value to support a political goal. Examples include local, regional or national political funds raising events, providing goods or services to a political party or candidate for a political office, paying employees during working hours to work at a political function, or paying for political campaign expenses.

Befesa does not allow any political contribution. No direct or indirect pressure in any form may be directed toward any Employee to make a personal political contribution or to participate in the support of a political party or the political candidacy of any individual.

## **9. Donations**

Donations are voluntary contributions in money or kind without consideration (i.e. where the Company is not paid and does not receive anything in tangible in return) to third parties for educational, scientific, environmental, cultural or social purposes.

In order to avoid any misuse, each donation must comply with the following requirements:

- Each donation must be clear and visible. This means in particular: the identity of the recipient and the planned use of the contribution must be clear and plausible and its purpose must be justifiable. The identity of the recipient and planned use and purpose of the donation must be properly documented.
- Donations must not be made to secure inappropriate competitive advantages for the Company or for improper purposes.
- Donations must not be made for political or religious purposes (for example, donations to politicians, political parties, churches or priests).
- Donations must not be made to individuals or for-profit organizations.
- Donations must not be paid to any private accounts.
- Each donation must be signed off by at least one member of the Management Board of the Company or by the person formally designated by the Management Board to decide on donations.

To the extent applicable under local law, donations must be made in a form that ensures their tax deductibility (e.g. against donation receipt).

## **10. Sponsoring**

Sponsoring activities mean any contribution in money or in kind by the Company towards an event organized by a third party in return for the opportunity to display the Company's logo, advertise the Company's brands, being mentioned in the opening or closing addresses, or the participation of a speaker on a discussion panel, as well as tickets to the event.

Each sponsoring activity must comply with the following requirements:

- A written sponsoring agreement must be concluded. The agreement must specify the name and address of the recipient, its banking details, the exact amount of the contribution, the event for which the funds are given and the consideration which the Company will receive in return.
- The sponsoring must be justified by a legitimate and plausible business purpose; it must not be made to secure an inappropriate competitive advantage for the Company.
- The contribution offered by the Company must be proportionate to the consideration the Company receives in return.
- Each sponsoring contribution must be signed off by at least one member of the Management Board of the Company or by the person formally designated by the Management Board to decide on donations.

## **11. Local Anti-Corruption Law may be Stricter**

Each Employee has the continuing obligation to be familiar with the relevant anti-corruption and anti-bribery laws and regulations. In case this Guideline is less strict than the relevant anti-corruption or anti-bribery laws and regulations in a jurisdiction, the stricter anti-corruption or anti-bribery laws and regulations shall prevail. In case this Guideline is stricter, this Guideline shall prevail.

## **12. Questions**

If an Employee has any question regarding this Guideline, he/she is encouraged to refer the question to the Compliance Officer of the Company.

## **13. Reporting of Violations and Actions upon Notification**

Each Employee who knows or has good reason to believe that this Guideline or the relevant anti-corruption or anti-bribery laws and regulations have been violated is encouraged to bring this matter to the attention of the Compliance Officer of the Company.

The Company has established a whistleblowing system and the address is: [https:// www.bkms-system.net/Befesa](https://www.bkms-system.net/Befesa)

Upon request, the identity of the Employee who makes a report in good faith will be kept confidential. The Company will not tolerate retaliation against anyone who has reported a suspected violation in good faith.

Each report of a suspected violation will be investigated without undue delay. If a violation has been confirmed, it is the responsibility of the supervisor to take – after consultation with the Compliance Officer - appropriate action against the relevant Employee.

## **14. Effective Date and Previous Guidelines**

This Guideline comes into force with effect as of 19 December 2014.

It supersedes and replaces any other guidelines or rules of the Company pertaining to the subject matter hereof.

## Annex A

### Red Flags

Each Employee should be careful, if the (prospective) business partner

- refuses to confirm to be bound by the Anti-Corruption Guideline of the Company and to abide by the relevant anti-corruption laws and regulations,
- is located in a country with a reputation for high corruption and bribery (according to the Corruption Perception Index of Transparency International under "www.transparency.org"),
- works in an industry that has a history of corruption problems,
- has a principal that is, or is related to, a Public Official,
- refuses to disclose its ownership or provides documents that conceal the true identification of a representative or agent,
- conducts over-invoicing, issues false invoices, records payment to a wrong payee, or provides payment descriptions that do not correspond to the appropriate account,
- requires payment to unrecorded accounts or holds miscellaneous accounts that can be used to hide improper payments,
- provides travel and expense forms with incomplete or inaccurate information,
- refuses an audit or recertification,
- has been recommended by a Public Official, or by someone on the basis of the business partner's "friends in high places",
- does not appear to be qualified to perform the duties for which the business partner is engaged to assist the Company,
- demands a compensation that is not commensurate with the fees and commissions normally paid for such services,
- requests that commissions be paid in a different country, to a different party or in cash or untraceable funds,
- relies heavily on political or government contacts as opposed to knowledgeable staff and the investment of time to promote the Company's business,
- refuses or is unable to develop or implement a market strategy and to document efforts undertaken on behalf of the Company,
- refuses to accept anti-corruption safeguards in a contract that would set forth business terms,
- asks the representation to be kept secret, and/or
- has or had problems in its relationship with other foreign companies