

ANTI-BRIBERY & CORRUPTION POLICY

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Replaces / supersedes	n/a
Distribution	All Calrec employees
Location	Hebden Bridge
Approved by	Helen Culleton
Issued by	Patricia McNally

I confirm I have read and agree to this policy

Name

Date

1. PURPOSE

Calrec Audio Ltd does business worldwide and we must ensure that all employees obey the laws of the countries in which we do business. We must be especially aware of laws that forbid improper business practices, such as bribery in international business transactions. For example, the Foreign Corrupt Practices Act (the "FCPA") in the United States and the Bribery Act 2010 (the "Bribery Act") in the UK may apply to any activities on behalf of the Company and its entities wherever such activities take place. The legal penalties for violating the FCPA and the Bribery Act can be severe for both individuals and the Company.

This Policy and guidelines have been prepared to help all officers and employees of the Company, as well as our agents and consultants, observe proper business practices. This Policy and guidelines, however, are not a substitute for common sense and good judgment, which all persons associated with the Company are expected to exercise when doing business at home or abroad.

2. SCOPE

All Calrec Audio Ltd employees, agents and consultants

3. DEFINITIONS

Compliance Committee: Finance Director, Technical Director, Head of Sales

4. SAFETY

The requirements of this procedure shall not be construed as conflicting with safe guarding the health of all employees and the safety of equipment and facilities

5. ASSOCIATED DOCUMENTS

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6. REQUIREMENTS

6.1 Policies for Individuals Doing Business

- It is our policy to conduct all business in an honest and ethical manner. We take a zero-tolerance approach to corruption and bribery and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and in implementing and enforcing effective systems to counter bribery.
- The use of Company funds or assets for any unlawful, improper or unethical purpose is prohibited. Accordingly, payments, regardless of amount, to foreign government officials for obtaining, maintaining or directing business to the Company, including gifts of substantial value or lavish entertainment, are not permitted.
- The Company's relationships with foreign government agencies and officials must be such that public disclosure of the full details of these relationships will not damage the Company's integrity and reputation.
- Employees shall comply with the written laws of all countries in which the Company does business. Where different countries' laws are in the conflict, you should consult the Compliance Committee.

6.2 Accounting Record Keeping Policies

- No undisclosed or unrecorded funds or assets of the Company are to be established for any purpose.
- False, inflated or artificial entries may not be made in the books and records of the Company for any reason and no employee shall engage in any arrangement that results in such entries.
- No accounting record or document relating to any transaction may be falsified in any manner that obscures or disguises the true nature of the transaction.
- No payment on behalf of the Company will be approved without adequate supporting documentation, or if made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents which support the payment.
- Compliance with generally accepted accounting principles and established internal audit controls and procedures is required at all times.

6.3 GUIDELINES

A. WHAT IS BRIBERY?

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

Examples:**Offering a bribe**

You offer a potential client tickets to a major sporting event, but only if they agree to do business with us.

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This would be a violation as you are making the offer to gain a commercial and contractual advantage. We may also be found to be in violation because the offer has been made to obtain business for us. It may also be a violation for the potential client to accept your offer.

Receiving a bribe

A supplier gives your nephew a job, but makes it clear that in return they expect you to use your influence in our organization to ensure we continue to do business with them.

It is a violation for a supplier to make such an offer. It would also be a violation for you to accept the offer as you would be doing so to gain a personal advantage.

Bribing a foreign official

You arrange for the business to pay an additional payment to a foreign official to speed up an administrative process, such as clearing our goods through customs.

You are in violation as soon as the offer is made because you have bribed a foreign public official. This is because the payment is made to gain a business advantage for us. We may also be found to be in violation due to your action.

B. Your Responsibilities

You must ensure that you read, understand and comply with this policy.

- The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy. Whenever dealing with foreign government agencies or officials in any capacity, you should determine whether any payment request you receive could be justified under the written laws and regulations of the recipient's nation. If the only justification for a payment is its lawfulness under local law, the payment is to be discouraged. All such payment requests should be reported to management. Recurring payments may receive standing written approval in advance to avoid unnecessary delay and inconvenience. When such approval is given, an appropriate Company officer or subsidiary head must periodically review the types of pre-approved recurring payments and payments actually made. This prohibition applies to the use of corporate as well as personal funds. It also applies to indirect contributions, payments or gifts made through consultants, advisors, suppliers, customers or other third parties. You must notify your manager, or a member of the Compliance Committee as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.

C. Permitted Gifts and Entertainment

Exchanging gifts with customers, suppliers and business partners is a customary part of international business. This practice must, however, be handled carefully and responsibly. In no circumstances may you receive or offer gifts of cash. Gifts and entertainment may be offered so long as these:

- Are directly related to the conduct of the Company's business;
- Are moderate and are given as a courtesy, a token of regard or esteem, or in return for hospitality;

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- Do not break the law or violate regulations or policies in the countries of either the giver or the recipient;
- Do not place the Company under an obligation to a person seeking to do business with us.

D. Facilitation Payments

We do not make, and will not accept, any facilitation payments of any kind.

Facilitation payments: Certain types of payments are often required in countries outside of Europe or North America in order to have a minor government official perform non-discretionary duties that he/she might otherwise delay or fail to undertake. Examples of these so-called “facilitating” payments are:

- Obtaining permits, licenses or other official documents to qualify a person to do business in a foreign country;
- Processing governmental papers, such as visas and work orders;
- Providing police protection, mail pick-up and delivery;
- Providing phone service, power and water supply services;
- Scheduling inspections associated with contract performance or related to transit of goods across a country; and
- Loading and unloading cargo or protecting perishable products from deterioration.

