

FONEHOUSE BUSINESS LTD. B2B REFERRER TERMS AND CONDITIONS v. 14/07/2015 [“T. & C.”]

Date: 14th of July 2015

From this date, this Terms and Conditions supersede any previous B2B Referrer Terms and Conditions and apply to all existing and new B2B Referrers.

1 INTERPRETATION

1.1 The definitions and rules of interpretation in Schedule 1 apply in this Agreement.

2 APPOINTMENT AS REFERRER

2.1 The Referrer is appointed to be a non exclusive representative of the Company to:

- (a) market and promote the Services on behalf of the Company and introduce Customers to the Company; and
- (b) provide support to Customers.

2.2 The Referrer and the Individuals understand and acknowledge that the Company is bound by the Network Providers Terms and hereby agrees and acknowledge that all rights granted under this Agreement are subject to the Company continuing to comply with the Network Providers Terms and in the event that the Company's arrangements with any of the Network Providers is terminated or materially and detrimentally altered the Company shall have the right (but not the obligation) to immediately terminate this Agreement. The Referrer accepts that this is a risk in entering into this Agreement and hereby covenants and acknowledges to the Company that any termination of this Agreement in accordance with this clause 2.2 shall not entitle the Referrer to any compensation, the right to recover any costs or losses or to damages of any kind from the Company (or any subsidiary or group company).

2.3 The Referrer is not entitled to bind the Company or Network Providers or Mobile Network Distributors in any way in relation to the sales of Services.

2.4 The Referrer grants the Company, their agents, or other authorised individuals (including representatives of the Network Providers and handset Manufacturers) the right to enter any of the Referrer's premises including access to all locked areas at any time during business hours and audit the Referrer's records (including financial records and other systems) if the Company has reason to believe that any of the information supplied by the Referrer is inaccurate, out of date, incomplete, misleading, fraudulent or there is reason to believe that there has been a breach in any clause of this Agreement.

3 TERM

3.1 This Agreement shall commence on the Commencement Date and will continue thereafter until or unless terminated by either party by giving at least thirty (30) days notice to the other party unless otherwise terminated in accordance with clause 2.2 or clause 12.

3.2 For the avoidance of doubt the Referrer and the Individuals shall have no right whatsoever to use the Trade Name or any name which is the same or colourably similar to “Fonehouse” after termination of this Agreement.

4 COMMISSION AND PAYMENT

4.1 Commission

4.1.1 In respect of each Customer which the Referrer introduces to the Company and subsequently enters into a Contract, the Referrer shall be entitled to Commission as set out in the Company's monthly bulletin provided that such connection has been accepted by the Company and the Network Service provider.

4.1.2 The Referrer accepts and acknowledges that the payment of this Commission from the Company is dependent upon the Company receiving payment from the Customer and from Network Providers subject to Clawbacks as set out in clause 4.3 below.

4.1.3 The Company shall provide a monthly bulletin which sets out the amount of Commission due to the Referrer in respect of the following month. Any payment shall, subject to 4.2.2 be payable to the Referrer as set out in monthly bulletin.

4.1.4 For each Customer the Referrer is required to provide the following:

- (a) Customer's Acceptable Business Proofs; and
- (b) for each order from approved Customer, provide Purchase Order; and
- (c) Network Provider Contract signed by the Customer.

The Company will provide the list of Customer's Acceptable Business Proofs and the information which should be given in a Purchase Order. All signatures, names and addresses must match throughout the proofs, Purchase Order and Network contracts.

All New Connections and Upgrades are subject to Fonehouse and / or relevant Mobile Network Provider's approval.

4.2 Payment

4.2.1 For all connections made to a Network by the Referrer between 1st and 31st of each month, Fonehouse shall pay the corresponding commission payment by BACS no later than 15th of the following month. If the 15th fall on a weekend or bank payment will be made on the next available working day.

4.2.2 Payment of any on-going commission will be made by BACS in the month following receipt from the Customer or Network.

4.2.3 The Company reserves the right to withhold payment of Commission where adequate proofs are not available.

4.2.4 Certain other Services have different payment terms which will be specified in the monthly bulletin or price book

4.3 Claw backs

4.3.1 In the event that the Company suffers any clawback from Network Providers or the customer does not pay its bill (or any supplier on which Commission is due to the Referrer) or any mobile network distributor for whatsoever reason the Company shall be entitled to clawback a corresponding amount from the Commission due to the Referrer. The decision by the Network regarding any commission clawback is final. This right shall survive Termination of the Agreement.

4.3.2 In the event that new, porting, upgrade, and value added services are underpaid by the Mobile Network Provider for whatever reason after 90 days of connection, a clawback of the amount of the underpayment from the network will be applied to the next commission statement. In the event that the Network Service Provider subsequently pays the amount in query, this will be credited on the next commission statement.

4.3.3 If a Customer leaves a Network for a period and then reconnects, Commission will paid as an upgrade and not as a New Connection. In these Circumstances if Commission is paid as a New Connection in error the difference between the New Connection Commission and the Upgrade Commission will be clawed back.

4.3.4 If a Connection is deemed to be fraudulent the full amount of any Commission paid will be clawed back and a handset surcharge will be invoiced for the full costs of the Services immediately following any clawback from any Network Provider.

4.3.5 In addition to any of the items in clauses 4.3.1 to 4.3.4 above Commission will be clawed back in the following circumstances:

- a) where no payment has been received by a Network service provider or when any outstanding payment remains due in respect of a Customer Connection;
- b) where value added services or added are supplied to a Customer and subsequently disconnected;
- c) where loyalty promotions are sold and subsequently disconnected;
- d) where the network suspends or Terminates a customer from the Network within 180 days of Connection due to a breach of The Network Terms and Conditions by the Customer;
- e) where Connections are made to a particular tariff subsequently downgraded to a lower value tariff;
- f) where a Customer is disconnected within 120 days of the connection having paid their first bill;
- g) where the Network deems the Connection inactive. A Connection is deemed active if it makes an average 10 minutes per month of outbound calls (or equivalent value of data usage) over a rolling 6 month period. Below this level a Connection is deemed Inactive. If a Referrer exceed the limit of Inactive connections the Commission may be clawed back;
- h) Where the Network Service Provider deems that the Customer has abused the its fair use policy and has applied a clawback.

4.4 Supply of Phones

4.4.1 All phones will be supplied direct to the Customer unless it has otherwise been agreed by the parties. For the avoidance of doubt, Phones include contract, pre-pay and sim-free mobile phone handsets together with other devices that can accept a network sim such as Tablets and modem devices together with and handset or equipment that is provided for use with a Fixed Line or Hosted IP service

4.4.2 The cost of the Phones or any other equipment supplied during any one period will be deducted from Commissions payable in respect of that period or as otherwise agreed from time to time. Any balances will be paid to the Referrer. In the event that the cost of the Phones or equipment outweighs the Commissions due the Referrer will immediately pay to the Company the difference. Failure to make payment may affect future Commission payments and release of stock.

