

Company Policy

Anti-Bribery, Corruption and Tax Evasion Policy

Form / Procedure Reference BMSP-50 Issue 4

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Issue 4

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1 About this document

1.1 Purpose

This policy exists to set out the responsibilities of *Fundamentals* and those who work for and with *us* in regards to observing and upholding *our* zero-tolerance position on bribery and corruption.

It also exists act as a source of information and guidance for those working for and with *us*. It helps them recognise and deal with bribery and corruption issues, as well as understand their responsibilities.

1.2 Definitions

Within this policy the following definitions apply:

Fundamentals is Fundamentals Limited and its subsidiaries

We, us, our refers to *Fundamentals*

Business partner refers to any individual, sole trader, partnership, company or other organisation which performs a service for *us*, including (but not limited to) suppliers, distributors, consultants, representatives, agents and advisors.

Third party refers to any individual, sole trader, partnership, company or other organisation which *we* meet or work with and is not a business partner, including actual and potential clients, customers, business contacts, and government and public bodies, including their advisors, representatives and officials, politicians, and public parties.

Employees includes employees, trainees, contract staff, seconded staff, agency staff, home workers, casual workers, volunteers, interns, agents, sponsors, directors of companies and principals of sole-traders and partnerships, and unless specifically stated otherwise refers to *Fundamentals* and *our business partners*

You, your refers to anyone to whom the policy applies

2 Policy statement

Fundamentals is committed to conducting business in an ethical and honest manner, and is committed to implementing and enforcing systems that ensure bribery is prevented.

Fundamentals has zero-tolerance for bribery and corrupt activities. *We* are committed to acting professionally, fairly, and with integrity in all business dealings and relationships, wherever *we* operate. Integrity is one of *our* basic values and *we* expect all *employees* to live out this value in their company-related activities.

Fundamentals will constantly uphold all laws relating to anti-bribery and corruption in all the jurisdictions in which *we* operate. *We* are bound by the laws of the UK, including the Bribery Act 2010, in regards to *our* conduct both at home and abroad.

Fundamentals recognises that bribery and corruption are punishable by up to ten years of imprisonment and a fine. If *we* are discovered to have taken part in corrupt activities, *we* may be subjected to an unlimited fine, be excluded from tendering for public contracts, and face serious damage to *our* reputation. It is with this in mind that *we* commit to preventing bribery and corruption in *our* business, and take *our* legal responsibilities seriously.

Fundamentals is committed to all steps to counter tax evasion and the facilitation of tax evasion. This could occur within *our* own activities or those of *our* suppliers or customers.

3 Who is covered by the policy?

This policy applies to all *employees* of *Fundamentals* and *our business partners* (whether temporary, fixed-term, or permanent), no matter where they are located (within or outside the UK).

4 Definitions

4.1 Definition of bribery

Bribery refers to the act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence an action or decision.

A bribe refers to any inducement, reward, or object/item of value offered to another individual in order to gain commercial, contractual, regulatory, or personal advantage.

Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also breaking the law.

4.2 Definition of tax evasion

Tax evasion occurs when the correct amount of tax is not paid and there is a dishonest intention to fail to declare it. The tax evasion could relate to UK tax or non-UK tax and could involve any person associated with *Fundamentals*.

5 What is and what is not acceptable

Bribery is illegal. *Employees* must not engage in any form of bribery, whether it be directly, passively (as described above), or through a *business partner*. *You* must not bribe a foreign public official anywhere in the world. *You* must not accept bribes in any degree and if *you* are uncertain about whether something is a bribe or a gift or act of hospitality, *you* must seek further advice from *our* designated *compliance officer*.

