

IN THE CROWN COURT AT SOUTHWARK
BETWEEN:

SERIOUS FRAUD OFFICE

- v -

GURALP SYSTEMS LIMITED

DEFERRED PROSECUTION AGREEMENT

The Defendant, Guralp Systems Limited ("GSL"), by its undersigned representatives, pursuant to authority granted by GSL's Board of Directors, and the Director of the Serious Fraud Office (the "SFO"), enter into this Deferred Prosecution Agreement (the "Agreement"). This Agreement comes into force on the day when the Court makes a declaration subject to Schedule 17, section 8(1) and (3) of the Crime and Courts Act 2013.

The terms and conditions of this Agreement are as follows:

The Indictment and Acceptance of Responsibility

1. GSL acknowledges and agrees that the SFO will prefer the draft Indictment, attached hereto as Appendix A, charging GSL with Conspiracy to make corrupt payments, contrary to s.1 Criminal Law Act 1971; and Failure to prevent bribery by employees, contrary to s.7 Bribery Act 2010.
2. GSL agrees that the Statement of Facts is true to the best of its knowledge and belief.
3. In the event of it becoming necessary for the SFO to pursue the prosecution that is deferred by this Agreement, the Statement of Facts may be used as an admission by GSL in accordance with section 10 of the Criminal Justice Act 1967.

Term of the Agreement

4. This Agreement is effective for a period beginning on the date on which the Court makes a declaration under Schedule 17, Section 8(1) and (3) of the Crime and Courts Act 2013 and ending on or before 22 October 2024, when the financial terms set out in Paragraphs 13-14 below have been fully satisfied (the “Term”).

Scope of Agreement

5. This Agreement brings to a close the SFO's investigation into the conduct of GSL as set out in the Statement of Facts. These terms do not provide any protection against prosecution for conduct not disclosed by GSL prior to the date on which the Agreement is made final nor does it provide protection against prosecution for any future criminal conduct committed by GSL. In addition these terms do not provide any protection against prosecution of any present or former officer, director, employee or agent of GSL.

Deferred Prosecution

6. In consideration of:
 - (i) The voluntary cooperation of GSL as described in paragraphs 9-12 below; and
 - (ii) GSL's lack of history of similar conduct, including prior criminal, civil or regulatory enforcement action; and
 - (iii) GSL's disgorgement of profit of £2,069,861 as described in paragraphs 13-17 below; and
 - (iv) GSL's review and maintenance of its existing compliance programme as described in paragraphs 19-24 below.

The SFO agrees that, subject to the Court's approval, the draft Indictment should, on being preferred, immediately be suspended for the Term of the Agreement.

7. The SFO further agrees that if GSL fully complies with all its obligations under this Agreement, or the Agreement as varied with the approval of the Court, the SFO will not continue the criminal prosecution against GSL upon the draft Indictment and at the

conclusion of the Term the Agreement will expire. Within 30 days of the Agreement's expiration the SFO will give notice to the court and to GSL that the proceedings under the draft Indictment are to be discontinued.

8. After the expiry of the Agreement the SFO may institute fresh proceedings if the SFO finds that during the course of negotiations for the Agreement GSL provided inaccurate, misleading or incomplete information to the SFO and GSL knew, or ought to have known, that the information was inaccurate, misleading or incomplete.

Terms

A. Co-operation

9. GSL shall continue to cooperate fully and truthfully with the SFO in any and all matters relating to the conduct described in this Agreement and Statement of Facts until the date upon which all investigations and prosecutions arising out of such conduct are concluded. This will include the retention, until such investigations and prosecutions are concluded, of all material gathered as part of GSL's internal investigation leading to this Agreement.
10. GSL shall disclose to the SFO, upon a specific and reasonable request from the SFO made during the Term of this Agreement, any relevant information and material in the possession, custody or control of GSL in respect of its activities and those of its present and former directors, employees, distributors, clients and agents concerning all matters relating to the conduct described in the draft Indictment and the Statement of Facts. Cooperation under this paragraph shall include identification of witnesses who, to the knowledge of GSL, may have material information regarding the matters under investigation.
11. GSL accepts and warrants that the information provided to the SFO throughout the deferred prosecution negotiations and upon which this Agreement is based does not knowingly contain inaccurate, misleading or incomplete information relevant to the conduct GSL has disclosed to the SFO.

