



Version 3.0

Policy on Anti-Corruption

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Purpose and scope

Purpose

VAT places a high value on its products and the expertise of its employees. Maintaining ethical behavior in business operations is crucial for fostering a strong, just, and respectable culture that benefits everyone involved. VAT firmly opposes any form of corruption or bribery.

Through this Policy, everybody at VAT is empowered to identify corruption and forms of bribery, and to act in alignment with laws and regulations. VAT's reputation relies on the trust of clients, shareholders, employees, and the public in the company's integrity. Consequently, a strict prohibition on corruption and bribery applies to all VAT management bodies and employees.

Scope

The guidelines of this Policy apply to every single one of our employees. They also apply to anyone associated with VAT who makes business contacts for VAT, sells VAT products and services, lobbies for VAT, obtains government licenses or permits for VAT or otherwise acts as an authorized representative of VAT abroad. For the purposes of this Policy, we refer to all individuals, whether employed or otherwise associated with VAT, as "VAT Personnel".

Definition

Corruption

Corruption is a form of dishonesty or an illegal action carried out by individuals or organizations in positions of authority, all for the purpose of gaining unfair advantages or exploiting their power for personal benefit.

Corruption is not limited to monetary or gift-related exchanges; it can include intangible gains as well, like personal advancement. A common form of corruption involves favoring a specific party in the purchase of goods or services.

Corruption is a criminal offence in all countries where VAT conducts business and has no minimum threshold.

Bribery

Bribery, a subset of corruption, involves offering monetary or other gains with the intention of influencing another party's decisions. Bribery would involve convincing someone in a position of trust to neglect their work duties in exchange for rewards.

Facilitation payments

A facilitation payment is a small bribe, also called a ‘facilitating’, ‘speed’ or ‘grease’ payment; it is made to secure or expedite the performance of a routine or necessary action to which the payer has legal or other entitlement. A facilitation payment would involve providing money to expedite a bureaucratic process, like paying a customs official to speed up the clearance of goods through customs.

Kickbacks & Anti-Trust Violations

In addition to the measures described above, the laws and regulations in countries and regions where VAT conducts business (e.g. the USA, EU) prohibit VAT from offering, giving, soliciting, or receiving any money or anything of value to or from government officials, government contractors, or subcontractors as part of government bidding or contracting. Similar prohibitions may also arise under laws designed to promote fair competition. For this reason, VAT strictly prohibits giving or receiving kickbacks of any kind, except in emergencies (see Section O).

Zero Tolerance

Absolutely no form of bribery is tolerated, and it is strictly prohibited. This covers not only offering but also accepting bribes. At VAT, we maintain an unwavering zero-tolerance stance on this issue, and violations will be met with strict and comprehensive sanctions. VAT Personnel must never offer, promise, or give bribes, kickbacks, or anything of value to government officials, business partners, state-owned enterprises, or any other parties to secure any improper business advantage. VAT Personnel who receive requests for bribes, gifts, or kickbacks from government officials, business partners, state-owned enterprises, or other parties (or who otherwise become aware of such actions) must immediately suspend the underlying transaction(s) and contact their manager and the Legal and Compliance Department for further guidance.

Sanctions for Bribery

It is crucial for all VAT Personnel to understand that adhering to ethical conduct and compliance with the guidelines in this Policy is not only a legal requirement but also a fundamental element of VAT’s culture.

Sanctions for corruptive practices and bribery include:

- **Legal consequences:** Violations of anti-bribery laws can result in criminal charges, fines, and imprisonment for both individuals involved and the organization.

- **Termination of employment:** Employees found engaged in bribery may face immediate termination, subject to the company's employment policies and relevant laws.
- **Contractual repercussions:** If bribery is discovered in contractual relationships, contracts may be terminated, and parties involved may face litigation for breach of contract.
- **Loss of business opportunities:** Companies found engaging in bribery may lose business opportunities, contracts, or partnerships, as they become unattractive to ethical partners and clients.
- **Reputation damage:** The tarnished reputation resulting from bribery can have long-lasting negative effects on a company's brand image and market standing.
- **Legal costs:** Legal defense costs and fines can be substantial, draining resources that could be better invested in legitimate business activities.
- **Civil suits:** Victims of bribery, competitors, or other stakeholders may file civil suits seeking damages.
- **Regulatory penalties:** Regulatory authorities may impose fines and other penalties on companies found guilty of bribery.

