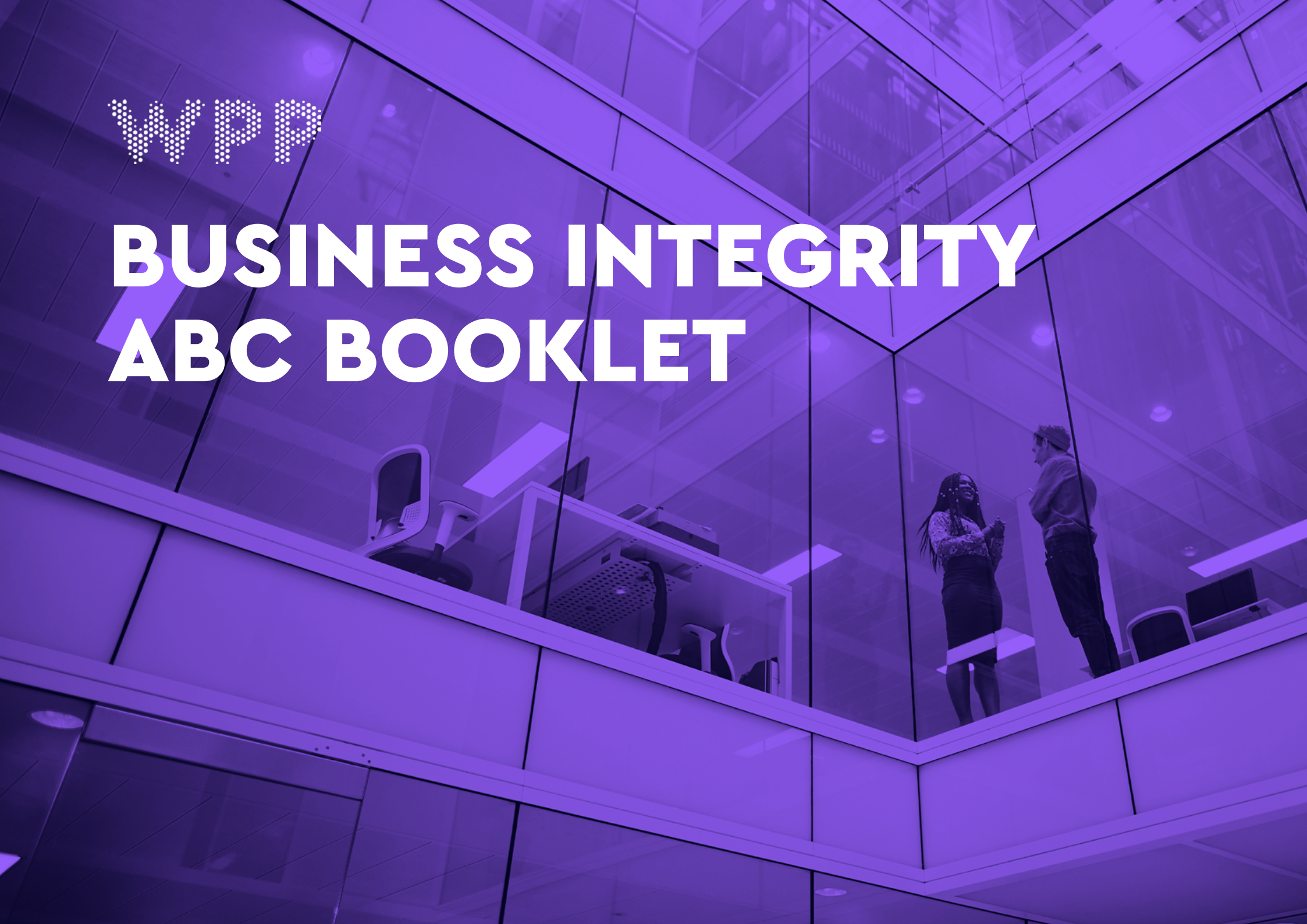




# BUSINESS INTEGRITY ABC BOOKLET



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# 1

## INTRODUCTION

### **1 WPP DOES NOT TOLERATE BRIBERY OR CORRUPTION. BRIBERY IS ILLEGAL.**

#### What is a bribe?

A bribe is the giving or promising, or requesting or accepting, or agreeing to accept, a financial or other advantage (i.e. 'something of value') to induce a person to improperly perform a function or activity. That function or activity can be of a public nature or connected with business or any third party, – it could be performed during employment or on behalf of a business or a third party.

