

Anti Bribery & Corruption Policy

(ABC-Policy)

Updated February 2020

Document Information

Short Description:

The aim of this Policy is to implement Anti Bribery and Corruption principles and standards adopted by Fagioli to ensure appropriate set of measures against bribery and corruption occurrences.

Fagioli has a 'zero tolerance' approach concerning any acts or attempts in relation to bribery and corruption. This Policy applies at the global level.

This policy should be read in conjunction with the Fagioli Code of Conduct.

Scope:

This policy is relevant to all staff, including Management and Directors of Fagioli and all of its subsidiaries.

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1 PURPOSE

Fagioli has a reputation for honesty and integrity in its management practices and in its business transactions that it wishes to maintain. Fagioli has committed to a zero-tolerance approach concerning any acts or attempts in relation to bribery and corruption wherever it does business or intends to do business. The adoption of this policy is in line with Fagioli's commitment to sustainable business practices.

2. KEY DEFINITIONS

2.1. Corruption

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain.

2.2. Bribery

Bribery is the offer, promise, or payment of cash, gifts, or even excessive entertainment, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage. Bribery and corruption can take many forms, including the provision or acceptance of:

- Cash payments;
- Phony jobs or "consulting" relationships;
- Kickbacks;
- Political contributions;
- Charitable contributions;
- Social benefits; or
- Gifts, travel, hospitality, and reimbursement of expenses.

3. SCOPE

Failure to observe Anti Bribery and Corruption laws and regulations can severely damage the reputation of Fagioli and may expose it to severe criminal and civil fines at the individual and company level. The failure to comply at the individual level may also lead to risks like potential loss of contract awards.

It is prohibited to engage in any kind of behavior related to and in favor of bribery and/or corruption activities.

This policy is relevant to the entire staff, including Management and Directors of Fagioli and all of its subsidiaries. It is also to be considered as relevant to any third parties acting on behalf of or in the interest of the company and/or and all of the subsidiaries, including in situations of involvement in a joint-venture with another company or organization.

Management will ensure that all necessary support, tools and processes are in place in order to assist the company and its staff in understanding their obligations, analyzing the situation and taking the most appropriate course of action in a given situation.

In cases of doubt about the extent of certain terms or other aspects of this policy or concern of potential ABC-situations should be addressed to Fagioli's Compliance Officer.

4. POLICY REQUIREMENTS

Fagioli personnel and agents are strictly prohibited from offering, paying, promising, or authorizing:

- any payment or other thing of value;
- to any person;
- directly or indirectly through or to a third party;
- for the purpose of (i.e., in exchange for);
 - causing the person to act or fail to act in violation of a legal duty;
 - causing the person to abuse or misuse their position; or
 - securing an improper advantage, contract or concession;
- for Fagioli or any other party.

(“Improper Payment Activity”)

To promote compliance with anti-corruption laws in any applicable jurisdictions, no Fagioli personnel shall undertake any Improper Payment Activity in respect of a foreign official, a domestic official, or a person doing business in the private sector. In addition, Fagioli’s books and records must correctly record both the amount and a written description of any transaction. Fagioli personnel must ensure that there is a reasonable relationship between the amount of a transaction and how it is described in the Company’s books and records. It is contemplated that Fagioli will institute detailed procedures and standards related to training, due diligence, the recording of transactions, and other areas, to implement the terms of this Policy.

In particular, Fagioli will institute standards and procedures for:

- Sponsoring travel of government or government officials;
- Direct and in-kind support for government or government officials;
- Security support for public law enforcement;
- Per diems for government officials;
- Retaining third parties, including those who may interact with the government on Fagioli’s behalf;
- Contracting with state-owned entities;
- Meals, gifts, and entertainment for government officials; and
- Donations and charitable contributions for government officials.

4.1. Gift, Hospitality and other promotional expenses

(Refer to the Code of Conduct, 5.8) The provision and receipt of gifts, hospitality and other promotional expenses are common in business and are generally not unlawful. However, these may be, or appear to be, bribes if, for example, they are provided with the intention of obtaining an improper advantage.

Gifts and hospitality include:

- all gifts of products, services, cash or cash equivalents and all other things of value
- all meals, drinks, entertainment, recreation (such as tickets or invitations to sporting or cultural events), travel, accommodation and other forms of hospitality
- other expenditure, such as travel and accommodation expenses that relate to the promotion, demonstration, or explanation of products or services.