If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. This will help you be sure that you are not making facilitation payments which are prohibited under our policy. Additionally, you should always ask for a receipt which details the reason for the payment. All payments must be documented in writing, properly authorized and recorded in accordance with normal Company control procedures.

E. Agents and Representatives

E.1 Due Diligence: The Company is responsible not only for the business practices of its employees but also the conduct of others with whom the Company does business. Thus, it is important to screen any individual who may be retained as a representative or agent. In general, due diligence would require that the candidate be asked about his/her credentials, that the candidate’s own version be double checked against independent sources, that the information be updated periodically and retained, and that any contract with the candidate contain language to protect against improper conduct. Specific due diligence procedures may also include the following questions:

- Who are the directors, officers and other members of management of the candidate? Are any of them government officials, political party officials or political candidates?
- Who are the stockholders, partners, principals or owners of the candidate? Are any of them government officials, political party officials or political candidates?
- What are the business affiliations of the candidate?
- What are the relevant qualifications of the candidate or its management employees to perform the services in the contract?

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- What do the audited or unaudited financial statements of the candidate reveal about its ability to perform the services required in the contract?
- What do reference checks about the candidate reveal about its ability to perform the service required in the contract?
- Is the performance by the candidate of the services required in the contract consistent with local law?
- Is the level of compensation reasonable given the experience of the candidate, the country where the services are to be performed and the amount of difficulty of the work to be performed?

E.2 Red Flags: You should be alert to “red flags” that should reasonably alert you that a violation of the FCPA or the Bribery Act may occur. Examples of “red flags” concerning agents or representatives include:

- The candidate refuses to confirm that he/she will abide by the anti-bribery provisions of a proposed contract.
- The candidate has family or business ties with government officials.
- The candidate requires that his/her identity not be disclosed.
- The government agency recommends a candidate.
- The candidate’s business seems to lack sufficient staff or experience to perform the services offered.
- The candidate cannot provide references to document claimed experience.
- The candidate’s compensation does not bear a reasonable relationship to the value of the services the candidate is expected to perform, or is larger than customary for such services in that country or elsewhere.
- The candidate makes unusual requests such as to backdate or alter invoices, to over-invoice, to provide an unusually large credit line, to make payments by unorthodox or convoluted means (e.g., through offshore bank accounts).
- The candidate requests unusually large bonuses, substantial up-front payments, inflated commissions or similarly unorthodox payments.

E.3 Contract Terms: Contracts with certain foreign agents or representatives should contain the following terms:

- All parties should acknowledge that they understand the provisions of the FCPA and the Bribery Act and agree to comply with its terms as well as provisions of local law and corporate policy.
- The candidate should acknowledge that the Company may disclose the contents of the agreement to anyone as the Company may consider appropriate.
- If appropriate in the circumstances of the particular contract and the Company so requests, the candidate must agree to provide an opinion of local counsel that the agreement complies with local law.
- The candidate must make warranties and representations that none of the candidate’s principals, staff, officers or key employees are government officials, candidates of political parties or other persons who might assert improper influence on the Company’s behalf.

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- The candidate must be prohibited from transferring or assigning the contract without the Company's consent.
- All payments should be made by check or wire transfer to a bank in the country where the services are rendered, and should be made directly to the candidate rather than third parties.
- The contract should automatically terminate in the event of an improper payment in violation of the FCPA and/or the Bribery Act.

6.4 RESPONSIBILITIES OF THE COMPANY

The Compliance Committee is responsible for ensuring that appropriate procedures are adopted to implement and monitor compliance in accordance with the Company's policies. These procedures should include:

- Providing training on the FCPA and the Bribery Act
- Developing procedures for dealing with foreign government officials and businessmen, including foreign agents and consultants.
- Adopting clear guidelines for permitted gifts or other payments and developing procedures to identify questionable practices or payments to foreign officials.
- Maintaining accounts that are consistent with the Company's policies.

The Compliance Committee is responsible for determining whether a payment is subject to the Company's policy. If there is any question, the matter must be referred to the Compliance Committee for review prior to making the payment. Any payment request where the only justification is that the payment is permitted by local law must be directed to the Compliance Committee for review and approval prior to making the payment.

6.5 PENALTIES

Any individual or company that violates the FCPA and/or the Bribery Act may be subject to criminal and civil penalties as summarized below. We therefore take our legal responsibilities very seriously.

	FCPA	Bribery Act
Individual	<ul style="list-style-type: none"> • Criminal fines of up to \$100,000 • Imprisonment of up to five years per offense • For willful violation, criminal penalty up to \$1,000,000 	<ul style="list-style-type: none"> • Unlimited fine • Up to ten years' imprisonment
Company	<ul style="list-style-type: none"> • Criminal fine up to \$2,000,000 per offense; or • Fine up to two times the amount expected to be gained from the bribery (under Alternative Fine Act); or • For willful violation, criminal penalty up to \$2,500,000 	Unlimited fine Directors and senior officers may be personally liable to be prosecuted if an offence is committed with their consent.
Civil Enforcement	US government may bring a civil enforcement action against an individual and the company with civil penalties of up to \$10,000 per violation.	UK Serious Fraud Office has asset recovery powers for all benefits received by an offence.

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Other penalties	US government procurement, export and import prohibitions.	Company is excluded from bidding for public contracts
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