

## LSE ENTERPRISE BRIBERY AND CORRUPTION POLICY

Effective July 2012

### Introduction to the Bribery Act 2010

UK anti-corruption legislation was toughened in 2011 with the Implementation of the Bribery Act 2010.

**Section 1** of the legislation allows for the prosecution of an individual or company with links to the United Kingdom, where it is found, on the one hand, that a person has offered, promised or given a bribe (financial or other type of advantage), directly or through a third party, to bring about improper performance, regardless of whether the recipient of the bribe is the person who brings about the improper performance, or indeed whether that performance occurs. Improper performance is defined as performance which 'amounts to a breach of an expectation that a person will act in good faith, impartially or accordance with a position of trust'.

An individual or company may also be prosecuted if a person agrees to accept or requests a bribe with the intention of, or actually bringing about, improper performance directly or by a third party. It is also an offence under the Act if improper performance is brought about by the mere anticipation of a bribe. In some cases, the recipient of a bribe commits an offence regardless of whether he or she knows that the performance in question is improper.

**Section 6** of the act creates a standalone offence of bribery of a **foreign public official**. The offence is committed where a person offers, promises or gives a financial or other advantage to a foreign public official, with the intention of influencing the official in the performance of his or her official functions, or with the intention of obtaining or retaining business, or gaining an advantage in the conduct of business. The definition of 'foreign public official' includes all those elected or appointed to a legislative, administrative or judicial position of any kind in a territory outside the UK. This extends to any person performing public functions in any branch of the national, local or municipal government, or any public agency or enterprise of a country or territory, and of public international organisations such as the UN or World Bank.

Sections 1 & 6 also prohibit '**facilitation payments**' (small bribes paid to facilitate routine Government action) unless the payments are made under duress in order to protect against loss of life, limb or liberty.

**Excluded from Section 6** is activity which is proportionate and incidental to the maintenance of an effective relationship, or where the expenditure would otherwise have been borne by the government to whom the official is responsible, rather than by the official themselves.

Also excluded are instances where the official may be required or permitted to be influenced by the **written** law applicable to the foreign official (e.g. where local law permits an offer of community investment or free training as part of the prospective contractor's offer of services).

**Section 7** of the Act creates an additional offence of the failure of a commercial organisation to prevent persons associated with them from committing bribery on their behalf. However, it is a full defence for an organisation to prove that, despite a particular case of bribery, it nevertheless had adequate procedures in place to prevent persons associated with it from bribing. In order to provide a defence the procedures must be proportionate and effective, and prepared in the light of a full risk assessment of the circumstances in which the commercial organisation operates.

An 'associated person' is defined as a person who performs services for or behalf of the organisation. This will include directors, employees, and agents of the organisation. It can also include contractors and suppliers, to the extent that they can be said to performing services for a commercial organisation, rather than simply providing it with goods.

### LSE Enterprise Policy

LSE Enterprise does not permit acts of bribery by any individual or organisation associated with it, whether carried out in the UK or in a foreign territory.

All instances of bribery or attempted bribery by any party involved in LSE-E activity must be reported immediately to the CEO or The Chairman of LSE-E, and to the Director of Finance & Facilities or the Secretary & Director of Administration.

All potential conflicts of interest involving employees, contractors or agents involved in activities on behalf of LSE Enterprise should be immediately reported in accordance with the whistle-blowing guidance provided above.

All costs incurred directly or indirectly on behalf of LSE Enterprise must be fully described so as to clearly identify the purpose of the transactions and all those benefiting from the expenditure.

Failure to comply with the policy will be considered an incident of misconduct and will be subject to disciplinary action.