You must not, whether directly or indirectly through a third party:

- provide or receive gifts or hospitality that are: (1) within listed categories of things that are never acceptable (see below), or (2) not in accordance with certain Gift Principles (see below)
- request any form of gift or hospitality from any person or organisation or
- seek to avoid any requirement under the Policy by paying personally for gifts or hospitality

Gifts, hospitality and other promotional expenses are NEVER ACCEPTABLE when they:

- 1) are provided or received for improper advantage
- 2) may give rise to a conflict of interest (ie a conflict between competing interests which may impair the ability to make objective unbiased business decisions)
- 3) are provided or received with the intention or an expectation of reciprocity
- 4) involve parties in a tender or competitive bidding process where the Group is tendering or bidding
- 5) are known to be prohibited by the other party's organization
- 6) comprise cash or a cash equivalent
- 7) are inappropriate or offensive (eg indecent or sexually oriented)
- 8) are concealed (ie provided secretly rather than openly)
- 9) are provided in your personal capacity rather than the Group's or
- 10) are in breach of any applicable laws or regulations.

The Gift Principles - Gifts, Hospitality and other Promotional Expenses must be:

- 1) provided in good faith with the intention only to build or maintain legitimate business relations or offer normal courtesy
- 2) either: (1) token and of minimal or nominal value, or (2) modest in value and not lavish or extravagant
- 3) reasonable and appropriate in terms of the type, the value and the occasion and frequency of provision in the particular circumstances, including in the context of local cultural sensitivities
- 4) consistent with reasonable business practice reflecting local cultural sensitivities and
- 5) permissible under all applicable laws and regulations, including local laws.

Declining gifts and hospitality

If any gift or hospitality is offered to you but is not permitted in accordance with the Policy, it must be politely declined. If, in exceptional circumstances, it is not possible to decline (for example, because that would cause serious offence due to cultural sensitivities in the country in question), the gift or hospitality may be accepted but this must be reported as soon as possible to your line manager and recorded in accordance with your Division's reporting procedures. Your line manager will consult with Group Legal regarding the appropriate disposal of any gift which is not permitted (such as by donation to charity).

Guidance and examples

In applying the above rules, the following factors may be relevant and should be considered:

- the intention behind the gift or hospitality
- the timing - eg particular care should be exercised where we are about to award a contract
- local custom - the practice of giving and receiving gifts and hospitality varies between countries and regions What may be legal, normal and culturally acceptable in one may not be in another.

Occasional drinks and meals, attendance at sporting, theatre and other cultural events, and gifts of a token or modest value will usually be acceptable. If you are in any doubt, it may be helpful to consider whether you would be embarrassed if your manager or colleagues or anyone outside the Group were to become aware of the gift or hospitality. Where hospitality is provided or received, for example in the form of a meal or entertainment (such as a ticket to a sporting or cultural event), the host must be present. This is important in order to help demonstrate a legitimate business purpose for the hospitality.

The following are examples of what are likely to be permissible, provided they are not within any of the categories of things that are never acceptable and are in accordance with the Gift Principles:

- contributing towards the legitimate expenses of a customer or supplier (such as travel) so that they can visit one of our facilities for a legitimate business reason;
- taking a customer or supplier to a sporting event, such as a football match, or to a cultural event, such as the theatre, as part of a public relations exercise designed to build or maintain legitimate business relations with them;

- hosting an annual event for customers at a hotel with the intention of building or maintaining legitimate business relations with them;
- giving gifts at annual festivals or other special occasions, such as at Christmas in the CANADA OR US and elsewhere;
- giving token gifts of minimal or nominal value, such as small promotional items, diaries, calendars, or other similar items bearing a Fagioli brand or logo. The Policy sets out further examples.

4.2. Public Officials

Special rules apply in respect of Public Officials. A Public Official is someone who holds a position or exercises a function in the Public Sector. Such positions include legislative, administrative, military or judicial positions in any national, local or municipal government. The term also includes officers, employees or representatives of any government-owned or government-controlled commercial enterprise (such as a state-owned oil company). The Policy defines “Public Official” more fully.