Threat to Life or Injury

There are certain situations or circumstances where VAT Personnel are faced with having to make facilitation payments or kickbacks to protect themselves from injury, loss of life or liberty. VAT Personnel understands and acknowledges that these are emergency or coercive situations that are out of the ordinary. In such situations or circumstances, facilitation payments or kickbacks are permitted. VAT Personnel should immediately report such incidents to their manager and bring them to the attention of the Legal and Compliance Department.

Gifts, Hospitality and Entertainment

VAT Personnel are generally allowed to provide modest gifts, meals, travel, and entertainment (collectively "Business Courtesies") to government officials, business partners, and employees of state-owned enterprises. All Business Courtesies must be transparent, reasonable, and accurately recorded in VAT's books and records.

Because it is difficult to determine whether Business Courtesies pose compliance risks, all VAT Personnel must first obtain prior authorization from the Legal and Compliance Department for any Business Courtesy valued over CHF 200.00 (or the total amount equivalent per calendar year). For Business Courtesies to government officials see the subsequent Section 0. Regardless of the value, VAT Personnel should always consider the guidelines set out in Appendix B when granting or receiving Business Courtesies.

All requests for authorization should include the following information:

- The name, affiliation, and position of the government officials, business partners, and employees of state-owned enterprises receiving the Business Courtesies;
- A description of the Business Courtesies to be provided, including their fair market value and the reasonable business purpose justifying the Business Courtesies; and
- A description of the business rationale for providing the Business Courtesies.

Government Officials

The term "government officials" encompasses a wide range of individuals, including those in legislative, administrative, or judicial roles, whether they are appointed or elected. It also covers those who perform public functions for a country, territory, or any public agency or enterprise, as well as individuals who are officials or agents of public international organizations, as defined by laws such as the U.S. Foreign Corrupt Practices Act and the UK Anti-Bribery Act or the OECD Convention on Combatting Bribery of Foreign Public Officials.

When dealing with government officials, it is crucial for VAT Personnel to remember that they should never offer, promise, or provide any Business Courtesies to government officials unless these courtesies are of very low value (e.g. CHF 20.00 or less) and do not exceed CHF 50.00 within a single calendar year. Additionally, VAT Personnel may never extend any Business Courtesies to Government Officials in other jurisdictions if such measures are prohibited by more stringent local laws.

VAT Personnel with questions regarding state and local restrictions on Business Courtesies should always contact the Legal and Compliance Department for further guidance.

Receipt of Business Courtesies

VAT Personnel are generally allowed to accept modest Business Courtesies. Again, the principle is that all Business Courtesies must be transparent, reasonable and accurately recorded in the VAT books and records. VAT Personnel must obtain authorization from the Legal & Compliance Department for any Business Courtesy valued over CHF 50.00 (or the total amount equivalent per calendar year). All requests for this authorization should include the same information as outlined above in Section 0.

Political Contributions

Many governments in countries and regions where VAT conducts business have regulated contributions to political candidates and parties. To avoid inadvertent violations of campaign laws and anti-corruption regulations, VAT affiliates and individual VAT Personnel must never make any political contributions on behalf of the VAT to any candidates, parties, or government officials anywhere in the world without prior authorization from the

Legal and Compliance Department. These restrictions do not apply to legal political contributions that VAT Personnel may make on their own behalf.

Reporting and Authorization

The notification and request for authorization of Business Courtesies can be easily made via the IT Ticketing System (support.vat.info).

