



## **Integrity in Business**

### **Sigma Components – Code of Conduct**

This Code of Conduct (the “**Code**”) summarises our ethical commitment. It contains the policy and guidelines that define how we run our business. It will help define and deliver high standards of conduct throughout Sigma and protect Sigma’s reputation against, amongst other things, any allegations of bribery and corruption. It is expected that our business partners and employees will act with high ethical standards.

This Code should help our employees and business partners identify and avoid any situation that might violate Sigma’s best practise and any relevant legislation. Our employees, agents and any associated persons shall always adhere to this Code and will regard it as the basis of best practise and where possible undertake to work to exceed the expectations of the following this Code.

The following encompasses the policies on corruption, bribery, human rights and labour conditions. It cannot deal with every circumstance so if you do not have enough guidance in a particular situation, consult your immediate Manager, Director, Company Secretary or the Chief Executive Officer of Sigma.

Compliance with the Code is mandatory across Sigma. For example, bribery is illegal and could expose the business to prosecution, fines and loss of reputation. In addition our employees could be fined and in extreme cases face imprisonment.

If you are aware of or suspect any employee or operation to be involved in breaching this Code it must be reported to your immediate Manager, Director, Company Secretary or the Chief Executive Officer. Any such reporting will be treated in the strictest confidence.

We all share responsibility for ensuring that individually and collectively we are complying with this policy. I know that I can rely on your support in upholding the Code.



## **Integrity in Business**

### **Introduction**

1. The following Code of Conduct (the “**Code**”) sets out the ethical standards that govern the activities of Sigma Components (“**Sigma**”), its employees, its business partners and any associated persons (see paragraph 20). Employees should raise any matter of an ethical concern to their immediate Manager, or if appropriate with an appropriate Director, irrespective of whether it is explicitly addressed within this Code.
2. Our business is governed by bribery and corruption laws where we operate and, in particular, the UK’s Bribery Act 2010. The Bribery Act applies not only to what we do as a business in the UK but also what we do overseas.
3. This Code is subject to amendments from time to time. Employees, associated persons and agents are required to comply with the Code in force at any time.

### **Principles**

4. Employees shall always seek to uphold and enhance the standing of Sigma and will always act professionally and selflessly by:
  - Maintaining the highest possible standard of integrity in all their business relationships both inside and outside of Sigma.
  - Rejecting any business practise which might reasonably be deemed improper and never using their authority for personal gain.
  - Complying both with the letter and spirit of
    - The law of the country
    - Company rules, procedures and instructions
    - Contractual obligations
5. Employees should never allow themselves to be deflected from these principles.

### **Roles and Responsibilities**

6. All personnel employed by Sigma (all businesses UK and Abroad) inclusive of temporary or short-term contracted employee’s, or anyone who is employed as Contractor or on a Contract for Services for Sigma must abide by this policy.
7. It is the responsibility of all General Managers, and HR Departments of each Company to ensure that all employees and or contractors or temporary employees receive the Policy Detail and gain evidence of receipt and acknowledgement of responsibilities.
8. Directors, Senior Managers, Sales, Finance, Purchasing, and Drivers (contractors employed within these areas or any other person deemed to be at high risk of exposure) will be required to undergo a Sigma on line training course, receive full copy of this policy, and undergo an examination of understanding to achieve at least 80% pass mark.

9. Managers, Team Leaders, and Office Based Personnel, or any other person deemed to be at high risk of exposure or will receive a copy of the policy and be required to sign acceptance and knowledge and understanding of the policy content.
10. All Other Employees will be made aware of the Policy on internal Intranet systems, notice board information, handbooks, or a copy to be requested from HR Departments.
11. A Gift Register will be held in each Business and will be co-ordinated as a Sigma wide record by the Executive Assistant to the CEO.
12. The General Manager are required to governance check the register regularly and the CEO will periodically review the Register and governance check against the Policy requirements.
13. The HR Departments or those responsible for the employment of any new staff member are required to issue a copy of the Policy in line with the requirements highlighted above.
14. Directors and Managers are responsible for informing external business partnerships and newly formed partnerships of Sigma of this Policy.

