



ANTI-CORRUPTION POLICY

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Corfin Proprietary - Uncontrolled

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Message on Compliance

Corfin Industries LLC is subject to a many different laws, rules, and regulations. Compliance with these laws requires the support of everyone associated with the Company - from the President-CEO, Management staff, and employees, to those parties representing or acting on behalf of the Company.

This Policy, which the company takes seriously, focuses on the area of compliance to Anti-Corruption. Most countries have adopted their own Anti-Corruption laws which apply to activities undertaken within those countries. Several countries, however, have drafted their Anti-Corruption laws to have an effect to global operations, regardless of location.

This Policy is designed to communicate Corfin Industries LLC commitment to counter corruption and to ensure that all employees and third-party representatives fully understand the scope and application of these Anti-Corruption laws. This Policy describes what is meant by corruption, how it affects our business, and what we are doing to mitigate it. It shows how our policies translate into practical processes and explains what needs to be done to comply with them.

While this Policy is written in simple terms, its application may not always be understood. If, at any time you are in doubt, please contact the Company's Human Resources Manager for further assistance. It is your responsibility to read and understand this Policy and a lack of understanding will not be an excuse for violating it.

Corfin Industries LLC reputation for business ethics must not be compromised. Corfin Industries LLC ownership, management staff, employees, business partners, and customers expect and demand nothing less than full compliance with this Policy and the laws, rules, and regulations, concerning Anti-Corruption. The President - CEO appoints the Compliance Manager as the company's Anti-Corruption officer whom has the responsibility for administering and ensuring compliance with this policy.

Integrity, trust, and our core values, provide the foundation for our Company policies and your continued commitment to our high ethical standards. This is expected from all and necessary for our continued strength as a business.

Donald F. Tyler
President -CEO

1. Application of Anti-Corruption laws to the Company and the purpose of this Policy

Prior to commencing any business activities with new entities, Corfin Industries LLC will perform a vetting process of the entity against the United States government's consolidated watch list to ensure no involvement nor activities are related to embargoed countries nor entities. This new entity vetting process and a quarterly vetting process of Corfin's customers, suppliers, and banks will be performed by the Compliance Manager in accordance with the Quoting and Approved Supplier procedures. Electronic records of new entity vetting will be maintained in the digital Quality Folder-"New Customer Vetting", and hardcopy quarterly vetting records will be maintained in the Quality Assurance Library.

Corruption is the willingness to act dishonestly in return for money or personal gain. For that reason, it may be easy to forget the damage that corruption does. By wrongly benefiting a few individuals who abuse their power or position, corruption creates unfair competition, damages innovation, and undermines integrity. Because of the damage corruption does to the public good, it is illegal around the world, and each country has its own Anti-Corruption laws that must be followed (all such laws are collectively hereinafter referred to as "Anti-Corruption laws"). Assume that these Anti-Corruption laws apply to everyone and every party associated with Corfin Industries LLC (the company), no matter the location.

This Policy states the Company's position with regards to Anti-Corruption. All employees, including Management staff, Account Representatives and Assistants, Office staff, Supervisors, Operations, Quality Assurance, and Maintenance personnel (collectively hereinafter referred to as "Company personnel") are required to fully comply with this Policy and the provisions of all applicable Anti-Corruption laws. Compliance with this Policy and these laws is a condition of continued employment or association with Corfin Industries LLC, and violations will not be tolerated; any alleged breach will be investigated and disciplinary action taken as appropriate.

Failure by Company personnel to comply with this Policy may expose the Company to substantial risk and could jeopardize its operations and reputation. Be aware that violations of certain Anti-Corruption laws may subject individual Company personnel to both criminal penalties, including prison sentences, and civil liability.

NOTE:

Not all laws of a country apply only within the territory of that country. For example, the United States Foreign Corrupt Practices Act ("FCPA") and the United Kingdom Bribery Act ("UKBA") may both apply to Corfin Industries LLC and its employees globally, because of their extra-territorial effect.

