



Anti-bribery and Corruption Policy

Adairs Limited (Company)
ACN 147 375 451

Adopted by the Board on 18 June 2020

Anti-Bribery and Corruption Policy

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Section 1 – Introduction

1. Purpose

- 1.1 Adairs Limited (**Adairs**) is committed to operating legally (in accordance with applicable legislation and regulation), properly (in accordance with organisational policy and procedures), and ethically (in accordance with recognised ethical principles).
- 1.2 Adairs is committed to sourcing our products in an ethical manner and we seek to partner with suppliers who share our belief of operating legally, ethically and within the global laws, regulations, codes and frameworks that we operate within.
- 1.3 We have a zero tolerance to Bribery and Corruption, including extortion. Bribery and the related improper conduct referred to in this policy are serious criminal and civil offenses that may have implications for the company any individuals involved and directors.

2. Scope

- 2.1 The Policy covers:
 - (a) all current and former directors, employees, officers, agents and contractors of Adairs; and
 - (b) all external supplier and subcontractors to Adairs.

3. Definitions

- 3.1 For the purpose of this Policy:
 - (a) **Adairs** includes Adairs Retail Group Pty Ltd its related entities.
 - (b) **Bribery** means knowingly giving or receiving, or agreeing to give or receive, an undue reward, whether financial or non-financial, to influence the behaviour of someone in government or business to obtain commercial advantage. A bribe does not have to be given – the intent to give a bribe is enough to be deemed a bribe.
 - (c) **Corruption** is a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit.
 - (d) **Facilitation payments** are payments made to induce public officials to perform their functions, such as issuing licenses or permits.
 - (e) **Fraud** means dishonest activity causing actual or potential financial loss to any person or organisation including theft of money or other property by employees or persons external to Adairs

(f) **Government Official** includes:

- (i) an official or employee of a government or government owned enterprise
- (ii) an official or employee of a government agency or regulatory authority
- (iii) an official or employee of a political party or a political candidate
- (iv) any official or employee of an international public organisation such as the United Nations, World Bank or International Monetary Fund
- (v) a member of the judiciary or magistracy
- (vi) an individual who holds or performs the duties of an appointment, office or position created by custom or convention, including some members or royal families and some tribal leaders
- (vii) a person who is, or holds themselves out to be, an authorised intermediary of a government official
- (viii) a relative or associate of such government official; and Police officers, customs and tax officials, employees of state-owned enterprises or political party officials

(g) **Third party agent or intermediary**

- (i) these are persons or entities retained to perform services for and on behalf of Adairs to, for example solicit new business, retain existing business or supply services to fulfil a legal, regulatory or practical requirement.
- (ii) examples of agents and intermediaries may include, but are not limited to, consultants, agents, brokers, vendors, joint venture partners, lobbyists, lawyers and freight forwarders.

Section 2 – Policy

4. Employee Expectations

4.1 Adairs employees must:

- (a) understand and comply with this policy;
- (b) not give, offer, accept or request bribes, facilitation payments, secret commissions or other prohibited payments or engage in money laundering or cause any of them to be given, offered, accepted or requested;
- (c) not approve any offers, or make, accept or request an irregular payment or other thing of value, to win business or influence a business decision in favour of Adairs;

- (d) comply with any reporting and approval processes for gifts, entertainment or hospitality, as per the **Gifts and Gratuities Policy**;
- (e) not offer or receive any gifts, entertainment or hospitality to or from public or government officials or politicians, without approval from Risk and Compliance.
- (f) obtain required approvals for donations and sponsorship;
- (g) maintain accurate records of dealings with third parties; and
- (h) be vigilant and report any breaches of, or suspicious behaviour related to this policy.

