

Penspen Group Legal Code of Conduct Anti-Bribery&Corruption

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REVISION AND AUTHORISATION RECORD

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0	18/07/13	For Implementation	<i>SMc</i>	SM	MD	<i>Prof. M. C.</i>
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1. PURPOSE

This Code of Conduct is written in conjunction with the Anti-Bribery and Corruption Policy and sets out the professional standards and behaviours expected of all companies or individuals working for and on behalf of Penspen, irrespective of location, to ensure that Penspen’s business is conducted in an honest and ethical manner and in conformance with all laws, which denounce bribery and corruption.

2. SCOPE

This Code of Conduct applies to:

- Every individual working for Penspen, at any level or grade, irrespective of location, including all Employees (whether permanent or temporary), Directors and Officers.
- Penspen and all of its associated companies worldwide, including joint venture companies in which Penspen has an interest;
- Third Parties, agents, contractors, consultants, advisors, agency staff or any other business relation, who works for or on behalf of Penspen.

For the purpose of this document all such parties identified above shall be referred to as Associated Persons (AP).

3. DEFINITIONS AND ACRONYMS

The following definitions and acronyms apply to this document.

Word or Acronym	Definition
Applicable Law	All national laws relating to bribery and corruption in place, in jurisdictions, where Penspen has an office or carries out its work. Within this Code of Conduct particular attention has been paid to the UK Bribery Act 2010, which has extra-territorial reach. As the parent company for Penspen is registered in the UK, this law has particular relevance to the manner in which Penspen conducts itself.
Associated Person (AP)	All persons within Section 2, to whom this Code of Conduct applies.
Bribery	An inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
Business Integrity	Penspen’s core values concerning ethical behaviour.
Business Relations	An association between individuals or companies for commercial purposes, formalised by legal contracts or agreements, including agency agreements, memorandums of understanding, joint bidding agreements, collaboration agreements, consortiums, joint ventures, subcontracts etc.
Charitable Donation	Includes any contribution made to a registered charity, other public welfare organisation or non-profit organisation
Corruption	Includes bribery, kickbacks, facilitation payments or other forms of improper business practise. It has the same attributes

Word or Acronym	Definition
	as bribery. In summary it is the misuse of entrusted power or office, for private gain.
Kickbacks (inducements)	Arise when suppliers or service providers pay part of their fee to the individual who gave them the contract or some other business advantage
Facilitation Payments	Typically small, unofficial payments made to secure or expedite a routine government action by a government official, which may not be considered bribery under local law and custom. They are not commonly paid in the UK, but are common in some other jurisdictions within which Penspen operates. Facilitation payments include, for example, payment to a foreign official to speed up an administrative process such as obtaining a visa, work permit or customs clearance of equipment
Sponsorship	A business relationship between an organisation providing funds, resources or services to an individual, event or organisation which offers return rights and association (e.g. advertising / raising profile) in return for sponsorship investment

4. GIFTS AND HOSPITALITY

Penspen has a clear policy on the acceptance or provision of gifts and hospitality (LEG-PRC-001). In essence, an AP may not offer to, or accept from third parties; gifts, hospitality, rewards, benefits or other incentives that could affect either party's impartiality or influence a business decision. It is recognised, however, that there may be occasions where 'genuine' gifts or hospitality are acceptable, when offered or received without expectation of any return favour or advantage. The AP shall in all circumstances follow the procedure accordingly and obtain all necessary approvals prior to any offers being made or receipt taken of any gifts or hospitality.

5. FACILITATION PAYMENTS

Penspen has a zero tolerance policy with respect to facilitation payments, whether directly or indirectly. The AP must not make, nor accept, facilitation payments or kickbacks (inducements) of any kind.

6. SPONSORSHIP, CHARITABLE AND POLITICAL DONATIONS

6.1 Sponsorship

The Corporate Compliance Officer (CCO) must be made aware of any potential for sponsorship and approval must be sought from the Chief Financial Officer (CFO) or Chief Executive Officer (CEO) in advance of any sponsorship offer being made, or accepted. Sponsorship may only be considered where it in no way compromises any decisions or business relationships directly or indirectly which involves Penspen.

