

# FreeBalance Anti-Corruption Policy

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# 1. Definition of the Policy

## 1.1. Purpose

The purpose of this Anti-Corruption Policy ("Policy") is to define the main principles followed by FreeBalance<sup>1</sup> regarding the prohibition of fraud, bribery and corruption. This Policy is designed as a complement to the FreeBalance Code of Conduct and FreeBalance Employee Handbook.

FreeBalance operates with honesty and integrity. It is the policy of FreeBalance to prohibit fraud, bribery or corruption of any kind in any location. There is zero tolerance for fraud, bribery and corruption.

## 1.2. Scope

FreeBalance operates in numerous countries. This Policy cannot provide detailed guidance about compliance with all relevant laws of countries around the world. FreeBalance employees must comply with applicable laws and use common sense in identifying activity that may violate this Policy, following the principles of this Policy.

FreeBalance may issue additional anti-corruption and related guidance consistent with this general Policy to address the specific requirements of local laws. All Anti-Corruption policies and related guidance are published on AODocs:

- FreeBalance Internal Library – All / Corporate Documents / FreeBalance Policies & Forms

## 1.3. Applicability

This Policy must be followed by every director, officer and employee of FreeBalance. They are all treated as "*employees*" for the purpose of the Policy. Contract employees and independent contractors must also be made aware of and must comply with this Policy. The general principles and prohibitions of this Policy also apply to Business Partners working on behalf of, or with, FreeBalance. Circumvention of the requirements of this Policy through the use of Business Partners is expressly prohibited.

## 1.4. Status and Relationship to Other Policies

This Policy has been approved by the Board of Directors. Other anti-corruption related guidelines and instructions within FreeBalance shall be in line with this Policy.

This Policy should be read in conjunction with the **FreeBalance Code of Conduct, FreeBalance Employee Handbook/Work Regulation Book** and various other FreeBalance policies regarding the conduct of employees.

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<sup>1</sup> References to "FreeBalance" and "Company" in this Policy include FreeBalance and all of its subsidiary companies where FreeBalance has a majority ownership or control. If FreeBalance participates in a joint venture company with a minority ownership, FreeBalance will expect the company to adopt similar principles as FreeBalance follows under this Policy. FreeBalance and its subsidiary and associated companies are all separate, independent legal entities. The collective expressions FreeBalance and Company are used to refer to the companies belonging to the FreeBalance group for the sole purposes of this Policy only.

## 2. Main Principles

### 2.1. Bribery and Corruption

Most countries have adopted laws prohibiting the bribery and corruption of public officials and in many cases, private or commercial forms of bribery are similarly prohibited<sup>2</sup>. Underlying or associated fraudulent conduct associated with acts of public bribery is likewise widely prohibited.

No employee shall give or accept anything of value to:

- Encourage the recipient to perform their functions or activities improperly or to reward that person for already having done so; or
- Be encouraged to perform their functions or activities improperly or to be rewarded for already having done so.

Not all acts of bribery or corruption take the form of cash payments or commissions. For example, providing or accepting gifts, travel or entertainment may be unlawful depending on the circumstances. The offering of gifts and hospitality including travel-related expenses for public officials creates special concerns. Some countries have very strict limitations on the value and nature of gifts and entertainment their officials can accept.

The term bribery can briefly be defined as follows: the offering, promising or giving, as well as demanding or accepting, of any undue advantage, whether directly or indirectly, to or from anyone in order to obtain, retain or direct business or to secure any other improper advantage in the conduct of business.

### 2.2. Facilitation Payments

Facilitation payments, also known as “grease” or “speed” payments, are payments to induce public officials to perform routine functions they are otherwise obligated to perform.

FreeBalance expressly prohibits the use of facilitation payments by its employees, contractors, subcontracts and agents. Under certain circumstances providing gifts or hospitality to third parties can be considered bribery. Please refer to the specific published policies, including Section 2.7 herein, on gifts, meals and entertainment.

### 2.3. Fraud

The **FreeBalance Code of Conduct requires employees to act honestly and ethically**. It prohibits fraudulent practice in any form. Fraud is defined as: Misrepresentation of fact, deceit, trickery, sharp practice, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage, including in the procurement process or in the execution of a contract or project.

Any fraud whether in furtherance of a corrupt activity or standing alone is contrary to the letter

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<sup>2</sup> The Organisation for Economic Co-Operation and Development (OECD) Convention on Combating Corruption and the United Nations Convention against Corruption require state parties to implement regulatory regimes outlawing bribery and corruption.

and spirit of the way FreeBalance does business.