5. Gifts and Gratuities

- 5.1 Adairs must exercise a high degree of caution in relation to the receipt or giving of gifts or entertainment to third parties and/or government officials. **ALL** gifts and entertainment given or received must be declared with the exception of a moderately priced meal/coffee etc. where legitimate business conversations occur. To declare a gift or gratuity, Adairs employees are required to contact Risk and Compliance via risk@adairs.com.au and may be asked to complete a Gifts and Gratuities Form for entry into the Gifts and Gratuities Register.
- 5.2 The **receipt** of gifts or entertainment from third parties or suppliers has the potential to impact Adairs reputation or impartiality. Wherever possible, it is strongly encouraged to decline any such gifts to ensure the integrity of the business relationship is upheld. Gifts may include, but are not limited to:
- (a) meals, food and beverages (including invitations to functions which are paid for by a supplier or third party);
 - (b) entertainment (e.g. tickets or invitations to concerts, sporting events, performances etc.);
 - (c) cash and other non-monetary items of value (e.g. presents).
- 5.3 The **giving** of gifts or entertainment to third parties or government officials has the potential to create the perception that Adairs has sought to improperly influence the recipient to achieve an improper advantage or obtain preferential treatment. The offer of any gift or entertainment to a government official (directly or indirectly), regardless of value must be referred to the Risk and Compliance for prior approval.

6. Contracting provisions

- 6.1 All contracts with third parties, vendors and agents should contain certain standard contractual clauses pertaining to bribery and corruption, including:
- (a) a requirement to comply with the Adairs Anti-Bribery and Corruption Policy;

- (b) a requirement for vendors and third parties to disclose all foreign government officials who are directors, officers or employees and any relatives of such who may be foreign government officials;
- (c) a right to audit the third party's books and records.

7. Mergers and Acquisitions

- 7.1 Bribery and corruption specific due diligence must be carried out on proposed business relationships involving joint venture (JV) partners and merger and acquisition (M&A) targets. Due diligence should be conducted prior to any contract or agreement being signed.
- 7.2 Where Adairs is considering commencing activities or operations in a new jurisdiction or acquiring a new entity that may have a different bribery and corruption risk profile an additional bribery and corruption risk assessment may be conducted specific to the proposed activity.
- 7.3 Appropriate anti-bribery and anti-corruption due diligence should be undertaken for all prospective JV and M&A targets, including:
 - (a) background investigation and public database searches of key executives;
 - (b) interviews of key executives relating to past corruption and risks of corruption in the business;
 - (c) review of documents related to the company's anti-corruption compliance program, past incidents of corruption and risks of corruption in the business;
 - (d) forensic accounting and transaction testing procedures related to high-corruption risk transactions.

8. Charities and Sponsorship

- 8.1 Adairs may from time to time partner with organisations in the form of providing sponsorship or charitable donations.
- 8.2 Sponsorship refers to support for an event, initiative or organisation, by providing financial support, property and / or other resources, in return for certain rights or associations that may benefit Adairs. Sponsorships are intended to be mutually beneficial.
- 8.3 Charitable giving and sponsorship provided by Adairs and its employees must align with our values and not be:
 - (a) made to gain an unfair business advantage;
 - (b) made to individuals;
 - (c) politically connected.

- 8.4 Prior to a charitable giving or sponsorship being made, the employee who is proposing the donation or sponsorship must ensure that:
- (a) a proposal for the use of funds submitted by the charitable organisation or internal justification document for the use of funds is prepared by an employee;
 - (b) the organisation is a legitimate business or registered charity (and document the due diligence undertaken);
 - (c) the recipient discloses the ultimate beneficiary (and ensure it is not a government official);
 - (d) appropriate pre-approval has been obtained from the CFO or CEO;
 - (e) proof of delivery can be provided upon completion of the agreed purpose of the donation or sponsorship.
- 8.5 Adairs does not participate in any political activity, make political contributions, or contribute to a political party or individuals involved in politics, whether in cash or in kind, anywhere in the world.

9. Conflicts of Interest

- 9.1 Employees must avoid situations where personal interests might come into conflict with the interests of Adairs.
- 9.2 A conflict of interest is a situation where there is an actual, potential or perceived divergence between the interests of an employee and his/her professional and work related obligations to Adairs, such that an independent observer might reasonably question that the employee's conduct may have been influenced by his or her own private interests or personal circumstances.
- 9.3 Employees are **required to disclose** to management if there is a potential conflict of interest which might influence or appear to influence their judgment and actions (for example, where a family member is employed by a supplier).
- 9.4 Employees must also refrain from holding any position, involvement or financial stake in any organisation that is a competitor, customer, supplier or any other business partner of Adairs if their position allows them to influence the business relationship.

