

# **INSPECTORATE GROUP**

## **Fair Trading Code of Practice**

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# I. Introduction

## 1. Code Objective

The objective of this Inspectorate Group<sup>1</sup> Fair Trading Code of Practice (the "Code") is to implement a co-ordinated fair trading programme ("Programme"<sup>2</sup>) to assure the ethical behaviour of Inspectorate and the integrity of its services.

## 2. Code Documentation

This Code is based on the following documentation which shall be utilised by Inspectorate to implement the Programme:-

- (i) ***Inspectorate Fair Trading Principles*** : stipulating the fundamental Principles of Fair Trading in respect of integrity, conflicts of interest, confidentiality anti-bribery and fair marketing (Section II)
- (ii) ***Inspectorate Fair Trading Rules*** : providing the implementation requirements of the Inspectorate Fair Trading Principles (*Section III*).

## 3. Adoption of the TI/SAI Business Principles for Countering Bribery

In respect of anti-bribery, this Code reflects the requirements of the "TI/SAI Business Principles for Countering Bribery"<sup>3</sup>.

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<sup>1</sup> Hereinafter referred to as Inspectorate.

<sup>2</sup> "**Programme**" means the entire system employed by INSPECTORATE to ensure compliance with the Code including INSPECTORATE's Compliance Principles and Rules and any other tools deemed appropriate by INSPECTORATE such as software, processes, internal procedures, etc.

<sup>3</sup> Published by Transparency International and Social Accountability International (December 2002).

## **II. INSPECTORATE Fair Trading Principles**

### **1. Integrity**

- 1.1. INSPECTORATE's work shall be carried out in a professional, independent and impartial manner.
- 1.2. INSPECTORATE's work shall be carried out honestly, with no influence tolerated in respect of any deviation from either INSPECTORATE's approved methods and procedures or the reporting of accurate results.
- 1.3. Data, test results and other material facts shall be reported by INSPECTORATE in good faith and shall not be improperly changed.
- 1.4. All reports and certificates issued by INSPECTORATE shall correctly present the actual findings, professional opinions or results obtained. Where approved test methods make provision for tolerance in results, INSPECTORATE shall ensure that such tolerances are not abused to alter the actual test findings.

### **2. Conflicts of Interest**

- 2.1 INSPECTORATE shall avoid conflicts of interest with any related entity in which it has a financial or commercial interest and to which it is required to provide services.
- 2.2 INSPECTORATE shall avoid conflicts of interest between its companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other.
- 2.3 INSPECTORATE shall ensure that its employees avoid conflicts of interest with the activities of the company

### **3. Confidentiality**

- 3.1 INSPECTORATE shall treat all information received in the course of the provision of its services as business confidential to the extent that such information is not already :
  - Published
  - Generally available to third parties
  - Or otherwise in the public domain

### **4. Anti-bribery**

INSPECTORATE prohibits the following:

- (a) the offer or acceptance of a bribe in any form, including kickbacks, on any portion of a contract payment, or
- (b) the use of other routes or channels for provision of improper benefits to, or receipt of improper benefits from:
  - 1) customers,

- 2) agents,
- 3) contractors,
- 4) suppliers or employees of any such party or
- 5) government officials.

## **5. Fair Marketing**

INSPECTORATE staff shall:

- (a) conduct marketing (including comparisons with, or references to, competitors, competitors' services or third parties) in a manner that is truthful, not deceptive or misleading or likely to deceive or mislead, and which is consistent with applicable laws; and
- (b) present INSPECTORATE in a fair manner; and
- (c) ensure presentational information, including descriptions of INSPECTORATE's network and affiliations, resources employed and the services provided, is accurate and unambiguous.

### III. INSPECTORATE Fair Trading Rules

#### 1. Organisational Rules

##### 1.1. Implementation

The Programme, based on this Code, has been approved by the INSPECTORATE Board and applies throughout INSPECTORATE's Organisation<sup>4</sup> from 01<sup>st</sup> January 2004 (revised as of 01st January 2006)

##### 1.2. Appointment of Compliance Officer

The Company Secretary has been appointed as INSPECTORATE's Compliance Officer with responsibility and authority for co-ordinating implementation of the Programme throughout INSPECTORATE's Organisation. The Compliance Officer works with Senior Managers<sup>5</sup> throughout INSPECTORATE who have responsibility for implementing the Programme in their areas of responsibility.