2. Company policy on Anti-Corruption

Corfin Industries LLC does not pay and does not condone paying bribes to anyone. Company personnel are prohibited from giving or offering bribes, kickbacks, or similar payment, or consideration of any kind, whether at home, or abroad, to any person or entity (including but not limited to any customers or potential customers, government official, political party, candidate for political office or any intermediaries, such as agents, attorneys, or consultants) in order to:

- influence official acts or decisions of that person or entity;
- obtain, or retain business, or a business advantage for, or direct business to, the Company; and/ or secure any improper advantage.

Similarly, Corfin Industries LLC does not accept and does not condone the acceptance, or receipt of bribes from anyone. Company personnel are prohibited from accepting, or receiving bribes, kickbacks, or similar payment, or consideration of any kind, whether at home, or abroad, from any person, or entity which is intended to, or which may be perceived as being intended to:

- influence one's official acts or decisions;
- obtain or retain business or a business advantage for, or direct business to, the offer or of the bribe and/or any entity that he/she represents; and/ or
- secure any improper advantage for the offer or of the bribe and/or any entity that he/she represents.

Company personnel are also prohibited from providing or receiving gifts, meals, entertainment or anything of value to any person or entity in connection with the Company's business unless it is provided or received in accordance with:

- this Policy,
- the Company's Employment Policy.

While it is the Company's policy to prohibit the paying of bribes to anyone, some of the Anti-Corruption laws, like the FCPA, primarily apply to payments to government officials. It is important to understand what a "government official" is, so to understand the additional legal exposure involved with such laws.

A "government official" includes any official or employee of a government or government-controlled enterprise, any official or employee of a government agency or regulatory authority, any political candidate or member of a political party, any public international organization, any official or employee of a public international organization (e.g. United Nations, World Bank), or any person acting in an official capacity for or on behalf of any of the foregoing. Government includes local, regional, and national governments and the legislative, judicial, administrative and executive branches. Payments made to members of a government official's family, to influence the government official are also prohibited.

NOTE:

Anti-Corruption laws do not just apply to the person who pays the bribe or offers anything of value – they also apply to the people who have taken actions in furtherance of the same. For example, Anti-Corruption laws could apply to anyone who:

- approves or authorizes the payment;
- creates or accepts false invoices;
- relays email instructions to pay or accept a bribe or kickback;
- covers up an illegal payment;
- knowingly cooperates in the payment of a bribe; or
- suspects an illegal payment or kickback but turns a “blind eye” to it.

3. Giving and receiving benefits

The Company acknowledges that the giving and receiving of nominal benefits (such as small gifts, meals and entertainment) is a common business practice and is intended to strengthen and build long term business relationships. However, before a benefit (whether given or received) can be considered proper and legitimate under this Policy, certain criteria must be met. In general, the benefit in question must:

- be bona fide;
- be moderate and reasonable;
- not embarrass Corfin Industries LLC by its nature;
- be legal under the applicable Anti-Corruption laws;
- be provided in accordance with this Policy, and the Employment Policy;
- be fully documented;
- be supported by original receipts; and be accurately recorded in the Company's books and records.

Only benefits that are deemed not to violate any Anti-Corruption laws and Company policy are authorized.

The following provide some examples of application of the Company's policy on the giving and receiving of benefits.

A. Promotional Gifts

Promotional gifts which bear the Company logo may be given as gifts, provided they are given in accordance with this policy.

B. Moderate Meals

Meals are only considered to be acceptable if they are reasonable, moderate, and for a legitimate business purpose, and do not carry business obligations or present potential for embarrassment to the Company.

