



# ASA International anti-bribery compliance manual

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## ***Letter from the COO***

ASA International Holding (“ASA International” and/or the “Company”), a global microfinance holding company is serving low income micro entrepreneurs in densely populated countries in Asia and Africa. Its customers are mainly from distraught and underprivileged distraught communities that are unable to secure proper access to traditional financial and/or investment related facilities and services.

ASA International established “Greenfield” operations in India, Nigeria, Pakistan, The Philippines, Sri Lanka and Ghana and is looking forward to establish operations in Indonesia and China with a vision to expand in many other countries across the world. Combined with multi-layered challenging environments where business ethics differ greatly, each of these organizations is owned and controlled by ASA International. .

ASA International vehemently opposes any form of bribery and corruption. Bribery or corruption not only violates the laws of many nations and ASA International’s business principles, which form part of the code of conduct, it also identifies that a company may be accustomed to conducting business in an unethical manner. The Board of Directors of ASA International considers compliance with anti-bribery laws to be more than a legal requirement; compliance is also a reflection of how ASA International’s company values are embedded.

Accordingly, ASA International companies and their employees worldwide are required to observe and adhere strictly to anti-bribery laws and regulations. In this time of corporate mistrust, a company’s reputation depends largely on the manner in which it conducts business. At ASA International, we want our business partners, prospective business partners and employees to know that we conduct our business – all of our business – in an ethical and upstanding manner. Further, because a certain practice may be followed or acceptable in a particular country or region does not make that practice lawful. As our company is truly an international operation, ASA International is always under exacting scrutiny, both from national and supranational authorities whose ever-expanding jurisdictional reach covers our activities throughout the world.

Non-compliance with these laws, and the resulting violation of our code of conduct, can have very serious consequences to the financial condition, reputation and continued viability of ASA International.

Every ASA International employee should be aware that his or her career will not suffer should their compliance with the company’s code of conduct have an adverse impact on business results. Further, ASA International will discipline any employee who violates any anti-bribery laws. Such discipline can include dismissal.

Please read this manual carefully. If you suspect that you or any other employee of ASA International has violated or plans to violate any anti-bribery laws or if you are uncertain whether any given payment would violate those laws, you must consult ASA International Legal & Compliance Department immediately or use the general complaints procedure.

**Md. Enamul Haque**  
COO -ASA International



## 1. Introduction

***The purpose of this manual is to set out ASA International’s policy against making improper payments or inducements; and provide basic guidance to all ASA International employees, wherever located, with regard to anti-bribery laws around the world. ASA International does not tolerate any form of bribery, whether direct or indirect, by or of, its employees, officers, agents or consultants or any persons or companies acting for it or on its behalf.***

At ASA International, our code of conduct applies equally to all our business transactions throughout the countries it operations in and to any individual employees of any of its companies or entities controlled by it, or any agents engaged by the foregoing entities, in conducting ASA International’s business. ASA International insists that each of its business operations transact business fairly and with integrity.

Accordingly, bribery and any other form of unethical business practice are prohibited. Bribery not only violates our code of conduct – it violates the law. Bribery of customers or business partners, even where the actual payments are carried out by a third party such as an agent or distributor, are prohibited.

The board of directors and senior management are committed to implementing and enforcing effective systems throughout ASA International to prevent, monitor and eliminate bribery.

ASA International has issued this Anti-Bribery Policy and Compliance Procedure (the “Policy”) to outline its position on preventing and prohibiting bribery.

Throughout the world, the laws of various countries prohibit bribery of public officials, bribery of government or public officials and bribery of customers or other business relations. Not all countries in which ASA International operates have adopted domestic laws prohibiting improper inducements to public officials. In recent years, national authorities have increased their enforcement activity regarding foreign corrupt practices. The number of actions taken against companies and individuals for bribing public officials has risen. Further, several countries, like the United States and most EU countries have criminal or other sanctions for entities and individuals that violate anti-bribery laws.

## 2. Principles & Scope

### 2.1. Prohibition

***All ASA International personnel are expected to conduct company business in a legal and ethical manner. ASA International prohibits employees or associated persons from making, promising, giving, soliciting or accepting any bribes or unauthorised payments or other questionable inducements to influence government policy or any business transaction. The use of ASA International funds or assets for any unlawful, improper or unethical purpose is prohibited. In the conduct of business, all employees must avoid making payments that may be or may be perceived to be improper. Specifically, ASA International prohibits bribery by any of its employees, agents or associated persons.***

The bribe might be cash, a gift or other inducement to, or from, any person or company, whether a public or government official, official of a state-controlled industry, political party or a private person or company, regardless of where the employee or associated person is situated. The bribe might be made to ensure that a person or company improperly performs duties or functions (for example, by not acting impartially or in good faith or in accordance with their position of trust) to gain any commercial, contractual or regulatory advantage

for ASA International in either obtaining or maintaining ASA International's business, or to gain any personal advantage, financial or otherwise, for the individual or anyone connected with the individual.