4.4.3 For the avoidance of doubt in the event that commission is clawed back for whatever reason on a Connection the Referrer will remain liable for the cost of any Phones, Equipment or Services supplied as part of that Connection.

4.4.4 The terms and conditions of sale for all Phones, equipment or Services supplied by Company to Referrer and/or Customer are subject to Company standard terms and conditions of sale included as shown on the Website

4.5 General Terms

4.5.1 All orders placed by the Referrer for Services whether written or oral shall constitute an offer to the Company, under this Agreement, subject to availability and to acceptance of the order by the Company and the Network Provider. Any quotation given by the Company does not constitute an offer capable of acceptance.

4.5.2 All orders are accepted and Services supplied subject to this Agreement only. No Terms or conditions put forward by the Referrer shall apply.

5 COMPANY'S OBLIGATIONS

The Company shall at all times during the Term: (a) process orders introductions received with the aim of connecting Customers to a Network; (b) without imposing any financial obligation on the Company provide the Referrer with such documents, know-how, advice and guidance relating to the Business as it thinks fit in order to achieve Connections.

6 REFERRER'S OBLIGATIONS

The Referrer should have a valid VAT Registration Number before commencement of this Agreement, and in relation to the Referrer's Business shall:

- (a) operate the Referrer's Business strictly in accordance with the terms of this Agreement and with the highest standards and not do anything that could bring the Business into disrepute or damage the reputation of the Company or damage the Company's relationship with Network Providers and comply with all Network Providers connection procedures and terms;
- (b) comply with the requirements under GC23 (23 'General Conditions of Entitlement') set out by Ofcom and obtain any other licences or approvals required by Ofcom or any other regulatory body;
- (c) only offer products and services of Approved Network Providers, (d) if Company authorises the Referrer to collect or receive any monies from the Customer, then Referrer shall comply with Payment Card Industry Data Standard issued by PCI Security Standards council or such replacement organisation from time to time and in particular the Referrer will be responsible for the security of all cardholder data in its possession. Evidence of compliance may be requested from time to time. The Company and /or Network Providers have the right to audit this certification through site visits or analysis of trading and if the Referrer is considered to be un-compliant with items of concern expressed in writing via any approved delivery method, then the Company and/or Network Providers may issue a cease of trading notification until such time that the Company and/or Network Providers consider the matters of concern as addressed and rectified. Severe breaches of PCI compliancy may lead to termination of this Agreement;
- (e) complete, sign and return the Fonehouse Self-Billing Agreement;
- (f) ensure that they achieve the Minimum Targets;
- (g) comply with all procedures notified to the Referrer by the Company including the Return Procedure the Proofs Procedure, the Connection Procedure and any other requirement required in order to ensure compliance with any of the Network Providers Terms;
- (h) use its best endeavours to promote and extend the Business;
- (i) obtain, maintain and comply with all necessary licences and consents and comply with all relevant legislation in relation to the Premises and their use, the Intellectual Property and the Referrer's Business;
- (j) use its best endeavours to protect and promote the goodwill in the Business;
- (k) sell only to Business customers on the standard terms and conditions of sale provided by the Company and not on any other terms and conditions. For the avoidance of doubt the Referrer shall not sub-deal to other mobile telephone suppliers / retailers or mobile service / network suppliers;
- (l) make it clear to potential Customers that that Services and Contracts are provided by the Company or by

such other company that the Company may notify from time to time; (m) make it clear that on any website that it is clear that Services and Contracts are provided by the Company (n) comply with ordering, invoicing and accounting procedures as required by the Company; (o) supply contracts and other proofs to support a connection when requested by the Company to resolve network queries and clawbacks. Failure to supply proofs within 7 days may lead to future and monthly ongoing commission being withheld and your trading account being put on stop; (p) purchase all of its Services required in the course of the Referrer Business from the Company via its authorised Referrer account or such other source as the Company may pre-approve in writing; (q) store and transport the products in conditions that will preserve the product in good condition and shall permit the Company to inspect premises and any Services in its possession from time to time on reasonable notice; (r) the Referrer will not make any modification to product or equipment supplied or their packaging or (without prejudice to the foregoing) alter, remove or otherwise tamper with any trade names, trademarks or other means of identification on the products or equipment or their packaging; (s) not licence any other person to operate the Business under the Trade Name, the Trade Mark or to use any of the Intellectual Property; (t) without delay, inform the Company of any improvement or modification to the Business or business opportunity which comes to its attention; (u) supply the Company with such information relating to the Referrer's Business in such form and at such times as the Company may from time to time require; (v) introduce any improvements or modifications into the Referrer's Business when requested by the Company; (w) attach any notices that the Company requires to Services; (x) comply with the Business Names Act 1985 and the Companies Act 2006 (and all legislation replacing them), and give such notices in such places as the Company may require to the effect that the Referrer is operating the Referrer's Business under licence from the Company; (y) any advertising must first be approved by the Company in writing in advance and the Referrer may not use in any way the Network Providers trade names, trademarks or logos without prior written consent; (z) the Referrer shall not make any representations, warranties or guarantees with reference to the network services except as may be authorised by Networks from time to time; (aa) the Referrer shall not directly or indirectly be involved or knowingly recklessly or negligently permit any other person to be involved in any Fraud and shall notify the Company immediately upon becoming aware of any Fraud. The Referrer will implement without delay and comply with such procedures and rules advised by the Company from time to time concerned with Fraud. Failure to comply with such procedures and rules shall be regarded as a material breach of this Agreement; (bb) provide the Company upon request a copy of proof of Entry In The Register under Data Protection Act 1998 issued by Information Commissioner's Office. If the Referrer has not registered at the time of entering into this Agreement they are required to register with Information Commissioner's Office and provide a copy of proof no later than 30 days from the date of this Agreement; (cc) Referrer agrees to allow Company to use Referrer's Customer data for market research purposes on an anonymous basis and to share

that data with certain market research organisations which Fonehouse may use from time to time; (dd) abide by the Bribery Act 2010 and put in place an anti-bribery policy (in line with Fonehouse Anti-Bribery Policy which is available on Company Website for their business; (ee) provide Fonehouse with Personal Guarantee (on their terms and conditions) if required; and (ff) immediately notify Company in writing of Premises change of address (gg) register with an Ofcom approved arbitration service.

7 ADVERTISING AND PROMOTION

7.1 The Company shall promote the Trade Name and the Business in the UK in such manner and at such times as it shall in its absolute discretion think fit;

7.2 All advertising or promotional activity which the Referrer wishes to undertake to promote the Referrer Business shall be first approved in writing by the Company and accord with the Guidelines provided by the Company and/or Network Providers ('Approved Advertising')

8 CUSTOMER CARE AND CONTACT WITH CUSTOMERS

8.1 Referrer shall act as first line support for customer queries. In the event the Referrer is not able to resolve the query, Referrer should contact, preferably by email, Fonehouse Sales Support team with the details of query to resolve.