C. Business Courtesies for U.S. Government Employees

Periodically, Corfin interacts directly with civilian and military employees of the U.S. Department of Defense (DoD) and other federal Executive Branch agencies (herein referred to as "government employee"), thus Corfin employees must be aware of the very restrictive nature of gift giving in these situations. Specifically, government employees may only accept a gift if the fair market value of the gift does not exceed \$20 per occasion, or \$50 in multiple gifts from the same source in a calendar year. Nominal value business courtesies may be offered to government employees, such as modest food and drink (donuts and coffee) not offered as part of a meal. The government employee must be informed of the fair market value of any business courtesies provided so they can determine if they can accept. For instance, should Corfin be providing lunch as part of a meeting at our facility, the host would need to advise government employee guests in advance of the meals value and allow them a reasonable means to pay for it (i.e. – the host will collect payment from government guests directly for submittal to Corfin's finance department for deposit). Additionally, Corfin employees may not offer transportation (e.g. – ride to the airport or from their hotel) to government employees due to the intrinsic value of this service.

D. Donations and Charities

The Company believes in contributing to the communities in which it does business and permits reasonable donations to charities. However, the Company needs to be certain that donations to charities are not disguised as illegal payments to government officials or others in violation of Anti-Corruption laws. The Company also needs to confirm that the charity does not act as a conduit to fund illegal activities in violation of Anti-Money Laundering laws or Anti-Terrorism laws. Any donation to a charity by the Company should not create even the appearance of an impropriety or violation of any applicable laws or regulations.

E. Political Contributions

It is the Company's policy that under no circumstances shall Company funds be used to make political contributions to political parties or candidates in any country, even if such contributions are permitted by a country's written laws or regulations. It must be clearly understood that no Company personnel can therefore make any sort of political contribution from Company funds under any circumstances whatsoever.

The Company's policy is not intended to discourage or prohibit Company personnel of a country from voluntarily, and without reference to the Company, making personal political contributions, from participating in the political process on their own time and at their own expense, from expressing their personal views on legislative or political matters, or from otherwise personally engaging in political activities in such country.

4. Facilitating or “grease” payments

Facilitating or grease payments are small payments made to low-level government officials, typically in countries with pervasive corruption problems. These payments have generally been utilized to expedite or secure the performance of “routine governmental actions,” which are limited to a narrow range of non-discretionary acts that are ordinarily and commonly performed by a government official. Facilitation payments are illegal in almost all countries, including India, the U.K. and Germany.

It is Company policy that the practice of providing facilitating or grease payments by any Company personnel on behalf of the Company is strictly forbidden.

NOTE:

Facilitation payments are often involved in obtaining non-discretionary permits, licenses or other official documents, expediting lawful customs clearances, obtaining the issuance of entry or exit visas, providing police protection, mail pick-up and delivery, providing phone service, and performing actions that are wholly unconnected to the award of new business or the continuation of prior business.

5. Third Party Due Diligence

The Company recognizes that there are circumstances in which relationships with third parties such as agents and referral partners will be required or prudent from a commercial perspective. However, public corruption often occurs when companies use third parties as intermediaries to obtain business or influence action on their behalf. Further, Anti-Corruption laws do not always differentiate between acts made by the Company or by someone acting on the Company's behalf.

As such, the Company can face liability under Anti-Corruption laws based on improper payments made by its subsidiaries, joint venture or other business partners, agents, consultants, referral partners, resellers, suppliers or anyone performing services on the Company's behalf, regardless of whether the Company had any knowledge of the improper payments. For that reason, we need to be certain that we only deal with third-party intermediaries who are prepared to apply the same standards of business conduct as Corfin Industries LLC does itself.

In those circumstances where third-party relationships are required, the Company must choose its agents, consultants, referral partners, resellers and other representatives very carefully. Prior to entering into an agreement with any such third-party, appropriate due diligence must be performed in accordance with current policies and procedures with regards to the due diligence and retention of third-party intermediaries by the Company. This policy will be added to Corfin's standard purchase order flow-down requirements.