Further to this policy LSE Enterprise makes the following commitments:

## **1 Our overall policy**

### **1.1 As employees in LSE Enterprise we:**

- Behave honestly, are trustworthy, and set a good example
- Make sure that our behaviour complies with the policies and rules of LSE Enterprise
- Use the resources of our company in the best interest of the company, and do not misuse these resources
- Do not pay or accept bribes
- Make a clear distinction between the interests of our company and our private interests, and avoid possible conflicts of interest; we do not accept gifts, invitations or other advantages which could contradict this principle
- Ensure that we comply with the national legislation of all the countries in which we operate, and any additional regulations established by our clients
- Report incidents, risks and issues which deviate from our policies
- Are continuously conscious about and aim to maintain our integrity.

### **1.2 As the directors of LSE Enterprise we:**

- Commit ourselves to this policy, and to an ongoing effort to maintain our integrity
- Make sure that LSE Enterprise complies with national regulation and commit LSE Enterprise to an open and transparent management approach
- Expect our partners and other business associates to respect this policy.

## **2 Definition of Corruption and Bribery**

Corruption is the misuse of entrusted power for private gains.

Bribery is to offer, receive, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage. (Definition from the OECD-Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.)

## **3 Political and Charitable Contributions and Sponsorships**

LSE Enterprise does not grant financial or other support to political parties or political campaign efforts, as this can be perceived as an attempt to gain an improper business advantage. We encourage our employees to use their personal right to participate in political and democratic processes.

Community support and donations are acceptable, be it in-kind services, knowledge, services exchange, or direct financial contributions. However, managers and employees must be careful to ensure that charitable contributions and sponsorships are not used as a subterfuge for and do not constitute bribery. In relation to donations and community support, LSE Enterprise should consult local stakeholders to unveil relevant needs.

## **4 Facilitation Payments**

Facilitation payments are a form of bribery made with the purpose of expediting or facilitating the performance by a public official for a routine governmental action and not to obtain or retain business or any other improper advantage. The facilitation payment is typically demanded by low level and low income officials to obtain levels of service that one under normal conditions would be entitled to. Facilitation payments are prohibited in most countries.

LSE Enterprise has a zero tolerance policy regarding facilitation payments. Facilitation payments should only be made if the employee is under duress and believes the payment is necessary to protect against loss of life, limb or liberty.

Faced with a demand for a facilitation payment, the following steps must be taken by the person faced with the demand:

1. Ask to see the enabling legislation
2. Refuse if enabling legislation is not showed
3. Say no again and refer to the prohibition for facilitation payments in anti-bribery legislation and your company policy
4. Inform your manager before making the payment or as soon as possible
5. Keep the amount to a minimum and ask for a receipt
6. Record the payment in the book keeping system and identify it as a 'facilitation payment'
7. Report to the Compliance Manager

All facilitation payments must be reported to the CEO and the FD. The FD will maintain a record of all such incidences and the detailed circumstances surrounding the occurrence. This record will be used for an ongoing evaluation of potential business risk, and in developing a strategy and setting achievable targets in order to achieve the zero tolerance policy.

## **5 Gifts, Hospitality and Expenses**

You must not give or receive courtesies which could be evaluated as illegal or improper exchanges. You must refrain from offering courtesies which violates the recipient's standards. In addition, government or public servants may be under strict guidelines preventing them from receiving courtesies. Offering courtesies to government or public servants may be considered as a legal offense in certain countries.

You are not allowed to accept or give courtesies which involve cash or cash equivalents. You may offer or receive gifts, hospitality, and expenses provided they will not motivate favouritism and or create any obligation. All courtesies must be reasonable and may not be frequent suggesting a pattern.

Courtesies in the form of travel, meals, receptions, sightseeing, gifts or other expenses may only be offered or given to persons with a professional interest in the relationship but not to any spouses and relatives.

Courtesies whenever accepted or given must be documented and recorded, stating the nature and purpose of the expenditure. The LSE Hospitality Register is held by the Office Administrator.

## **6 Protection money**

In some instances protection money may be solicited. This is a kind of extortion which might involve physical threats. We will not engage in such affairs. It is our obligation to protect any employee or partner, and such incidents should be reported to the management immediately. In certain situations such threats might lead to a cessation of business.