8.2 Referrer agrees that Fonehouse may contact Customers shortly after connection to a Network in order to gain feedback from the customer about the level of customer service. Should this contact identify that Referrer is not offering an acceptable level of customer service Fonehouse reserves the right to terminate this Agreement.

9 INSURANCE

9.1 The Referrer shall take out and maintain an all-risk insurance policy with a reputable insurance company (or companies) with such amount of cover as the Company may, in its absolute discretion, specify. Such policy (or policies) shall include: (a) minimum of £10 million liability for employees and 3rd parties (Employer's Liability Insurance); (b) minimum of £5 million public liability covering the legal liability of Referrer and Fonehouse; and (c) any other cover which the Company may, in its absolute discretion, specify.

9.2 The Referrer shall not breach, or allow any breach of, such policies.

9.3 The Company's interest should be noted on the policies of insurance, which shall state that the Company is to receive notice of any late payment of a premium and at least 30 days' notice of cancellation.

9.4 The Referrer shall provide the Company with copies of all such policies and renewals when requested.

9.5 The Referrer shall promptly pay all premiums for such policies and immediately provide the Company with evidence of payment of premiums when requested.

9.6 If the Referrer fails to take out and maintain such policies, the Company may do so and the Referrer shall reimburse the Company for all costs and expenses incurred in doing so.

10 INTELLECTUAL PROPERTY

10.1 The Company warrants that it is not aware of any reason why it might not be entitled to hereby license the Intellectual Property and why the use of the Intellectual Property by the Referrer in accordance with the terms of this Agreement would constitute an infringement of any third party's intellectual property.

10.2 The Referrer acknowledges that:

(a) it does not have any right, title or interest in the Intellectual Property or any updates or improvements to it, save as specifically set out in this Agreement; and

(b) any goodwill (and any other rights) in the Trade Marks or the Trade Name which result from the use by the Company of the Trade Marks or Trade Name shall vest solely and exclusively in the Company.

10.3 If the Referrer learns of any threatened or actual infringement of the Intellectual Property, or of any circumstance which suggests that the use of the Intellectual Property may infringe the intellectual property of a third party, it shall immediately inform the Company, giving all such details as the Company requests.

10.4 The Company shall have conduct of any proceedings relating to the Intellectual Property and may take whatever action it, in its sole discretion, decides in respect of any infringement or alleged infringement of it, or arising from its use. Any rights that the Referrer has under section 30 of the Trade Marks Act 1994 are excluded. The Referrer shall co-operate with the Company in taking such action and the Company shall meet any reasonable expenses of the Referrer in doing so.

10.5 The referrer agrees that the Dealbuilder website and underlying software and or application is proprietary software and Fonehouse retains all rights, title, and interest in and to the software and any rights not granted are reserved by the Company. The Referrer also agrees not to reverse engineer, decompile, disassemble, alter, duplicate, make copies or otherwise attempt to discover the source code of the software or create derivative works from, distribute or provide others with any details as to the functions or processes used in the software or website. The Referrer and either of the Individuals shall: (a) not apply for registration, or assist any third party in the registration, of any of the Intellectual Property (or any intellectual property that is the same or similar to all or any part of the Intellectual Property including without limitation the Trade Marks and / or the Trade Name) in any part of the world; (b) comply with all requests by the Company as to the use of the Intellectual Property symbols in relation to the Intellectual Property; (c) give assistance to enable the Company to register its Trade Marks or any other element of the Intellectual Property; (d) not license (or purport to license) any other person to use any of the Intellectual Property; (e) not use the Intellectual Property other than as specifically permitted by this Agreement; (f) not use any intellectual property that is confusingly similar to the Intellectual Property; (g) not do anything that may adversely affect the Intellectual Property or the Company's right or title to it; and (h) immediately stop using any advertising or promotional material on receipt of a request by the Company to do so.

10.6 For the avoidance of doubt nothing in this Agreement shall give the Referrer and the Individuals any rights whatsoever in any trade name, trade mark, copyright material or other intellectual property rights (whether registered or unregistered) used or owned by Network Providers.

11 CONFIDENTIALITY

11.1 The Referrer and the Individuals undertake that they shall not at any time copy, use or disclose to any person any Confidential Information or the existence or contents of this Agreement, except as permitted herein.

11.2 The Referrer and the Individuals may disclose Confidential Information to the employees, officers, representatives or advisers of the Referrer who need to know such information for the purposes of carrying out its obligations under this Agreement.

11.3 The Referrer and the Individuals shall ensure that the employees, officers, representatives or advisers of the Referrer to

whom the Confidential Information is disclosed comply with this clause 11; and as may be required by law, court order or any governmental or regulatory authority.

11.4 No party shall use the Confidential Information for any purpose other than to perform its obligations under this Agreement.

12 TERMINATION

12.1 The Company may terminate this Agreement with immediate effect (or following such notice period as it sees fit) without prejudice to any of its rights or remedies, by giving written notice to the Referrer and either of the Individuals if:

(a) the Referrer or either of the Individuals fails to pay any amount due under this Agreement on the due date for payment and remains in default not less than seven days after being notified in writing to make such payment; or (b) the Referrer or either of the Individuals commits a material breach of any term of this Agreement and (if such breach is remediable) fails to remedy that breach within a period of 7 days after being notified in writing to do so; or (c) the Referrer is in breach of clause 11 (which shall be an irremediable breach of this Agreement); or (d) the Referrer fails to meet the Minimum Targets for two consecutive months; or (e) the Referrer or either of the Individuals repeatedly breaches any of the terms of this Agreement in such a manner as to reasonably justify the opinion that its or his conduct is inconsistent with it having the intention or ability to give effect to the terms of this Agreement; or (f) the Referrer or either of the Individuals gives to the Company any false or misleading information, or makes any misrepresentation in connection with obtaining this Agreement or during the Term of this Agreement, in connection with the Referrer's Business; or (g) persistent, valid complaints continue to be made to the Company about the quality of the service provided by the Referrer and the Referrer, having received notice of such complaints, fails to improve such service to the reasonable satisfaction of the Company; or (h) the Referrer or either of the Individuals act in such a way to place the Company in breach of any of the Network Providers Terms or in way put the Company at risk of being in breach of any provision of any agreement which the Company has entered into with Mobile Network Providers; or (i) in the opinion of the Company the Referrer is deemed to be mis-selling to potential customers; or (j) the Company's contractual arrangements with Network Providers are terminated or expire or Company is directed by any regulator to cease providing any of the Services; or (k) unless agreed in writing by the Company and Network Service Provider Referrer introduces a Customer that will use the SIM in a "Premicell", "Fixed Cellular Terminal" or "GSM Gateway" all Commission will be Clawed back; or (l) the Referrer or either of the Individuals, in the opinion of the Company, does, or permits to be done, any act which might jeopardise or invalidate the registration of the Trade Marks or does any act which might assist, or give rise to, an application to remove the Trade Marks, or which might prejudice the right or title of the Company to the Trade Marks; or (m) the Referrer or either of the Individuals purports to assign any of the rights or licences granted under this Agreement other than in accordance with the terms of this Agreement; or (n) the Referrer fails to obtain any written approval or consent of the Company as expressly required by this Agreement; or (o) the Referrer or either of the Individuals suspends, or threatens to suspend, payment of its debts or is, or is deemed to be, insolvent (in the case the Referrer is a registered company), bankrupt (in that case of either of the Individuals and if the Referrer is a sole trader), unable to pay its or his debts as they fall due for payment, or admits inability to pay its or his debts or is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 (in