NOTE:

Actions may never be done through any third-party which cannot be done directly. Authorizing or encouraging any third-party, including a distributor, reseller or referral partner to pay bribes or engage in other misconduct is a violation of Company policy and Anti-Corruption laws. Even the knowledge of an improper payment or illegal activity can lead to civil and criminal liability against the Company and quite possibly for the individual with knowledge. For example, under the United Kingdom Bribery Act, the Company can be criminally liable for bribes paid on its behalf by anyone performing services for it even though the Company did not have any knowledge of the bribes.

6. Anti-Corruption Training

Company policy requires all Company personnel be trained in accordance with this policy. Company personnel will be trained annually in accordance with the Training Program.

7. Record Keeping

A. Record-Keeping, Accounting & Payment Practices

Company personnel must follow all applicable standards, principles, laws, regulations, and Company practices for accounting and financial reporting. Company personnel must be timely, complete, and accurate when preparing all required reports and records.

All Company personnel must obtain all required approvals in accordance with company policy before providing any gift, entertainment, or travel. Prior to paying or authorizing a payment, Company personnel should ensure that no part of such payment is to be made for any purpose other than is fully and accurately described in the Company's books and records. All gifts, entertainment, or travel provided to a government official must be reported. No undisclosed or unrecorded accounts of the Company are to be established for any purpose, and false or artificial entries are not to be made in the books and records of the Company for any reason whatsoever. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy.

B. Financial Control Systems and Accounting Requirements

It is the Company's policy to maintain accurate, reasonably detailed records that fairly reflect its transactions and disposition of assets, regardless of whether the transactions are domestic or international. Therefore, Company personnel are prohibited from making any false or misleading statements in Company books and records for any reason. In addition, the Company shall maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

- transactions are executed in accordance with management's general or specific authorization;
- transactions are recorded as necessary:
 - to permit preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") or any other criteria applicable to such statements;
 - to maintain accountability for assets;
 - access to Company assets is permitted only in accordance with management's general or specific authorization; and
 - the recorded accountability for corporate assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

C. Responsibilities

Company personnel shall not make any false or misleading statements in the Company's books and records for any reason, nor shall they engage in any arrangement or provide any information that results in such prohibited acts.

The Finance Manager shall maintain accounting procedures, financial reporting and controls, and internal auditing. Monitoring and auditing systems are in place to detect violations of Company policy and of applicable laws. The Company will monitor and review, through periodic compliance audits, the records of Company personnel who have discretionary authority over Company assets, who are likely to come into contact with government officials, or who submit financial data that affects Company financial statements or reports.

If, at any time, any Company personnel has information or knowledge of any unrecorded or mischaracterized asset or fund, such information must be reported directly to the Human Resources Manager or for those who wish to remain anonymous, in accordance with the procedures set out in the Company's Business Ethics Policy, section 26 of the Employment Policies. The Human Resources Manager shall provide a written report to the President and Compliance Manager.

NOTE:

Examples of improper record-keeping include, but are not limited to:

- making records appear to show a payment to one person when, in fact, the payment was made to someone else;
- creating a “slush fund”; submitting false or inaccurate expense account reports; and
- creating records that inaccurately characterize the true nature of a transaction or payment (for example, reporting a “commission” as an “overhead expense”).

8. Audit Procedures to verify Compliance

In furtherance of this Policy and the various policies and procedures promulgated thereunder, the Company will conduct regular audits. These regular audits are designed to prevent and detect violations of the Anti-Corruption laws, this Policy, and other Company policies, practices and procedures. The audits shall focus on the following items:

the Company’s strategy to ensure compliance with the Anti-Corruption laws;
communication with and education of all pertinent Company personnel;
establishment and implementation of monitoring mechanisms;
review of a random sample of the Company’s business agreements;
due diligence procedures taken prior to entering into arrangements with third parties; and
best efforts to ensure compliance with the Anti-Corruption laws.

The regular audits should also include a review of the Company’s books and records maintained by the finance department pertaining to the entertainment, gift, and travel expenditures by Company personnel on behalf of the Company. As necessary, the regular audits should encompass records pertaining to social payments and donations to charities.

