

Anti-Bribery Policy

Background

The Bribery Act 2010 (**Act**) received Royal Assent earlier this year, bringing with it new offences relating to offering and accepting bribes as well as a new corporate offence of failing to prevent bribery in an organisation.

The Act makes it an offence if a commercial organisation fails to prevent an "**associated person**", which is formally defined by the Act as "*a person who performs services for or on behalf of that organisation*", such as employees, agents, distributors and others, from "**bribing**", which is formally defined as "*promising or giving a financial or other advantage to another person in order to induce that person to perform improperly a relevant function or activity (or reward such actions)*"; which in simple terms means obtaining, retaining or creating an unfair advantage in business for the benefit of the organisation.

An offence is committed when an associated person offers or promises the incentive and it does not matter if the offer or promise is accepted or whether it is communicated via third parties.

Organisations convicted of failing to prevent bribery face significant financial penalties and are likely to have their reputation seriously damaged.

Organisations will have a defence if they can prove they had in place adequate procedures to prevent such bribes being paid.

While setting down a policy strictly prohibiting any employee under any circumstances, from paying or receiving monetary bribes, the Directors of Zytronic Displays Limited (ZDL) and Group companies have also decided to put in writing a policy regarding the circumstances under which certain work related non-monetary gifts can be deemed acceptable.

A) PAYING BRIBES

Setting the policy

In setting this policy, the Directors consider that there are not any circumstances which make it acceptable for an employee to pay a monetary bribe to another person or organisation to obtain or retain business or an advantage in business. Paying a bribe is a criminal offence, for which individuals are personally liable, and it is our policy to report all such matters to the relevant authorities. Any suggestion that a bribe is being sought from any person or organisation with which ZDL conducts business must be reported to a Director of ZDL.

For this reason, the company has an explicit "**senior person pays**" expenses policy which requires senior management to review and approve the reimbursement of expenses paid by an employee on behalf of ZDL. The line manager's responsibility to review these expenses, agree them to receipts etc. and approve them is one method of preventing the payment and reimbursement of bribes.

Invoices which are paid via the purchase ledger are, amongst other checks, subject to scrutiny by accounting staff, are matched to GRN's for the purchase of goods and are initialled to indicate approval of the payment. This procedure is designed to eliminate the submission of a bogus invoice which might effectively cover the payment of a bribe.

ZDL's policy on the payment of bribes is very clearly and succinctly put, as follows:-

ZDL prohibits: the offering, the giving or the solicitation of any bribe, whether cash or other incentive to or from any person or company, wherever they are located in the world and whether they are a public official or private person, by any individual employee acting on ZDL's behalf in order to gain any commercial, contractual or regulatory advantage for ZDL which may be seen as unethical or in order to gain any personal advantage for that individual or anyone connected to them.

ZDL recognises that market practice varies across the territories in which it operates and what is normal and acceptable in one place may not be in another. This policy prohibits any inducement which results in a personal gain or advantage to the recipient and which is intended to influence the recipient to take action which may not be solely in the interests of the person employing the recipient.

ZDL considers that this matter is of such importance and significance that any employee who is identified, and proved beyond reasonable doubt, to have paid a bribe will face immediate dismissal and will be reported to the relevant authorities. In case of an agent or distributor being so identified, and proved beyond reasonable doubt, this will also lead to the termination of their agreement with ZDL.

B) ACCEPTING BRIBES

In setting this policy in relation to the acceptance of bribes, the Directors highlight two distinctions;

1) Any monetary payment received by an employee or associated person, directly or indirectly, from a supplier, a customer or any other entity with which ZDL conducts a business relationship is considered unacceptable, as it is extremely difficult to think of any circumstances where it is not. All offers of bribes must be reported to a Director of ZDL, who must note it in the log to be maintained by the Finance department.

2) This policy does not prohibit the following practices, providing they are customary in a particular market, are proportionate and are properly recorded:

2.1) normal and appropriate hospitality,

2.2) the use of any recognised fast-track process which is available to all on payment of a fee,

2.3) the offer of resources to assist the person to make the decision more efficiently provided that they are supplied for that purpose only.

A relatively minor gift, for instance a bottle of wine or whisky or a box of chocolates at Christmas, or an invitation to a social event, for instance a golf day or dinner of a professional society, or even to a technical seminar, is nearly always given or extended in a relationship building vein rather than as a direct attempt to bribe an individual.

The Directors accepts that such non-financial business relationship building “offers” should be considered and graded differently.

a) Gifts

The Directors of ZDL therefore agree that it is acceptable for an employee to accept a non-monetary gift where the equivalent value is no more than £100 from any one entity in any one financial year.

Anything larger than £100, or which takes the total above that must be reported to a Director of ZDL as soon as possible, who must note it in the log to be maintained by the Finance department. If deemed acceptable, it may also be included on the employee’s P11D as a benefit in kind, under HRMC PAYE guidelines.

b) Social events

Acceptable, without approval

Social events of a "**local**" nature, defined formally as "*domestic events, within about a 125 mile radius of ZDL's place of business from which the invitee normally or occasionally operates, and which does not involve an overnight stay*", should be seen for what they are, which is normally the chance for the host to get to know the guest better, to display its technical ability, as through seminars, or to demonstrate his/her firm's / business' credentials by the quality of those it is entertaining – peer promotion.

The Directors of ZDL therefore agree that it is acceptable for an employee to accept invitations to such local social events. The Director of ZDL will rely on the employee's own discretion in accepting these, rather than requiring a formal approval process.

Requiring prior approval

However, if an employee is invited to a more substantial event, which might include taking along a spouse / partner / friend etc., or involves the provision of overnight accommodation, or expensive long distance travel, etc. then the Director considers this in a different context and that it needs more stringent approval. Examples of this might include an invitation from a customer or a supplier to watch a football match in, say, Barcelona, or to play golf in, say, Portugal or Spain.

While not setting absolute limits on such offers, the employee should consider whether the cost of the trip will be substantial, but also is it sufficiently unusual as to raise eyebrows amongst, for instance, one's fellow employees. If it is, then prior approval must be sought from a Director of ZDL.

Inevitably, decisions as to what is acceptable may not always be easy. If in any doubt, the employee must seek advice from one of ZDL's Directors, before taking any action.

ZDL's policy on the acceptance of bribes is very clearly and succinctly put, as follows:

While an employee may accept certain gifts and invitations to local social events, in the ordinary course of their employment and in line with the policy stated above, they must not receive or accept a significant non-monetary gift or inducement without prior approval, as set out above, nor in any circumstances a monetary gift or inducement from another person or organisation.

ZDL considers that this matter is of such importance and significance that any employee who is identified, and proved beyond reasonable doubt, to have accepted a bribe which contravenes the policy as set out above will face immediate dismissal and will be reported to the relevant authorities.

The prevention, detection and reporting of bribery is the responsibility of all employees. Suitable channels of communication by which employees or others can confidentially report any suspicion of bribery are available either via an individual employee's line manager or directly to the Group Chairman, Tudor Davies (contact details will be provided upon request) (as with the company's whistle-blowing policy).

Each staff member will be required to sign to confirm that they have read and agree to abide by this policy.



MARK CAMBRIDGE
Chief Executive Officer

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