12. Nothing in paragraphs 9 to 11 is intended to derogate from GSL's legal rights to raise any defences or assert affirmative claims in civil, regulatory and criminal proceedings in other fora or jurisdictions relating to the matters set out in the Statement of Facts provided such defences and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts.

B. Disgorgement of profits

13. The SFO and GSL agree that £2,069,861 is the amount of gross profit unlawfully generated by GSL as a result of the offences alleged in the Indictment and Statement of Facts. GSL agrees that a total of £2,069,861 be disgorged to the SFO for onward transmission to the Consolidated Fund.

14. GSL agrees to pay this sum following the Court's declaration under Schedule 17 section 8(1) and (3) of the Crime and Courts Act 2013 and, subject to paragraphs 15 and 17 below, by the date which falls five years from the date of this Agreement. Subject to paragraphs 15 and 17 below, failure to do so will constitute a breach of this Agreement. The £2, 069,861 of profits disgorged is final and shall not be refunded.

15. Unless the subject of a Court application as described in paragraph 17 below, at the sole discretion of the SFO late payment of the disgorgement amount by up to 30 days will not constitute a breach of this agreement but will be subject to interest at the prevailing rate applicable to judgement debts in the High Court.

16. GSL agrees that no tax deduction will be sought in the UK or elsewhere in connection with the disgorgement of profits.

17. The SFO and GSL acknowledge and agree that in the event that GSL finds it is unable to meet the payment terms set out in paragraph 13 above (to be assessed by GSL in the fourth or final year of this Agreement), GSL will propose an alternative payment plan and will provide evidence to the SFO by 22 April 2024. The parties acknowledge and agree, for the avoidance of any doubt, that any anticipated failure by GSL to comply with the payment terms as set out in paragraph 14 above is an event that could lead to

the parties applying to court to vary the terms of this Agreement under paragraph 10(1)(b) of Schedule 17 of the Crime and Courts Act 2013.

18. The SFO is not precluded from arguing in any future prosecution that the court should impose a higher disgorgement amount.

C. Corporate Compliance Programme

19. GSL will undertake a review including the implementation of its existing internal controls, policies, and procedures regarding compliance with the Bribery Act 2010 and other applicable anti-corruption laws.

- a. In particular, GSL's Compliance Officer will prepare a report for submission to the SFO to be completed within twelve (12) months of the date of the Agreement and annually thereafter during the Term of the Agreement on GSL's current anti-bribery and corruption policies and their implementation. The report should cover:
 - i. An annual compliance risk assessment including the details of any risks that materialised and how it was dealt with;
 - ii. Circumstances where third party intermediaries (such as agents, distributors, consultants and local partners) are involved with transactions in which GSL participates in a consortium or any other form of association in order to conduct its operations, irrespective of the existence of any formal contractual or direct payment relationship between those parties and GSL;
 - iii. GSL's anti-bribery and corruption training system to monitor training completion;
 - iv. The effectiveness of GSL's anti-bribery and corruption training provided and the level of anti-bribery and corruption awareness among its employees;