##### 1.3. Establishment of a Compliance Committee

The INSPECTORATE Board has established a Compliance Committee to carry out periodic reviews of the progress of the Programme and provide policy guidance. Such reviews shall be carried out not less than every 12 months. The Compliance Committee includes representation from the INSPECTORATE Board, the Compliance Officer and the Managing Director.

##### 1.4. Human Resources

###### 1.4.1 Recruitment

Prior to job offer, prospective employees of INSPECTORATE are informed of INSPECTORATE's Fair Trading Programme (Principles and Rules).

###### 1.4.2 Employee commitment

INSPECTORATE ensures that:

- (a) A copy of the Code is available to all employees and each is provided with a summary outlining the requirements of the Code and requested to confirm it has been received, read and understood.
- (b) each Senior Manager is required to sign an annual declaration (see section 2.1) that INSPECTORATE's Programme has been implemented in their area of responsibility.

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<sup>4</sup> "Organisation" means Inspectorate and its subsidiary companies, and any entities over which Inspectorate has effective legal and/or management control.

<sup>5</sup> "Senior Manager" includes general managers, country managers and their supervisors, and such other executives as may be designated from time to time.

- (c) Each employee shall be required to sign, as a condition of employment, a Non-Disclosure Agreement prohibiting the disclosure to other parties of any confidential business information obtained during the course of his or her employment (see section 5.3.1)

Employees will not suffer demotion, penalty or any other adverse consequences arising from strict implementation of the Programme even if it may result in a loss of business.

### **1.4.3 Training**

All employees, including managers, of INSPECTORATE undergo a compliance training course. A record of each course completion is kept.

### **1.4.4 Consultation on Code development**

INSPECTORATE's employees have the opportunity to provide input on the development of the Programme during performance evaluations, staff training sessions or at review meetings (directly, through their superior or Senior Manager or through staff representatives) or directly to the Compliance Officer.

### **1.4.5 Employee performance evaluation**

INSPECTORATE ensures that each employee has an ongoing understanding of INSPECTORATE's Fair Trading Programme during employee performance evaluations.

## **1.5. Employee Guidance**

You should contact your local Senior Manager if you need guidance on the Programme. If necessary, your Senior Manager will contact the INSPECTORATE Compliance Department on +44 (0)1376 515081 for clarification. If you so wish, your request for guidance will be dealt with in confidence. See also 1.8

## **1.6. Security Measures**

INSPECTORATE ensures that adequate security measures exist within all its premises containing confidential business information to ensure :

- a) access is restricted to authorised personnel only and;
- b) documents/data are stored in designated secure areas and disposed of in a secure manner

## **1.7. External Communications**

INSPECTORATE ensures effective external communications by:

- a) Publicly disclosing its Principles and Rules and, if appropriate, related information.
- b) Providing facilities and tools<sup>6</sup> to receive enquiries, complaints or feedback from relevant interested parties.

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<sup>6</sup> e.g. dedicated "compliance information lines", client surveys, etc.

## **1.8 Reporting of violations**

**1.8.1** INSPECTORATE's employees are encouraged to report details of violations or suspected violations to either

- (a) INSPECTORATE's Compliance Officer or his/her nominated delegate(s) or
- (b) the employee's superior or Senior Manager or internal auditor who shall, in turn, inform the Compliance Officer or his/her nominated delegate(s).

INSPECTORATE engages as nominated delegates the organisations listed in Annex C (where telephone number details by country are also provided).

The reporting employee is fully protected against any form of reprisal unless they acted maliciously or in bad faith. If requested, the employee's anonymity is protected to the extent reasonably practicable.

**1.8.2** INSPECTORATE's employees are required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge in the same manner as provided for under section **1.9.1**

## **1.9 Investigations and sanctions**

**1.9.1** INSPECTORATE's Compliance Officer or his/her nominated delegate(s) initiates, where appropriate, an investigation into any violation of the Programme reported to him/her or coming to his/her knowledge.

**1.9.2** INSPECTORATE maintains a procedure for the handling of investigations and sanctions which includes requirements for the following:

- (a) The maintenance of records of all reported violations and subsequent actions taken.
- (b) The alleged perpetrator of such violation to have the right to be heard.
- (c) INSPECTORATE's management or Compliance Committee to decide on the appropriate corrective and disciplinary measures to be implemented if a violation has been established. These measures may include a reprimand, demotion, suspension or dismissal.
- (d) The Compliance Officer receives progress reports from his/her nominated delegates and/or the management in the locations concerned and prepares periodic summary reports for the Compliance Committee on investigations, violations established and the implementation of corrective actions and disciplinary measures.