**Example: Creation of false receipts to generate funds to pay a bribe to a government official to obtain a contract amendment favourable to the company.**

In this case, the creation of the false receipt - which is a misrepresentation of fact - would be a fraudulent practice. The fraudulent practice itself would be misconduct whether or not the bribe was actually paid.

In this case, if the payment is actually made to the government official, then bribery has occurred.

## 2.4. Public Sector

No FreeBalance employee may give, offer, promise or authorize the giving of anything of value to a **public official** directly or through an intermediary in order to **influence official action or obtain an improper advantage** (definitions below). This prohibition bars the giving, offering, promising, or authorizing the transfer of cash or anything else of value including, for example:

- Inappropriate gifts or gratuities
- Inappropriate hospitality
- Contributions to a charity (even a legitimate one) specified or suggested by a public official; or
- Offers of employment to a public official or to family members of a public official.

Please note that in many countries it is prohibited to act in a way that creates the *perception* of unduly influencing a public official (whether or not the public official is influenced by the action is not decisive for the legality of the action).

The term “**influence official action**” means to attempt to induce a public official to act or refrain from acting in any way.

An “**improper advantage**” is any advantage gained by the Company not on the merits of its products or services but because a public official violated the public trust for the Company's benefit. Such an improper advantage may include:

- A new business award
- A tax reduction
- An expedited handling of the Company's invoice
- A regulatory approval
- Provision of information not otherwise available; or
- Any other official action that is unwarranted, including expediting the receipt of a permit or license.

The term “**public official**” includes anyone elected or appointed to, or otherwise working at a government entity (as defined below), as well as any candidate for political office, political party official or political party.

The term “**government entity**” is defined broadly to include national, state, municipal or local governments or government departments, bodies, agencies or other government entities, as well as “public international organizations” and “government-owned enterprise(s)”. “Public international organizations” include any organization with two or more governments as members.

A “government-owned enterprise(s),” is any entity, whether organized under public or private law, in which one or more governmental entities has a sufficient ownership or political interest to give it control, regardless of the actual percentage ownership.

For example, a public official may be any of the following:

- Employee of a state-owned hospital, utility or other enterprise
- Local police officer
- Military personnel
- Customs official
- Officer of the World Health Organization, Council of Europe, World Bank or United Nations
- Mayoral candidate
- Municipal personnel
- Member of Parliament; or
- Judge, Prosecutor or Court Clerk.

Should you have any doubts as to whether a person is a public official, please contact the FreeBalance Chief Compliance Officer (CCO).

*Note that also accepting or demanding any bribe, whether directly or indirectly from a public official is strictly forbidden.*

## 2.5. International Financial Institutions

International Financial Institutions (IFIs) such as the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, etc., have a harmonized set of rules governing the conduct of companies related to the procurement and execution of IFIs project contracts. These rules prohibit companies and their employees and representatives from engaging in acts of:

- Corruption - A corrupt practice is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- Fraud - A fraudulent practice is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- Coercion - A coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- Collusion - A collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

The IFI rules also generally require that companies act "responsibly" (or equivalent) at all times throughout the course of the procurement process, including contract execution. Acts which would violate these rules likewise would be a violation of this Policy and the FreeBalance Code of Conduct.

## 2.6. Private Sector

No FreeBalance employee may give, offer, promise or authorize the giving of anything of value to

a **commercial representative** directly or through an intermediary in order to obtain an **improper commercial advantage** (definitions below). This prohibition bars the giving, offering, promising, or authorizing the transfer of cash or anything else of value including, for example:

- Gifts or gratuities
- Inappropriate hospitality
- Contributions to a charity (even a legitimate one) specified or suggested by a commercial representative; or
- Offers of employment to a commercial representative or to the family members of a commercial representative.

The term “**commercial representative**” includes anyone employed by, or otherwise working directly or indirectly for a **commercial entity** (as defined below).

An “**improper commercial advantage**” is any advantage gained by the Company not on the merits of its products or services but because a commercial representative violated his/her company policy and/or breached his duty of loyalty to that company, for the Company's benefit. Such an improper advantage could include:

- A new business award
- A contract renewal; or
- Any other commercial action that is unwarranted.

The term “**commercial entity**” is defined broadly to include any private sector entity, to include corporations, partnerships, joint ventures, and both private and non-profit organizations.

*Note that also accepting or demanding a bribe, whether directly or indirectly from a commercial representative is strictly forbidden.*

## 2.7. Gifts

A gift or promise of a gift to a public official or commercial representative is never permitted if it is provided in order to influence official action or to obtain an improper advantage or improper commercial advantage, as the case may be.

Similarly, a gift or promise of a gift made to a charitable or other organization is not permitted if it is provided in order to influence official action or to obtain an improper advantage or improper commercial advantage with the recipient of the gift or promise.