5.1 Promotional expenditure: gifts, hospitality and travel expenses

In line with good practice *Fundamentals* permits promotional expenditure in the form of gifts, gestures of hospitality and travel expenses where they are transparent, proportionate, reasonable and bona fide. Promotional expenditure should therefore meet all of the following tests:

- ▲ Made for the right reason: if a gift or hospitality, it should be given clearly as an act of appreciation, and if travel expenses then for a bona fide business purpose;
- ▲ No obligation: the gift, hospitality or reimbursement of expense does not place the recipient under any obligation;
- ▲ No expectations: expectations are not created in the giver or an associate of the giver or have a higher importance attached to it by the giver than the recipient would place on such a transaction;
- ▲ Made openly: if made secretly and undocumented then the purpose will be open to question;
- ▲ Accords with stakeholder perception: the transaction would not be viewed unfavourably by stakeholders if it were to be made known to them;
- ▲ Reasonable value: the size of the gift is small and the value of the hospitality or reimbursed expense accords with general business practice;
- ▲ Appropriate: the nature of the gift, hospitality or reimbursed expense is appropriate to the relationship and accords with general business practice and local customs;
- ▲ Legality: it is compliant with relevant laws;
- ▲ Conforms to the recipient's rules: the gift, hospitality or reimbursement of expenses meets the rules or code of conduct of the recipient's organisation;
- ▲ Infrequent: the giving or receiving of gifts and hospitality is not overly frequent between the giver and the recipient;
- ▲ Documented: the expense is fully documented including purpose and approvals given and properly recorded in the books; and
- ▲ Reported: the gift, hospitality or expense is recorded and reported to management.

Where it is inappropriate to decline the offer of a gift (e.g. when meeting with an individual of a particular culture who may take offence), the gift may be accepted so long as it is declared to the *compliance officer*, who will assess the circumstances.

Fundamentals recognises that the practice of giving and receiving business gifts varies between countries, regions and cultures, so definitions of what is acceptable and not acceptable will inevitably differ for each.

As good practice, gifts in excess of token value, given or received, should be disclosed to the *compliance officer*. Gifts from suppliers should always be disclosed.

The intention behind a gift being given or received should always be considered. If there is any uncertainty, the advice of the *compliance officer* should be sought.

5.2 Facilitation payments and kickbacks

Fundamentals does not accept and will not make any form of facilitation payments of any nature. Facilitation payments are a form of bribery that involves expediting or facilitating the performance of a public official for a routine governmental action. *We* recognise that they tend to be made by

low level officials with the intention of securing or speeding up the performance of a certain duty or action.

Fundamentals does not allow kickbacks to be made or accepted. *We* recognise that kickbacks are typically made in exchange for a business favour or advantage.

Fundamentals recognises that, despite *our* strict policy on facilitation payments and kickbacks, *employees* may face a situation where avoiding a facilitation payment or kickback may put *your* or *your* family's personal security at risk. Under these circumstances the following steps must be taken:

- ▲ Keep any amount to the minimum;
- ▲ Ask for a receipt, detailing the amount and reason for the payment;
- ▲ Create a record concerning the payment; and
- ▲ Report this incident to *your* line manager or the *compliance officer* at the earliest possible opportunity.

5.3 Political contributions

Fundamentals will not make donations, whether in cash, kind, or by any other means, to support any political parties or candidates. *We* recognise this may be perceived as an attempt to gain an improper business advantage.

5.4 Charitable contributions

Fundamentals accepts (and indeed encourages) the act of donating to charities, whether through services, knowledge, time, or direct financial contributions (cash or otherwise). *We* will disclose all charitable contributions the company makes.

Employees must be careful to ensure that charitable contributions are not used to facilitate or conceal, or perceived to be acts of bribery.

We will ensure that all charitable donations made are legal and ethical under local laws and practices, and that donations are not offered or made without the approval of the *compliance officer*.

5.5 Tax Evasion

When acting on behalf of *Fundamentals*, *employees* must avoid any activity and must ensure that any associated persons avoid any activity that might lead to

- ▲ Cheating the public revenue
- ▲ Being knowingly concerned in, or taking steps with a view to, the evasion of tax by them or another person
- ▲ Aiding, abetting, counselling or procuring the commission of tax evasion
- ▲ A tax evasion offence under the laws of a foreign country

6 Individual responsibilities

As an *employee* of *Fundamentals*, you must ensure that you read, understand, and comply with the information contained within this policy, and with any training or other anti-bribery and corruption or counter tax evasion information you are given.