## **7 Implementation**

### **7.1 Roles and Responsibilities**

This code of conduct has been developed to secure and detect actions which do not comply with guidelines herein. It is every employee's responsibility to prevent bribery and corruption in LSE Enterprise, and to comply with the code of conduct and any other relevant legislation or provisions within our field of business.

Every manager and employee has an independent obligation to secure that any interaction with public officials complies with all relevant laws and regulations, as well as this code.

It is the responsibility of every manager to communicate this code and ensure that all relevant employees and external parties working on behalf of LSE Enterprise, within their area of responsibility, understand and comply with the procedure.

The responsibility for the programme implementation, monitoring and questions regarding policy and principles rests with The CEO, The FD and The Chairman of LSE Enterprise.

In sections 2 to 5 of this code minimum requirements in relation to political contributions, charitable contributions and sponsorships, facilitation payments, gifts, hospitality and expenses, have been established. They do not supersede national law and it is imperative at any time always to comply with relevant laws and regulations.

### **7.2 Business Relationships**

#### **7.2.1 Subsidiaries and Business Partners**

We act with due care before engaging with a business partner and ensure that subsidiaries and business partners know and respect our code of conduct.

##### **7.2.1.1 Distributors and Agents**

Compensation paid to distributors and agents must be appropriate and justifiable remuneration for legitimate services rendered. The relationship must be documented and the agent or distributor must contractually agree to comply with our code of conduct. We will follow the conduct of our agents and distributors and reserve the right to termination in the event that they pay or solicit bribes or in any other ways violate this code of conduct.

##### **7.2.1.2 Contractors and Suppliers**

We conduct our procurement practices in a fair and transparent manner and we act with due care when evaluating major prospective contractors and suppliers. We will make our anti-bribery policies known to our contractors and suppliers. We will follow the conduct of major

contractors and suppliers and have a right of termination in the event that they pay or solicit bribes. We will avoid dealing with prospective contractors and suppliers known to be paying bribes.

### 7.3 Communication and Training

LSE Enterprise is responsible for ensuring that all employees are informed about and understand this code of conduct. All new employees will be briefed as a part of the welcome orientation. Each employee will receive relevant training as required. It is the responsibility of the Project Directors and Project Managers to ensure that, as a result of the risk assessments carried out prior to commencing new projects, any additional information or training requirement is identified to the CEO and FD.

### 7.4 Procedures

LSE Enterprise has a set of procedures that underpins this code of conduct. This includes procedures for Risk Assessment, Due Diligence of Third Parties and Communication. These procedures will continue to be developed as information concerning the application of the policy is received.

### 7.5 Sanctions

No employee will be penalised or be subject to other adverse consequences for refusing to pay bribes, even if it may result in LSE Enterprise losing business.

Failure to observe this code is a cause for disciplinary action, which by default may involve dismissal.

## LSE ENTERPRISE RULES ON GIFTS AND ENTERTAINMENT

### Business Commitment

Our business has committed to not giving or receiving bribes. As gifts and entertainment could sometimes disguise bribes, or be misinterpreted as bribes, we have set out these rules which clearly define what we consider to be genuine and acceptable and what we consider to be not.

### Gifts

We may accept gifts of small items of limited value. We may not accept items with a value equivalent to £30 or more.

We may accept a gift now and then; we may not accept gifts which are given regularly or often.

Valuable items received as gifts will be returned, or disposed of as agreed by management.

Our business rule is that gifts we give must be of moderate value, legal under all local laws and regulations, and agreed in advance by management.

### Entertainment

We may give and accept reasonable hosted entertainment which is in the legitimate interests of the business.

We will not give or accept lavish or frequent entertainment, or entertainment which is not hosted.

Please sign to confirm your acceptance of the above LSE-E BRIBERY AND CORRUPTION POLICY

Print name.....

Signed.....

Date.....