## **2.0 Effectiveness of the Programme Implementation**

### **2.1 Management Declarations**

INSPECTORATE requires its Senior Managers to prepare and sign, on an annual basis, the Management Compliance Declaration set out at Annex A. These Management Compliance Declarations are received, in respect of all applicable locations and/or activities, by the Compliance Officer who submits an annual summary report to INSPECTORATE's Compliance Committee.

#### **2.1.1 Internal audits**

INSPECTORATE requires its nominated internal auditors, as part of their internal audit plan, to verify that INSPECTORATE's Fair Trading Principles and Rules have been implemented and that the Management Compliance Declarations (see 2.1)

- (a) have been completed in compliance with Annex A and
- (b) reflect compliance with the Principles and Rules and
- (c) in respect of those locations selected for site audits, correctly reflect the actual situation.

Such site audits shall review the processes in place and include testing, on a sampling basis, to ensure the effective application and implementation of the Programme.

The compliance findings resulting from such audits are reported to the Compliance Officer who submits a summary report to INSPECTORATE's Compliance Committee. The Compliance Officer and/or Compliance Committee takes follow-up actions where appropriate.

#### **2.1.3 External examinations**

##### **2.1.3.1 Frequency**

The effectiveness of the implementation of the Programme is examined at least annually by INSPECTORATE's appointed independent external audit firm. The required scope of the examination is detailed in 2.1.3.2

##### **2.1.3.2 Scope of examination**

For the purposes of demonstrating that INSPECTORATE complies with the Code, INSPECTORATE requires its external audit firm to:

- (a) Perform, as a minimum, the following assurance review procedures based on ISA<sup>7</sup> as adapted for the Code :-
  - (i) Verify that INSPECTORATE's current Fair Trading Principles and Rules remain identical to those contained in the Code.
  - (ii) Verify that INSPECTORATE has established a Programme incorporating the requirements of the Code.

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<sup>7</sup> "ISA" is the International Standard on Auditing.

- (iii) Observe the existence of internal management systems, processes and controls in respect of (a) alleged violations (b) Compliance Committee records<sup>8</sup> and (c) compliance training.
  - (iv) Review the following consolidated management statements :-
    - Political Contributions
    - Charitable Contributions and Sponsorships
    - Intermediaries' remuneration
    - Extraordinary expenditures relating to gifts, hospitality and expenses
 and verify whether these statements :-
    - reconcile with the accounting records and supporting documentation
    - have been approved by the Compliance Committee where applicable.
  - (v) Verify that all Management Compliance Declarations have been received and test<sup>9</sup> the follow-up systems employed for ensuring that all matters of concern or reports have been addressed or acted upon by the Compliance Officer or, where applicable, his/her nominated delegate(s).
  - (vi) Any other areas and audit procedures as considered appropriate by its external audit firm and agreed with INSPECTORATE.
- (b) Perform the assurance review procedures in accordance with 2.1.3.2(a) by audit sampling in respect of both INSPECTORATE's locations and the systems and documentation applicable to those locations. The audit sampling shall be agreed between the auditor and INSPECTORATE, based upon a compliance risk assessment and taking into account INSPECTORATE's group structure and peculiarities.
- (c) Maximise the use of the services of INSPECTORATE's corporate internal audit function and / or internal quality auditors to avoid duplication of efforts and minimise additional costs.

### 2.1.3.3 External audit firm's "Assurance Report"

INSPECTORATE requires its external audit firm to issue an Assurance Report based on the pro forma assurance report, contained in Annex B, which is provided for guidance and may be adjusted as considered appropriate by the external audit firm and/or as may be required by professional standards.

### 2.1.3.4 Reportable Conditions<sup>10</sup>

Reportable conditions, which are detected by the external audit firm during performance of the assurance review procedures, shall be reported in the Assurance Report regardless of whether or not INSPECTORATE has already taken corrective action.

The external audit firm is not required to include any minor non-conformities detected in their Assurance Report: these shall be communicated separately only to INSPECTORATE's management for corrective action within the time frame stipulated by the auditor

<sup>8</sup> "Records" includes Minutes of meetings, decisions and approvals.