Anti-Corruption audits will be performed annually in accordance with Internal Audit Procedure. Records of these audits will be maintained in accordance with the Record Control Program.

9. Investigations

In addition to the regular audits described above, there may also be individual instances in which the Company may wish to investigate a certain matter. In these events, at the discretion of the President-CEO, or when so directed by the Board of Directors, written directive shall be issued to Legal Counsel to perform an audit or investigation of the Company’s records, books and accounts to prevent and detect violations of the Anti-Corruption laws and to ensure compliance with this Policy and other Company policies, practices, and procedures.

While performing this audit or investigation, the Legal Counsel may obtain the assistance of any Company personnel, as deemed necessary, in the discretion of the Board of Directors. All Company personnel who are assisting in such an audit or investigation shall always work under the direction and supervision of the Legal Counsel and shall report directly to the Legal Counsel and not through their usual reporting chain.

10. Summary of Responsibilities

As set forth in this Policy, it is the Company's intention to ensure that all Company personnel comply fully with the Anti-Corruption laws. This Policy should be read in conjunction with the Employment Policy. The Finance Manager is responsible for monitoring and reviewing benefits received and given on behalf of the Company by Company personnel. The Finance Manager, is responsible for auditing the Company's compliance with this Policy, the Employment Policy, and the related Company policies and procedures that comprise the Company's internal control system.

The Compliance Manager is responsible for training appropriate Company personnel with respect to this Policy, and for maintaining proper anti-corruption compliance and oversight.

The Finance Manager is responsible for maintaining and enforcing the Company's accounting and record-keeping policies and maintaining the Company's system of internal controls to ensure that assets of the Company are disbursed only as authorized by management, and as set forth in this Policy, and the Employment Policy.

Company personnel whose duties are likely to lead to involvement in or exposure to any of the areas covered by the Anti-Corruption laws are required to become familiar with and comply with this Policy, the Employment Policy, and to avoid inadvertent violations of the Anti-Corruption laws and to recognize potential issues in time for them to be appropriately addressed. It is also the responsibility of these Company personnel to report known or suspected cases of violations of this Policy.

11. Disciplinary Action on Non-Compliance

Violations of this Policy will not be tolerated. Any Company personnel who violates this Policy will be subject to disciplinary action up to and including termination of employment or relationship with the Company.

12. Reporting of Violations and queries on Anti-Corruption

Company personnel who are or become aware of or suspect a violation of this Policy and/or the Anti-Corruption laws are under an obligation to report the same to the Company. Under certain Anti-Corruption laws, “turning a blind eye” to a suspected violation can result in criminal penalties and civil liability both for the Company and for individuals. Violations or suspected violations should be reported by contacting the Human Resources Manager. For those who wish to remain anonymous, a report should be made in accordance with the procedures set out in the Company’s Employment Policy. The Human Resources Manager shall provide a written report to the President and Compliance Manager.

13. Non-Retaliation Policy

The Company will not take any adverse action against anyone for providing truthful information relating to a violation of law or Company policy, and the Company will not tolerate any retaliation against persons asking questions or making good faith reports of possible violations of this Policy. Anyone who retaliates or attempts to retaliate will be disciplined. Any person who believes he or she has been retaliated against should immediately follow the instructions in the Company’s Ethics Policy.

14. Assistance

If you have any questions about this Policy, any of the Anti-Corruption laws or to seek advice prior to undertaking an action, contact the Human Resources Manager. The Human Resources Manager shall provide a written report to the President and Compliance Manager.

Routine questions can be answered quickly, while more difficult or technical questions may need to be referred for expert advice. Questions are tracked to ensure that a response is given as quickly as possible, and the global nature of the service ensures that consistency is applied across all businesses.

Appendix A

The FCPA and UKBA

A. FCPA

1. GENERAL PROHIBITION AND REQUIREMENTS UNDER THE FCPA

The FCPA prohibits the offer, promise, authorization or payment of “anything of value” directly or indirectly through agents or intermediaries, to “foreign officials” (foreign meaning non-US) to obtain, retain, or direct business or to secure any improper advantage over official actions that may affect the Company.