The CCO shall ensure that due diligence is completed on any organisation proposing to provide or receive sponsorship. The CCO shall assess the organisation's corruption history and whether the company, the organisation or associated third parties in question, might gain a business advantage from the sponsorship, or if such sponsorship could be seen as a bribe.

All sponsorships shall be accurately recorded on the Sponsorship Register held by the CCO.

6.2 Charitable Donations

Any proposed charitable donation on behalf of Penspen must be reported to the CCO, and approved by the CFO or CEO in advance of the contribution being made. In the event that a donation is deemed appropriate, the level thereof shall be approved by the relevant financial authority.

All charitable contributions shall be accurately recorded on the Charitable Contributions Register held by the CCO.

6.3 Political Contributions

Penspen shall not make political contributions of any kind to political campaigns, political parties or political candidates.

Sponsorships, charitable contributions, gifts and hospitality provided by Penspen, for or on their behalf, shall not be used in the context of political campaigns, political parties or political candidates.

If Penspen wish to use politicians as consultants, approval must be sought from the CEO, who should liaise with the CCO. Due diligence shall be carried out on the individual before any appointment is made.

7. BUSINESS RELATIONS

This Code of Conduct applies with particular effect to all Business Relations working for or on behalf of Penspen. Due to the extra-territorial scope of the Bribery Act, any offence regarding bribery committed by a Penspen Business Relation (acting on behalf of Penspen) could trigger an offence by Penspen for failure to prevent such bribery, irrespective of whether the Third Party or Business Relation is a UK entity or not, and irrespective of where the act is committed.

Engagement of any Business Relation must be done in conjunction with the Appointment of Business Relations Procedure LEG-PRC-002, ensuring a full risk assessment and due diligence procedure are executed where necessary.

Once agreements have been signed with Business Relations, Penspen shall continue to monitor its relationships to ensure that there is no infringement to this Code of Conduct.

All Business Relations shall be recorded on the Business Relationship Register held by the CCO.

7.1 Agents, Representatives and Subcontractors

In order to maintain the highest standards of integrity Penspen must ensure that they are fully briefed on the background and reputation for integrity of agents, representatives and subcontractors before hiring them. All agents, representatives and subcontractors shall be fully briefed on Penspen's Anti-Bribery and Corruption Policy and this Code of Conduct, and shall sign an annual statement confirming that they have read and shall abide by it.

Any fees and commissions agreed to be paid to any agents, representatives and subcontractors shall be legitimate remuneration for legitimate services rendered.

7.2 Joint Venture Partners / Consortiums / Collaborations

Penspen expects its business partners in any joint venture, consortium or collaboration to approach issues of bribery and corruption in a manner consistent with this Code of Conduct. In cases where Penspen feels unable to guarantee such standards are upheld it may reconsider its business relationship with the respective business partner.

Where Penspen is the controlling party, it shall advocate compliance to its policies and this Code of Conduct. Where Penspen does not have management or majority control of an associate company or joint venture in which they have an interest, Penspen shall encourage the associate company or joint venture to have in place, anti-bribery and corruption policies equivalent to Penspens’.

7.3 Suppliers and Contractors

Penspen shall ensure that its selection process for suppliers and contractors is open and fair. The selection shall be based on Technical and Commercial merit and not personal recommendation.

Penspen shall communicate its Anti-Bribery and Corruption Policy and this Code of Conduct to its suppliers and contractors to ensure that Penspen’s philosophy on ethical behaviour is cascaded throughout the supply chain.

8. RISK ASSESSMENT AND DUE DILIGENCE

8.1 Risk Assessment

Penspen shall follow its Risk Management Procedure in order to assess the nature and extent of risks that their Business Integrity faces from bribery or corruption. Such risk assessments pertaining to this Code of Conduct shall identify the bribery and corruption risks that exist in the markets in which Penspen operates and in assessing the exposure of Penspen’s operations to those risks. A periodic and thorough assessment should be carried out of the corruption risks that Penspen faces, with risk assessments carried out in response to specific events or projects.