<sup>9</sup> "Test" means verification by sampling which, in respect of systems, includes examination of specific records to confirm that the actions taken are in conformance with Inspectorate's Programme.

<sup>10</sup> "Reportable Conditions" means significant deficiencies in the design or implementation of Inspectorate's Programme that adversely affect Inspectorate's ability to ensure compliance with the Code.

### 3.0 Application of INSPECTORATE's Principles and Rules in business relationships

To ensure that INSPECTORATE's Fair Trading Principles and Rules are applied, to the extent appropriate, in its business relations with external parties such as intermediaries, joint venture partners, agents and subcontractors, contractors and suppliers, INSPECTORATE has implemented the following :-

#### 3.1 Intermediaries<sup>11</sup>

To ensure

- (a) the intermediary's compliance with INSPECTORATE's Fair Trading Principles and Rules and
- (b) the avoidance of improper payments being channelled through intermediaries, INSPECTORATE shall:

##### 3.1.1 Prior to appointing an intermediary, or renewing or substantially revising the terms of the appointment of an intermediary appointed prior to the entry into force of this Code, conduct due diligence including:-

- (i) a risk analysis
- (ii) An interview with the intermediary
- (iii) Providing the intermediary with a copy of INSPECTORATE's Fair Trading Principles and Rules and requesting confirmation that, in the event of his/her/its appointment, or re-appointment, he/she/it accepts that his/her/its contract with INSPECTORATE shall require his/her/its full compliance with the Principles and Rules and allow that this may be periodically verified by INSPECTORATE.
- (iv) An investigation of the intermediary's background which, for intermediaries required to deal with government officials, shall be performed by an independent investigator and the findings reviewed and approved by INSPECTORATE's Compliance Committee.
- (v) A verification that the remuneration paid to each intermediary is appropriate and justifiable for legitimate services rendered, and does not facilitate improper payments by an intermediary, through:-
  - (A) A remuneration analysis. This may include, where appropriate, consideration of :-
    - (a) the remuneration of other intermediaries already used by INSPECTORATE for performing a similar function
    - (b) quotations from other prospective intermediaries
    - (c) local market information on rates paid to intermediaries
    - (d) justification for the rate proposed for the prospective intermediary
  - (B) A review of the remuneration analysis and, for intermediaries required to deal with government officials, an approval by INSPECTORATE's Compliance Committee prior to appointment of the prospective intermediaries.

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<sup>11</sup> "Intermediary" is any entity or individual external to Inspectorate that/who is required, as part or all of its/his/her responsibilities, to promote the services of Inspectorate. This includes consultants and advisors.

- 3.1.1.1 Monitor the intermediary's continual compliance with INSPECTORATE's Fair Trading Principles and, in the event of breach take remedial action which could, for serious breaches, result in termination of the contract.
- 3.1.1.2 Where appropriate, undertake to provide training and support to the intermediary.
- 3.1.1.3 Maintain records of fulfilment of the above mentioned requirements, including a copy of the contract with the intermediary, consistent with INSPECTORATE's Fair Trading Principles.
- 3.1.1.4 Account for the intermediaries' remuneration in a separate general ledger account in INSPECTORATE's accounting records. INSPECTORATE consolidates all such payments made by any of its operations forming part of its Organisation.
- 3.1.1.5 Prepare annually a consolidated management statement of intermediaries' remuneration.
- 3.1.1.6 Not deal with intermediaries known to be involved in bribery.

### **3.2 Joint venture partners**

- 3.2.1 INSPECTORATE conducts due diligence of prospective joint venture partner(s), as outlined in section 3.1.1
- 3.2.2 INSPECTORATE does not deal with any joint venture partner(s) which it knows to be involved in bribery.
- 3.2.3 INSPECTORATE monitors the joint venture's compliance with INSPECTORATE's Fair Trading Principles through monitoring of its conduct and, as appropriate, periodic verification.

### **3.3 Agents<sup>12</sup> and Subcontractors**

- 3.3.1 INSPECTORATE undertakes due diligence of prospective agents and subcontractors, as outlined in section 3.1.1
- 3.3.2 INSPECTORATE, where appropriate, provides training for agents and subcontractors.
- 3.3.3 INSPECTORATE shall not deal with agents and subcontractors which it knows to be involved in bribery.
- 3.3.4 INSPECTORATE monitors the agent's or subcontractor's compliance with INSPECTORATE's Fair Trading Principles through monitoring of his/her/its conduct and, as appropriate, periodic verification.