#### **Policy on corruption and bribery**

15. Sigma has a zero-tolerance policy towards bribery and corruption. This policy extends to all business dealings and transactions in which it is directly involved, in every country in which it has subsidiaries and associates operating. Every employee and every associated person is required to comply with this Code.
16. It is Sigma's policy to conduct business in an open and honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.
17. Any breach of this Code will be regarded as a serious matter by Sigma and is likely to result in disciplinary action up to and including dismissal without notice for gross misconduct. Sigma reserves its right to terminate its contractual relationship with employees or associated persons if they breach this policy.

#### **What is bribery and corruption?**

18. Bribery is defined as the offer, promise, giving demanding or acceptance of a financial or other advantage, with the intention of inducing or rewarding the improper performance of a function or activity.
19. Corruption is the misuse of public office or power for private gain or misuse of private power in relation to business outside the realm of government.
20. Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly. For the purposes of this Code, whether the payee or recipient of the act of bribery or corruption works in the public or private sector is irrelevant.
21. The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve sales initiatives, such as tendering and contracting, or it may simply involve the handling of administrative tasks. It does not matter whether the act of bribery is committed before or after the tendering of a contract or the completion of administrative tasks.

22. Bribery is also the separate offence of offering, promising or giving financial or other advantage that is not legitimately due to: (i) a foreign public official; or (ii) another person at the foreign public official's request, or with their agreement or acquiescence, with the intention of influencing the official in the performance his or her functions in order to obtain or retain a business advantage.
23. Sigma has a zero-tolerance towards bribery and corruption in all of its business dealings. Such practices are never acceptable in any of its forms.
24. A bribe could be an improper financial payment. This includes but is not limited to:
  - Any offer of reward, money, employment, gifts or lavish hospitality.
  - Mechanisms for channelling underpayments or the masking of their purpose including inducements, subcontracts, consultancy agreements, representatives and purchase orders.
  - Any payments whether direct or indirect should only be made for genuine business services that are proportionate to the service provided.
  - Any contracts or agreements will always state and document exactly any services provided.
  - Making political payments.
25. Bribes are not limited though to cash payments. Job offers, gifts and entertainment, excessive business promotional activities, covering or reimbursing expenses, in-kind or political contributions, investment opportunities, subcontracts, stock options and similar items provided to third parties are all things of value that can contravene the Bribery Act 2010.

#### **What does the law say about bribery and corruption?**

26. Bribery is a criminal offence in a number of countries and penalties can be severe. In the UK, the Bribery Act 2010 not only makes bribery and corruption illegal, but also holds companies liable for failing to prevent such acts by those working for or on its behalf, no matter where the act takes place. It is therefore in your interests, as well as those of Sigma, that you act with propriety at all times and in accordance with this policy. Corrupt acts committed outside the UK may well result in a prosecution within the UK.
27. You should never give or offer bribes to further Sigma's business nor should you accept or agree to accept bribes to further Sigma's business.
28. Any individual with a "connection" to the UK can commit an offence under the Bribery Act 2010. A connection will include all staff working in the UK or working for a UK company as well as those resident in the UK and British citizens. Any person found guilty of an offence can be liable to a prison sentence of up to ten years and a fine.
29. In addition, Sigma can be held responsible if anyone "associated" with it (such as staff, employees, consultants, agents and even joint venture partners) bribes a third party.

30. A conviction for this offence could result in a potentially unlimited fine for Sigma.

**Examples:**

**Offering a bribe**

You offer a potential client tickets to a major sporting event, but only if they agree to do business with us.

This would be an offence as you are making the offer to gain a commercial and contractual advantage. We may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential client to accept your offer.

**Receiving a bribe**

A supplier gives your nephew a job, but makes it clear that in return they expect you to use your influence in our organisation to ensure we continue to do business with them.