Bribes are a criminal offence under both the UK Bribery Act and the US Foreign Corrupt Practices Act and under the laws of many of the jurisdictions where WPP operates – and these laws apply to our businesses and people globally. UK and US regulators can and do prosecute acts of bribery and corruption that happen outside of the UK and the US.

Individuals giving, authorizing, or taking bribes (or promising to do so) may face fines and prison and WPP may be investigated, prosecuted, fined and/or barred from government work for such misconduct.

WPP must have procedures in place that are reasonably designed to prevent bribery, whether in our subsidiaries, associates, affiliates or by any other party working on our behalf. This document sets out these procedures.

This guidance is relevant to every single person working within WPP. It is not aimed at our directors and senior management only, nor it is solely for the attention of the finance teams. Failure to comply with anti-bribery and corruption laws or WPP policies may result in disciplinary action, up to and including termination of one's employment.

# 2

## THE LAW



### 2.1 THE LAWS THAT AFFECT US UK BRIBERY ACT

The UK Bribery Act is the most comprehensive statement of anti-bribery legislation and it has an extensive jurisdictional reach.

- It prohibits ALL bribes, not just bribes to government officials, and makes them a criminal offence (whether the bribe involves giving, offering, promising, or receiving something of value), regardless of whether the bribe is carried out in the UK or overseas.
- Facilitation payments are also prohibited.
- It contains not only offences relating to those involved in the bribe, but also includes an offence applicable to all corporates (including WPP) which may make a corporate liable for failing to prevent a bribe.
- The scope of the legislation is wide enough to capture a bribe carried out by someone whilst performing a service on behalf of WPP or one of its operating companies. As such, liability could extend beyond subsidiaries of WPP to its JVs, associates, affiliates, brokers and agents (i.e. to people and entities we have no control over).

### 2.2 THE US FOREIGN CORRUPT PRACTICES ACT (FCPA)

The FCPA states that no money or thing of value be offered, paid, authorized, given or promised, directly or indirectly, to a Government Official in any country outside the US to corruptly influence his or her actions in order to obtain or retain business or to secure improper advantage. Note that a bribe does not need to be in the form of cash – it could be a gift, entertaining, a car, a holiday or any benefit, such as providing an internship (even an unpaid one) or job to a family member, etc. It is a criminal offence just to promise a bribe – even if it is never paid. A payment or transfer of value to a third party (such as a supplier) who is not a foreign government official on the understanding that the value will be transferred to a government official is also a criminal offence.

The term "Government Official" is broadly defined and applies to all employees, officers, officeholders, and agents, of any level of seniority, of a state agency, department or company owned or controlled in whole or in part by a government entity, as well as political party officials, candidates for office, and employees of public international organizations. This includes all levels of government, including federal, national, local, state, province, city or county government.

This includes members of nationalized or state-owned institutions (which may include banks, utilities, telephone companies, railways, tourist authorities, public universities, and public hospitals etc.).

### 2.3 OTHER LEGISLATION

Most countries also have their own anti bribery and corruption laws. We all need to be aware of them.

# 3

## BRIBERY RISK WHERE DOES IT ARISE?



### 3.1 SEEKING CLIENT WORK, INCLUDING FROM GOVERNMENT CLIENTS

WPP companies routinely compete for new contracts via tender processes. Some of these new contracts involve significant potential billings and revenues. Some involve government organizations where there is a heightened risk that a Government Official may solicit a bribe in connection with the tender process.

Providing or offering any benefit or anything of value with the intention of improperly influencing the procurement process may constitute commercial or government bribery. Examples of prohibited conduct include: bribes made directly, in cash, benefits such as job opportunities for an individual's friends or family members, providing excessive gifts and entertainment, or paying for travel expenses.