This prohibition also applies to indirect contributions, payments or gifts made in any manner as an inducement or reward for improper performance, for example through consultants, contractors or sub-contractors, agents or sub-agents, sponsors or sub-sponsors, joint-venture partners, advisors, customers, suppliers or other third parties.

This policy extends to all of the company's domestic and foreign operations, without exception, including operations conducted by any of ASA International's departments, subsidiaries, affiliates, employees, agents, distributors, consultants or other representatives or other associated persons (as defined herein) and to the operations of any joint venture in which ASA International is a participant.

neither this manual nor local compliance training will provide definitive answers to all questions regarding anti-bribery legislation. the aim of this manual is to provide employees with the basic knowledge they need to identify potential bribery issues. accordingly, if you have any doubts as to the scope of applicable laws or if you need more specific information, you should contact the ASA International legal & compliance department immediately. at the end of this manual you will find the contact details.

An electronic version of this manual, as well as additional information on anti-bribery laws, is available at the website of ASA International.

## 2.2. Scope of this Policy

This Policy applies to all individuals working at all levels and grades, including directors, senior managers, officers, employees (whether permanent, fixed-term or temporary), temporary workers, consultants, contractors, agents, trainees, seconded staff, agency staff, and subsidiaries acting for, or on behalf of, ASA International and any of ASA International's subsidiaries or their employees, wherever located (collectively referred to as "associated persons").

In this Policy, "third party" or "third parties" means any individual or organisation any associated person comes into contact with during the course of his or her work for ASA International, and includes actual and potential clients of ASA International, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

## 2.3. Records

It is the policy of ASA International that all financial transactions must be recorded in a timely and accurate manner. Any information material to a transaction must be recorded. ASA International's records should reflect transactions in conformity with accepted accounting standards and should be designed to prevent off-the-books transactions such as kickbacks and bribes. See paragraph 6.3.

# 3. Bribery Offenses

***This section of the manual will outline the specific aspects of ASA International's policy against making improper payments or inducements to public officials and explain the various intricacies of anti-bribery legislation worldwide.***

## 3.1. Introduction

As a global company, ASA International employees frequently come into contact with public officials. Often, company personnel must communicate with public officials regarding a government contract, proposed legislation, or licensing and other required government approvals, e.g. customs clearance, business licenses, safety/environmental permits. In some countries, public officials may explicitly request improper payment in

connection with or in furtherance of these communications. Compliance with international anti-bribery laws in these situations is paramount.

Commonly anti-bribery laws prohibit a person or a company from making an improper payment to a public official to obtain or retain business. Most anti-bribery laws do not prohibit payments that are lawful under the written laws and regulations of the official's country. Facilitation payments are common practice in many countries and not prohibited by the US Foreign Corrupt Practices Act (the "FCPA"). However, facilitation payments are banned under the UK's Bribery Act 2010 (the "UK Act") which came into force on 1 July 2011. ASA International follows the UK Act as a benchmark for its group-wide policies.

A criminal offence will be committed by ASA International under various jurisdictions if an employee or associated person acting for, or on behalf of, ASA International offers, promises, gives, requests, receives or agrees to receive a bribe; and ASA International does not have the defence that it has adequate procedures in place to prevent bribery by its employees or associated persons.

In addition, a criminal offence will be committed (under the UK Act) if an employee or associated person acting for, or on behalf of, ASA International offers, promises or gives a bribe to a foreign public official with the intention of influencing that official in the performance of his/her duties, where local law does not permit or require such influence.

### 3.2. Penalties for Violating International Anti-bribery Laws

Penalties for violating international anti-bribery laws vary from country to country. Civil and criminal fines, prison sentences and suspension from conducting business with governments are all possible punishments.

United States of America: In the United States, for example, corporations and other business entities are subject to a fine of up to \$2 million per violation or twice the gain or loss attributable to the offense. In addition, individuals can serve up to five years in prison. Further, under U.S. law, a person or company found guilty of or indicted for violating the U.S. anti-bribery law, the FCPA may be barred from doing business with the U.S. government. Similarly, countries that have implemented the OECD Convention may also impose fines and prison sentences.

United Kingdom. The penalties under the UK Act are severe – there is a maximum penalty of 10 years' imprisonment and/or an unlimited fine for individuals. Corporates face an unlimited fine (including in respect of the Corporate Offence). In addition, where a person (including a corporate) has been convicted of a corruption offence, they face automatic and perpetual debarment from tendering for EU public contracts. There are other possible serious consequences of being found guilty of an offence under the UK Act, including confiscation under proceeds of crime legislation, which seeks to take away the entire benefit obtained by the wrongdoer as a result of his offences. By way of example, and depending on the facts, in the worst case a conviction for a bribery offence could result in a business being ordered to pay a sum equivalent to its entire revenue for the previous six years. That payment would be in addition to any fine levied under the UK Act.

