

Anti-corruption Directive – Anti-Bribery & Anti-Corruption (ABAC)

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1. Introduction

1.1 Background

In the context of market research projects, Produkt + Markt assumes the task of developing the research objective defined by the client conceptually and methodically, to organize and monitor the operational implementation of data collection and to prepare research results with regard to the research management issues by analysing them objectively and neutrally. Our customers trust that every employee acts legally flawlessly and in compliance with the rules and that the values of our company are lived. In this way you help to protect our company from corruption.

This directive sets out the respective principles and rules for the prevention of corruption and describes how they are implemented.

1.2 Scope and application

This guideline deals with various situations in which questions of bribery could arise in the fulfilment of customer requirements. The guideline applies to all employees of Produkt + Markt GmbH & Co KG.

2. Principles and rules

2.1 Definition

The core element of corrupt behaviour is the exploitation of a position of power for a personal advantage in disregard of universal standards of conduct, may it be moral standards, official duties or laws. Corruption is a social interaction in which those involved exchange advantageous services, for example influencing decisions for money. Bribery is the granting, offering or acceptance of an improper advantage to influence a person's conduct or to obtain an economic advantage. Bribery is a sub-area of corruption - according to the Federal Criminal Police Office, this refers to the "abuse of a public office, a function in the economy or a political mandate for the benefit of another, at the instigation or initiative of another, for the purpose of obtaining an advantage for oneself or another [...]"¹. Transparency International describes corruption as the abuse of entrusted power for private benefit². Bribery can take place in different ways, e.g. by offering money or other valuables or material or immaterial advantages. Gifts and entertainment can also be bribery.

¹ Literaturangaben: Werner Vahlenkamp, Ina Knauß: Korruption: Ein unscharfes Phänomen als Gegenstand zielgerichteter Prävention. (BKA-Forschungsreihe, Band 33). Wiesbaden 1995, S. 20 f.

² Literaturangaben: Hochspringen ↑ FAQs on corruption. 5. März 2012, abgerufen am 16. Dezember 2012. (engl.).

2.2 Rules to avoid corruption or bribery

Produkt + Markt does not tolerate any form of corruption or bribery. Irrespective of this, situations may arise which may not constitute corruption or bribery, but which could be capable of calling into question the judgement of our employees, customers and business partners. The following paragraphs contain rules of conduct to help avoid such situations.

2.2.1 Acceptance of gifts and other benefits

- (1) Gifts and benefits from business partners comply to a certain extent with normal business practices. However, they may contain a conflict of interest potential and call into question the good reputation of Produkt + Markt.
- (2) The acceptance of gifts and other benefits is generally prohibited if the interests of Produkt + Markt are negatively affected or the professional independence of the employees could be endangered either actually or on the face of it.
- (3) The acceptance of gifts and other benefits is permissible if the following conditions apply:
 - The value of the gift is less than 15 euros in the European Union. For other regions, the scale is comparable and adapted to local standards. In cases of doubt, the management should be consulted.
 - Gifts and other benefits of higher value that cannot be refused with respect to the business relationship should be made available to charities.
 - Invitations to business lunches may be accepted provided that they do not exceed a reasonable financial framework.
- (4) For invitations to events without a predominant business character, such as concerts, theater, sports and evening events, including seminars and conferences with a predominantly focus on entertaining, the following applies:
 - In principle, each employee must check whether his or her participation in the event is in line with current business practice. This usually requires that the host is present, that participation is not repeated frequently and moreover that travel or accommodation costs are not covered by the inviting business partner. In cases of doubt, the management should be consulted. In all cases, the superior must be informed.
- (5) Gifts and other benefits to employees may be subject to personal income tax. Therefore, attention must be paid to ensure that the handling of gifts and other benefits at a group company is in compliance with local tax legislation and financial management regulations. If gifts and other benefits are subject to personal income tax, it may be advisable to immediately forward these gifts as a donation to a charitable organization in order to avoid tax liability.