Risk assessments shall be carried out by the Directors or delegated accordingly, however all AP’s have a responsibility to report any risk assessment issues to the CCO. Circumstances where risk assessments conclude a medium or high level risk of threat to the company’s Business Integrity shall be subjected to due diligence investigation. If any employee is in doubt as to whether due diligence is required they should approach the CCO for guidance.

8.2 Due Diligence

Due diligence is an essential investigation process necessary to establish measures to maintain the integrity of Penspen against the risks of bribery and corruption. Due diligence is required to assess the nature and extent of bribery risks, characteristic of the locations/ jurisdictions in which the company operates. As an example due diligence will be required whenever operations are proposed in additional locations/ jurisdictions within which Penspen has not worked previously.

The CCO is responsible for ensuring the execution of any due diligence investigations. In light of any due diligence review, Penspen should consider whether such action or relationship is appropriate.

All risk assessments and due diligence investigations shall be accurately documented and retained on file. Due diligence information shall also need to be updated on a periodic basis.

9. DIVISION OF RESPONSIBILITIES

9.1 Compliance

All AP’s are responsible for the prevention, detection and reporting of bribery and other forms of corruption whilst working for or on behalf of Penspen in accordance with this Code of Conduct. The AP is required to avoid any activity which might lead to, or suggest, a breach of this Code of Conduct.

9.2 Approval

AP's with financial authority may approve the activities of other AP's within their remit in accordance with this Code of Conduct. For the avoidance of doubt AP's shall not be permitted to approve their own actions.

9.3 Audit and Review

The CCO shall have overall responsibility for auditing compliance to this Code of Conduct.

10. WHISTLEBLOWING

Penspen encourages all AP's to report any suspected breaches of applicable legislation or this Code of Conduct, as soon as possible and offers protection to any AP, who honestly and reasonably believes that any such breach, unethical or illegal practices are taking place. All breaches shall be reported in accordance with the Corporate Whistle Blowing Procedure.

11. BREACH

Breach of this Code of Conduct will not only be a violation of Penspen's policies but will also be a contravention of the Applicable Law under which both Penspen and AP's can be found liable.

11.1 Penspen

Failure to ensure compliance with this Code of Conduct could lead to the following consequences for the company:

- Criminal or civil liabilities (including unlimited fines and imprisonment);
- Serious damage to reputation;
- Debarment from tendering for public sector contracts;
- The unenforceability of contracts entered into as a result or any bribery or corruption.

11.2 Employees

Failure to ensure compliance with this Code of Conduct could lead to the following consequences for employees:

- Personal criminal liability followed by fines or imprisonment;
- Disciplinary action initiated by Penspen, including dismissal for gross misconduct;
- Damage to personal reputation.

11.3 Business Relations

Failure to ensure compliance with this Code of Conduct could lead to the following consequences for a Business Relations:

- Termination of contractual relationship;
- Pursuit of damages;
- Damage to reputation.

12. RECORDS

Penspen shall review and audit its risk assessment procedures to ensure that they are all transparent and accountable.

All accounts, invoices, memoranda and other related documents and records shall be prepared and maintained by Penspen with strict accuracy and completeness, with no accounts kept 'off-book' to conceal improper payments.

Each region shall keep financial records and have appropriate internal controls in place to provide evidence of business reasons for making payments.

13. MONITORING AND REVIEW

The CCO shall at regular defined intervals make arrangements for auditing operational compliance with this Code of Conduct. The results of such audits shall be reported on a bi-annual basis to the Board.

Relationships with AP's shall be monitored appropriately and the company shall make appropriate use of contractual rights to monitor Business Relationships.

The CCO shall periodically review the Anti-Bribery and Corruption Policy with this Code of Conduct and other related procedures annually for adequacy, suitability and effectiveness.