It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage for your nephew.

**Bribing a foreign official**

You arrange for the business to pay an additional payment to a foreign official to speed up an administrative process, such as clearing our goods through customs.

The offence of bribing a foreign public official has been committed as soon as the offer is made. This is because it is made to gain a business advantage for us.

**What steps can we take to prevent bribery and corruption?**

31. In the event of a conflict of any provision of this Code with any requirement of applicable local laws and regulations, the local laws and regulations will take precedence. For the avoidance of doubt, if any act restricted or prohibited by this Code is permitted by local law, the restriction/prohibition in this Code will continue to apply. If ever you are in any doubt as to the propriety of your actions or of those persons associated with Sigma, please contact your Manager, Director or email [integrity@sigmacomponents.aero](mailto:integrity@sigmacomponents.aero).

**Risk assessment**

32. Effective risk assessment lies at the very core of the success or failure of this policy. Risk identification pinpoints the specific areas in which we face bribery and corruption risks and allows us to better evaluate and mitigate these risks and thereby protect ourselves. Business practices obviously vary from country to country and can be deeply rooted in the attitudes, cultures and economic prosperity of a particular territory.

33. We must all assess the vulnerability of each risk on an on-going basis and report back. High risk countries in which we do business include for example India.

34. We must also be alert to dealing with entities in which politically exposed persons are involved. Politically exposed persons are people who are or may have been entrusted with a prominent public function in a foreign state, an EU institution or an international body, their immediate family members and known close associates.

#### **Accurate books and record-keeping**

35. Many serious global bribery and corruption offences have been found to involve some degree of inaccurate record-keeping. We must ensure that accurate books, records and financial reporting are maintained in performing their daily duties and make good faith efforts to ensure that all third parties working on behalf of Sigma does the same. Our books, records and overall financial reporting must also be transparent. This means our records must accurately reflect each of the underlying transactions. False, misleading or inaccurate records of any kind could potentially damage Sigma.
36. Sigma and its employees must make sure the decision making process regarding potential distributors, suppliers and procurement is conducted fairly and transparently. It should be clearly documented why a potential distributor or supplier has been chosen. This should include setting out the due diligence that has been conducted on the company, its directors and its shareholders.

#### **Effective monitoring and internal control**

37. Our business must maintain an effective system of internal control and monitoring of transactions. We will continue to evaluate bribery and corruption risks which have been identified and highlighted through the risk assessment process. This policy and procedures may be amended so as to mitigate these risks on an on-going basis.

#### **Gifts and Entertainment**

38. Gifts and entertainment are useful for building and maintaining relationships between business partners, however they may be seen as placing the recipient under an obligation to the giver making them more likely to favour the giver in business decisions. Reasonable gifts and hospitality may be provided or accepted as long as they have:
- a clear business policy; and
  - are not intended to influence the recipient's actions towards the giver
39. **To request a gift, favour or preferential treatment by a supplier or customer is strictly forbidden.**
40. Gifts and entertainment should be offered and accepted for social and business purposes at a level appropriate to the status of those involved. Any impression of a reward for favour and preferential treatment must be avoided.
41. There is nothing wrong in giving or receiving small gifts, reasonable entertainment and hospitality. The key question is "what is appropriate"? Any gift or hospitality should be seen as building or maintaining the business relationship, however if it is perceived as a way of influencing or rewarding the recipient then it should not be offered or accepted.
42. The recipient should not allow him or herself to be influenced or be perceived by others to have been influenced in making a business decision as a consequence of accepting hospitality. A key question to ask "is the value reasonable or excessive" and is it visible?

- Gifts should never be cash or cash equivalents.
- Gifts should be small tokens and should not normally exceed £50 or local currency in value.
- Entertaining and hospitality should not normally exceed £100 per head or local currency in value.
- Exceeding the above limits for gifts and hospitality whether receiving or giving needs prior approval of the Chief Executive Officer.
- You should account for the cost of gifts and entertainment using the Company's expenses reporting and approval process.