All *employees* of *Fundamentals* or our *business partners* are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption. You are required to avoid any activities that could lead to, or imply, a breach of this policy.

If you have reason to believe or suspect that an instance of bribery, corruption or tax evasion has occurred or will occur in the future that breaches this policy, you must notify the *compliance officer*.

Any *employee* of *Fundamentals* who breaches this policy will face disciplinary action. A breach of this policy is considered to be gross misconduct, and as such *Fundamentals* has the right to terminate a contractual relationship with an *employee* who breaches this policy.

7 Business partners

Fundamentals will seek to ensure that any business arrangements we make with a *business partner* is subject to clear contractual terms including specific provisions that require the *business partner* to comply with minimum standards equivalent to the contents of this policy, and that breach of these provisions may lead to termination of the relationship.

If an *employee* of a *business partner* breaches this policy *Fundamentals* will seek to terminate the relationship with that *business partner*, or otherwise take the maximum action permissible under any contract, and will not enter a further business arrangement with that *business partner*, or any other *business partner* if it would result in that person being directly or indirectly involved with the arrangement.

8 What happens if I need to raise a concern?

8.1 How to raise a concern

If you suspect that there is an instance of bribery or corrupt activities occurring in relation to *Fundamentals*, you are encouraged to raise your concerns at as early a stage as possible. If you are uncertain about whether a certain action or behaviour can be considered bribery or corruption, you should speak to your line manager, the *compliance officer* or a director.

Fundamentals will familiarise all *employees* with its whistleblowing procedures so you can vocalise your concerns swiftly and confidentially.

8.2 What to do if you are a victim of bribery or corruption

You must tell the *compliance officer* as soon as possible if you are offered a bribe by anyone, if you are asked to make one, if you suspect that you may be bribed or asked to make a bribe in the near future, or if you have reason to believe that you are a victim of another corrupt activity.

8.3 Protection

If *you* refuse to accept or offer a bribe or *you* report a concern relating to potential act(s) of bribery or corruption, *Fundamentals* understands that *you* may feel worried about potential repercussions. *Fundamentals* will support anyone who raises concerns in good faith under this policy, even if investigation finds that they were mistaken.

Fundamentals will ensure that no one suffers any detrimental treatment as a result of refusing to accept or offer a bribe or other corrupt activities or because they reported a concern relating to potential act(s) of bribery or corruption.

'Detrimental treatment' refers to dismissal, disciplinary action, threats, or unfavourable treatment in relation to the concern the individual raised.

If *you* have reason to believe that *you* have been subjected to unjust treatment as a result of a concern or refusal to accept a bribe, *you* should inform *your* line manager or the compliance manager immediately.

9 Policy in action

We use the following six principles within *our* procedures to prevent bribery:

- ▲ Top level commitment;
- ▲ Communication and training;
- ▲ Risk assessment;
- ▲ Proportionality;
- ▲ Due diligence; and
- ▲ Monitoring and review.

How these principles are put into action is described in each of the following sections. A procedure¹ specifies the implementation of some of these principles, and what this covers must be followed.

9.1 Top level commitment

Integrity is one of *our* basic values and *we* expect all *our employees* to live this value in company-related activities. In particular, members of the leadership team should help to promote all *our* values through the organisation through the way they live them and use them in their daily work, and 'integrity' is no exception to this.

A standing agenda item for board meetings is available, to review the policy, policy effectiveness and any specific case issues. On the basis of proportionality this item is only discussed when necessary to avoid it being a box ticking exercise, but rather to deliver proper value.

We will designate a member of the leadership team as *compliance officer*. The current designated *compliance officer* is Mary Martin.

