

**AUDIOTONIX GROUP ANTI-BRIBERY & CORRUPTION POLICY**

Last updated October 2019.

1. **ABOUT THIS POLICY**

In this policy, “**Group**” (and “**we**”, “**us**” and “**our**”) refers to Audiotonix Group Limited and to all of its subsidiaries.

It is our policy to conduct all our business in an honest and ethical manner. We take a zero tolerance to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and enforcing effective systems to counter bribery and corruption.

We will uphold all laws relevant to countering bribery and corruption in all jurisdictions in which we operate. However, we remain bound by UK laws, including the Bribery Act 2010 (“**Act**”), in respect of our conduct both at home and abroad.

The purpose of this policy is to:

1. set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and

(b) provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.

Bribery is the offering, promising, giving or accepting of any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage.

An advantage includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or anything else of value.

A person acts improperly where they act illegally, unethically, or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind.

Corruption is the abuse of entrusted power or position for private gain.

It is a criminal offence to offer, promise, give, request, or accept a bribe. Individuals found guilty can be punished by severe penalties including unlimited fines and/or up to ten years’ imprisonment. As an employer, if we fail to prevent bribery we can face an unlimited fine and damage to our reputation. We therefore take our legal responsibilities very seriously.

1. **WHO THIS POLICY APPLIES TO**

This policy applies to all persons working for us or any Group company or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with us, wherever located.

Employees of any company within the Group are expected to abide by this policy or further amended versions in place from time to time. This policy does not form part of any employee's contract of employment and we may amend it at any time.

1. **ANTI-BRIBERY AND CORRUPTION PRINCIPLES**

Whilst we respect the rules by which others conduct their own business, these are the principles by which the Group conducts its business:

* To carry out our business fairly, honestly, openly and with integrity.
* Not to make bribes, or condone the offering of bribes on our behalf.
* Not to accept bribes, or agree to them being accepted on our behalf.
* To ensure that there are in place adequate procedures to assess and control the risk of bribes and to keep such procedures under review.
* To keep clear and updated records.
* To adequately communicate this policy to our business partners and, where they act on our behalf, to ensure their compliance with this policy.
* To effectively communicate this policy to our employees and to provide adequate training and support to them to enable them to implement this policy.
* To provide our employees appropriate means of reporting bribery or raising concerns in relation to this policy without fear of prejudice or retribution.
1. **IMPLEMENTATION & GUIDANCE**
	1. **The Act**

The Act contains two general offences covering the offering, promising or giving a bribe (ACTIVE BRIBERY) and the requesting, agreeing to receive or accepting of a bribe (PASSIVE BRIBERY). It also sets out two further offences which specifically address commercial bribery. These are:

* Bribery of a Foreign Public Official in order to obtain or retain business or an advantage in the conduct of business; and

* Corporate liability for failing to prevent bribery on behalf of a commercial organisation.

“Foreign public official”, as defined in the Act, means an individual who:

* holds a legislative, administrative or judicial position of any kind, whether appointed or elected, of a country or territory outside the United Kingdom (or any subdivision of such a country or territory);
* exercises a public function:
	+ for or on behalf of a country or territory outside the United Kingdom (or any subdivision of such a country or territory), or
	+ for any public agency or public enterprise of that country or territory (or subdivision), or
* is an official or agent of a public international organisation.
	1. **Jurisdiction**

The Act also provides that the UK Courts will have jurisdiction over offences committed in the UK, but also over offences committed outside the UK where the person committing them has a close connection with the UK by virtue of being a British National, or ordinarily resident in the UK, or a person performing services for or on behalf of a body incorporated in the UK. It does not matter whether the offences take place in the UK or elsewhere. The UK courts have jurisdiction. There is NO corporate liability for receiving a bribe (PASSIVE BRIBERY) by a person performing services on behalf of a body incorporated in the UK. The offence is specifically related to such persons offering or giving a bribe (ACTIVE BRIBERY).

* 1. **Responsibility for this Policy**

The board of directors of Audiotonix Group Limited (“**Board**”)has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

The compliance manager, Helen Culleton, has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering bribery and corruption.

Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.

You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the compliance manager via helen@audiotoix.com.

* 1. **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 the Group or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

You must notify your Director/Managing Director/Manager (as applicable) as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further "red flags" that may indicate bribery or corruption are set out in paragraph 11 of this policy.