WPP's Procurement Policy, Adviser Payment Policy, and WPP Policy Book requirements on profit-sharing arrangements should all be followed.

### 3.2 PAYMENTS ON BEHALF OF CLIENTS

It is possible that a client may request an agency to make payments on their behalf outside the normal assignment for the client. A client could also request an agency to retain a fund from which those payments would be made based on their instructions. This type of transaction is prohibited and is outside the provision of your usual services to the client. You do not know what the payments are for, who the recipient is or what they will do with the payments. You may be complicit in corruption, or, at a minimum, assisting the client to breach their internal policies.

To prevent this, the WPP Procurement Policy should be followed as well as the requirements regarding authorization of payments.

### 3.3 GOVERNMENT TOUCHPOINTS

Wherever WPP agencies or their agents are interacting with Government Officials, such as a tax authority official, customs or immigration official, building inspectors, local police or fire authorities, or obtaining any license or permit for a WPP agency or a client of a WPP agency, there is a risk, particularly in high-risk jurisdictions for the potential of corruption.

When engaging a third-party to interact with a government official on behalf of a WPP agency, the compensation arrangement should be reviewed to ensure that the payment structure and amount is commensurate with the services to be performed.

### 3.4 FACILITATION PAYMENTS

WPP, and its Agencies and employees are prohibited from making facilitation payments. Facilitation payments are small payments typically made to low-level Government Officials for routine services to which the payor is normally entitled. Any benefit or payment paid, directly or indirectly, to a Government Official may be a facilitation payment. Such payments may be requested in connection with obtaining permits, licenses, permissions (such as in connection with events), clearing goods through customs, immigration and visa processing. Even if a facilitation payment is made by a third-party on behalf of an agency, it is prohibited.

### 3.5 GIFTS AND ENTERTAINMENT

There is the potential for misuse of gifts and entertainment to improperly influence another party, particularly when pitching for new work. The WPP gifts and entertainment policy should be followed and tailored to the local market.

### 3.6 LOBBYING

Certain of WPP's businesses in the public relations sector involve lobbying. Inherently there is a risk that cash or other things of value could pass in order to influence third parties.

US federal, state, and local laws may prohibit or limit payments, gifts or hospitality or campaign contributions to Government Officials, even where there is no intent to improperly influence the official.

### 3.7 ABUSE OR MISUSE OF REBATES

There is a risk of abuse or misuse of rebates. Rebates should either be transferred to the client if the contract or local law requires it or retained by the agency or a media broker. If rebates are not accounted for properly, they could be used to fund bribery or pay third party consultancy or research fees that in turn are used to pay bribes.

### 3.8 ASSOCIATES, AFFILIATES, AND JOINT VENTURES

The WPP Group includes a large number of JV and associate companies – generally those in which WPP owns a stake of between 20% and 50%. There are also affiliate relationships where WPP has no ownership in the affiliate, but

which may allow the affiliate to trade under a WPP or agency name.

By definition, WPP does not control these entities. However, under the UK Bribery Act, WPP may be responsible for ensuring that these entities trade properly and are not involved in bribery. The US FCPA requires that WPP use good faith efforts to ensure that these organisations have a system of controls consistent with WPP's own policies to prevent bribery, and WPP may be liable under the FCPA if it has knowledge of corrupt activity by affiliates acting on behalf of WPP entities.

### 3.9 ACQUISITIONS

Post-acquisition of an entity by WPP, WPP will be responsible for any breach of anti-bribery laws and may be financially responsible for any bribery undertaken by such entity that occurred prior to its acquisition.

Agencies need to be aware that an acquisition structured as an earnout may create an incentive for the earnout company to win business "at any cost" during the earnout period. Similar incentives may exist for minority shareholders in WPP companies who are entitled to dividend distributions and are involved in winning new business. Agencies must ensure that newly acquired companies have the resourcing and guidance needed to adopt WPP controls and policies from the date of acquisition.

### 3.10 GEOGRAPHICAL VARIANCE

Transparency International publishes a well-respected annual list of approximately 180 countries rating their perceived propensity to corruption ("[Corruption Perception Index](#)").