the case of the Referrer); or (p) the Referrer or either of the Individuals commences negotiations with all or any class of its or his creditors with a view to rescheduling any of its or his debts, or enters into any composition or arrangement with its or his creditors generally; or (q) an order is made, a resolution is passed, or a notice is issued convening a meeting for the purpose of passing a resolution, or any analogous proceedings are taken, for the winding-up, administration or dissolution of the Referrer (other than a members' voluntary liquidation solely for the purpose of solvent amalgamation, reconstruction, reorganisation, dissolution, merger or consolidation); or (r) either of the Individuals is the subject of a bankruptcy petition or order; or (s) any liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator or similar officer is appointed over, or in respect of, the Referrer or either of the Individuals or any part of its or his business or assets; or (t) a creditor or encumbrancer of the Referrer or either of the Individuals attaches or takes possession of, or a distress, execution, sequestration or other such process is levied or enforced on or sued against, the whole or any part of its or his assets and such attachment or process is not discharged within 14 days; or (u) any event occurs, or proceeding is taken, with respect to the other party in any jurisdiction to which it is subject that has an effect equivalent or similar to any of the events mentioned in clause 12(o) to clause 12 (t)(inclusive); or (v) the Referrer suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of the Referrer's Business; or (w) either of the Individuals dies or, by reason of illness or incapacity (whether mental or physical), is incapable of managing his or her own affairs or becomes a patient under any mental health legislation; or (x) there is a change of control of the Referrer; or (y) either of the Individuals is convicted of a serious criminal offence; or (z) any details of a customer are disclosed to a third party; or (aa) any act which would be in breach of Bribery Act 2010.

The parties acknowledge and agree that any breach of clause 4, clause 6, clause 8, clause 10, clause 11, or clause 18 shall constitute a material breach for the purposes of this clause.

13 CONSEQUENCES OF TERMINATION

13.1 On termination of this Agreement for any reason: clause 10, clause 11, clause 13, clause 14, clause 18, clause 19, clause 20, clause 21, clause 22, clause 23, clause 26, clause 27, clause 28, and clause 30 shall continue in force indefinitely.

13.2 Any termination of this Agreement shall not affect any rights or liabilities that have accrued prior to such termination except that any entitlement to receive any ongoing commission in respect of Connections or any other Services made prior to the date of termination will cease. In addition if the referrer is deemed to have acted fraudulently the Company has the right to clawback all commission paid in respect of any connections that are deemed to be fraudulent

13.3 On termination of this Agreement for any reason, the Referrer and the Individuals shall:

(a) immediately pay the Company the full amount of all sums due from the Referrer to the Company together with any interest payable in accordance with clause 22; (b) cease to operate the Referrer's Business and to trade under any of the Trade Marks or the Trade Name, and not hold the Referrer out as a Referrer of the Company or do anything that may indicate any relationship between them and the Company; (c) immediately cease to indicate or advertise in any way that it is entitled act as a Referrer for the Company; (d) immediately stop using the Intellectual Property, including the Trade

Marks and Trade Name; (e) cease any software supplied to the Referrer by the Company, and return or at the Company's option, destroy, (without copying) all elements of it, including all software, hardware and documentation relating to it; unless it is specifically agreed in writing that the Referrer can use the software after termination of this Agreement; (f) return or at the option of the Company, destroy, all copies of remaining stocks of Services

or materials bearing the Trade Marks or the Trade Name; (g) pay all debts owing to creditors of the Referrer's Business.

13.4 If Company owes the Referrer a net Benefits balance after recouping amounts owed to Company, Company may reserve and withhold for up to one hundred and eighty (180) Days an amount reasonably calculated (mainly based on Claw Backs over the year immediately preceding termination) to cover Claw Backs that occur after the effective date of termination and any other amounts the Referrer may owe to Company accruing during that period of time. If at the time of termination the amount owed by the Referrer including an estimate for Claw Backs exceeds any amounts owed by the Company the Referrer shall make a payment to cover the amount calculated as being due. The Referrer will also be liable for any additional liability i for clawbacks in excess of any amounts withheld or estimated.

13.5 On termination of this Agreement for any reason, the Referrer must return (at its expense and in good working order and condition) all items of equipment held on loan or hire from the Company under the terms of this Agreement. Until they have been returned or repossessed, the Referrer shall be solely responsible for the safe keeping, supervision, custody and insurance of them.

If the Referrer fails to fulfil its obligations under this clause 13 within a reasonable time, the Company may, at the expense of expense of the Referrer, immediately and without notice enter onto the Referrer's premises and take such steps as it thinks fit to fulfil any outstanding obligations.

14 RESTRICTIONS

In order to protect the Confidential Information, trade secrets and business connections of the Company and the Company's other Referrers and/or Franchisees and partners, the Referrer and the Individuals covenant with the Company that they shall not: (a) during the Term, or if the Agreement is terminated for any reasons, during the duration of Customers' then current contract with the Network Service Provider entered into through Fonehouse, solicit or endeavour to entice away from the Company or any other Referrer or Referrers of the Company the business or custom of a Restricted Customer with a view to providing goods or services to that Restricted Customer in competition with any Restricted Business; or (b) during the Term, or if the Agreement is terminated for any reasons, during the duration of Customers' then current contract with the Network Service Provider entered into through Fonehouse, in the course of any business concern which is in competition with or similar to any Restricted Business, offer to employ or engage, or otherwise endeavour to entice away, any employee of the Company and with whom the Referrer or either of the Individuals dealt in the 12 months prior to termination of this Agreement; or (c) during the Term, or if the Agreement is terminated for any reasons, during the duration of Customers' then current contract with the Network Service Provider entered into through Fonehouse, be involved with the provision of goods or services to (or otherwise have any business dealings with) any Restricted Customer in the course of any business concern which is in

competition with any Restricted Business; or (d) at any time after termination of this Agreement, represent itself or himself as connected, in any way, with the Company.