### 3.3. Essential Elements of a Bribery Offense

The essential elements of anti-bribery laws relating to public officials are:

- ▶ A payment, offer, or promise of anything of value to any:
  - Government or public official;
  - Political party or party official;
  - Candidate for foreign political office;
  - Official at a public international organization;
  - Immediate family members of the foregoing; or
  - Any person while knowing that all or part of such payment will be passed on to any of the people described above
- ▶ For the purpose of:

- Influencing a public official act or decision of that person;
- Inducing such person to do or omit to do any act or activity in violation of his or her lawful duty;
- Inducing such person to use his influence with a foreign government to affect or influence any government act or decision; or
- Securing any other improper purpose;

In each case, to assist in obtaining or retaining business for or with, or directing any contract or business to any person.

The following parts of this section will describe in more detail the elements listed above. It is important to note that the terms above are intended to be inclusive and, accordingly, governments will interpret these provisions widely.

### **Payment, offer, or promise**

Most anti-bribery laws prohibit an individual from making, offering or promising an improper payment to a public official. Accordingly, in most cases it does not matter whether the improper inducement is actually transferred to the intended recipient. Further, the public official need not accept the improper payment or even communicate that he or she intends to accept it. Rather, the mere offer or promise of an improper payment to a public official falls within the category of prohibited conduct.

### ***Anything of value***

Enforcement authorities have placed few, if any, limitations on what can be construed as “anything of value.” In addition to cash or some other form of monetary consideration, almost any form of direct or indirect benefit can constitute something of value. Examples of consideration that may violate international bribery laws include:

- ▶ Travel arrangements
- ▶ Meals
- ▶ Company promotional items
- ▶ Contributions to charity at the direction of a public official
- ▶ Giving a job to a family member of a public official
- ▶ Granting a scholarship to the family member of a public official
- ▶ 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. Further, “value” may depend on the circumstances that exist in the country in which the public official resides. In a country of limited means and resources, a seemingly minor offer, gesture or gift may be rather significant and violate the law. Most laws do not contain a de-minimis exception that would exempt small payments from their prohibitions, so attention must be paid to any offers made to a public official, no matter how small.

### ***Government official***

For purposes of this manual, the definition of the term “public official” (as used herein) is broad and includes any government or any other officials (and prospective officials) from all branches, departments, agencies, units and instrumentalities of government, including state-owned or controlled companies or (public) international organization established pursuant to international law. For purposes of this policy, an “official” includes any person acting in an official capacity for or on behalf of any government or government entity, any public international organization, any political party or party official, or any candidate for public office. The prohibitions also include all levels of government officials, from Presidents and Prime Ministers to low-level government employees and the immediate families of all such persons, without regard for whether the official or family member has the capacity or ability to influence an official decision. This would include, for example, a clerk in the customer's office or any other agency approving permits of any kind. Furthermore, it does not matter whether the public official is paid or unpaid.

In certain regions of the world, it will of course be difficult to determine whether an individual is or is not a public official, particularly in countries that have expansive royal families. To remain in compliance with anti-bribery laws, you should always assume that any individual with any connection to a government or ruling family is a public official subject to anti-bribery prohibitions.

As stated above, the anti-bribery laws also apply to state-owned enterprises or private companies predominantly used by governments. Accordingly, the term public official can often mean an individual who does not perform a traditional governmental role. Frequently, these public officials are employed by a commercial enterprise that is either government owned, controlled or operated.

Anti-bribery laws also cover improper payments to employees of “public international organizations.” Examples of such organizations include, but are not limited to, the World Bank, the International Monetary Fund, International Finance Corporation, the European Union, the Organization of American States, the European Space Agency and the Hong Kong Economic and Trade Offices. Over time, the number of organizations that will qualify as public international organizations will increase.

In addition, the anti-bribery laws prohibit both direct and indirect payments to public officials. Thus, ASA International can be liable for improper payments made by its associated persons (such as agents, distributors or other business partners, to advisors, consultants or others acting for a government), who pass on all or part of a payment to a public official. Accordingly, no ASA International employee or associated person 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 onto a public official, or where one of the “red flags”, discussed below, is present.

Due to the breadth of the term public official, please consult ASA International Legal & Compliance Department, or the local legal / compliance officer of ASA International if you have any question or doubt as to whether an individual qualifies as a public official.

### ***Influencing an official act***

The quid pro quo element of most international anti-bribery laws requires that the improper payment occur in exchange for some sort of official action or inaction. Accordingly, through an improper inducement, no ASA International employee may seek to:

- ▶ Influence a public official to perform some act or activity in his official capacity or function;
- ▶ Influence a public official to refrain from acting in his official capacity;
- ▶ Incentivize the official to affect an act or decision of his or her government; or
- ▶ Secure any improper advantage.

