

# ANTI-BRIBERY HANDBOOK

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REVISED APRIL 30, 2021

**BUFAB**

## Introduction

Bufab's reputation depends how we conduct business. All employees and agents of our company must comply with all applicable laws and regulations in any location where we transact business.

We want our business partners and employees to know that we conduct our business in an ethical manner. A non-ethical, illegal practice might be acceptable in a particular country but that does not mean that it is acceptable to Bufab.

Non-compliance with anti-bribery laws could have very serious consequences for Bufab. This includes significant fines and imprisonment for individuals. Consequently, Bufab will discipline any employee who violates anti-bribery laws.

We want to reassure employees that your career will not suffer if you do business in an ethically correct manner and this leads to lower result for the business.

Please read this manual carefully. If you suspect that Bufab is not complying with the anti-bribery laws in your country, you must alert your manager or follow our Whistleblower Policy.

# ANTI-BRIBERY HANDBOOK

## Purpose of this Manual

The purpose of this manual is to support and guide all Bufab employees in the implementation of the business principles set out in the Bufab Code of Conduct and the Bufab Anti-Bribery Policy.

Many Anti-bribery initiatives and laws are focused on dealing with public officials. At Bufab we regard all business transactions to be of equal importance. In some cases, we understand that our employees must be even more vigilant for improper proceedings, for example when dealing with public officials who are entrusted with investing public funds.

## Application of the Anti-Bribery Policy

The essential elements of anti-bribery laws consist of the prohibition of payment, offer, or promise of anything of value to any person in a position to influence a purchase decision. It is also the prohibition of granting of favor while knowing that all or part of such payment will be passed on to persons influencing purchase decisions.

There are few limitations on what can be regarded as “anything of value.” In addition to cash or some other form of monetary consideration it can be almost any form of direct or indirect benefit.

Examples of what may constitute violation of international bribery laws include:

- Travel arrangements
- Meals.
- Contributions to charity at the direction of a client
- Giving a job to a client’s family member
- Granting a scholarship to a client’s family member
- Tickets to sporting events

Please note that the list above only constitutes examples of potentially improper inducements and in no way limits the scope of anti-bribery prohibitions.

As a global company, Bufab employees frequently come into contact with foreign officials. Employees communicate with government officials regarding public contracts or licensing and other required government approvals, e.g., customs clearance, business licenses, safety/environmental permits. In some countries officials may request improper payment in these discussions. In these situations, international anti-bribery laws must be followed.

Most international anti-bribery laws prohibit an individual from making or offering an improper payment, especially to a public official. In most cases it does not matter whether the improper inducement is actually transferred to the intended recipient. In fact, the receiver need not accept the improper payment or even communicate that he or she intends to accept it. The mere offer or promise of an improper payment to a public official fall within the category of prohibited conduct.

The purpose may also not only be to initiate direct purchasing action, but also to induce a person to do or omit to do any act, in violation of his or her lawful duty.

In addition, the anti-bribery laws typically prohibit both direct and indirect payments to public officials. Thus, Bufab can be liable for improper payments made

- by its agents, distributors, suppliers or other business partners.
- to advisors, consultants or others acting for the government, who pass on all or part of a payment to an official.

Accordingly, no Bufab employee may make, promise, or authorize a payment to a third party (such as an agent, distributor or a consultant) who, in turn, is likely to pass all or a portion of that payment improperly to an official.

## Application of Local law

Bufab must always follow Swedish legislation as well as local legislation. If there is a discrepancy the stricter legislation must be followed.

## Approved business expenditures

Anti-bribery laws typically allow payments which constitute real and reasonable business expenditure.

The expenditure must relate directly to the promotion of products or services or to the execution of a contract with a customer. The law is unfortunately seldom clear on what an allowed expenditure is, and what an improper inducement is. It is therefore advisable to spend money in such situations with great care and appropriate management approval.

It is not a viable defence that all customers, whether from the private or the public sector, are treated in the same manner when it comes to a specific expenditure. The question is whether the expenditure in each situation is necessary and whether the payment is reasonable. A good example is the payment of travel expenses for a potential client. These will most likely be regarded as an improper inducement since clients are expected to pay for their own costs when investigating procurement options.

In addition to this there are radical differences in living standards in various regions of the world. Sometimes relatively modest expenditures can be viewed as improper inducements to an individual. What might be viewed as a customary practice in certain parts of the world may be viewed as a once-in-a-lifetime opportunity in other regions. Bufab employees must be aware of these global differences. BU managers and MD's might establish a concrete limit for their employees with a general rule that expenditures will be co-signed by the MD or BU manager.

## Gifts and entertainment

Giving and receiving gifts, as well as entertaining and being entertained, are accepted practice in many countries when negotiating or conducting business with third parties.

However, if the value of the gift or entertainment becomes too large, it can affect, or be seen to affect, business judgment.

It can also create expectations of special treatment. All gifts and entertainment given or received must be of a reasonable value and appropriate to the business relationship in question. If you are not sure whether a gift or entertainment is of a reasonable value, you should discuss it with your line manager prior to committing to such expenses.

## Facilitation payments

Facilitation payments are traditionally small payments made to foreign officials in accordance with publicly known or widely followed local custom to expedite or secure performance of routine government action, such as obtaining official documents or processing governmental papers.