* 1. **Examples of Bribery**

The following are intended to serve merely as examples of bribery and are by no means a comprehensive list:

* *Offering a bribe: You offer a potential client tickets to a sporting event, but only if they agree to do business with you.* This would be an offence as you are making the offer to gain a commercial advantage. We may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential client to accept your offer.
* *Receiving a bribe: A supplier gives your niece a job, but makes it clear that in return they expect you to use your influence in our organisation to ensure we continue to do business with them.* It is an offence for a supplier to make such an offer. It would be an offence 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 "facilitation" payment to a foreign official to speed up an administrative process, such as clearing our goods through customs*. The offence of bribing a foreign public official is committed as soon as the offer is made. This is because it is made to gain a business advantage for us. We may also be found to have committed an offence.
	1. **Hospitality & Entertaining**

Bona fide hospitality and promotional or other business expenditure which seeks to improve or maintain the image or reputation of a commercial organisation, better market or present its services and/or services, or establish or maintain cordial relationships, is recognised as AN ESTABLISHED AND IMPORTANT PART OF DOING BUSINESS. The Act does not prohibit “reasonable and proportionate” hospitality or other similar business expenditure intended for these purposes. However, this policy recognises that hospitality or entertainment could sometimes disguise bribes or be misinterpreted as bribes.

In order to amount to a bribe there must be an INTENTION to give, offer or promise a financial, or other advantage, in order to influence someone to do something that is illegal, dishonest or in breach of trust so as to secure business or a business advantage. The basic tests which will govern the rules under this policy are:

* Is our expenditure on hospitality and the like reasonable and proportionate?
* Is there NO INTENTION to give, offer or promise anything in order to influence anyone to do something illegal, dishonest or in breach of trust so as to secure business or a business advantage?

It is very important when considering the giving or receiving of hospitality or entertainment to have regard to any current or anticipated contractual activity with the individual or company concerned (Open contract negotiations for example). Where the other party is a Government or quasi-government official, the norm should be not to provide hospitality or entertainment unless there are specific circumstances, for example where lunch or dinner is provided in relation to a meeting and an official is present.

Under this policy:

* We may give and accept reasonable, hosted, entertainment which is in the legitimate interest of our business.
* We will not give or receive lavish or frequent entertainment or entertainment which is not hosted.
* Any entertainment of individuals or corporate entertainment must be appropriate and should not exceed the values set out in paragraph 4.7 of what we regard as reasonable and proportional.
* Any entertainment given or received which exceeds these values requires approval in accordance with paragraph 4.7.
* If there is any doubt about whether entertainment is reasonable and proportionate, refer the matter to your immediate direct Manager/Director (as appropriate) for guidance.
* Promotion gifts of low value, such as branded stationery to or from existing customers, suppliers or business partners will usually be acceptable.
	1. **Reasonable & Proportionate**

In order to provide guidance as to what we will regard as reasonable and proportionate, the Board has set the following criteria applicable to the United Kingdom:

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| **Activity** | **Anticipated Expenditure (Limit)** | **Approval** |
| Lunch or Dinner | Up to £60 per person (£400 in total) | Direct Manager/Director |
|  | In excess of £60 per person (£400 in total) | Director/Managing Director |
| Corporate entertaining including sporting or theatrical events | £250 per person (£750 in total) to include travel and accommodation | Director |
|  | In excess of £250 per person or (£750 in total) | Managing Director |

The above limits apply to both customers and suppliers, both existing and potential. Entertaining the same party within a 12-month period shall be subject to approval of the relevant director, irrespective of the level of expenditure.

Expenditure above these limits may still be reasonable and proportionate but will require prior approval of the relevant director or Board under this policy.

It is recognised that the equivalent values in countries outside the UK may not be a straight currency conversion and the Managing Director will set appropriate limits from time to time.

* 1. **Gifts**

The receiving of gifts could constitute or be misconstrued as a bribe. However, the giving or receipt of small gifts is established practice in certain business sectors and territories. Similar principles as for hospitality and entertaining apply save that:

* Employees may accept gifts of small items of limited value (not exceeding £75).
* Employees should not accept gifts of valuable items (any gift offered which is considered may have a monetary value in excess of £75 should be referred to a director for review).
* Employees should not accept gifts that are offered frequently (whatever the value).
* Any gift we give or receive must be legal under local law.
* Employees should only exceptionally make gifts to other parties and then only for a value not exceeding £75, unless there has been prior approval of a director.
	1. **Donations**

We do not make contributions to political parties.

We only make charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of your Director/ Managing Director.

* 1. **What You Must Not Do**

The following list is intended to merely provide examples of what you must not do and is by no means intended as a comprehensive list. It is not acceptable for you (or someone on your behalf) to:

1. give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
2. give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;
3. accept a payment, gift or hospitality from a third party that you know, or suspect is offered with the expectation that it we will provide a business advantage for them or anyone else in return;
4. accept hospitality from a third party that is unduly lavish or extravagant under the circumstances.
5. offer or accept a gift to or from government officials or representatives, or politicians or political parties, without the prior approval of your Direct Manager/ Director;
6. threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy; or
7. engage in any other activity that might lead to a breach of this policy.
8. **FACILITATION PAYMENT RULES**

As mentioned in paragraph 4.1 above, it is an offence under the Act to offer a bribe to a Foreign Public Official in order to obtain or retain business or an advantage in the conduct of business.

If you have any doubts about a payment and suspect that it might be a facilitation payment, then only make the payment if the official can provide a receipt or written confirmation of its legality.

