



Anti-Bribery Programme

ABP 002

"Third Parties and Corporate Acquisitions"

March 2018

1.1 Background

discoverIE Group plc (“discoverIE”) is committed to acting with integrity, honesty and fairness in its business activities all over the world. We take a zero-tolerance approach towards bribery and corruption in all its forms by, or of, its employees or any persons or companies acting for it or on its behalf. The Board and senior management are committed to implementing and enforcing effective procedures to prevent bribery and corruption.

All dealings with third party customers, suppliers, contractors and agents shall be carried out with integrity and in compliance with all relevant laws and regulations. We expect all our third party business partners to share our values and ethical standards. We must ensure that ‘we know our partners’

Business development transactions include mergers and acquisitions, licensing arrangements, joint ventures, outsourced marketing etc. When entering the types of transactions listed above, we may become legally liable for any past or future corrupt practices of our business partners.

1.2 Purpose

The purpose of this document is to set out discoverIE’s policy and guidance stance on the following:

- Third parties; and
- Corporate acquisitions.

This document should be read in conjunction with the Anti-Bribery Programme Handbook

1.3 Scope

This policy applies to:

- All discoverIE legal entities worldwide owned directly or indirectly by discoverIE Group plc, including subsidiaries, branches and affiliates;
- All discoverIE employees worldwide;
- All third parties acting for and behalf of discoverIE, wherever they are located.

1.4 Policy details and guidance

1.4.1 Business managers must be aware that dealings with certain categories of third parties may carry a higher risk of bribery and corruption and may subject discoverIE to legal liability, so they will require a higher level of oversight under this policy. In particular business managers must be vigilant when entering into deals with third parties that fall within any of the following categories:

- a) Third parties acting on behalf of discoverIE (e.g. agents);
- b) Third parties over whom discoverIE exercises a degree of ownership and control;
- c) Third parties who, in the course of dealing with discoverIE, interact with government officials;

d) Third parties organised and operating in high risk markets and higher risk countries.

1.4.2 Anti- bribery and corruption provisions should be included in contracts or terms and conditions with all our third parties including customers, agents, suppliers, contractors and business development transactions (e.g. incorporated in the sale and purchase agreement).

1.4.3 Due diligence of third parties – to ensure that the requirements of this policy are met in relation to third parties and business development transactions, business managers are required to conduct due diligence on such third parties which pose more than a negligible risk of bribery and corruption. “Negligible risk” means that it is very unlikely that the third party will participate in bribery and, if it does, the consequent loss and damage to the organisation is likely to be very low.

The purpose of due diligence on a third party is to establish whether the third party poses an unacceptable risk of bribery and corruption. Key areas to identify are, whether the third party has:

- An Anti-Bribery compliance programme in place;
- A reputation of giving or receiving bribes; or
- Been investigated, convicted or debarred for bribery.

The nature, type and extent of due diligence undertaken will depend on factors such as the ability of the company to obtain information, cost of obtaining the information, the extent of the possible bribery risk posed by the third party.

A high risk third party based in a high risk country is likely to require a significantly higher level of due diligence than a low risk third party in a low risk country.

Particular attention needs to be paid to potentially high risk third parties who might be in a position to pay bribes on discoverIE’s behalf. (e.g. agents or other intermediaries).

The due diligence can include following procedures:

- a) Perform checks on interest held by discoverIE (directly or indirectly) or by its employees (directly or indirectly through family members) in third parties and assess the bribery and corruption risk posed by the interest and any mitigating factors. Employees dealing with a third party and in a position to make business decisions in relation to the third party, inherently represent a higher risk;
- b) A questionnaire sent to the third party in which it is asked to answer questions about it’s ethical reputation and it’s details of its own anti-bribery programme;
- c) Make enquires of other third parties about the third party’s ethical reputation;
- d) A web search of the third party, its shareholders and top management to identify any bribery related negative comment; and
- e) Assessing necessity and legitimacy of the services to be provided by the third party, and whether any payments to be made to it are reasonable and proportionate to those services.

1.4.4 The above due diligence procedures also apply to organisations to which charitable contributions or sponsored donations are made.

1.4.5 Corporate Acquisitions

When assessing and responding to risks of bribery and corruption, corporate acquisitions should be treated similarly to transactions with third parties. Corporate acquisitions may represent a higher risk of bribery and corruption due to the fact that we may be liable for past as well as future acts of bribery and corruption.

We must therefore carry out robust legal and financial due diligence on any potential acquisitions in order to familiarise ourselves with any potential bribery risks. Post completion of an acquisition, the Group Anti-Bribery Programme should be provided to management and training provided. Due diligence will typically include the following procedures:

- a) Verification of corporate records, including any history of corporate misconduct, litigation, or other controversial behaviour such as significant political contributions or unreported government control;
- b) Clear understanding of the network of business partnerships or affiliations, including the reputation of the company and its principals;
- c) An on-site visit to validate the legitimacy of the company's business operations;
- d) Criminal history checks with appropriate agencies and publicly available records;
- e) The target's financial history, tax liabilities, revenue reporting – ideally including some understanding of their funding and major clients;
- f) Press Review; Searches of both native-language and English-language press, including local business reports and professional journals, industry and mainstream media, to determine the company's business reputation, any known controversy, major business activities and other social and business relationships of interest. Note: Special emphasis should be placed on identifying any relationship with governmental or political figures/families; and
- g) Review of regulatory concerns to ensure the company is compliant with local laws and regulations.

1.5 Red Flags

Potential red flags include:

Agents:

- Agents fees paid in cash;
- Fee payments are made in a different country to where the activity has taken place;
- There is no apparent business case for the use of an agent;
- Extensive use of consultancy services without apparent value being received;
- Pressure exerted for payments to be made urgently or ahead of schedule;
- Payments being made through a third-party country;
- Fees are split into multiple accounts for the same agent.

Marketing:

- Exceptional sales achievements in a market where competitors are known to take bribes;
- Tender documents use specifications favourable to a specific company's products;
- Frequent hospitality and travel for public procurement officials;
- Requests for special favours such as donations or sponsorship related to the favourite causes of procurement officers.

Purchasing and Contracting:

- Private meetings with public contractors or companies tendering for contracts;
- Lavish hospitality and gifts being received;
- Closeness to suppliers, such as taking holidays with them;
- An individual never takes time off, even if ill or for holidays, or insists on dealing with specific contractors him/herself;
- Making unexpected or illogical decisions when awarding projects or contracts;
- Breaching the decision process, controls or delegated powers in awarding a contract;
- Awarding contracts with unfavourable terms for own organisation;
- Unexplained preference for certain contractors;
- Avoidance of independent checks on tendering or contracting processes;

Raising barriers around specific roles or departments which are key in the tendering/contracting process;

Excessive number of rush orders or contract variations;

Lack of documentation of key meetings and decisions.

Other:

Family, business or 'special ties' with government officials

Violation of local laws or company policy such as prohibitions on commissions, or currency or tax law violations. Also negative press, rumours, allegations, investigations or sanctions

If you have any issues/queries on the policy and guidance please contact your local Anti-Bribery Representative or Group Risk Management team. Please refer to the Anti-Bribery Programme handbook for further details.

Approved by the Board

Nick Jefferies
Group Chief Executive, discoverIE Group plc
March 2018