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<sup>12</sup> "Agent" means any entity external to Inspectorate that is required as part or all of its responsibilities to provide operational services related to Inspectorate's business activities on behalf of Inspectorate.

### **3.4 Contractors and suppliers**

- 3.4.1 INSPECTORATE conducts its procurement practices in a fair and transparent manner.<sup>13</sup>
- 3.4.2 INSPECTORATE undertakes due diligence in evaluating major prospective contractors and suppliers, being contractors or suppliers whose contract with INSPECTORATE is worth at least Euros 0.5m per annum or the foreign currency equivalent. INSPECTORATE's Compliance Committee will provide guidance on the scope of due diligence to be carried out in such cases.
- 3.4.3 INSPECTORATE makes known its Fair Trading Principles to major contractors and suppliers.
- 3.4.4 INSPECTORATE avoids dealing with contractors and suppliers which it knows to be involved in bribery.

### **4.0 Complaints and Disciplinary Procedures**

- 4.1 Complaints concerning alleged non-compliance with this Code by other Members of IFIA shall be lodged with IFIA in accordance with the IFIA Complaints and Disciplinary Procedures. INSPECTORATE shall refrain from submitting such complaints to other parties unless it is necessary to do so to protect INSPECTORATE's reputation
- 4.2 Breaches of this Code may lead to sanctions imposed by IFIA Council subject to the rules, including rights of appeal, set out in IFIA Complaints and Disciplinary Procedures.

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<sup>13</sup> "**Fair and transparent manner**" means that Inspectorate's purchasing and procurement processes ensure level and equal terms of competition and should set out and publicise how bids and quotations are invited and assessed. This will include the criteria and specifications against which decisions are made and confirm that competitive bids are obtained for all larger contracts and full information is provided on the decision process.

## **5.0 Integrity Rules**

### **5.1 Integrity**

- 5.1.1 INSPECTORATE ensures that where approved test methods make provision for tolerances in results, such tolerances shall not be abused by employees to alter the actual test findings.
- 5.1.2 INSPECTORATE provides guidance to its employees for dealing with clients who expect INSPECTORATE to abuse tolerances to obtain acceptable results.

### **5.2 Conflicts of interest**

To avoid conflicts of interest, or the appearance of conflicts of interest, in INSPECTORATE's business transactions and services, the following requirements are taken into account :-

- 5.2.1 INSPECTORATE avoids conflicts of interest between :-
  - (a) INSPECTORATE and any related entities in which INSPECTORATE has a financial or commercial interest and to which it is required to provide services.
  - (b) INSPECTORATE's companies and/or divisions engaged in different activities but which may be providing services to either (i) the same client or (ii) each other.
- 5.2.2 INSPECTORATE employees shall not, directly or through relatives, friends or intermediaries, acquire an interest in a supplier, a client or a competitor of INSPECTORATE, except for the acquisition of shares of a client, supplier or competitor on a public stock exchange, and then only to an extent which does not grant significant influence over the affairs of the client, supplier or competitor and which does not make the employee unduly dependent on its financial fortunes.
- 5.2.3 INSPECTORATE employees shall not hold any position with a competitor or client.
- 5.2.4 INSPECTORATE employees shall not conduct any company business with any member of their family or with an individual or organisation with which they or their family is associated. INSPECTORATE employees shall not employ a member of their family without approval of INSPECTORATE management.

### **5.3 Confidentiality**

- 5.3.1 INSPECTORATE employees are required, as a condition of employment, to sign a non-disclosure agreement prohibiting the disclosure of any confidential business information, obtained during the course of their employment, to other parties.
- 5.3.2 INSPECTORATE shall ensure that all intermediaries, joint venture partners, agents, subcontractors, contractors and suppliers are made aware of the confidential nature of business information that they may handle through their dealing with INSPECTORATE and that they should not disclose confidential information to other parties.

### **5.4 Anti-bribery Rules (Compliance with laws)**

- 5.4.1 INSPECTORATE ensures that the Principles and Rules of its Programme meet the requirements of this Code and local laws relevant to countering bribery in all the jurisdictions in which INSPECTORATE operates.

- 5.4.2 In the event that the local laws specify additional or different requirements, which are not covered by their Programme, INSPECTORATE modifies its Programme for the country(ies) concerned. Records are kept of countries where the Programme has been modified.