If a demand for payment is accompanied by threats such that you fear loss of life, physical injury or liberty, ALWAYS, put safety first and make the payment and as soon as practicable report the circumstances to the relevant director.

An employee will NOT be able to claim reimbursement of any facilitation payment made UNLESS:

* They have a receipt of written confirmation of its legality; or
* The payment has been made in face of immediate threat of physical harm or loss of liberty AND has been reported to a director.

It is the specific obligation of any person who has made a facilitation payment to ensure the details of any payment is provided to their relevant director.

The Group will ensure that its business partners (see paragraph 7 below for what this covers) are informed and are asked to comply with these rules.

1. **REGISTERS & EXPENSES**

The Accounts department will keep a register of corporate hospitality/entertaining and gifts given and/or received via the expense’s procedures. It is the express duty of all employees to notify the Financial Controller of the giving or receiving of gifts and, in each instance, as soon as is reasonably practicable; or prior to the event where approval is required in accordance with paragraph 4.7. Please note that business entertaining of £60 per person (or less £400 total) need not be registered unless with the same party(ies) on more than one occasion within a 12-month period.

1. **USE OF BUSINESS PARTNERS**

The definition of a business partner is broad, and could include agents, distributors, joint venture partners or supply chain partners who act on behalf of the Group (or any Group company). The Group is ultimately responsible for ensuring that business partners who act on our behalf are compliant with this policy as well as any local laws. Ignorance or “turning a blind eye” is not an excuse.

Prior to the appointment of a business partner the following steps should be taken to ensure compliance with this policy:

* Establish a valid business case for the appointment.
* The relevant Manager or Director must carry out an assessment to establish the risks of bribery occurring including the background, experience and reputation of the business partner.
* Ensure the business partner is aware of the Group’s policy and has agreed to abide by this policy in respect of business carried out on our behalf.
* Take reasonable and appropriate steps to monitor the transactions of the business partner.
1. **DISCLOSURE PROCEDURES**
	1. **General**

The discloser procedure is to provide a mechanism outside of the compliance procedure for employees to raise concerns that their employing company is not complying with this policy, with the confidence that they will not suffer any detriment by reason of them raising in good faith such concerns. You are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage.

* 1. **The obligation of employees and steps to be taken by the employing Group company**

All employees are required to act in accordance with the following guidelines if they have concerns about the breach of this policy by their employing company:

* In the first instance the employee (the Reporting Employee) should raise such concern with his/her Managing Director, who should establish if the concern has already been considered under the internal compliance procedure and/or provide adequate explanation to satisfy the concern of the Reporting Employee.
* If by reason of the nature of the concern, or if the Reporting Employee reasonably considers that the Managing Director has not dealt with the concern adequately or at all, the Reporting Employee should raise the concern with the CFO, James Barton.
* The CFO will make such arrangements to investigate the concern as are reasonable and appropriate in the circumstances. The steps to be taken in the investigation will be notified to the Reporting Employee.
* On conclusion of the investigation, the Reporting Employee will be advised of the conclusion of the investigation and the steps to be taken (if any).

Subject to paragraph 8.3, the Reporting Employee must at all times keep the fact of the investigation and any documents relating to the complaint or investigation strictly confidential.

* 1. **External Disclosure**

If the Reporting Employee has followed the above procedure in full but remains genuinely and reasonably dissatisfied with the outcome, the Reporting Employee may raise the concern confidentially with the appropriate regulatory authority. The Reporting Employee must give the relevant Group company prior notice of such action and reasonable opportunity to make representations.

The rules covering external disclosure do not apply for the purpose of taking confidential legal advice from a qualified solicitor formally instructed.

* 1. **Protection of the Reporting Employee**

Individuals who refuse to accept or offer a bribe, or who raise concerns or report another’s wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness. The Board confirms that a Reporting Employee that raises concerns in good faith and complies with the requirements, even if they turn out to be mistaken, will:

* Not be subject to disciplinary action, harassment or otherwise be prejudiced as a result of raising such concerns.
* Insofar as is reasonably practicable, the identity of the Reporting Employee will be protected and not be disclosed at any time.
* That disciplinary action will be taken against any other employee(s) found to have harassed, victimised or otherwise caused detriment to the Reporting Employee.
	1. **Disclosure outside this Policy**

If at any time, it is discovered that a concern has been raised vexatiously, in bad faith or with a view to personal gain, or the Reporting Employee has themselves breached the requirements of confidentiality, the Reporting Employee will lose the protection of this policy and may be subject to action under the Group company’s disciplinary procedure.

1. **TRAINING AND COMMUNICATIONS**

Training on this policy forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary.

Our zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

1. **BREACH OF THIS POLICY**

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

1. **POTENTIAL RISK SCENARIOS: RED FLAGS**

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly using the procedure set out in Part 6 of this policy:

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;
3. a third party insists on receiving a commission or fee payment before committing to sign up to a contract with 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 customised;
10. 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
11. you are offered an unusually generous gift or offered lavish hospitality by a third party.