The prohibition under the FCPA is very broad, and covers:

cash payments;

non-cash “payments”, benefits, and favors; and

in certain circumstances, even gifts, entertainment, and hosted travel or training which would otherwise be deemed legitimate business expenditures

The FCPA prohibits these payments whether they are made directly or indirectly through third parties, such as agents, consultants, channel partners, resellers, or other representatives and regardless of whether such payments or benefits are actually paid or given. In other words, a “willful blindness” to a suspected improper payment or a mere promise of something improper can be the basis for a violation of the FCPA.

The prohibition under the FCPA extends to improper payment made by any intermediaries, subsidiaries or entities representing the Company, including:

company employees;

sales agents;

sales consultants;

channel partners;

resellers;

other representatives of the Company, no matter by what name they are called;

affiliates of the Company where the Company has majority ownership, including joint ventures; and

other entities over which the Company possesses corporate control.

The FCPA also requires the Company to maintain internal accounting controls and keep books and records that accurately reflect all transactions and the disposition of assets, which includes but is not limited to an obligation to keep accurate records regarding gifts, entertainment and/or travel provided to foreign officials.

2. KEY CONCEPTS IN THE FCPA

(I) Who is a “Foreign Official”?

For the purposes of the FCPA, “foreign official” means -

any officer or employee of a foreign government (i.e., other than the United States) or any department, agency, or instrumentality thereof, or of a public international organization;

any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization.

Thus, “foreign officials” include not only elected or appointed officials, but all government employees, as well as employees of companies owned or controlled (wholly or partly) by foreign governments, consultants who hold government positions, officials or employees of public international organizations, and others. Employees or officials at all levels of government (local, regional, and national) and all branches of government (legislative, judicial and executive) are considered “foreign officials” under the FCPA.

Payments can violate the FCPA if they are made for the benefit of a foreign official even if they are not made directly to the foreign official (e.g., they are made to a family member of the foreign official or to a corporation or other entity in which the foreign official holds an interest).

The definition of “instrumentalities” includes state-owned or controlled companies. This definition is particularly applicable to TCL as we deal with numerous state-owned telecommunications entities that would be covered by this definition such as China Telecom, SingTel, Etisalat and BSNL. In many instances, employees or directors of such companies are not thought of as government officials in their home country. Under the current FCPA enforcement regime, however, they are “foreign officials”.

The term “public international organization” includes such organizations as the United Nations, the World Bank, the International Finance Corporation, the International Monetary Fund, and the Inter-American Development Bank. Any employee or director of these organizations will be a “foreign official” under the FCPA.

In addition, improper payments to any foreign political party or party official or any candidate for foreign political office are prohibited by the FCPA.

(ii) Cash and Non-Cash Payments: “Anything of Value”

Requests by foreign officials for payments that would violate the FCPA can be more subtle than a direct request for a kickback or bribe.

The FCPA prohibits the provision of “anything of value” to a foreign official for improper purposes. This term is very broad, and can include any item of pecuniary value, including but not limited to, the following:

- gifts;
- gift or sale of stock or other investment opportunities other than in an arm’s length transaction for demonstrated fair market value (e.g., selling to an official at deflated prices or buying from an official at inflated prices);

- contracts or other business opportunities awarded to a company in which a foreign official holds a beneficial interest;
- medical, educational, or living expenses;
- recommendation to an educational institution for the child of a foreign official;
- donation to a charitable foundation; and
- travel, meals, lodging, shopping or entertainment expenses.

(iii) To secure “Improper Advantage” – what does that mean?