## 5.5 Analysis of risks

INSPECTORATE's Compliance Committee and/or the senior executive, or his delegate, in each country of operation organises periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews are systematically conducted:-

- (i) Prior to the commencement of a new service or the start up of operations in a new country and
- (ii) Whenever a significant breach of INSPECTORATE's Principles and Rules occurs which warrants a review of the existing control measures.

## 5.6 Prohibition on political contributions<sup>14</sup>

Political contributions of any kind are prohibited.

## 5.7 Charitable contributions and sponsorships<sup>15</sup>

To ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery, the following policy applies:-

- 5.7.1 Charitable donations and sponsorships are permitted up to a maximum limit per donation or sponsorship of Euros 750, and a maximum Group aggregate level of Euros 10,000 per annum, or the foreign currency equivalents. All such donations or sponsorships must be approved at Senior Manager level or above and reported to the Compliance Officer.
- 5.7.2 Any proposed donations or sponsorships above these limits must be proposed to the Compliance Officer who shall seek the Managing Director's approval. Such donations or sponsorships shall be subject to a due diligence review to ensure that:-
  - (i) The organisation receiving the contribution or sponsorship is reputable following a purpose unequivocally in the public interest and having the financial and personnel resources required to reach its purpose. Care is taken to ensure that the organisation is not a "front" for some other purpose. Donations to individuals are avoided unless approved and monitored by INSPECTORATE's Compliance Committee.
  - (ii) There are no conflicts of interest<sup>16</sup>.

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<sup>14</sup> "**Political contributions**" means any contribution, made in cash or kind, to support a political cause. Contributions in kind can include gifts of property or services, advertising or promotional activities endorsing a political party, the purchase of tickets to fund raising events and contributions to research organisations with close associations with a political party.

<sup>15</sup> "**Charitable contributions**" means payments made for the benefit of society for charitable, education, social welfare and similar causes. The payments are made without demand or expectation of business return.

"**Sponsorship**" means a transaction where the enterprise makes a payment, in cash or in kind, to associate its name with an activity or other organisation and receives in consideration for the sponsorship fee, benefits such as advertising credits in media, events and publications, use of facilities and opportunities to promote its name, products and services. It is a business transaction and part of promotion and advertising.

- 5.7.3 Sponsoring agreements are in writing and state the consideration being offered by INSPECTORATE: if funds are offered, the use of these funds is specified in detail and there is an opportunity to check on their use.
- 5.7.4 Records are maintained locally of all charitable contributions and sponsorships and progress monitored to ensure that they have been used for the intended purpose.
- 5.7.5 All charitable contributions and sponsorships made by INSPECTORATE are accounted for in a separate general ledger account in INSPECTORATE's accounting records. INSPECTORATE consolidates all such payments made by any of its operations forming part of its Organisation.
- 5.7.6 INSPECTORATE prepares annually a consolidated management statement of all charitable contributions and sponsorships made by INSPECTORATE or on its behalf.

## 5.8 Facilitation payments<sup>17</sup>

- 5.8.1 Facilitation payments are discouraged and only made when absolutely necessary.
- 5.8.2 Any facilitation payments are subject to compliance with the following requirements :-
- (i) there is no doubt as to the entitlement of INSPECTORATE to the action to be performed
  - (ii) the recipient of the facilitation payment has a clear and non-discretionary obligation to perform the task
  - (iii) the payment is modest
  - (iv) the payment is appropriately accounted for.

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<sup>16</sup> For example, conflicts of interest could occur if an employee of a customer or public body involved in the transaction has an association with the recipient organisation and their judgement regarding the award of contracts, or review of tenders, could be perceived as being affected by the contribution or sponsorship. Similarly, employees or business partners of Inspectorate may have links with the recipient organisations which could result in a conflict of interest.

<sup>17</sup> "**Facilitation payment**" is a small payment made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement. A facilitation payment must never be made in order to retain or obtain business.

In certain countries the performance of routine or necessary actions (e.g. processing of permits or visas; provision of telephone or electricity services) cannot be obtained unless a facilitation payment is made. Internationally there are differing views on the acceptability of facilitation payments although the OECD Convention on Combating Bribery and the US Foreign Corrupt Practices Act make provision for facilitation payments where necessary.