10. Accurate books and records

- 10.1 Employees must always record payments correctly and transparently. It is Adairs policy to have effective systems of internal controls, including financial, accounting, and tax accounting systems, to ensure accurate books and records are kept and a true and fair reflection of Adairs business affairs to prevent:
- (a) incidents of fraud, bribery and corruption;

- (b) unrecorded, unidentified or misidentified accounts;
- (c) creation of false records.gr

11. Monitoring and review

- 11.1 It is imperative that Adairs identifies and monitors its higher risk relationships. It is the responsibility of Adairs to identify and monitor its highest risk relationships with government-owned or affiliated business partners, government regulators and large commercial accounts. Special care must be exercised in these relationships, particularly as they relate to the hiring of intermediaries and the providing of gifts, entertainment or other business courtesies.
- 11.2 Controls around these areas are to be monitored by Risk and Compliance who will annually conduct anti-bribery and anti-corruption audits designed to detect and deter potential corrupt activity in violation of this policy.
- 11.3 Financial controls specific to the prevention of fraud, bribery and corruption should be documented separately for reference during risk assessment.

12. Training communication and awareness

- 12.1 As part of maintaining our ethical and transparent culture, Adairs promotes employee awareness of, and compliance with this policy through regular communication and training (both upon joining Adairs and annually thereafter).
- 12.2 Employees who are identified as having a high risk of exposure to bribery and corruption practices may be required to attend role specific training. At a minimum, every person in a position to obtain business through bribery or other improper means should receive anti-bribery and anti-corruption compliance training that provides:
 - (a) information on Adairs policies pertaining to fraud, bribery and corruption;
 - (b) the definition of fraud, bribery and corruption;
 - (c) examples of fraud, bribery and corruption;
 - (d) fraud, bribery and corruption red flags;
 - (e) specific case studies relevant to the employees position, department and location;
 - (f) procedures to follow if offered or asked for a bribe or if there is suspicion that bribery or corruption has occurred.
- 12.3 All employees will be provided with practical guidance on how to achieve compliance in relation to high risk activities as part of the anti-bribery and anti-corruption role specific training, which is to be rolled out on an annual basis.

13. Reporting Concerns

- 13.1 Adairs requires all employees to report any activity that is or has the potential to cause or contribute to any type of loss or damage to Adairs.
- 13.2 Employees, contractors and third parties working with Adairs are expected to come forward with information even if it is not asked for. Both honesty and full disclosure is required. Adairs encourages all employees to use their direct manager as the first point of contact.
- 13.3 Adairs provides employees with internal and external options to anonymously report any improper conduct confidentially:

Internal Reporting

Email: whistleblower@adairs.com.au
Phone: 03 8888 4506

External Reporting

Phone: 03 8888 4506 [FairCall service operated by KPMG]

For further information please refer to the Whistle-blower policy.

14. Investigation of suspected violations of this policy.

- 14.1 All known and suspected incidents of fraud, bribery and corruption will be recorded and investigated in a timely manner. Investigations will be conducted by an appropriately qualified member of the Risk and Compliance team.
- 14.2 Where deemed necessary, Risk and Compliance may engage external consultants, such as forensic accountants or investigators to investigate the suspected violation.

15. Non-compliance with this policy

- 15.1 Employees who knowingly violate this policy will be subject to appropriate disciplinary action, up to and including termination of employment. Contractors or Consultants who fail to comply with this policy will be in breach of contract which will provide grounds for the termination of their contract.
- 15.2 Strict compliance with this policy is especially important because all Adairs directors, officers, employees and contractors worldwide are potentially liable for violating criminal and / or civil laws pertaining to foreign bribery and corruption. Violations could result in fines for individuals and imprisonment for each violation. Individuals could also be subject to additional fines and penalties under local laws.

- 15.3 Adairs as a company could face numerous sanctions, including criminal indictment and fines, disgorgement of any ill-gotten gains, the prohibition to do business with government entities, and the appointment of a compliance monitor to oversee its business operations.

Section 3 – Governance

16. Policy Availability:

- 16.1 This Policy is internally available on the Advance at Adairs intranet and externally on the Corporate Governance page of the Adairs Investor Relations website located at www.investors.adairs.com.au/investors/.

17. Policy Responsibility

- 17.1 The Policy is reviewed periodically as per business needs or when there are significant regulatory changes.

Policy Owner	Chief Executive Officer
Reporting Governance Officer (External)	Chair of Board Audit & Risk

18. Version Control and Change History

Version	Approval Date	Author	Details of Amendments
V1.0	18 June 2020 (Board)	Risk and Compliance Manager	New document