You may not accept a gift or a promise of a gift if it is provided or offered in order to influence your business actions or to obtain an improper advantage or improper commercial advantage. Decline the gift if you feel unsure about the nature or acceptability of the gift.

When it comes to giving or accepting gifts and hospitality, always consider:

- Is the timing of the gift or hospitality sensitive (e.g. during negotiations)?
- What is the frequency of benefits provided in the past?
- Is the gift being given as an exceptional reward or incentive for a transaction or is it making you feel you were under an obligation?
- Is the gift or hospitality inappropriate, disproportionate or even illegal?
- Do the recipients include family members of clients / business relations?

If the answer to any of these questions is “yes” then don’t give or accept the gift or hospitality. Understand that local customs cannot be followed if they conflict with FreeBalance’s policies.

A cash gift or cash equivalent gift is strictly prohibited.

*Only with advance written approval from their Manager or the CCO can employees provide gifts to customers or potential customers. With **advance** written approval, customary gifts of nominal value, typically **not to exceed \$50 United States Dollars**, given or received in the ordinary course of business and in compliance with local law, are permissible as are normal and customary gifts for holidays, birthdays and similar events. To obtain approval for a gift to a customer, you must email your Manager and the CCO with the following minimum information: customer name, recipient name and role/title, value of gift, reason for giving the gift / business context and information on frequency of giving gifts to this recipient where applicable.*

*Executive Management (Chief Executive Officer (CEO), Chief Financial Officer (CFO), Vice Presidents (VPs)) can give gifts of nominal value up to \$50 USD to non-US government customers without approval of the CCO.*

*Gifts to US or Canadian Government officials are generally prohibited and always require advance approval from the CCO. Where a contract is funded by the US government, the prohibition on gifts may also be extended to include the beneficiary customer. Always ensure to contact the CCO for all verifications on appropriate gifts.*

*Any expense claims for gifts are subject to additional scrutiny during the approval process. Always attach the email approval of the gift to your expense claim. Where gift claims are missing approvals or are in excess of the policy standards, they will be raised to the attention of the CCO for review and approval / rejection prior to reimbursement.*

## 2.8. Charitable Contributions

Bona fide charitable contributions may only be made by employees only with the prior written approval of the FreeBalance CCO, CFO or CEO. All FreeBalance charitable contributions and Corporate Social Responsibility (CSR) activities are related to children charities through Non-Governmental Organizations that are unaffiliated with government organizations.

## 2.9. Political Activities and Contributions

FreeBalance prohibits political contributions, whether cash or in-kind, to any political candidate or party, whether domestic or foreign, with Company funds or resources. In kind contributions include, but are not limited to, the use of Company facilities for fundraisers, purchase of tickets for receptions or dinners, advertisements in journals, and payments for services.

Notwithstanding this general rule, certain political contributions on behalf of FreeBalance are allowed if the contribution is legally permissible and approved by the CCO.

Employees have the right to voluntarily participate in the political process, including by making personal contributions to candidates of their choice. However, no one in the Company may require an employee to contribute to, support, or oppose any political group or candidate. Employees should not engage in political activities while at a FreeBalance workplace. If an employee chooses to participate in the political process, he or she must do so as an individual,



not as a Company representative.

## 2.10. Hospitality

Providing travel, meals or entertainment to a public official or commercial representative is never permitted in order to influence official action or obtain an improper advantage or improper commercial advantage.

Meals and entertainment that are:

- Reasonable and proportionate in value
- Permitted under local laws and customs; and
- Offered infrequently

are usually acceptable subject to pre-approval (exception for senior management). The acceptability depends on a case by case evaluation considering among other things how lavish the hospitality is.

In addition, reasonable and good faith expenditures, such as travel and lodging, may be permitted with the prior written approval of the CCO, but only if they are directly related to the promotion, demonstration or explanation of products or services or the performance of a contract.

Providing travel, meals, gifts or entertainment to a guest (including spouse) of a public official or commercial representative is prohibited.

You may accept meals, entertainment or gifts where the value is less than \$50 USD and where you notify your Manager and the CCO of the acceptance of such benefit. You may not accept travel, meals or entertainment if it is provided or offered in order to influence your business actions or to obtain an improper advantage or improper commercial advantage. You must refuse any benefit if it is intended to influence your/FreeBalance business decisions or if it appears inappropriate (see section 2.7). Always decline the hospitality if you feel unsure about the nature or acceptability of the hospitality.

Hosting of customers for meals or entertainment should be pre-approved in advance by your Manager – either within your travel approval or separately in advance of the actual event. All meals including public officials, customer staff or partners are considered “Business Meals” and should be claimed in expenses accordingly. You are required to disclose the name of the attendees hosted and titles in the submission. If you need assistance, please contact the FreeBalance CCO.