A relevant “function” or “activity” includes public, state or business activities or any activity performed in the course of a person’s employment, or on behalf of another company or individual, where the person performing that activity is expected to perform it in good faith, impartially, or in accordance with a position of trust.

It is critical to note that the action being induced through the improper payment need not relate to the public official’s own government. As long as the action being influenced relates to the official capacity of the public official, the ultimate purpose need not relate to that official government or to any government at all. For example, if a minister of a country, upon receiving a bribe, telephones that country’s largest corporation and asks that corporation to buy products from ASA International, we could be in violation of anti-bribery laws.

### ***Obtain or retain business***

Many anti-bribery laws prohibit an individual or entity from making or offering inducements to a public official where such inducements will assist the individual or entity obtain or retain business. This provision is very broad and is not limited to business that an entity may receive from a government. The term “assist” is broad as well. An action by a public official can “assist” a company by simply making the eventual realization of one of the company’s goals more likely. For example, a payment that permits a company to circumvent a quota, bypass a licensing requirement or receive lower taxes may violate the anti-bribery laws. Further, the public official need not be directly involved in awarding or directing business. Any action or inaction by a public

official that would benefit the inducer's business interests would typically fall under the prohibitions of various anti-bribery laws. For example, an improper payment that influenced a public official to help pass a law that helped a company may constitute an illegal bribe. The expanse of the phrase "obtain or retain business" is meant to cover almost any business advantage a company could receive improperly. Accordingly, all ASA International employees should assume that any improper payment to a public official will trigger this provision and expose ASA International to potential liability.

### **3.4. Corporate Entertainment, Gifts, Hospitality Offered to ASA International Associated Persons**

#### ***Principles***

This Policy does not prohibit acceptance of normal and appropriate entertainment, hospitality and gifts from others. However, any such practices must be proportionate, reasonable and made in good faith. Clear records must be kept and the procedures set out below must be followed.

#### ***What is authorized?***

ASA International will permit participation and acceptance of reasonable, appropriate and proportionate entertainment and promotional expenditure from third parties undertaken:

- ▶ For the purpose of establishing or maintaining good business relationships;
- ▶ To improve the image and reputation of that third party; or
- ▶ To present the third parties' goods/services effectively;

Provided that the same is:

- ▶ Arranged in good faith;
- ▶ Not offered or promised to secure an advantage from ASA International or any of its employees or associated persons or to influence the impartiality of the recipient;
- ▶ Not consisting of cash or cash equivalents (such as gift certificates or vouchers);
- ▶ Appropriate in the circumstances (for instance, it is customary for small gifts to be given at Christmas time);
- ▶ Given openly, not secretly; and
- ▶ Taking into account the reason for the gift and the seniority of the recipient (that it is of an appropriate type and value given at an appropriate time).

#### ***What is prohibited***

ASA International does not authorise, and it is not acceptable for an employee (or someone on its behalf) or an associated person to:

- ▶ Accept payment from a third party that one knows or suspects is offered with the expectation that it will obtain a business advantage from them;
- ▶ Accept a gift or hospitality from a third party if one knows or suspects that it is offered or provided with an expectation that a business advantage will be provided by ASA International in return;
- ▶ Threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns under this Policy; or
- ▶ Engage in any activity that might lead to a breach of this Policy.

In certain circumstances, it may not be appropriate to accept or retain gifts, rewards or entertainment received or offered from clients, public officials, suppliers or other business contacts and any employee or associated persons may be asked by ASA International to return the gifts to the sender or refuse the entertainment (for example, where there could be a real or perceived conflict of interest).

As a general rule (and subject to the qualifications below) small tokens of appreciation, such as flowers or a modest bottle of wine may be retained but you must always record all gifts, rewards or entertainment received or accepted. If in doubt, please ask for advice from the Legal & Compliance Officer.

### **3.5. Corporate Entertainment, Gifts, Hospitality and Promotional Expenditure offered by ASA International**

#### ***Principles***

This Policy does not prohibit:

- ▶ Normal and appropriate hospitality and entertainment with customer, suppliers and other third parties;
- ▶ The use of any recognised fast-track process that is publicly available on payment of a fee;
- ▶ Routine government payments. Most, if not all, governments require fees, taxes or payments for various government services. Payment of these fees is permissible and should occur in the ordinary course of dealing with a government. Be careful, however, to avoid making such payments to public officials in their individual capacity, or paying amounts in excess of the amount required by law.

Any such practices must be proportionate, reasonable and made in good faith. Clear records must be kept and the procedures set out below must be followed.

#### ***What is authorised***

ASA International will authorise reasonable, appropriate and proportionate entertainment and promotional expenditure i.e. business expenditures. Please refer to paragraph 3.4.