WPP companies operate in over 110 countries – many of these are perceived to have a far higher risk of bribery and corruption than others. You should be aware of where your country ranks as well as the ranking of those countries where you do business. WPP agencies implement policies and training designed to prevent bribery or corruption. It is mandatory for these policies to be complied with and for the training to be completed in every jurisdiction in which WPP operates.

# 4

## THE RAMIFICATIONS OF BRIBERY

### 4 THE RAMIFICATIONS OF BRIBERY

There are serious implications both for WPP and individuals if they engage in bribery and/or corruption:

- Huge fines can be levied (10s or 100s of millions of dollars) on corporations, and any profits obtained as a result of bribery have to be disgorged.
- Our reputation for sound ethics and corporate governance would be severely tarnished. That would likely impact our share (stock) price and our ability to pitch for, win new clients or retain existing clients.
- The actual process of an investigation could seriously impede the ability of an agency to continue its day-to-day operations properly.
- WPP agencies could be banned from all work for the relevant authority – for example, the EU or the UK government could ban us from all work for them for a period of time. The UK government is the UK's largest advertiser. The impact on our P&L and on jobs and our share price could be very significant.
- There are personal ramifications too. Loss of employment is one – but a jail sentence is another.

# 5

## MEASURES TO PREVENT BRIBERY

### 5.1 MEASURES TO PREVENT BRIBERY

WPP's only defense to the criminal offence of failing to prevent bribery under the UK Bribery Act is to demonstrate that WPP has adequate procedures in place to prevent bribery. These include WPP's:

- ABC policy
- Top level commitment

This is set by the Board, with this tone communicated throughout our agency networks, by all CEOs, COOs, CFOs, HR, Creative and Production Directors, etc. All business leaders must set the tone by their own conduct, by the behavior they demand of their teams and by not turning a blind eye to issues in whatever country they are operating. They must encourage transparency and openness and make it easy for staff to raise matters of concern in confidence. Business leaders are also responsible to escalate any areas of concern to network management, Network Risk Committees, and/or WPP Legal, as appropriate.

In addition, WPP's Code of Business Conduct specifically states that "We will not give, offer or accept bribes, whether in cash or otherwise, to or from any third party, including but not restricted to government officials, clients and brokers or their representatives. We will collectively ensure that all staff understand this policy through training, communication and by example".

You must ensure adherence to the Code by your staff – and collate and report any exceptions promptly to WPP Legal.

### 5.2 RISK ASSESSMENT

WPP Business Integrity conducts an annual risk assessment that incorporates ABC risk.

In addition, your networks and Agencies must recognise ABC risks in their day-to-day management and the examples described here provide guidance as to where risks might exist. Make yourselves aware of local risks. Look at the Transparency International Corruption Perception Index to gauge your country's ranking. [Corruption Perception Index](#)

### 5.3 DUE DILIGENCE

Conducting risk-based and proportionate due diligence on acquisition targets, suppliers, vendors, advisers, and joint venture partners is required and should be conducted in a manner consistent with the WPP Policy Book, including the WPP Procurement Policy and Adviser Payment Policy and related guidance.



## 5.4 COMMUNICATION AND TRAINING

Everyone is responsible for implementing policy.

It is not just a project for WPP. Networks must appoint named senior individuals as principal contacts and leaders in their regions and inform WPP of their names. This will ensure that policies and the tone from the top are properly communicated throughout WPP. The Right to Speak line is available to allow reporting in confidence of matters of concern – and its existence must be well publicised to staff.

Regular communications from management demonstrating the top level WPP commitment and the network management commitment to compliance with ABC laws and policies are a key component of the Group's Business Integrity program.

Training is a vital part of implementation. WPP's How We Behave online training is mandatory for all staff and must be undertaken upon joining and thereafter on an annual basis. Additional trainings are conducted regularly by WPP and its networks on ABC risks and related topics that target specific regions, businesses or functions.

For further information or any questions please contact WPP Business Integrity – contact details can be found [here](#).