All Fagioli personnel must not provide money, gifts, hospitality or anything else of value for the purpose of influencing a Public Official in the performance of their official functions with the intention of obtaining or retaining business or an advantage in the conduct of business. This applies whether the gift or hospitality is provided directly or indirectly, irrespective of where the Public Official is located and whether or not the Public Official actually performs a function improperly.

Guidance and examples

The following are examples of where the provision of something to a Public Official is likely to be acceptable (but only where there is no intent to exert improper influence and pre-clearance is obtained):

- bona fide, proportionate and reasonable hospitality, promotional and other business expenditure which is aimed at building or maintaining legitimate relations;
- ordinary and reasonable travel and accommodation, for example to enable a Public Official to visit to a plant to review safety systems or during the process of obtaining a permit or license;
- routine business courtesy such as transfers from airport to hotel for a site visit. The Policy sets out further examples.

4.3. Facilitation Payments

A facilitation payment is a small unofficial payment or gift, often cash, made to secure or speed-up the performance of a routine process by a Public Official that they are already under a duty to perform. Examples include actions in relation to obtaining licenses or permits, processing visas, clearing goods through customs or providing police protection, mail or telephone services or access to power and water. Facilitation payments may also be called “facilitating”, “speed” or “grease” payments. Fagioli personnel must be aware of the risk that agents or suppliers of services (such as transport services) may pay facilitation payments in performing services for Fagioli.

Facilitation payments are bribes under this Policy (regardless of size or local standards) and are, therefore, prohibited, even if they are customary business practice in a particular country.

Public Officials demanding facilitation payments may put Fagioli staff in a very difficult position. If faced with a situation where such payment is demanded and employee health, safety, liberty or property is threatened the payment may be made. Doing so, the employee must report immediately to Supervisor/Manager and Compliance Officer.

4.4 Third Parties

There is a risk of bribery if a third party engaged to represent or to provide services to Fagioli engages in improper conduct in the course of that work. Relevant third parties include (but are not limited to) agents, distributors and carriers.

Fagioli must assess and deal with the bribery and corruption risk presented by such third parties. The risks will vary depending on factors such as the nature of the relationship (for example, agents), the country of operation and the type of business involved. Due diligence steps must be undertaken in respect of such third parties and documented in accordance with your Division's procedures. There are certain situations and factors which may indicate possible bribery and corruption.

These are called "Red Flags".

Examples include where:

- a third party refuses to provide information in response to due diligence questions;
- money is passed through a third party to a Public Official;
- a third party requests payment in cash.

If a Fagioli employee encounter a Red Flag situation, he/she must report this to the line manager and consult Compliance Officer and Legal Office as soon as possible. Red Flag situations must be resolved before entering or continuing the business relationship. The resolution of a Red Flag situation may require the undertaking of specific due diligence (eg carrying out a background check on the third party) with the assistance of Group Legal before proceeding, taking additional legal advice or providing anti-bribery and corruption training to the third party. All fees, expenses and commissions paid to third parties engaged to represent or provide a service to the Group must be appropriate, justifiable and proportionate. They must be commercially reasonable in the circumstances and for legitimate services rendered. They must only be paid to the third party directly and never using a party that has no contractual relationship Fagioli.

4.5 Political Contributions

Political contributions or donations (to political parties, organizations or election candidates) and other political expenditure may constitute bribes if made with the intention of influencing business or official decisions or gaining a commercial or other advantage. The Policy prohibits making political contributions or donations or incurring political expenditure on behalf of the Group or using the Group's financial resources.

4.6 Charitable Donations

Charitable donations may constitute bribes if made with the wrong intention. Any charitable donation made on behalf of the Group or using the Group's financial resources must be legal under applicable local laws and must not be made with the intention of influencing business or official decisions or gaining a commercial or other advantage.

5. BUSINESS RELATIONSHIP

The company expects its business partners to approach issues of bribery and corruption in a manner that is consistent with the principles set out in this policy. This requirement applies to agents, subcontractors and joint venture partners. In cases where the company is unable to ensure these standards, it will reconsider the business relationship. Agents, representatives and sub-contractors This policy applies with particular force to commercial agents, representatives and subcontractors. In many reported international corruption cases, agents have passed on part of their commissions as bribes. The company prohibits such practices.