The FCPA’s prohibition against improper payments to “obtain, retain, or direct business” or to “secure any other improper advantage” covers virtually any improper payment made in a business context. For example, payment or giving things of value to “foreign officials” directly or indirectly, to accomplish any of the following would also be prohibited under the FCPA:

- to prevent some governmental action, such as the imposition of a large tax or fine, or the cancellation of an existing government contract or contractual obligation;
- to obtain a license or other authorization from a government (such as the right to import goods and equipment) where the issuance involves the foreign official’s or their government’s discretion;
- to obtain confidential information about business opportunities, bids or the activities of competitors;
- to obtain the right to open an office, to secure a zoning ruling or to influence the award of a government contract;
- to influence the rate of taxes that would be levied on the Company’s business;
- to obtain relief from government controls;
- to resolve governmental disputes, e.g. the resolution of tax deficiencies or a dispute over duties payable;
- to resolve commercial litigation in foreign courts; or
- to affect the nature of foreign regulations or the application of regulatory provisions.

B. UKBA

1. General Outline of the UKBA

The UKBA generally applies only to UK citizens/individuals ordinarily resident in the UK and to UK companies (but see below for the further the extra-territorial effect of the new corporate offense).

The UKBA goes beyond the requirements of the FCPA in that it prohibits bribery not only in the public sector, but also in the private sector, both domestic and foreign. It also gives tremendous enforcement discretion to prosecutors. In general, it creates four new offenses:

- an offence of active bribery (i.e. giving, promising or offering a bribe);
- an offence of passive bribery (i.e., requesting, agreeing to receive or accepting a bribe);

- a specific offence of bribing a foreign public official; and a new corporate offence which applies where a corporate or partnership fails to prevent those performing services on their behalf from paying bribes.

2. Key Concepts in the UKBA

(i) Active Bribery

A bribe can be offered, promised or given directly or through a third party, i.e., the offence expressly applies where an agent is used to pay a bribe.

An offence is committed if the person offering the bribe intends to induce the person receiving of the bribe to perform his function or activity improperly or as a reward for having done so. It does not matter that the function or activity has no connection with the U.K. and is performed outside the U.K.

An objective “reasonable man” test will be adopted for the determination of whether the recipient has performed his function or activity improperly, i.e., whether the recipient is in breach of an expectation by a reasonable man that the function or activity will be performed in good faith and impartially.

(ii) Passive Bribery

The recipient of a bribe commits an offence even if he has no intention of committing a criminal act or is unaware that he is in breach of an expectation arising from his position of trust. It does not matter if the person performing the function accepted the bribe with the intention of performing his function or activity improperly.

Accordingly, employees who perform a purchasing function or activity should exercise caution in the receipt of any advantage from a third party (e.g., a supplier) as such an advantage may be perceived (by adopting a “reasonable man” test) to influence the impartiality of exercising his function or activity.

(iii) Bribery of Foreign Public Officials

It is unnecessary for the person offering of a bribe to know or intend that the foreign public official (foreign being non-U.K.) acts improperly. It is sufficient that he intends to influence the official and to obtain or retain a business advantage. Also, it is not necessary for the official to act improperly. Hence, the offence is similar to the FCPA bribery offence, but without the specific defenses for bona fide expenses and for facilitation payments available in the U.S.

(iv) Corporate Offence of Failing to Prevent Bribery

The provisions on corporate liability is one of the strictest for commercial organizations, making companies effectively vicariously liable for both public and private sector bribery by its employees, agents or others performing services on their behalf. The offence can be triggered by acts of bribery anywhere in the world and a prosecutor does not need to show that the company knew of the bribery. The only defense to this offence is to show that an organization had in place “adequate procedures” to prevent such bribery.

(v) The UKBA is wider than the FCPA in three ways:

it applies to private sector bribery as well as public sector bribery wherever such acts are committed;

there is no exemption for facilitating payments - even for U.S. companies - if they “do business” in the U.K.;

both U.K. and non-U.K. companies doing business in the U.K. will have corporate liability for offenses committed by agents or others performing services on their behalf.

It will be a defense for the organization to prove that it had “adequate procedures” in place designed to prevent persons who are associated with it (i.e., who perform services on its behalf) from undertaking such conduct.

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