## 5.9 Gifts and hospitality

5.9.1 Gifts and hospitality may be given or received provided they are on an appropriately modest scale, and meet the criteria below.

5.9.2 The specific criteria for the giving or receiving of gifts or hospitality are as follows:

- *Made for the right reason:* the gift or hospitality should be given clearly as an act of appreciation or genuine business intent
- *Without obligation or expectation:* the gift or hospitality does not place the recipient under any obligation or create any expectation by either party
- *Made openly and reported*
- *In accordance with stakeholder perception:* the transaction would not be viewed unfavourably by key stakeholders if it were made known to them
- *Modest value:* in relation to the business transacted
- *Legal:* the gift or hospitality does not breach the laws of the country where it is made
- *In conformance with the recipient's rules:* the gift or entertainments meets the rules or code of conduct of the receiving organisation
- *Infrequent:* the giving or receiving of the items is not a frequent happening between giver and the recipient

5.9.3 In cases of doubt employees should request approval from their Senior Manager for the proposed giving or receiving of a gift or hospitality. Where considered necessary the Senior Manager will consult the Compliance Officer. Any authority given by a Senior Manager or the Compliance Officer will be recorded.

5.9.4 The Compliance Committee will review the giving and receiving of gifts and hospitality, including authorities given under 5.9.3

5.9.5 INSPECTORATE prepares annually a consolidated management statement of all gifts and hospitality that fall outside the requirements of 5.9.1

## 6.0 Accounting and book keeping

INSPECTORATE maintains accurate books and records which properly and fairly document all financial transactions. Off-the-books accounts are prohibited.

## 7.0 Fair Marketing Rules

INSPECTORATE provides guidelines to employees, agents and intermediaries to ensure that they understand and adhere to the Principle governing Fair marketing, by ensuring that:-

- (a) they conduct marketing (including comparisons with, or references to, competitors, competitors' services or third parties) in a manner that is truthful, is not deceptive or misleading or likely to deceive or mislead, and is consistent with applicable laws; and
- (b) they present INSPECTORATE in a fair manner; and
- (c) INSPECTORATE's presentations and publications<sup>18</sup> accurately and unambiguously reflect its network and affiliations, resources / capabilities, experience and services provided.

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<sup>18</sup> Presentations and publications may include, but not be limited to, meeting or conference/seminar presentations, tenders or offers of services, web-sites, promotional material, etc.

# Annex A

## Management Compliance Declaration

*Confidential*

### INSPECTORATE Fair Trading Programme Management Compliance Declaration for the year ending 31 December 200....

To: Compliance Officer

Name of Manager:.....Job Title:.....
Locations and/or activities covered by this Declaration:.....
.....
.....
.....
.....

I .....(*name of Manager*) do hereby declare that in implementation of INSPECTORATE's Fair Trading Programme for the year ending 31 December 200... in each of the locations and/or activities, as listed above, falling under my area of responsibility :-

1. To the best of my knowledge I, and the members of staff reporting to me, have complied in all respects with the Fair Trading Principles and Rules;
2. I have verified that the Fair Trading Principles and Rules have been distributed to each employee who had not previously received them;
3. I have fully and completely reported to the Compliance Officer any violation or suspected violation of the Principles and Rules, including any solicitation or offer of any improper payment or advantage, which has come to my knowledge;
4. I have fully and completely implemented all corrective and disciplinary actions required by the Compliance Committee in respect of any violation of the Principles and Rules.

Place..... Date.....

Signature.....

# Annex B

## Pro Forma Assurance Report of External Audit Firm

### "Assurance Report on INSPECTORATE Fair Trading Programme"

#### 1. Purpose of assurance review

We have performed review procedures on the management and reporting processes of the Fair Trading Programme of INSPECTORATE over the year ..... or the period ..... to ..... to determine whether these incorporate the requirements of the INSPECTORATE Fair Trading Code of Practice dated.....and whether this has been adequately implemented within INSPECTORATE.

INSPECTORATE is responsible for the development and maintenance of the management and internal reporting processes of the Fair Trading Programme. Our responsibility is to report on the management and reporting processes of the Fair Trading Programme based upon our review procedures.