Despite appearances, this exception to anti-bribery laws is not straight-forward and, often times, the line between what is a bona fide expenditure and what is an improper inducement can become blurred. It is not a defense to anti-bribery laws, however, that all customers, whether from the private or the public sector are treated in the same manner. The analysis must focus on whether the expenditure in each situation is necessary and, if so, whether the payment is reasonable under the circumstances. Any travel expenses for a government employee, in many circumstances, are likely to fall under the category of being an improper inducement.

Again, with the radical differences in living standards in various regions of the world, there may be situations where relatively modest expenditures can be viewed as improper inducements. 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. Accordingly, the definition of a bona fide expenditure can and will be subject to change. ASA International employees must be aware of these different living standards and seek the assistance of Legal & Compliance Department.

#### ***What is prohibited***

Please refer to paragraph 3.4.

#### ***Approval Procedure***

If you and, where relevant, associated persons wish to arrange normal and appropriate hospitality and promotional expenditure with a value in excess of USD25.00 (US Dollars Twenty Five), you should submit requests for the same well in advance of proposed dates to the local Legal & Compliance Officer or to a Senior Manager or Executive Director (in line with normal approval processes set out in the ASA International expenses policy). Your request must be set out in writing (including email) and specify:

- ▶ The identity of the third party recipient business and individual recipient(s) of the hospitality/gift;
- ▶ Identifying and disclosing pending actions and/or decisions of any sort to be made by the third party.
- ▶ The identity of those who will be attending from ASA International;
- ▶ The objective of the proposed entertainment or expenditure; and
- ▶ Details (including estimated costs) and rationale of the proposed activity.

ASA International will approve business entertainment proposals only if they demonstrate a clear business objective and are appropriate for the nature of the business relationship. ASA International will not approve business entertainment where it considers that a conflict of interest may arise or where it could be perceived that undue influence or a particular business benefit was being sought (for example, prior to a tendering exercise).

### **Recording**

Hospitality and gift record books should be maintained by the relevant entity. Any ASA International officer (or associated person) must record all hospitality and gifts provided in these books, promptly after completion of the activity. A record must still be made even if approval has been obtained in advance as above. These records will be subject to regular review by the Legal & Compliance Officer and a scanned copy should be placed in a permanent record. The onus is on the ASA International officer (or associated person) personally to ensure that the details of any gift or hospitality received or accepted by third parties are recorded (although it will normally be appropriate for an event organiser to do so for larger-scale events).

### **Charitable and political donations**

ASA International considers that charitable giving can form part of its wider commitment and responsibility to the community. ASA International supports a number of charities that are selected in accordance with objective criteria. Following a risk assessment by the Legal & Compliance Officer, ASA International may also support fundraising events involving employees.

However:

- ▶ ASA International only makes charitable donations that are legal and ethical and to entities which have a valid registered charity number; and
- ▶ ASA International does not make contributions to political parties.

## **3.6. Facilitation Payments**

Facilitation payments are small payments made to public 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, processing governmental papers, or providing postal or utility services.

Facilitation payments must not be made, regardless of value or whether such payments may be considered consistent with local custom and practice. Where a facilitation payment is solicited it must be refused and notified in writing to the local manager in charge or the local Legal & Compliance Officer at the earliest opportunity.

Where there is no alternative to making a facilitation payment to protect against loss of life, limb or liberty, the payment should be made and reported in writing immediately to the local manager in charge or the local Legal & Compliance officer.

## **4. Risk Assessment**

### **4.1. Selecting and Monitoring Agents**

In many countries, ASA International business units retain local individuals or firms as agents, distributors, representatives, consultants or 'associated persons' as per the UK Act (collectively referred to as "agents") to conduct their business. ASA International can be held liable for corrupt payments an agent makes on ASA International's behalf, with or without ASA International's knowledge.

Due diligence procedures must be followed for any consultant, agent, representative or advisor engaged by any member of the ASA International group specifically coupled from the team of Legal & Compliance of ASA International.