### ***Gift Register***

43. In the case of any gifts or entertainment exceeding the limits described above, the gift or entertainment must be recorded in a register held by your HR Department, or General Manager stating the giver and receiver and the nature and value of the gift or entertainment. Each companies list will be collated together by the Executive Assistance of the Chief Executive Officer.

### **Reward Schemes**

44. Some suppliers or contractors may offer "reward schemes" which allow employees to receive free gifts or discount vouchers for ordering services or products on behalf of Sigma from that supplier or contractor. Obviously, Sigma must ensure that its suppliers or contractors are competitive and that its employees are acting in the best interests of Sigma when using a particular supplier or contractor. Any product of such a scheme is the property of Sigma.

### **Agents, Intermediaries and Business partners**

45. The above should only be hired if there is a satisfaction that there is no engagement of bribery or corruption on our behalf. This means carrying out appropriate due diligence and understanding what services will be provided and what payments will be made, by whom and for what.
46. Our business partners should be made aware of Sigma's policy on corruption and bribery at the outset of the relationship and as appropriate thereafter.

### **Due diligence**

47. Bribery and corruption issues should be reviewed as part of the due diligence processes when reviewing any involvement in commercial projects. If any employee is involved in projects where corruption allegations arise or are suspected, they should report them to their Manager or Director who will then be responsible for undertaking an investigation. Such reports will be treated in confidence – see paragraph 52.

### **Political Association**

48. The prohibition of political payments applies to political parties and organisations as well as to individual incumbents and candidates.
49. The essence of the Code should be applied worldwide where political institutions are weak or non-existent. Community spending should benefit local people and not enrich prominent individuals. This policy does not restrict employees acting as individual citizens from participating in the democratic political process.

50. A political payment is “a contribution in cash or kind aimed at supporting a political cause”
51. “Political cause” can include:
- A political party, Lobby groups, Individual politicians, Individual candidates.
52. “Contributions” can include:
- Loans, undertakings, gifts, fees and contributions, Payments for conferences, dinners or similar events, any purchases of publications or where fund raising is involved.
  - Payments to charities, or other organisations which are fronts for funding of individuals or political parties.

### **Human Rights and Labour Conditions Policy**

53. Sigma is committed to protecting the human rights of all employees and those that depend on our company (e.g. suppliers). Sigma’s position on human rights reflects the requirements of the universal declaration of human rights such as oppression, unfair trial, imprisonment and freedom of torture.

### **Labour Conditions**

54. Sigma recognises the ILO [www.ilo.org](http://www.ilo.org) declaration on principles and rights of work
55. **Forced Labour** - We will not tolerate forced labour, bonded labour or any labour which involves physical or mental abuse, threats or actual physical punishment, verbal or sexual harassment or domination or restraining of workers by force, authority or threats.
56. **Workers** - Will not be required to lodge “deposits” or identity papers with their employer.
57. **Child Labour** - Exploitation of child labour is unacceptable under any circumstances.
58. No person under the minimum legal working age applicable to their country may be employed by Sigma.
59. We believe that everyone in our organisation is responsible for having due regard for human rights, in particular:
- The Chief Executive Officer of Sigma has overall responsibility for ensuring that human rights considerations are integral in the way existing operations and new opportunities are developed and managed. Managers and supervisors must provide visible leadership that promotes human rights as an equal priority to other business issues and further responsibility for identifying abuses that occur.
  - All employees are responsible for ensuring their own actions do not impair the human rights of others. They are encouraged to bring forward in the strictest confidence any concerns that they may have about human rights abuses.

### **How to raise a concern**

60. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All employees are

required to read, understand and comply with this Code. All employees should avoid any activity that might lead to, or suggest, a breach of this Code.