## 2.11. Business Partners

No FreeBalance employee may give gifts or anything of value to any person if the circumstances suggest or indicate that it is likely that all or even part of the transfer will be passed on to a public official or commercial representative to influence official action or obtain an improper advantage. In order to protect FreeBalance against the risk of bribes given indirectly, it is imperative that FreeBalance and each FreeBalance employee ensure that Business Partners who will have contacts on behalf of FreeBalance with public officials or commercial representatives understand, acknowledge and abide by FreeBalance’s anti-corruption policies.

It is also required that FreeBalance investigates the qualifications, background and reputation of such Business Partners. More detailed guidance is given in the **FreeBalance Integrity Due Diligence Policy**.

Hosting of partners or potential partners for meals or entertainment should be pre-approved in advance by your manager – either within your travel approval or separately in advance of the actual event. All meals including partners, public officials or customer staff are considered “Business Meals” and should be claimed in expenses accordingly. You are required to disclose the name of the attendees hosted and titles in the submission.

## 2.12. Company Record Keeping and Document Retention

It is every employee’s responsibility to ensure that transactions in which they are involved are recorded accurately in the Company books and records, and that the submission of expenses and documentation provides sufficient information to describe the underlying transaction without ambiguity. FreeBalance employees have the responsibility to ensure that false or intentionally misleading entries that hide or disguise the true nature of a transaction are not made in Company accounting records. Dishonest and unethical reporting within the Company or to organizations outside the Company, including FreeBalance government customers, is strictly prohibited. All transactions conducted by FreeBalance including employee expenses are vetted. Any ethical misconduct for presenting expenses that were not incurred or expenses fraudulently intended to be things of value to a government official or partner will result in immediate termination. Employees uncertain about the validity of an entry or process are expected to consult the CCO.

FreeBalance also has an obligation to retain all records associated with a government contracts for a contractually defined period of time. Employees should never delete, remove, purge, or alter official company records without first contacting the CCO for guidance or following the FreeBalance internal recordkeeping policy. In the event of any threatened or ongoing litigation, a governmental investigation, or any claim/request for equitable adjustment, Company employees must follow the instructions issued by the Company with respect to the preservation of records.

## 3. Help and Contacts

If you have any questions regarding any matter covered by this Policy, you should contact your manager/supervisor or the Compliance Officer. They will provide you with further information and guidance.

*If you are unsure of what to do in any given situation, you should seek guidance and information before you act. You should also use your judgment and common sense; if something seems unethical or improper, it probably is.*

## 4. Refresher Training

To ensure awareness and compliance with FreeBalance’s anti-corruption policies you are required to periodically take the refresher training as specified by the Company. You will be required to sign an Attestation regarding the training once complete. The requirement to annually take the refresher

training applies to every permanent and temporary employee of FreeBalance including contract employees and international contractors.

## 5. Violations

Violations of anti-bribery laws can lead to:

- Costly enforcement actions against the FreeBalance company and the individuals involved
- Reputational damage to FreeBalance and its employees; and
- Criminal and administrative penalties, including debarment, against both the FreeBalance company and the individuals involved.

Persons found guilty of bribery face possible imprisonment as well as fines. Therefore, this Policy will be rigorously enforced. Employees who violate this Policy will be subject to internal disciplinary action up to and including dismissal.

## 6. Reporting

If you believe or suspect that any FreeBalance employee, or any other person acting for or on behalf of FreeBalance, may have engaged in conduct in violation with FreeBalance's policies with respect to anti-corruption, you are required to promptly contact the CCO.

Any investigations of violations of the Code of Conduct or Anti-Corruption Policy will be managed through the CCO. Any allegation of misconduct will be handled in a confidential manner, where possible.

FreeBalance prohibits retaliation against any employee who, in good faith, reports a concern or participates in an investigation into an actual or suspected violation of the code of conduct or anti-corruption policy.

Employees may also report any questions or concerns to the CCO by:

- Email to [integrity@freebalance.com](mailto:integrity@freebalance.com)
- Calling the Hotline at 800-263-4031
- Mailing letter to FreeBalance headquarters in Ottawa, Canada

Any contact with the CCO may be done anonymously at the discretion of the employee.

## 7. Only Clean Business is FreeBalance Business

FreeBalance will walk away from business that contravenes our compliance policies. Employees will not suffer any negative consequences for refusing to pay bribes – even if the refusal to pay bribes results in the loss of business to FreeBalance.

## 8. Continuous Improvement

To maintain an anti-corruption programme that meets regulatory requirements and stakeholder expectations, FreeBalance will periodically change, improve and communicate its anti-corruption-related policies, practices and procedures.