- i. Members (Legal & Compliance of ASA International) must make sure that due diligence forms have been completed.
  - ii. No new consultant, agent, representative or advisor may be used unless they have passed due diligence review.
  - iii. ASA International requires that all agents comply with anti-bribery laws at all times.
  - iv. In addition to the normal due diligence process that focuses on the agent's relevant expertise, experience and qualifications, all ASA International employees or associated persons must take additional steps to secure compliance with anti-bribery laws. The process must be sensitive to the risk of misuse of ASA International's funds by any officer, employee or associated person of ASA International, its departments, subsidiaries, affiliates, and to the operations of any joint venture in which the ASA International is a participant in violation of this manual and any anti-corruption law in place in the countries in which subsidiaries and their agents do business.
  - v. In assessing any public official, the following policies and procedures must be followed:
  - vi. Assessment and Approval: The Company must determine the competence and reputation of the current and the prospective agent, as well as the agent's contacts with any public officials. It is very important to identify any relationship an agent has with any public officials. These relationships include not only family relationships, but business relationships as well. Particularly, the Company should ascertain whether the agent has engaged in past government or military service and whether that service may compromise his ability to remain in compliance with anti-bribery laws.
  - vii. Assessment Documentation: (Due diligence procedures for engaging agents, consultants` or other representatives through which the company may act). Any business unit that secures an agent abroad must keep a detailed file of the due diligence efforts made in conjunction with obtaining the agent. At a minimum, 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, and the checks made regarding the agent's integrity in conducting business. Agents that have been approved by the business must also be reviewed periodically to ensure that the agent still complies with anti-bribery laws. Reviews shall take place with regular intervals (depending on jurisdiction or risk) but at least every 18 months. Further, as a condition of approving a new agent where red flags have been resolved or higher risk is otherwise present, Legal & Compliance may require more frequent reviews of a particular Agent.
  - viii. If any ASA International business unit utilizes the services of an agent, a detailed written contract should govern the arrangement. In addition to the arrangement's commercial terms, the contract should also contain appropriate representations and warranties from the agent concerning past and future compliance with anti-bribery laws, including periodic certification that the agent remains in compliance with those laws.
- a) The agent must represent and warrant that he or she:
    - i. Is not a public official, affiliated with any public official, or a candidate for public office, and will advise ASA International if any of these conditions change during the course of the agency relationship;
    - ii. Understands international relevant anti-bribery legislation such as FCPA, the UK Act and the OECD Convention;
    - iii. Will not, in the future, engage in conduct on behalf of ASA International or related to work for ASA International that would violate anti-bribery laws; and
    - iv. Has read, understands, and agrees to comply with the ASA International code of conduct and the principles and procedures of this Policy.
  - b) Furthermore the contract should contain at least the following provisions:
    - i. All payments to the agent shall be by check or wire transfer;
    - ii. Travel and entertainment expenses will be reimbursed only when approved in advance and supported by detailed records;
    - iii. The agent shall not assign or sub-contract work under the contract without the prior approval of ASA International;

- iv. The agent will indemnify ASA International for any damages that result from the breach of any of the agent's representations; and
- v. The agent shall maintain accurate books and records;
- c) ASA International shall have reasonable access to the agent's books and records and have the right to audit them on a periodic basis. Where possible ASA International will include this in the terms of engagement of any agents.
  - i. Geographic risk assessment: Part of a company's review for potential violations of this manual should include researching the perceived level of corruption in the country that ASA International is active in. Transparency International publishes an assessment of the risk of corruption in almost every country in the world, which is available at [www.transparency.org](http://www.transparency.org).

Finally, when examining the agency relationship, ASA International employees should evaluate whether the proposed compensation to be paid in exchange for the services rendered or the products delivered is reasonable in light of the circumstances. "Success" fees deserve heightened attention.

Any final decision to hire any Agent shall be reviewed by the ASA International Legal & Compliance Department considering inter alia third party diligence as referred to above and ultimately ASA International Legal & Compliance Department shall approve the arrangement.

Please seek assistance from ASA International Legal & Compliance Department for further information on the due diligence required before hiring an agent and the contractual provisions that must appear in any contract documenting the agency relationship.

## 4.2. Selecting Partners

ASA International companies sometime partner with companies to gain access to a particular market or to establish an entity compliant with local FDI rules. ASA International takes great care in selecting and monitoring the activities of partners because partners can create corruption-related risks for ASA International. The main risk is that a partner may engage in conduct that is prohibited under ASA International policies, believing that as a local individual or company it enjoys more freedom to "play by the local rules." However, it is never acceptable to circumvent ASA International policies in this manner. Another risk arises when a potential partner brings property, local authorizations, local permits, or other assets to a deal, where those assets were obtained through corruption. In some circumstances, this could create a risk for ASA International even though ASA International had no prior relationship with the potential partner.

In connection herewith, the following policies and procedures apply:

- a) Due Diligence Procedures: When the Company proposes to enter into a partnership relationship, appropriate due diligence procedures must be performed. The following procedures are followed in case of an existing partner if (a) due diligence was never performed on the partner, (b) records of due diligence for the partner are no longer in existence, or (c) any significant change occurs in the partner's business (e.g., a change in ownership).
- b) Contracts with partners: All agreements with partners must be in writing, contain anti-corruption language, and be approved by ASA International's Legal & Compliance Department before they are signed by any ASA International company.
- c) Payments to partners: All payments to partners must comply with the Approval Policies for Expenditures

## 4.3. Acquisitions or Mergers

ASA International may be held liable for past anti-bribery violations from any company ASA International acquires or invests in. Accordingly, ASA International must review, as part of the acquisition or investment a due diligence process, the foreign activities of the target company.