2.2.2 Benefits to representatives of public institutions

Public officials, representatives of public institutions, civil servants, public employees and politicians are dedicated to the common good. They may therefore neither directly nor indirectly receive gifts, benefits or invitations to events that could jeopardise their independence from business interests. Representatives of public institutions, civil servants and public employees may never receive gifts or other benefits, either directly or indirectly, addressed to them. This does not apply to gifts or invitations that express due respect for public office or political role. Such gifts and invitations may only be made by or on behalf of a member of the Board of Management.

2.2.3 Political and charitable donations/Sponsoring activities

Donations and sponsorship money may only be given within the framework of the respective legal system and in accordance with the applicable regulations. All donations must be decided upon by the management. Produkt + Markt does not make donations to political parties or religious organisations.

2.2.4 Granting gifts and other benefits/Invitations to business events

The granting of gifts and other benefits or invitations to events without a predominant business character (entertainment events) are to a certain extent compatible with current business practice and a legitimate means of establishing and consolidating business relations. However, they may under certain circumstances call into question the professional independence of the parties involved. Special care must therefore be taken to avoid even the appearance of conflicts of interest or the possibility of damage to the reputation of product + market.

For these reasons, the following rules must be observed: benefits or invitations to entertainment events must never be given or expressed with the intention of obtaining dishonest business benefits. This also applies if there are concerns that such an intention could be imputed or a conflict of interests assumed. Contributions and invitations to entertainment events must not contradict the recipient's compliance rules or local business standards.

Employees who intend to make gifts or issue invitations to entertainment events must therefore inform themselves beforehand about these standards and rules.

Any granting of benefits must be transparent:

- Invitations and gifts are to be addressed or delivered exclusively to the business address of the recipient.
- Benefits exceeding the orientation value of 15 euros and invitations to an entertainment event that go beyond a normal business lunch must be reported to the superior.

In case of doubt, the management must be consulted. This also applies to the assessment as to whether or not fees for speeches, publications or comparable services and the relevant cost reimbursements exceed an appropriate level.

2.2.5 Cooperation with third parties

For the provision of the SERVICE, depending on the requirements of the respective project, third-party companies are used to provide market research services (partial services) which have varying degrees of influence on the fulfilment of the service (comparison document SOP "SUB_001_SOP_Subunternehmer.docx"). Produkt + Markt may only commission third parties to provide the service if the services or products offered by third parties are appropriate, meet customer requirements and if the price of the services purchased is in line with market conditions.

If the third party company is commissioned, a written contract must be concluded.

2.2.6 Documentation and accounting

The integrity of Produkt + Markt depends on the accuracy, completeness and precision of its books and records. The rules of proper accounting (GoBs) and the statutory provisions related to accounting apply.

All accounting records, employee records, expense reports, application forms and other business books and records must accurately and appropriately reflect all underlying transactions. It is the responsibility of each employee that the authorization for each transaction is given and that documents, expenses, cash journal entries, etc. are accurate. The wording of these documents must clearly state the reason and purpose of each transaction and must be kept in a safe place. It is prohibited to make false or fictitious entries in the books and documents of Produkt + Markt.

No payment may be approved or made on behalf of an entity if directly or indirectly agreed or intended to use such payment for a purpose other than that specified in the payment documents. Produkt + Markt maintains an accounting system that documents sources of turnover precisely and in sufficient detail. All financial transactions must be documented, regularly audited and recorded.

3. Implementation

All Produkt + Markt employees need to familiarize themselves with the anti-corruption regulations and are trained a part of the onboarding process. This is documented in the onboarding plan.

3.1 Misconduct

Violations of these rules can entail reputational risks as well as legal disadvantages for employees and Produkt + Markt. In addition, violations that constitute a breach of employment contract obligations may lead to disciplinary action by Product + Markt.

Employees who violate legal regulations and internal company guidelines must expect sanctions under labor law such as warnings or even dismissals.

3.2 Protection of employees who report illegal or dishonest actions

If employees become aware of illegal or dishonest acts within Produkt + Markt, the management must be informed. No employee who communicates in good faith needs to fear disadvantages, even if the communication turns out to be unfounded. Messages also can be made anonymously.