¹ BMSP-51 Issue 1, Company Procedure Assessment of Bribery Risk

9.2 Communication and training

Fundamentals will provide training on this policy as part of the induction process for all new employees. Employees will also receive regular, relevant training on how to adhere to this policy.

This policy and *Fundamentals'* zero-tolerance attitude will be clearly communicated to all suppliers, contractors, business partners, and any *business partners* at the outset of business relations, and as appropriate thereafter.

Fundamentals will provide relevant anti-bribery and corruption training to employees where we feel their knowledge of how to comply with the Bribery Act needs to be enhanced, especially where we have identified an increased risk of facing bribery or corruption during work activities.

9.3 Risk assessment

Transparency International highlights six types of risk². We consider three of these as market risks with low variation over time, and three as activity risks which will vary depending on the circumstance of the activity.

- ▲ Market risks – country risk, sectoral risk and other considerations
- ▲ Activity risks – transactional risk, business opportunity risk and business partnership risk

Fundamentals has implemented a three-stage qualitative approach to assessing risk.

The first stage assesses the **market risk** (MR) and **activity risk** (AR) in isolation for each area in which we operate and categorises them as low, medium or high risk.

The second stage combines these assessments for our business activities to obtain an overall category of **inherent risk** (IR) of bribery.

The third stage considers controls and makes an estimate of the **residual risk** with these controls in place.

9.4 Proportionality

Proportionality requires that an appropriate level of scrutiny is applied to different areas of our business, recognising that we are a relatively small business, but that we operate in countries and sectors which may cause increased risk. Our risk assessment process is designed to ensure our business activities are assessed in manner proportionate to the risk.

We use risk categories to drive when risk assessment activities are carried out, to ensure our scrutiny is proportionate.

Inherent risk

- ▲ In markets with low *market risk*, the *inherent risk* of different activities will occur on a 2-year planned rotational cycle
- ▲ In markets with medium *market risk*, the *inherent risk* of each activity will have been assessed in the last 6 months

² Transparency International UK (2013) Diagnosing bribery risk: guidance for the conduct of effective bribery risk assessment. ISBN 978-0-9573410-1-2.

- ▲ In markets with high *market risk*, the *inherent risk* of each activity will be assessed when this policy comes into force, and before every time the activity occurs

Controls

- ▲ For activities with low *inherent risk*, the required controls will be assessed on a 2-year planned rotational cycle
- ▲ For activities with medium *inherent risk*, the required controls will have been assessed in the last 6 months
- ▲ For activities with high *inherent risk*, the required controls will be assessed when this policy comes into force, and before every time the activity occurs

9.5 Due diligence

We will use the market risk, activity risk and inherent risk categories to direct our attention in defining controls, monitoring, audit and review to ensure that we are being diligent in our scrutiny.

No activities with a medium or high residual risk (i.e. the remaining risk after controls have been introduced) will be permitted.

9.6 Monitoring and review

Fundamentals' compliance officer is responsible for monitoring the effectiveness of this policy and will review the implementation of it on a regular basis. He/she will assess its suitability, adequacy, and effectiveness.

Internal control systems and procedures designed to prevent bribery and corruption are subject to regular audits, led by the *compliance officer*, to ensure that they are effective in practice.

Any need for improvements will be applied as soon as possible. *Employees* are encouraged to offer feedback on this policy if they have any suggestions for how it may be improved. Feedback of this nature should be addressed to the *compliance officer*.

This policy does not form part of an employee's contract of employment and *Fundamentals* may amend it at any time to improve its effectiveness at combatting bribery and corruption.

10 Signature and date

Approved By:



Date: 08/09/2020

Jon Hiscock (Managing Director)

Date Reviewed	Next review date	Issue No.	Changes (most recent first)	Process owner	Approver
10/08/2020	10/08/2021	4	Reviewed with no changes required. re signed	Operations	J Hiscock
01/10/2018	01/10/2019	3	Reviewed 11/10/2019 with no changes required, not up-issued	Operations	J Hiscock