14.1 None of the restrictions in clause 14.1 shall prevent the Referrer or either of the Individuals from: (a) holding an investment by way of shares or other securities of not more than 5% of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange; or (b) being engaged or concerned in any

business concern insofar as their duties or work relate solely to geographical areas where the business concern is not in competition with any Restricted Business; or (c) being engaged or concerned in any business concern, provided that their duties or work relate solely to services or activities of a kind with which they were not concerned to a material extent in the 6 months prior to termination of this Agreement.

14.2 The restrictions imposed on the Referrer and either of the Individuals by this clause 14 applies to them acting: (a) directly or indirectly; and (b) on their own behalf or on behalf of, or in conjunction with, any firm, company or person.

14.3 Each of the restrictions in this clause 14 is intended to be separate and severable. If any of the restrictions are held to be void, but would be valid if part of their wording were deleted, such restriction shall apply with such deletion as may be necessary to make it valid or effective.

15 ENTIRE AGREEMENT

This Agreement and any documents referred to in it constitute the whole Agreement between the parties and supersedes any previous arrangement, understanding or Agreement between them relating to the subject matter of this Agreement. If there is a conflict between the terms of this Agreement, or any other documents referred to in it the terms of this Agreement shall prevail.

15.1 Each party warrants to the other parties that, in entering into this Agreement and any of the documents referred to in it, it does not rely on any statement, representation, assurance or warranty of any person (whether a party to this Agreement or not) other than as expressly set out in this Agreement or those documents.

16 FURTHER ASSURANCE

The Referrer and either of the Individuals shall each (and shall use all reasonable endeavours to procure that any necessary third party shall) (at their own expense) promptly execute and deliver all such documents, and do all such things, as the Company may, from time to time, reasonably require for the purpose of giving full effect to this Agreement.

17 WARRANTY AND INDEMNITY

17.1 The Referrer shall indemnify the Company against any loss, cost, or expense incurred by the Company arising from any act, neglect or default of the Referrer, its agents, employees, licensees or customers. The Referrer shall procure that Referrer Personnel who are performing services in connection with this Agreement shall, at all times: (a) comply with the Anti-Bribery Laws; (b) comply with Fonehouse Anti-Bribery Policy which is available on the Company Website; (c) not pay, offer, promise to pay or authorise the payment of, directly or indirectly, any bribe, gift, monies, financial or other advantage or anything else of value in violation of any of the Anti-Bribery Laws or Anti-Bribery Policies, including without limitation: (i) to any counterparty of Fonehouse or its agent; or (ii) to any Government Official, in connection with either obtaining a business advantage for Fonehouse or improperly performing any

function; even if such an act is permitted under local law; (d) maintain in place throughout the Term of this Agreement its own policies and procedures, including adequate procedures under the UK Bribery Act 2010, to ensure compliance with the Anti-Bribery Laws and Anti-Bribery Policies, and will enforce them where appropriate; and (e) undertake any relevant anti-bribery training which Fonehouse reasonably require.

The Referrer confirms that neither it nor any of the Referrer personnel: (a) has been or is listed by any government agency as being barred, suspended, proposed for suspension or debarment, or otherwise ineligible for participation in any government procurement programmes or contracts; (b) has at any time been found by a court in any jurisdiction to have engaged in any offence involving bribery, corruption or similar activity; (c) has at any time admitted to having engaged in any corrupt or similar activity; or (d) has at any time been investigated or been suspected in any jurisdiction of having engaged in any corrupt or other similar activity;

17.2 Referrer shall notify Fonehouse immediately in writing if it becomes aware of any breach of clause 17.3.

18 DATA PROTECTION

18.1 The Referrer agrees that it shall, in relation to personal data processed in connection with this Agreement (**Franchise Data**): (a) process the customer data in accordance with the Data Protection Act 1998 (**1998 Act**) and any other applicable data protection legislation; (b) process the customer data only so far as is necessary for the purpose of performing its obligations under this Agreement; (c) not disclose customer data to or allow access to it other than by employees or third parties engaged by the Referrer to perform the obligation imposed on the Referrer by this Agreement, and ensure that such employees or third parties are subject to written contractual obligations concerning the customer data which are no less onerous than those imposed on the Referrer by this Agreement; and (d) use all reasonable efforts to assist the Company to comply with such obligations as are imposed on the Company by the 1998 Act. This includes the obligation to:

- (i) provide the Company with reasonable assistance in complying with any subject access request served on the Company under section 7 of the 1998 Act;
- (ii) promptly inform the Company about the receipt of any subject access request received by the Referrer;
- (iii) not disclose or release any Customer data in response to a subject access request without first consulting with and obtaining the consent of the Company; and
- (iv) inform any of the individuals whose personal data may be processed under this Agreement (including prospective customers as well as Customers of such processing. This includes informing such individual that, on the termination of this Agreement, personal data relating to them (including personal data contained in any customer list) shall be retained by or, as the case may be, transferred to the Company. In addition, the Referrer shall obtain any necessary consents for such processing under the 1998 Act. To ensure that the Company's obligations under the 1998 Act are complied with, the Referrer agrees to allow the Company to approve and, if the Company deems necessary, amend any such notice.

18.2 Each party to this Agreement is acting on its own behalf and not for the benefit of another person.

19 ASSIGNMENT

19.1 This Agreement is personal to the Referrer and the Individuals may not, without the prior written consent of the Company, assign, transfer, mortgage, charge, sub-contract, delegate or deal in any other

manner with: (a) this Agreement or any of their rights and obligations under it (or any document referred to in it); or (b) the Referrer's Business; or purport to do any of the same.

19.2 The Company may, at any time, assign (absolutely or by way of security and in whole or in part), transfer, mortgage, charge or deal in any other manner with the benefit of any or all of any other party's obligation or any benefit arising under this Agreement.

19.3 If there is an assignment pursuant to clause 19.2: (a) the Referrer and either of the Individuals may not discharge their obligations under this Agreement to the Company until they receive written notice of the assignment; (b) the assignee may enforce this Agreement as if it were a party to it, but the Company shall remain liable for its obligations under this Agreement; (c) the liability of the Referrer and either of the Individuals to any assignee cannot be greater than their liability to the Company; (d) notwithstanding clause 11, the Company may disclose to a proposed assignee any information in its possession that relates to this Agreement or its subject matter, the negotiations relating to it and the other party which is reasonably necessary to disclose for the purposes of the proposed assignment; and (e) any disclosure pursuant to clause 19.3(d) shall only be made after notice of the identity of the proposed assignee has been given to the Referrer and either of the Individuals.

19.4 Each party to this Agreement is acting on its own behalf and not for the benefit of another person.

19.5 Nothing in this Agreement is intended to, or shall be deemed to, constitute a partnership or joint venture of any kind between any of the parties, nor constitute any party the agent of another party for any purpose.

19.6 No party shall have authority to act as agent for, or to bind, another party in any way.

19.7 Nothing in this Agreement is intended to, or shall be deemed to, constitute a partnership or joint venture of any kind between any of the parties, nor constitute any party the agent of another party for any purpose. No party shall have authority to act as agent for, or to bind, another party in any way.