This due diligence will allow ASA International 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. The due diligence process should also address whether the target has any weaknesses in accounting and record keeping requirements and internal controls procedures. 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 ASA International may act upon any information it receives before the deal is finalized.

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

- a) The percentage of the target's business derived from government contracts;
- b) The types and identities of agents and consultants the target uses and their compensation arrangements;
- c) The target's countries of operations;
- d) The involvement of public officials in the target's business (either as owners, directors or employees);
- e) The condition of the target's internal controls and books and records; and
- f) Whether the target has ever been accused of violating anti-bribery laws.

Please contact ASA International Legal & Compliance Department for further questions regarding acquisition due diligence.

## 5. Accounting and Record-keeping

Each employee or official of ASA International and, where applicable, associated persons must ensure all expenses claims relating to hospitality, gifts or expenses incurred for the benefit of third parties are submitted in accordance with ASA International's expenses policy and specifically record the reason for the expenditure. Any employee or associated person must keep a written record of all hospitality or gifts accepted or offered, either as a recipient or giver, which will be subject to managerial review. Such persons are required to take particular care to ensure that all company records are accurately maintained in relation to any contracts or business activities, including financial invoices and all payment transactions with clients, suppliers and public officials. Any employee or associated person must also record invitations and gifts which are not accepted.

Accordingly, any employee or associated person must follow all applicable standards, principles and laws for accounting and financial reporting. No such person should establish an undisclosed or unrecorded account on behalf of the Company for any purpose. In addition, false or artificial entries are not to be made in the books and records of ASA International for any reason. Further, ASA International must devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

- a) Transactions are executed in accordance with management's general or specific authorization.
- b) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and to maintain accountability for assets.
- c) Access to assets is permitted only in accordance with management's general or specific authorization.
- d) The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

## 6. Monitoring and Reporting

### 6.1. Guidelines and Requirements for Complying with this Policy

All ASA International officers, employees, agents, or associated persons are required to comply with this Policy and the procedures listed below. Failure to comply will result in disciplinary action, up to and including termination of employment.

To help ensure compliance, the following procedures are hereby implemented:

- a) **Employee Training and Certification:** Employees who (1) are reasonably likely to come into contact with public officials, or (2) interface with third parties who in turn are reasonably likely to interact with public officials on ASA International's behalf, or (3) have authority or responsibility over any of the foregoing categories of employees, will be required to attend periodic anti-corruption training seminars and to sign annual certifications that they have not paid, caused to be paid, and/or have no knowledge of any bribes paid to domestic or public officials on the Company's behalf.
- b) **Expenditure Requests:** All ASA International directors, officers, and employees are required to comply with ASA International guidelines on expenditures related to travel, gifts and entertainment, and charitable contributions.
- c) **Third Party Relationships:** The Legal & Compliance Officer, with the assistance of appropriate officers, employees, outside counsel, and/or consultants, will undertake and oversee appropriate due diligence for each of ASA International's third party relationships as circumstances dictate. The results of this due diligence will be documented and maintained in a central location in the Legal & Compliance Officer's files. The Company will also incorporate anti-corruption clauses into third party contracts where appropriate, and will provide anti-corruption training to certain third parties where appropriate. The above will be performed in accordance with Company guidelines on third party relationships.
- d) **Investigations:** The Legal & Compliance Officer or his designee will investigate, as necessary, any corruption-related red flags that are reported to them. In most circumstances, the identity of the person reporting a red flag will be kept confidential if the person requests it.
- e) **Transactional Due Diligence:** In evaluating potential acquisitions, joint ventures, or other business transactions, Company personnel must always consider corruption issues. See paragraph 5.3.
- f) **Accounting:** The Company's Chief Financial Officer (CFO)/Compliance Officer will maintain a system of internal controls sufficient to ensure that assets and transactions are accurately accounted for and that Company transactions occur only pursuant to management's general or specific approval. The CFO will also ensure that the Company's books and records accurately and fairly reflect the transactions and dispositions of the Company's assets and otherwise comply with applicable accounting standards.
- g) **Monitoring & Review:** See paragraph 6.2 below.

## **6.2. Monitoring and Review**

ASA International should monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where necessary. ASA International shall review, update and circulate internally its Compliance Manual and all internal policies on an annual basis including this Policy.

Each of the ASA International subsidiaries or business units shall adopt a local anti-bribery and corruption policy based on this Policy. ASA International should monitor and review group and local procedures designed to prevent bribery by persons associated with it and make improvements where necessary. ASA International shall review, update and circulate internally its Compliance Manual and all internal policies on an annual basis including this Policy.