#### 2. Scope of assurance review

The scope of our review procedures was to :-

- (i) Verify that the current Compliance Principles and Rules of INSPECTORATE remain identical to those contained in the Code.
- (ii) Verify that INSPECTORATE has established a Programme incorporating the requirements of the Code.
- (iii) Observe the existence of internal management systems, processes and controls in respect of (a) alleged violations (b) Compliance Committee records and (c) compliance training.
- (iv) Review the following consolidated management statements :-
  - Political Contributions
  - Charitable contributions and sponsorships
  - Extraordinary expenditures relating to gifts, hospitality and expenses
  - intermediaries' remunerationand verify whether these statements :-
  - reconcile with the accounting records and supporting documentation.
  - have been approved by the Compliance Committee where applicable.
- (v) Verify that all Management Compliance Declarations from Senior Managers in all countries of operation have been received and test the follow-up systems employed for ensuring that all matters of concern or reports have been addressed or acted upon by the Compliance Officer or, where applicable, his/her nominated delegate(s).
- (vi) Any other areas and assurance review procedures as considered appropriate by us and agreed with INSPECTORATE.

We based our review primarily on management and other information provided to us by the company's management and staff. We also interviewed personnel responsible for the Fair Trading Programme, including the Compliance Officer, managers and other appropriate employees, both at group level and selected countries. We also performed tests, on a sample basis, of relevant documentation including group policies, management and reporting structures, documentation and systems in place at ..... (*specify country(ies) visited*).

There are no generally accepted international standards for these other assurance engagements. In the absence of such standards, we based our approach on best practices as well as on the underlying principles of the standards of the International Federation of Accountants but adapted as necessary. We, therefore, planned and performed our procedures to obtain a reasonable basis for our conclusions. However, we have not performed an audit. Accordingly, we do not express such an opinion.

**3. Results of our assurance review**

During our review the following aspects<sup>19</sup> were noted for follow-up action :-

.....  
.....

Based on our review procedures, with the exception of the above mentioned findings (*where applicable*) we believe that:-

- (i) the Fair Trading Programme has been adequately enforced and implemented
- (ii) the systems for collection, analysis and aggregation of Fair Trading Programme violations are functioning as designed and that
- (iii) the consolidated management statements for intermediary remuneration, political contributions, charitable contributions and sponsorships, and extraordinary expenditures relating to gifts, hospitality and expenses properly reflect the figures as reported by the affiliates or reporting units.

**4. Recommendations**

From our work, we have provided the following recommendations to management which have been agreed: -

.....  
.....

[External audit firm]  
Date

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<sup>19</sup> Only general information to be provided here. Specific details shall be reported separately to Inspectorate.

## Annex C

### Reporting of Violations

Please report violations to the following organisations:

Global Compliance Services	Tel no.	Global Compliance Services	Tel no.
Antilles	1 800 932 5378	Guatemala	99 99 190
Argentina	0 800 555 4288	Jamaica	1 800 932 5378
Bahamas	1 800 932 5378	Mexico	0 1 800 288 2872
Bolivia (including agents)	0 800 10 1110	Peru	0 800 10288
Brazil	0 800 8888 288	Puerto Rico	1 800 225 5288
Canada	1 800 225 5288	Trinidad/Tobago	1 800 932 5378
Chile (including agents)	800 225 288	USA	1 800 932 5378
Colombia	980 911 0010	Venezuela	0 800 2255 288
Ecuador	1 800 932 5378		
Expolink	Tel no.	Expolink	Tel no.
Belgium	0800 71025	Romania	08008 94440
Bulgaria	+44 1249 661753	Russia (restricted) *	810 800 2058 2044
China (Shanghai)* (restricted)	10800 441 0078	Saudi Arabia	+441249 661753
Croatia	+44 1249 661753	Singapore	800 4411 140
Egypt	+44 1249 661753	Spain	900 944401
Estonia	+44 1249 661753	Sweden	0200 285415
Greece	0080044131422	Switzerland	0800 563 012/823
Hong Kong	800930770	Taiwan	0080 104 4202
Hungary	06800 14863	Thailand	001 800 442 078
India	+44 1249 661753	Ukraine	+44 1249 661753
Indonesia	001 803 0441 1201	United Arab Emirates	+44 1249 661753
Iran	+44 1249 661753	United Kingdom	0800 374199
Japan	00531 78 0023		
Kuwait	+44 1249 661753		
Latvia	+44 1249 661753	* If designated country number is unobtainable call	+ 44 1249 661753
Lithuania	+44 1249 661753		
Malaysia	1800807055		
Netherlands	0800 022 9026		
Nigeria	+44 1249 661753		

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