In order to maintain the highest standards of integrity, employees must ensure that:

- They are fully briefed on the background and reputation for integrity of agents, representatives and subcontractors before hiring them. The company will conduct due diligence enquiries to review the integrity records of agents, representatives and subcontractors before entering a commercial relationship with them.
- The engagement process is fully documented; and that final approval of the selection of agents, representatives and subcontractors is made by someone other than the person selecting or managing the company's relationship with them.
- Agents, representatives and subcontractors are fully briefed on the company's Anti-Bribery and Anti Corruption policy, and have made a formal commitment in writing to abide by it.
- Fees and commissions agreed will be appropriate and justifiable remuneration for legitimate services rendered.

Once agreements have been signed, the company will continue to monitor its relationships with agents, representatives and subcontractors to ensure that there are no infringements of its Anti-Bribery and Anti-Corruption policy. Contractual agreements will include appropriate wording making it possible to withdraw from the relationship if agents, representatives or subcontractors fail to abide by this policy. Corporate Investigations (CI) procedures for managing relationships with subcontractors are set out in the CI Code of Practice and are supplemental to the requirements set out in this policy.

Joint venture partners The need for documentation and careful reviews of the company's partners' integrity records applies equally to the process of setting up and managing joint ventures. The company will use its influence to ensure that joint ventures meet high integrity standards. Where the company has majority control, it will ensure that the joint venture adopts the concepts and approach to bribery and corruption as set out in this policy. **Suppliers and contractors** The company will ensure that the procurement procedure for appointing suppliers and contractors is open, fair and transparent. The selection of contractors will be based on an evaluation of professional merit, and not on personal recommendations. The company will communicate its Anti-Bribery and Anti-Corruption policy to its suppliers and contractors, and it will expect them to abide by the principles set out in the policy when working on the company's behalf. If those principles are breached, the company will reserve the right to terminate the contract.

6. AUDITS

Audits of Fagioli sites, operating units, and contractors may be conducted periodically to ensure that the requirements of this Policy and applicable procedures and guidelines are being met. Audits may be conducted internally by Fagioli, or externally by retained third parties. Audit documentation shall include performance improvement action plans.

7. WAIVER

There is no permitted deviation or waiver from this Policy.

8. AUTHORITY AND RESPONSIBILITY

Directors:

- If in any doubt about the application of this policy refer to the Company Board of Directors and/or Compliance Officer.

Department Managers:

- If in any doubt about the application of this policy refer to a Director and/or Compliance Officer.

All Control Risks' employees

- Seek advice from their line manager and/or Compliance Officer in cases of uncertainty about how to apply this policy.
- Consult their line manager and/or Compliance Officer if they suspect that a company employee is engaged in bribery, corruption, fraud or any other unacceptable or unethical conduct.

9. NON COMPLIANCE

Company

Failure to ensure compliance with this policy could lead to the following consequences for the company:

- Criminal or civil liabilities for the company including unlimited fines and imprisonment;
- Serious reputational damage including media comment;
- Debarment from tendering for public sector contracts, and
- The unenforceability of contracts entered into as a result of acts of bribery, fraud or other illegality

Employees

- Failure to ensure compliance with this policy could lead to the following consequences for employees:
- Personal criminal liability followed by fines or imprisonment;
- Disciplinary action initiated by the company, including dismissal;
- Personal reputational damage.

10. DISCIPLINE

Any employee who violates the terms of this Policy will be subject to disciplinary action. Any employee who has direct knowledge of potential violations of this Policy but fails to report such potential violations to Company management will be subject to disciplinary action. Any employee who misleads or hinders investigators inquiring into potential violations of this Policy will be subject to disciplinary action. In all cases, disciplinary action may include termination of employment. Any third party agent who violates the terms of this Policy, who knows of and fails to report to Fagioli management potential violations of this Policy, or who misleads investigators making inquiries into potential violations of this Policy, may have their contracts re-evaluated or terminated.

11. TRAINING

The company will make this policy available on the company's intranet for all employees. An e-learning program that encompasses the principles and approach to bribery and corruption adopted by the company will be made available to all employees and each employee will be required to confirm that he/she has undertaken the course within six months of its initial introduction or within six months of the employee joining the company. Regular training will be made available to all business units in relation to anti-bribery and anti-corruption measures, and the details of the company's procedures will be disseminated throughout the company on a regular basis.