

QINETIQ

Anti-bribery and Corruption

2019

1. Purpose

1.1

This procedure sets out our responsibilities in observing and upholding our zero tolerance approach to all forms of bribery and corruption, and helps to ensure that our business units are informed as to how to recognise and deal with bribery and corruption issues.

2. Background

2.1

Our Code of Conduct states our zero tolerance approach to all forms of bribery and corruption. We do not offer, promise, give or receive bribes or any other form of inducement, regardless of value, for any purpose, whether directly or through a third party.

2.2

Bribery is a criminal offence and corrupt acts expose us and our employees to a risk of prosecution, fines and imprisonment as well as adversely impacting our corporate reputation.

2.3

Any breach of this procedure will be considered to be gross misconduct and is likely to result in disciplinary action which could lead to dismissal.

3. Scope

3.1

This procedure is applicable to all employees (including officers and directors) of QinetiQ, its subsidiaries and businesses/companies controlled by QinetiQ Group.

4. What is Bribery and Corruption?

4.1

Bribery is the offer, promise, giving, demanding or accepting of an advantage as an inducement for an action which is illegal, unethical, a breach of trust or the improper performance of a contract. Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly. A bribe can be anything of value, the offer or receipt of any kickback; gifts; hospitality; rewards; jobs; favours or other advantages. It does not matter whether the bribe is given or received directly or through a third party or whether it is for the benefit of the recipient or some other person.

4.2

Corruption is the misuse of office or power for personal gain.

5. Anti-bribery and Corruption (ABC) Laws and Regulations

5.1

We must comply with all ABC laws and regulations wherever in the world we operate including the requirements of the UK Bribery Act and the US Foreign and Corrupt Practices Act, both of which apply to all entities within the QinetiQ Group, including their respective employees wherever they are located.

6. Penalties

6.1

The potential penalties for the company for violating ABC legislation include unlimited fines, costly litigation and adverse publicity. For individuals, penalties can include very large fines and long terms of imprisonment are also possible.

7. Key Principles

7.1

All business transactions must be free from any kind of bribery or corruption – you must not give, offer, solicit, extort, request or accept, directly or indirectly, anything that is, or could reasonably be considered as a bribe.

7.2

Exchanges of Gifts and Hospitality must be for a clear business purpose; be reasonable and proportionate and provided only as a common courtesy associated with the ordinary course of business and not made with any intention to influence, solicit from or reward, a third party for obtaining or retaining business. The Gifts and Hospitality procedure specifies the guidance, limits, and necessary approvals for offering or receiving any business courtesy.

7.3

QinetiQ will address the risks of bribery by ensuring adequate and proportionate measures are developed and implemented to mitigate them.

7.4

Arrangements with third parties will be subject to clear contractual terms requiring them to comply with minimum standards relating to bribery and corruption.

7.5

Any commercial intermediary, representative or agent acting on behalf of QinetiQ, including resellers or distributors, will be engaged strictly in accordance with the Use of Commercial Intermediaries.

7.6

Facilitation payments or “kick-backs” are a form of bribery and employees must not make them or allow others to make them on our behalf, irrespective of whether they may be permitted under local law. The only exception to this is in the extreme case of duress in accordance with Facilitation Payments.

7.7

QinetiQ and its employees must not make political donations on behalf of QinetiQ and any engagement with governments, their agencies or representatives must be conducted strictly in accordance with Engagement with Politicians and Political Donations.

7.8

Offers of sponsorship or charitable donations must not be made on behalf of QinetiQ with the intention of influencing or rewarding the improper performance of an individual in order to gain a business advantage. Legitimate charitable donations on behalf of QinetiQ must be made in accordance with Sponsorships and Donations.

7.9

No employee or associated person will suffer retaliation in any form for refusing to pay a bribe even if a refusal may result in loss of business or a delay in proceedings.

8. How to raise a concern

8.1

The prevention, detection and reporting of bribery or corruption is the responsibility of all employees and you must report suspected instances immediately.

8.2

Any such incidents should be reported in accordance with our Confidential Reporting requirements and Code of Conduct.

9. Monitoring and review

9.1

In accordance with its annual audit plans, Corporate Internal Audit will periodically assess or audit internal controls across the QinetiQ Group to assure their effectiveness in countering bribery and corruption and compliance with ABC procedures and anti-corruption laws. Any resulting recommendations to address issues will be assigned to a business owner and where relevant will result in changes to our ABC programme.

10. Communications & Training

10.1

Training is an important part of the implementation of our ABC procedures. All employees are required to complete our mandatory 'Annual Business Ethics' training module which is accessed via the QinetiQ Learning Zone. More detailed face to face training will be provided to certain groups of employees who are exposed to a higher level of ABC risk.

11. Responsibilities

11.1

Our Board of Directors have overall responsibility for ensuring that our ABC procedures comply with our legal and ethical obligations, and that all those under our control comply with it.

11.2

The Chief Executive Officer has primary responsibility for the application of ABC procedures, and for assuring their use and effectiveness.

11.3

The Chief Ethics Officer provides oversight of the ABC programme and is responsible for reporting on the status of the programme to the Chief Executive Officer and the Risk&CSR Committee on a quarterly basis.

11.4

Managers are responsible for ensuring that employees are aware of our ABC procedures, receive regular messages from line management to comply with them (for example, via team meetings or other regular communications) and complete the mandated Annual Business Ethics training.

11.5

Managers must report any possible non-compliance with our ABC procedures – in accordance with Section 8.

11.6

Employees are required to comply with our ABC procedures.

11.7

The Group Head of International Business Governance will, at least annually, review our ABC procedures, providing guidance and making training available on them as required.

12. ABC related policy and procedures

- Code of Conduct
- Corporate Governance & Legal Compliance Policy
- Gifts and Hospitality
- International Business Risk Management
- Engagement with Politicians and Political Donations
- Use of Commercial Intermediaries
- Facilitation Payments
- Sponsorships and Donations
- Managing Conflict of Interest
- Confidential Reporting

13. Red Flags

13.1

Some examples of red flags for bribery and corruption are provided at Appendix A.

Appendix A

Examples of bribery and corruption red flags

There are a number of red flags which should cause us to conduct further investigation into whether a particular transaction or business relationship may present a potential bribery risk.

Whilst not an exhaustive list, below are some red flags which would call for further investigation:

- Line items on invoices that you've never seen before
- Little or no relevant experience regarding the services to be provided
- Non-transparent corporate structure
- Requests for cash payments
- Any requests for reimbursement that don't have supporting documentation
- Requests for payments to different companies or through different countries
- References to a need to pay bribes or make facilitation payments in order to conduct business in its jurisdiction
- Any requests for reimbursement for amounts that seem very high for the services provided
- Records indicating that items were classified incorrectly or valued at less than the sales price for items being imported to another country
- Records that are not being properly kept
- Comments from the person submitting the invoice that indicate that improper payments were made

- Insistence that invoices be paid or reimbursements made even after you've raised concerns about the legitimacy of the documents
- Unusually fast passage of the goods compared to past experience
- Offer of or demand for unusually generous gifts or lavish hospitality

Wherever a situation feels wrong, even if it is explained as being 'the way things are normally done here', it should be a cause for concern.