20 FORCE MAJEURE

20.1 A party, provided that it has complied with the provisions of clause 20.2 shall not be in breach of this Agreement, nor liable for any failure or delay in performance of any obligations under this Agreement (and, subject to clause 20.3, the time for performance of the obligations shall be extended accordingly) arising from or attributable to acts, events, omissions or accidents beyond its reasonable control (**Force Majeure Event**), including but not limited to any of the following:

(a) acts of God, including (but not limited to) fire, flood, earthquake, windstorm or other natural disaster; (b) war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, breaking off of diplomatic relations or similar actions; (c) terrorist attack, civil war, civil commotion or riots; (d) fire, explosion or accidental damage; (e) extreme adverse weather conditions; (f) collapse of building structures; (g) any labour dispute, including (but not limited to) strikes, industrial action or lockouts; and (h) interruption or failure of utility service, including (but not limited to) electric power, gas or

water and the corresponding obligations of the other party will be suspended to the same extent.

20.2 Any party that is subject to a Force Majeure Event shall not be in breach of this Agreement, provided that: (a) it promptly notifies the other parties in writing of the nature and

extent of the Force Majeure Event causing its failure or delay in performance; (b) it could not have avoided the effect of the Force Majeure Event by taking precautions which, having regard to all the matters known to it before the Force Majeure Event, it ought reasonably to have taken, but did not; and (c) it has used all reasonable endeavours to mitigate the effect of the Force Majeure Event to carry out its obligations under this Agreement in any way that is reasonably practicable and to resume the performance of its obligations as soon as reasonably possible.

20.3 If the Force Majeure Event prevails for a continuous period of more than three months, any party may terminate this Agreement by giving 14 days' written notice to all the other parties. On the expiry of this notice period, this Agreement will terminate and the provisions of clause 14 shall apply. Such termination shall be without prejudice to the rights of the parties in respect of any breach of this Agreement occurring prior to such termination.

21 SET-OFF

21.1 All amounts due under this Agreement from the Referrer to the Company shall be paid in full without any deduction or withholding other than as required by law. The Referrer shall not be entitled to assert any credit, set-off or counterclaim against the Company in order to justify withholding payment of any such amount in whole or in part.

The Company may, at any time or times, without notice to the Referrer, set off any liability of the Referrer to the Company against any liability of the Company to the Referrer, in either case, whether under this Agreement or otherwise and whether any such liability is present or future, liquidated or unliquidated. Any exercise by the Company of its rights under this clause shall be without prejudice to any other rights or remedies available to it under this Agreement or otherwise.

22 DEFAULT INTEREST

22.1 If the Referrer fails to pay any amount payable by it under this Agreement, the Company may charge the Referrer interest on the overdue amount. The Referrer shall pay the interest immediately on demand, from the due date up to the date of actual payment, after as well as before judgment, at the rate of 8% per annum above the base rate for the time being of Barclays Bank plc. Such interest shall accrue on a daily basis and be compounded quarterly.

22.2 The Company reserves the right to claim interest under the Late Payment of Commercial Debts (Interest) Act 1998.

22.3 If a cheque payment by the Company does not clear, a default payment charge will be invoiced at £10 net of VAT per transaction.

23 SEVERANCE

23.1 If any provision of this Agreement (or part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force unless, in the reasonable opinion of the Company, the purpose of this Agreement is frustrated as a result.

23.2 If any invalid, unenforceable or illegal provision would be valid, enforceable and legal if some part of it were deleted, the provision shall apply with whatever modification is necessary in the reasonable opinion of the Company to give effect to the commercial intention of the parties.

23.3 The parties agree, in the circumstances referred to in clause 23.1 and if clause 23.2 does not apply, to attempt to substitute for any invalid or unenforceable provision a valid and enforceable provision which achieves, to the greatest extent possible, the same effect as would have been achieved by the invalid or unenforceable provision.

24 VARIATION

24.1 The Company may vary and replace any term of this Agreement including the content of any Schedule and/or Annex at any time by posting on the Company Website and/or in writing to the Referrer. It is recommended that Referrer checks the website periodically for any changes to these Terms and Conditions.

24.2 The Company may at any time and from time to time on notices in writing or by email to the Referrer vary and/or replace with immediate effect the Company's monthly bulletin or price books.

25 WAIVER

No failure or delay by a party to exercise any right or remedy provided under this Agreement or by law shall constitute a waiver of that (or any other) right or remedy, nor preclude or restrict its further exercise. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that (or any other) right or remedy.

26 EXPERT

26.1 The parties shall agree on the appointment of an independent Expert.

26.2 If the parties are unable to agree on an Expert within seven days of either party serving details of a suggested expert on the other, either party shall then be entitled to request the President for the time being of the Institute of Chartered Accountants in England and Wales to appoint a chartered accountant of repute as Expert.

26.3 The Expert is required to prepare a written decision and give notice (including a copy) of the decision to the parties within a maximum of three months of the matter being referred to the Expert.

26.4 The parties are entitled to make submissions to the Expert and will provide (or procure that others provide) the Expert with such assistance and documents as the Expert reasonably requires for the purpose of reaching a decision.

26.5 Each party shall, with reasonable promptness, supply each other with all information and give each other access to all documentation and personnel as the other party reasonably requires to make a submission under this clause.

26.6 The Expert shall act as an expert and not as an arbitrator. The Expert shall determine the matter referred to him. The Expert's written decision on the matters referred to him shall be final and binding in the absence of manifest error or fraud.

Each party shall bear its own costs in relation to the reference to the Expert. The Expert's fees and any costs properly incurred by him in arriving at his determination (including any fees and costs of any advisers appointed by the Expert) shall be borne by the parties equally or in such other proportions as the Expert shall direct.

27. MISCELLANEOUS

27.1 Further to clause 6(p) the Referrer hereby confirms and covenants with the Company that it shall only offer for sale or connection the Phones and all of its pre-existing stocks of mobile telephones (if any) which it may have possession and/or ownership of and which relate to periods prior to the franchise created by this Agreement coming into existence shall not be sold or offered after

the Start Date and as a separate covenant with the Company hereby further covenants that it will not sell or otherwise give, nor allow the sale of gift, of any such mobile telephones to any customers of the Referrer or to allow such mobile telephones to be displayed on or sold through the Premises.

27.2 This Agreement supersedes all other agreements or arrangements made in relation to operation of Referrer's Business.

28. GOVERNING LAW AND JURISDICTION

28.1 This agreement, and any dispute or claim arising out of or in connection with it or its subject matter, shall be governed by and construed in accordance with the law of England and Wales.

28.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this agreement or its subject matter.

29. COUNTERPARTS

This agreement may be executed in any number of counterparts (but shall not be effective until each party has executed at least one counterpart), each of which, when executed, shall be an original and which together shall have the same effect as if each party had executed the same document.