### ***Compliance and Internal Audit***

Compliance and internal audit staff shall receive specialist training to achieve thorough knowledge of the bribery and corruption risks. The Compliance Officer or Internal Auditor or his/her designee will conduct periodic compliance audits of ASA International's anti-corruption program to determine deficiencies and ways to improve. Effective compliance monitoring and internal audit reviews challenge not only whether processes to mitigate bribery and corruption have been followed but also the effectiveness of the processes themselves. Independent checking of Compliance's operational role in approving third party relationships and accounts will be conducted where relevant. Routine compliance and/or internal audit checks of higher risk third party payments will also be undertaken to ensure there is appropriate supporting documentation and adequate justification to pay.

### 6.3. Reporting Suspected Bribery

ASA International shall ensure that each of its subsidiaries conduct procedures for reporting suspicions to the local Compliance Officers. Records shall be kept for all reports. Financial crime training covers whistleblowing procedures and how to report suspicious activity. The Legal & Compliance Officer shall report to the Board of Directors. Each of the subsidiaries of ASA International shall prepare an annual anti-bribery report indicating all instances of bribery or corruption. This report will be delivered within 120 days following the end of the financial year to the group Legal & Compliance Officer.

ASA International depends on ASA International's officials and associated persons to ensure that the highest standards of ethical conduct are maintained in all business dealings. Each ASA International official, employee or associated person is encouraged to report any concerns to the Legal & Compliance Officer as soon as possible. Issues that should be reported include:

- ▶ Any suspected or actual attempts at bribery;
- ▶ Concerns that other employees or associated persons may be being bribed; or
- ▶ Any kind of Concerns that other employees or associated persons may be bribing third parties, such as clients or government officials, may be brought through the Grievance Mitigation Channels (GMC) or via the Whistle Blowing Procedure, if the issue in concern cannot be raised to the a supervisor or to the legal & compliance team

If an ASA International official, employee or associated person needs to report an incident, the first step is to contact the local Legal & Compliance Officer, Managing Director or CEO to discuss the incident with him/her. If for various reasons this is not possible, incidences can be reported to the group Legal & Compliance Officer (all contact details are available on the ASA International homepage).

#### ***Procedure***

Any aforementioned reports will be thoroughly and promptly investigated by the Legal & Compliance Officer in the strictest confidence. Each ASA International official, employee or associated person will be required to assist in any investigation into possible or suspected bribery. Each ASA International official, employee or associated person will also be required to comply with ASA International's whistle blowing procedures that will be prepared as part of the Policy by each subsidiary.

#### ***Non-Retaliation Policy***

ASA International does not tolerate retaliation against any employee who raises a question or concern in good faith about ASA International's business practices, including any suspected violations of this policy. Any retaliation that occurs will result in disciplinary action against the individual seeking retaliation. Any ASA International official, employee or associated person having experienced retaliation, should immediately report that concern to the Legal & Compliance Officer.

#### ***Investigation***

ASA International will fully investigate any instances of alleged or suspected bribery. Employees suspected of bribery may be suspended from their duties while the investigation is being carried out. ASA International will invoke its disciplinary procedures where any employee is suspected of bribery, and proven allegations may result in a finding of gross misconduct and immediate dismissal. ASA International may terminate the contracts of any associated persons, including consultants or other workers who act for, or on behalf of, ASA International who are found to have breached this policy. ASA International may also report any matter to the relevant authorities.

### 6.4. Local Adaptation

In order for this policy to be effective, it is necessary for it to be applied to all Company units including subsidiaries, branches, and/or overseas offices. However, in some cases, local law may impose stricter or different anti-corruption requirements than those contained in this policy. In such cases, from time to time Company units may deem it appropriate to adopt an addendum to this policy in order to ensure compliance with local law. Local ASA International managers should consider consulting with local counsel to identify any

necessary addenda to this policy, and are responsible for reporting any local addenda to the Legal & Compliance Officer. Written approval of the Legal & Compliance Officer is required prior to the entry into force of local addenda to this policy.

## 7. Questions or Concerns

As ASA International employees or associated persons, all have a responsibility to help detect, prevent, and report instances of bribery and corruption. ASA International encourages its employees and anyone doing business on its behalf to raise any questions about this policy or its application to ASA International operations, and to report any suspected violations of this policy to appropriate personnel as soon as possible.

As discussed above, this policy does not address the specific provisions of each anti-bribery law with which ASA International must comply and, accordingly, situations will arise where further advice and counsel are necessary and appropriate. Although many of the basic legal principles are similar, critical distinctions exist among anti-bribery laws in different jurisdictions.

In case of any questions regarding this Policy, or to report a concern, or to request approval for a bona fide and reasonable business expenditure or a new third party relationship, please contact the local Legal & Compliance Officer or the Group Legal & Compliance Officer Martijn Bollen, via telephone at (31) 640542551, or via e-mail at [mbollen@asa-international.com](mailto:mbollen@asa-international.com). You should also feel free to discuss any question or concern with your supervisor or local manager.