61. As individuals who work on behalf of Sigma, we all have a responsibility to help detect, prevent and report instances not only of bribery, but also of any other suspicious activity or wrongdoing. Sigma is absolutely committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every one to know how they can “speak up”.
62. If you have a concern regarding a suspected instance of bribery or corruption, please speak up - your information and assistance can only help. You must notify your Manager, Director or email [integrity@sigmacomponents.aero](mailto:integrity@sigmacomponents.aero) as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business.
63. If you are a victim of bribery or corruption, it is important that you tell your Manager or Director as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

#### **Protection**

64. Employees who refuse to accept or offer a bribe, or those who raise concerns or report another’s wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this Code, even if they turn out to be mistaken. This is a sensitive area, so you should first raise your concerns or another’s wrongdoing with your Manager or Director in confidence.
65. We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the HR department immediately.

#### **Communication**

66. Communication on this Code forms part of the induction process for all new employees. All existing employees will receive relevant updates on how to implement and adhere to this Code.
67. Our zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

#### **Training**

68. Training on this Code forms part of the induction process for all individuals who work for Sigma, and regular training will be provided as necessary.

69. Our zero tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

**Conclusion**

70. It is the ultimate responsibility of the Chief Executive Officer to routinely refresh and reinforce this Code and its underlying principles and guidelines.

71. All Employees are responsible for the success of this Code and should ensure they use it to disclose any behaviour which is likely to breach this Code.

March 2019

### Potential risk scenarios: “red flags”

The following is a list of possible red flags that may arise during the course of you working for Sigma and which may raise concerns under various anti bribery and corruption laws. The list is not exhaustive and is for illustrative purposes only. If you encounter any of these red flags while working for Sigma then you must report them promptly:

- a) you become aware that a third- party with which we do business or are likely to do business engages in, or has been accused of engaging in, improper business practices;
- b) you learn that a third -party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a “special relationship” with foreign government officials;
- c) a third- party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- d) a third -party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- e) a third -party requests that payment is made to a country or geographic location different from where the third -party resides or conducts business;
- f) a third- party requests an unexpected additional fee or commission to “facilitate” a service;
- g) a third -party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h) a third -party requests that a payment is made to “overlook” potential legal violations;
- i) a third- party requests that you provide employment or some other advantage to a friend or relative;
- j) you receive an invoice from a third -party that appears to be non-standard or customised;
- k) a third -party insists on the use of side letters (where such letter is clearly not appropriate or usual in the circumstances) or refuses to put terms agreed in writing;
- l) you notice that Sigma has been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- m) a third -party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known by Sigma; and
- n) You are offered an unusually generous gift or offered lavish hospitality by a third- party.

## **CHECKLIST & KEY QUESTIONS**

### **Political Associations**

If there are any doubts about a proposed payment or relationship ask yourself:

- Is the recipient a political party or cause?
- Is this a relationship with a public or political figure?
- Will this payment or relationship be perceived as a way of seeking undue influence?

If the answer to any of these questions YES, then you should seek guidance from your immediate Manager, Director, Company Secretary or the Chief Executive Officer of Sigma.

### **Bribery**

Consider the reasons underlying any action and ask yourself these two questions:

- Would I be happy if the details appeared in a local or national newspaper?
- Would I be happy if I found out that my main business competitor was doing this?

If the answer is NO, then you should seek guidance from your immediate Manager, Director, Company Secretary or the Chief Executive Officer of Sigma.

### **Gifts and Entertainment**

If there are any doubts about the legality, purpose or value of a gift or hospitality ask yourself these five questions:

- Does its value or nature mean that I need my CEO's approval?
- Does the value or nature mean that I feel uncomfortable accepting it?
- Is it prohibited by the Code?
- Will it be seen as influencing our business decision?
- If I accept this gift, would a reasonable person have any doubt that I could be independent in doing my job in the future, especially if the person involved or affected by a decision that I make?

If the answer to any of these questions is YES, then you should seek guidance from your immediate Manager, General Manager, Director or the Chief Executive Officer of Sigma.