30. NOTICES

30.1 A notice or other communication given to a party under or in connection with this Agreement: shall be in writing and signed by or on behalf of the party giving it and shall be sent to the party for the attention of the person at the address, specified in this clause (or to such other person or to such other address, as that party may notify to the others, in accordance with the provisions of this clause), any such change to take effect five Business Days after the notice is deemed to have been received or, if later, on the date specified in that notice; and shall be: (i) delivered personally; or (ii) sent by commercial courier; or (iii) by recorded delivery.

30.2 The address for delivery of a notice or other communication to Fonehouse is as follows:

Company's Registered Office Address; FAO: Clive Bayley.

30.3 The address for delivery of a notice to the Referrer is Referrer's Premises address.

30.4 If a notice or other communication has been properly sent or delivered in accordance with this clause, it shall be deemed to have been received as follows:

- (a) if delivered personally, at the time of delivery; or
- (b) if sent by commercial courier, at the time of signature of the courier's delivery receipt; or
- (c) if sent by recorded delivery, 9.00 am on the second Business Day after posting.

30.5 For the purposes of clause 30.4, if deemed receipt is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), the notice or other communication is deemed to have been received when business next starts in the place of receipt.

30.6 To prove delivery, it is sufficient to prove that the envelope containing the notice or other communication was properly addressed and posted and received by the party.

30.7 The provisions of this clause shall not apply to the service of any proceedings or other documents in any legal action.

30.8 A notice or other communication required to be given under, or in connection with, this Agreement shall not be validly given if sent by e-mail.

Schedule 1 INTERPRETATIONS

The definitions and rules of interpretation apply in this Agreement.

1. Definitions:

Agreement means Terms and conditions, the Non Disclosure Agreement and Application Form completed by the Referrer
Application Form means the Application Form completed and signed by the Referrer.

Business means Sale or provision of mobile phones or other equipment for connection to Networks together with the sale other equipment and other telephony related products or services to other businesses

Claw Back means the obligation of the Referrer to repay to the Company any Commission in accordance with provisions set out in clause 4

Company means Fonehouse Business Limited incorporated and registered in England & Wales with company number 7150894 whose registered office is at 421 New Kings Road, London, SW6 4RN ('Fonehouse')

Commencement Date means the date of completion of the application

Commission means the Commission due to the Referrer in relation to the Connections as set out in clause 4

Confidential Information means any information which is disclosed to the Referrer by the Company pursuant to, or in connection with, this Agreement (whether orally or in writing and whether or not such information is expressly stated to be confidential), or which otherwise comes into the hands of the Referrer in relation to the Business, the Referrer's Business, the System, the Services or the Services other than information which is already in the public domain (otherwise than as a result of a breach of any obligation of confidentiality)

Connection Procedure means the Connection procedure Network Providers as may be amended from time to time and as the Company shall advise the Referrer

Connections means in respect of (i) Mobile Services the provision of SIM to a customer that has been activated on the Network Providers Network pursuant to a Minimum Term Contract purchased by the Customer in accordance with the terms of this Agreement and Network Providers Contract. (ii) Fixed Line Services when such services have been provisioned and supply to the customer has commenced in accordance with the relevant Customer Contract. Features added to an existing price plan, SIM, Fixed line, IP services or customer contract at any time shall not qualify as separate Connections and Connect(s)" shall be construed accordingly.

Contract means an Connection agreement between any of Network Providers (as appropriate) and a Customer introduced by the Referrer on the Standard Form for the provision of network services

Customer means a person or company who has completed a Network Service Providers Contract which has been accepted by the Company

Expert: means a person appointed in accordance with clause 26

Fixed Line: Means the PSTN telephony, CPS or Hosted IP services provided By Fonehouse

GC23 means Occam's General Condition 23 which can be found at <http://stakeholders.ofcom.org.uk/consultations/mobmisselling/state ment/>

Individuals, the Individual if Referrer is a company registered with Companies House, means all Directors of the Referrer and if Referrer is a business partnership, means all partners of the Referrer

Intellectual Property means patents, rights to inventions, copyright and related rights, trade marks (including the Trade Marks), trade names(including the Trade Name) and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such)" shall be construed accordingly

Minimum Target means the minimum targets for the Referrer as set out by the Company from time to time

Minimum Term Contract means a Contract that specifies a period of time which is fixed at the date of Connection and within which the Customer has an obligation to pay a Monthly Service Charge to Network Providers and which provides amongst other things that, the customer may be liable to a cancellation charge if the Contract is terminated within that specified period of time

Network Provider(s) means any third party network operator which provides or distributes communications network used in the provision of the Services to the Referrer or Customer. as may be notified from time to time.

Network Providers Terms means the terms of Network Providers or distributors by which the Company and Referrer must abide

Mobile Network Distributor means mobile airtime distributor

Networks means the public telecommunications network from time to time provided by Fonehouse under the terms of this Agreement

Phone Sales means the sale of Phones by the Referrer

Premises means the Referrer's Premises from which Referrer operates and any other premises occupied by the Referrer that are in anyway are used by the Referrer to carry out its obligations under this agreement

Proofs Procedure means the proofs procedure of Network Provider Network Providers as may be amended from time to time and as the Company shall advise the Referrer

Referrer's Business means the Business as carried on by the Referrer under this Agreement

Restricted Business means any business of the Company that is similar to the Referrer's Business

Restricted Customer means any firm, company or person who, during the 24 months prior to the date of termination of this Agreement, was a customer of the Referrer

Return Procedure means the return and exchange procedure of Network Providers (as maybe appropriate in each case) as may be amended from time to time and as the Company shall advise the Referrer

Services means those services provided by Fonehouse or Network Providers including any one or combination of telephony products and services, including, but not limited to, Mobile services, Fixed Line services, Hosted IP services the SIM, accessories, mobile and fixed line phone handsets, mobile tablets, air time Contracts, data and other contracts and such other products as shall, from time to time, be notified in writing by the Company to the Referrer

SIM means a subscriber identification module card programmed with a unique telephone number or numbers, which enables access to and the use of the network services when operated in conjunction with a compatible Phone

Standard Form means the then current Network Providers (as appropriate) standard form Agreement provided to the Referrer for the supply of network services to its customers

Start Date means the date hereof (or such earlier date as the parties may agree)

Trade Marks means the trade marks and service marks 'Fonehouse' and any other trademarks registered by the Company in relation to the Business from time to time or used by the Network Providers

Trade Name(s) means the names "Fonehouse", "Fonehouse: Vodafone" or "Fonehouse: T-Mobile Specialists", under which the Business is carried on

VAT: means value added tax chargeable under the Value Added Tax Act 1994 and any similar

Web Site means the Fonehouse website at www.fhbusiness.co.uk and any additional or supplemental websites which are used for the purpose of its Business of the Franchisor or any of its subsidiaries or associated companies

2. Rules of Interpretations:

2.1 Clause, schedule and paragraph headings shall not affect the interpretation of this Agreement.

2.2 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's legal and personal representatives, successors and permitted assigns.