Bufab discourages employees from making facilitation payments in countries where the local law permits them. However, they may be paid in certain circumstances provided that they are accurately recorded in the ledgers of the company. You must get your manager's approval before making a facilitation payment. In countries where facilitation payments are prohibited Bufab also prohibits them.

## Penalties for violating international anti-bribery laws

Penalties for violating international anti-bribery laws vary from country to country. For Bufab, Swedish laws are applicable in addition to local laws. The Swedish legislation includes hefty fines and possibly imprisonment for the individual, the management and even Board members.

## Red flags

To help Bufab employees recognize situations in which payments may be suspect or corrupt, this manual provides the following "red flags" which alert employees that their dealings may be in violation of anti-bribery laws.

- Avoid unusual payment patterns or financial arrangements. Improper payments in regard to e.g., foreign officials are frequently accompanied by unusual payment arrangements. Employees should use increased vigilance when asked to make payments in a bank account not located in the country where the services were rendered.
- Be cautious when conducting business in a country with a history of corruption. To find out what the current level of corruption is in a country, contact Bufab Group Finance.
- Avoid paying commissions at different levels than have been paid previously.
- Beware of a lack of transparency in expenses and accounting records. Our business partners should voluntarily share expense statements and accounting records of joint activity.
- Be careful when a potential client recommends hiring a consultant. Overall, be cautious when a potential client suggests that Bufab pay or hire a third party.

In order to assist our employees in behaving in a commercially correct manner, all financial transactions must be recorded accurately and in good time. Any information relating to a transaction must be recorded. The records should reflect transactions in conformity with accepted accounting standards and be designed to prevent off-the books transactions such as kickbacks and bribes.

Accordingly, company employees must follow all applicable standards, principles and laws for accounting and financial reporting. No employee should establish an undisclosed or unrecorded account on behalf of the company for any purpose. Bufab Financial Manual must be followed in all aspects.

## Selecting and monitoring agents

In many countries, Bufab retains local individuals or firms as an agent, distributor or representative (collectively referred to as “agents”) to conduct their business. Bufab can be held liable for corrupt payments an agent makes on the company’s behalf, with or without Bufab’ knowledge.

Bufab therefore requires that all agents comply with anti-bribery laws at all times. There is standard due diligence process that focuses on the agent’s relevant expertise, and qualifications. In addition to this, all Bufab employees must take additional steps to secure compliance with anti-bribery laws when working through agents.

**FIRST**, the company must determine the competence and reputation of the agent, as well as the agent’s contacts with any potential clients. These relationships include not only business relationships, but family relationships as well.

**SECOND**, any business unit that contracts an agent abroad must keep a detailed file of the due diligence efforts made in conjunction with obtaining the agent. This file should document;

- the reasons why the agent was selected
- the examination the business unit conducted to ascertain whether the agent may have previously violated anti-bribery laws
- the checks made regarding the agent’s integrity in conducting business.

**THIRD**, agents that have been approved by the business must also be reviewed periodically to ensure that the agent still complies with anti-bribery laws.

If any Bufab business unit utilizes the services of an agent, a detailed written contract must be drawn up. In addition to the arrangement’s commercial terms, the contract should also contain appropriate warranties from the agent concerning past and future compliance with anti-bribery laws.

The agent must show and warrant that he or she:

- Is not affiliated with any foreign official, or a candidate for public office, and will advise Bufab if any of these conditions change during the course of the agency relationship;
- Will not, in the future, engage in conduct on behalf of Bufab or related to work for Bufab that would violate anti-bribery laws;
- Has read, understands, and agrees to comply with the Bufab code of conduct and the principles and procedures of the Bufab Anti-Bribery policy.
- Will reimburse travel and entertainment expenses only when approved in advance by Bufab and supported by detailed records;
- Shall not assign or sub-contract work under the contract without the prior approval of Bufab;
- Will indemnify Bufab for any damages that result from the breach of any of the agent’s representations;
- Shall maintain accurate books and records and Bufab shall have reasonable access to the agent’s books and records and the right to audit them on a periodic basis.

**FINALLY**, when examining the relationship, Bufab employees should evaluate whether the proposed compensation to be paid in exchange for the services rendered or the products delivered is reasonable considering the circumstances.

## Acquisitions and mergers

Bufab may be held liable for past anti-bribery violations from a company Bufab acquires. Bufab must therefore review, as part of the acquisition due diligence process, business activities of the acquired company in regard to anti-bribery laws.

This diligence will allow Bufab to assess not only the risks the target's operations will present going forward with respect to compliance with anti-bribery laws, but also potential exposure stemming from the target's past activities.

This due diligence should be tailored to the country and business of the target company and conducted at the same time as the deal diligence so that Bufab may act upon any information it receives before the deal is finalized.

Particular attention should be paid to the following types of information Bufab typically obtains during the due diligence process:

- The types and identities of agents and consultants the company uses and their compensation arrangements;
- The company's countries of operations;
- The involvement of government officials in the company's business (either as owners, directors or employees);
- The condition of the company's internal controls and books and records; and
- Whether the company has ever been accused of violating anti-bribery laws.

## Bufab corporate complaints procedure

If you need to report an incident, the first step is to contact your manager and discuss the incident with him/her.

If for various reasons this is not possible, employees should follow the recommendations in the Bufab Whistleblower Policy.