- Click “+New Ticket”
- Select Category “Legal and Compliance”
- Choose “Anti-Corruption”
- Fill in the required information

Recordkeeping Requirements

Many anti-bribery laws of countries and regions where VAT conducts business require VAT to maintain accurate books and records. Accurate records discourage the use of bribes, kickbacks, and other corrupt inducements. They can also help VAT identify suspicious activity if it occurs. For these reasons, VAT Personnel must never:

- Make any false, incomplete, or misleading entries in VAT’s books and records, or otherwise disguise or mischaracterize any aspect of a transaction;
- Engage in undisclosed payments or transactions, or establish separate books and records for undisclosed payments or transaction;
- Issue invoices that exceed normal prices levels, disguise the true nature of a transaction, or involve Third Parties that are not necessary to the transaction; or
- Use company or personal funds to undertake activities that are prohibited by this Policy or other VAT policies.

In some instances, VAT’s Legal and Compliance Department may request information to file disclosures or other reports with government agencies. All VAT Personnel should maintain and immediately produce any information that would assist with such filings and should retain any information involving dealings with government officials or third parties that conduct business with government officials for a minimum of six (6) years.

Reporting suspected Bribery or Corruption

VAT Personnel that are offered a bribe, or are asked to make one, or if they believe or suspect that any bribery, corruption or other breach of this policy, or the underlying anti-bribery and corruption laws, has occurred or may occur, must immediately report the potential or actual violation(s) to the Legal and Compliance Department or in a secure, protected and confidential way via the VAT Group's Compliance Hotline ([Compliance form - VAT Group](#)).

All calls and reports will be held in the strictest confidence unless otherwise prohibited by local law. VAT does not permit any form of retaliation for reporting suspected violations of the law or the Company's compliance policies in good faith.

Review and Revision:

This Policy will be periodically reviewed and updated to ensure its effectiveness and relevance.

APPENDIX A

Anti-Bribery & Corruption “Red Flags”

Below is a list of possible red flags which may raise concerns under anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

- you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- 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;
- 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;
- 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;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third party requests an unexpected additional fee or commission to “facilitate” a service;
- a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- a third party requests that a payment is made to “overlook” potential legal violations;
- a third party requests that you provide employment or some other advantage to a friend or relative;
- you receive an invoice from a third party that appears to be non-standard or customized;
- a third party insists on the use of side letters or refuses to put terms agreed in writing;
- you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
- you are offered an unusually generous gift or offered lavish hospitality by a third party.

APPENDIX B

Guidelines for Business Courtesies

Always consider the following principles when granting or accepting gifts, entertainment and hospitality:

1. **Value:** The value of gifts and hospitality should be reasonable and modest. It should not be extravagant or create an appearance of impropriety.
2. **Frequency:** The frequency of giving gifts and extending hospitality should be limited. Regular or excessive gift-giving might raise concerns about influence or ulterior motives.
3. **Transparency:** Gifts and hospitality should be given openly and transparently. If there is a perception that gifts are given secretly or with hidden agendas, it can damage trust.
4. **Relevance:** Gifts and hospitality should be relevant to the business context. They should align with the professional relationship and not seem unrelated or inappropriate.
5. **Cultural sensitivity:** Cultural norms vary widely, so it's important to consider the cultural background of the recipient. What might be acceptable in one culture might not be in another.
6. **Public sector and government employees:** There are often stricter regulations governing gifts and hospitality given to government officials or public sector employees. These regulations are in place to prevent bribery and corruption.
7. **Intent:** The intent behind giving gifts and hospitality matters. It should be to build relationships, express gratitude, or enhance business interactions, rather than trying to exert undue influence.
8. **Reciprocity:** Gifts and hospitality should not create a sense of obligation or an expectation of special treatment. Recipients should not feel compelled to reciprocate in a way that could compromise their integrity.
9. **Record-keeping:** Proper record-keeping of gifts and hospitality given and received can help ensure transparency and accountability.
10. **No strings attached:** Gifts and hospitality should come with no strings attached. There should be no expectation of receiving favorable treatment in return.
11. **Avoid conflicts of interest:** Gifts and hospitality should not create conflicts of interest or compromise the recipient's ability to make unbiased decisions.