2.3 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement. Any reference to this Agreement includes the Schedules.

2.4 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.

2.5 Words in the singular shall include the plural and vice versa.

2.6 A reference to one gender shall include a reference to the other genders.

2.7 A reference to any party shall include that party's personal representatives, successors or permitted assigns.

2.8 A reference to a statute, statutory provision or subordinated legislation is a reference to it as it is in force from time to time, taking account of any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.

2.9 A reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.

2.10 A reference to **writing** or **written** includes faxes but not e-mail.

2.11 A reference to a document is a reference to that document as varied or novated (in each case, other than in breach of the provisions of this Agreement) at any time.

2.12 References to clauses and schedules are to the clauses and schedules of this Agreement; references to paragraphs are to paragraphs of the relevant schedule.

2.13 Any phrase introduced by the terms **including**, **include**, **in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms. Where the context permits, the words **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2.14 Any obligation in this Agreement not to do something includes an undertaking not to permit that thing to be done.

Schedule 2

FONEHOUSE BUSINESS LIMITED ANTI-BRIBERY POLICY

Date: 27th of October 2011

Introduction:

The **Bribery Act 2010** came into effect from 1st of July 2011. Fonehouse will rigorously enforce the application of the act as we will not tolerate or accept any act which may be viewed as bribery. Any such incident could not only bring Fonehouse reputation into disrepute but could also end up with criminal prosecution of those involved, the company and/ or the directors.

Bribery is, in the conduct of the company's business, the offering or accepting of any gift, loan, payment, reward or advantage for personal gain as an encouragement to do something which is dishonest, illegal or give rise to a breach of trust.

Bribery is a criminal offence. The Company prohibits any form of bribery. We require compliance, from everyone connected with our business, with the highest ethical standards and anti-bribery laws applicable. Integrity and transparency are of utmost importance to us and we have a zero tolerance attitude towards corrupt activities of any kind, whether committed by Fonehouse employees or by third parties acting for or on behalf of Fonehouse Business Limited.

Offences:

It is a criminal offence to:

- offer a bribe;
- accept a bribe;
- bribe a foreign official;
- as a commercial organisation, to fail to prevent a bribe.

Members of Fonehouse should be aware that if they are found guilty by a court of committing bribery, you could face up to 10 years in prison and/or an unlimited fine. The Company could also face prosecution and be liable to pay a fine.

Purpose:

The purpose of this policy is to convey to all employees and interested parties of Fonehouse Business Limited the rules of the Company in relation to our unequivocal stance towards the eradication of bribery and our commitment to ensuring that Fonehouse conducts its business in a fair, professional and legal manner.

Scope:

This policy applies to all employees of Fonehouse Business Limited, regardless of seniority or site. It also extends to anyone working for or on our behalf e.g. those engaged by us on a self-employed basis or an agency arrangement.

We will encourage the application of this policy where our business involves the use of third parties e.g. suppliers; contractors, Business Partners (such as Franchisees and Distributors.)

Policy

It is prohibited, directly or indirectly, to offer, give, request or accept any bribe i.e. gift, loan, payment, reward or advantage, either in cash or any other form of inducement, to or from any person or company in order to gain commercial, contractual or regulatory advantage for the Company, or in order to gain any personal advantage for an individual or anyone connected with the individual in a way that is unethical.

It is also prohibited to act in the above manner in order to influence an individual in his capacity as a foreign public official. You should not make a payment to a third party on behalf of a foreign public official.

If you are offered a bribe, or a bribe is solicited from you, you should not agree to it unless your immediate safety is in jeopardy. You should immediately contact Clive Bayley or Paul Chappell so that action can be taken if considered necessary. You may be asked to give a written account of events.

If you, as an employee or person working on our behalf, suspect that an act of bribery, or attempted bribery, has taken place, even if you are not personally involved, you are expected to report this to Clive Bayley or Paul Chappell. You may be asked to give a written account of events.

Appropriate checks will be made before engaging with suppliers or other third parties of any kind to reduce the risk of our business partners breaching our anti-bribery rules.

The Company will ensure that all of its transactions, including any sponsorship or donations given to charity, are made transparently and legitimately.

Fonehouse Business Limited takes any actual or suspected breach of this policy extremely seriously and will carry out a thorough investigation should any instances arise.

We will uphold laws relating to bribery and will take disciplinary action against any employee in line with Fonehouse Disciplinary Policy outlined in Section 7 of Employee Handbook, or other relevant action against persons working on our behalf or in connection with us, should we find that an act of bribery, or attempted bribery, has taken place. This action may result in your dismissal if you are an employee, or the cessation of our arrangement with you if you are self-employed, an agency worker, contractor, business partner (such as Franchisee or Distributor) etc.

Staff members are reminded of the Company's Whistle-blowing policy which is available under Section 15 of Fonehouse Employee Handbook.

Gifts and Hospitality

The Company realises that the giving and receiving of gifts and hospitality where nothing is expected in return helps form positive relationships with third parties where it is proportionate and properly recorded. This does not constitute bribery and consequently such actions are not considered a breach of this policy:

Gifts include; goods (flowers, vouchers, food, drink, event tickets, that are of a proportionate nature when not used in a hosted business context); services or loans of hardware, services or product for a short period are given or received as a mark of friendship or appreciation,

Hospitality includes entertaining; meals or event tickets (when used in a hosted business context) of a proportionate nature are given or received to initiate or develop relations. Hospitality will become a gift if the host is not present.

It is not a requirement to report any Gifts of less than £30.00 value unless these form part of a series of regular gifts from the same organisation and/or individual which when added together exceed the limit. However it is a good practice to keep a diary of such gifts and or hospitality and keep the line manager informed.

No gift should be given nor hospitality offered by an employee or anyone working on our behalf to any party in connection with our business without receiving prior written approval from the Company director who supervises that member of staff's department . Similarly, neither gift nor offer of hospitality should be accepted by an employee or anyone working on our behalf without receiving prior written approval from the Company director who supervises that member staff's department.

The relevant director should record the Gift or Hospitality received or offered and pass the details to Javad Zokai who will maintain a record which will be open for inspection by any other director the company and will be subject to regular review by Clive Bayley and Paul Chappell.

Where a director of the company wishes to offer or receive a Gift or Hospitality, the director must also obtain prior approval from Clive Bayley and / or Paul Chappell and detail of such gift or hospitality whether or not accepted or given should be sent to Javad Zokai who will maintain a record.

Such records of Gifts and Hospitality will be kept confidential and their disclosure is subject to Clive Bayley or Paul Chappell's approval unless required by the law.

As the law is constantly changing, this policy is subject to review and the Company reserves the right to amend this policy without prior notice.