- v. Evidence that GSL employees are able to obtain timely advice and guidance with regard to any compliance queries they have;
 - vi. Details of any confidential internal reporting mechanisms;
 - vii. Policies regarding the investigation of allegations of wrongdoing within GSL; and
 - viii. The extent and results of any due diligence performed on third party intermediaries (such as agents, distributors, consultants and local partners).
20. During the Term of the Agreement, should any of GSL's Directors learn of any evidence or allegation of conduct by its past, present, or future officers, directors, employees, or agents which (1) any of GSL's Directors reasonably believes constitutes serious or complex fraud, as that term is used in the SFO's Statement of Principle, as published on the SFO website, and (2) any of GSL's Directors reasonably believes would satisfy the SFO's criteria for case acceptance as published on the SFO website, GSL shall promptly report such evidence or allegation to the SFO.
21. GSL's Compliance Officer will report directly to the Board of Directors of GSL.
22. GSL's Compliance Officer will co-operate generally with the SFO as requested by it during the Term of the Agreement.
23. The ultimate responsibility for identifying, assessing and addressing risks remains with the Board of Directors of GSL.
24. Implementation of additional controls, policies and procedures shall not be construed in any future proceedings as providing an automatic statutory defence, immunity or amnesty in respect of conduct occurring subsequent to their implementation. Nothing in this clause is intended to derogate from GSL's legal rights to raise that implementation as part of any defences, or for it to assert affirmative claims, in civil, regulatory and criminal proceedings relating to the review conducted under this Agreement or the matters set out in the Statement of Facts.

Breach of the Agreement

25. In the event that the SFO believes that GSL has failed to comply with the terms of this Agreement, the SFO agrees to provide GSL with written notice of such failure prior to commencing proceedings resulting from such failure. GSL shall, within 30 days of receiving such notice, have the opportunity to respond to the SFO in writing to explain the nature and circumstances of the failure, as well as the actions GSL has taken to address and remediate the situation. The SFO will consider the explanation in deciding whether to make an application to the Court.
26. If, following receipt of GSL's response described in paragraph 25 above, the SFO believes that GSL has failed to comply with the terms of this Agreement and that any such failure is not being reasonably addressed, the SFO may apply to the court for the Agreement to be terminated and the suspension of draft Indictment lifted thereby reinstating criminal proceedings

Sale, merger, liquidation of GSL's business

27. GSL agrees that in the event it sells, merges or transfers all or substantially all of its business operations as they exist at the date of this Agreement, it shall include in any contract for sale, merger or transfer a provision binding the purchaser or successor to the obligations described in this Agreement.
28. If GSL enters into voluntary or compulsory liquidation while the Agreement remains in force it will notify the SFO at the earliest opportunity. Failure to do so will constitute a breach of this Agreement.

Public statements

29. GSL agrees that it shall not, through present or future lawyers, officers, directors, employees, agents or any other person authorised to speak on behalf of GSL or its parent company or subsidiaries, make any public statement contradicting the matters described in the Statement of Facts. Any such contradictory statement shall constitute a failure to comply with the terms of this Agreement. This paragraph does not apply to

any statement made by any present or former director, officer, employee or agent of GSL in the course of any criminal or civil proceedings instituted by or against the said individual. Nothing in this paragraph is intended to derogate from GSL's legal rights to raise any defences or assert affirmative claims in civil, regulatory and criminal proceedings in other fora or jurisdictions relating to matters set out in the Statement of Facts.

Warranty

30. GSL warrants that:

- i. the information provided to the prosecutor throughout the DPA negotiations and upon which the DPA is based does not knowingly contain inaccurate, misleading or incomplete information relevant to the conduct GSL has disclosed to the SFO.
- ii. it will notify the SFO and provide where requested any documentation or other material that it becomes aware of whilst this Agreement is in force which it knows or suspects would have been relevant to the offences particularised in the draft Indictment.

31. GSL agrees to its current and former legal advisors providing a warranty in the same terms as paragraph 30.i above.

Consent

Agreed

For GSL Ltd:

Name: Mr Christopher Lyddon

Position: Chief Financial Officer

Dated: 22nd day of October 2019

For the Serious Fraud Office: *Lisa K Osofsky*.....

Name: Lisa Osofsky

Position: Director

Dated: 22 day of October 2019

Appendix A: Draft Indictment

Appendix B: Statement of Facts